

This is the 1st affidavit of
Brigitte Drew in this case and
was made on February 3, 2026

No. S-261039
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

MINA ANGELICOLA

PETITIONER

AND:

1235922 BC LTD
FORT PELLY HOLDINGS LTD.
H.E. ROOMS INC.
THEODORE FROMSON
GILLIAN ANN FROMSON
JOHN DOE
JANE DOE

RESPONDENTS

AFFIDAVIT

I, Brigitte Drew, care of 2500 – 700 West Georgia Street, Vancouver, British Columbia, AFFIRM AND SAY AS FOLLOWS:

1. I am the daughter and the attorney of the Petitioner, pursuant to a power of attorney agreement to act on behalf of the Petitioner, and as such have personal knowledge of the matters hereinafter deposed to, save and except where stated to be based upon information and belief, and where so stated, I verily believe them to be true.

2. I am authorized by the Petitioner to swear this Affidavit on its behalf in connection this proceeding.

Background

3. The corporate Respondents are companies incorporated pursuant to the laws of British Columbia. Each has a registered and records address of 201 – 1367 West Broadway, Vancouver, British Columbia. Now produced and shown to me as **Exhibit "A"** to my

affidavit is a copy of the corporate Respondents' BC Company searches, dated November 7, 2025.

4. The Respondent 1235922 BC Ltd. (the "**Nominee**") is the registered legal owner of the property on which the Avalon Hotel, a single room occupancy hotel ("**SRO**"), is operated by the Respondent Fort Pelly Holdings Ltd. The Nominee has failed to file its annual report since 2022 and is in the process of being dissolved.

5. To my knowledge, the Avalon Hotel is in partnership with BC supportive housing to provide on-site support for single adults, seniors and people with disabilities at risk of or experiencing homelessness. There are currently approximately 88 low-income tenants who rent at the SRO. The upper floors are for residential use, and, to my knowledge, the three commercial ground floor retail units remain vacant. While I do not have personal knowledge of the rents collected on a monthly basis, to my knowledge the rents exceed $50,000.00 per month.

Vendor Takeback Mortgage and the GSA

6. Pursuant to an offer to purchase agreement, dated November 6, 2019, as amended and assigned by H.E. Rooms Inc. ("**HE Rooms**") to Fort Pelly Holdings Ltd. (the "**Borrower**"), the Petitioner agreed to provide vendor take-back financing to the Borrower to finance the purchase of the property, 165 Pender St W, Vancouver V6B 1S4, B.C., with the following parcel identification numbers: 010-401-113, 010-401-130 and 015-501-922 (the "**Property**"), by the Borrower (the "**Purchase Agreement**"). Attached hereto and marked as **Exhibit "B"** to my affidavit is a copy of the Purchase Agreement and as **Exhibit "C"** to my affidavit is a copy of the assignment of interest in contract purchase and sale.

7. On February 5, 2020, in connection with the Purchase Agreement the Borrower and the Petitioner entered into a promissory note (the "**Promissory Note**"). The Borrower agreed to provide a term loan in the principal amount of $8,375,000.00 at the rate of 3.00% per annum and interest only payments in monthly statements of $20,807.83 until February 5, 2025 (the "**Monthly Interest Payments**", together the "**Loan**"). Attached hereto and marked as **Exhibit "D"** to my affidavit is a copy of the Promissory Note.

8. Pursuant to the Beneficiary Authorization and Charge Agreement, made February 5, 2020, (the "**Beneficial Charge Agreement**") the Nominee holds title to the Property as nominee

for the Borrower and is authorized to mortgage the Property in favour of the Petitioner. Attached hereto and marked as **Exhibit "E"** to my affidavit is a copy of the Beneficiary Charge Agreement.

9. As a condition to the Petitioner making the Loan available to the Borrower, the Nominee granted a first-ranking mortgage to the Petitioner charging the Property, and the Borrower granted the general security agreement (the "**GSA**"), by which it pledged its present and after-acquired personal property to the Petitioner to secure performance of its obligations. Attached hereto and marked as **Exhibit "F"** to my affidavit is a copy of the GSA, dated February 5, 2020.

10. The Mortgage was registered against title to the Property in the Vancouver Land Title Office on February 5, 2020 under number CA8022412 and CA8022413 (the "**Form B Mortgage**"). Now produced and shown to me as **Exhibit "G"** to my affidavit are copies of BC Land Title searches of the Property, retrieved on May 22, 2025.

11. The financing statement was filed in the BC Personal Property Registry ("**PPR**") under base registration number 255662R in favour of the Petitioner on all present and after acquired property of the Borrower. Attached hereto and marked as **Exhibit "H"** to my affidavit is a copy of the Borrower's PPR, retrieved on June 19, 2025.

12. Pursuant to the terms of the Form B Mortgage, the Borrower, the Nominee, and HE Rooms (collectively, the "**Debtors**"), are obligants who are jointly and severally liable for the payment of all the secured obligations under the loan documents, being the Purchase Agreement, the Beneficial Charge Agreement, the GSA, the Promissory Note, the Form B Mortgage and all other documents evidencing or securing the payment of the Loan. Attached hereto and marked as **Exhibit "I"** to my affidavit is a copy of the Form B Mortgage, dated February 5, 2020.

13. On or around May 2, 2022, Theodore Fromson and Gillian Ann Fromson as joint tenants registered a second mortgage under number CA9898334 under the Property for the face value amount of $750,000.00 at the rate of 6.00% per annum (the "**Second Mortgage**"). Attached hereto and marked as **Exhibit "J"** to my affidavit is a copy of mortgage CA9898334.

14. On February 5, 2025, the Loan matured and became due and payable.

15. On or around August 31, 2025, the Petitioner and the Debtors entered into a forbearance agreement (the "**Forbearance Agreement**"), whereby the Debtors agreed, *inter alia*:

(a) To make the Monthly Interest Payments;

(b) To provide full and complete access to the Lands and the Debtors' business records at the request of the Petitioner;

(c) By October 30, 2025, pay all property tax amounts due and owing;

(d) By the last business day of every month, make a monthly $8,700.00 payment to the Petitioner in respect to the Petitioner's out of pocket expenses (the "**Expense Reimbursement**");

(e) By each of October 15, 2025 and January 1, 2026, to instruct their realtor to reduce the listing price of the Lands; and

(f) By January 1, 2026, to have entered into a commitment to lease the vacant commercial space in the Lands.

16. Upon the occurrence of a default or expiry of the Forbearance Agreement, the Debtors consented to the following, at the Petitioner's election, *inter alia*:

(a) Immediate appointment of a receiver over any or all of the Debtors' real or personal property;

(b) Order nisi of foreclosure with a one-day redemption period and immediate conduct of sale; and

(c) To draw the court's attention to the Forbearance Agreement and the Debtors' acknowledgement that they obtained a longer period of forbearance than they would be entitled to by way of redemption period in a foreclosure or receivership proceeding.

17. On or around October 2025, the Debtors defaulted on all the terms set out in paragraph 15(b) – (f). In particular, the Debtors:

(a) have not paid property tax amounts when due, and property tax amounts remain in default (see my affidavit at paragraph 33);

(b) did not pay the Expense Reimbursement due on October 31, 2025, November 31, 2025 and December 31, 2025;

(c) have not further reduce the listing price by January 1, 2026 (and only previously reduced the listing price after the required October 15, 2025, deadline) (see paragraph 35);

(d) have refused to provide business records requested by the Petitioner for the purposes of conducting an appraisal of the Property; and

(e) have not entered into a commitment to lease the vacant commercial space in the Lands by January 1, 2026 (see paragraph 36).

18. Attached hereto and marked as **Exhibit "K"** is a copy of the August 31, 2025, Forbearance Agreement.

19. In December 2025, I engaged Grover, Elliott & Co Ltd. ("**Grover Elliott**") for a professional real estate appraisal of the Property. Attached hereto and marked as **Exhibit "L"** to my affidavit is an email from Grover Elliott's office asking me to provide certain business records for the purposes of conducting a commercial appraisal report. Grover Elliott prepared an appraisal report based on the documents that the Petitioner provided as the Debtors refused to provide the documents and information requested by the Petitioner. The Grover Elliott report estimated the market value of the Lands to be $8,530,000.00. Attached hereto and marked as **Exhibit "M"** to my affidavit is a copy of the Grover Elliott appraisal report, dated December 3, 2025.

20. As of the date of swearing this affidavit, I have not received the Expense Reimbursement that was due on October 31, 2025, November 31, 2025, and December 31, 2025.

21. The Petitioner has worked with the Debtors with an alternative financing arrangement to address their financial challenges, but the efforts to date have been insufficient to ensure those operating assets, primarily being the monthly rental income, are being safeguarded and managed appropriately.

The Defaults

22. On June 4, 2025, the Petitioner demanded the amount owing pursuant to the Mortgage and Promissory Note. Now produced and shown to me as **Exhibit "N"** to my affidavit is a copy of the Petitioner's demand letter, dated June 4, 2025.

23. The full amount of the Loan remains due and owing.

24. As at January 12, 2026 the amount owing was approximately $8,609,729.45 together with interest accruing at the rate of 3% per annum, exclusive of legal and other costs.

25. On January 27, 2026, the Petitioner delivered notice to the Debtors of the occurrence of the forbearance defaults and my election to proceed with enforcement steps pursuant to the Forbearance Agreement.

Need for Receivership Order

26. On or around the third Wednesday of each month the provincial government pays income and disability assistance payments. Low-income tenants through the BC supportive housing program use their income and disability assistance payments to pay for their monthly rent at the Avalon Hotel. To my knowledge, the tenants' monthly rent payments are made out directly to the Borrower. The Debtors would typically collect those amounts to remit, in part, to the Petitioner to make Monthly Interest Payments. The Petitioner received her last such payment in January 2026.

27. The Loan remains unpaid, and the Petitioner continues to incur carrying costs, while financing the Debtors with the Petitioner's capital with no return to the Petitioner. Specifically, the Petitioner had to pay capital gain tax upwards of $1,308,736.76 in connection with the transfer of the Property to the Nominee without receiving any money from which to pay that amount. The Petitioner has had to fund to pay that obligation with debt and is required to make monthly payments in the amount of approximately $8,000.00 to service that indebtedness. The Debtors failed to make the October, November and December 2025 Expense Reimbursement. The Petitioner has no other source of cash to finance that obligation and depends on reliable monthly payments from the Debtors to service that loan.

28. The Petitioner understands that the Avalon hotel generates approximately $50,000.00 in revenue per month. Attached hereto and marked as **Exhibit "O"** to my affidavit is a copy of the March 2025 rent roll of the Property.

29. The Petitioner is also concerned that the Debtors are not meeting their other obligations such as source deductions and property taxes on the Avalon Hotel. The Petitioner does not have access to recent bank statement or reconciliations that would demonstrate the Debtors are using their profit to meet their current liabilities. It is also unclear if the Debtors are meeting its obligations under the Second Mortgage.

30. I was recently informed by my daughter who had a conversation with a manager of the Avalon Hotel who advised that there are unpaid vendors who are owed monies upwards of $80,000.00, and collection agencies are calling the Avalon Hotel on a daily basis. I am also aware that five related foreclosure proceedings have been commenced by mortgagees in respect of similar properties controlled by Mr. Chris Wall, the principal of the corporate Respondents. Now produced and shown to me as **Exhibit "P"** to my affidavit is a copy of the five foreclosure Petitions:

    (a) Action no. VLC-S-H-250374 filed on April 1, 2025 (235 East Hastings Street, Vancouver, B.C, (also known as, the "**Empress Hotel**"));

    (b) Action no. VLC-S-H-250375 filed on April 1, 2025 (the Empress Hotel and 488 Carrall Street, Vancouver, B.C., (also known as, the "**West Hotel**"));

    (c) Action no. VLC-S-H-250528 filed on May 8, 2025 (the West Hotel);

    (d) Action no. VLC-S-H-251118 filed on October 2, 2025 (139 Cordova St E. Vancouver, also known as United Rooms); and

    (e) Action no. VLC-S-H-251119 filed on October 2, 2025 (1696 11th Ave W. Vancouver).

31. I was recently informed by a manager of the Avalon Hotel that, as of October 1, 2025, heat has been disconnected from the Avalon Hote due to the Debtors' failure to pay unpaid heating bills payable to Creative Energy Vancouver Platforms Inc. ("**Creative Energy**"), a private district heating company. Creative Energy operates a steam production plant and associated distribution network in downtown Vancouver and False Creek. Creative

Energy's steam piping system supplies heat to the Avalon Hotel and four other buildings, which have been disconnected, and to my knowledge, is due to the Debtors' failure to pay bills for the past five years. I believe the outstanding amount owed to Creative Energy for the past five years is approximately over $200,000.00. Now produced and shown to me as **Exhibit "Q"** to my affidavit is a copy of Creative Energy's 2022 Revenue Requirements Report to the BC Utilities Commission (the "**2022 Report**"). The 2022 Report refers to the Debtors' unpaid bills: "the owner in control of the Avalon Hotel – having not paid its bills in almost two years. Creative Energy has made repeated attempts to seek payments to no avail. This building serves the housing needs of its low-income residents and Creative Energy has therefore been reticent to date to disconnect service during the winter heating season".

32. Now produced and shown to me as **Exhibit "R"** to my affidavit is a copy of the October 23, 2025 Vancouver Sun article, titled "Weapons, violence, drugs: Life at the West Hotel, where crime group was dismantled by VPD" with respect to the West Hotel controlled by Mr. Wall.

33. On January 9, 2026, the Petitioner obtained a property certificate for the Lands (the "**Property Tax Certificate**"). The Property Tax Certificate show that the Nominee has been delinquent since 2023 with significant arrears accruing with a total taxes owing of $221,964.76, and unpaid utilities and arrears with a total account owing of $17,049.76. The Petitioner's real property security is at risk of tax sale if the Nominee does not pay outstanding property taxes and, in any event, the property tax amounts and interest continue to accrue in priority to the Petitioner's mortgage, eroding the Petitioner's security. Attached hereto and marked as **Exhibit "S"** to my affidavit is a copy of the city of Vancouver property certificate for the Property, retrieved on January 9, 2026.

34. The Petitioner does not have funds available to pay any property tax arrears.

35. The Lands were listed for sale on MLS at $12,900,000.00 for over 250 days and was only recently reduced to $10,750,000.00 (after the required October 15, 2025, deadline under the Forbearance Agreement). The Debtors were required to further reduce the listing price by January 1, 2026, and has failed to do so. The Debtors have not communicated whether or not they have instructed their realtor to reduce the list price as required under the Forbearance Agreement, nor have the Debtors communicated whether or not there have been any offers made in respect of the Lands. Attached hereto and marked as **Exhibit**

"T" to my affidavit are copies of the listing of the Property retrieved from realtor.ca, on October 20, 2025, and on January 9, 2026.

36. The Debtors also agreed to enter into a commitment to lease the vacant commercial space in the Lands by January 1, 2026. To my knowledge, the Debtors have not entered into any commercial lease agreements.

37. The Property's current BC Assessed Value is $8,574,000.00, a significant drop from the Property's 2025 BC Assessed Value of $9,577,000.00. Attached hereto and marked as **Exhibit "U"** to my affidavit is a copy of the BC Assessment search of the Property, retrieved on January 12, 2026.

38. The appointment of a receiver would ensure the collection of rents and to ensure the business keeps operating, while reducing the obligations owing for the benefit of the first and second mortgagees and any other third-party creditors.

39. Finally, despite repeated demands, the Debtors have not responded to requests for financial information with respect to the business and affairs of the Debtors, which information is necessary to understand the current economic state of the business.

40. As at January 12, 2026, the amount owing was approximately $8,609,729.45 together with interest accruing at the rate of 3% per annum, exclusive of legal and other costs. Now produced and shown to me as **Exhibit "V"** to my affidavit is copy of the pre-judgment interest calculation of the Loan as of January 12, 2026.

AFFIRMED BEFORE ME at Vancouver, British Columbia, on February 3, 2026)

A Commissioner for taking Affidavits for British Columbia)

Brigitte Drew

SANDY LUN
Barrister • Solicitor
FARRIS LLP
2500 - 700 West Georgia Street
P.O. Box 10026, Pacific Centre
Vancouver, BC V7Y 1B3

This is Exhibit "A" to the Affidavit #1 of Brigitte Drew affirmed February 3, 2026 before me at the City of Vancouver, BC.

A Commissioner for taking Affidavits in and for the Province of British Columbia.

BC Registry Services

Mailing Address:
PO Box 9431 Stn Prov Govt
Victoria BC V8W 9V3
www.corporateonline.gov.bc.ca

Location:
2nd Floor - 940 Blanshard Street
Victoria BC
1 877 526-1526

BC Company Summary

For

1235922 B.C. LTD.

Date and Time of Search: **November 07, 2025 04:25 PM Pacific Time**

Currency Date: August 26, 2025

ACTIVE

Incorporation Number: BC1235922

Name of Company: 1235922 B.C. LTD.

Business Number: 753967538 BC0001

Recognition Date and Time: Incorporated on January 02, 2020 10:14 AM Pacific Time **In Liquidation:** No

Last Annual Report Filed: January 02, 2022 **Receiver:** No

This Company is in the process of being dissolved.

REGISTERED OFFICE INFORMATION

Mailing Address:
201 - 1367 WEST BROADWAY
VANCOUVER BC V6H 4A7
CANADA

Delivery Address:
201 - 1367 WEST BROADWAY
VANCOUVER BC V6H 4A7
CANADA

RECORDS OFFICE INFORMATION

Mailing Address:
201 - 1367 WEST BROADWAY
VANCOUVER BC V6H 4A7
CANADA

Delivery Address:
201 - 1367 WEST BROADWAY
VANCOUVER BC V6H 4A7
CANADA

DIRECTOR INFORMATION

Last Name, First Name, Middle Name:
Wall, Christopher Robert

Mailing Address:
235 EAST HASTINGS STREET
VANCOUVER BC V6A 1P2
CANADA

Delivery Address:
235 EAST HASTINGS STREET
VANCOUVER BC V6A 1P2
CANADA

NO OFFICER INFORMATION FILED AS AT January 02, 2022.

BRITISH COLUMBIA | BC Registry Services

Mailing Address:
PO Box 9431 Stn Prov Govt
Victoria BC V8W 9V3
www.corporateonline.gov.bc.ca

Location:
2nd Floor - 940 Blanshard Street
Victoria BC
1 877 526-1526

BC Company Summary

For

FORT PELLY HOLDINGS LTD.

Date and Time of Search: **November 07, 2025 04:26 PM Pacific Time**

Currency Date: August 26, 2025

ACTIVE

Incorporation Number: BC1058307

Name of Company: FORT PELLY HOLDINGS LTD.

Business Number: 792686727 BC0001

Recognition Date and Time: Incorporated on December 14, 2015 10:58 AM Pacific Time

In Liquidation: No

Last Annual Report Filed: December 14, 2023

Receiver: No

COMPANY NAME INFORMATION

Previous Company Name	Date of Company Name Change
VERNON APARTMENTS INC.	December 27, 2019

REGISTERED OFFICE INFORMATION

Mailing Address:
201 - 1367 WEST BROADWAY
VANCOUVER BC V6H 4A7
CANADA

Delivery Address:
201 - 1367 WEST BROADWAY
VANCOUVER BC V6H 4A7
CANADA

RECORDS OFFICE INFORMATION

Mailing Address:
201 - 1367 WEST BROADWAY
VANCOUVER BC V6H 4A7
CANADA

Delivery Address:
201 - 1367 WEST BROADWAY
VANCOUVER BC V6H 4A7
CANADA

DIRECTOR INFORMATION

Last Name, First Name, Middle Name:
Wall, Christopher Robert

Mailing Address:
235 EAST HASTINGS STREET
VANCOUVER BC V6A 1P2
CANADA

Delivery Address:
235 EAST HASTINGS STREET
VANCOUVER BC V6A 1P2
CANADA

NO OFFICER INFORMATION FILED AS AT December 14, 2023.

BC Registry Services

Mailing Address:
PO Box 9431 Stn Prov Govt
Victoria BC V8W 9V3
www.corporateonline.gov.bc.ca

Location:
2nd Floor - 940 Blanshard Street
Victoria BC
1 877 526-1526

BC Company Summary

For

H.E. ROOMS INC.

Date and Time of Search: **November 07, 2025 04:26 PM Pacific Time**

Currency Date: August 26, 2025

ACTIVE

Incorporation Number: BC1058122

Name of Company: H.E. ROOMS INC.

Business Number: 793092123 BC0001

Recognition Date and Time: Incorporated on December 11, 2015 10:23 AM Pacific Time

In Liquidation: No

Last Annual Report Filed: December 11, 2023

Receiver: No

REGISTERED OFFICE INFORMATION

Mailing Address:
201 - 1367 WEST BROADWAY
VANCOUVER BC V6H 4A7
CANADA

Delivery Address:
201 - 1367 WEST BROADWAY
VANCOUVER BC V6H 4A7
CANADA

RECORDS OFFICE INFORMATION

Mailing Address:
201 - 1367 WEST BROADWAY
VANCOUVER BC V6H 4A7
CANADA

Delivery Address:
201 - 1367 WEST BROADWAY
VANCOUVER BC V6H 4A7
CANADA

DIRECTOR INFORMATION

Last Name, First Name, Middle Name:
Wall, Christopher Robert

Mailing Address:
235 EAST HASTINGS STREET
VANCOUVER BC V6A 1P2
CANADA

Delivery Address:
235 EAST HASTINGS STREET
VANCOUVER BC V6A 1P2
CANADA

NO OFFICER INFORMATION FILED AS AT December 11, 2023.

This is Exhibit "B" to the Affidavit #1 of Brigitte Drew affirmed February 3, 2026 before me at the City of Vancouver, BC.



A Commissioner for taking Affidavits in and for the Province of British Columbia.

OFFER TO PURCHASE

165 WEST PENDER STREET

VANCOUVER, BC

THIS OFFER TO PURCHASE made the 6th day of November, 2019.

To:	COLLIERS MACAULAY NICOLLS INC. 200 Granville Street, 19th Floor Vancouver, BC V6C 2R6	**(Agent for the Vendor of the Lands herein described)**
Between:	H.E. ROOMS INC. 235 East Hastings Street Vancouver, BC V6P 1A2	**(hereinafter called the "Purchaser")**
And:	MINA ANGELICOLA 2395 Wall Street Vancouver BC V5K 1A7	**(hereinafter called the "Vendor")**

We the undersigned hereby offer to purchase those lands and premises municipally described as 165 West Pender Street, Vancouver, British Columbia, having a legal description and more particularly known as:

PIDs: 010-401-130, 010-401-113 & 015-501-922 Lots 34, 35 & 36 Block 28 District Lot 541 Plan 210	**(hereinafter called the "Lands")**

on the following terms and conditions:

1. PURCHASE PRICE

The PURCHASE PRICE shall be the sum of $8,700,000 allocated as follows:

a) $6,307,500.00 for the residential portion of the property, and

b) $2,392,500.00 for the business portion of the property.

The PURCHASE PRICE shall be payable as follows:

(a) INITIAL DEPOSIT: Within one (1) business day of acceptance of this Offer, $25,000 shall be paid to the Vendor's representative, Colliers Macaulay Nicolls Inc., to be held in an interest-bearing trust account with interest accruing to the Purchaser;

(b) FINAL DEPOSIT: A further portion of the purchase price, namely $300,000, shall be paid by the Purchaser upon the removal of the subject conditions referred to in Clause 3.1 by way of a certified cheque or bank draft made payable to Colliers Macaulay Nicolls Inc. and to be held in an interest-bearing trust account with interest accruing to the Purchaser;

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(c) DEFERRED PAYMENT AMOUNT: A further portion of the purchase price, namely $8,375,000 (the "Deferred Payment Amount"), shall be paid at the time of closing by way of a promissory note (the "Note"), to be prepared by the Vendor's solicitors, acting reasonably, as set out in Clause 1A;

(d) BALANCE OF PURCHASE PRICE: The balance of the purchase price shall be payable by way of cash or solicitor's certified trust cheque at the time of closing in the amount of herein provided.

(e) Purchase price to include any buildings, improvements, fixtures, appurtenances and attachments.

1A. VENDOR TAKE BACK MORTGAGE

The parties acknowledge and agree that a portion of the purchase price, in the amount of the Deferred Payment Amount, will be payable by the Purchaser to the Vendor on a deferred basis in accordance with the following:

(a) the repayment of the Deferred Payment Amount will be evidenced and secured by the execution and delivery to the Vendor on the Closing Date of the following:

(i) the Note executed by the Purchaser, which Note will provide that the principal amount thereof will accrue interest at a fixed rate of 3.0% per annum calculated semi-annually, not in advance, repayable in 60 monthly interest only payments in the amount of ~~$21,056.28~~ $20,807.83 per month, with the balance of the mortgage payable by Purchaser to the Vendor in full on the first day of the 60th month after the Closing Date;

(ii) a mortgage granted by the Purchaser as collateral security in favour of the Vendor and to be registered in the Land Title Office against title to the Lands in first position on the Closing Date in order to secure the Deferred Amount and the obligations under the Note (the "**VTB Mortgage**") in a form to be prepared by the Vendor's solicitors, acting reasonably; and

(iii) such other security documentation as may be reasonably required by the Vendor's solicitors, including, without limitation, an opinion from the Purchaser's solicitors, an officer's certificate and resolutions,

(collectively, the "**Security Documents**").

(b) The VTB Mortgage will provide that if the Purchaser disposes of the Lands, the full outstanding principal balance together with any unpaid interest will immediately become due and payable. The VTB Mortgage may be prepaid in whole or in part at any time without penalty or any additional charges. The Purchaser will not be permitted to place any secondary financing on the Lands until the Deferred Payment Amount is fully repaid. If the date for the making of any payment under the Note or the VTB Mortgage or the date for the doing of any act under the Note or the VTB Mortgage falls on a day other than a business day, such date will be extended to the first business day following such day.

(c) The Vendor will draw and register the VTB Mortgage, and will prepare the Note and the remaining Security Documents, all at the Purchaser's cost. The Security Documents will be subject to such reasonable modifications as may be requested by the Purchaser's solicitors and agreed to by the Vendor's solicitors, each acting reasonably.

2. VENDOR RESPONSIBILITIES

The Vendor covenants to deliver to the Purchaser within five (5) business days from the acceptance of this Offer, the "Document Due Date", the following to the extent that the Vendor has same in its possession:

(a) True copies of all signed leases, agreements, and obligations that will become the responsibility of the Purchaser upon Closing;

(b) A statement of income and expenses for the years 2017, 2018, and year to date 2019;

(c) A rent roll outlining the names of tenants, monthly rent, date of last rental increase, and unit sizes;

(d) An authorization letter to obtain property information at the City of Vancouver and Vancouver Fire Department;

(e) Building plans;

(f) Copies of any environmental, appraisal, or structural/engineering reports;

(g) Copy of existing insurance policy for the Lands;

(h) Copy of the Title Certificate together with complete copies of any Title Encumbrances;

(i) Property assessment and property tax notices for the last two (2) years;

(j) Copies of all service, operation, management, maintenance, employment or other contracts pertaining to the operation of the Lands;

(k) List of chattels, if any; and

(l) A site survey certifying property boundaries.

(hereinafter called the "Documents")

The Vendor agrees in good faith to provide any and all Documents available to the Vendor or to provide the Purchaser with authorization to obtain such Documents however non-delivery of any of the Documents shall not constitute a breach of this Agreement.

3. CONDITIONS PRECEDENT

3.1 This Offer is subject to the following conditions precedent being satisfied or waived by the Purchaser in writing by the 7th business day following receipt of the Documents or the Document Due Date, whichever comes first:

(a) Purchaser or Purchaser's representative being satisfied with an inspection of land, building, title and all Documents outlined in Clause 2.

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If the Purchaser fails to notify the Vendor in writing that these conditions precedent have been satisfied or waived within the time specified, or by such time as may be subsequently agreed, then this Agreement will become null and void and the deposit, with accrued interest will be returned in its entirety to the Purchaser. These conditions precedent are for the sole benefit of the Purchaser. The Purchaser has the right to waive one or all of the conditions precedent at its discretion within the time stipulated and proceed with the transaction herein contemplated.

3.2 This Offer is subject to the Vendor being satisfied with its review of the Purchaser's financial covenant and the Purchaser's lawyer's review of the VTB Mortgage terms by the 5th business day following mutual acceptance of this Agreement by the Vendor and Purchaser. If the Vendor fails to notify the Purchaser in writing that this condition precedent has been satisfied or waived within the time specified, or by such time as may be subsequently agreed, then this Agreement will become null and void and the deposit, with accrued interest will be returned in its entirety to the Purchaser. This condition precedent is for the sole benefit of the Vendor. The Vendor has the right to waive this condition precedent at her discretion within the time stipulated and proceed with the transaction herein contemplated.

4. CLOSING

The closing shall take place at the office of the Purchaser's solicitors at 10:00 a.m. on February 14th, 2020 (the "Closing Date"). The Purchaser shall have possession of the Lands, subject to encumbrances referred to in Clauses 5(a) and 5(b) following registration of the VTB Mortgage, the exchange of all other closing documents referenced herein and the payment of the balance of the purchase price to the Vendor or the Vendor's solicitors on the Closing Date. All adjustments both incoming and outgoing with respect to rent, taxes, utilities and other items normally adjusted between a Vendor and a Purchaser with respect to the Lands, shall be made as of 12:01 a.m. on the Closing Date.

The obligation of the Purchaser to complete the purchase and sale transactions herein contemplated will be subject to the condition that all of the obligations herein of the Vendor will have been performed by the Vendor in accordance with this Agreement except as may be waived in writing by the Purchaser, and that all representations, warranties, covenants and agreements in this Agreement or any document delivered in connection with the transactions herein contemplated will be true and correct at and as of the time of closing as though such representations, warranties, covenants and agreements were made at and as of the time of closing.

If the Purchaser fails or refuses to complete the purchase and sale herein contemplated after all the conditions precedent to completion by the Purchaser have been satisfied or waived, the deposits together with accrued interest thereon shall be forfeited to the Vendor as liquidated damages as a genuine pre-estimate of its damages in full and final settlement of any claim which the Vendor may have against the Purchaser.

If the Vendor fails or refuses to complete the purchase and sale herein, the deposits together with the accrued interest thereon shall forthwith be refunded to the Purchaser upon demand by the Purchaser, however, without prejudice to any other rights and remedies which the Purchaser may have at law or in equity.

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5. VENDOR REPRESENTATIONS AND WARRANTIES

The Vendor represents and warrants that:

(a) the Vendor is the owner of the Lands and has the power to dispose of the same free and clear of all encumbrances save for reservations in the original grant from the Crown and those non-financial encumbrances outlined in Schedule "A";

(b) there will be no tenancies affecting the Lands at the time of closing, other than those outlined in Schedule "B";

(c) the Vendor will not sign or enter into any lease or tenancy agreements after Acceptance of this Offer without prior written consent from the Purchaser;

(d) the Vendor is not aware of any outstanding orders against the Lands by the Fire Warden, Health Department, Building or Engineering Departments of the City of Vancouver or any other department or government agency which has jurisdiction over the Lands. All municipal taxes, local improvement taxes, rates, levies and assessments whatsoever due and owing with respect to the Lands have been, or shall at the Closing Date be, paid in full, there is no pending appeal or other proceedings in existence in respect of any such taxes, rates, levies and assessments and the Vendor has no present or future obligation to construct or provide, or to pay any amount to any person in connection with, offsite roads, services, utilities or similar services in connection with the Lands;

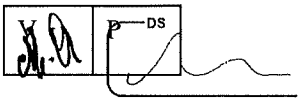
(e) so far as the Vendor is aware the building located on the Lands is wholly situate within the boundaries of the Lands and comply with all By-Laws and requirements of governmental and public authorities. The building does not infringe on any easement or right of way area affecting the Lands and there are no improvements on any adjoining lands, whether public or private, that encroach on the Lands;

(f) the Lands will be free and clear of all liens, charges, mortgages and encumbrances at the time of closing save as aforesaid. Without limitation, the Vendor shall not, on the Closing Date, have any indebtedness to any person, firm, corporation or governmental authority which might now or hereafter by operation of law or otherwise constitute a lien, charge or encumbrance on the Lands or any part thereof or which could affect the right of the Purchaser to own, occupy and obtain revenue from the Lands or any part thereof;

(g) subject to and without in any way limiting the other representations and warranties herein contained, the Lands will be maintained and transferred to the Purchaser in the same condition as inspected by the Purchaser pursuant to Sub-Clause 3.1(a);

(h) the Vendor is a resident of Canada within the meaning of the Income Tax Act;

(i) at the time of closing, the Vendor shall deliver a certificate executed by a senior officer of the Vendor familiar with the Lands stating that at such time the above representations and warranties continue to be true and correct or, if not true and correct, stating details thereof;



(j) to the best of the Vendor's knowledge, the Lands are not affected by any environmental pollutants or other hazardous materials and the Vendor has not used or permitted the Lands to be used, and has no knowledge of the Lands being used, for the storage, manufacture, disposal, treatment, generation, transport, remediation or release into the environment, including by way of discharge, emission, spill, leakage or otherwise, of any pollutants or other hazardous materials or for waste disposal or landfill purposes;

(k) the Vendor shall have terminated all service contracts and employees employed in respect to the Lands and any other agreements, unless otherwise stipulated by the Purchaser;

(l) there are no rental disputes or outstanding payments with any of the tenancies; and

(m) the Vendor has received no notice of and has no knowledge of any expropriation of the Lands.

(n) The Vendor agrees to clean out the vacant retail space, including removing all personal items, at 169 West Pender Street and deliver to the Purchaser in a reasonably clean condition upon Closing.

The representations and warranties contained herein shall merge on the Closing Date.

6. ASSIGNMENT

may

This Agreement ~~will not~~ be assigned ~~without the prior written~~ consent of the Vendor except as provided for in this Clause 6. If this Agreement is assigned, the Vendor will be entitled to any profit resulting from an assignment of the Agreement by the Purchaser or any subsequent assignee. Notwithstanding the foregoing, the Purchaser will have the right to assign its rights under this Agreement to any entity which remains, at all times up to and including the Closing Date, an Affiliate (which has the meaning ascribed to it in the *Business Corporations Act* (British Columbia)), without the consent of the Vendor, provided that: (a) the Purchaser will deliver written notice to the Vendor of any such assignment; (b) the Purchaser will remain fully liable to the Vendor for the performance by any such Affiliate of the obligations of the Purchaser under the Agreement and will not be released from the performance hereof; and (c) the Affiliate enters into an agreement with the Vendor assuming the rights and obligations of the Purchaser under this Agreement.

7. GENERAL

(a) Time shall be of the essence of this Agreement.

(b) This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia.

(c) It is understood that there are no representations, warranties, guarantees, promises or agreements other than those contained in this Agreement.

(d) All deposits will be placed in an interest-bearing trust account with interest to accrue to the Purchaser.

(e) If the date for performance of any act or thing falls on a day which is Saturday, Sunday, or statutory holiday in British Columbia then the date for the performance of such act or thing will be extended to the next business day.

(f) In this Agreement, "Business Day" means Monday to Friday inclusive of each week, excluding days which are statutory holidays in the Province of British Columbia.

8. GOODS AND SERVICES TAX (GST)

The Purchaser shall be responsible for any retail sales tax and for any Goods and Services Tax (the "GST") payable with respect to the purchase of the Lands. If the Vendor is required to remit the GST with respect to the Lands by virtue of the fact that the Purchaser is not a registrant pursuant to Subdivision D of Division V of Part IX of the excise Tax Act for GST purposes, the Purchaser will deliver to the Vendor on the Closing Date a certified cheque or bank draft in the amount of GST payable in respect of the purchase by the Purchaser of the Lands. If the Vendor and the Purchaser are both registrants and the election is available, the Vendor and the Purchaser agree to elect, pursuant to Section 167 (1) of the Excise Tax Act that no GST will apply in respect of the supply of the assets dealt with in this agreement. If requested, the Purchaser shall provide the Vendor, at closing, with a statutory declaration of an officer of the Purchaser confirming such registration.

9. LIABILITY OF DAMAGE TO LANDS

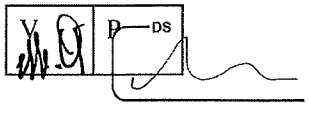
The Lands shall be at the risk of the Vendor until the Closing Date of the sale and purchase of the Lands, and thereafter at the risk of the Purchaser.

In the event of material damage to the Lands occurring before the time of closing by reason of fire, tempest, lightning, earthquake, flood or other Act of God, fire, explosion, riot, civil commotion, insurrection or war, then the Purchaser shall still be required to complete the purchase of the Lands in accordance with the terms of this Agreement, provided that the Vendor shall assign and pay to the Purchaser the proceeds of any insurance claim in respect of any such damage that has not otherwise been applied as of the Closing Date.

10. CLOSING DOCUMENTS

The Vendor will convey the Lands to the Purchaser by delivering to the Purchaser at or before the time of closing a freehold transfer (the "Transfer") in registerable form. The Purchaser shall bear the cost of the conveyance, and the Vendor shall bear the cost of clearing title of any charges and shall be solely responsible for any real estate commission payable.

At least three business days prior to the day of closing the Purchaser shall cause its solicitors to prepare and deliver to the Vendor all documents reasonably required by the Vendor's solicitors to complete this transaction in accordance with its terms including the Transfer, a statement of adjustments, an assignment of the Vendor's interest in any outstanding guarantees, warranties or indemnities with respect to the Lands, any documents and certificates referred to herein and such other documents as may be reasonably necessary for more perfectly and absolutely transferring, assuring and vesting title to the Lands in the Purchaser as contemplated hereby.



The Vendor hereby grants to the Purchaser and its authorized representatives the right to enter upon the Land between 9 a.m. and 4 p.m. during weekdays upon at least 72 hours written notice from the acceptance date of this Offer to Purchase up to the Purchaser's Condition Precedent waiver/satisfaction date, for the purposes of carrying out such inspections, examinations, tests and surveys, including soil tests, as it may deem necessary; provided that the Purchaser shall indemnify and save harmless the Vendor from any and all loss, cost or damage suffered as a direct result of the Purchaser exercising its rights pursuant to this clause.

15. VENDOR'S AUTHORIZATION

The Vendor will, at the request of the Purchaser, cooperate with and assist the Purchaser, without cost, in the Purchaser's dealings with the City of Vancouver and other government authorities and agencies with respect to the Lands and will execute any documents reasonably required to enable the Purchaser to apply for and obtain any information it requires to complete its inspection of the Lands and the building situated thereon.

16. BINDING AGREEMENT

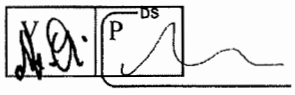
Upon acceptance by both the Purchaser and the Vendor this offer shall constitute a binding agreement for the purchase and sale of the Lands on the terms and conditions contained herein.

17. CONFIDENTIALITY

The terms of this Offer to Purchase and its existence shall be kept strictly confidential between the Purchaser, the Vendor, their advisors, creditors, regulators, shareholders and parties who have the right to consent to the transaction. If any party is required by law to disclose the terms of this Offer to Purchase to persons other than those identified above, all other parties shall be notified immediately. The Purchaser shall keep the contents of the Delivery Materials confidential, except for disclosure to its advisors, consultants, creditors and shareholders to the extent reasonably necessary, until the Purchaser completes the purchase of the Lands.

18. FINTRAC

FINTRAC is the Financial Transactions and Reporting Analysis Center of Canada. Bill C25 has passed and came into effect June 23, 2008 and relates to the Proceeds of Crime (Money Laundering) and Terrorist Financing Act to which the real estate industry is bound by. The Vendor and Purchaser acknowledge and agree that the Agent is bound by the above legislation and will assist the Agent in being compliant with the relevant legislation. This includes providing the Agent with proof of identity of Individuals and/or Corporations pertaining to this transaction. The Agent will keep all such materials and information private and confidential at all times as required by regulatory and corporate privacy requirements.



19. DATE OF ACCEPTANCE

This Offer to Purchase is irrevocable and shall be open for acceptance up to 5 p.m. on November 13th ~~12th~~, 2019 and, upon acceptance of the offer, or counter-offer, by accepting in writing and notifying the other party of such acceptance, there will be a binding agreement for the purchase and sale of the said Lands on the terms and conditions contained herein. In the event that this Offer to Purchase is ~~not~~ accepted on or before the aforesaid time and date, then this Offer to Purchase shall be null and void and the deposit together with any accrued interest shall be returned to the Purchaser in full.

IN WITNESS WHEREOF the Purchaser has executed this Offer the day and year first above written.

H.E. ROOMS INC.

Per: DocuSigned by: _____ 7D391CFEC0F84FC...
(Authorized Signatory)

_____
(Name and Title)

_____
Witness

THE VENDOR HEREBY ACCEPTS the above Offer on the terms and conditions set out above, this 12 day of NOV, 2019.

MINA ANGELICOLA

Per: _____
(Authorized Signatory)

_____
(Name and Title)

_____
Witness

SCHEDULE "A"

TITLE SEARCH OF THE LANDS

TITLE SEARCH PRINT 2019-06-04, 16:28:08
File Reference: Requestor: Aoife O'Neill
Declared Value $ 500000

CURRENT INFORMATION ONLY - NO CANCELLED INFORMATION SHOWN

Land Title District	VANCOUVER
Land Title Office	VANCOUVER
Title Number	BM290928
From Title Number	BF512439
Application Received	1998-10-20
Application Entered	1998-10-21
Registered Owner in Fee Simple	
Registered Owner/Mailing Address:	MINA ANGELICOLA, BUSINESSWOMAN 2395 WALL STREET VANCOUVER, BC V5K 1A7
Taxation Authority	Vancouver, City of
Description of Land	
Parcel Identifier:	010-401-113
Legal Description:	
LOT 34 BLOCK 28 DISTRICT LOT 541 PLAN 210	
Legal Notations	NONE
Charges, Liens and Interests	
Nature:	MORTGAGE
Registration Number:	BW100220
Registration Date and Time:	2004-03-12 13:35
Registered Owner:	CANADA MORTGAGE AND HOUSING CORPORATION
Remarks:	INTER ALIA
Nature:	MORTGAGE
Registration Number:	BW100221
Registration Date and Time:	2004-03-12 13:35
Registered Owner:	CANADA MORTGAGE AND HOUSING CORPORATION
Remarks:	INTER ALIA
Duplicate Indefeasible Title	NONE OUTSTANDING

DS

TITLE SEARCH PRINT 2019-06-04, 16:28:08
File Reference: Requestor: Aoife O'Neill
Declared Value $ 500000

Transfers	NONE
Pending Applications	NONE

DS

TITLE SEARCH PRINT 2019-06-04, 16:25:31
File Reference: Requestor: Aoife O'Neill
Declared Value $ 325000

CURRENT INFORMATION ONLY - NO CANCELLED INFORMATION SHOWN

Land Title District	VANCOUVER
Land Title Office	VANCOUVER
Title Number	BM290929
From Title Number	BF512440
Application Received	1998-10-20
Application Entered	1998-10-21
Registered Owner in Fee Simple	
Registered Owner/Mailing Address:	MINA ANGELICOLA, BUSINESSWOMAN 2395 WALL STREET VANCOUVER, BC V5K 1A7
Taxation Authority	Vancouver, City of
Description of Land	
Parcel Identifier:	010-401-130
Legal Description:	
LOT 35 BLOCK 28 DISTRICT LOT 541 PLAN 210	
Legal Notations	NONE
Charges, Liens and Interests	
Nature:	MORTGAGE
Registration Number:	BW100220
Registration Date and Time:	2004-03-12 13:35
Registered Owner:	CANADA MORTGAGE AND HOUSING CORPORATION
Remarks:	INTER ALIA
Nature:	MORTGAGE
Registration Number:	BW100221
Registration Date and Time:	2004-03-12 13:35
Registered Owner:	CANADA MORTGAGE AND HOUSING CORPORATION
Remarks:	INTER ALIA
Duplicate Indefeasible Title	NONE OUTSTANDING

DS

TITLE SEARCH PRINT 2019-06-04, 16:25:31
File Reference: Requestor: Aoife O'Neill
Declared Value $ 325000

Transfers	NONE
Pending Applications	NONE

TITLE SEARCH PRINT 2019-06-04, 16:28:24
File Reference: Requestor: Aoife O'Neill
Declared Value $ 500000

CURRENT INFORMATION ONLY - NO CANCELLED INFORMATION SHOWN

Land Title District	VANCOUVER
Land Title Office	VANCOUVER
Title Number	BM290930
From Title Number	G70380
Application Received	1998-10-20
Application Entered	1998-10-21
Registered Owner in Fee Simple	
Registered Owner/Mailing Address:	MINA ANGELICOLA, BUSINESSWOMAN 2395 WALL STREET VANCOUVER, BC V5K 1A7
Taxation Authority	Vancouver, City of
Description of Land	
Parcel Identifier:	015-501-922
Legal Description:	
LOT 36 BLOCK 28 DISTRICT LOT 541 PLAN 210	
Legal Notations	NONE
Charges, Liens and Interests	
Nature:	MORTGAGE
Registration Number:	BW100220
Registration Date and Time:	2004-03-12 13:35
Registered Owner:	CANADA MORTGAGE AND HOUSING CORPORATION
Remarks:	INTER ALIA
Duplicate Indefeasible Title	NONE OUTSTANDING
Transfers	NONE
Pending Applications	NONE

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At least three business days prior to the day of closing the Vendor shall cause its solicitors to prepare and deliver to the Purchaser the Note and the Security Documents as contemplated hereby. The Transfer shall be tendered for registration in the applicable Land Title Office by the Purchaser's solicitors concurrently with the Vendor's solicitors submitting the VTB Mortgage for registration.

If the Vendor has existing financial charges to be cleared from title the Vendor, while still required to clear such charges, may wait to pay and discharge existing financial charges until immediately after receipt of the purchase price, but in this event, the Purchaser shall pay the purchase price to a lawyer or notary in trust, on undertakings to pay and discharge the financial charges and remit the balance, if any to the Vendor.

11. SITE PROFILE

The Purchaser hereby waives, to the extent permitted by law, any requirement for the Vendor to obtain or provide to the Purchaser a "site profile" or any other environmental report for the Lands under the Environmental Management Act of British Columbia or any regulation in respect thereto.

12. DISCLOSURE

The Vendor and the Purchaser acknowledge and agree that:

(a) In accordance with the Code of Ethics of the Canadian Real Estate Association Colliers Macaulay Nicolls Inc. (the "Agent" represented by Casey Weeks Personal Real Estate Corporation and Morgan Iannone Personal Real Estate Corporation the "designated agents") have disclosed that they are representing the Vendor in the transaction described in this Agreement;

(b) the Agent, in order to accommodate the transaction described in this Agreement, was and is entitled to pass any relevant information it receives from either party or from any other source to either of the parties as the Agent sees fit, without being in conflict of its duties to either party; and

(c) the Vendor shall pay the commission and compensation plus applicable taxes due to the Agent pursuant to the transaction described in this Agreement to Colliers Macaulay Nicolls Inc.

13. CONSIDERATION

For good and valuable consideration of Ten Dollars ($10.00) hereby given by the Purchaser and received by the Vendor, the Vendor hereby agrees that its acceptance of this offer will not be withdrawn or revoked before Subject Removal.

14. PURCHASER'S RIGHT TO ENTER UPON THE LANDS

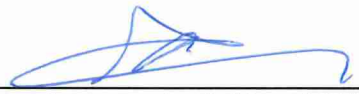
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SCHEDULE "B"

TENANCIES

To be provided by the Vendor within five (5) business days from the acceptance of this Offer and incorporated into the Offer to Purchase as per Clause 5(b).

This is Exhibit "C" to the Affidavit #1 of Brigitte Drew affirmed February 3, 2026 before me at the City of Vancouver, BC.



A Commissioner for taking Affidavits in and for the Province of British Columbia.

ASSIGNMENT OF INTEREST IN CONTRACT OF PURCHASE AND

SALE THIS ASSIGNMENT made the 4th day of February, 2020

BETWEEN:
H.E. Rooms Inc., of 235 E. Hastings Street, Vancouver, BC V6P 1A2

(hereinafter called "the "Assignor")
OF THE FIRST PART

AND:
Fort Pelly Holdings Ltd., 235 Hastings St E, Vancouver, BC V6A 1P2

(hereinafter called "The Assignee")
OF THE SECOND PART

WHEREAS:

A. Pursuant to a Contract of Purchase and Sale dated November 6, 2019 and any addendums thereto (all of which are referred to as the "Purchase Agreement") made between Mina Angelicola (the "Seller") and the Assignor as buyer, a true copy of which is attached to this Assignment and marked Schedule "A", the Seller agreed to sell and the Assignor agreed to purchase certain lands and premises situate at 163, 165 and 169 Pender St W, Vancouver, BC V6B 1S4, more particularly described as PID 010-401-113, LOT 34 BLOCK 28 DISTRICT LOT 541 PLAN 210, and PID 010-
401-130, LOT 35 BLOCK 28 DISTRICT LOT 541 PLAN 210, and PID 015-501-922, LOT 36 BLOCK 28 DISTRICT LOT 541 PLAN 210 (the "Property").

B. The Assignor has agreed to assign all of their right, title and interest in and to the Purchase Agreement and the Property to the Assignee and the Assignee has agreed to accept such assignment on the terms and conditions set out in this Assignment.

NOW THEREFORE THIS ASSIGNMENT WITNESSES THAT in consideration of the premises and the sum of one dollar ($1.00) paid by the Buyer(s) to the Seller(s) (the receipt of which is hereby acknowledged), the parties agree as follows:

1. Assignment:

The Assignor absolutely assigns, transfers and sets over to the Assignee all of their right, title, benefit and interest in, to and under the Purchase Agreement, including the deposit of $175,000.00 paid by the Assignor to the Seller, and the Property.

2. Assignment Fee and Deposit Credit:

The Assignee shall pay to the Assignor the sum of $175,000.00 with the execution of this Assignment representing the full Deposit paid to the Seller or the Seller's real estate agent by the Assignor.

3. Covenants by Assignee:

The Assignee agrees to:

(a) perform and observe all covenants, conditions and obligations of the Assignor under the Purchase Agreement;

(b) remove, in a timely fashion, all conditions precedent for the benefit of the Assignor and pay any and all increased deposits resulting from the removal of the conditions precedent; and

(c) indemnify and save harmless the Assignor from any and all liabilities of every nature and kind with respect to any breach or non-observance of the covenants, conditions and obligations under the Purchase Agreement.

4. Representations and Warranties:

The Assignor makes the following representations and warranties (which will survive the closing of the transaction contemplated by the Purchase Agreement):

(a) the copy of the Purchase Agreement attached as Schedule "A" constitutes the entire agreement between the Seller and the Assignor with respect to the Property and has not been modified or amended in any way;

(b) the Deposit has been duly paid as provided for in the Purchase Agreement;

(c) the Purchase Agreement is valid and subsisting;

(d) the Assignor has not previously assigned or otherwise transferred any of their rights under the Purchase Agreement.

(e) the Assignor has full power and authority to assign the Purchase Agreement to the Assignee in accordance with the terms of this Assignment; and

(f) the Assignor is not in breach of their obligations under the Purchase Agreement.

5. The Assignor and the Assignee shall execute and deliver, at the request of the other, all such further documents and instruments and shall do all things that are necessary to give full effect to the intent and meaning of this Assignment.

6. This Assignment enures to the benefit of and is binding upon the Assignor and the Assignee and their respective heirs, successors, administrators and assigns.

7. Time shall be of the essence of this Assignment and of all the transactions contemplated in it.

IN WITNESS whereof the parties to this Assignment have hereunto set their hands the day and year first written above.

SIGNED AND DELIVERED by the Assignee in the presence of:

Witness

Fort Pelly Holdings Ltd.
by its authorized signatory:

Christopher Robert Wall

SIGNED AND DELIVERED by the Assignor in the presence of:

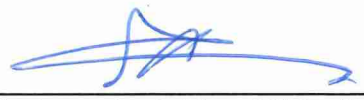
Witness

H.E. Rooms Inc.
by its authorized signatory:

Christopher Robert Wall

Lisa Niro
Lawyer and Notary Public
Bell Alliance LLP
#201 – 1367 West Broadway
Vancouver, B.C. Canada V6H 4A7
(604) 873 – 8723

This is Exhibit "D" to the Affidavit #1 of Brigitte Drew affirmed February 3, 2026 before me me at the City of Vancouver, BC.



A Commissioner for taking Affidavits in and for the Province of British Columbia.

PROMISSORY NOTE

February 5, 2020 **$8,375,000.00**

FOR VALUE RECEIVED, FORT PELLY HOLDINGS LTD., with an address at 235 East Hastings Street, Vancouver, British Columbia, V6P 1A2 (the "**Borrower**"), **PROMISES TO PAY** to or to the order of, **MINA ANGELICOLA** (the "**Lender**"), having a delivery address at 2395 Wall Street, Vancouver, British Columbia V5K 1A7 (or such other address as the Lender may from time to time designate by notice in writing to the Borrower) the principal amount of **$8,375,000.00** in lawful money of Canada (the "**Principal**"), together with interest accrued thereon. The Principal will bear interest from and after the date hereof at the rate of 3% per annum calculated semi-annually, not in advance, before and after maturity. The Borrower will make interest only payments in equal monthly installments of **$20,807.83** on the 5th day of each and every month commencing on March 5th, 2020 and continuing until February 5th, 2025, on which date the Principal and accrued interest then unpaid, if any, shall become due and payable. If the date for any of the foregoing payments falls on a day that is not a "**business day**" (meaning any day of the year, other than a Saturday, Sunday or day on which banks are closed for business in Vancouver), such payment date shall be extended to the first business day following such day.

1. Purpose

This Note is made to evidence a loan (the "**Loan**") by the Lender to the Borrower to finance the purchase by the Borrower of the property located at 165 West Pender, Vancouver, British Columbia and legally described as:

(a) Parcel Identifier: 010-401-113 Lot 34 Block 28 District Lot 541 Plan 210;

(b) Parcel Identifier: 010-401-130, Lot 35 Block 28 District Lot 541 Plan 210; and

(c) Parcel Identifier: 015-501-922, Lot 36 Block 28 District Lot 541 Plan 210

(collectively, the "**Property**").

2. Maturity Date

In this Note, "**Maturity Date**" means the earlier of the following:

(a) February 5th, 2025;

(b) the date on which the Principal (and all accrued interest) is fully repaid to the Lender; and

(c) the date on which the Lender declares by written notice to the Borrower that there is an Event of Default (as defined below) and the outstanding balance of the Principal (and all accrued interest) is immediately due and payable.

3. Place and Manner of Payment

All payments hereunder will be made (unless otherwise instructed by the Lender) to the Lender at such place as the Lender may from time to time designate.

4. Security

As a condition to the Lender making the Loan available to the Borrower, the Borrower will grant or cause to be granted, a first-ranking mortgage, in form and substance acceptable to the Lender (the "**Mortgage**") in the principal amount of $8,375,000.00 charging the Property, and a general security agreement (the "**General Security Agreement**").

5. Prepayment

The Borrower shall have the right at any time and from time to time prior to the date of final payment hereunder, without notice, to prepay the whole or any portion of the Principal without penalty or bonus. For greater certainty, notwithstanding that the Borrower has a prepaid a portion of the Principal, the Borrower is still required to make its monthly payments set out in this Note until the Principal has been repaid to the Lender.

6. Events of Default

Upon the occurrence of any of the following events (each, an "**Event of Default**"), the Lender may declare the outstanding balance of the Principal to be immediately due and payable and may pursue all other rights and remedies available to the Lender:

(a) any payment due hereunder is not paid on its due date, and remains unpaid for 5 days after the Lender has provided the Borrower with written notice of such outstanding payment; or

(b) title to the Property is sold, transferred, mortgaged or otherwise disposed of by the Borrower, or

(c) an event of default under any of the security documents entered into by the Borrower in connection with the Loan, including but not limited to the Mortgage and the General Security Agreement;

then the entire balance of the Principal with accrued interest thereon shall forthwith become due and payable at the option of the Lender.

7. Lender's Non-Waiver of Rights

An extension of time for payment of all or any part of an amount owing hereunder at any time or times by the Lender, or failure of the Lender to enforce any of its rights or remedies hereunder, shall not constitute a release or wavier of the rights of the Lender to enforce such rights and remedies thereafter.

8. Assignment

This Note is not assignable by the Borrower.

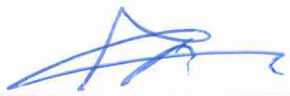
9. Governing Law

This Note shall be governed by and construed in accordance with the laws of the Province of British Columbia.

FORT PELLY HOLDINGS LTD.

By: _____
Authorized Signatory

This is Exhibit “E” to the Affidavit #1 of Brigitte Drew affirmed February 3, 2026 before me me at the City of Vancouver, BC.



A Commissioner for taking Affidavits in and for the Province of British Columbia.

BENEFICIARY AUTHORIZATION AND CHARGE AGREEMENT

THIS AGREEMENT made as of the 5th day of February, 2020.

AMONG:

FORT PELLY HOLDINGS LTD., a British Columbia company having an office at 235 East Hastings Street, Vancouver, British Columbia, V6A 1P2

("**Beneficiary**")

AND:

1235922 B.C. LTD., a British Columbia company having an office at a British Columbia company having an office at 235 East Hastings Street, Vancouver, British Columbia, V6A 1P2

(the "**Nominee**")

AND:

MINA ANGELICOLA, having an address at 2395 Wall Street, Vancouver, British Columbia, V5K 1A7

(the "**Lender**")

WHEREAS

A. Legal title to the real property described in Schedule A hereto (the "**Real Property**") is or will be registered in the name of the Nominee;

B. The Nominee holds or will hold its interest in the Real Property in trust for the Beneficiary;

C. The Lender has agreed to provide vendor take-back financing to the Beneficiary for the unpaid balance of the purchase price of the Real Property (the "**Loan**") pursuant to an offer to purchase made the 6th day of November, 2019, as amended to date and subsequently assigned by H.E. Rooms Inc. to the Beneficiary (collectively, the "**Purchase Agreement**") and as security therefor has agreed to provide the Lender with, inter alia, a mortgage (the "**Mortgage**") of the Real Property securing the principal sum of Deferred Payment Amount (as defined in the Purchase Agreement), which includes the terms of an assignment of rents (the "**Assignment of Rents**"); and

D. The Nominee and the Beneficiary have agreed to enter into this Agreement with the Lender for the purpose, inter alia, of authorizing the granting of the Mortgage and such other security or loan documents reasonably required by the Lender in connection with the Loan (collectively the "**Lender Security**") and of charging the beneficial interests of the Beneficiary in the Real Property.

NOW THEREFORE WITNESSETH that for valuable consideration (the receipt and sufficiency of which are hereby acknowledged by each of the parties hereto), the parties hereto hereby agree as follows:

1. WARRANTIES AND REPRESENTATIONS

1.1 Warranties and Representations of Nominee and Beneficiary

The Nominee and the Beneficiary jointly and severally hereby warrant and represent to the Lender that:

(a) upon registration of title to the Real Property in the name of the Nominee:

(i) the Nominee will hold its interest in the Real Property in trust for the Beneficiary pursuant to a bare trust agreement dated February 5, 2020 ("Trust and Agency Agreement") between the Nominee and the Beneficiary and as of the date hereof the same has not been rescinded, amended or modified and remains in full force and effect in accordance with its terms;

(ii) the Beneficiary will be the beneficial owner of the Real Property;

(iii) no person other than the Beneficiary, the Nominee and the Lender and any person with any interest registered against title in the Lower Mainland Land Title Office will have any interest, legal or beneficial, in the Real Property or any part thereof;

(a) the Nominee has full power, capacity and authority to hold the Real Property in trust for the Beneficiary and to mortgage and charge the same in favour of the Lender pursuant to the terms of the Mortgage and to grant the Lender Security;

(b) neither the Nominee nor the Beneficiary is insolvent;

(c) the Nominee is not carrying on any business that is trust business as defined in Section 1(1) of the Financial Institutions Act of British Columbia;

(d) the directors of the Nominee and of the Beneficiary are respectively of the opinion that the giving of financial assistance by each of the Nominee and the Beneficiary to the other to the extent contemplated or set forth herein or pursuant to the Purchase Agreement and the Lender Security is in the best interests of and may be reasonably expected to benefit substantially and directly each of them respectively.

2. AUTHORIZATIONS

2.1 Irrevocable Authorization and Direction

The Beneficiary hereby irrevocably authorizes, directs and empowers the Nominee as trustee and nominee and hereby approves of and consents to the execution and delivery by the Nominee to the Lender of the Lender Security for and on behalf of the Beneficiary:

(a) for the purpose of providing security for all Obligations (as hereinafter defined) to the Lender from time to time, to assign, grant, mortgage, pledge and charge to and in favour of the Lender and to create a security interest in favour of the Lender in and to all of the legal and beneficial estate, right, title, interest and claim of the Nominee and the Beneficiary in and to the Real Property and to create, grant, execute and deliver to the Lender the Lender Security, all of which shall be in such form and shall contain such terms and conditions as may be required by the Lender and approved by the Nominee, such approval to be conclusively evidenced by the Nominee's execution thereof; and

(b) at any time and from time to time, at the request of the Lender, to do and execute or cause to be done and executed all things required for better assuring to the Lender a valid and effective charge over or security interest in the Real Property, including any other or greater right, title or interest of the Nominee in or to the Real Property or any portion thereof acquired after the date hereof, all in accordance with the requirements of the Purchase Agreement and the Lender Security or any other agreement pursuant to the Purchase Agreement.

3. MORTGAGE AND CHARGE

3.1 Grant of Security

As further security for the payment, performance and satisfaction of any and all indebtedness and liability (including interest thereon), present or future, direct or indirect, absolute or contingent, matured or not, extended or renewed, wheresoever and howsoever incurred and any ultimate unpaid balance thereof, including all advances on current or running account and all future advances and re-advances and including, without limitation, all of the debts, liabilities and obligations with respect to the obligations under or pursuant to the Purchase Agreement and the Lender Security (collectively the "**Obligations**") the Beneficiary hereby:

(a) GRANTS, MORTGAGES AND CHARGES as and by way of a specific mortgage and fixed charge to and in favour of the Lender all right, title and interest of the Beneficiary in and to the Real Property or any part thereof, including any greater right, title or interest therein or thereto or in or to any part thereof which the Beneficiary may acquire and hold during the currency of the Mortgage after the date hereof; provided that this mortgage and charge granted by the Beneficiary shall be subject to the same terms and conditions as are contained in the Mortgage and shall be void upon satisfaction of all Obligations;

(b) ASSIGNS, TRANSFERS AND SETS OVER, unto the Lender the Rents with respect to the Leases (each as defined in the Assignment of Rents) to have and to hold unto the Lender, provided that this assignment of Rents with respect to the Leases shall be subject to the same terms and conditions as are contained in the Assignment of Rents and shall be void upon satisfaction of all Obligations.

4. GENERAL PROVISIONS

4.1 Rights of the Lender

The Lender may from time to time grant time, renewals, extensions, indulgences, releases and discharges to, cease or refrain from giving credit or making loans or advances to, accept compositions from and otherwise deal with, the Nominee and the Beneficiary and with all security, including, without limitation, the Lender Security, held by the Lender under or pursuant to the Purchase Agreement or pursuant to this Agreement or with respect to the Obligations, as the Lender may see fit, and may apply all monies at any time received from the Nominee or from the Beneficiary or any others or from security held by the Lender under or pursuant to the Purchase Agreement or pursuant to this Agreement or with respect to the Obligations upon such part of the Credit Facilities as the Lender deems best and change any such application in whole or in part from time to time as the Lender may see fit, the whole without in any way limiting or lessening the obligation or liability of the Nominee or of the Beneficiary to the Lender under this Agreement, the Lender Security, under or pursuant to the Purchase Agreement, with respect to the Obligations or any other security provided pursuant thereto or hereto.

4.2 Waiver and Release

The Nominee and the Beneficiary each hereby waive and release any and all rights of subrogation until all of the Obligations are repaid in full.

4.3 Interpretation

All references herein to the Real Property and the Lender Security include in each case each or any of them separately or any part or parts thereof and any interest therein separately except where the context may otherwise require.

4.4 Enurement

This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective administrators, successors and assigns.

4.5 Counterpart

This Agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, when taken together, shall constitute but one and the same instrument. Delivery of an executed counterpart of this Agreement by facsimile or other electronic method of transmission shall be equally as effective as delivery of an original executed counterpart of this Agreement. Any party delivering an executed counterpart of this Agreement by facsimile or other electronic method of transmission also shall deliver an original executed counterpart of this Agreement but the failure to deliver an original executed counterpart shall not affect the validity, enforceability, and binding effect of this Agreement.

IN WITNESS WHEREOF this agreement has been executed as of the day and year first above written.

FORT PELLY HOLDINGS LTD.,
by its authorized signatory:

Name: Christopher Robert Wall

1235922 B.C. LTD.,
by its authorized signatory:

Name: Christopher Robert Wall

Schedule A

165 West Pender Street, Vancouver, British Columbia

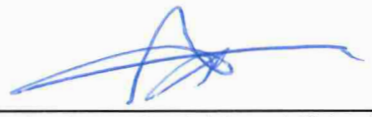
PID: 010-401-113
Lot 34 Block 28 District Lot 541 Plan 210

PID: 010-401-130
Lot 35 Block 28 District Lot 541 Plan 210

PID: 010-501-922
Lot 36 Block 28 District Lot 541 Plan 210

(collectively, the "**Real Property**")

This is Exhibit "F" to the Affidavit #1 of Brigitte Drew affirmed February 3, 2026 before me at the City of Vancouver, BC.



A Commissioner for taking Affidavits in and for the Province of British Columbia.

GENERAL SECURITY AGREEMENT

THIS SECURITY AGREEMENT is dated for reference February 5th, 2020,

BETWEEN:

FORT PELLY HOLDINGS LTD.

(the "**Debtor**")

AND:

MINA ANGELICOLA

(the "**Secured Party**")

FOR VALUE RECEIVED, the Debtor hereby covenants, agrees, warrants, represents, acknowledges and confirms to and with the Secured Party and creates and grants the mortgages, charges and security interests hereinafter set forth, as follows:

1. SECURITY INTEREST

1.1 Grant of Security Interest

For the consideration aforesaid and as security for the payment and performance of the Secured Obligations (as hereinafter defined), the Debtor, subject to the exceptions set out in Section 2 hereof, does hereby:

(a) mortgage and charge as and by way of a fixed and specific charge to and in favour of the Secured Party and assign and transfer to the Secured Party and grant to the Secured Party, by way of mortgage, charge, assignment and transfer, a security interest in all the Debtor's right, title and interest, both present and future, in and to all of its presently owned or held and after acquired or held personal property, of whatever nature or kind and wheresoever situate and all proceeds and renewals thereof and therefrom, accretions thereto and substitutions therefor, including, without limitation, all of the following now owned or hereafter owned or acquired by or on behalf of the Debtor:

(1) all inventory of whatever kind and wherever situate, including, without limitation, goods acquired or held for sale or lease or furnished or to be furnished under contracts of rental or service, all raw materials, work in process, finished goods, returned goods, repossessed goods, and all packaging materials, supplies and containers relating to or used or consumed in connection with any of the foregoing (all of which is hereinafter collectively called the "**Inventory**");

(2) all equipment (other than Inventory) of whatever kind and wherever situate, including, without limitation, all machinery, tools, apparatus, plant, fixtures, furniture, furnishings, chattels, motor vehicles, vessels and other tangible personal property of whatsoever nature or kind that is not Inventory, and all parts, components, attachments, accessories, accessions, replacements, substitutions, additions and improvements to any of the foregoing (all of which is hereinafter collectively called the "**Equipment**");

(3) all book accounts and book debts and generally all accounts, debts, dues, claims, choses in action and demands of every nature and kind howsoever arising or secured including letters of credit and advices of credit, which are now

due, owing or accruing or growing due to or owned by or which may hereafter become due, owing or accruing or growing due to or owned by the Debtor (all of which is hereinafter collectively called the "**Accounts**");

(4) all deeds, documents, writings, papers, books of account and other books and electronically recorded data relating to or being records of Accounts, Chattel Paper or Documents of Title or by which such are or may hereafter be secured, evidenced, acknowledged or made payable;

(5) all contractual rights, insurance claims, licences, goodwill, patents, trademarks, trade names, copyrights and other industrial or intellectual property of the Debtor, all other choses in action of the Debtor of every kind which now are, or which may at any time hereafter be, due or owing to or owned by the Debtor, and all other intangible property of the Debtor which is not Accounts, Chattel Paper, Instruments, Documents of Title, Investment Property or Money;

(6) all Money;

(7) all property described in **Schedule A** attached hereto, if so attached, or in any schedule now or at any time hereafter annexed hereto or agreed to form part hereof;

(8) the undertaking of the Debtor; and

(9) all Chattel Paper, Documents of Title (whether negotiable or not), Instruments, Intangibles and Investment Property now owned or hereafter owned or acquired by or on behalf of the Debtor (including such as may be returned to or repossessed by the Debtor), and all other goods of the Debtor which are not Equipment, Inventory or Accounts;

(b) charge as and by way of a floating charge to and in favour of the Secured Party, and grant to the Secured Party a security interest in and to:

(1) all the Debtor's right, title and interest in and to all its presently owned or held and after acquired or held real, immovable and leasehold property and all interests therein, and all easements, rights-of-way, privileges, benefits, licences, improvements and rights whether connected therewith or appurtenant thereto or separately owned or held, including all structures, plant and other fixtures (all of which is hereinafter collectively called "**Real Property**");

(2) all property, assets and undertakings of the Debtor, both present and future, of whatsoever nature or kind and wheresoever situate, and all Proceeds thereof and therefrom, other than such of its property, assets and undertakings as are otherwise validly and effectively subject to the charges and security interests in favour of the Secured Party created pursuant to Section 1.1(a) hereof;

(c) mortgage and charge as and by way of a fixed and specific charge to and in favour of the Secured Party, and assign and transfer to the Secured Party and grant to the Secured Party, by way of mortgage, charge, assignment and transfer, a security interest in all of the Debtor's right, title and interest, both present and future, in and to all of its presently owned or held and after acquired or held property which:

(1) is or hereafter becomes a fixture; or

(2) constitutes a licence, quota, permit or other similar right or benefit or crops.

The mortgages, charges, assignments and transfers and security interests created or granted pursuant to Sections 1.1 (a), (b) and (c) hereof are hereinafter collectively called the "**Security Interest**", and all property, assets, interests and undertakings (including Proceeds) subject to the Security Interest or otherwise charged or secured hereby or expressed to be charged, assigned or transferred or secured by any instruments supplemental hereto or in implementation hereof are hereinafter collectively called the "**Collateral**".

2. EXCEPTIONS

The Security Interest granted hereby shall not extend or apply to and the Collateral shall not extend to or include:

(a) Consumer Goods; or

(b) the last day of the term of any lease or agreement therefor but upon the enforcement of the Security Interest the Debtor shall stand possessed of such last day in trust to assign and dispose thereof as the Secured Party shall direct.

3. SECURED OBLIGATIONS

This Security Agreement and the Security Interest are in addition to and not in substitution for any other security interest now or hereafter held by the Secured Party from the Debtor, any of the other Obligants, or from any other person whomsoever and shall be general and continuing security for the payment, performance and satisfaction of the Secured Obligations.

4. PROHIBITIONS

Without the prior written consent of the Secured Party the Debtor shall not and shall not have power to:

(a) grant, create or permit to be created any security interest in, charge, encumbrance or lien over, or claim against any of its property, assets, or undertakings which ranks or could in any event rank in priority to or pari passu with the Security Interest;

(b) grant, sell, or otherwise assign its Chattel Paper; or

(c) issue or have outstanding at any time any secured or unsecured bonds, debentures, debenture stock or other evidences of indebtedness of the Debtor or of any predecessor in title of the Debtor issued under a trust deed or other instrument running in favour of a trustee.

5. ATTACHMENT

The Debtor acknowledges that the Security Interest attaches upon the execution of this Security Agreement (or in the case of any after acquired property, at the time of acquisition thereof), that value has been given, and that the Debtor has, or in the case of after acquired property will have at the time of acquisition, rights in the Collateral.

6. REPRESENTATIONS AND WARRANTIES

The Debtor represents and warrants to the Secured Party that:

(a) the Debtor lawfully owns and possesses all presently held Collateral and has good title thereto, free from all security interests, charges, encumbrances, liens and claims, save only the charges or security interests, if any, shown in any Schedule hereto and those consented to in writing by the Secured Party, and the Debtor has good right and lawful

authority to grant a security interest in the Collateral as provided by this Security Agreement;

(b) where the Collateral includes Accounts, Chattel Paper or Instruments, each is enforceable in accordance with its terms against the party obligated thereunder and that the Debtor has fully and accurately disclosed to the Secured Party the amount owing thereunder and any other relevant information concerning liability for payment thereunder;

(c) with respect to goods constituting Collateral, the Debtor has herein or elsewhere fully and accurately disclosed to the Secured Party the locations thereof and of the business operations and records of the Debtor; and

(d) the Debtor has not consented to the entering into by: (A) any issuer of any Uncertificated Securities included in or relating to the Collateral of a Control Agreement; or (B) any Securities Intermediary for any Securities Accounts or Security Entitlements included in or relating to the Collateral of a Control Agreement, other than, in either case, the Secured Party.

7. COVENANTS OF THE DEBTOR

7.1 General Covenants

The Debtor covenants and agrees with the Secured Party that at all times while this Security Agreement remains in effect the Debtor will:

(a) defend the title to the Collateral for the benefit of the Secured Party against the claims and demands of all persons;

(b) fully and effectually maintain and keep maintained the validity and effectiveness of the Security Interest;

(c) maintain the Collateral in good order and repair;

(d) forthwith pay:

(1) all taxes, assessments, rates, duties, levies, government fees, claims, dues and other charges of every nature which may be lawfully levied, assessed or imposed upon it or the Collateral when due, unless the Debtor shall in good faith contest its obligations so to pay and shall furnish such security as the Secured Party may require; and

(2) all security interests, charges, encumbrances, liens and claims which rank or could in any event rank in priority to the Security Interest, other than the charges or security interests, if any, shown in any Schedule hereto and those consented to in writing by the Secured Party;

(e) forthwith reimburse and indemnify the Secured Party for all costs, charges, expenses and legal fees and disbursements which may be incurred by the Secured Party in:

(1) inspecting the Collateral;

(2) negotiating, preparing, perfecting and registering this Security Agreement or notice of it and other documents, whether or not relating to this Security Agreement;

(3) investigating title to the Collateral;

(4) taking, recovering, keeping possession of and insuring the Collateral; and

(5) all other actions and proceedings taken in connection with the preservation of the Collateral and the enforcement of this Security Agreement and of any other Security Interest held by the Secured Party as security for the Secured Obligations;

(f) at the Secured Party's request at any time and from time to time, execute and deliver such further and other documents and instruments and do all acts and things as the Secured Party in its absolute discretion requires in order to confirm and perfect, and maintain perfection of, the Security Interest in favour of the Secured Party upon any of the Collateral;

(g) notify the Secured Party promptly of:

(1) any change in the information contained herein relating to the Debtor, its address, its business or the Collateral, including without limitation any change of name or address of the Debtor and any change in location of any Collateral;

(2) the details of any material acquisition of Collateral;

(3) any material loss or damage to the Collateral;

(4) any material default by any account debtor in payment or other performance of his obligations to the Debtor with respect to any Accounts;

(5) the return to or repossession by the Debtor of the Collateral where such return or repossession of the Collateral is material in relation to the business of the Debtor; and

(6) the details of any claims or litigation affecting the Debtor or the Collateral;

(h) prevent the Collateral, other than Inventory sold, leased, or otherwise disposed of as permitted hereby, from being or becoming an accession to other property not covered by this Security Agreement;

(i) permit the Secured Party and its representatives, at all reasonable times, access to all its property, assets and undertakings and to all its books of account and records for the purpose of inspection and render all assistance necessary for such inspection;

(j) deliver to the Secured Party from time to time promptly upon request:

(1) any Documents of Title, Instruments, Investment Property and Chattel Paper constituting, representing or relating to Collateral;

(2) all books of account and all records, ledgers, reports, correspondence, schedules, documents, statements, lists and other writings relating to the Collateral for the purpose of inspecting, auditing or copying the same;

(3) all financial statements prepared by or for the Debtor regarding the Debtor's business;

(4) all policies and certificates of insurance relating to the Collateral; and

(5) such information concerning the Collateral, the Debtor and the Debtor's business and affairs as the Secured Party may reasonably require;

(k) carry on and conduct the business of the Debtor in a proper and efficient manner and so as to protect and preserve the Collateral and to keep, in accordance with generally accepted accounting principles, consistently applied, proper books of account for the Debtor's business as well as accurate and complete records concerning Collateral;

(l) observe and perform the additional covenants, if any, set out in any schedule attached hereto;

(m) will not consent to:

(1) the entering into by any issuer of any Uncertificated Securities included in or relating to the Collateral of a Control Agreement in respect of such Uncertificated Securities with any Person other than the Secured Party or such nominee or agent as it may direct; or

(2) the entering into by any Securities Intermediary for any Securities Accounts or Security Entitlements included in or relating to the Collateral of a Control Agreement with respect to such Securities Accounts or Securities Entitlements with any Person other than the Secured Party or such nominee or agent as it may direct; and

(n) promptly upon request from time to time by the Secured Party, the Debtor shall:

(1) enter into and use reasonable commercial efforts to cause any Securities Intermediary for any Securities Accounts or Securities Entitlements included in or relating to the Collateral to enter into a Control Agreement with the Secured Party with respect to such Securities Accounts or Securities Entitlements as the Secured Party requires in form and substance satisfactory to the Secured Party; and/or

(2) enter into and use reasonable commercial efforts to cause any issuer of any Uncertificated Securities included in or relating to the Collateral to enter into a Control Agreement with the Secured Party with respect to such Uncertificated Securities in form and substance satisfactory to the Secured Party.

7.2 Covenants Regarding Collateral

Except as herein provided, without the prior written consent of the Secured Party, the Debtor will not:

(a) sell, lease or otherwise dispose of the Collateral;

(b) release, surrender or abandon possession of the Collateral; or

(c) move or transfer the Collateral from the jurisdiction or jurisdictions in which the Security Interest has been perfected.

7.3 Dealings With Collateral

Provided that the Debtor is not in default under this Security Agreement, at any time without the consent of the Secured Party the Debtor may lease, sell, license, consign or otherwise deal with items of Inventory in the ordinary course of its business and for the purposes of carrying on its business.

8. INSURANCE

8.1 Covenants Regarding Insurance

The Debtor covenants that at all times while this Security Agreement is in effect the Debtor shall:

(a) maintain or cause to be maintained insurance on the Collateral with an insurer, of kinds, for amounts and payable to such person or persons, all as the Secured Party may require, and in particular but without limitation maintain insurance on the Collateral to its full insurable value against loss or damage by fire including extended coverage endorsement and in the case of motor vehicles and other mobile Collateral, maintain insurance against theft;

(b) cause the insurance policy or policies required hereunder to be assigned to the Secured Party and have as part thereof a standard mortgage clause or a mortgage endorsement, as appropriate; and

(c) pay all premiums in connection with such insurance, and deliver all such policies to the Secured Party, if it so requires.

8.2 Application of Insurance Proceeds

If proceeds of any insurance required hereunder become payable the Secured Party may, in its absolute discretion, apply such proceeds to such part or parts of the Secured Obligations as the Secured Party may see fit or the Secured Party may release any such insurance proceeds to the Debtor for the purpose of repairing, replacing or rebuilding, but any release of insurance proceeds to the Debtor shall not operate as a payment on account of the Secured Obligations or in any way affect this Security Agreement.

8.3 Proof of Loss

The Debtor will forthwith, on the happening of loss or damage to the Collateral, notify the Secured Party thereof and furnish to the Secured Party at the Debtor's expense any necessary proof and do any necessary act to enable the Secured Party to obtain payment of the insurance proceeds, but nothing herein contained shall limit the Secured Party's right to submit to the insurer a proof of loss on its own behalf.

8.4 Secured Party as Loss Payee

The Debtor hereby irrevocably authorizes and directs the insurer under any policy of insurance required hereunder to include the name of the Secured Party as a loss payee on any cheque or draft which may be issued with respect to a claim under and by virtue of such insurance, and the production by the Secured Party to any insurer of a certified copy of this Security Agreement shall be its full and complete authority for so doing.

8.5 Failure to Maintain Insurance Coverage

If the Debtor fails to maintain insurance as required hereby, the Secured Party may, but shall not be obliged to, maintain or effect such insurance coverage, or so much thereof as the Secured Party considers necessary for its protection.

9. USE AND VERIFICATION OF COLLATERAL

Subject to compliance with the Debtor's covenants contained herein and Section 11 hereof, the Debtor may, until default, possess, operate, collect, use and enjoy and deal with the Collateral in the ordinary course of the Debtor's business in any manner not inconsistent with the provisions hereof; provided

always that the Secured Party shall have the right at any time and from time to time to verify the existence and state of the Collateral in any manner the Secured Party may consider appropriate and the Debtor agrees to furnish all assistance and information and to perform all such acts as the Secured Party may reasonably request in connection therewith and for such purpose to grant to the Secured Party or its agents access to all places where the Collateral may be located and to all premises occupied by the Debtor.

10. INVESTMENT PROPERTY

If Collateral at any time includes Investment Property, the Debtor hereby authorizes the Secured Party to transfer the same or any part thereof into its own name or that of its nominee(s) so that the Secured Party or its nominee(s) may appear on record as the sole owner thereof; provided that, until default, the Secured Party shall deliver promptly to the Debtor all notices or other communications received by it or its nominee(s) as such registered owner and, upon demand and receipt of payment of any necessary expenses thereof, shall issue to the Debtor or its order a proxy to vote and take all action with respect to such Investment Property. After default, the Debtor waives all rights to receive any notices or communications received by the Secured Party or its nominee(s) as such registered owner and agrees that no proxy issued by the Secured Party to the Debtor or its order as aforesaid shall thereafter be effective.

To the extent that Investment Property includes an interest in or unit certificates in a partnership or a limited liability company, the Debtor represents and warrants that the terms of any interest in such partnership or limited liability company provide that such interest is a "security" for the purposes of the STA and in the event that the terms of any interest in a partnership or limited liability company does not so provide, the Debtor agrees to amend the terms with respect to such partnership or limited liability company to expressly provide that such interest is a "security" for the purposes of the STA.

11. COLLECTION OF DEBTS

Before or after default under this Security Agreement, without notice to the Debtor, the Secured Party may notify all or any account debtors of the Debtor of the Security Interest and may also direct such account debtors to make all payments on Collateral to the Secured Party. The Debtor acknowledges that any payments on or other proceeds of Collateral received by the Debtor from account debtors, whether before or after notification of this Security Interest to account debtors and whether before or after default under this Security Agreement shall be received and held by the Debtor in trust for the Secured Party and shall be turned over to the Secured Party upon request.

12. INCOME FROM AND INTEREST ON COLLATERAL

12.1 Income Until Default

Until default, the Debtor reserves the right to receive any money constituting income from or interest on Collateral and if the Secured Party receives any such money prior to default, the Secured Party shall either credit the same against the Secured Obligations or pay the same promptly to the Debtor.

12.2 Income After Default

After default, the Debtor will not request or receive any money constituting income from or interest on Collateral and if the Debtor receives any such money in any event, the Debtor will hold such money in trust for the Secured Party and will pay the same promptly to the Secured Party.

13. INCREASES, PROFITS, PAYMENTS OR DISTRIBUTIONS

13.1 Receipt by Secured Party

Whether or not default has occurred, the Debtor authorizes the Secured Party:

(a) to receive any increase in or profits on the Collateral (other than money) and to hold the same as part of the Collateral. Money so received shall be treated as income for the purposes of Section 12 hereof and dealt with accordingly; and

(b) to receive any payment or distribution upon redemption or retirement or upon dissolution and liquidation of the issuer of Collateral; to surrender such Collateral in exchange therefor; and to hold any such payment or distribution as part of Collateral.

13.2 Receipt by Debtor

If the Debtor receives any such increase or profits (other than money) or payments or distributions, the Debtor will deliver the same promptly to the Secured Party to be held by the Secured Party as herein provided.

14. DISPOSITION OF MONIES

Subject to any applicable requirements of the Act, all monies collected or received by the Secured Party pursuant to or in exercise of any right it possesses with respect to Collateral shall be applied on account of the Secured Obligations in such manner as the Secured Party deems best or, at the option of the Secured Party, may be held unappropriated in a collateral account or released to the Debtor, all without prejudice to the liability of the Debtor or the rights of the Secured Party hereunder, and any surplus shall be accounted for as required by law.

15. PERFORMANCE OF OBLIGATIONS

If the Debtor fails to perform any of its obligations hereunder, the Secured Party may, but shall not be obliged to, perform any or all of such obligations without prejudice to any other rights and remedies of the Secured Party hereunder, and any payments made and any costs, charges, expenses and legal fees and disbursements (on a solicitor and own client basis) incurred in connection therewith shall be payable by the Debtor to the Secured Party forthwith with interest until paid at the highest rate borne by any of the Secured Obligations and such amounts shall be secured hereby and rank prior to all claims subsequent to this Security Agreement.

16. DEFAULT

16.1 Events of Default

The occurrence of an Event of Default under any one or more of the Loan Documents shall constitute default hereunder (each a "default") unless remedied by the Debtor in accordance with the provisions of the applicable Loan Document or waived by the Secured Party.

16.2 Floating Charge

For all purposes, including without limitation any application to register a crystallized floating charge under the *Land Title Act* (British Columbia) against any Real Property, the floating charge created by this Security Agreement shall be crystallized and become a fixed charge upon the earliest of:

(a) the occurrence of an Event of Default; or

(b) the Secured Party taking any action pursuant to Section 17 hereof to enforce and realize upon any or all of the Security Interest created by this Security Agreement,

and in any event upon the appointment by the Secured Party of a Receiver pursuant to Section 17 hereof.

16.3 Consolidation

In accordance with the *Property Law Act* (British Columbia), the doctrine of consolidation applies to this Security Agreement.

17. ENFORCEMENT

17.1 Rights of Secured Party on Default

Upon any default under this Security Agreement, the security hereby constituted will immediately become enforceable. To enforce and realize on the security constituted by this Security Agreement the Secured Party may take any action permitted by law or in equity, as it may deem expedient, and in particular, but without limiting the generality of the foregoing, the Secured Party may do any of the following:

(a) appoint by instrument a receiver, receiver and manager or receiver-manager (the person so appointed is hereinafter called the "Receiver") of the Collateral, with or without bond as the Secured Party may determine, and from time to time in its absolute discretion remove such Receiver and appoint another in its stead;

(b) enter upon any premises of the Debtor and take possession of the Collateral with power to exclude the Debtor, its agents and its servants therefrom, without becoming liable as a mortgagee in possession;

(c) preserve, protect and maintain the Collateral and make such replacements thereof and repairs and additions thereto as the Secured Party may deem advisable;

(d) sell, lease or otherwise dispose of all or any part of the Collateral, whether by public or private sale or lease or otherwise, in such manner, at such price as can be reasonably obtained therefor and on such terms as to credit and with such conditions of sale and stipulations as to title or conveyance or evidence of title or otherwise as to the Secured Party may seem reasonable, provided that if any sale, lease or other disposition is on credit the Debtor will not be entitled to be credited with the proceeds of any such sale, lease or other disposition until the monies therefor are actually received;

(e) exercise all of the rights and remedies of a secured party under the Act; and

(f) the Secured Party may sell, transfer or use any Investment Property included in the Collateral of which the Secured Party or its agent has "control" within the meaning of the STA.

17.2 Receiver

A Receiver appointed pursuant to this Security Agreement shall be the agent of the Debtor and not of the Secured Party and the Secured Party shall not be in any way responsible for any misconduct, negligence or non-feasance on the part of any Receiver, its servants, agents or employees. A Receiver shall, to the extent permitted by law or to such lesser extent permitted by its appointment, have all the powers of the Secured Party hereunder, and in addition shall have power to carry on the business of the Debtor and for such purpose to enter upon, use and occupy all premises owned or occupied by the Debtor wherein Collateral may be situate, maintain Collateral upon such premises, use Collateral directly or indirectly in

carrying on the Debtor's business and from time to time to borrow money either unsecured or secured by a security interest in any of the Collateral.

17.3 Proceeds of Realization

Subject to the claims, if any, of the creditors of the Debtor ranking in priority to this Security Agreement, all amounts realized from the disposition of Collateral pursuant to this Security Agreement will be applied as the Secured Party, in its absolute discretion, may direct or as follows:

(a) in payment of all costs, charges and expenses (including legal fees and disbursements on a solicitor and his own client basis) incurred by the Secured Party in connection with or incidental to:

(1) the exercise by the Secured Party of all or any of the powers granted to it pursuant to this Security Agreement; and

(2) the appointment of the Receiver and the exercise by the Receiver of all or any of the powers granted to it pursuant to this Security Agreement, including the Receiver's reasonable remuneration and all outgoings properly payable by the Receiver excluding the Receiver's borrowings;

(b) in payment of any sum or sums borrowed by the Receiver from the Secured Party and interest thereon if such sum or sums are secured by the Collateral;

(c) in or toward payment to the Secured Party of all principal and other monies (except interest) due in respect of the Secured Obligations;

(d) in or toward payment to the Secured Party of all interest remaining unpaid in respect of the Secured Obligations; and

(e) in or toward payment of any sum or sums borrowed by the Receiver from any financial institution, corporation or person other than the Secured Party and interest thereon if such sum or sums are secured by the Collateral.

Subject to applicable law and the claims, if any, of other creditors of the Debtor, any surplus will be paid to the Debtor.

17.4 Immediate Exercise of Rights

The Debtor agrees that the Secured Party may exercise its rights and remedies hereunder immediately upon default, except as may be otherwise provided in the Act, and the Debtor hereby expressly confirms that except as may be otherwise provided herein or in the Act, the Secured Party has not given any covenant, express or implied, and is under no obligation to allow the Debtor any period of time to remedy any default prior to the Secured Party exercising its rights and remedies hereunder.

18. DEFICIENCY

If the amounts realized from the disposition of the Collateral are not sufficient to pay the Secured Obligations in full, the Debtor will immediately pay to the Secured Party the amount of such deficiency.

19. RIGHTS CUMULATIVE

All rights and remedies of the Secured Party set out in this Security Agreement are cumulative and no right or remedy contained herein is intended to be exclusive but each will be in addition to every other right or remedy contained herein or in any existing or future security agreement or now or hereafter

existing at law, in equity or by statute, or pursuant to any other agreement between the Debtor and the Secured Party that may be in effect from time to time.

20. LIABILITY OF SECURED PARTY

The Secured Party shall not be responsible or liable for any debts contracted by it, for damages to persons or property or for salaries or non-fulfilment of contracts during any period when the Secured Party shall manage the Collateral upon entry, as herein provided, nor shall the Secured Party be liable to account as mortgagee in possession or for anything except actual receipts or be liable for any loss on realization or for any default or omission for which a mortgagee in possession may be liable. The Secured Party shall not be bound to do, observe or perform or to see to the observance or performance by the Debtor of any obligations or covenants imposed upon the Debtor nor shall the Secured Party, in the case of Investment Property, Instruments or Chattel Paper, be obliged to preserve rights against other persons, nor shall the Secured Party be obliged to keep any of the Collateral identifiable. The Debtor hereby waives any applicable provision of law permitted to be waived by it which imposes higher or greater obligations upon the Secured Party than aforesaid.

21. APPOINTMENT OF ATTORNEY

The Debtor hereby irrevocably appoints the Secured Party or the Receiver, as the case may be, with full power of substitution, to be the attorney of the Debtor for and in the name of the Debtor to sign, endorse or execute under seal or otherwise any deeds, documents, transfers, cheques, instruments, demands, assignments, assurances or consents that the Debtor is obliged to sign, endorse or execute and generally to use the name of the Debtor and to do all things as may be necessary or incidental to the exercise of all or any of the powers conferred on the Secured Party or the Receiver, as the case may be, pursuant to this Security Agreement.

22. ACCOUNTS

Notwithstanding any other provision of this Security Agreement, the Secured Party may collect, realize, sell or otherwise deal with the Accounts or any part thereof in such manner, upon such terms and conditions and at such time or times, whether before or after default, as may seem to it advisable, and without notice to the Debtor, except in the case of disposition after default and then subject to the provisions of Part V of the Act. All monies or other forms of payment received by the Debtor in payment of any Account will be received and held by the Debtor in trust for the Secured Party.

23. APPROPRIATION OF PAYMENTS

Any and all payments made in respect of the Secured Obligations from time to time and monies realized from any security interests held therefor (including monies collected in accordance with or realized on any enforcement of this Security Agreement) may be applied to such part or parts of the Secured Obligations as the Secured Party may see fit, and the Secured Party may at all times and from time to time change any appropriation as the Secured Party may see fit.

24. LIABILITY TO ADVANCE

None of the preparation, execution, perfection and registration of this Security Agreement or notice hereof or the advance of any monies shall bind the Secured Party to make any advance or loan or further advance or loan, or renew any note or extend any time for payment of any indebtedness or liability of the Debtor to the Secured Party.

25. WAIVER

The Secured Party may from time to time and at any time waive in whole or in part any right, benefit or default under any clause of this Security Agreement but any such waiver of any right, benefit or default on

any occasion shall be deemed not to be a waiver of any such right, benefit or default thereafter, or of any other right, benefit or default, as the case may be, and no delay or omission by the Secured Party in exercising any right or remedy hereunder or with respect to any default shall operate as a waiver thereof or of any other right or remedy.

26. NOTICE

Notice may be given by any party in writing and shall be well and sufficiently given if sent by prepaid registered mail, by delivery, or by facsimile transmission to the party for whom it is intended, at the address or transmitted to the facsimile number herein provided, or to such other address or to such other facsimile number as may be set forth in any notice given pursuant to these notice provisions from time to time. Any such notice shall be deemed to have been given and received:

(a) if delivered, when delivered;

(b) if mailed by prepaid registered mail when there is no known or anticipated disruption of postal services, on the third business day following that on which it was mailed; and

(c) if sent by facsimile transmission, on the close of business on the day on which it was transmitted.

27. EXTENSIONS

The Secured Party may grant extensions of time and other indulgences, take and give up security, accept compositions, compound, compromise, settle, grant releases and discharges, refrain from perfecting or maintaining perfection of the Security Interest, and otherwise deal with the Debtor, account debtors of the Debtor, sureties and others and with the Collateral, the Security Interest and other security interests as the Secured Party may see fit without prejudice to the liability of the Debtor or the Secured Party's right to hold and realize on the security constituted by this Security Agreement.

28. NO MERGER

This Security Agreement shall not operate so as to create any merger or discharge of any of the Secured Obligations, or of any assignment, transfer, guarantee, lien, mortgage, contract, promissory note, bill of exchange or security interest of any form held or which may hereafter be held by the Secured Party from the Debtor or from any other person whomsoever. The taking of a judgment with respect to any of the Secured Obligations will not operate as a merger of any of the covenants contained in this Security Agreement.

29. ASSIGNMENT

The Secured Party may, without further notice to the Debtor, at any time assign, transfer or grant a security interest in this Security Agreement and the Security Interest. The Debtor expressly agrees that the assignee, transferee or secured party, as the case may be, shall have all of the Secured Party's rights and remedies under this Security Agreement and the Debtor will not assert any defence, counterclaim, right of set-off or otherwise with respect to any claim which the Debtor now has or hereafter acquires against the Secured Party in any action commenced by such assignee, transferee or secured party, as the case may be, and will pay the Secured Obligations to the assignee, transferee or secured party, as the case may be, as the Secured Obligations become due.

30. SATISFACTION AND DISCHARGE

Any partial payment or satisfaction of the Secured Obligations, or any ceasing by the Debtor to be indebted to the Secured Party, shall be deemed not to be a redemption or discharge of this Security Agreement. The Debtor shall be entitled to a release and discharge of this Security Agreement upon full

payment and satisfaction of all Secured Obligations and upon written request by the Debtor and payment to the Secured Party of a discharge fee to be fixed by the Secured Party and payment and of all costs, charges, expenses and legal fees and disbursements (on a solicitor and own client basis) incurred by the Secured Party in connection with the Secured Obligations and such release and discharge.

31. ENUREMENT

This Security Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, personal representatives, successors and permitted assigns.

32. INTERPRETATION

32.1 Defined Terms

In this Security Agreement:

(a) "**Act**" means the *Personal Property Security Act* of British Columbia and all regulations thereunder as the same may be amended from time to time;

(b) "**Collateral**" has the meaning set out in Section 1 hereof and any reference to Collateral shall, unless the context otherwise requires, be deemed a reference to Collateral as a whole or any part thereof;

(c) "**Control Agreement**" means:

(1) with respect to any Uncertificated Security included in the Collateral, an agreement between the issuer of such Uncertificated Securities and another Person whereby such issuer agrees to comply with instructions that are originated by such Person in respect of such Uncertificated Security, without the further consent of the Debtor; and

(2) with respect to any Securities Accounts or Security Entitlements included in the Collateral, an agreement between the Securities Intermediary in respect of such Securities Accounts or Security Entitlements to comply with any Entitlement Orders with respect to such Securities Accounts or Security Entitlements that are originated by Secured Party, without the further consent of the Debtor;

(d) "**Debtor**" and the personal pronoun "it" or "its" and any verb relating thereto and used therewith shall be read and construed as required by and in accordance with the context in which such words are used depending upon whether the Debtor is one or more individuals, corporations or partnerships and, if more than one, shall apply to and be binding upon each of them jointly and severally;

(e) "**Event of Default**" means an event of default under any of the Loan Documents;

(f) "**licence**" means any licence or similar right at any time owned or held by the Debtor including but without being limited to a "licence" as defined in the Act;

(g) "**Loan Documents**" means, collectively, the Purchase Agreement, this Security Agreement, that certain Form B Mortgage dated for reference February 5, 2020 charging the Lands, that certain Promissory Note dated for reference February 5, 2020, and all other documents and instruments evidencing or securing the payment of the Secured Obligations in whole or in part, whether provided by or on behalf of an Obligant;

(h) "**Obligant**" or "**Obligants**" means, collectively, the Debtor and all other Persons who are from time to time liable to the Secured Party for the payment of the whole or any portion of the Secured Obligations, whether directly or indirectly, absolutely or contingently, jointly, severally or jointly and severally and includes all Persons who from time to time otherwise become liable for, or who agree to indemnify the Secured Party for any loss, costs or damages as a result of the failure of any other Persons to pay the Secured Obligations, in whole or in part;

(i) "**Persons**" or "**Person**" means and includes any individual, sole proprietorship, corporation, partnership, bank, joint venture, trust, unincorporated association, association, institution, entity, party or government (whether national, federal, provincial, state, municipal, city, county or otherwise and including any instrumentality, division, agency, body or department thereof);

(j) "**Purchase Agreement**" means that certain offer to purchase made the 6th day of November, 2019 between the Secured Party and H.E. Rooms Inc., as assigned to the Debtor, with respect to the Debtor's purchase of the Lands and vendor take-back loan to be made to the Debtor in an amount equal to the Deferred Payment Amount, as the said purchase agreement may be amended, extended, renewed, replaced, restated and in effect from time to time;

(k) "**Secured Obligations**" means all indebtedness and liability of all or any one or more of the Obligants to the Secured Party under the Loan Documents, whether such indebtedness and liability is present or future, absolute or contingent, joint or several, direct or indirect, matured or not, extended or renewed, wheresoever and howsoever incurred, and any ultimate balance thereof, including all advances on current or running account and all future advances and re-advances, under or pursuant to any of the Loan Documents;

(l) "**STA**" means the *Securities Transfer Act* of the Province of British Columbia, as amended from time to time and all regulations thereunder, which act, including amendments thereto and any act substituted therefor and amendments thereto is herein referred to as the "**STA**" and "**Person**" shall have the meaning ascribed to it in the STA; and

(m) Subject to Section 32.2 below, words with initial capital letters, unless otherwise defined herein, shall have the meanings ascribed to them in the Purchase Agreement.

32.2 General

Words and expressions used herein that have been defined in the Act or in the STA shall be interpreted in accordance with their respective meanings given in the Act or in the STA as applicable, whether expressed herein with or without initial capital letters and whether in the singular or the plural unless otherwise defined herein or unless the context otherwise requires, and wherever the context so requires in this Security Agreement the singular shall be read as if the plural were expressed, and vice-versa, and the provisions hereof shall be read with all grammatical changes necessary dependent upon the person referred to being a male, female, firm or corporation.

32.3 Severability

Should any provision of this Security Agreement be declared or held invalid or unenforceable in whole or in part or against or with respect to the Debtor by a court of competent jurisdiction, such invalidity or unenforceability will not affect the validity or enforceability of any or all of the remaining provisions of this Security Agreement which will continue in full force and effect and be construed as if this Security Agreement had been executed without the invalid or unenforceable provision.

32.4 Headings

The headings of the sections and clauses of this Security Agreement have been inserted for reference only and do not define, limit, alter or enlarge the meaning of any provision of this Security Agreement.

32.5 Governing Law

This Security Agreement shall be governed by the laws of British Columbia.

33. MISCELLANEOUS

(a) The Debtor hereby authorizes the Secured Party to file such financing statements, financing change statements and other documents and do such acts, matters and things as the Secured Party may deem appropriate to perfect on an ongoing basis and continue the Security Interest, to protect and preserve the Collateral and to realize upon the Security Interest.

(b) The Debtor hereby waives protest of any Instrument constituting Collateral at any time held by the Secured Party on which the Debtor is any way liable and, subject to the provisions of the Act, notice of any other action taken by the Secured Party.

(c) The Debtor acknowledges and agrees that in the event it amalgamates with any other company or companies it is the intention of the parties hereto that the term "Debtor" when used herein shall apply to each of the amalgamating companies and to the amalgamated company, such that the Security Interest granted hereby:

(1) shall extend to "Collateral" (as that term is herein defined) owned by each of the amalgamating companies and the amalgamated company at the time of amalgamation and to any "Collateral" thereafter owned or acquired by the amalgamated company, and

(2) shall secure the "Secured Obligations" (as that term is herein defined) of each of the amalgamating companies and the amalgamated company to the Secured Party at the time of amalgamation and any "Secured Obligations" of the amalgamated company to the Secured Party thereafter arising. The Security Interest shall attach to "Collateral" owned by each company amalgamating with the Debtor, and by the amalgamated company, at the time of amalgamation, and shall attach to any "Collateral" thereafter owned or acquired by the amalgamated company when such becomes owned or is acquired.

(d) The Debtor hereby authorizes the Secured Party to provide a copy of this Security Agreement and such other information and documents specified under the Act to any person entitled pursuant to the Act to demand and receive same.

34. COPY OF AGREEMENT AND FINANCING STATEMENT

The Debtor hereby:

(a) acknowledges receiving a copy of this Security Agreement; and

(b) waives all rights to receive from the Secured Party a copy of any financing statement, financing change statement or verification statement filed, issued or obtained at any time in respect of this Security Agreement.

35. PARAMOUNTCY

In the event of any inconsistency between the terms of this Security Agreement and the terms of the Purchase Agreement with respect to any matter specifically dealt with herein and therein, the provisions of the Purchase Agreement will govern, unless as a result thereof (i) the mortgages, charges and security interests created herein or (ii) any of the remedies available to the Secured Party hereunder would be in any way diminished or invalidated, in which case the provisions of this Security Agreement will prevail.

36. DEBTOR AND SECURED PARTY INFORMATION

36.1 Debtor Address

Fort Pelly Holdings Ltd.
235 East Hastings Street
Vancouver, B.C., V6P 1A2

Attention: Chris Wall
Fax No. _____
E-mail: crwall@icloud.com

36.2 Secured Party Address

Mina Angelicola
2395 Wall Street
Vancouver, B.C., V5K 1A7

Attention: Mina Angelicola
E-mail: sergio.mina@gmail.com and brigittedrew@yahoo.com

with a copy to:

NORTON ROSE FULBRIGHT CANADA LLP
Barristers and Solicitors
1800 – 510 West Georgia Street
Vancouver, BC V6B 0M3

Attention: Neil Davie
Fax No: (604) 646-2512
E-mail: neil.davie@nortonrosefulbright.com

[Signature Page Follows]

IN WITNESS WHEREOF the Debtor has executed this Security Agreement on the date indicated below.

EXECUTION DATE

Officer Signature(s)	Y	M	D
	20	02	04

FORT PELLY HOLDINGS LTD., by its authorized signatory:

Per: Christopher Robert Wal

Name:
Occupation:
Address:

Lisa Niro
Lawyer and Notary Public
Bell Alliance LLP
#201 - 1367 West Broadway
Vancouver, B.C. Canada V6H 4A7
ph: (604) 873-8723 fax: (604) 873-8785

OFFICER CERTIFICATION:

Your signature constitutes a representation that you are a solicitor, notary public or other person authorized by the Evidence Act, R.S.B.C. 1996, c. 124, to take affidavits for use in British Columbia and certifies the matters set out in Part 5 of the Land Title Act as they pertain to the execution of this instrument.

Page: 1

BC OnLine: DOCUMENT PRINT 2020/02/05
Lterm: XPSP0050 For: PK27345 NORTON ROSE FULBRIGHT CANADA LLP 11:26:00

********** P P S A S E C U R I T Y A G R E E M E N T **********

Reg. Date: FEB 05, 2020 Reg. Length: 5 YEARS
Reg. Time: 11:26:00 Expiry Date: FEB 05, 2025
Base Reg. #: 044600M Control #: D6592436
Block#

S0001 Secured Party: MINA ANGELICOLA
2395 WALL STREET
VANCOUVER BC V5K 1A7

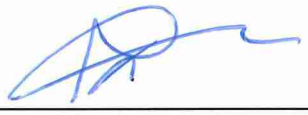
D0001 Base Debtor: FORT PELLY HOLDINGS LTD
(Business) 235 EAST HASTINGS STREET
VANCOUVER BC V6P 1A2

General Collateral:
ALL OF THE PRESENTLY OWNED OR HELD AND AFTER ACQUIRED OR HELD PERSONAL PROPERTY OF THE DEBTOR OF WHATSOEVER NATURE OR KIND AND WHERESOEVER SITUATE, AND ALL PROCEEDS AND RENEWALS THEREOF AND THEREFROM, ACCRETIONS THERETO AND SUBSTITUTIONS THEREFOR.

Registering Party: NORTON ROSE FULBRIGHT CANADA LLP
SUITE 1800-510 WEST GEORGIA ST
VANCOUVER BC V6B 0M3

>>>>>>>>>>>>>>>>>>>>>>>>>>> END OF DOCUMENT PRINT <<<<<<<<<<<<<<<<<<<<<<<<<<<

This is Exhibit "G" to the Affidavit #1 of Brigitte Drew affirmed February 3, 2026 before me at the City of Vancouver, BC.



A Commissioner for taking Affidavits in and for the Province of British Columbia.

TITLE SEARCH PRINT 2025-05-22, 10:44:12

File Reference: 88888-Drew Requestor: Laura Ferguson

Declared Value $8700000

CURRENT AND CANCELLED INFORMATION SHOWN

Land Title District	VANCOUVER
Land Title Office	VANCOUVER
Title Number	CA8022409
From Title Number	BM290928
Application Received	2020-02-05
Application Entered	2020-02-24

Registered Owner in Fee Simple

Registered Owner/Mailing Address: 1235922 B.C. LTD., INC.NO. BC1235922
235 HASTINGS ST E
VANCOUVER, BC
V6A 1P2

Taxation Authority Vancouver, City of

Description of Land

Parcel Identifier: 010-401-113

Legal Description:

LOT 34 BLOCK 28 DISTRICT LOT 541 PLAN 210

Legal Notations

HERETO IS ANNEXED EASEMENT CB630962 OVER LOT E PLAN EPP76989

Charges, Liens and Interests

Nature:	MORTGAGE
Registration Number:	CA8022412
Registration Date and Time:	2020-02-05 16:54
Registered Owner:	MINA ANGELICOLA
Remarks:	INTER ALIA
Nature:	ASSIGNMENT OF RENTS
Registration Number:	CA8022413
Registration Date and Time:	2020-02-05 16:54
Registered Owner:	MINA ANGELICOLA
Remarks:	INTER ALIA

TITLE SEARCH PRINT
File Reference: 88888-Drew
Declared Value $8700000

2025-05-22, 10:44:12
Requestor: Laura Ferguson

Nature:	MORTGAGE
Registration Number:	CA9898334
Registration Date and Time:	2022-05-02 14:25
Registered Owner:	THEODORE FROMSON GILLIAN ANN FROMSON AS JOINT TENANTS
Remarks:	INTER ALIA

Nature:	ASSIGNMENT OF RENTS
Registration Number:	CA9898335
Registration Date and Time:	2022-05-02 14:25
Registered Owner:	THEODORE FROMSON GILLIAN ANN FROMSON AS JOINT TENANTS
Remarks:	INTER ALIA

Nature:	EASEMENT
Registration Number:	CB630959
Registration Date and Time:	2023-05-18 14:47
Remarks:	INTER ALIA APPURTENANT TO LOT E PLAN EPP76989

Nature:	PRIORITY AGREEMENT
Registration Number:	CB630960
Registration Date and Time:	2023-05-18 14:47
Remarks:	INTER ALIA GRANTING CB630959 PRIORITY OVER CA8022412 AND CA8022413

Nature:	PRIORITY AGREEMENT
Registration Number:	CB630961
Registration Date and Time:	2023-05-18 14:47
Remarks:	INTER ALIA GRANTING CB630959 PRIORITY OVER CA9898334 AND CA9898335

Duplicate Indefeasible Title NONE OUTSTANDING

Transfers NONE

Pending Applications NONE

Corrections NONE

TITLE SEARCH PRINT 2025-05-22, 10:44:27

File Reference: 88888-Drew Requestor: Laura Ferguson

CURRENT AND CANCELLED INFORMATION SHOWN

Land Title District	VANCOUVER
Land Title Office	VANCOUVER
Title Number	CA8022410
From Title Number	BM290929
Application Received	2020-02-05
Application Entered	2020-02-24

Registered Owner in Fee Simple

Registered Owner/Mailing Address: 1235922 B.C. LTD., INC.NO. BC1235922
235 HASTINGS ST E
VANCOUVER, BC
V6A 1P2

Taxation Authority Vancouver, City of

Description of Land

Parcel Identifier: 010-401-130

Legal Description:

LOT 35 BLOCK 28 DISTRICT LOT 541 PLAN 210

Legal Notations

HERETO IS ANNEXED EASEMENT CB630962 OVER LOT E PLAN EPP76989

Charges, Liens and Interests

Nature:	MORTGAGE
Registration Number:	CA8022412
Registration Date and Time:	2020-02-05 16:54
Registered Owner:	MINA ANGELICOLA
Remarks:	INTER ALIA
Nature:	ASSIGNMENT OF RENTS
Registration Number:	CA8022413
Registration Date and Time:	2020-02-05 16:54
Registered Owner:	MINA ANGELICOLA
Remarks:	INTER ALIA

TITLE SEARCH PRINT 2025-05-22, 10:44:27

File Reference: 88888-Drew Requestor: Laura Ferguson

Nature:	MORTGAGE
Registration Number:	CA9898334
Registration Date and Time:	2022-05-02 14:25
Registered Owner:	THEODORE FROMSON GILLIAN ANN FROMSON AS JOINT TENANTS
Remarks:	INTER ALIA

Nature:	ASSIGNMENT OF RENTS
Registration Number:	CA9898335
Registration Date and Time:	2022-05-02 14:25
Registered Owner:	THEODORE FROMSON GILLIAN ANN FROMSON AS JOINT TENANTS
Remarks:	INTER ALIA

Nature:	EASEMENT
Registration Number:	CB630959
Registration Date and Time:	2023-05-18 14:47
Remarks:	INTER ALIA APPURTENANT TO LOT E PLAN EPP76989

Nature:	PRIORITY AGREEMENT
Registration Number:	CB630960
Registration Date and Time:	2023-05-18 14:47
Remarks:	INTER ALIA GRANTING CB630959 PRIORITY OVER CA8022412 AND CA8022413

Nature:	PRIORITY AGREEMENT
Registration Number:	CB630961
Registration Date and Time:	2023-05-18 14:47
Remarks:	INTER ALIA GRANTING CB630959 PRIORITY OVER CA9898334 AND CA9898335

Duplicate Indefeasible Title NONE OUTSTANDING

Transfers NONE

Pending Applications NONE

Corrections NONE

TITLE SEARCH PRINT 2025-05-22, 10:44:41

File Reference: 88888-Drew Requestor: Laura Ferguson

CURRENT AND CANCELLED INFORMATION SHOWN

Land Title District	VANCOUVER
Land Title Office	VANCOUVER
Title Number	CA8022411
From Title Number	BM290930
Application Received	2020-02-05
Application Entered	2020-02-24

Registered Owner in Fee Simple

Registered Owner/Mailing Address: 1235922 B.C. LTD., INC.NO. BC1235922
235 HASTINGS ST E
VANCOUVER, BC
V6A 1P2

Taxation Authority Vancouver, City of

Description of Land

Parcel Identifier: 015-501-922

Legal Description:

LOT 36 BLOCK 28 DISTRICT LOT 541 PLAN 210

Legal Notations

HERETO IS ANNEXED EASEMENT CB630962 OVER LOT E PLAN EPP76989

Charges, Liens and Interests

Nature:	MORTGAGE
Registration Number:	CA8022412
Registration Date and Time:	2020-02-05 16:54
Registered Owner:	MINA ANGELICOLA
Remarks:	INTER ALIA

Nature:	ASSIGNMENT OF RENTS
Registration Number:	CA8022413
Registration Date and Time:	2020-02-05 16:54
Registered Owner:	MINA ANGELICOLA
Remarks:	INTER ALIA

TITLE SEARCH PRINT 2025-05-22, 10:44:41

File Reference: 88888-Drew Requestor: Laura Ferguson

Nature:	MORTGAGE
Registration Number:	CA9898334
Registration Date and Time:	2022-05-02 14:25
Registered Owner:	THEODORE FROMSON GILLIAN ANN FROMSON AS JOINT TENANTS
Remarks:	INTER ALIA

Nature:	ASSIGNMENT OF RENTS
Registration Number:	CA9898335
Registration Date and Time:	2022-05-02 14:25
Registered Owner:	THEODORE FROMSON GILLIAN ANN FROMSON AS JOINT TENANTS
Remarks:	INTER ALIA

Nature:	EASEMENT
Registration Number:	CB630959
Registration Date and Time:	2023-05-18 14:47
Remarks:	INTER ALIA APPURTENANT TO LOT E PLAN EPP76989

Nature:	PRIORITY AGREEMENT
Registration Number:	CB630960
Registration Date and Time:	2023-05-18 14:47
Remarks:	INTER ALIA GRANTING CB630959 PRIORITY OVER CA8022412 AND CA8022413

Nature:	PRIORITY AGREEMENT
Registration Number:	CB630961
Registration Date and Time:	2023-05-18 14:47
Remarks:	INTER ALIA GRANTING CB630959 PRIORITY OVER CA9898334 AND CA9898335

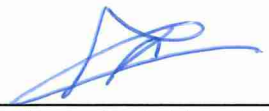
Duplicate Indefeasible Title NONE OUTSTANDING

Transfers NONE

Pending Applications NONE

Corrections NONE

This is Exhibit "H" to the Affidavit #1 of Brigitte Drew affirmed February 3, 2026 before me at the City of Vancouver, BC.



A Commissioner for taking Affidavits in and for the Province of British Columbia.

BRITISH COLUMBIA

PERSONAL PROPERTY REGISTRY SEARCH RESULT

BC Registries and Online Services

Business Debtor - "FORT PELLY HOLDINGS LTD."

Search Date and Time: June 19, 2025 at 9:05:17 am Pacific time
Account Name: FARRIS LLP

TABLE OF CONTENTS

1 Match in 1 Registration in Report | Exact Matches: 1 (*) | Total Search Report Pages: 3

	Base Registration	Base Registration Date	Debtor Name	Page
1	255662R	May 22, 2025	*** FORT PELLY HOLDINGS LTD.**	2

BRITISH COLUMBIA

PERSONAL PROPERTY REGISTRY SEARCH RESULT

BC Registries and Online Services

Base Registration Number: 255662R

Registration Description:	PPSA SECURITY AGREEMENT
Act:	PERSONAL PROPERTY SECURITY ACT
Base Registration Date and Time:	May 22, 2025 at 12:02:11 pm Pacific time
Current Expiry Date and Time:	May 22, 2035 at 11:59:59 pm Pacific time Expiry date includes subsequent registered renewal(s)
Trust Indenture:	No

CURRENT REGISTRATION INFORMATION

(as of June 19, 2025 at 9:05:17 am Pacific time)

Secured Party Information

ANGELICOLA, MINA

Address

2500 700 WEST GEORGIA STREET
VANCOUVER BC
V7Y 1B3 Canada

Debtor Information

FORT PELLY HOLDINGS LTD.

Address

235 EAST HASTINGS STREET
VANCOUVER BC
V6P 1A2 Canada

Vehicle Collateral

None

BRITISH COLUMBIA

PERSONAL PROPERTY REGISTRY SEARCH RESULT

BC Registries and Online Services

General Collateral

Base Registration General Collateral:

ALL OF THE PRESENTLY OWNED OR HELD OR AFTER ACQUIRED OR HELD

PERSONAL PROPERTY OF THE DEBTOR OF WHATSOEVER NATURE OR KIND

AND WHERESOEVER SITUATE, AND ALL PROCEEDS AND RENEWALS THEREOF

AND THEREFROM, ACCRETIONS THERETO AND SUBSTITUTIONS THEREFOR.

Original Registering Party

FARRIS LLP

Address

2500 700 WEST GEORGIA STREET
VANCOUVER BC
V7Y 1B3 Canada

This is Exhibit "I" to the Affidavit #1 of Brigitte Drew affirmed February 3, 2026 before me at the City of Vancouver, BC.



A Commissioner for taking Affidavits in and for the Province of British Columbia.

FORM_B_V25

NEW WESTMINSTER LAND TITLE OFFICE

68

LAND TITLE ACT
FORM B (Section 225)

Feb-05-2020 16:54:42.002

CA8022412 CA8022413

MORTGAGE - PART 1 Province of British Columbia

Your electronic signature is a representation that you are a designate authorized to certify this document under section 168.4 of the *Land Title Act*, RSBC 1996 c.250, that you certify this document under section 168.41(4) of the act, and that an execution copy, or a true copy of that execution copy, is in your possession.

Nicholas Ronald Shon P84N4H

Digitally signed by Nicholas Ronald Shon P84N4H
Date: 2020.02.05 16:51:08 -08'00'

1. APPLICATION: (Name, address, phone number of applicant, applicant's solicitor or agent)

Norton Rose Fulbright Canada LLP
Barristers & Solicitors
#1800-510 West Georgia Street
Vancouver BC V6B 0M3

Phone: 604.687.6575
File No.: 1001107133
Doc. No.: 130994700

Document Fees: $148.32

Deduct LTSA Fees? Yes ☑

2. PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND:
[PID] [legal description]

SEE SCHEDULE

STC? YES ☐

3. BORROWER(S) (MORTGAGOR(S)): (including postal address(es) and postal code(s))

1235922 B.C. LTD.

235 EAST HASTINGS STREET
VANCOUVER BRITISH COLUMBIA
V6P 1A2 CANADA

Incorporation No
BC1235922

4. LENDER(S) (MORTGAGEE(S)): (including occupation(s), postal address(es) and postal code(s))

MINA ANGELICOLA, BUSINESSWOMAN

2395 WALL STREET
VANCOUVER BRITISH COLUMBIA
CANADA V5K 1A7

5. PAYMENT PROVISIONS:

(a) Principal Amount:	(b) Interest Rate:	(c) Interest Adjustment Date:	Y	M	D
$8,375,000.00	See Schedule		20	02	05
(d) Interest Calculation Period:	(e) Payment Dates:	(f) First Payment Date:			
See Schedule	See Schedule		20	03	05
(g) Amount of each periodic payment:	(h) *Interest Act* (Canada) Statement. The equivalent rate of interest calculated half yearly not in advance is N/A % per annum.	(i) Last Payment Date:	25	02	01
See Schedule					
(j) Assignment of Rents which the applicant wants registered ? YES ☑ NO ☐ If YES, page and paragraph number:	(k) Place of payment:	(l) Balance Due Date:			
Paragraph 4 Pages 11 and 12	Postal Address in Item 4		25	02	01

6. MORTGAGE contains floating charge on land ?
YES ☐ NO ☑

7. MORTGAGE secures a current or running account ?
YES ☐ NO ☑

8. INTEREST MORTGAGED:
Fee Simple ☑
Other (specify) ☐

9. MORTGAGE TERMS:
Part 2 of this mortgage consists of (select one only):
(a) Prescribed Standard Mortgage Terms ☐
(b) Filed Standard Mortgage Terms ☐ D F Number:
(c) Express Mortgage Terms ☑ (annexed to this mortgage as Part 2)
A selection of (a) or (b) includes any additional or modified terms referred to in item 10 or in a schedule annexed to this mortgage.

10. ADDITIONAL OR MODIFIED TERMS:

N/A

11. PRIOR ENCUMBRANCES PERMITTED BY LENDER:

N/A

12. EXECUTION(S): This mortgage charges the Borrower's interest in the land mortgaged as security for payment of all money due and performance of all obligations in accordance with the mortgage terms referred to in item 9 and the Borrower(s) and every other signatory agree(s) to be bound by, and acknowledge(s) receipt of a true copy of, those terms.

Officer Signature(s)

Lisa Niro

Lawyer and Notary Public

Bell Alliance LLP
#201 - 1367 West Broadway
Vancouver, B.C. Canada V6H 4A7
ph: (604) 873-8723 fax: (604) 873-8785

Execution Date		
Y	M	D
20	02	04

Borrower(s) Signature(s)

1235922 B.C. LTD., by its authorized signatory(ies):

Name: Christopher Robert Wall

Name:

OFFICER CERTIFICATION:
Your signature constitutes a representation that you are a solicitor, notary public or other person authorized by the *Evidence Act*, R.S.B.C. 1996, c.124, to take affidavits for use in British Columbia and certifies the matters set out in Part 5 of the *Land Title Act* as they pertain to the execution of this instrument.

Officer Signature(s)	Execution Date Y	M	D	Transferor / Borrower / Party Signature(s)
Lisa Niro Lawyer and Notary Public Bell Alliance LLP #201 - 1367 West Broadway Vancouver, B.C. Canada V6H 4A7 ph: (604) 873-8723 fax: (604) 873-8785	20	02	04	H.E. Rooms Inc., as Covenantor, by its authorized signatory(ies): Name: Christopher Robert Wall Name:

OFFICER CERTIFICATION:
Your signature constitutes a representation that you are a solicitor, notary public or other person authorized by the *Evidence Act*, R.S.B.C. 1996, c.124, to take affidavits for use in British Columbia and certifies the matters set out in Part 5 of the *Land Title Act* as they pertain to the execution of this instrument.

LAND TITLE ACT
FORM E

SCHEDULE PAGE 4 OF 35 PAGES

2. PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND:
[PID] [LEGAL DESCRIPTION]

010-401-113 **LOT 34 BLOCK 28 DISTRICT LOT 541 PLAN 210**

STC? YES ☐

2. PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND:
[PID] [LEGAL DESCRIPTION]

010-401-130 **LOT 35 BLOCK 28 DISTRICT LOT 541 PLAN 210**

STC? YES ☐

2. PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND:
[PID] [LEGAL DESCRIPTION]

015-501-922 **LOT 36 BLOCK 28 DISTRICT LOT 541 PLAN 210**

STC? YES ☐

5. PAYMENT PROVISIONS:

(b) Interest Rate:

Interest on the outstanding Principal Amount will accrue unless otherwise provided herein until payment in full, whether before or after demand, default and judgment, at a rate of, from the date of this Mortgage to (and including) the Interest Adjustment Date, three percent (3.0%) per annum, calculated semi-annually not in advance, with the first calculation to be made on March 5, 2020.

(d) Interest Calculation Period:

Semi-annually (calculated on the outstanding daily balance).

(e) Payment Dates:

Interest accrued shall be payable in arrears on the first day of each and every month.

(g) Amount of each periodic payment:

Equal monthly interest only payments of $20,807.83 on the first day of each and every month commencing on March 5, 2020 and continuing until February 1, 2025 and the balance of the Principal Amount together with all accrued interest shall be due on the Balance Due Date.

MORTGAGE TERMS - PART 2

EXPRESS MORTGAGE TERMS

1. DEFINITIONS

In these Express Mortgage Terms and in Form B to which they are annexed:

(a) "**Amount of Each Periodic Payment**" means the amount set out in Item 5(g) of Form B.

(b) "**Balance Due Date**" means the date or time set out in Item 5(l) of Form B.

(c) "**Beneficial Charge Agreement**" means the beneficial charge agreement dated February 5, 2020 among the Mortgagee, the Mortgagor, and the Beneficial Owner.

(d) "**Beneficial Owner**" means Fort Pelly Holdings Ltd.

(e) "**Borrower**" means, collectively, the Mortgagor and its respective successors and permitted assigns.

(f) "**business day**" means any day which in Vancouver, British Columbia is a day that:

(i) is not a "holiday" as that word is defined in the *Interpretation Act* (British Columbia) as amended or replaced from time to time; and

(ii) the Mortgagee is open for business at its Place of Payment.

(g) **"Covenantor"** means a person who signs the Form B as a covenantor.

(h) "**Encumbrances**" means all security interests, assignments, mortgages, hypothecs, ledges, liens, claims, charges, (whether fixed or floating), or encumbrances whatsoever.

(i) "**Event of Default**" means an "Event of Default" as defined in Section 15 of this Mortgage or any default (howsoever described) under the Loan Documents.

(j) "**First Payment Date**" means the date set out in Item 5(f) of Form B.

(k) "**Fixture(s)**" or "**fixtures**" means all personal property whatsoever, whether affixed, mobile or stationary, which is now or at any time hereafter owned, held or acquired in whole or in part by the Mortgagor and placed, installed or erected in, on, under or above the Mortgaged Land or any part thereof (including the Improvements or any part thereof), forms part thereof and is at law a fixture, including without limitation, all plant machinery, apparatus, facilities, equipment, goods and other personal property now or hereafter installed, affixed or attached to and forming part of the Improvements forming part of the Mortgaged Land and all present and future additions and attachments thereto and replacements thereof, including without limitation:

(i) all pipes, conduits, services and the like installed in or under the Lands for the purposes of providing utilities and other services within the boundaries of the Mortgaged Land or any parcel(s) of land hereafter created out of or forming part of the Mortgaged Land;

(ii) all heating, cooling, plumbing, air-conditioning, air-filtering, ventilating, conveyancing, electrical, lighting, telecommunications, security, vacuum, sprinkler, fire-fighting, cooking and refrigeration devices, systems and equipment

(including without limitation all furnaces, water heaters, hot water tanks, oil and gas burners, motors, electric fixtures, wiring, escalators, elevators, boilers, pressure vessels, stokers, blowers, tanks, gas pipes, radiators, aerials, television antennae, satellite dishes and built-in furniture) located in, on or under the Improvements or any part thereof;

(iii) all fixed mirrors, suspended ceiling tiles, doors, windows and window coverings, including without limitation all awnings, shutters, drapes, blinds and valances located in, on or attached to the Improvements or any part thereof; and

(iv) all carpeting and other floor coverings, including without limitation all carpets and floor coverings in all rooms, halls and stairways located within the Improvements.

(l) "**Form B**" means the form identified as "Form B" (Mortgage - Part 1) to which these Express Mortgage Terms are annexed.

(m) "**General Security Agreement**" means the general security agreement dated February 5, 2020 between the Mortgagee and the Beneficial Owner.

(n) "**Improvements**" mean each and every building, structure, erection, improvement, fixture and the like now or hereafter erected, placed or installed in, on, under or above the Mortgaged Land or any part thereof and forming part thereof and all additions and attachments thereto and replacements thereof from time to time.

(o) "**Interest Adjustment Date**" means the date set out in Item 5(c) of Form B.

(p) "**Interest Calculation Period**" means the interest calculation period set out or referred to in Item 5(d) of Form B.

(q) "**Interest Rate**" means, subject to the provisions of Section 21 of this Mortgage, the annual interest rate set out or referred to in Item 5(b) of Form B, (or such other rate or rates of interest as may be agreed upon between the Mortgagor and the Mortgagee) calculated and compounded at the end of each Interest Calculation Period not in advance.

(r) "**Last Payment Date**" means the last payment date, if any, set out or referred to in Item 5(i) of Form B.

(s) "**Leases**" means each and every written or unwritten agreement to lease, offer to lease, lease renewal, tenancy agreement, licence and right of occupancy made or to be made, or granted or to be granted, with respect to the Mortgaged Land or any part thereof, now or in the future.

(t) "**Loan Documents**" means, collectively, the Purchase Agreement, the Beneficial Charge Agreement, the General Security Agreement, the Promissory Note, this Mortgage and all other documents and instruments evidencing or securing the payment of the Secured Obligations in whole or in part, whether provided by or on behalf of an Obligant.

(u) "**Mortgage**" means the mortgage created by Part 1 and Part 2 together.

(v) "**Mortgaged Land**" means the lands and premises or the Mortgagor's interest therein described in Part 1 as the lands and premises charged by this Mortgage, together with all benefits, easements, licenses, privileges, rights of way and servitudes appertaining thereto or connected therewith and every other thing referred to in section 10 of the *Land Transfer Form Act* (British Columbia) together with all Fixtures and Improvements.

(w) "**Mortgaged Property**" means the Mortgaged Land and the Personal Property Collateral.

(x) "**Mortgagee**" means the party or parties described in Part 1 as the "Lender(s) [Mortgagee(s)]".

(y) "**Mortgagor**" means the party or parties described in Part 1 as the "Borrower(s) [Mortgagor(s)]".

(z) "**Obligant**" means, collectively, the Mortgagor and all other Persons who are from time to time liable to the Mortgagee for the payment of the whole or any portion of the Secured Obligations, whether directly or indirectly, absolutely or contingently, jointly, severally or jointly and severally and includes all Persons who from time to time otherwise become liable for, or who agree to indemnify the Mortgagee for any loss, costs or damages as a result of the failure of any other Persons to pay the Secured Obligations, in whole or in part.

(aa) "**Part 1**" means all of the terms, conditions and other information contained in Form B and any schedule or attachment to Form B and which does not form a part of Part 2.

(bb) "**Part 2**" means these Express Mortgage Terms.

(cc) "**Payment Dates**" means those dates set out in Item 5(e) of Form B.

(dd) "**Periodic Payment**" means the amount of each payment, if any, set out or referred to in Item 5(g) of Form B.

(ee) "**Permitted Encumbrances**" means the prior notations, charges, liens or interests, if any, set out or referred to in Item 11 of Form B.

(ff) "**Personal Property Collateral**" has the meaning given in Section 13.

(gg) "**Persons**" or "**Person**" means and includes any individual, sole proprietorship, corporation, partnership, bank, joint venture, trust, unincorporated association, association, institution, entity, party or government (whether national, federal, provincial, state, municipal, city, county or otherwise and including any instrumentality, division, agency, body or department thereof).

(hh) "**Place of Payment**" means the address set out or referred to in Item 5(k) of Form B.

(ii) "**Principal Amount**" means the amount set out in Item 5(a) of Form B.

(jj) "**Promissory Note**" means the promissory note dated February 5, 2020 between the Mortgagee and the Beneficial Owner.

(kk) "**Purchase Agreement**" means the offer to purchase made on November 6, 2019 between the Mortgagee, as vendor, and H.E. Rooms Inc., as original purchaser, as amended and assigned to the Beneficial Owner.

(ll) "**Rents**" means all rents and other payments due or accruing due or at any time hereafter to become due pursuant the Leases and the benefit of all guarantees of payment and all covenants to pay therein contained.

(mm) "**Secured Obligations**" means all indebtedness and liability of all or any one or more of the Obligants to the Mortgagee under the Loan Documents, whether such indebtedness and liability is present or future, absolute or contingent, joint or several, direct or indirect,

matured or not, extended or renewed, wheresoever and howsoever incurred, and any ultimate balance thereof, including all advances on current or running account and all future advances and re advances, under or pursuant to any of the Loan Documents.

(nn) "**terms**" and "**mortgage terms**" and "**express mortgage terms**" mean, unless the context otherwise requires, all of the covenants, agreements, provisos, terms, conditions and provisions of this Mortgage, and the agreement set out in Item 12 of Form B of the Mortgagor to be bound by the mortgage terms referred to in Item 9 of Form B will constitute the agreement of the Mortgagor to be bound by all of the covenants, agreements, provisos, terms, conditions and provisions of this Mortgage.

(oo) "**terms**" and "**mortgage terms**" and "**express mortgage terms**" mean, unless the context otherwise requires, all of the covenants, agreements, provisos, terms, conditions and provisions

2. INTERPRETATION

(a) **Headings**. The Article and Section headings in this Mortgage are inserted for convenience of reference only and will not affect the construction or interpretation of this Mortgage.

(b) **Hereof, etc**. All references in this Mortgage to the words "**hereof**", "**herein**" or "**hereunder**" will be construed to mean and refer to this Mortgage as a whole and will not be construed to refer only to a specific Article, Section or clause of this Mortgage unless the context clearly requires such construction.

(c) **Joint and Several Liability**. In the event of any party being comprised of two or more Persons, all covenants and agreements of such party herein contained will be and be deemed to be joint and several covenants or agreements of each such Person, and the heirs, executors, administrators, successors and permitted assigns of each such Person will be jointly and severally bound by the covenants, agreements, stipulations and provisos herein stated in addition to those granted or implied by statute.

(d) **Severability**. If any of the terms of this Mortgage are or are held to be unenforceable or otherwise invalid, such holding will not in any way affect the enforceability or validity of the remaining terms of this Mortgage.

(e) **Governing Law**. This Mortgage including any covenants and indemnity of the Covenantor (if any) provided for herein will be governed by and construed in accordance with the laws of the Province of British Columbia, and each party hereby submits to the jurisdiction of the courts of the Province of British Columbia and agrees to be bound by any suit, action or proceeding commenced in such courts and by any order or judgment resulting from such suit, action or proceeding; provided that the foregoing will in no way limit the right of the Mortgagee to commence suits, actions or proceedings based on this Mortgage in any other jurisdiction. Without limiting the generality of the foregoing, the Mortgagor agrees that the laws of British Columbia shall govern the application and enforcement of this Mortgage as though this Mortgage were registered under the *Land Title Act*, (British Columbia).

(f) **Gender**. Wherever the singular or masculine gender is used throughout this Mortgage, the same will be construed as meaning the plural or the feminine or the body corporate or politic where the context or the parties hereto so require.

(g) **Capacity**. If the Mortgaged Property or any portion thereof is held by the Mortgagor as a partner of a firm, as a trustee, as an agent, or in any other similar capacity, whether fiduciary or otherwise:

(i) each and every warranty, representation, covenant, agreement, term, condition, proviso and stipulation; and

(ii) each and every grant, mortgage and other charge constituted hereby,

made by or imposed upon the Mortgagor hereunder will be and be deemed to be jointly and severally made by or imposed upon the Mortgagor and the partnership, the beneficiary (or beneficiaries) of the trust, the principal(s) of the agent, or other entity (or entities), as the case may be, and each grant, mortgage and other charge contained in this Mortgage will be deemed to be a grant, mortgage or charge of the estate, right, title and interest of the partnership, the beneficiary (or beneficiaries), the principal(s), or such entity (or entities), as the case may be, in and to the Mortgaged Property as well as being a grant, mortgage or other charge of the estate, interest and title of the Mortgagor in and to the Mortgaged Property, it being the intention of the parties hereto that this Mortgage will constitute a mortgage and charge against both the legal and beneficial estate, right, title and interest of the partnership, the beneficiary (or beneficiaries) of the trust, the principal(s) of the agent, or other entity (or entities), as the case may be (including, without limitation, the Borrower, or any one or more of them), in and to the Mortgaged Property.

(h) **Binding Effect**. This Mortgage will be binding on the Mortgagor and the respective successors and permitted assigns of each person comprising the Mortgagor and will enure to the benefit of the Mortgagor and its successors and permitted assigns.

(i) **Time of the Essence**. Time will be of the essence hereof.

(j) **Reference Date**. This Mortgage will be dated, for reference purposes only February 5, 2020.

3. GRANT OF MORTGAGE

The following charging provision applies only if a specific mortgage and charge on the Mortgaged Land is not included in Part 1.

THE MORTGAGOR HEREBY grants, mortgages and charges to and in favour of the Mortgagee all right, title and interest of the Mortgagor in and to the Mortgaged Land as security for the payment to the Mortgagee of the Principal Amount and the payment, performance or fulfilment of all Secured Obligations upon the terms set out in this Mortgage.

4. ASSIGNMENT OF RENTS

THE MORTGAGOR HEREBY assigns to the Mortgagee all Rents to have and to hold until the Secured Obligations have been fully paid and satisfied, upon the following terms and conditions (the assignment of Rents provided for in this Section 4, the "**Assignment of Rents**"):

(a) The Mortgagor will, without demand, promptly deliver to the Mortgagee a true copy of each of the Leases and give to the Mortgagee full information relating to each of the Leases.

(b) The Mortgagor hereby grants to the Mortgagee full power and authority to enter upon the Mortgaged Land to collect the Rents, to serve demands on the holders of the Leases in

respect of payment of the Rents and to demand, collect, sue for, distrain for, recover and give receipts for the Rents, and to enforce payment of the Rents and performance of the said guarantees of payment and covenants to pay, in the Mortgagee's own name or in the name of and as an agent for the Mortgagor, as the Mortgagee may elect, and hereby grants to the Mortgagee irrevocable authority to join the Mortgagor in any such proceedings or actions.

(c) Although this is a present and absolute assignment, (subject to defeasance on payment of the Secured Obligations), the Mortgagor, as agent for the Mortgagee, will be entitled to collect and retain the Rents as and when they become due and payable according to the terms of the Leases until there occurs an Event of Default, PROVIDED that this paragraph shall not relieve the Mortgagor from the observance and performance of the Mortgagor's obligations under the Mortgage and the terms of this Assignment of Rents.

(d) On the occurrence of an Event of Default, proceedings may, at the option of the Mortgagee, be taken under this Assignment of Rents either independently or in conjunction with the other rights and remedies of the Mortgagee under any of the Loan Documents.

(e) Nothing herein contained shall be deemed to have the effect of making the Mortgagee responsible for the collection of the Rents or for the observance or performance of any of the provisions of the Leases either by the Mortgagor or by any holders of the Leases, or of rendering the Mortgagee a mortgagee in possession of the Mortgaged Land or in any way accountable or liable as such, or of imposing any obligation on the Mortgagee to take any action or exercise any remedy in the collection or recovery of the Rents.

(f) The Mortgagee will be liable to account for only such moneys as it actually receives pursuant to this Assignment of Rents, including such portions thereof as may be expended by the Mortgagee on collection charges, inspection fees, costs as between solicitor and own client, and other expenses to which the Mortgagee may be put in respect thereof, and the balance of such moneys, when so received by the Mortgagee, will be applied on account of the Secured Obligations.

(g) The giving of this Assignment of Rents is by way of additional and collateral security for the Secured Obligations and not in substitution for or satisfaction of any other Loan Documents and will not in any way derogate from or delay or prejudice any rights or remedies to which the Mortgagee may be entitled under any Loan Documents and will not in any way prejudice or limit the obligations of the Mortgagor or any other Person party to the Loan Documents.

(h) The Mortgagor will not at any time during the existence of this Mortgage, without the prior written consent of the Mortgagee:

(i) assign, pledge, or otherwise encumber the Leases or the Rents, or any of them, and will not knowingly do or omit to be done or permit to be done any act which either directly or indirectly has the effect of waiving, releasing, reducing or abating any of the Mortgagor's rights or remedies or the obligations of any other party under or in connection with the Leases;

(ii) terminate, accept a surrender of, or amend the Leases in any manner, or permit any assignment or extension of any of the Leases or any subletting thereunder; or

(iii) receive or permit any prepayment of the Rents under the Leases.

(i) The Mortgagor will execute and deliver such further assurances, assignments, notices or other documents as the Mortgagee may reasonably require from time to time to render this Assignment of Rents effective.

(j) At the request of the Mortgagee from time to time (whether before or after the occurrence of any Event of Default), the Mortgagor will give any other party to any of the Leases actual written notice of this Assignment of Rents, and will use the Mortgagor's best efforts to obtain from such party an acknowledgement of any such notice; but nothing in this paragraph shall oblige the Mortgagee to make any such request.

(k) There are to the knowledge of the Mortgagor no existing or future rights of set-off, assignment, commutation or prepayment with respect to the Rents.

(l) To the knowledge of the Mortgagor, there have been no defaults under any of the now existing Leases by the Mortgagor or by any of the holders of the Leases, and there are no outstanding disputes pursuant to such Leases.

(m) The Mortgagor will at all times observe and perform all the Mortgagor's obligations under the Leases.

(n) The Mortgagor now has good and sufficient power, authority and right to assign the Rents and other benefits referred to herein in the manner aforesaid according to the true intent and meaning of this Assignment of Rents.

(o) The form and content of all future leases and offers to lease relating to the Mortgaged Land or any part thereof and all tenants thereof under leases must be expressly approved in writing by the Mortgagee.

(p) This Assignment of Rents shall, at the option of the Mortgagee, be registered in such places as the Mortgagee may require from time to time.

5. ASSIGNMENT

Without in any way affecting or releasing the Mortgagor's liability to the Mortgagee for the payment, observance and performance of its covenants and agreements contained herein and for the consideration aforesaid, the Mortgagor assigns, transfers and sets over to the Mortgagee, as additional security for the payment, observance and performance of the Secured Obligations, all of its right, title, claim, demand and interest whatsoever at law or in equity or otherwise in and to:

(a) any moneys due and payable to the Mortgagor by an expropriating authority upon an expropriation of any or all of the Mortgaged Land provided that such assignment is limited to the amount of the Secured Obligations outstanding at the date the Mortgagor ceases to be the registered owner of that portion of the Mortgaged Land affected by any such expropriation. The Mortgagor agrees that it will execute and deliver any such further or additional documentation which the Mortgagee may, in the Mortgagee's sole discretion, deem necessary to effect the above assignment or which is requested by the expropriating authority. The Mortgagor also agrees to forward to the Mortgagee copies of any documentation relating to an expropriation or proposed expropriation of the Mortgaged Land, or any part thereof, forthwith upon its receipt of the same; and

(b) indemnification, express or implied, of and from the performance and observance of any and all of the terms of this Mortgage, including without limitation payment of the whole or any portion of the Secured Obligations by any purchaser of the Mortgaged Land, or any part thereof, from the Mortgagor.

6. DEFEASANCE

The Mortgagor may redeem this Mortgage (which will be void upon the occurrence of all of the following events) by:

(a) payment to the Mortgagee of the Principal Amount in lawful money of Canada, together with interest thereon at the Interest Rate, calculated as well after as before maturity, default and judgment, as follows:

(i) interest calculated as aforesaid on the total of all amounts from time to time advanced or secured hereunder as part of the Principal Amount and computed from the respective dates of such advances, or when such sums become secured, will become due and be paid by Periodic Payments on each and every Payment Date commencing on the First Payment Date and continuing on each and every Payment Date thereafter to and including the date the entire balance of the Secured Obligations is fully paid and satisfied; and

(ii) the outstanding balance of the Principal Amount will become due and be paid on the Balance Due Date;

(b) payment to the Mortgagee of all such other moneys as the Mortgagee may be entitled to with respect to the Secured Obligations, as and when such moneys become due and payable; and

(c) observance and performance of all covenants, agreements, provisos, terms, conditions and provisions herein contained.

AND taxes and performance of statute labour.

THE MORTGAGOR observing and performing the covenants and conditions herein contained on its part to be observed and performed shall have the right set out in this Mortgage to repay the whole balance of the Principal Amount remaining unpaid hereunder or any part thereof together with interest as provided herein up to the date or dates of such payment or payments and all such other moneys as the Mortgagee may be entitled to with respect to the Secured Obligations.

7. PAYMENT AND OBSERVANCE

(a) Payment of Secured Obligations

The Mortgagor will pay, observe, perform and satisfy or cause to be paid, observed, performed or satisfied, all of the Secured Obligations as and when the same are required to be paid, observed, performed and satisfied. If the date for any payment required under the Secured Obligations falls on a day that is not a business day, such payment date shall be extended to the first business day following such day.

(b) No Set-off

The Mortgagor agrees that notwithstanding anything to the contrary contained herein, all payments due from or made by the Mortgagor shall be made without set off or counterclaim and without any deductions or withholdings whatsoever.

(c) Compound Interest

It is agreed that if default shall be made in payment of any sum to become due for interest at any time appointed for payment thereof as aforesaid, interest shall be payable

thereon and the sum in arrears for interest from time to time, as well after as before maturity or judgment, shall itself bear interest at the rate stipulated in Form B, and in case the interest and compound interest are not paid on the next interest payment date after the date of default, a rest shall be made and compound interest at the rate aforesaid shall be payable on the aggregate amount then due, as well after as before maturity or judgment, and so on from time to time, and all such interest and compound interest shall be a charge upon the Mortgaged Land.

(d) Place of Payment

Until the Mortgagee shall notify the Mortgagor otherwise, all payments to be made to the Mortgagee under this Mortgage shall be paid to or to the order of the Mortgagee at the Place of Payment in lawful money of Canada, solely on business days, and before 1:00 p.m. local time on any such day and in the event a payment is made after 1:00 p.m. local time on any business day, or is made on any day that is not a business day, such payment will be deemed to have been received by the Mortgagee on the business day next following.

(e) Taxes

The Mortgagor will, on the due date thereof, pay and satisfy all taxes, rates, levies, charges, rents, assessments, statute labour and other impositions whatsoever already or hereafter rated, charged, assessed or imposed no matter by whom or by what authority howsoever on the Mortgaged Land, or any part thereof, or the Mortgagor, or the Mortgagee in respect of the Mortgaged Land (collectively, the "taxes"). It is mutually agreed between the parties to this Mortgage that:

(i) the Mortgagor shall pay all taxes as they fall due and will provide the Mortgagee with receipts confirming payment of the same within thirty (30) days after they become due;

(ii) the Mortgagee may deduct from any advance of the monies secured by this Mortgage an amount sufficient to pay the taxes which have become or will become due and payable on or before the date of such advance;

(iii) the Mortgagor shall, if directed by the Mortgagee, pay to the Mortgagee in monthly installments on the dates on which installments of principal and/or interest are payable under this Mortgage, sums which in the sole opinion of the Mortgagee will be sufficient to enable the Mortgagee to pay the whole amount of taxes on or before the due date for payment thereof or, if such amount is payable in installments, on or before the due date for payment of the first installment thereof; and the Mortgagor shall also pay to the Mortgagee on demand the amount, if any, by which the annual taxes exceed such estimated amount;

(iv) the Mortgagee will apply such deduction and payments on the taxes chargeable against the Mortgaged Land so long as no Event of Default has occurred, but nothing herein contained shall obligate the Mortgagee to apply such payments on account of taxes more often than yearly; provided, however, that if, before any sum or sums so paid to the Mortgagee shall have been so applied, there shall be default by the Mortgagor in respect of any payment of principal, interest or other amount as provided in this Mortgage, the Mortgagee may apply such sum or sums in or towards payment of the principal, interest and/or other amount in default; and

(v) the Mortgagor will transmit to the Mortgagee the assessment notices, tax bills and other notices affecting the imposition of taxes forthwith upon receipt thereof by the Mortgagor.

(f) Other Charges

If the Mortgaged Property or any part(s) thereof are now or at any time hereafter subject to any charge, lien or interest, including but not limited to Permitted Encumbrances (each hereinafter called an "other charge"):

(i) the Mortgagor will promptly pay all payments required to be made under or by virtue of each other charge, whether for principal, interest, taxes or otherwise (or cause the same to be paid) as they become due;

(ii) the Mortgagor will duly observe, perform and comply with the covenants, provisos and agreements contained in each other charge which are to be kept, observed and performed by it;

(iii) any default under any other charge will be deemed to be default hereunder and will entitle the Mortgagee to exercise any and all remedies available to the Mortgagee on the occurrence of an Event of Default; and

(iv) upon the occurrence of a default (howsoever described) by the Mortgagor under any other charge, the Mortgagee will have the right (exercisable in its sole and absolute discretion), but not the obligation, to cure the same.

(g) Pre-enforcement Costs

The Mortgagor will on demand pay all fees, costs, charges and expenses (including without limitation legal fees, costs, charges and expenses on a solicitor and own client basis), in connection with the negotiation, preparation, registration, modification and extension of this Mortgage.

(h) Enforcement Costs

The Mortgagor will on demand pay all fees, costs, charges and expenses (including without limitation legal fees, costs, charges and expenses on a solicitor and own client basis), which may be incurred by or on behalf of the Mortgagee whether before or after court proceedings are commenced, or whether otherwise incurred, in recovering, collecting, procuring or enforcing payment of any or all the Secured Obligations or in any way enforcing or protecting the security of this Mortgage or enforcing any of the terms of this Mortgage (including but not limited to all travelling expenses of the Mortgagee, the Mortgagee's servants and agents and commissions on collection of Rent which may be incurred by or on behalf of the Mortgagee in the taking, recovering and keeping possession of the Mortgaged Property or in inspecting the same) and all other amounts generally in any other measure or proceedings taken by or on behalf of the Mortgagee to realize or collect the Secured Obligations, in whole or in part, or to defend or perfect the title of the Mortgaged Property, all of which fees, costs, charges, commissions, expenses and other amounts will be a charge under this Mortgage on the Mortgaged Property in favour of the Mortgagee and will be payable forthwith by the Mortgagor to the Mortgagee with interest at the Interest Rate until paid.

(i) Other Outlays

The Mortgagor will on demand pay to the Mortgagee all proper outlays incurred by the Mortgagee and not covered by any other covenant herein.

(j) Discharge

The Mortgagee will have a reasonable time after payment in full of the Secured Obligations within which to prepare and execute a discharge of this Mortgage. Interest at the Interest Rate will continue to run and accrue until actual payment in full of the Secured Obligations has been received by the Mortgagee and the Mortgagor will not be entitled to a discharge of this Mortgage unless and until the Mortgagor will have kept and performed all the covenants, provisos, agreements and stipulations herein contained, whether the Mortgagee has taken legal proceedings thereon and recovered judgment or otherwise. All legal and other expenses for the preparation and execution of any such discharge will be borne by the Mortgagor.

8. LAND TRANSFER FORM COVENANTS

The Mortgagor covenants with the Mortgagee as follows:

(a) Good Title

The Mortgagor has a good title in fee simple to the Mortgaged Land.

(b) Power and Authority to Mortgage Mortgaged Land

The Mortgagor has full and lawful power and authority and right to convey the Mortgaged Land to the Mortgagee upon and subject to the terms and conditions set forth herein.

(c) Valid and Enforceable against Mortgaged Land

This Mortgage is lawfully executed and delivered and will remain a valid and enforceable first lien on the Mortgaged Land.

(d) Pay Moneys Due

The Mortgagor will pay the mortgage money and interest and observe the provisos herein; and will also pay any taxes, rates, levies, charges or assessments including, without limitation, utility charges, upon the Mortgaged Land or in respect thereof, no matter by whom or by what authority imposed, which the Mortgagee has paid or has been rendered liable to pay and shall also pay all other sums as the Mortgagee may be entitled to under this Mortgage.

(e) After an Event of Default

Upon the occurrence of an Event of Default, the Mortgagee shall have possession of the land free from all encumbrances other than Permitted Encumbrances.

(f) Further Assurances

The Mortgagor will execute such further assurances of the Mortgaged Land as may be requisite.

(g) No Other Encumbrances

The Mortgagor has done nothing to encumber the Mortgaged Land.

(h) Releases all Claims

The Mortgagor releases to the Mortgagee all its claims on the Mortgaged Land, provided that, until the occurrence of an Event of Default, the Mortgagor shall have quiet possession of the Mortgaged Land.

Clause 15 of Schedule 6 of the *Land Transfer Form Act* (British Columbia) is expressly excluded from this Mortgage

9. REPRESENTATIONS AND WARRANTIES AND COVENANTS

(a) Increase to Fee Simple or Greater Interest

In the event that the interest of the Mortgagor in the Mortgaged Land or any part thereof increases to any greater interest or a fee simple interest, the mortgage and charge created by this Mortgage shall increase to be a mortgage of such greater or fee simple interest.

(b) Defend Title

The Mortgagor will preserve the Mortgaged Property and does hereby and will forever warrant and defend the same to the Mortgagee against the claims of all Persons and parties whomsoever.

(c) No Further Mortgages

In the event the Mortgagor grants any further mortgage or charge or otherwise encumbers the Mortgaged Property (other than under this Mortgage) then, at the sole discretion of the Mortgagee and notwithstanding the other provision of this Mortgage, the Mortgagee may declare the Secured Obligations to be immediately due and payable.

(d) Further Assurances

The Mortgagor will execute such further assurances of the Mortgaged Property as the Mortgagee may require including without limitation any and all documents required by the Mortgagee in connection with the *Personal Property Security Act* (British Columbia) as amended or replaced from time to time.

(e) No Builders' Liens

The Mortgagor will not permit a lien to be acquired or filed against the Mortgaged Land under the *Builders' Lien Act* of British Columbia, as amended or replaced from time to time, or under any other statute or law at any time in force affecting the Mortgaged Land.

10. INSURANCE

(a) General

The Mortgagor will forthwith insure (or will cause to keep insured) and during the continuance of this Mortgage will keep insured (or will cause to be kept insured) each and every building, structure, erection, improvement, fixture or replacement thereof (including

without limitation all plant, equipment, apparatus, machinery and fixtures of every kind and nature whatsoever) now or hereafter erected on the Mortgaged Land and all of the Personal Property Collateral against loss or damage by fire and such other perils and in such amount(s) as the Mortgagee may reasonably require (including but not limited to boiler insurance, loss of rental income and business interruption insurance).

(b) Liability Insurance

The Mortgagor will keep and maintain third party liability insurance in an amount satisfactory to the Mortgagee.

(c) Other Insurance

The Mortgagor will keep and maintain such other insurance as is customarily maintained by Persons operating or occupying similar properties in equivalent locations.

(d) Payment of Loss

All insurance coverage required by the Mortgagee will be issued by insurers in form and upon terms and in amounts acceptable to the Mortgagee, and the Mortgagor will cause the Mortgagee to be named as a loss payee as its interest may appear in respect of the Mortgaged Property on the policy or policies of insurance effected by the Mortgagor and will cause mortgage clauses in a form approved by the Mortgagee to be included in such policy or policies and will provide evidence of such insurance to the Mortgagee forthwith upon demand.

(e) Premiums

The Mortgagor will pay all insurance premiums and sums of money necessary for such purposes as the same will become due.

(f) Assignment

The Mortgagor will, upon written request by the Mortgagee, forthwith assign, transfer and deliver over to the Mortgagee each and every policy or policies of insurance and receipts appertaining thereto.

(g) Proof of Insurance

The Mortgagor will forthwith on the happening of any loss or damage furnish to the Mortgagee at the Mortgagor's expense all necessary proofs and do all necessary acts to ensure payment of insurance moneys.

(h) Application of Proceeds

Unless otherwise agreed to by the Mortgagor and the Mortgagee in writing, any insurance moneys received may, at the option of the Mortgagee, be applied to a suspense account or in or towards rebuilding, reinstating or repairing all or any portion of the Mortgaged Property or be paid to the Mortgagor or any other Person appearing by the registered title to be or to have been the owner of the Mortgaged Land, or be applied or paid partly in one way and partly in another, or such moneys may be applied, in the sole discretion of the Mortgagee, in whole or in part on account of the Secured Obligations, or any part thereof, whether due or not then due.

(i) Waiver

To ensure that the Mortgagee may so apply such insurance moneys in the manner herein contemplated, the Mortgagor also assigns and releases to the Mortgagee all rights of the Mortgagor to receive the insurance moneys and the Mortgagor waives any statutory right to request or require the insurance proceeds to be applied in any particular manner and expressly waives all the Mortgagor's rights and benefits under the *Fire Prevention (Metropolis) Act* 1774 as amended or replaced from time to time.

11. USE, ALTERATIONS AND REPAIRS

(a) Use of Mortgaged Land

The Mortgagor will not, without the express written consent of the Mortgagee first had and obtained:

(i) change the present use of the Mortgaged Land; nor

(ii) permit the Mortgaged Land to be unoccupied or unused.

(b) Compliance

The Mortgagor covenants and agrees to at all times promptly observe, perform, execute and comply with all applicable laws, rules, requirements, orders, directions, by-laws, ordinances, work orders and regulations of every governmental authority and agency whether federal, provincial, municipal or otherwise, including, without limiting the generality of the foregoing, those dealing with zoning, use, occupancy, subdivision, parking, historical designations, fire, access, loading facilities, landscaped area, pollution of the environment, toxic materials or other environmental hazards, building construction, public health and safety, and of all private covenants and restrictions affecting the Mortgaged Property or any portion thereof and the Mortgagor will from time to time upon request of the Mortgagee, provide to the Mortgagee evidence of such observance and compliance, and will at its own expense make any and all improvements thereon or alterations to the Mortgaged Property structural or otherwise and will take all such other action as may be required at any time by any such present or future law, rule, requirement, order, direction, by-law, ordinance, work order or regulation. The Mortgagee whenever it deems necessary may by its surveyor or agent enter upon the Mortgaged Land and inspect the Mortgaged Property and make such improvements and alterations and take all such other action as the Mortgagee deems necessary to render the Mortgaged Property in compliance with such laws, rules, requirements, orders, directions, by-laws, ordinances, work orders or regulations and the reasonable cost of such inspection, improvements, alterations and other actions with interest at the rate set forth in this Mortgage shall be payable by the Mortgagor forthwith upon demand and be a charge upon the Mortgaged Property.

(c) Repair

The Mortgagor will keep the Mortgaged Land and all buildings, structures, erections, improvements and the like now or hereafter constructed thereon and the Personal Property Collateral in good condition and repair according to the nature and description thereof respectively, and will not commit any act of waste or allow any act of waste to be committed upon the Mortgaged Land.

(d) Demolition, Alterations

The Mortgagor will not, without the prior written consent of the Mortgagee, demolish the whole or any part of the buildings, structures, erections, improvements and the like now or hereafter existing on the Mortgaged Land and will not proceed with any alteration, remodeling, rebuilding or addition thereto or thereof, in whole or in part.

(e) Inspection

The Mortgagee and any agent of the Mortgagee, may at any time and from time to time enter upon the Mortgaged Land to inspect any of the Mortgaged Properyt or any part or parts thereof, at any time the Mortgagee in its sole discretion deems necessary or advisable. The Mortgagee may, without the concurrence of the Mortgagor or any other Person, make arrangements to repair, finish, and put the buildings, structures, erections, improvements and the like now or hereafter existing on the Mortgaged Land in order, and inspect, take care of, lease, collect the rents of, and generally manage the Mortgaged Property as the Mortgagee may deem proper, and the Mortgagee will not thereby become or be liable as a mortgagee in possession.

12. ADVANCES

(a) Payments Due

Any payments to be made by the Mortgagor will become due and be payable at the times provided herein notwithstanding that at the due date of any payment the full amount of the Principal Amount which this Mortgage is expressed to secure has not been advanced.

(b) Permitted Deductions

The Mortgagee may deduct accrued interest and costs, charges, and expenses payable hereunder from any advance of the Principal Amount and the Mortgagee may deduct interest from any advance of the Principal Amount calculated from the date of that advance to the date of the next Payment Date occurring after the date on which that advance was made.

(c) No Obligation to Advance

The Mortgagor agrees that neither the preparation, execution or registration of this Mortgage, nor the advance (or re-advance, if applicable) in part of the Principal Amount hereby secured, nor any course of conduct of the Mortgagee or of any of its officers, agents or employees will bind the Mortgagee to advance (or re-advance, if applicable) the Principal Amount or any unadvanced portion thereof to the Mortgagor or to any other Person the obligations of whom are guaranteed by the Mortgagor, it being understood and agreed that the advance (or re-advance, if applicable) of the Principal Amount thereof from time to time will be in the absolute discretion of the Mortgagee and not exercised or deemed exercised unless and until that advance (or re-advance, if applicable) has actually been made to the Mortgagor, but nevertheless the charge of this Mortgage shall take effect forthwith upon the execution of this Mortgage by the Mortgagor and the expenses incurred by the Mortgagee in the examination of the title, valuation of the Mortgaged Property and preparation and registration of this Mortgage are secured by this Mortgage and constitute a charge upon the Mortgaged Property.

(d) Status Certificate

Every certificate signed by an officer of the Mortgagee purporting to show the amount at any particular time due and payable under this Mortgage on account of the Secured Obligations will be prima facie evidence as against the Mortgagor of the amount due and payable at such time under this Mortgage.

13. CHATTEL MORTGAGE

(a) Charge

As security for the Secured Obligations, the Borrower does hereby mortgage and charge as and by way of a fixed and specific charge to and in favour of the Mortgagee and assign and transfer to the Mortgagee and grant to the Mortgagee, by way of mortgage, charge, assignment and transfer, a security interest in all of the Borrower's right, title and interest, both present and future, in and to all of its presently owned or held and after acquired or held personal property, of whatever nature or kind, and all proceeds and renewals thereof and therefrom, accretions thereto and substitutions therefor, including, without limitation any and all property from time to time held by the Mortgagor (together, the "**Personal Property Collateral**").

The security interest granted under this Section 13 shall not extend or apply to and the Personal Property Collateral shall not extend to or include consumer goods or the last day of the term of any lease or agreement therefor but upon the enforcement of such security interest the Borrower shall stand possessed of such last day in trust to assign and dispose thereof as the Mortgagee shall direct.

(b) Financing Statements

The Mortgagor hereby authorizes the Mortgagee to file such financing statements, financing change statements and other documents and do such acts, matters and things as the Mortgagee may deem appropriate to perfect on an ongoing basis and continue the security interest, to protect and preserve the Mortgaged Property and realize upon the security interest. The Mortgagor hereby waives all rights to receive from the Mortgagee a copy of any financing statement, financing change statement or verification statement filed, issued or obtained at any time in respect of this Mortgage.

14. MORTGAGEE'S ELECTION TO MAKE PAYMENTS AND CURE DEFAULTS

(a) Payments by Mortgagee

If the Mortgagor fails to make any payment which the Mortgagor has covenanted or agreed to make by the terms of this Mortgage, or to provide proof of the making of any such payment to the Mortgagee upon demand, the Mortgagee may make any such payment.

(b) Performance by Mortgagee

If the Mortgagor fails to perform any covenant or agreement herein contained on the part of the Mortgagor or to provide proof of performance to the Mortgagee upon demand, the Mortgagee may in its sole discretion perform, or cause to be performed, any such covenant or agreement and may do such acts as it considers are reasonable to protect the interests of the Mortgagee and for such purposes the Mortgagee and its authorized representatives may enter onto the Mortgaged Land. Without limiting the generality of the foregoing, the Mortgagee may:

(i) insure the Mortgaged Property and the buildings on the Mortgaged Land in accordance with the provisions hereof if the Mortgagor neglects to insure or to deliver policies and receipts in accordance herewith;

(ii) repair and reinstate the buildings and improvements on the Mortgaged Land if the Mortgagor fails to repair in accordance herewith or demolishes or alters such buildings or improvements in contravention hereof or thereof;

(iii) without any order or direction of the Mortgagor, pay to contractors, sub-contractors, material men, labourers, and other Persons supplying or having a claim for work, services, or materials supplied in and about the construction, repairing, altering or replacing of any buildings, structures, erections or improvements and the like now or hereafter constructed on the Mortgaged Land or any part thereof, any moneys due to them for such work, services or materials; and

(iv) pay common expenses, assessments, contributions or levies required to be paid in connection with any strata lot comprising part of the Mortgaged Land,

provided that the Mortgagee will not be bound to exercise its rights hereunder and, if the Mortgagee will exercise its rights hereunder, it will not be liable to the Mortgagor for any loss or damage suffered by the Mortgagor as a result of such exercise.

(c) Entitlement to Equities

If the Mortgagee makes any payment to any creditor of the Mortgagor or any encumbrance holder in respect of the Mortgaged Property pursuant to the provisions hereof, the Mortgagee will be entitled to all equities and securities held by such creditor or encumbrance holder in respect of the indebtedness or encumbrance paid or satisfied.

(d) Repayment

All payments made and all sums of money expended by the Mortgagee under this Article 13, including incidental costs, charges, expenses and outlays incurred in doing anything under this Article 13, will be forthwith payable by the Mortgagor on demand with interest at the Interest Rate from the time or respective times of the payment thereof until paid, and until paid will be a charge on the Mortgaged Property in favour of the Mortgagee prior to all claims thereon subsequent to this Mortgage and may be added to the principal moneys then comprising the Secured Obligations as if the same had originally formed part thereof.

(e) No Prejudice

Nothing done by the Mortgagee in reliance on the provisions of this Article 13 will in any manner prejudice the remedies of the Mortgagee in respect of any default of the Mortgagor or otherwise.

15. EVENTS OF DEFAULT

The occurrence of any of the following events is an "Event of Default" for the purposes of this Mortgage:

(a) the Borrower fails to pay when due any of the Secured Obligations, interest or any other amount payable hereunder or in any other Loan Document;

(b) the Borrower fails to observe or perform any obligation hereunder or in any Loan Document or the Borrower or any other Person who is liable to pay the Principal Amount, interest or any other amount payable by the Borrower to the Mortgagee fails to observe or perform any of their respective obligations under any other agreement or instrument of which the Mortgagee has the benefit, whether or not collateral or supplemental hereto;

(c) the Borrower fails to observe or perform, or a default occurs under, any of the terms or provisions of any mortgage, charge, pledge, lien, privilege or other encumbrance of any nature upon the Mortgaged Property or any part thereof;

(d) the Borrower permits any amount which has been admitted as due or is not disputed to be due by it and which forms or is capable of forming a lien or charge upon the Mortgaged Property or any part thereof to remain unpaid;

(e) the Borrower or any other Person uses any amount of the Principal Amount advanced for a purpose other than the purpose declared to and agreed by the Mortgagee;

(f) the Mortgaged Property or any material part thereof is materially damaged or destroyed by fire or other casualty and the loss, in the sole opinion of the Mortgagee, is not adequately covered by insurance and the Borrower fails to forthwith deposit the deficiency with the Mortgagee;

(g) the Borrower fails to comply with any requirement relative to the Mortgaged Property of any governmental authority having jurisdiction within 15 days after notice in writing of such requirement is given to the Borrower or within such lesser period as may be required to protect the security created hereby;

(h) any execution, extent or sequestration or any other process of any court becomes enforceable against the Borrower or a distress or analogous process is levied upon the Mortgaged Property or any part thereof, unless the Borrower gives security to the Mortgagee in such form, substance and amount as the Mortgagee in its sole discretion may require, the Borrower in good faith disputes such process or appeals the judgment giving rise to such process and thereafter, in the opinion of the Mortgagee, the Borrower diligently thereafter prosecutes such dispute or appeal;

(i) the Borrower ceases or threatens to cease to carry on business as a going concern or, if the Borrower is a Person other than an individual, the Borrower carries on a business which its constating documents prohibit it from carrying on or loses its charter by expiration, forfeiture or otherwise;

(j) the Borrower or any other Person who is liable to pay the Principal Amount, interest or any other amount payable hereunder becomes insolvent, admits in writing its inability to pay its debts as they become due, or commits or threatens to commit an act of bankruptcy, or a receiver or other Person with like powers is appointed for the Borrower, its business, any part of the Mortgaged Property or such other Person; the Borrower or such other Person makes an assignment for the benefit of its creditors; or if the Borrower is a Person other than an individual, a resolution is passed, a petition is filed or an order is made for the winding up or liquidation of the Borrower or such other Person; or a bankruptcy petition is filed or presented against the Borrower or such other Person; or the Borrower or such other Person is declared bankrupt;

(k) any representation or warranty by the Borrower herein or in any other agreement or instrument of which the Mortgagee has the benefit or any certificate of the Borrower or, if the Borrower is a Person other than an individual, any shareholder, member, director or officer of the Borrower delivered herewith or pursuant thereto, is or becomes untrue,

inaccurate or incorrect in whole or in part and the same is not remedied within 10 days after written notice thereof is given to the Borrower;

(l) there occurs a default (howsoever described) under any of the other Loan Documents; and

(m) the Mortgagee in good faith believes and has commercially reasonable grounds to believe that the prospect of payment of the Principal Amount, interest or any other payment payable or secured hereunder or the performance of any obligations hereunder is impaired or that any of the Mortgaged Property is or is about to be placed in jeopardy.

16. DEFAULT AND ACCELERATION

Notwithstanding the Secured Obligations or any part thereof may be payable on demand, and without prejudice thereto, at any time upon the occurrence of an Event of Default then, and in every such case and in the sole discretion of the Mortgagee:

(a) the Mortgagee may demand payment of the Secured Obligations and any other amounts payable under this Mortgage remaining unpaid and notwithstanding that this Mortgage is declared to be made in part in pursuance of Part 3 of the *Land Transfer Form Act* (British Columbia), it being expressly understood and agreed by the Mortgagor that the reinstatement provisions of the form of words numbered 15 in Column II of Schedule 6 to the *Land Transfer Form Act* will have no force and effect in respect of this Mortgage or any of the Secured Obligations, whether for interest, principal or upon any other account whatsoever and the provisions relating to a default under this Mortgage by the Mortgagor will be as set out herein and the Mortgagor will not be relieved from the consequences of default by payment of the moneys of which default of payment has been made and costs and charges related thereto;

(b) the Mortgagee will have possession of the Mortgaged Property free and clear from all encumbrances other than Permitted Encumbrances; and

(c) the Mortgagee may exercise any and all remedies to enforce this Mortgage.

Waiver of or failure to enforce at any time or from time to time any of the rights of the Mortgagee hereunder will not prejudice the Mortgagee's rights in the event of any future default or breach.

17. REMEDIES OF MORTGAGEE ON DEFAULT

(a) Power of Sale

Upon the occurrence of an Event of Default, the Mortgagee may, without notice to or the concurrence of the Mortgagor, enter on and lease or sell the Mortgaged Property; and that the Mortgagee may lease or sell as aforesaid without entering into possession of the Mortgaged Property; and that the title of a purchaser or lessee upon a sale or lease made in professed exercise of the above power shall not be liable to be impeached on the ground that no case had arisen to authorize the exercise of such power, or that such power had been improperly or irregularly exercised, or that notice had not been given, but any person damnified by an unauthorized, improper or irregular exercise of the power shall have his remedy against the person exercising the power in damages only; and that the Mortgagee may sell the whole or any part or parts of the Mortgaged Property by public auction or private contract, or partly one and partly the other, on such terms as to credit and otherwise as to the Mortgagee shall appear most advantageous and for such prices as can reasonably be obtained therefor; and that sales may be made from time to time of portions to satisfy interest or parts of the principal overdue, leaving the principal or

balance thereof to run at interest, payable as foresaid; and the Mortgagee may make any stipulations as to title, or evidence, or commencement of title, or otherwise, as the Mortgagee shall deem proper; and the Mortgagee may buy in or rescind or vary any contract for sale of any of the Mortgaged Property and re-sell, without being answerable for loss occasioned thereby; and in the case of a sale on credit the Mortgagee shall only be bound to pay to the Mortgagor such monies as have been actually received from purchasers after the satisfaction of the Mortgagee's claim; and for any of such purposes the Mortgagee may make and execute all agreements and assurances the Mortgagee deems fit; and that the purchaser at any sale hereunder shall not be bound to see to the propriety or regularity thereof; and that no want of notice or of publication, if any, required hereby, shall invalidate any sale hereunder; and the Mortgagee will not be liable for any loss which may arise by any such leasing or sale as aforesaid; provided that, notwithstanding the power of sale or leasing and other powers and provisions of this clause, the Mortgagee will have and be entitled to its right of foreclosure of the equity of redemption of the Mortgagor in the Mortgaged Property and any and all other remedies available to it as fully as if said powers and provisions had not been contained herein or acted upon.

And it is further agreed between the parties to this Mortgage that until such sale or sales shall be made as aforesaid, the Mortgagee shall and will stand possessed of the rents and profits of the Mortgaged Property in case it shall take possession of them on default as aforesaid and after such sale or sales shall stand possessed of the monies to arise and be produced from such sales, or which might arise from any insurance upon the Mortgaged Property or any part thereof upon trust firstly in payment of all the expenses incident to the sales, leases, conveyances, or attempted sales, or leases, secondly all costs, charges, damages and expenses of the Mortgagee relating to taxes, prior charges, rents, insurance, repairs, utilities and any other amounts which the Mortgagee may have paid relating to the Mortgaged Property, thirdly in discharge of all interest and costs then due in respect of this Mortgage, fourthly in discharge of the principal money secured by this Mortgage, fifthly in payment of subsequent encumbrances according to their priorities and the residue shall be paid to the Mortgagor as it may direct and shall also in such event, at the request, cost and charge of the Mortgagor transfer, release and assure to the Mortgagor or to such person or persons as it shall direct and appoint, all such parts of the Mortgaged Property as shall remain unsold for the purposes aforesaid, discharged from all this Mortgage, but no person who shall be required to make or execute any such assurances shall be compelled for the making thereof to go or travel from his usual place of abode.

(b) Distress

Upon the occurrence of an Event of Default, it shall be lawful for the Mortgagee, and the Mortgagor hereby grants full power and license to the Mortgagee, to enter, seize and distrain upon any goods upon the Mortgaged Land and by distress warrant to recover by way of rent reserved as in the case of a demise of the Mortgaged Land as much of the said principal, interest or other monies secured by this Mortgage as shall from time to time be or remain in arrears or unpaid, together with all costs, charges and expenses (including without limitation costs as between solicitor and his own client) related to such levy or distress as in like cases of distress for rent; and as a part of the consideration for the advance of the principal sum secured by this Mortgage the Mortgagor hereby waives on the exercise of such power and license, all rights to exemption from seizure and distress under any law whatsoever.

(c) No Merger

The obtaining of a judgment or judgments in any action to enforce this Mortgage or any of the covenants herein contained or any covenant contained in any other security for

payment of the Secured Obligations including the performance of the obligations herein contained will not operate as a merger of this Mortgage or of the Secured Obligations or any of the said covenants or affect the right of the Mortgagee to interest at the Interest Rate and at the times aforesaid on any moneys owing to the Mortgagee under any covenant therein or herein set forth. Any judgment will provide that interest will be computed at the Interest Rate and in the same manner as herein provided until the judgment or judgments will have been fully paid and satisfied.

(d) Rents

Upon the occurrence of an Event of Default the Mortgagor will refrain from collecting and receiving all Rents accruing as aforesaid and, upon notice from the Mortgagee, all subtenants will thereafter pay all such Rents to the Mortgagee and any payment made otherwise will not discharge the obligations of such subtenant.

In addition, the Mortgagee will be entitled to have a receiver, receiver-manager or a receiver and manager appointed and, without proof of any ground for his appointment other than the said default, to take possession and charge of the Mortgaged Property and to fully and effectively operate the Mortgagor's business(es) comprised of the Mortgaged Property, or which was conducted thereon, by the Mortgagor including, without limiting the generality of the foregoing, the right to rent the Mortgaged Property in whole or in part and receive and collect the rents, issues and profits thereof under direction of the Court. Any amount so collected by such receiver will be applied under direction of the Court to the payment of any judgment rendered, or amounts found due, according to the terms of this Mortgage including the costs of collection and legal fees, costs, charges and expenses on a solicitor and his own client basis.

(e) Receiver

Notwithstanding anything contained in this Mortgage it is declared and agreed that upon the occurrence of an Event of Default the Mortgagee may, at such time and from time to time and with or without entry into possession of the Mortgaged Property or any part thereof, by instrument in writing appoint, or by application to a court of competent jurisdiction obtain an order for the appointment of, any person, whether an officer or officers or an employee or employees of the Mortgagee or not, as a receiver (which term as used in this paragraph and elsewhere in this Mortgage includes a receiver-manager and receiver and manager and also includes the plural as well as the singular) of the Mortgaged Property or any part thereof and of the rents and profits thereof, and with or without security, and may, when the appointment of the receiver is by instrument, from time to time by similar writing remove any receiver and appoint another in his stead, and that in making any such appointment or removal, the Mortgagee and any person so appointed shall be deemed to be acting as the agent or attorney for the Mortgagor, but no such appointment shall be revocable by the Mortgagor. Upon the appointment of any receiver from time to time the following provisions shall apply:

(i) Every receiver shall have unlimited access to the Mortgaged Property as agent and attorney for the Mortgagor (which right of access shall not be revocable by the Mortgagor) and shall have full power and unlimited authority to:

(1) collect the rents and profits from tenancies whether created before or after this Mortgage;

(2) rent any portion of the Mortgaged Land which may become vacant on such terms and conditions as he considers advisable and enter into and execute leases, accept surrenders and terminate leases;

(3) complete the construction of any building or buildings or other erections or improvements on the Mortgaged Land;

(4) or with respect to the Mortgaged Land left by the Mortgagor in an unfinished state or award the same to others to complete and purchase, repair and maintain any personal property including, without limitation, appliances and equipment necessary or desirable to render the premises operable or rentable and take possession of and use or permit others to use all or any part of the Mortgagor's materials, supplies, plans, tools, equipment (including appliances) and property of every kind and description;

(5) manage, operate, repair, alter or extend the Mortgaged Property or any part thereof and carry on the business of the Mortgagor;

(6) sell or grant options to purchase the Mortgaged Property, or any part thereof, at public auction, by public or private tender, or by private sale, on terms as to credit or otherwise and with or without security as shall appear most advantageous to the receiver;

(7) rescind or vary any contract or agreement of sale or lease;

(8) borrow such sum or sums as will in the opinion of the receiver, be required for the purposes of carrying on the receiver's duties and in so doing the receiver may issue receiver certificates; and

(9) employ such assistants as the receiver may consider necessary for carrying out the receiver's duties.

(ii) The Mortgagor undertakes to ratify and confirm whatever any receiver may do in the premises.

(iii) The Mortgagee at its discretion may vest the receiver with all or any of the rights and powers of the Mortgagee.

(iv) The Mortgagee may from time to time during the currency of the appointment of a receiver fix the reasonable remuneration of the receiver and such remuneration together with all costs and expenses of the receiver when paid by the Mortgagee, shall be added to all other monies owing by the Mortgagor to the Mortgagee under this Mortgage, shall be payable by the Mortgagor to the Mortgagee together with interest at the same rate as applies to the principal secured by this Mortgage and shall be a charge on the Mortgaged Property. The receiver shall be entitled to deduct any remuneration, costs and expenses out of the revenue or out of any sale proceeds realized from the Mortgaged. The Mortgagee shall be under no liability to the receiver for his remuneration, costs or expenses.

(v) All sum or sums of money borrowed by the receiver and secured by receiver certificates shall be a charge on the Mortgaged Property.

(vi) Every receiver shall be deemed the agent or attorney of the Mortgagor for such purposes as the receiver shall deem necessary, including, without limitation, carrying out any sale of all or any part of the Mortgaged Property and affixing the seal of the Mortgagor to any deeds, transfers, conveyances, assignments, assurances and things which the Mortgagor ought to execute to complete any sale of all or any part of the Mortgaged Property or alternatively executing the

same under his own seal by conveying in the name of and on behalf of the Mortgagor and under his own seal, and any deed or other instrument signed by him under his seal pursuant hereto shall have the same effect as if it were executed under the common seal of the Mortgagor and in no event shall the receiver be the agent of the Mortgagee and the Mortgagee shall not be responsible for the acts and omissions of the receiver.

(vii) The appointment of any receiver by the Mortgagee shall not result in or create any liability or obligation on the part of the Mortgagee to the receiver or to the Mortgagor or to any other person and no appointment or removal of a receiver and no actions of a receiver shall constitute the Mortgagee a mortgagee in possession of the Mortgaged Property.

(viii) No receiver shall be liable to the Mortgagor to account for monies other than monies actually received by him in respect of the Mortgaged Property or any part thereof and out of such monies so received every receiver shall pay in the following order the following amounts:

(1) claims of all secured and unsecured creditors ranking in priority to this Mortgage;

(2) all remuneration, costs and expenses of every nature and kind incurred by the receiver in connection with the exercise of the receiver's powers and authorities hereby conferred, excluding the receiver's borrowings;

(3) to the Mortgagee any sum or sums borrowed by the receiver from the Mortgagee and interest thereon as secured by receiver certificates;

(4) to the Mortgagee all interest, principal and other monies due hereunder to be paid in such order as the Mortgagee in its sole discretion shall determine;

(5) any sum or sums borrowed by the receiver from any financial institution, corporation or other person other than the Mortgagee and interest thereon as secured by receiver certificates;

(6) any surplus shall, subject to the rights of other creditors, be paid to the Mortgagor.

(ix) Save as to its right to obtain from the receiver an accounting under the foregoing sub-paragraph (vii), the Mortgagor hereby releases and discharges any receiver from every claim of every nature whether sounding in damages or not which may arise or be caused to the Mortgagor or any person claiming through or under him by reason or as a result of anything done by the receiver unless such claim is a direct and proximate result of dishonesty or fraud.

(x) The Mortgagee may at any time and from time to time terminate any appointment of a receiver by instrument, by notice in writing to the Mortgagor and to any receiver.

(xi) The statutory declaration of an officer of the Mortgagee as to default under the provisions of the Mortgage and as to the due appointment of the receiver pursuant to the terms hereof shall be sufficient proof thereof for the purposes of any person dealing with a receiver who is ostensibly exercising powers herein

provided for and such dealing shall be deemed as regards such person to be valid and effectual notwithstanding any contrary assertion by the Mortgagor.

(xii) The rights and powers conferred herein in respect of the receiver are in addition to and not in substitution for any other rights and powers which the Mortgagee may have.

(f) Remedies Cumulative

All remedies available to the Mortgagee herein will be in addition to and not restrictive of the remedies of the Mortgagee at law and in equity and by statute.

(g) Enforcement of Remedies

Each remedy of the Mortgagee may be enforced in priority to or concurrently with or subsequent to any other remedy or remedies of the Mortgagee.

(h) Realization on Securities

The Mortgagee may realize on various securities and any parts thereof in any order that the Mortgagee may consider advisable, and any realization, whether by foreclosure or sale, on any security or securities will not bar realization on any other security or securities.

18. PRESERVATION OF MORTGAGE AND OTHER SECURITY

(a) Equity of Redemption

No extension of time given by the Mortgagee to the Mortgagor, nor anyone claiming under the Mortgagor, nor any other dealing by the Mortgagee with the owner of the equity of redemption of the Mortgaged Property, will in any way affect or prejudice the rights or remedies of the Mortgagee against the Mortgagor or any other Person liable either in whole or in part for the payment of the Secured Obligations.

(b) No Apportionment

Every part, lot or strata lot into which the Mortgaged Land are or may hereafter be divided does and will stand as charged with the Secured Obligations and no Person will have any right to require the Secured Obligations to be apportioned upon or in respect of any such part, lot or strata lot.

(c) Fixtures

All Fixtures and Improvements are deemed to be part of the Mortgaged Property and shall be security for the Secured Obligations, even if not attached otherwise than by their own weight.

(d) Partial Release of Mortgage

The Mortgagee may at all times release any part or parts of the Mortgaged Property or any other security or any surety for payment of all or any part of the Secured Obligations or may release the Mortgagor or any other Obligant from any covenant or other liability to pay the Secured Obligations or any part thereof, either with or without any consideration therefor and without being accountable for the value thereof or for any moneys except those actually received by the Mortgagee, and without thereby releasing any other part of

the Mortgaged Property or any other securities or covenants herein contained, it being agreed that, notwithstanding any such release, the Mortgaged Property, securities and covenants remaining unreleased will stand charged with the whole of the Secured Obligations.

(e) Waiver

The Mortgagee may waive any default hereunder provided that no such waiver, nor any failure to enforce at any time or from time to time any of the rights of the Mortgagee hereunder, will prejudice the Mortgagee's rights in the event of any future default or breach.

(f) Additional Security

The provisions of this Mortgage and the security of this Mortgage are in addition to, but not in substitution for, any other security now or hereafter held by the Mortgagee for the Secured Obligations or any part thereof.

(g) Doctrine of Consolidation

The doctrine of consolidation will apply to this Mortgage notwithstanding Section 27 of the *Property Law Act* (British Columbia) as amended or replaced from time to time and any subsequent statutory provision of substantially the same effect.

19. SALE OR TRANSFER AND FURTHER ENCUMBRANCES

(a) Due on Sale

If:

(i) the Mortgaged Property or any part thereof is sold, transferred, conveyed or assigned or otherwise disposed of, or the Mortgagor enters into any agreement to effect any of the foregoing, whether by registered or unregistered instrument and whether for valuable or nominal consideration or otherwise, to a party not first approved in writing by the Mortgagee; or

(ii) such purchaser, grantee, transferee or assignee should fail to:

(1) apply for and receive the Mortgagee's written approval as aforesaid;

(2) if required by the Mortgagee, personally assume all the obligations of the Mortgagor under this Mortgage; and

(3) if required by the Mortgagee, execute an assumption agreement in the form required by the Mortgagee,

then the Mortgagee at its option may declare the Secured Obligations then secured hereby to become immediately due and payable in full and the Mortgagor will pay the same forthwith.

(b) Further Encumbrances

If the Mortgagor, without the prior written consent of the Mortgagee, further encumbers the Mortgaged Property or enters into any agreement to do so, then all monies secured by this Mortgage with interest thereon shall, at the option of the Mortgagee, become

immediately due and payable. And it is further understood and agreed that the Mortgagor shall not create nor suffer to be created, any mortgage, charge, lien or encumbrance upon the Mortgaged Property ranking or capable of ranking in priority to or pari passu with this Mortgage, AND IT IS HEREBY DECLARED that this provision being a term of this Mortgage shall be notice within the meaning of the *Land Title Act* of British Columbia to every person dealing with the Mortgaged Land that any mortgage, charge, lien or encumbrance upon the Mortgaged Land which is registered subsequently to this Mortgage shall be subject to and rank in priority after this Mortgage in all respects to the same extent as if this Mortgage had been executed, delivered and registered and as if all monies hereby secured (regardless of the date of advances or re-advances by the Mortgagee) had been advanced prior to the execution, delivery and registration of such subsequently registered mortgage, charge, lien or encumbrance and before the advancement of any part of the monies thereby secured and, without limiting the generality of the foregoing, in the event of this Mortgage being security for a guarantee or guarantees given by the Mortgagor to the Mortgagee, any such subsequently registered mortgage, charge, lien or encumbrance shall rank in priority after this Mortgage to the same extent as if demand by the Mortgagee had been made for payment of the aggregate principal amount secured by this Mortgage in accordance with the terms of this Mortgage and the said guarantee or guarantees prior to the execution, delivery and registration of such subsequently registered mortgage, charge, lien or encumbrance and before the advancement of all or any part of the monies thereby secured.

(c) Meaning of Assigned

The word "assigned" as used in Section 19 will include any transfer, sale, assignment, bequest, inheritance, encumbrance or other disposition of shares of any body corporate comprising the Mortgagor, in whole or in part, having the result of changing the identity of the Person(s) who during the currency of this Mortgage exercise the effective voting control of such body corporate.

(d) Servicing Fee

The Mortgagee will be entitled to charge a reasonable servicing fee to process each application for approval as contemplated in 17(a) or (b) which fee will be payable forthwith upon demand. Failure by the Mortgagor to pay such servicing fee will be deemed to be a default hereunder. It is further understood and agreed that any approval given hereunder will in no way change the liability of the Mortgagor or in any way alter the rights of the Mortgagee as against the Mortgagor or any other mortgagor.

20. STRATA LOT PROVISIONS

(a) Definitions

In this Article 18:

(i) "**Act**" means for the purposes of this Article, the *Strata Property Act* of British Columbia, as amended or replaced from time to time; and

(ii) where used in this paragraph, the terms "**common property**", "**Certificate of Payment**", "**Certificate of Lien**", "**Information Certificate**", "**owner**", "**strata corporation**", and "**strata lot**" will have the respective meanings attributed to them in the Act.

(b) Strata Lots

If the Mortgaged Land now or at any time hereafter is comprised of one or more strata lots, the Mortgagor covenants and agrees:

(i) to observe and perform all the covenants, agreements, conditions and provisos required to be observed and performed under the Act and any by-laws, rules and regulations that may be passed by the strata corporation or any special interest section thereof of which the Mortgagor is a member by virtue of the leasing by the Mortgagor of the strata lot(s) hereby charged;

(ii) to pay on or before the due dates thereof, the share of common expenses and each and every assessment, contribution or levy made by the strata corporation or any special interest section thereof against the strata lot(s) and interest(s) in the Mortgaged Land and the Mortgagor will not permit a situation under which the strata corporation or any special interest section thereof may register a Certificate of Lien in the land title office;

(iii) pursuant to section 115 of the Act, the Mortgagor hereby authorizes any officer of the Mortgagor to from time to time during the term hereof obtain a Certificate of Payment as provided for in the Act certifying that no moneys are owing to the strata corporation by the Mortgagor in respect of any one or more of the strata lots forming part of the Mortgaged Land;

(iv) that the Mortgagor will not without the prior written consent of the Mortgagee:

(1) assign any of the Mortgagor's rights, powers, duties or obligations under the Act or the by-laws created under the Act; or

(2) give possession of any strata lot(s) hereby charged to any Person whether on the basis of an agreement providing for the purchase of the strata lot(s) by the occupier or on the basis of a lease, sublease or assignment of lease;

(v) to grant and hereby grants to the Mortgagee all rights and powers to vote conferred on the Mortgagor by the Act, but neither this Section (v) nor anything done by virtue thereof will render the Mortgagee a mortgagee in possession;

(vi) that this Mortgage constitutes express written notice to the Mortgagor that the Mortgagee intends to exercise the power to vote on any matters relating to insurance, maintenance, finance or other matters affecting the security for this Mortgage that the Mortgagor is permitted to execute and no additional notice need be given to the Mortgagor to permit the Mortgagee to exercise any such right and power to vote conferred on the Mortgagor in respect of these matters, and the Mortgagee may, at any duly called meeting of the strata corporation of which the Mortgagee has received written notice, exercise the right to vote on these matters if the Mortgagee is not by its authorized representative, agent or proxy, present at that meeting;

(vii) that the right and power to vote granted in this Mortgage to the Mortgagee does not impose on the Mortgagee any duty or obligation whatsoever to protect the interest of the Mortgagor, and the Mortgagee will not be responsible for the consequences of any exercise of the right to vote or any failure to exercise the right to vote;

(viii) pursuant to section 59 of the Act, the Mortgagor hereby authorizes any officer of the Mortgagee to apply at any time and from time to time during the term hereof to the strata corporation under section 59 of the Act for an Information Certificate, in respect of each strata lot forming part of the Mortgaged Land, to have the by-laws for the time being in force governing the strata lot(s) and interest in the Mortgaged Land hereby charged made available for inspection by an officer of the Mortgagee;

(ix) that the Mortgagor will cause the Mortgagee to be named as a loss payee as its interest may appear in respect of the strata lot(s) on the policy or policies of insurance effected by the strata corporation, on the buildings, common facilities and the insurable improvements owned by the strata corporation and will cause mortgage clauses in a form approved by the Mortgagee to be included in such insurance policy or policies and will provide evidence of such insurance to the Mortgagee forthwith upon demand;

(x) that if the insurance effected by the strata corporation on the buildings and common facilities is inadequate in the opinion of the Mortgagee, then the Mortgagor will upon demand effect insurance of the strata lot(s) and the Mortgagor's interest in the common property against such risks or hazards and in an amount as the Mortgagee may require with an insurance company and by a policy satisfactory to the Mortgagee, which policy or policies will contain loss payable provisions and mortgage clauses as aforesaid, and will provide evidence of such insurance to the Mortgagee; and

(xi) that the Mortgagee is the Mortgagor's agent to examine, inspect and obtain copies of any and all records, minutes, books of account or other documents of any nature and kind whatsoever which the Mortgagor is entitled to examine or inspect.

21. INTEREST RATE ALTERNATIVE AND MAXIMUM RETURN TO MORTGAGEE

(a) Interest Rate Alternative

Subject to the provisions of Section 20(b), if the Interest Rate would, except for this clause, be a criminal rate, or void for uncertainty, or unenforceable for any other reason, or not capable of being ascertained, or is determined by court to be subject to deemed reinvestment of interest then the Interest Rate will be one percent (1%) per annum less than the minimum rate which would be a criminal rate calculated in accordance with generally accepted actuarial practices and principles.

(b) Maximum Return

It is agreed that, notwithstanding any agreement to the contrary, no Interest on the Credit Advanced will be payable in excess of that permitted by the laws of Canada. If the effective annual rate of Interest, calculated in accordance with generally accepted actuarial practices and principles, would exceed 60% on the Credit Advanced, then:

(i) the amount of any fees payable in connection therewith will be reduced to the extent necessary to eliminate such excess;

(ii) any remaining excess that has been paid will be credited towards prepayment of the principal amount; and

(iii) any overpayment that may remain after such crediting will be returned forthwith upon demand.

In this Section 21 the terms "**Interest**" and "**Credit Advanced**" have the meanings ascribed to them in section 347 of the *Criminal Code of Canada*.

22. PREPAYMENT

The Mortgagor when not in default hereunder shall have the privilege of paying the whole or any part of the Principal Amount due hereunder at any time on paying interest to the date of such payment, without penalty or bonus.

23. FINANCIAL STATEMENTS

The Mortgagor further covenants with the Mortgagee to provide annually to the Mortgagee, should the Mortgagee so require, detailed financial statements of the income and expenses of the Mortgaged Land for each calendar year as applicable. Such statements shall be audited by a chartered accountant and provided within one hundred and twenty (120) days after the end of each calendar year, as applicable.

24. PURCHASE AGREEMENT

The provisions of the Purchase Agreement will survive the execution and registration of this Mortgage and the collateral or other security documents to be delivered herewith. Accordingly there will be no merger of such provisions in this Mortgage or the collateral or other security documents, until the parties thereto, by an appropriate instrument in writing so declare. Furthermore, if any conflict at any time exists between any term of the Purchase Agreement (whether restated herein or not) and any term of this Mortgage, then the term of the Purchase Agreement will govern and take precedence. The validity of this Mortgage and the amount of the Secured Obligations shall not be reduced, limited or otherwise affected by any actual or alleged misrepresentation, breach or default on the part of the Mortgagee under the Purchase Agreement.

25. COVENANTOR'S PROMISES AND AGREEMENTS

As the Mortgagee would not have agreed to lend the Principal Amount to the Mortgagor without the promises of the Covenantor and in consideration of the Mortgagee advancing all or part of the Principal Amount to the Mortgagor at the request of the Covenantor, the Covenantor promises:

(a) to pay when due the Principal Amount, and any and all interest or other sums, the payment of which is secured by this Mortgage, and

(b) to keep and perform all the Mortgator's promises, agreements, and covenants hereunder as if the Covenator was the Mortgagor.

The Covenantor agrees that, with or without notice, the following shall in no way affect any of the promises of the Covenantor or the liability of the Covenantor to the Mortgagee:

(c) a discharge of the Mortgaged Land or any part of the Mortgaged Land from this Mortgage;

(d) any disregard or waiver of an Event of Default or default under any of the Loan Documents;

(e) the giving of extra time to the Mortgagor to do something that the Mortgagor has agreed to do or cure an Event of Default or default under any of the Loan Documents; and

(f) any other dealing between the Mortgagor or the Mortgagee that concerns this Mortgage or the Mortgaged Property.

All the Covenantor's promises shall be binding on the Covenantor until the entire Principal Amount, and any interest or other sums or amounts due and payable hereunder are fully paid to the Mortgagee. The Covenantor is a primary debtor to the same extent as if the Covenantor had signed this Mortgage as a Mortgagor and is not merely a guarantor or a surety, and the Covenantor's promises and agreements are joint and several with the Mortgagor's and any other Covenantor's promises and agreements.

26. MISCELLANEOUS

(a) Certificate

The Mortgagor, within seven (7) days after receipt of a request to do so, will certify to the Mortgagee, or any Person designated by the Mortgagee, the amount of the Secured Obligations then due hereunder, the date to which interest is paid, that it has no right of set-off against the Secured Obligations or, if it has such a right of set-off, the amount thereof, and that there have been no amendments hereof or, if there has been any such amendment, specifying it.

(b) Modifications to Mortgage

In order for any addition to or modification, amendment or variation of this Mortgage to be effective it must be in writing and signed by all parties to this Mortgage.

(c) Extension, Renewal of Mortgage

Any extension of the term of payment of the Secured Obligations, or any part thereof, and any agreement increasing or decreasing the rate or rates of interest payable on account of the Principal Amount prior to the execution of the discharge of this Mortgage by the Mortgagee need not be registered in a land title office, but will be effectual and binding on the Mortgagor, the Covenantor (if any) and any other Person liable for payment of the Secured Obligations, in whole or in part, and it will not be necessary to register any such agreement in order to retain priority of this Mortgage so altered over any instrument registered as a charge against the Mortgaged Property subsequently to the registration of this Mortgage.

(d) Notice of Demand

Any demand or notice necessary to be given in pursuance of the exercise of the powers and provisions herein contained may be given to the Mortgagor or to any charge holder by writing signed or purporting to be signed by or on behalf of the Mortgagee.

(e) Address for Notices

Any demand or notice to be made or given under the provisions of this Mortgage may be effectually made or given in accordance with the provisions of the Purchase Agreement.

END OF DOCUMENT

FORM_B_V25

LAND TITLE ACT
FORM B (Section 225)

MORTGAGE - PART 1 Province of British Columbia PAGE 1 OF 5 PAGES

Your electronic signature is a representation that you are a designate authorized to certify this document under section 168.4 of the *Land Title Act*, RSBC 1996 c.250, that you certify this document under section 168.41(4) of the act, and that an execution copy, or a true copy of that execution copy, is in your possession.

1. APPLICATION: (Name, address, phone number of applicant, applicant's solicitor or agent)

Norton Rose Fulbright Canada LLP
Barristers & Solicitors
#1800-510 West Georgia Street
Vancouver BC V6B 0M3

Phone: 604.687.6575
File No.: 1001107133
Doc. No.: 130994700

Deduct LTSA Fees? Yes ☑

2. PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND:
[PID] [legal description]

SEE SCHEDULE

STC? YES ☐

3. BORROWER(S) (MORTGAGOR(S)): (including postal address(es) and postal code(s))

1235922 B.C. LTD.

235 EAST HASTINGS STREET
VANCOUVER BRITISH COLUMBIA
V6P 1A2 CANADA

Incorporation No
BC1235922

4. LENDER(S) (MORTGAGEE(S)): (including occupation(s), postal address(es) and postal code(s))

MINA ANGELICOLA, BUSINESSWOMAN

2395 WALL STREET
VANCOUVER BRITISH COLUMBIA
CANADA V5K 1A7

Incorporation No
$

5. PAYMENT PROVISIONS:

(a) Principal Amount:	(b) Interest Rate:	(c) Interest Adjustment Date:	Y	M	D
$8,375,000.00	See Schedule		20	02	05
(d) Interest Calculation Period:	(e) Payment Dates:	(f) First Payment Date:			
See Schedule	See Schedule		20	03	05
(g) Amount of each periodic payment:	(h) *Interest Act* (Canada) Statement. The equivalent rate of interest calculated half yearly not in advance is N/A % per annum.	(i) Last Payment Date:	25	02	01
(j) Assignment of Rents which the applicant wants registered ? YES ☑ NO ☐ If YES, page and paragraph number: Paragraph 4 Pages 11 and 12	(k) Place of payment: Postal Address in Item 4	(l) Balance Due Date:	25	02	01

MORTGAGE – PART 1 PAGE 2 OF 5 PAGES

6. MORTGAGE contains floating charge on land ?
YES ☐ NO ☑

7. MORTGAGE secures a current or running account ?
YES ☐ NO ☑

8. INTEREST MORTGAGED:
Fee Simple ☑
Other (specify) ☐

9. MORTGAGE TERMS:
Part 2 of this mortgage consists of (select one only):
(a) Prescribed Standard Mortgage Terms ☐
(b) Filed Standard Mortgage Terms ☐ D F Number:
(c) Express Mortgage Terms ☑ (annexed to this mortgage as Part 2)
A selection of (a) or (b) includes any additional or modified terms referred to in item 10 or in a schedule annexed to this mortgage.

10. ADDITIONAL OR MODIFIED TERMS:

N/A

11. PRIOR ENCUMBRANCES PERMITTED BY LENDER:

N/A

12. EXECUTION(S): This mortgage charges the Borrower's interest in the land mortgaged as security for payment of all money due and performance of all obligations in accordance with the mortgage terms referred to in item 9 and the Borrower(s) and every other signatory agree(s) to be bound by, and acknowledge(s) receipt of a true copy of, those terms.

Officer Signature(s)

Lisa Niro
Lawyer and Notary Public
Bell Alliance LLP
#201 - 1367 West Broadway
Vancouver, B.C. Canada V6H 4A7
ph: (604) 873-8723 fax: (604) 873-8785

Execution Date		
Y	M	D
20	02	04

Borrower(s) Signature(s)

1235922 B.C. LTD., by its authorized signatory(ies):

Name: Christopher Robert Wall

Name:

OFFICER CERTIFICATION:
Your signature constitutes a representation that you are a solicitor, notary public or other person authorized by the *Evidence Act*, R.S.B.C. 1996, c.124, to take affidavits for use in British Columbia and certifies the matters set out in Part 5 of the *Land Title Act* as they pertain to the execution of this instrument.

FORM_D1_V25

LAND TITLE ACT
FORM D

EXECUTIONS CONTINUED

Officer Signature(s)	Execution Date			Transferor / Borrower / Party Signature(s)
	Y	M	D	H.E. Rooms Inc., as Covenantor, by its authorized signatory(ies):
Lisa Niro **Lawyer and Notary Public** **Bell Alliance LLP** **#201 - 1367 West Broadway** **Vancouver, B.C. Canada V6H 4A7** **ph: (604) 873-8723 fax: (604) 873-8785**	20	02	04	Name: Christopher Robert Wall Name:

OFFICER CERTIFICATION:
Your signature constitutes a representation that you are a solicitor, notary public or other person authorized by the *Evidence Act*, R.S.B.C. 1996, c.124, to take affidavits for use in British Columbia and certifies the matters set out in Part 5 of the *Land Title Act* as they pertain to the execution of this instrument.

LAND TITLE ACT
FORM E

SCHEDULE PAGE 4 OF 5 PAGES

2. PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND:
[PID] [LEGAL DESCRIPTION]

010-401-113 **LOT 34 BLOCK 28 DISTRICT LOT 541 PLAN 210**

STC? YES ☐

2. PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND:
[PID] [LEGAL DESCRIPTION]

010-401-130 **LOT 35 BLOCK 28 DISTRICT LOT 541 PLAN 210**

STC? YES ☐

2. PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND:
[PID] [LEGAL DESCRIPTION]

015-501-922 **LOT 36 BLOCK 28 DISTRICT LOT 541 PLAN 210**

STC? YES ☐

FORM_E_V25

LAND TITLE ACT
FORM E

SCHEDULE PAGE 5 OF 5 PAGES

ENTER THE REQUIRED INFORMATION IN THE SAME ORDER AS THE INFORMATION MUST APPEAR ON THE FREEHOLD TRANSFER FORM, MORTGAGE FORM, OR GENERAL INSTRUMENT FORM.

5. PAYMENT PROVISIONS:

(b) Interest Rate:

Interest on the outstanding Principal Amount will accrue unless otherwise provided herein until payment in full, whether before or after demand, default and judgment, at a rate of, from the date of this Mortgage to (and including) the Interest Adjustment Date, three percent (3.0%) per annum, calculated semi-annually not in advance, with the first calculation to be made on March 5, 2020.

(d) Interest Calculation Period:

Semi-annually (calculated on the outstanding daily balance).

(e) Payment Dates:

Interest accrued shall be payable in arrears on the first day of each and every month.

(g) Amount of each periodic payment:

Equal monthly interest only payments of $20,807.83 on the first day of each and every month commencing on March 5, 2020 and continuing until February 1, 2025 and the balance of the Principal Amount together with all accrued interest shall be due on the Balance Due Date.

MORTGAGE TERMS - PART 2

EXPRESS MORTGAGE TERMS

1. DEFINITIONS

In these Express Mortgage Terms and in Form B to which they are annexed:

(a) "**Amount of Each Periodic Payment**" means the amount set out in Item 5(g) of Form B.

(b) "**Balance Due Date**" means the date or time set out in Item 5(l) of Form B.

(c) "**Beneficial Charge Agreement**" means the beneficial charge agreement dated February 5, 2020 among the Mortgagee, the Mortgagor, and the Beneficial Owner.

(d) "**Beneficial Owner**" means Fort Pelly Holdings Ltd.

(e) "**Borrower**" means, collectively, the Mortgagor and its respective successors and permitted assigns.

(f) "**business day**" means any day which in Vancouver, British Columbia is a day that:

(i) is not a "holiday" as that word is defined in the *Interpretation Act* (British Columbia) as amended or replaced from time to time; and

(ii) the Mortgagee is open for business at its Place of Payment.

(g) **"Covenantor"** means a person who signs the Form B as a covenantor.

(h) "**Encumbrances**" means all security interests, assignments, mortgages, hypothecs, ledges, liens, claims, charges, (whether fixed or floating), or encumbrances whatsoever.

(i) "**Event of Default**" means an "Event of Default" as defined in Section 15 of this Mortgage or any default (howsoever described) under the Loan Documents.

(j) "**First Payment Date**" means the date set out in Item 5(f) of Form B.

(k) "**Fixture(s)**" or "**fixtures**" means all personal property whatsoever, whether affixed, mobile or stationary, which is now or at any time hereafter owned, held or acquired in whole or in part by the Mortgagor and placed, installed or erected in, on, under or above the Mortgaged Land or any part thereof (including the Improvements or any part thereof), forms part thereof and is at law a fixture, including without limitation, all plant machinery, apparatus, facilities, equipment, goods and other personal property now or hereafter installed, affixed or attached to and forming part of the Improvements forming part of the Mortgaged Land and all present and future additions and attachments thereto and replacements thereof, including without limitation:

(i) all pipes, conduits, services and the like installed in or under the Lands for the purposes of providing utilities and other services within the boundaries of the Mortgaged Land or any parcel(s) of land hereafter created out of or forming part of the Mortgaged Land;

(ii) all heating, cooling, plumbing, air-conditioning, air-filtering, ventilating, conveyancing, electrical, lighting, telecommunications, security, vacuum,

sprinkler, fire-fighting, cooking and refrigeration devices, systems and equipment (including without limitation all furnaces, water heaters, hot water tanks, oil and gas burners, motors, electric fixtures, wiring, escalators, elevators, boilers, pressure vessels, stokers, blowers, tanks, gas pipes, radiators, aerials, television antennae, satellite dishes and built-in furniture) located in, on or under the Improvements or any part thereof;

(iii) all fixed mirrors, suspended ceiling tiles, doors, windows and window coverings, including without limitation all awnings, shutters, drapes, blinds and valances located in, on or attached to the Improvements or any part thereof; and

(iv) all carpeting and other floor coverings, including without limitation all carpets and floor coverings in all rooms, halls and stairways located within the Improvements.

(l) "**Form B**" means the form identified as "Form B" (Mortgage - Part 1) to which these Express Mortgage Terms are annexed.

(m) "**General Security Agreement**" means the general security agreement dated February 5, 2020 between the Mortgagee and the Beneficial Owner.

(n) "**Improvements**" mean each and every building, structure, erection, improvement, fixture and the like now or hereafter erected, placed or installed in, on, under or above the Mortgaged Land or any part thereof and forming part thereof and all additions and attachments thereto and replacements thereof from time to time.

(o) "**Interest Adjustment Date**" means the date set out in Item 5(c) of Form B.

(p) "**Interest Calculation Period**" means the interest calculation period set out or referred to in Item 5(d) of Form B.

(q) "**Interest Rate**" means, subject to the provisions of Section 21 of this Mortgage, the annual interest rate set out or referred to in Item 5(b) of Form B, (or such other rate or rates of interest as may be agreed upon between the Mortgagor and the Mortgagee) calculated and compounded at the end of each Interest Calculation Period not in advance.

(r) "**Last Payment Date**" means the last payment date, if any, set out or referred to in Item 5(i) of Form B.

(s) "**Leases**" means each and every written or unwritten agreement to lease, offer to lease, lease renewal, tenancy agreement, licence and right of occupancy made or to be made, or granted or to be granted, with respect to the Mortgaged Land or any part thereof, now or in the future.

(t) "**Loan Documents**" means, collectively, the Purchase Agreement, the Beneficial Charge Agreement, the General Security Agreement, the Promissory Note, this Mortgage and all other documents and instruments evidencing or securing the payment of the Secured Obligations in whole or in part, whether provided by or on behalf of an Obligant.

(u) "**Mortgage**" means the mortgage created by Part 1 and Part 2 together.

(v) "**Mortgaged Land**" means the lands and premises or the Mortgagor's interest therein described in Part 1 as the lands and premises charged by this Mortgage, together with all benefits, easements, licenses, privileges, rights of way and servitudes appertaining

thereto or connected therewith and every other thing referred to in section 10 of the *Land Transfer Form Act* (British Columbia) together with all Fixtures and Improvements.

(w) "**Mortgaged Property**" means the Mortgaged Land and the Personal Property Collateral.

(x) "**Mortgagee**" means the party or parties described in Part 1 as the "Lender(s) [Mortgagee(s)]".

(y) "**Mortgagor**" means the party or parties described in Part 1 as the "Borrower(s) [Mortgagor(s)]".

(z) "**Obligant**" means, collectively, the Mortgagor and all other Persons who are from time to time liable to the Mortgagee for the payment of the whole or any portion of the Secured Obligations, whether directly or indirectly, absolutely or contingently, jointly, severally or jointly and severally and includes all Persons who from time to time otherwise become liable for, or who agree to indemnify the Mortgagee for any loss, costs or damages as a result of the failure of any other Persons to pay the Secured Obligations, in whole or in part.

(aa) "**Part 1**" means all of the terms, conditions and other information contained in Form B and any schedule or attachment to Form B and which does not form a part of Part 2.

(bb) "**Part 2**" means these Express Mortgage Terms.

(cc) "**Payment Dates**" means those dates set out in Item 5(e) of Form B.

(dd) "**Periodic Payment**" means the amount of each payment, if any, set out or referred to in Item 5(g) of Form B.

(ee) "**Permitted Encumbrances**" means the prior notations, charges, liens or interests, if any, set out or referred to in Item 11 of Form B.

(ff) "**Personal Property Collateral**" has the meaning given in Section 13.

(gg) "**Persons**" or "**Person**" means and includes any individual, sole proprietorship, corporation, partnership, bank, joint venture, trust, unincorporated association, association, institution, entity, party or government (whether national, federal, provincial, state, municipal, city, county or otherwise and including any instrumentality, division, agency, body or department thereof).

(hh) "**Place of Payment**" means the address set out or referred to in Item 5(k) of Form B.

(ii) "**Principal Amount**" means the amount set out in Item 5(a) of Form B.

(jj) "**Promissory Note**" means the promissory note dated February 5, 2020 between the Mortgagee and the Beneficial Owner.

(kk) "**Purchase Agreement**" means the offer to purchase made on November 6, 2019 between the Mortgagee, as vendor, and H.E. Rooms Inc., as original purchaser, as amended and assigned to the Beneficial Owner.

(ll) "**Rents**" means all rents and other payments due or accruing due or at any time hereafter to become due pursuant the Leases and the benefit of all guarantees of payment and all covenants to pay therein contained.

(mm) "**Secured Obligations**" means all indebtedness and liability of all or any one or more of the Obligants to the Mortgagee under the Loan Documents, whether such indebtedness and liability is present or future, absolute or contingent, joint or several, direct or indirect, matured or not, extended or renewed, wheresoever and howsoever incurred, and any ultimate balance thereof, including all advances on current or running account and all future advances and re advances, under or pursuant to any of the Loan Documents.

(nn) "**terms**" and "**mortgage terms**" and "**express mortgage terms**" mean, unless the context otherwise requires, all of the covenants, agreements, provisos, terms, conditions and provisions of this Mortgage, and the agreement set out in Item 12 of Form B of the Mortgagor to be bound by the mortgage terms referred to in Item 9 of Form B will constitute the agreement of the Mortgagor to be bound by all of the covenants, agreements, provisos, terms, conditions and provisions of this Mortgage.

(oo) "**terms**" and "**mortgage terms**" and "**express mortgage terms**" mean, unless the context otherwise requires, all of the covenants, agreements, provisos, terms, conditions and provisions

2. INTERPRETATION

(a) **Headings**. The Article and Section headings in this Mortgage are inserted for convenience of reference only and will not affect the construction or interpretation of this Mortgage.

(b) **Hereof, etc**. All references in this Mortgage to the words "**hereof**", "**herein**" or "**hereunder**" will be construed to mean and refer to this Mortgage as a whole and will not be construed to refer only to a specific Article, Section or clause of this Mortgage unless the context clearly requires such construction.

(c) **Joint and Several Liability**. In the event of any party being comprised of two or more Persons, all covenants and agreements of such party herein contained will be and be deemed to be joint and several covenants or agreements of each such Person, and the heirs, executors, administrators, successors and permitted assigns of each such Person will be jointly and severally bound by the covenants, agreements, stipulations and provisos herein stated in addition to those granted or implied by statute.

(d) **Severability**. If any of the terms of this Mortgage are or are held to be unenforceable or otherwise invalid, such holding will not in any way affect the enforceability or validity of the remaining terms of this Mortgage.

(e) **Governing Law**. This Mortgage including any covenants and indemnity of the Covenantor (if any) provided for herein will be governed by and construed in accordance with the laws of the Province of British Columbia, and each party hereby submits to the jurisdiction of the courts of the Province of British Columbia and agrees to be bound by any suit, action or proceeding commenced in such courts and by any order or judgment resulting from such suit, action or proceeding; provided that the foregoing will in no way limit the right of the Mortgagee to commence suits, actions or proceedings based on this Mortgage in any other jurisdiction. Without limiting the generality of the foregoing, the Mortgagor agrees that the laws of British Columbia shall govern the application and enforcement of this Mortgage as though this Mortgage were registered under the *Land Title Act*, (British Columbia).

(f) **Gender**. Wherever the singular or masculine gender is used throughout this Mortgage, the same will be construed as meaning the plural or the feminine or the body corporate or politic where the context or the parties hereto so require.

(g) **Capacity**. If the Mortgaged Property or any portion thereof is held by the Mortgagor as a partner of a firm, as a trustee, as an agent, or in any other similar capacity, whether fiduciary or otherwise:

(i) each and every warranty, representation, covenant, agreement, term, condition, proviso and stipulation; and

(ii) each and every grant, mortgage and other charge constituted hereby,

made by or imposed upon the Mortgagor hereunder will be and be deemed to be jointly and severally made by or imposed upon the Mortgagor and the partnership, the beneficiary (or beneficiaries) of the trust, the principal(s) of the agent, or other entity (or entities), as the case may be, and each grant, mortgage and other charge contained in this Mortgage will be deemed to be a grant, mortgage or charge of the estate, right, title and interest of the partnership, the beneficiary (or beneficiaries), the principal(s), or such entity (or entities), as the case may be, in and to the Mortgaged Property as well as being a grant, mortgage or other charge of the estate, interest and title of the Mortgagor in and to the Mortgaged Property, it being the intention of the parties hereto that this Mortgage will constitute a mortgage and charge against both the legal and beneficial estate, right, title and interest of the partnership, the beneficiary (or beneficiaries) of the trust, the principal(s) of the agent, or other entity (or entities), as the case may be (including, without limitation, the Borrower, or any one or more of them), in and to the Mortgaged Property.

(h) **Binding Effect**. This Mortgage will be binding on the Mortgagor and the respective successors and permitted assigns of each person comprising the Mortgagor and will enure to the benefit of the Mortgagor and its successors and permitted assigns.

(i) **Time of the Essence**. Time will be of the essence hereof.

(j) **Reference Date**. This Mortgage will be dated, for reference purposes only February 5, 2020.

3. GRANT OF MORTGAGE

The following charging provision applies only if a specific mortgage and charge on the Mortgaged Land is not included in Part 1.

THE MORTGAGOR HEREBY grants, mortgages and charges to and in favour of the Mortgagee all right, title and interest of the Mortgagor in and to the Mortgaged Land as security for the payment to the Mortgagee of the Principal Amount and the payment, performance or fulfilment of all Secured Obligations upon the terms set out in this Mortgage.

4. ASSIGNMENT OF RENTS

THE MORTGAGOR HEREBY assigns to the Mortgagee all Rents to have and to hold until the Secured Obligations have been fully paid and satisfied, upon the following terms and conditions (the assignment of Rents provided for in this Section 4, the "**Assignment of Rents**"):

(a) The Mortgagor will, without demand, promptly deliver to the Mortgagee a true copy of each of the Leases and give to the Mortgagee full information relating to each of the Leases.

(b) The Mortgagor hereby grants to the Mortgagee full power and authority to enter upon the Mortgaged Land to collect the Rents, to serve demands on the holders of the Leases in respect of payment of the Rents and to demand, collect, sue for, distrain for, recover and give receipts for the Rents, and to enforce payment of the Rents and performance of the said guarantees of payment and covenants to pay, in the Mortgagee's own name or in the name of and as an agent for the Mortgagor, as the Mortgagee may elect, and hereby grants to the Mortgagee irrevocable authority to join the Mortgagor in any such proceedings or actions.

(c) Although this is a present and absolute assignment, (subject to defeasance on payment of the Secured Obligations), the Mortgagor, as agent for the Mortgagee, will be entitled to collect and retain the Rents as and when they become due and payable according to the terms of the Leases until there occurs an Event of Default, PROVIDED that this paragraph shall not relieve the Mortgagor from the observance and performance of the Mortgagor's obligations under the Mortgage and the terms of this Assignment of Rents.

(d) On the occurrence of an Event of Default, proceedings may, at the option of the Mortgagee, be taken under this Assignment of Rents either independently or in conjunction with the other rights and remedies of the Mortgagee under any of the Loan Documents.

(e) Nothing herein contained shall be deemed to have the effect of making the Mortgagee responsible for the collection of the Rents or for the observance or performance of any of the provisions of the Leases either by the Mortgagor or by any holders of the Leases, or of rendering the Mortgagee a mortgagee in possession of the Mortgaged Land or in any way accountable or liable as such, or of imposing any obligation on the Mortgagee to take any action or exercise any remedy in the collection or recovery of the Rents.

(f) The Mortgagee will be liable to account for only such moneys as it actually receives pursuant to this Assignment of Rents, including such portions thereof as may be expended by the Mortgagee on collection charges, inspection fees, costs as between solicitor and own client, and other expenses to which the Mortgagee may be put in respect thereof, and the balance of such moneys, when so received by the Mortgagee, will be applied on account of the Secured Obligations.

(g) The giving of this Assignment of Rents is by way of additional and collateral security for the Secured Obligations and not in substitution for or satisfaction of any other Loan Documents and will not in any way derogate from or delay or prejudice any rights or remedies to which the Mortgagee may be entitled under any Loan Documents and will not in any way prejudice or limit the obligations of the Mortgagor or any other Person party to the Loan Documents.

(h) The Mortgagor will not at any time during the existence of this Mortgage, without the prior written consent of the Mortgagee:

(i) assign, pledge, or otherwise encumber the Leases or the Rents, or any of them, and will not knowingly do or omit to be done or permit to be done any act which either directly or indirectly has the effect of waiving, releasing, reducing or abating any of the Mortgagor's rights or remedies or the obligations of any other party under or in connection with the Leases;

(ii) terminate, accept a surrender of, or amend the Leases in any manner, or permit any assignment or extension of any of the Leases or any subletting thereunder; or

(iii) receive or permit any prepayment of the Rents under the Leases.

(i) The Mortgagor will execute and deliver such further assurances, assignments, notices or other documents as the Mortgagee may reasonably require from time to time to render this Assignment of Rents effective.

(j) At the request of the Mortgagee from time to time (whether before or after the occurrence of any Event of Default), the Mortgagor will give any other party to any of the Leases actual written notice of this Assignment of Rents, and will use the Mortgagor's best efforts to obtain from such party an acknowledgement of any such notice; but nothing in this paragraph shall oblige the Mortgagee to make any such request.

(k) There are to the knowledge of the Mortgagor no existing or future rights of set-off, assignment, commutation or prepayment with respect to the Rents.

(l) To the knowledge of the Mortgagor, there have been no defaults under any of the now existing Leases by the Mortgagor or by any of the holders of the Leases, and there are no outstanding disputes pursuant to such Leases.

(m) The Mortgagor will at all times observe and perform all the Mortgagor's obligations under the Leases.

(n) The Mortgagor now has good and sufficient power, authority and right to assign the Rents and other benefits referred to herein in the manner aforesaid according to the true intent and meaning of this Assignment of Rents.

(o) The form and content of all future leases and offers to lease relating to the Mortgaged Land or any part thereof and all tenants thereof under leases must be expressly approved in writing by the Mortgagee.

(p) This Assignment of Rents shall, at the option of the Mortgagee, be registered in such places as the Mortgagee may require from time to time.

5. ASSIGNMENT

Without in any way affecting or releasing the Mortgagor's liability to the Mortgagee for the payment, observance and performance of its covenants and agreements contained herein and for the consideration aforesaid, the Mortgagor assigns, transfers and sets over to the Mortgagee, as additional security for the payment, observance and performance of the Secured Obligations, all of its right, title, claim, demand and interest whatsoever at law or in equity or otherwise in and to:

(a) any moneys due and payable to the Mortgagor by an expropriating authority upon an expropriation of any or all of the Mortgaged Land provided that such assignment is limited to the amount of the Secured Obligations outstanding at the date the Mortgagor ceases to be the registered owner of that portion of the Mortgaged Land affected by any such expropriation. The Mortgagor agrees that it will execute and deliver any such further or additional documentation which the Mortgagee may, in the Mortgagee's sole discretion, deem necessary to effect the above assignment or which is requested by the expropriating authority. The Mortgagor also agrees to forward to the Mortgagee copies of any documentation relating to an expropriation or proposed expropriation of the Mortgaged Land, or any part thereof, forthwith upon its receipt of the same; and

(b) indemnification, express or implied, of and from the performance and observance of any and all of the terms of this Mortgage, including without limitation payment of the whole or

any portion of the Secured Obligations by any purchaser of the Mortgaged Land, or any part thereof, from the Mortgagor.

6. DEFEASANCE

The Mortgagor may redeem this Mortgage (which will be void upon the occurrence of all of the following events) by:

(a) payment to the Mortgagee of the Principal Amount in lawful money of Canada, together with interest thereon at the Interest Rate, calculated as well after as before maturity, default and judgment, as follows:

(i) interest calculated as aforesaid on the total of all amounts from time to time advanced or secured hereunder as part of the Principal Amount and computed from the respective dates of such advances, or when such sums become secured, will become due and be paid by Periodic Payments on each and every Payment Date commencing on the First Payment Date and continuing on each and every Payment Date thereafter to and including the date the entire balance of the Secured Obligations is fully paid and satisfied; and

(ii) the outstanding balance of the Principal Amount will become due and be paid on the Balance Due Date;

(b) payment to the Mortgagee of all such other moneys as the Mortgagee may be entitled to with respect to the Secured Obligations, as and when such moneys become due and payable; and

(c) observance and performance of all covenants, agreements, provisos, terms, conditions and provisions herein contained.

AND taxes and performance of statute labour.

THE MORTGAGOR observing and performing the covenants and conditions herein contained on its part to be observed and performed shall have the right set out in this Mortgage to repay the whole balance of the Principal Amount remaining unpaid hereunder or any part thereof together with interest as provided herein up to the date or dates of such payment or payments and all such other moneys as the Mortgagee may be entitled to with respect to the Secured Obligations.

7. PAYMENT AND OBSERVANCE

(a) Payment of Secured Obligations

The Mortgagor will pay, observe, perform and satisfy or cause to be paid, observed, performed or satisfied, all of the Secured Obligations as and when the same are required to be paid, observed, performed and satisfied. If the date for any payment required under the Secured Obligations falls on a day that is not a business day, such payment date shall be extended to the first business day following such day.

(b) No Set-off

The Mortgagor agrees that notwithstanding anything to the contrary contained herein, all payments due from or made by the Mortgagor shall be made without set off or counterclaim and without any deductions or withholdings whatsoever.

(c) Compound Interest

It is agreed that if default shall be made in payment of any sum to become due for interest at any time appointed for payment thereof as aforesaid, interest shall be payable thereon and the sum in arrears for interest from time to time, as well after as before maturity or judgment, shall itself bear interest at the rate stipulated in Form B, and in case the interest and compound interest are not paid on the next interest payment date after the date of default, a rest shall be made and compound interest at the rate aforesaid shall be payable on the aggregate amount then due, as well after as before maturity or judgment, and so on from time to time, and all such interest and compound interest shall be a charge upon the Mortgaged Land.

(d) Place of Payment

Until the Mortgagee shall notify the Mortgagor otherwise, all payments to be made to the Mortgagee under this Mortgage shall be paid to or to the order of the Mortgagee at the Place of Payment in lawful money of Canada, solely on business days, and before 1:00 p.m. local time on any such day and in the event a payment is made after 1:00 p.m. local time on any business day, or is made on any day that is not a business day, such payment will be deemed to have been received by the Mortgagee on the business day next following.

(e) Taxes

The Mortgagor will, on the due date thereof, pay and satisfy all taxes, rates, levies, charges, rents, assessments, statute labour and other impositions whatsoever already or hereafter rated, charged, assessed or imposed no matter by whom or by what authority howsoever on the Mortgaged Land, or any part thereof, or the Mortgagor, or the Mortgagee in respect of the Mortgaged Land (collectively, the "taxes"). It is mutually agreed between the parties to this Mortgage that:

(i) the Mortgagor shall pay all taxes as they fall due and will provide the Mortgagee with receipts confirming payment of the same within thirty (30) days after they become due;

(ii) the Mortgagee may deduct from any advance of the monies secured by this Mortgage an amount sufficient to pay the taxes which have become or will become due and payable on or before the date of such advance;

(iii) the Mortgagor shall, if directed by the Mortgagee, pay to the Mortgagee in monthly installments on the dates on which installments of principal and/or interest are payable under this Mortgage, sums which in the sole opinion of the Mortgagee will be sufficient to enable the Mortgagee to pay the whole amount of taxes on or before the due date for payment thereof or, if such amount is payable in installments, on or before the due date for payment of the first installment thereof; and the Mortgagor shall also pay to the Mortgagee on demand the amount, if any, by which the annual taxes exceed such estimated amount;

(iv) the Mortgagee will apply such deduction and payments on the taxes chargeable against the Mortgaged Land so long as no Event of Default has occurred, but nothing herein contained shall obligate the Mortgagee to apply such payments on account of taxes more often than yearly; provided, however, that if, before any sum or sums so paid to the Mortgagee shall have been so applied, there shall be default by the Mortgagor in respect of any payment of principal, interest or other amount as provided in this Mortgage, the Mortgagee may apply such sum or

sums in or towards payment of the principal, interest and/or other amount in default; and

(v) the Mortgagor will transmit to the Mortgagee the assessment notices, tax bills and other notices affecting the imposition of taxes forthwith upon receipt thereof by the Mortgagor.

(f) Other Charges

If the Mortgaged Property or any part(s) thereof are now or at any time hereafter subject to any charge, lien or interest, including but not limited to Permitted Encumbrances (each hereinafter called an "other charge"):

(i) the Mortgagor will promptly pay all payments required to be made under or by virtue of each other charge, whether for principal, interest, taxes or otherwise (or cause the same to be paid) as they become due;

(ii) the Mortgagor will duly observe, perform and comply with the covenants, provisos and agreements contained in each other charge which are to be kept, observed and performed by it;

(iii) any default under any other charge will be deemed to be default hereunder and will entitle the Mortgagee to exercise any and all remedies available to the Mortgagee on the occurrence of an Event of Default; and

(iv) upon the occurrence of a default (howsoever described) by the Mortgagor under any other charge, the Mortgagee will have the right (exercisable in its sole and absolute discretion), but not the obligation, to cure the same.

(g) Pre-enforcement Costs

The Mortgagor will on demand pay all fees, costs, charges and expenses (including without limitation legal fees, costs, charges and expenses on a solicitor and own client basis), in connection with the negotiation, preparation, registration, modification and extension of this Mortgage.

(h) Enforcement Costs

The Mortgagor will on demand pay all fees, costs, charges and expenses (including without limitation legal fees, costs, charges and expenses on a solicitor and own client basis), which may be incurred by or on behalf of the Mortgagee whether before or after court proceedings are commenced, or whether otherwise incurred, in recovering, collecting, procuring or enforcing payment of any or all the Secured Obligations or in any way enforcing or protecting the security of this Mortgage or enforcing any of the terms of this Mortgage (including but not limited to all travelling expenses of the Mortgagee, the Mortgagee's servants and agents and commissions on collection of Rent which may be incurred by or on behalf of the Mortgagee in the taking, recovering and keeping possession of the Mortgaged Property or in inspecting the same) and all other amounts generally in any other measure or proceedings taken by or on behalf of the Mortgagee to realize or collect the Secured Obligations, in whole or in part, or to defend or perfect the title of the Mortgaged Property, all of which fees, costs, charges, commissions, expenses and other amounts will be a charge under this Mortgage on the Mortgaged Property in favour of the Mortgagee and will be payable forthwith by the Mortgagor to the Mortgagee with interest at the Interest Rate until paid.

(i) Other Outlays

The Mortgagor will on demand pay to the Mortgagee all proper outlays incurred by the Mortgagee and not covered by any other covenant herein.

(j) Discharge

The Mortgagee will have a reasonable time after payment in full of the Secured Obligations within which to prepare and execute a discharge of this Mortgage. Interest at the Interest Rate will continue to run and accrue until actual payment in full of the Secured Obligations has been received by the Mortgagee and the Mortgagor will not be entitled to a discharge of this Mortgage unless and until the Mortgagor will have kept and performed all the covenants, provisos, agreements and stipulations herein contained, whether the Mortgagee has taken legal proceedings thereon and recovered judgment or otherwise. All legal and other expenses for the preparation and execution of any such discharge will be borne by the Mortgagor.

8. LAND TRANSFER FORM COVENANTS

The Mortgagor covenants with the Mortgagee as follows:

(a) Good Title

The Mortgagor has a good title in fee simple to the Mortgaged Land.

(b) Power and Authority to Mortgage Mortgaged Land

The Mortgagor has full and lawful power and authority and right to convey the Mortgaged Land to the Mortgagee upon and subject to the terms and conditions set forth herein.

(c) Valid and Enforceable against Mortgaged Land

This Mortgage is lawfully executed and delivered and will remain a valid and enforceable first lien on the Mortgaged Land.

(d) Pay Moneys Due

The Mortgagor will pay the mortgage money and interest and observe the provisos herein; and will also pay any taxes, rates, levies, charges or assessments including, without limitation, utility charges, upon the Mortgaged Land or in respect thereof, no matter by whom or by what authority imposed, which the Mortgagee has paid or has been rendered liable to pay and shall also pay all other sums as the Mortgagee may be entitled to under this Mortgage.

(e) After an Event of Default

Upon the occurrence of an Event of Default, the Mortgagee shall have possession of the land free from all encumbrances other than Permitted Encumbrances.

(f) Further Assurances

The Mortgagor will execute such further assurances of the Mortgaged Land as may be requisite.

(g) No Other Encumbrances

The Mortgagor has done nothing to encumber the Mortgaged Land.

(h) Releases all Claims

The Mortgagor releases to the Mortgagee all its claims on the Mortgaged Land, provided that, until the occurrence of an Event of Default, the Mortgagor shall have quiet possession of the Mortgaged Land.

Clause 15 of Schedule 6 of the *Land Transfer Form Act* (British Columbia) is expressly excluded from this Mortgage

9. REPRESENTATIONS AND WARRANTIES AND COVENANTS

(a) Increase to Fee Simple or Greater Interest

In the event that the interest of the Mortgagor in the Mortgaged Land or any part thereof increases to any greater interest or a fee simple interest, the mortgage and charge created by this Mortgage shall increase to be a mortgage of such greater or fee simple interest.

(b) Defend Title

The Mortgagor will preserve the Mortgaged Property and does hereby and will forever warrant and defend the same to the Mortgagee against the claims of all Persons and parties whomsoever.

(c) No Further Mortgages

In the event the Mortgagor grants any further mortgage or charge or otherwise encumbers the Mortgaged Property (other than under this Mortgage) then, at the sole discretion of the Mortgagee and notwithstanding the other provision of this Mortgage, the Mortgagee may declare the Secured Obligations to be immediately due and payable.

(d) Further Assurances

The Mortgagor will execute such further assurances of the Mortgaged Property as the Mortgagee may require including without limitation any and all documents required by the Mortgagee in connection with the *Personal Property Security Act* (British Columbia) as amended or replaced from time to time.

(e) No Builders' Liens

The Mortgagor will not permit a lien to be acquired or filed against the Mortgaged Land under the *Builders' Lien Act* of British Columbia, as amended or replaced from time to time, or under any other statute or law at any time in force affecting the Mortgaged Land.

10. INSURANCE

(a) General

The Mortgagor will forthwith insure (or will cause to keep insured) and during the continuance of this Mortgage will keep insured (or will cause to be kept insured) each and

every building, structure, erection, improvement, fixture or replacement thereof (including without limitation all plant, equipment, apparatus, machinery and fixtures of every kind and nature whatsoever) now or hereafter erected on the Mortgaged Land and all of the Personal Property Collateral against loss or damage by fire and such other perils and in such amount(s) as the Mortgagee may reasonably require (including but not limited to boiler insurance, loss of rental income and business interruption insurance).

(b) Liability Insurance

The Mortgagor will keep and maintain third party liability insurance in an amount satisfactory to the Mortgagee.

(c) Other Insurance

The Mortgagor will keep and maintain such other insurance as is customarily maintained by Persons operating or occupying similar properties in equivalent locations.

(d) Payment of Loss

All insurance coverage required by the Mortgagee will be issued by insurers in form and upon terms and in amounts acceptable to the Mortgagee, and the Mortgagor will cause the Mortgagee to be named as a loss payee as its interest may appear in respect of the Mortgaged Property on the policy or policies of insurance effected by the Mortgagor and will cause mortgage clauses in a form approved by the Mortgagee to be included in such policy or policies and will provide evidence of such insurance to the Mortgagee forthwith upon demand.

(e) Premiums

The Mortgagor will pay all insurance premiums and sums of money necessary for such purposes as the same will become due.

(f) Assignment

The Mortgagor will, upon written request by the Mortgagee, forthwith assign, transfer and deliver over to the Mortgagee each and every policy or policies of insurance and receipts appertaining thereto.

(g) Proof of Insurance

The Mortgagor will forthwith on the happening of any loss or damage furnish to the Mortgagee at the Mortgagor's expense all necessary proofs and do all necessary acts to ensure payment of insurance moneys.

(h) Application of Proceeds

Unless otherwise agreed to by the Mortgagor and the Mortgagee in writing, any insurance moneys received may, at the option of the Mortgagee, be applied to a suspense account or in or towards rebuilding, reinstating or repairing all or any portion of the Mortgaged Property or be paid to the Mortgagor or any other Person appearing by the registered title to be or to have been the owner of the Mortgaged Land, or be applied or paid partly in one way and partly in another, or such moneys may be applied, in the sole discretion of the Mortgagee, in whole or in part on account of the Secured Obligations, or any part thereof, whether due or not then due.

(i) Waiver

To ensure that the Mortgagee may so apply such insurance moneys in the manner herein contemplated, the Mortgagor also assigns and releases to the Mortgagee all rights of the Mortgagor to receive the insurance moneys and the Mortgagor waives any statutory right to request or require the insurance proceeds to be applied in any particular manner and expressly waives all the Mortgagor's rights and benefits under the *Fire Prevention (Metropolis) Act* 1774 as amended or replaced from time to time.

11. USE, ALTERATIONS AND REPAIRS

(a) Use of Mortgaged Land

The Mortgagor will not, without the express written consent of the Mortgagee first had and obtained:

(i) change the present use of the Mortgaged Land; nor

(ii) permit the Mortgaged Land to be unoccupied or unused.

(b) Compliance

The Mortgagor covenants and agrees to at all times promptly observe, perform, execute and comply with all applicable laws, rules, requirements, orders, directions, by-laws, ordinances, work orders and regulations of every governmental authority and agency whether federal, provincial, municipal or otherwise, including, without limiting the generality of the foregoing, those dealing with zoning, use, occupancy, subdivision, parking, historical designations, fire, access, loading facilities, landscaped area, pollution of the environment, toxic materials or other environmental hazards, building construction, public health and safety, and of all private covenants and restrictions affecting the Mortgaged Property or any portion thereof and the Mortgagor will from time to time upon request of the Mortgagee, provide to the Mortgagee evidence of such observance and compliance, and will at its own expense make any and all improvements thereon or alterations to the Mortgaged Property structural or otherwise and will take all such other action as may be required at any time by any such present or future law, rule, requirement, order, direction, by-law, ordinance, work order or regulation. The Mortgagee whenever it deems necessary may by its surveyor or agent enter upon the Mortgaged Land and inspect the Mortgaged Property and make such improvements and alterations and take all such other action as the Mortgagee deems necessary to render the Mortgaged Property in compliance with such laws, rules, requirements, orders, directions, by-laws, ordinances, work orders or regulations and the reasonable cost of such inspection, improvements, alterations and other actions with interest at the rate set forth in this Mortgage shall be payable by the Mortgagor forthwith upon demand and be a charge upon the Mortgaged Property.

(c) Repair

The Mortgagor will keep the Mortgaged Land and all buildings, structures, erections, improvements and the like now or hereafter constructed thereon and the Personal Property Collateral in good condition and repair according to the nature and description thereof respectively, and will not commit any act of waste or allow any act of waste to be committed upon the Mortgaged Land.

(d) Demolition, Alterations

The Mortgagor will not, without the prior written consent of the Mortgagee, demolish the whole or any part of the buildings, structures, erections, improvements and the like now or hereafter existing on the Mortgaged Land and will not proceed with any alteration, remodeling, rebuilding or addition thereto or thereof, in whole or in part.

(e) Inspection

The Mortgagee and any agent of the Mortgagee, may at any time and from time to time enter upon the Mortgaged Land to inspect any of the Mortgaged Properyt or any part or parts thereof, at any time the Mortgagee in its sole discretion deems necessary or advisable. The Mortgagee may, without the concurrence of the Mortgagor or any other Person, make arrangements to repair, finish, and put the buildings, structures, erections, improvements and the like now or hereafter existing on the Mortgaged Land in order, and inspect, take care of, lease, collect the rents of, and generally manage the Mortgaged Property as the Mortgagee may deem proper, and the Mortgagee will not thereby become or be liable as a mortgagee in possession.

12. ADVANCES

(a) Payments Due

Any payments to be made by the Mortgagor will become due and be payable at the times provided herein notwithstanding that at the due date of any payment the full amount of the Principal Amount which this Mortgage is expressed to secure has not been advanced.

(b) Permitted Deductions

The Mortgagee may deduct accrued interest and costs, charges, and expenses payable hereunder from any advance of the Principal Amount and the Mortgagee may deduct interest from any advance of the Principal Amount calculated from the date of that advance to the date of the next Payment Date occurring after the date on which that advance was made.

(c) No Obligation to Advance

The Mortgagor agrees that neither the preparation, execution or registration of this Mortgage, nor the advance (or re-advance, if applicable) in part of the Principal Amount hereby secured, nor any course of conduct of the Mortgagee or of any of its officers, agents or employees will bind the Mortgagee to advance (or re-advance, if applicable) the Principal Amount or any unadvanced portion thereof to the Mortgagor or to any other Person the obligations of whom are guaranteed by the Mortgagor, it being understood and agreed that the advance (or re-advance, if applicable) of the Principal Amount thereof from time to time will be in the absolute discretion of the Mortgagee and not exercised or deemed exercised unless and until that advance (or re-advance, if applicable) has actually been made to the Mortgagor, but nevertheless the charge of this Mortgage shall take effect forthwith upon the execution of this Mortgage by the Mortgagor and the expenses incurred by the Mortgagee in the examination of the title, valuation of the Mortgaged Property and preparation and registration of this Mortgage are secured by this Mortgage and constitute a charge upon the Mortgaged Property.

(d) Status Certificate

Every certificate signed by an officer of the Mortgagee purporting to show the amount at any particular time due and payable under this Mortgage on account of the Secured Obligations will be prima facie evidence as against the Mortgagor of the amount due and payable at such time under this Mortgage.

13. CHATTEL MORTGAGE

(a) Charge

As security for the Secured Obligations, the Borrower does hereby mortgage and charge as and by way of a fixed and specific charge to and in favour of the Mortgagee and assign and transfer to the Mortgagee and grant to the Mortgagee, by way of mortgage, charge, assignment and transfer, a security interest in all of the Borrower's right, title and interest, both present and future, in and to all of its presently owned or held and after acquired or held personal property, of whatever nature or kind, and all proceeds and renewals thereof and therefrom, accretions thereto and substitutions therefor, including, without limitation any and all property from time to time held by the Mortgagor (together, the "**Personal Property Collateral**").

The security interest granted under this Section 13 shall not extend or apply to and the Personal Property Collateral shall not extend to or include consumer goods or the last day of the term of any lease or agreement therefor but upon the enforcement of such security interest the Borrower shall stand possessed of such last day in trust to assign and dispose thereof as the Mortgagee shall direct.

(b) Financing Statements

The Mortgagor hereby authorizes the Mortgagee to file such financing statements, financing change statements and other documents and do such acts, matters and things as the Mortgagee may deem appropriate to perfect on an ongoing basis and continue the security interest, to protect and preserve the Mortgaged Property and realize upon the security interest. The Mortgagor hereby waives all rights to receive from the Mortgagee a copy of any financing statement, financing change statement or verification statement filed, issued or obtained at any time in respect of this Mortgage.

14. MORTGAGEE'S ELECTION TO MAKE PAYMENTS AND CURE DEFAULTS

(a) Payments by Mortgagee

If the Mortgagor fails to make any payment which the Mortgagor has covenanted or agreed to make by the terms of this Mortgage, or to provide proof of the making of any such payment to the Mortgagee upon demand, the Mortgagee may make any such payment.

(b) Performance by Mortgagee

If the Mortgagor fails to perform any covenant or agreement herein contained on the part of the Mortgagor or to provide proof of performance to the Mortgagee upon demand, the Mortgagee may in its sole discretion perform, or cause to be performed, any such covenant or agreement and may do such acts as it considers are reasonable to protect the interests of the Mortgagee and for such purposes the Mortgagee and its authorized

representatives may enter onto the Mortgaged Land. Without limiting the generality of the foregoing, the Mortgagee may:

(i) insure the Mortgaged Property and the buildings on the Mortgaged Land in accordance with the provisions hereof if the Mortgagor neglects to insure or to deliver policies and receipts in accordance herewith;

(ii) repair and reinstate the buildings and improvements on the Mortgaged Land if the Mortgagor fails to repair in accordance herewith or demolishes or alters such buildings or improvements in contravention hereof or thereof;

(iii) without any order or direction of the Mortgagor, pay to contractors, sub-contractors, material men, labourers, and other Persons supplying or having a claim for work, services, or materials supplied in and about the construction, repairing, altering or replacing of any buildings, structures, erections or improvements and the like now or hereafter constructed on the Mortgaged Land or any part thereof, any moneys due to them for such work, services or materials; and

(iv) pay common expenses, assessments, contributions or levies required to be paid in connection with any strata lot comprising part of the Mortgaged Land,

provided that the Mortgagee will not be bound to exercise its rights hereunder and, if the Mortgagee will exercise its rights hereunder, it will not be liable to the Mortgagor for any loss or damage suffered by the Mortgagor as a result of such exercise.

(c) Entitlement to Equities

If the Mortgagee makes any payment to any creditor of the Mortgagor or any encumbrance holder in respect of the Mortgaged Property pursuant to the provisions hereof, the Mortgagee will be entitled to all equities and securities held by such creditor or encumbrance holder in respect of the indebtedness or encumbrance paid or satisfied.

(d) Repayment

All payments made and all sums of money expended by the Mortgagee under this Article 13, including incidental costs, charges, expenses and outlays incurred in doing anything under this Article 13, will be forthwith payable by the Mortgagor on demand with interest at the Interest Rate from the time or respective times of the payment thereof until paid, and until paid will be a charge on the Mortgaged Property in favour of the Mortgagee prior to all claims thereon subsequent to this Mortgage and may be added to the principal moneys then comprising the Secured Obligations as if the same had originally formed part thereof.

(e) No Prejudice

Nothing done by the Mortgagee in reliance on the provisions of this Article 13 will in any manner prejudice the remedies of the Mortgagee in respect of any default of the Mortgagor or otherwise.

15. EVENTS OF DEFAULT

The occurrence of any of the following events is an "Event of Default" for the purposes of this Mortgage:

(a) the Borrower fails to pay when due any of the Secured Obligations, interest or any other amount payable hereunder or in any other Loan Document;

(b) the Borrower fails to observe or perform any obligation hereunder or in any Loan Document or the Borrower or any other Person who is liable to pay the Principal Amount, interest or any other amount payable by the Borrower to the Mortgagee fails to observe or perform any of their respective obligations under any other agreement or instrument of which the Mortgagee has the benefit, whether or not collateral or supplemental hereto;

(c) the Borrower fails to observe or perform, or a default occurs under, any of the terms or provisions of any mortgage, charge, pledge, lien, privilege or other encumbrance of any nature upon the Mortgaged Property or any part thereof;

(d) the Borrower permits any amount which has been admitted as due or is not disputed to be due by it and which forms or is capable of forming a lien or charge upon the Mortgaged Property or any part thereof to remain unpaid;

(e) the Borrower or any other Person uses any amount of the Principal Amount advanced for a purpose other than the purpose declared to and agreed by the Mortgagee;

(f) the Mortgaged Property or any material part thereof is materially damaged or destroyed by fire or other casualty and the loss, in the sole opinion of the Mortgagee, is not adequately covered by insurance and the Borrower fails to forthwith deposit the deficiency with the Mortgagee;

(g) the Borrower fails to comply with any requirement relative to the Mortgaged Property of any governmental authority having jurisdiction within 15 days after notice in writing of such requirement is given to the Borrower or within such lesser period as may be required to protect the security created hereby;

(h) any execution, extent or sequestration or any other process of any court becomes enforceable against the Borrower or a distress or analogous process is levied upon the Mortgaged Property or any part thereof, unless the Borrower gives security to the Mortgagee in such form, substance and amount as the Mortgagee in its sole discretion may require, the Borrower in good faith disputes such process or appeals the judgment giving rise to such process and thereafter, in the opinion of the Mortgagee, the Borrower diligently thereafter prosecutes such dispute or appeal;

(i) the Borrower ceases or threatens to cease to carry on business as a going concern or, if the Borrower is a Person other than an individual, the Borrower carries on a business which its constating documents prohibit it from carrying on or loses its charter by expiration, forfeiture or otherwise;

(j) the Borrower or any other Person who is liable to pay the Principal Amount, interest or any other amount payable hereunder becomes insolvent, admits in writing its inability to pay its debts as they become due, or commits or threatens to commit an act of bankruptcy, or a receiver or other Person with like powers is appointed for the Borrower, its business, any part of the Mortgaged Property or such other Person; the Borrower or such other Person makes an assignment for the benefit of its creditors; or if the Borrower is a Person other than an individual, a resolution is passed, a petition is filed or an order is made for the winding up or liquidation of the Borrower or such other Person; or a bankruptcy petition is filed or presented against the Borrower or such other Person; or the Borrower or such other Person is declared bankrupt;

(k) any representation or warranty by the Borrower herein or in any other agreement or instrument of which the Mortgagee has the benefit or any certificate of the Borrower or, if the Borrower is a Person other than an individual, any shareholder, member, director or officer of the Borrower delivered herewith or pursuant thereto, is or becomes untrue, inaccurate or incorrect in whole or in part and the same is not remedied within 10 days after written notice thereof is given to the Borrower;

(l) there occurs a default (howsoever described) under any of the other Loan Documents; and

(m) the Mortgagee in good faith believes and has commercially reasonable grounds to believe that the prospect of payment of the Principal Amount, interest or any other payment payable or secured hereunder or the performance of any obligations hereunder is impaired or that any of the Mortgaged Property is or is about to be placed in jeopardy.

16. DEFAULT AND ACCELERATION

Notwithstanding the Secured Obligations or any part thereof may be payable on demand, and without prejudice thereto, at any time upon the occurrence of an Event of Default then, and in every such case and in the sole discretion of the Mortgagee:

(a) the Mortgagee may demand payment of the Secured Obligations and any other amounts payable under this Mortgage remaining unpaid and notwithstanding that this Mortgage is declared to be made in part in pursuance of Part 3 of the *Land Transfer Form Act* (British Columbia), it being expressly understood and agreed by the Mortgagor that the reinstatement provisions of the form of words numbered 15 in Column II of Schedule 6 to the *Land Transfer Form Act* will have no force and effect in respect of this Mortgage or any of the Secured Obligations, whether for interest, principal or upon any other account whatsoever and the provisions relating to a default under this Mortgage by the Mortgagor will be as set out herein and the Mortgagor will not be relieved from the consequences of default by payment of the moneys of which default of payment has been made and costs and charges related thereto;

(b) the Mortgagee will have possession of the Mortgaged Property free and clear from all encumbrances other than Permitted Encumbrances; and

(c) the Mortgagee may exercise any and all remedies to enforce this Mortgage.

Waiver of or failure to enforce at any time or from time to time any of the rights of the Mortgagee hereunder will not prejudice the Mortgagee's rights in the event of any future default or breach.

17. REMEDIES OF MORTGAGEE ON DEFAULT

(a) Power of Sale

Upon the occurrence of an Event of Default, the Mortgagee may, without notice to or the concurrence of the Mortgagor, enter on and lease or sell the Mortgaged Property; and that the Mortgagee may lease or sell as aforesaid without entering into possession of the Mortgaged Property; and that the title of a purchaser or lessee upon a sale or lease made in professed exercise of the above power shall not be liable to be impeached on the ground that no case had arisen to authorize the exercise of such power, or that such power had been improperly or irregularly exercised, or that notice had not been given, but any person damnified by an unauthorized, improper or irregular exercise of the power shall have his remedy against the person exercising the power in damages only; and that

the Mortgagee may sell the whole or any part or parts of the Mortgaged Property by public auction or private contract, or partly one and partly the other, on such terms as to credit and otherwise as to the Mortgagee shall appear most advantageous and for such prices as can reasonably be obtained therefor; and that sales may be made from time to time of portions to satisfy interest or parts of the principal overdue, leaving the principal or balance thereof to run at interest, payable as foresaid; and the Mortgagee may make any stipulations as to title, or evidence, or commencement of title, or otherwise, as the Mortgagee shall deem proper; and the Mortgagee may buy in or rescind or vary any contract for sale of any of the Mortgaged Property and re-sell, without being answerable for loss occasioned thereby; and in the case of a sale on credit the Mortgagee shall only be bound to pay to the Mortgagor such monies as have been actually received from purchasers after the satisfaction of the Mortgagee's claim; and for any of such purposes the Mortgagee may make and execute all agreements and assurances the Mortgagee deems fit; and that the purchaser at any sale hereunder shall not be bound to see to the propriety or regularity thereof; and that no want of notice or of publication, if any, required hereby, shall invalidate any sale hereunder; and the Mortgagee will not be liable for any loss which may arise by any such leasing or sale as aforesaid; provided that, notwithstanding the power of sale or leasing and other powers and provisions of this clause, the Mortgagee will have and be entitled to its right of foreclosure of the equity of redemption of the Mortgagor in the Mortgaged Property and any and all other remedies available to it as fully as if said powers and provisions had not been contained herein or acted upon.

And it is further agreed between the parties to this Mortgage that until such sale or sales shall be made as aforesaid, the Mortgagee shall and will stand possessed of the rents and profits of the Mortgaged Property in case it shall take possession of them on default as aforesaid and after such sale or sales shall stand possessed of the monies to arise and be produced from such sales, or which might arise from any insurance upon the Mortgaged Property or any part thereof upon trust firstly in payment of all the expenses incident to the sales, leases, conveyances, or attempted sales, or leases, secondly all costs, charges, damages and expenses of the Mortgagee relating to taxes, prior charges, rents, insurance, repairs, utilities and any other amounts which the Mortgagee may have paid relating to the Mortgaged Property, thirdly in discharge of all interest and costs then due in respect of this Mortgage, fourthly in discharge of the principal money secured by this Mortgage, fifthly in payment of subsequent encumbrances according to their priorities and the residue shall be paid to the Mortgagor as it may direct and shall also in such event, at the request, cost and charge of the Mortgagor transfer, release and assure to the Mortgagor or to such person or persons as it shall direct and appoint, all such parts of the Mortgaged Property as shall remain unsold for the purposes aforesaid, discharged from all this Mortgage, but no person who shall be required to make or execute any such assurances shall be compelled for the making thereof to go or travel from his usual place of abode.

(b) Distress

Upon the occurrence of an Event of Default, it shall be lawful for the Mortgagee, and the Mortgagor hereby grants full power and license to the Mortgagee, to enter, seize and distrain upon any goods upon the Mortgaged Land and by distress warrant to recover by way of rent reserved as in the case of a demise of the Mortgaged Land as much of the said principal, interest or other monies secured by this Mortgage as shall from time to time be or remain in arrears or unpaid, together with all costs, charges and expenses (including without limitation costs as between solicitor and his own client) related to such levy or distress as in like cases of distress for rent; and as a part of the consideration for the advance of the principal sum secured by this Mortgage the Mortgagor hereby waives

on the exercise of such power and license, all rights to exemption from seizure and distress under any law whatsoever.

(c) No Merger

The obtaining of a judgment or judgments in any action to enforce this Mortgage or any of the covenants herein contained or any covenant contained in any other security for payment of the Secured Obligations including the performance of the obligations herein contained will not operate as a merger of this Mortgage or of the Secured Obligations or any of the said covenants or affect the right of the Mortgagee to interest at the Interest Rate and at the times aforesaid on any moneys owing to the Mortgagee under any covenant therein or herein set forth. Any judgment will provide that interest will be computed at the Interest Rate and in the same manner as herein provided until the judgment or judgments will have been fully paid and satisfied.

(d) Rents

Upon the occurrence of an Event of Default the Mortgagor will refrain from collecting and receiving all Rents accruing as aforesaid and, upon notice from the Mortgagee, all subtenants will thereafter pay all such Rents to the Mortgagee and any payment made otherwise will not discharge the obligations of such subtenant.

In addition, the Mortgagee will be entitled to have a receiver, receiver-manager or a receiver and manager appointed and, without proof of any ground for his appointment other than the said default, to take possession and charge of the Mortgaged Property and to fully and effectively operate the Mortgagor's business(es) comprised of the Mortgaged Property, or which was conducted thereon, by the Mortgagor including, without limiting the generality of the foregoing, the right to rent the Mortgaged Property in whole or in part and receive and collect the rents, issues and profits thereof under direction of the Court. Any amount so collected by such receiver will be applied under direction of the Court to the payment of any judgment rendered, or amounts found due, according to the terms of this Mortgage including the costs of collection and legal fees, costs, charges and expenses on a solicitor and his own client basis.

(e) Receiver

Notwithstanding anything contained in this Mortgage it is declared and agreed that upon the occurrence of an Event of Default the Mortgagee may, at such time and from time to time and with or without entry into possession of the Mortgaged Property or any part thereof, by instrument in writing appoint, or by application to a court of competent jurisdiction obtain an order for the appointment of, any person, whether an officer or officers or an employee or employees of the Mortgagee or not, as a receiver (which term as used in this paragraph and elsewhere in this Mortgage includes a receiver-manager and receiver and manager and also includes the plural as well as the singular) of the Mortgaged Property or any part thereof and of the rents and profits thereof, and with or without security, and may, when the appointment of the receiver is by instrument, from time to time by similar writing remove any receiver and appoint another in his stead, and that in making any such appointment or removal, the Mortgagee and any person so appointed shall be deemed to be acting as the agent or attorney for the Mortgagor, but no such appointment shall be revocable by the Mortgagor. Upon the appointment of any receiver from time to time the following provisions shall apply:

(i) Every receiver shall have unlimited access to the Mortgaged Property as agent and attorney for the Mortgagor (which right of access shall not be revocable by the Mortgagor) and shall have full power and unlimited authority to:

(1) collect the rents and profits from tenancies whether created before or after this Mortgage;

(2) rent any portion of the Mortgaged Land which may become vacant on such terms and conditions as he considers advisable and enter into and execute leases, accept surrenders and terminate leases;

(3) complete the construction of any building or buildings or other erections or improvements on the Mortgaged Land;

(4) or with respect to the Mortgaged Land left by the Mortgagor in an unfinished state or award the same to others to complete and purchase, repair and maintain any personal property including, without limitation, appliances and equipment necessary or desirable to render the premises operable or rentable and take possession of and use or permit others to use all or any part of the Mortgagor's materials, supplies, plans, tools, equipment (including appliances) and property of every kind and description;

(5) manage, operate, repair, alter or extend the Mortgaged Property or any part thereof and carry on the business of the Mortgagor;

(6) sell or grant options to purchase the Mortgaged Property, or any part thereof, at public auction, by public or private tender, or by private sale, on terms as to credit or otherwise and with or without security as shall appear most advantageous to the receiver;

(7) rescind or vary any contract or agreement of sale or lease;

(8) borrow such sum or sums as will in the opinion of the receiver, be required for the purposes of carrying on the receiver's duties and in so doing the receiver may issue receiver certificates; and

(9) employ such assistants as the receiver may consider necessary for carrying out the receiver's duties.

(ii) The Mortgagor undertakes to ratify and confirm whatever any receiver may do in the premises.

(iii) The Mortgagee at its discretion may vest the receiver with all or any of the rights and powers of the Mortgagee.

(iv) The Mortgagee may from time to time during the currency of the appointment of a receiver fix the reasonable remuneration of the receiver and such remuneration together with all costs and expenses of the receiver when paid by the Mortgagee, shall be added to all other monies owing by the Mortgagor to the Mortgagee under this Mortgage, shall be payable by the Mortgagor to the Mortgagee together with interest at the same rate as applies to the principal secured by this Mortgage and shall be a charge on the Mortgaged Property. The receiver shall be entitled to deduct any remuneration, costs and expenses out of the revenue or out of any sale proceeds realized from the Mortgaged. The Mortgagee shall be under no liability to the receiver for his remuneration, costs or expenses.

(v) All sum or sums of money borrowed by the receiver and secured by receiver certificates shall be a charge on the Mortgaged Property.

(vi) Every receiver shall be deemed the agent or attorney of the Mortgagor for such purposes as the receiver shall deem necessary, including, without limitation, carrying out any sale of all or any part of the Mortgaged Property and affixing the seal of the Mortgagor to any deeds, transfers, conveyances, assignments, assurances and things which the Mortgagor ought to execute to complete any sale of all or any part of the Mortgaged Property or alternatively executing the same under his own seal by conveying in the name of and on behalf of the Mortgagor and under his own seal, and any deed or other instrument signed by him under his seal pursuant hereto shall have the same effect as if it were executed under the common seal of the Mortgagor and in no event shall the receiver be the agent of the Mortgagee and the Mortgagee shall not be responsible for the acts and omissions of the receiver.

(vii) The appointment of any receiver by the Mortgagee shall not result in or create any liability or obligation on the part of the Mortgagee to the receiver or to the Mortgagor or to any other person and no appointment or removal of a receiver and no actions of a receiver shall constitute the Mortgagee a mortgagee in possession of the Mortgaged Property.

(viii) No receiver shall be liable to the Mortgagor to account for monies other than monies actually received by him in respect of the Mortgaged Property or any part thereof and out of such monies so received every receiver shall pay in the following order the following amounts:

(1) claims of all secured and unsecured creditors ranking in priority to this Mortgage;

(2) all remuneration, costs and expenses of every nature and kind incurred by the receiver in connection with the exercise of the receiver's powers and authorities hereby conferred, excluding the receiver's borrowings;

(3) to the Mortgagee any sum or sums borrowed by the receiver from the Mortgagee and interest thereon as secured by receiver certificates;

(4) to the Mortgagee all interest, principal and other monies due hereunder to be paid in such order as the Mortgagee in its sole discretion shall determine;

(5) any sum or sums borrowed by the receiver from any financial institution, corporation or other person other than the Mortgagee and interest thereon as secured by receiver certificates;

(6) any surplus shall, subject to the rights of other creditors, be paid to the Mortgagor.

(ix) Save as to its right to obtain from the receiver an accounting under the foregoing sub-paragraph (vii), the Mortgagor hereby releases and discharges any receiver from every claim of every nature whether sounding in damages or not which may arise or be caused to the Mortgagor or any person claiming through or under him by reason or as a result of anything done by the receiver unless such claim is a direct and proximate result of dishonesty or fraud.

(x) The Mortgagee may at any time and from time to time terminate any appointment of a receiver by instrument, by notice in writing to the Mortgagor and to any receiver.

(xi) The statutory declaration of an officer of the Mortgagee as to default under the provisions of the Mortgage and as to the due appointment of the receiver pursuant to the terms hereof shall be sufficient proof thereof for the purposes of any person dealing with a receiver who is ostensibly exercising powers herein provided for and such dealing shall be deemed as regards such person to be valid and effectual notwithstanding any contrary assertion by the Mortgagor.

(xii) The rights and powers conferred herein in respect of the receiver are in addition to and not in substitution for any other rights and powers which the Mortgagee may have.

(f) Remedies Cumulative

All remedies available to the Mortgagee herein will be in addition to and not restrictive of the remedies of the Mortgagee at law and in equity and by statute.

(g) Enforcement of Remedies

Each remedy of the Mortgagee may be enforced in priority to or concurrently with or subsequent to any other remedy or remedies of the Mortgagee.

(h) Realization on Securities

The Mortgagee may realize on various securities and any parts thereof in any order that the Mortgagee may consider advisable, and any realization, whether by foreclosure or sale, on any security or securities will not bar realization on any other security or securities.

18. PRESERVATION OF MORTGAGE AND OTHER SECURITY

(a) Equity of Redemption

No extension of time given by the Mortgagee to the Mortgagor, nor anyone claiming under the Mortgagor, nor any other dealing by the Mortgagee with the owner of the equity of redemption of the Mortgaged Property, will in any way affect or prejudice the rights or remedies of the Mortgagee against the Mortgagor or any other Person liable either in whole or in part for the payment of the Secured Obligations.

(b) No Apportionment

Every part, lot or strata lot into which the Mortgaged Land are or may hereafter be divided does and will stand as charged with the Secured Obligations and no Person will have any right to require the Secured Obligations to be apportioned upon or in respect of any such part, lot or strata lot.

(c) Fixtures

All Fixtures and Improvements are deemed to be part of the Mortgaged Property and shall be security for the Secured Obligations, even if not attached otherwise than by their own weight.

(d) Partial Release of Mortgage

The Mortgagee may at all times release any part or parts of the Mortgaged Property or any other security or any surety for payment of all or any part of the Secured Obligations or may release the Mortgagor or any other Obligant from any covenant or other liability to pay the Secured Obligations or any part thereof, either with or without any consideration therefor and without being accountable for the value thereof or for any moneys except those actually received by the Mortgagee, and without thereby releasing any other part of the Mortgaged Property or any other securities or covenants herein contained, it being agreed that, notwithstanding any such release, the Mortgaged Property, securities and covenants remaining unreleased will stand charged with the whole of the Secured Obligations.

(e) Waiver

The Mortgagee may waive any default hereunder provided that no such waiver, nor any failure to enforce at any time or from time to time any of the rights of the Mortgagee hereunder, will prejudice the Mortgagee's rights in the event of any future default or breach.

(f) Additional Security

The provisions of this Mortgage and the security of this Mortgage are in addition to, but not in substitution for, any other security now or hereafter held by the Mortgagee for the Secured Obligations or any part thereof.

(g) Doctrine of Consolidation

The doctrine of consolidation will apply to this Mortgage notwithstanding Section 27 of the *Property Law Act* (British Columbia) as amended or replaced from time to time and any subsequent statutory provision of substantially the same effect.

19. SALE OR TRANSFER AND FURTHER ENCUMBRANCES

(a) Due on Sale

If:

(i) the Mortgaged Property or any part thereof is sold, transferred, conveyed or assigned or otherwise disposed of, or the Mortgagor enters into any agreement to effect any of the foregoing, whether by registered or unregistered instrument and whether for valuable or nominal consideration or otherwise, to a party not first approved in writing by the Mortgagee; or

(ii) such purchaser, grantee, transferee or assignee should fail to:

(1) apply for and receive the Mortgagee's written approval as aforesaid;

(2) if required by the Mortgagee, personally assume all the obligations of the Mortgagor under this Mortgage; and

(3) if required by the Mortgagee, execute an assumption agreement in the form required by the Mortgagee,

then the Mortgagee at its option may declare the Secured Obligations then secured hereby to become immediately due and payable in full and the Mortgagor will pay the same forthwith.

(b) Further Encumbrances

If the Mortgagor, without the prior written consent of the Mortgagee, further encumbers the Mortgaged Property or enters into any agreement to do so, then all monies secured by this Mortgage with interest thereon shall, at the option of the Mortgagee, become immediately due and payable. And it is further understood and agreed that the Mortgagor shall not create nor suffer to be created, any mortgage, charge, lien or encumbrance upon the Mortgaged Property ranking or capable of ranking in priority to or pari passu with this Mortgage, AND IT IS HEREBY DECLARED that this provision being a term of this Mortgage shall be notice within the meaning of the *Land Title Act* of British Columbia to every person dealing with the Mortgaged Land that any mortgage, charge, lien or encumbrance upon the Mortgaged Land which is registered subsequently to this Mortgage shall be subject to and rank in priority after this Mortgage in all respects to the same extent as if this Mortgage had been executed, delivered and registered and as if all monies hereby secured (regardless of the date of advances or re-advances by the Mortgagee) had been advanced prior to the execution, delivery and registration of such subsequently registered mortgage, charge, lien or encumbrance and before the advancement of any part of the monies thereby secured and, without limiting the generality of the foregoing, in the event of this Mortgage being security for a guarantee or guarantees given by the Mortgagor to the Mortgagee, any such subsequently registered mortgage, charge, lien or encumbrance shall rank in priority after this Mortgage to the same extent as if demand by the Mortgagee had been made for payment of the aggregate principal amount secured by this Mortgage in accordance with the terms of this Mortgage and the said guarantee or guarantees prior to the execution, delivery and registration of such subsequently registered mortgage, charge, lien or encumbrance and before the advancement of all or any part of the monies thereby secured.

(c) Meaning of Assigned

The word "assigned" as used in Section 19 will include any transfer, sale, assignment, bequest, inheritance, encumbrance or other disposition of shares of any body corporate comprising the Mortgagor, in whole or in part, having the result of changing the identity of the Person(s) who during the currency of this Mortgage exercise the effective voting control of such body corporate.

(d) Servicing Fee

The Mortgagee will be entitled to charge a reasonable servicing fee to process each application for approval as contemplated in 17(a) or (b) which fee will be payable forthwith upon demand. Failure by the Mortgagor to pay such servicing fee will be deemed to be a default hereunder. It is further understood and agreed that any approval given hereunder will in no way change the liability of the Mortgagor or in any way alter the rights of the Mortgagee as against the Mortgagor or any other mortgagor.

20. STRATA LOT PROVISIONS

(a) Definitions

In this Article 18:

(i) "**Act**" means for the purposes of this Article, the *Strata Property Act* of British Columbia, as amended or replaced from time to time; and

(ii) where used in this paragraph, the terms "**common property**", "**Certificate of Payment**", "**Certificate of Lien**", "**Information Certificate**", "**owner**", "**strata corporation**", and "**strata lot**" will have the respective meanings attributed to them in the Act.

(b) Strata Lots

If the Mortgaged Land now or at any time hereafter is comprised of one or more strata lots, the Mortgagor covenants and agrees:

(i) to observe and perform all the covenants, agreements, conditions and provisos required to be observed and performed under the Act and any by-laws, rules and regulations that may be passed by the strata corporation or any special interest section thereof of which the Mortgagor is a member by virtue of the leasing by the Mortgagor of the strata lot(s) hereby charged;

(ii) to pay on or before the due dates thereof, the share of common expenses and each and every assessment, contribution or levy made by the strata corporation or any special interest section thereof against the strata lot(s) and interest(s) in the Mortgaged Land and the Mortgagor will not permit a situation under which the strata corporation or any special interest section thereof may register a Certificate of Lien in the land title office;

(iii) pursuant to section 115 of the Act, the Mortgagor hereby authorizes any officer of the Mortgagor to from time to time during the term hereof obtain a Certificate of Payment as provided for in the Act certifying that no moneys are owing to the strata corporation by the Mortgagor in respect of any one or more of the strata lots forming part of the Mortgaged Land;

(iv) that the Mortgagor will not without the prior written consent of the Mortgagee:

(1) assign any of the Mortgagor's rights, powers, duties or obligations under the Act or the by-laws created under the Act; or

(2) give possession of any strata lot(s) hereby charged to any Person whether on the basis of an agreement providing for the purchase of the strata lot(s) by the occupier or on the basis of a lease, sublease or assignment of lease;

(v) to grant and hereby grants to the Mortgagee all rights and powers to vote conferred on the Mortgagor by the Act, but neither this Section (v) nor anything done by virtue thereof will render the Mortgagee a mortgagee in possession;

(vi) that this Mortgage constitutes express written notice to the Mortgagor that the Mortgagee intends to exercise the power to vote on any matters relating to insurance, maintenance, finance or other matters affecting the security for this Mortgage that the Mortgagor is permitted to execute and no additional notice need be given to the Mortgagor to permit the Mortgagee to exercise any such right and power to vote conferred on the Mortgagor in respect of these matters, and the Mortgagee may, at any duly called meeting of the strata corporation of which the Mortgagee has received written notice, exercise the right to vote on

these matters if the Mortgagee is not by its authorized representative, agent or proxy, present at that meeting;

(vii) that the right and power to vote granted in this Mortgage to the Mortgagee does not impose on the Mortgagee any duty or obligation whatsoever to protect the interest of the Mortgagor, and the Mortgagee will not be responsible for the consequences of any exercise of the right to vote or any failure to exercise the right to vote;

(viii) pursuant to section 59 of the Act, the Mortgagor hereby authorizes any officer of the Mortgagee to apply at any time and from time to time during the term hereof to the strata corporation under section 59 of the Act for an Information Certificate, in respect of each strata lot forming part of the Mortgaged Land, to have the by-laws for the time being in force governing the strata lot(s) and interest in the Mortgaged Land hereby charged made available for inspection by an officer of the Mortgagee;

(ix) that the Mortgagor will cause the Mortgagee to be named as a loss payee as its interest may appear in respect of the strata lot(s) on the policy or policies of insurance effected by the strata corporation, on the buildings, common facilities and the insurable improvements owned by the strata corporation and will cause mortgage clauses in a form approved by the Mortgagee to be included in such insurance policy or policies and will provide evidence of such insurance to the Mortgagee forthwith upon demand;

(x) that if the insurance effected by the strata corporation on the buildings and common facilities is inadequate in the opinion of the Mortgagee, then the Mortgagor will upon demand effect insurance of the strata lot(s) and the Mortgagor's interest in the common property against such risks or hazards and in an amount as the Mortgagee may require with an insurance company and by a policy satisfactory to the Mortgagee, which policy or policies will contain loss payable provisions and mortgage clauses as aforesaid, and will provide evidence of such insurance to the Mortgagee; and

(xi) that the Mortgagee is the Mortgagor's agent to examine, inspect and obtain copies of any and all records, minutes, books of account or other documents of any nature and kind whatsoever which the Mortgagor is entitled to examine or inspect.

21. INTEREST RATE ALTERNATIVE AND MAXIMUM RETURN TO MORTGAGEE

(a) Interest Rate Alternative

Subject to the provisions of Section 20(b), if the Interest Rate would, except for this clause, be a criminal rate, or void for uncertainty, or unenforceable for any other reason, or not capable of being ascertained, or is determined by court to be subject to deemed reinvestment of interest then the Interest Rate will be one percent (1%) per annum less than the minimum rate which would be a criminal rate calculated in accordance with generally accepted actuarial practices and principles.

(b) Maximum Return

It is agreed that, notwithstanding any agreement to the contrary, no Interest on the Credit Advanced will be payable in excess of that permitted by the laws of Canada. If the

effective annual rate of Interest, calculated in accordance with generally accepted actuarial practices and principles, would exceed 60% on the Credit Advanced, then:

(i) the amount of any fees payable in connection therewith will be reduced to the extent necessary to eliminate such excess;

(ii) any remaining excess that has been paid will be credited towards prepayment of the principal amount; and

(iii) any overpayment that may remain after such crediting will be returned forthwith upon demand.

In this Section 21 the terms "**Interest**" and "**Credit Advanced**" have the meanings ascribed to them in section 347 of the *Criminal Code of Canada*.

22. PREPAYMENT

The Mortgagor when not in default hereunder shall have the privilege of paying the whole or any part of the Principal Amount due hereunder at any time on paying interest to the date of such payment, without penalty or bonus.

23. FINANCIAL STATEMENTS

The Mortgagor further covenants with the Mortgagee to provide annually to the Mortgagee, should the Mortgagee so require, detailed financial statements of the income and expenses of the Mortgaged Land for each calendar year as applicable. Such statements shall be audited by a chartered accountant and provided within one hundred and twenty (120) days after the end of each calendar year, as applicable.

24. PURCHASE AGREEMENT

The provisions of the Purchase Agreement will survive the execution and registration of this Mortgage and the collateral or other security documents to be delivered herewith. Accordingly there will be no merger of such provisions in this Mortgage or the collateral or other security documents, until the parties thereto, by an appropriate instrument in writing so declare. Furthermore, if any conflict at any time exists between any term of the Purchase Agreement (whether restated herein or not) and any term of this Mortgage, then the term of the Purchase Agreement will govern and take precedence. The validity of this Mortgage and the amount of the Secured Obligations shall not be reduced, limited or otherwise affected by any actual or alleged misrepresentation, breach or default on the part of the Mortgagee under the Purchase Agreement.

25. COVENANTOR'S PROMISES AND AGREEMENTS

As the Mortgagee would not have agreed to lend the Principal Amount to the Mortgagor without the promises of the Covenantor and in consideration of the Mortgagee advancing all or part of the Principal Amount to the Mortgagor at the request of the Covenantor, the Covenantor promises:

(a) to pay when due the Principal Amount, and any and all interest or other sums, the payment of which is secured by this Mortgage, and

(b) to keep and perform all the Mortgator's promises, agreements, and covenants hereunder as if the Covenator was the Mortgagor.

The Covenantor agrees that, with or without notice, the following shall in no way affect any of the promises of the Covenantor or the liability of the Covenantor to the Mortgagee:

(c) a discharge of the Mortgaged Land or any part of the Mortgaged Land from this Mortgage;

(d) any disregard or waiver of an Event of Default or default under any of the Loan Documents;

(e) the giving of extra time to the Mortgagor to do something that the Mortgagor has agreed to do or cure an Event of Default or default under any of the Loan Documents; and

(f) any other dealing between the Mortgagor or the Mortgagee that concerns this Mortgage or the Mortgaged Property.

All the Covenantor's promises shall be binding on the Covenantor until the entire Principal Amount, and any interest or other sums or amounts due and payable hereunder are fully paid to the Mortgagee. The Covenantor is a primary debtor to the same extent as if the Covenantor had signed this Mortgage as a Mortgagor and is not merely a guarantor or a surety, and the Covenantor's promises and agreements are joint and several with the Mortgagor's and any other Covenantor's promises and agreements.

26. MISCELLANEOUS

(a) Certificate

The Mortgagor, within seven (7) days after receipt of a request to do so, will certify to the Mortgagee, or any Person designated by the Mortgagee, the amount of the Secured Obligations then due hereunder, the date to which interest is paid, that it has no right of set-off against the Secured Obligations or, if it has such a right of set-off, the amount thereof, and that there have been no amendments hereof or, if there has been any such amendment, specifying it.

(b) Modifications to Mortgage

In order for any addition to or modification, amendment or variation of this Mortgage to be effective it must be in writing and signed by all parties to this Mortgage.

(c) Extension, Renewal of Mortgage

Any extension of the term of payment of the Secured Obligations, or any part thereof, and any agreement increasing or decreasing the rate or rates of interest payable on account of the Principal Amount prior to the execution of the discharge of this Mortgage by the Mortgagee need not be registered in a land title office, but will be effectual and binding on the Mortgagor, the Covenantor (if any) and any other Person liable for payment of the Secured Obligations, in whole or in part, and it will not be necessary to register any such agreement in order to retain priority of this Mortgage so altered over any instrument registered as a charge against the Mortgaged Property subsequently to the registration of this Mortgage.

(d) Notice of Demand

Any demand or notice necessary to be given in pursuance of the exercise of the powers and provisions herein contained may be given to the Mortgagor or to any charge holder by writing signed or purporting to be signed by or on behalf of the Mortgagee.

(e) Address for Notices

Any demand or notice to be made or given under the provisions of this Mortgage may be effectually made or given in accordance with the provisions of the Purchase Agreement.

END OF DOCUMENT

This is Exhibit "J" to the Affidavit #1 of Brigitte Drew affirmed February 3, 2026 before me at the City of Vancouver, BC.



A Commissioner for taking Affidavits in and for the Province of British Columbia.

Status: Registered Doc #: CA9898334 RCVD: 2022-05-02 RQST: 2025-06-19 15.23.24

bc Land Title & Survey

Land Title Act

Mortgage

Part 1 Province of British Columbia

NEW WESTMINSTER LAND TITLE OFFICE
MAY 02 2022 14:25:54.001
CA9898334-CA9898335

1. Application

Bell Alliance LLP Barristers and Solicitors
201 1367 West Broadway
Vancouver BC V6H 4A7
(604) 873-8723

110133-151 -

2. Description of Land

PID/Plan Number	Legal Description
010-401-113	**LOT 34 BLOCK 28 DISTRICT LOT 541 PLAN 210**
010-401-130	**LOT 35 BLOCK 28 DISTRICT LOT 541 PLAN 210**
015-501-922	**LOT 36 BLOCK 28 DISTRICT LOT 541 PLAN 210**

3. Borrower(s) (Mortgagor(s))

1235922 B.C. LTD. BC1235922
235 HASTINGS ST E
VANCOUVER BC V6A 1P2

4. Lender(s) (Mortgagee(s))

THEODORE FROMSON BUSINESSMAN
GILLIAN ANN FROMSON BUSINESSWOMAN
537 LOUSIE ROAD
LADYSMITH BC V9G 1W7

AS JOINT TENANTS

5. Payment Provisions

Principal Amount	Interest Rate	Interest Adjustment Date
$750,000.00	**6.0% per annum**	**09/05/2018**
Interest Calculation Period	**Payment Dates**	**First Payment Date**
Monthly	**Monthly**	**10/05/2018**
Amount of each periodic payment	**Interest Act (Canada) Statement. The equivalent rate of interest calculated half yearly not in advance is**	**Last Payment Date**
Interest Only	**N/A** % per annum	**09/05/2023**
Assignment of Rents which the applicant wants registered?	**Place of payment**	**Balance Due Date**
Yes	**Postal Address In Item 4**	**09/05/2023**
If yes, page and paragraph number: **PAGE 2 AND 3 PARAGRAPH 5**		

6. Mortgage contains floating charge on land?

No

7. Mortgage secures a current or running account?

No

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Land Title Act

Mortgage

Part 1 Province of British Columbia

8. Interest Mortgaged

Fee Simple

9. Mortgage Terms

Part 2 of this mortgage consists of:

(a) Prescribed Standard Mortgage Terms

A selection of (a) or (b) includes any additional or modified terms.

10. Additional or Modified Terms

See Schedule

Guarantor(s) or Covenantor(s):
Christopher Robert Wall

11. Prior Encumbrances Permitted by Lender

Mortgage CA8022412 and Assignment of Rents CA8022413 in favour of MINA ANGELICOLA

12. Execution(s)

This mortgage charges the Borrower's interest in the land mortgaged as security for payment of all money due and performance of all obligations in accordance with the mortgage terms referred to in item 9 and the Borrower(s) and every other signatory agree(s) to be bound by, and acknowledge(s) receipt of a true copy of, those terms.

Witnessing Officer Signature	Execution Date	Borrower Signature(s)
Lisa Cynthia Niro **Barrister & Solicitor** 201 1367 West Broadway Vancouver BC V6H4A7	YYYY-MM-DD **2022-04-22**	**1235922 B.C. Ltd.** By their Authorized Signatory **Christopher Robert Wall**

Officer Certification

Your signature constitutes a representation that you are a solicitor, notary public or other person authorized by the *Evidence Act*, R.S.B.C. 1996, c.124, to take affidavits for use in British Columbia and certifies the matters set out in Part 5 of the *Land Title Act* as they pertain to the execution of this instrument.

Electronic Signature

Your electronic signature is a representation that you are a designate authorized to certify this document under section 168.4 of the *Land Title Act*, RSBC 1996 c.250, that you certify this document under section 168.41(4) of the act, and that an execution copy, or a true copy of that execution copy, is in your possession.

Andre Shymanski NK6I8L

Digitally signed by Andre Shymanski NK6I8L
Date: 2022-05-02 14:11:50 -07:00

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10. ADDITIONAL OR MODIFIED TERMS:

The principal sum and interest, both before and after maturity as well as after default and judgment payable hereunder shall become due and payable on of before August 30, 2023

The Mortgagor shall reimburse the Mortgagee for any charges levied by any financial institutions for any non-sufficient or non-negotiable cheques, together with the sum of $50.00 for each occurence.

The Mortgagor, not being in default hereunder, may pay the whole or part of the Principal Amount hereby secured and outstanding, upon payment of interest accrued to the date without penalty.

In the event of the Mortgagor selling, conveying, transferring or entering into any agreements of sale, right to purchase or transfer of title of the said lands to a purchaser, grantee or transferee, then at the option of the Mortgagee all monies hereby secured with accrued interest thereon, if applicable shall forthwith become due and payable. This mortgage is not assumable without the express consent in writing of the Mortgagee, and the Mortgagee is not obligated to grant any such consent.

The Mortgagor shall pay a discharge fee of $200.00

END OF DOCUMENT

This is Exhibit "K" to the Affidavit #1 of Brigitte Drew affirmed February 3 2026 before me at the City of Vancouver, BC.



A Commissioner for taking Affidavits in and for the Province of British Columbia.

FORBEARANCE AGREEMENT

This Forbearance Agreement (this "**Agreement**") is made this 31 day of August 2025.

AMONG:

MINA ANGELICOLA (the "**Creditor**")

AND:

FORT PELLY HOLDINGS (the "**Borrower**")

AND:

1235922 B.C. LTD. (the "**Nominee**")

AND:

H.E. ROOMS INC. (the "**Covenantor**", collectively with the Borrower and the Nominee, the "**Debtors**," each a "**Debtor**")

WHEREAS:

A. The Borrower and the Creditor entered into a Promissory Note dated for reference February 5, 2020 (the "**Promissory Note**");

B. The Borrower, the Nominee, and the Creditor entered into a Beneficiary Authorization and Charge Agreement pursuant to which the Nominee granted a mortgage and assignment of rents executed February 4, 2020 and registered in the New Westminster Land Title Office under registration numbers CA8022412 and CA8022413 (the "**Mortgage**") over real property located at 165 W. Pender Street, Vancouver, with PIDs 010-401-113, 010-401-130, and 015-501-922 (the "**Lands**");

C. The Borrower also executed a General Security Agreement in favour of the Creditor (the "**GSA**"), by which it pledged its present and after-acquired personal property to the Creditor to secure performance of its obligations;

D. Pursuant to the terms of the Mortgage, the Debtors are jointly and severally liable for the payment of all the secured obligations under the Loan Documents as defined in the Mortgage being the Purchase Agreement, the Beneficial Charge Agreement, the General Security Agreement, the Promissory Note, the Form B Mortgage and all other documents evidencing or securing the payment of the term loan in the principal amount of $8,375,000 at the rate of 3.00% per annum and interest only payments in monthly statements of $20,807.83 until February 5, 2025;

E. The Secured Obligations (as defined in the Mortgage), including the obligations pursuant to the Promissory Note, matured and became due and payable on February 5, 2025. The Debtors did not pay the obligations pursuant to the Promissory Note when they became due;

F. As of May 22, 2025, the Debtors are indebted to the Creditor in the amount of $8,375,000 pursuant to the Promissory note, interest that continues to accrue pursuant to the

Promissory Note until the date of payment, and costs of enforcement that continue to accrue, including the costs of preparing this Agreement (collectively, the "**Indebtedness**");

G. The Creditor has demanded repayment of the Indebtedness (the "**Demands**"). The Debtors have not repaid the Indebtedness, despite Demands;

H. The Creditor is entitled to take immediate enforcement steps to obtain payment of the Indebtedness, including to enforce all of its rights and remedies available under law and equity;

I. The Debtors have requested that the Creditor forbear from exercising its rights and remedies to obtain payment of the Indebtedness;

J. The Creditor is willing to forbear from exercising such rights and remedies for a limited period of time, provided that the Debtors comply with the terms and conditions of this Agreement;

K. The Creditor has not waived the Indebtedness, nor has the Creditor taken any action or agreed in any fashion to changing the character of the Indebtedness other than in accordance with the terms and conditions set out herein, but, rather, the Creditor has strictly reserved its rights and remedies under the Loan Documents (as defined in the Mortgage).

NOW THEREFORE In consideration of the mutual covenants, terms and conditions set forth in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Creditor and the Debtors (collectively, the "**Parties**") agree as follows:

ARTICLE 1– INTERPRETATION

1.01 **Defined Terms**

The Parties agree that unless otherwise defined herein, all defined terms have the same meaning as defined in the Mortgage.

ARTICLE 2– DEBTORS' ACKNOWLEDGMENTS

Each of the Debtors acknowledges and agrees that:

2.01 **Indebtedness**

The Debtors are jointly and severally liable to pay the Indebtedness as set out in the recitals hereto, and the Legal Costs as defined herein, with interest accruing to the date of payment in full on unpaid amounts at the rates applicable at law.

2.02 **Set-Off**

The Indebtedness is not subject to any set-off, deduction, claim, counterclaim or defences of any kind or character whatsoever.

2.03 **Right to Immediate Payment**

The Creditor has the right to immediate payment of the Indebtedness.

2.04 **Preservation of Rights and Remedies**

Upon the expiration of the Forbearance Period (as defined in Section 3.01), all of the Creditor's rights and remedies under the Judgment, the Recognition Order, and at law and in equity, will be available without restriction or modification, as if the Creditor's forbearance under this Agreement had not occurred.

2.05 **Creditor's Conduct**

The Creditor has fully and timely performed all of its obligations and duties in compliance with applicable law and has acted reasonably, in good faith, and appropriately in the circumstances.

2.06 **Purpose of Forbearance**

The purpose of this Agreement is to provide the Debtors with a period of time to liquidate certain assets to fund payment of the Indebtedness.

2.07 **Request to Forbear**

The Debtors have requested the Creditor's forbearance as provided herein, which will enure to its direct and substantial benefit.

2.08 **Acknowledgement and Waiver of Redemption Period**

The Debtors acknowledge that the forbearance contemplated by this Agreement is intended to stand in place of a redemption period in a foreclosure proceeding, that the Creditor is providing forbearance on the basis of that acknowledgement, and acknowledge that the Debtors are obtaining a longer period of forbearance than they would be entitled to by way of redemption period in a foreclosure proceeding.

ARTICLE 3- CREDITOR FORBEARANCE

3.01 **Forbearance Period**

Subject to compliance by the Debtors with the terms and conditions of this Agreement, the Creditor hereby agrees to forbear from exercising its rights and remedies against the Debtors during the period (the "**Forbearance Period**"), commencing on the Effective Date (as defined in Article 4) and ending on the earlier of: (i) May 1, 2026, subject to Section 3.02 herein; or (ii) the date the Creditor exercises its right to terminate the Forbearance Period pursuant to Section 10.01(1) after any Forbearance Default (as defined in Article 9). The Creditor's forbearance, as provided herein, will immediately cease without notice or further action on the date of the earlier to occur of (i) or (ii) above (the "**Termination Date**"). On and from the Termination Date, the Creditor may, in its sole discretion, exercise any and all remedies available to it under the Loan Documents, this Agreement, and applicable law.

3.02 **Extension of the Forbearance Period**

If the Nominee has either a) entered into an unconditional contract of purchase and sale for the Lands; or b) entered into a conditional contract for the sale of the Lands, with the Nominee having taken all reasonable steps to satisfy its obligations under such contract, and in either case if such contract is for a purchase price sufficient to pay the Indebtedness in full, then the Forbearance Period shall extend to August 1, 2026.

The Creditor may, in its sole discretion, without obligation, before or after the Termination Date, renew or extend the Forbearance Period or otherwise grant forbearance for one or more additional periods.

3.03 **Scope of Forbearance**

During the Forbearance Period, the Creditor will not:

(1) initiate proceedings to collect or enforce the Indebtedness; or

(2) make or join in filing, or support, any involuntary bankruptcy petition with respect to the Debtors under the *BIA* or otherwise file any insolvency, bankruptcy, reorganization, moratorium, receivership or other similar proceedings against the Debtors.

ARTICLE 4- DEBTORS' COVENANTS

4.01 **Repayment Covenants**

(1) During the Forbearance Period, the Debtors shall continue to make monthly payments on account of interest payable pursuant to the Promissory Note in the amount of $20,807.33, no later than no later than the 25th of every month or the first business day thereafter starting August 25, 2025 (the "**Monthly Interest Payments**").

(2) The Debtors will pay the Indebtedness in full by May 1, 2026 (the "**Payment Deadline**"), unless the Forbearance Period has been extended to August 1, 2026 in which case the Payment Deadline shall be amended accordingly.

4.02 **Financial Disclosure and Cash Flows**

(1) The Debtors will provide the Creditor full and complete access to the Lands and the Debtors' business records at the request of the Creditor, acting reasonably, including but not limited to the premises, books, records, data, including data in electronic form, and will deliver to the Creditor and its counsel the Debtors' financial documents, to the extent that is necessary, in the Creditor's reasonable discretion, to adequately assess the Debtors' business and financial affairs.

(2) The Debtors will prepare cash flow statements and deliver to the Creditor and its counsel on a monthly basis, unless the Creditor agrees to otherwise in writing.

4.03 Payment of Fees and Taxes

(1) By October 30, 2025, the Debtors will make all property tax payments, including 2025 property taxes, and arrears and penalties owing as of that date, and shall provide proof to the Creditor of payment of those amounts.

(2) The Debtors will keep current all claims or obligations which rank or may rank in priority to the Creditor's Mortgage, including but not limited to property taxes, source deductions, sales taxes, wages, vacation and severance claims, worker's compensation board payments, during the Forbearance Period.

4.04 **Interest Rate**

(1) The Loan Documents are hereby amended to increase the interest payable on the Indebtedness to 5.5% per annum on the existing terms (except as to the rate of interest) of the Loan Agreements (the "**Increased Rate**").

(2) The Debtors will, at the election of the Creditor, execute a modification of the Mortgage to reflect the Increased Rate.

(3) The difference between the amount of interest that accrues at the Increased Rate and the amount of the Monthly Interest Payment in any month shall accrue, and be added to the amount of the Indebtedness (the "**Accrued Interest**") to be repaid in accordance with the terms of this Agreement. Nothing in this Agreement shall require the Accrued Interest to be paid in priority to the existing encumbrances on title as of the date of this Agreement.

4.05 **Expense Reimbursement**

During the Forbearance Period, the Debtors shall pay $8,700 monthly to the Creditor no later than the last business day of every month, as reimbursement for carrying costs of the Creditor's loan obligation in respect of capital gains tax incurred and paid in connection with the sale of the Lands to the Borrower and the Nominee. The Debtors acknowledge that:

(a) such monthly payments are not payments to be applied to principal, but are payments to the Creditor in respect of the Creditor's out of pocket expenses;

(b) the monthly payment amount of $8,700 is an estimate, and the Debtors are required to pay that amount, not the actual interest expense incurred by the Creditor; and

(c) the Creditor is not obliged to demonstrate the actual expenses incurred nor to account for any funds received under this section.

4.06 **Reimbursement of Legal Costs and Expenses**

(1) The Debtors agree to pay all costs, fees and expenses of the Creditor (including legal fees on a full solicitor-and-client basis), expended or incurred by the Creditor in connection with the negotiation, preparation, administration, and enforcement of this Agreement, the Loan Documents, any steps the Creditor takes to collect the Indebtedness after a Forbearance Default (as defined herein) or the termination of this Agreement, and all fees, costs and expenses incurred

in connection with any bankruptcy or insolvency proceeding (including, without limitation, any contested matter or motion brought by the Creditor or any other person) (the "**Legal Costs**").

(2) The Legal Costs incurred after the date of this Agreement may be paid by the Debtors at any time and, if not paid, shall be added to the Indebtedness.

4.07 **Rental of Commercial Properties**

By January 1, 2026 the Debtors shall have entered into a commitment to lease the vacant commercial space in the Lands. However, if the Creditor is satisfied, in its sole discretion acting reasonably, that the commercial space is listed at a reasonable price, then a failure to lease the commercial space by that date shall not constitute an Event of Default.

4.08 **Sale of the Lands**

(1) The Debtors agree to list and sell the Lands for sale with a realtor.

(2) Unless either a) the Nominee has entered into a contract of purchase and sale for the Lands; or b) the Nominee has received an offer to purchase the Lands at the listing price, then, by each of October 15, 2025 and January 1, 2026 the Debtors shall instruct their realtor to reduce the listing price, to an amount recommended by such realtor, and the list price shall be reduced accordingly. The Debtors shall provide such recommendation to the Creditor.

(3) Upon the completion of a sale of the Lands, the Debtors agree to pay to the Creditor an amount equal to 35% of the amount by which the proceeds of sale net of expenses to complete the sale and adjustments for utilities and annual property tax amounts exceeds $9,000,000.00.

(4) The Debtors further agree to instruct the listing realtor for the Lands to provide any updates when requested by the Creditor and to answer any questions that the Creditor may wish to ask such realtor.

ARTICLE 5- REPRESENTATIONS AND WARRANTIES

Each of the Debtors represents and warrants to the Creditor as follows:

5.01 **Authorization**

The execution, delivery, and performance of this Agreement are within the corporate power and authority of the Debtors and have been duly authorized by all necessary corporate action.

5.02 **Enforceability**

This Agreement constitutes a valid and legally binding agreement enforceable against the Debtors in accordance with its terms, subject to the effects of bankruptcy, insolvency, fraudulent conveyance and similar laws affecting creditors' rights generally and to general principles of equity.

5.03 **Accuracy of Information**

All information provided by the Debtors, or any of their respective agents, is true, correct, and complete in all material respects, as of the date provided and does not contain any untrue statements of material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading.

5.04 **Advice of Counsel**

The Debtors have freely and voluntarily entered into this Agreement with the advice of legal counsel of their choosing, or has knowingly waived the right to do so.

ARTICLE 6- ADDITIONAL COVENANTS

To induce the Creditor to forbear from the exercise of its rights and remedies as set forth above, each of the Debtors hereby covenants and agrees that at all times during the Forbearance Period, unless the Creditor otherwise consents in writing:

6.01 **Sale of Assets**

The Debtors will not sell, convey, transfer, assign, lease, abandon or otherwise dispose of any of their assets, tangible or intangible (including but not limited to sale, assignment, discount or other disposition of accounts, contract rights, chattel paper or general intangibles with or without recourse), without the Creditor's prior written consent. If the Creditor grants its written consent, the Debtors will cause any buyer or other transferee to pay all proceeds of such disposition directly to the Creditor for application to the Indebtedness, unless otherwise consented to by the Creditor in its sole discretion.

6.02 **Additional Borrowings and Dividends**

The Debtors will not:

(1) pay any dividend or make any other distribution to shareholders;

(2) make any payment or settlement of debts with respect to any shareholder's or other non-arm's length party's loans; or

(3) increase remuneration to any officers or consultants.

6.03 **Litigation**

The Debtors will not commence any litigation, other than for the purpose of collecting debts owing to it or compromise any existing or threatened litigation.

6.04 **Further Assurances**

Promptly upon the request of the Creditor, the Debtors will take any and all actions, of any kind or nature whatsoever, and execute and deliver additional documents that relate to this Agreement and the transactions contemplated herein.

ARTICLE 7- RELEASE OF CLAIMS AND WAIVER OF DEFENCES

7.01 Release of Claims and Waiver of Defences

In further consideration of the Creditor's execution of this Agreement, each of the Debtors, on behalf of himself or itself and his or its successors, assigns, parents, subsidiaries, affiliates, officers, directors, employees, heirs, executors, representatives and agents, hereby forever, fully, unconditionally and irrevocably waive and release the Creditor and her successors, assigns, parents, subsidiaries, affiliates, officers, directors, employees, and agents (collectively, the "**Releasees**") from any and all claims, liabilities, obligations, debts, causes of action (whether at law, in equity or otherwise), defences, counterclaims, set-offs, of any kind, whether known or unknown, whether liquidated or unliquidated, matured or unmatured, fixed or contingent, directly or indirectly arising out of, connected with, resulting from or related to any act or omission by the Creditor or any other Releasee with respect to the Loan Documents or the Indebtedness, other than any Creditor's or any Releasee's wilful acts or omissions, on or before the date of this Agreement (collectively, the "**Claims**" and each a "**Claim**"). The Debtors further agree that they will not commence, institute or prosecute any lawsuit, action or other proceeding, whether judicial, administrative or otherwise, to collect or enforce any Claim.

ARTICLE 8- INDEMNIFICATION

The Debtors shall indemnify the Creditor against all losses, expenses, liabilities, claims, demands, actions and causes of action which the Creditor may sustain or incur as a consequence of (1) any default by a Debtor under this Agreement or any other document, (2) any misrepresentation by a Debtor contained in any writing delivered to the Creditor in connection with this Agreement or any other document, (3) any matter relating to a document or any of the transactions contemplated thereby, (4) any material failure by a Debtor to comply with any applicable laws. Notwithstanding the foregoing, such indemnity will not be available to the extent that such claims, damages, losses, liabilities or related expenses result solely from the Creditor's or other indemnified party's gross negligence or wilful misconduct.

ARTICLE 9- EVENTS OF DEFAULT

9.01 Events of Default

The occurrence of one or more of the following will constitute a default under this Agreement (each a "**Forbearance Default**"):

(1) a Debtor fails to perform or observe any term, condition, covenant or other provision contained in this Agreement or any document related to or executed in connection with this Agreement;

(2) a Debtor ceases to exist or revokes or terminates its liability under this Agreement, or challenges the validity or enforceability of this Agreement, or denies any further liability or obligation thereunder;

(3) a Debtor:

(i) becomes insolvent;

(ii) fails to pay any amount to any taxation authority when due in respect of amounts withheld and required to be remitted to any taxation authority pursuant to the *Excise Tax Act*, RSC 1985, c E-15, *Canada Penson Plan Act*, RSC 1985, c C-8, *Employment Insurance Act*, SC 1996, c 23 or *Provincial Sales Tax Act*, SBC 2012, c 35 and which failure gives rise to a statutory deemed trust;

(iii) is generally not, or is unable to, or admits in writing its inability to, pay its debts as they become due;

(iv) commences any proceeding or other action under any existing or future laws relating to bankruptcy, insolvency, reorganization, or other relief of debtors, seeking: (A) to have an order for relief entered with respect to it; (B) to adjudicate it as bankrupt or insolvent; (C) a reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its debts; or (D) appointment of a receiver, receiver manager, interim receiver, trustee, custodian, conservator, or other similar official for it or for all or any part of its assets;

(v) makes a general assignment for the benefit of his or its creditors; or

(vi) ceases to conduct business in the ordinary course;

(4) a tax lien, warrant or levy is imposed on a Debtor or any of his or its property;

(5) a Debtor or any of his or its respective creditors commences a proceeding or other action against the Creditor relating to any of the Indebtedness, the Judgment, the Recognition Order, this Agreement, or any action or omission by the Creditor or its agents in connection with any of the foregoing;

(6) any other creditor of a Debtor commences an action against a Debtor seeking to collect any debt, obligation or liability, which is expected to result in a material adverse effect on the Debtor and is not dismissed, discontinued, withdrawn or otherwise terminated within 30 days of commencement;

(7) any representation or warranty of a Debtor made herein is false, misleading or incorrect; or

(8) a Debtor takes an action, or any event or condition occurs or exists, which the Creditor reasonably believes in good faith is inconsistent in any material respect with any provision of this Agreement, or impairs, or is likely to impair, the prospect of payment or performance by the Debtors of their obligations under this Agreement.

ARTICLE 10- REMEDIES

10.01 **Remedies**

Upon the occurrence of a Forbearance Default or upon expiry of the Forbearance Period, or any extension thereof agreed to by the Creditor in writing:

(1) the Debtors, and each of them, irrevocably consent to any or all of the following, at the Creditor's discretion:

(a) the immediate appointment of a receiver or receiver-manager, at the Creditor's sole discretion over any or all of the Debtor's real or personal property, including but not limited to the Lands. The Debtors expressly agree and consent that the Forbearance Period provided herein is provided on the basis of this covenant;

(b) immediate judgment against the Debtors in the amount of the Indebtedness; and/or

(c) an order nisi of foreclosure with a one-day redemption period and immediate conduct of sale; and

(d) the Creditor will be entitled to draw the court's attention to this Agreement and the Debtors' acknowledgement that they obtained a longer period of forbearance than they would be entitled to by way of redemption period in a foreclosure or receivership proceeding;

(2) the Creditor shall have an immediate right to terminate the remainder of the Forbearance Period (or any extension thereof), if any and issue formal demand for payment in full followed by enforcement of the Security in the event of non-payment;

(3) the Creditor will be entitled to exercise any or all of its rights and remedies under this Agreement, the Security, or any stipulations or other documents executed in connection with or related to any of this Agreement, the Security, or applicable law, including, without limitation, the appointment of a receiver, receiver manager, interim receiver, trustee, custodian, conservator, or other similar official for it or for all or any part of its assets;

(4) the Creditor may, in its sole discretion, set off or apply to the payment of any or all of the Indebtedness, any deposit balances, or other money which the Creditor now or hereafter owe to a Debtor.

ARTICLE 11- MISCELLANEOUS

11.01 **Time is of the Essence**

Time is of the essence in this Agreement.

11.02 **Notices**

Any notice to be given to any party hereunder may be given by delivery to the respective party at the address hereinafter set forth:

If to the Creditor:

c/o Farris LLP, Attn: Tim Louman-Gardiner
2500 – 700 West Georgia St
Vancouver, BC, V7Y 1B3

Email: tlg@farris.com

If to the Debtors:

Address:

_____

_____

Email: _____

11.03 **Entire Agreement**

This Agreement and the Security constitute the sole and entire agreement of the Parties to this Agreement with respect to the subject matter contained herein and therein and supersedes all prior and contemporaneous understandings, agreements, representations and warranties, both written and oral, with respect to such subject matter.

11.04 **Amendments**

The terms of this Agreement may only be waived, amended, modified or supplemented by an agreement in writing signed by all the Parties hereto.

11.05 **Severability**

If any term or provision of this Agreement is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability will not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction.

11.06 **Successors and Assigns**

This Agreement is binding upon and will enure to the benefit of the Parties hereto and their respective heirs, successors and assigns; provided that the Debtors may not assign any rights or delegate any obligations arising herein without the prior written consent of the Creditor, and any prohibited assignment will be absolutely void. The Creditor may assign its rights and interests in this Agreement, the Security, and any and all documents executed in connection with or related to this Agreement or the Security, at any time, without the consent of or notice to the Debtors.

11.07 **No Waiver**

No failure to exercise and no delay in exercising, on the part of the Creditor, any right, remedy, power or privilege in this Agreement or under the Security or any other documents contemplated hereby or thereby will operate as a waiver thereof; nor will any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. Further, the Creditor's acceptance of payment on account of the Indebtedness or other performance by the Debtors after the occurrence of a default under this Agreement, the Security, or any other documents contemplated hereby or thereby will not be construed as a waiver of such default, any other default under this Agreement, the Security, or any other documents contemplated hereby or thereby, or any of the Creditor's rights or remedies.

11.08 **Cumulative Rights**

The rights and remedies under this Agreement and the Security are cumulative and are in addition to, and not in substitution for, any other rights and remedies available by law, in equity or otherwise.

11.09 **Headings**

The Section headings in this Agreement are for reference only and will not affect the interpretation of this Agreement.

11.10 **Counterparts; Electronic Execution**

This Agreement may be executed in any number of counterparts, each of which is deemed an original, but all of which together are deemed to be one and the same agreement. A signed copy of this Agreement delivered by facsimile, email or other means of electronic transmission (that is, .pdf or .tiff) is deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

[signature page follows]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

1235922 B.C. LTD.

By: _____
Authorized signatory

H.E. ROOMS INC.

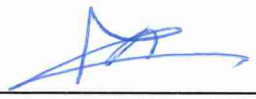
By: _____
Authorized signatory

FORT PELLY HOLDINGS LTD.

By: _____
Authorized signatory

_____
Mina Angelicola, by her attorney Brigitte Drew

This is Exhibit "L" to the Affidavit #1 of Brigitte Drew affirmed February 3, 2026 before me at the City of Vancouver, BC.



A Commissioner for taking Affidavits in and for the Province of British Columbia.

On Oct 24, 2025, at 11:53 AM, Brigitte Drew <brigittedrew@yahoo.com> wrote:

Oh good.. appraiser's details

Michael D. Oord, B.A., AACI, P. App.

PARTNER

<image001.jpg>

(C) 604-418-4100

www.groverelliott.com

Here is Michael the appraiser's quote:

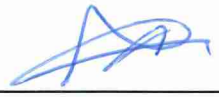
> Hi Brigitte – As discussed, the proposed fee is $6,000 plus GST and disbursements with delivery in approximately three to four weeks.
>
> To proceed, the please provide the following (if available)
>
> 1. Email confirmation that the fee and timing are acceptable and that you want to proceed on this basis.
> 2. Your full billing/contact information.
> 3. Current rent roll.
> 4. Property tax bill for 2025.
> 5. Operating statements for the last two to three fiscal years.
> 6. Latest gas bill.
> 7. Latest hydro bill.
> 8. Latest building insurance bill.

Let me know if you can gain access to the above mentioned needed information. Thank you.

Brigitte

Sent from my iPhone

This is Exhibit "M" to the Affidavit #1 of Brigitte Drew affirmed February 3, 2026 before me at the City of Vancouver, BC.



A Commissioner for taking Affidavits in and for the Province of British Columbia.

GROVER ELLIOTT
REAL ESTATE APPRAISERS & ADVISORS

NARRATIVE APPRAISAL

of the

Retail/Rooming House Development

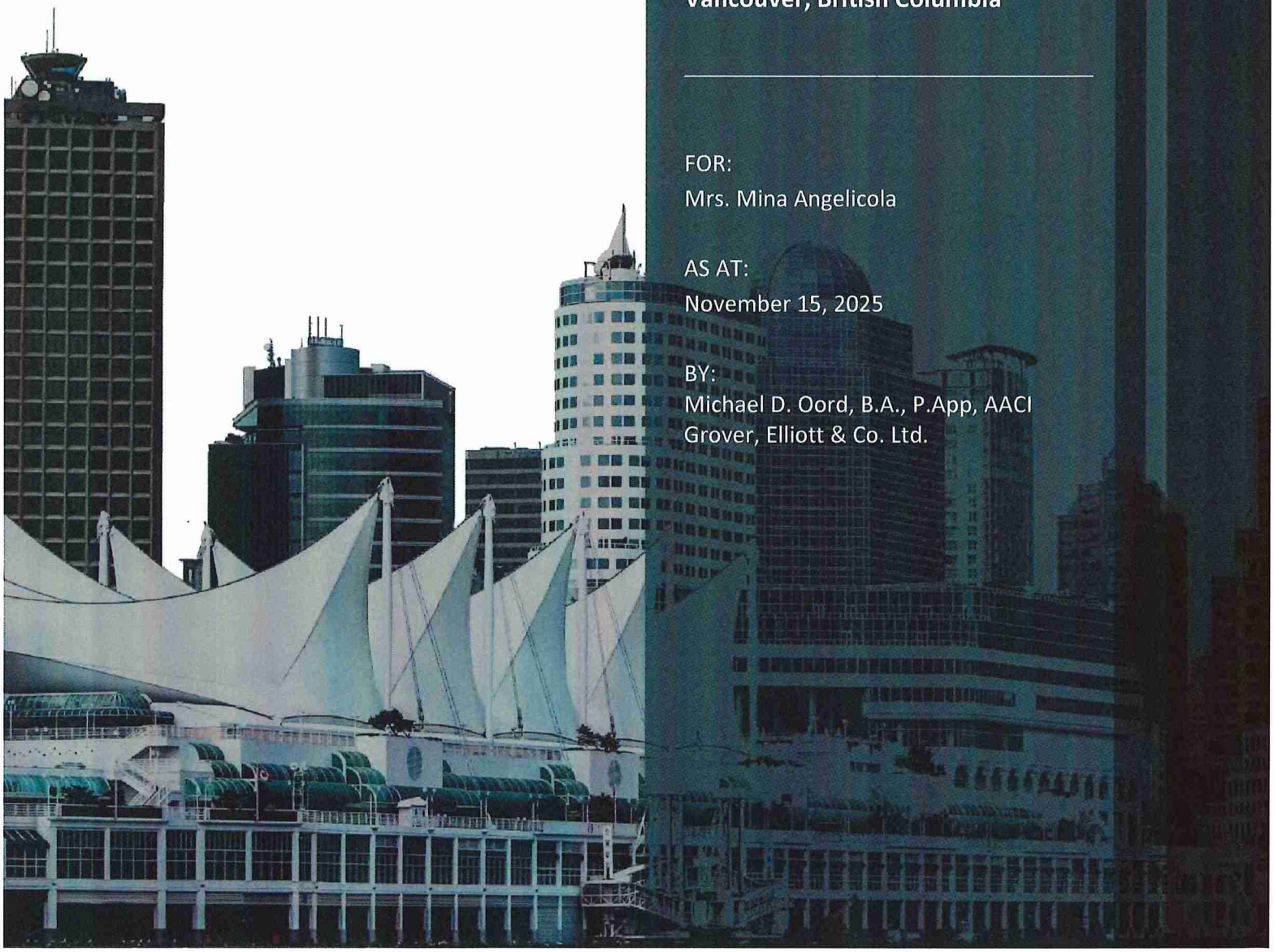
at

7615 – 128 Street
Vancouver, British Columbia

FOR:
Mrs. Mina Angelicola

AS AT:
November 15, 2025

BY:
Michael D. Oord, B.A., P.App, AACI
Grover, Elliott & Co. Ltd.



GROVER ELLIOTT

Mrs. Mina Angelicola
2395 Wall Street
Vancouver, B.C. V5L 1B8

December 3, 2025
File No. 2025-0686

Delivery via email to:
brigittedrew@yahoo.com

Attention: Mrs. Brigitte Drew

Dear Madame:

Re: 7615 – 128 Street, Vancouver, British Columbia

Per your request, we completed an appraisal analysis of the above real property and prepared this report to summarize our analyses, opinions, and conclusions. As at November 15, 2025, we estimate the market value of the fee simple interest at:

EIGHT MILLION FIVE HUNDRED THIRTY THOUSAND DOLLARS
$8,530,000

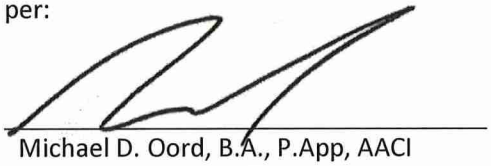
Values and opinions contained in this report are based on market conditions as at the time (effective date) of this report. This report does not provide a prediction of future values. In the event of market instability and/or disruption, values and opinions may change rapidly, and such potential future events have NOT been considered in this report. As this report does not and cannot consider any changes to the property or market conditions after the effective date, clients and authorized users are cautioned against relying on the report after the effective date noted herein. The above conclusion is subject to the Extraordinary Limiting Condition on Page 8 of the report that follows.

Our opinions are based on the research, data, and analyses in the report that follows, and are subject to the assumptions and limiting conditions herein. Grover, Elliott & Co. Ltd. has prepared this report at your request for the exclusive use of Mrs. Mina Angelicola. The intent of this report is to provide Mrs. Mina Angelicola with information for foreclosure purposes; any use that a third party makes of this report or any reliance on or decisions to be made based on it are the responsibility of such third parties. Grover Elliott & Co. Ltd. and our consultants accept no liability or responsibility for any damages that any third party might suffer or incur because of the use of, reliance on, or any decisions made based on this report.

GROVER ELLIOTT

Thank you for allowing us to be of assistance with this matter. If you have any questions or comments, please contact our office.

Respectfully submitted,
GROVER, ELLIOTT & CO. LTD.
per:



Michael D. Oord, B.A., P.App, AACI
email: moord@groverelliott.ca
cell: 604 418 4100

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SUMMARY

Location

7615 – 128 Street; located on the north side of West Pender Street, East of Cambie Street and West of Abbott Street, in the Downtown Eastside (Victory Square) neighbourhood of Vancouver, British Columbia.

The Site

Rectangular with a gross site area of 9,000± square feet (0.207± acres) and a frontage of 75 feet along West Pender Street.

The Improvements

Present improvements comprise a four-storey mixed-use building known as the Silver Hotel and a three-storey mixed-use building know as the Avalon Hotel. The improvements have been amalgamated and were reportedly originally constructed in 1909 and 1914 and substantially renovated in the 1970s. The gross building area excluding the full basement is quoted at 25,600 square feet. The Rentable area is reported as follows.

Description	Use	Units	Rentable Area (SF)
Main Floor	Commercial	2	8,400
Floors 2 to 4	Residential	87	13,600
Total Above Grade Space		89	22,000
Basement Area	Unfinished		8,000
Total			30,000

Land Use Controls

Current Zoning:	DD, Downtown District (Sub-Area C2)
OCP Designation:	Victory Square
NCP Designation:	Residential Low to Mid Rise up to 2.5 FAR as per the City Centre Plan

Highest and Best Use

As improved, for the remaining economic life of the improvements.

Effective Date of Value Estimate

November 15, 2025; the date of property inspection.

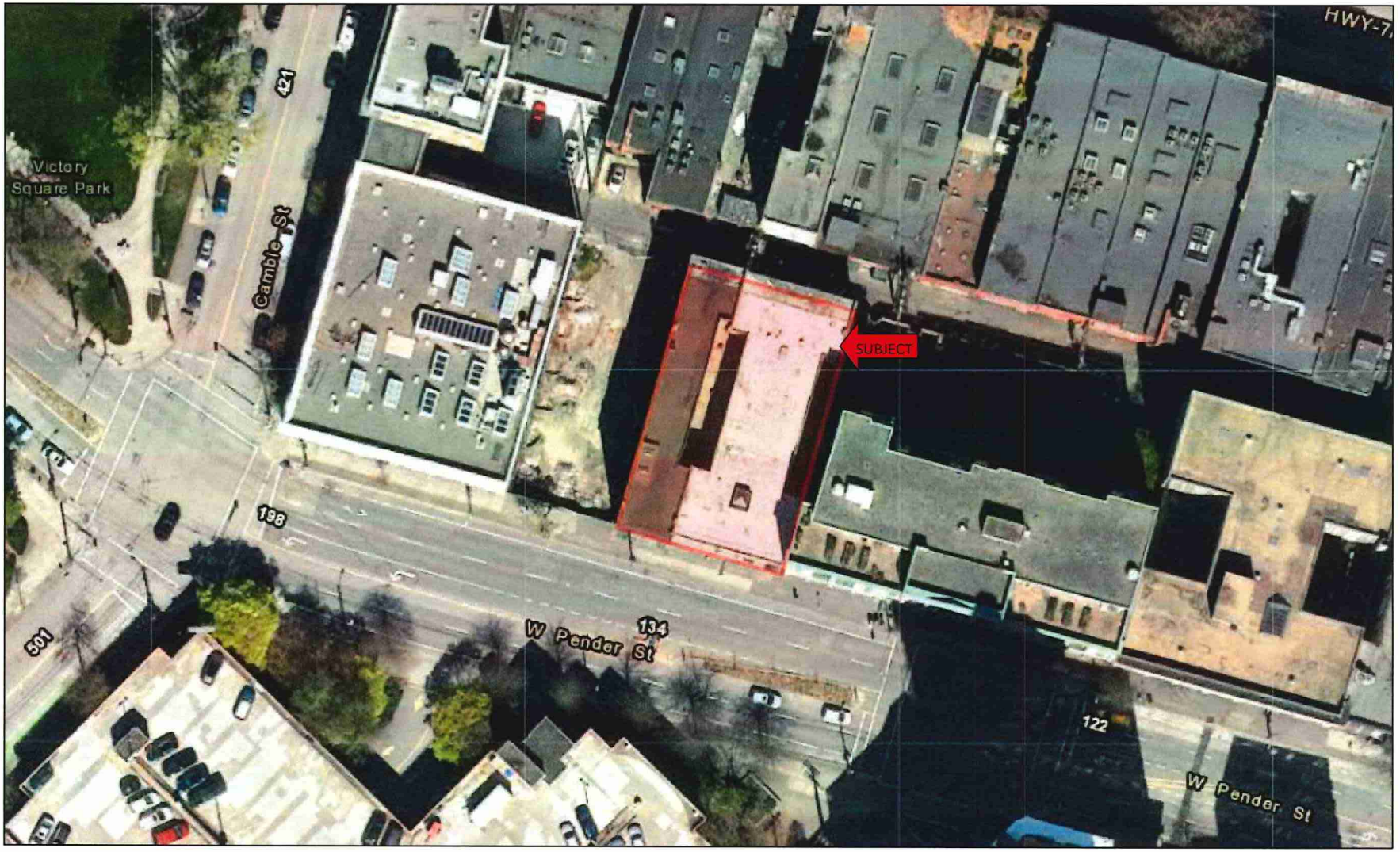
Stabilized Net Income

Component	Annual Stabilized NOI ($)	$/Unit
Commercial	113,434	56,717
Residential/Rooming House	355,821	4,090
Total	469,255	5,273

Valuation

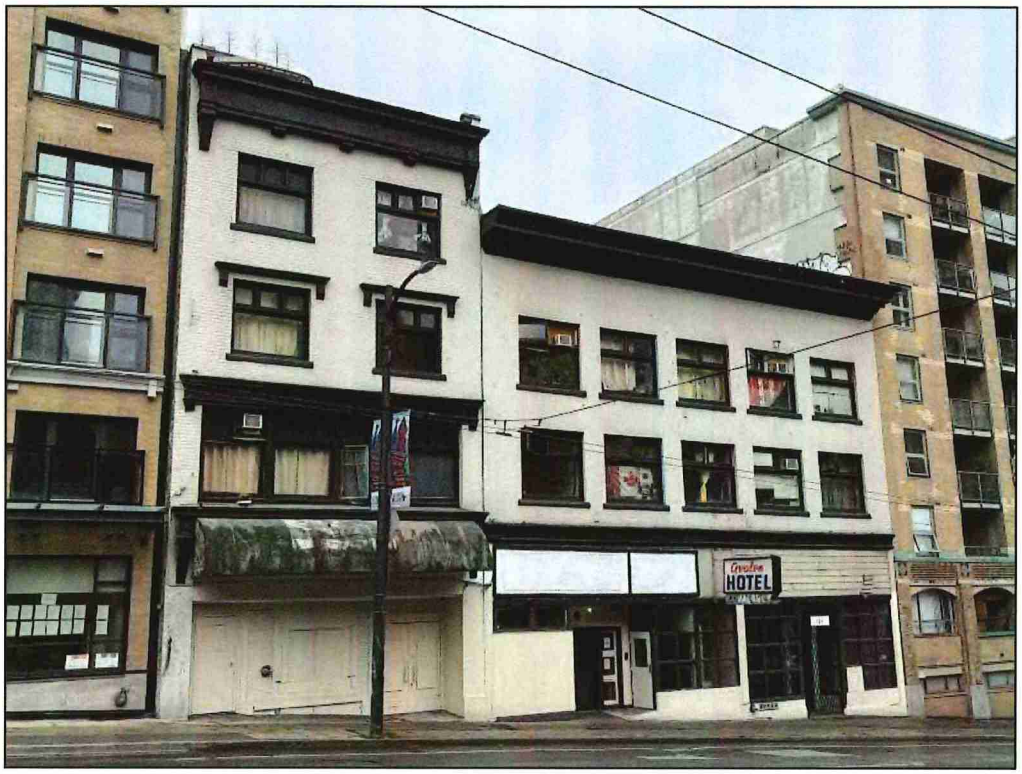
$8,530,000

AERIAL PHOTOGRAPH



Source: www.autoprop.ca

PHOTOGRAPHS



Front elevation



View northwest



Rear elevation

PART ONE – THE ASSIGNMENT

Instructions, Authorized Use, and Authorized User

Mrs. Mina Angelicola requires information for forclosure purposes. We have prepared this report at the request of Mrs. Brigitte Drew, exclusively for Mrs. Mina Angelicola. Our analyses, opinions, and conclusions are subject to the assumptions, limiting conditions, and disclosures provided herein.

We did not prepare this report in contemplation of any other use, for property assessment or tribunal purposes, or for reliance by any other party. Absent our prior written agreement, which we may withhold, we reserve the right to refuse any other assignment involving this report, and expressly deny responsibility to third parties for any use.

Purpose of the Appraisal

The purpose of this report is to provide our estimate of the current market value of the fee simple interest in the subject property as at November 15, 2025, the effective date of this valuation. An accepted Canadian definition of market value is:

> The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress. [1]
>
> Implicit in this definition are the consummation of a sale as of the specified date and the passing of title from seller to buyer under conditions whereby:
>
> - Buyer and seller are typically motivated;
> - Both parties are well informed or well advised, and acting in what they consider their best interests;
> - A reasonable time is allowed for exposure in the open market;
> - Payment is made in terms of cash in Canadian dollars or in terms of financial arrangements comparable thereto; and
> - The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. [2]

---

1 Canadian Uniform Standards of Professional Appraisal Practice: Appraisal Institute of Canada, 2024, (Ottawa, Ont.) ("CUSPAP") 3.50

2 Canadian Uniform Standards of Professional Appraisal Practice: Appraisal Institute of Canada, 2018, (Ottawa, Ont.) ("CUSPAP") 18.8.4.iv

The fee simple estate is absolute ownership subject only to limitations imposed by the State; also called a *freehold*. This is the most comprehensive form of ownership. It gives a "bundle of rights" that allows the owner the right to use the property, to sell it, to lease it, to enter it, or to give it away. It also includes the right to refuse to take any of these actions. A fee simple interest excludes existing financing and leases.

This appraisal considers interests created by a lease. The leasehold interest is the interest held by the lessee (the tenant or renter) through a lease transferring the rights of use and occupancy for a stated term under certain conditions.

The leased fee interest is an ownership interest held by a landlord, with the rights of use and occupancy conveyed by lease to others. Contract terms contained within the lease specify the rights of the lessor (the leased fee owner) and the lessee. A subordinate lease of a leasehold interest is a 'sublease'.

All property rights are subject to land use regulation, legal restrictions (e.g. a zoning ordinance) that control the use to which land may be put; these may include controls established by restrictive covenants or contained in redevelopment or urban renewal plans approved by local governing bodies. [3]

Scope and Extent of Work

Our work on this assignment entailed:

- an inspection[4] of the property on November 15, 2025;
- a review of mapping provided by the City of Vancouver;
- a review of land use control information obtained from the City of Vancouver;
- a review of the reliance documents described herein;
- the investigation of relevant market activity, with sources including
    - the local real estate board,
    - Land Titles – through BC Online and BC Assessment,
    - commercial data services,
    - real estate agents, vendors and purchasers active in the market, and
    - our corporate real estate database; and
- a valuation and market analyses as described later herein.

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3 Appraisal Institute, The Dictionary of Real Estate Appraisal, 6th ed. (Chicago: Appraisal Institute), 2015; fee simple, leased fee, leasehold, sublease.

4 The term "inspection" refers to our observation and reporting of the general material finishing and conditions seen for the purposes of a standard appraisal inspection. The inspection scope of work includes the identification of marketable characteristics/amenities offered for comparison and valuation purposes only, in accordance with the Canadian Uniform Standards of Professional Appraisal Practice (CUSPAP).

Reliance Documents

Documents relied on for our analysis include:

- a title search print and related documents obtained from the Land Title & Survey Authority of British Columbia, dated December 2, 2025 and reproduced herein;
- a property record obtained from http://evaluebc.bcassessment.ca/; and
- the following documents, as provided by Mrs. Brigitte Drew of Mrs. Mina Angelicola:
    - a rent roll dated November 2025; and
    - expense information for 2025.

Technical Investigations

We did not complete technical investigations such as:

- inspection beyond the extent necessary to identify materials of construction, finishes and apparent condition – appraisers do not verify that all components and systems are in good operating condition, do not complete (and lack expertise in) inspections or engineering reviews of the structure, roof or mechanical systems, and often do not view all areas of the improvements or inaccessible areas such as crawlspaces and attics;
- a technical review of the existing structure, roof, or mechanical systems;
- inspection of all building common areas;
- a technical review of the existing, proposed, or likely utility servicing;
- a site survey;
- a building survey;
- a review of the property tax valuations or classifications;
- investigations into the bearing, percolation or other qualities of the soils;
- investigations into the extent and value of subsurface oil, gas or mineral rights, or whether the property is subject to surface entry by others for the exploration or removal of such materials;
- planning or engineering studies as necessary to examine the feasibility of alternate uses;
- a market analysis to ascertain demand for the property;
- an environmental review;
- tests related to occupational health, indoor air quality, moulds, etc.;
- an archaeological survey;
- a hydrological study;
- investigations into the title beyond those described herein; or
- audit or professional review of financial, technical, and legal documents obtained or reviewed by us in the course of this assignment.

Verification of Third Party Information

The analysis set out in this report relied on written and verbal information obtained from a variety of sources we considered reliable. Unless otherwise stated herein, we did not verify client-supplied information, which we assumed to be correct. We reserve the right to review our valuation if the information received from a third party is not accurate. Any party wishing to rely on this report should confirm the source of any important information herein, as well as the assumptions that underlie any significant conclusion.

Type of Analysis

This narrative report of a current date appraisal complies with the Canadian Uniform Standards of Professional Practice of the Appraisal Institute of Canada. We have competence in this type of valuation analysis and have valued this class of real property before.

Extraordinary Limiting Conditions, Extraordinary Assumptions, and Hypothetical Conditions

An Extraordinary Limiting Condition is defined as "A necessary modification to, or exclusion of, a Standard Rule which may diminish the reliability of the report."[5]

An Extraordinary Assumption is defined as "An assumption, directly related to a specific Assignment, which, if were not assumed to be true, could materially alter the opinions or conclusions. Extraordinary Assumptions presume uncertain information about or anticipated changes in: the physical, legal, or economic characteristics of the subject property; or about: conditions external to the subject property, such as market conditions or trends, or the integrity of data used in an analysis to be fact."[6]

Hypothetical Conditions are defined as "a specific type of an Extraordinary Assumption that presumes, as fact, simulated but untrue information about physical, legal, or economic characteristics of the subject property or external conditions, and are imposed for the purposes of reasonable analysis."[7] A Hypothetical Condition requires an Extraordinary Assumption.

The appraiser has not personally inspected the comparable evidence presented herein and relied upon information provided by Paragon - Commercial, Paragon - Residential, Altus Data Studio, CoStar, Commercial Edge, listing brochures, and other data. It is an Extraordinary Assumption of this report that the information relied upon is accurate.

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5 CUSPAP 2024, 3.29
6 CUSPAP 2024, 3.28
7 CUSPAP 2024, 3.36

It is an Extraordinary Assumption of this report that the following areas are applicable. A professional surveyor can verify this estimate.

Site Area (SF)	9,000
Above Grade Gross Building Area (SF)	22,000
Above Grade Rentable Area (SF)	25,600
Basement Area (SF)	8,000

PART TWO – FACTUAL DATA

IDENTIFICATION OF THE SUBJECT PROPERTY

Civic Addresses, Legal Descriptions, and Parcel Identifiers

The subject is located in Vancouver, British Columbia, described as follows:

Civic Address	Legal Description	PID
7615 – 128 Street	Lots 34 to 36 Block 28 District Lot 541 Plan 210	010-401-113 010-401-130 015-501-922

Title Information and Encumbrances

A title status print dated December 2, 2025 is included as an appendix. **1235922 B.C. LTD.** is the registered owner. Charges or interests registered against the title of the property include:

Charge Description	Document	Registered Owner
Mortgage	CA8022412	Mina Angelicola
Assignment of Rents	CA8022413	Mina Angelicola
Mortgage	CA9898334	Theodore Fromson Gillian Ann Formson
Assignment of Rents	CA9898335	Theodore Fromson Gillian Ann Formson
Easement	CB630959	Apputenant to Lot E Plan EPP76989
Priority Agreement	CB630960	n/a
Priority Agreement	CB630960	n/a

Subject to the limitations of this assignment and based on our interviews, client-supplied information, and our review of the title search print, we believe that title encumbrances do not materially affect the value of the property interest under consideration except as discussed specifically herein. However, we did not obtain a legal opinion of the state of title or any of the encumbrances; we lack qualifications in this area, we have not read the documents registered against title, and we cannot guarantee that the property is free of encroachments or that the interest appraised is free of unregistered rights. Our valuation assumes that the title is good and marketable and that encumbrances do not affect the value of the appraised interest.

ASSESSMENTS & TAXES

BC Assessment and the City of Vancouver show the following actual value assessments and taxes for the subject property.

Roll No.: 09-200-026-592-157-57-0000

Year	Land Assessed Value ($)	Building Assessed Value ($)	Total Assessed Value ($)	Gross Taxes ($)
2024	8,136,000	618,000	8,754,000	n/a
2025	8,958,000	619,000	9,577,000	58,709.00

Actual value reflects the opinion of BC Assessment of the market value of the freehold interest in the property as at July 1 of the previous year based on the physical condition of the property as of October 31 of the previous year.

Assessors disregard encumbrances such as leases and financing, and can base their assessments on mass valuation techniques and on dated inspection information. Consequently, actual values can result in less precise estimates of market value than provided by a full appraisal. BC Assessment provides further information on its valuations at www.bcassessment.ca.

HISTORY & USE

Transactions

Canadian Uniform Standards of Professional Appraisal Practice of the Appraisal Institute of Canada require investigation and consideration of transactions, agreements for sale, options, and listings of the subject property occurring prior to the effective date of the valuation. When a recent arm's length market transaction has occurred, compelling evidence of value arises, often requiring only an adjustment for market conditions.

According to BC Assessment records, the subject last sold on 2020-02-05 for $8,700,000. The staff at BC Assessment characterize this transaction as a non-sale and not suitable for analysis. This 2020 sale reflected the following indicators. The overall capitialization rate is based on our internal records.

List Date	Closing Date	Price ($)	$/Net Building Area (SF)	$/Gross Building Area (SF)	$/Unit	OCR
2019-05	2020-02	8,700,000	395	340	100,000	5.2%

The property is currently listed for sale on the Paragon Commercial (CLS) with an asking price of $10,750,000. The listing has been active singe November 5, 2025. Previously, the property was listed for $12,900,000 for 208 days, since 2025-04-07.

Summary of Paragon Commercial Listing Activity

CLS #	Status	List Date	Expiry Date	Price ($)
C8068224	Expired	2025-04-07	2025-10-31	12,900,000
C8073628	Listing (Active)	2025-11-05	n/a	10,750,000

We are unaware of any other transactions, agreements for sale, options, or listings for the property in the last three years.

Land Titles Office records, a primary source of data on real estate sales, do not include transfers of property accomplished by the sale of shares by a corporate owner holding title to the property. Since no public database records transactions of shares for privately held companies, we cannot investigate sales of this nature.

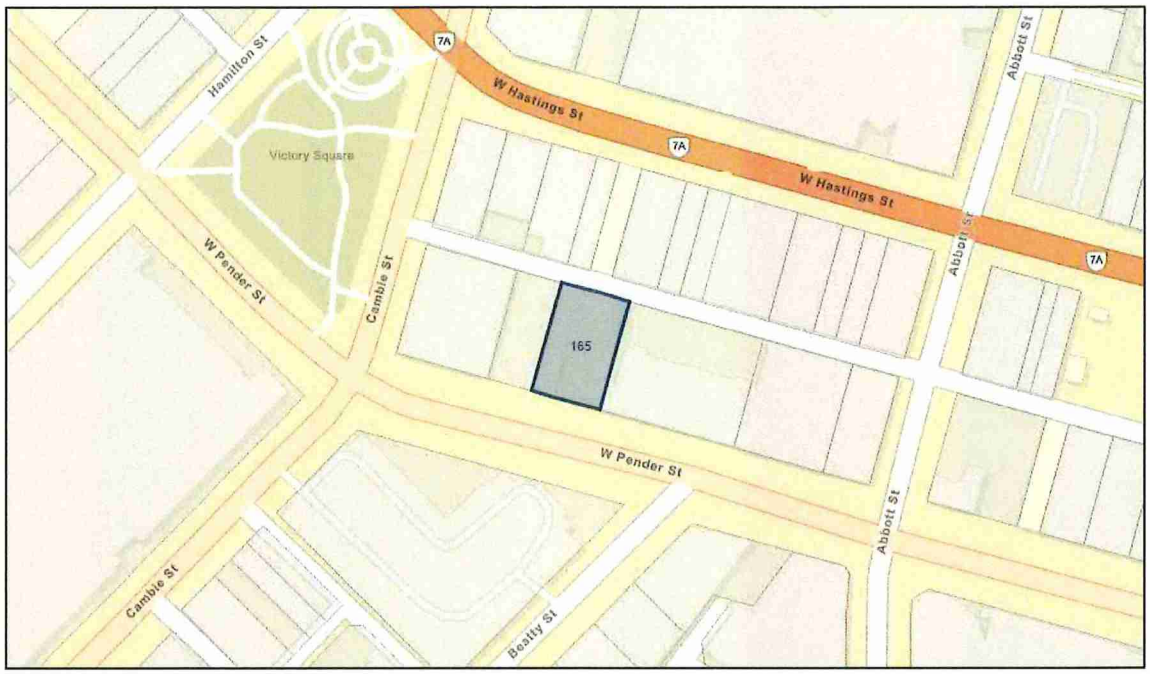
Actual and Historic Use

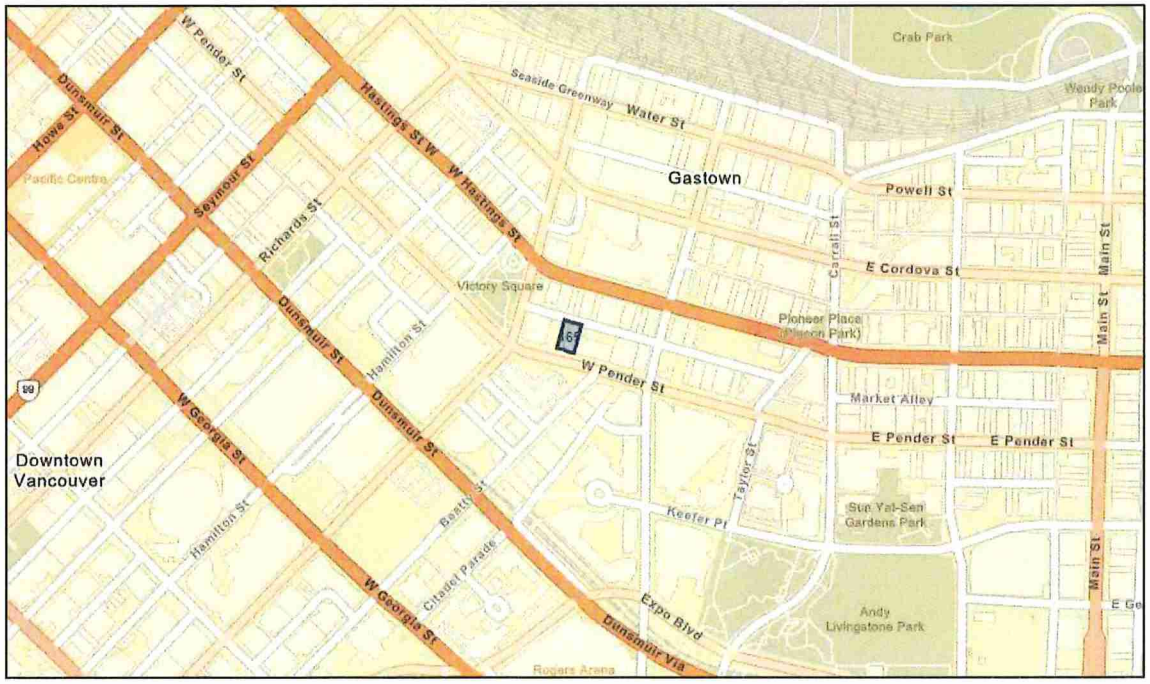
The existing improvements were reportedly constructed in 1909 and 1914, and substantially renovated in 1970s. We are unaware of any previous use.

THE SITE

Location

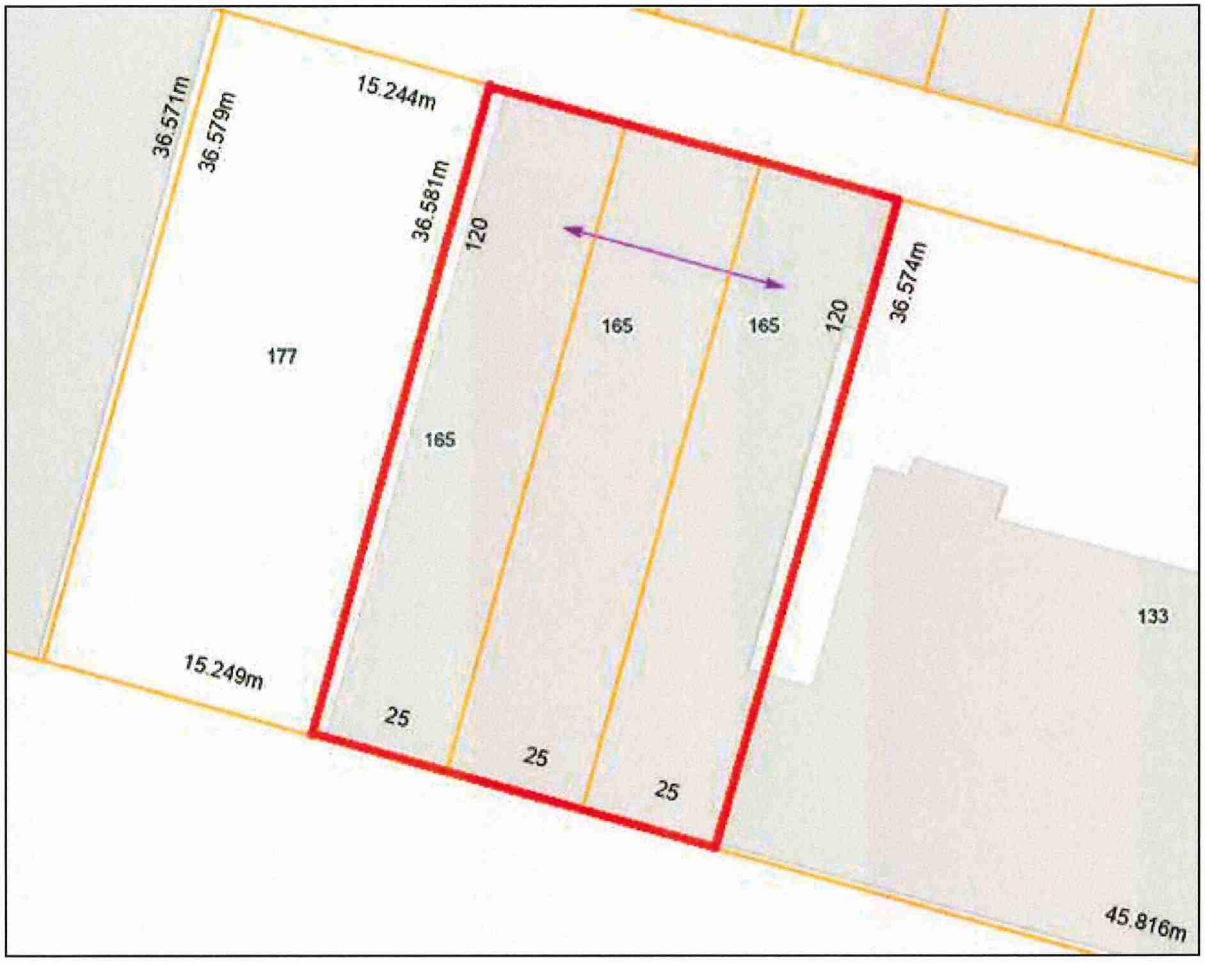
7615 – 128 Street; located on the north side of West Pender Street, East of Cambie Street and West of Abbott Street, in the Downtown Eastside (Victory Square) neighbourhood of Vancouver, British Columbia.





Shape and Size

The site is rectangular with a gross site area of 9,000± square feet or 0.207± acres, a frontage of 75 feet along West Pender Street and a depth of 120 feet.



Source: City of Vancouver VanMap

Topography

The general area slopes downward from west to east. The subject has a similar slope and is roughly level and at grade with the adjacent road and surrounding development. Topographical features are suitable for the present or alternative uses.

View Characteristics

The height of the surrounding development, coupled with height restrictions and other limitations within the land use controls, restrict the benefit from these exposures.

Soil Conditions

No one provided us with a soil survey for the subject site, and we have not commissioned one. For the objective of this report, we have assumed that the bearing, percolation, and other characteristics of the land are adequate to permit development under the present land use controls, without undue and costly site preparation or engineering.

We did not observe any contaminants or hazardous materials at the property, and do not have the knowledge or qualifications to detect the existence of such materials on or in the property. Our value estimate assumes that no contaminants or hazardous materials exist on, in, or near the property that would cause a loss in value. We recommend retaining an expert in these matters if doubt exists regarding the quality of the soils or groundwater.

Access

Pedestrian access is provided via West Pender Street and the rear lane. Vehicle access is not provided. West Pender Street is a local collector route that provides east-west connections. Other notable routes in the area include Hastings Street to the north, which provides arterial east-west connections and Cambie Street to the west, which provides north-south connections. The Stadium Skytrain Station is one block to the south, providing rapid transit access to the area.

Commercial Exposure

The subject's commercial exposure is not of significance for valuation purposes.

Street Improvements

West Pender Street is asphalt paved and lined with concrete curbs, concrete sidewalks and streetlights/utility poles, featuring two west-bound traffic lanes, two east-bound traffic lanes, and a left turn lane at its intersection with Cambie Street. The rear lane is asphalt paved with a dedicated width of approximately 20 feet.

Photographs of West Pender Street

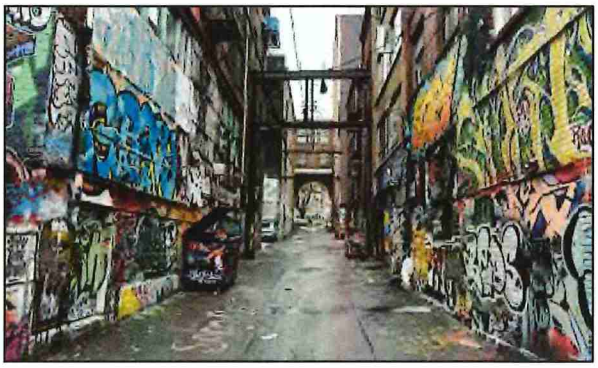


View east along West Pender Street



View west along West Pender Street

Photographs of Rear Lane



View west along rear lane



View east along rear lane

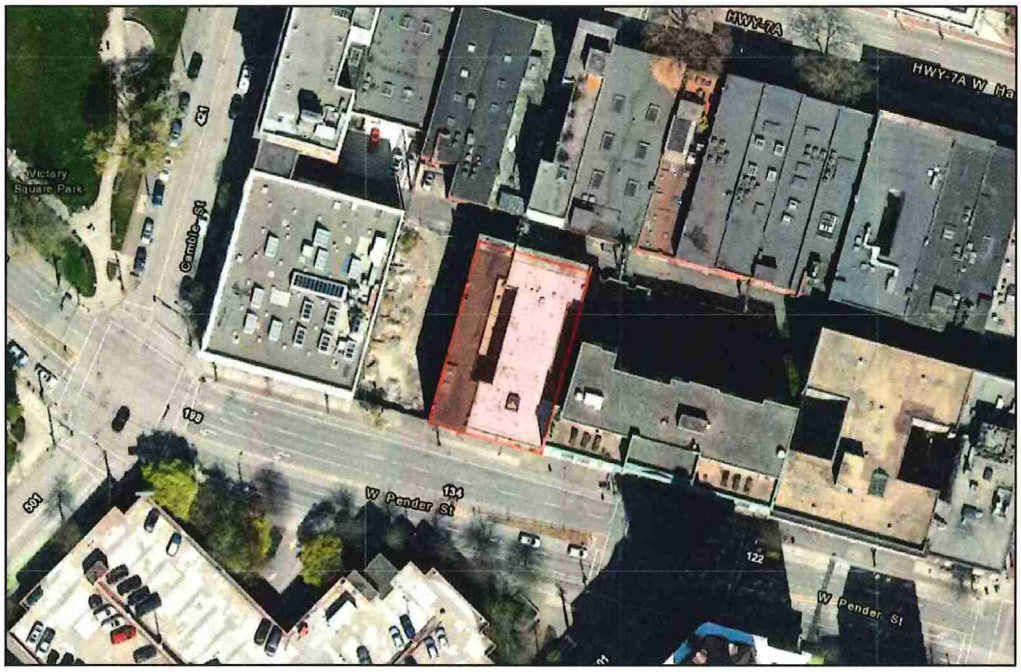
Public Utilities

Utility services typical of an urban community are available in the area, including domestic water and sanitary sewer, storm water drainage, electricity, natural gas, and telephone/internet/television.

Surrounding Developments

Mixed-use developments predominate in the area. Specifically, a 10-storey, 76-unit social housing project constructed in 2025 abuts the subject to the immediate west, a nine-storey, 113-unit apartment development constructed in 1989 is adjacent to the east, and a parkade is opposite the subject to the south.

Aerial of Surrounding Development

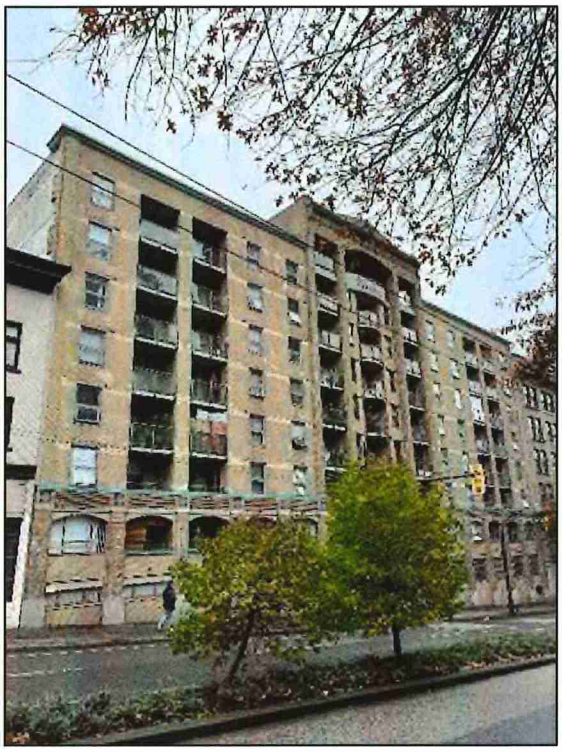


Source: www.autoprop.ca

Photographs of Surrounding Developments



Rear lane, looking west

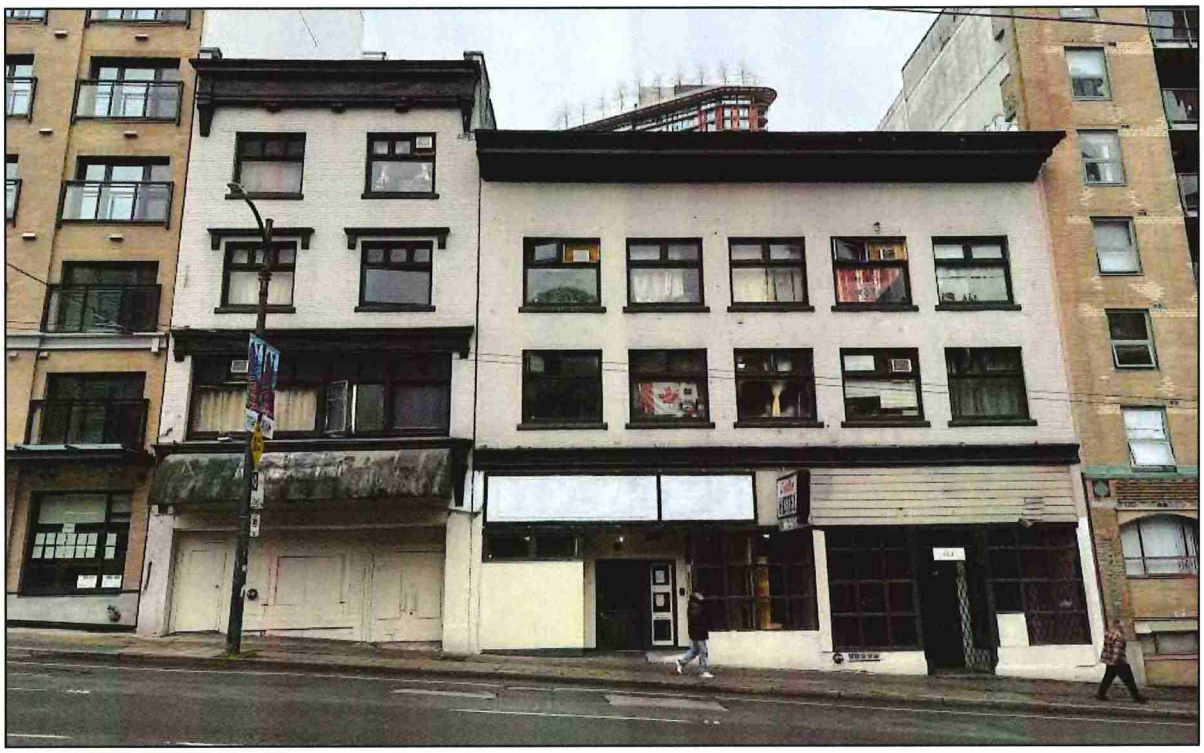


Rear lane, looking east



Parkade development to south

THE IMPROVEMENTS



Design and Plan

Present improvements comprise a four-storey mixed-use building known as the Silver Hotel and a three-storey mixed-use building know as the Avalon Hotel. The improvements have been amalgamated and were reportedly originally constructed in 1909 and 1914 and substantially renovated in the 1970s. The gross building area excluding the full basement is quoted at 25,600 square feet. The Rentable area is reported as follows.

Description	Use	Units	Rentable Area (SF)
Main Floor	Commercial	2	8,400
Floors 2 to 4	Residential	87	13,600
Total Above Grade Space		89	22,000
Basement Area	Unfinished		8,000
Total			30,000

Verifying the above rentable area estimate requires a survey by a professional surveyor.

Interior finishes are specific to the use of the space and commensurate to the quality and age of the development. Updated and upgraded interior and exterior finishes would achieve higher rents and secure the long term income potential of the property.

Remaining Life

The estimated physical age of the improvements is 100+ years. The remaining physical life is a function of the extent and nature of maintenance and upgrading. If prudently managed and maintained, the remaining physical life can exceed 40 years. However, obtaining optimal use and thus value of the property might entail redevelopment prior to that date, to reflect changing highest and best use or an improvement that has deteriorated through neglect. Assuming no change to highest and best use, the remaining economic life is expected to exceed 40 years.

Assumptions

In the absence of technical studies by experts, we have assumed that:

- no latent defect or deferred maintenance exists;
- the improvements are structurally sound;
- the services to the improvements are sound and adequate;
- the roof, electrical and mechanical facilities are sound and adequate for their purpose;
- the improvements contain no environmentally hazardous substances; and
- the improvements are free from insect and rodent infestation or dry rot, moulds, mildews or the conditions that might give rise to any.

We make no representations on these matters. A building condition survey could confirm these assumptions. We have also assumed that:

- no encroachments exist involving the property lines or required building or utility setbacks; and
- no outstanding work orders or regulatory infractions exist.

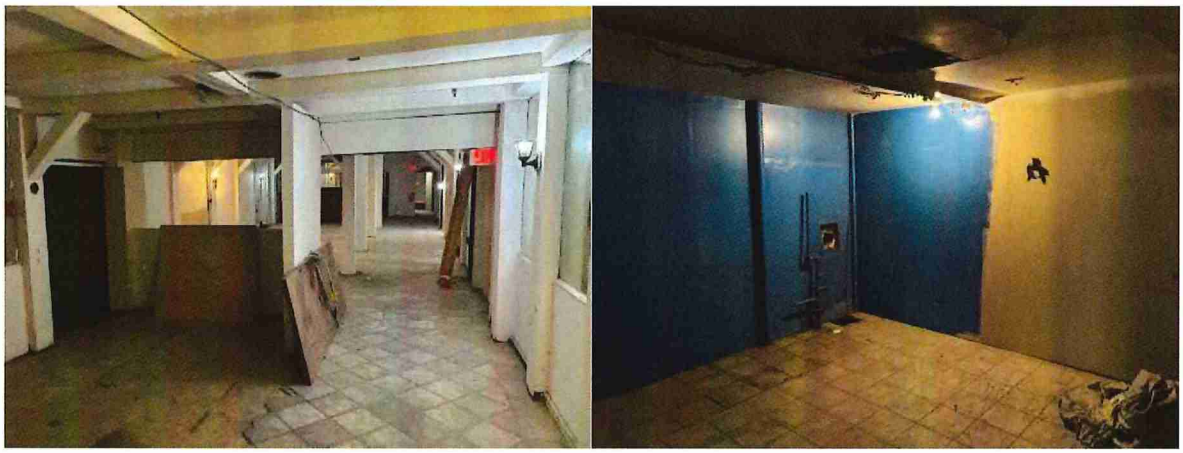
Materials of Construction

Detailed specifications were not available to us. The following reflects observations made during the property inspection and our expectations based on our knowledge of this type of property.

Foundations:	Presumed to be reinforced concrete perimeter footings, column pads and surface foundation, designed and supervised by a qualified engineer. Concrete floor slabs.
Structure:	Masonry mill.
Exterior Finish:	Predominately brick. Some wood siding.
Interior Walls:	Painted gypsum board.
Ceiling Finish:	Painted gypsum board.
Floor Finish:	Combination of hardwood, linoleum, ceramic tile, etc.
Roofing:	Not inspected. Presumed to entail tar ad gravel ballast over bituminous membrane, insulation and decking.
Plumbing:	Water and sanitary sewer service connections. Adequate copper and plastic piping with fixtures to tenant requirements and characteristic of code requirements at the time of construction or renovation.
Electrical:	Service connection. House meter with separate meters for direct tenant billing. Switches and outlets typical of code requirements at the time of construction. Lighting by incandescent and fluorescent fixtures in the finished areas, metal vapour in the plant.
Heating:	Natural gas service connection. Roof mounted heat pumps. Engineered HVAC system, zone controls.
Doors and Windows:	Thermopane windows, metal fire-rated doors and jambs and hollow slab interior doors.
Age and Condition:	A 100-year-old development, apparently in below average condition. Normal wear and tear noted, but no evident deficiencies. The exterior of the building is in good condition but no longer reflects contemporary design practices. An upgraded exterior scheme will warrant consideration in the short to medium term.

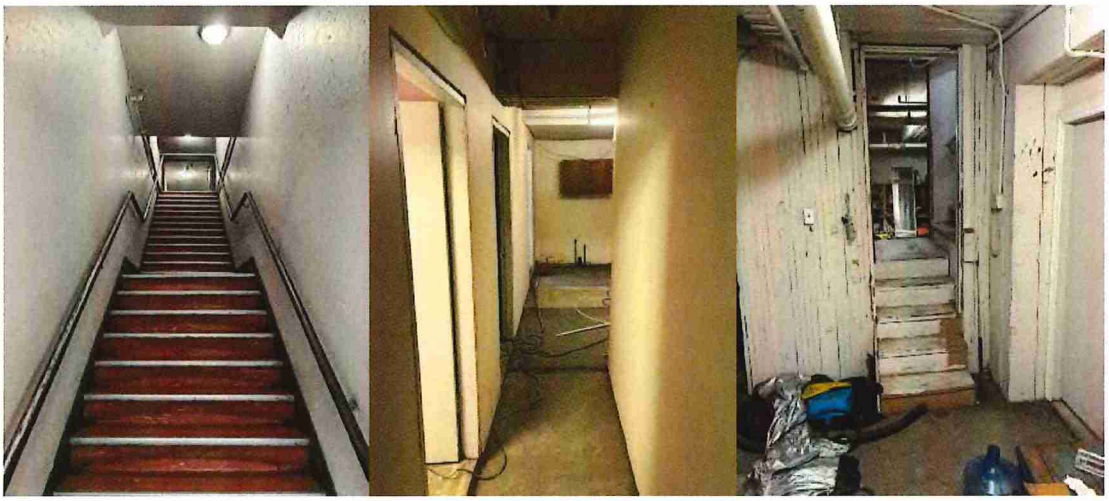
INTERIOR PHOTOGRAPHS



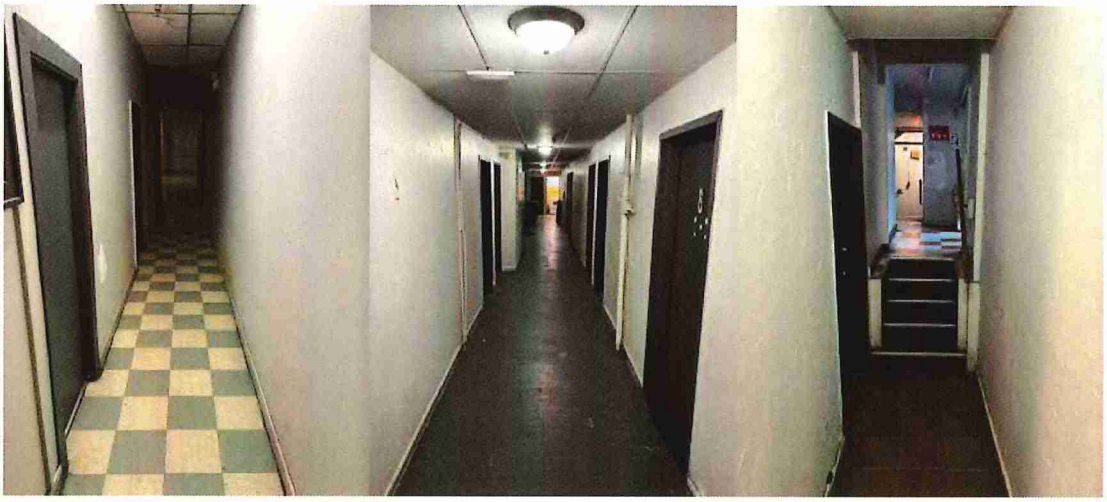


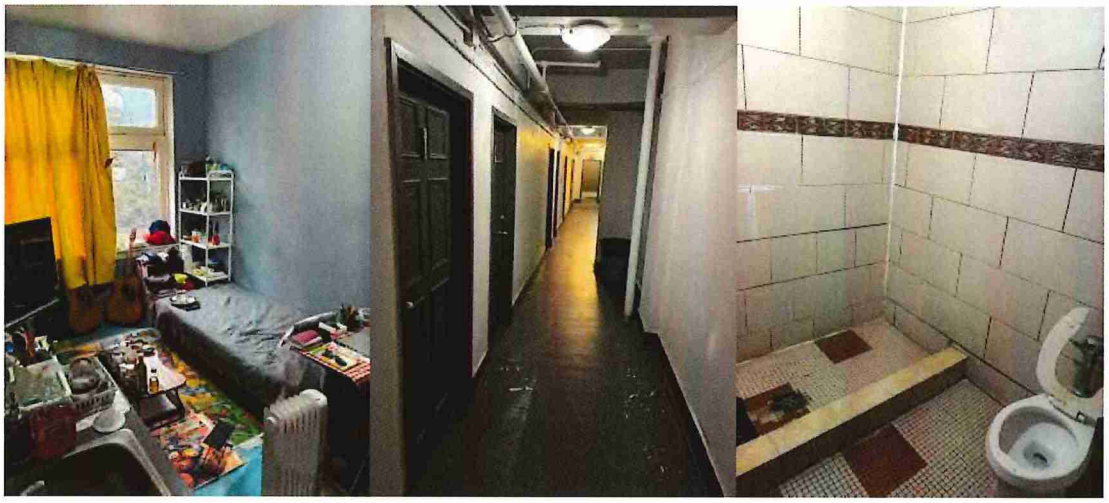


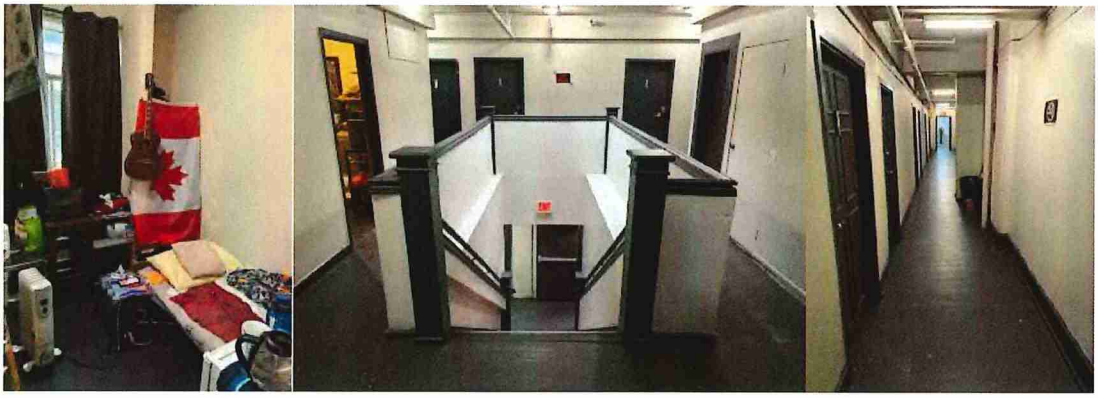












LAND USE CONTROLS

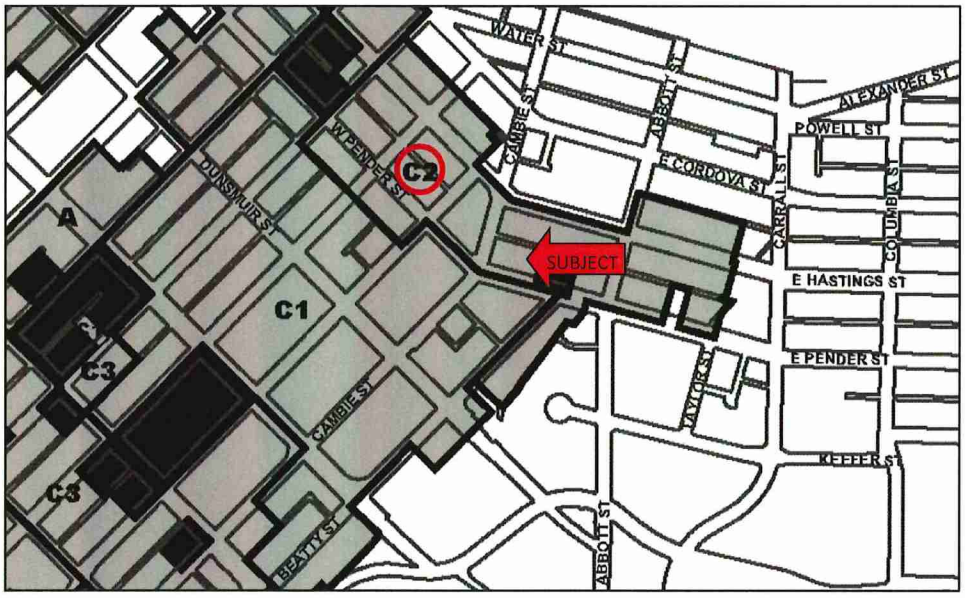
Zoning

The subject is zoned DD, Downtown District (Sub-Area C2).

Zoning Map



Source: City of Vancouver VanMap



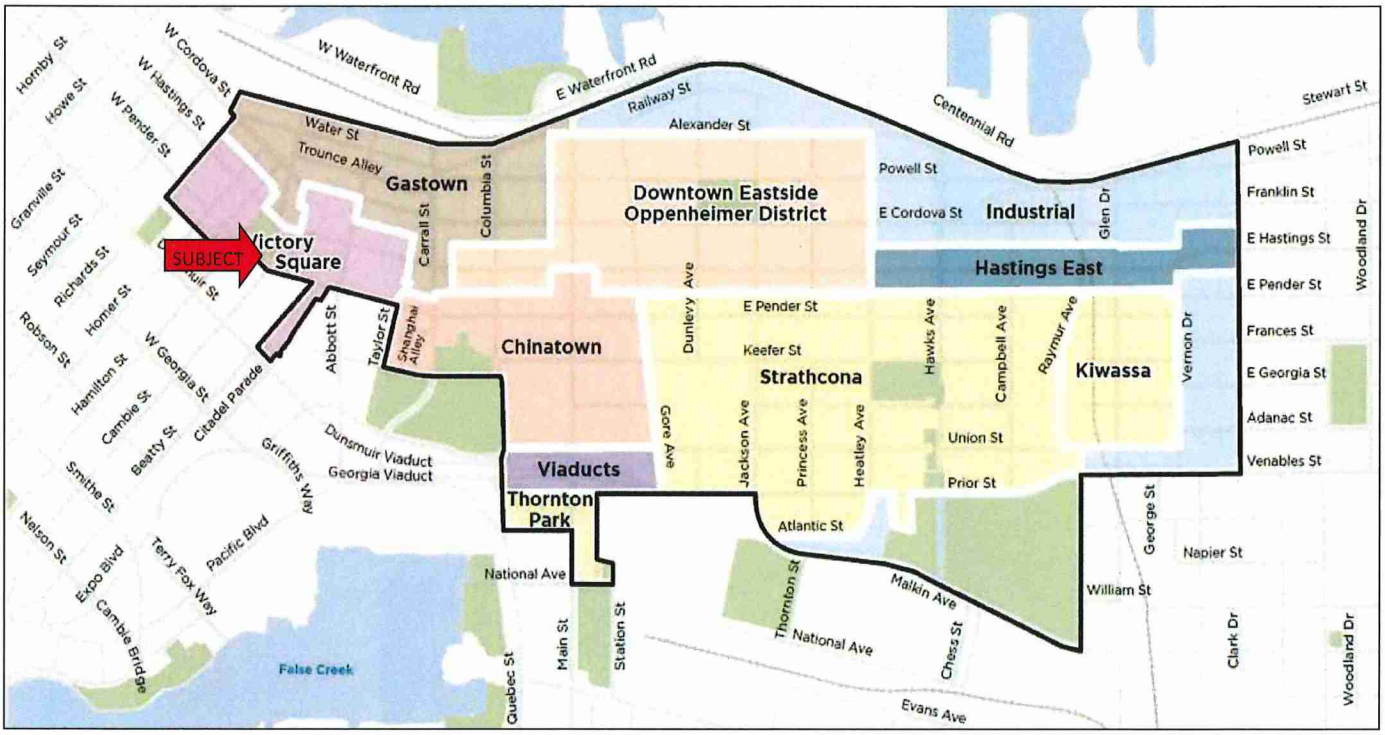
Source: Downtown Official Development Plan – Downtown District Map 1

Sub-Area C2 permits a variety of uses including micro-dwellings, allows for a maximum floor space ratio of 5.0 and a maximum building height up to 32 metres or approximately 105 feet. A full copy of the Downtown Official Development Plan is retained in our file and available upon request.

Other municipal policies exist for matters such as building codes, heritage, subdivision, parking, and loading. Based on the information available to us, the existing use of the property appears to conform to the land use controls.

Downtown Eastside Community Plan

The Vancouver City Council adopted the Downtown Eastside Community Plan in March 2014. Within the plan the subject is designated Victory Square. This is consistent with the present zoning schedule. Excerpts from the plan follow.

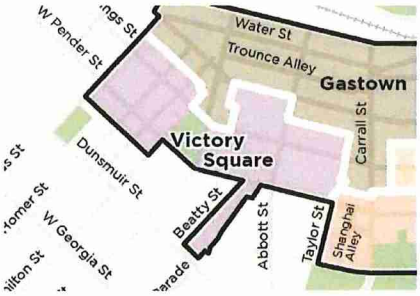


6.1 Victory Square

Victory Square is Vancouver's historic downtown and the transition area to the Central Business District. Named for Victory Square Park, a significant public park and ceremonial space, the area's primary streets include Hastings Street, Pender Street and Beatty Street.

The square is central to a number of post-secondary institutions which are in the local area – Vancouver Community College, Simon Fraser University (Downtown and Woodward's campus), Vancouver Film School and other smaller institutions. For Vancouver's veterans, their families, and residents, the park's cenotaph is a special place as the site of the city's largest Remembrance Day ceremony. Victory Square Park is also an important asset to the community as a place for residents, students and workers to socialize or sit quietly in a natural setting. Many people also come to the park to enjoy the regular summer programming of art and music.

Map 6.2: Victory Square



As anticipated in the *Victory Square Policy Plan (2005)*, the area has seen recent investment and redevelopment after years of decline, and has become a focus area for arts, culture and educational institutions. The mixed-use Woodward's development, which opened in 2010, has brought renewed interest to the area around Victory Square, and it is anticipated that the area will continue to see investment into the future.



A granite cenotaph stands in Victory Square as a memorial to the Vancouverites who lost their lives during the First World War



B.C. Permanent Building, listed on the Vancouver Heritage Register, is a classic example of 'temple bank' architecture

Policies

6.1.1 Facilitate compatible new residential and mixed-use development, while reinforcing the existing scale and character of the area.

- Support rehabilitation of heritage buildings, including residential (SRO) hotels.
- Encourage new development with a wide range of housing types, including market sale, social housing, secure market rental housing, and affordable home ownership.

6.1.2 Foster growth as an emerging centre for arts, culture, and higher education uses.

- Encourage ongoing programming of public and semi-public spaces, including Victory Square Park and the Woodward's/SFU steps and Woodward's atrium, to include locally relevant programming and celebrations towards building shared identity.
- Seek opportunities for the low-income community to access, use and benefit from arts, culture, and higher education facilities and institutions.

6.1.3 Support vibrant street activity through local commercial activities and enhanced public realm improvements.

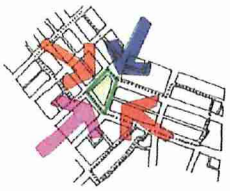
- Review retail use continuity requirements on Hastings Street, through the development of a Hastings Street Urban Design Framework (see **6.0 Places, Section 6.6**)
- Develop a public realm plan as part of Hastings Street Urban Design Framework (see **6.0 Places, Section 6.6**).
- Improve the public realm with targeted investments.

Sub-Area Neighbourhoods

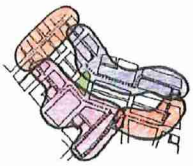
7.1 Victory Square

Key Place-making and Built Form Strategies

Ensure that all are welcomed through programming of urban spaces - Identify important places and spaces, and involve the local community in programming, to support DTES identity.



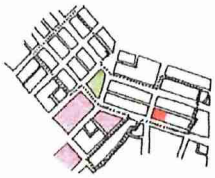
Ensure thoughtful transition in form and scale - Recognize and strengthen the contextual role of specific blocks that transition from higher densities and built form to Victory Square and the DTES.



Reinforce prevailing context through contemporary architecture - Recognize and strengthen historic form and scale, with an emphasis on appropriate frontage and modulating heights, in contemporary design reflective of older buildings.



Ensure that strategic sites contribute to the community - Identify larger sites that may have a special contributory role in their redevelopment through amenities, land use, economic opportunities and/or design.



Built Form Policies

7.1.1 Building Heights:

- Maintain *Historic Area Height Review* conclusions that maximum height in the Victory Square area should be in the range of approximately 100 feet.
- Through development permit, support higher retail ceiling heights that are more compatible with the heritage character of the area, allow height up to a maximum of 75 feet (increased from 70 feet).
- Through development permit, allow additional height up to 105 feet for a minimum of 2/3 social housing or 100 per cent secured market rental housing.
- Through rezoning, allow up to 105 feet for market projects for public benefits including social housing, secured market rental housing, and/or heritage building rehabilitation.
- Consider additional height at 99 West Pender Street and 425 Carrall Street through rezoning. See **Section 7.12 Higher Buildings Sites** for additional details



7.1.2 Density:

- Maintain current maximum density of 5.0 FSR, with a maximum of 3.0 FSR for residential floor area.
- Through development permit, allow additional bonus density up to 6.0 FSR total based on site context and urban design performance, for 2/3 social housing or 100 per cent secured market rental.
- Through rezoning, consider additional density for public benefits including social housing, secured market rental housing, and/or heritage building rehabilitation.
- Subject to retail continuity requirements, support relaxation of the maximum residential density of 3.0 FSR for projects that include a minimum of two-thirds social housing or 100 per cent secured market rental, or through rezoning for public benefits.

7.1.3 Urban Design:

Applicable policies and directions include, but are not limited, to the following:

- *Historic Area Height Review* (2010)
- *Victory Square Policy Plan* (2005)
- *Victory Square Design Guidelines* (2005)

Vancouver Plan

The Vancouver Plan was approved by City Council in July 2022. Within the plan the subject is designated Metro Core/Broadway. Excerpt specific to this designation follow.

Direction L1.3: Metro Core/Broadway

Reinforce Metro Core/Broadway's role as the principal centre of business, employment, cultural, and entertainment activity for the city and the region



Photo: Marine Building, Metro Core/Broadway, Vancouver (Source: Michelle Pollard)

The Metro Core/Broadway area will continue to be the urban heart of the city and region by providing a dense mix of employment lands and uses, including most of the city's office and hotel towers, large format cultural venues, and commercial uses.
The Metro Core/Broadway area includes many of Vancouver's oldest neighbourhoods with significant community, cultural, and historic importance in the region. While the Metro Core/Broadway area plays a significant role in the region, it is also made up of a collection of distinct local neighbourhoods that are home to a diverse mix of people.

Policies

L1.3.1 **Housing.** Protect and renew existing affordable housing through reinvestment and intensification, mitigating displacement, and allowing residents to stay in their neighbourhood.

L1.3.2 **Jobs.** Intensify, enhance, and expand jobs space to ensure the industrial/major employment, major office, hotel, cultural, and retail-commercial space required to support a thriving local and regional economy.

L1.3.3 **Displacement.** Prioritize supporting renter households, artists, small businesses, performance venues, and non-profits to remain in downtown neighbourhoods.

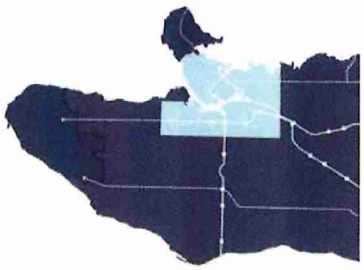
L1.3.4 **Transportation Hub.** Enhance the Metro Core/Broadway area as the region's multimodal transportation hub and optimize regional access as well as the movement of people and goods among key destinations.

L1.3.5 **Public realm.** Enhance a high quality public realm, including Broadway as a Great Street, in the Metro Core/Broadway area to support high-density living and working, public life, social connections, and economic uses.

L1.3.6 **Waterfront.** Enhance the use, enjoyment, and resilience of Vancouver's public waterfront by ensuring that public spaces are resilient to sea level rise.

L1.3.7 **Ecology.** Improve tree canopy, especially in DTES, and integrate green space for rainwater and urban drainage.

L1.3.8 **Arts and Culture.** Expand opportunities for, and mitigate displacement of, arts and culture space to support the largest concentration of arts and culture uses in the region.



Metro Core/Broadway

Examples of building types in the Metro Core/Broadway

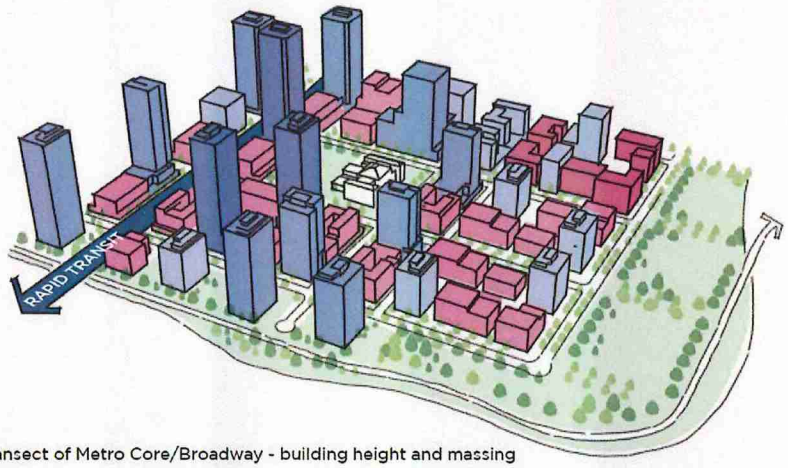


Multiplexes + Townhouses 1-3 storeys

Low-Rise 3-6 storeys

Mid-Rise 7 - 12 storeys

High-Rise 12 - 25 storeys



Transect of Metro Core/Broadway - building height and massing

Transit-Oriented Areas

In December 2023, the Province of British Columbia (BC) amended the Local Government Act (LGA) and Vancouver Charter (VC) to establish transit-supportive densities adjacent to transit stations. In the new legislation, these areas are referred to as Transit-Oriented Areas (TOAs). TOAs are designated around prescribed transit stations to help achieve the goals of transit-oriented development.[8]

Local governments must comply with newly established density requirements within TOAs. These prescribed densities vary according to geographic location and proximity to the transit station. Notably, the regulations do not prescribe bus stops; at this time, only bus exchanges, West Coast Express stations, and SkyTrain stations have been identified for TOAs.

Within prescribed TOAs, land zoned to permit any residential use or another prescribed use, local governments must adhere to minimum densities when amending a zoning bylaw. The province has identified 104 TOAs.

Compliance

Local governments must pass a bylaw that designates each TOA following the LGA or VC, including a map, plan, or other graphic material, by June 30, 2024. In the short term, the new legislation provides temporary relief from the requirement that zoning bylaws be consistent with official community plans (OCPs) or official development plans (ODPs), which means it will not be necessary to simultaneously reflect these changes in OCPs or ODPs before December 31, 2025.

Parking

Another major policy applicable to the Transit Oriented Development (TOD) areas is eliminating municipal governments' ability to apply minimum vehicle parking standards for new residential uses. This will help increase transit ridership, speed up housing projects, and reduce project costs, especially since parking is typically accomplished through deeper excavations for underground parkades. However, minimum vehicle parking standards for visitors, accessibility purposes, and commercial uses will remain.[9]

Height and Density

TOD areas around SkyTrain stations extend from an 800-metre radius around the transit hub.

- Between 0 to 200-metre radius from the SkyTrain station, the minimum required allowances are up to 20 storeys in height and a minimum allowable floor area ratio (FAR) of 5.0
- Between 200 and 400 metres from a SkyTrain station, the minimum allowances are up to 12 storeys and up to 4.0 FAR.
- Between 400 and 800 metres from a SkyTrain station, the minimum allowances are up to 8 storeys and up to 3.0 FAR.

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8 https://www2.gov.bc.ca/assets/gov/housing-and-tenancy/tools-for-government/local-governments-and-housing/toa_provincial_policy_manual.pdf

9 https://dailyhive.com/vancouver/bc-transit-oriented-development-legislation-locations-policies requirements

The TOD areas around Metro Vancouver bus exchanges and West Coast Express stations have a radius of 400 metres,

- with the inner area within 200 metres prescribed with minimum allowances of up to 12 storeys and up to 4.0 FAR, and
- the outer area between 200 metres and 400 metres has minimum allowances of up to eight storeys and up to 3.0 FAR.

For BC cities outside Metro Vancouver that have a bus exchange carrying the TOD area designation, the radius also extends to 400 metres, but the minimum requirements are lower, with the provincial government prescribing:

- minimum allowances of up to 10 storeys and up to 3.5 FAR for areas within 200 metres, and
- up to six storeys and up to 2.5 FAR for areas between 200 and 400 metres.

The smaller jurisdictions of Whistler, Penticton, and Lantzville have separate policies for their TOD areas around bus exchanges, with the provincial government requiring:

- up to six storeys and up to 2.5 FAR within 200 metres, and
- up to four storeys and up to 1.5 FAR between 200 and 400 metres.

TOA Type	Tier	Prescribed Distance	Minimum Allowable Density (FAR/FSR)	Minimum Allowable Height (Storeys)
SkyTrain	1	Less than 200	Up to 5.0	Up to 20
	2	200-400	Up to 4.0	Up to 12
	3	400-800	Up to 3.0	Up to 8
Bus/WCE	4	Less than 200	Up to 4.0	Up to 12
	5	200-400	Up to 3.0	Up to 8
Bus/WCE	4	Less than 200	Up to 3.5	Up to 10
	5	200-400	Up to 2.5	Up to 6
Bus	4	Less than 200	Up to 2.5	Up to 6
	5	200-400	Up to 1.5	Up to 4

Where parcels are bisected by two different density Tiers, the parcel is deemed wholly within the class of land to which the highest density applies.

The policies requiring greater heights and densities within designated TOD areas only apply to zoning where residential use is permitted, including residential-only zoning and mixed-use zoning with residential uses. Some exceptions include zonings for industrial and agricultural uses, federal considerations for building heights impacting airport flight paths, federal crown lands, heritage buildings and sites, and challenging ground conditions, such as flood plains, hazardous areas, riparian areas, and other environmentally sensitive areas.[10]

The City of Vancouver has adopted the following policies in relation to the TOAs11:

- For Tier 1 (20-storey inner ring), the density has been increased from a Floor Space Ratio (FSR) of 5.0 to 5.5 FSR
- Proposals seeking to maximize height and density in all Tiers (20-storey, 12-storey and 8-storey rings), will be required to:
    - Secure 100% of the residential floor area as secured rental housing, with a minimum 20% permanently secured as below-market rental; or
    - Deliver 30% of the residential floor area to the City as "turn-key" social housing.

The subject is zoned to allow residential use and lies within 200 to 400 metres of the Statdium Skytrain Strataion. Therefore, a minimum density of up to 4.0 FAR will be permitted.

Other Controls

Municipal councils can change only some aspects of the land use controls that apply to certain properties. Provincial, regional, and federal controls that also affect development include:

- environmental and fisheries regulations,
- heritage policies,
- public health, building and fire codes, and
- highways and transit plans.

We obtained the information on land use controls contained in this report from the local government website at the time of the valuation. We have not verified that the bylaw information on the website reflects the current official documents, as it is not practical to obtain a consolidated official document. In the event of material variance, our conclusions herein might need updating.

The mandate for this valuation did not require research into all of the land use regulations that possibly apply. Further, existing land use controls do not always bind regulators, who can develop new policy and rescind or modify existing land use policies. Municipal planning officials and independent planning consultants can assist with specific questions on land use matters.

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10 Ibid

11 https://council.vancouver.ca/20240626/documents/cfsc1.pdf

PART THREE – MARKET DATA, ANALYSES AND CONCLUSIONS

HIGHEST AND BEST USE

An accepted definition of highest and best use is:

> the reasonably probable use of Real Property, that is physically possible, legally permissible, financially feasible, and maximally productive, and that results in the highest value.[12]

The highest and best use of a property is an economic concept that measures the interaction of four criteria: legal permissibility, physical possibility, financial feasibility, and maximum profitability. Estimating the highest and best use of a property is a critical valuation component that provides the valuation context within which market participants and appraisers select and analyze comparable market information.

An appraiser considers the highest and best use of the property as if vacant separately from the highest and best use of the property as improved. This is because the highest and best use of the site, as if vacant and available for development, determines the value of the land, even if the property's existing improvement does not represent the highest and best use of the site.

Vacant Land

An accepted definition of the highest and best use of land or a site is:

> the use among all reasonable alternative uses that yields the highest present land value, after payment for labour, capital, and coordination. The conclusion assumes that the parcel of land is vacant or can be made vacant by demolishing any improvements. [13]

The subject is zoned DD, Downtown District (Sub-Area C2), and designated as Victory Square in the OCP. Changing the land use controls requires approval by the municipal council for a rezoning. Given the nature of development in the area and the pattern of municipal land use policy, it is unlikely that the municipality would rezone the property to a use or density inconsistent with the subject's OCP designation.

For the purposes of our analysis, we have assumed that the non-financial title limitations do not restrict the use of the site beyond the constraints of the land use controls.

Over the market cycle, market values and rents for mixed-use properties in the neighbourhood are sufficient to retire the cost of construction, adequately compensate the developer and provide a positive return to the underlying land.

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12 CUSPAP 2024, 3.35
13 CUSPAP 2018, 2.26

The site size, utility servicing, exposure, and topography generally suit the requirements of development. Based on the surrounding development pattern, we have assumed that soil conditions could support development as contemplated under the land use controls without undue or costly site preparation.

In our opinion, the optimal improvement of the site would entail a ten-storey mixed-use development.

Consequently, we conclude that the highest and best use of the site, as if vacant and available, entails development pursuant to the applicable land use controls, and as market conditions permit.

As Improved

Highest and best use of a property as improved is:

> the use that should be made of an improved property in light of the existing improvements and the ideal improvement described at the conclusion of the analysis of highest and best use as though vacant.[14]

An owner would renovate or retain an existing property "as is" while the improvements continue to contribute to the total market value or until the return from new improvements would more than offset the cost of demolishing the existing development.

For the objective of this analysis, we have assumed that the existing improvements comply with the requirements of the zoning bylaws and other land use controls.

The usual opportunities to enhance the utility of an existing improvement involve changing the use (typically requiring a change to the zoning), substantially renovating the structure, and/or constructing an addition. The existing improvements contribute significant value. We cannot envision an alternate program or use that justifies the removal of the improvements, and we do not believe that a change of use is either permissible or profitable.

Updated interior and exterior schemes are supported by the market and would secure the long term income potential of the property.

Conclusion

Based on the above, the highest and best use of the property is for mixed-use purposes, pursuant to the applicable land use controls, and essentially as improved, for the remaining economic life of the improvements.

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14 The *Appraisal of Real Estate*, 3rd Canadian Edition, a joint publication of the Appraisal Institute of Canada and the University of British Columbia, 2010

INTRODUCTION TO VALUATION

The mandate for this valuation involves estimating the market value to assit with foreclosure proceedings. Classical valuation theory provides three methods for the valuation of improved property: cost, income, and direct comparison. The relevance of a method for a particular assignment varies with the availability of necessary market data and the extent to which market participants for the property at hand rely on it.

Given that the subject property would normally trade on its ability to generate rental revenue and anticipated capital gain, purchasers and vendors would base their decision primarily on the income approach. Although less specific, a relationship also exists between physical characteristics and value, so the direct comparison approach will provide insight. Our estimate of value utilizes two of the three classic techniques: the income approach and the direct comparison approach. The third method, the cost approach, has little relevance given the age of the improvements in place.

INCOME APPROACH

The income analysis relies on an assessment of the quality, quantity, and durability of income that a property can produce, analysing the marketplace to learn typical income-to-value ratios for properties recently traded, and combining these analyses to obtain an estimate of value. The simplest application of this technique is direct capitalization of the property's stabilized income. For properties having multiple tenancies and in a strong marketplace, market participants might forecast incomes over a typical holding period, and estimate a future sale price. Calculated using discounted cash flow techniques, the present value of these incomes can also provide useful insight into value. Given the stable income forecast for the subject, we elected to capitalize the single year income using an overall rate determined from the market.

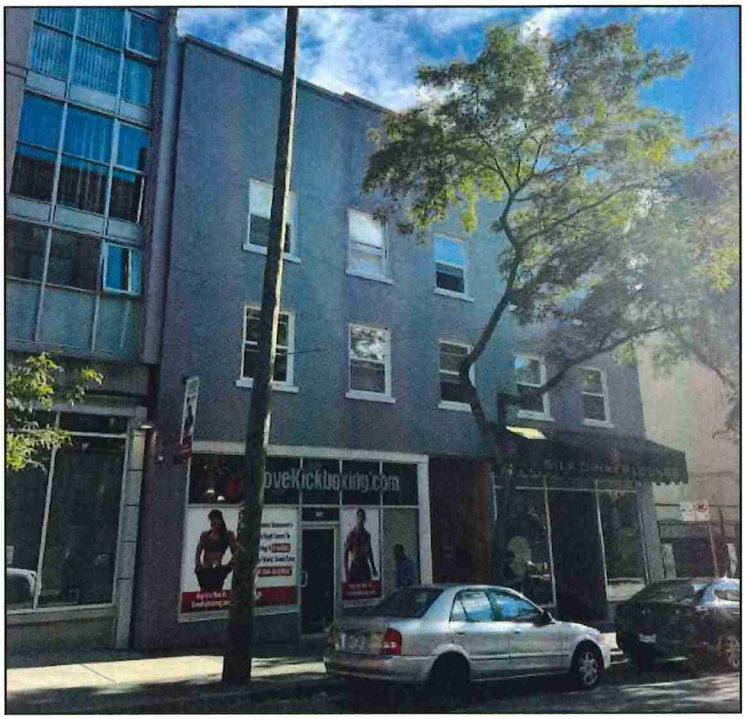
Base Rent – Commercial Component

The commercial component features 8,400± square feet of ground floor space that is currently vacant.

Unit 163, measuring approximately 2,545 square feet, is currently available for lease on Paragon Commercial, per record C8070525, at a gross rent of $22 per square foot, consisting of a base rent of $8 per square foot and additional rent of $14 per square foot.

To determine an appropriate rent for the space, the following comparable rental evidence is noted.

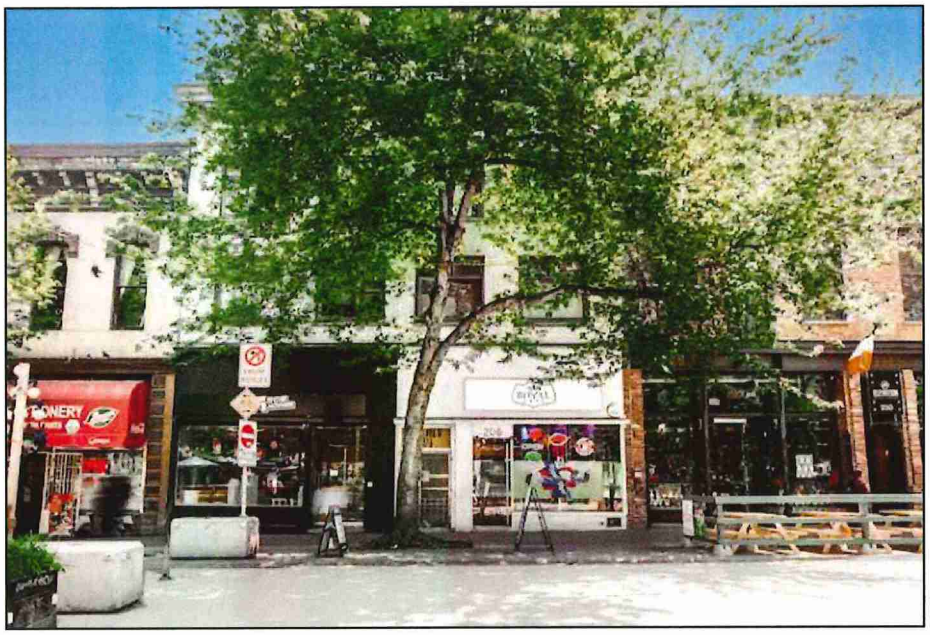
Rent Comparable 1 132 to 136 Powell Street



A three-storey mixed-use development originally constructed in 1912, located on the south side of Powell Street, east of Columbia Street and west of Main Street. In 2023 the following lease was reportedly in place.

Tenant	Area (SF)	Start	Term (Years)	Base Rent ($/SF)	Aditional Rent ($/SF)	Gross Rent ($/SF)
District Warrior	3,000	2023-11-01	3	30.00	n/a	n/a

Rent Comparable 2 202 Carrall Street



A three-storey mixed-use development located on the east side of Carrall Street, north of West Hastings Street. In 2024, the following ground floor leasing was reportedly in place. Additional rent was quoted at $12 per square foot, resulting in net rents in 2024 at $24.00 and $24.60 per square foot. Both leases are dated and require upward consideration.

Unit	Tenant	Area (SF)	Start	Term (Years)	Base Rent ($/SF)	Gross Rent ($/SF)
202	From Another	2,710	2023-07	1	23.00	n/a
			2024-07	2	24.00	36.00
			2025-07	3	25.00	n/a
			2026-07	4	26.00	n/a
			2027-07	5	27.00	n/a
206	Royal Vape	2,754	2022-02	1 to 2	n/a	34.86
			2024-02	3	n/a	36.60

Rent Comparable 3 211 Columbia Street



A heritage designated, three-storey plus basement, fully-renovated structure originally constructed circa 1901, located at the southwest corner of Powell Street and Columbia Street. In November 2025 the following lease was reported.

Unit	Tenant	Start	End	Area (SF)	Base Rent ($/SF)	Additional Rent ($/SF)	Gross Rent ($/SF)
Basement*	Open Door Platforms	2024-02-01	2025-01-31	5,887	n/a	n/a	13.00
		2025-02-01	2027-02-01		n/a	n/a	14.00
100	Dynamo Gastown Fencing Club	2024-03-01	2029-02-28	7,500	30.00	12.50	42.50
111	The Flowershop	2023-12-01	2026-11-30	1,250	32.50	12.50	45.00
	Tatto Studio	2026-12-01	2027-11-29				47.50
		2027-11-30	2028-11-30				50.00
	Current Total			14,637	30.36	12.50	42.86

Rent Comparable 4 130 West Hastings Street



A four-storey mixed-use development constructed in 1909, located on the south side of West Hastings Street, east of Cambie Street and west of Abbott Street. In 2024 the following ground floor lease was reportedly in place.

Tenant	Area (SF)	Start	Term (Years)	Base Rent ($/SF)	Aditional Rent ($/SF)	Gross Rent ($/SF)
Cielito Lindo	3,000	2024-05-03	n/a	29.00	18.43	47.43

Rent Comparable 5 57 West Cordova Street



A four-storey heritage designated mixed-use development originally constructed in 1909, located on the north side of East Cordova Street, west of Carrall Street. As at November 2025 the following ground floor space was available for lease.

Unit	Area (SF)	Asking Base Rent ($/SF)	Aditional Rent ($/SF)	Gross Rent ($/SF)
n/a	4,000	29.00	12.00	41.00

Rent Comparable 6 303 East Pender Street



A six-storey, mixed-use retail/residential development completed in 2018, located at the northeast corner of Gore Avenue and East Pender Street. As at November 2025, the following space was available for lease.

Unit	Area (SF)	Asking Base Rent ($/SF)	Aditional Rent ($/SF)	Gross Rent ($/SF)
488 Gore Avenue	2,439	38.00	21.03	59.03

The primary factors affecting rental rates are:

- supply and demand,
- location,
- commercial exposure,
- aesthetic exposure,
- layout and design,
- age of improvements,
- parking availability, safety and proximity, and
- tenant improvements and incentives.

The evidence assembled shows net rents in the order of $25 and $38 per square foot. All fo the comparable properties have significant tenant improvements in place. Given the current condition of the subject space, its size, and the requirement for significant tenant improvements, the as is market rent for the space is estimated to lie below this established range at say $15 to $20 per square foot net. Given the Current asking rent of Unit 163, a market rent of $15 per square foot has been adopted.

Basic Rent – Residential/Rooming House Component

The current monthly rent is $49,374 or approximately $568 per room. The annual rent is $592,488.

Renovated rooms will rent in the order of $800 and $1,500 per month. Specific examples are as follows.

Address	Type	Area (SF)	Monthly Rent ($)	$/SF
291 East Georgia Street	Micro Suite/Shared Washrooms	140	850	6.07
291 East Georgia Street	Micro Suite/Shared Washrooms	150	900	6.00
527 East Georgia Street	Micro Suite/Shared Washrooms	88	800	9.09
527 East Georgia Street	Micro Suite/Shared Washrooms	106	880	8.30
527 East Georgia Street	Micro Suite/Shared Washrooms	110	880	8.00
634 East Georgia Street	Micro Suite/Shared Washrooms	130	880	6.77
55 Powell Street	Micro Suite/Shared Washrooms	97	800	8.25
55 Powell Street	Micro Suite/Shared Washrooms	119	850	7.14
90 Alexander Street	Micro Suite/Shared Washrooms	213	1,250	5.87
90 Alexander Street	Micro Suite/Shared Washrooms	144	1,000	6.94

Source: www.livingbalance.ca

Based on the above, after specific consideration for the subject's relative condition, the average rent in place appears to be at or near market rates and accordingly has been adopted for valuation purposes.

Additional Revenue

Additional revenue will potentially be generated via laundry. Laundry income is projected at $350 per month for valuation purposes.

Vacancy and Collection Loss

For valuation purposes, a vacancy rate of 4.0% has been adopted for the commercial component and an vacancy rate of 1.0% has been adopted for the residential component. By comparison, Colliers and CMHC reported the following vacancy rates.

Vancouver Retail Vacancy Rates 2025 Fall

Market	Street Segment	Vacancy Rate ($)
Alberni District	Burrard Street to Thurlow Street	2.99%
Alberni District	Thurlow Street to Bute Street	6.41%
Cambie Village	West 14th Avenue to West 19th Avenue	0.82%
Davie Village	Burrard Street to Jervis Street	3.01%
Gastown	W Cordova Street to Carrall Street	4.13%
Kerrisdale	West Boulevard to Vine Street	4.41%
Kitsilano	Burrard Street to Yew Street	3.45%
Mount Pleasant	East Broadway to E 15th Avenue	2.78%
Robson	Burrard Street to Thurlow Street	3.05%
Robson	Thurlow Street to Bute Street	4.44%
South Granville	West Broadway to 15th Avenue	2.95%
West End	West Georgia to Davie Street	0.49%
Yaletown	Nelson Street to Davie Street	0.57%
Yaletown	Nelson Street to Davie Street	3.18%
Total		2.90%

Source: Colliers Greater Vancouver Retail Report Fall 2025

2023/2024 CMHC Vacancy Rates

MONTHLY RENT ($)	Studio		1BR		2BR		3BR	
Zone	Oct-23	Oct-24	Oct-23	Oct-24	Oct-23	Oct-24	Oct-23	Oct-24
West End/Stanley Park	0.3	1.3	0.4	0.4	1.3	1.1	0.0	0.0
English Bay	**	3.0	0.6	1.3	0.8	1.6	**	3.4
Downtown	1.3	2.3	1.2	2.6	2.4	2.9	**	**
West End/Downtown	1.4	2.3	0.9	1.8	1.8	2.2	**	4.2
Mount Pleasant/Renfrew Heights	0.8	2.9	0.3	1.1	1.1	2.2	0.7	5.4
East Hastings	0.1	1.6	0.4	1.4	0.6	1.8	0.0	**

Source: CMHC Rental Market Survey

Operating Expenses

The following historic operating expenses are reported for the building.

Description	Budget ($)	$/Unit
Accounting & Legal	2,783	32
Insurance	44,076	507
Janitorial	24,800	285
Licenses/Permits	4,840	56
Management Fees	25,200	290
Property Taxes	51,534	592
Repairs & Maintenance	31,826	366
Utilities	38,688	445
Waste Removal	10,044	115
Total Expenses	233,791	2,687

The above expenses are assumed to be exclusive of the commercial space, which is currently vacant.

For valuation purposes, expenses are budgeted at $2,750 per unit for the residential/rooming house component and $12.50 per square foot for the commercial component.

An additional allowance of 1.5% of the effective gross income is applied to account for future structural maintenance and expenses born during vacant periods.

Stabilized Net Income

Based on the above, the stabilized net income for the subject is estimated as follows:

COMMERCIAL COMPONENT		Annual ($)
Base Rent	8,400 SF @ $15.00/SF	126,000
Additional Rent	8,400 SF @ $12.50/SF	105,000
Storage Space	Included above	-
Potential Gross Income		231,000
Vacancy Allowance	@ 4.0% of PGI	(9,240)
Effective Gross Income		221,760
Expenses	8,400 SF @ $12.50/SF	(105,000)
Non-Recoverable Allowance	@ 1.5% of EGI	(3,326)
Stabilized Net Income		113,434

RESIDENTIAL COMPONENT		Annual ($)
Basic Rent	Reported at $49,374/Month	592,488
Laundry Income	@ $350/Month	4,200
Potential Gross Income		596,688
Vacancy Allowance	@ 1.0% of PGI	(5,967)
Effective Gross Income		590,721
Expenses	87 Units @ $2,700/Unit = 39.8% of EGI	(234,900)
Stabilized Net Income		355,821

NOI Summary

Component	Annual Stabilized NOI ($)	$/Unit
Commercial	113,434	56,717
Residential/Rooming House	355,821	4,090
Total	469,255	5,273

Capitalization Rate

The next step in the income approach involves the selection of an appropriate overall capitalization rate. We have surveyed the marketplace for investment properties that investors would consider competitive with the subject, emphasizing:

- similar value,
- comparable investment risk, and
- recent market activity.

Pertinent details of these properties are summarized below:

Index No. 1 425 Campbell Avenue



Property Identification

Address	425 Campbell Avenue, Vancouver
PID	004-766-105

Land Data

Lot Size	2,033 square feet
Zoning	RT-3, Duplex/Multiple Dwelling

Building Data

Building Area	Approximately 6,000 square feet
Year Built	1910
Units	20 (2 CRUs and 18 micro-suites)

Sale Data

Date	Under contract 2022-09-26 (closed 2023-01-19)
Price	$2,925,000
Instrument No.	CB438687
Vendor	Available upon request.
Purchaser	Available upon request.

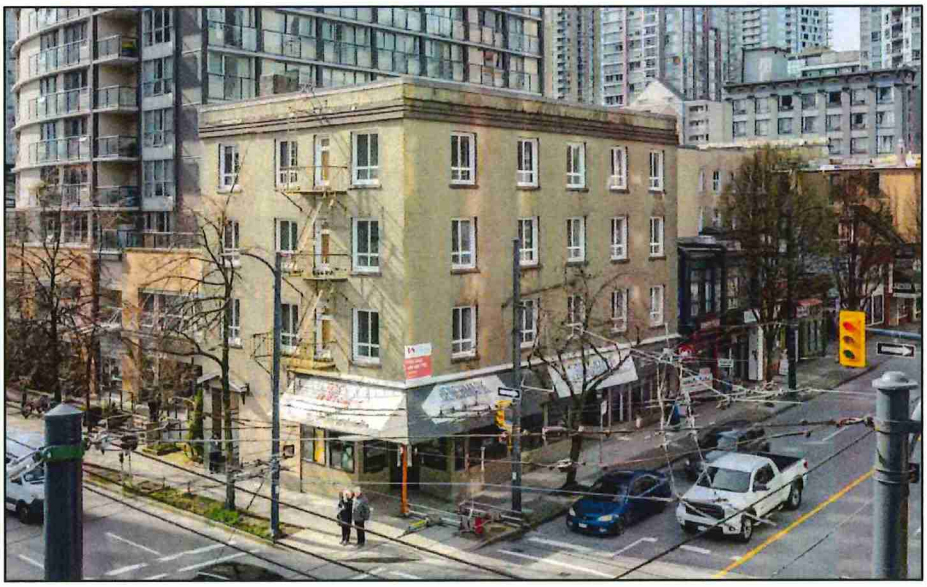
Remarks

St. Elmo Rooms – A three-storey mixed-use development located on the west side of Campbell Avenue north of East Pender Street and south of East Hastings Street. The development features two ground-floor commercial retail units and 18 micro-suites above. The property was listed on MLS per record C8044848 on 2022-09-06 for $3,300,000 with the stabilized net income quoted at $155,196.

Indicators

Floor Space Ratio	2.95
Price/SF Land	$1,439
NOI/Unit	$7,760
Overall Capitalization Rate	5.3%
Price/SF Building	$488
Price/Unit	$146,250

Index No. 2 1203 Seymour Street



Property Identification

Address	1203 Seymour Street, Vancouver
PID	015-344-835

Land Data

Lot Size	2,260 square feet
Zoning	DD, Downtown District (Sub-Area C4)

Building Data

Building Area	9,451 square feet
Year Built	1911
Units	28 (1 CRU and 27 micro-suites)

Sale Data

Date	Under contract 2023-01-06 (closed 2023-12-21)
Price	$7,500,000
Instrument No.	CB1090790
Vendor	Available upon request.
Purchaser	Wesgroup

Remarks

Canadian Hotel – A four-storey mixed-use development located at the southwest corner of Seymour Street and Davie Street. The ground floor features a commercial retail unit with an above grade area of approximately 2,000 square feet while the upper floors feature approximately 6,000 square feet and 27 micro-suites. Net operating income reported at $344,250.

Indicators

Floor Space Ratio	4.18
Price/SF Land	$2,260
NOI/Unit	$12,295
Overall Capitalization Rate	4.6%
Price/SF Building	$794
Price/Unit	$267,857

Index No. 3 211 Columbia Street, Vancouver



Property Identification

Address	211 Columbia Street and 80 Powell Street, Vancouver
PID	025-000-322 and 024-971-626

Land Data

Lot Size	17,556 square feet or 0.403 acres
Zoning	HA-2, Historic Area

Building Data

Leasable Area	19,763 square feet above grade and 8,144 square feet below grade Total = 27,907 square feet
Year Built	1901

Sale Data

Date	Under contract May 2023 (closed September 2023)
Price	$11,500,000
Instrument No.	CB874361 and CB874415
Vendor	Cypra Developments Ltd.
Purchaser	211 Columbia Street Holdings Ltd.

Income

Potential Gross Income	$570,560	reported
Vacancy & Collection Allowance	(11,411)	@ 2.0% of PGI
Effective Gross Income	$559,149	
Non-Recoverable Allowance	(8,387)	@ 1.5% of EGI
Net Operating Income	$550,762	stabilized

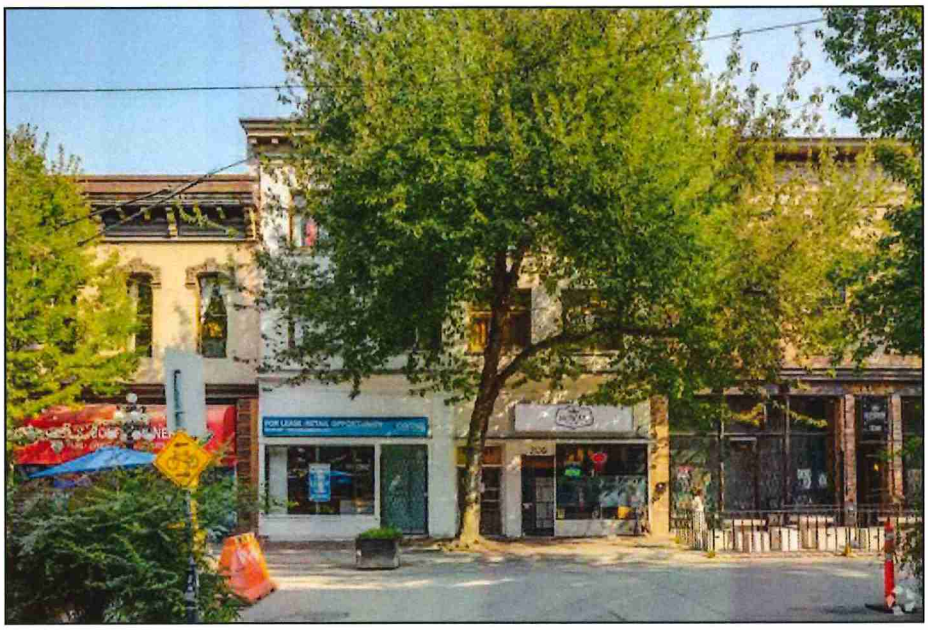
Remarks

A commercial development located at the southwest corner of Powell Street and Columbia Street. Net operating income quoted at $570,560.

Indicators

FSR	1.13
Price/Leasable Area	$582
NOI/SF	$27.87
Overall Capitalization Rate	4.8%

Index No. 4 200-204 Carrall Street



Property Identification

Address	200-204 Carrall Street, Vancouver
PID	028-174-089

Land Data

Lot Size	5,040 square feet
Zoning	HA-2 Gastown Historic District

Building Data

Building Area	Approximately 13,500 square feet
Year Built	1909
Units	44 (2 CRUs and 44 micro-suites)

Sale Data

Date	Under contract 2024-04-23 (closed 2024-04-23)
Price	$6,300,000
Instrument No.	CB1546253
Vendor	Available upon request.
Purchaser	Provincial Housing Corp.

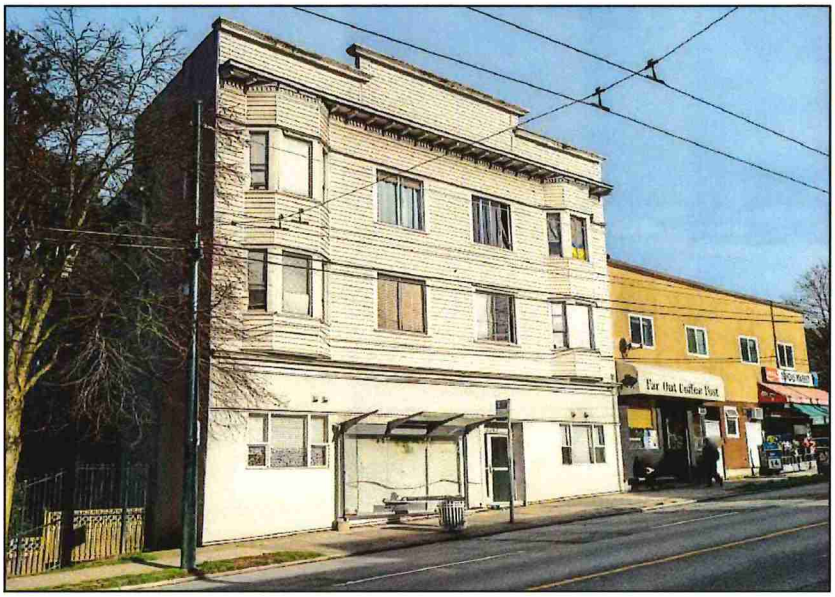
Remarks

Glory Hotel – A three-storey mixed-use development located on the east side of Carrall Street, north of West Hastings Street. The development features two commercial retail units at grade measuring approximately 4,500 square feet and 42 micro-suites above measuring approximately 9,000 square feet. Net operating income reported at $305,000.

Indicators

Floor Space Ratio	2.68
Price/SF Land	$1,250
NOI/Unit	$6,630
Overall Capitalization Rate	4.8%
Price/SF Building	$467
Price/Unit	$136,957

Index No. 5 2163/67 Dundas Street



Property Identification

Address	2163/67 Dundas Street, Vancouver
PID	011-196-441

Land Data

Lot Size	6,039 square feet
Zoning	RM-3A, Multiple Dwelling District

Building Data

Building Area	Approximately 9,500 square feet
Year Built	1912
Units	37 units (14 Micro Suites, 19 Bach, 2 1BR, 1 2BR and 1 3BR)

Sale Data

Date	Listed 2025-10-28
Price	$5,800,000
Instrument No.	n/a
Vendor	Available upon request.
Purchaser	n/a

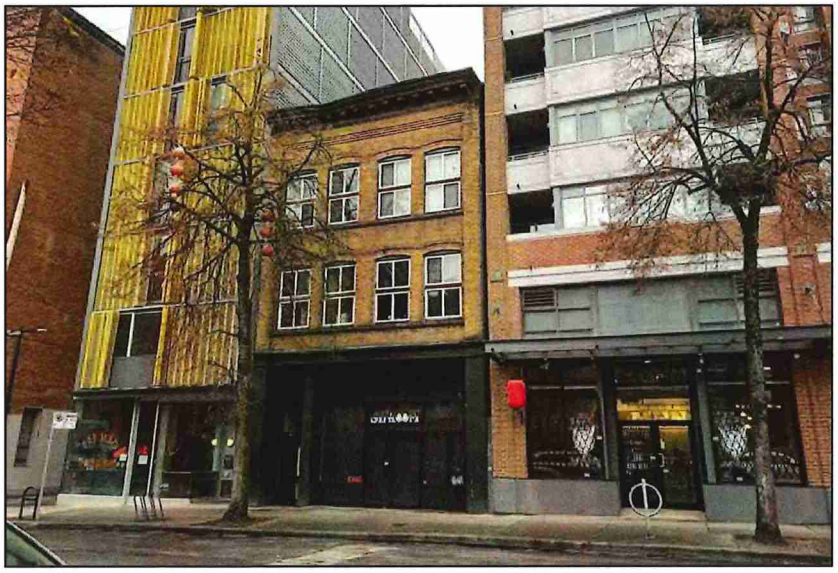
Remarks

A three-storey residential development, plus rear multiple dwelling house located on the north side of Dundas Street, west of Templeton Drive. Effective gross income reported at $430,906 and stabilized net income is reported at $310,244 (Operating expenses = $120,662 or $3,261 per unit).

Indicators

Floor Space Ratio	1.57
Price/SF Land	$960
NOI/Unit	$8,385
Overall Capitalization Rate	5.3%
Price/SF Building	$611
Price/Unit	$156,757

Index No. 6 221 East Georgia Street



Property Identification

Address	221 East Georgia Street, Vancouver
PID	015-662-128

Land Data

Lot Size	3,050 square feet or 0.070 acres
Zoning	HA-1A, Chinatown Historic District

Building Data

Building Area	Approximately 5,325 square feet (gross) – estimated at 1,775 square feet per floor
Year Built	1912
Units	17 – One (1) commercial retail unit and 16 SRO rooms

Sale Data

Date	Listed 2025-11-15
Price	$2,598,000
Instrument No.	n/a
Vendor	Casu Holdings Ltd.
Purchaser	n/a

Remarks

A three-storey mixed-use retail/rooming house development located on the north side of East Georgia Street, east of Main Street. The retail space reportedly measures 1,353 square feet. The gross and net income for the property is reported at $173,000 and $143,000, respectively, which shows expenses of $1,765 per unit (based on 17 units), and an expense ratio of 17.3%. The property was listed for sale per Paragon Commercial record C8073870 for $2,598,000.

Indicators

Floor Space Ratio	1.75
Price/SF Land	$852
NOI/Unit	$8,412
Overall Capitalization Rate	5.5%
Price/SF Building	$488
Price/Unit	$152,824

Location Map & Summary of Comparable Sales



Index	Address	Contract Date	Closing Date	Price ($)	NOI/ Unit	OCR
1	425 Campbell Avenue	2022-09	2023-01	2,925,000	7,760	5.3%
2	1203 Seymour Street	2023-01	2023-12	7,500,000	12,295	4.6%
3	211 Columbia Street	2023-04	2023-06	11,500,000	n/a	4.8%
4	202 Carrall Street	2024-04	2024-08	6,300,000	6,630	4.8%
5	2163/67 Dundas Street	n/a	List	5,800,000	8,385	5.3%
6	221 East Georgia Street	n/a	List	2,598,000	8,412	5.5%
	Minimum			2,598,000	6,630	4.6%
	Median			6,050,000	8,385	5.1%
	Average			6,103,833	8,696	5.1%
	Maximum			11,500,000	12,295	5.5%

The comparable evidence features two active listing and four sales dated between September 2022 and August 20204. Prices range between $2,925,000 and $11,500,000 while overall rates range from 4.6% to 5.5% with a central tendency in the order of 5.1%.

The factors affecting overall rates include location, age and design of the improvements, the size of the space and the type of investment (i.e. redevelopment/repositioning vs. holding). Generally, smaller developments sell at lower overall rates given their affordability and appeal to a broader market and one-storey buildings sell at lower overall rates given their future redevelopment potential. In addition, overall rates are low where rents are below market.

- Index 1 at 5.3% has an inferior location to the east. Additional upward consideration is required for its date of sale.
- Index 2 at 4.6% and Index 4 at 4.8% are noted for their size and use; both have superior relative locations.
- Index 3 at 4.8% is noted for its relative location and heritage improvements with consideration for its retail and office use at the time of sale. The office component is currently in the process of being coverted to a residential/hotel use.
- Index 5 at 5.3% and Index 6 at 5.5% require upward adjustment for their list status.

Conclusion

Based on the above, after specific consideration for the fact that the subject' commercial component is currently vacant, the applicable overall rate is estimated to lie in the order of 5.4% and 5.6%. At the midpoint of 5.5%, the resulting estimated market value of the subject is as follows.

$$\text{Value} = \frac{\text{Stabilized Net Income}}{\text{Overall Capitalization Rate}}$$

Stabilized Net Operating Income ($)	489,112
Capitalization Rate (OAR)	5.5%
Estimated Market Value ($)	8,892,945
Rounded to ($)	8,900,000

Please note that the foregoing analysis assumes stabilized occupancy.

DIRECT COMPARISON APPROACH

The direct comparison approach involves analysing sales, listings and offers to purchase on similar properties. Market participants and appraisers apply the results of this analysis to the physical characteristics of the subject property. Although the subject property will trade primarily based on its income generation potential rather than its physical characteristics, the correlation between these factors is sufficient to warrant a direct comparison analysis.

The following table summarizes pertinent characteristics of the comparable properties described previously.

Index	Address	Contract Date	Closing Date	Price ($)	Year Built	Building Area (SF)	FSR	$/SF	Units	$/Unit
1	425 Campbell Avenue	2022-09	2023-01	2,925,000	1910	6,000	2.95	488	20	146,250
2	1203 Seymour Street	2023-01	2023-12	7,500,000	1911	9,451	4.18	794	28	267,857
3	211 Columbia Street	2023-04	2023-06	11,500,000	1901	19,763	1.13	582	n/a	n/a
4	202 Carrall Street	2024-04	2024-08	6,300,000	1909	13,500	2.68	467	46	136,957
5	2163/67 Dundas Street	n/a	List	5,800,000	1912	9,500	1.57	611	37	156,757
6	221 East Georgia Street	n/a	List	2,598,000	1912	5,325	1.75	488	17	152,824
	Minimum			2,598,000	1901	5,325	1.13	467	17	136,957
	Median			6,050,000	1911	9,476	2.22	535	28	152,824
	Average			6,103,833	1910	10,590	2.38	571	30	172,129
	Maximum			11,500,000	1918	19,763	4.18	794	46	267,857

In addition to the previously presented comparable sales, the following recent sales are noted to which income details were not available.

Index	Address	Contract Date	Closing Date	Price ($)	Year Built	Building Area (SF)	FSR	$/SF	Units	$/Unit
7	527-533 E. Georgia Street	2022-08	2023-01	2,700,000	1905	6,800	1.11	397	38	71,053
8	658 Alexander Street	2023-03	2023-12	3,700,000	1912	5,300	1.74	698	18	205,556
9	218 - 222 Keefer Street	n/a	2023-10	8,203,125	1918	11,000	3.61	746	47	174,535
10	208 E. Georgia Street	2023-08	2024-01	21,000,000	1910	21,191	3.10	991	75	280,000
11	58 Alexander Street	2024-07	2026-01	3,000,000	1912	7,990	3.73	375	32	93,750
	Minimum			2,700,000	1901	5,300	1.11	375	18	71,053
	Median			3,700,000	1911	7,990	3.10	698	38	174,535
	Average			7,720,625	1910	10,456	2.66	641	42	164,979
	Maximum			21,000,000	1918	21,191	3.73	991	75	280,000

Index No. 7 527-533 East Georgia Street



Property Identification

Address	527-533 East Georgia Street, Vancouver
PID	015-145-638 and 015-145-654

Land Data

Lot Size	6,100 square feet
Zoning	RT-3, Duplex/Multiple Dwelling

Building Data

Building Area	Approximately 6,800 square feet
Year Built	1905
Units	38 micro-units

Sale Data

Date	Under contract 2022-08-25 (closed 2023-01-31)
Price	$2,700,000
Instrument No.	CB453505
Vendor	Available upon request.
Purchaser	Living Balance

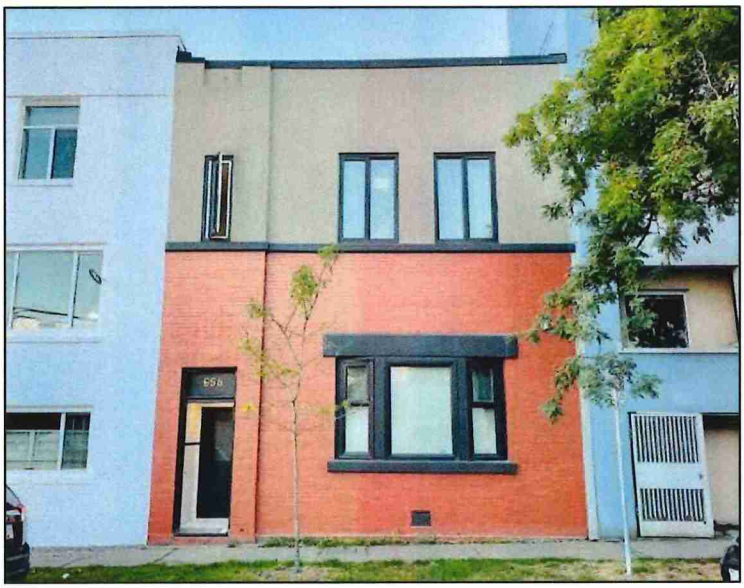
Remarks

A two-storey rooming house development located on the north side of East Georgia Street, east of Jackon Avenue and west Princess Avenue. The property was listed for sale as per MLS record C8045963 on 2022-08-05 for $3,500,000.

Indicators

Floor Space Ratio	1.11
Price/SF Land	$443
Price/SF Building	$397
Price/Unit	$71,053

Index No. 8 658 Alexander Street



Property Identification

Address	658 Alexander Street, Vancouver
PID	015-598-501

Land Data

Lot Size	3,050 square feet
Zoning	DEOD, Downtown Eastside/Oppenheimer District

Building Data

Building Area	Approximately 5,300 square feet
Year Built	1912
Units	18 including five (5) self contained suites.

Sale Data

Date	Closed 2032-10-06
Price	$3,700,000
Instrument No.	CB1086282
Vendor	Available upon request.
Purchaser	Available upon request.

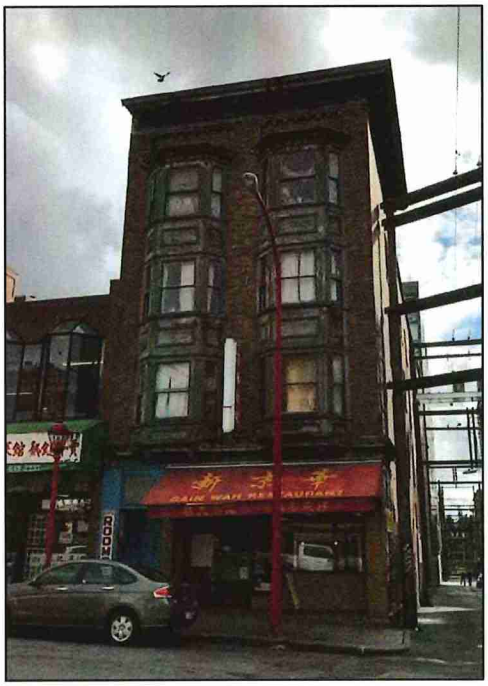
Remarks

Rose Apartments – A renovated and repositioned multiple family development located on the south side of Alexander Street, The property was listed on MLS per record C8047251 on 2022-10-17 for $3,870,000.

Indicators

Floor Space Ratio	1.74
Price/SF Land	$1,213
Price/SF Building	$698
Price/Unit	$205,556

Index No. 9 218-222 Keefer Street



Property Identification

Address	218-222 Keefer Street, Vancouver
PID	006-034-195

Land Data

Lot Size	3,050 square feet
Zoning	HA-1A, Chinatown Historic District

Building Data

Building Area	Approximately 11,000 square feet
Year Built	1918
Units	47 (1 CRU and 46 micro-suites)

Sale Data

Date	Closed 2023-10-06
Price	$8,203,125
Instrument No.	CA7036198
Vendor	Available upon request.
Purchaser	Provincial Rental Housing Corp.

Remarks

Keefer Rooms – A four-storey mixed-use development located on the south side of Keefer Street, east of Main Street.

Indicators

Floor Space Ratio	3.61
Price/SF Land	$2,690
Price/SF Building	$746
Price/Unit	$174,535

Index No. 10 208 East Georgia Street



Property Identification

Address	208 East Georgia Street, Vancouver
PID	028-174-089

Land Data

Lot Size	6,840 square feet
Zoning	HA-1A, Chinatown Historic District

Building Data

Building Area	21,191 square feet
Year Built	1910
Units	75 (2 CRUs and 73 micro-suites)

Sale Data

Date	Under contract 2024-04-23 (closed 2024-01-18)
Price	$21,000,000
Instrument No.	CB1123967
Vendor	Porte Development
Purchaser	Beedie

Remarks

London Hotel - A three- and four-storey mixed-use commercial/rooming house development fully renovated in 2022 and located at the southeast corner of East Georgia Street and Main Street. The development features 73 SRO units measuring 15,073 square feet and two commercial retail units totaling 6,118 square feet. The 2022 renovation reportedly cost $2,900,000 or $137 per square foot. The commercial component was leased to London Public House and Fiorino Italian Street Food.

Indicators

Floor Space Ratio	3.10
Price/SF Land	$3,070
Price/SF Building	$991
Price/Unit	$280,000

Index No. 11 58 Alexander Street



Property Identification

Address	58 Alexander Street, Vancouver
PID	015-705-439

Land Data

Lot Size	2,142 square feet or 0.049 acres
Zoning	HA-2, Gastown Historic District

Building Data

Building Area	7,990 square feet above grade 10,130 square feet including 2,140 square foot basement level
Year Built	1912
Units	32 - 1 commercial retail unit and 31 SRO units.

Sale Data

Date	Under contract 2024-07-31 (set to close 2026-01-22)
Price	$3,000,000
Instrument No.	TBD
Vendor	City of Vancouver
Purchaser	TBD

Remarks

A four-storey plus basement rooming house/hotel development bound by Alexander Street to the north and Powell Street to the south, west of Columbia Street and east of Carrall Street. The commercial space reportedly measures 1,650 square feet.

Indicators

Floor Space Ratio	3.73
Price/SF Land	$1,400
Price/SF Building	$375 per above grade square foot $296 per total square foot
Price/Unit	$93,750

Location Map & Summary of Comparable Sales & Listings



Index	Address	Contract Date	Closing Date	Price ($)	Year Built	Building Area (SF)	FSR	$/SF	Units	$/Unit
1	425 Campbell Avenue	2022-09	2023-01	2,925,000	1910	6,000	2.95	488	20	146,250
2	1203 Seymour Street	2023-01	2023-12	7,500,000	1911	9,451	4.18	794	28	267,857
3	211 Columbia Street	2023-04	2023-06	11,500,000	1901	19,763	1.13	582	n/a	n/a
4	202 Carrall Street	2024-04	2024-08	6,300,000	1909	13,500	2.68	467	46	136,957
5	2163/67 Dundas Street	n/a	List	5,800,000	1912	9,500	1.57	611	37	156,757
6	211 East Georgia Street	n/a	List	2,598,000	1912	5,325	1.75	488	17	152,824
7	527-533 E. Georgia Street	2022-08	2023-01	2,700,000	1905	6,800	1.11	397	38	71,053
8	658 Alexander Street	2023-03	2023-12	3,700,000	1912	5,300	1.74	698	18	205,556
9	218 - 222 Keefer Street	n/a	2023-10	8,203,125	1918	11,000	3.61	746	47	174,535
10	208 E. Georgia Street	2023-08	2024-01	21,000,000	1910	21,191	3.10	991	75	280,000
11	58 Alexander Street	2024-07	2026-01	3,000,000	1912	7,990	3.73	375	32	93,750
	Minimum			2,598,000	1901	5,300	1.11	375	17	71,053
	Median			5,800,000	1911	9,451	2.68	582	35	154,790
	Average			6,838,739	1910	10,529	2.50	603	36	168,554
	Maximum			21,000,000	1918	21,191	4.18	991	75	280,000

The comparable evidence features two active listing and nine (9) sales dated between September 2022 and August 2024. Prices range from $2,598,000 to $21,000,000 while building sizes range from 5,300 to 21,191, floor space ratios range from 1.11 to 4.18 and development sizes range from 17 to 75 units. Rates per square foot range from 375 to 991 with a central tendency in the order of $580 and $600 per square foot. Rates per unit range from $71,053 to $280,000 with a median of $154,790 per unit and an average of $168,554 per unit.

The comparison unit, price per square foot of building, is impacted by a variety of inter-related factors including the age and design of the improvements, size, quality of construction, underlying land value, visual exposure, lease rates and/or strength of covenant. The general trend in the market is that as the floor space ratio increases the rate per square foot declines.

- A rate per square foot towards the low end of the range is applicable given the subject's relative size and condition, current occupancy, and existing poor market conditions.
- Index 4 at $467 per square foot has a superior commercial location and is a smaller asset, and is therefore a clear upper limit.
- Index 11 at $375 per square foot is noted for its date of sale.
- The majority of the remaining sales are dated and considered clear upper limits with rates per square foot ranging from $397 to $991 per square foot.

Conclusion

Based on the evidence assembled, after specific consideration for the current limited demand for mixed-use rooming house/hotel assets, and the fact that the entire ground floor is vacant, a rate per square foot in the order of $375 and $395 per square foot has been adopted. At the midptoint of $385 per square foot, the corresponding estimated market value is as follows.

Area (SF)	22,000
$/SF	385
Market Value Estimate ($)	8,470,000
Rounded to ($)	8,470,000

SUMMARY & CONCLUSION

Our analysis of the property used two distinct approaches in its valuation.

Approach	Commercial Component
Income	$8,530,000
Direct Comparison	$8,470,000

The results of these analyses correlate well. The difference is $60,000 or 0.7%, well within the margin of uncertainty inherent in valuation analyses.

Each of these analyses contains hypothetical components. The income approach presumes the property is at stable occupancy and that the owner has paid the cost of space marketing and tenant inducements. The direct comparison approach considers market evidence to establish value and presumes that the property sells on the date of valuation, and ignores marketing and holding costs.

The final value estimate is not determined by merely applying a technical or quantitative procedure; instead, it involves the use of judgment. The value conclusion must reflect the response of the marketplace to properties such as the subject. Our conclusion of value relies primarily on the income approach, since this technique best reflects the response of participants in the market. Based on our analysis of the subject we conclude that the market value of 7615 – 128 Street as at November 15, 2025 is:

EIGHT MILLION FIVE HUNDRED THIRTY THOUSAND DOLLARS
$8,530,000

Values and opinions contained in this report are based on market conditions as at the time (effective date) of this report. This report does not provide a prediction of future values. In the event of market instability and/or disruption, values and opinions may change rapidly and such potential future events have NOT been considered in this report. As this report does not and cannot consider any changes to the property or market conditions after the effective date, clients and authorized users are cautioned in relying on the report after the effective date noted herein. The above conclusion is subject to the Extraordinary Limiting Conditions on Page 9 of this report.

Exposure Time

Exposure time is the time a property remains on the market. In an appraisal, the term means the estimated length of time the property interest being appraised would have been offered on the market before the hypothetical consummation of a sale at the estimated value on the effective date of the appraisal.[15] An opinion of exposure time is a retrospective estimate that has its basis in an analysis of past events assuming a competitive and open market.

The exposure period occurs immediately before the effective date of the valuation. The concept of reasonable exposure time encompasses not only adequate, sufficient, and reasonable time, but also adequate, sufficient, and reasonable marketing effort. Exposure time is different for various types of real estate and value ranges and under various market conditions.

In our view, the subject property ought to trade within a time typical for its market. This exposure time was typically up to 12 months for properties such as the subject, as supported by the sale horizons of the comparable sales presented herein. This time estimate assumes reasonable pricing and professional marketing. It does not include the time for normal due diligence, nor the closing time after an agreement in principle.

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[15] Canadian Uniform Standards of Professional Appraisal Practice: Appraisal Institute of Canada, 2024, Ottawa, Ont.) 3.26

CERTIFICATION

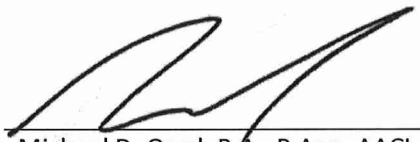
Re: 7615 – 128 Street, Vancouver, British Columbia

We certify, except as otherwise noted in the preceding analysis, 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 are our personal, impartial and unbiased professional analyses, opinions and conclusions.
- We have no present or prospective interest or bias in the subject property, and no personal interest or bias with respect to the parties involved.
- Our engagement in and compensation for this assignment were not contingent upon developing or reporting predetermined results, the amount of the value estimate, or a conclusion favouring the client.
- Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Canadian Uniform Standards of Professional Appraisal Practise and IVS.
- We have the knowledge and experience to complete this assignment competently.
- As of the date of this report, the undersigned is a member in good standing of the Appraisal Institute of Canada and has fulfilled the requirements of that organization's Continuing Professional Development Program.
- No one provided significant professional assistance to the persons signing this report.
- The undersigned personally inspected the subject property on November 15, 2025.
- Based upon the data, analyses and conclusions contained herein, the market value of the fee simple interest in the property described, as at November 15, 2025, is estimated as follows:

EIGHT MILLION FIVE HUNDRED THIRTY THOUSAND DOLLARS
$8,530,000

The above conclusion is subject to the Extraordinary Limiting Conditions on Page 9 of this report.



Michael D. Oord, B.A., P.App, AACI
AIC Member No.: 901639
GROVER, ELLIOTT & CO. LTD.
December 3, 2025

ADDENDA

APPENDIX 1 – ASSUMPTIONS & LIMITING CONDITIONS

The only party who may rely on the opinions expressed in this report is the specified authorized user and those who obtain our written consent, even where the report is for financing purposes. Where the authorized user is a lender, its borrower may also rely on this report, for the purposes of that loan. This report assumes that only the authorized user specified herein will rely upon it, and only for the authorized use stated herein. No one else may rely on this report without our written consent, which we may not provide retroactively. We expressly deny any legal liability for unauthorized reliance and for any other use. Diligence by all authorized users is assumed.

When preparing an appraisal for lending purposes, appraisers do not investigate if the prospective loan and applicant satisfy prudent loan underwriting criteria. Correspondingly, we assume no responsibility for loans made where the borrower lacks the ability or motivation to repay the loan, or where the lender has not followed prudent lending practices. When we authorize a lender to rely on this report, we grant such authorization subject to the lender completing a thorough due diligence investigation, which reasonably concludes that the borrower has the intention and capacity to repay the loan.

Where the authorized use of this report is for securitization, financing or mortgage lending, and in accordance with the Office of the Superintendent of Financial Institutions Canada (OSFI) and Canada/Ontario/British Columbia Securities Commission policies, it is the authorized user's responsibility to grant mortgage loans and issue mortgage backed securities on the basis of the borrower's demonstrated willingness and capacity to service its debt obligations. Where the client is the mortgagee and the loan is insured, liability is extended to the mortgage insurer.

The basis of the opinions and estimates herein is information gathered from various sources considered reliable and believed to be correct.

We assume no responsibility for factors relating to the legal description, state of title or for unapparent conditions of the property not brought to our attention that might affect value.

We have included images, plans, and sketches for visual reference only. We cannot assume responsibility for the accuracy of such illustrations where the basis was third party sources. Images obtained from third party sources such as Google Earth might not be current.

The client or identified third parties provided figures in this report relating to land and floor areas unless stated otherwise. Incorrect land and floor areas could render our analysis and conclusions invalid.

The economic conditions and outlook current at the date of valuation form the basis of our opinions and conclusion of value. Because market conditions, including economic, social, and political factors change rapidly, and, on occasion, without warning, it could be misleading to rely on the market value estimate expressed herein as of any other date except with the further advice from this firm, for which advice we will accept no responsibility unless made formally and confirmed in writing.

We undertook no investigation with the local zoning office, the fire department, the building inspector, the health department or any other government regulatory agency except as expressly described in this report. The subject property must comply with such government regulations. Any noncompliance may affect market value. Confirming compliance could require further investigations.

Underlying our analysis and conclusions is the assumption that no hidden or unapparent conditions of the property affect potential use or development. To confirm this assumption, we recommend due diligence investigations into applicable physical and regulatory matters, and on request will assist the authorized user identify the particular requirements for this property with the authorized user.

The opinions of value and other conclusions contained herein assume satisfactory completion of any work remaining to be completed in a good and workmanlike manner. Further inspection may be required to confirm completion of such work.

No one provided us with, and we had no authorisation to commission, studies of hazardous materials or contaminated land. We therefore offer no opinion with respect to the status of the lands or soils. We assume no responsibility for any such conditions or for any specialized expertise or engineering knowledge required to discover, remove, or eliminate them. We recommend retaining an expert in this field if doubt exists about the quality of the soils or groundwater.

I am not qualified to comment on environmental issues that may affect the market value of the property appraised, including, but not limited to pollution or contamination of land, buildings, water, groundwater, or air. Unless expressly stated, the property is assumed to be free and clear of pollutants and contaminants, including but not limited to moulds or mildews or the conditions that might give rise to either, and in compliance with all regulatory environmental requirements, government or otherwise, and free of any environmental condition, past, present or future, that might affect the market value of the property appraised. If the party relying on this report requires information about environmental issues then we caution that party to retain an expert qualified in such issues. We expressly deny any legal liability relating to the effect of environmental issues on the market value of the property appraised.

Except as this report specifically notes otherwise, our conclusions presume that the appraised property is free and clear of all liens or encumbrances and is capable of attracting normal mortgage financing. Our valuation does not consider the cost to retire the mortgage obligation.

Our report assumes that adequate financing and fire, peril and liability insurance are available to cover any reasonable use of the property, at costs and terms that have been typical over the years.

The liability of Grover, Elliott & Co. Ltd. for a claim related to professional service provided pursuant to this service in either contract, negligent misrepresentation, or tort, including the owner's, officers, employees or subcontractors of the firm is limited to the lesser of the fee secured by Grover Elliott for preforming services or the extent that such liability is covered by the Appraisal Institute of Canada's errors and omissions insurance in effect from time to time, which is available to indemnify the company and its appraisers at the time the claim is made and not more than two years after the services are rendered. We do not agree to any other indemnifications.

No one should rely on this report in any context other than that in which we present it. Use in excerpted or partial form could mislead.

This appraisal report and its content, and all attachments and their content are the property of the author who has signed the report. Grover, Elliott & Co. Ltd. reserves all copyrights related to this report, the analysis, opinions and conclusions of which the client or the appraiser may consider confidential. Possession of this report, or a copy of it, does not carry the right to reproduction or publication, in full or in part, nor of distribution beyond that necessary for the stated authorized user to achieve the stated authorized use. Only the identified authorized user and those who obtain prior written consent can use this report, and only for its stated purpose. Reliance by any other user requires our prior written consent, which we have no obligation to provide. No one can use this report for any other purpose without our prior written consent. Exceptions exist for due process of law and for confidential review by the professional associations to which the authors belong.

The client and the authorized users of the appraisal or the data, directly or indirectly, are specifically forbidden to rely on the report except with prior written consent of the author. The appraisal report and all attachments are not to be modified or altered in any respect, merged with other data or published in any form, in whole or in part. Prohibited uses include screen scraping, database scraping, exploitation of, copying of, reproduction of, decompilation of and any other activity intended to collect, store, reorganize, resell or give away the data herein, or manipulate the appraisal and its content.

The appraiser acknowledges that the information collected herein is personal and confidential and shall not use or disclose the contents of this report except as provided for in the provisions of the Canadian Uniform Standards of Professional Appraisal Practice and in accordance with the appraiser's privacy policy. The client agrees that in accepting this report, it shall maintain the confidentiality and privacy of any personal information contained herein and shall comply in all material respects with the contents of the appraiser's privacy policy and in accordance with the Personal Information Protection and Electronic Documents Act (PIPEDA).

Attendance at any legal proceedings with respect to this report requires our prior agreement. Our requirements for attendance at such hearings include reasonable notice, no scheduling conflicts and a reasonable budget and retainer for preparation and attendance. Absent these, or if our report does not specifically contemplate tribunal use, we reserve the right to refuse the assignment. However, neither this nor any other limiting condition is an attempt to limit the use that a judicial body might make of this report should it properly become evidence in duly constituted proceedings.

This report is valid only if it bears the original signature of the author.

We cannot monitor changes to our reports once they leave our office, nor can we prevent changes, additions, or deletions in copies of our reports. We recommend that people intending to rely on our report do so only after reading an original copy in its entirety. With the prior consent of our client, we will provide an original of this report. Due to the possibility of digital modification, only originally signed reports and those reports sent directly by the appraiser, can be relied upon without fault.

APPENDIX 2 – TITLE SEARCH PRINT

TITLE SEARCH PRINT 2025-12-02, 11:05:16
File Reference: 2025-0686 Requestor: Michael Oord
Declared Value $8700000

CURRENT INFORMATION ONLY - NO CANCELLED INFORMATION SHOWN

Land Title District	VANCOUVER
Land Title Office	VANCOUVER
Title Number	CA8022409
From Title Number	BM290928
Application Received	2020-02-05
Application Entered	2020-02-24

Registered Owner in Fee Simple
Registered Owner/Mailing Address: 1235922 B.C. LTD., INC.NO. BC1235922
235 HASTINGS ST E
VANCOUVER, BC
V6A 1P2

Taxation Authority Vancouver, City of

Description of Land
Parcel Identifier: 010-401-113
Legal Description:
LOT 34 BLOCK 28 DISTRICT LOT 541 PLAN 210

Legal Notations
HERETO IS ANNEXED EASEMENT CB630962 OVER LOT E PLAN EPP76989

Charges, Liens and Interests

Nature:	MORTGAGE
Registration Number:	CA8022412
Registration Date and Time:	2020-02-05 16:54
Registered Owner:	MINA ANGELICOLA
Remarks:	INTER ALIA
Nature:	ASSIGNMENT OF RENTS
Registration Number:	CA8022413
Registration Date and Time:	2020-02-05 16:54
Registered Owner:	MINA ANGELICOLA
Remarks:	INTER ALIA

TITLE SEARCH PRINT
File Reference: 2025-0686
Declared Value $8700000

2025-12-02, 11:05:16
Requestor: Michael Oord

Nature:	MORTGAGE
Registration Number:	CA9898334
Registration Date and Time:	2022-05-02 14:25
Registered Owner:	THEODORE FROMSON GILLIAN ANN FROMSON AS JOINT TENANTS
Remarks:	INTER ALIA

Nature:	ASSIGNMENT OF RENTS
Registration Number:	CA9898335
Registration Date and Time:	2022-05-02 14:25
Registered Owner:	THEODORE FROMSON GILLIAN ANN FROMSON AS JOINT TENANTS
Remarks:	INTER ALIA

Nature:	EASEMENT
Registration Number:	CB630959
Registration Date and Time:	2023-05-18 14:47
Remarks:	INTER ALIA APPURTENANT TO LOT E PLAN EPP76989

Nature:	PRIORITY AGREEMENT
Registration Number:	CB630960
Registration Date and Time:	2023-05-18 14:47
Remarks:	INTER ALIA GRANTING CB630959 PRIORITY OVER CA8022412 AND CA8022413

Nature:	PRIORITY AGREEMENT
Registration Number:	CB630961
Registration Date and Time:	2023-05-18 14:47
Remarks:	INTER ALIA GRANTING CB630959 PRIORITY OVER CA9898334 AND CA9898335

Duplicate Indefeasible Title	NONE OUTSTANDING
Transfers	NONE
Pending Applications	NONE

APPENDIX 3 – DOWNTOWN OFFICIAL DEVELOPMENT PLAN

Retained in full in our file and available upon request.

This is Exhibit "N" to the Affidavit #1 of Brigitte Drew affirmed February 3, 2026 before me at the City of Vancouver, BC.



A Commissioner for taking Affidavits in and for the Province of British Columbia.

Reply Attention of: Tim Louman-Gardiner
Email Address: tlg@farris.com

FARRIS

File No: NEW

June 4, 2025

BY MAIL AND BY REGISTERED MAIL

1235922 B.C. Ltd.
Registered and Records Office
201-1367 West Broadway
Vancouver, BC V6H 4A7

BY MAIL AND BY REGISTERED MAIL

H.E. Rooms Inc.
235 East Hastings Street
Vancouver, BC, V6P 1A2

BY E-MAIL, MAIL AND BY REGISTERED MAIL

Fort Pelly Holdings Ltd.
Registered and Records Office
201-1367 West Broadway
Vancouver, BC V6H 4A7

e-mail: crwall@icloud.com

Re: Indebtedness Owing to Mina Angelicola (the "Lender") from Fort Pelly Holdings Ltd. (the "Borrower"), 1235922 B.C. Ltd. (the "Nominee") and H.E. Rooms Inc. (the "Covenantor")

We are counsel to the Lender with respect to the Promissory Note dated for reference February 5, 2020 (the "**Promissory Note**"), the Beneficiary Authorization and Charge Agreement among the Borrower, the Nominee, and the Lender, and the mortgage and assignment of rents executed February 4, 2020 and registered in the New Westminster Land Title Office under registration numbers CA8022412 and CA8022413 (the "**Mortgage**").

Unless otherwise defined herein, all defined terms have the same meaning as defined in the Mortgage.

Pursuant to the terms of the Loan Documents, the Borrower, the Nominee, and the Covenantor (together, the "**Debtors**") are jointly and severally liable for Secured Obligations. The Secured Obligations matured and became due and payable on February 5, 2025.

The Debtors did not pay the Secured Obligations when due. Accordingly, on behalf of our client, we hereby demand repayment of the amounts owing pursuant to the Security Obligations, including, but not limited to, pursuant to the Promissory Note.

As of May 23, 2025 the amount owing is $8,375,000.00 together with interest accruing at the rate of 3% per annum, currently, together interest to the date of payment and costs on a solicitor-client basis (collectively, the "**Indebtedness**").

Unless the Indebtedness, including accrued interest and costs to the date of payment, is paid to us on or before June 16, 2025 on behalf of the Lender, we are instructed to initiate proceedings to effect such payment, including the enforcement of the security held by the Lender for the repayment of the Indebtedness.

Please do not make any payments to or communicate directly with the Lender. All payments and contact are to come to our office on behalf of the Lender.

FARRIS LLP
25th Floor - 700 W Georgia Street Vancouver, BC Canada V7Y 1B3
Tel 604 684 9151 farris.com

As the Debtors may be insolvent, we enclose Notices of Intention to Enforce Security pursuant to Section 244(1) of the *Bankruptcy and Insolvency Act*.

Yours truly,

FARRIS LLP

Per:

Tim Louman-Gardiner
TLG/
Encl.

FORM 86

NOTICE OF INTENTION TO ENFORCE SECURITY
(Subsection 244(1))

TO: **Fort Pelly Holdings Ltd., an insolvent person**

TAKE NOTICE THAT:

1. Mina Angelicola (the "Lender"), a secured creditor, intends to enforce its security on the insolvent person's property described below:

   - all present and after acquired personal property;
   - any beneficial interest in real property legally owned by 1235922 B.C. Ltd. located at 165 W. Pender Street, Vancouver, with PIDs 010-401-113, 010-401-130, and 015-501-922

2. The security that is to be enforced is in the form of a Security Agreement registered in the Personal Property Registry and a Mortgage and Assignment of Rents registered in the New Westminster Land Title Office under registration numbers CA8022412 and CA8022413.

3. The amount that is outstanding as at May 23, 2025 is $8,375,000.00 plus interest thereafter at the rate of 3.00% per annum, and costs.

4. The secured creditor will not have the right to enforce the security until after the expiry of the 10 day period after this notice is sent, unless the insolvent person consents to an earlier enforcement.

DATED this 4th day of June, 2025.

Mina Angelicola
by her solicitor

Per: _____
Tim Louman-Gardiner
Farris LLP

FORM 86

NOTICE OF INTENTION TO ENFORCE SECURITY
(Subsection 244(1))

TO: **1235922 B.C. Ltd., an insolvent person**

TAKE NOTICE THAT:

1. Mina Angelicola (the "Lender"), a secured creditor, intends to enforce its security on the insolvent person's property described below:

   - real property legally owned by 1235922 B.C. Ltd. located at 165 W. Pender Street, Vancouver, with PIDs 010-401-113, 010-401-130, and 015-501-922

2. The security that is to be enforced is in the form of a Mortgage and Assignment of Rents registered in the New Westminster Land Title Office under registration numbers CA8022412 and CA8022413.

3. The amount that is outstanding as at May 23, 2025 is $8,375,000.00 plus interest thereafter at the rate of 3.00% per annum, and costs.

4. The secured creditor will not have the right to enforce the security until after the expiry of the 10 day period after this notice is sent, unless the insolvent person consents to an earlier enforcement.

DATED this 4th day of June, 2025.

Mina Angelicola
by her solicitor

Per: _____
Tim Louman-Gardiner
Farris LLP

This is Exhibit "O" to the Affidavit #1 of Brigitte Drew affirmed February 3, 2026 before me at the City of Vancouver, BC.



A Commissioner for taking Affidavits in and for the Province of British Columbia.

RENT ROLL - 165 West Pender Street, Vancouver, BC

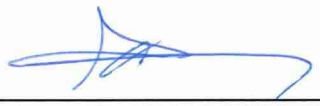
Date: March 2025

Residential Units

Suite	Tenant	Actual Rent	Notes
101	Allan Shufelt	$800	
201	Mark Hinchcliff	$750	
202	Andre Paul Joseph Clement	$725	
203	Yves Hayeur	$408	
204	Kyle Howard	$563	
205	Michael O Brian	$595	
206	Farrell Fincatti	$500	
207	Glen Pearson	$448	
208	Darcy Plett	$459	
209	Dwight Inglis	$750	
210	Alexander Michael Kuschnir	$750	
211	Richard Barton	$382	
212	Cameron Duncan	$615	
214	John Downer	$448	
215	Bill Coleman	$512	
216	Mark Douglas Hendren	$390	
217	Rannoch Cameron	$445	
218	Christopher Raymond Charron	$750	
219	Lance Aaron Hawley	$595	
220	(K) Brian Dion	$509	
221	John Yukhon Szeto	$595	
222	Grantley Chaka Weekes	$448	
223	Greg Lewis	$525	
224	Eduardo Duncan	$560	
225	Gerald Coyle	$595	
226	Kevin Hinton	$695	
227	Abdul Al hakeem Al Fakiri	$595	
228	Carl Porten	$715	
229	Theodore Alexander J Hill	$595	
230	David Mclean	$550	
231	Cameron Ford	$710	
232	Cameron Ford	-	Tenant occupies 231-232.
233	Marc Dufresne	$769	
234	(Lookout)	$680	
235	Koroush Khajavi Kia	$595	
236	Frank Moorcroft	$438	
237	Robert Watt	$710	
238	Wayne Knaggs	$625	
302	Aaron Baker	$448	
303	Bill Gillspie	$610	
304	Gary Brooks	$382	
305	Mario Hinds	$712	
306	Oscar Martinez	$595	
307	Thomas Howard	$743	

308	Scott Morley Hogben	$595	
309	Micheal Joseph Baker	$718	
310	Evan Burton	$477	
311	Stephen Adams	$595	
312	Ali Khoddam	$750	
314	Daniel Vaillancurt	$595	
315	Roy Frank	$408	
316	Leighton Thomas Marko Thorne	$595	
317	Jerry Sailer	$680	
318	Anvar Mohammed Nazari	$695	
319	James Strobl	$615	
320	Denis Joseph Jean Ouellet	$387	
321	Willie Adams	$448	
322	Darren Zinkevich	$595	
323	Patrick Pepin	$595	
324	Tim Currie	$718	
325	David Ronald Hinschebergen	$610	
326	Robert Kenoras	$750	
327	Brett Greggain	$423	
328	Charles Hummel	$610	
329	Edward Bruce Ibbetson	$392	
330	Silas Dillabough	$428	
331	Kent Irwin	$550	
332	David Robert Tutt	$650	
333	David Robert Tutt		- Tenant occupies 331-332.
334	Micheal David Cutforth	$665	
335	Earl Anderson	$600	
336	Paul Utton	$438	
337	Sevrin William Harvey	$710	
338	Robert James Bamford	$510	
339	Steven Hagger	$718	
401	Clyde. Wadden	$438	
402	Rob Allaby	$400	
403	Jonathan Robert Grasby	$600	
404	Guerauld Dorneval	$750	
405	Georgie William Mcphee	$595	
406	Kenneth Garret Mccarnan	$750	
407	Peter Mitchell	$387	
408	Steve Myrdal	$448	
409	Tarun Kumar	$610	
410	Matthew Spencer	$595	
411	Sean Burtis	$610	
412	Lachlan Burns Mitchell	$387	
Unit Count: 87	**Gross Monthly Residential Rent**	**$49,374**	
Commercial Units			
CRU1	Avalon Hotel	$6,000	Vacant unit - Expected gross rental rate listed.
CRU2	Silver Hotel	$3,500	Vacant unit - Expected gross rental rate listed.
	Monthly Commercial Rent	**$9,500**	

This is Exhibit "P" to the Affidavit #1 of Brigitte Drew affirmed February 3, 2026 before me at the City of Vancouver, BC.



A Commissioner for taking Affidavits in and for the Province of British Columbia.

SUPREME COURT
OF
BRITISH COLUMBIA
SEAL
01-Apr-25
Vancouver
REGISTRY

Form 66 (Rules 16-1(2) and 21-5(14))

Court File No. VLC-S-H-250374
No.
Vancouver Registry

In the Supreme Court of British Columbia

BETWEEN:

BASHA SALES CO. LTD.
LEIBEL SALES CO. LTD.
NEWPORT SALES CO. LTD.

Petitioners

AND:

1030163 B.C. LTD.
H.E. ROOMS INC.
CHRISTOPHER WALL INC.
CHRISTOPHER WALL
TENANTS OR OCCUPIERS OF THE SUBJECT PROPERTY

Respondents

PETITION TO THE COURT

[Rule 22-3 of the Supreme Court Civil Rules applies to all forms.]

ON NOTICE TO:

1030163 B.C. LTD.
201-1367 West Broadway
Vancouver, BC V6H 4A7

H.E. ROOMS INC.
201-1367 West Broadway
Vancouver, BC V6H 4A7

CHRISTOPHER WALL INC.
201-1367 West Broadway
Vancouver, BC V6H 4A7

CHRISTOPHER WALL
235 East Hastings Street
Vancouver, BC V6A 1P2

Tenants or Occupiers of the Subject Property
235 East Hastings Street
Vancouver, BC V6A 1P2

The address of the registry is:

800 Smithe Street, Vancouver, BC V6Z 2E1

The Petitioner estimates that the hearing of the petition will take 5 minutes

[X] This matter is not an application for judicial review.

This proceeding is brought for the relief set out in Part 1 below, by

[X] the person(s) named as petitioner(s) in the style of proceedings above

If you intend to respond to this petition, you or your lawyer must

(a) file a response to petition in Form 67 in the above-named registry of this court within the time for response to petition described below, and

(b) serve on the petitioner(s)

(i) 2 copies of the filed response to petition, and

(ii) 2 copies of each filed affidavit on which you intend to rely at the hearing.

Orders, including orders granting the relief claimed, may be made against you, without any further notice to you, if you fail to file the response to petition within the time for response.

TIME FOR RESPONSE TO PETITION

A response to petition must be filed and served on the petitioner(s),

(a) if you were served with the petition anywhere in Canada, within 21 days after that service,

(b) if you were served with the petition anywhere in the United States of America, within 35 days after that service,

(c) if you were served with the petition anywhere else, within 49 days after that service, or

(d) if the time for response has been set by order of the court, within that time.

(1)	The ADDRESS FOR SERVICE of the Petitioner(s) is: 678 – 1333 West Broadway Vancouver, B.C. V6H 4C1 Attention : Hal Oreck Fax number address for service (if any) of the Petitioner(s): None. E-mail address for service (if any) of the Petitioner(s): hal@oreckkarby.bc.ca
(2)	The name and office address of the petitioner's(s') lawyer is: Oreck Karby, Barristers and Solicitors 678 – 1333 West Broadway Vancouver, B.C. V6H 4C1 Attention: Hal Oreck

INFORMATIONAL NOTICE FOR FORECLOSURE PROCEEDINGS

This is a foreclosure proceeding. You have been served with the enclosed materials because you appear to have an interest in the property described in the petition to the court.

Within this proceeding, the court may make orders concerning distribution of sale proceeds that impact you.
To ensure that you are informed of any court orders concerning distribution of funds, you must make the court and the petitioner aware of your contact information. This can be done by filing a response to petition or notifying the petitioner in writing of your current contact information.

If at any stage of this proceeding you wish to take a position on the relief sought in this proceeding, a response to petition and supporting affidavit must be filed and served on the petitioner within the timelines set out in the Supreme Court Civil Rules.

CLAIM OF THE PETITIONER(S)

Part 1: ORDER(S) SOUGHT

1. A declaration that:

   (a) a mortgage and assignment of rents dated April 6, 2021 granted by the Respondent, 1030163 B.C. Ltd. (collectively the **"Nominee"**), as mortgagors in favour of the Petitioners, as mortgagee, registered in the New Westminster Land Title Office, in the Province of British Columbia on April 6, 2021 under numbers CA8898375 and CA8898376 respectively; and

   (b) equitable mortgages dated December 5, 2023 (the **"Equitable Mortgages"**), granted by the Respondent, H.E. Rooms Inc. (collectively the **"Beneficial Owner"**), as beneficial owner and together with the Nominee, (the **"Borrowers"**) and acknowledged by the Nominee,

   create financial charges on the legal and beneficial title in and to the lands and premises (collectively the mortgage, assignment of rents and equitable charges shall be referred to as the **"Mortgage"**) more particularly known and described as follows:

Civic Address:	235 East Hastings Street, Vancouver, BC V6A 1P2
Legal Description:	Lot 11 Block 10 District Lot 196 Plan 184 (PID: 015-684-091)

   (the "Lands")

   ranking in priority to the interests in the Lands of the Respondents;

2. A declaration that a Chattel Security Agreement (the **"CSA"**) dated for reference April 6, 2021, granted by the Borrowers in favour of the Petitioner, in respect of which a financing statement was registered in the Personal Property Registry of British Columbia (the **"PPR"**) on **April 6, 2021** under base registration no. **881517M**, creates a fully attached and perfected security interest charging all of the Borrower's present and after acquired personal property now or hereafter situate at, arising out of, primarily used in connection with, or primarily relating to the Lands, and all proceeds thereof (collectively, the **"Personal Property"**), ranking in priority to the right, interest or claim of the Respondents;

3. a declaration that the Mortgage and the CSA (collectively, the **"Security"**) is in default;

4. a summary accounting of the amount of money due and owing to the petitioner pursuant to the Security, and a declaration of the amount of money required to redeem the Lands ("the Amount Required to Redeem");

5. an order requiring redemption forthwith or in the alternative for an Order fixing a period of redemption;

6. an order that, on the respondents or any of them paying into court or to the solicitors for the petitioner prior to the pronouncement of an order absolute or an order approving a sale of the Lands the Amount Required to Redeem, then the petitioner shall reconvey the Lands free and clear of encumbrances in favour of it or by any person claiming by, through, or under it, and shall deliver up all documents in the petitioner's custody relating to the Lands to the respondent or respondents who made payment;

7. an order that, if the Lands are not redeemed, the petitioner shall be at liberty to apply for an order absolute, and on pronouncement of an order absolute, then the respondents and the heirs, executors, administrators, successors, and assigns of the respondents and all persons claiming by, through, or under them shall be foreclosed of all right, title, interest, estate, and equity of redemption in and to the Lands, and shall immediately deliver to the petitioner vacant possession of the Lands;

8. an order that the petitioner be at liberty to apply for a further summary accounting of any amounts of money that may become due to the petitioner pursuant to the Security;

9. an order that the Lands be listed for sale, and that the petitioner have immediate exclusive conduct of sale;

10. judgment in favour of the petitioner against the respondents, 1030163 B.C. Ltd., H.E. Rooms Inc., Christopher Wall Inc. and Christopher Wall and each of them, in the Amount Required to Redeem, plus assessed costs as aforesaid, with interest accruing thereafter on those amounts pursuant to Sections 6 through 9 of the *Court Order Interest Act* (as amended);

11. an order that the petitioner be granted its costs of and in connection with this proceeding;

12. an order for possession of the Lands;

13. an order for a Certificate of Pending Litigation;

14. an order for the fixing of occupational rent;

15. an order that, in the event that the Lands are vacant or become vacant at any time during the course of this proceeding, the Petitioners or any duly authorized agent of the Petitioners be entitled to enter onto the Lands and into the buildings on the Lands, and to change the locks in order to preserve and secure the Lands and to do all things reasonably incidental hereto, and that the Petitioners not be deemed to be mortgagee in possession by virtue thereof;

16. an order for all such accounts, directions and enquiries as may be necessary for the purposes aforesaid;

17. an order for all necessary accounts, directions and enquiries and, without limiting the generality of the foregoing, an Order that the Petitioners be at liberty to apply for an Order that there be a further accounting, whether by a summary accounting before the Court or by reference to the District Registrar, of any amounts due to the Petitioners for interest, arrears of interest, interest on payments in arrears, taxes, arrears of taxes, insurance premiums, legal costs, charges, expenses or otherwise which are not included within the amounts found to be due and owing as at the date of the Order Nisi whether such amounts accrued owing before or after the date of pronouncement of the said Order Nisi and that such amounts be proved by the Affidavit of the Petitioners.

18. an order for any further relief that to this Honourable Court may seem just;

all or any of which may be sought at the hearing of the Petition, or by separate application.

Part 2: FACTUAL BASIS

1. The petitioner is a corporate body incorporated pursuant to the law of the Province of British Columbia with an office at 1810-1111 West Georgia Street, Vancouver, BC V6E 4M3.

2. The Nominee, 1030163 B.C. Ltd. is a corporate body incorporated pursuant to the law of the Province of British Columbia with a registered office at 201-1367 West Broadway, Vancouver, BC V6H 4A7.

3. The Beneficial Owner, H.E. Rooms Inc. is a corporate body incorporated pursuant to the law of the Province of British Columbia with a registered office at 201-1367 West Broadway, Vancouver, BC V6H 4A7.

4. By a certain Indenture of Mortgage and Assignment of Rents dated April 6, 2021 and made between 1030163 B.C. Ltd. as Mortgagor and H.E. Rooms Inc. and Christopher Wall Inc. and Christopher Wall as Covenantors, and Basha Sales Co, Ltd., Newport Sales Co. Ltd and Leibel Sales Co. Ltd. as Mortgagee,

and registered in the New Westminster Land Title Office, in the Province of British Columbia on April 6, 2021 under numbers CB8898375 and CB8898376 respectively, a copy of which Mortgage and Assignment of Rents is exhibited to the Affidavit #1 of Michael Averbach, the Mortgagor did grant and mortgage unto the said Mortgagee the following lands and premises:

Civic Address:	235 East Hastings Street, Vancouver, BC V6A 1P2
Legal Description:	Lot 11 Block 10 District Lot 196 Plan 184 (PID: 015-684-091)

to secure repayment of the sum of $5,954,140.19 (the "Principal Amount), together with interest thereon at the rate 4.75% per annum up to May 5, 2026 and Prime Rate of The Toronto-Dominion Bank plus 11% after May 5, 2026, calculated and compounded monthly, not in advance ranking in priority to the interests in the Lands of the Respondents, 1030163 B.C. Ltd. as Mortgagor and H.E. Rooms Inc. and Christopher Wall Inc. and Christopher Wall as Covenantors, and the respective heirs, executors, administrators, successors and assigns of the Respondents and all persons claiming by, through or under them.

5. As to interest the aforesaid mortgage provided inter alia the following:

   4.75% per annum up to May 5, 2026 and Prime Rate of The Toronto-Dominion Bank plus 11% after May 5, 2026, calculated and compounded monthly, not in advance as well after as before maturity.

   Interest on the Principal Amount advanced shall commence to accrue as and from the day the Principal Amount advanced is forwarded to the Mortgagee's Lawyers (the funding date), notwithstanding that the Principal Amount may not actually be received by the Mortgagor on that day.

6. Prime rate is currently 4.95%.

7. By the Mortgage, the Nominee and Beneficial Owner, mortgaged the Lands to the petitioner.

8. The Mortgage was registered in the New Westminster Land Title Office on April 6, 2021 under numbers CB8898375 and CB8898376.

9. By the Equitable Mortgage, the Beneficial Owners, did grant and mortgage its beneficial title to the Lands to the Petitioner as security for the obligations of the Borrowers to the Petitioner.

10. By the CSA, the Borrowers granted security interest in the Personal Property to further secure their obligations of the Borrowers to the Petitioner.

11. The respondent, 1030163 B.C. Ltd., are the registered owners of the Lands.

12. The payments required to be made pursuant to the Security are in default.

13. The Respondents H.E. Rooms Inc, Chritopher Wall Inc. and Christopher Wall are each joined herein as a Covenantor to the Mortgage.

14. The Tenants and Occupiers of the subject properties are joined herein as tenants or occupiers of the subject properties.

15. Pursuant to the Security, the principal, interest, and all other costs, charges, and expenses secured and payable thereby become due and payable and are now due and payable and have not been paid.

16. Demand has been made for the payment of the money owing to the petitioner and secured by the Security, but this money has not been paid, and as of February 18, 2025, there was due and owing to the petitioner pursuant to the Security the sum of $5,954,140.19 plus interest thereafter at the rate of 4.75% being a daily rate that day of $776.09.

Part 3: LEGAL BASIS

1. The petitioner will rely on, inter alia, Rule 21-7 of the Supreme Court Civil Rules.

Part 4: MATERIAL TO BE RELIED ON

1. Affidavit #1 of John Casey

2. Affidavit #1 of Michael Averbach

Dated: March 31, 2025

Signature of Hal Oreck
[ ] petitioner [X] lawyer for petitioner(s)

To be completed by the court only:

Order made

[ ] in the terms requested in paragraphs *[ ]* of Part 1 of this notice of application

[ ] with the following variations and additional terms:
[ ]

Dated:

Signature of
[ ] Judge [ ] Master

No.
Vancouver Registry

In the Supreme Court of British Columbia

BETWEEN:

BASHA SALES CO. LTD.
LEIBEL SALES CO. LTD.
NEWPORT SALES CO. LTD.

Petitioner

AND:

1030163 B.C. LTD.
H.E. ROOMS INC.
CHRISTOPHER WALL INC.
CHRISTOPHER WALL
TENANTS OR OCCUPIERS OF THE SUBJECT PROPERTY

Respondents

Petition to the Court

Oreck Karby, Barristers & Solicitors
678 - 1333 West Broadway
Vancouver, BC V6H 4C1

Attention: Hal Oreck
604-714-2001
hal@oreckkarby.bc.ca

File No.: 862645

OUR AGENTS ARE DYE & DURHAM

SUPREME COURT
OF
BRITISH COLUMBIA
SEAL
01-Apr-25
Vancouver
REGISTRY

Form 66 (Rules 16-1(2) and 21-5(14))

Court File No. VLC-S-H-250375

No.
Vancouver Registry

In the Supreme Court of British Columbia

BETWEEN:

BASHA SALES CO. LTD.
LEIBEL SALES CO. LTD.
NEWPORT SALES CO. LTD.

Petitioners

AND:

1030163 B.C. LTD.
1058063 B.C. LTD.
H.W. ROOMS INC.
H.E. ROOMS INC.
CHRISTOPHER WALL INC.
CHRISTOPHER WALL
TENANTS OR OCCUPIERS OF THE SUBJECT PROPERTY

Respondents

PETITION TO THE COURT

[Rule 22-3 of the Supreme Court Civil Rules applies to all forms.]

ON NOTICE TO:

1030163 B.C. LTD.
201-1367 West Broadway
Vancouver, BC V6H 4A7

1058063 B.C. LTD.
201-1367 West Broadway
Vancouver, BC V6H 4A7

H.W. ROOMS INC.
201-1367 West Broadway
Vancouver, BC V6H 4A7

H.E. ROOMS INC.
201-1367 West Broadway
Vancouver, BC V6H 4A7

CHRISTOPHER WALL INC.
201-1367 West Broadway
Vancouver, BC V6H 4A7

CHRISTOPHER WALL
235 East Hastings Street
Vancouver, BC V6A 1P2

Tenants or Occupiers of the Subject Property
235 East Hastings Street
Vancouver, BC V6A 1P2

Tenants or Occupiers of the Subject Property
488 Carrall Street
Vancouver, BC V6B 2J7

The address of the registry is:

800 Smithe Street, Vancouver, BC V6Z 2E1

The Petitioner estimates that the hearing of the petition will take 5 minutes

[X] This matter is not an application for judicial review.

This proceeding is brought for the relief set out in Part 1 below, by

[X] the person(s) named as petitioner(s) in the style of proceedings above

If you intend to respond to this petition, you or your lawyer must

(a) file a response to petition in Form 67 in the above-named registry of this court within the time for response to petition described below, and
(b) serve on the petitioner(s)

(i) 2 copies of the filed response to petition, and

(ii) 2 copies of each filed affidavit on which you intend to rely at the hearing.

Orders, including orders granting the relief claimed, may be made against you, without any further notice to you, if you fail to file the response to petition within the time for response.

TIME FOR RESPONSE TO PETITION

A response to petition must be filed and served on the petitioner(s),

(a) if you were served with the petition anywhere in Canada, within 21 days after that service,

(b) if you were served with the petition anywhere in the United States of America, within 35 days after that service,

(c) if you were served with the petition anywhere else, within 49 days after that service, or

(d) if the time for response has been set by order of the court, within that time.

(1)	The ADDRESS FOR SERVICE of the Petitioner(s) is: 678 – 1333 West Broadway Vancouver, B.C. V6H 4C1 Attention : Hal Oreck Fax number address for service (if any) of the Petitioner(s): None. E-mail address for service (if any) of the Petitioner(s): hal@oreckkarby.bc.ca
(2)	The name and office address of the petitioner's(s') lawyer is: Oreck Karby, Barristers and Solicitors 678 – 1333 West Broadway Vancouver, B.C. V6H 4C1 Attention: Hal Oreck

INFORMATIONAL NOTICE FOR FORECLOSURE PROCEEDINGS

This is a foreclosure proceeding. You have been served with the enclosed materials because you appear to have an interest in the property described in the petition to the court.

Within this proceeding, the court may make orders concerning distribution of sale proceeds that impact you.
To ensure that you are informed of any court orders concerning distribution of funds, you must make the court and the petitioner aware of your contact information. This can be done by filing a response to petition or notifying the petitioner in writing of your current contact information.

If at any stage of this proceeding you wish to take a position on the relief sought in this proceeding, a response to petition and supporting affidavit must be filed and served on the petitioner within the timelines set out in the Supreme Court Civil Rules.

CLAIM OF THE PETITIONER(S)

Part 1: ORDER(S) SOUGHT

1. A declaration that:

(a) a mortgage and assignment of rents dated January 29, 2024 granted by the Respondents, 1030163 B.C. Ltd. and 1058063 B.C. Ltd. (collectively the **"Nominees"**), as mortgagors, in favour of the Petitioners, as mortgagee, registered in the New Westminster Land Title Office, in the Province of British Columbia on January 31, 2024 under numbers CB1143709 and CB1143710 respectively; and

(b) equitable mortgages dated December 5, 2023 (the **"Equitable Mortgages"**), granted by the Respondents, H.W. Rooms Inc. an H.E. Rooms Inc. (collectively the **"Beneficial Owners"**), as beneficial owners and together with the Nominees, (the **"Borrowers"**) and acknowledged by the Nominee,

create financial charges on the legal and beneficial title in and to the lands and premises (collectively the mortgage, assignment of rents and equitable charges shall be referred to as the **"Mortgage"**) more particularly known and described as follows:

Civic Address:	235 East Hastings Street, Vancouver, BC V6A 1P2
Legal Description:	Lot 11 Block 10 District Lot 196 Plan 184 (PID: 015-684-091)
Civic Address:	488 Carrall Street, Vancouver, BC V6B 2J7
Legal Description:	Lot A Block 13 District Lot 196 Plan 6567 (PID: 010-870-679)

(the "Lands")

ranking in priority to the interests in the Lands of the Respondents;

2. A declaration that a Chattel Security Agreement (the **"CSA"**) dated for reference December 5, 2023, granted by the Borrowers in favour of the Petitioner, in respect of which a financing statement was registered in the Personal Property Registry of British Columbia (the **"PPR"**) on **February 2, 2024** under base registration no. **171737Q**, creates a fully attached and perfected security interest charging all of the Borrower's present and after acquired personal property now or hereafter situate at, arising out of, primarily used in connection with, or primarily relating to the Lands, and all proceeds thereof (collectively, the **"Personal Property"),** ranking in priority to the right, interest or claim of the Respondents;

3. a declaration that the Mortgage and the CSA (collectively, the **"Security"**) is in default;

4. a summary accounting of the amount of money due and owing to the petitioner pursuant to the Security, and a declaration of the amount of money required to redeem the Lands ("the Amount Required to Redeem");

5. an order requiring redemption forthwith or in the alternative for an Order fixing a period of redemption;

6. an order that, on the respondents or any of them paying into court or to the solicitors for the petitioner prior to the pronouncement of an order absolute or an order approving a sale of the Lands the Amount Required to Redeem, then the petitioner shall reconvey the Lands free and clear of encumbrances in favour of it or by any person claiming by, through, or under it, and shall deliver up all documents in the petitioner's custody relating to the Lands to the respondent or respondents who made payment;

7. an order that, if the Lands are not redeemed, the petitioner shall be at liberty to apply for an order absolute, and on pronouncement of an order absolute, then the respondents and the heirs, executors, administrators, successors, and assigns of the respondents and all persons claiming by, through, or under them shall be foreclosed of all right, title, interest, estate, and equity of redemption in and to the Lands, and shall immediately deliver to the petitioner vacant possession of the Lands;

8. an order that the petitioner be at liberty to apply for a further summary accounting of any amounts of money that may become due to the petitioner pursuant to the Security;

9. an order that the Lands be listed for sale, and that the petitioner have immediate exclusive conduct of sale;

10. judgment in favour of the petitioner against the respondents, 1030163 B.C. Ltd. and 1058063 B.C. Ltd., H.W. Rooms Inc. and H.E. Rooms Inc., Christopher Wall Inc. and Christopher Wall and each of them, in the Amount Required to Redeem, plus assessed costs as aforesaid, with interest accruing thereafter on those amounts pursuant to Sections 6 through 9 of the *Court Order Interest Act* (as amended);

11. an order that the petitioner be granted its costs of and in connection with this proceeding;

12. an order for possession of the Lands;

13. an order for a Certificate of Pending Litigation;

14. an order for the fixing of occupational rent;

15. an order that, in the event that the Lands are vacant or become vacant at any time during the course of this proceeding, the Petitioners or any duly authorized agent of the Petitioners be entitled to enter onto the Lands and into the buildings on the Lands, and to change the locks in order to preserve and secure the Lands and to do all things reasonably incidental hereto, and that the Petitioners not be deemed to be mortgagee in possession by virtue thereof;

16. an order for all such accounts, directions and enquiries as may be necessary for the purposes aforesaid;

17. an order for all necessary accounts, directions and enquiries and, without limiting the generality of the foregoing, an Order that the Petitioners be at liberty to apply for an Order that there be a further accounting, whether by a summary accounting before the Court or by reference to the District Registrar, of any amounts due to the Petitioners for interest, arrears of interest, interest on payments in arrears, taxes, arrears of taxes, insurance premiums, legal costs, charges, expenses or otherwise which are not included within the amounts found to be due and owing as at the date of the Order Nisi whether such amounts accrued owing before or after the date of pronouncement of the said Order Nisi and that such amounts be proved by the Affidavit of the Petitioners.

18. an order for any further relief that to this Honourable Court may seem just;

all or any of which may be sought at the hearing of the Petition, or by separate application.

Part 2: FACTUAL BASIS

1. The petitioner is a corporate body incorporated pursuant to the law of the Province of British Columbia with an office at 1810-1111 West Georgia Street, Vancouver, BC V6E 4M3.

2. The Nominees, 1030163 B.C. Ltd. and 1058063 B.C. Ltd. are each a corporate body incorporated pursuant to the law of the Province of British Columbia with a registered office at 201-1367 West Broadway, Vancouver, BC V6H 4A7.

3. The Beneficial Owners, H.W Rooms Inc. and H.E. Rooms Inc. are each a corporate body incorporated pursuant to the law of the Province of British

Columbia with a registered office at 201-1367 West Broadway, Vancouver, BC V6H 4A7.

4. By a certain Indenture of Mortgage and Assignment of Rents dated December 29. 2024 and made between 1030163 B.C. Ltd. and 1058063 B.C. Ltd. as Mortgagor and H.W. Rooms Inc. and H.E. Rooms Inc. and Christopher Wall Inc. and Christopher Wall as Covenantors, and Basha Sales Co, Ltd., Newport Sales Co. Ltd and Leibel Sales Co. Ltd. as Mortgagee, and registered in the New Westminster Land Title Office, in the Province of British Columbia on January 31, 2024 under numbers CB1143709 and CB1143710 respectively, a copy of which Mortgage is exhibited to the Affidavit #1 of Michael Averbach, the Mortgagor did grant and mortgage unto the said Mortgagee the following lands and premises:

Civic Address:	235 East Hastings Street, Vancouver, BC V6A 1P2
Legal Description:	Lot 11 Block 10 District Lot 196 Plan 184 (PID: 000-280-208)
Civic Address:	488 Carrall Street, Vancouver, BC V6B 2J7
Legal Description:	Lot A Block 13 District Lot 196 Plan 6567 (PID: 010-870-679)

to secure repayment of the sum of $4,423,843.34 (the "Principal Amount), together with interest thereon at the rate 12% per annum up to December 5, 2024 and Prime Rate of The Toronto-Dominion Bank plus 11% after December 5, 2024, calculated and compounded monthly, not in advance ranking in priority to the interests in the Lands of the Respondents, 1030163 B.C. Ltd. and 1058063 B.C. Ltd. as Mortgagor and H.W. Rooms Inc. and H.E. Rooms Inc. and Christopher Wall Inc. and Christopher Wall as Covenantors, and the respective heirs, executors, administrators, successors and assigns of the Respondents and all persons claiming by, through or under them.

5. As to interest the aforesaid mortgage provided inter alia the following:

12% per annum up to December 5, 2024 and Prime Rate of The Toronto-Dominion Bank plus 11% after December 5, 2024, calculated and compounded monthly, not in advance as well after as before maturity.

Interest on the Principal Amount advanced shall commence to accrue as and from the day the Principal Amount advanced is forwarded to the Mortgagee's Lawyers (the funding date), notwithstanding that the Principal Amount may not actually be received by the Mortgagor on that day.

6. Prime rate is currently 4.95%.

7. By the Mortgage, the Nominees and Beneficial Owners, mortgaged the Lands to the petitioner.

8. The Mortgage was registered in the New Westminster Land Title Office on January 31, 2024 under numbers CB1148709 and CB1143710.

9. By the Equitable Mortgage, the Beneficial Owners, did grant and mortgage its beneficial title to the Lands to the Petitioner as security for the obligations of the Borrowers to the Petitioner.

10. By the CSA, the Borrowers granted security interest in the Personal Property to further secure their obligations of the Borrowers to the Petitioner.

11. The respondents, 1030163 B.C. Ltd. and 1058063 B.C. Ltd., are the registered owners of the Lands.

12. The payments required to be made pursuant to the Security are in default.

13. The Respondents H.W. Rooms Inc., H.E. Rooms Inc, Chritopher Wall Inc. and Christopher Wall are each joined herein as a Covenantor to the Mortgage.

14. The Tenants and Occupiers of the subject properties are joined herein as tenants or occupiers of the subject properties.

15. Pursuant to the Security, the principal, interest, and all other costs, charges, and expenses secured and payable thereby become due and payable and are now due and payable and have not been paid.

16. Demand has been made for the payment of the money owing to the petitioner and secured by the Security, but this money has not been paid, and as of February 20, 2025, there was due and owing to the petitioner pursuant to the Security the sum of $4,669,301.44 plus interest thereafter at the rate of Prime Rate of The Toronto-Dominion Bank plus 11% being a daily rate that day of $2,051.73.

Part 3: LEGAL BASIS

1. The petitioner will rely on, inter alia, Rule 21-7 of the Supreme Court Civil Rules.

Part 4: MATERIAL TO BE RELIED ON

1. Affidavit #1 of John Casey

2. Affidavit #1 of Michael Averbach

Dated: March 31, 2025

Signature of Hal Oreck
[ ] petitioner [X] lawyer for petitioner(s)

To be completed by the court only:

Order made

[ ] in the terms requested in paragraphs *[* *]* of Part 1 of this notice of application

[ ] with the following variations and additional terms:
[*]*

Dated:

Signature of
[ ] Judge [ ] Master

No.
Vancouver Registry

In the Supreme Court of British Columbia

BETWEEN:

BASHA SALES CO. LTD.
LEIBEL SALES CO. LTD.
NEWPORT SALES CO. LTD.

Petitioner

AND:

1030163 B.C. LTD.
1058063 B.C. LTD.
H.W. ROOMS INC.
H.E. ROOMS INC.
CHRISTOPHER WALL INC.
CHRISTOPHER WALL
TENANTS OR OCCUPIERS OF THE SUBJECT PROPERTY

Respondents

Petition to the Court

Oreck Karby, Barristers & Solicitors
678 - 1333 West Broadway
Vancouver, BC V6H 4C1

Attention: Hal Oreck
604-714-2001
hal@oreckkarby.bc.ca

File No.: 862745

OUR AGENTS ARE DYE & DURHAM



H-250528
NO.
VANCOUVER REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

PEOPLES TRUST COMPANY

PETITIONER

AND:

1058063 B.C. LTD.
H.W. ROOMS INC.
CHRISTOPHER ROBERT WALL
BASHA SALES CO. LTD.
LEIBEL SALES CO. LTD.
NEWPORT SALES CO. LTD.
TENANTS IN THE PROPERTY

RESPONDENTS

PETITION TO THE COURT

ON NOTICE TO:

1058063 B.C. LTD.
235 East Hasting Street
Vancouver, BC V6A 1P2

H.W. ROOMS INC.
235 East Hasting Street
Vancouver, BC V6A 1P2

CHRISTOPHER ROBERT WALL
1708 Westbrook Court
Vancouver, BC V6T 1W1

BASHA SALES CO. LTD.
c/o 678 - 1333 West Broadway
Vancouver, BC V6H 4C1

LEIBEL SALES CO. LTD.
c/o 678 - 1333 West Broadway
Vancouver, BC V6H 4C1

NEWPORT SALES CO. LTD.
c/o 678 - 1333 West Broadway
Vancouver, BC V6H 4C1

TENANTS IN THE PROPERTY
488 Carrall Street
Vancouver, BC V6B 2J7

AT

THE ADDRESS OF THE REGISTRY IS

800 Smithe Street
Vancouver, BC V6Z 2E1

The time estimated by the Petitioner for the Hearing of the Petition is 5 minutes.

[Check whichever one of the following boxes is correct]

☐ This matter is an application for judicial review

☒ This matter is not an application for judicial review

THIS PROCEEDING HAS BEEN STARTED BY THE PETITIONER FOR THE RELIEF SET OUT IN PART 1 BELOW .

If you intend to respond to this Petition, you or your lawyer must

(a) file a Response to Petition in Form 67 in the above Registry of this Court within the time for Response to Petition described below, and

(b) serve on the Petitioner

(i) 2 copies of the filed Response to Petition, and

(ii) 2 copies of each filed Affidavit on which you intend to rely at the Hearing

ORDERS, INCLUDING ORDERS GRANTING THE RELIEF CLAIMED, MAY BE MADE AGAINST YOU, WITHOUT ANY FURTHER NOTICE TO YOU, IF YOU FAIL TO FILE THE RESPONSE TO PETITION WITHIN THE TIME FOR RESPONSE

TIME FOR RESPONSE TO PETITION

A Response to Petition must be filed and served on the Petitioner

(a) if you were served with the Petition anywhere in Canada, within 21 days after that service

(b) if you were served with the Petition anywhere in the United States of America, within 35 days after that service

(c) if you were served with the Petition anywhere else, within 49 days after that service, or

(d) if the time for Response has been set by Order of the Court, within that time

THE ADDRESS FOR SERVICE OF THE PETITIONER IS

c/o **GOWLING WLG (CANADA) LLP**
Lawyers
P.O. Box 30
2300 - 550 Burrard Street
Vancouver, BC V6C 2B5
Attention: Jonathan Van Netten
Email: annie.nguyen@gowlingwlg.com
jonathan.vannetten@gowlingwlg.com

THE NAME AND OFFICE ADDRESS OF THE PETITIONER'S LAWYER IS

GOWLING WLG (CANADA) LLP
Lawyers
P.O. Box 30
2300 - 550 Burrard Street
Vancouver, BC V6C 2B5
Attention: Jonathan Van Netten
Email: annie.nguyen@gowlingwlg.com
jonathan.vannetten@gowlingwlg.com

ENDORSEMENT ON ORIGINATING PLEADING OR PETITION FOR SERVICE OUTSIDE BRITISH COLUMBIA

The Petitioner, People Trust Company, Claims the right to serve this Petition on the Respondents, or any of them, outside British Columbia on the grounds, *inter alia*, that the proceeding

(a) is brought to enforce, assert, declare or determine proprietary or possessory rights or a security interest in property in British Columbia that is immoveable or moveable property

(b) is brought to interpret, rectify, or enforce any deed, contract or other instrument in relation to property in British Columbia that is immoveable or moveable property

(c) concerns contractual obligations, and the contractual obligations, to a substantial extent, were to be performed in British Columbia

(d) concerns contractual obligations, and by its express terms, the contract is governed by the law of British Columbia

FORM 125
INFORMATIONAL NOTICE FOR FORECLOSURE PROCEEDINGS

This is a foreclosure proceeding. You have been served with the enclosed materials because you appear to have an interest in the property described in the Petition to the Court.

Within this proceeding, the Court may make orders concerning distribution of sale proceeds that impact you.

To ensure that you are informed of any court orders concerning distribution of funds, you must make the Court and the Petitioner aware of your contact information. This can be done by filing a Response to Petition or notifying the Petitioner in writing of your current contact information.

If at any stage of this proceeding you wish to take a position on the relief sought in this proceeding, a Response to Petition and supporting Affidavit must be filed and served on the Petitioner within the timelines set out in the Supreme Court Civil Rules.

CLAIMS OF THE PETITIONER

PART 1 - ORDER(S) SOUGHT

1. a Declaration that a mortgage (the "Mortgage") dated May 22, 2018, which was registered in the New Westminster land title office on May 29, 2018, under number CA6825660 and assignment of rents (the "Assignment of Rents") which was registered in the New Westminster land title office on May 29, 2018, under number CA6825661, are charges on the following lands and premises (the "Lands"):

City of Vancouver
Parcel Identifier: 010-870-679
Lot A
Block 13
District Lot 196
Plan 6567

which ranks in priority to the interests in the Lands of the Respondents, and the heirs, executors, administrators, successors and assigns of the Respondents, and all persons claiming by, through or under them;

2. a Declaration that a security agreement (the "Borrowers' Security Agreement") dated May 22, 2018, notice of which was registered in the B.C. Personal Property Registry on May 23, 2018 under base registration number 777438K, is a charge on the personal property described therein (the "Borrowers' Personal Property"), which ranks in priority to the interests in the Borrowers' Personal Property of the Respondents, and the heirs, executors, administrators, successors and assigns of the Respondents, and all persons claiming by, through or under them;

3. a Declaration that an agreement (the "Covenantor's Agreement") dated May 22, 2018, notice of which was registered in the B.C. Personal Property Registry on May 23, 2018 under base registration number 777457K, is a charge on the personal property described therein (the "Wall Personal Property"), which ranks in priority to the interests in the Wall Personal Property of the Respondents, and the heirs, executors, administrators, successors and assigns of the Respondents, and all persons claiming by, through or under them;

4. a Declaration that the Mortgage, the Borrowers' Security Agreement and the Covenantor's Agreement (collectively, the "Security") are in default;

5. a Summary Accounting of the amount of money (the "Amount Required to Redeem") due and owing to the Petitioner pursuant to the Security and a declaration of the amount of money required to redeem the Lands, the Borrowers' Personal Property and the Wall Personal Property (collectively, the "Property").

6. an Order setting a redemption period at one day, or such other length as determined by the Court;

7. an Order that, on the Amount Required to Redeem being paid into Court or to the lawyers for the Petitioner, prior to the pronouncement of Order Absolute or an Order approving a sale of the Property, then the Petitioner shall reconvey the Property free and clear of encumbrances in favour of the Petitioner, or by any person claiming by, through or under the Petitioner, to the Respondent that made payment;

8. an Order that, if the Property is not redeemed prior to the expiration of the redemption period, the Petitioner shall then be at liberty to apply for Order Absolute, and on pronouncement of Order Absolute the Respondents, and the heirs, executors, administrators, successors and assigns of the Respondents, and all persons claiming by, through or under them, shall be foreclosed of all right, title, interest, estate, and equity of redemption in and to the Property, and shall immediately deliver to the Petitioner vacant possession of the Property;

9. an Order that the Petitioner be at liberty to apply for a further summary accounting for any changes in interest rate or further amounts of money which may become due to the Petitioner pursuant to the Security;

10. an Order that the Petitioner have exclusive conduct of sale of the Property, after the expiration of the redemption period;

11. judgment in favour of the Petitioner against Respondents, 1058063 B.C. Ltd. and H.W. Rooms Inc., in the amount required to redeem;

12. judgment in favour of the Petitioner against Respondent, Christopher Robert Wall, in the amount of $2,757,499.98, plus interest, costs and other charges payable under the Covenantor's Agreement;

13. an Order appointing a Receiver-Manager of the Property;

14. an Order that the Petitioner be granted costs of and in connection with this proceeding on a special costs basis, or in the alternative, costs under the *Supreme Court Civil Rules*; and

15. an Order for any further or other relief that to this Honourable Court may seem just.

PART 2 - FACTUAL BASIS

The Mortgage

1. The Petitioner is a mortgage lender, with an office at Suite 1310 – 95 Wellington Street W., Toronto, Ontario.

2. By the Mortgage, Respondent, 1058063 B.C. Ltd. mortgaged the Lands to the Petitioner and granted the Assignment of Rents to the Petitioner.

3. The Mortgage was registered in the New Westminster land title office on May 29, 2018, under number CA6825660 and the Assignment of Rents was registered in the New Westminster land title office on May 29, 2018, under number CA6825661.

4. The registered owner of the Lands is the Respondents, 1058063 B.C. Ltd. The beneficial owner of the Lands is the Respondent, H.W. Rooms Inc.

5. All monies owing under the Mortgage became due and payable in full on February 5, 2025, and have not been paid.

Covenantor's Agreement

6. Pursuant to the Covenantor's Agreement dated May 22, 2018, the Respondent Christopher Robert Wall, as covenantor, agreed to:

a. pay the Petitioner the amounts due under the Mortgage up to the amount of $2,757,499.98, plus interest, costs and other charges payable under the agreement; and

b. grant the Petitioner a security interest in all debts and liabilities of the Respondents, 1058063 B.C. Ltd. and H.W. Rooms Inc., to the Respondent Christopher Robert Wall (the "Wall Security Interest").

7. Notice of the Wall Security Interest was registered in the B.C. Personal Property Registry on May 23, 2018, under base registration number 777457K.

Beneficiary Authorization and Charge Agreement

8. Pursuant to a written beneficiary authorization and charge agreement dated May 22, 2018, H.W. Rooms Inc. agreed to pay all monies due and owing to the Petitioner under the Mortgage.

Borrowers' Security Agreement

9. Pursuant to the Borrowers' Security Agreement, and as security for repayment of the Mortgage loan, the Respondents, 1058063 B.C. Ltd. and H.W. Rooms Inc., charged the Borrowers Personal Property in favour of the Petitioner.

10. Notice of the Borrowers' Security Agreement was registered in the B.C. Personal Property Registry on May 23, 2018, under base registration number 777438K

Demand, and Amount Owing on the Mortgage

11. Demand has been made to 1058063 B.C. Ltd., H.W. Rooms Inc. and Christopher Robert Wall, for the payment of all money owing to the Petitioner under the Mortgage and secured by the Security, but this money has not been paid.

12. As of April 7, 2025, there was due and owing to the Petitioner pursuant to the Mortgage the sum of $6,351,486.49, plus interest thereafter at the rate of 10.00% per annum, compounded semi-annually, being a daily rate that day of $1,697.07.

13. The current title for the Lands shows the following charge or charges owned by the Respondents, and registered after the Mortgage:

Respondents	Charges	Registration Date	Registration Number
Basha Sales Co. Ltd.	mortgage	January 31, 2024	CB1143709
Leibel Sales Co. Ltd.	mortgage	January 31, 2024	CB1143709
Newport Sales Co. Ltd.	mortgage	January 31, 2024	CB1143709
Basha Sales Co. Ltd.	assignment of rents	January 31, 2024	CB1143710
Leibel Sales Co. Ltd.	assignment of rents	January 31, 2024	CB1143710
Newport Sales Co. Ltd.	assignment of rents	January 31, 2024	CB1143710
Basha Sales Co. Ltd.	certificate of pending litigation	April 2, 2025	CB1963114
Leibel Sales Co. Ltd.	certificate of pending litigation	April 2, 2025	CB1963114
Newport Sales Co. Ltd.	certificate of pending litigation	April 2, 2025	CB1963114

14. The Lands comprise an apartment building used as both residential and commercial purposes.

15. The Petitioner elects, pursuant to section 55(6) of the *Personal Property Security Act*, to proceed as to both the Lands and the Personal Property as if the Personal Property were land.

PART 3 - LEGAL BASIS

1. The Petitioner will rely on, *inter alia*, Rules 21-7 and 13-5.

PART 4 - MATERIAL TO BE RELIED ON

1. The Affidavit #1 of Kauser Zafar Hyder, made May 5, 2025.

The time estimated by the Petitioner for the Hearing of the Petition is 15 minutes.

May 2, 2025

Signature of Lawyer for the Petitioner
Jonathan Van Netten

TO BE COMPLETED BY THE COURT ONLY

Order made

☐ in the terms requested in paragraphs _____ of Part 1 of this Petition

☐ with the following and additional terms

_____

_____

_____

Date _____ _____

Signature of ☐ Judge ☐ Associate Judge

NO.
VANCOUVER REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

PEOPLES TRUST COMPANY

PETITIONER

AND:

1058063 B.C. LTD.
AND OTHERS

RESPONDENTS

PETITION TO THE COURT

GOWLING WLG

GOWLING WLG (CANADA) LLP
Lawyers
P.O. Box 30
2300 - 550 Burrard Street
Vancouver, B.C. V6C 2B5
604 443-7609
Attention: Jonathan Van Netten

jvn/aan
file number G10042438

SUPREME COURT
OF
BRITISH COLUMBIA
SEAL
02-Oct-25

Vancouver
REGISTRY

Court File No. VLC-S-H-251118

NO.
VANCOUVER REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

BASHA SALES CO. LTD.
LEIBEL SALES CO. LTD.
NEWPORT SALES CO. LTD.

PETITIONERS

AND:

1208149 B.C. LTD.
UNITED ROOMS INC.
CHRISTOPHER ROBERT WALL
SUCCESS REALTY & INSURANCE LTD.
THE TENANTS AND/OR OCCUPANTS OF THE PROPERTY

RESPONDENTS

PETITION TO THE COURT

THIS IS THE PETITION OF:

BASHA SALES CO. LTD.
LEIBEL SALES CO. LTD.
NEWPORT SALES CO. LTD.
c/o Oreck Karby
Barristers and Solicitors
678 – 1333 West Broadway
Vancouver, B.C. V6H 4C1

ON NOTICE TO:

1208149 B.C. LTD.
201 – 1367 West Broadway
Vancouver, B.C. V6H 4A7

UNITED ROOMS INC.
201 – 1367 West Broadway
Vancouver, B.C. V6H 4A7

CHRISTOPHER ROBERT WALL
235 East Hastings Street
Vancouver, B.C. V6A 1P2

SUCCESS REALTY & INSURANCE LTD.
2077 37th Avenue West
Vancouver, B.C. V6M 1N7

THE TENANTS AND/OR OCCUPANTS
OF THE PROPERTY
139 Cordova Street E
Vancouver, B.C. V6A 1K7

The address of the registry is:

800 Smithe Street, Vancouver, British Columbia V6Z2E1

The Petitioner estimates that the hearing of the petition will take 5 minutes

[X] This matter is not an application for judicial review.

This proceeding is brought for the relief set out in Part 1 below, by

[X] the person(s) named as petitioner(s) in the style of proceedings above

This proceeding has been started by the Petitioner for the relief set out in Part 1 below.

If you intend to respond to this petition, you or your lawyer must:

(a) file a response to petition in Form 67 in the above-named registry of this court within the time for response to petition described below, and

(b) serve on the Petitioner

(i) 2 copies of the filed response to petition, and

(ii) 2 copies of each filed affidavit on which you intend to rely at the hearing.

Orders, including orders granting the relief claimed, may be made against you, without any further notice to you, if you fail to file the response to petition within the time for response.

Time for response to petition

A response to petition must be filed and served on the Petitioner,

(a) if you reside anywhere within Canada, within 21 days after the date on which a copy of the filed petition was served on you,

(b) if you reside in the United States of America, within 35 days after the date on which a copy of the filed petition was served on you,

(c) if you reside elsewhere, within 49 days after the date on which a copy of the filed petition was served on you, or

(d) if the time for response has been set by order of the court, within that time.

ENDORSEMENT ON PETITION FOR SERVICE OUTSIDE BRITISH COLUMBIA

The Petitioner claims the right to serve this Petition on the Respondents, or any of them, outside British Columbia on the grounds that this proceeding

(a) is brought to enforce, assert, declare or determine proprietary or possessory rights or a security interest in property in British Columbia that is immovable or movable property;

(b) is brought to interpret, rectify, set aside or enforce any deed, will, contract or other instrument in relation to property in British Columbia that is immovable or movable property;

(c) concerns contractual obligations and the contractual obligations, to a substantial extent, were to be performed in British Columbia;

(d) concerns contractual obligations and the contract by its express terms is governed by the law of British Columbia

(1)	The ADDRESS FOR SERVICE of the Petitioner is: Oreck Karby Barristers and Solicitors 678 – 1333 West Broadway Vancouver, B.C. V6H 4C1 Fax number address for service of the Petitioner: N/A E-mail address for service (if any) of the petitioner(s): hal@oreckkarby.bc.ca
(2)	The name and office address of the Petitioner's lawyer is: Oreck Karby Barristers and Solicitors

	678 – 1333 West Broadway Vancouver, B.C. V6H 4C1 Attention: Hal Oreck

INFORMATIONAL NOTICE FOR FORECLOSURE PROCEEDINGS

This is a foreclosure proceeding. You have been served with the enclosed materials because you appear to have an interest in the property described in the petition to the court.

Within this proceeding, the court may make orders concerning distribution of sale proceeds that impact you.

To ensure that you are informed of any court orders concerning distribution of funds, you must make the court and the petitioner aware of your contact information. This can be done by filing a response to petition or notifying the petitioner in writing of your current contact information.

If at any stage of this proceeding you wish to take a position on the relief sought in this proceeding, a response to petition and supporting affidavit must be filed and served on the petitioner within the timelines set out in the Supreme Court Civil Rules.

Claim of the Petitioners

Part 1: ORDER(S) SOUGHT

1. A declaration that a mortgage (the "Mortgage") and Assignment of Rents (the "Assignment") dated the 27th day of June, 2019 between the Respondent, 1208149 B.C. Ltd., as Mortgagor and United Rooms Inc. and Christopher Robert Wall, as Covenantors and the Petitioners as Mortgagee, which Mortgage and Assignment were registered in the New Westminster Land Title Office in the Province of British Columbia on the 28th day of June, 2019, under numbers CA7591682 and CA7591683, respectively, are a financial charge on the following lands and premises:

   > ALL AND SINGULAR that certain parcel or tract of land and premises situate lying and being in the City of Vancouver, in the Province of British Columbia, and more particularly known and described as:
   >
   > Parcel Identifier: 004-410-785
   >
   > LOT 15 BLOCK 6 DISTRICT LOT 196 PLAN 184
   >
   > (hereinafter called the "Lands and Premises")

2. A declaration that a Chattel Security Agreement (the "CSA") dated for reference June 28, 2019, granted by the Respondents, 1208149 B.C. Ltd. and United Rooms Inc., in favour of the Petitioners, in respect of which a financing statement was registered in the Personal Property Registry of British Columbia (the "PPR") on June 28, 2019 under base registration no. 602567L, creates a fully attached and perfected security interest charging all of the Respondents, 1208149 B.C. Ltd. and United Rooms Inc., present and after acquired personal property now or hereafter situate at, arising out of, primarily used in connection with, or primarily relating to the Lands and Premises, and all proceeds thereof (collectively, the "Personal Property"), ranking in priority to the right, interest or claim of the Respondents;

3. A declaration that the Mortgage and CSA is in default and that all monies secured by the Mortgage are now due and owing.

4. A declaration that the amount which is due and owing to the Petitioner is $2,912,213.25 as at August 20, 2025, together with interest thereon at the greater of Prime Rate of The Toronto-Dominion Bank plus 8%, calculated and compounded monthly, not in advance as well after as before maturity, together with the costs of the Petitioners in this proceeding, as well as all monies expended by the Petitioners to protect its security, which includes monies paid for insurance, property taxes and otherwise, which sums have been paid in accordance with the Mortgage.

5. An Order setting the redemption period herein at one (1) day or such other period as this Honourable Court may order.

6. A declaration that the balance to be paid to the Petitioners to redeem the Lands and Premises (the "Redemption Amount") shall be the balance found to be due and owing to the Petitioners at the date of any Order Nisi pronounced in this proceeding plus the interest accruing to the date of redemption plus the costs of the Petitioners in this proceeding plus all monies expended by the Petitioners for insurance and taxes and otherwise, which sums have been paid in accordance with the Mortgage.

7. An Order that upon the Respondent, paying the Redemption Amount into Court to the credit of these proceedings at the Court Registry, Courthouse, 800 Smithe Street, Vancouver, British Columbia, V6Z 2E1, or paying to the solicitor of record for the Petitioners, the Redemption Amount on or before the pronouncement of either an Order Absolute of Foreclosure or an Order confirming the sale of the Lands and Premises, the Petitioners shall reconvey the Lands and Premises free and clear of all encumbrances in favour of it or any person claiming by, through or under it.

8. An Order that if the Lands and Premises are not redeemed, the Petitioners shall be at liberty to apply for an Order Absolute of Foreclosure and upon pronouncement of the Order Absolute of Foreclosure the Respondent, and their respective heirs, executors, administrators, successors and assigns and all persons claiming by, through or under them shall henceforth stand absolutely debarred and foreclosed of and from all right, title, interest, estate and equity of redemption in and to the Lands

and Premises and that thereupon the Petitioners do recover vacant possession of the Lands and Premises.

9. An Order that the Petitioners do recover judgment against the Respondents, 1208149 B.C. Ltd., United Rooms Inc. and Christopher Robert Wall, for the Redemption Amount together with the Petitioners' costs of this proceeding.

10. An Order for possession of the Lands and Premises.

11. An Order directing the issuance of a Certificate of Pending Litigation.

12. An Order for the appointment of a receiver or receiver-manager without security in respect of the Lands and Premises.

13. An Order for the Sale of the Lands and Premises with the Petitioners having exclusive conduct thereof effective immediately or at such later date as this Honourable Court may Order.

14. An Order for occupation rent.

15. An Order that the Petitioners be granted liberty to apply to this Court for a further summary accounting of any amounts which become due to the Petitioner for interest, taxes, arrears of taxes, insurance premiums, costs, charges, expenses or otherwise.

16. An Order for costs of and in connection with this proceeding.

17. An Order for any further relief that to this Honourable Court may seem just.

Part 2: FACTUAL BASIS

1. The Petitioners are a body corporate with an office for delivery in this proceeding located at #678 – 1333 West Broadway, Vancouver, British Columbia.

2. By the Mortgage and Assignment dated June 27, 2019 the Respondents, 1208149 B.C. Ltd., United Rooms Inc. and Christopher Robert Wall, did grant and mortgage unto the Petitioners the Lands and Premises to secure repayment of the sum of $3,090,000.00 together with interest thereon at 5.5% per annum up to June 6, 2024

and thereafter at the greater of The Toronto-Dominion Bank's Prime Rate plus 8.00 per cent per annum calculated monthly not in advance after June 6, 2024.

3. The Mortgage and Assignment were registered in the New Westminster Land Title Office on June 28, 2019, under Nos. CA7591682 and CA7591683, respectively.

4. The Respondent, 1208149 B.C. Ltd., is the registered owner of the Lands and Premises.

5. The Respondent, United Rooms Inc., is the covenantor of the Mortgage and beneficial owner of the Lands and Premises.

6. The Respondent, Christopher Robert Wall, is the covenantor of the Mortgage.

7. The Respondents are in default of the payments required to be made pursuant to the Mortgage.

8. Pursuant to the terms, conditions and provisos contained in the Mortgage, the full balance due and owing for principal, interest, taxes, and other amounts due and owing thereunder become due and payable forthwith at the option of the Mortgagee upon default of any payment required to be made thereunder and the same are now due and payable and have not been paid.

9. As of August 20, 2025 there was justly due and owing by the Respondents, 1208149 B.C. Ltd., United Rooms Inc. and Christopher Robert Wall, to the Petitioners pursuant to the Mortgage the sum of $2,912,213.25, which amount does not include any bonus or penalty, plus interest thereon at the greater of The Toronto-Dominion Bank's Prime Rate plus 8.00 per cent per annum calculated monthly not in advance from and including August 21, 2025, being a present per diem of $1,025.44.

10. By letter dated August 21, 2025 demand has been made on the Respondents, 1208149 B.C. Ltd., United Rooms Inc. and Christopher Robert Wall, for the payment of the monies due and owing to the Petitioners and secured by the Mortgage, but the Respondents have failed and refused to pay those monies.

11. The following Respondent is joined in these proceedings as the holder of charges registered against title to the Lands and Premises in the New Westminster Land Title Office which rank in priority behind the interest of the Petitioner herein:

Respondent	Charge	Registration Date	Registration No.
Success Realty & Insurance Ltd.	Mortgage Assignment of Rents	July 30, 2021	CA9241952 CA9241953

12. The Respondent, The Tenants and/or Occupants of the Property, are tenants who may be in occupation of the Lands and Premises.

13. There are no other persons having a registered interest in the Lands and Premises over which the Mortgage has priority.

Part 3: LEGAL BASIS

1. The Petitioner's application is made pursuant to the provisions of Rules 16-1 and 21-7 of the Supreme Court Civil Rules.

Part 4: MATERIAL TO BE RELIED ON

1. Affidavit #1 of Michael Averbach made herein.

Dated: October 1, 2025.

Petitioner's solicitor

To be completed by the court only:	
Order made [ ] in the terms requested in paragraphs ..... of Part 1 of this petition [ ] with the following variations and additional terms:	
Date:	.... Signature of [ ] Judge [ ] Associate Judge

SUPREME COURT
OF
BRITISH COLUMBIA
SEAL
02-Oct-25

Vancouver
REGISTRY

Court File No. VLC-S-H-251119

NO.
VANCOUVER REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

LUX FURNITURE LTD.
NOVA FURNITURE LTD.
YANKEL INVESTMENTS LTD.

PETITIONERS

AND:

0991611 B.C. LTD.
CHRISTOPHER WALL INC.
CHRISTOPHER ROBERT WALL ALSO KNOWN AS CHRISTOPHER WALL
THE TENANTS AND/OR OCCUPANTS OF THE PROPERTY

RESPONDENTS

PETITION TO THE COURT

THIS IS THE PETITION OF:

LUX FURNITURE LTD.
NOVA FURNITURE LTD.
YANKEL INVESTMENTS LTD.
c/o Oreck Karby
Barristers and Solicitors
678 – 1333 West Broadway
Vancouver, B.C. V6H 4C1

ON NOTICE TO:

0991611 B.C. LTD.
201 – 1367 West Broadway
Vancouver, B.C. V6H 4A7

CHRISTOPHER WALL INC.
201 – 1367 West Broadway
Vancouver, B.C. V6H 4A7

CHRISTOPHER ROBERT WALL
ALSO KNOWN AS CHRISTOPHER WALL
235 East Hastings Street
Vancouver, B.C. V6A 1P2

THE TENANTS AND/OR OCCUPANTS
OF THE PROPERTY
1696 11th Avenue W
Vancouver, B.C. V6J 2B9

The address of the registry is:

800 Smithe Street, Vancouver, British Columbia V6Z2E1

The Petitioner estimates that the hearing of the petition will take 5 minutes

[X] This matter is not an application for judicial review.

This proceeding is brought for the relief set out in Part 1 below, by

[X] the person(s) named as petitioner(s) in the style of proceedings above

This proceeding has been started by the Petitioner for the relief set out in Part 1 below.

If you intend to respond to this petition, you or your lawyer must:

(a) file a response to petition in Form 67 in the above-named registry of this court within the time for response to petition described below, and

(b) serve on the Petitioner

(i) 2 copies of the filed response to petition, and

(ii) 2 copies of each filed affidavit on which you intend to rely at the hearing.

Orders, including orders granting the relief claimed, may be made against you, without any further notice to you, if you fail to file the response to petition within the time for response.

Time for response to petition

A response to petition must be filed and served on the Petitioner,

(a) if you reside anywhere within Canada, within 21 days after the date on which a copy of the filed petition was served on you,

(b) if you reside in the United States of America, within 35 days after the date on which a copy of the filed petition was served on you,

(c) if you reside elsewhere, within 49 days after the date on which a copy of the filed petition was served on you, or

(d) if the time for response has been set by order of the court, within that time.

ENDORSEMENT ON PETITION FOR SERVICE OUTSIDE BRITISH COLUMBIA

The Petitioner claims the right to serve this Petition on the Respondents, or any of them, outside British Columbia on the grounds that this proceeding

(a) is brought to enforce, assert, declare or determine proprietary or possessory rights or a security interest in property in British Columbia that is immovable or movable property;

(b) is brought to interpret, rectify, set aside or enforce any deed, will, contract or other instrument in relation to property in British Columbia that is immovable or movable property;

(c) concerns contractual obligations and the contractual obligations, to a substantial extent, were to be performed in British Columbia;

(d) concerns contractual obligations and the contract by its express terms is governed by the law of British Columbia

(1)	The ADDRESS FOR SERVICE of the Petitioner is: Oreck Karby Barristers and Solicitors 678 – 1333 West Broadway Vancouver, B.C. V6H 4C1 Fax number address for service of the Petitioner: N/A E-mail address for service (if any) of the petitioner(s): hal@oreckkarby.bc.ca
(2)	The name and office address of the Petitioner's lawyer is: Oreck Karby Barristers and Solicitors 678 – 1333 West Broadway Vancouver, B.C. V6H 4C1 Attention: Hal Oreck

INFORMATIONAL NOTICE FOR FORECLOSURE PROCEEDINGS

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Within this proceeding, the court may make orders concerning distribution of sale proceeds that impact you.

To ensure that you are informed of any court orders concerning distribution of funds, you must make the court and the petitioner aware of your contact information. This can be done by filing a response to petition or notifying the petitioner in writing of your current contact information.

If at any stage of this proceeding you wish to take a position on the relief sought in this proceeding, a response to petition and supporting affidavit must be filed and served on the petitioner within the timelines set out in the Supreme Court Civil Rules.

Claim of the Petitioners

Part 1: ORDER(S) SOUGHT

1. A declaration that a mortgage (the "Mortgage") and Assignment of Rents (the "Assignment") dated the 12th day of January, 2021 between the Respondent, 0991611 B.C. Ltd., as Mortgagor and Christopher Wall Inc. and Christopher Robert Wall also known as Christopher Wall, as Covenantors and the Petitioners as Mortgagee, which Mortgage and Assignment were registered in the New Westminster Land Title Office in the Province of British Columbia on the 13th day of January, 2021, under numbers CA8700434 and CA8700435, respectively, are a financial charge on the following lands and premises:

   > ALL AND SINGULAR that certain parcel or tract of land and premises situate lying and being in the City of Vancouver, in the Province of British Columbia, and more particularly known and described as:
   >
   > Parcel Identifier: 008-147-078
   >
   > LOT 1 BLOCK 389 DISTRICT LOT 526 PLAN 1949
   >
   > (hereinafter called the "Lands and Premises")

2. A declaration that a Chattel Security Agreement (the "CSA") dated for reference January 14, 2021, granted by the Respondents, 0991611 B.C. Ltd. and Christopher Wall Inc., in favour of the Petitioners, in respect of which a financing statement was registered in the Personal Property Registry of British Columbia (the "PPR") on January 14, 2021 under base registration no. 708687M, creates a fully attached and perfected security interest charging all of the Respondents, 0991611 B.C. Ltd. and Christopher Wall Inc., present and after acquired personal property now or hereafter situate at, arising out of, primarily used in connection with, or primarily relating to the Lands and Premises, and all proceeds thereof (collectively, the "Personal Property"), ranking in priority to the right, interest or claim of the Respondents;

3. A declaration that the Mortgage and CSA is in default and that all monies secured by

the Mortgage are now due and owing.

4. A declaration that the amount which is due and owing to the Petitioner is $4,847,549.05 as at August 28, 2025, together with interest thereon at 4.50% per annum calculated semi-annually, not in advance until January 6, 2026 and thereafter at the greater of Prime Rate of The Toronto-Dominion Bank plus 11.00%, calculated and compounded monthly, not in advance as well after as before maturity, together with the costs of the Petitioners in this proceeding, as well as all monies expended by the Petitioners to protect its security, which includes monies paid for insurance, property taxes and otherwise, which sums have been paid in accordance with the Mortgage.

5. An Order setting the redemption period herein at one (1) day or such other period as this Honourable Court may order.

6. A declaration that the balance to be paid to the Petitioners to redeem the Lands and Premises (the "Redemption Amount") shall be the balance found to be due and owing to the Petitioners at the date of any Order Nisi pronounced in this proceeding plus the interest accruing to the date of redemption plus the costs of the Petitioners in this proceeding plus all monies expended by the Petitioners for insurance and taxes and otherwise, which sums have been paid in accordance with the Mortgage.

7. An Order that upon the Respondent, paying the Redemption Amount into Court to the credit of these proceedings at the Court Registry, Courthouse, 800 Smithe Street, Vancouver, British Columbia, V6Z 2E1, or paying to the solicitor of record for the Petitioners, the Redemption Amount on or before the pronouncement of either an Order Absolute of Foreclosure or an Order confirming the sale of the Lands and Premises, the Petitioners shall reconvey the Lands and Premises free and clear of all encumbrances in favour of it or any person claiming by, through or under it.

8. An Order that if the Lands and Premises are not redeemed, the Petitioners shall be at liberty to apply for an Order Absolute of Foreclosure and upon pronouncement of the Order Absolute of Foreclosure the Respondent, and their respective heirs,

executors, administrators, successors and assigns and all persons claiming by, through or under them shall henceforth stand absolutely debarred and foreclosed of and from all right, title, interest, estate and equity of redemption in and to the Lands and Premises and that thereupon the Petitioners do recover vacant possession of the Lands and Premises.

9. An Order that the Petitioners do recover judgment against the Respondents, 0991611 B.C. Ltd., Christopher Wall Inc. and Cristopher Robert Wall also known as Christopher Wall, for the Redemption Amount together with the Petitioners' costs of this proceeding.

10. An Order for possession of the Lands and Premises.

11. An Order directing the issuance of a Certificate of Pending Litigation.

12. An Order for the appointment of a receiver or receiver-manager without security in respect of the Lands and Premises.

13. An Order for the Sale of the Lands and Premises with the Petitioners having exclusive conduct thereof effective immediately or at such later date as this Honourable Court may Order.

14. An Order for occupation rent.

15. An Order that the Petitioners be granted liberty to apply to this Court for a further summary accounting of any amounts which become due to the Petitioner for interest, taxes, arrears of taxes, insurance premiums, costs, charges, expenses or otherwise.

16. An Order for costs of and in connection with this proceeding.

17. An Order for any further relief that to this Honourable Court may seem just.

Part 2: FACTUAL BASIS

1. The Petitioners are a body corporate with an office for delivery in this proceeding located at #678 – 1333 West Broadway, Vancouver, British Columbia.

2. By the Mortgage and Assignment dated January 12, 2021 the Respondents, 0991611 B.C. Ltd., Christoper Wall Inc. and Christoper Robert Wall also known as Christoper Wall, did grant and mortgage unto the Petitioners the Lands and Premises to secure repayment of the sum of $5,060,000.00 together with interest thereon at 4.50% per annum up to January 6, 2026 and thereafter at the greater of The Toronto-Dominion Bank's Prime Rate plus 11.00 per cent per annum calculated monthly not in advance after January 6, 2026.

3. The Mortgage and Assignment were registered in the New Westminster Land Title Office on January 13, 2021, under Nos. CA8700434 and CA8700435, respectively.

4. The Respondent, 0991611 B.C. Ltd., is the registered owner of the Lands and Premises.

5. The Respondent, Christopher Wall Inc., is the covenantor of the Mortgage and beneficial owner of the Lands and Premises.

6. The Respondent, Christopher Robert Wall also known as Christopher Wall, is the covenantor of the Mortgage.

7. The Respondents are in default of the payments required to be made pursuant to the Mortgage.

8. Pursuant to the terms, conditions and provisos contained in the Mortgage, the full balance due and owing for principal, interest, taxes, and other amounts due and owing thereunder become due and payable forthwith at the option of the Mortgagee upon default of any payment required to be made thereunder and the same are now due and payable and have not been paid.

9. As of August 28, 2025 there was justly due and owing by the Respondents, 0991611 B.C. Ltd., Christopher Wall Inc. and Christopher Robert Wall also known as Christopher Wall, to the Petitioners pursuant to the Mortgage the sum of $4,847,549.05, which amount does not include any bonus or penalty, plus interest at 4.50% per annum up to January 6, 2026 and thereafter at the greater of The Toronto-

Dominion Bank's Prime Rate plus 11.00 per cent per annum calculated monthly not in advance after January 6, 2026 from and including August 28, 2025, being a present per diem of $579.15.

10. By letter dated September 5, 2025 demand has been made on the Respondents, 0991611 B.C. Ltd., Christopher Wall Inc. and Christopher Robert Wall also known as Christopher Wall, for the payment of the monies due and owing to the Petitioners and secured by the Mortgage, but the Respondents have failed and refused to pay those monies.

11. The Respondent, The Tenants and/or Occupants of the Property, are tenants who may be in occupation of the Lands and Premises.

12. There are no other persons having a registered interest in the Lands and Premises over which the Mortgage has priority.

Part 3: LEGAL BASIS

1. The Petitioner's application is made pursuant to the provisions of Rules 16-1 and 21-7 of the Supreme Court Civil Rules.

Part 4: MATERIAL TO BE RELIED ON

1. Affidavit #1 of Michael Averbach made herein.

Dated: October 1, 2025.

Petitioner's solicitor

To be completed by the court only:	
Order made [ ] in the terms requested in paragraphs ..... of Part 1 of this petition [ ] with the following variations and additional terms:	
Date:	.... Signature of [ ] Judge [ ] Associate Judge

This is Exhibit "Q" to the Affidavit #1 of Brigitte Drew affirmed February 3, 2026 before me at the City of Vancouver, BC.



A Commissioner for taking Affidavits in and for the Province of British Columbia.

CREATIVENERGY

1 December 2022

Ms. Sara Hardgrave
Acting Commission Secretary
BC Utilities Commission
Suite 410, 900 Howe Street
Vancouver, BC V6Z 2N3

Dear Ms. Hardgrave

Re: British Columbia Utilities Commission (BCUC, Commission)
Creative Energy Vancouver Platforms Inc. (Creative Energy)
2023 Revenue Requirements Application for the Core Thermal Energy System

Creative Energy writes to file the enclosed 2023 Revenue Requirements Application (**RRA**) for the Core Thermal Energy System (**Core TES**)(**Application**) and requests the approvals set out in section 1.3 of the Application.

Creative Energy is requesting interim approval of 2023 rates effective January 1, 2023, as set out in the draft order attached at Appendix A and in the corresponding tariff page attached at Appendix B.

As we review in section 1, at the time of the preparation and near-filing of this Application a BCUC decision was pending into the requested approvals set forth in Creative Energy's 2022 Application for Rates for the Core Steam System and Northeast False Creek Service (**2022 Application**). The basis of this 2023 RRA was to therefore assume that all requested approvals set out in the 2022 Application would be granted, which has supported the filing of this 2023 RRA on a timely basis pursuant to the request for interim approval of rates effective January 1, 2023. We contemplated that an evidentiary update would follow subject to the determinations and directives of a Commission decision into the 2022 Application.

We are now in receipt of Commission Order G-345-22 and accompanying Decision into the 2022 Application, dated November 29, 2022, which grants the requested approvals of the 2022 Application subject to certain determinations and directives. As directed by Order G-345-22, Creative will file an evidentiary update within 60 days of the date of Order G-345-22 addressing all relevant directives and determinations in this decision applicable to the Application.

For further information, please contact the undersigned.

Sincerely,

Rob Gorter
Director, Regulatory Affairs and Customer Relations

CREATIVE ENERGY VANCOUVER
PLATFORMS INC.

Suite 1 – 720 Beatty Street
Vancouver, Canada
V6B 2M1

604 688 9584 TEL
604 688 2213 FAX
creativeenergycanada.com

CREATIVENERGY

Creative Energy Vancouver Platforms Inc.

Core Thermal Energy System

2023 Revenue Requirements Application

December 1, 2022

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1 Application Summary

1.1 Overview

Creative Energy Vancouver Platforms Inc. (**Creative Energy, CEVP**) owns and operates the steam production plant at 720 Beatty Street and associated steam distribution network, which began operating in 1968 and now serves over 200 buildings in downtown Vancouver and which also serves customers connected to the hot water distribution network in Northeast False Creek (**NEFC**). These two systems together comprise the Creative Energy **Core Thermal Energy System** (or **Core TES**).

This 2023 Revenue Requirements Application (**2023 RRA, Application**) presents the consolidated cost of service of the Core TES together with corresponding proposed rates for service in 2023.

At the time of the preparation and near-filing of this Application, a British Columbia Utilities Commission (**BCUC, Commission**) decision was pending into the requested approvals set forth in Creative Energy's 2022 Application for Rates for the Core Steam System and Northeast False Creek Service (**2022 Application**), as comprising:

1. Rate design proposals filed on November 1, 2021 in the 2022 Application Part 1 – Rate Structure (**2022 Application Part 1**); and

2. Revenue requirements and rates proposals filed on December 1, 2022 in the 2022 Application Part 2 – Consolidated 2022 Revenue Requirements for Unified Rates (**2022 Application Part 2**).

The basis of this 2023 RRA was to therefore assume that all requested approvals set out in the 2022 Application Parts 1 and 2 would be granted by the Commission, which altogether supports the filing of this 2023 RRA on a timely basis pursuant to a request for interim approval of rates effective January 1, 2023; that is, 30 days in advance of the requested effective date. As part of this approach we contemplated that an evidentiary update would then be filed in 2023 to update the underlying basis of the requested approvals for 2023 as need may arise subject to the determinations and directives of a Commission decision into the 2022 Application.

We are now in receipt of Commission Order G-345-22 and accompanying Decision into the 2022 Application, dated November 29, 2022, which grants the requested approvals of the 2022 Application subject to certain determinations and directives. As directed by Order G-345-22, Creative will file an evidentiary update to this 2023 RRA within 60 days of the date of Order G-345-22 addressing all relevant directives and determinations in this decision, as applicable to 2023 rates. Unless otherwise noted in this 2023 RRA, the items concerning compliance and evidentiary updates arising from Order G-345-22, will be addressed in subsequent filings as required.

Through this Application, Creative Energy seeks approval of an overall increase in thermal energy rates (as expressed on an equivalent $/thousand pound of steam (**M#**) basis) of 15.2% above the

4.1.7.2 Sales Expense – Account 910

The 2023 Test Year expense was a bottom-up budget consisting of promotional costs supporting the Low Carbon project and future growth in the Core TES ($55,000), dues and membership ($17,035), courses and conferences ($7,469), bad debt ($86,573) and travel ($7,856).

Included in this category is a proposed recovery of a bad debt expense relating to one customer – the owner in control of the Avalon Hotel – having not paid its bills in almost two years. Creative Energy has made repeated attempts to seek payment to no avail. This building serves the housing needs of its low-income residents and Creative Energy has therefore been reticent to date to disconnect service during the winter heating season. Recording the unpaid invoices as a bad debt expense will allow for recovery of the prior billings while also highlighting this matter for the Commission's consideration and possible direction.

Table 30: Sales Expense - Summary & Variance

	2020 Actual	2021 Actual	2022 Application	2022 Projected	2023 Test Year	Control	2022 Application to 2023 Test Year	
910 Sales Expense	51,838	48,993	36,880	54,962	173,934	Not ext.	137,054	371.6%

4.2 Municipal Taxes (City of Vancouver Municipal Access Fee)

Creative Energy has a thirty-year Municipal Access Agreement (**MAA**) with the City of Vancouver (the **City**) effective September 1, 1999. The current MAA was approved by the Commission under Order C-13-00 on June 12, 2000. The MAA grants the Company rights to continue to operate, construct and maintain its distribution system in City streets for supply of steam-heat and hot water services. In exchange for the rights under the MAA, the Company pays to the City an annual fee equal to 1.25 percent of Tariff Revenues plus a flat fee that the City escalates at 2 percent for 2023 plus an historical adjustment of $0.41 per MMBTU multiplied by 1.25 percent to compensate the City for the component of the rate that at one time included gas costs. This process is consistent with the 2022 RRA. Please refer to the summary table below and Schedule 17 for further detail.

Table 31: Municipal Taxes – Consolidated Core and NEFC (2023)

	2020 Actual	2021 Actual	2022 Application	2022 Projected	2023 Test Year
Annual Steam Revenues	8,493,603	9,355,974	11,120,103	11,384,482	12,812,884
MMBTU Gas Adjustment	479,286	523,199	558,158	558,158	558,158
Adjusted Annual Steam Revenues	8,972,889	9,879,173	11,678,260	11,942,639	13,371,042
Tax Rate	1.25%	1.25%	1.25%	1.25%	1.25%
Municipal Tax on Steam Revenue	112,161	123,490	145,978	149,283	167,138
Prior Year Flat Fee	157,292	160,438	163,647	163,647	1
Rate Increase	2%	2%	2%	2%	2%
Escalated Flat Fee	160,438	163,647	166,920	166,920	170,258
Total Municipal Tax	272,559	287,137	312,898	316,203	337,396

This is Exhibit "R" to the Affidavit #1 of Brigitte Drew affirmed February 3 2026 before me at the City of Vancouver, BC.



A Commissioner for taking Affidavits in and for the Province of British Columbia.

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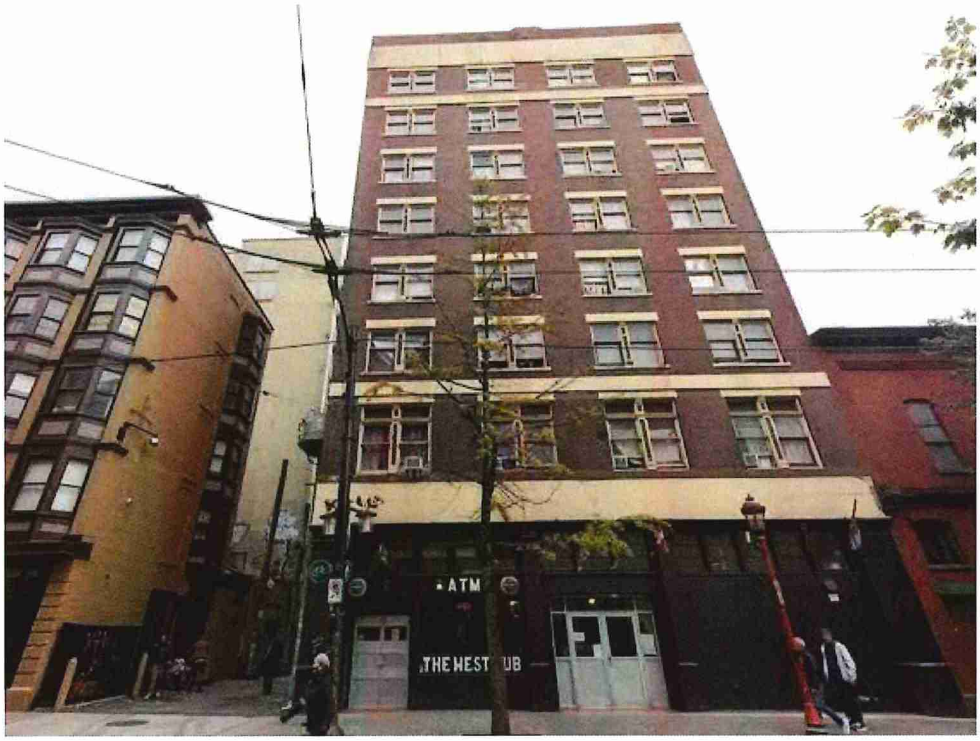
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Weapons, violence, drugs: Life at the West Hotel, where crime group was dismantled by VPD

"That block has been infiltrated by drug dealers and those carrying out gang-related crime," West Hotel owner Chris Wall says

By Sarah Grochowski
Published Oct 23, 2025 3 minute read Join the conversation



Three arrests were made and $336,000 in toxic drugs were seized at the West Hotel in Vancouver earlier this weekPHOTO BY ARLEN REDEKOP /PNG

The owner of the West Hotel, a single-room occupancy building meant to provide affordable housing in Vancouver's Downtown Eastside but has become a hub for drugs, weapons and stolen goods, says the tenants recently arrested during a police raid have returned and appear to be continuing as before.

"We gave police access to our entire building, including keys and a site plan, but these men are already back inside my building and out on the streets," owner Chris Wall told Postmedia on Thursday, expressing frustration over the results of the investigation.

Police said earlier this week a criminal network operating out of the West Pub and upper floors of the hotel at 488 Carrall St., was involved in trafficking fentanyl, crystal meth and stolen merchandise. A six-week probe led to the seizure of $336,000 in toxic drugs, thousands of dollars in stolen goods, and an arsenal of weapons, including machetes, guns and body armour.

vpd



Drugs and other contraband seized by the Vancouver Police Department during a six week investigation which led to three arrests and $336,000 in toxic drugs from the West Hotel in the Downtown Eastside PHOTO BY NICK PROCAYLO/10109530A

Charges have yet to be laid against the three arrested suspects.

"It's wonderful that they found all these drugs and cash and weaponry, but there needs to be more active policing. That block has been infiltrated by drug dealers and those carrying out gang-related crime," Wall said.

"I've got tenants in my building who feel unsafe," added the building owner, who owns several other SROs in the neighbourhood.

The suspects in question rented rooms in the hotel after passing criminal record checks for prior drug- or violence-related convictions, said Wall. While eviction notices have been served, the owner said the legal process

takes time and some tenants have already returned to the building.

Vancouver Police Sgt. Steve Addison said that the probe began in August following repeated incidents in the Carrall and East Hastings area, which, along with Main and Hastings, have some of the city's highest rates of violent crime.

Read More

Organized crime group took over part of low-income rooming house in Downtown Eastside: VPD



"The investigation arose out of concerns from people in the community — residents and businesses — about crime, violence, and disorder linked to the West Hotel and West Pub," Addison said Thursday. "We believe there is a nexus between this operation and the illicit market for stolen property that operates in the Downtown Eastside."



Drugs and other contraband seized by the Vancouver Police Department during a six week investigation which led to three arrests and $336,000 in toxic drugs from the West Hotel in the Downtown Eastside.PHOTO BY NICK PROCAYLO/10109530A

Addison confirmed the case exposes a growing vulnerability in the Downtown Eastside's aging SRO stock — buildings originally designed as last-resort housing but targeted by organized crime.

"Our understanding is that rooms in this hotel generally rent for between $400 and $1,000 (per month), so it is truly some of the most affordable housing in the city."

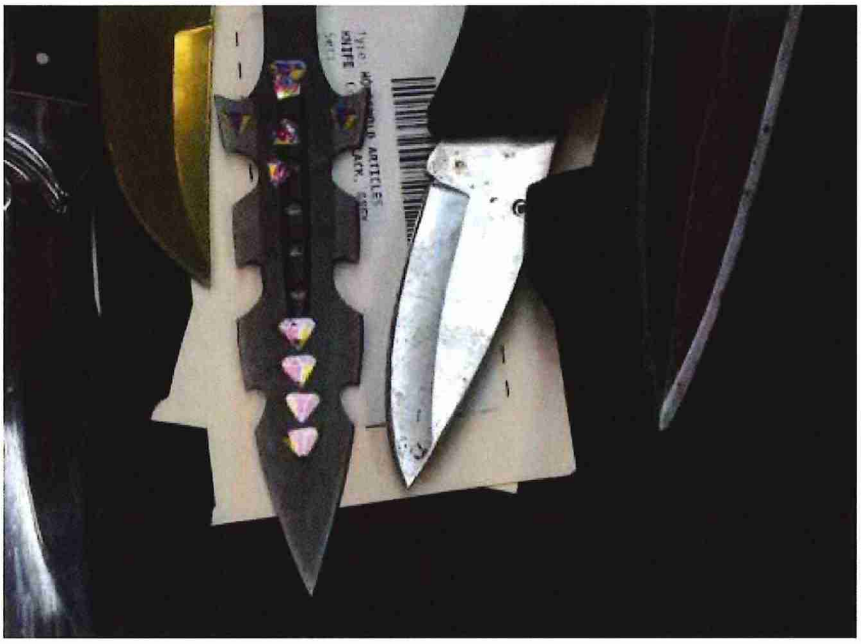
More than a century old, the eight-storey West Hotel offers 98 units of housing for low-income residents in the Downtown Eastside. Most rely on social assistance, disability benefits or old-age pensions, and about one-third identify as Indigenous.

But the building also faces serious challenges.

Safety concerns have been persistent. Police say the hotel has seen multiple violent incidents in recent years, including an assault causing "very serious" injuries to an individual this past weekend, a fatal stabbing outside in May, and a shooting inside in 2023. So far this year, officers have responded to 168 calls for service inside the building, not including incidents outside that may be connected to it.

A tenant who asked to remain anonymous said residents sometimes feel unsafe living at the West Hotel, particularly during social-income cheque week.

"Drugs is a problem in our building. So is violence and overdoses," the resident of five years said Thursday.



Drugs and other contraband seized by the Vancouver Police Department during a six week investigation which led to three arrests and $336,000 in toxic drugs from the West Hotel in the Downtown Eastside.PHOTO BY NICK PROCAYLO/10109530A

The West Hotel has also been the subject of foreclosure proceedings this year, B.C. Supreme Court records show.

Court documents allege the owners of the West Hotel and another building on East Hastings Street defaulted on mortgage loans.

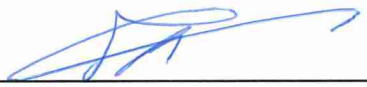
Court affidavits from four longtime tenants describe the single-room occupancy building as being in disrepair. One resident, who has lived there since 1990 on a fixed pension, said that the elevators had been out of service for more than a year, "which makes any moves essentially impossible."

The City of Vancouver said the elevator issue has been ongoing and flagged during multiple annual inspections, most recently in September. A spokesperson added Thursday that the matter has been referred to prosecution, with a trial scheduled for Nov. 21.

A B.C. Supreme Court judge this month allowed the petitioners to list the 488 Carrall St. property for sale in February.

sgrochowski@postmedia.com

This is Exhibit "S" to the Affidavit #1 of Brigitte Drew affirmed February 3, 2026 before me at the City of Vancouver, BC.



A Commissioner for taking Affidavits in and for the Province of British Columbia.

453 West 12th Avenue
Vancouver BC V5Y 1V4

CITY OF VANCOUVER
PROPERTY TAX CERTIFICATE

Printed: Jan 9, 2026
Number: 348715

Within Vancouver, call 3-1-1
Outside Vancouver, call 604.873.7000
TTY Service, call 7-1-1

* * * PLEASE REVIEW THE 'IMPORTANT PROPERTY COMMENTS' IN CONJUNCTION WITH THE OTHER INFORMATION BELOW.* * *

For BC ONLINE
53650-0001-0000

Owner

1235922 BC LTD
235 HASTINGS ST E
VANCOUVER BC V6A 1P2

Property

Folio: 592-157-57-0000 **LTO No.:** CA8022411
Pid: 010-401-130 **MHR No.:**
Additional Pids: 010-401-113, 015-501-922
Civic: 165 PENDER ST W
Legal: LOT 35 BLOCK 28 PLAN VAP210 DISTRICT LOT 541 NWD & LOT 34 BLOCK 28 PLAN VAP210 DISTRICT LOT 541 NWD & LOT 36 BLOCK 28 PLAN VAP210 DISTRICT LOT 541 NWD
Status: ACTIVE

2026 Assessments

Value Set	Assessment Class	Value Type	Land	Improvements	Total
GENERAL	Residential	GROSS	5,119,000	394,000	5,513,000
GENERAL	Residential	EXEMPT	0	0	0
GENERAL	Business/Other	GROSS	2,821,000	240,000	3,061,000
GENERAL	Business/Other	EXEMPT	0	10,000	10,000

2025 Levies, Grants, Deferrals

Total Levy	**58,709.07**
Grant Available	
65 and over	0.00
Under 65	0.00
Grant Claimed	**0.00**
Deferred	**0.00**

Property Taxes Owing As At Dec 31, 2025

Delinquent (2022)	0.00
Arrears 2 (2023)	76,436.80
Arrears (2024)	67,223.44
Interest to Dec 31, 2025	15,371.65
Current (2025)	58,709.07
	217,740.96
Penalties	4,223.80
Total Taxes Owing	**221,964.76**

2026 Instalments

Payments Made	0.00
Interest Earned	0.00
Adjustments	0.00
Balance as at Dec 31, 2025	**0.00**

2026 Advance Levy **29,355.00**
(Due Feb 3, 2026)

Tax Sale

Year	Status	Sale Date	Comment
2025	SOLD	Nov 12, 2025	This property has been purchased at Tax Sale and must be redeemed before it can be transferred.

Upset Price	Purchase Price	Interest to Jan 9, 2026	Less Deposits	Less LTO Reduction	Redemption Amount	Redemption Until
78,410.88	78,410.88	747.57	0.00	262.08	78,896.37	Nov 12, 2026

Local Improvements & Other Misc Items

Bylaw	Expires	Type	Levy	Status
12921 BIA - HASTINGS CROSSING	Jul 5, 2026	VARIABLE	1,374.61	Included in Taxes

Utilities Charged on Taxes

The following charges are included in the Total Tax Levy indicated above:

Description of Charge	Amount	Covers
ANNUAL FIRELINE- (150MM)	651.00	01-Jan-25 31-Dec-25

Metered Utilities for Account 6001754

Service to this account is billed every four months.

Unpaid Arrears	12,085.14
Balance of Last Bill - Due **Dec 22, 2025**	4,964.62
Account Balance as at Dec 31, 2025	**17,049.76**

Details of Last Bill

Charges on Last Bill			4,964.62
Total Discount	236.41	Claimed	0.00
Payments Applied			0.00
Penalties			0.00
Adjustments			0.00

Important Property Comments

TAX SALE - SOLD	NOTE - Property sold at tax sale. Contact Property Tax department.
CURRENT	Property tax outstanding after due date will incur a 5% penalty.

GENERAL	*** THE BALANCE ON THIS TAX ACCOUNT AS OF TODAY'S DATE IS THE SUM OF THE "2026 ADVANCE LEVY" FIGURE ABOVE (IF ANY) AND THE "TOTAL TAXES OWING" FIGURE ABOVE.***
GENERAL	Information on local improvements, meter or other charges should not be overlooked by the realtors, conveyancers or purchasers. Property purchasers should be afforded all information which can be obtained on their behalf. Please contact the Tax Office for further enquiries.
LOCAL IMPROVEMENTS	Details regarding unbilled Local Improvement charge(s) can be obtained by calling the Tax Office.
TAX	Applicable interest charges for any balances past due on Dec 31 have not yet been calculated. Due to year end, balances may not be updated with all payments until mid-January. Please contact the Tax Office if you require further information.
TAX SALE	Daily interest on Tax Sale Redemption amount is $12.89.

This information has been generated from our computerized records and to the best of our knowledge is complete and up to date. However, the City of Vancouver assumes no responsibility should any information be inaccurate or misleading as a result of negligence or otherwise. The City shall not be estopped from enforcing its rights to the fullest, as though this information had not been relied upon.

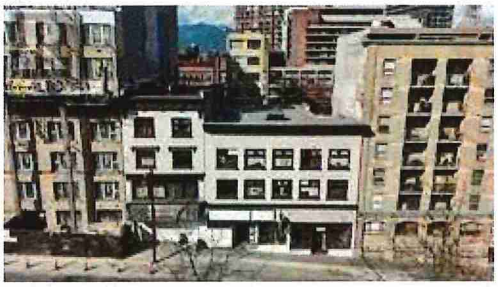
End of Certificate - E & O/E

This is Exhibit "T" to the Affidavit #1 of Brigitte Drew affirmed February 3, 2026 before me at the City of Vancouver, BC.



A Commissioner for taking Affidavits in and for the Province of British Columbia.

REALTOR.ca



$12,900,000

165 W PENDER STREET
Vancouver, British Columbia V6B1S4

MLS® Number: C8068224

Get Qualified for a Mortgage

Listing Description

165 W Pender presents a rare opportunity to acquire the Avalon and Silver Hotels, offering 87 residential units above approx. 8,400 SF of retail space. Ideally located between Cambie and Abbott Streets in Vancouver's vibrant Victory Square/Crosstown district, the property benefits from exceptional walkability, SkyTrain access, and proximity to Gastown's amenities. The residential floors feature elevator service, front desk concierge, and full fire and life safety compliance. Retail spaces are available for a variety of uses, presenting immediate value-add potential. With stable residential income and retail repositioning opportunities, the Avalon is well positioned for investors seeking cash flow and long-term upside in one of Vancouver's most dynamic urban neighbourhoods. (36201837)

Property Summary

Property Type	Land Size	Built in
Multi-family	9000 sqft	1909

Annual Property Taxes	Time on REALTOR.ca
$51,534.40	77 days

Building

Utilities

Utility Type
Water (At Lot Line)

Measurements

Square Footage
25600 sqft

Land

Other Property Information

Zoning Description
DD
COMPREHE
NSIVE DEV

Data provided by: Greater Vancouver REALTORS® 2433 Spruce Street, Vancouver, British Columbia V6H 4C8

Jake Luft
Personal Real Estate Corporation
604-714-5727

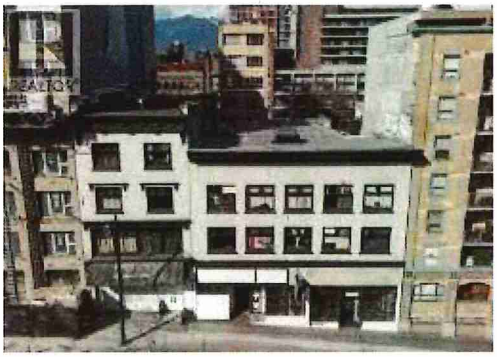
Macdonald COMMERCIAL

Macdonald Commercial Real Estate Services Ltd.
1827 West 5th Avenue
Vancouver, British Columbia V6J1P5
604-736-5611
604-736-7976

Trusted listings from REALTOR® Agents.
The MLS® mark and associated logos identify professional services rendered by REALTOR® members of CREA to effect the purchase, sale and lease of real estate as part of a cooperative selling system.

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REALTOR.ca



$10,750,000

165 W PENDER STREET
Vancouver, British Columbia V6B1S4

MLS® Number: C8073628

Get Qualified for a Mortgage

Listing Description

165 W Pender presents a rare opportunity to acquire the Avalon Hotel, offering 87 residential units above approx. 8,400 SF of retail space. Ideally located between Cambie and Abbott Streets in Vancouver's vibrant Victory Square/Crosstown district, the property benefits from exceptional walkability, SkyTrain access, and proximity to Gastown's amenities. The residential floors feature elevator service, front desk concierge, and full fire and life safety compliance. The retail is partially leased with additional square footage for immediate value-add potential. With stable residential income and retail opportunities, the Avalon is well positioned for investors seeking cash flow and long-term upside in one of Vancouver's most dynamic urban neighbourhoods. (37145733)

Property Summary

Property Type	Land Size	Built in
Multi-family	9000 sqft	1909

Annual Property Taxes	Time on REALTOR.ca
$58,709	64 days

Building

Utilities

Utility Type
Water (At Lot Line)

Measurements

Square Footage
25600 sqft

Land

Other Property Information

Zoning Description
DD

Data provided by: Greater Vancouver REALTORS®

Are you interested in touring this listing?

OR

Jake Luft
Personal Real Estate Corporation
604-714-5727

Macdonald COMMERCIAL

Macdonald Commercial Real Estate Services Ltd.
1827 West 5th Avenue
Vancouver, British Columbia V6J1P5
604-736-5611
604-736-7976

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This is Exhibit "U" to the Affidavit #1 of Brigitte Drew affirmed February 3, 2026 before me at the City of Vancouver, BC.



A Commissioner for taking Affidavits in and for the Province of British Columbia.

BC ASSESSMENT The information in this report is provided for your information and convenience. If the information has been altered for any reason from the format in which it was originally received verification may be required by BC Assessment. In any case of doubt, the official BC Assessment records shall prevail.

165 PENDER ST W VANCOUVER V6B 1S4

Area-Jurisdiction-Roll: 09-200-026-592-157-57-0000



Total value $8,574,000

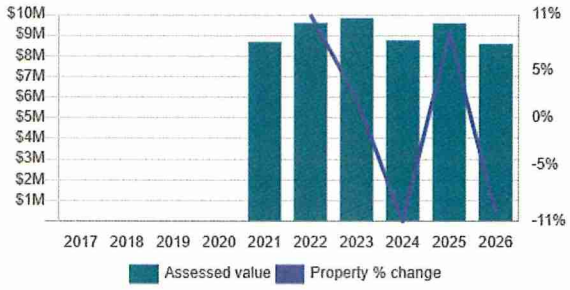
2026 assessment as of July 1, 2025

Land	$7,940,000
Buildings	$634,000
Previous year value	$9,577,000
Land	$8,958,000
Buildings	$619,000

Property value history

2026	-10%	$8,574,000
2025	+9%	$9,577,000
2024	-11%	$8,754,000
2023	+2%	$9,822,000
2022	+11%	$9,593,000

Property value change



Property information

Year built	1913
Description	Rooming House / Hotel
Bedrooms	
Baths	
Carports	
Garages	
Land size	9000 Sq Ft
First floor area	
Second floor area	
Basement finish area	
Strata area	
Building storeys	6
Gross leasable area	
Net leasable area	8,400

Legal description and parcel ID

LOT 34, BLOCK 28, PLAN VAP210, DISTRICT LOT 541, NEW WESTMINSTER LAND DISTRICT

PID: 010-401-113

see more legal descriptions below

Sales history (last 3 full calendar years)

No sales history for the last 3 full calendar years

Manufactured home

Width

Length

No.of apartment units

Total area

Legal Description and Parcel ID

LOT 34, BLOCK 28, PLAN VAP210, DISTRICT LOT 541, NEW WESTMINSTER LAND DISTRICT

PID: 010-401-113

LOT 35, BLOCK 28, PLAN VAP210, DISTRICT LOT 541, NEW WESTMINSTER LAND DISTRICT

PID: 010-401-130

LOT 36, BLOCK 28, PLAN VAP210, DISTRICT LOT 541, NEW WESTMINSTER LAND DISTRICT

PID: 015-501-922

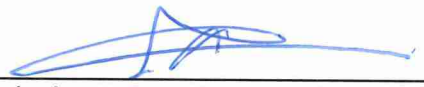
Register with BC Assessment

Compare property information and assessment values

View recently viewed properties

Store and access favourite properties across devices

This is Exhibit "V" to the Affidavit #1 of Brigitte Drew affirmed February 3, 2026 before me at the City of Vancouver, BC.



A Commissioner for taking Affidavits in and for the Province of British Columbia.

Date: 12/01/2026

Pre-Judg Interest
as of Jan 12, 2026

Principal: $8,375,000.00

	Start Date	End Date	Rate	Days	Total Interest	Total
1	05/02/2025	01/01/2026	3.0000%	330	$227,157.53	$8,602,157.53
2	01/01/2026	12/01/2026	3.0000%	11	$7,571.92	$8,609,729.45

Days	341
Total Interest	$234,729.45
Total	$8,609,729.45
Daily Interest starting 12 January 2026	$688.36
Interest between 2 Dates	Simple Interest
Compounding Period	NA
Day count	Actual/Actual
Year base	Civil Year