



This is the 1st affidavit of
Jennifer Alambre in this case and was
made on March 31, 2022

No. 5-222758
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED

AND

IN THE MATTER OF A PLAN OF COMPROMISE AND ARRANGEMENT OF 0989705 B.C.
LTD., ALDERBRIDGE WAY LIMITED PARTNERSHIP, AND ALDERBRIDGE WAY GP LTD.

PETITIONERS

AFFIDAVIT

I, **Jennifer Alambre**, of 2600 – 595 Burrard Street, Vancouver, legal assistant, SWEAR THAT:

1. I am the legal assistant to Peter Rubin of Blake, Cassels & Graydon LLP, counsel to Romspen Investment Corporation ("**Romspen**") in this proceeding, and as such I have personal knowledge of the matters deposed to in this affidavit except where I depose to a matter based on information from an informant I identify in which case I believe that both the information from the informant and the resulting statement are true.
2. Attached to this affidavit and marked as **Exhibit "A"** is a copy of a Metrocan Construction (AT) Ltd. Alderbridge Way, Richmond Outline Schedule dated September 19, 2019.
3. Attached to this affidavit and marked as **Exhibit "B"** is a copy of Loan Agreement to Amend and Restate Commitment between 0989705 B.C. Ltd., Alderbridge Way GP Ltd., and Alderbridge Way Limited Partnership (collectively, the "**Debtors**"), Gatland Development Corporation, REV Holdings Ltd., REV Investments Inc., South Street Development Managers Ltd., South Street (Alderbridge) Limited Partnership, Samuel David Hanson and Brent Taylor Hanson (collectively, the "**Guarantors**"), and Romspen made November 6, 2019.

4. Attached to this affidavit and marked as **Exhibit “C”** is a copy of a Form B Mortgage dated for reference February 15, 2019, a Form C Modification of Mortgage and Assignment of Rents dated for reference July 24, 2019, and a Form C Modification of Mortgage and Assignment of Rents dated for reference November 5, 2019.
5. Attached to this affidavit and marked as **Exhibit “D”** is a copy of a Security Agreement made by Alderbridge Way Limited Partnership in favour of Romspen dated February 15, 2019.
6. Attached to this affidavit and marked as **Exhibit “E”** is a copy of a Security Agreement made by Alderbridge Way GP Ltd. in favour of Rompsen dated February 15, 2019.
7. Attached to this affidavit and marked as **Exhibit “F”** is a copy of a Security Agreement made by 0989705 B.C. Ltd. in favour of Romspen dated February 15, 2019.
8. Attached to this affidavit and marked as **Exhibit “G”** is a copy of a Subordination and Standstill Agreement between 1185678 B.C. Ltd. and Romspen dated for reference October 31, 2019.
9. Attached to this affidavit and marked as **Exhibit “H”** is a copy of a Subordination and Standstill Agreement between GEC (Richmond) GP Inc., Global Education City (Richmond) Limited Partnership, and Romspen dated for reference October 31, 2019.
10. Attached to this affidavit and marked as **Exhibit “I”** is a copy of a letter from Romspen to Alderbridge Way Limited Partnership and various Guarantors dated March 31, 2020.
11. Attached to this affidavit and marked as **Exhibit “J”** is a copy of a letter from Rompsen to the Debtors and Guarantors dated February 17, 2021.
12. Attached to this affidavit and marked as **Exhibit “K”** are copies of fifteen claims of lien filed against PID 030-721-733.
13. Attached to this affidavit and marked as **Exhibit “L”** is a copy of a letter from Romspen to the Debtors and Guarantors dated February 22, 2021.


14. Attached to this Affidavit and marked as **Exhibit "M"** is a copy of a Notice of Intention to Enforce Security from Romspen to the Debtors and Guarantors dated February 22, 2021.

15. Attached to this affidavit and marked as **Exhibit "N"** is a copy of a letter from Jonathan Williams, counsel for GEC (Richmond) G.P. Inc., to 0989705 B.C. Ltd., dated June 9, 2021.

16. Attached to this affidavit and marked as **Exhibit "O"** is a copy of a letter from Mr. Williams to Romspen dated June 9, 2021.

17. Attached to this affidavit and marked as **Exhibit "P"** is a copy of a letter from Mr. Williams to 1185678 B.C. Ltd. dated June 9, 2021.

SWORN BEFORE ME at Vancouver, British
Columbia on March 31, 2022


A Commissioner for taking Affidavits for
British Columbia

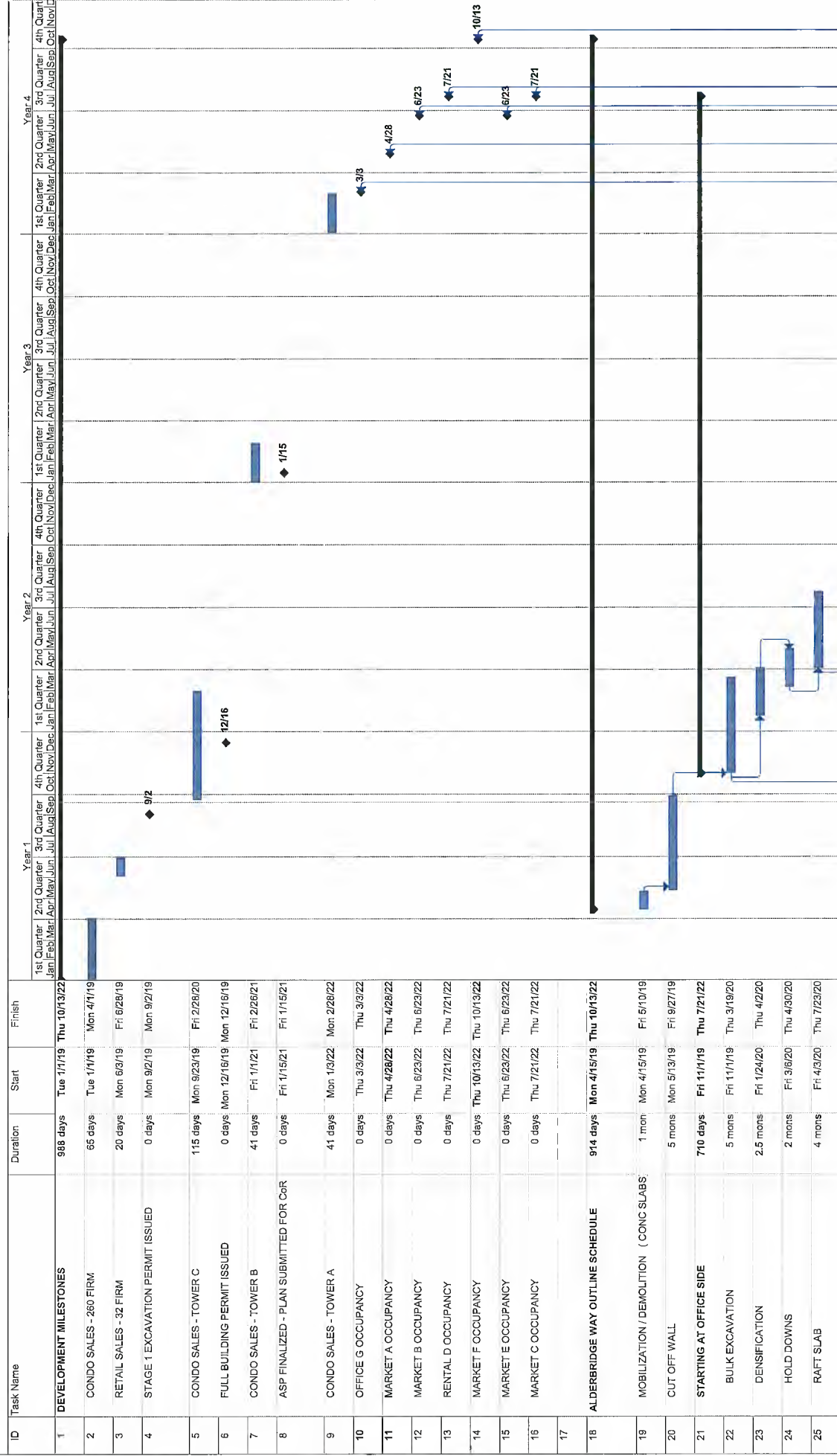

Jennifer Alambre

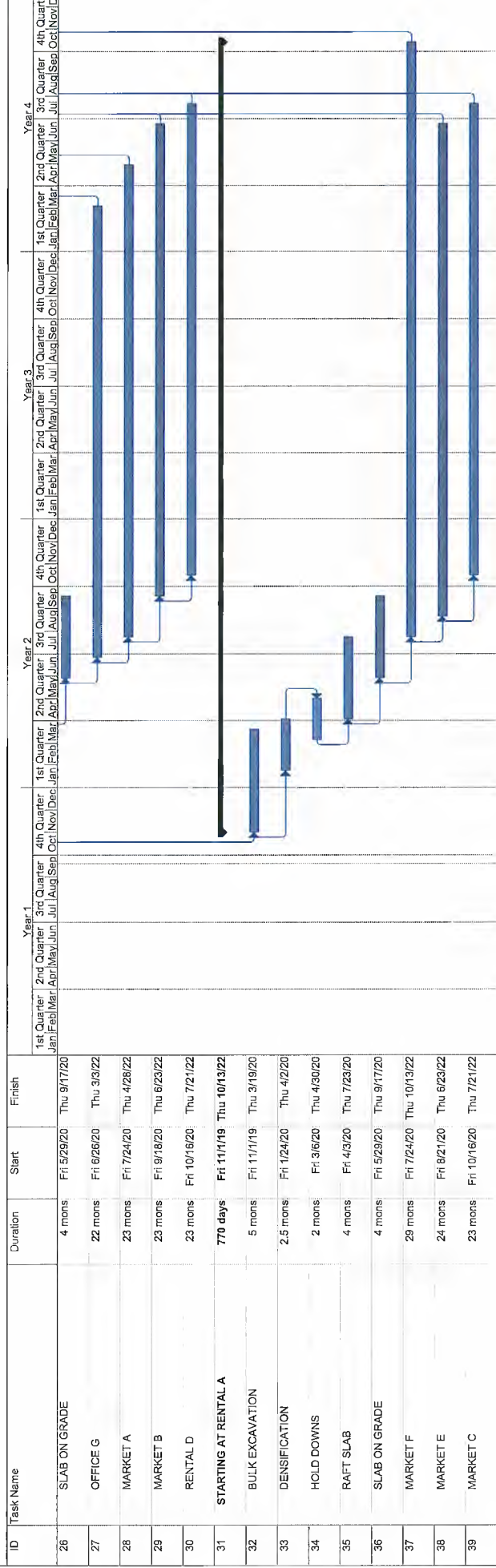
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Vancouver, B.C. V7X 1L3
(604) 631-3390

This is **Exhibit "A"** referred to in the Affidavit of Jennifer Alambre made before me at Vancouver, British Columbia, this 31st day of March 2022.

A handwritten signature in blue ink, appearing to read 'A. Bennett', is written over a horizontal line.

A Commissioner for the taking of Affidavits for
British Columbia





This is **Exhibit "B"** referred to in the Affidavit of Jennifer Alambre made before me at Vancouver, British Columbia, this 31st day of March 2022.

A handwritten signature in blue ink, appearing to read "J. Burns", is written over a horizontal line.

A Commissioner for the taking of Affidavits for
British Columbia

Execution Copy

LOAN AGREEMENT TO AMEND AND RESTATE COMMITMENT

AMONG

**0989705 B.C. LTD., ALDERBRIDGE WAY GP LTD. AND ALDERBRIDGE WAY LIMITED
PARTNERSHIP,
AS BORROWER**

**GATLAND DEVELOPMENT CORPORATION, REV HOLDINGS LTD., REV INVESTMENTS
INC., SOUTH STREET DEVELOPMENT MANAGERS LTD., SOUTH STREET
(ALDERBRIDGE) LIMITED PARTNERSHIP, SAMUEL DAVID HANSON AND BRENT
TAYLOR HANSON,
AS GUARANTORS**

AND

ROMSPEN INVESTMENT CORPORATION

AS LENDER

**"ATMOSPHERE",
RICHMOND, BRITISH COLUMBIA**

MADE AS OF

NOVEMBER 6, 2019

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CREDIT AGREEMENT

THIS AGREEMENT is made as of November ____, 2019

A M O N G:

**0989705 B.C. LTD., ALDERBRIDGE WAY GP LTD. AND
ALDERBRIDGE WAY LIMITED PARTNERSHIP** (collectively, the
"Borrower")

– and –

ROMSPEN INVESTMENT CORPORATION, (the "Lender")

– and –

**GATLAND DEVELOPMENT CORPORATION, REV HOLDINGS
LTD., REV INVESTMENTS INC., SOUTH STREET
DEVELOPMENT MANAGERS LTD., SOUTH STREET
(ALDERBRIDGE) LIMITED PARTNERHSIP, SAMUEL DAVID
HANSON AND BRENT TAYLOR HANSON**

(each a "Guarantor" and together the "Guarantors")

WHEREAS the Lender, Borrower and Guarantors entered into the Prior Commitment in respect of the Existing Loan Facilities and granted the Existing Security to the Lender; and

WHEREAS, the Borrower has requested, pursuant to a letter agreement among the Lender and the Borrower dated October 11, 2019, the Credit Facilities as an amendment, extension and increase to the Existing Loan Facilities to finance the Hard Costs and Soft Costs associated with the construction and development of the Project and the Lender has agreed to provide the Credit Facilities to the Borrower on the terms and conditions herein set forth;

WHEREAS the Guarantors have agreed to provide certain guarantees in respect of the obligations of the Borrower hereunder; and

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the covenants and agreements herein contained the parties hereto agree as follows:

ARTICLE 1 **INTERPRETATION**

1.01 Definitions

In this Agreement, unless something in the subject matter or context is inconsistent therewith:

"Additional Compensation" has the meaning set out in Section 14.01.

"Affiliate" of any Person means any corporation directly or indirectly controlling or controlled by or under direct or indirect common control with such Person and for the purposes of this definition, "control" means the ownership of more than 50% of the Voting Shares of a corporation.

"Agreement" means this agreement and all amendments made hereto in accordance with the provisions hereof.

"Amended Disclosure Statement" means the amendments to the Disclosure Statements required to be filed with the office of the Superintendent of Real Estate pursuant to the *Real Estate Development and Marketing Act* (British Columbia) with respect to changes in the Project.

"Applicable Laws" means in respect of any Person, property, transaction or event, all applicable laws, statutes, ordinances, regulations, and all applicable directives, Orders, Permits, judgments, injunctions, awards and decrees of any Governmental Authority having the force of law or which are legally enforceable.

"Appraisal" means a report prepared by an Appraiser engaged in respect of the valuation of the Project (or part thereof) based on a mandate letter acceptable to the Lender and whose report is acceptable to the Lender.

"Appraiser" means an accredited Person acceptable to the Lender who has been selected to perform an Appraisal.

"Architect" means an accredited architect retained by the Borrower for the Project, and acceptable to the Lender.

"Assignment of Construction Agreement" means the assignment of the **Construction General Contract Agreement** made by the Borrower to the Lender.

"Assignment of Parking Facility Lease" means the assignment of the parking facility lease for the Condominium Complex made by the tenant thereunder to the Lender.

"Assignment of Purchase Agreements and Deposits" means the general assignment by the Borrower of its rights under any Condominium Sales Agreements and Commercial Purchase Agreement, together with the deposits thereunder, in favour of the Lender in a form acceptable to the Lender.

"Assignments of Construction Contracts" means, collectively, the acknowledged assignment of all Consultant Contracts and Construction Contracts made by the Borrower to the Lender in a form acceptable to the Lender.

"Banking Day" means a day which is not:

- (a) a Saturday or a Sunday; or
- (b) a day observed as a holiday under the laws of the Provinces of Ontario or British Columbia or the federal laws of Canada applicable therein.

"Borrower's Account" means the account maintained by the Borrower at the at a financial institution approved by the Lender and designated by the Borrower from time to time as the Borrower's Account hereunder.

“Borrower’s Counsel” means Lawson Lundell LLP or such other firm of legal counsel as the Borrower may from time to time designate.

“Borrower’s Equity” means, at any time and from time to time, the capital contributions to equity capital invested by the Borrower in the Project in the amount not less than \$126,000,000. No funds loaned to or borrowed by the Borrower from any other Person shall constitute or form part of Borrower’s Equity except for a loan from 1185678 B.C. Ltd., provided such loan is postponed and subordinated in writing to the Lender.

“Budgeted Project Costs” means the value ascribed to the Project Lands by the Appraisal and all budgeted Hard Costs and all Soft Costs described as a line item in the Project Budget, including any Contingency Amount in respect thereof, expended or to be expended to achieve Construction Completion in accordance with the Project Budget, the Plans and Specifications and the Construction Schedule.

“Canadian Dollars” and **“\$”** mean the lawful money of Canada.

“Certificate of Construction Completion” means a certificate to be issued by the Architect and confirmed to the Lender by the Independent Cost Consultant, certifying that the Construction is totally completed and all construction deficiencies remedied and that such completion is, in all material respects, in accordance with the Plans and Specifications.

“Certificate of Substantial Completion/Performance” means a certificate to be issued by the Architect and confirmed to the Lender by the Independent Cost Consultant certifying that “substantial performance” of Construction in accordance with the *Builders Lien Act* (British Columbia) has occurred.

“CIBT” means Global Education City (Richmond) Limited Partnership and its general partner GEC (Richmond) GP Inc.

“CIBT Bulk Sale” means the sale of Tower D, Tower G and 7,218 square feet of retail space below Tower G by the Borrower to CIBT pursuant to the CIBT Purchase Agreement.

“CIBT Purchase Agreement” means the purchase and sale agreement dated February 28, 2019 made by the Borrower in favour of CIBT, as amended to date, with respect to the bulk sale of areas known as Tower D, Tower G and 7,218 square feet of retail space below Tower G.

“Commercial Component” means the retail and office space described in the definition of Project, all in accordance with the Plans and Specifications.

“Commercial Purchase Agreement” means a *bona fide* arm’s length agreement of purchase and sale made by the Borrower in respect of the Commercial Component or part thereof, which agreement shall be approved by Lender and shall be unconditional save for normal closing conditions associated with such transactions in the City of Richmond.

“Condominium Complex” means the Residential Component.

“Condominium Documents” means the strata plan or plans, strata corporation by-laws (or agreements, rules or regulations relating thereto), common property/shared facility agreements or other documents relating to the creation and operation of the Condominium Complex.

“Condominium Sales Agreements” means purchase and sale agreements of the Units.

“Contractors” means the Construction General Contractor and the contractors retained by the Borrower or the Construction General Contractor for the Construction and approved by the Lender.

“Construction” means the design and construction of the Project in accordance with the Plans and Specifications.

“Construction Completion” means the date on which the last of the following shall occur: (i) Substantial Completion shall have been achieved, (ii) the Certificate of Construction Completion has been delivered to the Lender, and (iii) the Independent Cost Consultant has delivered a certificate to the Lender that the “completion” referred to in the Certificate of Construction Completion is, in all material respects, in accordance with the Plans and Specifications

“Construction Contracts” means all contracts and agreements entered into by the Borrower relating to the Construction including the Construction General Contractor Agreements and contracts and agreements relating to the supply of materials or services to or for the Project.

“Construction Facility” means the non-revolving, credit facility up to a maximum principal amount equal to the Construction Loan Commitment Amount, from time to time to be made available hereunder to the Borrower on a several basis by the Lender in accordance with the provisions hereof, subject to any reduction in accordance with the provisions hereof and provided further that the aggregate amount outstanding at any time shall not exceed the Construction Loan Commitment Amount.

“Construction General Contractor” means the general contractor approved by the Lender.

“Construction General Contractor Agreements” means the stipulated fixed price construction agreements (CCDC2 form) approved by the Lender between the Borrower and the Construction General Contractor in respect of the development and construction of the Project.

“Construction Loan Commitment Amount” means \$422,000,000 (inclusive of the amount previously advanced under the Existing Loan Facilities) as reduced from time to time in accordance with the provisions hereof.

“Construction Schedule” means the construction schedule provided to and approved by the Independent Cost Consultant, as it may be amended from time to time pursuant to the provisions of Section 11.03(r).

“Consultant Contracts” means the contracts entered into now or hereafter by the Borrower with its consultants for the Project, including the contracts listed in Schedule R.

“Contingency Amount” means with respect to the Project Budget, the amount, if any, of any contingency provided in respect of the calculation of Project Costs.

“Cost Overruns” means all Project Costs in addition to Budgeted Project Costs (which, for greater certainty, includes any Contingency Amount) which are required to be paid by the Borrower to achieve Construction Completion.

“Cost to Complete” means that amount established to the satisfaction of the Lender with the assistance of the Independent Cost Consultant, which is the aggregate of:

- (a) the amount of all Project Costs not then incurred;
- (b) the amount of all Project Costs incurred, to the extent not paid in full; and
- (c) the amount of all Project Costs incurred and paid for by the Borrower and in respect of which the Borrower intends to request a Drawdown for reimbursement;

as of such date.

“Default” means an event which, with the giving of notice, passage of time, or the making of a determination or a combination thereof, would constitute an Event of Default.

“Disclosure Statements” means the disclosure statement for Towers E and F of the Project, dated November 30, 2018, as amended by amendments dated January 4, 2019, and April 9, 2019, all of which as filed by the Borrower with the Superintendent of Real Estate, and any subsequent disclosure statements filed by the Borrower in connection with Phase 1, and **“Disclosure Statement”** means any one of the foregoing disclosure statements (including all amendments thereto), as applicable.

“Documents” means this Agreement, the Security and all certificates and other documents delivered or to be delivered to the Lender pursuant hereto or thereto and, when used in relation to any Person the term **“Documents”** shall mean and refer to the Documents executed and delivered by such Person.

“Drawdown” means a draw on the Construction Facilities permitted by the Lender;

“Drawdown Date” means the date on which a Drawdown is made by the Borrower pursuant to the provisions hereof and which shall be a Banking Day.

“Drawdown Request” means a notice substantially in the form annexed hereto as Schedule D together with the annexes thereto to be given to the Lender by the Borrower pursuant to Section 2.06.

“Environmental Indemnity Agreement” means the environmental indemnity agreement made by the Borrower and the Guarantors in favour of the Lender in a form acceptable to the Lender.

“Environmental Laws” mean all Applicable Laws pertaining to environmental or occupational health and safety matters, in effect as at the date hereof and as may be brought into effect or amended at a future date and applicable to the Borrower and/or the Project.

“Environmental Reports” means the environmental studies, investigations, reports and remediation plans in respect of the Project.

“Event of Default” has the meaning ascribed to it in Section 13.01.

“Existing Loan Facilities” means the existing loan facilities provided by Lender under the Prior Commitment, which includes the amount of \$95,850,000, advanced to the Borrower thereunder.

“Existing Security” means the charges, mortgages, security agreements, and all other instruments and documents arising under the Prior Commitment in respect of the Existing Loan Facilities.

"Existing Subordinated Debt" means the \$60,000,000 loan from 1185678 B.C. Ltd. and the \$60,000,000 loan from CIBT to the Borrower which is subordinated to the Lender by subordination agreements registered in the land title office against the Project Lands.

"Force Majeure" means any of the following events which prevents or materially impairs the construction or operation of the Project and is not caused by and is beyond the reasonable control of the Borrower: acts of God, floods, earthquakes, tidal waves, hurricanes, windstorms, severe weather conditions, lightning, fire, wars (whether declared or not), riots, insurrections, rebellions, civil commotions, sabotage, partial or entire failure of utilities, strikes, walkouts or other labour disruptions, delays in transportation, accidents, shortages of and inability to procure labour, materials and supplies (after all commercially reasonable efforts have been made by the Borrower to obtain replacement for such labour, materials and supplies) or orders, legislation, regulations and directives of any Governmental Authorities. For greater certainty, lack of funds, the state of the market for selling the Units or any wilful or negligent act or omission on the part of the Borrower does not constitute *Force Majeure*.

"Future Development Encumbrances" means the agreements and covenants entered into by the Borrower in favour of the City of Richmond and registered against the Project in priority to the Security as agreed to by the Lender.

"General Assignment of Leases and Rents" means the general assignment of leases and rents to be made by the Borrower in favour of the Lender in a form acceptable to the Lender.

"General Security Agreement" means the general security agreement in respect of all of the Borrower's present and after acquired personal property, and a floating charge on land, given by the Borrower to the Lender in a form acceptable to the Lender.

"Geotechnical Study" means a geotechnical report in respect of the Project Lands confirming among other things that the soil conditions are satisfactory for the development and construction of the Project, together with a letter executed by said consultant confirming the Lender may rely on same.

"Governmental Authority" means any government, parliament, legislature, or commission or board of any government, parliament or legislature, or any political subdivision thereof, or any court or (without limitation to the foregoing) any other law, regulation or rule-making entity (including, without limitation, any central bank, fiscal or monetary authority or authority regulating banks) having or purporting to have jurisdiction in the relevant circumstances, or any Person acting or purporting to act under the authority of any of the foregoing (including, without limitation, any arbitrator) or any other authority charged with the administration or enforcement of Applicable Laws.

"GST" means the tax imposed pursuant to the *Excise Tax Act* (Canada), commonly known as goods and services tax or such successor tax to such tax.

"Guarantee Agreements" means the agreements to be executed and delivered by each of the Guarantors to the Lender (in a form acceptable to the Lender) wherein the Guarantors provide:

- (a) an unlimited financial guarantee and indemnity in respect of the obligations of the Borrower hereunder;
- (b) an unlimited debt service guarantee in respect of the payment of all interest and fees payable hereunder, a cost overrun guarantee in respect of Cost Overruns

relating to the Project and a project completion guarantee in respect of the completion of Construction of the Project.

“Guarantor” means each of Gatland Development Corporation, REV Holdings Ltd., REV Investments Inc., South Street Development Managers Ltd., South Street (Alderbridge) Limited Partnership, Samuel David Hanson and Brent Taylor Hanson and their respective permitted successors and assigns.

“Guarantor General Security Agreement” means the general security agreement to be given by each Guarantor to the Lender.

“Hard Costs” means amounts expended or to be expended for work, services or materials done, performed, placed or furnished in the construction of the Project.

“Holdback” means any amount required to be retained by the Borrower in respect of the value of work, services and materials actually done, performed, placed or furnished on or in the Project in accordance with the *Builders Lien Act* (British Columbia).

“Independent Cost Consultant” means BTY Group, or such other replacement consultant engaged by the Lender.

“Independent Insurance Consultant” means Proincon Limited or such other insurance consultant engaged by the Lender.

“Interest Payment Date” means the first Banking Day of each calendar month.

“Interest Period” means monthly, provided that in any case the last day of each Interest Period shall be also the first day of the next Interest Period and no Interest Period may be selected that terminates on a date after the Maturity Date.

“Interest Rate” means 10% per annum.

“Leases” means any leases, subleases, agreements or offers to lease, licences or rights of occupation granted from time to time, by or on behalf of the Borrower entitling the lessee, sublessee or grantee thereunder to use or occupy all or any part of the Project.

“Lender” means Romspen Investment Corporation as Trustee, as the original lender hereunder and any transferee, assignee or grantee of any portion of the Construction Facility in accordance with Section 16.01.

“Lender’s Branch” means the main office of the Lender at 162 Cumberland Street, Suite 300, Toronto, Ontario M5R 3N5 or such other office as the Lender may from time to time designate by notice to the Borrower and the Lender.

“Lender’ Counsel” means the firm of Blake, Cassels & Graydon LLP or such other firm of legal counsel as the Lender may from time to time designate.

“Letter of Guarantee” means any letter of guarantee issued in connection with the Project whereby any party, acting at the request of and in accordance with the instructions of the Borrower, is to make payment in accordance with the terms and conditions thereof of an amount to or to the order of a third party in Canadian Dollars.

“Lien” means any fixed or floating mortgage, charge, security interest, pledge, deed of trust, encumbrance, lien, option, tax lien, statutory lien, mechanics’ lien, construction lien, materialman’s lien or charge or encumbrance of any kind, trust agreement, deposit arrangement or any other arrangement or condition that in substance secures payment or performance of an obligation or grants an interest in all or any portion of the Project (including any conditional sale or other title retention agreement, any financing lease having substantially the same economic effect as any of the foregoing, and the filing of or agreement to give any fixed or floating charge over property or any right of first refusal or right of first opportunity to purchase the Project or any portion thereof).

“Major Leases” means any Lease to any Person of space in the Commercial Component in the aggregate in excess of 5,000 square feet.

“Material Adverse Effect” means any event or occurrence which, when considered individually or together with other events or occurrences, has or could reasonably be expected to have a material adverse effect on:

- (a) the business, operations, results of operations, prospects, assets, liabilities or financial conditions of the Borrower, taken as a whole;
- (b) the development and/or operation of the Project; or
- (c) the ability of the Borrower or any of the Guarantors to perform their respective obligations under the Documents.

“Material Project Agreements” means (a) the Construction General Contractor Agreements; (b) the Consultant Contracts; (c) all Construction Contracts or subcontracts which involve aggregate payments in excess of \$1,000,000; (d) the Major Leases, (e) each other operating contract having a term more than one year or which contemplates payments in excess of \$50,000 per annum, and (f) all other material development and title contracts.

“Maturity Date” means the earlier of (a) the date that is 30 months from the first advance made after the date of this Agreement, and (b) April 30, 2022.

“Minimum Discharge Amount” means in respect of any Unit, the amount set out for each Unit in Schedule P.

“Mortgage” means the fixed charge and mortgage in the principal amount of \$422,000,000 constituting a first charge on the Project Lands and assets related to the Project in favour of the Lender in a form acceptable to the Lender.

“Net Sales Proceeds” means the amount determined by subtracting from 100% of gross sales price of each Unit as approved by the Lender under this Agreement: (i) excise taxes payable thereon (if payable by the Borrower); (ii) deposit(s) monies relating to such Unit, utilized in the construction of the Project; (iii) the closing costs which consist of reasonable (as compared to the sale of a similar property) fees and expenses of the Borrower’s Counsel with respect to each such sale and the reasonable (as compared to the sale of a similar property) real estate commissions payable by the Borrower with respect to such sale; and (iv) builders lien holdbacks required under applicable laws and provided further that all such holdbacks, when released, shall be paid to Lender on behalf of the Lender.

"Notice" means any written citation, directive, Order, claim, litigation, inspection report, investigation report, complaint, proceeding or judgment from any Person including any Governmental Authority.

"Officer's Certificate" means a certificate signed by any one of the President, an Executive Vice-President, a Vice-President, the Secretary or the Treasurer or a director of the Borrower or a Guarantor, as the case may be, on behalf of a party hereto.

"Orders" means all applicable orders, decisions, directives, declarations, decrees, injunctions, writs, judgments, rulings, awards, requests, or the like, rendered by any Governmental Authority having the force of law including, without limitation, those issued under or pursuant to any Environmental Laws.

"Participation Funding Notice" has the meaning set out in Section 2.02(2).

"Participation Success Notice" has the meaning set out in Section 2.02(2).

"Performance Bonds" means bonds issued in favour of the Borrower to further secure the obligations and performance of Contractors under Construction Contracts.

"Permits" means all permits, consents, orders, waivers, applications, authorizations, licences, certificates, approvals, registrations, franchises, rights, privileges and exemptions or the like issued or granted by any Governmental Authority, or by any other third party with respect to the Project and any Permits pertaining to Environmental Laws.

"Permitted Encumbrances" means at any time and from time to time:

- (a) undetermined or inchoate Liens incidental to construction, maintenance or operations which have not at the time been filed pursuant to law;
- (b) the Lien of Taxes and assessments for the then current year, the Lien for Taxes and assessments not at the time overdue;
- (c) cash or governmental obligations deposited in the ordinary course of business in connection with contracts, bids, tenders or to secure worker's compensation, unemployment insurance, surety or appeal bonds, costs of litigation, when required by law, public and statutory obligations, Liens or claims incidental to current construction, mechanics', warehousemen's, carriers' and other similar Liens;
- (d) security given in the ordinary course of business to a public utility or any municipality or governmental or other public authority when required by such utility or municipality or governmental or other authority in connection with the operations of the Borrower;
- (e) easements, rights of way and servitudes which in the opinion of Lender' Counsel will not in the aggregate materially impair the use of the land concerned for the purpose for which it is held or used by the Borrower;
- (f) title defects or irregularities which in the opinion of Lender' Counsel are of a minor nature and in the aggregate will not materially impair the use of the property for the purposes for which it is held by the Borrower;

- (g) purchase money liens, conditional sales agreements or any other title retention mortgage, charge, hypothec, pledge, lien or other encumbrance on personal property created, issued or assumed to secure the unpaid purchase price in respect of such personal property; provided that such unpaid purchase price does not exceed \$100,000 in the aggregate;
- (h) the encumbrances against title to the Project Lands listed in Schedule J;
- (i) development, servicing and site plan agreements, undertakings, agreements made pursuant to applicable planning and development legislation, easements, covenants and licences entered or to be entered into with or made in favour of any municipal corporation, regional municipality, public or private utility relating to the Project Lands, including, for greater certainty, the Future Development Encumbrances;
- (j) the Major Leases and other Leases that have been approved by the Lender or entered into in accordance with this Agreement;
- (k) the statutory limitations set forth in the *Land Title Act* (British Columbia);
- (l) debt and security in respect of such debt which is subordinated on terms satisfactory to the Lender, due to Westmount West Services Inc., 1185678 B.C. Ltd. and CIBT;
- (m) debt and security in respect of the Existing Subordinated Debt on terms substantially as existing in the subordination agreements registered against title to the Project Lands prior to the date of this Agreement;
- (n) all municipal by-laws and regulations and other municipal land use instruments including, without limitation, official plans and zoning and building by-laws; and
- (o) the Liens constituted by the Security and such other Liens as may be consented to in writing by the Lender.

“Person” means any individual, partnership, limited partnership, joint venture, syndicate, sole proprietorship, company, limited liability company or corporation with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative or Governmental Authority.

“Phase 1” means the development of the 3 level underground parkade, the 3 level retail podium, office building (Tower G), 115-unit rental building (Tower D), 38 affordable units (which will be located in Tower E), 100 residential condominium units (Tower E) and 181 residential condominium units (Tower F) as well as 6 storeys of Tower A (117 residential condominium units), Tower B (131 residential condominium units) and Tower C (140 residential condominium units), in accordance with the Plans and Specifications.

“Plans and Specifications” means the fixed set of plans and specifications pertaining to the development and construction of the Project prepared by the Architect at the direction of the Borrower, signed and sealed by the Architect and as approved by the Independent Cost Consultant and the Lender as may be amended from time to time pursuant to Section 11.03(q).

"Prior Commitment" means the commitment made among the Lender and the Borrower and Guarantors dated February 15, 2019 as amended by a supplement no. 1 dated July 25, 2019 relating to the Project Lands

"Priority Agreement" means an instrument in the form required by the grantee of a Future Development Encumbrance and acceptable to the Lender, acting reasonably.

"Project" means the Project Lands and a 7-tower mixed-use project with a retail podium and three levels of underground parkade in two stages. The saleable area totals approximately 813,741 sf and is comprised of 71,136 sf of retail space, 126,482 sf of office space, 38 affordable rental units, 115 market rate rental units and 669 residential condominium units. Phase 1 will consist of the development of the 3 level underground parkade, the 3 level retail podium, office building (Tower G), 115-unit rental building (Tower D), 38 affordable units (which will be located in Tower E), 100 residential condominium units (Tower E) and 181 residential condominium units (Tower F) as well as 6 storeys of Tower A (117 residential condominium units), Tower B (131 residential condominium units) and Tower C (140 residential condominium units) ('Phase 1'). Tower A, B and C will be capped off at the 6th floor which is the point where airspace parcels shall be created and registered for each tower. Tower D, Tower G, and 7,218 square feet of retail space located below Tower G have been sold to CIBT ("**CIBT Bulk Sale**"). The proceeds of the Construction Facility will be used to assist in completion of Phase 1. The Project "as complete" value is represented to be not less than \$794,000,000. The Lender currently holds a registered mortgage on the Property in the amount of \$95,850,000; all the foregoing to be constructed on or under the surface of the Project Lands in accordance with the Plans and Specifications and in accordance with the Project Budget and currently known as "Atmosphere".

"Project Budget" means the budget of all Project Costs which has specified a line by line itemization of Project Costs, including Contingency Amounts, as prepared by the Borrower and approved by the Lender and the Independent Cost Consultant prior to the first Drawdown under the Construction Facility after the date of this Agreement, as such budget may be amended from time to time with the consent of or upon the request of the Lender pursuant to Section 11.01(j), a summary of which, showing, *inter alia*, sources and uses, is attached as Schedule K.

"Project Costs" means the value ascribed to the Project Lands of \$128,000,000 plus all Hard Costs and all Soft Costs expended or to be expended to achieve Construction Completion in accordance with the Plans and Specifications and Construction Schedule.

"Project Costs Cap Amount" means the amount of \$605,000,000 for Phase 1 and \$121,000,000 for future phases of the Project as set out in the Project Budget.

"Project Lands" or **"Property"** means the lands and premises more particularly described in Schedule A hereto.

"Project Management Agreement" means the project management agreement or general construction agreement for the provision of project management services for the Project between the Borrower and the Project Manager.

"Project Manager" means South Street Alderbridge Management Ltd. or another reputable and experienced management company approved by the Lender and providing project management services for the Project for and on behalf of the Borrower.

"Project Revenues" means all amounts received or forecast to be received by the Borrower with respect to the Project, whether before or after Substantial Completion, which would be considered

revenue in accordance with generally accepted accounting principles including, without limitation, the net proceeds of sales of Units or of the Commercial Component, and all rents and other net income derived from the Commercial Component.

“Purchaser Deposits” means deposits made by purchasers of Units under the Condominium Sales Agreements and by purchasers under the Commercial Purchase Agreement.

“Qualified Condominium Presale” means the sale of a Unit pursuant to a Condominium Sales Agreement where each of the following conditions has been satisfied:

- (a) the Condominium Sales Agreement is in the form of the Standard Form Condominium Purchase Agreement and is binding and enforceable and in full force and effect;
- (b) the period in which any right of rescission or right to claim a return of a deposit by a purchaser under such Condominium Sales Agreement and pursuant to the provisions of Applicable Laws shall have expired;
- (c) the purchase price under such Condominium Sales Agreement is not less than 100% of the values set out in Schedule P (in respect of Units for which the Borrower has entered into a Condominium Sales Agreement as of the date of this Agreement), and 95% of the values set out in Schedule O (in respect of Units for which the Borrower has not entered into a Condominium Sales Agreement as of the date of this Agreement);
- (d) the purchaser under such Condominium Sales Agreement:
 - (i) or an affiliate of such purchaser has not purchased more than three other currently sold Units listed in Schedule P and not more than one Unit for unsold Units listed in Schedule O;
 - (ii) is arm's length and shall be obligated to pay under such Condominium Sales Agreement a deposit as follows:
 - (A) for Phase 1 Units, an amount not less than 15% of the purchase price of the Phase 1 Unit; and
- (e) the full deposit amount has been placed on deposit by the Borrower's Counsel in a trust account maintained as approved by the Lender in accordance with this Agreement.

For the purposes of (d) above, sales to employees of the Borrower, advisors, real estate agents for the Project and any spouse or related person of any of the foregoing are not considered arm's length. Notwithstanding the foregoing, the Borrower may enter into a maximum of four (4) Condominium Sales Agreements with non-arms length parties for no more than one Unit each and such Condominium Sales Agreements shall each be counted as a Qualified Condominium Presale if they otherwise satisfy the definition of Qualified Condominium Presale.

“Release” means a releasing, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, migrating, dispensing, disposing or dumping.

"Repayment Notice" means a notice substantially in the form annexed hereto as Schedule F to be given to the Lender by the Borrower pursuant to Section 8.04.

"Residential Component" means the residential component of Phase 1 of the Project in accordance with the Plans and Specifications.

"Security" means the security described in Section 12.01.

"Shares" means, at any time and from time to time, all of the issued and outstanding shares of any class of any corporation comprising the Borrower or the Guarantors.

"Soft Costs" means all amounts expended or to be expended in respect of the Project for consultants, architects, Taxes, surveys, construction insurance, bonding costs, legal fees, promotion of the Project, financing, interest to Substantial Completion, leasing, pre-operating costs and all other costs related to the Project, except Hard Costs and the cost of acquisition of the Project Lands.

"Standard Form Condominium Purchase Agreement" means the standard form agreement of purchase and sale to be utilized by the Borrower in respect of the sale of the Units, approved as to form by the Lender and Lender's Counsel.

"Subordination and Standstill Agreement" means a subordination and standstill agreement granted in favour of the Lender including a subordination and postponement of the subordinate indebtedness and any security given for such indebtedness to the Security and the indebtedness secured thereby and standstill provisions with respect to the enforcement thereof in a form acceptable to the Lender.

"Substantial Completion" means the date on which the last of the following shall occur: (i) the Certificate of Substantial Performance has been delivered, (ii) the Independent Cost Consultant has delivered a certificate to the Lender certifying that substantial performance referenced in the Certificate of Substantial Performance is, in all material respects, in accordance with the Plans and Specifications, and (iii) a letter authorizing occupancy of Phase 1 of the Project as applicable has been issued by the City of Richmond or its successor.

"Tax" or "Taxes" means all taxes of any kind or nature whatsoever, including income taxes, capital taxes, levies, imposts, transfer taxes, stamp taxes, documentary taxes, royalties, duties, charges to taxes, value added taxes, goods and services taxes, sales taxes, business transfer taxes, excise taxes, property taxes, and all fees, deductions, compulsory loans, withholdings and restrictions or conditions resulting in a charge imposed, levied, collected, withheld or assessed by any authority of or within any jurisdiction whatsoever having power to tax, together with penalties, fines, additions to tax and interest thereon.

"Tax Indemnity Amount" has the meaning set out in Section 11.05.

"Units" means units/strata lots of the Condominium Complex, together with the common and exclusive use rights appurtenant thereto.

"Voting Shares" means shares of any class of any corporation carrying voting rights generally under all circumstances.

"Warranties" means those warranties and guarantees which are issued in connection with the Project, as contained in the Material Project Agreements, and **"Warranty"** means any one of them.

1.02 Headings

The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms “**this Agreement**”, “**hereof**”, “**hereunder**” and similar expressions refer to this Agreement and not to any particular Article, Section or other portion hereof and include any agreement supplemental hereto. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles and Sections are to Articles and Sections of this Agreement.

1.03 Number

Words importing the singular number only shall include the plural and *vice versa*, words importing the masculine gender shall include the feminine and neuter genders and *vice versa* and words importing persons shall include individuals, partnerships, associations, trusts, unincorporated organizations and corporations and *vice versa*.

1.04 Accounting Principles

Wherever in this Agreement reference is made to generally accepted accounting principles, such reference shall be deemed to be to the generally accepted accounting principles from time to time approved by the Canadian Institute of Chartered Accountants, or any successor institute, applicable on a consolidated basis as at the date on which such calculation is made or required to be made in accordance with generally accepted accounting principles. Where the character or amount of any asset or liability or item of revenue or expense is required to be determined, or any consolidation or other accounting computation is required to be made for the purpose of this Agreement or any Document, such determination or calculation shall, to the extent applicable and except as otherwise specified herein or as otherwise agreed in writing by the parties, be made in accordance with generally accepted accounting principles applied on a basis consistent with its past practice (and where no past practice exists, on a consistent basis).

1.05 Per Annum Calculations

Unless otherwise stated, wherever in this Agreement reference is made to a rate of interest “per annum” or a similar expression is used, such interest shall be calculated using the nominal rate method, and not the effective rate method, of calculation and on the basis of a calendar year of 365 days or 366 days, as the case may be.

1.06 Canadian Currency

Unless otherwise stated, all references in this Agreement to dollar amounts shall be references to Canadian Currency.

1.07 Schedules

The following are the Schedules annexed hereto and incorporated by reference and deemed to be part hereof:

- Schedule A – Legal Description of the Project Lands
- Schedule B – Lender Commitment
- Schedule C – Construction Conditions
- Schedule D – Drawdown Request

- Schedule E – Draw Certificate
- Schedule F – Repayment Notice
- Schedule G – Client ID Form
- Schedule H – EFT Authorization
- Schedule I – Certificate of Independent Legal Advice
- Schedule J – Specific Permitted Encumbrances
- Schedule K – Project Budget Summary
- Schedule L – Lender Assignment Form
- Schedule M – Form of Subordination and Standstill Agreement
- Schedule N – Form of Non-Disturbance Agreement
- Schedule O – Unsold Units
- Schedule P – Minimum Discharge Prices, Presales and Deposits
- Schedule Q – Engagement Letter
- Schedule R – Consultant Contracts

ARTICLE 2

THE CREDIT FACILITIES

2.01 The Credit Facilities

Subject to the terms and conditions hereof, the Lender shall make available to the Borrower the Construction Facility. The Borrower and Guarantors acknowledge and confirm that the amount of \$95,850,000 previously advanced under the Existing Loan Facilities is considered to be advanced and outstanding under this Agreement and part of the Construction Facility, reducing the available amount under the Construction Facility by an equivalent amount.

The Construction Loan Commitment Amount shall be reduced on a dollar for dollar basis for any Purchaser Deposits released to the Borrower in Phase 1 exceeding \$48,701,344. Any use of Purchaser Deposits is to be approved by the Lender prior to such release, such approval not to be unreasonably withheld or delayed. The Lender acknowledges that any deposits released to the Borrower by CIBT have already been used by the Borrower to pay Project Costs, and are not to be included in any reductions to the Construction Loan Commitment Amount.

2.02 General Principles Regarding Credit Facilities

(1) The Construction Facility is an amendment to and restatement of the Prior Commitment and Existing Loan Facilities and the terms of this Agreement shall replace the terms of the Prior Commitment. All covenants, terms and conditions of the Prior Commitment continue to the date of this Agreement and the amounts outstanding under the Prior Commitment remain due and payable under this Agreement on the terms and conditions of this Agreement. For clarity, interest continues to accrue on the amounts outstanding under the Prior Commitment from the date originally advanced to the Borrower all in accordance with the terms of this Agreement.

(2) The Lender has no obligation to fund future advances beyond the portion of the Construction Loan Commitment Amount set out in Schedule B. The Borrower hereby requests the Lender to commence seeking Persons to acquire participations in the Construction Facility sufficient to aggregate to the Construction Loan Commitment Amount and the Borrower agrees the following conditions apply:

- (a) the Lender shall have until March 31, 2020 to use its commercial reasonable efforts to seek Persons to acquire participations in the Construction Facility;

- (b) the Borrower shall provide such additional information regarding the Borrower, the Guarantors or the Project or facilitate access to the Project as the Lender may require to assist in the efforts of the Lender to seek Persons to acquire participations in the Construction Facility;
 - (c) if the Lender is successful in obtaining commitments from Persons to acquire participations in the Construction Facility sufficient to aggregate to the Construction Loan Commitment Amount, the Lender shall give written notice ("**Participation Success Notice**") to the Borrower and as of the date of the Participation Success Notice:
 - (i) the balance of the loan fee payable in Section 2.09(a) of this Agreement shall be due and payable by the Borrower to the Lender;
 - (ii) commencing on the date that is two (2) months after the Lender delivers notice to the Borrower that the Lender will commence using the participations of other Persons in funding advances under this Agreement (the date of such notice being the "**Participation Funding Notice**"), any right of the Borrower to repay the Construction Facility under Section 8.04 or otherwise, shall require not less than twelve (12) months' prior notice;
 - (d) notwithstanding any provision herein, if the Lender is not successful in obtaining commitments from Persons to acquire participations in the Construction Facility sufficient to aggregate to the Construction Loan Commitment Amount, the Borrower waives any obligation of the Lender to fund any Drawdown or to make any advance in excess of the portion of the Construction Loan Commitment Amount set out in Schedule B and agrees it shall have no claim or right to claim against the Lender for any further advances or to fund any further Drawdowns under this Agreement and the Lender shall continue to have all its rights under this Agreement and the Borrower shall continue to be bound by its obligations under this Agreement; and
- (3) Notwithstanding any provision herein, the Construction Facility shall be funded by way of periodic advances the timing and amount of which shall remain in the sole discretion of the Lender and on the terms and conditions set out herein.
- (4) The Lender may permit a repayment of the Construction Facility in part from Purchaser Deposits at its discretion and such repayment shall not permanently reduce the Construction Loan Commitment Amount, but the Lender may re-advance such repaid amount on the terms in this Agreement provided the condition set out in Section 3.03(n) is complied with.

2.03 Manner of Borrowing

The Borrower may make Drawdowns in Canadian Dollars under the Construction Facility. Drawdowns may be requested no more than once per calendar month and must be in a minimum amount of \$200,000.

2.04 Purpose

- (1) The Credit Facilities shall be used only for:
 - (a) Paying fees and transaction costs hereunder;

- (b) Continuing the financing under the Existing Loan Facilities;
- (c) Facilitating the construction of Phase 1 through advances on a cost-to-complete basis in accordance with the Project Budget and on the terms set out in this Agreement, including Schedule C hereof.

2.05 Availability

The maximum amount available at any time under the Construction Facility will be determined as follows:

(1) actual costs to date, established to the Lender's satisfaction for cost items provided in accordance with the Project Budget, less the sum of:

- (a) the Borrower's Equity (as required by the Lender from time to time as further set out in this Agreement);
- (b) unpaid Project payables, excluding those to be paid from the requested Drawdown;
- (c) any amount due in respect of the Project Lands;
- (d) interim Project revenue received; and
- (e) Purchasers' Deposits which have been released to the Borrower with the prior consent of the Lender,

must be greater than or equal to the aggregate Loans advanced to date (after giving effect to the requested Drawdown); and

(2) Cost to Complete the Project, plus the sum of:

- (a) unpaid Project payables, excluding those to be paid from the requested Drawdown;

less the sum of:

- (b) forecast interim Project revenue to be received during the construction period; and
- (c) if applicable, purchaser's deposits which are held in trust by a surety or otherwise and are to be released to the Borrower during the course of construction,

must be less than or equal to the unutilized portion of the Construction Facility (after giving effect to the requested Drawdown and any other reductions as set out in this Agreement).

2.06 Notice Periods for Drawdowns and Drawdown Restrictions

(1) The Borrower may make a Drawdown not later than 11:00 a.m. (Vancouver time) five (5) Banking Days prior to the proposed Drawdown Date.

(2) Drawdowns may be made not more than once per month.

(3) The Borrower will bear all costs with any Drawdown held by the Lender in escrow pending release to the Borrower.

(4) The date of the last Drawdown shall be not later than March 30, 2022.

(5) A Drawdown Request must be signed by at least one officer or director on behalf of the Borrower.

2.07 Lender's Obligations

Subject to the terms and conditions of this Agreement, the Lender shall, on the Drawdown Date specified by the Borrower in a Drawdown Request, make available to the Borrower the full amount of the Drawdown as approved by the Lender under the terms hereof.

2.08 Irrevocability

A Drawdown Request given by the Borrower hereunder shall be irrevocable and shall oblige the Borrower to take the action contemplated on the date specified therein.

2.09 Transaction Fees

The Borrower shall pay to the Lender the following fees, which unless otherwise indicated, will be deducted and paid from the first Drawdown to occur after the date of this Agreement:

- (a) A loan fee of \$10,550,200, payable as follows:
 - (i) \$5,275,000, plus an additional 1.25% of the amount outstanding under the Existing Loan Facilities and the amount of the first Drawdown to occur after the date of this Agreement, which fee is earned and payable on such Drawdown Date;
 - (ii) 1.25% of the amount of each subsequent Drawdown earned and payable on each subsequent Drawdown provided that, if the Participation Success Notice under Section 2.02(2) is delivered, the full amount remaining of such loan fee that would be paid to the Lender if the Construction Facility were fully advanced to the Borrower, shall be payable to the Lender immediately and may be paid to the Lender by an advance by the Lender as a Drawdown.
- (b) Purely as an accommodation, a broker's fee of \$1,660,000, payable by the Borrower to Gatland Capital Corporation upon approval by the Lender;
- (c) An initial Drawdown Fee of \$2,000;
- (d) A Drawdown fee of \$1,000 for each subsequent Drawdown, payable on the Drawdown Date;

2.10 Standby Deposit

The Borrower agrees to pay a \$250,000 standby deposit as of the date of a letter agreement among the Borrower and the Lender which is deemed earned by and payable to the Lender and shall be added to the total amount owing under the Existing Loan Facilities and to be

credited against the loan fee payable in Section 2.09 only upon the first Drawdown to occur after the date of this Agreement provided that if such Drawdown does not occur the such standby deposit will remain payable by the Borrower.

2.11 No Obligation to Advance

The Borrower agrees that neither the preparation nor registration of any documents contemplated herein shall bind the Lender to make an advance it being agreed that any advance of the Construction Facility from time to time shall be in the sole absolute unfettered discretion of the Lender.

2.12 First Drawdown

The Lender may initiate the first Drawdown to occur after this Agreement is executed by all Parties hereto, without a Drawdown Request for such amount sufficient to pay all fees and costs due under this Agreement at such time. Subsequent Drawdowns shall be subject to the terms and conditions in this Agreement.

ARTICLE 3 **CONDITIONS PRECEDENT TO DRAWDOWNS**

3.01 Conditions for First Drawdown of the Construction Facility

On or before the first Drawdown the following conditions shall be satisfied by the Borrower and Guarantors, as the case may be, to the satisfaction of the Lender:

- (a) The terms and conditions of Schedule C shall have been complied with to the extent not already contemplated in this Section 3.01;
- (b) The Lender shall have received the following copies of the following:
 - (i) all contracts affecting the Project or relating thereto, including, without limitation, all Leases, and information relating to any Leases;
 - (ii) the insurance policies required hereunder and evidence of compliance with all insurance requirements hereunder;
 - (iii) all other documents required under this Agreement to be delivered prior to the first or any Drawdown;
- (c) the Lender shall have received a Drawdown Request;
- (d) each of the Borrower and the entity Guarantors shall have delivered to the Lender certified copies of its constating documents and by-laws, certificates of incorporation/formation and good standing issued by the relevant Governmental Authority, as applicable, the securities register for the Borrower, the resolutions authorizing the borrowings or the Guarantee Agreements hereunder and the incumbency of the officers of the Borrower and the Guarantors signing this Agreement and any Documents to be provided pursuant to the provisions hereof;

- (e) the Security shall have been executed by all parties thereto and delivered and all filings or recordings necessary or desirable in connection therewith shall have been made;
- (f) all Subordination and Standstill Agreements required by the Lender shall have been executed and delivered by 1185678 B.C. Ltd. and CIBT, substantially in the form attached as Schedule M, provided that in the case of the Existing Subordinated Debt such Subordination and Standstill Agreements shall be substantially in the form as existing in the forms registered against title to the Project Lands at the date of this Agreement and in respect of CIBT, including a covenant from CIBT that it will not complete on the CIBT Purchase Agreement without the prior consent of the Lender and in any event without the Credit Facilities being indefeasibly satisfied by the payment to the Lender of the sale proceeds from the CIBT Purchase Agreement, and further provided that a satisfactory Subordination and Standstill Agreement between Westmount West Services Inc. and the Lender shall be a condition precedent to subsequent advances following the first Drawdown.
- (g) no Default or Event of Default shall have occurred and be continuing;
- (h) the representations and warranties set forth in Section 10.01 and of the Guarantors as set forth in the Guarantee Agreements shall be true and accurate in all material respects;
- (i) the Lender shall have been satisfied that no event having a Material Adverse Effect has occurred;
- (j) the Lender and the Independent Cost Consultant shall have received, in each case in form and content satisfactory to them, copies of the following signed documents:
 - (i) the Construction General Contractor Agreements;
 - (ii) the Project Management Agreement;
 - (iii) a confirmation from the City of Richmond evidencing that realty Taxes levied against the Project Lands are current;
 - (iv) evidence confirming that zoning by-laws permit construction of the Project and that the development permit has been issued by the City of Richmond for the construction and development of the Project;
 - (v) the Geotechnical Study, if any;
 - (vi) the Environmental Report, together with an acknowledgement that the Lender is entitled to rely on same;
 - (vii) an insurance report from the Independent Insurance Consultant certifying that the Borrower's insurance is satisfactory and complies with this Agreement and, if amendments to the Borrower's insurance are required, copies of such amendments;

- (k) the Lender shall have received a title insurance policy for the Construction Facility issued by an insurance company acceptable to the Lender and in form and content satisfactory to the Lender and the premium of which has been paid by the Borrower.
- (l) evidence satisfactory to the Lender that the Borrower is the sole beneficial owner and developer of the Project and the Project Lands, and that all contracts and agreements relating to the Project, including the Construction Contracts and the Condominium Sales Agreements, reflect such and are in the name of the Borrower;
- (m) receipt of the Disclosure Statements and any Amended Disclosure Statements for Phase 1 and any other phase of the Project confirming that the Borrower is the sole developer and owner of the Project, that the outside date for completion of sales of Units in Towers E and F, as listed in the standard form Condominium Sales Agreement for such Units is October 1, 2024 (subject to any rights of the Borrower to extend such date) and evidence satisfactory to the Lender that the purchasers under the Condominium Sales Agreements have received the Amended Disclosure Statements and that all rescission periods under the *Real Estate Development Marketing Act* have expired, and the Condominium Sales Agreements are firm and binding;
- (n) the Lender shall be satisfied as to the current status of the Project, including construction to date, and the current status of the Project Budget;
- (o) a satisfactory site inspection of the Project by the Lender has occurred and a satisfactory interview with the principals of the Borrower or any entity Guarantor has occurred.
- (p) evidence that the Borrower has complied with all statutory requirement for deduction at source and remittance to applicable fiscal authorities, including without limitation, those under the *Income Tax Act* (Canada), the *Excise Tax Act* (Canada), the *Canada Pension Plan Act* (Canada) or the *Employment Insurance Act* (Canada);
- (q) approval by Lender of a fixed-price Construction General Contractor Agreement with a reputable and bondable Construction General Contractor for Phase 1. The Construction General Contractor shall provide a payment and performance bond for a minimum of 50% of the contract value with the performance bond confirming the Lender as a beneficiary in the event of a default. The contract shall have not greater than 20% cash allowances in the contract price, and shall contain a provision that any government imposed Taxes or levies shall be shared equally between the Construction General Contractor and the Borrower. Lender is to be provided with details of accepted contractors of all major trades including, but not limited to, concrete, forming, steel, drywall, HVAC, masonry, electrical, plumbing, roofing and windows, and the Independent Cost Consultant will have provided its confirmation of the foregoing and advised the Lender of any risk issues with the Construction General Contractor Agreement or agreements with subcontractors, or be otherwise satisfied with the progress of negotiation of those agreements;
- (r) evidence that the Project is registered with an approved home warranty program, acceptable to the Lender;

- (s) the corporate and partnership opinion of Borrower's Counsel or other solicitors approved by the Lender, acting reasonably, with respect to the Borrower and the Guarantors and the Documents substantially in a form acceptable to the Lender shall have been delivered to the Persons to which it is addressed;
- (t) the Lender shall have received satisfactory financial statements or personal net worth statements from the Borrower and the Guarantors;
- (u) the Lender shall have received a sub-search from Lender's Counsel confirming that no Liens have been registered against title to the Project Lands on the date of the Drawdown, other than Permitted Encumbrances;
- (v) the Lender shall have received evidence that all preconditions to the issuance of a Building Permit (as defined in the *Real Estate Development Marketing Act* (British Columbia) and regulations thereto) for the construction of Phase 1, save and except for payment of costs, fees, charges, or payments due to the City of Richmond in connection with the issuance of such Building Permit (as further set out in the Project Budget) have been satisfied, provided the Borrower shall pursue the issuance of a Building Permit for the balance of the Project following the first Drawdown;
- (w) after giving effect to the proposed Drawdown, the Cost to Complete shall not exceed the undrawn portion of the Construction Loan Commitment Amount;
- (x) the Independent Cost Consultant and the Lender shall have been satisfied as to:
 - (i) the Project Budget, including that the Project Costs will not exceed the Project Costs Cap Amount;
 - (ii) the Plans and Specifications; and
 - (iii) the proposed schedule of the Project; and
 - (iv) the adherence to the cash flow projections for the Project delivered to the Independent Cost Consultant and the Lender;
- (y) the Lender or the Independent Cost Consultant, as the case may be, shall have received, in each case in form and content satisfactory to it, copies of the following documents:
 - (i) a report from the Independent Cost Consultant confirming that the Project can be completed in accordance with the Construction Schedule and the Project Budget and that the Borrower has contributed sufficient Borrower's Equity to the Project which, together with the Construction Loan Commitment Amount shall be sufficient to complete the Project;
 - (ii) an acknowledgement from the Architect that the Lender, the Lender and Independent Cost Consultant will be relying on the reports and certificates provided by the Architect and that they are entitled to do so;
 - (iii) Performance Bonds as recommended by the Independent Cost Consultant, to the satisfaction of the Lender, in respect of Construction

Contracts based on the Independent Cost Consultant's opinion of the ability of the Contractor(s) thereunder to perform its obligations under such Construction Contract(s) within the time frame thereunder and to the standards therein, with the Construction Contracts for the subtrades for Phase 1 and the material Construction Contracts for Phase 1 being bonded to a level acceptable to the Lender and evidence that the Lender has been named as co-obligee/beneficiary of all labour and material and other performance bonds;

- (iv) Appraisals confirming, at a minimum, all of the following:
 - (A) that the "as is" value of the Project Lands, undeveloped, is not less than \$128,000,000;
 - (B) that the "as completed" value of the Project is not less than \$795,000,000 (excluding GST);
 - (C) the feasibility of the Project, and that the estimated construction and sell-out period and lease-up period of the Project are reasonable and reflect current market prices for condominium units of similar size and quality within the vicinity of the Project, and that the rental rates in respect of the Leases relating to the Commercial Component are reasonable and do not represent "over market" rental rates for rental space of similar quality within the vicinity of the Project;

together with an acknowledgement from the Appraiser that the Lender and the Independent Cost Consultant will be relying on the Appraisal and are entitled to do so;
- (v) report from the Project structural engineer on the status of any issues, including exposure and weathering, of the Project's parkade structure;
- (vi) copies of all Leases relating to the Commercial Component;
- (vii) the Standard Form Condominium Purchase Agreement;
- (viii) copies of all of the signed Condominium Sales Agreements and evidence, as confirmed by the Lender's Counsel or Independent Cost Consultant, of binding and enforceable Condominium Sales Agreements for not less than 175,034 square feet of Phase 1 Units for a total of not less than \$172,595,000 of net sale proceeds and non-refundable deposits of not less than \$29,983,000, of which \$16,800,000 has been deposited in trust accounts in accordance with this Agreement, all as set forth in Schedule P attached hereto, together with confirmation from the Borrower's Counsel that the period in which any right of rescission or right to claim a return of a deposit by the purchaser shall have expired. All such Condominium Sales Agreement will be verified by the Independent Cost Consultant;
- (ix) evidence that all deposits have been received in the amounts set forth in Schedule P so as to qualify as a Qualified Condominium Presale;

- (x) satisfactory verification by Lender and/or the Independent Cost Consultant of firm and binding pre-sales, on terms acceptable to Lender, to arms-length qualified third party purchasers of at least 59,413 square feet of retail space (not including retail space under contract with CIBT), said sales to generate a minimum of \$76,105,000 in net proceeds. Lender shall be provided with evidence with respect to such sales of contracted deposits of at least \$18,716,000 of which at least \$6,781,000 has been received. All pre-sales are to be verified by the Independent Cost Consultant or another Person engaged by Lender;
- (xi) an update to Schedule P showing details of all Condominium Sales Agreements (including prices and deposits) which have been documented since the date of the previous Drawdown or report from the Borrower.

Any changes to the list set forth in Schedule P, other than sales of unsold Units, will require the consent of the Lender.

- (z) the Lender shall have received certification from the Borrower:
 - (i) certifying the amount of Soft Costs incurred on the Project to date on a line by line basis;
 - (ii) certifying the payments that have been made and confirming that all Contractors have been paid to date and there are no payables that may be subject to a builders' lien;
 - (iii) estimating the Cost to Complete on a line by line basis;
 - (iv) certifying as to such other information, and accompanied by such back-up material, as the Lender may reasonably request from time to time;
- (aa) the Lender shall have received a report/certificate signed by the Architect:
 - (i) certifying that all Construction to date has been completed in accordance with the Plans and Specifications; and
 - (ii) certifying Hard Costs incurred to date on the Project on a line by line basis;
- (bb) the Lender shall have received a report/certificate signed by the Independent Cost Consultant:
 - (i) certifying Hard Costs and Soft Costs incurred to date on the Project on a line by line basis;
 - (ii) estimating the Cost to Complete;
 - (iii) confirming the amount of Borrower's Equity;
 - (iv) confirming the amount of the applicable Holdback, and

- (v) confirming that, in its opinion, the conditions set out herein with respect to the entitlement to a Drawdown for payment of Hard Costs and Soft Costs have been satisfied;
- (cc) the Lender or the Independent Cost Consultant, as the case may be, shall have received evidence satisfactory to the Lender confirming that any Cost Overruns that have been incurred on the Project have been funded in their entirety by Borrower's Equity;
- (dd) the Borrower shall have established all bank accounts relating to the Project and for all Purchasers' Deposits;
- (ee) the Lender shall have received evidence satisfactory to it that the Borrower has established a bank account in respect of Holdbacks and has paid into such Holdback account all Holdbacks with respect to the work completed to date;
- (ff) the Lender shall have received a copy of and approved any Amended Disclosure Statement as filed with the British Columbia Superintendent of Real Estate together with evidence confirming compliance with the requirements set out in Section 11.01(bb);
- (gg) the Lender shall be satisfied that:
 - (i) Borrower's Equity of not less than \$126,000,000 has been injected into the Project;
- (hh) all fees due and payable pursuant to Sections 2.10, 5.03 and 15.01 shall have been paid (or shall be paid from the Drawdown made hereunder);
- (ii) the Lender shall have received such documentation as it may require or request from any Person in connection with the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) and regulations thereunder including, without limitation, a completed Agent Examination of Identification for each Borrower and Guarantor if required, in the form set out in Schedule G hereto;
- (jj) If any Guarantor is other than shareholder, beneficial owner, director, officer or controlling mind of the Borrower, or if at the Lender's sole determination, undue influence could be brought to bear upon such Guarantor by the Borrower or any other Guarantor or beneficial owner, any such Guarantor must obtain independent legal advice and deliver to the Lender a certificate of independent legal advice in a form acceptable to Lender which may be in the form set out in Schedule I hereto;
- (kk) notwithstanding anything contained herein, no advance shall be made by the Lender until such time as the Lender is in receipt of, and has reviewed, all due diligence material requested; and
- (ll) notwithstanding anything contained herein, no advance shall be made by the Lender until the Lender is advised by Lender's Counsel that, having regard to all the circumstances, such advance should be made.

3.02 First Drawdown

- (a) All terms and conditions and all conditions precedent must be approved (or waived) by the Lender and the first Drawdown under the Construction Facility must be made by November 15, 2019.

3.03 Subsequent Drawdowns under the Construction Facility

On or before each Drawdown under the Construction Facility subsequent to the first Drawdown to occur after the date of this Agreement, the following conditions shall be satisfied by the Borrower:

- (a) in respect of any Drawdown after March 31, 2020, the Lender shall be satisfied that in the aggregate, participation of other Persons committed to acquire participations (as set out in Sections 2.02(2) and 16.02) is sufficient to provide for the full amount of the Construction Loan Commitment Amount provided that the Lender may choose to waive this request with respect to any one Drawdown without waiving the request for subsequent Drawdowns;
- (b) the Lender shall have received a proper Drawdown Request and an updated Schedule P;
- (c) the Borrower shall have complied with all the terms and conditions of Schedule C hereto to the extent to the extent not already contemplated in this Section 3.03;
- (d) the conditions and deliveries set out in Section 3.01 shall be satisfied or delivered;
- (e) satisfactory evidence to the Lender that all post-closing conditions and undertakings of the Borrower given to satisfy the Lender on the first Drawdown have been complied with or fulfilled;
- (f) the Lender shall have received a sub-search from Lender' Counsel confirming that no Liens or other encumbrances have been registered since the date of the prior Drawdown other than Permitted Encumbrances;
- (g) the Lender shall have received evidence that all Permits necessary for Construction which relate to: (i) Construction in respect of which the Drawdown is being made, and (ii) all prior Construction, are in place at the time of the Drawdown;
- (h) if any new Material Project Agreements have been entered into since the previous draw, notice of such contracts shall have been given to the Lender and an assignment of such Material Project Agreement, in a form satisfactory to the Lender, shall have been delivered to the Lender with respect to same;
- (i) after giving effect to the proposed Drawdown, the aggregate of all advances under the Construction Facility shall not exceed the Construction Loan Commitment Amount;
- (j) after giving effect to the proposed Drawdown, the Cost to Complete shall not exceed the undrawn portion of the Construction Facility;

- (k) the Borrower has confirmed that all amounts to be retained by the Borrower in respect of Holdbacks have been paid by the Borrower into the Holdback account;
- (l) the Lender shall have received the reports set out in Section 11.01(i) as required for the period between the prior Drawdown and the anticipated Drawdown Date;
- (m) all fees due and payable pursuant to Section 2.10 shall have been paid; and
- (n) the Lender is satisfied in its sole discretion, that the Borrower will have access to and use of the Purchaser Deposits (including without limitation any deposits added after the date of this Agreement) on terms acceptable to the Lender for the purpose of assisting in the funding of the construction of the Project and the Lender shall have received written confirmation from Westmount West Services Inc. that it will fund the release of such deposits and the Lender shall have received an irrevocable direction from the Borrower, acknowledged by Westmount West Services Inc. that any amounts obtained by the Borrower representing such deposits shall be paid directly to the Lender.

3.04 Equity Increases

In the event the Lender, acting reasonably, has determined the Project is then behind its completion schedule by more than two months, or should the costs incurred in the construction of the Project to date, be over the Project Budget as identified by the Lender or the Independent Cost Consultant, the Lender may require Borrower to invest equalizing equity in the Project, including by further contingency funds, in an amount satisfactory to the Lender as a condition to any further advance being made, with such equity investment coming from the Borrower's own resources and not from any debt or other financing arrangements other than with Lender's prior approval, the Existing Subordinated Debt provided any increase to Existing Subordinated Debt is also subordinated to the Loan and the Security on the same terms.

3.05 Conditions and Waiver

The conditions set forth in Sections 3.01, 3.02 and 3.03 are inserted for the sole benefit of the Lender and if any of such conditions are not fulfilled by the Borrower the Lender may refuse to make any advance and terminate its obligations hereunder or any of such conditions may be waived by the Lender, in whole or in part (with or without terms or conditions), in respect of any Drawdown without prejudicing the right of the Lender at any time to assert such conditions in respect of any subsequent Drawdown.

ARTICLE 4 EVIDENCE OF DRAWDOWNS

4.01 Account of Record

The Lender shall open and maintain books of account evidencing the Construction Facility and all other amounts owing by the Borrower to the Lender hereunder. The Lender shall enter in the foregoing accounts details of all amounts from time to time owing, paid or repaid by the Borrower hereunder. The information entered in the foregoing accounts shall constitute *prima facie* evidence of the obligations of the Borrower to the Lender hereunder and shall be deemed correct absent manifest error. After a request by the Borrower, the Lender shall promptly advise the Borrower of such entries made in the Lender's books of account.

4.02 Date of Drawdowns

(1) With respect to any Drawdown under the Construction Facility, funds shall be deemed advanced on the earlier of:

- (i) the date that the funds are removed from the Lender's account and designated to the Borrower's account or as the Borrower may direct, and
- (ii) the date upon which the Borrower or its authorized representative has requested the funds to be advanced.

ARTICLE 5 PAYMENTS OF INTEREST AND FEES

5.01 Interest to the Lender

The Borrower shall pay interest on the Construction Facility (which, for certainty, includes the amount of the Existing Loan Facilities) during each Interest Period applicable thereto in Canadian Dollars at a rate per annum equal to the Interest Rate. Such interest shall be payable in arrears on each Interest Payment Date for the period from and including the Drawdown Date to and including the day preceding such Interest Payment Date, and shall be calculated on the principal amount of the Construction Facility outstanding during such period and on the basis of the actual number of days elapsed in a year of 365 days or 366 days, as the case may be.

5.02 No Deduction, etc.

All interest payments to be made hereunder shall be paid without allowance or deduction for deemed re-investment or otherwise, both before and after maturity and before and after default and/or judgment, if any, until payment thereof, and interest shall accrue on overdue interest, if any.

5.03 Drawdown Fee

The Borrower shall pay to the Lender a Drawdown fee of \$1,000 for each Drawdown.

5.04 Discharge Fee

The Borrower shall pay to the Lender a discharge fee of \$100 per Unit, regardless of the number of Units contained in any release document.

5.05 Document Fee

The Borrower shall pay Lender a document execution fee of \$250 for each Land Title Office document, other than releases.

5.06 Insurance Fee

The Borrower shall pay an insurance risk management fee of \$1,500 (plus disbursement and taxes, if applicable), payable to the Lender's Insurance Consultant on the first Drawdown to occur after the date of this Agreement.

5.07 Other Fees

In addition to the fees in Section 2.09 and this Article 5, the Borrower agrees to pay all costs, fees and expenses in connection with the Loan, including, without limitation:

- (a) legal, engineering, environmental assessment, appraisal, credit information, inspection, architectural, project monitoring, cost consulting, survey and all other professional and advisory costs incurred by the Lender;
- (b) registration, recording and filing fees and taxes related to registration of any Security or notices;
- (c) all fees, costs, charges and expenses in connection with that syndication or participation in the Loan by other lenders and administration by the Lender.

Such fees and costs may be deducted from a Drawdown.

5.08 Fees Not Refundable

Each of the fees set forth in Sections 5.03 through 5.06 shall be deemed fully earned and are not refundable for any reason.

ARTICLE 6 DELETED

ARTICLE 7 DELETED

ARTICLE 8 REPAYMENT

8.01 Mandatory Repayments and Reductions

- (1) The Loans under the Construction Facility shall be repaid as follows:

- (a) Interest computed as provided in Article 5 shall be payable monthly in arrears on the same day of each and every month throughout the Loan Term.

- (2) Subject to the Lender's right to accelerate upon the occurrence of an Event of Default, the outstanding principal amount of the Construction Facility, together with interest and all other amounts due and owing by the Borrower to the Lender under this Agreement and the Security are due and payable on the Maturity Date.

- (3) Any amounts received by the Borrower or for its account pursuant to the provisions of Sections 12.06 and/or 12.04 or otherwise, shall be applied firstly to permanently reduce the outstanding Construction Facility in accordance with the provisions of Section 12.06, and, upon receipt, all such payments shall reduce the Construction Loan Commitment Amount.

8.02 Method of Payment of Monthly Instalments

The Borrower shall remit payments by automatic debit service, by submitting the Authorization Form attached hereto as Schedule H.

The Borrower acknowledges and agrees that the Lender shall retain from each Drawdown, for its benefit, an amount it reasonably determines to be sufficient to pay the interest accrued on the outstanding principal amount (as set out in this Article 8) (for the purposes of this Section, the aggregate amount of such interest, which amount will be included in the Project Budget, is the "**Interest Reserve**"). Interest accrued on the Construction Facility may be deducted from the Interest Reserve and be paid when due, whether or not on a Drawdown Date, without the necessity of any instruction or request from the Borrower. In the event that the Interest Reserve is exhausted, or is insufficient to pay any amount due for interest payments, the Lender shall so advise the Borrower, and the Borrower shall make such payments from its own funds. Depletion of the Interest Reserve or the inability of the Interest Reserve to fully fund any interest payment shall not release the Borrower from any of Borrower's obligations herein, including but not limited to the obligation to pay interest accruing on the Construction Facility. So long as any Default or Event of Default herein has occurred and is continuing, all interest payments shall be made by the Borrower using its own funds; provided that the Lender, at its option, and in its sole discretion, may make disbursements from the Interest Reserve notwithstanding such Default or Event of Default.

Use of the Interest Reserve shall in no way waive or otherwise modify any of the Borrower's obligations hereunder, including, without limitation, the obligation to make monthly interest payments.

8.03 Condition upon Maturity

In the event that the Borrower fails to pay all amounts outstanding on the Maturity Date or any extension thereof agreed to by the Lender, the Lender may, in its sole discretion, extend the Maturity Date for a period of one (1) month from the original Maturity Date (or any extension agreed to by the Lender), at an interest rate equal to the Interest Rate. If the Lender does so elect to extend the term for one month, and the Construction Facility has not been repaid or a further extension has not been finalized within this one (1) month period, then there will be no further extensions and the Lender may exercise its remedies under the Security.

All other terms of the Mortgage and Security shall continue to apply to the Construction Facility as extended.

The amount outstanding may be paid in full at any time during the one (1) month extension period without notice, bonus or penalty, other than payment of the Extension Fee and any applicable discharge fees as set out in this Agreement.

An extension fee ("**Extension Fee**") equal to the greater of \$5,000 or 1.00% of the outstanding balance shall be added to the principal balance of the Construction Facility if the Lender elects to extend the Maturity Date under this Section.

8.04 Optional Prepayment of Principal

Provided there exists no Default or Event of Default, the Borrower may at any time and from time to time prepay the whole of the Construction Facility together with accrued interest thereon to the date of such prepayment, and any fees, costs or expenses owing hereunder. In respect of such a prepayment:

- (a) from the date of initial advance until the date that is two (2) months after the Lender has delivered the Participation Funding Notice and notwithstanding whether or not the Participation Success Notice has been delivered, the Borrower shall give a

Repayment Notice to the Lender at least two (2) months' prior to the prepayment date

- (b) if the Lender has delivered the Participation Funding Notice to the Borrower, then from and after the date that is two (2) months after the Participation Funding Notice is delivered to the Borrower, the Borrower shall give a Repayment Notice to the Lender at least twelve (12) months' prior to the prepayment date; and
- (c) the prepayment shall be accompanied by a payment of one (1) month's interest in addition to all other amounts owing by the Borrower.

ARTICLE 9

PLACE AND APPLICATION OF PAYMENTS

9.01 Place of Payment of Principal, Interest and Fees

All payments of principal, interest, fees and other amounts to be made by the Borrower to the Lender pursuant to this Agreement shall be made in Canadian Dollars by 11:00 a.m. Vancouver, B.C., for value on the day such amount is due and if such day is not a Banking Day on the Banking Day next following, by automatic debit, wire or transfer thereof to the account of the Lender and designated by the Lender for such purpose, or at such other place as the Borrower and the Lender may from time to time agree.

9.02 Funds

Each amount advanced, disbursed or paid hereunder shall be advanced, disbursed or paid, as the case may be, in such form of funds as may from time to time be customarily used for Canadian Dollars by the Lender in the settlement of banking transactions similar to the banking transactions required to give effect to the provisions of this Agreement on the day such advance, disbursement or payment is to be made.

9.03 Application of Payments After Default

If any Event of Default shall occur and be continuing, all payments made by the Borrower hereunder shall be applied in the following order:

- (a) to amounts due hereunder as fees;
- (b) to amounts due hereunder as costs and expenses;
- (c) to amounts due hereunder as interest;
- (d) to amounts due hereunder as principal.

ARTICLE 10

REPRESENTATIONS AND WARRANTIES

10.01 Representations and Warranties

Each of the Borrower and Guarantors represent and warrant as follows (as applicable) to the Lender and acknowledge and confirm that the Lender is relying upon such representations and warranties and that the request for and use of proceeds of any Drawdown by the Borrower

will constitute an affirmation or re-affirmation by each of the Borrower and Guarantors of the representations and warranties herein and in the Security as of the date of such Drawdown Request:

(a) Corporate Status

Each entity Borrower or Guarantor is an entity duly formed and validly existing under the laws of its jurisdiction of formation and it has all necessary entity power and authority to own its respective interest in the Project Lands and to develop and complete the Project and each is duly licensed, registered or qualified to carry out such activities.

(b) Authority

It has full power and authority to enter into the Documents to which it is a party and to do all acts and execute and deliver all other documents as are required hereunder or thereunder to be done, observed or performed by it in accordance with their terms.

(c) Valid Authorization

It has taken all necessary entity action to authorize the creation, execution, delivery and performance of the Documents to which it is a party and to observe and perform the provisions of each in accordance with its terms.

(d) Validity of Documents and Enforceability

This Agreement constitutes and, when executed and delivered, each of the other Documents to which it is a party will constitute valid and legally binding obligations of it enforceable against it in accordance with their respective terms subject to applicable bankruptcy, insolvency and other laws of general application limiting the enforceability of creditors' rights and to the fact that specific performance is an equitable remedy available only in the discretion of the court. Neither the execution and delivery of this Agreement or any Document, nor compliance with the terms and conditions of any of them, (i) has resulted or will result in a violation of: (a) its memorandum or its articles, partnership agreement, or by-laws or any resolutions passed by its board of directors, general partner or limited partners, or shareholders, or (b) any Applicable Law; (ii) has resulted or will result in a breach of, or constitute a default under, any loan agreement, indenture, trust deed or any other agreement or instrument to which it is a party or by which it is bound; or (iii) requires any approval or consent of any Governmental Authority except such as has already been obtained or except with respect to obtaining those Permits not required or obtainable until a later stage of Construction or until Substantial Completion.

(e) Consents

The Borrower and Guarantors possess all consents, approvals, permits and authorizations under any applicable law which are necessary in connection with the operation of their respective businesses. All such consents, approvals, permits and authorizations are in full force and effect and none of the Borrower or Guarantors is in default in any respect thereunder which default would have a

Material Adverse Effect. No action exists, is pending or threatened which has as its object the revocation, amendment or qualification of any such consent or authorization and all applicable appeal periods in respect of such actions have expired

(f) Title to Property

The Borrower holds:

- (i) registered and beneficial title to the Project Lands; and
- (ii) any other real and personal property of any nature which is part of the Project;

free and clear of all Liens, except Permitted Encumbrances, and the Borrower is the sole legal and beneficial owner of the Project, including for greater certainty the Project Lands and any other real and personal property of any nature which is part of the Project, free and clear of all Liens, except Permitted Encumbrances.

(g) Non-Default

No Default or Event of Default has occurred or is continuing. Neither the Borrower nor Guarantors is in default in any respect under any material indenture, mortgage, deed of trust, agreement or other instrument to which they are a party or by which they or any of their property may be bound and which default would have a Material Adverse Effect on their property or their prospects.

(h) Taxes

The Borrower and each Guarantor have filed all tax returns which are required to be filed by each of them and has paid or remitted when due all taxes, assessment and government charges imposed upon them which if unpaid could result in any charge or other encumbrance on their properties except such tax, assessment or charge which is being contested in good faith and for which the applicable Borrower or Guarantor has made adequate reserves.

(i) Absence of Litigation

There are no actions, suits or proceedings pending against it or, to its knowledge, threatened against or affecting it or any of its undertakings and assets, at law, in equity or before any arbitrator or before or by any Governmental Authority in respect of which there is a reasonable possibility of a determination adverse to it and which would, if determined adversely be likely to have a Material Adverse Effect.

(j) Perfection of Security

Except for the due and timely filing and recording of the Security, or notice thereof, no further action is necessary on the part of the Borrower in order to establish, preserve, protect and perfect the Liens created or intended to be created by the Security, subject to Permitted Encumbrances and subject to availability of

equitable remedies and laws of general application affecting the enforcement of creditors' rights, and the Security is enforceable as such against all other Persons.

(k) Information to Lender

The factual information supplied to the Lender, Lender's Counsel or the Independent Cost Consultant by it in respect of the Project is true and correct in all material respects as of the date hereof and all projections supplied by it are reasonable and attainable in light of the assumptions on which they are based, and no material change has occurred since the date on which such information or projections were provided which would render such information or projection, as the case may be, misleading at the date hereof. The Borrower has not omitted to disclose to the Lender a material matter relating to the Project, or its business of which it is aware after due inquiry.

(l) Agreements

The Borrower is not a party to any agreement or instrument or subject to any restriction which would likely have a Material Adverse Effect. The Borrower is not in default in the performance, observance or fulfilment of any of the obligations, covenants or conditions contained in any agreement or instrument to which it is a party which would likely have a Material Adverse Effect.

(m) Material Project Agreements and No Default Thereunder

As at the date hereof, each Material Project Agreement is in full force and effect and no notice or claim of a default or breach thereunder, or of the occurrence of any condition entitling any party to terminate its obligations thereunder, has been delivered to the Borrower. At the date hereof, no default or event which with the passing of time and/or giving of notice and/or a determination being made under the relevant provision would constitute an event of default on the part of the Borrower exists under any Material Project Agreement. To the best of the Borrower's knowledge after due inquiry, no default or event which with the passing of time and/or giving of notice and/or a determination being made under the relevant provision would constitute an event of default on the part of any of the other contracting parties to the Material Project Agreements exists under any Material Project Agreements.

(n) Order and Notices

There are no outstanding Orders or Notices issued or, to the best of the knowledge of the Borrower, threatened by any Governmental Authority or Person which would likely have a Material Adverse Effect and there are no matters under discussion with any such authorities relating to such Orders or Notices.

(o) Permits

All material Permits from third parties and Governmental Authorities have been obtained other than those Permits not required or able to be obtained until a later stage of Construction or until Substantial Completion and those not obtained may be reasonably expected to be received in the ordinary course of business prior to date when required to permit the Borrower to complete the transactions provided

for in the Material Project Agreements and to construct and operate the Project and to carry on its respective business as now contemplated. The Project Lands are zoned to permit construction and operation of the Project in accordance with the Plans and Specifications.

(p) Applicable Laws

The Project is in compliance in all material respects with all Applicable Laws, including, without limitation, all Environmental Laws. Further, there are no facts known or which ought reasonably to be known, after due enquiry by the Borrower, which could give rise to a Notice of non-compliance to such extent with any Applicable Laws.

(q) Hazardous Substances

The Borrower has not used the Project Lands, or permitted them to be used, to generate, manufacture, refine, treat, transport, store, handle, dispose, transfer, produce or process Hazardous Substances except in compliance in all material respects with all Environmental Laws. The Project Lands have not been used for, and have not been designated as, a waste disposal site.

(r) Changes to Applicable Laws

To the knowledge of the Borrower, there are no pending or proposed changes to Applicable Laws which would render illegal or materially restrict the Construction or the operation of the Project.

(s) Environmental Convictions

The Borrower has never been convicted of an offence or subjected to any judgment, injunction or other proceeding for non-compliance with any Environmental Laws or been fined or otherwise sentenced or settled such prosecution or other proceeding short of conviction.

(t) Release

In connection with the Project, the Borrower has no knowledge of having caused or permitted the Release of any Hazardous Substance on or off-site of the Project Lands except in compliance in all material respects with Environmental Laws. In connection with the Project, all Hazardous Substances and other materials and wastes that are not by their nature hazardous, disposed of, treated or stored or otherwise Released on real property owned or occupied by the Borrower, whether on or off-site of such properties, have been disposed of, treated, stored or otherwise Released in compliance in all material respects with all Environmental Laws.

(u) Adverse Environmental Condition

There are no conditions that directly or indirectly relate to environmental matters or the condition of the soil, air, surface and ground water or any combination thereof that likely have a Material Adverse Effect (whether on or below the Project Lands or any adjoining properties) including, without limitation, being located within

an environmentally sensitive area or a wetland area, as determined by any Governmental Authority.

(v) Environmental Notice

The Borrower has not received Notice, or has knowledge after due inquiry of any facts which could give rise to any Notice, that the Borrower is potentially responsible for a domestic or foreign, federal, provincial, state, municipal or local clean-up site or remedial action under any Environmental Law or any Order in connection with the Project.

(w) Data

Copies of all material analysis and monitoring data for soil, ground water, surface water and the like and reports pertaining to any environmental assessments/audits, including without limitation any inspections, investigations and tests, relating to the Project Lands or the Project that were obtained, are in the possession or control of, or were carried out on behalf of, the Borrower have been delivered in a timely manner to the Independent Cost Consultant.

(x) Environmental Records

Since acquiring the Project Lands, the Borrower has maintained all environmental and operating documents and records relating to the Project substantially in the manner and for the time periods required by Environmental Laws, Permits and Orders.

(y) Reporting

The Borrower has not defaulted in reporting to any applicable Governmental Authority in relation to the Project Lands or the Project on the happening of an occurrence which it is or was required by any Environmental Laws to report.

(z) Undisclosed Liabilities

There are no liabilities (including contingent liabilities) that, in the aggregate, are material in respect of any of the Project Lands, the Project, the Borrower, or any of the Guarantors, or their respective businesses, which have not been previously disclosed in writing to the Lender.

(aa) Liens

The Borrower has not received notice of any Liens other than Permitted Encumbrances.

(bb) Insolvency

The Borrower: (i) has not committed any act of bankruptcy, (ii) is not insolvent, or has proposed, or given notice of its intention to propose, a compromise or arrangement to its creditors generally, (iii) has not made any petition for a receiving order in bankruptcy filed against it, made a voluntary assignment in bankruptcy, taken any proceeding with respect to any compromise or arrangement, taken any

proceeding to have itself declared bankrupt or wound-up, taken any proceeding to have a receiver appointed of any part of its assets, has had any encumbrancer take possession of any of its property, or (iv) has not had an execution or distress become enforceable or become levied on any of its assets and property.

(cc) No Infringement

The design, construction, and operation of the Project does not infringe and will not infringe upon any patents, trademarks, trade names, service marks, or copyrights, domestic or foreign, or any other industrial property or intellectual property of any other Person, which infringement would likely have a Material Adverse Effect.

(dd) Lands

The location of any buildings on the Project Lands are, to the extent they have been constructed, within the boundary lines of the Project Lands and are in compliance with all applicable setback requirements.

(ee) Chief Executive Office

The address of the Borrower's chief executive office and the office where its records respecting debts, accounts, claims and choses in action are maintained is set out in Section 17.02.

(ff) Real Property

The only property interests necessary for the Project are the property interests comprising the Project Lands and any easements, interests or rights appurtenant thereto.

(gg) Borrower's Businesses

The Borrower does not carry on any business or have any assets or liabilities, other than the ownership and development of the Project.

(hh) Ownership of Borrower

The direct or indirect percentage ownership interests in the Borrower and Guarantors as disclosed in the Officer's Certificates delivered to the Lender are correct and no change to such ownership interest have occurred to the date of this Agreement

(ii) Insurance

The Borrower is in compliance with all Insurance requirements under this Credit Agreement and insurance policies issued in connection herewith.

(jj) Chief Executive Office

The chief executive office (as such term is used in the PPSA) of the Borrower is located in the Province of British Columbia.

(kk) Residents of Canada

The Borrower and each Guarantor are residents of Canada.

10.02 Nature of Representations and Warranties

The representations and warranties set out in this Article shall survive the execution and delivery of this Agreement and shall be deemed to be made and shall be correct upon the making of each Drawdown, notwithstanding any investigations or examinations which may be made by the Lender, Lender's Counsel, the Independent Cost Consultant or the Independent Insurance Consultant.

ARTICLE 11
COVENANTS

11.01 Affirmative Covenants of the Borrower

So long as any amount payable hereunder is outstanding or the Construction Facility is available hereunder, the Borrower and, as applicable, each Guarantor, covenants and agrees with the Lender that, except as otherwise consented to by the Lender in writing:

(a) Punctual Payment

It shall duly and punctually pay the principal of the Construction Facility, all interest thereon and all fees and other amounts required to be paid by the Borrower hereunder on the date due and in the manner specified hereunder.

(b) Corporate Existence and Conduct of Business

Each entity Borrower and Guarantor shall maintain its entity existence in good standing. It shall do or cause to be done all things necessary to keep in full force and effect all properties, rights, franchises, licences and qualifications to carry on business in British Columbia.

(c) Compliance with Applicable Laws

It shall comply with all Applicable Laws to the extent, except as otherwise set out herein, non-compliance would likely have a Material Adverse Effect.

(d) "As-Built" Survey - (Survey of Permanent Structures)

Not later than Substantial Completion of Phase 1, it will deliver to the Lender an "As-Built" Survey of the Project, prepared and certified by a land surveyor qualified to practise in British Columbia which will identify, inter alia, the location of all buildings which are permanent structures on the Project Lands or to be built on the Project Lands and confirm that all such structures are within the boundary of the Project Lands and that there has been compliance with all applicable setback requirements.

(e) "As-Built" Survey - (Survey of Foundations)

Not later than 60 days after the foundations are completed for each building on the Project Lands, it shall provide the Lender with a survey of the foundations of the buildings on the Project Lands.

(f) Inspections

To permit the Lender or any Lender representative to visit and inspect the Project on reasonable prior notice.

(g) Construction Insurance

From the date hereof, until Substantial Completion more particularly:

- (i) It shall maintain or cause to be maintained all risks builder's risk (including coverage against the perils of earthquake, flood and collapse and terrorism (if in the case of insurance relating to terrorism, same is available on a commercially reasonable basis)) insurance in connection with the Project and such other direct damage and indirect damage with respect to delay in opening insurance as the Lender, following consultations with and advice from the Independent Insurance Consultant, may reasonably require from time to time, all with insurance companies having a Standard and Poors A or Best's A VIII or TRAC 8 rating at time of placement and at all times thereafter with such insurance companies having comparable claims paying ability as approved by the Lender. Such insurance is to be in such amounts and with such deductibles as are customary in the case of owners of projects similar to the Project and in any event as are acceptable to the Lender. The builder's risk insurance shall include by-laws extensions to cover increased cost of construction, cost of demolition of the undamaged portion of the Project and resultant loss of income and a permission to occupy clause.
- (ii) It shall cause the limit of the all risk builder's risk policy to be sufficient to replace the Project or to repay all amounts outstanding pursuant to the Construction Facility and all other amounts required to be paid hereunder in respect of the Construction Facility.
- (iii) The direct and indirect damage insurance policies shall:
 - (A) name the Borrower as first named insureds thereunder and as additional insureds all those required to be named as additional insureds under any of the Material Project Agreements;
 - (B) name the Lender as mortgagee and first loss payee and have attached the standard Insurance Bureau of Canada mortgage clause;
 - (C) provide that no cancellation or termination thereof or material change therein, for any reason whatsoever (with the exception of cancellation due to non-payment of premium for which statutory notice of cancellation may apply), shall take effect unless the

insurer concerned has given the Lender not less than 30 days prior written notice of such proposed action;

- (D) contain a waiver by the insurer or insurers of all rights of subrogation or indemnity or any other claim to which such insurer or insurers might otherwise be entitled against the Lender; and
- (E) otherwise be in such form as the Lender shall reasonably require;

and such insurance policies may include a deductible of up to a maximum of \$100,000 except that in the case of earthquake risk, the deductible shall not exceed 10% of the value of the Project.

- (iv) It shall maintain or cause to be maintained:
 - (A) wrap-up liability insurance with a minimum combined single limit of liability of \$25,000,000 per occurrence, including completed operations coverage;
 - (B) workers' compensation insurance;
 - (C) such insurance as may be required to meet the obligations of the Borrower under any of the Material Project Agreements;
 - (D) such other liability insurance as the Lender may reasonably require from time to time, all with insurance companies having Standard and Poors A or Best's A VIII or TRAC 8 ratings at time of placement and at all times thereafter with such insurance companies having comparable claims paying ability as approved by the Lender acting reasonably, such insurance to be in such amounts and with such deductibles as are customary in the case of owners of projects similar to the Project and in any event as are acceptable to the Lender, acting reasonably;
 - (E) architects' errors and omission insurance with a minimum single limit of liability of \$250,000 per occurrence;
 - (F) mechanical and electrical engineers' errors and omission insurance with a minimum single limit of \$2,000,000 per occurrence or such other amount as may be approved by the Lender;
 - (G) structural engineers' error and omission insurance with a minimum single limit of \$1,000,000 per occurrence; and
 - (H) Performance Bonds covering such Construction Contracts and in such monetary amount as required by this Agreement or as is recommended by the Independent Cost Consultant from time to time, and as agreed to by the Lender.
- (v) The wrap-up liability insurance policies required herein shall:

- (A) name the Borrower as first named insureds and the Lender as additional named insureds and name all others required to be named under any of the Material Project Agreements, including architects, engineers, consultants, contractors, sub-contractors and trades of every tier;
 - (B) provide that no cancellation or termination thereof or material change therein, for any reason whatsoever, (with the exception of cancellation due to non-payment of premium for which statutory notice of cancellation may apply) shall take effect unless the insurer concerned has given the Lender not less than 30 days prior written notice of such proposed action;
 - (C) contain a waiver by the insurer of all rights of subrogation or indemnity or any other claim to which the insurer might otherwise be entitled against the Lender, the Lender and others to whom the Borrower has granted such waivers under any of the Material Project Agreements;
 - (D) contain a cross-liability clause and a severability of interests clause; and
 - (E) otherwise be in such form as the Lender shall reasonably require.
- (vi) So long as no Default or Event of Default has occurred and is continuing, the proceeds of all direct and indirect damage insurance shall be payable directly,
- (A) if Substantial Completion has not yet occurred, into an escrow account of the Borrower to be held by the Lender as additional security for the payment of all amounts payable hereunder, to be disbursed by the Lender against receipts payable in not more than 30 days for expenses incurred in repairing the damage or destruction or replacing property in respect of which the insurance is payable, or
 - (B) if Substantial Completion has occurred, to the Lender to be held as additional security for the payment of all amounts payable hereunder, in either case for release by the Lender to the Borrower to be applied by the Borrower in repairing the damage or destruction or replacing property in respect of which the insurance is payable upon receipt of:
 - (I) an Officer's Certificate of the Borrower stating that the proceeds of such insurance together with other funds held or arranged by the Borrower are sufficient to fully repair, rebuild or replace the damage or destruction in respect of which the insurance proceeds are payable;
 - (II) a letter of undertaking of the Borrower and the Guarantors to fully repair, rebuild and replace the damage or destruction in respect of which the insurance proceeds are payable; and

- (III) an opinion of the Independent Cost Consultant that the proceeds of insurance together with the other funds held or arranged by the Borrower will be sufficient to repair, replace or rebuild the damage or destruction in respect of which the insurance proceeds are payable.
- (vii) If a Default or an Event of Default has occurred and is continuing, the proceeds of all insurance other than workers' compensation insurance and third party liability insurance shall be payable to the Lender to be applied by it, with the approval of a Lender, in reduction of the amounts outstanding hereunder.
- (viii) The proceeds of all insurance held by the Lender shall, unless and until the same are applied or released to the Borrower as aforesaid, constitute continuing collateral security for the Borrower's obligations and liabilities in respect of amounts outstanding hereunder. The Lender shall place such funds in an interest-bearing account with the interest thereon to accrue to the benefit of the Borrower.
- (ix) The Borrower will provide certified copies of all Policies required hereunder to be purchased and maintained by the Borrower; until such time as certified copies of such insurance policies are available, the Lender may accept properly executed binders of insurance bearing the original signatures of the insurers and having attached the draft policy wording which has been accepted by the insurers, and otherwise is in form acceptable to the Lender and the Independent Insurance Consultant acting reasonably.
- (x) The Lender is authorized, in its sole discretion, to settle, adjust and comprise any claim greater than \$100,000 prior to a Default or Event of Default, and any claim regardless of amount after a Default or Event of Default.
- (h) Operating Insurance

After Substantial Completion has been achieved and for so long as any amounts are due hereunder:

- (i) It shall maintain or cause to be maintained:
 - (A) all risks insurance (including the perils of flood and earthquake, collapse and terrorism (if, in the case of insurance relating to terrorism, same is available on a commercially reasonable basis)), on property of the Borrower or for which they may be liable of every description located in or on the Project on a replacement cost, stated amount (no co-insurance) basis. The policy will include by-laws extensions to cover increased cost of construction, cost of demolition of the undamaged portion of the Project and resultant loss of income and replacement cost wording which will not restrict replacement to the "same or adjacent site";

- (B) boiler and machinery insurance on a comprehensive basis on all machinery and equipment of the Borrower or for which they may be liable located on the Project Lands, on a replacement cost basis;
- (C) business interruption insurance under the property and boiler and machinery insurance policies adequate to reimburse all lost revenues relating to the Project for a term of not less than 24 months;
- (D) commercial general and umbrella liability insurance, including insurance against claims for personal injury, death, property damage or other loss arising out of the business of the Borrower or the operation of the Project and extended to include coverage for contractual liability, contingent employer's liability, collapse, explosion and underground hazards with a minimum combined single limit of \$5,000,000 and for each Person using the Project, a minimum limit of liability for any one occurrence of \$10,000,000;
- (E) workers' compensation insurance as required by the laws and regulations of the Province of British Columbia covering employees of the Borrower and any other Person acting under the authority of the Borrower;
- (F) such other insurance as may be required to meet the obligations of the Borrower under any of the Material Project Agreements; and
- (G) such other insurance as the Lender upon consultation with the Independent Insurance Consultant may reasonably require from time to time;

all with insurance companies having a Standard and Poors A or Best's A VIII or TRAC 8 rating at time of placement and at all times thereafter with such insurance companies having comparable claims paying ability as approved by the Lender acting reasonably. Such insurance is to be in such form and amounts and with such deductibles as are customary in the case of owners of projects similar to the Project and in any event as are acceptable to the Lender.

- (ii) The all risk, boiler and machinery and business interruption insurance policies referred to herein shall:
 - (A) name the Borrower as first named insureds thereunder and as additional insureds all those required to be named as additional insureds under any of the Material Project Agreements,
 - (B) name the Lender as mortgagee and first loss payee and have attached the standard Insurance Bureau of Canada mortgage clause with respect to the all risk and business interruption policies, and the boiler and machinery underwriters' standard mortgage clause with respect to the machinery insurance policy;

- (C) provide that no cancellation or termination thereof or material change therein, for any reason whatsoever, (with the exception of cancellation due to non-payment of premium for which statutory notice of cancellation may apply) shall take effect unless the insurer concerned has given the Lender not less than 60 days prior written notice of such proposed action;
- (D) contain a waiver by the insurer or insurers of all rights of subrogation or indemnity or any other claim to which such insurer or insurers might otherwise be entitled against the Lender;
- (E) contain a breach of conditions clause; and
- (F) otherwise be in such form as the Lender shall reasonably require;

and such insurance policies may:

- (G) contain deductibles of up to \$250,000 per occurrence, except that in the case of earthquake risk, the deductible shall not exceed the greater of 3% of the value of the cost to repair earthquake damage or \$100,000 (or such other amount as recommended by the Independent Insurance Consultant from time to time acting reasonably);

(iii) The third party liability insurance policies shall:

- (A) name the Lender as an additional insured;
- (B) provide that no cancellation or termination thereof or material change therein, for any reason whatsoever, (with the exception of cancellation due to non-payment of premium for which statutory notice of cancellation may apply) shall take effect unless the insurer concerned has given the Lender not less than 30 days prior written notice of such proposed action;
- (C) contain a waiver by the insurer of all rights of subrogation or indemnity or any other claim to which the insurer might otherwise be entitled against the Lender;
- (D) contain a cross-liability clause and a severability of interests clause; and
- (E) otherwise be in such form as the Lender shall reasonably require.

(iv) So long as no Default or Event of Default has occurred and is continuing, the proceeds of all Operating Insurance other than workers' compensation insurance and third party liability insurance:

- (A) if the total amount of such proceeds does not exceed \$1,500,000, shall be payable to the Borrower;

- (B) if the total amount of such proceeds equals or exceeds \$1,500,000, shall be payable to the Lender to be held as additional security for the payment of all amounts payable hereunder, to be released by it to the Borrower upon receipt of:
 - (I) an Officer's Certificate of the Borrower stating that the proceeds of such insurance together with other funds held or arranged by the Borrower are sufficient to fully repair, rebuild or replace the damage or destruction in respect of which the insurance proceeds are payable;
 - (II) a letter of undertaking of the Borrower and the Guarantors to fully repair, rebuild and replace the damage or destruction in respect of which the insurance proceeds are payable; and
 - (III) in the case of damage to any of the buildings on the Project Lands, an opinion of the Independent Cost Consultant that the funds requested, from time to time, will be sufficient to repair, replace or rebuild the damage or destruction in respect of which the insurance proceeds are payable;
- (C) the proceeds of business interruption insurance shall be paid to the Borrower to pay Project expenses as they fall due;
- (v) Prior to Substantial Completion, if a Default or an Event of Default has occurred and is continuing, the proceeds of all insurance, other than workers' compensation insurance and third party liability insurance, shall be payable to the Lender to be held by the Lender as additional security for the payment of all amounts payable hereunder, to be applied by it, at the option of a Lender, in reduction of the amounts outstanding hereunder or released to the Borrower in accordance with the provisions of Section 11.01(h)(iv)(B)(I), (II), and (III);
- (vi) After Substantial Completion, if a Default or an Event of Default has occurred and is continuing:
 - (A) the proceeds of all insurance other than workers' compensation insurance, third party liability and business interruption insurance shall be payable to the Lender to be held by the Lender as additional security for the payment of all amounts payable hereunder, to be applied by it, at the option of the Lender, in reduction of the amounts outstanding hereunder or released to the Borrower in accordance with the provisions of Section 11.01(h)(iv)(B)(I), (II), and (III), and;
 - (B) the proceeds of business interruption insurance shall be payable to the Lender to be held by the Lender as additional security for the payment of all amounts payable hereunder, to be applied on account of ongoing obligations of the Borrower hereunder as the same fall due from time to time and, to the extent of any surplus, firstly to arrears of such payments and thereafter if a Lender have opted to release proceeds of insurance pursuant to Section 11.01(h)(vi)(A) in accordance with Section

11.01(h)(iv)(B)(I), (II), and (III), then the balance of the proceeds of business interruption insurance shall be payable to the Borrower to pay Project Expenses as they fall due, failing which the balance, if any, remaining after application of such proceeds as aforesaid shall be paid to the Lender as a partial prepayment of the Construction Facility.

- (vii) The proceeds of all insurance held by the Lender shall, unless and until the same are applied or released to the Borrower as aforesaid, constitute continuing collateral security for the Borrower's obligations and liabilities in respect of amounts outstanding hereunder. The Lender shall place such funds in an interest-bearing account with the interest thereon to accrue to the benefit of the Borrower.

(i) Financial Statements and Other Information

The Borrower and Guarantor shall deliver to the Lender as applicable:

- (i) Annual Financials - as soon as available and, in any event, within 120 days after the end of each of its fiscal years:
 - (A) copies of review engaged annual financial statements for the Borrower, consisting of balance sheets, statement of profit and loss and surplus and statement of changes in financial condition for each such year, together with the notes thereto, all prepared in accordance with generally accepted accounting principles consistently applied;
 - (B) copies of review engaged annual financial statements or personal net worth statements for each of the Guarantors;
- (ii) No Event of Default - concurrently with furnishing the financial statements pursuant to Section 11.01(i)(i), an Officer's Certificate of the Borrower stating whether any Default or Event of Default has occurred and is continuing and, if so, shall provide the information required under Section 11.01(u);
- (iii) Monthly Reports - unless delivered to the Lender within the previous three months pursuant to Sections 3.01, 3.02 or 3.03, as the case may be, the Borrower shall deliver within 15 days of each calendar month-end the following reports containing at a minimum the information below but subject to further reporting as requested by the Lender from time to time:
 - (A) Project status reports recording, in detail, the Budgeted Project Costs, revised costs incurred to date, costs paid to date, estimates of the Cost to Complete and accounts payable, a listing of aged accounts payable and outstanding cheques relating to Project Costs and details of Holdbacks, all in a form approved by the Lender;
 - (B) an up-to-date report showing all Condominium Sales Agreements, including the details of Unit numbers, Unit type, purchaser's name,

square footage, selling price, deposits paid and payable and the dates relating to same and the estimated balance payable on closing of such Unit (together with copies of any Condominium Sales Agreement not previously delivered to the Lender), and, where any material amendments have been made to any Condominium Sales Agreements, or any Condominium Sales Agreement has been terminated or purportedly terminated, since the date of the previous report, the particulars of such amendment(s) or termination, the form of such report to be approved by the Lender;

- (C) copies of any amendments to the Amended Disclosure Statement together with evidence that such has been provided to all purchasers, and information as to whether any purchaser has purported to rescind or otherwise terminate its Condominium Sales Agreement;
 - (D) a rent roll listing all Leases relating to the Commercial Component (together with copies of any Leases not previously been delivered to the Lender);
 - (E) a report on any ongoing arrangements for the sale of the Commercial Component; and
 - (F) where such report relates to the period in which property Taxes relating to the Project were payable, evidence of the payment of same.
- (iv) Other - at the request of the Lender, such other reports, certificates, projections of income and cash flow or other matters affecting its business affairs or financial condition as the Lender may reasonably request.
 - (v) Drawdown Request Material – if a Drawdown is not requested in any given month, the Borrower will within thirty days of the end of that month deliver to the Lender the same material that it is to deliver with a Drawdown Request.
 - (vi) List of Purchasers of Residential Units – if a Drawdown is not requested in a given month, the Borrower will within thirty days of the end of that month, deliver to the Lender an updated Schedule P showing a current list of purchasers.
- (j) Project Budget

The Borrower agrees that further advances under this Agreement shall be subject to the Lender's ongoing review and the Lender's continued approval of the Project Budget, recognizing that certain aspects of the Project's construction phasing may require ongoing adjustments and modifications, provided however that the Lender shall require all aspects of the phasing of the Project that are subject to any purchaser's deposit insurance bond to be completed in accordance with the terms of such bond. Borrower agrees it shall adjust the Project Budget as the Lender

may require to focus on and permit completion of components of the Project in an order required by the Lender.

(k) Rights of Inspection

At any reasonable time and from time to time upon reasonable prior notice, the Borrower shall permit employees and/or agents of the Lender to examine and make copies of and abstracts from the records and books of account of the Borrower and to visit and inspect the Project and the premises and property of the Borrower and to discuss the affairs, finances and accounts of the Borrower with any of the officers, senior employees or managers of the Borrower and to inspect any of the collateral subject to the security interests granted under or pursuant to the Security. All such examinations, visits and inspections of the Lender shall be coordinated through the Lender for logistics purposes in order to minimize the number of such examinations, visits and inspections.

(l) Use of Loans

It shall use the Construction Facility only for the purposes set out in Section 2.04.

(m) Payment of Taxes, etc.

It shall from time to time take such action as to ensure that the representation and warranty set out in Section 11.04 hereof shall remain true and correct at all times.

The Borrower shall maintain all realty Taxes current. The Borrower agrees that, the Lender shall have the right to require the establishment of a realty tax reserve by way of monthly payments representing the Lender's estimate of 1/12 of the annual realty Taxes payable on the Project Lands which realty Tax reserve shall be maintained in an account as required by the Lender. Notwithstanding the preceding, the Lender shall not be responsible for the payment of any realty Taxes.

(n) Necessary Acts for Security

Subject to Section 12.02, it shall perform, or shall cause to be performed at the request of the Lender, and at the Borrower's expense, such acts as may be necessary or advisable to preserve, protect or perfect any Lien provided for herein or under any of the Documents or otherwise to carry out the intent of this Agreement. Without limiting the generality of the foregoing, the Borrower shall, from time to time, execute, deliver and register or shall cause to be executed, delivered and registered such further deeds or other instruments of conveyance, assignment, transfer, mortgage, pledge or charge necessary or advisable for such purpose.

(o) Adequate Books

It shall maintain adequate books, accounts and records in accordance with generally accepted accounting principles and practices consistently applied.

(p) Material Project Agreements

It shall at all times be and shall remain in full compliance in all material respects with all of its covenants, agreements and obligations in and diligently enforce all its material rights under all Material Project Agreements. The Borrower shall not alter, amend or waive in any material respect any of its rights under or permit any termination, surrender or alteration in any material respect of any rights under any Material Project Agreement, without the prior written consent of the Lender, which consent may not be unreasonably withheld or delayed.

The Borrower shall, forthwith following receipt thereof, provide a copy to the Lender of any and all notices of claim of any material default or breach under any Material Project Agreement or of any condition entitling any party to terminate its obligations thereunder.

The Borrower shall provide to the Lender copies of all new Material Project Agreements (or any proposed amendments of existing Material Project Agreements) that it proposes to enter into prior to the entering into thereof in order to obtain the prior written consent of the Lender, which consent may not be unreasonably withheld or delayed. The Borrower shall provide written notice to the Lender of any assignment made by a contracting party to a Material Project Agreement. If and when requested by the Lender, the Borrower shall: (i) assign its interest in such agreements to the Lender as further Security [or update the schedule in an omnibus assignment agreement], (ii) obtain such consents as may be required to complete the assignment of such agreements to the Lender and, (iii) if required by the Lender, cause the Borrower's Counsel to provide the Lender with such legal opinion as the Lender may reasonably request with respect thereto.

(q) Performance Bonds

The Borrower shall ensure the Lender is named as co-obligee/beneficiary of all labour or material performance bonds obtained in respect of the Project (if approved by the issuer(s) of such bonds).

(r) Information

It shall at its expense, provide, or authorize any other Person to provide, to the Lender, the Independent Cost Consultant and the Independent Insurance Consultant (or any agent, officer or employee of any of them) such information relating to the Project, the construction program for the Project, the Plans and Specifications, the Project Budget, the status of all Material Project Agreements and such other information relating to this Agreement, the Project, the business of the Borrower and the other documents referred to herein, as may reasonably be requested by the Lender, the Independent Cost Consultant and the Independent Insurance Consultant.

(s) Access

For the purposes of monitoring compliance with the covenants and obligations of the Borrower hereunder, the Lender and the Independent Cost Consultant (through their agents, officers or employees) shall have the right, at their risk, to visit and inspect the Project to conduct tests, measurements and surveys in

relation to the Project, provided that such tests, measurements and surveys are conducted in accordance with prudent industry practice and/or are required as a result of the reasonable concerns of the Lender as to non-compliance with such covenant and obligation, and to be advised as to the same by, the officers, engineers and advisers of the Borrower (or such other Persons as may be appropriate), all at such reasonable times and intervals as the Lender and the Independent Cost Consultant may desire upon reasonable prior notice and in the presence of the Borrower if it so desires. Such visits, inspections, measurements, reviews and tests etc. shall be at the cost of the Borrower. Any such visit, inspection, examination, discussion or tests shall not be deemed to be supervision, charge, management, control or occupation by the Lender or the Independent Cost Consultant for purposes of any environmental or other liabilities.

(t) Independent Cost Consultant

It shall permit the Lender, and the Lender shall have the right (i) prior to the date on which Construction Completion occurs and (ii) thereafter, from time to time, if in the Lender's opinion there is a concern about compliance with the obligations of the Borrower hereunder, to appoint and remove one or more Independent Cost Consultant for the purpose of (a) issuing progress certificates required with respect to Drawdowns (b) certifying to the Lender the achievement of Substantial Completion and Construction Completion, (c) from time to time reviewing the operations of the Project and some or all of the reports required by this Agreement or the other Documents, (d) from time to time projecting the Cost to Complete, (e) performing such additional functions as the Lender shall from time to time reasonably request or (f) advising the Lender as to whether the Project is being constructed and operated in accordance with:

- (i) prudent industry practice;
- (ii) Applicable Laws; and
- (iii) the Project Budget, the Plans and Specifications and the other Material Project Agreements.

The Borrower shall pay all reasonable fees, costs and expenses of all such Independent Cost Consultant. The Lender may at any time vary the scope of the role of the Independent Cost Consultant, in its discretion.

(u) Notices

It shall promptly give written notice to the Lender:

- (i) of any Default or Event of Default, forthwith after become aware thereof, such notice to specify such default or defaults or such event and its proposed remedy in respect of same, if any, in reasonable detail and the estimated time frame in which such default or defaults will be cured, in respect of such default or defaults.
- (ii) of any dispute which may exist between the Borrower and any Governmental Authority or of any requirement of any Governmental Authority which, in each case, could have a Material Adverse Effect;

- (iii) of any litigation, proceeding or dispute which, if adversely determined would have a Material Adverse Effect and from time to time furnish to the Lender all reasonable information requested by the Lender concerning the status of any such litigation, proceeding or dispute.
- (iv) if at any time the Total Project Cost is expected to exceed the Project Costs Cap Amount;
- (v) of any labour controversy which would likely have a Material Adverse Effect or could have an effect on the timing of the Substantial Completion or Construction Completion;
- (vi) of the occurrence of an event of *Force Majeure* describing in reasonable detail the effects of such event on the operations of the Project, the action which the Borrower intend to take to remedy such event and the estimated date when the event of *Force Majeure* will be remedied and will cease to impair Construction or operation of the Project;
- (vii) of the cessation of any event of *Force Majeure*;
- (viii) of any other matter which could have a Material Adverse Effect;
- (ix) of any circumstance of which the Borrower has notice or is aware which could result in a material breach of or default or non-performance by any party under the Material Project Agreements, any Condominium Sales Agreement or under any Permit;
- (x) of any damage to or destruction of any property, real or personal, which forms part of the Project, which might give rise to an insurance claim, if the cost of any repairs to or replacement of assets of the Borrower exceeds \$250,000;
- (xi) of any instrument of which the Borrower has notice of or is registered against title to the Project and provide to the Lender a true copy of such instrument;
- (xii) of any threatened expropriation or notice of expropriation with respect to the assets and property of the Borrower, such notice to be delivered forthwith upon the Borrower becoming aware of such threatened expropriation or their receipt of notice of such proceedings and the Borrower hereby covenants and agrees that no such claim shall be compromised or settled without the prior written consent of the Lender;
- (xiii) of any non-compliance with Environmental Laws as referred to in Section 11.03(a) after becoming aware thereof, and of any Notice including any investigation, non-routine inspection or inquiry by any Governmental Authority in connection with any Environmental Laws relating to the Project; and
- (xiv) of such other information respecting the business, properties, condition or operation of the Borrower as the Lender may from time to time reasonably request in order to determine compliance by the Borrower with or otherwise

in connection with the administration or enforcement of this Agreement or any Document to which it is a party.

(v) Remedy of *Force Majeure*

If the Borrower has given notice to the Lender of an event of *Force Majeure*, it shall use its reasonable commercial efforts to remedy or cause to be remedied the same or causes thereof; provided that notwithstanding the foregoing, no party shall be required to settle strikes of its employees or of employees of its contractors, sub-contractors and others on terms which it reasonably regards as unreasonable.

(w) Management and Control of Project

The Borrower shall manage the development and Construction of, and shall operate, the Project in accordance with: (i) prudent industry practice; (ii) the Material Project Agreements; (iii) the Project Budget; (iv) the Warranties; (v) the Plans and Specifications; and (vi) the Construction Schedule. Subject to *Force Majeure*, it shall not abandon (for a single period of 20 days or more), and shall ensure that there is no abandonment of, the Project or cease, and shall ensure that there is no cessation of, Construction for such period of time as would reasonably be expected to affect the ability to reach Construction Completion of Phase 1 by April 30, 2022, as such date may be extended by the period of any extension in the term of the Construction Facility pursuant to any *Force Majeure* which has then occurred but in any event no later than the Maturity Date. Further, it shall register the strata plan or plans for the Project and file the disclosure statements as soon as possible pursuant to the *Strata Property Act* (British Columbia) and the *Real Estate Development Marketing Act* (British Columbia), respectively, as such Acts may be amended or superseded at any time, and cause the production, filings, registrations and recordations of all other Condominium Documents as may be required to operate the Condominium Complex in accordance with prudent industry practice. All of the foregoing documentation must be acceptable in form and content, to the Lender, acting reasonably.

(x) *Builders Lien Act* (British Columbia)

It shall comply with the provisions of the *Builders Lien Act* (British Columbia), including payments into and administration of all holdback accounts.

(y) GST Refunds

It shall file on a monthly basis all returns and other documents necessary to obtain the refund of goods and services Tax paid under the *Excise Tax Act* (Canada) in respect of the Project and apply the amount of any such refund to payment of Project Costs.

(z) Maximum Borrowing under Construction Facility

The Borrower shall at all times ensure that the outstanding balance of the Construction Facility does not exceed the Construction Loan Commitment Amount.

(aa) Borrower's Equity and Cost Overruns

The Borrower shall maintain at all times Borrower's Equity as required by the terms of this Agreement. Forthwith upon any Cost Overrun being identified by the Independent Cost Consultant and being instructed to do so by the Lender acting on the instructions of the Lender, the Borrower shall fund any Cost Overruns or additional equity contributions required under this Agreement.

(bb) Delivery of Amended Disclosure Statement/Confirmation of Receipt of Purchaser Deposit

The Borrower shall comply with any requirement to amend the Disclosure Statement and shall deliver any Amended Disclosure Statement to each purchaser of a Unit as soon as reasonably possible and in any event prior to the date required by Applicable Laws and use commercially reasonable efforts to obtain a receipt from such purchaser. The Borrower shall provide to the Lender confirmation of receipt of the complete Purchasers' Deposits it receives for each presale of a Unit, that any Amended Disclosure Statement was duly delivered to the purchaser of such Unit, and that the purchaser has not attempted to rescind the Condominium Sales Agreement. The Borrower shall provide to the Lender confirmation of receipt of any further deposit for each presale of a Unit.

(cc) Signage

The Borrower shall, or shall cause, the erection of two signs to be provided by the Lender (the size and content of which shall be acceptable to the Lender, acting reasonably but in any event not to exceed 4 feet by 8 feet) to be located at a prominent place upon the Project (one sign on No 3 Road and one on Alderbridge Way) announcing the project financing contemplated herein and details of the Lender, and will permit the Lender to publish in any media a notice that financing for the Project has been provided by the Lender, provided that such notice shall not set out any particulars of the financing other than the names of the parties, the amount of the financing, the description of the Project and such other information as may be approved by the Borrower, acting reasonably.

(dd) Location of Operating Accounts

The Borrower shall maintain all operating accounts relating to the Project or its business with financial institutions acceptable to the Lender during the term of this Agreement.

(ee) Purchaser Deposits Accounts

The Borrower will maintain the Purchaser Deposits in trust accounts opened with financial institutions approved by the Lender. Such accounts will be interest bearing current accounts.

(ff) Agreements of Purchase and Sale

The Borrower shall use all commercially reasonable efforts to sell the Units in accordance with prudent industry standards and with a view to preserving and protecting the Project and maximizing the revenue to be generated therefrom. The

Borrower shall deliver, or cause the delivery of, each Condominium Sales Agreements within 15 days of the acceptance dates thereof together with, where the sale of more than one Unit is contemplated in a Condominium Sales Agreement or where sales of multiple Units will be made to a single purchaser or, to the Borrower's knowledge, related purchasers, information as to the creditworthiness of the purchasers satisfactory to the Lender. If any purchaser purports to terminate its Condominium Sales Agreement, the Borrower will vigorously contest such action and advise the Lender of the details thereof.

(gg) Application of Project Revenues

The Borrower shall apply all Project Revenues to repayment of the Loan unless otherwise agreed by the Lender.

All amounts received on account of the sales of Units shall be applied in accordance with the provisions of Section 12.04 and 12.06.

(hh) Non-Disturbance Agreements

Simultaneously with the execution of any Major Lease (or any other Lease in respect of which the Lender makes a request), the Borrower shall use commercially reasonable efforts to obtain from the tenant thereunder an attornment and non-disturbance agreement in a form acceptable to the Lender.

(ii) Maintain Project Lands

To keep the Project Lands in good repair, working order and condition consistent with all consents, authorizations and Applicable Laws from time to time and to make all needful and proper repairs, renewals, replacements, additions and improvements thereto in accordance with prudent management practices.

(jj) First Refusal

The Borrower grants to the Lender the first right of refusal with respect to providing financing for any future phases of the Project or the development of the Project Lands.

11.02 Environmental Covenants of the Borrower

The Borrower covenants and agrees that, unless the Lender consent in writing:

(a) Compliance with Environmental Laws

It shall comply, and cause any other party that is acting under its authority to comply, in all material respects with all Environmental Laws (including, but not limited to, obtaining any Permits, licences or similar authorizations) relating to the Project and shall notify the Lender promptly of any event or occurrence relating to the Project which, in the opinion of the Borrower, acting reasonably, is likely to give rise to a Notice of non-compliance with any Environmental Laws;

(b) Release of Hazardous Substances

It shall use its reasonable commercial efforts not to cause or permit a Release of any Hazardous Substance at, on, under or near the Project except in compliance with Environmental Laws;

(c) Environmental Audits

It shall provide the Lender with an environmental site assessment/audit report of the Project Lands, or an update of such assessment/audit report: (i) upon the written request of the Lender if in its reasonable opinion there is a concern about the Borrower's or the Project's compliance with Environmental Laws, all in scope, form and content satisfactory to the Lender; (ii) if such assessment/audit report has been prepared at the request of or on behalf of any Governmental Authority; and (iii) if a Default or an Event of Default relating to an environmental matter has occurred, and the Lender has made a written request to the Borrower for such an assessment/audit report or update, within 30 Banking Days after such request, and all such assessments/audits reports or updates thereof shall be at the Borrower's expense and risk; an environmental site assessment/audit may include, for purposes of this Section, without limitation, any inspection, investigation, test, sampling, analysis, monitoring pertaining to air, land and water relating to the Project reasonably required under the circumstances giving rise to the request for the assessment/audit report;

(d) Production of Hazardous Substances

The Borrower shall not use the Project, or permit it to be used, to generate, manufacture, refine, treat, transport, store, handle, dispose, transfer, produce or process Hazardous Substances except in compliance with all Environmental Laws; and

(e) Environmental Records

It shall maintain in all material respects all environmental and operating documents and records, including, without limitation, Permits and Orders, relating to the Project in the manner and for the time periods required by Environmental Laws.

11.03 Negative Covenants of the Borrower

So long as any amount payable hereunder is outstanding or the Construction Facility is available hereunder, the Borrower covenants and agrees that, unless the Lender consents in writing:

(a) No Sale of Assets

Except for the sale of the Units in the ordinary course of business at prices not less than 95% of the gross revenue listed in Schedule O "Unsold Units" or as approved by the Lender for future phases of the Project, and except for the sale of the Commercial Component or the CIBT Bulk Sale as permitted hereunder pursuant to Section 12.04 or pursuant to the Subordination and Standstill Agreement required in Section 3.01(f) respectively, the Borrower shall not sell, transfer, assign, convey or otherwise dispose of the Project or any part thereof or interest

therein except as contemplated herein, but, for greater certainty, the Borrower may dispose of obsolete machinery or equipment and machinery and equipment that is being replaced.

(b) No Investments or Guarantees

The Borrower, shall not, directly or indirectly, make investments (other than normal cash management) in or otherwise acquire any property or capital of any other Person or guarantee or provide any indemnity in respect of the obligations of any other Person.

(c) No Merger, Amalgamation, etc.

The Borrower shall not, except as otherwise permitted hereunder, amalgamate, merge, consolidate or otherwise enter into any other form of business combination with any other Person.

(d) No Dissolution

The Borrower shall not liquidate, dissolve or wind-up or take any steps or proceedings in connection therewith.

(e) Ownership

The Borrower and Guarantors shall not permit any change to the percentage ownership interests in the Borrower as described in 10.01(hh) of this Agreement and existing as at the date of this Agreement.

(f) Non-Arm's Length Transactions

The Borrower shall not enter into any contract with any Person not dealing at arm's length for the sale, purchase, lease or other dealing in any property other than at a consideration which equals the fair value of such property or other than at a fair market rental as regards leased property.

(g) Negative Pledge

The Borrower shall not create, issue, incur, assume or permit to exist any Lien on the Project or the Project Lands other than Permitted Encumbrances except with the prior written consent of the Lender, such consent not to be unreasonably withheld.

(h) No Further Borrowing

The Borrower will not create, issue, incur or assume any further indebtedness for borrowed money except as otherwise permitted under this Agreement or permitted by the Lender in writing.

(i) Borrower's Business

The Borrower shall not carry on any business or have any assets or liabilities other than the ownership and operation of the Project.

(j) Amendment or Assignment of Material Project Agreements

The Borrower shall not amend a Material Project Agreement in any material respect unless the Lender have provided their prior written consent.

Where a Material Project Agreement provides that a contracting party may only assign its interest with the consent of the Borrower, the Borrower shall not permit such assignment unless the Lender have provided their prior written consent, such consent not to be unreasonably delayed, to such assignment.

(k) Unit Vendor Take Back Mortgages

The Borrower shall not enter into any Condominium Sales Agreement which contains a provision allowing for partial or full payment of the purchase price payable thereunder by way of a vendor take back mortgage or other debt instrument in favour of the Borrower (the intent being that all net proceeds of the sale of Units shall be in the form of cash money).

(l) Shares

The Borrower shall not issue any further equity interests unless such equity interests are issued to existing owners as at the date of this Agreement.

(m) Leasing

The Borrower shall not enter into any Leases or renew, or, in the case of Leases other than Major Leases (which may only be amended, terminated or forfeited in accordance with Section 11.01(p)), amend, terminate, forfeit or cancel any Leases unless:

- (i) such Leases, amendments, renewals, terminations, forfeitures or cancellations reflect good business practice and such terms as a prudent owner of a single similar property would accept having regard to all relevant factors and the leasing practice in the market at the relevant time;
- (ii) where a rent free period is granted by the Borrower to the tenants under such Lease, such period does not exceed three months;
- (iii) the minimum rent payable under such Lease is not less than 95% of the pro forma year minimum rent as set out in any rental projections provided by the Borrower to the Lender; and
- (iv) in respect of Major Leases, the prior written consent of the Lender has been received in respect thereof (such consent not to be unreasonably withheld).

(n) Lease Prepayments of Rent

The Borrower shall not accept or require payment of rent or other moneys payable by a tenant under any Lease that would result in more than three months of such rent or other moneys being prepaid under such Lease.

(o) Amendment of Project Budget

The Project Budget may not be revised by the Borrower without the consent of the Lender, provided the Borrower shall not require the consent of the Lender to amend line items in the Project Budget by amounts not exceeding 5% of the total amount of such line items to a maximum of \$200,000 for any such line item, and further provided that such amendment to the Project Budget does not have a Material Adverse Effect on the Project.

(p) Application of Contingency Amounts in Project Budget

The Borrower will not use any portion of the Contingency Amount to pay any management or other fees of the Borrower or to pay any amounts in excess of cash allowances under the Construction General Contractor Agreement which complies with Section 3.01(q) unless it has first obtained the consent of the Lender.

(q) Amendment of Plans and Specifications

The Plans and Specifications may not be revised by the Borrower in any material respect except with the consent of the Lender, such consent not to be unreasonably withheld, and provided the Borrower can demonstrate that it has received additional Borrower's Equity sufficient to cover any increased Budgeted Project Costs arising in connection therewith. Upon revision of the Plans and Specifications the Borrower will forthwith provide a copy to the Lender and the Independent Cost Consultant.

(r) Amendment of Construction Schedule

The Construction Schedule may not be revised by the Borrower in any material respect except with the consent of the Lender and provided the Borrower can demonstrate that it has received additional Borrower's Equity sufficient to cover any increased Budgeted Project Costs arising in connection therewith. Upon revision of the Construction Schedule the Borrower will forthwith provide a copy to the Lender and the Independent Cost Consultant.

(s) No Assignment of Condominium Sales Agreements

The Borrower will not consent to any assignment by a purchaser of a Condominium Sales Agreement unless the Borrower retains the deposits paid thereunder and the original purchaser is not released from its obligations and liabilities under the Condominium Sales Agreement.

(t) No Change in Use

The Borrower will not change the intended use of the Project or any part thereof.

(u) No Distributions

The Borrower will not make any distributions or withdrawals from the Project except for payments to the Lender in accordance with the provisions of this Agreement.

(v) No Early Occupancy

The Borrower shall not permit occupancy of a Unit prior to the applicable strata plan being filed in the Land Title Office and an occupancy certificate being issued by the municipal authorities for such Unit.

(w) No Further Amendments to Disclosure Statements

The Borrower will not file any amendments to the Disclosure Statements, except as required by Applicable Laws, including but not limited to the *Real Estate Development Marketing Act* (British Columbia) and the regulations thereto and after review by the Lender.

(x) Amendment of Subordinate Agreements

The Borrower shall not amend any of the agreements subordinated to the Lender, without in each case the prior written consent of the Lender.

11.04 Tax Covenants of the Borrower

The Borrower has timely filed with the appropriate Governmental Authorities all tax returns that are required to have been filed in any jurisdiction (which tax returns are true, correct and complete and have been prepared in accordance with applicable laws in all material respects), and has paid all Taxes shown to be due and payable on such returns and all other Taxes levied or assessed upon it or its properties, assets, income or franchises, to the extent such Taxes have become due and payable and before they have become delinquent, except for any Taxes (i) the amount of which is not, individually or in the aggregate, material or (ii) the amount, applicability or validity of which is currently being contested in good faith by appropriate proceedings and in accordance with applicable law need not be paid until the resolution of such proceedings and with respect to which the Borrower has established adequate reserves in accordance with generally accepted accounting principles. The Borrower knows of no basis for any other Tax that could reasonably be expected to have a Material Adverse Effect. The charges, accruals and reserves on the books of the Borrower in respect of federal, provincial, state or other Taxes for all fiscal periods are adequate. No income tax returns of the Borrower are currently the subject of audit by any Governmental Authorities. The Borrower has not made or filed any agreement, waiver or other arrangement providing for an extension of time with respect to the assessment or re-assessment of any Taxes or with respect to the filing of any tax returns for any taxation year.

11.05 Tax Indemnification by the Borrower: Gross Up Clause

(1) Each payment to the Lender under any Document including this Agreement (whether in respect of principal, interest, interest on overdue interest, fees or any other payment obligations) shall be made without setoff, counterclaim or reduction for, and free from and clear of, and without deduction for or because of, any and all present or future Taxes imposed, levied, collected, assessed or withheld by or within any applicable jurisdiction, unless the Borrower is required by law or the interpretations thereof by relevant Governmental Authority to make such withholding or deduction.

(2) If the Borrower does not pay, cause to be paid or remit payments due hereunder free from and clear of such Taxes, then the Borrower shall forthwith pay the Lender such additional amount ("**Tax Indemnity Amounts**") as may be necessary in order that the net after Taxes amount of every payment made to the Lender after provision for payment of any Taxes

payable by the Borrower and/or such Lender (including any deduction or withholding of Taxes imposed, levied, collected, assessed or withheld by or within any applicable jurisdiction on or with respect to Tax Indemnity Amounts and Taxes on or in respect of the receipt of Tax Indemnity Amounts), shall be equal to the amount which the Lender would have received had there been no such Taxes. No such Tax Indemnity Amount shall be payable in respect of:

- (a) a payment to the Lender if not dealing at arm's length with the Borrower within the meaning of the *Income Tax Act* (Canada) at the time of the payment;
- (b) any Tax, assessment or other governmental charge which would not have been imposed but for the existence of any present or former connection (other than the mere holding of the Loan or being a beneficiary of the Documents or exercising rights and remedies under the Loan or any other Document) between such holder and the applicable jurisdiction or any political subdivision or territory or possession thereof or therein or area subject to its jurisdiction, including, without limitation, the Lender being or having been a resident thereof, being or having been present or engaged in trade or business therein, or having or having had a permanent establishment therein, in each case other than as a result of the mere holding of the Loan or being a beneficiary of the Documents or exercising rights and remedies under the Loan or any other Document (for greater certainty, the exclusion in this clause (b); shall not apply to exclude Taxes under Part XIII of the *Income Tax Act* (Canada) or any successor provisions thereof).

(3) If as a result of any payment by the Borrower under any Document including this Agreement, whether in respect of principal, interest, interest on overdue interest, fees or other payment obligations the Lender is required to pay any Taxes imposed, levied, collected, assessed or withheld by any applicable jurisdiction (other than Taxes to the extent described in clauses 11.05(2)(a) or (b) above or in respect of a payment described in clauses 11.05(2)(a) or (b) above) or if a Governmental Authority asserts the imposition of such Taxes, then the Borrower will, upon demand by the Lender, indemnify the Lender for the imposition or payment of any such Taxes, whether or not such Taxes are correctly or legally asserted, and for any Taxes on such indemnity payment, in each case, together with any interest, penalties and expenses in connection therewith. All such amounts shall be payable by the Borrower on demand by the Lender, and shall bear interest at the Interest Rate.

(4) If any payment is made by the Borrower to or for the account of the Lender after deduction for or on account of any Taxes, and increased payments are made by the Borrower pursuant to this Section 11.05, then, if the Lender at its reasonable discretion determines that it has received or been granted a refund of such Taxes, the Lender shall, to the extent that it can do so without prejudice to the retention of the amount of such refund, reimburse to the Borrower such amount as the Lender shall, in its reasonable discretion, determine to be attributable to the relevant Taxes or deduction or withholding in respect of which the Borrower has paid Tax Indemnity Amounts. Nothing herein contained shall interfere with the right of the Lender to arrange its tax affairs in whatever manner it thinks fit and, in particular, the Lender shall not be under any obligation to claim relief from its corporate profits or similar tax liability in respect of such Tax in priority to any other claims, reliefs, credits or deductions available to it or oblige the Lender to disclose any information relating to its tax affairs or any computations in respect thereof.

(5) The Borrower will furnish the Lender, promptly and in any event within 45 days after the date of any payment by the Borrower of any Tax in respect of any amounts paid under the Documents, the original tax receipt issued by the relevant taxation or other authorities involved

for all amounts paid as aforesaid (or if such original tax receipt is not available or must legally be kept in the possession of the Borrower, a duly certified copy of the original tax receipt or any other reasonable satisfactory evidence of payment), together with such other documentary evidence with respect to such payments as may be reasonable requested from time to time by the Lender.

(6) The obligations of the Borrower under this Section 11.05 shall survive the payment or transfer of the Construction Facility and shall survive so long as any relevant limitations period with respect to any Taxes remains open and the provisions of this Section 11.05 shall also apply to successive transferees of the Construction Facility.

ARTICLE 12 **SECURITY**

12.01 Security

(1) The Borrower shall execute and deliver, or cause the execution and delivery, to the Lender the following as continuing collateral security for the performance by the Borrower and Guarantors of all of their obligations hereunder:

- (a) a first-ranking Mortgage of the Property, in the amount of \$422,000,000 or a modification of the existing mortgage in favour of the Lender;
- (b) a first-ranking general assignment of all present and future rents pursuant to Leases (Leases includes an offer to lease) affecting the Property together with all insurance and indemnities covering rents, and of all income and accounts derived from the Property including all proceeds receivable from early termination of any Lease and all other benefits and advantages from Leases;
- (c) first ranking (or next-highest ranking, for Guarantors) general security agreements creating a security interest in all the present and after-acquired personal property of the Borrower and Guarantors and proceeds thereof. Provided there is no Default or Event of Default, the Lender agrees to postpone (or provide a "no interest" letter in respect of) its security interest in respect of any Guarantor upon request where a Guarantor seeks financing in connection with its normal course business and is required to provide a personal property security in connection with such financing;
- (d) a specific assignment of all the Borrower's right, title and interest in, to and under all material contracts affecting or with respect to the Property and the Project, including, without limiting the generality of the foregoing, all economic incentives, license or lease agreements (including any license of occupation granted by the City of Richmond to the Borrower) material agreements and specifications, bonds, letters of credit, permits, licences, purchase and sale agreements and deposits (including the CIBT Bulk Sale Agreement), and specific development approvals and other agreements related to the Property, as required by the Lender, with all necessary consents of the other parties thereto. With respect to the assignment of Material Project Agreements Borrower shall use commercially reasonable efforts to cause the counterparties to acknowledge such assignment and to agree that Lender may cure Borrower defaults, in Lender's sole discretion. Such assignment shall including, without limitation, the Consultant Contracts and Performance Bonds, duly acknowledged by the Architect, the Project Manager and those Contractors designated by the Lender;

- (e) specific assignment of all security provided to third parties (including, without limitation, the City of Richmond or any other municipality, any public utility or any other Governmental Authority) with respect to any letters of credit or cash deposits related the Project, together with an irrevocable direction to pay any funds that otherwise would be payable to Borrower, upon the cancellation or return of such letters of credit or cash deposits, directly to Lender;
- (f) the Assignment of Purchase Agreements;
- (g) the covenant from the Borrower providing that it shall cause the Lender to be named as co-obligee/beneficiary of all labour and material and performance bonds (if approved by the issuer(s) of such bonds);
- (h) the Environmental Indemnity Agreement;
- (i) the Guarantee Agreements consisting of an unconditional, joint and several guarantees by the Guarantors as principal debtors and not as sureties for the performance of all obligations of the Borrower with respect to the Construction Facility, it being understood that the Lender shall not be obliged to proceed against the Borrower or to enforce or exhaust any security before enforcing its rights against any Guarantor;
- (j) acknowledgment of the status and terms of any contracts affecting or with respect to the Property including, without limitation, any pertaining to ownership, insurance, shared facilities, passageway agreements or other similar matters confirming the good standing of such contracts and the rights of the Lender under its security;
- (k) if any part of the Property is or becomes a condominium or strata, a specific assignment of all condominium association voting rights;
- (l) assignment of all insurance policies with respect to the Property and the Project and all proceeds and benefits therefrom;
- (m) a cost overrun and construction completion guarantee from Borrowers and Guarantors;
- (n) assignment, postponement and subordination by the owners of Borrower and corporate Guarantors, of any and all loans, indebtedness, distributions of income and/or capital owing or due to them from time to time. Provided there is no Default or Event of Default, Borrower may pay normal-course management fees as approved by Lender in its sole discretion;
- (o) assignment to Lender of any existing or future profit participation agreements affecting development of the Property or the Project or any portion thereof;
- (p) pledge of all issued ownership interests of Borrower;
- (q) such other security as the Lender shall require which is contemplated by this Agreement or which security more fully gives effect to the Security contemplated by this Agreement.

(2) The Borrower, Guarantors and Lender agree that the obligations to deliver the Security may be satisfied, in the sole discretion of the Lender, by relying on the security delivered in the Existing Loan Facilities with such amendments, updates, revisions, restatements or acknowledgements as the Lender may deem necessary or advisable (such additional documents forming part of the Security and incorporated into the definition of Security) and the Borrower and Guarantors shall cooperate and deliver such additional documents as may be requested all as a condition to the first advance to be made after the date of this Agreement.

12.02 Registration

The Lender shall, at the expense of the Borrower, register, file or record the Security in all offices where such registration, filing or recording is necessary or of advantage to the creation, perfection and preserving of the security applicable to it including, without limitation, any land registry offices in British Columbia. The Lender shall be permitted to renew such registrations, filings and recordings from time to time as and when required to keep them in full force and effect. The Security has been prepared based upon the laws of Canada and British Columbia applicable thereto in effect at the date hereof and such laws may change. The Lender shall have the right to require that any such forms be amended to reflect any changes in such laws, whether arising as a result of statutory amendments, court decisions or otherwise, in order to confer upon the Lender the security interests intended to be created thereby, except that in no event shall the Lender require that any such amendment be effected if the result thereof would be to grant the Lender greater rights than is otherwise contemplated herein.

12.03 After Acquired Property and Further Assurances

The Borrower shall from time to time execute and deliver all such further deeds or other instruments of conveyance, assignment, transfer, mortgage, pledge or charge in connection with all assets acquired by the Borrower after the date hereof and intended to be subject to the security interests created hereby including any insurance thereon.

12.04 Commercial Component: Sale or Financing

In the event that the Borrower desires to sell, refinance or joint venture with any Person with respect to the Commercial Component, the Borrower shall provide all relevant details and information with respect thereto to the Lender and shall require the prior written consent of the Lender before entering into any binding agreements. The Lender will determine the terms and conditions for providing its consent, including minimum purchase price or refinancing proceeds and the effect on the balance of the Project and application of proceeds of sale.

12.05 Assignment of Commercial Purchase Agreement

The Borrower agrees that if it enters into a Commercial Purchase Agreement, after obtaining the prior written consent of the Lender pursuant to Section 12.05, it shall assign its rights thereunder to the Lender as collateral security for its obligations hereunder. Such assignment agreement shall be acknowledged by the purchaser and be in form and substance satisfactory to the Lender.

12.06 Partial Releases

(1) Provided there is no Default or Event of Default, the Borrower shall be entitled to a partial release of the Security as it relates to the Units located in portions of the Project known

as Towers E and F, and for retail units located in Towers A through G (other than those which are sold to CIBT) if:

- (a) such partial release is permitted by law,
 - (b) such partial discharge will not material impact the value or enforceability of the Security,
 - (c) such partial discharge is in respect of a Qualified Condominium Presale or the sale of the Unit at the sales price otherwise approved by the Lender,
 - (d) all appropriate and necessary easement and similar agreements are in place and the provision of all land use planning requirements are met with respect to such release,
 - (e) the sale of such Unit to a bona fide arm's length purchaser has closed at a sales price not less than the prices agreed to by the Lender in its sole discretion (being those prices set out in Schedule O and P, as applicable or otherwise approved by the Lender), and
 - (f) upon payment to the Lender of 100% of the Net Sales Proceeds of such Unit together with the discharge fee for each Unit in accordance with Section 5.04.
- (2) All amounts repaid in respect of the principal amount of the Construction Facility shall result in a permanent reduction of the Construction Facility.
- (3) The Lender shall execute such releases of the Security in form and substance as the Borrower may reasonably require and shall deliver same to the Borrower's Counsel upon delivery to the Lender of the amount set forth in Section 12.06(1) or an undertaking by such Borrower's Counsel to remit the amounts described in Section 12.06(1) forthwith after the closing of such sale. The provisions of Section 12.06 relating to partial discharges shall not apply to the closing of the CIBT Purchase Agreement or the CIBT Bulk Sale and such releases shall be delivered by the Lender only upon repayment in full of the Loan and satisfaction of all obligations of the Borrower under this Agreement.
- (4) Notwithstanding the foregoing, the Lender acknowledges that the Borrower and CIBT are negotiating an amendment to the CIBT Purchase Agreement pursuant to which the Borrower will no longer be obligated to sell to CIBT the 126,482 square foot office tower ("**Tower G**") forming part of the Project, and that the Borrower intends to stratify Tower G and pre-sell the resulting strata lots (collectively, the "**Tower G Strata Lots**"). The Borrower shall provide the Lender with a price list of the Tower G Strata Lots for the Lender's approval in substantially the form attached as Schedule O. Following approval by the Lender of such price list, the Lender shall be obligated to grant partial discharges of its security over the Tower G Strata Lots as set out above in this Section 12.06 *mutatis mutandis*.

12.07 Future Agreements

The Lender agrees to, from time to time, upon the request of and at the expense of the Borrower, to execute and deliver:

- (a) a Priority Agreement in respect of each Future Development Encumbrance over the Security on terms satisfactory to the Lender, acting reasonably;

- (b) such acknowledgements and priority and other agreements as may reasonably be required pursuant to the terms of any Permitted Encumbrances (now or hereafter existing) or Future Development Encumbrance, provided the Lender is satisfied, acting reasonably, with the terms and conditions thereof.

ARTICLE 13
EVENTS OF DEFAULT AND ACCELERATION

13.01 Events of Default

(1) The occurrence of any one or more of the following events (each such event being herein referred to as an “**Event of Default**”) shall constitute a default under this Agreement:

- (a) if the Borrower defaults in payment of the principal of the Construction Facility either upon demand by the Lender or when otherwise due and payable and such default continues for 2 Business Days after such payment is due;
- (b) if the Borrower defaults in payment of
 - (i) any interest due,
 - (ii) any commitment fee or other fee due hereunder, or
 - (iii) any other amount not specifically referred to herein payable by the Borrower hereunder when due and payable;

and such default continues for 2 Business Days after notice of such default has been given by the Lender to the Borrower;

- (c) if the Borrower or a Guarantor neglects to observe or perform any covenant or obligation herein contained or contained in the Documents on its part to be observed or performed (other than a covenant or condition whose breach or default in performance is specifically dealt with elsewhere in this Section 13.01) and, after notice has been given by the Lender to the Borrower or Guarantor, as the case may be, specifying such default and requiring the Borrower or Guarantor, as the case may be, to put an end to the same (which said notice may be given by the Lender, in its discretion), the Borrower or Guarantor shall fail to remedy such default within a period of 10 days after the giving of notice or, where the Lender consider, acting reasonably, that such default cannot be cured within such 10 days, such longer period as the Lender may permit provided the Borrower or Guarantor, as the case may be, is diligently proceeding to cure such default;
- (d) if a default or event of default occurs under the any subordinate loans or related security to third parties;
- (e) if an event of default as defined in any indentures or instruments evidencing, or under which, indebtedness for borrowed money of the Borrower, is outstanding shall happen and be continuing or if the Borrower shall fail, within 5 days after the maturity or extended maturity of any such indebtedness to pay or refund the same; provided, however, that if such event of default under such indenture or instrument shall be remedied or cured by the Borrower, as the case may be, or be waived by the holders of such indebtedness before any judgment or decree for the payment

of the money due shall have been obtained or entered, then the Event of Default hereunder by reason thereof shall be deemed likewise to have been thereupon remedied, cured or waived without further action upon the part of the Lender;

- (f) if an event of default as defined in any indenture or instrument evidencing, or under which, any indebtedness for borrowed money of the Borrower is outstanding shall happen and be continuing and such debt shall have been accelerated and such acceleration shall not have been stayed, rescinded or annulled within 20 days after notice thereof shall have been given to the Borrower; provided, however, that if such event of default under such indenture or instrument shall be remedied or cured by the Borrower, or be waived by the holders of such indebtedness before any judgment or decree for the payment of the money due shall have been obtained or entered, then the Event of Default hereunder by reason thereof shall be deemed likewise to have been thereupon remedied, cured or waived without further action upon the part of the Lender;
- (g) if a decree or order of a court of competent jurisdiction is entered adjudging the Borrower or a Guarantor, a bankrupt or insolvent or approving as properly filed a petition seeking the winding-up of the Borrower or a Guarantor under the *Companies' Creditors Arrangement Act* (Canada), the *Bankruptcy and Insolvency Act* (Canada) or the *Winding Up and Restructuring Act* (Canada) or any other bankruptcy, insolvency or analogous laws or issuing sequestration or process of execution against, or against any substantial part of the assets of the Borrower or a Guarantor or ordering the winding up or liquidation of its affairs, and any such decree or order continues unstayed and in effect for a period of 10 business days;
- (h) if the Borrower or a Guarantor becomes insolvent, makes any assignment in bankruptcy or makes any other assignment for the benefit of creditors, makes any proposal under the *Bankruptcy and Insolvency Act* (Canada) or any comparable law, seeks relief under the *Companies' Creditors Arrangement Act* (Canada), the *Winding Up and Restructuring Act* (Canada) or any other bankruptcy, insolvency or analogous law, is adjudged bankrupt, files a petition or proposal to take advantage of any act of insolvency, consents to or acquiesces in the appointment of a trustee, receiver, receiver and manager, interim receiver, custodian, sequestrator or other Person with similar powers of itself or of all or any substantial portion of its assets, or files a petition or otherwise commences any proceeding seeking any reorganization, arrangement, composition or readjustment under any applicable bankruptcy, insolvency, moratorium, reorganization or other similar law affecting creditors' rights or consents to, or acquiesces in, the filing of such a petition;
- (i) if a final judgment or decree for the payment of money due shall have been obtained or entered against the Borrower or a Guarantor in an amount which, in the reasonable opinion of the Lender, would, in the case of the Borrower, have a Material Adverse Effect, or, in the case of a Guarantor, would have a Material Adverse Effect on its ability to perform its obligation under the Documents to which it is a party, and such judgment or decree shall not have been and remain vacated, discharged or stayed within 10 business days after it is obtained or entered;
- (j) if any representation or warranty made by the Borrower or a Guarantor in this Agreement or any Document, as applicable, or in any certificate or other document

at any time delivered hereunder by any of the foregoing entities to the Lender shall prove to have been incorrect or misleading in any material respect on and as of the date thereof;

- (k) if, unless solely as a result of any error, act or omission of the Lender, any of the Security shall cease to be a valid and perfected first priority security interest as against third parties and, provided the Lender are satisfied that their position will not be prejudiced, same is not rectified within 5 days of the Borrower receiving notice of the occurrence of such event;
- (l) if proceedings are commenced for the dissolution, liquidation or winding-up of the Borrower or a Guarantor or for the suspension of the operations of the Borrower or a Guarantor unless such proceedings are being actively and diligently contested in good faith;
- (m) if Construction ceases for a single period of 20 days or more, except as the result of Force Majeure;
- (n) if there occurs a default by the Borrower under any of the Material Project Agreements which results in a Material Adverse Effect;
- (o) if there is any reorganization of the Borrower or any consolidation, merger or amalgamation of the Borrower and with any other company or companies;
- (p) if an event of default as defined in any indenture or instrument evidencing any indebtedness for borrowed money (or other form of liability, contingent or otherwise) or under any agreement granting security therefor, where such indebtedness is of a full recourse nature to a Guarantor, and is in respect of indebtedness (in the aggregate relating to all such defaults) which is in excess of \$200,000, and such indebtedness shall have been accelerated;
- (q) if the Borrower fails to open, maintain and operate Holdback accounts as required by the *Builders Lien Act* (British Columbia);
- (r) if the Borrower fails to obtain consent for the withdrawal of monies from Holdback accounts from all parties as required under the *Builders Lien Act* (British Columbia); or
- (s) if a claim of lien is made against the Project or the Project Lands under the *Builders Lien Act* and is not released, discharged or vacated from title as required by the Lender.

(2) All periods for curing default contained in this Section 13.01 will run concurrently with any requirements for notice under any Canadian or other applicable law, including without limitation, the *Bankruptcy and Insolvency Act* (Canada).

13.02 Acceleration

- (1) If any Event of Default shall occur:
 - (a) the entire principal amount of Construction Facility then outstanding and all accrued and unpaid interest thereon; and

(b) all other payments or amounts due hereunder;

shall, at the option of the Lender, become immediately due and payable with interest thereon, at the rate or rates determined as herein provided, to the date of actual payment thereof, all without notice, presentment, protest, demand, notice of dishonour or any other demand or notice whatsoever, all of which are hereby expressly waived by the Borrower. In such event the Lender may, in its discretion, exercise any right or recourse and/or proceed by any action, suit, remedy or proceeding against the Borrower or Guarantors authorized or permitted by law for the recovery of all the indebtedness and liabilities of the Borrower or Guarantors to the Lender and proceed to exercise any and all rights hereunder and no such remedy for the enforcement of the rights of the Lender shall be exclusive of or dependent on any other remedy but any one or more of such remedies may from time to time be exercised independently or in combination.

13.03 Termination

In the event the Borrower is in default for any reason whatsoever under the terms of this Agreement or if it does not fulfill the conditions for disbursement of the Loan in accordance with the terms and conditions contained herein or in any other agreement or document arising under this Agreement, no later than five (5) business days prior to the date of first advance after entering into this Agreement, or if any information or document supplied by the Borrower is found to be incomplete or inaccurate in a material respect or if for any reason the Borrower does not accept all or a part of the proceeds of the Loan when the Lender makes them available, the parties to this Agreement hereby acknowledge that the Lender shall be entitled, at their discretion, to cancel their obligations under this Agreement. In that event, the Lender may suspend any obligations to make any advance but all obligations of the Borrower shall continue or if the Borrower terminates this Agreement for any reason, the Borrower shall remain liable and be required to pay and reimburse the Lender for all fees, costs and expenses as set out in in Section 2.09 and Article 15 whether or not the Loan is made. These agreements with respect to the Borrower's obligation to pay fees, costs and expenses are enforceable by the Lender notwithstanding the termination of this Agreement, each of such covenants and agreements having an independent existence from the other rights and obligations under this Agreement.

13.04 Remedies Cumulative and Waivers

For greater certainty, it is expressly understood and agreed that the rights and remedies of the Lender hereunder or under any other Document or instrument executed pursuant to this Agreement are cumulative and are in addition to and not in substitution for any rights or remedies provided by law or by equity; and any single or partial exercise by the Lender of any right or remedy for a default or breach of any term, covenant, condition or agreement contained in this Agreement or other document or instrument executed pursuant to this Agreement shall not be deemed to be a waiver of or to alter, affect or prejudice any other right or remedy or other rights or remedies to the Lender may be lawfully entitled for such default or breach. Any waiver by the Lender of the strict observance, performance or compliance with any term, covenant, condition or other matter contained herein and any indulgence granted, either expressly or by course of conduct, by the Lender shall be effective only in the specific instance and for the purpose for which it was given and shall be deemed not to be a waiver of any rights and remedies of the Lender under this Agreement or any other Document or instrument executed pursuant to this Agreement as a result of any other default or breach hereunder or thereunder.

13.05 Termination of Lender' Obligations

The occurrence of an Event of Default, unless waived by the Lender, shall relieve the Lender of all obligations to provide any further advances of the Construction Facility.

ARTICLE 14 CHANGE OF CIRCUMSTANCES

14.01 Change in Law

In the event of any change in any Applicable Law or official directive (whether or not having the force of law) or in the interpretation or application thereof by any court or by any governmental agency, central bank or other authority or entity charged with the administration thereof which now or hereafter:

- (a) subjects the Lender to any Tax or changes the basis of taxation, or increases any existing Tax, on payments of principal, interest, fees or other amounts payable by the Borrower to the Lender under this Agreement (except for Taxes on the overall net income or, subject to item (c) below, capital of the Lender);
- (b) imposes, modifies or deems applicable any reserve, special deposit or similar requirements against assets held by, or deposits in or for the account of or loans by or any other acquisition of funds by, an office of the Lender; or
- (c) imposes on the Lender or expects there to be maintained by the Lender any capital adequacy, capital maintenance or additional capital requirements in respect of the Construction Facility or any other condition with respect to this Agreement,

and the result of any of the foregoing shall be to increase the cost to, or reduce the amount of principal, interest or other amount received or receivable by the Lender hereunder or its effective return hereunder in respect of making or, maintaining the Construction Facility, the Lender shall determine that amount of money which shall compensate it for such increase in cost or reduction in income (herein referred to as "**Additional Compensation**"). Upon the Lender having determined that it is entitled to Additional Compensation in accordance with the provisions of this Section 14.01, the Lender shall promptly so notify the Borrower. The Lender shall provide to the Borrower a copy of the relevant law, rule, guideline, regulation, treaty or official directive and a certificate of a duly authorized officer of the Lender setting forth the Additional Compensation and the basis of calculation therefor, which shall be *prima facie* evidence of such Additional Compensation in the absence of manifest error. In such notice, the Lender must also state that it is seeking similar payment from borrowers with credits from the Lender that are, in the Lender's opinion, acting reasonably, similar to the Borrower and the Credit Facilities. The Borrower shall pay to the Lender within 90 days of the giving of such notice such Lender's Additional Compensation. The Borrower will only be responsible for costs incurred after receipt of notice from the Lender setting forth the basis for the Additional Compensation. The Lender shall be entitled to be paid such Additional Compensation from time to time to the extent that the provisions of this Section 14.01 are then applicable notwithstanding that the Lender has previously been paid any Additional Compensation. The Lender shall endeavour to limit the incidence of any such Additional Compensation, including seeking recovery for the account of the Borrower, by appealing any assessment at the expense of the Borrower upon the Borrower's request.

14.02 Prepayment

Notwithstanding the provisions hereof, if the Lender gives the notice provided for in Section 14.01, the Borrower may, upon 10 Banking Days notice to that effect given to the Lender (which notice shall be irrevocable), prepay in full without penalty the Construction Facility outstanding together with accrued and unpaid interest on the principal amount so prepaid up to the date of such prepayment, such Additional Compensation as may be applicable to the date of such payment and all costs, losses and expenses incurred by the Lender by reason of the liquidation or re-employment of deposits or other funds or for any other reason whatsoever resulting from the repayment of the Construction Facility or any part thereof on other than the last day of the applicable Interest Period, and upon such payment being made that the Lender's obligations to make such advances under the Construction Facility to the Borrower under this Agreement shall terminate.

14.03 Illegality

If the adoption of any applicable law, regulation, treaty or official directive (whether or not having the force of law) or any change therein or in the interpretation or application thereof by any court or by any governmental or other authority or central bank or comparable agency or any other entity charged with the interpretation or administration thereof or compliance by the Lender with any request or direction (whether or not having the force of law) of any such authority, central bank or comparable agency or entity, now or hereafter makes it unlawful or impossible for the Lender to make, fund or maintain the Construction Facility or to give effect to its obligations in respect thereof, the Lender may, by written notice thereof to the Borrower declare its obligations under this Agreement to be terminated whereupon the same shall forthwith terminate, and the Borrower shall prepay within the time required by such law (or at the end of such longer period as the Lender at its discretion has agreed) the principal of Construction Facility together with accrued interest, such Additional Compensation as may be applicable to the date of such payment and all costs, losses and expenses incurred by the Lender by reason of the liquidation or re-employment of deposits or other funds or for any other reason whatsoever resulting from the repayment of the Construction Facility or any part thereof on other than the last day of the applicable Interest Period. If any such change shall only affect a portion of the Lender's obligations under this Agreement which is, in the opinion of the Lender, severable from the remainder of this Agreement so that the remainder of this Agreement may be continued in full force and effect without otherwise affecting any of the obligations of the Lender or the Borrower hereunder, the Lender shall only declare its obligations under that portion so terminated.

ARTICLE 15 COSTS, EXPENSES AND INDEMNIFICATION

15.01 Costs and Expenses

In addition to any fees or cost recovery provision set out previously in Section 2.10 or otherwise in this Agreement, the Borrower shall pay promptly upon notice from the Lender all reasonable costs and expenses in connection with preparation, printing, execution and delivery of this Agreement and the other Documents to be delivered hereunder, whether or not any Drawdown has been made hereunder, including without limitation, the reasonable fees and out-of-pocket expenses of Lender's Counsel with respect thereto, and with respect to advising the Lender as to its rights and responsibilities under this Agreement and the other Documents to be delivered hereunder and the fees and expenses relating to the granting of participations in the Construction Facility. Except for ordinary expenses of the Lender relating to the day-to-day

administration of this Agreement, the Borrower further agrees to pay within 10 Banking Days of demand by the Lender all reasonable costs and expenses in connection with the preparation or review of waivers, consents and amendments and questions of interpretation of this Agreement and in connection with the establishment of the validity and enforceability of this Agreement and the preservation or enforcement of rights of the Lender under this Agreement and other documents to be delivered hereunder, including, without limitation, all reasonable costs and expenses sustained by the Lender as a result of any failure by the Borrower to perform or observe any of its obligations hereunder.

15.02 Indemnification by the Borrower

In addition to any liability of the Borrower to the Lender under any other provision hereof, the Borrower shall indemnify the Lender and hold the Lender harmless against any reasonable loss or expense incurred by the Lender as a result of:

- (a) any failure by the Borrower to fulfil any of its obligations hereunder including, without limitation, any cost or expense incurred by reason of the liquidation or re-employment in whole or in part of deposits or other funds required by the Lender to fund the Construction Facility as a result of the Borrower's failure to complete a Drawdown or to make any payment, repayment or prepayment on the date required hereunder or specified by it in any notice given hereunder;
- (b) the Borrower's failure to pay any other amount, including without limitation any interest or fee, due hereunder on its due date;
- (c) the provision of funds for any outstanding Letter of Guarantee before the maturity date of such Letter of Guarantee;
- (d) the Borrower's failure to give any notice required to be given by it to the Lender hereunder; or
- (e) the failure of the Borrower to make any other payment due hereunder.

15.03 Interest on Unpaid Costs and Expenses

Unless the payment of interest is otherwise specifically provided for herein, where the Borrower fails to pay any amount required to be paid by it hereunder when due having received notice that such amount is due, the Borrower shall pay interest on such unpaid amount from the time such amount is due until paid at the Interest Rate.

ARTICLE 16

SYNDICATION, PARTICIPATIONS AND ADMINISTRATION OF THE CREDIT FACILITY

16.01 Assignment by Lender

The Lender may, without the prior written consent of the Borrower, but on notice to the Borrower, at any time and from time to time, sell, assign, transfer, pledge, convey, syndicate or otherwise grant an interest the Construction Facility whether directly or by way of securitization and as part of any such transaction such Lender is hereby authorized to provide to prospective participants in such transactions all information received by such Lender regarding the Borrower and the Guarantor and the Project. The Borrower and Guarantors agree to provide any further financial or other information required by the Lender as part of such transactions and a certificate

confirming the status of the Construction Facility and the Project and otherwise to cooperate with the Lender's efforts to do any of the foregoing transaction and to execute all documents reasonably required by the Lender in connection therewith, including without limitation any assignment acknowledgment or collateral agency agreement.

The Lender shall promptly notify the Borrower and the Lender of such sale, assignment, transfer or grant and shall promptly deliver to the Borrower and the Lender a true copy of the assignment evidencing such sale, assignment, transfer or grant, in the form of Schedule L executed by such granting Lender and the assignee Lender, and thereupon the Lender shall have no further obligation hereunder with respect to such interest except in case of a grant to an Affiliate. No such sale, assignment, transfer or grant shall obligate the Borrower to pay (i) any additional amount on account of withholding tax pursuant to Section 11.04 (ii) had been paying or obliged to pay on account of withholding tax pursuant to Section 11.04 or (iii) would have been required to pay pursuant to Section 14.01 on account of any change in Law had such sale, assignment, transfer or grant not taken place.

16.02 Participations

The Lender may at any time, at its own cost and without the consent of or notice to the Borrower, grant one or more participations to banks, financial institutions or other Persons in all or a portion of its rights and obligations under this Agreement provided that the granting of such a participation shall not affect the obligations of the Lender hereunder nor shall it increase the costs to the Borrower hereunder and:

- (a) The Borrower shall be required to deal only and directly with the Lender as if the participation had not occurred;
- (b) The Lender granting the participation is entitled, in its own name, to enforce for the benefit of, or as agent for, any of its participants, all rights, claims and interests of such participants and no participant is entitled to do so on its own behalf; and
- (c) No payment by a participant to the Lender in connection with a participation shall be deemed to be a repayment by the Borrower or a new Construction Facility.

16.03 Participation or Syndication

The Lender and Borrower agree that upon the granting of any participations in the Construction Facility, assignments of a portion of the Construction Facility or syndication of the Construction Facility, the Lender or its designee shall be appointed by the participating lenders as the administrative agent, collateral agent and attorney for all the lenders on the terms and conditions of a participation agreement or agency agreement made among the Lender and all other participating lenders. The Borrower may be required to acknowledge such participation agreement or agency agreement.

ARTICLE 17 GENERAL

17.01 Credit Authorization and Consent to Disclosure

The Lender may collect, retain, release, disclose, exchange, share, transfer and assign from time to time, as it may determine in their sole discretion, all information and materials (including financial statements and information concerning the status of the Construction Facility,

such as existing or potential Events of Default, lease defaults or other facts or circumstances which might affect the performance of the Construction Facility) provided to or obtained by it relating to the Borrower, any Guarantor, the Property, the Project or the Construction Facility (both before and after the disbursement of funds and/or default thereunder) without restriction and without notice to or the consent of any Borrower or Guarantor (and the Borrower and each Guarantor hereby irrevocably consents thereto):

- (a) to any person who has, who acquires, or who proposes to acquire an interest in the Construction Facility or a participation therein;
- (b) to the respective third-party advisors and agents (such as lawyers, accountants, auditors, consultants, appraisers and credit verification sources) of such persons;
- (c) to the public or any group in any offering memorandum, prospectus or other disclosure document relating to any sale, syndication or securitization of the Construction Facility (including all initial and continuing disclosure requirements), regardless of format or scope of distribution;
- (d) to the public or other interested persons, directly or indirectly through information service providers or other market participants, for the purpose of providing market information from time to time relating to the status of the Construction Facility or any related securitization or any interest therein, regardless of format or scope of distribution;
- (e) to any governmental authority having jurisdiction over the Lender or over any sale, syndication or securitization of the Construction Facility or any trade of any interest therein;
- (f) to any other person in connection with the sale, syndication or securitization of the Construction Facility, including insurers and rating agencies; and
- (g) to any other person in connection with the collection or enforcement proceedings taken under or in respect of the Construction Facility.

Without limiting the foregoing, each Borrower and Guarantor hereby consents to the Lender obtaining all information as may be necessary from all available sources as to the creditworthiness of each Borrower or Guarantor and acknowledges that the Lender may collect or come into possession of personal information relating to certain individuals either comprising or otherwise connected with the Borrower or Guarantor which information may include contact information (mailing address, e-mail address, telephone number or fax number), financial information and status (bank account numbers, existing debts, personal net worth or credit history), date of birth, place of employment and social insurance number. Each Borrower and Guarantor acknowledges and agrees that such personal information may be used by Lender in connection with the processing, approving, funding, servicing and administering the Construction Facility and any sale, syndication or securitization of the Construction Facility, and in so doing the Lender may disclose and otherwise deal with personal information in the same manner and to the same persons as provided in the preceding paragraph without restriction and without notice to or the consent of any Borrower or Guarantor or any related individual. Each Borrower and Guarantor for itself and on behalf of its directors, officers, shareholders and principals, hereby consents to and authorizes such use and disclosure of all such personal information by the Lender and represents and warrants that it has full power and authority to give such consent and authorization

17.02 Nature of Obligations under this Agreement

(1) If there is more than one Borrower, all payment and performance obligations of the Borrower existing from time to time under this Agreement, the Security and all other documents related or entered into pursuant hereto and thereto (collectively, the "**Obligations**"), shall constitute joint and several obligations of the all the Borrowers and each of them. Each Borrower expressly represents and acknowledges that it is part of a common enterprise with the other Borrowers and that any advances of the Construction Facility made by the Lender to one or more persons who is a Borrower hereunder are and will be of direct and indirect interest, benefit and advantage to each of the Borrowers. Each Borrower acknowledges that any draw request or other notice or request given by one Borrower to the Lender shall bind each Borrower, and that any notice given by the Lender or its agent to any Borrower shall be effective with respect to all Borrowers. Each Borrower acknowledges and agrees that each Borrower shall be liable, on a joint and several basis, for the Construction Facility and all other Obligations, regardless of which Borrower actually may have received the proceeds of the Construction Facility or other extensions of credit or the amount of such loan received or the manner in which the Lender account among the Borrowers for the Construction Facility advanced, or other extensions of credit on its books and records, and further acknowledges and agrees that Construction Facility and other extensions of credit to any Borrower inure to the mutual benefit of all the Borrowers and that the Lender are relying on the joint and several liability of the Borrowers in extending the Construction Facility hereunder.

(2) The Guarantors jointly and severally with the Borrower, covenant and agree to satisfy all terms, conditions and requirements contained in this Agreement and the Security and each of the Borrower and Guarantors acknowledge and agree that their obligations hereunder, including, without limitation, the obligations to repay the Construction Facility, shall constitute primary obligations and shall be joint and several.

17.03 Notice

Any demand, notice or communication to be made or given hereunder shall be in writing and may be made or given by personal delivery or by transmittal by facsimile or other electronic means of communication addressed to the respective parties as follows:

To the Borrower:

Alderbridge Way Limited Partnership
200 – 1778 West 2nd Avenue
Vancouver, BC V6J 1H6
Attention: Samuel Hanson
Email: samhanson@southstreet.ca

With copies to:

Gatland Capital Corporation
760-1040 West Georgia Street
Vancouver, BC V6E 4H1
Attention: Graham Thom
Email: graham@gatlandcapital.ca

To the Guarantors:

To Gatland Capital Corporation:

Gatland Capital Corporation
760-1040 West Georgia Street
Vancouver, BC V6E 4H1
Attention: Graham Thom
Email: graham@gatlandcapital.ca

To South Street Development Managers, South Street (Alderbridge)
Limited Partnership, Samuel David Hanson, and Brent Taylor Hanson:

200 – 1778 West 2nd Avenue
Vancouver, BC V6J 1H6
Attention: Samuel Hanson and Brent Hanson
Email: samhanson@southstreet.ca brenthanson@southstreet.ca

To Rev Holdings Ltd. and Rev Investments Inc.:

Rev Holdings Ltd. and Rev Investments Inc.
28235 Smith Avenue
Abbotsford, BC V4Z 1C7
Attention: Jason Ratzlaff
Email: jason@reinvest.ca

To Romspen Investment Corporation as Lender:

162 Cumberland Street, Suite 300
Toronto, Ontario M5R 3N5
Attention: Blake Cassidy
Email: blakecassidy@romspen.com

With a copy to:

Joel Mickelson
Email: joelmickelson@romspen.com

or to such other address or facsimile number or email address as any party may from time to time notify the others in accordance with this Section 17.03. Any demand, notice or communication made or given by personal delivery shall be conclusively deemed to have been given on the day of actual delivery thereof, or, if made or given by email, other electronic means of communication, on the first Banking Day following the transmittal thereof.

17.04 No Criminal Rate of Interest

If any provision of this Agreement would oblige the Borrower, Covenantors or any Person to make any payment of interest or other amount payable to the Lender in an amount or calculated at a rate which would be prohibited by any Applicable Laws or would result in the receipt by the Lender of "interest" at a "criminal rate" (as such terms are defined in the *Criminal Code* of Canada) then, notwithstanding such provision, such amount or rate shall be deemed to have been adjusted with retroactive effect to the maximum rate of interest as would not be so prohibited by Applicable

Laws first by reducing the amount of interest paid or required to be paid and second by reducing fees or commissions, expenses or premiums to be paid to the Lender to the extent such would constitute "interest" under Section 347 of the *Criminal Code* of Canada.

17.05 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein, without prejudice to or limitation of any other rights or remedies available under the laws of any jurisdiction where property or assets of the Borrower or any of the Guarantors may be found.

17.06 Benefit of the Agreement

This Agreement shall enure to the benefit of and be binding upon the Borrower, the Guarantors, the Lender and their respective successors and permitted assigns.

17.07 No Assignment by Borrower or Guarantor

None of the Borrower or the Guarantors shall assign its respective rights or obligations hereunder without the prior written consent of the Lender, which consent may be withheld in its sole and absolute discretion.

17.08 Severability

Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall not invalidate the remaining provisions hereof and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

17.09 Whole Agreement

This Agreement constitutes the whole and entire agreement between the parties hereto and cancels and supersedes any prior agreements, undertakings, declarations, commitments, representations, written or oral, in respect thereof.

17.10 Further Assurances

Each of the parties hereto shall promptly cure any default by it in the execution and delivery of this Agreement, the Documents or of any the agreements provided for hereunder to which it is a party. The Borrower, at its expense, shall promptly execute and deliver to the Lender, upon request, all such other and further documents, agreements, opinions, certificates and instruments in compliance with, or accomplishment of the covenants and agreements of the Borrower or the Guarantors hereunder or more fully to state the obligations of the Borrower or the Guarantors set out herein or to make any recording, file any notice or obtain any consent, all as may be reasonably necessary or appropriate in connection therewith.

17.11 Time of the Essence

Time shall be of the essence of this Agreement and the Security.

17.12 Waiver

Any term or condition contained in this Agreement for the benefit of the Lender may be waived in whole or in part by the Lender at any time. No advance, either singularly or collectively, shall constitute a waiver of any of the Borrower's obligations nor obligate the Lender to make further advances under the Construction Facility.

The Lender's failure to insist upon a strict performance of any obligation or covenant of this Agreement by the Borrower or to exercise any option or right herein shall not be a waiver, or relinquishment for the future of such obligation or covenant, option or right, but the same shall remain in full force and effect and the Lender shall have the right to insist upon the strict performance by the Borrower of any and all of the terms and provisions of this Agreement and the Security.

17.13 Counterparts

This Agreement may be executed and delivered in any number of original and electronic counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument, and it shall not be necessary in making proof of this Agreement to produce or account for more than one such counterpart. Any party that executes this Agreement by an electronically-delivered counterpart will deliver an originally signed copy thereof to the Lender within seven days of providing its electronically-delivered counterpart.

17.14 Guarantors

Each of the Guarantors acknowledges and agrees to the terms of this Agreement.

[signatures follow on separate pages]

IN WITNESS WHEREOF the parties hereto have executed this Agreement.

THE BORROWER:

0989705 B.C. LTD.

Per: 

Name: Samuel Hanson

Position: Director

I have authority to bind the corporation.

ALDERBRIDGE WAY GP LTD.

Per: 

Name: Samuel Hanson

Position: Director

I have authority to bind the corporation.

ALDERBRIDGE WAY LIMITED PARTNERSHIP BY ITS
GENERAL PARTNER ALDERBRIDGE WAY GP LTD.

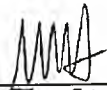
Per: 

Name: Samuel Hanson

Position: Director

I have authority to bind the corporation.

THE LENDER:**ROMSPEN INVESTMENT CORPORATION**

Per: 
Name: WESLEY REISMAN
Position: DIRECTOR

Per: _____
Name: _____
Position: _____

THE GUARANTORS:**GATLAND DEVELOPMENT CORPORATION**

Per: _____
Name: _____
Position: _____
I have authority to bind the corporation.

REV HOLDINGS LTD.

Per: _____
Name: _____
Position: _____
I have authority to bind the corporation.

REV INVESTMENTS INC.


Per: _____
Name: _____
Position: _____
I have authority to bind the corporation.

THE LENDER:**ROMSPEN INVESTMENT CORPORATION**

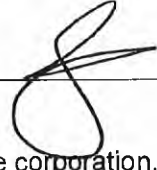
Per: _____
 Name: _____
 Position: _____

Per: _____
 Name: _____
 Position: _____

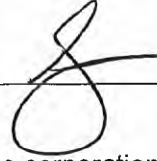
THE GUARANTORS:**GATLAND DEVELOPMENT CORPORATION**

Per:  _____
 Name: Graham Thor
 Position: Director
 I have authority to bind the corporation.

REV HOLDINGS LTD.

Per:  _____
 Name: Jason Ratzlaff
 Position: Director
 I have authority to bind the corporation.

REV INVESTMENTS INC.

Per:  _____
 Name: Jason Ratzlaff
 Position: Director
 I have authority to bind the corporation.

SOUTH STREET DEVELOPMENT MANAGERS LTD.

Per: _____

Name: *Samuel Hanson*Position: *Director*

I have authority to bind the corporation.

**SOUTH STREET (ALDERBRIDGE) LIMITED
PARTNERSHIP BY ITS GENERAL PARTNER
SOUTH STREET (ALDERBRIDGE) GP LTD.**

Per: _____

Name: *Samuel Hanson*Position: *Director*

I have authority to bind the corporation.

SIGNED, SEALED AND DELIVERED by in
the presence of:

Signature _____

Print Name **NICHOLAS R. SHON***Barrister & Solicitor*

1600 - 925 WEST GEORGIA ST.

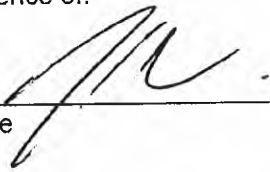
Address **VANCOUVER, B.C. V6C 3L2**

(604) 685-3456

Occupation _____

SAMUEL DAVID HANSON

SIGNED, SEALED AND DELIVERED by in
the presence of:



Signature

Print Name

Address

Occupation



BRENT TAYLOR HANSON

NICHOLAS R. SHON
Barrister & Solicitor
1600 - 925 WEST GEORGIA ST.
VANCOUVER, B.C. V6C 3L2
(604) 685-3456

SCHEDULE A
LEGAL DESCRIPTION OF PROJECT LANDS

Parcel Identifier 030-721-733

Lot 1 Section 5 Block 4 North Range 6 West New Westminster District Plan EPP86098

SCHEDULE B**LENDER COMMITMENT**

Lender's portion of Construction Loan Commitment Amount:

\$212,000,000 inclusive of the amount advanced under the Existing Loan Facilities.

SCHEDULE C

STANDARD CONSTRUCTION CONDITIONS

1. CONSTRUCTION ADVANCE REQUIREMENTS

All advances shall be made on a cost to complete basis not more frequently than once a month. No advance shall be made until the receipt by the Lender at least five (5) business days prior to the date of each advance of the following documents, in form and substance satisfactory to the Lender, and upon fulfillment by the Borrower of the following conditions precedent, to the entire satisfaction of the Lender

1.1 From the Borrower

- 1.1.1 a written draw request in the form annexed hereto as Schedule D ("**Drawdown Request**") supported with invoices indicating the amount and to whom funds are to be disbursed and confirming *inter alia* that, based on latest estimates, the aggregate amount of the advance and the costs of completion, as itemized, are sufficient to effect completion of the Project pursuant to the Plans and Specifications, the unadvanced portion of the Loan will be sufficient to fully complete the Project and to retire all payables relating to the Project, the costs with respect to which advances pertain are properly incurred in accordance with the Project Budget and that all persons participating in the construction of the Project are in good standing and the Borrower is not in default in payment of any sums to any such parties;
- 1.1.2 a Project expense summary outlining item, budget, cost to date, application of proceeds from the specific request and cost to complete. As indicated herein, the Lender shall not be required to advance funds at any time if it is not satisfied that the undrawn portion of the Loan is sufficient to pay the cost to complete the Project in accordance with the Plans and Specifications. In such event, the Borrower shall be required to pay such additional funds to the Lender to make the undrawn portion of the Loan equal to the cost to complete. In the event that the Independent Cost Consultant is unable to reconcile the Project expense statements as provided by the Borrower, the Lender reserves the right to suspend further advances until the discrepancy has been resolved to the satisfaction of the Lender and the Independent Cost Consultant.
- 1.1.3 billing statements, invoices, etc., from suppliers, architects, etc., to support non-major sub-contract items;
- 1.1.4 a statutory declaration that all accounts payable in respect to the Project for the period thirty (30) days prior to the date of the billing statements have been paid and that the Borrower has received no notice of claim for lien;
- 1.1.5 inspection reports from soil, structural, mechanical and electrical engineers as well as the Payment Certifier (defined in this Schedule C). The Lender hereby retain the right to refuse to advance funds if at any time there is an

adverse material change relating to environmental matters or risk to the Property;

- 1.1.6 a certificate signed by one senior officer of the Borrower confirming the representations and warranties set out herein and in the Security are true and correct as at the date of such advance as though made on that date.

- 1.2 From the Independent Cost Consultant a certificate to the effect that:

- 1.2.1 all construction work completed to date is in accordance with the Plans and Specifications and has been completed in a good and workmanlike manner;
- 1.2.2 that construction work is progressing in accordance with the Construction Schedule;
- 1.2.3 that portion of the Borrower's Drawdown covering direct construction costs represents work completed on the Project;
- 1.2.4 the unadvanced portion of the proceeds of the Loan is sufficient to complete the Project.

- 1.3 From a payment certifier as defined in the relevant provincial construction or builders' lien legislation (the "**Act**", the "**Payment Certifier**")

A draw certificate confirming and setting out *inter alia* the completion of work to date and compliance with applicable laws, an accurate statement of account and the amount required to complete the Project.

Such draw certificate shall be substantially in the form annexed to this Agreement as Schedule E ("**Draw Certificate**").

- 1.4 Other

- 1.4.1 an update of the opinion from the Lender's counsel, as of the date of each Drawdown Request, on the state of the title of the Property and of the property related thereto or used in connection with the operation thereof; such opinion shall confirm *inter alia* that the Borrower is the registered owner of the Property and such other property by good and valid title, free and clear of charges and encumbrances, other than Permitted Encumbrances, that there are no adverse filings concerning the Borrower with any applicable governmental authority which could affect the Security and all other matters with respect to which such counsel is acting on the Lender's behalf;
- 1.4.2 all conditions precedent to the first advance to be made have been fulfilled to the satisfaction of the Lender, including without limitation, receipt and approval by the Lender of all new binding offers to lease and leases;

- 1.4.3 such other documents and matters as the Lender may reasonably consider necessary or incidental to the foregoing Drawdown Request and Draw Certificate.

1.5 Reductions to Advances

The Lender shall be entitled to reduce each advance of funds by an amount required to meet holdback requirements pursuant to the Act, and also to ensure that the undrawn portion of the Loan is sufficient to fully complete the Project in accordance with Plans and Specifications.

1.6 Disbursement of Loan Proceeds

The Lender is hereby irrevocably authorized and directed to pay, in its sole and absolute discretion, the net proceeds of each and every construction advance to its counsel in trust or directly to the contractors who have actually performed work on the Property, provided, however, that the Lender agree that progress draws may include payments to the Borrower for the Borrower's direct labour costs relating to the Project

1.7 Borrower's Segregated Account

The Borrower shall be required to maintain a segregated bank account to receive all advances made on account of the Loan. The Borrower acknowledges and agrees that the Lender's counsel shall only be required to advance proceeds of the Loan by depositing the same to such segregated bank account unless otherwise agreed to in writing by the Lender.

2. **APPOINTMENT OF PROJECT INDEPENDENT COST CONSULTANT**

- 2.1 The Borrower acknowledges and agrees that the Lender will retain the Independent Cost Consultant, at the Borrower's expense, to review and comment on the estimated Project costs and to provide his written report on the Project Budget and monthly progress draw requests, all of which must be satisfactory to the Lender prior to any construction draw advances, at its sole and absolute discretion.

Prior to the first advance, the Independent Cost Consultant shall the Plans and Specifications, the Project Budget, the Construction Schedule, all cash flow projections and any other relevant material related to the Project.

Based on the foregoing, the Independent Cost Consultant shall supply to the Lender, at the time of his initial Project Budget review, his written professional opinion with regard to the following:

- 2.1.1 completeness of the Plans and Specifications;
- 2.1.2 compliance with building codes and zoning regulations and that all approvals, authorizations, permits and licences for the development and construction of the Project to comply with all applicable zoning, development and construction by-laws, regulations and decrees of all

authorities having jurisdiction have been obtained or will be issued, as and when required by law;

- 2.1.3 acceptance of design criteria;
 - 2.1.4 adequacy of the structural, electrical, and mechanical systems;
 - 2.1.5 adequacy of the Project Budget;
 - 2.1.6 completion and acceptability of fixed price contracts covering the cost of all contractors, trades and suppliers. Said contracts shall include a provision for performance, material and labour bonding of not less than fifty (50%) percent of the stated contract amount. The acceptability of the said contracts shall be at Lender's sole discretion;
 - 2.1.7 acceptability of the survey, plot plan, environmental report and soil report; and
 - 2.1.8 other pertinent aspects which in the Independent Cost Consultant's opinion should be known to the Lender.
- 2.2 At least once a month the Independent Cost Consultant shall make a site inspection, and will submit a report (the "**Monthly Report**") to the Lender commenting upon:
- 2.2.1 the progress of construction;
 - 2.2.2 any deficiencies noted during the inspection;
 - 2.2.3 conformance with the Approved Plans for work in place;
 - 2.2.4 adherence to the Construction Schedule;
 - 2.2.5 other pertinent aspects of the Project, which, in the Independent Cost Consultant's opinion, should be known to the Lender;
 - 2.2.6 acceptability of the Borrower's soft cost budget as submitted and evaluate the reasonableness thereof.
- 2.3 For each advance, the Independent Cost Consultant shall certify that the Construction General Contractor's requisition for funds represents work completed on the Project less the required construction lien holdback for which payment has not been received; and that the work to be completed does not exceed the amount of the undisbursed portion of the Loan.
- 2.4 The Independent Cost Consultant will request and review and the Borrower shall make available, actual cancelled cheques for costs paid on previous Drawdowns and the Independent Cost Consultant shall report back to the Lender on status of

payment to the various trades. This review is to take place every two to three months.

- 2.5 The expense of the Independent Cost Consultant's reports shall be paid by the Borrower and may be deducted by the Lender from the loan proceeds.

3. OTHER OBLIGATIONS OF THE BORROWER

- 3.1 During the Term of the Loan, the Borrower will:

3.1.1 request the Lender' approval to: a) each and every engineering and change notice or any variation from plans and budgets for the Project in excess of One Hundred Thousand Dollars (\$100,000.00) or 5% of the total budget each, whichever is lower; b) to each and every change notice or variation over and above aggregate changes and variations totalling One Hundred and Fifty Thousand Dollars (\$150,000.00) or 7.5% of the total budget, whichever is lower; c) to any change whatsoever which may have the effect of changing the use or purpose of the development approved by the Lender pursuant hereto;

3.1.2 promptly remove any encumbrance, lien or charge against the Project and in any event within fifteen (15) days of written notice by the Lender;

3.1.3 request funds solely for the Project;

3.1.4 allow the Lender and its Independent Cost Consultant to have access to the Project at all times;

- 3.2 Subject to applicable provincial regulation, upon substantial performance (as provided for and contemplated in the Act), the Borrower will obtain a certificate of substantial performance in prescribed form from the Payment Certifier and shall publish notice of substantial performance in a construction trade newspaper as required by the Act and shall supply the Independent Cost Consultant and the Lender with copies of the certificate and the publication.

Substantial completion advances will occur:

3.2.1 not less than forty-five (45) days after a certificate or declaration of

3.2.2 substantial performance has been published. On projects, which are phased, such advances shall occur not less than forty-five (45) days after substantial performance of the entire Project (all phases) unless the Borrower has let separate contracts for each phase;

3.2.3 provided no liens are registered on title or notified to the Lender;

3.2.4 provided final as-built drawings are confirmed by the authority having jurisdiction to be in compliance in all respects,

3.2.5 provided a completed "as built" survey of the Project approved by the requisite regulatory authority is delivered to the Lender;

- 3.2.6 provided final tenant estoppel certificates from all tenants for whom estoppel certificates are required pursuant to this Agreement acknowledging that the tenant is in possession and paying rent and confirming landlord's compliance with all terms of the lease, are delivered to the Lender;
- 3.2.7 provided evidence of "all risk" permanent insurance in form and content satisfactory to the Lender and its insurance consultant is delivered to the Lender;
- 3.2.8 upon the Lender receiving satisfactory evidence of the property being leased-up with tenants in occupancy and paying rent so as to provide net operating income from rentals sufficient to provide a minimum debt service coverage, as calculated by the Lender, of one point twenty-five (1.25) times;
- 3.3 Each and every obligation contained in this Agreement and to be performed,
- 3.4 satisfied, or furnished by the Borrower, is a condition precedent to the Lender' obligation to advance or to continue to make advances. In the case of any advance, all conditions precedent pertaining to the advance must be performed or satisfied to the Lender' satisfaction not less than five (5) business days prior to the scheduled date of the advance or the Lender shall be under no obligation to make the advance or any further advances.

4. **COST TO COMPLETE**

The Lender shall not be required to make any advance unless prior to making such advance, the Lender are satisfied that the unadvanced portion of the Loan will be sufficient to pay the cost to complete the Project. Where insufficient unadvanced funds remain, the Borrower shall be required to pay such additional funds to the Lender so as to make the unadvanced portion of the Loan equal to the cost to complete.

5. **BUDGETED COSTS**

Approval for the Loan is based upon projected budget costs as presented to and approved by the Lender in the Project Budget. Any material changes to these costs may, at the Lender' option, render this Agreement null and void.

6. **COST OVERRUNS**

The Borrower agrees to inform the Lender of any cost overrun as compared with the approved Project Budget. All cost overruns will be funded by the Borrower at the time they are incurred unless approved by the Lender, in their sole option, to be funded from the contingency reserve in the Project Budget, but in any event on a monthly basis.

7. **INTEREST RESERVE AND CAPITALIZATION OF INTEREST**

The interest reserve portion of the Project Budget is calculated on the basis of interest commencing from the date of the first advance, and does not provide for interest carrying costs for the Project prior to that date. Such prior carrying costs will not be paid as part of

the first advance, unless previously agreed upon in writing by the Lender, and will be the responsibility of the Borrower. The Lender reserve the right, at their sole discretion, to stop advancing from the interest reserve account in the event of any default under the terms of this Agreement or in the event of construction delays or cost overruns.

The Lender shall have the right at their sole option to capitalize any interest owing from time to time and to add same to the principal amount of the Loan and to treat it as part thereof and charge interest thereon. Such capitalized interest and interest thereon shall at all times be secured under the Security granted by the Borrower to the Lender pursuant to this Loan in first priority in the same manner as accrued interest. The Lender at their sole option shall have the right to treat such capitalized interest as principal or accrued interest.

8. **REPORTS**

The Borrower is required to provide, no later than 10 (ten) business days prior to the Date of the first advance:

- 8.1 a favourable geotechnical report prepared by the Project's engineers addressed to the Lender attesting to the satisfactory nature of the soil condition to support the buildings contemplated for the Project together with a letter of transmittal relating thereto in favour of the Lender a copy of such report shall be forwarded by the Borrower to the Independent Cost Consultant for his review;
- 8.2 a detailed construction budget, including soft costs, in form, detail and content satisfactory to the Lender setting forth the cost to complete the Project Budget;
- 8.3 a favourable report on the Project Budget by the Independent Cost Consultant acceptable to the Lender certifying, to the satisfaction of the Lender, the adequacy of the Project Budget for the purpose of completing construction of the Project and such other matters as contemplated by herein;
- 8.4 the final plans and specifications for the Project as approved by the municipality must be submitted to and approved by the Lender and verified against the Project Budget by the Independent Cost Consultant and found satisfactory to the Lender;
- 8.5 a monthly construction schedule (the "**Construction Schedule**") and a cash flow projection for the Project which shall forecast the amount and timing of the draw requests must be submitted to and approved by the Lender.

SCHEDULE D

DRAWDOWN REQUEST

TO: ROMSPEN INVESTMENT CORPORATION (the "Lender") as Lender

PROJECT:

LOCATION:

FILE:

ADVANCE NO.:

The undersigned [INSERT BORROWER NAME] (the "**Borrower**") hereby requests from the Lender an advance in the amount of _____ Dollars (\$_____) on the ____ day of _____, 20____ pursuant to the terms of the charge/mortgage dated the ____ day of _____, 20____, between the Borrower and the Lender (the "**Loan Agreement**"). Unless the context otherwise requires, the capitalized terms used herein shall have the same meaning as such terms are defined by the Loan Agreement.

The Borrower hereby represents, certifies and guarantees to the Bank as follows:

1. the representations and warranties contained in Section 10.01 of the Loan Agreement are true and accurate in all respects as of the date hereof as though made on and as of the date hereof;
2. all covenants of the Borrower contained in the Loan Agreement and all conditions precedent to a Drawdown have been complied with;
3. the contents of this certificate and each appendix hereto are accurate and complete in all respects;
4. construction of the Project is progressing satisfactorily so as to ensure its timely completion in accordance with the Construction Schedule;
5. the requirements of any applicable real property lien legislation, including, where applicable, the administration of any holdback accounts, are being met and nothing has occurred subsequent to the date of the Credit Agreement which has resulted or may result in the creation of any lien or legal hypothec, charge or encumbrance upon the premises or any part thereof or which has or may substantially and adversely impair the ability of the Borrower to make all payments of principal and interest under the Credit Agreement or which has or may substantially and adversely impair the financial standing of any guarantor(s) of the obligations of the Borrower under the Credit Agreement or any security agreement given in connection therewith. All amounts to be retained by the Borrower in respect of Holdbacks have been paid into the appropriate Holdback account;
6. any and all funds received from the Lender previously as advances under the Loan Agreement have been expended or are being held in trust solely for the purpose for which they were advanced; no item of construction costs previously certified to the Lender with

D-1

a request for advance remains unpaid as of the date hereof; and no part of said funds has been nor any part of the funds to be received pursuant to this request for advance shall be used for any other purposes; further, there are no trade or supplier disputes

7. the builders lien declaration attached hereto as Exhibit A is true and accurate;
8. no Event of Default has occurred or will result from the advance requested by the Borrower pursuant to this request (or would occur but for the requirement that time elapse or notice be given or both);
9. Appendix "A" hereto contains an accurate representation in respect of the Project expenses referred to therein (paid and unpaid), of the amount budgeted for each such expense in the Project Budget, its costs to date, including a breakdown between hard and soft costs, as compared to the Project Budget, the amount to be advanced pursuant to this request which is to be applied to such expense, the holdback related to each such expense and the cost to complete the Project with respect to such expense;
10. the full amount requested hereunder is required by the Borrower to pay, and shall be used by the Borrower, to pay for services actually rendered and for materials actually required and affixed to and incorporated into the Project in connection with the construction of the Project pursuant to the Mortgage Loan Agreement, the costs of which services and materials are reflected in the billing statements, vouchers and/or invoices from each supplier, contractor or subcontractor which has billed the Borrower in respect of the Project (copies of which statements, vouchers and/or invoices are attached hereto) and each contractor has executed the form of certificate annexed as Appendix "C";
11. the aggregate amount of this advance and the costs of completion of all items of expenses set out in Appendix "A" are sufficient to effect completion of the Project pursuant to the Approved Plans and to pay for all labour, material and other expenses in connection therewith;
12. all contractors, sub-contractors, suppliers of material, suppliers of services and other persons participating in the construction of the Project are in good standing and the Borrower is not in default in the payment of any sums to such parties or fulfillment of any of its obligations with respect thereto;
13. as of the date hereof, there remain sufficient funds undrawn under the Loan of Romspen Investment Corporation to defray all costs required to complete the Project in accordance with the Approved Plans and the Project Budget;
14. all funds previously advanced by the Lender to the Borrower under the Loan have been utilized by the Borrower to pay for all costs incurred with respect to the development and construction of the Project [OPTION: other than the sum of _____ Dollars (\$_____) which was used to finance the purchase of the Property];
15. the work of construction of the Project is being effected in accordance with the Construction Schedule approved by the Lender; and

16. there has occurred no change in any part of the Project Budget, except those set forth in Appendix "B" annexed hereto.

DATED the ____ day of _____, 20____.

BORROWER(S)

Per:

Name:
Title:

Per:

Name:
Title:

I/We have authority to bind the corporation

EXHIBIT A

BUILDERS LIEN OFFICERS
DECLARATION AND DIRECTION TO PAY

TO: Romspen Investment Corporation ("Lender")	BORROWER:	("Borrower")
ADVANCE NO:	PROJECT: [Name]	("Project")
CERTIFICATE DATE: [Date]	COMPLETION DATE: [Date]	("Completion Date")

1. I, [insert name], of [city, province] am the [title] of the Borrower and I have knowledge of the credit agreement between the Lender and the Borrower dated [Insert date] (the "Credit Agreement") and the security defined therein.
2. The representations and warranties contained in the Credit Agreement and the security are true and accurate in all respects as of the date hereof.
3. The requirements of the applicable real property lien legislation (the "Act") are being met for the Project and nothing has occurred subsequent to the date of the Credit Agreement or the security which has or may result in the creation of any lien, charge or encumbrance on the lands of the Project or any part thereof or which has or may substantially and adversely impair the Borrower's ability to make all payment of principal and interest and all other costs as required by the Credit Agreement or the security or which has or may have or may substantially and adversely impair the financial standing of any guarantor(s) or the Borrower's obligations under the Credit Agreement or the security.
4. The Lender is authorized to deduct the following amount(s) from the advance to which this certificate applies and deposit that amount into the holdback account(s) established pursuant to the Act for the Project (the "Project Holdback Account(s)") as follows:

\$[amount] to account no. [insert number] at [name of branch] branch (the "Holdback" or collectively, the "Holdbacks").
5. By holding the amounts the Borrower presently has on deposit in the Project Holdback Account(s) and by depositing the Holdback(s) into the Project Holdback Account(s) as described above, the Borrower is complying with all applicable provisions of the Act relating to holdbacks and holdback accounts.
6. The Borrower acknowledges that the Lender is not in any way responsible for the administration of the Project Holdback Account(s), including, but not limited to such matters as determining the amount of holdbacks required by the Act to be deposited into the Project Holdback Account(s), the number of Project Holdback Account(s) required for the Project or when monies are to be withdrawn from the Project Holdback Account(s) and I further acknowledge that it is solely the Borrower's responsibility to ensure the administration of the Project Holdback Account(s) complies with the requirements of the Act.

D-4

7. There are no trade or supplier disputes that the Lender has not been made aware of in writing.

8. All statements contained herein are true, complete and accurate.

Dated at [City], [Province] this [day] day of [month], 200[●].

BORROWER:

Per: _____

APPENDIX "A" TO SCHEDULE D DRAW REQUEST

DATED THE ____ DAY OF _____, 20__

Expenses (hard/soft cost)	Budget (as may be revised)	Paid	Invoiced/Not Paid	Holdback to Date	Costs to Date	Application of Proceeds from this Request	Cost to Complete
Total:							

(Name of Borrower)

Per: _____
(Senior Officer)

D-6

51167681.7

**APPENDIX "B" TO SCHEDULE D:
DRAW REQUEST CHANGES IN BUDGET**

APPENDIX "C" TO SCHEDULE D: DRAW REQUEST

CONTRACTOR'S CERTIFICATE

TO:

RE:

In accordance with our construction contract with _____, we confirm we are entitled to receive payment of the sum of _____ Dollars (\$_____) and certify that our invoice and summary of construction items attached hereto is true, complete and accurate and that the work and services covered by this certificate have been completed in accordance with our construction contract, that all items shown on previous requests for advances, if any, and on which payments have been received from the Borrower to ourselves have now been paid to all applicable parties and that in respect thereof, there is no outstanding indebtedness to ourselves or to any of our subcontractors and suppliers of material or other persons engaged by ourselves, save and except _____.

Per: _____

SCHEDULE E

DRAW CERTIFICATE

TO: ROMSPEN INVESTMENT CORPORATION (the "Lender") as Lender

PROJECT:

LOCATION:

FILE:

ADVANCE NO.:

In connection with the construction of the aforesaid Project, we hereby certify that as of the date hereof, and to the best of our knowledge and belief, after having made all inquiries and calculations that:

1. all construction work done and the materials incorporated in the Project to the date hereof are in accordance with the Plans and Specifications previously approved by the Lender and with the Project Budget previously submitted to and approved by the Lender and all such construction work complies with all applicable governmental regulations and requirements;
2. the following is accurate and complete as of the date hereof:

Statement of account: \$ _____

Original amount of the Construction Cost of Project:	\$
Additions to date:	\$
Deductions to date:	\$
Adjusted amount of the Construction Cost of Project:	\$
Value of work completed to date for Construction Cost of Project:	\$
Less 10% holdbacks:	\$
Holdbacks retained:	\$
Amount authorized for Project Costs to date:	\$
Less total amount authorized by previous draw certificates:	\$
Aggregate amount recommended by this certificate:	\$

3. the value of construction work remaining to be effected to complete the Project in accordance with the Plans and Specifications is in the amount of: _____ Dollars (\$_____).

DATED and **SIGNED** in the City of _____, Province of _____, this _____ day of _____, 20____.

BORROWER(S)

Per:

Name:
Title:

Per:

Name:
Title:

I/We have authority to bind the corporation

SCHEDULE F
REPAYMENT NOTICE

TO: ROMSPEN INVESTMENT CORPORATION, as Lender

FROM:

DATE:

This Repayment Notice is delivered to you pursuant to Section 8.01 of the loan agreement (the "**Loan Agreement**") made as of ●, 2019. All defined terms set forth in this Repayment Notice shall have the respective meanings set forth in the Loan Agreement.

1. We hereby give notice of a repayment as follows:

- (a) Date of repayment:
- (b) Loan Type:
- (c) Amount of Payment:

Yours very truly,

BORROWER:

Per: _____

Name:
Position:

SCHEDULE G

AGENT EXAMINATION OF IDENTIFICATION FORM

BORROWER NAME(S): _____

I, _____ certify that I have personally met with each applicant and examined original copies of at least **two valid and current** identification documents from the list in Appendix A, one of which includes a picture and was issued by a federal, territorial or provincial government, and I **attach a photocopy of both sides of each ID hereto**. I have recorded below the following information for each borrower, guarantor, consenting spouse and/or signing officer:

Borrower #1

LAST NAME	FIRST NAME	SECOND NAME	DATE OF BIRTH	OCCUPATION
IDENTIFICATION TAKEN (specify ID type and number)			EXPIRY	PLACE OF ISSUANCE
IDENTIFICATION TAKEN (specify ID type and number)			EXPIRY	PLACE OF ISSUANCE
THIRD PARTY CERTIFICATION: (initial appropriate box) I hereby certify that I will be the (or one of the) registered owner(s) of the property on closing and:				
<input type="checkbox"/> the property <u>will not</u> be used by, or on behalf of, or is for the benefit of, a third party		OR	<input type="checkbox"/> the property <u>will</u> be used by, or on behalf of, or is for the benefit of, a third party.	
POLITICALLY EXPOSED FOREIGN PERSON (PEFP) OFFICIAL CERTIFICATION: (initial appropriate box) I hereby certify that I or members of my family are:				
<input type="checkbox"/> a Politically Exposed Foreign Person, as defined in Appendix "A"		OR	<input type="checkbox"/> NOT a Politically Exposed Foreign Person, as defined in Appendix "A".	
BORROWER SIGNATURE:				

Borrower #2

LAST NAME	FIRST NAME	SECOND NAME	DATE OF BIRTH	OCCUPATION
IDENTIFICATION TAKEN (specify ID type and number)			EXPIRY	PLACE OF ISSUANCE
IDENTIFICATION TAKEN (specify ID type and number)			EXPIRY	PLACE OF ISSUANCE
THIRD PARTY CERTIFICATION: (initial appropriate box) I hereby certify that I will be the (or one of the) registered owner(s) of the property on closing and:				
<input type="checkbox"/> the property <u>will not</u> be used by, or on behalf of, or is for the benefit of, a third party		OR	<input type="checkbox"/> the property <u>will</u> be used by, or on behalf of, or is for the benefit of, a third party.	
POLITICALLY EXPOSED FOREIGN PERSON (PEFP) OFFICIAL CERTIFICATION: (initial appropriate box) I hereby certify that I or members of my family are:				
<input type="checkbox"/> a Politically Exposed Foreign Person, as defined in Appendix "A"		OR	<input type="checkbox"/> NOT a Politically Exposed Foreign Person, as defined in Appendix "A".	
BORROWER SIGNATURE:				

*If the Borrower(s) will be the registered owner of the property on closing which will be used by, on behalf of or is for the benefit of, a third party other than the Borrower(s) named above, particulars of any third party are included in the attached Appendix "B" Third Party Information Form.

The identification provided from the above individuals is current and valid and has been verified by me in accordance with the Proceeds of Crime (Money Laundering) Regulations of Canada.

Signature of Solicitor: _____

Name (please print) _____ Date: _____

AGENT EXAMINATION OF IDENTIFICATION FORM

List of Acceptable Identification Documents - Appendix A

Obtain two pieces of identification, at least one of which contains a photograph and is from List A and one piece of identification may be provided from List B.

NOTE: all personal ID taken must be current and original documents to be valid.

List A:

1. Drivers License
2. Passport
3. Valid foreign ID, if equivalent to an acceptable type of Canadian identification document (for example, a valid foreign passport is acceptable). Note: if Foreign ID is taken from someone here in Canada, also look for an Immigration Canada stamp on their passport, a Landed Immigrant form or a non-expired Student Visa.
4. Record of Landing
5. Permanent Resident Card
6. Unexpired Firearms Acquisition Certificate (FAC) or a license — either a Possession Only or a Possession and Acquisition License (PAL) — issued by the Canadian Federal government under the *Firearms Act*.
7. Armed Forces ID issued by the Government of Canada
8. FAST Express Card. The card, issued by the Canadian Border Agency, is used to expedite the delivery of goods back and forth between Canada and the U.S. It includes the borrower's name, date of birth, gender, citizenship, a photo, expiry date and a unique identifier number, and are issued for a five year period.
9. Other similar documents such as an Old Age Security Card or a card with the individual's signature and photograph on it issued by the following:
 - The Insurance Corporation of B.C.
 - Alberta Registries
 - Sask. Government Insurance
 - The Dept. of Service Nova Scotia and Municipal Relations
 - The Dept. of Trans. and Public Works of the Province of P.E.I.
 - The Dept. of Gov. Services and Lands of the Province of Nfld. Labrador
 - The Dept. of Transportation of the NWT.
 - The Dept. of Community Government and Transportation of the Territory of Nunavut

List B:

1. Birth Certificate (must be issued by a provincial, territorial or federal government. For example, a Birth or Baptismal certificate issued by a church would not be acceptable).
2. Employee identity card with a photograph from an employer well known in the community
3. Signed automated banking machine (ABM) card or client card issued by a member of the Canadian Payments Association *
4. Signed credit card issued by a member of the Canadian Payments Association *
5. Signed Canadian Institute for the Blind (CNIB) client card with a photograph
6. Certificate of Indian Status

*For a list of CPA members, refer to www.cdnpay.ca/membership/member.asp

Notes:

- i) We can use an individual's Provincial Health Card but only if not prohibited by provincial or territorial legislation.
- ii) **Currently Ontario, Manitoba and P.E.I. prohibit use of this card. In Quebec, we can not request to see a client's Health Card, but we may accept it if the client wants to use the Health Card for ID.**
- iii) A Social Insurance Card can be used to verify the ID of the client, but we cannot provide this number to FINTRAC.

Non-Residents Offering Identification:

In these cases, we need to see the original ID or a Notarial Certificate certified by the local Canadian Consulate / Embassy of the applicant's country.

Politically Exposed Foreign Person (PEFP):

A PEFP is a person who is a "senior political figure" any member of a senior political figure's "immediate family", and any "close associate" of a senior political figure.

A **senior political figure** is an individual who holds or has ever held in the past, one of the following offices or positions in or behalf of Canada or a **foreign** country:

- | | |
|---|--|
| <ul style="list-style-type: none"> o a head of state or government; o a member of the executive council of government or member of a legislature; o a deputy minister (or equivalent); o an ambassador or an ambassador's attaché or counselor; | <ul style="list-style-type: none"> o a military general (or higher rank); o a president of a state owned company or bank; o a head of government agency; o a judge; or o a leader or president of a political party in a legislature. |
|---|--|

PEFP's also include the **Immediate family members** of any individual described below:

- | | |
|---|--|
| <ul style="list-style-type: none"> o spouse or common law partner; o child; brother, sister, half-brother or half-sister; o mother or father; or | <ul style="list-style-type: none"> o spouse's or common-law partner's mother or father. |
|---|--|

**AGENT EXAMINATION OF IDENTIFICATION FORM
THIRD PARTY INFORMATION FORM – APPENDIX B**

INFORMATION ABOUT THE THIRD PARTY:	
Personal Information (if applicable):	
Full Name:	
Address:	
City:	Province:
Country:	Postal Code:
Occupation:	Date of Birth
Business Information (if applicable):	
Name of Business:	Nature of Business:
Incorporation Number and Place of Issue:	
Address:	City:
Country:	Postal Code:
Signature of Individual and Name of Firm completing this declaration:	
What is the relationship between the registered owner of the property on closing and the Third Party? <input type="checkbox"/> Agent <input type="checkbox"/> Borrower <input type="checkbox"/> Employee <input type="checkbox"/> Friend <input type="checkbox"/> Relative <input type="checkbox"/> Trustee <input type="checkbox"/> Power of Attorney <input type="checkbox"/> Other (specify) _____	
Additional Comments:	

AMLIVF Form Dec 2008 .doc

SCHEDULE H**ROMSPEN INVESTMENT CORPORATION
AUTOMATIC MORTGAGE PAYMENT SERVICE
AUTHORIZATION FORM**

To sign up for the Automatic Mortgage Payment Service, simply fill out the form attached, keep a copy for your files, and return the original form with a "void" cheque to ROMSPEN INVESTMENT CORPORATION.

If there are any changes to your regular payment, we will send you a notice at least ten (10) days in advance of your debit. This will give you plenty of time to review the adjustment before your payment. If you wish to make any changes or cancel your Automatic Payment Service you can do so by calling your Account Manager.

Your Automatic Mortgage Payment Service will begin approximately one (1) month after you complete and return the attached form to our office, and will be confirmed by letter from us. All of your account information will be kept confidential.

Pre-Authorized Debit (PAD) Agreement

Loan No. _____

To: **Romspen Investment Corporation** (the "Payee")

This Authorization is provided for the benefit of the Payee and our Financial Institution and is provided in consideration of our Financial Institution agreeing to process debits against our account in accordance with the Rules of the Canadian Payments Association (the "CPA Rules").

INSTRUCTIONS: Please complete all sections to instruct your Financial Institution to make payments directly from your account. Return the completed form with a blank cheque marked "VOID" to the payee below.

BANK ACCOUNT INFORMATION		
CUSTOMER (ACCOUNT HOLDER) INFORMATION (Please print)		
Name:		
Mailing Address:		
City	Province	Postal Code:
Telephone Number:		
Deposit Account Number:		Branch Transit Number:
Financial Institution Number:	Chequing Account:	Savings Account:
Financial Institution: Name:		
Branch Address:		
PRE-AUTHORIZED DEBIT (PAD) PAYEE DETAILS		
Company Name: Romspen Investment Corporation		
Account Number:		
Mailing Address: 162 Cumberland Street, Suite 300		
City: Toronto	Province: Ontario	Postal Code: M5R 3N5
Telephone Number: (416) 966-1100		Fax Number: (416) 966-1161
E-mail: info@romspen.com		

Account Information: The account that the Payee is authorized to draw upon is indicated above. A specimen cheque available for this account has been marked "VOID" and is attached to this authorization.

Accuracy and Changes in Account Information: By signing this Authorization, we certify that all information contained in this form is accurate and we agree to inform the Payee, in writing, of any change in the information provided prior to the next due date of the PAD.

Valid Signing Authority: We warrant and guarantee that all persons whose signatures are required to sign on this account have signed this agreement below.

Authority to Debit Account: We hereby authorize the Payee to draw on our account indicated above with our Financial Institution, for the following purpose: **Mortgage Payments**

Frequency and Amount of Debits: A debit, in paper, electronic or other form in the amount of \$ _____ with a reasonable latitude for adjustments and in no case to exceed \$ _____, may be drawn on our account Monthly (frequency: Weekly/Monthly/Bi-monthly/sporadic) beginning on _____.

Annual top-ups or adjustments are/not permitted. *If payments are sporadic*, we agree to cooperate with the Payee to pre-authorize the processing of each and every PAD against our account whether authorized verbally or electronically, by use of a password, secret code or such other signature equivalent, as the parties shall agree to constitute valid authorization.

Validation by Processing Financial Institution: We acknowledge our Financial Institution is not required to verify that any purpose of payment for which a PAD was issued has been fulfilled by the Payee or that a PAD has been issued in accordance with the particulars of our Authorization including, but not limited to, the amount, as a condition to honouring a PAD issued by the Payee on our account.

Recourse/Reimbursement: We have certain recourse rights if any debit does not comply with this agreement. For example, we have the right to receive reimbursement for any debit that is not authorized or is not consistent with this PAD agreement. To obtain more information on our recourse rights, we may contact our financial institution or visit www.cdnpay.ca.

Our Rights of Dispute: We may dispute a Pre-Authorized Debit in accordance with CPA Rules under the following conditions:

1. The PAD was not drawn in accordance with our Agreement; or
2. This Authorization was revoked.

In order to be reimbursed, we acknowledge that a declaration to the effect that either (1) or (2) took place, must be completed and presented to our branch of our Financial Institution up to and including 10 calendar days after the date on which the disputed PAD was posted to our account. We acknowledge that any claim made after 10 business days or for any reason other than the above, is a matter to be resolved solely between the Payee and ourselves.

Acceptance of Delivery of Authorization: We acknowledge that provision and delivery of this authorization to the Payee constitutes delivery by us to our Financial Institution. Any delivery of this Authorization to you constitutes delivery by us.

Cancellation of Arrangement: This Authorization may be cancelled at any time upon notice by us to the Payee at least 30 days prior to the PAD being issued.

Pre-Notification Waiver: We agree with the Payee to waive the requirement under the CPA Rules to receive a written pre-notification prior to each PAD as set out in the Rules.

Contract for Goods or Services: Revocation of this Authorization does not terminate any contract for goods or services that exists between the Payee and us. Our Authorization applies only to the method of payment and does not otherwise have any bearing on the contract for goods or services exchanged.

We understand and agree to this PAD arrangement and to the disclosure of any confidential information to any third parties as may be required to process the PAD in accordance with the CPA Rules.

Dated this _____ day of _____, 20____

Authorized Signatory

Name (please print)

Authorized Signatory

Name (please print)

SCHEDULE I

**CERTIFICATE OF INDEPENDENT LEGAL ADVICE
AND/OR REPRESENTATION**

IN THE MATTER OF _____ made between _____ and _____ as Chargors and _____ as Chargee with _____ and _____ as covenantors, and an Assignment of Rents and Charge to collaterally secure the said _____ all dated the _____ day of _____, 200__.

THIS IS TO CERTIFY that I have been retained by _____, to advise and have advised him/her/it with regard to his/her/it's signing the said Charge. I am not acting in any way on behalf of _____, or on behalf of _____ in this matter.

ON THE _____ of _____, 20__, I fully read over and explained to him/her/it, the said Charge, and informed him/her/it of the content of the said Charge and advised him/her/it of the nature and effect thereof and of the liability and obligation, which he/she/it incurred therein, both as to his/her/its personal liability and as to his/her/its liability as affecting her real and personal property already or hereafter acquired by him/her/it, including his/her/its interest as defined by *The Family Law Act*, and having regard to his/her/its rights as distinguished from those of _____. He/She/They expressed his/her/themselves to me as understanding and appeared to me as fully understanding the transaction and the nature and extent of the liability upon himself/herself/it selves and his/her/their property incurred by entering into the obligation referred to, and he/she/they stated to me and it appeared to me that he/she/they entered into the said obligation willingly and not under any duress exercised by or on behalf of _____ and without any pressure or under influence or deception on the part of _____ or anyone on his/her/their behalf.

I BELIEVE that upon entering into the said obligation he/she/they was/were fully advised and informed with regard to all the foregoing matters mentioned and may fairly be said to have acted independently therein.

DATED at Toronto this _____ day of _____, 20__.

SIGNED, SEALED AND DELIVERED
in the presence of:

Witness

Name

Address

Occupation

CONFIRMATION

I/We, _____, above-named, state that I/we have read over the certificate of _____ and that the statements therein said to be made by me are true.

DATED at Toronto this ____ day of _____, 20__.

SIGNED, SEALED AND DELIVERED
in the presence of:

Witness

Name

Address

Occupation

SCHEDULE J
PERMITTED ENCUMBRANCES

AGAINST TITLE TO THE PROJECT LANDS:

Legal Notations

1. HOUSING AGREEMENT NOTICE, LOCAL GOVERNMENT ACT, S. 483 SEE CA7160625
2. NOTICE OF INTEREST, BUILDERS LIEN ACT (S.3(2)), SEE CA7379143 FILED 2019-03-05
3. THIS TITLE MAY BE AFFECTED BY A PERMIT UNDER PART 14 OF THE LOCAL GOVERNMENT ACT, SEE CA7408370
4. ZONING REGULATION AND PLAN UNDER THE AERONAUTICS ACT (CANADA) FILED 10.02.1981 UNDER NO. T17084 PLAN NO. 61216

Charges, Liens, and Interests

1. UNDERSURFACE RIGHTS C15336
2. STATUTORY RIGHT-OF-WAY RD87600
3. COVENANT CA7179345
4. PRIORITY AGREEMENT CA7179346
5. COVENANT CA7179347
6. STATUTORY RIGHT OF WAY CA7179348
7. PRIORITY AGREEMENT CA7179349
8. PRIORITY AGREEMENT CA7179350
9. COVENANT CA7179351
10. PRIORITY AGREEMENT CA7179352
11. COVENANT CA7179353
12. STATUTORY RIGHT OF WAY CA7179354
13. PRIORITY AGREEMENT CA7179355
14. PRIORITY AGREEMENT CA7179356

15. COVENANT CA7179357
16. PRIORITY AGREEMENT CA7179358
17. COVENANT CA7179359
18. PRIORITY AGREEMENT CA7179360
19. COVENANT CA7179361
20. PRIORITY AGREEMENT CA7179362
21. COVENANT CA7179363
22. STATUTORY RIGHT OF WAY CA7179364
23. PRIORITY AGREEMENT CA7179365
24. PRIORITY AGREEMENT CA7179366
25. COVENANT CA7179367
26. PRIORITY AGREEMENT CA7179368
27. COVENANT CA7179369
28. PRIORITY AGREEMENT CA7179370
29. COVENANT CA7179371
30. STATUTORY RIGHT OF WAY CA7179372
31. PRIORITY AGREEMENT CA7179373
32. PRIORITY AGREEMENT CA7179374
33. COVENANT CA7179375
34. RENT CHARGE CA7179376
35. PRIORITY AGREEMENT CA7179377
36. PRIORITY AGREEMENT CA7179378
37. COVENANT CA7179379
38. RENT CHARGE CA7179380
39. PRIORITY AGREEMENT CA7179381
40. PRIORITY AGREEMENT CA7179382

41. COVENANT CA7179383
42. PRIORITY AGREEMENT CA7179384
43. COVENANT CA7179385
44. PRIORITY AGREEMENT CA7179386
45. COVENANT CA7179387
46. PRIORITY AGREEMENT CA7179388
47. RENT CHARGE FB519176
48. PRIORITY AGREEMENT FB519177
49. COVENANT CA7379104
50. STATUTORY RIGHT OF WAY CA7379105
51. COVENANT CA7379106
52. COVENANT CA7379107
53. STATUTORY RIGHT OF WAY CA7379108
54. RENT CHARGE CA7379109
55. COVENANT CA7379110
56. COVENANT CA7379111
57. STATUTORY RIGHT OF WAY CA7379112
58. COVENANT CA7379113
59. COVENANT CA7379114
60. COVENANT CA7379115
61. COVENANT CA7379116
62. STATUTORY RIGHT OF WAY CA7379117
63. COVENANT CA7379118
64. COVENANT CA7379119
65. COVENANT CA7379120
66. STATUTORY RIGHT OF WAY CA7379121

- 67. COVENANT CA7379122
- 68. RENT CHARGE CA7379123
- 69. COVENANT CA7379124
- 70. RENT CHARGE CA7379125
- 71. COVENANT CA7379126
- 72. COVENANT CA7379127
- 73. COVENANT CA7379128
- 74. COVENANT CA7379139
- 75. STATUTORY RIGHT OF WAY CA7379140
- 76. PRIORITY AGREEMENT CA7379141
- 77. PRIORITY AGREEMENT CA7379142
- 78. UNDERSURFACE AND OTHER EXC & RES BB3056527
- 79. PRIORITY AGREEMENT CA7388904
- 80. PRIORITY AGREEMENT CA7388905
- 81. PRIORITY AGREEMENT CA7388906
- 82. PRIORITY AGREEMENT CA7388907
- 83. PRIORITY AGREEMENT CA7566054
- 84. PRIORITY AGREEMENT CA7566055
- 85. PRIORITY AGREEMENT CA7750575
- 86. PRIORITY AGREEMENT CA7750576
- 87. PRIORITY AGREEMENT CA7750577
- 88. PRIORITY AGREEMENT CA7750578

SCHEDULE K
PROJECT BUDGET SUMMARY

SOURCE OF FUNDS

USE OF FUNDS

K-1

51167681.7

Project Budget Summary
 Project: Atmosphere
 Location: Richmond BC

OVERALL PROJECT BUDGET SUMMARY



LENDER: Romspen Investment Corporation
 BORROWER: 0989705 B.C. Ltd., Alderbridge Way GP Ltd. and
 Alderbridge Way Limited Partnership

GROSS FLOOR AREA: 1,074,784 sf
 PARKADE AREA : 477,997 sf
 NET RESIDENTIAL FLOOR AREA: 611,909 sf
 NET COMMERCIAL FLOOR AREA: 237,222 sf
 TOTAL RESIDENTIAL UNITS: 822 Nr

DIVISION	ELEMENT	BUDGET (\$)	Area Unit Cost (\$/gfa)	Cost / Unit (\$/Unit)	%
1	GENERAL REQUIREMENTS	\$ 21,447,661	\$ 19.96	\$ 26,092	5.6%
2	SITE WORK	\$ 31,191,106	\$ 29.02	\$ 37,945	8.2%
3	CONCRETE	\$ 117,419,345	\$ 109.25	\$ 142,846	30.7%
4	MASONRY	\$ 3,681,000	\$ 3.42	\$ 4,478	1.0%
5	METALS	\$ 6,418,138	\$ 5.97	\$ 7,808	1.7%
6	WOOD & PLASTIC CONSTRUCTION	\$ 3,324,890	\$ 3.09	\$ 4,045	0.9%
7	THERMAL & MOISTURE PROTECTION	\$ 21,557,461	\$ 20.06	\$ 26,226	5.6%
8	DOORS & WINDOWS	\$ 47,145,462	\$ 43.87	\$ 57,355	12.3%
9	FINISHES	\$ 27,832,509	\$ 25.90	\$ 33,859	7.3%
10	SPECIALTIES	\$ 2,163,332	\$ 2.01	\$ 2,632	0.6%
11	EQUIPMENT	\$ 12,433,919	\$ 11.57	\$ 15,126	3.3%
12	FURNISHINGS	\$ 11,975,553	\$ 11.14	\$ 14,569	3.1%
13	SPECIAL CONSTRUCTION	\$ 20,000	\$ 0.02	\$ 24	0.0%
14	CONVEYING SYSTEMS	\$ 7,190,500	\$ 6.69	\$ 8,748	1.9%
15	MECHANICAL	\$ 55,547,508	\$ 51.68	\$ 67,576	14.5%
16	ELECTRICAL	\$ 21,652,296	\$ 20.15	\$ 26,341	5.7%
TOTAL CONTRACT WORK		53.9% \$ 391,000,676	\$ 363.79	\$ 475,670	102.2%
17	VALUE ENGINEERING	\$ (24,333,286)	\$ (22.64)	\$ (29,603)	-6.4%
18	SITE SERVICING WORKS	\$ 15,883,795	\$ 14.78	\$ 19,323	4.2%
19	STAGE 2 CONSTRUCTION COSTS	\$ -	\$ -	\$ -	0.0%
TOTAL CONSTRUCTION BUDGET		52.7% \$ 382,551,185	\$ 355.93	\$ 446,067	100.0%
20	LAND	\$ 128,000,000	\$ 119.09	\$ 155,718	37.3%
21	CONSULTANTS	2.4% \$ 9,000,000	\$ 8.37	\$ 10,949	2.6%
22	DEVELOPMENT	7.5% \$ 28,729,128	\$ 26.73	\$ 34,950	8.4%
23	GOVERNMENT TAXES & LEVIES	11.9% \$ 45,620,186	\$ 42.45	\$ 55,499	13.3%
25	MARKETING	\$ 17,546,340	\$ 16.33	\$ 21,346	5.1%
27	FINANCING	\$ 96,601,959	\$ 89.88	\$ 117,521	28.1%
28	CONTINGENCY	4.7% \$ 17,951,202	\$ 16.70	\$ 21,838	5.2%
TOTAL DEVELOPMENT BUDGET		47.3% \$ 343,448,815	\$ 319.55	\$ 417,821	100.0%
TOTAL PROJECT BUDGET		100.0% \$ 726,000,000	\$ 675.48	\$ 863,888	100.0%

Project Budget Details
Project: Atmosphere
Location: Richmond BC

OVERALL PROJECT - BUDGET DETAILS



LENDER: Romspen Investment Corporation
BORROWER: 0989705 B.C. Ltd., Alderbridge Way GP Ltd. and

GFA: 1,074,784 sf

SCHEDULE: 39 mths
Residential Units: 822 nr

CODE	ELEMENT	Qty	Unit	Rate	Budget	Remarks
GENERAL REQUIREMENTS						
1010	Initial General Conditions	39	mths	11,871.79	463,000	Includes Stage 2 Construction
1020	Progressive General Conditions	39	mths	538,068.22	20,984,661	
	Subtotal General Requirements	1,074,784	sf	19.96	21,447,661	
SITE WORK						
2010	Soil Densification		sum		2,400,000	
2020	Cutoff Wall		sum		7,390,832	
2030	Sediment Control		sum		228,680	
2040	Dewatering		sum		3,216,986	
2050	Bulk Excavation	177,036	cuyd	55.82	9,882,252	
2060	Holddown Anchors		sum		1,662,800	
2070	Detail Excavation/Grading/Backfill/Trenching		sum		590,747	
2080	SOG Prep		sum		342,327	
2090	Anchors		sum		811,007	
2100	Site Services/In-ground Concrete/Drainage		sum		150,000	
2110	Landscape		sum		1,483,362	Includes Landscaping LC
2120	Landscape/Hardscape		sum		3,032,113	Includes Landscaping LC
	Subtotal Sitework	1,074,784	sf	29.02	31,191,106	
CONCRETE						
3010	Crane Erection, Pad & Services Incl. Rebar		sum		135,612	
3020	Concrete Structure	1,552,781	sf	50.34	78,161,222	
3030	Reinforcing	1,552,781	sf	25.20	39,122,511	
	Subtotal Concrete	1,074,784	sf	109.25	117,419,345	
MASONRY						
4010	Masonry	477,997	sf	7.70	3,681,000	
	Subtotal Masonry	1,074,784	sf	3.42	3,681,000	
METALS						
5010	Metal Fabrications		sum		2,265,640	
5020	Railings	822	units	5,051.70	4,152,498	
	Subtotal Metals	1,074,784	sf	5.97	6,418,138	
WOOD & PLASTICS						
6010	Rough Carpentry		sum		768,729	
6020	Rough Carpentry - Materials		sum		38,971	
6030	Finish Carpentry	822	units	2,345.95	1,928,369	
6050	Architectural Woodwork		sum		588,822	
	Subtotal Wood & Plastics	1,074,784	sf	3.09	3,324,890	
THERMAL & MOISTURE PROTECTION						
7010	Cementitious Waterproofing		sum		829,980	
7020	Foundation Waterproofing	159,332	sf	13.20	2,102,688	
7030	Spray Insulation		sum		337,386	
7040	Firestopping		sum		53,190	
7050	Traffic Coating / Pedestrian Coating / Sealants		sum		965,690	
7060	Metal Panels		sum		4,438,879	
7070	Roofing	477,997	sf	9.90	4,732,595	
7080	Pedestrian Coatings		sum		561,500	
7090	Roof Hatch		sum		20,000	
7100	Terracotta		sum		7,351,086	
7110	Expansion Joints		sum		76,268	
7120	Joint Sealants		sum		88,200	
	Subtotal Thermal & Moisture	1,074,784	sf	20.06	21,557,461	

Project Budget Details
 Project: Atmosphere
 Location: Richmond BC

OVERALL PROJECT - BUDGET DETAILS



LENDER: Romspen Investment Corporation
 BORROWER: 0989705 B.C. Ltd., Alderbridge Way GP Ltd. and

GFA: 1,074,784 sf

SCHEDULE: 39 mths
 Residential Units: 812 nr

CODE	ELEMENT	Qty	Unit	Rate	Budget	Remarks
DOORS & WINDOWS						
8010	Doors / Frames / Hardware	822	units	4,156.42	3,416,577	
8020	Overhead Doors and Grilles		sum		390,250	
8030	Auto Door Openers		sum		236,000	
8040	Aluminium Windows, Entrances & Storefront		sum		22,097,912	
8050	Residential Aluminium Windows	822	units	25,381.54	20,863,624	
8070	Misc. Glazing / Mirrors	822	units	-	0	
8080	Mirrors	822	units	171.65	141,099	
	Subtotal Doors & Windows	1,074,784	sf	43.87	47,145,462	
FINISHES						
9010	Metal Stud and Drywall	1,074,784	sf	11.56	12,428,818	
9020	Ceramic Tile	822	units	6,543.12	5,378,441	
9030	Painting / Wall Coverings	822	units	3,421.51	2,812,484	
9040	Wood Flooring	822	units	6,444.28	5,297,196	
9050	Carpet	822	units	1,079.16	887,071	
9060	Floor Levelling	1,074,784	sf	0.96	1,028,499	
	Subtotal Finishes	1,074,784	sf	25.90	27,832,509	
SPECIALTIES						
10010	Metal Toilet Compartments	822	units	4.53	3,763	
10020	Lockers	822	units	453.22	372,545	
10030	Washroom Accessories	822	units	130.00	106,860	
10040	Glass Shower Enclosures	822	units	1,228.92	1,010,175	
10050	Louvres and Screens	822	units	20.07	16,500	
10060	Signage	822	units	244.16	200,704	
10070	Postal Boxes	822	units	54.56	44,850	
10080	Closet Shelving	822	units	430.66	354,000	
10090	Fire Place	822	units	42.58	35,000	
10100	Tactile Strips	822	units	13.26	10,900	
10110	Screens	822	units	5.47	4,500	
10120	Toilet Partitions		sum		3,536	
	Subtotal Specialties	1,074,784	sf	2.01	2,163,332	
EQUIPMENT						
11010	Appliances	822	units	14,718.88	12,098,919	
11020	Fall Arrest Equipment	822	units	395.38	325,000	
11030	Loading Dock Equipment		sum		10,000	
	Subtotal Equipment	1,074,784	sf	11.57	12,433,919	
FURNISHINGS						
12010	Residential Casework	822	units	10,600.96	8,713,987	
12020	Stone Countertops	822	units	3,200.45	2,630,770	
12030	Window Coverings	822	units	729.77	599,869	
12040	Entrance Floor Mats and Frames		sum		30,928	
	Subtotal Furnishings	1,074,784	sf	11.14	11,975,553	
SPECIAL CONSTRUCTION						
13010	Public Art		sum		20,000	
	Subtotal Special Construction	1,074,784	sf	0.02	20,000	

Project Budget Details
 Project: Atmosphere
 Location: Richmond BC

OVERALL PROJECT - BUDGET DETAILS



LENDER: Romspen Investment Corporation
 BORROWER: 0989705 B.C. Ltd., Alderbridge Way GP Ltd. and

GFA: 1,074,784 sf

SCHEDULE: 39 mths
 Residential Units: 822 nr

CODE	ELEMENT	Qty	Unit	Rate	Budget	Remarks
CONVEYING SYSTEMS						
14010	Elevator		sum		7,190,500	
	Subtotal Conveying Systems	1,074,784	sf	6.69	7,190,500	
MECHANICAL						
15010	Mechanical	1,074,784	sf	48.46	52,080,000	
15021	Fire Protection (Sprinklers)	1,074,784	sf	3.23	3,467,509	
	Subtotal Mechanical	1,074,784	sf	51.68	55,547,508	
ELECTRICAL						
16010	Electrical	1,074,784	sf	20.15	21,652,296	
	Subtotal Electrical	1,074,784	sf	20.15	21,652,296	
VALUE ENGINEERING						
17010	Value Engineering		sum		(8,448,984)	
17020	Potential Value Engineering (MCC)		sum		(3,000,000)	
17030	Negotiation with Trades / VE (Developer)		sum		(12,884,302)	
	Subtotal Value Engineering	1,074,784	sf	(22.64)	(24,333,286)	
SITE SERVICING						
18010	Site Servicing / Letter of Credit		sum		15,883,795	
	Subtotal Site Servicing	1,074,784	sf	14.78	15,883,795	

Project Budget Details
 Project: Atmosphere
 Location: Richmond BC

OVERALL PROJECT - BUDGET DETAILS



LENDER: Romspen Investment Corporation
 BORROWER: 0989705 B.C. Ltd., Alderbridge Way GP Ltd. and

GFA: 1,074,784 sf

SCHEDULE: 39 mths
 Residential Units: 822 nr

CODE	ELEMENT	Qty	Unit	Rate	Budget	Remarks
LAND						
20010	Land Assemble Costs		sum		113,000,000	
20040	Deferred Acquisition Fee		sum		5,000,000	
20050	Appraisal Surplus		sum		10,000,000	
	Subtotal Land	1,074,784	sf	119.09	128,000,000	
CONSULTANTS						
21010	Architect	362.0	\$M	1.1%	4,150,000	
21020	Engineers	362.0	\$M	1.1%	3,925,000	
21030	Consultants - Miscellaneous	21.7	\$M	4.3%	925,000	
	Subtotal Consultants	1,074,784	sf	8.37	9,000,000	
DEVELOPMENT						
22010	AIMCO Penalty Payment	362.0	\$M	1.8%	6,500,000	DM Contract provided
22020	Development Management	602.7	\$M	2.9%	17,415,000	
22030	Insurance/Legal/Accounting		sum		3,402,150	
22040	NHW / HPO Fees	822	units	1,125.30	925,000	
22050	Land Closing Costs	362.0	\$M	0.9%	486,978	
	Subtotal Development	1,074,784	sf	26.73	28,729,128	
GOVERNMENT TAXES AND LEVIES						
23010	Development Cost Charges - Commercial	1,074,784	sf	2.99	3,217,323	
23020	Development Cost Charges - Residential	822	units	17,775.37	14,611,354	
23030	GVS & DD	1,074,784	sf	1.17	1,257,576	
23040	Building Permit Fee		sum		2,626,202	
23050	Rezoning Fees		sum		454,318	
23060	City Planning Fee	822	units	266	218,450	
23070	Public Relations		sum		150,000	
23080	Public Art		sum		559,158	Includes Public Art Band \$531,560
23090	Contributions		sum		11,795,804	Community Planning &
23100	City Land Cost		sum		5,230,000	
23110	Property Taxes		sum		5,500,000	
	Subtotal Government Taxes & Levies	1,074,784	sf	42.45	45,620,186	
MARKETING						
25010	Leasing Commissions Office/Rental CIBT		sum		2,750,000	
25020	Market Commissions	822	units	10,701.14	8,796,340	
25030	Marketing	822	units	7,299.27	6,000,000	
	Subtotal Marketing	1,074,784	sf	16.33	17,546,340	
FINANCING						
25010	Financing Fees - Land		sum		6,329,800	
25020	Financing Fees - Construction		sum		12,454,267	
25030	Previous Financing Costs / Interest		sum		28,272,476	
25040	DPI Cost		sum		768,484	
25050	Project Monitoring		sum		50,000	
25060	Interest Reserve Construction		sum		48,726,932	10%
	Subtotal Financing	1,074,784	sf	89.88	96,601,959	
CONTINGENCIES & ALLOWANCES						
26001	Construction Contingency	382.55	\$M	4.7%	17,951,202	
	Subtotal Contingencies	1,074,784	sf	16.70	17,951,202	

Project Budget Summary
 Project: Atmosphere
 Location: Richmond BC

STAGE 1 BUDGET SUMMARY



LENDER: Romspen Investment Corporation
 BORROWER: 0989705 B.C. Ltd., Alderbridge Way GP Ltd. and
 Alderbridge Way Limited Partnership

GROSS FLOOR AREA: 849,202 sf
 PARKADE AREA : 477,997 sf
 NET RESIDENTIAL FLOOR AREA: 611,909 sf
 NET COMMERCIAL FLOOR AREA: 237,222 sf
 TOTAL RESIDENTIAL UNITS: 566 Nr

DIVISION	ELEMENT	BUDGET	Area Unit Cost	Cost / Unit	%
	PHASE 1	(\$)	(\$/gfa)	(\$/Unit)	
1	GENERAL REQUIREMENTS	\$ 21,447,661	\$ 19.96	\$ 37,893	7.8%
2	SITE WORK	\$ 31,191,106	\$ 29.02	\$ 55,108	11.4%
3	CONCRETE	\$ 117,419,345	\$ 109.25	\$ 207,455	42.8%
4	MASONRY	\$ 3,681,000	\$ 3.42	\$ 6,504	1.3%
5	METALS	\$ 6,418,138	\$ 5.97	\$ 11,339	2.3%
6	WOOD & PLASTIC CONSTRUCTION	\$ 3,324,890	\$ 3.09	\$ 5,874	1.2%
7	THERMAL & MOISTURE PROTECTION	\$ 21,557,461	\$ 20.06	\$ 38,087	7.9%
8	DOORS & WINDOWS	\$ 47,145,462	\$ 43.87	\$ 83,296	17.2%
9	FINISHES	\$ 27,832,509	\$ 25.90	\$ 49,174	10.1%
10	SPECIALTIES	\$ 2,163,332	\$ 2.01	\$ 3,822	0.8%
11	EQUIPMENT	\$ 12,433,919	\$ 11.57	\$ 21,968	4.5%
12	FURNISHINGS	\$ 11,975,553	\$ 11.14	\$ 21,158	4.4%
13	SPECIAL CONSTRUCTION	\$ 20,000	\$ 0.02	\$ 35	0.0%
14	CONVEYING SYSTEMS	\$ 7,190,500	\$ 6.69	\$ 12,704	2.6%
15	MECHANICAL	\$ 55,547,508	\$ 51.68	\$ 98,140	20.2%
16	ELECTRICAL	\$ 21,652,296	\$ 20.15	\$ 38,255	7.9%
TOTAL CONTRACT WORK		53.5% \$ 391,000,676	\$ 363.79	\$ 690,814	142.5%
17	VALUE ENGINEERING	\$ (24,333,286)	\$ (22.64)	\$ (42,992)	-8.9%
18	SITE SERVICING WORKS	\$ 15,883,795	\$ 14.78	\$ 28,063	5.8%
19	STAGE 2 CONSTRUCTION COSTS	\$ (108,148,014)	\$ (100.62)	\$ (191,074)	-39.4%
TOTAL CONSTRUCTION BUDGET		45.4% \$ 274,403,171	\$ 255.31	\$ 647,822	100.0%
20	LAND	\$ 128,000,000	\$ 119.09	\$ 226,148	38.7%
21	CONSULTANTS	3.0% \$ 8,367,467	\$ 7.79	\$ 14,784	2.5%
22	DEVELOPMENT	8.8% \$ 24,028,714	\$ 22.36	\$ 42,454	7.3%
23	GOVERNMENT TAXES & LEVIES	16.6% \$ 45,620,186	\$ 42.45	\$ 80,601	13.8%
25	MARKETING	\$ 12,630,268	\$ 11.75	\$ 22,315	3.8%
27	FINANCING	\$ 96,601,959	\$ 89.88	\$ 170,675	29.2%
28	CONTINGENCY	5.6% \$ 15,348,236	\$ 14.28	\$ 27,117	4.6%
TOTAL DEVELOPMENT BUDGET		45.2% \$ 330,596,829	\$ 307.59	\$ 584,093	100.0%
TOTAL PROJECT BUDGET		90.6% \$ 605,000,000	\$ 562.90	\$ 1,231,916	100.0%

Project Budget Details

Project: Atmosphere

Location: Richmond BC

STAGE 1 - BUDGET DETAILS



LENDER: Romspen Investment Corporation
BORROWER: 0989705 B.C. Ltd., Alderbridge Way GP Ltd. and

GFA: 849,202 sf
Residential Units: 566 nr

SCHEDULE: 39 mths
Retail Units: 0 nr

CODE	ELEMENT	Qty	Unit	Rate	Budget	Remarks
GENERAL REQUIREMENTS						
1010	Initial General Conditions	39	mt/yr	11,871.79	463,000	
1020	Progressive General Conditions	39	mths	538,068.23	20,984,661	
	Subtotal General Requirements	849,202	sf	25.26	21,447,661	
SITE WORK						
2010	Soil Densification		sum		2,400,000	
2020	Cutoff Wall		sum		7,390,832	
2030	Sediment Control		sum		228,680	
2040	Dewatering		sum		3,216,986	
2050	Bulk Excavation	177,036	cuyd	55.82	9,882,252	
2060	Holddown Anchors		sum		1,662,800	
2070	Detail Excavation/Grading/Backfill/Trenching		sum		590,747	
2080	SOG Prep		sum		342,327	
2090	Anchors		sum		811,007	
2100	Site Services/In-ground Concrete/Drainage		sum		150,000	
2110	Landscape		sum		1,483,362	
2120	Landscape/Hardscape		sum		3,032,113	
	Subtotal Sitework	849,202	sf	36.73	31,191,106	
CONCRETE						
3010	Crane Erection, Pad & Services Incl. Rebar		sum		135,612	
3020	Concrete Structure	1,327,199	sf	58.89	78,161,222	
3030	Reinforcing	1,327,199	sf	29.48	39,122,511	
	Subtotal Concrete	849,202	sf	130.27	117,419,345	
MASONRY						
4010	Masonry	477,897	sf	7.70	3,681,000	
	Subtotal Masonry	849,202	sf	4.33	3,681,000	
METALS						
5010	Metal Fabrications		sum		2,265,640	
5020	Ballings	566	units	7,336.57	4,152,498	
	Subtotal Metals	849,202	sf	7.56	6,418,138	
WOOD & PLASTICS						
6010	Rough Carpentry		sum		768,729	
6020	Rough Carpentry - Materials		sum		38,971	
6030	Finish Carpentry	566	units	3,407.01	1,928,369	
6050	Architectural Woodwork		sum		588,822	
	Subtotal Wood & Plastics	849,202	sf	3.92	3,324,890	
THERMAL & MOISTURE PROTECTION						
7010	Cementitious Waterproofing		sum		829,980	
7020	Foundation Waterproofing	159,332	sf	13.20	2,102,688	
7030	Spray Insulation		sum		337,386	
7040	Firestopping		sum		53,190	
7050	Traffic Coating / Pedestrian Coating / Sealants		sum		965,690	
7060	Metal Panels		sum		4,438,879	
7070	Roofing	477,897	sf	9.90	4,732,595	
7080	Pedestrian Coatings		sum		561,500	
7090	Roof Hatch		sum		20,000	
7100	Terracotta		sum		7,351,086	
7110	Expansion Joints		sum		76,258	
7120	Joint Sealants		sum		88,200	
	Subtotal Thermal & Moisture	849,202	sf	25.39	21,557,461	

Project Budget Details
 Project: Atmosphere
 Location: Richmond BC

STAGE 1 - BUDGET DETAILS



LENDER: Romspen Investment Corporation
 BORROWER: 0989705 B.C. Ltd., Alderbridge Way GP Ltd. and

GFA: 849,202 sf
 Residential Units: 566 nr

SCHEDULE: 39 mths
 Retail Units: 0 nr

CODE	ELEMENT	Qty	Unit	Rate	Budget	Remarks
DOORS & WINDOWS						
8010	Doors / Frames / Hardware	566	units	6,036.36	3,416,577	
8020	Overhead Doors and Grilles		sum		390,250	
8030	Auto Door Openers		sum		236,000	
8040	Aluminium Windows, Entrances & Storefront		sum		22,097,912	
8050	Residential Aluminium Windows	566	units	36,861.53	20,863,624	
8070	Misc. Glazing / Mirrors	566	units		0	
8080	Mirrors	566	units	249.29	141,099	
	Subtotal Doors & Windows	849,202	sf	55.52	47,145,462	
FINISHES						
9010	Metal Stud and Drywall	849,202	sf	14.64	12,428,818	
9020	Ceramic Tile	566	units	9,502.55	5,378,441	
9030	Painting / Wall Coverings	566	units	4,969.05	2,812,484	
9040	Wood Flooring	566	units	9,359.00	5,297,196	
9050	Carpet	566	units	1,567.26	887,071	
9060	Floor Levelling	849,202	sf	1.21	1,028,499	
	Subtotal Finishes	849,202	sf	32.77	27,832,509	
SPECIALTIES						
10010	Metal Toilet Compartments	566	units	6.65	3,763	
10020	Lockers	566	units	658.21	372,545	
10030	Washroom Accessories	566	units	188.80	106,860	
10040	Glass Shower Enclosures	566	units	1,784.76	1,010,175	
10050	Louvres and Screens	566	units	29.15	16,500	
10060	Signage	566	units	354.60	200,704	
10070	Postal Boxes	566	units	79.24	44,850	
10080	Closet Shelving	566	units	625.44	354,000	
10090	Fire Place	566	units	61.84	35,000	
10100	Tactile Strips	566	units	19.26	10,900	
10110	Screens	566	units	7.95	4,500	
10120	Toilet Partitions		sum		3,536	
	Subtotal Specialties	849,202	sf	2.55	2,163,332	
EQUIPMENT						
11010	Appliances	566	units	21,376.18	12,098,919	
11020	Fall Arrest Equipment	566	units	574.20	325,000	
11030	Loading Dock Equipment		sum		10,000	
	Subtotal Equipment	849,202	sf	14.64	12,433,919	
FURNISHINGS						
12010	Residential Casework	566	units	15,395.74	8,713,987	
12020	Stone Countertops	566	units	4,648.00	2,630,770	
12030	Window Coverings	566	units	1,059.84	599,869	
12040	Entrance Floor Mats and Frames		sum		30,928	
	Subtotal Furnishings	849,202	sf	14.10	11,975,553	
SPECIAL CONSTRUCTION						
13010	Public Art		sum		20,000	
	Subtotal Special Construction	849,202	sf	0.02	20,000	
CONVEYING SYSTEMS						
14010	Elevator		sum		7,190,500	
	Subtotal Conveying Systems	849,202	sf	8.47	7,190,500	

Project Budget Details
 Project: Atmosphere
 Location: Richmond BC

STAGE 1 - BUDGET DETAILS



LENDER: Romspen Investment Corporation
 BORROWER: 0989705 B.C. Ltd., Alderbridge Way GP Ltd. and

GFA: 849,202 sf
 Residential Units: 566 nr

SCHEDULE: 39 mths
 Retail Units: 0 nr

CODE	ELEMENT	Qty	Unit	Rate	Budget	Remarks
MECHANICAL						
15010	Mechanical	849,202	sf	61.33	52,080,000	
15021	Fire Protection (Sprinklers)	849,202	sf	4.08	3,467,509	
	Subtotal Mechanical	849,202	sf	65.41	55,547,508	
ELECTRICAL						
16010	Electrical	849,202	sf	25.50	21,652,296	
	Subtotal Electrical	849,202	sf	25.50	21,652,296	
VALUE ENGINEERING						
17010	Confirmed Value Engineering (MCC)		sum		(8,448,984)	
17020	Potential Value Engineering (MCC)		sum		(3,000,000)	
17030	Negotiation with Trades / VE (Developer)		sum		(12,884,302)	
	Subtotal Value Engineering	849,202	sf	(28.65)	(24,333,286)	
SITE SERVICING						
18010	Site Servicing Letter of Credit		sum		15,883,795	
	Subtotal Site Servicing	849,202	sf	18.70	15,883,795	
STAGE 2 CONSTRUCTION						
19010	Stage 2 Construction Costs		sum		(108,148,014)	
	Subtotal Stage 2 Construction Costs	849,202	sf	(127.35)	(108,148,014)	

Project Budget Details
Project: Atmosphere
Location: Richmond BC

STAGE 1 - BUDGET DETAILS



LENDER: Romspen Investment Corporation
BORROWER: 0989705 B.C. Ltd., Alderbridge Way GP Ltd. and

GFA: 849,202 sf
Residential Units: 566 nr

SCHEDULE: 39 mths
Retail Units: 0 nr

CODE	ELEMENT	Qty	Unit	Rate	Budget	Remarks
LAND						
20010	Land Assemble Costs		sum		113,000,000	
20040	Deferred Acquisition Fee		sum		5,000,000	
20050	Appraisal Surplus		sum		10,000,000	
	Subtotal Land	849,202	sf	150.73	128,000,000	
CONSULTANTS						
21010	Architect	274.4	\$M	1.4%	3,910,412	
21020	Engineers	274.4	\$M	1.3%	3,584,055	
21030	Consultants - Miscellaneous	274.4	\$M	0.3%	873,000	
	Subtotal Consultants	849,202	sf	9.85	8,367,467	
DEVELOPMENT						
22010	AIMCO Penalty Payment	502.7	\$M	1.1%	6,500,000	
22020	Development Management		sum		12,714,586	
22030	Insurance/Legal/Accounting	822	units	4,198.87	3,402,150	
22040	NHW / HPO Fees	274.4	\$M	0.3%	925,000	
22050	Land Closing Costs	274.4	\$M	0.2%	486,978	
	Subtotal Development	849,202	sf	28.30	24,028,714	
GOVERNMENT TAXES AND LEVIES						
23010	Development Cost Charges - Commercial	849,202	sf	3.79	3,217,323	
23020	Development Cost Charges - Residential	566	units	25,815.11	14,611,354	
23030	GVS & DD	849,202	sf	1.48	1,257,576	
23040	Building Permit Fee		sum		2,626,202	
23050	Rezoning Fees		sum		454,318	
23060	City Planning Fee	822	units	266	218,450	
23070	Public Relations		sum		150,000	
23080	Public art		sum		559,158	
23090	Contributions		sum		11,795,804	
23100	City Land Cost		sum		5,230,000	
23110	Property Taxes		sum		5,500,000	
	Subtotal Government Taxes & Levies	849,202	sf	53.72	45,620,186	
MARKETING						
25010	Leasing Commissions Office/Rental CIBT		sum		2,750,000	
25020	Market Commissions	822	units	4,720.52	3,880,268	
25030	Marketing	822	units	7,299.27	6,000,000	
	Subtotal Marketing	849,202	sf	14.87	12,630,268	
FINANCING						
25010	Financing Fees - Land	274.4	\$M	2.3%	6,329,800	
25020	Financing Fees - Construction		sum		12,454,267	
25030	Previous Financing Costs / Interest		sum		28,272,476	
25040	DPI Cost		sum		768,484	
25050	Project Monitoring		sum		50,000	
25060	Interest Reserve Construction		sum		48,726,932	10%
	Subtotal Financing	849,202	sf	113.75	96,601,959	
CONTINGENCIES & ALLOWANCES						
26001	Construction Contingency	274.40	\$M	5.6%	15,348,236	
	Subtotal Contingencies	849,202	sf	18.07	15,348,236	

Project Budget Summary
 Project: Atmosphere
 Location: Richmond BC

STAGE 2 BUDGET SUMMARY



LENDER: Romspen Investment Corporation
 BORROWER: 0989705 B.C. Ltd., Alderbridge Way GP Ltd. and
 Alderbridge Way Limited Partnership

GROSS FLOOR AREA: 225,582 sf
 PARKADE AREA : 0 sf
 NET RESIDENTIAL FLOOR AREA: 193,023 sf
 NET COMMERCIAL FLOOR AREA: 0 sf
 TOTAL RESIDENTIAL UNITS: 256 Nr

DIVISION	ELEMENT		BUDGET	Area Unit Cost	Cost / Unit	%
	PHASE 2		(\$)	(\$/gfa)	(\$/Unit)	
1	CONSTRUCTION		\$ 108,148,014	\$ 100.62	\$ 422,453	100.0%
	TOTAL CONSTRUCTION	14.8%	\$ 108,148,014	\$ 100.62	\$ 422,453	100.0%
20	LAND		\$ -	\$ -	\$ -	0.0%
21	CONSULTANTS	0.6%	\$ 632,533	\$ 0.59	\$ 2,471	4.9%
22	DEVELOPMENT	4.3%	\$ 4,700,414	\$ 4.37	\$ 18,361	36.6%
23	GOVERNMENT TAXES & LEVIES	0.0%	\$ -	\$ -	\$ -	0.0%
25	MARKETING		\$ 4,916,072	\$ 4.57	\$ 19,203	38.3%
27	FINANCING		\$ -	\$ -	\$ -	0.0%
28	CONTINGENCY	2.4%	\$ 2,602,967	\$ 2.42	\$ 10,168	20.3%
	TOTAL DEVELOPMENT BUDGET	1.8%	\$ 12,851,986	\$ 11.96	\$ 50,203	100.0%
	TOTAL PROJECT BUDGET	91.1%	\$ 121,000,000	\$ 112.58	\$ 472,656	100.0%

Project Budget Details
 Project: Atmosphere
 Location: Richmond BC

STAGE 2 - BUDGET DETAILS



LENDER: Romspen Investment Corporation
 BORROWER: 0989705 B.C. Ltd., Alderbridge Way GP Ltd. and

GFA: 225,582 sf
 Residential Units: 193,023 nr

SCHEDULE: 39 mths
 Retail Units: 0 nr

CODE	ELEMENT	Qty	Unit	Rate	Budget	Remarks
CONSTRUCTION						
1010	Construction		sum		108,148,014	
	Subtotal Construction	1,074,784	sf	100.62	108,148,014	
CONSULTANTS						
21010	Architect	362.0	\$M	0.1%	239,588	
21020	Engineers	362.0	\$M	0.1%	340,945	
21030	Consultants - Miscellaneous		sum		52,000	
	Subtotal Consultants	1,074,784	sf	0.59	632,533	
DEVELOPMENT						
22010	Development Management	730.7	\$M	0.6%	4,700,414	
	Subtotal Development	1,074,784	sf	4.37	4,700,414	
MARKETING						
25020	Market Commissions	822	units	5,980.62	4,916,072	
	Subtotal Marketing	1,074,784	sf	4.57	4,916,072	
CONTINGENCIES & ALLOWANCES						
26002	Development Contingency	362.00	\$M	0.7%	2,602,967	
	Subtotal Contingencies	1,074,784	sf	2.42	2,602,967	

SCHEDULE L

FORM OF LENDER'S ASSIGNMENT AGREEMENT

ASSIGNMENT AND ASSUMPTION AGREEMENT

Agreement made as of ● between ● (the "**Assignor**"), 0989705 B.C. Ltd., Alderbridge Way GP Ltd. and Alderbridge Way Limited Partnership. (collectively, the "**Borrower**") and ● (the "**Assignee**") pursuant to a credit agreement (the "**Credit Agreement**") made as of ●, 2019 among the Borrower, Romspen Investment Corporation as Lender for and on behalf of the Lender and Romspen Investment Corporation, as Lender.

The Assignor has agreed to assign and sell to the Assignee all of its right, title and interest in the Loan (the "**Assigned Credit Facilities**") and the Assignee has agreed to purchase the Assigned Credit Facilities and to assume all obligations of the Assignor in respect thereof.

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **Definitions.** Terms with capitalized initial letters used but not expressly defined herein shall have the meanings given to them under the Credit Agreement.
2. **Conveyance of Interest in Credit Facilities.** The Assignor hereby assigns, sells, conveys and transfers to the Assignee all [●] of its interest in and to the Assigned Credit Facilities.
3. **Assumption.** The Assignee hereby accepts and assumes the Assigned Credit Facilities and the Assignee hereby agrees to be bound by the terms and conditions of the Credit Agreement and the other Documents as if it was an original Lender and acknowledges and expressly assumes in the name, place and stead of the Assignor all obligations and liabilities attaching to the Assigned Credit Facilities and agrees to perform the terms, conditions and agreements on its part to be performed as a Lender in respect thereof under the Credit Agreement.
4. **Representation.** The Assignor hereby represents and warrants and the Borrower hereby acknowledges that the outstanding principal amount under the Assigned Credit Facilities is at the date hereof \$●.
5. **Release by the Borrower.** The Borrower hereby acknowledges the release of the Assignor from all obligations and liabilities attaching to the Assigned Credit Facilities and acknowledges the assumption of all such liabilities and obligations by the Assignee.
6. **Assignee's Acknowledgements.** The Assignee hereby acknowledges (i) that it has received a copy of the Credit Agreement and (ii) that it is not entitled to receive any greater payment, on a cumulative basis, under the Credit Agreement than the Assignor would be entitled to receive before the assignment of the Assigned Credit Facilities.
7. **Recognition as Lender.** The parties acknowledge that the Assignee is, by virtue of this agreement, as of and from the date hereof, a Lender under and as defined in the Credit Agreement.

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8. **Successors, Assigns and Governing Law.** This agreement shall enure to the benefit of and be binding upon the respective successors and permitted assigns of the parties and shall be governed by and construed in accordance with the laws of the Province of British Columbia.
9. **Counterparts.** This agreement may be executed and delivered in any number of original and faxed counterparts, each of which shall be deemed an original and which, taken together, shall constitute one and the same instrument, effective as of the date hereof.

[ASSIGNOR]

By: _____
Authorized Signing Officer

[ASSIGNEE]

By: _____
Authorized Signing Officer

BORROWER

[•]

Per: _____
Name:
Position:

Per: _____
Name:
Position:

**ROMSPEN INVESTMENT CORPORATION, as
Lender on behalf of the Lender BORROWER**

Per: _____
Name:
Position:

Per: _____
Name:
Position:

SCHEDULE M

FORM OF SUBORDINATION AND STANDSTILL AGREEMENT

SUBORDINATION AND STANDSTILL AGREEMENT

THIS AGREEMENT made this _____ day of _____, 20____.

BETWEEN:

ROMSPEN INVESTMENT CORPORATION
hereinafter called the "PRIOR LENDER"

- and -

hereinafter called the "SUBORDINATE LENDER"

WHEREAS:

- A. _____ (the "**Borrower**") is the owner of certain lands and premises known municipally as _____ and more particularly described legally in Appendix "1" attached hereto (the "**Lands**") together with all personal property (the "**Personal Property**") located on or arising out of, from or in connection with ownership, use or disposition of the Lands (the said Lands and Personal Property being hereinafter collectively referred to as the "**Property**");
- B. The Prior Lender has agreed to make or extend a loan or credit facility (the "**Loan**") to the Borrower in the maximum principal amount of _____ (\$ _____) which loan or credit facility is secured by, *inter alia*, the following security:
- (i) a first Charge/Mortgage of Land (the "**Charge**") relating to the Lands registered in the _____ Land Registry Office for the _____ Registry/Land Titles] Division of _____ as Instrument No. _____;
 - (ii) an Assignment of Rents and Leases relating to the Charge registered as Instrument No. _____; and,
 - (iii) a General Security Agreement securing the Personal Property of the Borrower notice of which was filed on _____, 20____ as Reference File No. _____ pursuant to the *Personal Property Security Act* (British Columbia), as amended (the "**PPSA**");

All existing and future indebtedness and all other obligations and liabilities owing by the Borrower to the Prior Lender from time to time pursuant to the Loan, including but not limited to the principal sum, all interest thereon, all future advances and all other amounts

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owing to the Prior Lender thereunder being hereinafter referred to as the "Prior Indebtedness", and the Charge and all other additional or collateral security now or hereafter securing the Prior Indebtedness being hereinafter referred to as the "**Prior Security**";

And for greater particularity, reference in this Agreement to the Loan, the Prior Indebtedness and the Prior Security includes all renewals, extensions, amendments, modifications and restatements thereof or thereto from time to time;

- C. The Subordinate Lender has made or extended a loan or credit facility (the "**Subordinate Loan**") available to the Borrower in the maximum principal amount of _____ (\$_____) which loan or credit facility is secured by, *inter alia*, the following security:
- (i) a Charge/Mortgage of Land (the "**Subordinate Charge**") relating to the Lands registered in the Land Registry Office for the _____ [Registry/Land Titles] Division of _____ as Instrument No. _____; and,
 - (ii) an Assignment of Rents and Leases relating to the Subordinate Charge registered as Instrument No. _____; and,
 - (iii) a General Security Agreement securing the Personal Property of the Borrower notice of which was filed on _____, 20____ as Reference File No. _____ pursuant to the PPSA;

All existing and future indebtedness and all other obligations and liabilities owing by the Borrower to the Subordinate Lender from time to time pursuant to the Subordinate Loan, including but not limited to the principal sum, all interest thereon, all future advances and all other amounts owing to the Subordinate Lender thereunder being hereinafter referred to as the "**Subordinate Indebtedness**", and the Subordinate Charge and all other additional or collateral security now or hereafter securing the Subordinate Indebtedness being hereinafter referred to as the "**Subordinate Security**";

And for greater particularity, reference in this Agreement to the Subordinate Loan, the Subordinate Indebtedness and the Subordinate Security includes all renewals, extensions, amendments, modifications and restatements thereof or thereto from time to time; and,

- D. The Subordinate Lender has agreed to subordinate and postpone the Subordinate Loan, the Subordinate Indebtedness and the Subordinate Security to and in favour of the Prior Lender, the Loan, the Prior Indebtedness and the Prior Security.

NOW THEREFORE for good and valuable consideration, including the sum of TEN DOLLARS (\$10.00) now paid by the Prior Lender to the Subordinate Lender, the receipt and sufficiency of which is hereby acknowledged by the Subordinate Lender, the parties agree as follows:

1. **Covenants, Representations and Warranties of the Subordinate Lender.** The Subordinate Lender consents to the Prior Indebtedness and the Prior Security, and represents and warrants to the Prior Lender that:

- (a) the Subordinate Loan and the Subordinate Security are in good standing, in full force and effect, unamended, and the Borrower is not in default thereunder;
- (b) it holds no security of any kind against the Property other than the Subordinate Security;
- (c) it is the sole owner of the Subordinate Loan, Subordinate Indebtedness and the Subordinate Security, it has the full power, lawful authority and legal right to enter into this Agreement and this Agreement constitutes a valid and binding obligation of the Subordinate Lender enforceable against it in accordance with its terms;
- (d) the total amount owing to the Subordinate Lender under the Subordinate Indebtedness and Subordinate Security is \$ _____ as of the _____ day of _____, 20____;
- (e) the Subordinate Loan bears interest at _____ (____%) percent per annum (or at the prime rate of _____ (____%) percent from time to time plus _____ (____%) percent, calculated not in advance;

[*ITEM (f) IS OPTIONAL AND ONLY APPLIES TO A NON-ARMS LENGTH LENDER AND WILL BE DELETED IF NOT APPLICABLE]

- (f) the Subordinate Loan represents a shareholders' loan to the Borrower made for the purpose of enabling the Borrower to invest the same as equity for the purchase and/or development of the Property and the Subordinate Security represents the security for such Subordinate Loan; and,
- (g) upon request by the Prior Lender from time to time, the Subordinate Lender shall provide the Prior Lender with copies of the Subordinate Security and/or a statement in detail of the Subordinate Indebtedness then outstanding.

2. **Subordination and Postponement.** The Subordinate Lender hereby subordinates and postpones the Subordinate Loan, the Subordinate Indebtedness and the Subordinate Security to the Prior Security and the Prior Indebtedness and agrees with the Prior Lender that the Prior Security shall be a first priority lien and charge against the Property for the full amount of the Prior Indebtedness in full priority to the Subordinate Security. The subordination and postponement of the Subordinate Loan, Subordinate Indebtedness and the Subordinate Security to the Prior Security and the Prior Indebtedness, shall include subordination of the Subordinate Loan and the Subordinate Indebtedness to the extent required to make the Prior Security and the Prior Indebtedness a first priority lien and charge against the Property.

No discharge, release or waiver by the Prior Lender of any of the Prior Security against or in respect of the Property or any person(s), corporation(s) or entity(ies), or any amendment, renewal, extension, replacement, discharge, modification, supplement or restatement of any portion of the Prior Indebtedness and/or the Prior Security shall require notice to or the consent of the Subordinate Lender or otherwise affect the subordination and postponement of the Subordinate Security, the Subordinate Loan and the Subordinate Indebtedness hereby granted by the Subordinate Lender.

[*FOLLOWING PARAGRAPH ONLY APPLIES TO A NON-ARMS LENGTH LENDER AND WILL BE DELETED IF NOT APPLICABLE*]

[As security for the Prior Indebtedness, the Subordinate Lender hereby assigns and transfers the Subordinate Loan, the Subordinate Indebtedness and the Subordinate Security to the Prior Lender. Furthermore, the Subordinate Lender agrees that all moneys received by the Subordinate Lender in payment of the Subordinate Loan and the Subordinate Indebtedness shall be received and held by the Subordinate Lender in trust for the Prior Lender as security for the Prior Indebtedness until the Prior Indebtedness is repaid in full.]

The Subordinate Lender hereby acknowledges and agrees that this Agreement shall not defer or otherwise affect the present or future rights and remedies of the Prior Lender with respect to the present or future indebtedness and other liabilities of the Borrower to the Prior Lender, or with respect to any securities which the Prior Lender now holds or may hereafter receive from the Borrower as collateral for the Prior Indebtedness.

The Subordinate Lender agrees to execute and deliver at its cost, upon request by the Prior Lender, such further instruments and agreements and assurances as may reasonably be required by the Prior Lender in the circumstances in order to confirm and give effect to the provisions of this Agreement, and further, to register, record, amend, file or re-file notice of this Agreement and/or the subordination and postponement of the Subordinate Security in any office of public record as the Prior Lender may in its discretion consider necessary or desirable from time to time.

3. **Payments.** Until such time as the Loan and the Prior Indebtedness are paid in full, the Subordinate Lender agrees that: (i) all rents, revenue, income, cash flow and other proceeds arising from or relating to the Property (the "**Rents**") shall not be applied to any payment on account of the Subordinate Loan or the Subordinate Indebtedness; and, (ii) it shall not accept any payment on account of the Subordinate Loan and/or the Subordinate Indebtedness which the Subordinate Lender knows or reasonably ought to know are payments made from the Rents, and if any such payments are received, the Subordinate Lender shall immediately pay such amount to the Prior Lender. The Prior Lender and the Subordinate Lender shall provide reasonable co-operation to each other following the giving of such notice of default to ensure that the provisions of this paragraph are complied with.
4. **Standstill.** The Subordinate Lender hereby agrees that it shall not take any Enforcement Action (as defined hereunder) under or in respect of the Subordinate Loan, Subordinate Indebtedness or the Subordinate Security with respect to all or any part of the Property or against the Borrower or against any guarantor or covenantor of the Subordinate Loan, without reasonable prior notice to and the written consent of the Prior Lender, which consent may be given or withheld by the Prior Lender in its sole discretion. The Subordinate Lender shall not challenge, contest or bring into question the validity, priority or perfection of the Prior Security or any Enforcement Action taken by the Prior Lender under or in respect of the Prior Security or Prior Indebtedness against all or any part of the Property or against the Borrower or against any guarantor or covenantor of the Subordinate Loan.

In this Agreement the term "**Enforcement Action**" means the commencement of power of sale, foreclosure or other judicial or private sale proceedings, the appointment or

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obtaining of the appointment of a receiver, a manager, or a receiver/ manager of all or any part of the Property, or the appointment of any other person, corporation or entity having similar powers as the aforesaid, the attainment of Rents, the taking possession or control of all or any part of the Property or any other property or undertaking of the Borrower, the commencing, giving notice of or making any demand for payment, the provision of any notice of intention to enforce security, the taking or commencement of any action or proceeding seeking payment of or recovery of all or any part of any indebtedness or damages in lieu thereof, the accepting of a transfer of any property in lieu of foreclosure, and/or the exercise of any other rights or remedies available to a creditor under its security or otherwise at law or in equity, including without limitation, any bankruptcy proceedings.

5. **Assignment by Subordinate Lender.** The Subordinate Lender agrees that it shall not sell, transfer, assign, alienate or otherwise dispose of any interest in the Subordinate Loan, the Subordinate Indebtedness or the Subordinate Security to any person(s), corporation(s) or entity(ies) (hereinafter, an "**Assignee**") except in accordance with terms and conditions which are expressly subject to all of the terms of this Agreement. Concurrently with any such sale, transfer, assignment, alienation or other disposition from time to time, the Subordinate Lender shall cause each and every Assignee to enter into a subordination and standstill agreement with the Prior Lender on the same terms and conditions as this Agreement.
6. **Entire Agreement.** This Agreement and all schedules thereto contains the whole of the agreement between the parties hereto and there are no collateral or precedent conditions, warranties, agreements, representations, promises, understandings or inducements, whether oral or written, that are not specifically set forth herein, and no modification, amendment or variation hereof shall be effective or binding on the parties hereto unless agreed to in writing by all of them.
7. **No Waiver.** The waiver by any party of the breach of any term, covenant or condition herein contained shall not constitute a waiver of such term, covenant or condition, except in respect of the particular breach giving rise to such waiver. No term, covenant or condition of this Agreement is deemed to have been waived by any party hereto unless such waiver is in given in writing by that party.
8. **Severability.** All of the sections, paragraphs, sentences, clauses and parts of this Agreement are distinct and severable, and if any of the same shall be held illegal or void, the validity or legality of the remainder of this Agreement shall not be affected.
9. **Survival of Covenants and Warranties.** The covenants, warranties and representations of the Subordinate Lender contained in this Agreement shall survive the execution and delivery of this Agreement and shall continue in full force and effect for the benefit of the Prior Lender until the Loan has been repaid in full.
10. **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein and the parties hereto irrevocably attorn to the jurisdiction of the courts of this Province sitting at Vancouver, British Columbia.
11. **Successors.** This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, personal representatives, successors and assigns

including any successors by amalgamation and any appointed receivers or trustees in bankruptcy.

12. **Counterparts.** This Agreement may be executed in counterparts and all counterparts so executed will constitute one Agreement binding on the parties effective upon execution by all of the parties.
13. **Time Is of the Essence.** Time is of the essence of this Agreement and every part hereof.

IN WITNESS WHEREOF the undersigned have executed this Agreement as of the date first above written.

ROMSPEN INVESTMENT CORPORATION

Per: _____
 Name:
 Title:

Per: _____
 Name:
 Title:

[SUBORDINATE LENDER]

Per: _____
 Name:
 Title:

Per: _____
 Name:
 Title:

APPENDIX "1" TO SCHEDULE M TO
SUBORDINATION AND STANDSTILL AGREEMENT"

LEGAL DESCRIPTION

MUNICIPAL ADDRESS

SCHEDULE N

FORM OF NON-DISTURBANCE AGREEMENT

THIS AGREEMENT made this _____ day of ●, ●.

BETWEEN:

-, as Lender

(hereinafter called the "**Lender**")

-and-

●

(hereinafter called the "**Tenant**")

NON-DISTURBANCE AGREEMENT

WHEREAS:

1. The Lender is the holder of a charge on the parcel of land more particularly described in Schedule "A" attached hereto together with the improvements now or hereafter erected thereon, in Richmond, British Columbia (hereinafter collectively called the "**Property**");
2. The Tenant is the holder of a lease (hereinafter called the "**Lease**") dated the ● day of ●, ● made by ● (hereinafter the "**Lessor**") covering a part of the Property (which part is hereinafter called the "**Leased Premises**");
3. The Lender and the Tenant have agreed to enter into this agreement with respect to the Lease;

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the premises and the mutual covenants herein contained:

1. The Lender acknowledges and agrees that so long as the Tenant is not in default (beyond any period given under the Lease or by the Lessor to the Tenant to cure such default) in payment of rent or additional rent or in the performance of any of the terms, covenants or conditions of the Lease on the Tenant's part to be performed and does not prepay rents or other amounts owing under the Lease except as required thereby, the Tenant's possession of the Leased Premises and the Tenant's rights and privileges under the Lease, or any extensions or renewals thereof which may be effected in accordance with any option therefor in the Lease, shall not be diminished or interfered with by the Lender and the Tenant's occupancy of the Leased Premises shall not be disturbed by the Lender for any reason whatsoever during the term of the Lease or any such extensions or renewals thereof including any renewals permitted thereunder.

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2. The Tenant covenants and agrees with the Lender that if the Lender becomes a mortgagee in possession or the registered owner of the Property, or if a third party becomes the registered owner of the Property pursuant to foreclosure proceedings then, in any of such events, neither the Lender nor such third party, as the case may be, shall be:
 - (a) liable for any act or omission of any prior landlord (including the present Lessor);
 - (b) bound to give the Tenant any credit for any rent or other payments payable under the Lease, which the Tenant prepays in advance of the due dates, as provided for in the Lease, for the payment thereof; or
 - (c) bound by any amendment or variation to the Lease made without the consent in writing of the Lender.
3. The Tenant covenants and agrees with the Lender that the Tenant:
 - (a) will not prepay any rents reserved under the Lease;
 - (b) will not surrender the Lease to the Lessor nor to any successors of the Lessor except as provided for under the Lease;
 - (c) will not seek to terminate the Lease by reason of any act or omission of the Lessor until the Tenant shall have given written notice of such act or omission to the Lender giving the Lender a reasonable period of time to remedy such act or omission which the Lender may but shall not be obliged to do;
 - (d) will, unless such performance is waived by the Lender, observe and perform all the covenants, terms, conditions, provisos, and agreements in the Lease on the part of the Tenant to be observed and performed; and
 - (e) will, if the Lender becomes a mortgagee in possession (except where the Lender is enforcing its security for short periods to correct defaults of the Landlord) or registered owner of the Property or if a third party becomes the registered owner of the Property as the result of foreclosure proceedings, attorn to and become the tenant of the Lender or such third party, as the case may be, and be bound by the terms of the Lease, and will, at the request of the Lender or such third party, enter into a new lease on the same terms as the Lease for the then remaining term thereof.
4. Any notice or communications given under this agreement shall be in writing and shall be given by prepaid registered mail or by facsimile transmission at the addresses of the parties specified below, or to such other address as may be specified by notice by either party to the other. The addresses for notice shall be as follows:

(a) if to the Lender, to:

•

Facsimile No.: •

Attention: _____

(b) if to the Tenant, to:

•

Facsimile No.: •

Attention: _____

Any such notice may be delivered to the said addresses during an interruption in mail services and ten (10) days thereafter shall be deemed to have been received on the next business day after the delivery thereof. If mailed, such notices shall be deemed to have been given five (5) business days after the same have been mailed anywhere in Canada and, if sent by facsimile transmission, such notice shall be deemed to have been delivered on the next business day.

5. This agreement shall enure to the benefit of and shall be binding upon the parties hereto and their respective successors and assigns.
6. This agreement shall be governed by the laws of the Province of British Columbia, and the laws of Canada applicable therein.

IN WITNESS WHEREOF the Lender and the Tenant have hereunto affixed their corporate seals by their duly authorized officers in that behalf as of the day and year first above written.

ROMSPEN INVESTMENT CORPORATION, as Lender

Per: _____
Name: _____
Title: _____

Per: _____
Name: _____
Title: _____

SCHEDULE "A"

To Form of Non-Disturbance Agreement

The legal description of the Property



SCHEDULE O

UNSOLD UNITS

Available Unit	Retail Area	Net Revenue
30	6,628	\$7,269,900

Available Unit	Floor Plan	Area	Net Revenue
E1002	E2b	853	\$822,388
E1302	E2b	853	\$935,900
E301	Eta	802	\$788,900
F1001	F2a1	893	\$863,192
F1016	F2I	926	\$991,900
F1101	F2a1	893	\$866,712
F1201	F2a1	893	\$988,900
F1202	F2e	889	\$986,900
F1216	F2I	926	\$999,900
F1301	F2a1	893	\$992,900
F1302	F2e	889	\$991,900
F1316	F2I	926	\$1,003,900
F1416	F2I	926	\$1,007,900
F702	F2e	889	\$959,900
F801	F2a1	893	\$856,152
F802	F2e	889	\$966,900
F816	F2I	926	\$983,900
F901	F2a1	893	\$859,672
F916	F2I	926	\$987,900
			\$17,855,716

SCHEDULE P

MINIMUM DISCHARGE AMOUNT, PURCHASERS AND DEPOSITS

Residential Units Sold				
Unit	Floor Plan	Area	Minimum Discharge Amount Net Revenue	Deposits
E1001	E2a1	851	\$798,210	\$119,732
E1003	Eta	481	\$472,900	\$70,935
E1004	E1b2	450	\$443,900	\$66,585
E1005	E2f	823	\$763,000	\$114,450
E1006	E2e	912	\$947,593	\$195,380
E1007	E1e	536	\$520,900	\$78,135
E1101	E2a1	851	\$803,610	\$120,542
E1102	E2b	853	\$809,910	\$121,487
E1103	E1a	481	\$470,000	\$70,500
E1104	E1b2	450	\$446,900	\$67,035
E1105	E2f	825	\$774,312	\$116,147
E1106	E2e	912	\$895,000	\$134,250
E1107	E1e	536	\$596,348	\$89,002
E1201	E2a1	851	\$809,010	\$121,352
E1202	E2b	853	\$878,889	\$137,685
E1203	Eta	481	\$572,489	\$89,685
E1204	E1b2	450	\$449,900	\$67,485
E1205	E2f	826	\$779,592	\$116,939
E1206	E2e	912	\$959,233	\$197,780
E1207	E1e	536	\$531,900	\$79,785
E1301	E2a1	851	\$855,508	\$128,326
E1303	E1a	481	\$481,900	\$72,285
E1304	E1b2	450	\$452,900	\$67,935
E1305	E2f	825	\$784,872	\$117,731
E1306	E2e	912	\$907,948	\$226,987
E1307	E1e	536	\$534,900	\$80,235
E1401	E2a1	851	\$868,388	\$217,098
E1402	E2b	853	\$873,908	\$131,086
E1403	E1a	481	\$484,900	\$72,735
E1404	E1b2	450	\$456,900	\$68,535
E1405	E2f	823	\$790,152	\$118,523
E1406	E2e	911	\$922,668	\$138,400
E1407	E1e	536	\$540,900	\$80,685

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E302	E2b	853	\$728,910	\$109,337
E303	Eta	481	\$454,872	\$68,231
E304	E1b	481	\$475,468	\$71,470
E305	E1c	595	\$609,063	\$125,580
E306	EF2a-r	634	\$643,013	\$132,580
E307	EF2a-r	635	\$604,348	\$90,652
E318	E2c-r	624	\$643,908	\$128,782
E319	E2c-r	621	\$676,963	\$139,580
E320	E1d1	485	\$473,708	\$71,056
E321	Eld	477	\$463,588	\$69,538
E401	E2a	804	\$729,468	\$109,420
E402	E2b	850	\$732,510	\$109,877
E403	Ela	481	\$508,183	\$104,780
E404	E1b	481	\$505,273	\$104,180
E405	E1c	594	\$616,823	\$127,180
E406	EF2a-r	633	\$621,828	\$93,274
E407	EF2a-r	634	\$620,828	\$93,274
E417	E2c-r	621	\$640,468	\$95,620
E418	E2c-r	625	\$620,468	\$95,211
E419	E2c-r	622	\$672,113	\$138,580
E420	E1d1	487	\$452,232	\$67,835
E421	Eld	480	\$443,432	\$66,515
E501	E2a	806	\$780,753	\$160,980
E502	E2b	853	\$748,510	\$112,277
E503	Ela	481	\$521,763	\$107,580
E504	E1b	481	\$457,900	\$68,685
E505	E1c	594	\$609,868	\$91,480
E506	EF2a-r	633	\$636,548	\$95,482
E507	EF2a-r	634	\$636,548	\$95,482
E517	E2c-r	621	\$672,113	\$138,580
E518	E2c-r	625	\$675,993	\$139,380
E519	E2c-r	623	\$672,113	\$138,580
E520	E1d1	487	\$475,548	\$71,332
E521	Eld	483	\$446,072	\$66,911
E601	E2a	803	\$795,303	\$163,980
E602	E2b	853	\$757,710	\$113,657
E603	Ela	481	\$524,673	\$108,180
E604	E1b	481	\$469,832	\$70,475
E605	E1c	594	\$633,313	\$130,580
E606	EF2a-r	633	\$668,233	\$137,780
E607	EF2a-r	634	\$626,310	\$93,947
E618	E2c-r	622	\$637,468	\$95,620
E619	E2c-r	625	\$679,873	\$140,180

E620	E2c-r	623	\$675,993	\$139,380
E621	E1d1	487	\$457,512	\$68,627
E622	E1d	482	\$448,712	\$67,307
E701	E2a	802	\$804,033	\$165,780
E702	E2b	853	\$850,683	\$174,780
E703	E1a	481	\$463,900	\$69,585
E704	E1b1	495	\$477,900	\$71,685
E705	E2d	649	\$669,810	\$100,022
E706	E2e1	943	\$895,308	\$133,846
E801	E2a	802	\$773,628	\$116,044
E802	E2b	853	\$793,700	\$119,057
E803	E1a	481	\$466,900	\$70,035
E804	E1b2	450	\$436,900	\$65,535
E805	E2f	823	\$758,472	\$113,771
E806	E2e	919	\$880,348	\$132,052
E901	E2a	802	\$817,613	\$168,580
E902	E2b	853	\$799,110	\$119,867
E903	E1a	481	\$558,623	\$115,180
E904	E1b2	450	\$439,900	\$65,985
E905	E2f	825	\$763,752	\$114,563
E906	E2e	919	\$893,228	\$133,984
F1002	F2e	889	\$898,748	\$224,687
F1003	F3c	1031	\$1,034,900	\$258,725
F1004	F3f	1160	\$1,158,188	\$173,728
F1005	EF2a-r	631	\$640,228	\$96,034
F1006	EF2a-r	631	\$640,228	\$96,034
F1007	F2i	860	\$747,032	\$112,055
F1008	F1c3	595	\$572,148	\$85,822
F1009	F1c-r	593	\$572,148	\$85,822
F1010	F1c-r	593	\$569,148	\$85,822
F1011	F1c1	586	\$524,988	\$79,198
F1012	F1a	475	\$541,163	\$111,580
F1013	F1a1	496	\$499,508	\$74,926
F1014	F2j	830	\$838,308	\$120,046
F1015	F2k	680	\$676,108	\$101,416
F1017	F1i	521	\$607,148	\$91,072
F1018	F2d	819	\$888,423	\$183,180
F1102	F2e	889	\$864,072	\$172,814
F1103	F3c	1031	\$1,041,900	\$208,380
F1104	F3f	1160	\$1,218,223	\$251,180
F1105	EF2a-r	631	\$643,908	\$96,586
F1106	EF2a-r	631	\$643,908	\$96,586
F1107	F2i	860	\$746,552	\$111,983

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F1108	F1c3	595	\$575,828	\$86,374
F1109	F1c-r	593	\$575,828	\$86,374
F1110	F1c-r	593	\$575,828	\$86,374
F1111	F1c1	586	\$530,748	\$79,612
F1112	Fla	475	\$444,268	\$66,640
F1113	Flal	496	\$467,268	\$70,090
F1114	F2j	830	\$767,032	\$115,055
F1115	F2k	680	\$679,788	\$169,947
F1116	F21	926	\$879,392	\$131,459
F1117	Fli	521	\$572,148	\$85,822
F1118	F2d	819	\$840,788	\$126,118
F1203	F3c	1031	\$1,051,900	\$209,780
F1204	FM	1160	\$1,171,068	\$175,660
F1205	EF2a-r	631	\$710,900	\$142,180
F1206	EF2a-r	631	\$647,588	\$97,138
F1207	F2i	860	\$771,210	\$115,682
F1208	F1c3	595	\$579,508	\$86,926
F1209	F1c-r	593	\$582,508	\$86,926
F1210	F1c-r	593	\$579,508	\$86,926
F1211	Flcl	586	\$533,508	\$80,026
F1212	Fla	475	\$447,028	\$67,054
F1213	Flal	496	\$470,028	\$70,504
F1214	F2j	830	\$772,552	\$115,883
F1215	F2k	680	\$683,468	\$102,520
F1217	Fli	521	\$614,508	\$153,627
F1218	F2d	819	\$844,468	\$126,670
F1303	F3c	1031	\$1,042,268	\$156,340
F1304	F3f	1160	\$1,230,908	\$239,182
F1305	EF2a-r	631	\$651,268	\$97,690
F1306	EF2a-r	631	\$651,268	\$97,690
F1307	F2i	860	\$738,592	\$73,559
F1308	F1c3	595	\$583,188	\$116,638
F1309	F1c-r	593	\$583,188	\$87,478
F1310	F1c-r	593	\$583,188	\$87,479
F1311	Flcl	586	\$571,268	\$85,690
F1312	Fla	475	\$449,788	\$67,468
F1313	Flal	496	\$472,788	\$70,918
F1314	F2j	830	\$776,072	\$116,411
F1315	F2k	680	\$687,148	\$103,072
F1317	Fli	521	\$577,668	\$86,650
F1318	F2d	819	\$905,883	\$186,780
F1401	F2a1	893	\$867,303	\$216,826
F1402	F2e	889	\$880,272	\$131,591

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F1403	F3c	1031	\$1,154,203	\$237,980
F1404	F3f	1160	\$1,238,593	\$255,380
F1405	EF2a-r	631	\$691,603	\$141,980
F1406	EF2a-r	631	\$654,948	\$98,242
F1407	F2i	860	\$764,112	\$114,167
F1408	F1c3	595	\$589,868	\$88,030
F1409	F1c-r	593	\$589,868	\$88,030
F1410	F1c-r	593	\$586,868	\$88,030
F1411	F1cl	586	\$574,028	\$86,104
F1412	F1a	475	\$452,548	\$67,882
F1413	F1al	496	\$478,548	\$71,332
F1414	F2j	830	\$779,592	\$194,898
F1415	F2k	680	\$690,828	\$103,624
F1417	F1i	521	\$621,868	\$93,280
F1418	F2d	819	\$851,828	\$127,774
F301	F2a	901	\$815,948	\$122,392
F302	F2b	674	\$585,028	\$87,754
F303	F1a	478	\$423,108	\$63,466
F304	F1b	529	\$463,588	\$69,538
F305	F1c-r	593	\$527,988	\$79,198
F306	F1c2	598	\$558,502	\$113,980
F307	F1d	569	\$482,908	\$72,436
F401	F2a	900	\$822,388	\$123,358
F402	F2b	673	\$588,708	\$88,306
F403	F1a	478	\$425,868	\$63,880
F404	F1b	526	\$501,348	\$69,952
F405	F1c-r	595	\$531,668	\$79,750
F406	F1c2	597	\$556,683	\$114,780
F407	F1d	565	\$485,668	\$72,850
F408	F2c	888	\$791,310	\$118,247
F409	F3a	1018	\$913,468	\$137,020
F501	F2a	892	\$860,000	\$179,780
F502	F2b	674	\$605,900	\$121,180
F503	F1a	478	\$428,628	\$64,294
F504	F1b	526	\$469,108	\$70,366
F505	F1c-r	595	\$596,988	\$89,548
F506	F1c2	597	\$596,988	\$89,548
F507	F1d	565	\$488,428	\$73,264
F508	F2c	888	\$774,312	\$116,147
F509	F3a	1002	\$921,068	\$137,711
F510	F3b	1140	\$1,022,028	\$153,305
F511	F2d	820	\$831,900	\$166,380
F601	F2a	892	\$793,672	\$119,051

F602	F2b	674	\$599,068	\$89,410
F603	F1a	478	\$509,900	\$101,980
F604	F1b	529	\$580,900	\$116,180
F605	F1c-r	595	\$542,708	\$81,406
F606	F1c2	597	\$625,900	\$125,180
F607	F1d	565	\$509,588	\$76,440
F608	F2c	887	\$777,832	\$116,675
F609	F3a	1002	\$922,668	\$138,400
F610	F3b	1141	\$1,010,000	\$151,500
F611	F2d	820	\$835,900	\$167,180
F701	F2a1	896	\$831,534	\$124,730
F703	F3c1	1032	\$1,037,900	\$206,980
F704	F3d	1026	\$1,114,988	\$107,999
F705	F1e-r	561	\$620,028	\$155,009
F706	F1e-r	562	\$499,468	\$74,920
F707	F2f	784	\$729,468	\$109,420
F708	F1f2	535	\$509,628	\$71,194
F709	F1f-r	534	\$509,628	\$71,194
F710	F1f-r	534	\$565,900	\$113,180
F711	F1f	527	\$474,628	\$71,194
F712	F1g	418	\$491,862	\$100,380
F713	F1h	465	\$428,628	\$64,295
F714	F2g	842	\$850,900	\$212,725
F715	F2h	941	\$882,032	\$131,855
F716	F3e	1010	\$961,308	\$144,196
F717	F2d	818	\$842,900	\$168,580
F803	F3c	1031	\$1,020,900	\$204,180
F804	F3f	1160	\$1,145,308	\$171,796
F805	EF2a-r	631	\$654,962	\$136,180
F806	EF2a-r	631	\$651,743	\$135,180
F807	F2i	860	\$731,000	\$109,650
F808	F1c3	595	\$603,428	\$90,515
F809	F1c-r	593	\$567,788	\$84,718
F810	F1c-r	593	\$646,900	\$129,380
F811	F1c	586	\$557,468	\$83,620
F812	F1a	475	\$528,900	\$105,780
F813	F1a	496	\$458,988	\$68,848
F814	F2j	830	\$758,472	\$113,771
F815	F2k	680	\$676,108	\$101,416
F817	F1i	521	\$625,900	\$125,180
F818	F2d	819	\$848,900	\$169,780
F902	F2e	889	\$855,272	\$128,291
F903	F3c	1031	\$1,027,900	\$256,975

F904	F3f	1160	\$1,151,748	\$172,762
F905	EF2a-r	631	\$660,563	\$135,580
F906	EF2a-r	632	\$660,563	\$135,580
F907	F2i	860	\$776,308	\$116,597
F908	F1c3	595	\$652,900	\$129,980
F909	F1c-r	593	\$568,468	\$85,270
F910	F1c-r	593	\$568,468	\$85,270
F911	F1c1	586	\$525,228	\$78,784
F912	Fla	475	\$441,508	\$66,226
F913	Flal	496	\$461,748	\$69,262
F914	F2j	830	\$761,992	\$152,398
F915	F2k	680	\$672,428	\$100,864
F917	Fli	521	\$566,628	\$84,994
F918	F2d	820	\$851,900	\$212,975

Totals			\$177,585,230	\$29,983,549
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Retail Units Sold		Minimum Discharge Amount Net	
Unit	Area	Revenue	Deposits
1	3158	\$3,519,900	\$879,975
2	8297	\$8,292,900	\$2,073,225
3	5857	\$6,441,900	\$1,610,475
8	465	\$829,900	\$207,475
9	887	\$1,640,900	\$410,225
10	939	\$1,549,900	\$387,475
11	1116	\$1,897,900	\$474,475
12	1343	\$1,699,900	\$339,980
13	1624	\$1,899,900	\$474,975
14	940	\$1,699,900	\$424,975
15	1112	\$1,745,900	\$436,475
16	1207	\$2,200,000	\$550,000
17	1622	\$2,144,900	\$536,225
18	1687	\$2,199,900	\$549,975
19	2258	\$2,139,900	\$534,885

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20	3865	\$5,400,000	\$1,350,000
21	1049	\$1,650,000	\$412,500
22	1066	\$1,709,900	\$427,475
23	1666	\$2,229,900	\$445,980
24	1168	\$1,674,900	\$418,725
25	995	\$1,604,900	\$401,225
26	902	\$1,525,900	\$381,475
27	776	\$1,299,900	\$324,975
28	1582	\$1,898,900	\$474,725
29	2751	\$2,257,900	\$564,475
31	4536	\$6,599,900	\$1,649,975
32	2851	\$3,699,900	\$924,975
33	3694	\$4,649,900	\$1,162,475
Totals	59,413	\$76,105,500	\$18,829,795

SCHEDULE Q
ENGAGEMENT LETTER

Q-1

51167681.7

SCHEDULE R
CONSULTANT CONTRACTS

R-1

51167681.7

This is **Exhibit "C"** referred to in the Affidavit of Jennifer Alambre made before me at Vancouver, British Columbia, this 31st day of March 2022.



A Commissioner for the taking of Affidavits for
British Columbia

LAND TITLE ACT
FORM B (Section 225)

Mar-05-2019 13:10:09.034

CA7379144 CA7379145

MORTGAGE - PART 1 Province of British Columbia

PAGE 1 OF 49 PAGES

Your electronic signature is a representation that you are a subscriber as defined by the Land Title Act, RSBC 1996 c.250, and that you have applied your electronic signature in accordance with Section 168.3, and a true copy, or a copy of that true copy, is in your possession.

Rachel Gabrielle
Simone Lehman
35NN5D
Digitally signed by Rachel Gabrielle Simone Lehman
35NN5D
Date: 2019.03.04 17:00:45 -05'00'

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

RACHEL LEHMAN, BLAKE, CASSELS & GRAYDON LLP, BARRISTERS & SOLICITORS

595 BURRARD STREET, P.O. BOX 49314

(604) 631-5226 LTO Client No: 11163

SUITE 2600, THREE BENTALL CENTRE

c/m: 70553/90061

VANCOUVER

BC V7X 1L3

Doc ID No: 51128066

Document Fees: \$143.16

Deduct LTSA Fees? Yes ☒

2. PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND:

[PID]

[legal description]

NO PID NMBR

LOT 1 SECTION 5 BLOCK 4 NORTH RANGE 6 WEST NEW WESTMINSTER
DISTRICT PLAN EPP86098

STC? YES

Related Plan Number: **EPP86098**

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

0989705 B.C. LTD.

200 - 1778 WEST 2ND AVENUE

Incorporation No

VANCOUVER

BRITISH COLUMBIA

BC0989705

V6J 1H6

CANADA

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

ROMSPEN INVESTMENT CORPORATION

162 CUMBERLAND STREET

SUITE 300

Incorporation No

TORONTO

ONTARIO

A0067154

CANADA

M5R 3N5

5. PAYMENT PROVISIONS:

(a) Principal Amount:

\$90,000,000.00

(b) Interest Rate:

SEE SCHEDULE

(c) Interest Adjustment

Date:

Y	M	D
19	04	01

(d) Interest Calculation Period:

MONTHLY, NOT IN ADVANCE

(e) Payment Dates:

1ST DAY OF EACH AND EVERY MONTH

(f) First Payment

Date:

19	05	01
----	----	----

(g) Amount of each periodic payment:

INTEREST ONLY

(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:

19	12	01
----	----	----

(j) Assignment of Rents which the
applicant wants registered ?YES ☒ NO ☐

If YES, page and paragraph number:

Page 36, Paragraph 46

(k) Place of payment:

POSTAL ADDRESS IN
ITEM 4

(l) Balance Due

Date:

19	12	01
----	----	----

MORTGAGE – PART 1

PAGE 2 OF 49 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 ☐

(c) Express Mortgage Terms ☒

D F Number:

(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)

MAXWELL P. CARROLL

Barrister & Solicitor

1600 - 925 West Georgia St.
 Vancouver, B.C. V6C 3L2
 (604) 685-3456

Execution Date

Y	M	D
19	02	25

Borrower(s) Signature(s)

0989705 B.C. LTD. by its authorized signatory(ies):

Name: Samuel David Hanson

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 3 OF 49 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:**

The interest rate is 10.00% per annum or such other rate as agreed to in writing by the Mortgagor and the Mortgagee.

MORTGAGE TERMS – PART 2

Dated for reference February 15, 2019

1. DEFINED TERMS

Unless otherwise expressly defined or otherwise required by the context, the following words and phrases will have the following meanings when used in this Mortgage:

- 1.1 "\$" means such currency of Canada which, as at the time of payment or determination, is legal tender in Canada for the payment of public or private debt;
- 1.2 "**Balance Due Date**" means the balance due date set forth in the Mortgage Form;
- 1.3 "**Commitment**" means the Commitment dated February 15, 2019 and accepted by the Mortgagor and the Guarantor on February 15, 2019 pursuant to which this Mortgage is provided, and all amendments thereto and renewals or replacements thereof from time to time;
- 1.4 "**Construction Project**" has the meaning given to it in paragraph 11.2;
- 1.5 "**Costs**" includes all costs, fees, charges and expenses of every nature and kind whatsoever incurred by the Mortgagee or paid by the Mortgagee to any other party in connection with the protection and preservation of the Lands or any other security held by the Mortgagee, or for the purpose of preserving and maintaining the enforceability and priority of this Mortgage and any such other security, or in connection with any and all demands and enforcement proceedings of every nature and kind made or carried out by or on behalf of this Mortgage under or pursuant to this Mortgage, and includes, without limitation, legal costs incurred by the Mortgagee on a solicitor and solicitor's own client full indemnity basis;
- 1.6 "**Credit Documents**" means, collectively, this Mortgage, the Commitment, each of the security documents referred to in Section 9 of the Commitment, any collateral covenant agreement, and all other agreements, instruments and documents delivered from time to time to the Mortgagee by the Mortgagor or any Guarantor, each as amended, restated, supplemented or replaced from time to time;
- 1.7 "**Default**" means any event or condition which, with the giving of notice, lapse or upon a declaration or determination being made (or any combination thereof), would constitute an Event of Default;
- 1.8 "**Environmental Laws**" means, in respect of any Person, property, transaction or event, all applicable laws, statutes, rules, by-laws and regulations, and all applicable directives, orders, codes, judgments and decrees of Governmental Bodies, whether now in existence or hereafter arising, intended to regulate and/or protect the environment and/or any living thing and/or relating to Hazardous Substances;
- 1.9 "**Event of Default**" means any event set forth in paragraph 31;

- 1.10 **"GAAP"** means generally accepted accounting principles as published in the "CPA Canada Handbook" by the Chartered Professional Accountants of Canada (as amended, replaced or republished from time to time) together with generally accepted industry standards from time to time;
- 1.11 **"Governmental Body"** means any government, parliament, legislature, or any regulatory authority, bureau, tribunal, department, instrumentality, agency, commission or board of any government, parliament or legislature, or any court, and without limiting the foregoing, any other law, regulation or rule-making entity having or purporting to act under the authority of any of the foregoing (including, without limitation, any arbitrator) and "Governmental Bodies" means any one or more of the foregoing collectively;
- 1.12 **"Guarantor"** means any party to this Mortgage expressly defined as such and any and all Persons who have directly, indirectly, as principal debtor or as surety covenanted to pay or guaranteed payment of the whole or any part of the amount or amounts secured by this Mortgage or which are owing under the loan facilities referred to in the Commitment or who have covenanted to perform or guaranteed performance by the Mortgagor of its obligations under this Mortgage or under the Commitment or under any security given in connection therewith;
- 1.13 **"Hazardous Substance"** means any hazardous or dangerous waste or substance, pollutant, contaminant, waste or other substance without limitation, whether solid, liquid or gaseous in form, which when released into the natural environment may, based upon reasonably authoritative information then available concerning such substance, immediately or in the future directly or indirectly cause material harm or degradation to the natural environment or to the health or welfare of any living thing and includes, without limiting the generality of the foregoing,
- 1.13.1 any such substance as defined or designated under any Environmental Laws;
- 1.13.2 asbestos, urea formaldehyde, poly-chlorinated byphenyl (PCB) and materials manufactured with or containing the same; and
- 1.13.3 radioactive and toxic substances,
- and "Hazardous Substances" means any one or more of the foregoing collectively;
- 1.14 **"interest"** means interest at the Mortgage Rate on all principal, interest in arrears and other monies owed to the Mortgagee under this Mortgage;
- 1.15 **"Interest Adjustment Date"** means the interest adjustment date set forth in the Mortgage Form;
- 1.16 **"Interest Calculation Period"** means the period or periods for calculation of interest set forth in the Mortgage Form;
- 1.17 **"Lands"** means the lands set forth in the Mortgage Form, and includes the Property;

- 1.18 **"Mortgage"** means the Mortgage Form and this set of Mortgage Terms and all schedules attached to this Mortgage and all amendments thereto and replacements thereof from time to time;
- 1.19 **"Mortgagee"** means all Persons in whose favour this Mortgage is given and who is or are named in this Mortgage as mortgagee and the respective successors and assigns of such Persons;
- 1.20 **"Mortgagor"** means all Persons who have given this Mortgage and who have executed the same as mortgagor and the respective successors and assigns of such Persons;
- 1.21 **"Mortgage Form"** means that certain Form B under the Land Title (Transfer Forms) Regulation pursuant to which this set of Mortgage Terms is filed under, and all schedules and addenda attached thereto;
- 1.22 **"Mortgage Rate"** means the rate of interest set forth in this Mortgage Form;
- 1.23 **"Payment Date"** means each payment date specified in the Mortgage Form, commencing on the first payment date and continuing to and including the last payment date shown in the Mortgage Form;
- 1.24 **"Periodic Payment"** means a payment in the amount specified as the amount of each periodic payment in the Mortgage Form;
- 1.25 **"Permitted Encumbrances"** means any encumbrance, lien or charge from time to time disclosed by the Mortgagor to the Mortgagee and which is consented to in writing by the Mortgagee;
- 1.26 **"Person"** means an individual, sole proprietorship, partnership, joint venture, syndicate, association, trust, body corporate, a natural Person in its capacity as trustee, personal representative or other legal representative, the Crown or any agency or instrumentality thereof, and/or any other entity recognized by law;
- 1.27 **"principal", "principal amount", "principal monies" and "principal sum"** each mean the amount of money in lawful money of Canada set forth as the principal amount on the Mortgage Form as reduced by payments made by the Mortgagor from time to time, or increased by the advance or re-advance of money to the Mortgagor by the Mortgagee from time to time, and includes all money that is added to the principal sum under these Mortgage Terms;
- 1.28 **"Property"** means the property, tenements, hereditaments and appurtenances and any estate or interest therein described in this Mortgage, and all buildings and improvements now or hereafter situate or constructed thereon, and all easements, rights-of-way and other appurtenances thereto, and all structures, additions, improvements, machinery, equipment, decorations and other fixtures of every nature and kind (whether or not affixed in law) attached thereto or placed, installed or erected thereon or used in connection therewith;
- 1.29 **"Receiver"** means any receiver, receiver and manager, receiver-manager or trustee of the Lands as may be appointed from time to time by the Mortgagee

pursuant to the provisions of this Mortgage or by any court of competent jurisdiction;

- 1.30 **"Strata Corporation"** means each corporation created or continued pursuant to the *Strata Property Act* (British Columbia) and any amendments thereto or any statute enacted in replacement thereof and pertaining to all or any part of the Lands which are governed by the said Act;
- 1.31 **"Taxes"** means all taxes, rates, assessments, local improvement charges, levies, penalties and other charges imposed upon or in respect of the Lands by any Governmental Body having jurisdiction; and
- 1.32 **"Terms of this Mortgage"** means all of the covenants, agreements, provisos, terms, conditions, warranties, representations and provisions of this Mortgage, and the agreement of the Mortgagor set forth in item 12 of the Mortgage Form to be bound by the Mortgage Terms referred to in item 9 of the Mortgage Form will apply to all of the covenants, agreements, provisos, terms, conditions, warranties, representation and provisions of this Mortgage.

2. STATUTORY REFERENCES

Unless expressly stipulated or otherwise required by the context, all references in this Mortgage to any federal, provincial or municipal statute, regulation, by-law, order, directive or other governmental enactment will be deemed to be and construed as a reference to the same as amended or re-enacted from time to time.

3. GRANT AND PROVISOS

- 3.1 For good and valuable consideration (the receipt and sufficiency whereof is hereby acknowledged by the Mortgagor), the Mortgagor grants and mortgages the Lands to the Mortgagee, all of the right, title and interest of the Mortgagor in and to the Lands as security for the due payment of the principal sum and interest as herein provided and all other monies owing by the Mortgagor to the Mortgagee under this Mortgage.
- 3.2 Provided that this Mortgage will be void upon satisfaction of all of the following:
 - 3.2.1 payment to the Mortgagee at the address of the Mortgagee set out in the Mortgage Form or to such other address or such other party or parties as the Mortgagee may from time to time require of the principal sum, with interest thereon at the Mortgage Rate, to be calculated and compounded in accordance with the Interest Calculation Period, not in advance, both before and after maturity, both before and after default, and both before and after judgment, payable as follows:
 - (i) interest accruing from the respective dates of advance of the principal sum will be due and payable on the Interest Adjustment Date (provided however, the Mortgagee may deduct accrued interest from any advance of principal);
 - (ii) a Periodic Payment will be paid on each Payment Date; and

- (iii) the unpaid balance of the principal sum, together with any accrued and unpaid interest and other costs, charges and monies owing hereunder will become due and be paid on the Balance Due Date; and

3.2.2 observance and performance of all of the Terms of this Mortgage and the payment of the Taxes and of all other monies as herein provided.

- 3.3 It is agreed that all interest, as well upon principal as upon interest, will be compounded on the last day of each Interest Calculation Period and all such compounded interest will be a charge on the Lands.
- 3.4 It is further agreed that the Mortgagee will have the right to apply any sums paid to the Mortgagee under this Mortgage in or towards the payment of accrued interest, principal or any other monies owing hereunder as the Mortgagee may determine, notwithstanding that any such sums may have been paid to the Mortgagee on account of a different amount.
- 3.5 For the consideration aforesaid, the Mortgagor releases to the Mortgagee all of the Mortgagor's claims upon the Lands subject to the provisos set forth in paragraph 3.2 hereof.

4. ADVANCE OF FUNDS

The Mortgagor agrees that neither the preparation, execution nor registration of this Mortgage will bind the Mortgagee to advance the monies hereby secured, nor will the advance of a part of the principal sum herein bind the Mortgagee to advance any unadvanced portion thereof, but nevertheless the estate hereby charged will take effect forthwith upon the execution of this Mortgage by the Mortgagor, and the expenses of the examination of the title and of this Mortgage and valuation are to be secured hereby in the event of the whole or any balance of the principal sum herein not being advanced, the same to be charged hereby upon the Lands, and will be without demand thereof, payable forthwith with interest at the rate provided for in this Mortgage, and upon the occurrence of an Event of Default the remedies herein will be exercisable.

5. MORTGAGOR'S COVENANTS

- 5.1 The Mortgagor covenants with the Mortgagee that:
 - 5.1.1 the Mortgagor will pay the principal sum herein and interest thereon at the Mortgage Rate, including compounded interest as herein provided and observe and perform the Terms of this Mortgage, and will pay as they fall due all Taxes and when required by this Mortgage, will transmit the receipts therefor to the Mortgagee;
 - 5.1.2 the Mortgagor will pay all amounts which are payable hereunder or which are capable of being added to the principal sum herein pursuant to the provisions of this Mortgage including, without limiting the generality of the foregoing, all servicing or other fees, costs or charges provided for herein; all insurance premiums; the amount paid for the supply of any fuel or utilities to the Lands; all costs, commissions, fees and disbursements

incurred by the Mortgagee in constructing, inspecting, appraising, selling, managing, repairing or maintaining the Lands; all Costs incurred by the Mortgagee with respect to this Mortgage or incurred by the Mortgagee arising out of, or in any way related to this Mortgage; any amounts paid by the Mortgagee on account of any encumbrance, lien or charge against the Lands and any and all Costs incurred by the Mortgagee arising out of, or in any way related to, the Mortgagee realizing on its security by sale or lease or otherwise;

- 5.1.3 the Mortgagor has a good indefeasible title in fee simple to the Lands, without any trusts, reservations, limitations, provisos or conditions, except those contained in the original grant from the Crown, and has good right, full power and lawful and absolute authority to grant, mortgage and convey the Lands and to grant this Mortgage to the Mortgagee upon the terms contained therein;
- 5.1.4 the Mortgagor has not done, committed, executed or wilfully or knowingly suffered any act, deed, matter or thing whatsoever whereby or by means whereof the Lands, or any part or parcel thereof, is or will or may be in any way impeached, charged, affected or encumbered in title, estate or otherwise, except as the records of the land registry office disclose; and free from all financial encumbrances, except the Permitted Encumbrances;
- 5.1.5 the Mortgagor will execute such further documents, instruments and assurances as are required by the Mortgagee to give effect to the Terms of this Mortgage and to ensure that this Mortgage is valid security for all monies and obligations secured by this Mortgage; and
- 5.1.6 the Mortgagor will produce the title deeds and allow copies to be made at the expense of the Mortgagor.

6. COMPLIANCE WITH LAWS AND REGULATIONS

The Mortgagor will, in its ownership, operation and use of the Lands, promptly and at all times observe, perform, execute and comply with all laws, rules, requirements, orders, directions, ordinances and regulations of every Governmental Body having jurisdiction with respect to the same, and further agrees at its cost and expense to take any and all steps or make any improvements or alterations thereto, structural or otherwise, ordinary or extraordinary, which may be required at any time hereafter by any such present or future laws, rules, requirements, orders, directions, ordinances or regulations.

7. CHANGE OF USE

The Mortgagor will not change or permit to be changed the existing use or uses of the Lands without the prior written consent of the Mortgagee.

8. REPAIR

The Mortgagor will keep the Lands including the buildings, erections and improvements thereon in good condition and repair according to the nature and description thereof, and the Mortgagee may, whenever it deems necessary, enter upon and inspect the Lands,

and the cost of such inspection will be added to the indebtedness secured hereunder, and if the Mortgagor neglects to keep the Lands in good condition and repair, or commits or permits any act of waste upon or abandons the Lands (as to which the Mortgagee will be sole judge) or removes or allows to be removed from the Lands, the Property or any portion thereof without prior written consent of the Mortgagee or upon discovery by the Mortgagee that any security for the indebtedness owing under this Mortgage is inadequate or breaches any of the Terms of this Mortgage, the principal sum herein together with interest at the Mortgage Rate, interest on overdue interest, the full amount of all legal fees on a solicitor and solicitor's own client full indemnity basis, disbursements, costs, charges and expenses incurred by the Mortgagee and all other monies owing and secured under this Mortgage will, at the option of the Mortgagee, forthwith become due and payable, and in default of payment thereof, the powers of entering upon and leasing or selling hereby given and all other remedies of the Mortgagee under this Mortgage as otherwise available to the Mortgagee may be exercised forthwith and the Mortgagee, upon five days notice to the Mortgagor and in the event that the Mortgagor does not in such period cause and diligently proceed with such repairs, may make such repairs as it deems necessary, and the cost thereof with interest at the rate aforesaid will be added to the monies hereby secured and will be payable forthwith and be a charge upon the Lands prior to all claims thereon subsequent to this Mortgage.

9. **ALTERATIONS OR ADDITIONS**

The Mortgagor will not make or permit to be made any alterations or additions to the Lands without the prior written consent of the Mortgagee, which consent may be withheld in the Mortgagee's sole discretion or may be given only subject to compliance with such terms and conditions at the cost of the Mortgagor as the Mortgagee may impose.

10. **LANDS INCLUDE ALL ADDITIONS**

10.1 The Lands will include all structures and installations brought or placed on the Lands for the particular use and enjoyment thereof or as an integral part of or especially adapted for the buildings thereon whether or not affixed in law to the Lands including, without limiting the generality of the foregoing, piping, plumbing, electrical equipment or systems, aerials, refrigerators, stoves, clothes washers and dryers, dishwashers, incinerators, radiators and covers, fixed mirrors, fitted blinds, window screens and screen doors, storm windows and storm doors, shutters and awnings, floor coverings, fences, air conditioning, ventilating, heating, lighting, and water heating equipment, cooking and refrigeration equipment and all component parts of any of the foregoing and that the same will become fixtures and an accession to the freehold and a part of the realty.

10.2 The Mortgagor covenants and agrees that if this Mortgage is subject to one or more prior mortgages, agreements for sale or other charges or encumbrances (herein collectively called the "**Prior Mortgage**"), the Mortgagor will pay or cause to be paid as they become due all payments whether for principal, interest, Taxes or otherwise under or by virtue of the Prior Mortgage and will otherwise observe, perform and comply with the conditions, covenants, provisos, or agreements therein contained; and that any default thereunder will be deemed to be a default hereunder and entitle the Mortgagee to exercise any and all remedies available to the Mortgagee upon an Event of Default; and that the Mortgagee may make any payment or cure any default under the Prior Mortgage and any amount or amounts

so paid together with all costs, charges, expenses and outlays of the Mortgagee thereby incurred, including the full amount of all legal fees on a solicitor and solicitor's own client full indemnity basis, disbursements, costs, charges and expenses incurred by the Mortgagee, will be added to the monies payable hereunder, bear interest at the Mortgage Rate from the date expended until paid, be payable with interest as aforesaid forthwith by the Mortgagor to the Mortgagee without demand and be a charge on the Lands and the Mortgagee will have the same rights and remedies to enforce payment thereof as the Mortgagee would have upon an Event of Default.

- 10.3 For the aforesaid consideration to the Mortgagor, without in any way affecting or releasing the Mortgagor's liability to the Mortgagee for the repayment of monies hereby secured, the Mortgagor does hereby assign, transfer and set over to the Mortgagee all right, title, claim, demand and interest whatsoever at law, or in equity, or otherwise to 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 any and all monies due under this Mortgage) by any purchaser of the Lands.

11. CONSTRUCTION LOAN

- 11.1 If this Mortgage is intended to finance any construction, alteration or addition, the Mortgagee may make advances of the principal amount to the Mortgagor based on the progress of construction and in its sole discretion the Lender will decide whether or not any advances will be made, the amount of the advances and when the advances will be made.
- 11.2 In the event that all or any portion of the monies hereby secured would, with the consent of the Mortgagee, be used for any construction upon or renovation, alteration, addition or repair to any building or structure on the Lands subject to paragraph 11.1, the Mortgagor will diligently proceed to complete construction in accordance with the plans and specifications approved by the Mortgagee (the "**Construction Project**") and will forthwith provide to the Mortgagee such information relating to the Lands and the construction as the Mortgagee may from time to time request. The Mortgagor will not make any material changes to the plans and specifications without the prior written consent of the Mortgagee. The Mortgagor will cause the Construction Project to be constructed in a good and workmanlike manner and in accordance with all applicable laws, including, without limitation, municipal by-laws and, without limitation, the Mortgagor will take all such steps as may be required to obtain an occupancy permit or equivalent permit or approval for the Construction Project from the applicable Governmental Bodies. The Mortgagor will pay all expenses incurred by the Mortgagee in retaining any cost consultant with respect to the Construction Project. The Mortgagor will comply with the requirements of an Owner under the *Builders Lien Act* (British Columbia) and will, in particular, maintain any "Holdback Account" required to be maintained under such Act. Without in any way limiting any other rights and remedies of the Mortgagee, upon the occurrence of an Event Of Default, the Mortgagee, in addition to and not in substitution for any of its other rights and remedies, may take any one or more of the following actions:

- 11.2.1 enter upon the Lands and complete the Construction Project in accordance with plans and specifications approved by the Mortgagee with such further changes as the Mortgagee may deem appropriate in its sole discretion;
 - 11.2.2 discontinue any work commenced, or change any course of action undertaken, by the Mortgagor in respect of the Lands or the Construction Project;
 - 11.2.3 at the Mortgagee's option, enforce any construction contract made by the Mortgagor, and take over and use all or any part of the labour, materials, supplies, and equipment contracted for by the Mortgagor;
 - 11.2.4 engage builders, contractors, architects, engineers, and other staff and trades as the Mortgagee considers necessary or desirable for the purpose of completing the Construction Project;
 - 11.2.5 pay, settle, or compromise all bills and claims which may be or become liens (whether such liens are claims of builders liens or any other type of lien) against the Lands or any part thereof, provided that the Mortgagee will not be liable to the Mortgagor for the validity or correctness of any such claim or lien; and
 - 11.2.6 generally, take or refrain from taking all such action in respect to the Construction Project as the Mortgagee in its sole discretion considers to be in its best interest for the purpose of preserving or enhancing the value of the Mortgagee's security.
- 11.3 The Mortgagor acknowledges and agrees that no steps taken by the Mortgagee to deal with the Mortgage as aforesaid will constitute or be deemed to be a waiver or condoning by the Mortgagee of the use of any monies secured by this Mortgage in contravention of the provisions contained herein, including, without limitation, any covenant or warranty by the Mortgagor that the purpose of the Mortgage is not to finance an improvement on the Lands.
- 11.4 The Mortgagor will be solely responsible to ensure the sufficiency of work done or to be done or material supplied or to be supplied to the Lands to justify the quantum of each advance made by the Mortgagee under the Commitment. Notwithstanding that the Commitment or any other Credit Document may provide that advances are to be made on a cost-to-complete basis or a similar basis, entitling the Mortgagee to refuse to advance where it is of the opinion that there is insufficient unadvanced funds to complete the contemplated construction, the Mortgagee will not be responsible or liable to the Mortgagor or to anyone else where either there has been insufficient work done or material supplied to the Lands to warrant an advance, or that there are insufficient funds held back to complete the contemplated construction.
- 11.5 Where the Mortgagor retains the services of an engineer, or architect, or project supervisor or a similar professional construction expert, or combination of such Persons, the Mortgagee will be entitled but not obliged to rely upon such Person to instruct the Mortgagee as to the value of the work done or to be done or material

supplied or to be supplied to the Lands, and the Mortgagee will have no liability whatsoever to the Mortgagor or to anyone else as a result of advances made by the Mortgagee relying in whole or in part upon such Person.

12. ENVIRONMENTAL WARRANTY AND INDEMNITY

- 12.1 The Mortgagor and each Guarantor jointly and severally represents, warrants, covenants and agrees that:
 - 12.1.1 it has not, and to the best of its knowledge, information and belief after making due inquiry, no other Person has caused or permitted any Hazardous Substance to be placed, discharged, stored, located or disposed of, on, under, at or near the Lands nor to be released from the Lands except in accordance with Environmental Laws;
 - 12.1.2 the Lands have never been used as a land fill site, waste disposal site or coal gasification site, or to store Hazardous Substances either above or below ground in storage tanks, pipes, conduits or otherwise;
 - 12.1.3 it and, to the best of its knowledge, information and belief after making due inquiry, the tenants, invitees and all other occupiers of the Lands have at all times carried out all business and other activities upon the Lands in strict compliance with all Environmental Laws;
 - 12.1.4 it will at all times carry out all business and other activities upon the Lands in strict compliance with all Environmental Laws, and it will at all times take all necessary measures to ensure that those for whom it is liable in law will also at all times carry out all business and other activities upon the Lands in strict compliance with all Environmental Laws.
 - 12.1.5 to the best of its knowledge, information and belief after making due inquiry, the use and occupation of the Lands have at all times been in strict compliance with all Environmental Laws;
 - 12.1.6 no notice, order, stop work order, inspection file, investigation, directive, enforcement action, regulatory action, suit, claim, action, proceeding or charge relating to any Hazardous Substance or to a breach or non-compliance with any Environmental Laws has been issued by any Governmental Body with respect to it or the Lands, or is otherwise threatened to be issued;
 - 12.1.7 it will provide the Mortgagee with full and complete copies of all communications received from time to time from all Governmental Bodies with respect to the Lands;
 - 12.1.8 it will provide to the Mortgagee on request and from time to time, information with respect to the status of the environmental matters referred to herein and will complete and deliver, on request, the Mortgagee's standard form of report, if any, on environmental matters;

- 12.1.9 the representations and warranties contained in this paragraph 12 are true and accurate in all respects as of the date of the first advance made pursuant to this Mortgage, and such representations and warranties will remain true and accurate in all respects and will survive the release and discharge of this Mortgage and the repayment and satisfaction of the indebtedness secured by this Mortgage; and
- 12.1.10 the Mortgagee may delay or refuse to make any advance to the Mortgagor if the Mortgagee believes that any of the representations and warranties set out in this Warranty and Indemnity are not presently true and accurate or if such representations and warranties have become untrue or inaccurate at any time hereafter.
- 12.2 The Mortgagor hereby agrees to permit the Mortgagee to conduct, at the Mortgagor's sole expense, from time to time as required, any and all tests, inspections, appraisals and environmental audits of the Lands so as to determine and ensure continuing compliance with the provisions of this paragraph 12 including, without limitation, the right to conduct soil tests and to review and copy any records relating to the Lands and/or to the businesses and other activities conducted thereon.
- 12.3 The Mortgagor agrees to indemnify and save fully and completely harmless the Mortgagee and its officers, directors, employees, agents and shareholders from and against any and all losses, damages, demands, claims, actions, charges, orders, directives, undertakings, costs, legal fees on a solicitor and solicitor's own client full indemnity basis and expenses, of every nature and kind, whatsoever and howsoever, which at any time or from time to time may be paid by, or incurred by, or suffered by, or asserted against, any of them as a direct or indirect result of:
 - 12.3.1 a breach of any of the representations, warranties or covenants hereinbefore set out;
 - 12.3.2 the presence of any Hazardous Substance in, on, under or about the Lands;
 - 12.3.3 the breach of any Environmental Laws; and/or
 - 12.3.4 the discharge, emission, release, spill or disposal of any Hazardous Substance from the Lands into or upon any land, the atmosphere, any watercourse, body of water or wetland or any other property.
- 12.4 The representations, warranties, covenants, acknowledgments and indemnifications set out in this paragraph 12 will survive the release and discharge of this Mortgage and of any other security held by the Mortgagee and the repayment and satisfaction of the indebtedness secured by this Mortgage.

13. INSPECTION

The Mortgagee will have access to and the right to inspect the Lands at all reasonable times.

14. TAXES

Except as otherwise set out in the Commitment (and Schedules) thereto:

14.1 The Mortgagor covenants and agrees with the Mortgagee that:

- 14.1.1** the Mortgagee may deduct from any advance of the monies secured by this Mortgage an amount sufficient to pay all Taxes which have become due and payable during any calendar year;
- 14.1.2** the Mortgagee may at its sole option estimate the amount of the Taxes payable in each year and the Mortgagor will forthwith upon demand of the Mortgagee pay to the Mortgagee one-twelfth (1/12) of the estimated annual amount of such Taxes on the 1st day of each and every month during the term of this Mortgage commencing with the 1st day of the first full month of the term of this Mortgage. The Mortgagee may at its option apply such payments to the Taxes so long as the Mortgagor is not in default under any of the Terms of this Mortgage, but nothing herein contained will obligate the Mortgagee to apply such payments on account of Taxes more often than yearly. Provided however, that if the Mortgagor will pay any sum or sums to the Mortgagee to apply on account of Taxes, and if before such payments have been so applied by the Mortgagee, there will be default by the Mortgagor in respect of any payment of principal or interest as herein provided, the Mortgagee may at its option apply such sum or sums in or towards payment of the principal, interest or interest and principal in default. If the Mortgagor desires to take advantage of any discounts or avoid any penalties in connection with the payment of Taxes, the Mortgagor may pay to the Mortgagee such additional amounts as are required for that purpose;
- 14.1.3** in the event that the Taxes actually charged in a calendar year, together with any interest and penalties thereon, exceed the amount estimated by the Mortgagee as aforesaid, the Mortgagor will pay to the Mortgagee, on demand, the amount required to make up the deficiency. The Mortgagee may at its option, pay any of the Taxes when payable, either before or after they are due, without notice, or may make advances therefore in excess of the then amount of credit held by the Mortgagee for Taxes. Any excess amount advanced by the Mortgagee will be secured as an additional principal sum under this Mortgage and will bear interest at the rate as provided for in this Mortgage until repaid by the Mortgagor. The Mortgagor will repay to the Mortgagee all Taxes which the Mortgagee has paid in respect of the Lands and repay to the Mortgagee all other property outlays not covered by any other covenant herein;
- 14.1.4** the Mortgagor will transmit to the Mortgagee all assessment notices, tax bills and other notices pertaining to the imposition of Taxes forthwith after receipt thereof;
- 14.1.5** the Mortgagor will pay to the Mortgagee, in addition to any other amounts required to be paid hereunder, the amount required by the Mortgagee in its sole discretion for a reserve on account of future liability for Taxes;

- 14.1.6 in no event will the Mortgagee be liable for any interest on any amount paid to it on account of Taxes and the monies so received may be held with its own funds pending payment or application thereof as herein provided; provided that in the event that the Mortgagee does not utilize the funds received on account of Taxes in any calendar year, such amount or amounts may be held by the Mortgagee on account of any pre-estimate of Taxes required for the next succeeding calendar year, or at the Mortgagee's option, the Mortgagee may repay such amount to the Mortgagor without any interest;
- 14.1.7 the Mortgagor will in all instances be responsible for the payment of any and all penalties resulting from any arrears of Taxes or any late payment of current instalments thereof, and at no time will such penalties be the responsibility of the Mortgagee; and
- 14.1.8 in the event the Mortgagee does not collect payments on account of Taxes as aforesaid, the Mortgagor will deliver to the Mortgagee within thirty (30) days following the due date for each instalment of Taxes written evidence from all taxing authorities having jurisdiction to the effect that the then current instalment of Taxes and all other Taxes due in respect of the then current calendar year and any preceding calendar years have been paid in full, failing which, the Mortgagee will be entitled to charge a servicing fee for each written inquiry directed to such taxing authorities or the Mortgagor for the purpose of ascertaining the status of the Taxes together with any costs payable to such taxing authorities for such information.

15. UTILITIES

The Mortgagor covenants and agrees that it will pay all utility and fuel charges related to the Lands as and when they are due and that the Mortgagor will not allow or cause the supply of utilities or fuel to the Lands to be interrupted or discontinued and that, if the supply of fuel oil or utilities is interrupted or discontinued, the Mortgagor will take all steps that are necessary to ensure that the supply of utilities or fuel is restored forthwith. It is specifically agreed that the failure to pay all fuel and utility charges as and when they are due or the interruption or discontinuing of the supply of fuel or utilities to the Lands will constitute an Event of Default within the meaning of this Mortgage and in addition to all other remedies provided for herein, the principal sum of this Mortgage will, at the sole option of the Mortgagee forthwith become due and payable.

16. INSURANCE

- 16.1 The Mortgagor covenants and agrees that it will insure and keep insured during the term of this Mortgage the buildings and other improvements on the Lands (now or hereafter erected) on an all-risks basis in an amount of not less than the greater of the full replacement value of the buildings located thereon from time to time, or the principal money herein, with no co-insurance provisions and with the Mortgagee's standard mortgage clause forming part of such insurance policies as may be approved by the Insurance Bureau of Canada from time to time and a provision requiring thirty (30) days prior written notice by the insurer to the Mortgagee of cancellation, termination, material change or non-renewal of such

policies. The Mortgagor will carry such liability, rental, loss of income, business interruption, boiler, plate glass, fire and other insurance coverage as is required by the Mortgagee to be placed with such insurance companies and in such amounts and in such form as may be acceptable to the Mortgagee. All such policies will provide for loss payable to the Mortgagee, except in the case of third party liability insurance in which case the Mortgagee will be named insured and contain such additional clauses and provisions as the Mortgagee may require. An original of all insurance policies and endorsements from the insurer to the effect that coverage has been bound and/or extended for a minimum period of at least one year and that all premiums with respect to such term of such coverage have been paid for in full, will be produced to the Mortgagee prior to any advance and at least thirty (30) days before expiration of any term of any such respective policy, failing which the Mortgagee may provide therefor and charge the premium paid therefor and interest thereon at the Mortgage Rate to the Mortgagor and any amounts so paid by the Mortgagee will be payable forthwith to the Mortgagee and will also be a charge upon the Lands and secured by this Mortgage. It is further agreed that the Mortgagee may at any time require any insurance on the Lands to be cancelled and new insurance effected with a company to be named by it, and also may, of its own accord, effect or maintain any insurance herein provided for, and any amount paid by the Mortgagee therefore will be forthwith payable to it, together with interest at the Mortgage Rate (such interest to accrue from the date of the making of such payment) by the Mortgagor (together with any Costs of the Mortgagee as herein set out), and will be a charge upon the Lands and secured by this Mortgage.

- 16.2 In the event that the evidence of continuation of such insurance as herein required has not been delivered to the Mortgagee within the required time, the Mortgagee will be entitled to a servicing fee for each written inquiry which the Mortgagee will make to the insurer or the Mortgagor pertaining to such renewal (or resulting from the Mortgagor's non-performance of the within covenant). In the event that the Mortgagee pursuant to the within provision arranges insurance coverage with respect to the Lands, the Mortgagee, in addition to the aforementioned servicing fee, will be entitled to a further servicing fee for arranging the necessary insurance coverage.
- 16.3 In the event of any loss or damage, the Mortgagor will forthwith notify the Mortgagee in writing and notwithstanding any other provision to the contrary, statutory or otherwise, in the event of any monies becoming payable pursuant to any insurance policy herein required, the Mortgagee may, at its option, require the said monies to be applied by the Mortgagor in making good the loss or damage in respect of which the money is received, or in the alternative, may require that any or all of the monies so received be applied in or towards satisfaction of any or all of the indebtedness hereby secured whether or not such indebtedness has become due. No damage may be repaired nor any reconstruction effected without the approval in writing of the Mortgagee in any event. If the Mortgagor fails or neglects to complete and file a proper proof of loss with the insurance company within fifteen (15) days of the date of loss, the Mortgagee is hereby authorized to file a proof of loss with the insurance company on behalf of the Mortgagor and the Mortgagee is hereby released from all liability whatsoever to the Mortgagor as a result of filing such proof of loss. Any insurance moneys received may, at the option of the Mortgagee, be applied in rebuilding, reinstating or repairing the

Property or be paid to the Mortgagor or any other Person appearing by the registered indefeasible title to be or to have been the owner of the Property or be applied or paid partly in one way and partly in another or it may be applied, in the sole discretion of the Mortgagee, in whole or in part in payment of the sums owing hereunder or any part thereof whether due or not then due. To ensure that the Mortgagee may apply the insurance monies in the manner provided above, the Mortgagor hereby assigns and releases to the Mortgagee all rights of the Mortgagor to receive the insurance monies and the Mortgagor expressly waives all the rights and benefits whatsoever of the Mortgagor under the *Insurance Act* (British Columbia) and the *Fire Prevention (Metropolis) Act, 1774*, and any amendments thereto, and under any statutes of British Columbia enacted in replacement of the said statutes.

- 16.4 The Mortgagor, upon demand, will transfer all policies of insurance provided for herein and the indemnity which may become due therefrom to the Mortgagee. The Mortgagee will have a lien for the indebtedness hereby secured on all the said insurance proceeds and policies, and may elect to have these insurance monies applied as it may deem appropriate, including payment of monies secured hereby, whether due or not, but the Mortgagee will not be bound to accept the said monies in payment of any principal not yet due.

17. REMITTANCE AND APPLICATION OF PAYMENTS

- 17.1 All payments of principal, interest and other monies payable hereunder to the Mortgagee will be payable at par in lawful money of Canada at the Mortgagee's address for service as set out in this Mortgage or at such other place as the Mortgagee will designate in writing from time to time. In the event that any of the monies secured by this Mortgage are forwarded to the Mortgagee by mail, payment will not be deemed to have been made until the Mortgagee has actually received such monies and the Mortgagor will assume and be responsible for all risk of loss or delay.
- 17.2 Notwithstanding anything herein to the contrary, upon the occurrence of an Event of Default, the Mortgagee may apply any payments received in whatever order the Mortgagee may elect as between principal, interest, realty taxes, insurance premiums, repairs, Costs and any other advances or payments made by the Mortgagee hereunder.

18. RECEIPT OF PAYMENT

Any payment received after 2:00 p.m. (Toronto, Ontario time) on any date will be deemed, for the purpose of calculation of interest to have been made and received on the next business day and the Mortgagee will be entitled to interest on the amount due it, to and including the date on which the payment is deemed by this provision to have been received.

19. NO DEEMED RE-INVESTMENT

Except in the case where this Mortgage provides for blended payments of principal and interest whether paid monthly or otherwise, the parties hereto agree that the Mortgagee will not be deemed to reinvest any monthly or other payments received by it hereunder.

20. PRE-AUTHORIZED CHEQUING PLAN

If and when required by the Mortgagee, all payments made under this Mortgage by the Mortgagor will be made by a pre-authorized cheque payment plan as approved by the Mortgagee. The Mortgagee will not be obligated to accept any payment other than payment made by pre-authorized cheque. Failure to make all payments by pre-authorized cheque will be an Event of Default within the meaning of this Mortgage and the Mortgagee will be entitled to pursue any and all of its remedies herein and/or at law as it may deem necessary at its option.

21. POSTDATED CHEQUES

The Mortgagor will, if and when required by the Mortgagee, deliver to the Mortgagee upon the first advance of monies hereunder or upon request and thereafter on each anniversary date thereof in each year for the duration of the term of this Mortgage, postdated cheques for the payments of principal, interest and estimated realty taxes required to be made herein during the twelve month period commencing on each such anniversary date. In the event of default by the Mortgagor in delivery to the Mortgagee of the postdated cheques as herein provided, an Event of Default within the meaning of this Mortgage will be deemed to have occurred and the Mortgagee will be entitled to pursue any and all of its remedies herein and/or at law as it may deem necessary at its option. In addition, the Mortgagee upon the Mortgagor's failure to deliver such postdated cheques as required hereunder will be entitled to a servicing fee for each written request that it makes to the Mortgagor for the purpose of obtaining such postdated cheques. Any step taken by the Mortgagee hereunder by way of a request for further postdated cheques will be without prejudice to the Mortgagee's rights hereunder to declare this Mortgage to be in default in the event that such postdated cheques are not delivered within the required time.

22. DISHONoured CHEQUES

In the event that any of the Mortgagor's cheques are not honoured when presented for payment to the drawee, the Mortgagor will pay to the Mortgagee for each such returned cheque a servicing fee to cover the Mortgagee's administration costs with respect to same. In the event that the said cheque which has not been honoured by the drawee is not forthwith replaced by the Mortgagor, the Mortgagee will be entitled to a further servicing fee for each written request therefore which may be necessitated by the Mortgagor not forthwith replacing such dishonoured cheque.

23. FINANCIAL AND OPERATING STATEMENTS

23.1 The Mortgagor covenants that, within the periods of time hereinafter specified, or within such other period(s) of time as may be specified by any of the other Credit Documents, the Mortgagor will deliver or cause to be delivered to the Mortgagee the following:

23.1.1 within one hundred and twenty (120) days after the end of each fiscal year of operation of the Lands, an annual operating statement in respect of the Lands for the immediately preceding fiscal year setting forth the gross rents and other income derived from the Lands, the cost and expenses of operation and maintenance of the Lands and such other

information and explanations in respect of the same as may be required by the Mortgagee;

- 23.1.2 within one hundred and twenty (120) days after the end of each fiscal year of each Mortgagor and Guarantor which is a corporation or partnership, the annual financial statements of each such corporation or partnership for its immediately preceding fiscal year including, without limitation, the balance sheet of the corporation or partnership as at its fiscal year end with comparative figures for prior years, statements of earnings, retained earnings and changes in financial position as at the fiscal year end with comparative figures for prior fiscal years, any supporting schedules and notes thereto and such other information and explanations as may be required by the Mortgagee; and
- 23.1.3 with respect to each Mortgagor and Guarantor who is an individual and within thirty (30) days after each anniversary of the date of this Commitment, an annual updated net worth statement of each such individual in such form and including such content and other information and explanations as may be required by the Mortgagee.
- 23.2 All such operating and financial statements will be prepared at the expense of the Mortgagor and in accordance with generally accepted accounting principles applied on a consistent basis and by a duly qualified chartered accountant or certified public accountant which is acceptable to the Mortgagee, and will be submitted in audited form if so required by the Mortgagee upon the occurrence of an Event of Default, and the completeness and correctness of such statements will be supported by an affidavit of an authorized officer of the Mortgagor or Guarantor, as the case may be.
- 23.3 The Mortgagee reserves the right to disclose to third parties, any of the foregoing financial information or otherwise acquired in respect to the indebtedness secured hereby as may be required in connection with the fulfillment of its rights and/or obligations under the Commitment or this Mortgage or to carry out its terms of to enforce its security for mortgage securitization purposes.

24. ESTOPPEL ACKNOWLEDGEMENTS

If and whenever the Mortgagee requests an acknowledgement from the Mortgagor as to the statement of account with respect to this Mortgage or the status of the terms and conditions of this Mortgage, the Mortgagor will execute such an acknowledgement in such form as may be required by the Mortgagee provided that the contents of such form are correct, and the Mortgagor will do so forthwith upon request and without cost to the Mortgagee and will return such acknowledgement duly executed within two (2) business days of such request.

25. STATEMENTS OF ACCOUNT

The Mortgagor will be entitled to receive upon written request, a statement of account with respect to this Mortgage as of any payment date under this Mortgage and the Mortgagee will be entitled to a servicing fee for each such statement.

26. RENEWAL OR EXTENSION OF TIME; ATTENTION SUBSEQUENT INTERESTS

- 26.1 No renewal or extension of the term of this Mortgage given by the Mortgagee to the Mortgagor, or anyone claiming under it, or any other dealing by the Mortgagee with the owner of the equity of redemption of the Lands, will in any way affect or prejudice the rights of the Mortgagee against the Mortgagor or any other Person liable for the payment of the monies hereby secured. The Mortgage may be amended, extended and/or renewed by an agreement in writing at maturity for any term with or without an increased rate of interest, or amended from time to time as to any of its terms, including, without limitation, an increase of interest rate or principal amount and notwithstanding that there may be subsequent encumbrancers, and it will not be necessary to register any such agreement in order to retain priority for this Mortgage so altered over any instrument registered subsequent to this Mortgage; PROVIDED that nothing contained in this paragraph will confer any right of amendment, extension or renewal upon the Mortgagor.
- 26.2 The terms of this Mortgage may be amended, extended and this Mortgage may be renewed from time to time by mutual agreement between the then current owner of the Lands and the Mortgagee and the Mortgagor hereby further covenants and agrees that, notwithstanding that the Mortgagor may have disposed of its interest in the Lands, the Mortgagor will remain liable as a principal debtor and not as a surety for the observance of all of the terms and provisions herein and will in all matters pertaining to this Mortgage well and truly do, observe, fulfill and keep all of the covenants, provisos, conditions and agreements in this Mortgage and all amendment(s), extension(s) and renewal(s) thereof, and without limiting the foregoing, notwithstanding the amendment, extension and/or renewal of this Mortgage, and notwithstanding the giving of time for the payment of this Mortgage or the varying of the terms of the payment thereof or of the rate of interest thereon, and notwithstanding any other indulgence by the Mortgagee to the Mortgagor.
- 26.3 The Mortgagor covenants and agrees with the Mortgagee that no agreement for amendment, extension and/or renewal hereof, or for extension of the time for payment of any monies payable hereunder will result from, or be implied from, any payment or payments of any kind whatsoever made by the Mortgagor to the Mortgagee after the expiration of the original term of this Mortgage or of any subsequent term agreed to in writing between the Mortgagor and the Mortgagee, and that no amendment, extension and/or renewal hereof or any extension of the time for payment of any monies hereunder will result from, or be implied from, any other act, matter or thing, save only express agreement in writing between the Mortgagor and the then current owner of the Lands.

27. EXPROPRIATION

If the Lands or any part thereof which, in the reasonable opinion of the Mortgagee is material to the viability and operations thereon will be expropriated by any Governmental Body clothed with the powers of expropriation, the principal sum herein remaining unpaid will at the option of the Mortgagee forthwith become due and payable together with interest thereon at the Mortgage Rate to the date of payment, interest on overdue interest and all other monies owing hereunder, together with a bonus equal to the aggregate of (a) three months' interest at the said rate calculated on the amount of the principal remaining unpaid, and (b) one month's interest at the rate provided for herein calculated on the

principal remaining unpaid, for each full year of the term of this Mortgage or any part of such year from the said date of payment to the date the said principal sum or balance thereof remaining unpaid would otherwise under the provisions of this Mortgage become due and payable and in any event all the proceeds of any expropriation will be paid to the Mortgagee at its option in priority to the claims of any other party.

28. LETTERS OF CREDIT

The parties to this Mortgage hereby acknowledge and agree that, in addition to all other amounts advanced and/or secured hereby, this Mortgage will stand as good and valid security with respect to any and all letters of credit, letters of guarantee or similar instruments (collectively the "**Letters of Credit**") issued by or on behalf of the Mortgagee for the benefit of or on account of the Mortgagor and in favour of any other party as may be requested or directed by the Mortgagor from time to time, and that the total amount of the financial obligations under each Letter of Credit will be deemed to have been advanced and fully secured under this Mortgage as of and from the date of issuance of each such Letter of Credit regardless of when the same may be called upon by the holder thereof. In the event that at any time the Mortgagee is of the opinion, in its sole and unfettered discretion, that the Lands or such part(s) thereof as remain undischarged are insufficient to secure the aggregate amount of all of the Mortgagee's outstanding obligations under, pursuant to or in connection with such Letters of Credit from time to time outstanding, the Mortgagee will be entitled to retain out of any payment received under this Mortgage or out of the proceeds of any sale or revenue received in respect of the Lands or any part(s) thereof or out of the proceeds of any amounts received by the Mortgagee upon the enforcement of this Mortgage, an amount equal to the aggregate amount of all of the Mortgagee's outstanding obligations under, pursuant to or in connection with Letters of Credit as remain from time to time outstanding without being obliged to apply any portion of such amount on account of any principal, interest or other monies otherwise outstanding and secured by this Mortgage; and the Mortgagee will be entitled to retain such amount for such period of time as any of the Letters of Credit remain outstanding and the Mortgagee is hereby irrevocably authorized and directed to utilize the same in order to satisfy payment of any amounts called upon for payment pursuant to the Letters of Credit.

29. SALE OR CHANGE OF CONTROL

29.1 In the event of any sale, conveyance or transfer of the Lands or any portion thereof, or if ownership of or control and direction over the majority of the shares, units or ownership interests of the Mortgagor or any Guarantor changes by amalgamation, merger, sale, transfer of shares, units or ownership interests or otherwise, or a change in the beneficial ownership of the Lands or any portion thereof or a lease of the whole of the Lands (each of the foregoing, a "**Change of Control**"), all sums secured hereunder will, at the Mortgagee's option, become due and payable forthwith unless the prior written consent of the Mortgagee has been obtained, which consent may be arbitrarily or unreasonably withheld. The rights of the Mortgagee pursuant to this provision will not be affected or limited in any way by the acceptance of payments due under this Mortgage from the Mortgagor or any Person claiming through or under it and the rights of the Mortgagee hereunder will continue without diminution for any reason whatsoever until such time as the Mortgagee has consented in writing as required by this provision.

- 29.2 Provided further that no permitted sale or other dealing by the Mortgagor with the Lands or any part thereof will in any way change the liability of the Mortgagor or in any way alter the rights of the Mortgagee as against the Mortgagor or any other Person liable for payment of the monies hereby secured.

30. NO FURTHER ENCUMBRANCES

In the event that the Mortgagor enters into, creates, incurs, assumes, suffers or permits to exist any additional charge, encumbrance, pledge or other financing of the Lands, or of the chattels, equipment or personal property related to the Lands, all sums secured hereunder will, at the Mortgagee's option, become due and payable forthwith unless the prior written consent of the Mortgagee has been obtained, which consent may be arbitrarily or unreasonably withheld.

31. EVENTS OF DEFAULT

- 31.1 Without limiting any of the provisions of this Mortgage, any of the following events will constitute an Event of Default hereunder and under the other Credit Documents upon the happening of which the whole of the principal sum outstanding and all interest accruing thereon will immediately become due and payable at the option of the Mortgagee exercised by notice in writing to the Mortgagor:
- 31.1.1 failure by the Mortgagor to pay any instalment of principal, interest and/or Taxes under this Mortgage or under any charge or other encumbrance of the Lands, on the date upon which any of the payments for same become due;
 - 31.1.2 failure by the Mortgagor or any Guarantor to strictly and fully observe or perform any condition, agreement, covenant, obligation or term (other than with respect to those described in paragraph 31.1.1) set out in the Terms of this Mortgage, any of the Credit Documents to which it is a party, or any other document creating a contractual relationship as between them or any of them, or if it is found at any time that any representation or warranty to the Mortgagee with respect to the loan secured by this Mortgage or in any way related thereto or under any of the other Credit Documents is incorrect or misleading when so made or deemed to have been repeated as herein or therein provided, and such default continues for a period of ten (10) days after notice in writing of such breach is given to the Mortgagor or any Guarantor by the Mortgagee;
 - 31.1.3 default by the Mortgagor in the observance or performance of any of the covenants, provisos, agreements or conditions contained in any charge or other encumbrance affecting the Lands, whether or not it has priority over this Mortgage;
 - 31.1.4 upon the registration of any construction lien against the Lands which is not discharged or vacated within a period of ten (10) days after the date of registration thereof;

- 31.1.5 in the event that any Hazardous Substance is discovered in, on or under the Lands or any part thereof and the same is not completely removed therefrom to the entire satisfaction of the Mortgagee within ten (10) days after demand therefor by the Mortgagee;
- 31.1.6 in the event that the Lands are abandoned or there is any cessation or threat of cessation of the business activities or any material part thereof now being conducted upon the Lands by the Mortgagor or the beneficial owner of the Lands or any of their respective officers, agents, employees, tenants or invitees;
- 31.1.7 if a judgment, decree or order of a court of competent jurisdiction is entered against the Mortgagor or any Guarantor (i) adjudging the Mortgagor or any Guarantor bankrupt or insolvent, or approving a petition seeking its reorganization or winding-up under the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada) or any other bankruptcy, insolvency or analogous law, or (ii) ordering the involuntary winding up or liquidation of the affairs of the Mortgagor or any Guarantor, or (iii) if any receiver or other Person with like powers is appointed over all, or substantially all, of the property of the Mortgagor or any Guarantor, unless such appointment is stayed and of no effect against the Lands or any security provided by the Mortgagor or any Guarantor in favour of the Mortgagee and the rights of the Mortgagee thereunder or the Mortgagor or any Guarantor is actively pursuing such a stay and the Mortgagee is satisfied that there is no adverse effect in its position as a result of the Mortgagee permitting the Mortgagor or any Guarantor time to pursue such stay;
- 31.1.8 if, (i) an order or a resolution is passed for the dissolution, winding-up, reorganization or liquidation of the Mortgagor or any Guarantor pursuant to applicable laws, including the *Business Corporations Act* (British Columbia), or (ii) the Mortgagor or any Guarantor institutes proceedings to be adjudicated bankrupt or insolvent, or consents to the institution of bankruptcy or insolvency proceedings against it under the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada) or any other bankruptcy, insolvency or analogous law, or (iii) the Mortgagor or any Guarantor consents to the filing of any petition under any such law or to the appointment of a receiver, or other Person with like powers, over all, or substantially all, of the Mortgagor's or any Guarantor's property, or (iv) the Mortgagor or any Guarantor makes a general assignment for the benefit of creditors, or becomes unable to pay its debts generally as they become due, or (v) the Mortgagor or any Guarantor takes or consents to any action in furtherance of any of the aforesaid purposes;
- 31.1.9 the occurrence of any action, suit or proceeding against or affecting the Mortgagor or any Guarantor before any court or before any Governmental Body which, if successful, would have, or could reasonably be expected to have, a material adverse effect on the value of the Lands or the financial stakes of the Mortgagor or any Guarantor, unless the action, suit, or proceedings will be contested diligently and in

good faith and, in circumstances where a lower court or tribunal has rendered a decision adverse to the Mortgagor or any Guarantor, the Mortgagor or any Guarantor is appealing such decision, and has provided a reserve in respect thereof made in accordance with GAAP, adequate in the opinion of the Mortgagee;

- 31.1.10 a judgment or judgments are obtained against the Mortgagor or any Guarantor for an aggregate amount in excess of \$100,000, in the aggregate, which, to the extent the aggregate amount thereof exceeds \$100,000, remains or remain unsatisfied and undischarged for a period or ten (10) days during which such judgment or judgments, to the extent the aggregate amount thereof exceeds \$100,000, will not be on appeal or execution thereof will not be effectively stayed;
- 31.1.11 any execution, sequestration, expropriation or similar process is brought or threatened, by way of notice or otherwise, against, or a distress or analogous process is levied upon the whole or any part of the property of the Mortgagor or any Guarantor;
- 31.1.12 if any material provision of any Credit Document will at any time cease to be in full force and effect, be declared to be void or voidable or will be repudiated, or the validity or enforceability thereof will at any time be contested by the Mortgagor or any Guarantor;
- 31.1.13 if a Change of Control occurs and the Mortgagee has not consented to the same;
- 31.1.14 default by the Mortgagor or any Guarantor in the observance or performance of any non-monetary representation, warranty, covenant, proviso, agreement, condition or obligation to be observed or performed by it, pursuant to any agreement (other than the Credit Documents) to which it is a party or by which any of its property is bound, where such default would have, or could reasonably be expected to have, a material adverse effect on the value of the Lands or the financial stakes of the Mortgagor or any Guarantor; and
- 31.1.15 any default will have occurred and is continuing in respect of any indebtedness of the Mortgagor or any Guarantor to any lender (other than the Mortgagee) which results in the acceleration of the payment of such indebtedness or which permits the holder thereof to accelerate the payment of such indebtedness and if there is a grace period applicable thereto arising under contract or otherwise, such default continues beyond the expiry of such grace period or if any lender (other than the Mortgagee) will demand repayment of any indebtedness owed to it by any Mortgagor or any Guarantor which is repayable on demand, and the aggregate principal amount of all such indebtedness is at least \$100,000.

32. ENFORCEMENT

- 32.1 The Mortgagor covenants and agrees that upon the occurrence of an Event of Default under the Terms of this Mortgage, the Mortgagee may take legal proceedings and any other legal steps to collect the amount of money due or to compel the Mortgagor to keep the Mortgagor's promises and agreements, including without limitation: making application to a court for an order that the Land be sold on terms approved by the court; making application to a court to foreclose the Mortgagor's interest in the Land and on a final order of foreclosure the Mortgagor's interest in the Land will be absolutely vested in and belong to the Mortgagee.
- 32.2 Provided that the Mortgagee, upon the occurrence of an Event of Default that is continuing for one month, may on one week's notice enter on and lease or sell the Lands; and the Mortgagor covenants and agrees that the Mortgagee may lease or sell as aforesaid without entering into possession of the Lands; and should such Event of Default continue for two months, an entry, lease or sale may be made hereunder without notice; and when under the terms hereof a notice is necessary, such notice may be given effectually either by leaving the same with an adult Person on the Lands, if occupied, or by placing it thereon, if unoccupied, or at the option of the Mortgagee by publishing the same once in a newspaper published in the Province of British Columbia; and the Mortgagee may sell the Lands or any part thereof or any interest in the Lands on such terms as to credit and otherwise as appear to the Mortgagee most advantageous and for such price as in the opinion of the Mortgagee can reasonably be obtained therefor; and 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 aforesaid; and the Mortgagee may make any stipulations as to the title or commencement of title or otherwise as the Mortgagee deems proper; and may buy in or rescind or vary any contract for sale of any of the Lands and re-sell without being answerable for loss occasioned thereby; and in case of a sale on credit the Mortgagee will only be bound to pay the Mortgagor such monies as have been actually received from the purchasers after the satisfaction of the Mortgagee's claims; and for any of the said purposes the Mortgagee may make and execute all agreements and assurances as the Mortgagee deems fit, and the purchasers at any sale hereunder are not bound to see to the propriety or regularity thereof; and no want of notice of publication when required hereby will invalidate any sale or lease made or purporting to be made hereunder.
- 32.3 Provided that the Mortgagee may distrain for arrears of interest, and it is agreed that the powers of the Mortgagee under this proviso may also be exercised to enforce payment of any instalment of principal or mixed principal and interest hereby secured and in arrears and in respect of any Event of Default; and further that if an Event of Default occurs, it will be lawful for the Mortgagee (and the Mortgagor does hereby grant full power and licence to the Mortgagee) to enter, seize and distrain upon any goods upon the Lands or any part thereof and by distress warrant to recover by way of rent reserved as in the case of a demise of the Lands as much of the principal or interest or other sums due hereunder as may from time to time be or remain in arrears or unpaid together with all costs, charges and expenses attending such levy or distress as in like cases of distress for rent including, without limitation, the full amount of all legal fees on a solicitor and

solicitor's own client full indemnity basis, disbursements, costs, charges and expenses incurred by the Mortgagee; and as part of the consideration aforesaid the Mortgagor hereby waives, on the exercise of such right and licence, all the rights to exemption from seizure and distress under any statute of the Province of British Columbia; notwithstanding the foregoing it is expressly understood and agreed that the right of distress will not apply to residential premises which are subject to the provisions of the *Residential Tenancy Act* (British Columbia), as amended or any statute enacted in replacement thereof, except as may be permitted thereby.

- 32.4 Upon the occurrence of an Event of Default, the whole of the principal sum hereby secured together with interest thereon at the Mortgage Rate, interest on overdue interest, the full amount of all legal fees on a solicitor and solicitor's own client full indemnity basis, disbursements, costs, charges and expenses incurred by the Mortgagee and all other monies owing or secured under this Mortgage will, at the option of the Mortgagee, immediately become due and be paid; and upon such indebtedness becoming due and payable as heretofore provided, the Mortgagor will refrain from collecting and receiving all rents accruing as aforesaid and upon notice from the Mortgagee, all tenants will thereafter pay such rents to the Mortgagee, and the Mortgagee may immediately cause default proceedings to be commenced under this Mortgage in the manner prescribed by law and will be entitled to have a receiver, receiver-manager or a receiver and manager appointed, and without proof of any other ground for his appointment than the said default, to take possession and charge of the Lands and to fully and effectively operate the business which the Lands comprise including, without limiting the generality of the foregoing, the right to rent the same and receive and collect the rents, issues and profits thereof, under direction of the court, and 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 cost of collection and the full amount of all legal fees on a solicitor and solicitor's own client full indemnity basis, disbursements, costs, charges and expenses incurred by the Mortgagee; and upon the occurrence of an Event of Default, the Mortgagee will have the right forthwith after the occurrence of such Event of Default to enter upon, take possession of and rent the Lands and receive the rents, issues and profits thereof and apply the same after payment of all necessary charges and expenses, on account of the indebtedness hereby secured.
- 32.5 In addition to the foregoing rights and powers, the Mortgagee may appoint by instrument in writing a receiver, receiver-manager or receiver and manager (herein called the "**Receiver**") of the Lands, with or without bond, and may from time to time remove the Receiver and appoint another in his stead. Any Receiver appointed by the Mortgagee as aforesaid is deemed to be the agent of the Mortgagor and the Mortgagor will be solely responsible for the Receiver's acts or defaults and the Mortgagee will not be liable to the Receiver for his remuneration, costs, charges or expenses.
- 32.6 It is further specifically understood and agreed that the Receiver appointed by the Mortgagee will have the following powers, subject to any limitations in the instrument in writing or Order of the Court, if any, appointing him, namely to:

- 32.6.1 take possession of the Lands;
 - 32.6.2 carry on or concur in carrying on the business of the Mortgagor in operating the business comprised of the Lands;
 - 32.6.3 sell or lease or concur in selling or leasing any or all of the Lands;
 - 32.6.4 make any arrangements or compromises which the Receiver considers expedient;
 - 32.6.5 borrow money to carry on the business of the Mortgagor comprised of the Lands or to maintain the whole or any part of the Lands in a manner that will, in the opinion of the Receiver, be sufficient to obtain, upon the security of the whole or any part of the Lands, the amounts from time to time required in the opinion of the Receiver and in so doing the Receiver may issue certificates (each herein called a "**Receiver's Certificate**") that may be payable as the Receiver considers expedient and bear interest as stated therein and the amounts from time to time payable under any Receiver's Certificate will charge the Lands in priority to this Mortgage and the Mortgagor hereby charges the Lands with the debt, if any, owing from time to time under any Receiver's Certificate; and
 - 32.6.6 institute and prosecute all suits, proceedings and actions which the Receiver considers necessary for the proper protection of the Lands, to defend all suits, proceedings and actions against the Mortgagor or the Receiver, to appear in and conduct the prosecution and defence of any suit, proceeding or action then pending or thereafter instituted and to appeal any suit, proceeding or action.
- 32.7 The net revenue of the business comprised of the Lands and the net proceeds of sale of the Lands will be applied by the Receiver subject to the claims of creditors, if any, ranking in priority to this Mortgage as follows:
- 32.7.1 firstly, in payment of all costs, charges and expenses of and incidental to the appointment of the Receiver and the exercise by him of all or any of the powers aforesaid including the reasonable remuneration of the Receiver and all amounts properly payable to him;
 - 32.7.2 secondly, in payment to the Mortgagee of the principal sum owing hereunder;
 - 32.7.3 thirdly, in payment to the Mortgagee of all costs and charges owing hereunder and interest and arrears of interest remaining unpaid hereunder; and
 - 32.7.4 fourthly, any surplus will be paid to the Mortgagor.

Provided that in the event that any party claims a charge against all or a portion of the surplus, the Receiver will make such disposition of all or any portion of the surplus as the Receiver deems appropriate in the circumstances.

- 32.8 Neither the provisions of this Mortgage nor the exercise of the powers provided in this Mortgage will render the Mortgagee a mortgagee in possession. Any money spent and liabilities incurred by the Mortgagee in taking any such actions will be added to the principal amount, will bear interest at the Mortgage Rate from the date so spent or incurred, will be immediately due and payable by the Mortgagor to the Mortgagee, and will be secured by this Mortgage.
- 32.9 Notwithstanding any other provisions herein it is understood and agreed by the Mortgagor that upon the occurrence of an Event of Default, the whole of the principal sum hereby secured together with interest thereon at the Mortgage Rate, interest on overdue interest, the full amount of all legal fees on a solicitor and solicitor's own client full indemnity basis, disbursements, costs, charges and expenses incurred by the Mortgagee and all other monies owing or secured under this Mortgage will, at the option of the Mortgagee, immediately become due and be paid and the Mortgagee may exercise any and all rights, remedies, powers and privileges under this Mortgage or under any other Credit Document, or afforded by applicable law, or otherwise available to the Mortgagee.

33. PAYMENT OF LIENS

- 33.1 The Mortgagor covenants and agrees that the Mortgagee will have the right to:
- 33.1.1 pay any liens or claims of lien in respect of the Lands whether to the lien claimant or into court in order to obtain a discharge of such liens or claims of lien (without taking or defending any action or proceedings to determine the validity of any lien or claim of lien or the rights or priorities of any lien claimants to or under any such liens or claims of lien); and
- 33.1.2 pay the Taxes, charges or encumbrances upon the Lands and premiums for insurance and mortgage or any other tax imposed, or that may be imposed on the Mortgagee in respect to the Lands or this Mortgage or monies hereby secured.
- 33.2 The amounts so paid pursuant to paragraph 33.1 above and also all costs, charges and expenses including the full amount of all legal fees on a solicitor and solicitor's own client full indemnity basis, disbursements, costs, charges and expenses incurred by the Mortgagee which may be incurred before, when or after action is commenced in collecting, procuring or enforcing payment of any of the monies in default hereunder or in any way enforcing or protecting the security of this Mortgage or enforcing any of the Terms of this Mortgage, or travelling expenses of the Mortgagee, the Mortgagee's servants and agents, and commissions on collection of rent, which may be incurred in the taking, recovering and keeping possession of the Lands or in inspecting the same and generally in any other measures or proceedings taken to realize or collect the monies hereby secured or to perfect the title of the Lands and also all monies paid and expenses incurred by the Mortgagee in connection with the application for this Mortgage loan and in the preparation and perfection of this Mortgage security and in the satisfaction of any charge on the Lands will be secured by the charge hereby granted on the Lands in favour of the Mortgagee and be payable forthwith by the Mortgagor to the Mortgagee with interest at the Mortgage Rate until paid and in default the power of sale hereby given will be exercisable in addition to all other remedies of the

Mortgagee. In the event of the monies hereby advanced or any part thereof being applied to the payment of any liens or claims of lien, charges or encumbrances, the Mortgagee will stand in the position and be entitled to all equities of the Person or Persons so paid off, provided that if any liens or claims of lien, charges or encumbrances are filed or recorded against the Lands which may be prior to or for which priority may be claimed over the charge created on the Lands by this Mortgage or any monies advanced or secured under this Mortgage, then upon the filing or recording of any such liens or claims of lien, charges or encumbrances the whole of the principal sum hereby secured together with interest thereon at the Mortgage Rate, interest on overdue interest, the full amount of all legal fees on a solicitor and solicitor's own client full indemnity basis, disbursements, costs, charges and expenses incurred by the Mortgagee and all other monies owing or secured under this Mortgage will, at the option of the Mortgagee, immediately become due and be paid without any action or proceedings to determine the rights and priorities of such liens or claims of lien, charges and encumbrances and the Mortgagee may exercise all remedies to enforce this Mortgage unless the Mortgagor gives and delivers to the Mortgagee within such time as the Mortgagee may from time to time limit such security or monies as the Mortgagee may require from time to time to secure the payment of any such liens or claims of lien, charges and encumbrances and to indemnify the Mortgagee against the payment thereof.

34. OTHER RIGHTS OF THE MORTGAGEE

- 34.1 The Mortgagor covenants that the Mortgagee may, but will be under no obligation to, at such time or times as the Mortgagee deems necessary and without the concurrence of the Mortgagor or any other Person make such arrangements for the repairing, finishing and putting in order of the Lands, including, without limitation, such repairs, replacements and improvements as are necessary so that the Mortgagor and the Lands comply with Environmental Laws, and for inspecting, maintaining, leasing, collecting the rents of and managing generally the Lands as the Mortgagee deems expedient and all reasonable costs, charges and expenses including an allowance for the time and services of the Mortgagee, the Mortgagee's servants or agents and any other Person or Persons appointed for the above purposes including, without limitation, the full amount of all legal fees on a solicitor and solicitor's own client full indemnity basis, disbursements, costs, charges and expenses incurred by the Mortgagee, will be payable forthwith to the Mortgagee and be a charge upon the Lands and bear interest at the Mortgage Rate until paid.
- 34.2 The Mortgagor further covenants with the Mortgagee that the Mortgagee may, without any order or direction of the Mortgagor, pay to contractors, subcontractors, materialmen, labourers and other Persons supplying or having a claim for work, services and/or materials supplied in and about the construction, repairing, altering or replacing of the Property or any part thereof on the Lands, any monies due to them for work, services and/or materials, out of the monies being advanced by the Mortgagee under this Mortgage or the Mortgagee may pay for the work, services and/or materials and add all monies so paid to the principal owing under this Mortgage, but nothing herein contained obligates the Mortgagee to pay or advance or continue to pay or advance any such monies after the Mortgagee has paid or advanced any such monies under this Mortgage.

- 34.3 The Mortgagee may at the Mortgagee's discretion at all times release any part or parts of the Lands or any other security for the monies hereby secured either with or without any consideration therefor and without being accountable for the value thereof or for any monies except those actually received by the Mortgagee and without thereby releasing any other of the Lands or any of the covenants herein contained.

35. REALIZATION OF SECURITIES

- 35.1 The Mortgagor acknowledges and agrees that:
- 35.1.1 the Mortgagee may realize upon various securities for the monies advanced or secured hereunder or any part thereof in such order as the Mortgagee may elect and realization by any means upon any security does not bar realization upon any other security or this Mortgage; and
 - 35.1.2 the taking of a judgment or judgments on any covenant contained in this Mortgage or on any covenant contained in any other security documents for payment of the monies hereby secured or performance of the obligations herein contained does not operate as a merger of any such covenant or affect the right of the Mortgagee to interest at the rate and times aforesaid on any monies owing to the Mortgagee under any covenant therein or herein set forth and any judgment will provide that interest thereon is to be calculated at the same rate and in the same manner as herein provided until the judgment or judgments are fully paid and satisfied.

36. BANKRUPTCY AND INSOLVENCY ACT

- 36.1 The Mortgagor hereby acknowledges and agrees that the security held by the Mortgagee is not all or substantially all of the inventory, accounts receivable or other property of the Mortgagor acquired for or used in relation to any business carried on by the Mortgagor. The Mortgagor hereby further acknowledges and agrees that notwithstanding any act of the Mortgagee by way of appointment of any Person or Persons for the purposes of taking possession of the Lands as agent on behalf of the Mortgagor or otherwise or by taking possession of the Lands itself pursuant to any rights that the Mortgagee may have with respect thereto will not constitute the Mortgagee or any such Person, a receiver within the meaning of subsection 243(2) of the *Bankruptcy and Insolvency Act* (Canada) (the "**BIA**"), and that any and all requirements of Part XI of the BIA as it may pertain to obligations of receivers will not be applicable to the Mortgagee with respect to the transaction pursuant to which this Mortgage has been given or with respect to enforcement of this Mortgage or any other security held by the Mortgagee. The Mortgagor hereby acknowledges and agrees that no action will lie against the Mortgagee as a receiver and manager or otherwise for any loss or damage arising from non-compliance with any obligations of a receiver pursuant to the provisions of the BIA whether or not the Mortgagee had reasonable grounds to believe that the Mortgagor was not insolvent.
- 36.2 The Mortgagor further acknowledges and agrees that any and all costs as may be incurred from time to time by the Mortgagee in order to effect compliance or avoid

any adverse ramifications of the BIA will be entirely for the account of the Mortgagor. The Mortgagee will be entitled to incur any such costs, including any costs of its personnel in administering any requirements of the BIA and to add the same to the indebtedness owing pursuant hereto and the same will be secured hereunder and under any and all security held by the Mortgagee for the indebtedness owing to the Mortgagee in the same manner and in the same priority as the principal secured hereunder.

37. INDEMNIFICATION

- 37.1 The Mortgagor hereby agrees to indemnify and save harmless the Mortgagee, its officers, agents, trustees, employees, contractors, licensees or invitees from and against any and all losses, damages, injuries, expenses, suits, actions, claims and demands of every nature and kind whatsoever and howsoever arising out of the provisions of the Commitment and the other Credit Documents, any letters of credit or letters of guarantee issued, sale or lease of the Lands and/or the use or occupation of the Lands including, without limitation, those arising from the right to enter the Lands from time to time and to carry out the various tests, inspections, management and other activities permitted by the Commitment and the other Credit Documents.
- 37.2 In addition to any liability imposed on the Mortgagor under any instrument evidencing or securing the indebtedness hereunder, the Mortgagor will be liable for any and all of the Mortgagee's costs, expenses, damages or liabilities, including, without limitation, all reasonable legal fees, directly or indirectly arising out of or attributable to the use, generation, storage, release, threatened release, discharge, disposal or presence on, under or about the Lands of any hazardous or noxious substances. The Mortgagor will be further bound by the representations, warranties and indemnity set out herein.
- 37.3 The representations, warranties, covenants and agreements of the Mortgagor set forth in this paragraph 37:
 - 37.3.1 are separate and distinct obligations from the Mortgagor's other obligations;
 - 37.3.2 survive the payment and satisfaction of its other obligations and the discharge of the security from time to time taken as security therefor;
 - 37.3.3 are not discharged or satisfied by foreclosure of the charges created by any of the security; and
 - 37.3.4 will continue in effect after any transfer of the Lands including, without limitation, transfers pursuant to foreclosure proceedings (whether judicial or non-judicial) or by any transfer in lieu of foreclosure.

38. NON-MERGER

The Mortgagor's and each Guarantor's obligations as contained in the Commitment and the other Credit Documents will survive the execution and registration of this Mortgage and all advances under this Mortgage, and the Mortgagor agrees that those obligations

will not be deemed to be merged in the execution and registration of this Mortgage. All terms and conditions of this Mortgage and other security documentation will be deemed to be incorporated in and form part of the Commitment, except to the extent provided for herein. In the event of conflict between the terms of the Commitment and this Mortgage, the terms of the Commitment will prevail.

39. NOTICES

All notices or other communications to be given pursuant to or in connection with this Mortgage will be in writing, signed by the party giving such notice or by its solicitors, and will be personally delivered or sent by registered mail or facsimile transmission to the party or parties intended at its or their respective addresses for service as set out in this Mortgage. The date of receipt of such notice or demand, if served personally or by facsimile, will be deemed to be the date of the delivery thereof, or if mailed as aforesaid, the date of mailing thereof. For the purposes hereof, personal service on the Mortgagor or any Guarantor will be effectively given by delivery to any officer, director or employee of such Mortgagor or Guarantor. Any party may from time to time by notice given as provided herein change its address for the purpose of this provision.

40. PRIORITY OVER VENDOR'S LIEN

The Mortgagor hereby acknowledges that this Mortgage is intended to have priority over any vendor's lien, whether in favour of the Mortgagor or otherwise, and the Mortgagor covenants that it has done no act to give priority over this Mortgage to any vendor's lien, nor is it aware of any circumstances that could create a vendor's lien. Further, the Mortgagor covenants to do all acts and execute or cause to be executed all documents required to give this Mortgage priority over any vendor's lien and to give effect to the intent of this clause.

41. CONSENT OF MORTGAGEE

Whenever the Mortgagor is required by this Mortgage to obtain the consent or approval of the Mortgagee, it is agreed that, subject to any other specific provision contained in this Mortgage to the contrary, the Mortgagee may give or withhold its consent or approval for any reason that it may see fit in its sole and absolute discretion, and the Mortgagee will not be liable to the Mortgagor in damages or otherwise for its failure or refusal to give or withhold such consent or approval, and all costs of obtaining such approval will be for the account of the Mortgagor.

42. DISCHARGE

42.1 The Mortgagee will concurrently with payment in full of the monies hereby secured, prepare and execute a discharge of this Mortgage, and interest as aforesaid will continue to run and accrue until actual payment in full has been received by the Mortgagee; and all legal and other expenses for the preparation and execution of such discharge will together with the Mortgagee's fee for providing same, be borne by the Mortgagor. The discharge will be prepared and executed by such Persons as are specifically authorized by the Mortgagee and the Mortgagee will not be obligated to execute any discharge other than a discharge which has been so authorized.

- 42.2 If this Mortgage, the Commitment or any other document provides for the giving of partial discharges of this Mortgage, it is agreed that, notwithstanding any other provision to the contrary, the Mortgagor will not be entitled to request or receive any such partial discharge if and for so long as the Mortgagor is in default under this Mortgage, the Commitment or any other Credit Document.

43. SERVICING FEES

All servicing fees as herein provided are intended to and will be in an amount sufficient in the sole opinion of the Mortgagee to compensate the Mortgagee for its administrative costs and will not be deemed a penalty. The amount of such servicing fees if not paid will be added to the principal amount secured hereunder, and will bear interest at the rate aforesaid and the Mortgagee will have the same rights with respect to collection of same as it does with respect to collection of principal and interest hereunder or at law.

44. LEASES

The Mortgagor covenants with the Mortgagee to keep, observe and perform and to require all tenants to keep, observe and perform all of the covenants, agreements, provisos, terms, conditions and provisions of any present or future leases, subleases and tenancy agreements of any portion of the Lands on their respective parts to be kept, observed and performed and in case the Mortgagor neglects or refuses to do so, then the Mortgagee may perform and comply with or require performance and compliance by the tenants with any of the covenants, agreements, provisos, terms, conditions and provisions of such leases, subleases and tenancy agreements and any sums expended by the Mortgagee in performance or compliance therewith or in enforcing such performance or compliance by the tenants, including, without limitation, the full amount of all legal fees on a solicitor and solicitor's own client full indemnity basis, disbursements, costs, charges and expenses incurred by the Mortgagee, will bear interest from the date of such expenditures at the Mortgage Rate and be paid by the Mortgagor to the Mortgagee upon demand and will be a part of the mortgage debt secured hereby and recoverable as such in all respects.

- 44.1 The Mortgagor hereby covenants with the Mortgagee that unless the Mortgagee will have otherwise agreed with the Mortgagor in writing the Mortgagor will not execute nor deliver any new leases, subleases or tenancy agreements with or in favour of any tenants unless such tenants will agree in writing with the Mortgagor as a condition of any lease, sublease or tenancy agreement to enter into agreements with the Mortgagee, or any *bona fide* purchaser therefrom, to the effect that, upon the written request and at the sole discretion of the Mortgagee, or any *bona fide* purchaser therefrom, such tenants will preserve their respective leases, subleases or tenancy agreements for the respective terms thereof and any extensions or renewals thereof which may be effective in accordance with any option therefor or otherwise, and that they will attorn to the Mortgagee or such bona fide purchaser in the event of a foreclosure or other legal proceedings which might otherwise result in the loss or cancellation or termination of any such leases, subleases or tenancy agreements.
- 44.2 The Mortgagor covenants with the Mortgagee that the Mortgagor will not, subsequent to the execution of this Mortgage, execute or deliver any mortgage, debenture or financial encumbrance charging the Lands, or any part thereof, which is or may be subordinate hereto unless the Mortgagor first obtains from the owner

of such mortgage, debenture or financial encumbrance an agreement in writing to continue to recognize any present or future tenants, leases, subleases, and tenancy agreements of or pertaining to the Lands, or any part thereof, which the Mortgagee herein requires to be recognized or preserved in the event of foreclosure, even after a foreclosure by the owner of any such mortgage, debenture or financial encumbrance for the balance of the terms of the respective leases, subleases or tenancy agreements and any extensions or renewals thereof which may be effected in accordance with any option therefor or otherwise.

- 44.3 The Mortgagor covenants with the Mortgagee that the Mortgagor will not request, obtain or permit the subordination or postponement of any lease, sublease or tenancy agreement to any mortgage, debenture or other financial encumbrance registered subsequent to this Mortgage without the prior written consent of the Mortgagee hereunder.
- 44.4 The Mortgagor covenants with the Mortgagee that the Mortgagor will not lease or agree to lease all or any part of the Lands except at a rent, on terms and conditions and to tenants which are not less favourable or desirable to the Mortgagor than those which a prudent landlord would expect to receive for the premises to be leased.

45. LEASEHOLD MORTGAGE

- 45.1 If the Lands comprise the interest of the Mortgagor in and to a lease, agreement to lease, tenancy, right of use or occupation or licence of the Lands (collectively, the "Lease") the charge created by this Mortgage will include the unexpired term of the Lease and any renewal thereof from the date of this Mortgage except the last day thereof, and the mortgage and charge created hereby will be by way of sub-demise and the Mortgagor will stand possessed of the last day of the term or any renewal term of the Lease in trust for the Mortgagee, and will sell and assign the last day of the term or any renewal term as the Mortgagee may direct, but subject to the same right of redemption and other rights as are hereby given to the Mortgagor. Nothing in this section nor the acts of the Mortgagor or Mortgagee contemplated by this section will constitute the Mortgagee as a mortgagee in possession.
- 45.2 The Mortgagor releases to the Mortgagee all claim and right to the Lease and assigns to the Mortgagee the full benefit of all covenants, rights and powers contained in the Lease subject to the same right of redemption as granted by the Terms of this Mortgage.
- 45.3 The Mortgagor represents, warrants and covenants that:
 - 45.3.1 the Mortgagor will pay the rent due under the Lease and observe all promises, covenants and obligations contained in the Lease and will not commit any acts or default which may cause the Lease to be forfeited or determined and agrees to indemnify the Mortgagee for all actions, claims and demand in respect of the said rent, promises, covenants and obligations;

- 45.3.2 the Lease is valid and subsisting and the Mortgagor has not done, omitted or permitted anything to be done which would cause the Lease to become in any way impaired or invalid;
- 45.3.3 the Mortgagor has a good and valid right to assign and sublet the Lease and has obtained the consent of the lessor to the extent required under the Lease;
- 45.3.4 the Mortgagor will not, during the continuance of this Mortgage, surrender or terminate the Lease or permit any amendments of the terms of the Lease or otherwise deal with or assign the Lease other than as allowed herein;
- 45.3.5 a default under the Lease will be an Event of Default; and
- 45.3.6 reference in this Mortgage to charges payable will include all taxes, assessments, rates, costs payable by the Mortgagor under the Lease.

46. ASSIGNMENT OF RENTS

- 46.1 For good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged by the Mortgagor), and in order to induce the Mortgagee to make the loan secured by this Mortgage, and as additional security for the payment of principal and interest owing under this Mortgage and the observance and performance of all of the Terms of this Mortgage, the Mortgagor hereby assigns, transfers, sets over and grants to the Mortgagee any and all rents or other moneys (herein collectively called the "**Rents**") due or accruing due or at any time hereafter to become due under any and all leases, agreements to lease and tenancy agreements whether written or verbal, now or hereafter existing, with respect to the Lands (herein collectively called the "**Leases**") and all benefits and advantages to be derived from the Leases, and all guarantees of and security for payment of amounts due under the Leases and all covenants of the tenants, guarantors, covenantors and indemnifiers therein contained, and the right to collect and receive payment of the Rents, together with all the right, title and interest of the Mortgagor, as landlord, in the Leases and any renewals thereof and options to lease or purchase, if any therein contained, to have and to hold and to receive the same unto the Mortgagee, its successors and assigns, until the whole of the principal sum, interest and other costs, charges and moneys owing under this Mortgage have been fully paid and satisfied and all obligations and covenants of the Mortgagor under this Mortgage have been duly performed and satisfied.
- 46.2 The Mortgagor hereby covenants and agrees with the Mortgagee that:
 - 46.2.1 The Mortgagor will be permitted to collect and receive the Rents as and when they will become due and payable according to the terms of the Leases, unless and until there will be default made in any payment provided for in this Mortgage or any security collateral hereto or until the breach of any covenant on the part of the Mortgagor contained in this Mortgage or any security collateral hereto in which case the Mortgagee may give notice in writing to the tenant, sub-tenant, occupier, licensee or guarantor advising of default. In such event the Mortgagor hereby

irrevocably directs such tenant, sub-tenant, occupier, licensee or guarantor to make payments of the Rents to the Mortgagee or as the Mortgagee may direct, upon being furnished with a copy of this Mortgage and the aforesaid notice in writing, without any further direction or authority being required by such tenant, sub-tenant, occupier, licensee or guarantor.

- 46.2.2 Upon the occurrence of an Event of Default, the Mortgagee, its successors or assigns at its or their option and without further consent thereto by the Mortgagor or any subsequent owner of the Lands, may enter in and upon the Lands and take possession thereof and collect the Rents thereof, and do every act and thing that such Mortgagor or any subsequent owner of the Lands might or could do.
- 46.2.3 Neither the execution and delivery of this Mortgage, including the Assignment contained in paragraph 46 hereof (herein called the "**Assignment**"), nor anything done by virtue hereof will render the Mortgagee in possession or in any way accountable or liable as such, nor will the Mortgagee be or be deemed to be, or to have assumed the status of a landlord by virtue of the Assignment or of anything done by virtue hereof.
- 46.2.4 Nothing herein contained will be deemed to have the effect of making the Mortgagee, its successors and assigns, responsible for the collection of the Rents or any part or parts thereof or for the observance or performance of any of the covenants, terms or conditions either by the Mortgagor or the respective tenants or sub-tenants under the Leases to be observed and performed.
- 46.2.5 The Mortgagee will be liable to account only for such moneys as may actually come into its hands by virtue of the Assignment, less proper collection fees and charges, including legal fees on a solicitor and solicitor's own client full indemnity basis, and such moneys when so received by the Mortgagee will be applied on account of the moneys secured by this Mortgage, provided that the Mortgagee will not be responsible for any act or default of any agent employed by the Mortgagee for the collection of the Rents or for the care of or dealing with the Lands.
- 46.2.6 The giving of the Assignment is by way of additional and equal ranking security for the moneys secured by the mortgage of the Lands granted pursuant to paragraph 3.1 hereof and not in substitution for or in satisfaction of the same and that this mortgage of the Lands or any other security collateral hereto will not be merged thereby and in case of default in any of the provisions of any security for the said moneys loaned, including, without limitation, the Assignment, proceedings may be taken under either the mortgage of the Lands or any security collateral thereto, including the Assignment, or all or any of them in any order, at the sole option and discretion of the Mortgagee.

- 46.2.7 The Mortgagor will not, without the consent in writing of the Mortgagee, accept prepayment of any of the Rents due or to accrue due in respect of the Leases, or any of them, but will accept payment thereof only in the amounts and on the days and at the times and in the manner stipulated in the Leases.
- 46.2.8 The Mortgagor will not, without the consent in writing of the Mortgagee, assign, pledge, or hypothecate any of the Leases or the Rents, or any part thereof, other than to the Mortgagee and will not do or omit to do or permit any act to be done which either directly or indirectly has the effect of waiving, releasing, reducing or abating any rights or remedies of the Mortgagor or obligations of any other party thereunder or in connection therewith without the consent in writing of the Mortgagee.
- 46.2.9 The Assignment will be deemed to apply to and have effect in respect of any further or other lease, renewal of lease, agreement for lease or tenancy agreement of the Lands (including any addition to or extension of the Lands) or any part or parts thereof which may exist during the currency of this Mortgage, whether in substitution for or in addition to the original Leases.
- 46.2.10 Should the Mortgagee in its absolute discretion deem it advisable to take proceedings, either judicial or extra-judicial by way of distress or otherwise for the enforcement of the payment of the Rents herein assigned, the Mortgagor will join with the Mortgagee in such proceedings and does hereby grant to the Mortgagee irrevocable authority to joint the Mortgagor in such proceedings.
- 46.2.11 There is or has been no default, right of set-off, previous assignment (except to the Mortgagee), commutation or prepayment of, or with respect to, the Rents, and that the Mortgagor will not, without the consent in writing of the Mortgagee, permit any cancellation, surrender or variation of any of the Leases or of the terms, covenants, provisos, or conditions thereof.
- 46.2.12 The Mortgagor will from time to time on demand furnish to the Mortgagee a current list of all of the Leases and the Rents in such detail as the Mortgagee may reasonably require.
- 46.2.13 The Mortgagor will at the request of the Mortgagee from time to time give any other party to any of the Leases notice of the Assignment or any specific assignment of any of the Leases and will obtain from such other party acknowledgements of such notice, such notice and acknowledgement to be in the forms delivered to the Mortgagor by the Mortgagee.
- 46.2.14 The Mortgagor will execute such further assurances as may be reasonably required by the Mortgagee from time to time to perfect the Assignment.

47. FURTHER ASSIGNMENT OF RENTS AND SECURITY AGREEMENT

47.1 The Mortgagor covenants and agrees with the Mortgagee that:

47.1.1 The Mortgagor will, at the request of the Mortgagee, forthwith execute and deliver to the Mortgagee a general assignment of rents and leases with respect to all leases and tenancies of any or all parts of the Lands, and a specific assignment of rents and leases for those tenants specified in the Commitment, such assignment or assignments to be in favour of the Mortgagee, in form and content acceptable to the Mortgagee and to constitute the only assignment of rents and leases of the Lands other than the Assignment granted pursuant to paragraph 46 of the Terms of this Mortgage, and the Mortgagor will pay on demand to the Mortgagee the full amount of all legal fees, disbursements, costs, charges, registration fees and other expenses incurred by the Mortgagee in the preparation, registration and renewal of registration of the said assignments from time to time.

47.1.2 The Mortgagor will, at the request of the Mortgagee, forthwith execute and deliver to the Mortgagee such security agreements as the Mortgagee may require from time to time in order to create in favour of the Mortgagee a valid, enforceable and perfected security interest in all present and future property, assets, rights and undertaking in which the Mortgagor now or hereafter has any interest and located on, arising from, relating to or in connection with the Lands or any part thereof (herein collectively called the "Collateral"), such security agreements to be in favour of the Mortgagee, in form and content acceptable to the Mortgagee and to constitute at all times a valid first mortgage, charge and security interest in the Collateral, and the Mortgagor will pay on demand to the Mortgagee the full amount of all legal fees, disbursements, costs, charges, registration fees and other expenses incurred by the Mortgagee in the preparation, registration and renewal of registration of the said security agreements and security interests from time to time.

48. CORPORATE STATUS

48.1 In the event that the Mortgagor is a company, corporation or other body corporate, the Mortgagor represents, warrants and agrees with the Mortgagee that:

48.1.1 The Mortgagor is duly incorporated, licensed or authorized to carry on business in the Province of British Columbia and is duly authorized to enter into this Mortgage and to borrow the funds advanced to it by the Mortgagee or secured hereunder.

48.1.2 The Mortgagor is not now in default with respect to the filing of any annual reports or other reports or notices with the Registrar of Companies for the Province of British Columbia, and is in good standing and will, until this Mortgage is fully repaid and discharged, remain in good standing as aforesaid and will carry on its business and administer its affairs in accordance with the provisions of the *Business*

Corporations Act (British Columbia) as amended from time to time (or such other statute as may from time to time govern its affairs), and any regulations thereunder.

- 48.1.3 The Mortgagor acknowledges that the Mortgagee is agreeing to loan the principal sum or extend credit to the Mortgagor on the express understanding and condition that the Mortgagor is not and will not become a company to which the *Companies' Creditors Arrangement Act* (Canada) as amended, or any statute enacted in replacement thereof, applies, and the Mortgagor:
- 48.1.4 The Mortgagor does not have outstanding an issue of secured or unsecured bonds, debentures, debenture stock or other evidences of indebtedness of the Mortgagor or of a predecessor in title of the Mortgagor issued under a trust deed or other instrument running in favour of a trustee (which bonds, debentures, debenture stock or other evidences of indebtedness are referred to in this paragraph 48.1.3 as "Prohibited Instruments") other than as agreed to in writing by the Mortgagee;
- 48.1.5 That it will not at any time issue any Prohibited Instrument;
- 48.1.6 The covenant and agreement set out in the preceding paragraph 48.1.6 is intended to restrict the power and capacity of the Mortgagor to issue any Prohibited Instrument, and to restrict the authority of the directors of the Mortgagor to approve the issuance of any Prohibited Instrument;
- 48.1.7 That any attempt by the Mortgagor to issue any Prohibited Instrument will constitute:
- (i) a deliberate and intentional breach by the Mortgagor of its covenants and agreements with the Mortgagee under this paragraph 48.1.3;
 - (ii) an Event of Default; and
 - (iii) an irrevocable appointment of the Mortgagee as the Mortgagor's agent for the purpose of paying any indebtedness secured or evidenced by any Prohibited Instrument, should the Mortgagee in its sole discretion choose to make such payment,
- and the payment by the Mortgagee of any such indebtedness will validly discharge that indebtedness. The Mortgagor will immediately reimburse the Mortgagee in respect of the payment, and the amount to be reimbursed will bear interest at the Mortgage Rate from the date of such payment and will be added to the moneys hereby secured and will be a charge on the Lands; and

- (iv) that before commencing any application to Court seeking an order for the re-organization of the Mortgagor's financial affairs (whether or not such order is sought pursuant to the provisions of the *Companies' Creditors Arrangement Act*) in any manner which could limit or restrict the Mortgagee's rights and remedies under this Mortgage, the Mortgagor will give to the Mortgagee notice of such application.

49. STRATA TITLE PROVISIONS

49.1 The Mortgagor covenants and agrees with the Mortgagee that if the Lands or any part thereof charged by this Mortgage are a strata lot or strata lots or are at any time subdivided into a strata lot or strata lots under the provisions of the *Strata Property Act* (British Columbia) and any amendments thereto or any statute enacted in replacement thereof (herein called "**Strata Property Act**") then and in such event:

49.1.1 The Mortgagor will observe and perform all the covenants, agreements, provisos, terms, conditions and provisions required to be observed and performed under or pursuant to this Mortgage, the *Strata Property Act*, and any bylaws, rules and regulations that may be passed by the strata corporation of which the Mortgagor is a member by virtue of his interest in the strata lot or lots hereby charged (herein called the "**Strata Corporation**") or any special interest section thereof.

49.1.2 The Mortgagor will 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 or lots and interest in the common property hereby charged. In the event that the Mortgagor fails to pay the share of the common expenses or fails to pay any one or more assessments, contributions or levies on or before their due date, or in the event that the Strata Corporation or any special interest section thereof registers a certificate in Form B of the Schedule to the *Strata Property Act* in any Land Title Office, such event will constitute an Event of Default under this Mortgage and at the option of the Mortgagee, the whole of the principal balance, interest, costs and charges then owing hereunder will forthwith become due and be paid. Should the Mortgagor fail to pay the share of any common expenses, assessments, contributions or levies, the Mortgagee may make the payments but will not be obliged to do so. Any amount so paid by the Mortgagee will be added to and form part of the principal owing hereunder and that amount together with the interest thereon will be paid to the Mortgagee forthwith without demand.

49.1.3 The Mortgagor will provide to the Mortgagee within ten (10) days of demand by the Mortgagee a certificate in Form A of the Schedule to the *Strata Property Act* certifying that no moneys are owing to the Strata Corporation by the Mortgagor.

49.2 The Mortgagor will not without the prior written consent of the Mortgagee:

- 49.2.1 assign any of the Mortgagor's rights, powers, duties or obligations under the *Strata Property Act* or the bylaws created under the *Strata Property Act*; or
 - 49.2.2 give possession of the strata lot or lots hereby charged to any person on the basis of an agreement providing for the purchase of the strata lot or lots hereby charged by the occupier or on the basis of a lease, sublease or assignment of lease for a term of three years or more.
- 49.3 The Mortgagor hereby grants to the Mortgagee all the right and power to vote conferred on the Mortgagor by the *Strata Property Act*, but it is agreed that neither this provision nor anything done by virtue thereof will render the Mortgagee a Mortgagee in possession. The Mortgagor hereby acknowledges receipt of written notice that the Mortgagee intends to exercise its power to vote on any matters relating to insurance, maintenance, finance or other matters affecting the security for the Mortgage hereby granted, and the Mortgagor agrees that no additional notice need be given to the Mortgagor to permit the Mortgagee to exercise the right and power to vote conferred on the Mortgagor in respect of such matters. It is understood that the Mortgagor may at any duly called meeting of the Strata Corporation of which the Mortgagee has received written notice, exercise the right to vote on the aforesaid matters if the Mortgagee is not, by its authorized representative, agent or proxy, present at such meeting.
- 49.4 The right and power to vote granted herein to the Mortgagee does not impose upon 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.
- 49.5 Pursuant to the *Strata Property Act*, the Mortgagor hereby authorizes in writing the Mortgagee or any officer of the Mortgagee to apply at any time and from time to time during the term hereof to the Strata Corporation to have the bylaws for the time being in force governing the strata lot and interest in the common property hereby mortgaged made available for inspection by the Mortgagee or such officer of the Mortgagee.
- 49.6 Pursuant to the *Strata Property Act*, the Mortgagor hereby authorizes in writing the Mortgagee or any officer of the Mortgagee to apply at any time and from time to time to the Strata Corporation for certification to the Mortgagee of the following, and hereby authorizes the Strata Corporation to give such certifications:
- 49.6.1 the amount of any contribution determined as the contribution of the Mortgagor under the *Strata Property Act*;
 - 49.6.2 the manner in which the contribution is payable;
 - 49.6.3 the extent to which the contribution has been paid;
 - 49.6.4 the amount of any money expended by the Strata Corporation on behalf of the Mortgagor under the *Strata Property Act* and not recovered by it;

- 49.6.5 the amount, if any, by which the expenses of the Strata Corporation for the current fiscal year are expected to exceed the expenses budgeted for the fiscal year;
 - 49.6.6 the amount of the contingency reserve fund;
 - 49.6.7 that there are no amendments to the bylaws not filed in the Land Title Office other than those certified;
 - 49.6.8 that no notices have been given for a unanimous or special resolution that has not been voted on, other than those certified; and
 - 49.6.9 that there are no pending proceedings against the Strata Corporation of which the Strata Corporation is aware other than those certified.
- 49.7 The Mortgagor hereby appoints the Mortgagee to be 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.

50. MATERIAL ADVERSE CHANGES

In the event that at any time while any indebtedness remains outstanding pursuant to the provisions of this Mortgage, the Mortgagee discovers a discrepancy or inaccuracy in any written information, statements or representations made or furnished to the Mortgagee by or on behalf of the Mortgagor or any Guarantor concerning the Lands or the financial condition and responsibility of the Mortgagor or any Guarantor in the event of any material adverse change in the value of the Lands or the financial status of the Mortgagor or any Guarantor or any lessee on which the Mortgagee relied upon in making any advances hereunder, which material change, discrepancy or inaccuracy cannot be rectified by the Mortgagor or such Guarantor (if applicable) within thirty (30) days after written notification thereof by the Mortgagee to the Mortgagor or such Guarantor, the Mortgagee will be entitled to decline to advance any further funds pursuant hereto and/or to declare any and all amounts advanced pursuant hereto together with interest thereon to be forthwith due and payable.

51. PROFESSIONAL MANAGEMENT

Intentionally deleted.

52. NO PREPAYMENTS

Save and except as otherwise provided for in the Commitment or any schedule to a specific charge, the Mortgagor will have no right to prepay all or any part of the amount outstanding under this Mortgage prior to the maturity date thereof.

53. NO PARTIAL DISCHARGES

Save and except as otherwise provided for in the Commitment or any schedule to a specific charge, the Mortgagor will have no right to obtain a partial discharge(s) of this Mortgage.

54. ADDITIONAL FEES

All advances, in addition to legal fees and disbursements of the Mortgagee's solicitors, will be subject to an administrative processing fee of One Thousand Dollars (\$1,000.00) for each advance made under the Loan in favour of the Mortgagee. The Mortgagor will be permitted one advance per month. If the Mortgagee, in its sole discretion, agrees to make an advance in an amount not less than the minimum amount per advance as specified in this Commitment, an additional processing fee of One Thousand Dollars (\$1,000.00) for any such advance so made will be payable by the Mortgagor.

55. ABANDONMENT

In the event of abandonment of the Project for a period in excess of fifteen (15) consecutive days, the Mortgagee will be entitled, after giving the Mortgagor written notice of any abandonment and provided the Mortgagor fails to rectify same within ten (10) days after such notice, has been given, to forthwith withdraw and cancel its obligations hereunder and/or decline to advance further funds as the case may be and in addition to declare any funds advanced to forthwith become due and payable plus interest all at the Mortgagee's option.

56. GUARANTOR

- 56.1 In consideration of the Mortgagee advancing the principal amount to the Mortgagor and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, each Guarantor hereby covenants, promises and agrees with the Mortgagee to pay or cause to be paid, the principal amount and interest and all other monies due under this Mortgage.
- 56.2 Each Guarantor hereby agrees with the Mortgagee to perform and observe all covenants, provisos, conditions, agreements and stipulations in this Mortgage made binding upon the Mortgagor.
- 56.3 Each Guarantor further agrees with the Mortgagee that each such Guarantor's liability hereunder will not be affected by any partial release of this Mortgage or the release or partial release of any or all collateral or other securities held by the Mortgagee, or by the Mortgagee releasing any person, firm or corporation under any covenant under this Mortgage, or by the extension of time for payment, or by an indulgence or waiver given by the Mortgagee, or taking of any note or other obligation for the payment of principal and interest, or by the Mortgagee taking or failing to take any security for such payment or by any act of the Mortgagee done or without notice to each such Guarantor.
- 56.4 The Mortgagee will not be bound to exhaust its recourses against the Mortgagor or other parties, or any security or securities the Mortgagee may hold before requiring payment by a Guarantor and the Mortgagee may enforce the various remedies under this Mortgage and realize upon various securities in any order the Mortgagee may choose.

57. MISCELLANEOUS

- 57.1 The Mortgagor covenants and agrees with the Mortgagee that any payments under this Mortgage, whether of principal, interest or other sums received by the Mortgagee after 2:00 p.m. (Toronto, Ontario time) on any day will be deemed to have been received by the Mortgagee and credited to the Mortgagor's account under this Mortgage on the next following business day of the Mortgagee in Toronto, Ontario.
- 57.2 Provided that no extension of time given by the Mortgagee to the Mortgagor or to anyone claiming under the Mortgagor or any other dealing by the Mortgagee with the owner of the equity of redemption of the Lands will in any way affect or prejudice the rights of the Mortgagee as against the Mortgagor or any covenantor, guarantor, surety, or any other person liable for the payment of the moneys hereby secured.
- 57.3 Provided that until the occurrence of an Event of Default hereunder the Mortgagor will have quiet possession of the Lands, but nothing herein contained will create the relationship of landlord and tenant between the Mortgagee and the Mortgagor.
- 57.4 The Mortgagor agrees that this Mortgage secures a current or running account and any portion of the principal amount of this Mortgage may be advanced or re-advanced by the Mortgagee in one or more instalments at any future date or dates and the amount of such advances and re-advances when so made will be secured by this Mortgage and be repayable with interest at the Mortgage Rate and this Mortgage is deemed to be security for the ultimate balance of moneys advanced hereunder together with interest, costs and other charges, if any. This Mortgage will not be considered to have been redeemed only because the advances and readvances made to the Mortgagor have been repaid or the accounts of the Mortgagor with the Mortgagee cease to be in debit.
- 57.5 The Mortgagee may consolidate separate debts owing by the Mortgagor to the Mortgagee and in that regard may require the Mortgagor to repay any and all moneys due to the Mortgagee, whether or not such moneys are by a separate mortgage or otherwise secured, prior to granting a discharge of the Lands or of this Mortgage. The Mortgagee's rights of consolidation will be deemed not to be diminished or limited in any way by Section 31 of the *Property Law Act* (British Columbia) and any amendments thereto or provisions enacted in replacement thereof.
- 57.6 The provisions of the Commitment which are not expressly restated herein or in any collateral or other security documentation which is to be executed and delivered to the Mortgagee by the Mortgagor or any Guarantor or guarantor, will survive the execution and registration of this Mortgage and there will be no merger of such provisions in this Mortgage or the collateral or other security documents, until the Mortgagor and the Mortgagee, by an appropriate instrument in writing so declare. If there will exist any conflict between the terms of the Commitment and the Terms of this Mortgage, then the Terms of the Commitment will govern and take precedence. It is understood and agreed that a default under the terms of the Commitment or any other Credit Document will constitute an Event of Default

under this Mortgage and will entitle the Mortgagee to exercise all of its rights and remedies contained in this Mortgage and the other Credit Documents.

- 57.7 The Mortgagor acknowledges and agrees that this Mortgage secures a current or running account if item 7 of the Mortgage Form has been completed to indicate so and any portion of the principal money secured by this Mortgage may be advanced or re-advanced by the Mortgagee in one or more sums at any future date or dates and the amount of such advances and re-advances when so made will be secured by this Mortgage and be repayable with interest thereon at the Mortgage Rate as provided in herein.
- 57.8 It is agreed that neither the execution nor registration of this Mortgage nor the advance in part of the principal sum hereby secured binds the Mortgagee to advance the principal sum or any part or further part thereof, but that the advance of the principal sum or any part thereof, from time to time will be at the full discretion of the Mortgagee. Without limiting the generality of the foregoing, the Mortgagor agrees that the Mortgagee will be under no obligation to advance the principal sum or any part thereof if there is any misrepresentation, breach of warranty or default under any of the Terms of this Mortgage by the Mortgagor. The lien and charge hereby created takes effect forthwith upon the execution of these presents by the Mortgagor and in any event whether any part of the principal sum hereby secured is or is not advanced, the full amount of all legal fees, disbursements, costs, charges and expenses incurred by the Mortgagee in respect of the examination of the title to the Lands and of the preparation and registration of this Mortgage and any other security documents and instruments required by the Mortgagee and the valuation and inspection charges in respect thereof will be a charge upon the Lands and be chargeable to the Mortgagor's account under this Mortgage as principal moneys actually advanced and bear interest at the Mortgage Rate and be payable forthwith without any demand and in default of payment the Mortgagee's power of entry and sale and all of the rights and remedies of the Mortgagee hereunder will, at the option of the Mortgagee, be forthwith exercisable.
- 57.9 The Mortgagor covenants and agrees with the Mortgagee that:
- 57.9.1 the Mortgagor will pay all costs, charges and expenses incurred in enabling the Mortgagor's title to the Lands to be registered in the Land Title Office and in the preparation and registration of this Mortgage, which costs, charges and expenses will become payable forthwith and be a charge upon the Lands and bear interest at the Mortgage Rate until paid and the Mortgagee upon the payment of the principal moneys or part thereof will have the right to prepare the release of this Mortgage from the Lands or any portion of the Lands and the costs, charges and expenses, legal or otherwise, of the preparation of such release will be paid by the Mortgagor before such release is delivered to the Mortgagor; and
- 57.9.2 the Mortgagor will pay, and indemnify the Mortgagee in respect of the full amount of all fees, costs, charges and expenses including the full amount of all legal fees on a solicitor and solicitor's own client full indemnity basis, disbursements, costs, charges and expenses which may be incurred by the Mortgagee before or after action is commenced

in collecting, procuring or enforcing payment of any of the moneys in default under this Mortgage or in any way enforcing or protecting the security of this Mortgage or enforcing any of the Terms of this Mortgage, travelling expenses of the Mortgagee, the Mortgagee's servants and agents and commissions on collection of rent, which may be incurred in the taking, recovering and keeping possession of the Lands or in inspecting the same and generally in any other measures or proceedings taken to realize or collect the moneys hereby secured or to perfect the title of the Lands, all of which such amounts will be a charge on the Lands in favour of the Mortgagee and will be payable forthwith by the Mortgagor to the Mortgagee with interest at the Mortgage Rate until paid and in default of payment, the Mortgagee may exercise any and all remedies of the Mortgagee under this Mortgage or otherwise available to the Mortgagee. The Mortgagor hereby irrevocably consents and agrees to an award of legal costs and expenses on a solicitor and solicitor's own client full indemnity basis by any court under Section 20 of the *Law and Equity Act* (British Columbia), as amended, or any provision enacted in replacement therefor, in any foreclosure proceeding in respect of this Mortgage.

- 57.10 The Mortgagee acknowledges and agrees that the payment of interest and any bonus and further consideration to the Mortgagee is a fair payment based on the business terms of this Mortgage loan. The Mortgagor and the Mortgagee acknowledge and agree that it is their express intention and desire that in no event will the total payment to the Mortgagee whether for interest, fees, bonus, additional consideration or otherwise exceed the maximum payment permitted under Section 347 of the Criminal Code (Canada), as amended, or any provision enacted in replacement therefor, and the parties further acknowledge and agree that notwithstanding any other terms or conditions of this Mortgage or any additional security documents or agreements, the interest payable on the credit advanced under this Mortgage (as "interest" and "credit advanced" are defined in Section 347 of the Criminal Code (Canada), as amended, or any provision enacted in replacement therefor), will not exceed an effective annual rate of interest of sixty (60%) percent calculated in accordance with generally accepted actuarial practices and principles. In the event that the Mortgagor would, but for this clause, be obligated to pay interest on the credit advanced under this Mortgage at a criminal rate (as "interest", "credit advanced" and "criminal rate" are defined in Section 347 of the Criminal Code (Canada), as amended, or any provision enacted in replacement therefor), the interest payable on the credit advanced hereunder will be reduced to an effective annual rate of sixty (60%) percent, calculated in accordance with generally accepted actuarial practices and principles, firstly by reducing to the extent necessary the amount of any bonus payable hereunder, secondly (if required) by reducing to the extent necessary the amount of fees or commissions or other consideration other than interest payable hereunder, and thirdly (if required) by reducing to the extent necessary the Mortgage Rate. In the event that the Mortgagor has paid to the Mortgagee interest at a criminal rate on the credit advanced under this Mortgage (as "interest", "credit advanced" and "criminal rate" are defined in Section 347 of the Criminal Code (Canada), as amended, or any provision enacted in replacement therefor), the Mortgagee will at the request of the Mortgagor refund to the Mortgagor an amount equal to the amount by which such interest exceeds the criminal rate. The provisions of this

Mortgage will be modified and are deemed to be modified to the extent necessary to effect the foregoing.

- 57.11 The Mortgagor covenants and agrees with the Mortgagee that any agreement in writing between the Mortgagor and the Mortgagee for the renewal of this Mortgage or extension of the term for repayment of the principal sum, or any part thereof, or for any change in the Mortgage Rate, including an increase in the Mortgage Rate, prior to the execution by the Mortgagee of a discharge or release of this Mortgage, need not be registered, but will be effectual and binding to all intents and purposes on the Lands and on the Mortgagor, and on any Mortgagee, assignee, or other chargeholder, or transferee who acquires an interest in the Lands or any part thereof subsequent to the date of this Mortgage and will take priority as against such Mortgagee, assignee, or other chargeholder, or transferee when deposited with or held by the Mortgagee, and will not release or affect any covenant or agreement in this Mortgage or collateral hereto.

58. GENERAL (DOCUMENT/DRAFTING ISSUES)

- 58.1 The implied covenants deemed to be included in a mortgage under column 2 of section 15 of Schedule 6 of the *Land Transfer Form Act*, R.S.B.C. 1996 c.252 (as amended from time to time), are expressly excluded and replaced by the Terms of this Mortgage.
- 58.2 If the Mortgagor consists of more than one Person, then the covenants herein contained of the Mortgagor will be and be deemed to be several as well as joint.
- 58.3 Paragraph titles are inserted in the Terms of this Mortgage for convenience only and are not to be taken into account or looked at for the purpose of interpreting and giving full effect to the true meaning and intent of this Mortgage.
- 58.4 The division of this Mortgage into paragraphs and subparagraphs has likewise been made for the purpose of convenience and such divisions will not, unless the express provisions of this Mortgage provide or the context clearly requires, be taken into account for the purpose of interpreting and giving full effect to the true meaning and intent of the Terms of this Mortgage.
- 58.5 All references in this Mortgage to the words "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 paragraph, subparagraph or clause of this Mortgage unless the context clearly requires such construction.
- 58.6 This Mortgage will be governed by and construed in accordance with the laws of the Province of British Columbia.
- 58.7 All grants, covenants, provisos, agreements, rights, powers, privileges and liabilities contained in this Mortgage are to be read and held as made by, with, granted to and imposed upon the parties hereto and their respective heirs, executors, administrators, successors and assigns as if the words had been inscribed in all the necessary places.

- 58.8 Wherever the singular or masculine are used throughout this Mortgage the same will be construed as meaning the plural or the feminine or body corporate where the context or the parties hereto so require.
- 58.9 If any of the Terms of this Mortgage is 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.

59. COUNTERPARTS

The Mortgage may be executed and/or registered in counterparts, each of which, so executed, and/or registered will be deemed to be an original and such counterparts together will constitute one and the same instrument, and notwithstanding their date of execution will be deemed to bear date as of the date above written.

End of Document

LAND TITLE ACT

Sep-16-2019 12:20:08.001

CA7749487 CA7749488

FORM C (Section 233) CHARGE

GENERAL INSTRUMENT - PART 1 Province of British Columbia

PAGE 1 OF 4 PAGES

Your electronic signature is a representation that you are a subscriber as defined by the Land Title Act, RSBC 1996 c.250, and that you have applied your electronic signature in accordance with Section 168.3, and a true copy, or a copy of that true copy, is in your possession.

Rachel Gabrielle
Simone Lehman
35NN5D

Digitally signed by Rachel Gabrielle Simone Lehman
35NN5D
Date: 2019.09.16 14:20:32 -04'00'

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

RACHEL LEHMAN, BLAKE, CASSELS & GRAYDON LLP, BARRISTERS & SOLICITORS

595 BURRARD STREET, P.O. BOX 49314

(604) 631-5226 LTO Client No: 11163

SUITE 2600, THREE BENTALL CENTRE

c/m: 70553/90061

VANCOUVER

BC V7X 1L3

Doc ID No: 51153991

Document Fees: \$148.32

Deduct LTSA Fees? Yes ☒

2. PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND:

[PID]

[LEGAL DESCRIPTION]

030-721-733

LOT 1 SECTION 5 BLOCK 4 NORTH RANGE 6 WEST NEW WESTMINSTER
DISTRICT PLAN EPP86098STC? YES ☐

3. NATURE OF INTEREST

CHARGE NO.

ADDITIONAL INFORMATION

Modification

CA7379144

Modification of Mortgage

Modification

CA7379145

Modification of Assignment of Rents

4. TERMS: Part 2 of this instrument consists of (select one only)

(a) ☐ Filed Standard Charge Terms D.F. No.(b) ☒ Express Charge Terms Annexed as Part 2

A selection of (a) includes any additional or modified terms referred to in Item 7 or in a schedule annexed to this instrument.

5. TRANSFEROR(S):

0989705 B.C. LTD. (INC. NO. BC0989705)

6. TRANSFEREE(S): (including postal address(es) and postal code(s))

ROMSPEN INVESTMENT CORPORATION

162 CUMBERLAND STREET, SUITE 300

Incorporation No

TORONTO

ONTARIO

A0067154

CANADA

7. ADDITIONAL OR MODIFIED TERMS:

N/A

8. EXECUTION(S): This instrument creates, assigns, modifies, enlarges, discharges or governs the priority of the interest(s) described in Item 3 and the Transferor(s) and every other signatory agree to be bound by this instrument, and acknowledge(s) receipt of a true copy of the filed standard charge terms, if any.

Officer Signature(s)

NICHOLAS R. SHON

Barrister & Solicitor

1600-925 WEST GEORGIA ST.

VANCOUVER, B.C. V6C 3L2

(604) 685-3456

Execution Date		
Y	M	D
19	08	19

Transferor(s) Signature(s)

0989705 B.C. LTD. by its authorized signatory(ies):

Name: GRAHAM THOM

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 D

EXECUTIONS CONTINUED

PAGE 2 of 4 PAGES

Officer Signature(s)

JOEL MICKELSON

Notary Public for the Province of Ontario

Barrister & Solicitor
162 Cumberland Street, Suite 300
Toronto ON M5R 3N5
Direct Line: 416.928.4870

Execution Date

Y	M	D
19	08	06

Transferor / Borrower / Party Signature(s)

ROMSPEN INVESTMENT
CORPORATION by its authorized
signatory(ies):_____
Name: STEVEN MUCHA
AUTHORIZED SIGNING OFFICER_____
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.

TERMS OF INSTRUMENT - PART 2

THIS MODIFICATION OF MORTGAGE AND ASSIGNMENT OF RENTS (this "Modification") dated for reference July 24, 2019,

BETWEEN:

0989705 B.C. LTD. (Inc. No. BC0989705)

(the "**Mortgagor**")

AND:

ROMSPEN INVESTMENT CORPORATION (Inc. No. A0067154),
Suite 300, 162 Cumberland Street, Toronto, ON M5R 3N5

(the "**Romspen**")

WITNESSES THAT WHEREAS:

A. By a mortgage dated for reference February 15, 2019 (as extended, modified or amended, the "**Mortgage**") between the Mortgagor as mortgagor and Romspen as mortgagee and registered in the New Westminster Land Title Office on March 5, 2019 under No. CA7379144, the Mortgagor did grant and mortgage unto Romspen its interest in those certain parcels of land and premises situate in the City of Richmond, Province of British Columbia and being more particularly known and described in the attached Form C General Instrument (the "**Lands**") to secure repayment of the sum of \$90,000,000 together with interest and other charges as provided in the Mortgage;

B. Under the Mortgage, the Mortgagor also granted to Romspen an assignment of rents (as extended, modified or amended, the "**Assignment of Rents**") registered in the New Westminster Land Title Office under No. CA7379145, the Mortgagor assigned, transferred and granted any and all rents thereafter to become due under any and all leases and agreements to lease with respect to the Lands as additional security to the Mortgage;

C. For good and sufficient reason the parties hereto have agreed to further modify the Mortgage and Assignment of Rents in the manner hereinafter described.

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the premises and other consideration (the receipt and sufficiency of which is hereby acknowledged by the parties hereto), the parties hereto hereby agree as follows:

1. From and including the date hereof (the "**Effective Date**") the Mortgage shall be amended as follows:

(a) Section 5(a) shall be deleted in its entirety and the following substituted therefor:

“(a) Principal Amount:

\$95,850,000.00”

2. The Mortgagor covenants with Romspen to pay the principal sum together with interest and all other moneys secured by or payable under the Mortgage as hereby amended as and when the same become due and payable and to observe and perform all of the terms, conditions, provisos and covenants in the Mortgage as hereby amended.
3. The Assignment of Rents shall from the Effective Date be read and construed as being additional and equal ranking security for the repayment of the moneys secured by the Mortgage as amended by this Modification.
4. This Modification shall from the Effective Date be read and construed along with the Mortgage and Assignment of Rents and both shall, together with all the terms, covenants and conditions thereof, be and continue to be of full force, virtue and effect, save as the same are hereby modified.
5. The Mortgagor covenants and agrees that this Modification will be subject to the same terms, conditions and provisos as those contained in the Mortgage and Assignment of Rents as herein modified and shall be void on payment of all the moneys due under the Mortgage as herein amended and on the performance of all the covenants on the part of the Mortgagor therein and herein to be performed.
6. This Modification does not prejudice any rights which Romspen may have under the Mortgage or Assignment of Rents and shall not create any merger or alter or prejudice the rights of Romspen regarding any security collateral to the Mortgage or Assignment of Rents or regarding any surety or subsequent encumbrances or any person not a party hereto liable to pay the mortgage moneys or interested in the Lands all of which rights are hereby reserved.
7. That the Mortgagor does hereby mortgage the Lands unto Romspen as security for all principal and interest now and hereafter due under the Mortgage as herein modified.
8. This Modification and everything herein contained shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns, and wherever the singular and masculine are used throughout this Modification the same shall be construed as meaning the plural or feminine or neuter where the context or the parties so require.

END OF DOCUMENT

LAND TITLE ACT
FORM C (Section 233) CHARGE
GENERAL INSTRUMENT - PART 1

Nov-22-2019 11:00:55.001

CA7884333 CA7884334

PAGE 1 OF 6 PAGES

Your electronic signature is a representation that you are a subscriber as defined by the Land Title Act, RSBC 1996 c.250, and that you have applied your electronic signature in accordance with Section 168.3, and a true copy, or a copy of that true copy, is in your possession.

Rachel Gabrielle
Simone Lehman
35NN5D
Digitally signed by Rachel Gabrielle Simone Lehman
35NN5D
Date: 2019.11.15 13:39:57 -05'00'

1. APPLICATION: (Name, address, phone number of applicant, applicant's solicitor or agent)
RACHEL LEHMAN, BLAKE, CASSELS & GRAYDON LLP, BARRISTERS & SOLICITORS
595 BURNARD STREET, P.O. BOX 49314 (604) 631-5226 LTO Client No: 11163
SUITE 2600, THREE BENTALL CENTRE c/m: 70553/90061
VANCOUVER BC V7X 1L3 Doc ID No: 51167194
 Document Fees: \$148.32 Deduct LTSA Fees? Yes ☒

2. PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND:
 [PID] [LEGAL DESCRIPTION]
030-721-733 LOT 1 SECTION 5 BLOCK 4 NORTH RANGE 6 WEST NEW WESTMINSTER
DISTRICT PLAN EPP86098

STC? YES ☐

3. NATURE OF INTEREST CHARGE NO. ADDITIONAL INFORMATION
SEE SCHEDULE

4. TERMS: Part 2 of this instrument consists of (select one only)
 (a) ☐ Filed Standard Charge Terms D.F. No. (b) ☒ Express Charge Terms Annexed as Part 2
 A selection of (a) includes any additional or modified terms referred to in Item 7 or in a schedule annexed to this instrument.

5. TRANSFEROR(S):
0989705 B.C. LTD. (INC. NO. BC0989705)

6. TRANSFEREE(S): (including postal address(es) and postal code(s))
ROMSPEN INVESTMENT CORPORATION

162 CUMBERLAND STREET, SUITE 300
 TORONTO

M5R 3N5

ONTARIO
 CANADA

Incorporation No
 A0067154

7. ADDITIONAL OR MODIFIED TERMS:
 N/A

8. EXECUTION(S): This instrument creates, assigns, modifies, enlarges, discharges or governs the priority of the interest(s) described in Item 3 and the Transferor(s) and every other signatory agree to be bound by this instrument, and acknowledge(s) receipt of a true copy of the filed standard charge terms, if any.

Officer Signature(s)

NICHOLAS R. SHON
 Barrister & Solicitor
 1600 - 925 West Georgia St.
 Vancouver, B.C. V6C 3L2
 (604) 685-3456

Execution Date		
Y	M	D
19	11	05

Transferor(s) Signature(s)

0989705 B.C. LTD. by its authorized
 signatory(ies):

Name: Samuel Hanson

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.

PAGE 2 of 6 PAGES

Transferor / Borrower / Party Signature(s)

ROMSPEN INVESTMENT CORPORATION by its authorized signatory(ies):

Name: Wesley Roitman
Director

Lawyer Notary
162 Cumberland Street
Toronto, Ont

Name: _____

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 3 OF 6 PAGES

NATURE OF INTEREST

CHARGE NO.

ADDITIONAL INFORMATION

Modification

CA7379144

Modification of Mortgage, as modified by
CA7749487

NATURE OF INTEREST

CHARGE NO.

ADDITIONAL INFORMATION

Modification

CA7379145

Modification of Assignment of Rents, as modified
by CA7749488

NATURE OF INTEREST

CHARGE NO.

ADDITIONAL INFORMATION

NATURE OF INTEREST

CHARGE NO.

ADDITIONAL INFORMATION

NATURE OF INTEREST

CHARGE NO.

ADDITIONAL INFORMATION

NATURE OF INTEREST

CHARGE NO.

ADDITIONAL INFORMATION

TERMS OF INSTRUMENT - PART 2

THIS MODIFICATION OF MORTGAGE AND ASSIGNMENT OF RENTS (this “**Modification**”) dated for reference November 5, 2019,

BETWEEN:

0989705 B.C. LTD. (Inc. No. BC0989705)

(the “**Mortgagor**”)

AND:

ROMSPEN INVESTMENT CORPORATION (Inc. No. A0067154),
Suite 300, 162 Cumberland Street, Toronto, ON M5R 3N5

(“**Romspen**”)

WITNESSES THAT WHEREAS:

A. By a mortgage dated for reference February 15, 2019 and registered in the New Westminster Land Title Office on March 5, 2019 under No. CA7379144, as modified by a modification of mortgage and assignment of rents dated for reference July 24, 2019 and registered in the New Westminster Land Title Office on September 16, 2019 under No. CA7749487 (as further extended, modified or amended, the “**Mortgage**”) between the Mortgagor as mortgagor and Romspen as mortgagee, the Mortgagor did grant and mortgage unto Romspen its interest in those certain parcels of land and premises situate in the City of Richmond, Province of British Columbia and being more particularly known and described in the attached Form C General Instrument (the “**Lands**”) to secure repayment of the sum of \$95,850,000 together with interest and other charges as provided in the Mortgage;

B. Under the Mortgage, the Mortgagor also granted to Romspen an assignment of rents registered in the New Westminster Land Title Office under No. CA7379145, as modified by a modification of mortgage and assignment of rents dated for reference July 24, 2019 and registered in the New Westminster Land Title Office on September 16, 2019 under No. CA7749488 (as further extended, modified or amended, the “**Assignment of Rents**”), the Mortgagor assigned, transferred and granted any and all rents thereafter to become due under any and all leases and agreements to lease with respect to the Lands as additional security to the Mortgage;

C. For good and sufficient reason the parties hereto have agreed to further modify the Mortgage and Assignment of Rents in the manner hereinafter described.

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the premises and other consideration (the receipt and sufficiency of which is hereby acknowledged by the parties hereto), the parties hereto hereby agree as follows:

1. From and including the date hereof (the “**Effective Date**”) the Mortgage shall be amended as follows:

(a) Section 5(a) shall be deleted in its entirety and the following substituted therefor:

“(a) Principal Amount:

\$422,000,000.00”

(b) Section 5(i) shall be deleted in its entirety and the following substituted therefor:

“(i) Last Payment Date:

22/06/01”

(c) Section 5(l) shall be deleted in its entirety and the following substituted therefor:

“(l) Balance Due Date:

22/06/01”

(d) Section 1.3 of the Express Mortgage Terms forming Part 2 of the Mortgage shall be deleted in its entirety and the following substituted therefor:

“1.3 **“Commitment”** means the Commitment dated February 15, 2019 and accepted by the Mortgagor and the Guarantor on February 15, 2019, as amended by the Supplement No. 1 to the Commitment dated July 24, 2019 and as amended and restated by the Loan Agreement to Amend and Restate Commitment made as of November 6, 2019, pursuant to which this Mortgage is provided, and all amendments thereto and renewals or replacements thereof from time to time;”

(e) Section 1.6 of the Express Mortgage Terms forming Part 2 of the Mortgage shall be amended by deleting the reference to “Section 9” and replacing it with “Section 12.01”.

2. The Mortgagor covenants with Romspen to pay the principal sum together with interest and all other moneys secured by or payable under the Mortgage as hereby amended as and when the same become due and payable and to observe and perform all of the terms, conditions, provisos and covenants in the Mortgage as hereby amended.

3. The Assignment of Rents shall from the Effective Date be read and construed as being additional and equal ranking security for the repayment of the moneys secured by the Mortgage as amended by this Modification.

4. This Modification shall from the Effective Date be read and construed along with the Mortgage and Assignment of Rents and both shall, together with all the terms, covenants and conditions thereof, be and continue to be of full force, virtue and effect, save as the same are hereby modified.

5. The Mortgagor covenants and agrees that this Modification will be subject to the same terms, conditions and provisos as those contained in the Mortgage and Assignment of Rents as herein modified and shall be void on payment of all the moneys due under the Mortgage as herein amended and on the performance of all the covenants on the part of the Mortgagor therein and herein to be performed.

6. This Modification does not prejudice any rights which Romspen may have under the Mortgage or Assignment of Rents and shall not create any merger or alter or prejudice the rights of Romspen regarding any security collateral to the Mortgage or Assignment of Rents or regarding any

surety or subsequent encumbrances or any person not a party hereto liable to pay the mortgage moneys or interested in the Lands all of which rights are hereby reserved.

7. That the Mortgagor does hereby mortgage the Lands unto Romspen as security for all principal and interest now and hereafter due under the Mortgage as herein modified.

8. This Modification and everything herein contained shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns, and wherever the singular and masculine are used throughout this Modification the same shall be construed as meaning the plural or feminine or neuter where the context or the parties so require.

END OF DOCUMENT

This is **Exhibit "D"** referred to in the Affidavit of Jennifer Alambre made before me at Vancouver, British Columbia, this 31st day of March 2022.



A Commissioner for the taking of Affidavits for
British Columbia

SECURITY AGREEMENT

This Security Agreement dated for reference February 15, 2019 made by **ALDERBRIDGE WAY LIMITED PARTNERSHIP** (the "**Debtor**"), having their chief executive offices at 200 – 1778 West 2nd Avenue, Vancouver, B.C. V6J 1H6, to and in favour of **ROMSPEN INVESTMENT CORPORATION** (the "**Secured Party**"), a corporation incorporated under the laws of the Province of Ontario, as lender under the Commitment hereinafter referred to, having an office at 300-162 Cumberland Street, Toronto, ON M5R 3N5 (facsimile: (416) 966-1161).

WHEREAS:

A. The Secured Party has agreed to advance certain credit facilities (the "**Credit Facilities**") to the Debtor on the terms and conditions set out in the Commitment and the Mortgage.

B. It is a condition of the advance of the Credit Facilities by the Secured Party that, in addition to other security being taken, the Debtor execute and deliver this Security Agreement to the Secured Party as collateral security for the payment and performance of the Obligations.

NOW THEREFORE WITNESSETH that, in consideration of these premises and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the Debtor, the Debtor covenants, declares and agrees as follows:

ARTICLE 1 INTERPRETATION

1.1 Terms Incorporated for Reference. All capitalized terms used but not otherwise defined in this Security Agreement shall have the meanings attributed to them in the Commitment or, as applicable, in the Mortgage. Terms defined in the British Columbia *Personal Property Security Act* (including the regulations thereto and all as amended from time to time, collectively, the "**PPSA**") and used but not otherwise defined in this Security Agreement shall have the same meaning herein.

1.2 Defined Terms. In this Security Agreement, unless there is something in the subject matter or context inconsistent therewith, the following words and terms shall have the following meanings:

"Affiliate" means, with respect to any Person, any other Person who directly or indirectly controls, is controlled by, or is under direct or indirect common control with, such Person, and includes any Person in like relation to an Affiliate. A Person will be deemed to control another Person if such first Person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of such other Person, whether through the ownership of voting securities, by contract or otherwise;

"Authorization" means any permit, licence, approval, consent, order, right, certificate, judgment, writ, injunction, award, determination, direction, decree, authorization, franchise, privilege, grant, waiver, exemption and other concession or by-law, rule or regulation, whether or not having the force of Law, of, by or from any Official Body, all as amended, supplemented or otherwise modified or replaced from time to time;

- 2 -

"Book Accounts" means all debts, accounts, monies, demands and choses in action which are now due, owing or accruing due or which may hereafter become due, owing or accruing due to the Debtor and all claims of whatsoever nature or kind which the Debtor now has or may hereafter have, in each case in respect of or arising out of or in connection with the Business, including claims against the Crown and claims under insurance policies and all the proceeds and other monies payable thereunder (including bonuses, additions, profits, interest and all other such amounts); and all Contracts, securities, bills, notes, lien notes, judgments, chattel mortgages, mortgages and all other rights and benefits which now are or may hereafter be vested in the Debtor or anyone on behalf of the Debtor in respect of or as security for any of the said debts, accounts, monies, demands, choses in action and claims or any part thereof; and also all books, accounts, invoices, letters, papers and documents recording or in any way evidencing or relating to any of the said debts, accounts, monies, demands, choses in action and claims or any part thereof, and **"Book Account"** means any one of them;

"Business" means the business of the Debtor as conducted by it as at the date hereof and as proposed to be conducted by it hereafter including the ownership, operation and lease of assets and property in connection therewith and the investment therein and all other activities necessary, useful, incidental or ancillary to the foregoing;

"Business Day" means any day of the year, other than a Saturday, Sunday or other day on which banks are required or authorized to close for business in Vancouver, British Columbia;

"Collateral" has the meaning set forth in Section 2.1;

"Commitment" means the commitment letter dated as of February 15, 2019, delivered by the Secured Party, and accepted by the Debtor and the Guarantor, *inter alia*, as amended, supplemented, extended or otherwise modified or restated from time to time;

"Consent" means any permit, licence, approval, consent, order, right, certificate, judgment, writ, injunction, award, determination, direction, decree, authorization, franchise, privilege, grant, waiver, exemption, and other concession or by-law, rule or regulation, whether or not having the force of Law, of, by or from any Person other than an Official Body, all as amended, supplemented or otherwise modified or replaced from time to time;

"Contracts" means all contracts or agreements relating to or arising in connection with the acquisition, ownership, use or operation of the Lands or the Business (including, without limitation, all contractual rights and benefits, options or rights to acquire options under such contracts or agreements to which the Debtor is a party (whether by way of assignment or otherwise) in any form whatsoever, written or verbal, now in existence or hereafter entered into (including leases, options to purchase and rights of first refusal), together in each case with any amendments, supplements, modifications, extensions, renewals or replacements thereof, and **"Contract"** means any one of them;

"Credit Documents" means this Agreement, the Commitment, the Mortgage, the other Security Documents and all other documents to be executed and delivered to the Secured Party by the Debtor, a Guarantor or a Subsidiary or an Affiliate thereof hereunder or thereunder, all as amended, restated, supplemented or replaced from time to time;

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"Guarantor" means those parties collectively listed as "Guarantor" in the Commitment and any other Affiliates of the Debtor as the Secured Party may from time to time require in its sole discretion;

"Intellectual Property" means all intellectual property owned by the Debtor or in which the Debtor has rights including, without limitation, all Trademarks, copyrights, copyright applications and registrations, patents, patent applications, industrial designs, industrial design applications and registrations, inventions, know how, trade secrets, technical processes, recipes, formulae or rights therein or related thereto used in or necessary for the conduct of the Business, and all related licences or other Consents held by the Debtor with respect to the Business or the use of technology relating to the Business;

"Inventory" means all inventories of the Debtor wheresoever located (including, without limitation, such inventory located at, on or about the Lands or any leasehold property) including, without limitation, finished goods, work in progress, raw materials, cut trees, gravel, stores, supplies, spare parts and other maintenance items and merchandise, and all other materials and supplies wherever located, including on or about or in transit to or from the Lands (or otherwise on hand), to be used or consumed in connection with the processing, manufacture, packing, shipping, selling or furnishing of products in the Business;

"Lands" means all real property or interests in real property (including, without limitation, any leasehold estates pursuant to a lease or statutory rights of way), together with the buildings and improvements situate thereon or fixtures forming a part thereof and all attendant easements, rights-of-way, licences, leases, leasehold estates and other interests located in Richmond, British Columbia and more particularly described in Schedule A hereto;

"Law" includes any law (including common law and equity), constitution, statute, treaty, regulation, rule, ordinance, order, injunction, writ, decree or award of any Official Body;

"Lien" includes any mortgage, pledge, lien, hypothecation, security interest or other encumbrance or charge (whether fixed, floating or otherwise) or title retention, any right of set-off (arising otherwise than by operation of Law) and any deposit of monies under any agreement or arrangement whereby such monies may be withdrawn only upon fulfilment of any conditions as to the discharge of any other indebtedness or other obligation to any creditor, or any right of or arrangement of any kind with any creditor to have its claims satisfied prior to other creditors with or from the proceeds of any properties, assets or revenues of any kind now owned or hereafter acquired;

"Mortgage" means the mortgage of the Lands dated as of the date hereof granted by 0989705 B.C. Ltd. in favour of the Secured Party, as amended, supplemented or otherwise replaced from time to time;

"Negotiable Collateral" has the meaning set forth in Section 2.3(b);

"Obligations" has the meaning set forth in Section 2.2(a);

"Official Body" means any government or political subdivision or any agency, authority, bureau, central bank, monetary authority, commission, department or instrumentality thereof, or any court, tribunal, grand jury or arbitrator, whether foreign or domestic;

"Permitted Liens" means:

- (i) undetermined or inchoate Liens arising in the ordinary course of and incidental to construction or current operations which have not been filed pursuant to law against the Debtor or any Affiliate of the Debtor or in respect of which no steps or proceedings to enforce such lien have been initiated or which relate to obligations which are not due or delinquent are being contested by the Debtor or any Affiliate of the Debtor;
- (ii) the Liens granted by the Debtor in favour of the Secured Party;
- (iii) the interest of any Person under any purchase money security interest;
- (iv) public and statutory Liens for charges not yet due arising by operation of Law; and
- (v) any Lien permitted in writing by the Secured Party;

"Person" means an individual, partnership, corporation (including a business trust), joint stock company, trust, unincorporated association, joint venture or other entity, or a foreign state or political subdivision thereof or any agency of such state or subdivision;

"PPSA" has the meaning set forth in Section 1.1;

"Security" means the security given to the Secured Party at any time and from time to time to secure the indebtedness, liabilities and obligations of the Debtor under the Commitment and the Mortgage, including, without limitation, the security referred to in Section 9 of the Commitment, all as amended, restated, supplemented or replaced from time to time;

"Security Agreement" means this agreement as supplemented, amended or otherwise modified, renewed or replaced from time to time;

"Security Documents" means this Security Agreement and the other documents referred to in Section 9 of the Commitment, the Mortgage and the agreements, instruments and documents delivered from time to time to the Secured Party by the Debtor, a Guarantor and other Persons, for the purpose of establishing, perfecting, preserving and protecting the Security, all as amended, restated, supplemented or replaced from time to time;

"Security Interest" has the meaning set forth in Section 2.2(a);

"Subsidiaries" means, at any time, in respect of a Person, any corporation, partnership or other entity of which securities or other ownership interests having ordinary voting power to elect a majority of the board of directors or other Persons performing similar functions are at such time directly or indirectly owned by such Person;

- 5 -

"Trademarks" means (i) all trademarks, trade names, corporate names, company names, business names, fictitious business names, trade styles, service marks, logos, design marks, certification marks, distinguishing guises and other source or business identifiers, and the goodwill associated therewith, (ii) all registrations and recordings thereof, and all applications in connection therewith, (iii) all extensions, renewals and continuations thereof, and (iv) all rights to sue for past, present or future infringements of, dilution or depreciation of value to and passing off of or injury to any thereof.

ARTICLE 2 SECURITY

2.1 Grant of Security. Subject to Section 2.4, the Debtor hereby (i) mortgages and charges to the Secured Party as and by way of a fixed mortgage and charge; (ii) pledges to the Secured Party; (iii) assigns and transfers to the Secured Party as and by way of a specific transfer and assignment (except any assignment or transfer of Intellectual Property); and (iv) grants to the Secured Party, a security interest in, all of the Debtor's right, title and interest in and to all personal property and undertaking of the Debtor, present and future, now owned or hereafter acquired (collectively, the **"Collateral"**, and all references thereto herein include any part thereof) including, without limitation, any and all of the Debtor's:

- (a) goods of every kind, type and description whatsoever now or hereafter owned, leased or otherwise held by it, including, without limitation, fixtures and equipment (including, without limitation, the equipment described in Schedule B Part I hereto), goods held for sale or lease, goods furnished or to be furnished to Persons under contracts of lease, sale or consignment, goods which are raw materials or work in progress, goods used in or procured for packing, goods which are materials used or to be used or consumed in the Business, goods which are service equipment, office equipment, computer equipment, consumables, machinery, plant, vehicles (including the serial numbered goods described in Schedule B Part II hereto) and all licences and other rights and other tangible personal property now or hereafter owned, leased or otherwise held by it and all records, files, charts, plans, drawings, specifications, manuals and documents relating to any of the foregoing;
- (b) Inventory, including, without limitation, such goods held for sale or lease, goods furnished or to be furnished to third Persons under contracts of lease, consignment or service and the Inventory described in Schedule C hereto;
- (c) all Book Accounts and Contracts, including all Book Accounts and Contracts with respect to such account;
- (d) documents of title, chattel paper, instruments, investment property and money, including, without limitation, all proceeds of all policies of insurance payable as indemnity or compensation for loss of or damage to any of the Collateral;
- (e) intangibles, including, without limitation, all security interests, goodwill, choses in action and other contractual benefits and all Intellectual Property, including, without limitation, the Intellectual property described in Schedule D hereto;
- (f) substitutions and replacements of and increases, additions and, where applicable, accessions to the property described in Sections 2.1(a) through 2.1(e) inclusive;

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- (g) proceeds in any form derived directly or indirectly from any dealing with all or any part of the property described in Sections 2.1(a) through (f) inclusive or the proceeds therefrom; and
- (h) as and by way of a floating charge to and in favour of the Secured Party, a security interest in and to:
 - (i) all the Debtor's right, title and interest in and to all its presently owned or held and after acquired or held real 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, plants and other fixtures (all of which is hereinafter collectively called "**Real Property**"); and
 - (ii) all property, assets and undertakings of the Debtor, both present and future, of whatsoever nature or kind and wheresoever situated, 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 the foregoing Sections 2.1(a) through (g) inclusive.

2.2 Obligations Secured.

- (a) The mortgages, charges, pledges, transfers, assignments and security interests granted hereby (collectively, the "**Security Interest**") shall be continuing collateral security for the due payment and performance of all debts, liabilities and obligations of the Debtor, whether present or future, direct or indirect, absolute or contingent, matured or unmatured, joint or several or joint and several, at any time due or accruing due or owing by the Debtor to the Secured Party hereunder or under the Commitment, the Mortgage and any other Credit Documents or otherwise howsoever incurred, and whether incurred as principal or surety (collectively, and together with the expenses, costs and charges set out in Section 2.2(b), the "**Obligations**"); provided that payments owing by the Debtor to the Secured Party hereunder shall be made in accordance with the terms and conditions of the Commitment and the Mortgage.
- (b) All expenses, costs and charges incurred by or on behalf of the Secured Party in connection with the preparation and issuance of this Security Agreement, the perfection, preservation and protection of the Security Interest and the enforcement of the Secured Party's rights and remedies hereunder, including the realization of the Collateral, and including all legal fees (on a solicitor and solicitor's own client full indemnity basis), disbursements, court costs, receiver's or agent's remuneration and other expenses of taking possession of, repairing, protecting, insuring, preparing for disposition, realizing, collecting, selling, transferring, delivering or obtaining payment of the Collateral, shall be added to and form a part of the Obligations.

2.3 Attachment.

- (a) The Debtor and the Secured Party hereby acknowledge that (i) value has been given; (ii) the Debtor has rights in the Collateral (other than after-acquired Collateral); and (iii) they have not agreed to postpone the time of attachment of the Security Interest.
- (b) If the Debtor acquires Collateral consisting of chattel paper, instruments, investment property or negotiable documents of title (collectively, "**Negotiable Collateral**") after the date hereof, the Debtor will, forthwith upon receipt by the Debtor, deliver to the Secured Party (or as the Secured Party may direct) such Negotiable Collateral and shall, at the request of the Secured Party (i) cause the transfer thereof to the Secured Party to be registered wherever, in the reasonable opinion of the Secured Party, such registration may be required or advisable, (ii) duly endorse the same for transfer in blank or as the Secured Party may direct, and (iii) forthwith deliver to the Secured Party all Consents or other instruments or documents which may be necessary to effect the transfer of the Negotiable Collateral to the Secured Party or its nominee or, upon the enforcement of the Security Interest, any third party.
- (c) The Debtor agrees to promptly inform the Secured Party in writing of the acquisition by the Debtor of any personal property which is not adequately described herein, and the Debtor agrees to execute and deliver at its own expense from time to time amendments to this Security Agreement or the schedules hereto or additional security agreements or schedules as may be required by the Secured Party in order that the Security Interest shall attach to such personal property.

2.4 Scope of Security Interest.

- (a) Nothing in Section 2.1 shall be construed as an assignment by the Debtor (which term shall include a sub-lease, mortgage, pledge or charge) of any Contract, Book Account, claim, demand or chose in action which, as a matter of Law or by its terms, is non-assignable without the Consent or Authorization of some other Person unless such Consent or Authorization has been obtained. To the extent that the creation of the Security Interest would constitute a breach or permit the acceleration of any agreement right, license or permit to which the Debtor is a party, the Security Interest shall not attach thereto but the Debtor shall hold its interest therein in trust for the Secured Party, and, in the case of any such potential breach or acceleration of any agreement, right, license or permit, shall use all reasonable efforts to obtain the consent of the other party thereto. Upon the Debtor obtaining the consent of such other party, the Security Interest shall be deemed to have automatically attached to such agreement, right, license or permit, as the case may be, without the necessity of any further action or assurance on the part of any Person.
- (b) Until the Security Interest shall have become enforceable, the grant of the Security Interest in the Intellectual Property shall not affect in any way the Debtor's rights to commercially exploit the Intellectual Property, to defend the Intellectual Property, to enforce the Debtor's rights therein or with respect thereto against third parties

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in any court or to claim and be entitled to receive any damages with respect to any infringement thereof.

- (c) The Security Interest shall not extend to consumer goods.
- (d) The Security Interest shall not extend or apply to the last day of any term of years reserved by a lease, verbal or written, or any agreement therefor, now held or hereafter acquired by the Debtor in respect of real property but the Debtor shall stand possessed of any such reversion in trust to assign and dispose thereof as the Secured Party may direct.
- (e) The Secured Party will not be deemed in any manner to have assumed any obligation of the Debtor under any Authorization or Contract nor shall the Secured Party be liable to any Official Body or contract counterparties by reason of any default by any Person under any Authorization or Contract. The Debtor agrees to indemnify and hold the Secured Party harmless of and from any and all liability, loss, damage or expense which it may or might incur by reason of any claim or demand against it based on its alleged assumption of the Debtor's duty and obligation to perform and discharge the terms, covenants and agreements in any Authorization or Contract.
- (f) It is expressly acknowledged by the Debtor that, notwithstanding any right or authority granted to the Debtor herein or in any other agreement or instrument to deal with the Collateral, it is the intention of the Debtor and the Secured Party that (i) the Security Interest shall operate and be construed as a fixed and specific charge of all Collateral in respect of which the Debtor presently has rights, and as a fixed and specific charge of all after-acquired Collateral which shall attach forthwith upon the Debtor acquiring rights therein, and (ii) the Security Interest shall neither operate nor be construed as a floating charge.

2.5 The Secured Party's Care and Custody of Collateral.

- (a) Except as required by any mandatory provision of the PPSA, the Secured Party shall not be bound to collect, dispose of, realize, protect or enforce any of the Debtor's right, title and interest in and to the Collateral or to institute proceedings for the purpose thereof and, without limiting the generality of the foregoing, the Secured Party shall not be required to take any steps necessary to preserve rights against prior parties or other Persons in respect of any Negotiable Collateral.
- (b) The Secured Party shall have no obligation to keep Collateral in its possession identifiable.
- (c) The Secured Party may, both before and after the Security Interest shall have become enforceable, (i) notify any Person obligated on a Book Account or on chattel paper or any obligor on an instrument to make payment thereunder to the Secured Party, whether or not the Debtor was theretofore making collections thereon, and (ii) assume control of any proceeds arising from the Collateral.

2.6 Representations and Warranties of the Debtor. The Debtor represents and warrants to the Secured Party that, as of the date of this Agreement:

- (a) except for Permitted Liens, the Debtor owns the Collateral free and clear of any Liens. The Debtor is the record and beneficial owner of all Collateral that is investment property. No security agreement, financing statement or other notice with respect to any or all of the Collateral is on file or on record in any public office, except for filings with respect to Permitted Liens;
- (b) the amount represented by the Debtor to the Secured Party from time to time as owing by each account debtor or by all account debtors in respect of the Book Accounts will at such time be the correct amount so owing by such account debtor or debtors and, unless disclosed in writing by the Debtor to the Secured Party at that time, will be owed free of any dispute, set-off or counterclaim. Except as disclosed in writing by the Debtor to the Secured Party, neither the Debtor nor (to the best of the Debtor's knowledge) any other party to any Book Account or Contract is in default or is likely to become in default in the performance or observance of any of the terms of such Book Account or Contract where such default is or could reasonably be expected to be materially adverse to the Debtor or the Secured Party;
- (c) the Debtor is a partnership duly formed as a limited partnership and validly exists in all jurisdictions where the Debtor carries on business;
- (d) the Debtor has full power and authority to grant to the Secured Party the Security Interest and to execute, deliver and perform its obligations under this Agreement, and such execution, delivery and performance does not contravene any of the Debtor's organizational or constating documents or any agreement, instrument or restriction to which the Debtor is a party or by which the Debtor or any of the Collateral is bound; and
- (e) this Agreement has been duly authorized, executed and delivered by the Debtor and is a valid and binding obligation of the Debtor enforceable against the Debtor in accordance with its terms, subject only to bankruptcy, insolvency, liquidation, reorganization, moratorium and other similar laws generally affecting the enforcement of creditors' rights, and to the fact that equitable remedies (such as specific performance and injunction) are discretionary remedies.

2.7 Covenants of The Debtor. The Debtor covenants with the Secured Party the following:

- (a) the Debtor shall not, without the prior written consent of the Secured Party or except as permitted by the Commitment, the Mortgage and the other Credit Documents, sell, transfer, exchange, lease, release or abandon or otherwise dispose of any of the Collateral except (i) for collateral consisting of Inventory sold or leased in the ordinary course of the Debtor's business, and (ii) as otherwise agreed to in writing by the Secured Party, or create, assume or permit to remain outstanding any Lien in, on or of the Collateral except (i) for Permitted Liens, and (ii) as otherwise agreed to in writing by the Secured Party. Any proceeds of such sale, exchange, lease, release, abandonment or disposal except as permitted by

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this Section shall be held by the Debtor in trust for the Secured Party and, at the request of the Secured Party, shall be paid immediately to the Secured Party;

- (b) the Debtor shall not move or transfer the Collateral from the Lands or enter into any agreement or undertaking to move or transfer the Collateral from the Lands;
- (c) the Debtor shall not permit any material Collateral to be affixed to real or personal property not owned by the Debtor so as to become a fixture or accession, without prior written notice to the Secured Party and without a waiver of interest in such fixture or accession from the applicable third party prior to affixation;
- (d) the Debtor shall defend the Collateral against all reasonable claims and demands of all persons claiming the Collateral or an interest therein;
- (e) upon the demand by the Secured Party, the Debtor shall furnish in writing to the Secured Party all reasonable information requests concerning the Collateral;
- (f) the Secured Party shall have the reasonable right, during regular business hours, either by its officers or authorized agents to enter upon the Debtor's premises and to inspect the Collateral and all books of account and records of the Debtor relating to the Collateral;
- (g) the Debtor shall pay all reasonable costs, charges and expenses of and incidental to registering notice (and any amendments and renewals of such notice) of this Security Agreement and in taking, recovering, keeping possession of or inspecting the Collateral and generally in any other proceedings taken in enforcing the remedies in this Security Agreement or otherwise in connection with this Security Agreement or by reason of non payment or procuring payment of the monies hereby secured;
- (h) if the Debtor makes default in any covenant to be performed by it hereunder, the Secured Party may perform any covenant of the Debtor capable of being performed by the Secured Party and if the Secured Party is put to any costs, charges, expenses or outlays to perform any such covenant, the Debtor will indemnify the Secured Party for such costs, charges, expenses or outlays and such costs, charges, expenses or outlays (including solicitors' fees and charges incurred by the Secured Party on a "solicitor/client" basis) will be payable immediately by the Debtor to the Secured Party, and will form part of the Obligations secured by this Security Agreement;
- (i) the Debtor shall pay all taxes, rates, levies, charges, assessments, statute labour or other imposition whatsoever now or hereafter rated, charged, assessed, levied or imposed by any lawful authority or otherwise howsoever on it, on the Collateral or on the Secured Party in respect of the Collateral or any part or parts thereof, or any other matter or thing in connection with this Security Agreement, save and except when and so long as the validity of such taxes, rates, levies, charges, assessments, statute labour or other imposition is in good faith contested by it, and will, if and when required in writing by the Secured Party, furnish for inspection the receipts for any such payments;

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- (j) the Debtor shall promptly pay or remit all amounts which if left unpaid or unremitted might give rise to a lien or charge on any of the Collateral ranking or purporting to rank in priority to any security interest created by this Security Agreement;
- (k) the Debtor shall do, execute, acknowledge and deliver or cause to be done, executed, acknowledged or delivered, such further acts, deeds, mortgages, transfers and assurances as the Secured Party will reasonably require for the better assuring, charging, assigning and conferring unto the Secured Party the Collateral and the security interests intended to be created hereunder, for the purpose of accomplishing and effecting the intention of this Security Agreement;
- (l) the Debtor shall keep all tangible Collateral in good operating condition and repair and will provide all maintenance, service and repairs necessary for such purpose; and
- (m) the Debtor will keep the Collateral insured with financially sound and reputable companies to its full insurable value against loss or damage by fire, explosion, theft and such other risks as are customarily insured against by Persons carrying on similar businesses or owning similar property within the vicinity in which the Debtor's applicable business or property is located. The applicable insurance policies will be in form and substance satisfactory to the Secured Party and will name the Secured Party as loss payee, as its interest may appear, and the Debtor shall pay all premiums for such insurance. The Debtor will, from time to time at the Secured Party's request, deliver the applicable insurance policies (or satisfactory evidence of such policies) to the Secured Party. If the Debtor does not obtain or maintain such insurance, the Secured Party may, but need not, do so, in which event the Debtor will immediately on demand reimburse the Secured Party for all payments made by the Secured Party in connection with obtaining and maintaining such insurance, and until reimbursed any such payment will form part of the Obligations and will be secured by the Security Interest. The Secured Party nor its agents will be responsible for the character, adequacy, validity or genuineness of any insurance, the solvency of any insurer, or any other risk connected with insurance;
- (n) the Debtor will not (i) enter into any merger, consolidation, reorganization, or recapitalization, (ii) liquidate, wind up, or dissolve itself (or suffer any liquidation or dissolution), (iii) make any change in the principal nature of its business, or (iv) cause, permit, or suffer, directly or indirectly, any change of control; and
- (o) the Debtor will not change its name, registration number or province of formation; provided, however, that the Debtor may change its name upon at least 30 days prior written notice by it to the Secured Party of such change and so long as, at the time of such written notification, the Debtor provides any financing statements necessary to perfect and continue perfected the Security Interest.

2.8 Right of Set-Off. The Obligations secured by this Security Agreement shall be paid, when due, by the Debtor to the Secured Party without regard to any equities existing among the Debtor and the Secured Party and without regard to any right of set-off or cross-claim or of any claim or demand of the Debtor against the Secured Party or otherwise.

2.9 Protective Disbursements. If the Debtor fails to perform any covenant on its part contained in this Security Agreement then the Secured Party may, in its absolute discretion, perform any such covenant capable of being performed by it and, if any such covenant requires the payment or expenditure of money, the Secured Party may make such payment but shall be under no obligation to do so, and all sums so paid or expended by the Secured Party shall be immediately payable by the Debtor, shall bear interest at the highest rate set forth in the Commitment and the Mortgage until paid and shall be secured hereby, having the benefit of the Security Interest in priority to the indebtedness evidenced by this Security Agreement. No such performance or payment shall relieve the Debtor from any default under this Security Agreement or any consequences of such default.

ARTICLE 3 ENFORCEMENT

3.1 Default. The Security Interest shall be and become enforceable against the Debtor upon an Event of Default.

3.2 Remedies. Whenever the Security Interest has become enforceable, the Secured Party may realize upon the Collateral and enforce the rights of the Secured Party by any remedy or proceeding authorized or permitted by Law (subject to any mandatory provision of the PPSA) including, without limitation, by:

- (a) entry onto the Lands and any other premises where Collateral consisting of tangible personal property may be located;
- (b) entry into possession of the Collateral and removal of Collateral consisting of tangible personal property by any method permitted by Law;
- (c) sale, assignment, lease, sub-lease, granting options or options to purchase or any other disposal of the Collateral;
- (d) collection of any proceeds arising in respect of the Collateral;
- (e) collection, realization or sale of or other dealing with the Book Accounts or any of them;
- (f) the exercise of any contractual, legal or other rights or interests of the Debtor under or in respect of the Collateral;
- (g) the payment of any Lien that may exist or be threatened against the Collateral, in which event such amount and any costs, charges and expenses incurred in connection therewith shall be added to the Obligations;
- (h) the appointment by instrument in writing of a receiver (which term as used in this Security Agreement includes a receiver and manager) or agent of the Collateral and the removal or replacement of such receiver or agent from time to time;
- (i) the institution of proceedings in any court of competent jurisdiction for the appointment of a receiver of the Collateral;

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- (j) the institution of proceedings in any court of competent jurisdiction for sale or foreclosure of the Collateral;
- (k) filing proofs of claim and other documents to establish claims in any proceeding relating to the Debtor;
- (l) the set-off and application against the Obligations, to the fullest extent permitted by Law, of any monies to be paid by the Secured Party to the Debtor under the Credit Documents or any other agreement between the Secured Party and the Debtor; and
- (m) any other remedy or proceeding authorized or permitted by applicable Law.

Such remedies may be exercised from time to time separately or in combination with respect to or all or any part of the Collateral and are in addition to and not in substitution for any other rights of the Secured Party however created. The Secured Party may proceed by way of any action, suit or other proceeding available at Law and no right, remedy or power of the Secured Party shall be exclusive of or dependent on any other. The Secured Party may exercise any of its rights, remedies or powers separately or in combination and at any time. The Secured Party shall not be bound to exercise any such right, remedy or power, and the exercise of such right, remedy and power shall be without prejudice to the rights of the Secured Party in respect of the Obligations including the right to claim for any deficiency.

3.3 Additional Rights. In addition to the remedies of the Secured Party set forth in Section 3.2, the Secured Party may, whenever the Security Interest has become enforceable:

- (a) require the Debtor, at the Debtor's expense, to gather or assemble the Collateral consisting of tangible personal property at a place or places designated by notice in writing given by the Secured Party to the Debtor;
- (b) require the Debtor, by notice in writing given by the Secured Party to the Debtor, to disclose to the Secured Party the location or locations of the Collateral consisting of tangible personal property;
- (c) repair, process, modify, improve, complete or otherwise deal with the Collateral and prepare for the disposition of the Collateral, whether on the premises of the Debtor or otherwise;
- (d) subject to applicable Law, carry on all or any part of the Business or businesses of the Debtor and, to the exclusion of all others including the Debtor, enter upon, occupy and use all or any of the premises, buildings, plant, undertaking and other property of or used by the Debtor for such time as the Secured Party sees fit, free of charge, and the Secured Party shall not be liable to the Debtor for any act, omission or negligence in so doing or for any rent, charges, depreciation or damages incurred in connection therewith or resulting therefrom;
- (e) subject to applicable Law, borrow for the purpose of carrying on the Business or businesses of the Debtor or for the maintenance, preservation or protection of the Collateral and mortgage, charge, pledge or grant a Lien in, on or of the Collateral, whether or not in priority to the Security Interest, to secure repayment;

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- (f) demand, commence, continue or defend any judicial or administrative proceedings for the purpose of protecting, seizing, collecting, realizing or obtaining possession or payment of the Collateral, and give valid and effectual receipts and discharges therefor and make any arrangement or compromise or give time for the payment or performance of all or any part of the Book Accounts or any Contract or any other obligation of any third party to the Debtor; and
- (g) participate in any recapitalization, reclassification, reorganization, consolidation, redemption, share split, merger or liquidation of any issuer of securities which constitute Collateral, and in connection therewith may deposit or surrender control of the Collateral, accept money or other property in exchange for the Collateral, and take such action as it deems proper in connection therewith, and any other money or property received in exchange for the Collateral shall be held by the Secured Party thereafter as part of the Collateral pursuant to the provisions hereof.

3.4 Concerning the Receiver.

- (a) Any receiver appointed by the Secured Party shall be vested with the rights and remedies which could be exercised by the Secured Party in respect of the Debtor or the Collateral and such other powers and discretions as are granted in the instrument of appointment and any instrument or instruments supplemental thereto. The identity of the receiver, any replacement thereof and any remuneration thereof shall be within the sole and unfettered discretion of the Secured Party.
- (b) Any receiver appointed by the Secured Party shall act as agent for the Secured Party for the purposes of taking possession of the Collateral, but otherwise and for all other purposes (except as provided below and with respect to its discharge), as agent for the Debtor. The receiver may sell, lease, or otherwise dispose of Collateral as agent for the Debtor or as agent for the Secured Party (but in all cases shall take direction from the Secured Party) as the Secured Party may determine in its sole and unfettered discretion. The Debtor agrees to ratify and confirm all actions of the receiver acting as agent for the Debtor, and to release and indemnify the receiver in respect of all such actions.
- (c) The Secured Party, in appointing or refraining from appointing any receiver, shall not incur liability to the receiver, the Debtor or otherwise and shall not be responsible for any misconduct or negligence of such receiver.

3.5 Appointment of Attorney. The Debtor hereby irrevocably appoints the Secured Party (and any officer thereof) as attorney of the Debtor (with full power of substitution) to exercise, whenever the Security Interest has become enforceable, in the name of and on behalf of the Debtor, any of the Debtor's right (including the right of disposal), title and interest in and to the Collateral including the execution, endorsement and delivery of any agreements, documents, instruments, securities, documents of title and chattel paper and any notices, receipts, assignments or verifications of the Book Accounts. All acts of any such attorney are hereby ratified and approved, and such attorney shall not be liable for any act, failure to act, omission or negligence in so doing or any other matter or thing in connection therewith, except for its own negligence or wilful misconduct.

3.6 The Secured Party's Dealings with Collateral.

- (a) The Secured Party shall not be obliged to exhaust its recourses against the Debtor or any other Person or Persons or against any other security it may hold in respect of the Obligations before realizing upon or otherwise dealing with the Collateral in such manner as the Secured Party may consider desirable.
- (b) The Secured Party may grant extensions or other indulgences, take and give up securities, accept compositions, grant releases and discharges and otherwise deal with the Debtor and with other Persons, sureties or securities as the Secured Party may see fit, all without prejudice to the Obligations or the rights of the Secured Party in respect of the Collateral.
- (c) The Secured Party shall not be (i) bound under any circumstance to realize upon the Collateral; (ii) liable or accountable for any failure to collect, realize or obtain payment in respect of the Collateral; (iii) bound to institute proceedings for the purpose of collecting, enforcing, realizing or obtaining payment of the Collateral or for the purpose of preserving any rights of the Secured Party, the Debtor or any other Persons in respect thereof; (iv) responsible for any loss occasioned by any sale or other dealing with the Collateral or by the retention of or failure to sell or otherwise deal therewith; or (v) bound to protect the Collateral from depreciating in value or becoming worthless.
- (d) All monies from time to time received by the Secured Party or the receiver may be applied as follows: first, in discharge of all operating expenses and other ongoings affecting the Collateral; second, in keeping in good standing all Liens on the Collateral having priority over the Security Interest; third, in payment of the remuneration and disbursements of the receiver (if any); fourth, in payment to the Secured Party of monies payable hereunder and under the Commitment, the Mortgage and the other Credit Documents or any other agreements between the Secured Party and the Debtor entered into pursuant thereto; and the balance, if any, shall be paid to the Debtor or as a court of competent jurisdiction may direct. If there shall be a deficiency, the Debtor shall remain liable for such deficiency and shall pay the amount of such deficiency to the Secured Party forthwith.

3.7 Standards of Sale. Without prejudice to the ability of the Secured Party to dispose of the Collateral in any manner which is commercially reasonable, the Debtor acknowledges that a disposition of Collateral by the Secured Party which takes place substantially in accordance with the following provisions shall be deemed to be commercially reasonable:

- (a) Collateral may be disposed of in whole or in part whether or not the Secured Party has taken possession thereof;
- (b) Collateral may be disposed of by public auction, public tender or private contract, with or without advertising and without any other formality;
- (c) any purchaser or lessee of such Collateral may be a customer or related Person of the Secured Party;

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- (d) a disposition of Collateral may be on such terms and conditions as to credit, deferred payment or otherwise as the Secured Party, in its sole discretion, may deem advantageous;
- (e) the Secured Party may establish an upset or reserve bid or price in respect of the Collateral; and
- (f) the Secured Party may buy in, rescind or vary any contract for the disposition of Collateral and may dispose of any Collateral again without being obligated to account or answer for any gain or loss occasioned thereby.

3.8 Dealings by Third Parties.

- (a) No Person dealing with the Secured Party or its agent or a receiver shall be required (i) to determine whether the Security Interest has become enforceable; (ii) to determine whether the powers which the Secured Party or such agent or receiver on behalf of the Secured Party is purporting to exercise have become exercisable; (iii) to determine whether any money remains due to the Secured Party by the Debtor; (iv) to determine the necessity or expediency of the stipulations and conditions subject to which any sale or lease shall be made; (v) to determine the propriety or regularity of any sale or of any other dealing by the Secured Party or such agent or receiver with the Collateral; or (vi) to see to the application of any money paid to the Secured Party or such agent or receiver.
- (b) Any purchaser of the Collateral from the Secured Party shall hold the Collateral absolutely free from any claim or right of whatever kind including any equity of redemption of the Debtor, and the Debtor hereby specifically waives, to the fullest extent permitted by Law, as against any such purchaser, all right of redemption, stay or appraisal which the Debtor now has or may have under any rule of Law now existing or hereafter adopted. To the fullest extent permitted by Law, the Debtor waives all of the rights, benefits and protection provided to it by any statute which imposes limitations upon the rights, remedies or powers of a secured party.

ARTICLE 4 GENERAL

4.1 Discharge. The Security Interest shall be released and discharged upon, but only upon, full payment in cash, satisfaction and performance of the Obligations and at the request and expense of the Debtor. The Secured Party shall execute and deliver to the Debtor, at the request and expense of the Debtor, such releases and discharges as the Debtor may reasonably require.

4.2 No Merger, etc. No judgment recovered by the Secured Party shall operate by way of merger of or in any way affect the Security Interest, which is in addition to and not in substitution for any other security now or hereafter held by the Secured Party in respect of the Obligations.

4.3 Waivers, etc. No amendment, consent or waiver by the Secured Party shall be effective unless made in writing and signed by an authorized officer of the Secured Party and then such amendment, waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

4.4 Further Assurances. The Debtor shall from time to time, whether before or after the Security Interest shall have become enforceable, do all such acts and things and execute and deliver all such deeds, transfers, assignments and instruments as the Secured Party may reasonably require for protecting the Collateral or perfecting the Security Interest and for exercising all rights, remedies, powers, authorities and discretions hereby conferred upon the Secured Party, and the Debtor shall, from time to time after the Security Interest has become enforceable, do all such acts and things and execute and deliver all such deeds, transfers, assignments and instruments as the Secured Party may require for facilitating the sale of or other dealing with the Collateral in connection with any realization thereof.

4.5 Notice. All notices, requests, demands, directions and communications (in this Section 4.5, "Notices") hereunder shall be sent by e-mail, facsimile or similar means of recorded communication or hand delivery and shall be effective when hand delivered or, in the case of successful e-mail, facsimile or similar means of recorded communication, when received. All Notices shall be given to the respective addresses on page 1 of this Security Agreement or, in either case, in accordance with any unrevoked written direction as to a change of address given in accordance with this Section 4.5.

4.6 Successors and Assigns. This Security Agreement shall be binding upon the Debtor, its successors and permitted assigns, and shall enure to the benefit of the Secured Party and its successors and assigns. The Debtor may not assign or novate any of its rights or obligations under this Security Agreement without the prior written consent of the Secured Party. All rights of the Secured Party hereunder shall be assignable in accordance with the terms of the Commitment and the Mortgage and in any action brought by an assignee to enforce any such right, the Debtor shall not assert against such assignee any claim or defence which the Debtor now has or hereafter may have against the Secured Party.

4.7 Headings, etc. The division of this Security Agreement into sections and subsections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation thereof.

4.8 Severability. If and to the extent that any provision hereof shall conflict with any mandatory provision of the PPSA (including, without limitation, an exclusion or purported exclusion of a duty or onus imposed by the PPSA or a limitation or purported limitation of the liability of or the amount of damages recoverable from a Person who has failed to discharge a duty or obligation imposed by the PPSA), such provision of the PPSA shall govern. The provisions of this Security Agreement are intended to be severable. If any provision of this Security Agreement shall be deemed by any court of competent jurisdiction or held to be invalid or void or unenforceable in whole or in part in any jurisdiction, such provision shall, as to such jurisdiction, be ineffective to the extent of such invalidity or unenforceability without in any manner affecting the validity or enforceability thereof in any other jurisdiction or the remaining provisions hereof in any jurisdiction.

4.9 Governing Law. This Security Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and of Canada applicable therein and shall be treated in all respects as a British Columbia contract.

4.10 Incorporation of Schedules. Schedules A, B, C and D attached hereto shall, for all purposes hereof, form an integral part of this Security Agreement.

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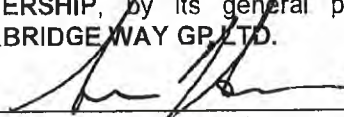
4.11 Conflict. In the event of a conflict or inconsistency between the provisions of this Security Agreement and the provisions of any of the other Credit Documents, the provisions of the Commitment will govern to the extent necessary to eliminate such conflict or inconsistency.

4.12 Acknowledgement of Receipt/Waiver. The Debtor acknowledges receipt of an executed copy of this Security Agreement. The Debtor waives, to the extent permitted by Law, the right to receive a copy of any financing statement, financing change statement or verification statement registered with or issued by any personal property registry or other Official Body in connection with this Security Agreement.

[Signature page follows]

IN WITNESS WHEREOF the Debtor has duly executed this Security Agreement as of the date first above written.

ALDERBRIDGE WAY LIMITED
PARTNERSHIP, by its general partner,
ALDERBRIDGE WAY GP, LTD.

Per: 
Name: SAMUEL DAVIS HANSON
Title: Director

Per: _____
Name: _____
Title: _____

SCHEDULE A

LOCATION

Civic Address

7960 Alderbridge Way,
5333 No. 3 Road and 5411
No. 3 Road, Richmond,
B.C.

Legal Description

PID: 030-721-733, LOT 1 SECTION 5 BLOCK 4 NORTH RANGE
6 WEST NEW WESTMINSTER DISTRICT PLAN EPP86098

SCHEDULE B

GOODS

I. EQUIPMENT

NIL

II. SERIAL NUMBERED GOODS

NIL

SCHEDULE C
INVENTORY

NIL

SCHEDULE D
INTELLECTUAL PROPERTY

NIL

This is **Exhibit "E"** referred to in the Affidavit of Jennifer Alambre made before me at Vancouver, British Columbia, this 31st day of March 2022.

A handwritten signature in blue ink, appearing to read 'J. Brown', is written over a horizontal line.

A Commissioner for the taking of Affidavits for
British Columbia

SECURITY AGREEMENT

This Security Agreement dated for reference February 15, 2019 made by **ALDERBRIDGE WAY GP LTD.** (the "**Debtor**"), having their chief executive offices at 200 – 1778 West 2nd Avenue, Vancouver, B.C. V6J 1H6, to and in favour of **ROMSPEN INVESTMENT CORPORATION** (the "**Secured Party**"), a corporation incorporated under the laws of the Province of Ontario, as lender under the Commitment hereinafter referred to, having an office at 300-162 Cumberland Street, Toronto, ON M5R 3N5 (facsimile: (416) 966-1161).

WHEREAS:

- A. The Secured Party has agreed to advance certain credit facilities (the "**Credit Facilities**") to the Debtor on the terms and conditions set out in the Commitment and the Mortgage.
- B. It is a condition of the advance of the Credit Facilities by the Secured Party that, in addition to other security being taken, the Debtor execute and deliver this Security Agreement to the Secured Party as collateral security for the payment and performance of the Obligations.

NOW THEREFORE WITNESSETH that, in consideration of these premises and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the Debtor, the Debtor covenants, declares and agrees as follows:

ARTICLE 1 INTERPRETATION

1.1 Terms Incorporated for Reference. All capitalized terms used but not otherwise defined in this Security Agreement shall have the meanings attributed to them in the Commitment or, as applicable, in the Mortgage. Terms defined in the British Columbia *Personal Property Security Act* (including the regulations thereto and all as amended from time to time, collectively, the "**PPSA**") and used but not otherwise defined in this Security Agreement shall have the same meaning herein.

1.2 Defined Terms. In this Security Agreement, unless there is something in the subject matter or context inconsistent therewith, the following words and terms shall have the following meanings:

"**Affiliate**" means, with respect to any Person, any other Person who directly or indirectly controls, is controlled by, or is under direct or indirect common control with, such Person, and includes any Person in like relation to an Affiliate. A Person will be deemed to control another Person if such first Person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of such other Person, whether through the ownership of voting securities, by contract or otherwise;

"**Authorization**" means any permit, licence, approval, consent, order, right, certificate, judgment, writ, injunction, award, determination, direction, decree, authorization, franchise, privilege, grant, waiver, exemption and other concession or by-law, rule or regulation, whether or not having the force of Law, of, by or from any Official Body, all as amended, supplemented or otherwise modified or replaced from time to time;

"Book Accounts" means all debts, accounts, monies, demands and choses in action which are now due, owing or accruing due or which may hereafter become due, owing or accruing due to the Debtor and all claims of whatsoever nature or kind which the Debtor now has or may hereafter have, in each case in respect of or arising out of or in connection with the Business, including claims against the Crown and claims under insurance policies and all the proceeds and other monies payable thereunder (including bonuses, additions, profits, interest and all other such amounts); and all Contracts, securities, bills, notes, lien notes, judgments, chattel mortgages, mortgages and all other rights and benefits which now are or may hereafter be vested in the Debtor or anyone on behalf of the Debtor in respect of or as security for any of the said debts, accounts, monies, demands, choses in action and claims or any part thereof; and also all books, accounts, invoices, letters, papers and documents recording or in any way evidencing or relating to any of the said debts, accounts, monies, demands, choses in action and claims or any part thereof, and **"Book Account"** means any one of them;

"Business" means the business of the Debtor as conducted by it as at the date hereof and as proposed to be conducted by it hereafter including the ownership, operation and lease of assets and property in connection therewith and the investment therein and all other activities necessary, useful, incidental or ancillary to the foregoing;

"Business Day" means any day of the year, other than a Saturday, Sunday or other day on which banks are required or authorized to close for business in Vancouver, British Columbia;

"Collateral" has the meaning set forth in Section 2.1;

"Commitment" means the commitment letter dated as of February 15, 2019, delivered by the Secured Party, and accepted by the Debtor and the Guarantor, *inter alia*, as amended, supplemented, extended or otherwise modified or restated from time to time;

"Consent" means any permit, licence, approval, consent, order, right, certificate, judgment, writ, injunction, award, determination, direction, decree, authorization, franchise, privilege, grant, waiver, exemption, and other concession or by-law, rule or regulation, whether or not having the force of Law, of, by or from any Person other than an Official Body, all as amended, supplemented or otherwise modified or replaced from time to time;

"Contracts" means all contracts or agreements relating to or arising in connection with the acquisition, ownership, use or operation of the Lands or the Business (including, without limitation, all contractual rights and benefits, options or rights to acquire options under such contracts or agreements to which the Debtor is a party (whether by way of assignment or otherwise) in any form whatsoever, written or verbal, now in existence or hereafter entered into (including leases, options to purchase and rights of first refusal), together in each case with any amendments, supplements, modifications, extensions, renewals or replacements thereof, and **"Contract"** means any one of them;

"Credit Documents" means this Agreement, the Commitment, the Mortgage, the other Security Documents and all other documents to be executed and delivered to the Secured Party by the Debtor, a Guarantor or a Subsidiary or an Affiliate thereof hereunder or thereunder, all as amended, restated, supplemented or replaced from time to time;

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"Guarantor" means those parties collectively listed as "Guarantor" in the Commitment and any other Affiliates of the Debtor as the Secured Party may from time to time require in its sole discretion;

"Intellectual Property" means all intellectual property owned by the Debtor or in which the Debtor has rights including, without limitation, all Trademarks, copyrights, copyright applications and registrations, patents, patent applications, industrial designs, industrial design applications and registrations, inventions, know how, trade secrets, technical processes, recipes, formulae or rights therein or related thereto used in or necessary for the conduct of the Business, and all related licences or other Consents held by the Debtor with respect to the Business or the use of technology relating to the Business;

"Inventory" means all inventories of the Debtor wheresoever located (including, without limitation, such inventory located at, on or about the Lands or any leasehold property) including, without limitation, finished goods, work in progress, raw materials, cut trees, gravel, stores, supplies, spare parts and other maintenance items and merchandise, and all other materials and supplies wherever located, including on or about or in transit to or from the Lands (or otherwise on hand), to be used or consumed in connection with the processing, manufacture, packing, shipping, selling or furnishing of products in the Business;

"Lands" means all real property or interests in real property (including, without limitation, any leasehold estates pursuant to a lease or statutory rights of way), together with the buildings and improvements situate thereon or fixtures forming a part thereof and all attendant easements, rights-of-way, licences, leases, leasehold estates and other interests located in Richmond, British Columbia and more particularly described in Schedule A hereto;

"Law" includes any law (including common law and equity), constitution, statute, treaty, regulation, rule, ordinance, order, injunction, writ, decree or award of any Official Body;

"Lien" includes any mortgage, pledge, lien, hypothecation, security interest or other encumbrance or charge (whether fixed, floating or otherwise) or title retention, any right of set-off (arising otherwise than by operation of Law) and any deposit of monies under any agreement or arrangement whereby such monies may be withdrawn only upon fulfilment of any conditions as to the discharge of any other indebtedness or other obligation to any creditor, or any right of or arrangement of any kind with any creditor to have its claims satisfied prior to other creditors with or from the proceeds of any properties, assets or revenues of any kind now owned or hereafter acquired;

"Mortgage" means the mortgage of the Lands dated as of the date hereof granted by 0989705 B.C. Ltd. in favour of the Secured Party, as amended, supplemented or otherwise replaced from time to time;

"Negotiable Collateral" has the meaning set forth in Section 2.3(b);

"Obligations" has the meaning set forth in Section 2.2(a);

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"Official Body" means any government or political subdivision or any agency, authority, bureau, central bank, monetary authority, commission, department or instrumentality thereof, or any court, tribunal, grand jury or arbitrator, whether foreign or domestic;

"Permitted Liens" means:

- (i) undetermined or inchoate Liens arising in the ordinary course of and incidental to construction or current operations which have not been filed pursuant to law against the Debtor or any Affiliate of the Debtor or in respect of which no steps or proceedings to enforce such lien have been initiated or which relate to obligations which are not due or delinquent are being contested by the Debtor or any Affiliate of the Debtor;
- (ii) the Liens granted by the Debtor in favour of the Secured Party;
- (iii) the interest of any Person under any purchase money security interest;
- (iv) public and statutory Liens for charges not yet due arising by operation of Law; and
- (v) any Lien permitted in writing by the Secured Party;

"Person" means an individual, partnership, corporation (including a business trust), joint stock company, trust, unincorporated association, joint venture or other entity, or a foreign state or political subdivision thereof or any agency of such state or subdivision;

"PPSA" has the meaning set forth in Section 1.1;

"Security" means the security given to the Secured Party at any time and from time to time to secure the indebtedness, liabilities and obligations of the Debtor under the Commitment and the Mortgage, including, without limitation, the security referred to in Section 9 of the Commitment, all as amended, restated, supplemented or replaced from time to time;

"Security Agreement" means this agreement as supplemented, amended or otherwise modified, renewed or replaced from time to time;

"Security Documents" means this Security Agreement and the other documents referred to in Section 9 of the Commitment, the Mortgage and the agreements, instruments and documents delivered from time to time to the Secured Party by the Debtor, a Guarantor and other Persons, for the purpose of establishing, perfecting, preserving and protecting the Security, all as amended, restated, supplemented or replaced from time to time;

"Security Interest" has the meaning set forth in Section 2.2(a);

"Subsidiaries" means, at any time, in respect of a Person, any corporation, partnership or other entity of which securities or other ownership interests having ordinary voting power to elect a majority of the board of directors or other Persons performing similar functions are at such time directly or indirectly owned by such Person;

"Trademarks" means (i) all trademarks, trade names, corporate names, company names, business names, fictitious business names, trade styles, service marks, logos, design marks, certification marks, distinguishing guises and other source or business identifiers, and the goodwill associated therewith, (ii) all registrations and recordings thereof, and all applications in connection therewith, (iii) all extensions, renewals and continuations thereof, and (iv) all rights to sue for past, present or future infringements of, dilution or depreciation of value to and passing off of or injury to any thereof.

ARTICLE 2 SECURITY

2.1 Grant of Security. Subject to Section 2.4, the Debtor hereby (i) mortgages and charges to the Secured Party as and by way of a fixed mortgage and charge; (ii) pledges to the Secured Party; (iii) assigns and transfers to the Secured Party as and by way of a specific transfer and assignment (except any assignment or transfer of Intellectual Property); and (iv) grants to the Secured Party, a security interest in, all of the Debtor's right, title and interest in and to all personal property and undertaking of the Debtor, present and future, now owned or hereafter acquired (collectively, the **"Collateral"**, and all references thereto herein include any part thereof) including, without limitation, any and all of the Debtor's:

- (a) goods of every kind, type and description whatsoever now or hereafter owned, leased or otherwise held by it, including, without limitation, fixtures and equipment (including, without limitation, the equipment described in Schedule B Part I hereto), goods held for sale or lease, goods furnished or to be furnished to Persons under contracts of lease, sale or consignment, goods which are raw materials or work in progress, goods used in or procured for packing, goods which are materials used or to be used or consumed in the Business, goods which are service equipment, office equipment, computer equipment, consumables, machinery, plant, vehicles (including the serial numbered goods described in Schedule B Part II hereto) and all licences and other rights and other tangible personal property now or hereafter owned, leased or otherwise held by it and all records, files, charts, plans, drawings, specifications, manuals and documents relating to any of the foregoing;
- (b) Inventory, including, without limitation, such goods held for sale or lease, goods furnished or to be furnished to third Persons under contracts of lease, consignment or service and the Inventory described in Schedule C hereto;
- (c) all Book Accounts and Contracts, including all Book Accounts and Contracts with respect to such account;
- (d) documents of title, chattel paper, instruments, investment property and money, including, without limitation, all proceeds of all policies of insurance payable as indemnity or compensation for loss of or damage to any of the Collateral;
- (e) intangibles, including, without limitation, all security interests, goodwill, choses in action and other contractual benefits and all Intellectual Property, including, without limitation, the intellectual property described in Schedule D hereto;
- (f) substitutions and replacements of and increases, additions and, where applicable, accessions to the property described in Sections 2.1(a) through 2.1(e) inclusive;

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- (g) proceeds in any form derived directly or indirectly from any dealing with all or any part of the property described in Sections 2.1(a) through (f) inclusive or the proceeds therefrom; and
- (h) as and by way of a floating charge to and in favour of the Secured Party, a security interest in and to:
 - (i) all the Debtor's right, title and interest in and to all its presently owned or held and after acquired or held real 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, plants and other fixtures (all of which is hereinafter collectively called "**Real Property**"); and
 - (ii) all property, assets and undertakings of the Debtor, both present and future, of whatsoever nature or kind and wheresoever situated, 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 the foregoing Sections 2.1(a) through (g) inclusive.

2.2 Obligations Secured.

- (a) The mortgages, charges, pledges, transfers, assignments and security interests granted hereby (collectively, the "**Security Interest**") shall be continuing collateral security for the due payment and performance of all debts, liabilities and obligations of the Debtor, whether present or future, direct or indirect, absolute or contingent, matured or unmatured, joint or several or joint and several, at any time due or accruing due or owing by the Debtor to the Secured Party hereunder or under the Commitment, the Mortgage and any other Credit Documents or otherwise howsoever incurred, and whether incurred as principal or surety (collectively, and together with the expenses, costs and charges set out in Section 2.2(b), the "**Obligations**"); provided that payments owing by the Debtor to the Secured Party hereunder shall be made in accordance with the terms and conditions of the Commitment and the Mortgage.
- (b) All expenses, costs and charges incurred by or on behalf of the Secured Party in connection with the preparation and issuance of this Security Agreement, the perfection, preservation and protection of the Security Interest and the enforcement of the Secured Party's rights and remedies hereunder, including the realization of the Collateral, and including all legal fees (on a solicitor and solicitor's own client full indemnity basis), disbursements, court costs, receiver's or agent's remuneration and other expenses of taking possession of, repairing, protecting, insuring, preparing for disposition, realizing, collecting, selling, transferring, delivering or obtaining payment of the Collateral, shall be added to and form a part of the Obligations.

2.3 Attachment.

- (a) The Debtor and the Secured Party hereby acknowledge that (i) value has been given; (ii) the Debtor has rights in the Collateral (other than after-acquired Collateral); and (iii) they have not agreed to postpone the time of attachment of the Security Interest.
- (b) If the Debtor acquires Collateral consisting of chattel paper, instruments, investment property or negotiable documents of title (collectively, "**Negotiable Collateral**") after the date hereof, the Debtor will, forthwith upon receipt by the Debtor, deliver to the Secured Party (or as the Secured Party may direct) such Negotiable Collateral and shall, at the request of the Secured Party (i) cause the transfer thereof to the Secured Party to be registered wherever, in the reasonable opinion of the Secured Party, such registration may be required or advisable, (ii) duly endorse the same for transfer in blank or as the Secured Party may direct, and (iii) forthwith deliver to the Secured Party all Consents or other instruments or documents which may be necessary to effect the transfer of the Negotiable Collateral to the Secured Party or its nominee or, upon the enforcement of the Security Interest, any third party.
- (c) The Debtor agrees to promptly inform the Secured Party in writing of the acquisition by the Debtor of any personal property which is not adequately described herein, and the Debtor agrees to execute and deliver at its own expense from time to time amendments to this Security Agreement or the schedules hereto or additional security agreements or schedules as may be required by the Secured Party in order that the Security Interest shall attach to such personal property.

2.4 Scope of Security Interest.

- (a) Nothing in Section 2.1 shall be construed as an assignment by the Debtor (which term shall include a sub-lease, mortgage, pledge or charge) of any Contract, Book Account, claim, demand or chose in action which, as a matter of Law or by its terms, is non-assignable without the Consent or Authorization of some other Person unless such Consent or Authorization has been obtained. To the extent that the creation of the Security Interest would constitute a breach or permit the acceleration of any agreement right, license or permit to which the Debtor is a party, the Security Interest shall not attach thereto but the Debtor shall hold its interest therein in trust for the Secured Party, and, in the case of any such potential breach or acceleration of any agreement, right, license or permit, shall use all reasonable efforts to obtain the consent of the other party thereto. Upon the Debtor obtaining the consent of such other party, the Security Interest shall be deemed to have automatically attached to such agreement, right, license or permit, as the case may be, without the necessity of any further action or assurance on the part of any Person.
- (b) Until the Security Interest shall have become enforceable, the grant of the Security Interest in the Intellectual Property shall not affect in any way the Debtor's rights to commercially exploit the Intellectual Property, to defend the Intellectual Property, to enforce the Debtor's rights therein or with respect thereto against third parties

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in any court or to claim and be entitled to receive any damages with respect to any infringement thereof.

- (c) The Security Interest shall not extend to consumer goods.
- (d) The Security Interest shall not extend or apply to the last day of any term of years reserved by a lease, verbal or written, or any agreement therefor, now held or hereafter acquired by the Debtor in respect of real property but the Debtor shall stand possessed of any such reversion in trust to assign and dispose thereof as the Secured Party may direct.
- (e) The Secured Party will not be deemed in any manner to have assumed any obligation of the Debtor under any Authorization or Contract nor shall the Secured Party be liable to any Official Body or contract counterparties by reason of any default by any Person under any Authorization or Contract. The Debtor agrees to indemnify and hold the Secured Party harmless of and from any and all liability, loss, damage or expense which it may or might incur by reason of any claim or demand against it based on its alleged assumption of the Debtor's duty and obligation to perform and discharge the terms, covenants and agreements in any Authorization or Contract.
- (f) It is expressly acknowledged by the Debtor that, notwithstanding any right or authority granted to the Debtor herein or in any other agreement or instrument to deal with the Collateral, it is the intention of the Debtor and the Secured Party that (i) the Security Interest shall operate and be construed as a fixed and specific charge of all Collateral in respect of which the Debtor presently has rights, and as a fixed and specific charge of all after-acquired Collateral which shall attach forthwith upon the Debtor acquiring rights therein, and (ii) the Security Interest shall neither operate nor be construed as a floating charge.

2.5 The Secured Party's Care and Custody of Collateral.

- (a) Except as required by any mandatory provision of the PPSA, the Secured Party shall not be bound to collect, dispose of, realize, protect or enforce any of the Debtor's right, title and interest in and to the Collateral or to institute proceedings for the purpose thereof and, without limiting the generality of the foregoing, the Secured Party shall not be required to take any steps necessary to preserve rights against prior parties or other Persons in respect of any Negotiable Collateral.
- (b) The Secured Party shall have no obligation to keep Collateral in its possession identifiable.
- (c) The Secured Party may, both before and after the Security Interest shall have become enforceable, (i) notify any Person obligated on a Book Account or on chattel paper or any obligor on an instrument to make payment thereunder to the Secured Party, whether or not the Debtor was theretofore making collections thereon, and (ii) assume control of any proceeds arising from the Collateral.

2.6 Representations and Warranties of the Debtor. The Debtor represents and warrants to the Secured Party that, as of the date of this Agreement:

- (a) except for Permitted Liens, the Debtor owns the Collateral free and clear of any Liens. The Debtor is the record and beneficial owner of all Collateral that is investment property. No security agreement, financing statement or other notice with respect to any or all of the Collateral is on file or on record in any public office, except for filings with respect to Permitted Liens;
- (b) the amount represented by the Debtor to the Secured Party from time to time as owing by each account debtor or by all account debtors in respect of the Book Accounts will at such time be the correct amount so owing by such account debtor or debtors and, unless disclosed in writing by the Debtor to the Secured Party at that time, will be owed free of any dispute, set-off or counterclaim. Except as disclosed in writing by the Debtor to the Secured Party, neither the Debtor nor (to the best of the Debtor's knowledge) any other party to any Book Account or Contract is in default or is likely to become in default in the performance or observance of any of the terms of such Book Account or Contract where such default is or could reasonably be expected to be materially adverse to the Debtor or the Secured Party;
- (c) the Debtor is a corporation duly formed and is validly subsisting and in good standing in all jurisdictions where the Debtor carries on business;
- (d) the Debtor has full power and authority to grant to the Secured Party the Security Interest and to execute, deliver and perform its obligations under this Agreement, and such execution, delivery and performance does not contravene any of the Debtor's organizational or constating documents or any agreement, instrument or restriction to which the Debtor is a party or by which the Debtor or any of the Collateral is bound; and
- (e) this Agreement has been duly authorized, executed and delivered by the Debtor and is a valid and binding obligation of the Debtor enforceable against the Debtor in accordance with its terms, subject only to bankruptcy, insolvency, liquidation, reorganization, moratorium and other similar laws generally affecting the enforcement of creditors' rights, and to the fact that equitable remedies (such as specific performance and injunction) are discretionary remedies.

2.7 Covenants of The Debtor. The Debtor covenants with the Secured Party the following:

- (a) the Debtor shall not, without the prior written consent of the Secured Party or except as permitted by the Commitment, the Mortgage and the other Credit Documents, sell, transfer, exchange, lease, release or abandon or otherwise dispose of any of the Collateral except (i) for collateral consisting of Inventory sold or leased in the ordinary course of the Debtor's business, and (ii) as otherwise agreed to in writing by the Secured Party, or create, assume or permit to remain outstanding any Lien in, on or of the Collateral except (i) for Permitted Liens, and (ii) as otherwise agreed to in writing by the Secured Party. Any proceeds of such sale, exchange, lease, release, abandonment or disposal except as permitted by

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this Section shall be held by the Debtor in trust for the Secured Party and, at the request of the Secured Party, shall be paid immediately to the Secured Party;

- (b) the Debtor shall not move or transfer the Collateral from the Lands or enter into any agreement or undertaking to move or transfer the Collateral from the Lands;
- (c) the Debtor shall not permit any material Collateral to be affixed to real or personal property not owned by the Debtor so as to become a fixture or accession, without prior written notice to the Secured Party and without a waiver of interest in such fixture or accession from the applicable third party prior to affixation;
- (d) the Debtor shall defend the Collateral against all reasonable claims and demands of all persons claiming the Collateral or an interest therein;
- (e) upon the demand by the Secured Party, the Debtor shall furnish in writing to the Secured Party all reasonable information requests concerning the Collateral;
- (f) the Secured Party shall have the reasonable right, during regular business hours, either by its officers or authorized agents to enter upon the Debtor's premises and to inspect the Collateral and all books of account and records of the Debtor relating to the Collateral;
- (g) the Debtor shall pay all reasonable costs, charges and expenses of and incidental to registering notice (and any amendments and renewals of such notice) of this Security Agreement and in taking, recovering, keeping possession of or inspecting the Collateral and generally in any other proceedings taken in enforcing the remedies in this Security Agreement or otherwise in connection with this Security Agreement or by reason of non payment or procuring payment of the monies hereby secured;
- (h) if the Debtor makes default in any covenant to be performed by it hereunder, the Secured Party may perform any covenant of the Debtor capable of being performed by the Secured Party and if the Secured Party is put to any costs, charges, expenses or outlays to perform any such covenant, the Debtor will indemnify the Secured Party for such costs, charges, expenses or outlays and such costs, charges, expenses or outlays (including solicitors' fees and charges incurred by the Secured Party on a "solicitor/client" basis) will be payable immediately by the Debtor to the Secured Party, and will form part of the Obligations secured by this Security Agreement;
- (i) the Debtor shall pay all taxes, rates, levies, charges, assessments, statute labour or other imposition whatsoever now or hereafter rated, charged, assessed, levied or imposed by any lawful authority or otherwise howsoever on it, on the Collateral or on the Secured Party in respect of the Collateral or any part or parts thereof, or any other matter or thing in connection with this Security Agreement, save and except when and so long as the validity of such taxes, rates, levies, charges, assessments, statute labour or other imposition is in good faith contested by it, and will, if and when required in writing by the Secured Party, furnish for inspection the receipts for any such payments;

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- (j) the Debtor shall promptly pay or remit all amounts which if left unpaid or unremitted might give rise to a lien or charge on any of the Collateral ranking or purporting to rank in priority to any security interest created by this Security Agreement;
- (k) the Debtor shall do, execute, acknowledge and deliver or cause to be done, executed, acknowledged or delivered, such further acts, deeds, mortgages, transfers and assurances as the Secured Party will reasonably require for the better assuring, charging, assigning and conferring unto the Secured Party the Collateral and the security interests intended to be created hereunder, for the purpose of accomplishing and effecting the intention of this Security Agreement;
- (l) the Debtor shall keep all tangible Collateral in good operating condition and repair and will provide all maintenance, service and repairs necessary for such purpose; and
- (m) the Debtor will keep the Collateral insured with financially sound and reputable companies to its full insurable value against loss or damage by fire, explosion, theft and such other risks as are customarily insured against by Persons carrying on similar businesses or owning similar property within the vicinity in which the Debtor's applicable business or property is located. The applicable insurance policies will be in form and substance satisfactory to the Secured Party and will name the Secured Party as loss payee, as its interest may appear, and the Debtor shall pay all premiums for such insurance. The Debtor will, from time to time at the Secured Party's request, deliver the applicable insurance policies (or satisfactory evidence of such policies) to the Secured Party. If the Debtor does not obtain or maintain such insurance, the Secured Party may, but need not, do so, in which event the Debtor will immediately on demand reimburse the Secured Party for all payments made by the Secured Party in connection with obtaining and maintaining such insurance, and until reimbursed any such payment will form part of the Obligations and will be secured by the Security Interest. The Secured Party nor its agents will be responsible for the character, adequacy, validity or genuineness of any insurance, the solvency of any insurer, or any other risk connected with insurance;
- (n) the Debtor will not (i) enter into any merger, consolidation, reorganization, or recapitalization, (ii) liquidate, wind up, or dissolve itself (or suffer any liquidation or dissolution), (iii) make any change in the principal nature of its business, or (iv) cause, permit, or suffer, directly or indirectly, any change of control; and
- (o) the Debtor will not change its name, registration number or province of formation; provided, however, that the Debtor may change its name upon at least 30 days prior written notice by it to the Secured Party of such change and so long as, at the time of such written notification, the Debtor provides any financing statements necessary to perfect and continue perfected the Security Interest.

2.8 Right of Set-Off. The Obligations secured by this Security Agreement shall be paid, when due, by the Debtor to the Secured Party without regard to any equities existing among the Debtor and the Secured Party and without regard to any right of set-off or cross-claim or of any claim or demand of the Debtor against the Secured Party or otherwise.

2.9 Protective Disbursements. If the Debtor fails to perform any covenant on its part contained in this Security Agreement then the Secured Party may, in its absolute discretion, perform any such covenant capable of being performed by it and, if any such covenant requires the payment or expenditure of money, the Secured Party may make such payment but shall be under no obligation to do so, and all sums so paid or expended by the Secured Party shall be immediately payable by the Debtor, shall bear interest at the highest rate set forth in the Commitment and the Mortgage until paid and shall be secured hereby, having the benefit of the Security Interest in priority to the indebtedness evidenced by this Security Agreement. No such performance or payment shall relieve the Debtor from any default under this Security Agreement or any consequences of such default.

ARTICLE 3 ENFORCEMENT

3.1 Default. The Security Interest shall be and become enforceable against the Debtor upon an Event of Default.

3.2 Remedies. Whenever the Security Interest has become enforceable, the Secured Party may realize upon the Collateral and enforce the rights of the Secured Party by any remedy or proceeding authorized or permitted by Law (subject to any mandatory provision of the PPSA) including, without limitation, by:

- (a) entry onto the Lands and any other premises where Collateral consisting of tangible personal property may be located;
- (b) entry into possession of the Collateral and removal of Collateral consisting of tangible personal property by any method permitted by Law;
- (c) sale, assignment, lease, sub-lease, granting options or options to purchase or any other disposal of the Collateral;
- (d) collection of any proceeds arising in respect of the Collateral;
- (e) collection, realization or sale of or other dealing with the Book Accounts or any of them;
- (f) the exercise of any contractual, legal or other rights or interests of the Debtor under or in respect of the Collateral;
- (g) the payment of any Lien that may exist or be threatened against the Collateral, in which event such amount and any costs, charges and expenses incurred in connection therewith shall be added to the Obligations;
- (h) the appointment by instrument in writing of a receiver (which term as used in this Security Agreement includes a receiver and manager) or agent of the Collateral and the removal or replacement of such receiver or agent from time to time;
- (i) the institution of proceedings in any court of competent jurisdiction for the appointment of a receiver of the Collateral;

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- (j) the institution of proceedings in any court of competent jurisdiction for sale or foreclosure of the Collateral;
- (k) filing proofs of claim and other documents to establish claims in any proceeding relating to the Debtor;
- (l) the set-off and application against the Obligations, to the fullest extent permitted by Law, of any monies to be paid by the Secured Party to the Debtor under the Credit Documents or any other agreement between the Secured Party and the Debtor; and
- (m) any other remedy or proceeding authorized or permitted by applicable Law.

Such remedies may be exercised from time to time separately or in combination with respect to or all or any part of the Collateral and are in addition to and not in substitution for any other rights of the Secured Party however created. The Secured Party may proceed by way of any action, suit or other proceeding available at Law and no right, remedy or power of the Secured Party shall be exclusive of or dependent on any other. The Secured Party may exercise any of its rights, remedies or powers separately or in combination and at any time. The Secured Party shall not be bound to exercise any such right, remedy or power, and the exercise of such right, remedy and power shall be without prejudice to the rights of the Secured Party in respect of the Obligations including the right to claim for any deficiency.

3.3 Additional Rights. In addition to the remedies of the Secured Party set forth in Section 3.2, the Secured Party may, whenever the Security Interest has become enforceable:

- (a) require the Debtor, at the Debtor's expense, to gather or assemble the Collateral consisting of tangible personal property at a place or places designated by notice in writing given by the Secured Party to the Debtor;
- (b) require the Debtor, by notice in writing given by the Secured Party to the Debtor, to disclose to the Secured Party the location or locations of the Collateral consisting of tangible personal property;
- (c) repair, process, modify, improve, complete or otherwise deal with the Collateral and prepare for the disposition of the Collateral, whether on the premises of the Debtor or otherwise;
- (d) subject to applicable Law, carry on all or any part of the Business or businesses of the Debtor and, to the exclusion of all others including the Debtor, enter upon, occupy and use all or any of the premises, buildings, plant, undertaking and other property of or used by the Debtor for such time as the Secured Party sees fit, free of charge, and the Secured Party shall not be liable to the Debtor for any act, omission or negligence in so doing or for any rent, charges, depreciation or damages incurred in connection therewith or resulting therefrom;
- (e) subject to applicable Law, borrow for the purpose of carrying on the Business or businesses of the Debtor or for the maintenance, preservation or protection of the Collateral and mortgage, charge, pledge or grant a Lien in, on or of the Collateral, whether or not in priority to the Security Interest, to secure repayment;

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- (f) demand, commence, continue or defend any judicial or administrative proceedings for the purpose of protecting, seizing, collecting, realizing or obtaining possession or payment of the Collateral, and give valid and effectual receipts and discharges therefor and make any arrangement or compromise or give time for the payment or performance of all or any part of the Book Accounts or any Contract or any other obligation of any third party to the Debtor; and
- (g) participate in any recapitalization, reclassification, reorganization, consolidation, redemption, share split, merger or liquidation of any issuer of securities which constitute Collateral, and in connection therewith may deposit or surrender control of the Collateral, accept money or other property in exchange for the Collateral, and take such action as it deems proper in connection therewith, and any other money or property received in exchange for the Collateral shall be held by the Secured Party thereafter as part of the Collateral pursuant to the provisions hereof.

3.4 Concerning the Receiver.

- (a) Any receiver appointed by the Secured Party shall be vested with the rights and remedies which could be exercised by the Secured Party in respect of the Debtor or the Collateral and such other powers and discretions as are granted in the instrument of appointment and any instrument or instruments supplemental thereto. The identity of the receiver, any replacement thereof and any remuneration thereof shall be within the sole and unfettered discretion of the Secured Party.
- (b) Any receiver appointed by the Secured Party shall act as agent for the Secured Party for the purposes of taking possession of the Collateral, but otherwise and for all other purposes (except as provided below and with respect to its discharge), as agent for the Debtor. The receiver may sell, lease, or otherwise dispose of Collateral as agent for the Debtor or as agent for the Secured Party (but in all cases shall take direction from the Secured Party) as the Secured Party may determine in its sole and unfettered discretion. The Debtor agrees to ratify and confirm all actions of the receiver acting as agent for the Debtor, and to release and indemnify the receiver in respect of all such actions.
- (c) The Secured Party, in appointing or refraining from appointing any receiver, shall not incur liability to the receiver, the Debtor or otherwise and shall not be responsible for any misconduct or negligence of such receiver.

3.5 Appointment of Attorney. The Debtor hereby irrevocably appoints the Secured Party (and any officer thereof) as attorney of the Debtor (with full power of substitution) to exercise, whenever the Security Interest has become enforceable, in the name of and on behalf of the Debtor, any of the Debtor's right (including the right of disposal), title and interest in and to the Collateral including the execution, endorsement and delivery of any agreements, documents, instruments, securities, documents of title and chattel paper and any notices, receipts, assignments or verifications of the Book Accounts. All acts of any such attorney are hereby ratified and approved, and such attorney shall not be liable for any act, failure to act, omission or negligence in so doing or any other matter or thing in connection therewith, except for its own negligence or wilful misconduct.

3.6 The Secured Party's Dealings with Collateral.

- (a) The Secured Party shall not be obliged to exhaust its recourses against the Debtor or any other Person or Persons or against any other security it may hold in respect of the Obligations before realizing upon or otherwise dealing with the Collateral in such manner as the Secured Party may consider desirable.
- (b) The Secured Party may grant extensions or other indulgences, take and give up securities, accept compositions, grant releases and discharges and otherwise deal with the Debtor and with other Persons, sureties or securities as the Secured Party may see fit, all without prejudice to the Obligations or the rights of the Secured Party in respect of the Collateral.
- (c) The Secured Party shall not be (i) bound under any circumstance to realize upon the Collateral; (ii) liable or accountable for any failure to collect, realize or obtain payment in respect of the Collateral; (iii) bound to institute proceedings for the purpose of collecting, enforcing, realizing or obtaining payment of the Collateral or for the purpose of preserving any rights of the Secured Party, the Debtor or any other Persons in respect thereof; (iv) responsible for any loss occasioned by any sale or other dealing with the Collateral or by the retention of or failure to sell or otherwise deal therewith; or (v) bound to protect the Collateral from depreciating in value or becoming worthless.
- (d) All monies from time to time received by the Secured Party or the receiver may be applied as follows: first, in discharge of all operating expenses and other ongoings affecting the Collateral; second, in keeping in good standing all Liens on the Collateral having priority over the Security Interest; third, in payment of the remuneration and disbursements of the receiver (if any); fourth, in payment to the Secured Party of monies payable hereunder and under the Commitment, the Mortgage and the other Credit Documents or any other agreements between the Secured Party and the Debtor entered into pursuant thereto; and the balance, if any, shall be paid to the Debtor or as a court of competent jurisdiction may direct. If there shall be a deficiency, the Debtor shall remain liable for such deficiency and shall pay the amount of such deficiency to the Secured Party forthwith.

3.7 Standards of Sale. Without prejudice to the ability of the Secured Party to dispose of the Collateral in any manner which is commercially reasonable, the Debtor acknowledges that a disposition of Collateral by the Secured Party which takes place substantially in accordance with the following provisions shall be deemed to be commercially reasonable:

- (a) Collateral may be disposed of in whole or in part whether or not the Secured Party has taken possession thereof;
- (b) Collateral may be disposed of by public auction, public tender or private contract, with or without advertising and without any other formality;
- (c) any purchaser or lessee of such Collateral may be a customer or related Person of the Secured Party;

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- (d) a disposition of Collateral may be on such terms and conditions as to credit, deferred payment or otherwise as the Secured Party, in its sole discretion, may deem advantageous;
- (e) the Secured Party may establish an upset or reserve bid or price in respect of the Collateral; and
- (f) the Secured Party may buy in, rescind or vary any contract for the disposition of Collateral and may dispose of any Collateral again without being obligated to account or answer for any gain or loss occasioned thereby.

3.8 Dealings by Third Parties.

- (a) No Person dealing with the Secured Party or its agent or a receiver shall be required (i) to determine whether the Security Interest has become enforceable; (ii) to determine whether the powers which the Secured Party or such agent or receiver on behalf of the Secured Party is purporting to exercise have become exercisable; (iii) to determine whether any money remains due to the Secured Party by the Debtor; (iv) to determine the necessity or expediency of the stipulations and conditions subject to which any sale or lease shall be made; (v) to determine the propriety or regularity of any sale or of any other dealing by the Secured Party or such agent or receiver with the Collateral; or (vi) to see to the application of any money paid to the Secured Party or such agent or receiver.
- (b) Any purchaser of the Collateral from the Secured Party shall hold the Collateral absolutely free from any claim or right of whatever kind including any equity of redemption of the Debtor, and the Debtor hereby specifically waives, to the fullest extent permitted by Law, as against any such purchaser, all right of redemption, stay or appraisal which the Debtor now has or may have under any rule of Law now existing or hereafter adopted. To the fullest extent permitted by Law, the Debtor waives all of the rights, benefits and protection provided to it by any statute which imposes limitations upon the rights, remedies or powers of a secured party.

ARTICLE 4 GENERAL

4.1 Discharge. The Security Interest shall be released and discharged upon, but only upon, full payment in cash, satisfaction and performance of the Obligations and at the request and expense of the Debtor. The Secured Party shall execute and deliver to the Debtor, at the request and expense of the Debtor, such releases and discharges as the Debtor may reasonably require.

4.2 No Merger, etc. No judgment recovered by the Secured Party shall operate by way of merger of or in any way affect the Security Interest, which is in addition to and not in substitution for any other security now or hereafter held by the Secured Party in respect of the Obligations.

4.3 Waivers, etc. No amendment, consent or waiver by the Secured Party shall be effective unless made in writing and signed by an authorized officer of the Secured Party and then such amendment, waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

4.4 Further Assurances. The Debtor shall from time to time, whether before or after the Security Interest shall have become enforceable, do all such acts and things and execute and deliver all such deeds, transfers, assignments and instruments as the Secured Party may reasonably require for protecting the Collateral or perfecting the Security Interest and for exercising all rights, remedies, powers, authorities and discretions hereby conferred upon the Secured Party, and the Debtor shall, from time to time after the Security Interest has become enforceable, do all such acts and things and execute and deliver all such deeds, transfers, assignments and instruments as the Secured Party may require for facilitating the sale of or other dealing with the Collateral in connection with any realization thereof.

4.5 Notice. All notices, requests, demands, directions and communications (in this Section 4.5, "Notices") hereunder shall be sent by e-mail, facsimile or similar means of recorded communication or hand delivery and shall be effective when hand delivered or, in the case of successful e-mail, facsimile or similar means of recorded communication, when received. All Notices shall be given to the respective addresses on page 1 of this Security Agreement or, in either case, in accordance with any unrevoked written direction as to a change of address given in accordance with this Section 4.5.

4.6 Successors and Assigns. This Security Agreement shall be binding upon the Debtor, its successors and permitted assigns, and shall enure to the benefit of the Secured Party and its successors and assigns. The Debtor may not assign or novate any of its rights or obligations under this Security Agreement without the prior written consent of the Secured Party. All rights of the Secured Party hereunder shall be assignable in accordance with the terms of the Commitment and the Mortgage and in any action brought by an assignee to enforce any such right, the Debtor shall not assert against such assignee any claim or defence which the Debtor now has or hereafter may have against the Secured Party.

4.7 Headings, etc. The division of this Security Agreement into sections and subsections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation thereof.

4.8 Severability. If and to the extent that any provision hereof shall conflict with any mandatory provision of the PPSA (including, without limitation, an exclusion or purported exclusion of a duty or onus imposed by the PPSA or a limitation or purported limitation of the liability of or the amount of damages recoverable from a Person who has failed to discharge a duty or obligation imposed by the PPSA), such provision of the PPSA shall govern. The provisions of this Security Agreement are intended to be severable. If any provision of this Security Agreement shall be deemed by any court of competent jurisdiction or held to be invalid or void or unenforceable in whole or in part in any jurisdiction, such provision shall, as to such jurisdiction, be ineffective to the extent of such invalidity or unenforceability without in any manner affecting the validity or enforceability thereof in any other jurisdiction or the remaining provisions hereof in any jurisdiction.

4.9 Governing Law. This Security Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and of Canada applicable therein and shall be treated in all respects as a British Columbia contract.

4.10 Incorporation of Schedules. Schedules A, B, C and D attached hereto shall, for all purposes hereof, form an integral part of this Security Agreement.

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4.11 Conflict. In the event of a conflict or inconsistency between the provisions of this Security Agreement and the provisions of any of the other Credit Documents, the provisions of the Commitment will govern to the extent necessary to eliminate such conflict or inconsistency.

4.12 Acknowledgement of Receipt/Waiver. The Debtor acknowledges receipt of an executed copy of this Security Agreement. The Debtor waives, to the extent permitted by Law, the right to receive a copy of any financing statement, financing change statement or verification statement registered with or issued by any personal property registry or other Official Body in connection with this Security Agreement.

[Signature page follows]

IN WITNESS WHEREOF the Debtor has duly executed this Security Agreement as of the date first above written.

ALDERBRIDGE WAY GP, LTD.

Per: 

Name: SAMUEL DAVID HANSEN

Title: Director

Per: _____

Name: _____

Title: _____

SCHEDULE A**LOCATION**Civic Address

7960 Alderbridge Way,
5333 No. 3 Road and 5411
No. 3 Road, Richmond,
B.C.

Legal Description

PID: 030-721-733, LOT 1 SECTION 5 BLOCK 4 NORTH RANGE
6 WEST NEW WESTMINSTER DISTRICT PLAN EPP86098

SCHEDULE B**GOODS****I. EQUIPMENT***NIL***II. SERIAL NUMBERED GOODS***NIL*

SCHEDULE C
INVENTORY

NIL

SCHEDULE D
INTELLECTUAL PROPERTY

NIL

This is **Exhibit "F"** referred to in the Affidavit of Jennifer Alambre made before me at Vancouver, British Columbia, this 31st day of March 2022.

A handwritten signature in blue ink, appearing to read "Burns", is written over a horizontal line.

A Commissioner for the taking of Affidavits for
British Columbia

SECURITY AGREEMENT

This Security Agreement dated for reference February 15, 2019 made by **0989705 B.C. LTD.** (the "**Debtor**"), having their chief executive offices at 200 – 1778 West 2nd Avenue, Vancouver, B.C. V6J 1H6, to and in favour of **ROMSPEN INVESTMENT CORPORATION** (the "**Secured Party**"), a corporation incorporated under the laws of the Province of Ontario, as lender under the Commitment hereinafter referred to, having an office at 300-162 Cumberland Street, Toronto, ON M5R 3N5 (facsimile: (416) 966-1161).

WHEREAS:

A. The Secured Party has agreed to advance certain credit facilities (the "**Credit Facilities**") to the Debtor on the terms and conditions set out in the Commitment and the Mortgage.

B. It is a condition of the advance of the Credit Facilities by the Secured Party that, in addition to other security being taken, the Debtor execute and deliver this Security Agreement to the Secured Party as collateral security for the payment and performance of the Obligations.

NOW THEREFORE WITNESSETH that, in consideration of these premises and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the Debtor, the Debtor covenants, declares and agrees as follows:

ARTICLE 1 INTERPRETATION

1.1 Terms Incorporated for Reference. All capitalized terms used but not otherwise defined in this Security Agreement shall have the meanings attributed to them in the Commitment or, as applicable, in the Mortgage. Terms defined in the British Columbia *Personal Property Security Act* (including the regulations thereto and all as amended from time to time, collectively, the "**PPSA**") and used but not otherwise defined in this Security Agreement shall have the same meaning herein.

1.2 Defined Terms. In this Security Agreement, unless there is something in the subject matter or context inconsistent therewith, the following words and terms shall have the following meanings:

"**Affiliate**" means, with respect to any Person, any other Person who directly or indirectly controls, is controlled by, or is under direct or indirect common control with, such Person, and includes any Person in like relation to an Affiliate. A Person will be deemed to control another Person if such first Person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of such other Person, whether through the ownership of voting securities, by contract or otherwise;

"**Authorization**" means any permit, licence, approval, consent, order, right, certificate, judgment, writ, injunction, award, determination, direction, decree, authorization, franchise, privilege, grant, waiver, exemption and other concession or by-law, rule or regulation, whether or not having the force of Law, of, by or from any Official Body, all as amended, supplemented or otherwise modified or replaced from time to time;

"Book Accounts" means all debts, accounts, monies, demands and choses in action which are now due, owing or accruing due or which may hereafter become due, owing or accruing due to the Debtor and all claims of whatsoever nature or kind which the Debtor now has or may hereafter have, in each case in respect of or arising out of or in connection with the Business, including claims against the Crown and claims under insurance policies and all the proceeds and other monies payable thereunder (including bonuses, additions, profits, interest and all other such amounts); and all Contracts, securities, bills, notes, lien notes, judgments, chattel mortgages, mortgages and all other rights and benefits which now are or may hereafter be vested in the Debtor or anyone on behalf of the Debtor in respect of or as security for any of the said debts, accounts, monies, demands, choses in action and claims or any part thereof; and also all books, accounts, invoices, letters, papers and documents recording or in any way evidencing or relating to any of the said debts, accounts, monies, demands, choses in action and claims or any part thereof, and **"Book Account"** means any one of them;

"Business" means the business of the Debtor as conducted by it as at the date hereof and as proposed to be conducted by it hereafter including the ownership, operation and lease of assets and property in connection therewith and the investment therein and all other activities necessary, useful, incidental or ancillary to the foregoing;

"Business Day" means any day of the year, other than a Saturday, Sunday or other day on which banks are required or authorized to close for business in Vancouver, British Columbia;

"Collateral" has the meaning set forth in Section 2.1;

"Commitment" means the commitment letter dated as of February 15, 2019, delivered by the Secured Party, and accepted by the Debtor and the Guarantor, *inter alia*, as amended, supplemented, extended or otherwise modified or restated from time to time;

"Consent" means any permit, licence, approval, consent, order, right, certificate, judgment, writ, injunction, award, determination, direction, decree, authorization, franchise, privilege, grant, waiver, exemption, and other concession or by-law, rule or regulation, whether or not having the force of Law, of, by or from any Person other than an Official Body, all as amended, supplemented or otherwise modified or replaced from time to time;

"Contracts" means all contracts or agreements relating to or arising in connection with the acquisition, ownership, use or operation of the Lands or the Business (including, without limitation, all contractual rights and benefits, options or rights to acquire options under such contracts or agreements to which the Debtor is a party (whether by way of assignment or otherwise) in any form whatsoever, written or verbal, now in existence or hereafter entered into (including leases, options to purchase and rights of first refusal), together in each case with any amendments, supplements, modifications, extensions, renewals or replacements thereof, and **"Contract"** means any one of them;

"Credit Documents" means this Agreement, the Commitment, the Mortgage, the other Security Documents and all other documents to be executed and delivered to the Secured Party by the Debtor, a Guarantor or a Subsidiary or an Affiliate thereof hereunder or thereunder, all as amended, restated, supplemented or replaced from time to time;

"Guarantor" means those parties collectively listed as "Guarantor" in the Commitment and any other Affiliates of the Debtor as the Secured Party may from time to time require in its sole discretion;

"Intellectual Property" means all intellectual property owned by the Debtor or in which the Debtor has rights including, without limitation, all Trademarks, copyrights, copyright applications and registrations, patents, patent applications, industrial designs, industrial design applications and registrations, inventions, know how, trade secrets, technical processes, recipes, formulae or rights therein or related thereto used in or necessary for the conduct of the Business, and all related licences or other Consents held by the Debtor with respect to the Business or the use of technology relating to the Business;

"Inventory" means all inventories of the Debtor wheresoever located (including, without limitation, such inventory located at, on or about the Lands or any leasehold property) including, without limitation, finished goods, work in progress, raw materials, cut trees, gravel, stores, supplies, spare parts and other maintenance items and merchandise, and all other materials and supplies wherever located, including on or about or in transit to or from the Lands (or otherwise on hand), to be used or consumed in connection with the processing, manufacture, packing, shipping, selling or furnishing of products in the Business;

"Lands" means all real property or interests in real property (including, without limitation, any leasehold estates pursuant to a lease or statutory rights of way), together with the buildings and improvements situate thereon or fixtures forming a part thereof and all attendant easements, rights-of-way, licences, leases, leasehold estates and other interests located in Richmond, British Columbia and more particularly described in Schedule A hereto;

"Law" includes any law (including common law and equity), constitution, statute, treaty, regulation, rule, ordinance, order, injunction, writ, decree or award of any Official Body;

"Lien" includes any mortgage, pledge, lien, hypothecation, security interest or other encumbrance or charge (whether fixed, floating or otherwise) or title retention, any right of set-off (arising otherwise than by operation of Law) and any deposit of monies under any agreement or arrangement whereby such monies may be withdrawn only upon fulfilment of any conditions as to the discharge of any other indebtedness or other obligation to any creditor, or any right of or arrangement of any kind with any creditor to have its claims satisfied prior to other creditors with or from the proceeds of any properties, assets or revenues of any kind now owned or hereafter acquired;

"Mortgage" means the mortgage of the Lands dated as of the date hereof granted by 0989705 B.C. Ltd. in favour of the Secured Party, as amended, supplemented or otherwise replaced from time to time;

"Negotiable Collateral" has the meaning set forth in Section 2.3(b);

"Obligations" has the meaning set forth in Section 2.2(a);

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"Official Body" means any government or political subdivision or any agency, authority, bureau, central bank, monetary authority, commission, department or instrumentality thereof, or any court, tribunal, grand jury or arbitrator, whether foreign or domestic;

"Permitted Liens" means:

- (i) undetermined or inchoate Liens arising in the ordinary course of and incidental to construction or current operations which have not been filed pursuant to law against the Debtor or any Affiliate of the Debtor or in respect of which no steps or proceedings to enforce such lien have been initiated or which relate to obligations which are not due or delinquent are being contested by the Debtor or any Affiliate of the Debtor;
- (ii) the Liens granted by the Debtor in favour of the Secured Party;
- (iii) the interest of any Person under any purchase money security interest;
- (iv) public and statutory Liens for charges not yet due arising by operation of Law; and
- (v) any Lien permitted in writing by the Secured Party;

"Person" means an individual, partnership, corporation (including a business trust), joint stock company, trust, unincorporated association, joint venture or other entity, or a foreign state or political subdivision thereof or any agency of such state or subdivision;

"PPSA" has the meaning set forth in Section 1.1;

"Security" means the security given to the Secured Party at any time and from time to time to secure the indebtedness, liabilities and obligations of the Debtor under the Commitment and the Mortgage, including, without limitation, the security referred to in Section 9 of the Commitment, all as amended, restated, supplemented or replaced from time to time;

"Security Agreement" means this agreement as supplemented, amended or otherwise modified, renewed or replaced from time to time;

"Security Documents" means this Security Agreement and the other documents referred to in Section 9 of the Commitment, the Mortgage and the agreements, instruments and documents delivered from time to time to the Secured Party by the Debtor, a Guarantor and other Persons, for the purpose of establishing, perfecting, preserving and protecting the Security, all as amended, restated, supplemented or replaced from time to time;

"Security Interest" has the meaning set forth in Section 2.2(a);

"Subsidiaries" means, at any time, in respect of a Person, any corporation, partnership or other entity of which securities or other ownership interests having ordinary voting power to elect a majority of the board of directors or other Persons performing similar functions are at such time directly or indirectly owned by such Person;

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"Trademarks" means (i) all trademarks, trade names, corporate names, company names, business names, fictitious business names, trade styles, service marks, logos, design marks, certification marks, distinguishing guises and other source or business identifiers, and the goodwill associated therewith, (ii) all registrations and recordings thereof, and all applications in connection therewith, (iii) all extensions, renewals and continuations thereof, and (iv) all rights to sue for past, present or future infringements of, dilution or depreciation of value to and passing off of or injury to any thereof.

ARTICLE 2 SECURITY

2.1 Grant of Security. Subject to Section 2.4, the Debtor hereby (i) mortgages and charges to the Secured Party as and by way of a fixed mortgage and charge; (ii) pledges to the Secured Party; (iii) assigns and transfers to the Secured Party as and by way of a specific transfer and assignment (except any assignment or transfer of Intellectual Property); and (iv) grants to the Secured Party, a security interest in, all of the Debtor's right, title and interest in and to all personal property and undertaking of the Debtor, present and future, now owned or hereafter acquired (collectively, the **"Collateral"**, and all references thereto herein include any part thereof) including, without limitation, any and all of the Debtor's:

- (a) goods of every kind, type and description whatsoever now or hereafter owned, leased or otherwise held by it, including, without limitation, fixtures and equipment (including, without limitation, the equipment described in Schedule B Part I hereto), goods held for sale or lease, goods furnished or to be furnished to Persons under contracts of lease, sale or consignment, goods which are raw materials or work in progress, goods used in or procured for packing, goods which are materials used or to be used or consumed in the Business, goods which are service equipment, office equipment, computer equipment, consumables, machinery, plant, vehicles (including the serial numbered goods described in Schedule B Part II hereto) and all licences and other rights and other tangible personal property now or hereafter owned, leased or otherwise held by it and all records, files, charts, plans, drawings, specifications, manuals and documents relating to any of the foregoing;
- (b) Inventory, including, without limitation, such goods held for sale or lease, goods furnished or to be furnished to third Persons under contracts of lease, consignment or service and the Inventory described in Schedule C hereto;
- (c) all Book Accounts and Contracts, including all Book Accounts and Contracts with respect to such account;
- (d) documents of title, chattel paper, instruments, investment property and money, including, without limitation, all proceeds of all policies of insurance payable as indemnity or compensation for loss of or damage to any of the Collateral;
- (e) intangibles, including, without limitation, all security interests, goodwill, choses in action and other contractual benefits and all Intellectual Property, including, without limitation, the intellectual property described in Schedule D hereto;
- (f) substitutions and replacements of and increases, additions and, where applicable, accessions to the property described in Sections 2.1(a) through 2.1(e) inclusive;

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- (g) proceeds in any form derived directly or indirectly from any dealing with all or any part of the property described in Sections 2.1(a) through (f) inclusive or the proceeds therefrom; and
- (h) as and by way of a floating charge to and in favour of the Secured Party, a security interest in and to:
 - (i) all the Debtor's right, title and interest in and to all its presently owned or held and after acquired or held real 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, plants and other fixtures (all of which is hereinafter collectively called "**Real Property**"); and
 - (ii) all property, assets and undertakings of the Debtor, both present and future, of whatsoever nature or kind and wheresoever situated, 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 the foregoing Sections 2.1(a) through (g) inclusive.

2.2 Obligations Secured.

- (a) The mortgages, charges, pledges, transfers, assignments and security interests granted hereby (collectively, the "**Security Interest**") shall be continuing collateral security for the due payment and performance of all debts, liabilities and obligations of the Debtor, whether present or future, direct or indirect, absolute or contingent, matured or unmatured, joint or several or joint and several, at any time due or accruing due or owing by the Debtor to the Secured Party hereunder or under the Commitment, the Mortgage and any other Credit Documents or otherwise howsoever incurred, and whether incurred as principal or surety (collectively, and together with the expenses, costs and charges set out in Section 2.2(b), the "**Obligations**"); provided that payments owing by the Debtor to the Secured Party hereunder shall be made in accordance with the terms and conditions of the Commitment and the Mortgage.
- (b) All expenses, costs and charges incurred by or on behalf of the Secured Party in connection with the preparation and issuance of this Security Agreement, the perfection, preservation and protection of the Security Interest and the enforcement of the Secured Party's rights and remedies hereunder, including the realization of the Collateral, and including all legal fees (on a solicitor and solicitor's own client full indemnity basis), disbursements, court costs, receiver's or agent's remuneration and other expenses of taking possession of, repairing, protecting, insuring, preparing for disposition, realizing, collecting, selling, transferring, delivering or obtaining payment of the Collateral, shall be added to and form a part of the Obligations.

2.3 Attachment.

- (a) The Debtor and the Secured Party hereby acknowledge that (i) value has been given; (ii) the Debtor has rights in the Collateral (other than after-acquired Collateral); and (iii) they have not agreed to postpone the time of attachment of the Security Interest.
- (b) If the Debtor acquires Collateral consisting of chattel paper, instruments, investment property or negotiable documents of title (collectively, "**Negotiable Collateral**") after the date hereof, the Debtor will, forthwith upon receipt by the Debtor, deliver to the Secured Party (or as the Secured Party may direct) such Negotiable Collateral and shall, at the request of the Secured Party (i) cause the transfer thereof to the Secured Party to be registered wherever, in the reasonable opinion of the Secured Party, such registration may be required or advisable, (ii) duly endorse the same for transfer in blank or as the Secured Party may direct, and (iii) forthwith deliver to the Secured Party all Consents or other instruments or documents which may be necessary to effect the transfer of the Negotiable Collateral to the Secured Party or its nominee or, upon the enforcement of the Security Interest, any third party.
- (c) The Debtor agrees to promptly inform the Secured Party in writing of the acquisition by the Debtor of any personal property which is not adequately described herein, and the Debtor agrees to execute and deliver at its own expense from time to time amendments to this Security Agreement or the schedules hereto or additional security agreements or schedules as may be required by the Secured Party in order that the Security Interest shall attach to such personal property.

2.4 Scope of Security Interest.

- (a) Nothing in Section 2.1 shall be construed as an assignment by the Debtor (which term shall include a sub-lease, mortgage, pledge or charge) of any Contract, Book Account, claim, demand or chose in action which, as a matter of Law or by its terms, is non-assignable without the Consent or Authorization of some other Person unless such Consent or Authorization has been obtained. To the extent that the creation of the Security Interest would constitute a breach or permit the acceleration of any agreement right, license or permit to which the Debtor is a party, the Security Interest shall not attach thereto but the Debtor shall hold its interest therein in trust for the Secured Party, and, in the case of any such potential breach or acceleration of any agreement, right, license or permit, shall use all reasonable efforts to obtain the consent of the other party thereto. Upon the Debtor obtaining the consent of such other party, the Security Interest shall be deemed to have automatically attached to such agreement, right, license or permit, as the case may be, without the necessity of any further action or assurance on the part of any Person.
- (b) Until the Security Interest shall have become enforceable, the grant of the Security Interest in the Intellectual Property shall not affect in any way the Debtor's rights to commercially exploit the Intellectual Property, to defend the Intellectual Property, to enforce the Debtor's rights therein or with respect thereto against third parties

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in any court or to claim and be entitled to receive any damages with respect to any infringement thereof.

- (c) The Security Interest shall not extend to consumer goods.
- (d) The Security Interest shall not extend or apply to the last day of any term of years reserved by a lease, verbal or written, or any agreement therefor, now held or hereafter acquired by the Debtor in respect of real property but the Debtor shall stand possessed of any such reversion in trust to assign and dispose thereof as the Secured Party may direct.
- (e) The Secured Party will not be deemed in any manner to have assumed any obligation of the Debtor under any Authorization or Contract nor shall the Secured Party be liable to any Official Body or contract counterparties by reason of any default by any Person under any Authorization or Contract. The Debtor agrees to indemnify and hold the Secured Party harmless of and from any and all liability, loss, damage or expense which it may or might incur by reason of any claim or demand against it based on its alleged assumption of the Debtor's duty and obligation to perform and discharge the terms, covenants and agreements in any Authorization or Contract.
- (f) It is expressly acknowledged by the Debtor that, notwithstanding any right or authority granted to the Debtor herein or in any other agreement or instrument to deal with the Collateral, it is the intention of the Debtor and the Secured Party that (i) the Security Interest shall operate and be construed as a fixed and specific charge of all Collateral in respect of which the Debtor presently has rights, and as a fixed and specific charge of all after-acquired Collateral which shall attach forthwith upon the Debtor acquiring rights therein, and (ii) the Security Interest shall neither operate nor be construed as a floating charge.

2.5 The Secured Party's Care and Custody of Collateral.

- (a) Except as required by any mandatory provision of the PPSA, the Secured Party shall not be bound to collect, dispose of, realize, protect or enforce any of the Debtor's right, title and interest in and to the Collateral or to institute proceedings for the purpose thereof and, without limiting the generality of the foregoing, the Secured Party shall not be required to take any steps necessary to preserve rights against prior parties or other Persons in respect of any Negotiable Collateral.
- (b) The Secured Party shall have no obligation to keep Collateral in its possession identifiable.
- (c) The Secured Party may, both before and after the Security Interest shall have become enforceable, (i) notify any Person obligated on a Book Account or on chattel paper or any obligor on an instrument to make payment thereunder to the Secured Party, whether or not the Debtor was theretofore making collections thereon, and (ii) assume control of any proceeds arising from the Collateral.

2.6 Representations and Warranties of the Debtor. The Debtor represents and warrants to the Secured Party that, as of the date of this Agreement:

- (a) except for Permitted Liens, the Debtor owns the Collateral free and clear of any Liens. The Debtor is the record and beneficial owner of all Collateral that is investment property. No security agreement, financing statement or other notice with respect to any or all of the Collateral is on file or on record in any public office, except for filings with respect to Permitted Liens;
- (b) the amount represented by the Debtor to the Secured Party from time to time as owing by each account debtor or by all account debtors in respect of the Book Accounts will at such time be the correct amount so owing by such account debtor or debtors and, unless disclosed in writing by the Debtor to the Secured Party at that time, will be owed free of any dispute, set-off or counterclaim. Except as disclosed in writing by the Debtor to the Secured Party, neither the Debtor nor (to the best of the Debtor's knowledge) any other party to any Book Account or Contract is in default or is likely to become in default in the performance or observance of any of the terms of such Book Account or Contract where such default is or could reasonably be expected to be materially adverse to the Debtor or the Secured Party;
- (c) the Debtor is a corporation duly formed and is validly subsisting and in good standing in all jurisdictions where the Debtor carries on business;
- (d) the Debtor has full power and authority to grant to the Secured Party the Security Interest and to execute, deliver and perform its obligations under this Agreement, and such execution, delivery and performance does not contravene any of the Debtor's organizational or constating documents or any agreement, instrument or restriction to which the Debtor is a party or by which the Debtor or any of the Collateral is bound; and
- (e) this Agreement has been duly authorized, executed and delivered by the Debtor and is a valid and binding obligation of the Debtor enforceable against the Debtor in accordance with its terms, subject only to bankruptcy, insolvency, liquidation, reorganization, moratorium and other similar laws generally affecting the enforcement of creditors' rights, and to the fact that equitable remedies (such as specific performance and injunction) are discretionary remedies.

2.7 Covenants of The Debtor. The Debtor covenants with the Secured Party the following:

- (a) the Debtor shall not, without the prior written consent of the Secured Party or except as permitted by the Commitment, the Mortgage and the other Credit Documents, sell, transfer, exchange, lease, release or abandon or otherwise dispose of any of the Collateral except (i) for collateral consisting of Inventory sold or leased in the ordinary course of the Debtor's business, and (ii) as otherwise agreed to in writing by the Secured Party, or create, assume or permit to remain outstanding any Lien in, on or of the Collateral except (i) for Permitted Liens, and (ii) as otherwise agreed to in writing by the Secured Party. Any proceeds of such sale, exchange, lease, release, abandonment or disposal except as permitted by

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this Section shall be held by the Debtor in trust for the Secured Party and, at the request of the Secured Party, shall be paid immediately to the Secured Party;

- (b) the Debtor shall not move or transfer the Collateral from the Lands or enter into any agreement or undertaking to move or transfer the Collateral from the Lands;
- (c) the Debtor shall not permit any material Collateral to be affixed to real or personal property not owned by the Debtor so as to become a fixture or accession, without prior written notice to the Secured Party and without a waiver of interest in such fixture or accession from the applicable third party prior to affixation;
- (d) the Debtor shall defend the Collateral against all reasonable claims and demands of all persons claiming the Collateral or an interest therein;
- (e) upon the demand by the Secured Party, the Debtor shall furnish in writing to the Secured Party all reasonable information requests concerning the Collateral;
- (f) the Secured Party shall have the reasonable right, during regular business hours, either by its officers or authorized agents to enter upon the Debtor's premises and to inspect the Collateral and all books of account and records of the Debtor relating to the Collateral;
- (g) the Debtor shall pay all reasonable costs, charges and expenses of and incidental to registering notice (and any amendments and renewals of such notice) of this Security Agreement and in taking, recovering, keeping possession of or inspecting the Collateral and generally in any other proceedings taken in enforcing the remedies in this Security Agreement or otherwise in connection with this Security Agreement or by reason of non payment or procuring payment of the monies hereby secured;
- (h) if the Debtor makes default in any covenant to be performed by it hereunder, the Secured Party may perform any covenant of the Debtor capable of being performed by the Secured Party and if the Secured Party is put to any costs, charges, expenses or outlays to perform any such covenant, the Debtor will indemnify the Secured Party for such costs, charges, expenses or outlays and such costs, charges, expenses or outlays (including solicitors' fees and charges incurred by the Secured Party on a "solicitor/client" basis) will be payable immediately by the Debtor to the Secured Party, and will form part of the Obligations secured by this Security Agreement;
- (i) the Debtor shall pay all taxes, rates, levies, charges, assessments, statute labour or other imposition whatsoever now or hereafter rated, charged, assessed, levied or imposed by any lawful authority or otherwise howsoever on it, on the Collateral or on the Secured Party in respect of the Collateral or any part or parts thereof, or any other matter or thing in connection with this Security Agreement, save and except when and so long as the validity of such taxes, rates, levies, charges, assessments, statute labour or other imposition is in good faith contested by it, and will, if and when required in writing by the Secured Party, furnish for inspection the receipts for any such payments;

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- (j) the Debtor shall promptly pay or remit all amounts which if left unpaid or unremitted might give rise to a lien or charge on any of the Collateral ranking or purporting to rank in priority to any security interest created by this Security Agreement;
- (k) the Debtor shall do, execute, acknowledge and deliver or cause to be done, executed, acknowledged or delivered, such further acts, deeds, mortgages, transfers and assurances as the Secured Party will reasonably require for the better assuring, charging, assigning and conferring unto the Secured Party the Collateral and the security interests intended to be created hereunder, for the purpose of accomplishing and effecting the intention of this Security Agreement;
- (l) the Debtor shall keep all tangible Collateral in good operating condition and repair and will provide all maintenance, service and repairs necessary for such purpose; and
- (m) the Debtor will keep the Collateral insured with financially sound and reputable companies to its full insurable value against loss or damage by fire, explosion, theft and such other risks as are customarily insured against by Persons carrying on similar businesses or owning similar property within the vicinity in which the Debtor's applicable business or property is located. The applicable insurance policies will be in form and substance satisfactory to the Secured Party and will name the Secured Party as loss payee, as its interest may appear, and the Debtor shall pay all premiums for such insurance. The Debtor will, from time to time at the Secured Party's request, deliver the applicable insurance policies (or satisfactory evidence of such policies) to the Secured Party. If the Debtor does not obtain or maintain such insurance, the Secured Party may, but need not, do so, in which event the Debtor will immediately on demand reimburse the Secured Party for all payments made by the Secured Party in connection with obtaining and maintaining such insurance, and until reimbursed any such payment will form part of the Obligations and will be secured by the Security Interest. The Secured Party nor its agents will be responsible for the character, adequacy, validity or genuineness of any insurance, the solvency of any insurer, or any other risk connected with insurance;
- (n) the Debtor will not (i) enter into any merger, consolidation, reorganization, or recapitalization, (ii) liquidate, wind up, or dissolve itself (or suffer any liquidation or dissolution), (iii) make any change in the principal nature of its business, or (iv) cause, permit, or suffer, directly or indirectly, any change of control; and
- (o) the Debtor will not change its name, registration number or province of formation; provided, however, that the Debtor may change its name upon at least 30 days prior written notice by it to the Secured Party of such change and so long as, at the time of such written notification, the Debtor provides any financing statements necessary to perfect and continue perfected the Security Interest.

2.8 Right of Set-Off. The Obligations secured by this Security Agreement shall be paid, when due, by the Debtor to the Secured Party without regard to any equities existing among the Debtor and the Secured Party and without regard to any right of set-off or cross-claim or of any claim or demand of the Debtor against the Secured Party or otherwise.

2.9 Protective Disbursements. If the Debtor fails to perform any covenant on its part contained in this Security Agreement then the Secured Party may, in its absolute discretion, perform any such covenant capable of being performed by it and, if any such covenant requires the payment or expenditure of money, the Secured Party may make such payment but shall be under no obligation to do so, and all sums so paid or expended by the Secured Party shall be immediately payable by the Debtor, shall bear interest at the highest rate set forth in the Commitment and the Mortgage until paid and shall be secured hereby, having the benefit of the Security Interest in priority to the indebtedness evidenced by this Security Agreement. No such performance or payment shall relieve the Debtor from any default under this Security Agreement or any consequences of such default.

ARTICLE 3 ENFORCEMENT

3.1 Default. The Security Interest shall be and become enforceable against the Debtor upon an Event of Default.

3.2 Remedies. Whenever the Security Interest has become enforceable, the Secured Party may realize upon the Collateral and enforce the rights of the Secured Party by any remedy or proceeding authorized or permitted by Law (subject to any mandatory provision of the PPSA) including, without limitation, by:

- (a) entry onto the Lands and any other premises where Collateral consisting of tangible personal property may be located;
- (b) entry into possession of the Collateral and removal of Collateral consisting of tangible personal property by any method permitted by Law;
- (c) sale, assignment, lease, sub-lease, granting options or options to purchase or any other disposal of the Collateral;
- (d) collection of any proceeds arising in respect of the Collateral;
- (e) collection, realization or sale of or other dealing with the Book Accounts or any of them;
- (f) the exercise of any contractual, legal or other rights or interests of the Debtor under or in respect of the Collateral;
- (g) the payment of any Lien that may exist or be threatened against the Collateral, in which event such amount and any costs, charges and expenses incurred in connection therewith shall be added to the Obligations;
- (h) the appointment by instrument in writing of a receiver (which term as used in this Security Agreement includes a receiver and manager) or agent of the Collateral and the removal or replacement of such receiver or agent from time to time;
- (i) the institution of proceedings in any court of competent jurisdiction for the appointment of a receiver of the Collateral;

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- (j) the institution of proceedings in any court of competent jurisdiction for sale or foreclosure of the Collateral;
- (k) filing proofs of claim and other documents to establish claims in any proceeding relating to the Debtor;
- (l) the set-off and application against the Obligations, to the fullest extent permitted by Law, of any monies to be paid by the Secured Party to the Debtor under the Credit Documents or any other agreement between the Secured Party and the Debtor; and
- (m) any other remedy or proceeding authorized or permitted by applicable Law.

Such remedies may be exercised from time to time separately or in combination with respect to or all or any part of the Collateral and are in addition to and not in substitution for any other rights of the Secured Party however created. The Secured Party may proceed by way of any action, suit or other proceeding available at Law and no right, remedy or power of the Secured Party shall be exclusive of or dependent on any other. The Secured Party may exercise any of its rights, remedies or powers separately or in combination and at any time. The Secured Party shall not be bound to exercise any such right, remedy or power, and the exercise of such right, remedy and power shall be without prejudice to the rights of the Secured Party in respect of the Obligations including the right to claim for any deficiency.

3.3 Additional Rights. In addition to the remedies of the Secured Party set forth in Section 3.2, the Secured Party may, whenever the Security Interest has become enforceable:

- (a) require the Debtor, at the Debtor's expense, to gather or assemble the Collateral consisting of tangible personal property at a place or places designated by notice in writing given by the Secured Party to the Debtor;
- (b) require the Debtor, by notice in writing given by the Secured Party to the Debtor, to disclose to the Secured Party the location or locations of the Collateral consisting of tangible personal property;
- (c) repair, process, modify, improve, complete or otherwise deal with the Collateral and prepare for the disposition of the Collateral, whether on the premises of the Debtor or otherwise;
- (d) subject to applicable Law, carry on all or any part of the Business or businesses of the Debtor and, to the exclusion of all others including the Debtor, enter upon, occupy and use all or any of the premises, buildings, plant, undertaking and other property of or used by the Debtor for such time as the Secured Party sees fit, free of charge, and the Secured Party shall not be liable to the Debtor for any act, omission or negligence in so doing or for any rent, charges, depreciation or damages incurred in connection therewith or resulting therefrom;
- (e) subject to applicable Law, borrow for the purpose of carrying on the Business or businesses of the Debtor or for the maintenance, preservation or protection of the Collateral and mortgage, charge, pledge or grant a Lien in, on or of the Collateral, whether or not in priority to the Security Interest, to secure repayment;

- (f) demand, commence, continue or defend any judicial or administrative proceedings for the purpose of protecting, seizing, collecting, realizing or obtaining possession or payment of the Collateral, and give valid and effectual receipts and discharges therefor and make any arrangement or compromise or give time for the payment or performance of all or any part of the Book Accounts or any Contract or any other obligation of any third party to the Debtor; and
- (g) participate in any recapitalization, reclassification, reorganization, consolidation, redemption, share split, merger or liquidation of any issuer of securities which constitute Collateral, and in connection therewith may deposit or surrender control of the Collateral, accept money or other property in exchange for the Collateral, and take such action as it deems proper in connection therewith, and any other money or property received in exchange for the Collateral shall be held by the Secured Party thereafter as part of the Collateral pursuant to the provisions hereof.

3.4 Concerning the Receiver.

- (a) Any receiver appointed by the Secured Party shall be vested with the rights and remedies which could be exercised by the Secured Party in respect of the Debtor or the Collateral and such other powers and discretions as are granted in the instrument of appointment and any instrument or instruments supplemental thereto. The identity of the receiver, any replacement thereof and any remuneration thereof shall be within the sole and unfettered discretion of the Secured Party.
- (b) Any receiver appointed by the Secured Party shall act as agent for the Secured Party for the purposes of taking possession of the Collateral, but otherwise and for all other purposes (except as provided below and with respect to its discharge), as agent for the Debtor. The receiver may sell, lease, or otherwise dispose of Collateral as agent for the Debtor or as agent for the Secured Party (but in all cases shall take direction from the Secured Party) as the Secured Party may determine in its sole and unfettered discretion. The Debtor agrees to ratify and confirm all actions of the receiver acting as agent for the Debtor, and to release and indemnify the receiver in respect of all such actions.
- (c) The Secured Party, in appointing or refraining from appointing any receiver, shall not incur liability to the receiver, the Debtor or otherwise and shall not be responsible for any misconduct or negligence of such receiver.

3.5 Appointment of Attorney. The Debtor hereby irrevocably appoints the Secured Party (and any officer thereof) as attorney of the Debtor (with full power of substitution) to exercise, whenever the Security Interest has become enforceable, in the name of and on behalf of the Debtor, any of the Debtor's right (including the right of disposal), title and interest in and to the Collateral including the execution, endorsement and delivery of any agreements, documents, instruments, securities, documents of title and chattel paper and any notices, receipts, assignments or verifications of the Book Accounts. All acts of any such attorney are hereby ratified and approved, and such attorney shall not be liable for any act, failure to act, omission or negligence in so doing or any other matter or thing in connection therewith, except for its own negligence or wilful misconduct.

3.6 The Secured Party's Dealings with Collateral.

- (a) The Secured Party shall not be obliged to exhaust its recourses against the Debtor or any other Person or Persons or against any other security it may hold in respect of the Obligations before realizing upon or otherwise dealing with the Collateral in such manner as the Secured Party may consider desirable.
- (b) The Secured Party may grant extensions or other indulgences, take and give up securities, accept compositions, grant releases and discharges and otherwise deal with the Debtor and with other Persons, sureties or securities as the Secured Party may see fit, all without prejudice to the Obligations or the rights of the Secured Party in respect of the Collateral.
- (c) The Secured Party shall not be (i) bound under any circumstance to realize upon the Collateral; (ii) liable or accountable for any failure to collect, realize or obtain payment in respect of the Collateral; (iii) bound to institute proceedings for the purpose of collecting, enforcing, realizing or obtaining payment of the Collateral or for the purpose of preserving any rights of the Secured Party, the Debtor or any other Persons in respect thereof; (iv) responsible for any loss occasioned by any sale or other dealing with the Collateral or by the retention of or failure to sell or otherwise deal therewith; or (v) bound to protect the Collateral from depreciating in value or becoming worthless.
- (d) All monies from time to time received by the Secured Party or the receiver may be applied as follows: first, in discharge of all operating expenses and other ongoings affecting the Collateral; second, in keeping in good standing all Liens on the Collateral having priority over the Security Interest; third, in payment of the remuneration and disbursements of the receiver (if any); fourth, in payment to the Secured Party of monies payable hereunder and under the Commitment, the Mortgage and the other Credit Documents or any other agreements between the Secured Party and the Debtor entered into pursuant thereto; and the balance, if any, shall be paid to the Debtor or as a court of competent jurisdiction may direct. If there shall be a deficiency, the Debtor shall remain liable for such deficiency and shall pay the amount of such deficiency to the Secured Party forthwith.

3.7 Standards of Sale. Without prejudice to the ability of the Secured Party to dispose of the Collateral in any manner which is commercially reasonable, the Debtor acknowledges that a disposition of Collateral by the Secured Party which takes place substantially in accordance with the following provisions shall be deemed to be commercially reasonable:

- (a) Collateral may be disposed of in whole or in part whether or not the Secured Party has taken possession thereof;
- (b) Collateral may be disposed of by public auction, public tender or private contract, with or without advertising and without any other formality;
- (c) any purchaser or lessee of such Collateral may be a customer or related Person of the Secured Party;

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- (d) a disposition of Collateral may be on such terms and conditions as to credit, deferred payment or otherwise as the Secured Party, in its sole discretion, may deem advantageous;
- (e) the Secured Party may establish an upset or reserve bid or price in respect of the Collateral; and
- (f) the Secured Party may buy in, rescind or vary any contract for the disposition of Collateral and may dispose of any Collateral again without being obligated to account or answer for any gain or loss occasioned thereby.

3.8 Dealings by Third Parties.

- (a) No Person dealing with the Secured Party or its agent or a receiver shall be required (i) to determine whether the Security Interest has become enforceable; (ii) to determine whether the powers which the Secured Party or such agent or receiver on behalf of the Secured Party is purporting to exercise have become exercisable; (iii) to determine whether any money remains due to the Secured Party by the Debtor; (iv) to determine the necessity or expediency of the stipulations and conditions subject to which any sale or lease shall be made; (v) to determine the propriety or regularity of any sale or of any other dealing by the Secured Party or such agent or receiver with the Collateral; or (vi) to see to the application of any money paid to the Secured Party or such agent or receiver.
- (b) Any purchaser of the Collateral from the Secured Party shall hold the Collateral absolutely free from any claim or right of whatever kind including any equity of redemption of the Debtor, and the Debtor hereby specifically waives, to the fullest extent permitted by Law, as against any such purchaser, all right of redemption, stay or appraisal which the Debtor now has or may have under any rule of Law now existing or hereafter adopted. To the fullest extent permitted by Law, the Debtor waives all of the rights, benefits and protection provided to it by any statute which imposes limitations upon the rights, remedies or powers of a secured party.

ARTICLE 4 GENERAL

4.1 Discharge. The Security Interest shall be released and discharged upon, but only upon, full payment in cash, satisfaction and performance of the Obligations and at the request and expense of the Debtor. The Secured Party shall execute and deliver to the Debtor, at the request and expense of the Debtor, such releases and discharges as the Debtor may reasonably require.

4.2 No Merger, etc. No judgment recovered by the Secured Party shall operate by way of merger of or in any way affect the Security Interest, which is in addition to and not in substitution for any other security now or hereafter held by the Secured Party in respect of the Obligations.

4.3 Waivers, etc. No amendment, consent or waiver by the Secured Party shall be effective unless made in writing and signed by an authorized officer of the Secured Party and then such amendment, waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

4.4 Further Assurances. The Debtor shall from time to time, whether before or after the Security Interest shall have become enforceable, do all such acts and things and execute and deliver all such deeds, transfers, assignments and instruments as the Secured Party may reasonably require for protecting the Collateral or perfecting the Security Interest and for exercising all rights, remedies, powers, authorities and discretions hereby conferred upon the Secured Party, and the Debtor shall, from time to time after the Security Interest has become enforceable, do all such acts and things and execute and deliver all such deeds, transfers, assignments and instruments as the Secured Party may require for facilitating the sale of or other dealing with the Collateral in connection with any realization thereof.

4.5 Notice. All notices, requests, demands, directions and communications (in this Section 4.5, "**Notices**") hereunder shall be sent by e-mail, facsimile or similar means of recorded communication or hand delivery and shall be effective when hand delivered or, in the case of successful e-mail, facsimile or similar means of recorded communication, when received. All Notices shall be given to the respective addresses on page 1 of this Security Agreement or, in either case, in accordance with any unrevoked written direction as to a change of address given in accordance with this Section 4.5.

4.6 Successors and Assigns. This Security Agreement shall be binding upon the Debtor, its successors and permitted assigns, and shall enure to the benefit of the Secured Party and its successors and assigns. The Debtor may not assign or novate any of its rights or obligations under this Security Agreement without the prior written consent of the Secured Party. All rights of the Secured Party hereunder shall be assignable in accordance with the terms of the Commitment and the Mortgage and in any action brought by an assignee to enforce any such right, the Debtor shall not assert against such assignee any claim or defence which the Debtor now has or hereafter may have against the Secured Party.

4.7 Headings, etc. The division of this Security Agreement into sections and subsections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation thereof.

4.8 Severability. If and to the extent that any provision hereof shall conflict with any mandatory provision of the PPSA (including, without limitation, an exclusion or purported exclusion of a duty or onus imposed by the PPSA or a limitation or purported limitation of the liability of or the amount of damages recoverable from a Person who has failed to discharge a duty or obligation imposed by the PPSA), such provision of the PPSA shall govern. The provisions of this Security Agreement are intended to be severable. If any provision of this Security Agreement shall be deemed by any court of competent jurisdiction or held to be invalid or void or unenforceable in whole or in part in any jurisdiction, such provision shall, as to such jurisdiction, be ineffective to the extent of such invalidity or unenforceability without in any manner affecting the validity or enforceability thereof in any other jurisdiction or the remaining provisions hereof in any jurisdiction.

4.9 Governing Law. This Security Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and of Canada applicable therein and shall be treated in all respects as a British Columbia contract.

4.10 Incorporation of Schedules. Schedules A, B, C and D attached hereto shall, for all purposes hereof, form an integral part of this Security Agreement.

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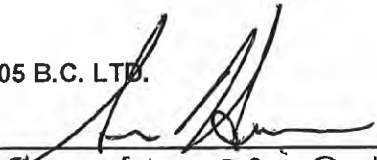
4.11 Conflict. In the event of a conflict or inconsistency between the provisions of this Security Agreement and the provisions of any of the other Credit Documents, the provisions of the Commitment will govern to the extent necessary to eliminate such conflict or inconsistency.

4.12 Acknowledgement of Receipt/Waiver. The Debtor acknowledges receipt of an executed copy of this Security Agreement. The Debtor waives, to the extent permitted by Law, the right to receive a copy of any financing statement, financing change statement or verification statement registered with or issued by any personal property registry or other Official Body in connection with this Security Agreement.

[Signature page follows]

IN WITNESS WHEREOF the Debtor has duly executed this Security Agreement as of the date first above written.

0989705 B.C. LTD.

Per: 
Name: SAMUEL DAVID HANSON
Title: Director

Per: _____
Name: _____
Title: _____

SCHEDULE A

LOCATION

Civic Address

7960 Alderbridge Way,
5333 No. 3 Road and 5411
No. 3 Road, Richmond,
B.C.

Legal Description

PID: 030-721-733, LOT 1 SECTION 5 BLOCK 4 NORTH RANGE
6 WEST NEW WESTMINSTER DISTRICT PLAN EPP86098

SCHEDULE B

GOODS

I. EQUIPMENT

NIL

II. SERIAL NUMBERED GOODS

NIL

SCHEDULE C
INVENTORY

NIL

SCHEDULE D
INTELLECTUAL PROPERTY

NIL

This is **Exhibit "G"** referred to in the Affidavit of Jennifer Alambre made before me at Vancouver, British Columbia, this 31st day of March 2022.

A handwritten signature in blue ink, appearing to read "J. Burns", is written over a horizontal line.

A Commissioner for the taking of Affidavits for
British Columbia

TERMS OF INSTRUMENT – PART 2

SUBORDINATION AND STANDSTILL AGREEMENT

THIS AGREEMENT dated for reference October 31, 2019.

BETWEEN:

ROMSPEN INVESTMENT CORPORATION

(the "**Prior Lender**")

- and -

1185678 B.C. LTD.

(the "**Subordinate Lender**")

WHEREAS:

- A. Alderbridge Way Limited Partnership, by its general partner, Alderbridge Way GP Ltd., as beneficial owner, and 0989705 B.C. Ltd., as registered owner (collectively, the "**Borrower**") is the owner of certain lands and premises known municipally as 7960, Alderbridge Way, 5333 No. 3 Road and 5411 No. 3 Road, Richmond, BC and legally described in item 2 of the Form C attached hereto (the "**Lands**") together with all personal property (the "**Personal Property**") located on or arising out of, from or in connection with ownership, use or disposition of the Lands (the said Lands and Personal Property being hereinafter collectively referred to as the "**Property**");
- B. Pursuant to the terms and conditions of the Prior Lender's commitment letter to the Borrower, *inter alia*, dated February 15, 2019, as amended by the supplement no. 1 to the commitment letter dated July 24, 2019 and as amended and restated by the loan agreement to amend and restate commitment made as of November 6, 2019, as may be further amended, renewed or extended from time to time (collectively, the "**Commitment**"), the Prior Lender has agreed to make or extend a loan or credit facility (the "**Loan**") to the Borrower in the maximum principal amount of \$422,000,000, which loan or credit facility is secured by, *inter alia*, the following security:
 - (i) a Mortgage of the Lands (the "**Mortgage**") relating to the Lands registered in the Land Title Office as Instrument No. CA7379144, as modified by Instrument No. CA7749487 and Instrument No. CA7884333;
 - (ii) an Assignment of Rents and Leases relating to the Mortgage registered as Instrument No. CA7379145, as modified by Instrument No. CA7749488 and Instrument No. CA7884334; and
 - (iii) General Security Agreements securing, *inter alia*, the Personal Property of the Borrower notice of which was filed on March 3, 2019 as Base Registration No. 349695L pursuant to the *Personal Property Security Act* (British Columbia), as amended (the "**PPSA**").

All existing and future indebtedness and all other obligations and liabilities owing by the Borrower to the Prior Lender from time to time pursuant to the Loan or the Prior Security (as defined below), including but not limited to the principal sum of \$422,000,000, all interest thereon, all future advances (which, for greater certainty, shall include, but shall not be limited to, any amounts advanced by the Lender as protective disbursements or as funding for cost overruns in respect of the project being undertaken on the Lands) and all other amounts owing to the Prior Lender thereunder being hereinafter referred to as the "**Prior Indebtedness**", and the Mortgage and all other additional or collateral security now or hereafter securing the Prior Indebtedness being hereinafter referred to as the "**Prior Security**";

And for greater particularity, reference in this Agreement to the Loan, the Prior Indebtedness and the Prior Security includes all renewals, extensions, amendments, modifications and restatements thereof or thereto from time to time;

- C. The Subordinate Lender has made or extended a loan or credit facility (the "**Subordinate Loan**") available to the Borrower in the maximum principal amount of \$60,000,000, which loan or credit facility is secured by, *inter alia*, the following security:
- (i) a Mortgage of the Lands (the "**Subordinate Mortgage**") relating to the Lands registered in the Land Title Office as Instrument No. CA7379146 in the amount of \$40,000,000 to be modified to \$60,000,000; and
 - (ii) an Assignment of Rents and Leases relating to the Subordinate Mortgage registered as Instrument No. CA7379147.

All existing and future indebtedness and all other obligations and liabilities owing by the Borrower to the Subordinate Lender from time to time pursuant to the Subordinate Loan, including but not limited to the principal sum, all interest thereon, all future advances and all other amounts owing to the Subordinate Lender thereunder being hereinafter referred to as the "**Subordinate Indebtedness**", and the Subordinate Mortgage and all other additional or collateral security now or hereafter securing the Subordinate Indebtedness being hereinafter referred to as the "**Subordinate Security**";

And for greater particularity, reference in this Agreement to the Subordinate Loan, the Subordinate Indebtedness and the Subordinate Security includes all renewals, extensions, amendments, modifications and restatements thereof or thereto from time to time, as permitted by this Agreement; and

- D. The Subordinate Lender has agreed to subordinate and postpone the Subordinate Loan, the Subordinate Indebtedness and the Subordinate Security to and in favour of the Prior Lender, the Loan, the Prior Indebtedness and the Prior Security.

NOW THEREFORE for good and valuable consideration, including the sum of TEN DOLLARS (\$10.00) now paid by the Prior Lender to the Subordinate Lender, the receipt and sufficiency of which is hereby acknowledged by the Subordinate Lender, the parties agree as follows:

1. **Covenants, Representations and Warranties of the Subordinate Lender.** The Subordinate Lender consents to the Prior Indebtedness and the Prior Security, and represents and warrants to the Prior Lender that:

- (a) the Subordinate Loan and the Subordinate Security are in good standing, in full force and effect, unamended, and the Borrower is not in default thereunder;
- (b) it holds no security of any kind against the Property other than the Subordinate Security;
- (c) it has the full power, lawful authority and legal right to enter into this Agreement and this Agreement constitutes a valid and binding obligation of the Subordinate Lender enforceable against it in accordance with its terms;
- (d) the principal amount owing to the Subordinate Lender under the Subordinate Loan is \$38,866,714.76 excluding interest;
- (e) the Subordinate Loan is comprised of four Advances and four Promissory Notes as set out in an Amended and Restated Term Sheet between, *inter alios*, the Borrower and the Subordinate Lender dated November 1, 2019 (hereinafter defined as the "**Term Sheet**");
- (f) upon request by the Prior Lender from time to time, the Subordinate Lender shall provide the Prior Lender with copies of the Subordinate Security and/or a statement in detail of the Subordinate Indebtedness then outstanding.

2. **Subordination and Postponement.** The Subordinate Lender hereby subordinates and postpones the Subordinate Loan, the Subordinate Indebtedness and the Subordinate Security to the Prior Security and the Prior Indebtedness and agrees with the Prior Lender that the Prior Security shall be a first priority lien and charge against the Property for the full amount of the Prior Indebtedness in full priority to the Subordinate Security. The subordination and postponement of the Subordinate Loan, Subordinate Indebtedness and the Subordinate Security to the Prior Security and the Prior Indebtedness, shall include subordination of the Subordinate Loan and the Subordinate Indebtedness to the extent required to make the Prior Security and the Prior Indebtedness a first priority lien and charge against the Property.

The Prior Lender shall make commercially reasonable efforts to provide 15 days prior written notice to the Subordinate Lender (however any failure to provide such notice shall not invalidate the subordination and postponement granted herein or result in any liability to the Prior Lender) of any discharge, release or waiver by the Prior Lender of any of the Prior Security against or in respect of the Property or any person(s), corporation(s) or entity(ies), or any amendment, renewal, extension, replacement, discharge, modification, supplement or restatement of any portion of the Prior Indebtedness and/or the Prior Security but any such action shall not otherwise affect the subordination and postponement of the Subordinate Security, the Subordinate Loan and the Subordinate Indebtedness hereby granted by the Subordinate Lender.

The Subordinate Lender hereby acknowledges and agrees that this Agreement shall not defer or otherwise affect the present or future rights and remedies of the Prior Lender with respect to the present or future indebtedness and other liabilities of the Borrower to the Prior Lender in relation to the Prior Indebtedness, or with respect to any securities which the Prior Lender now holds or may hereafter receive from the Borrower as collateral for the Prior Indebtedness.

The Subordinate Lender agrees to execute and deliver at its cost, to be reimbursed by the Borrower, upon request by the Prior Lender, such further instruments and

agreements and assurances as may reasonably be required by the Prior Lender in the circumstances in order to confirm and give effect to the provisions of this Agreement, and further, to register, record, amend, file or re-file notice of this Agreement and/or the subordination and postponement of the Subordinate Security in any office of public record as the Prior Lender may in its discretion consider necessary or desirable from time to time.

3. **Facilitation of Registered Owner's Project.** The Subordinate Lender covenants and agrees with the Prior Lender to execute and deliver, promptly on request, regardless of default, all such documents, plans, consents, covenants, building schemes, rights of way, easements, land use contracts and other similar instruments and amendments thereto and priority agreements in connection therewith with respect to the Borrower's project on the Lands as the Prior Lender and the Borrower may execute and as the Prior Lender may require the Borrower to execute.
4. **Discharge of Security.** The Subordinate Lender agrees that forthwith upon demand by the Prior Lender, it will deliver executed and registrable partial discharges of the Subordinate Security to the Prior Lender upon a sale of any unit or strata lot created by subdivision of the Property (each one a "Lot"), provided that:
 - (a) the gross sale price in respect of each Lot sold is paid to the Prior Lender and applied to the amount outstanding under the Prior Indebtedness, less the following:
 - (i) applicable real estate commissions;
 - (ii) normal closing adjustments;
 - (iii) reasonable legal fees;
 - (iv) any builder's lien holdback (provided that the builder's lien holdback is irrevocably assigned by the Borrower to the Prior Lender);
 - (v) if all or a portion of the purchase deposit with respect to the Lot sold has been paid out pursuant to a deposit insurance facility, the amount so paid out; and
 - (vi) if goods and services tax or other value added tax is included in the sale price, the amount of such tax;
 - (b) the Prior Lender concurrently or previously registers a discharge (or partial discharge as applicable) of the Prior Security in respect of the Lot sold; and
 - (c) such sale of a Lot is a Qualified Condominium Presale (as defined in the Commitment) or is pursuant to a bona fide contract of purchase and sale negotiated with third parties dealing at arm's length with the Borrower and the Prior Lender.
5. **Prior Lender's Rights.** The Prior Lender may grant time, renewals, extensions, releases and discharges to, accept compositions from and otherwise deal with the Borrower as it may see fit, including without limitation renewal of the Loan secured by the Prior Security, the whole without prejudice to or in any way limiting or affecting the agreements on the part of the Subordinate Lender pursuant to this Agreement. The Prior Lender shall make commercially reasonable efforts to provide 15 days prior written notice to the Subordinate Lender of any exercise of the Prior Lender's rights

granted herein, however any failure to provide such notice shall not invalidate the rights granted herein or result in any liability to the Prior Lender.

Notwithstanding any other provision hereof, the Prior Lender shall have the exclusive right to:

- (a) take action with respect to the sale or other disposition of the Property;
- (b) obtain conduct of any judicial sale of all or a portion of the Property;
- (c) enforce any rights accruing to the Prior Lender by reason of the Prior Security without interference from the Subordinate Lender and to provide instructions to any receiver or monitor appointed over the Borrower or the Property;
- (d) to grant or refuse to grant any consents, approvals or waivers in respect of the Borrower or the Property;
- (e) make protective disbursements as the Prior Lender may deem appropriate which sums shall be secured by the Prior Security and take priority over the Subordinate Security and Subordinate Indebtedness.

6. **Payments.** Other than as permitted herein, the Subordinate Lender will not accept any payment on the Subordinate Indebtedness secured by the Subordinate Security while the Prior Indebtedness remains outstanding. After receipt by the Subordinate Lender of notice from the Prior Lender that default has occurred under the Prior Security (the "**Default Notice**"), the Subordinate Lender will not accept any payment on the Subordinate Indebtedness, including the Permitted Payments (as defined below), including without limitation any payments of principal and interest, and if any payment is made the Subordinate Lender will forthwith remit it to the Lender to be applied to the Prior Indebtedness.

Prior to receipt by the Subordinate Lender of the Default Notice, the Subordinate Lender shall be permitted to accept the following payments against the Subordinate Indebtedness from the Borrower:

- (a) interest expenses and all costs and expenses including legal fees and those related to an interest reserve, in each case paid by the Borrower to the Subordinate Lender or its nominee related to the Third Advance (as such term is defined in the Term Sheet);
- (b) principal, interest and all related costs and expenses paid by the Borrower to the Subordinate Lender in respect of the promissory note issued by the Borrower to J.V. Driver Investments Inc. dated February 21, 2019 provided applicable consents required for such payment are obtained by J.V. Driver Investments Inc.;
- (c) all costs and expenses including legal fees incurred by the Subordinate Lender in relation to the Subordinate Loan
- (d) interest expenses accrued and accruing which are to be paid by the Borrower to the Subordinate Lender or its nominee in respect of the Subordinate Indebtedness; and

- (e) normal course management fees as approved by the Prior Lender in the Prior Lender's sole discretion,

(collectively, the "**Permitted Payments**"),

which in each case shall be payable by the Borrower to the Subordinate Lender and not subject to this Agreement, except after a Default Notice is delivered to the Subordinate Lender, and all such payments shall be made by the Borrower from its own resources and not from funds advanced to the Borrower by the Prior Lender, other than legal fees to a maximum of \$1,000,000 plus applicable taxes.

7. **Standstill.** The Subordinate Lender covenants and agrees with the Prior Lender that until: (i) the Loan and all of the Prior Indebtedness have been fully repaid and satisfied; or (ii) the Subordinate Lender has provided the Prior Lender with at least 90 days prior written notice of its intention to commence or maintain an Enforcement Action (defined below); or (iii) the Prior Lender has commenced an Enforcement Action, unless the Subordinate Lender has the express prior written consent of the Prior Lender, the Subordinate Lender will not, nor will it be entitled to, commence or maintain any Enforcement Action in respect of the Subordinate Loan, the Subordinate Indebtedness or the Subordinate Security with respect to all or any part of the Property or against the Borrower or any guarantor or covenantor of the Subordinate Loan. Notwithstanding the foregoing, it is agreed that the making of a demand for payment, the acceleration of amounts owing to the Subordinate Lender, the sending of a notice under Section 244 of the *Bankruptcy and Insolvency Act*, undertaking collateral reviews and appraisals, or any other such preliminary steps shall not constitute the commencement of an Enforcement Action in respect of the Subordinate Loan, the Subordinate Indebtedness or the Subordinate Security on the part of the Subordinate Lender for the purposes of this Section 7.

The Subordinate Lender acknowledges, agrees, covenants and confirms to and with the Prior Lender that the right of the Prior Lender to arbitrarily withhold its consent pursuant to this paragraph is reasonable and consistent with the protection of the legitimate business interest of the Prior Lender, it being expressly understood and agreed that the alternative for the Subordinate Lender is to pay out the Prior Indebtedness to the Lender.

The Subordinate Lender hereby agrees that at any time while the Loan or any Prior Indebtedness remains outstanding, it shall not challenge, contest or bring into question the validity, priority or perfection of the Prior Security or any Enforcement Action or realization proceeding taken by the Prior Lender under or in respect of the Prior Security or Prior Indebtedness against all or any part of the Property or against the Borrower or against any guarantor or covenantor of the Prior Loan.

The Subordinate Lender hereby agrees that it shall not at any time while the Loan or the Prior Indebtedness remains outstanding:

- (a) initiate, support or encourage any proposal or similar proceeding under the *Companies' Creditors Arrangement Act* or *Bankruptcy and Insolvency Act* in respect of the Borrower or any guarantor of the Borrower or, for 12 months from the date any such proceeding is initiated, oppose any position taken by the Lender in the course of such proceedings;

- (b) object to or oppose an application by the Prior Lender to a court for the conduct of sale of the Lands or appointment of a receiver or monitor over the Borrower or any guarantor of the Borrower;
 - (c) oppose the sale or other disposal of the Lands or other assets of the Borrower by the Prior Lender;
 - (d) oppose or object to any settlement or adjustment by the Prior Lender of any claim under any insurance policy applicable to the Lands or other assets of the Borrower and the application of any insurance proceeds by the Lender to the Prior Indebtedness or otherwise;
 - (e) make any claim against the Prior Lender for any act taken or not taken by the Prior Lender to enforce the Prior Security or collect on the Prior Indebtedness;
 - (f) object to or oppose or make any claim of priority over any protective disbursement made by the Prior Lender to protect the Lands or other assets of the Borrower or any cost overrun advance made by the Prior Lender; and
 - (g) increase or re-advance the principal amount of the Subordinate Loan, increase the interest rate payable pursuant to the Subordinate Security, reduce the term of the Subordinate Mortgage or alter the Subordinate Security in any way to make the terms more onerous on the Borrower.
8. In this Agreement the term "**Enforcement Action**" means the commencement of power of sale, foreclosure or other judicial or private sale proceedings, the appointment or obtaining of the appointment of a receiver, a manager, or a receiver/ manager of all or any part of the Property, or the appointment of any other person, corporation or entity having similar powers as the aforesaid, the attornment of rents, the taking possession or control of all or any part of the Property or any other property or undertaking of the Borrower, the commencing, giving notice of or making any demand for payment, the provision of any notice of intention to enforce security, the taking or commencement of any action or proceeding seeking payment of or recovery of all or any part of any indebtedness or damages in lieu thereof, the accepting of a transfer of any property in lieu of foreclosure, and/or the exercise of any other rights or remedies available to a creditor under its security or otherwise at law or in equity, including without limitation, any bankruptcy proceedings.
9. **Assignment by Subordinate Lender.** The Subordinate Lender agrees that it shall not sell, transfer, assign, alienate or otherwise dispose of any interest in the Subordinate Loan, the Subordinate Indebtedness or the Subordinate Security to any person(s), corporation(s) or entity(ies) (hereinafter, an "**Assignee**") except upon providing written notice to the Prior Lender and except in accordance with terms and conditions which are expressly subject to all of the terms of this Agreement. Concurrently with any such sale, transfer, assignment, alienation or other disposition from time to time, the Subordinate Lender shall cause each and every Assignee to enter into a subordination and standstill agreement with the Prior Lender on the same terms and conditions as this Agreement.
10. **Entire Agreement.** This Agreement and all schedules thereto contains the whole of the agreement between the parties hereto and there are no collateral or precedent conditions, warranties, agreements, representations, promises, understandings or inducements, whether oral or written, that are not specifically set forth herein, and no

modification, amendment or variation hereof shall be effective or binding on the parties hereto unless agreed to in writing by all of them.

11. **No Waiver.** The waiver by any party of the breach of any term, covenant or condition herein contained shall not constitute a waiver of such term, covenant or condition, except in respect of the particular breach giving rise to such waiver. No term, covenant or condition of this Agreement is deemed to have been waived by any party hereto unless such waiver is in given in writing by that party.
12. **Severability.** All of the sections, paragraphs, sentences, clauses and parts of this Agreement are distinct and severable, and if any of the same shall be held illegal or void, the validity or legality of the remainder of this Agreement shall not be affected.
13. **Survival of Covenants and Warranties.** The covenants, warranties and representations of the Subordinate Lender contained in this Agreement shall survive the execution and delivery of this Agreement and shall continue in full force and effect for the benefit of the Prior Lender until the Loan has been repaid in full.
14. **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein and the parties hereto irrevocably attorn to the jurisdiction of the courts of British Columbia.
15. **Successors.** This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, personal representatives, successors and assigns including any successors by amalgamation and any appointed receivers or trustees in bankruptcy.
16. **Counterparts.** This Agreement may be executed in counterparts and all counterparts so executed will constitute one Agreement binding on the parties effective upon execution by all of the parties.
17. **Time Is of the Essence.** Time is of the essence of this Agreement and every part hereof.
18. **Completion of Agreement.** The Subordinate Lender authorizes the Prior Lender's Solicitors to complete this Agreement and the attached Form C General Instrument with the details of registration of the Subordinate Security and the Prior Security when available from the appropriate registries.
19. **Replacement of Existing Subordination and Standstill Agreement.** Upon full registration of this Agreement, this Agreement replaces and supersedes the Subordination and Standstill Agreements between the Prior Lender and the Subordinate Lender relating to the Lands registered in the Land Title Office as Instrument Nos. CA7388904 and CA7388905 and Instrument Nos. CA7750575 and CA7750576 and this Agreement has effect from the date of registration of the Mortgage.

IN WITNESS WHEREOF the parties have executed this Agreement on the Form C – General Instrument Part 1 attached hereto.

END OF DOCUMENT

LAND TITLE ACT
FORM C (Section 233) CHARGE
GENERAL INSTRUMENT - PART 1 Province of British Columbia

PAGE 1 OF 11 PAGES

Your electronic signature is a representation that you are a subscriber as defined by the Land Title Act, RSBC 1996 c.250, and that you have applied your electronic signature in accordance with Section 168.3, and a true copy, or a copy of that true copy, is in your possession.

1. APPLICATION: (Name, address, phone number of applicant, applicant's solicitor or agent)
- RACHEL LEHMAN, BLAKE, CASSELS & GRAYDON LLP, BARRISTERS & SOLICITORS**
595 BURRARD STREET, P.O. BOX 49314 (604) 631-5226 LTO Client No: 11163
SUITE 2600, THREE BENTALL CENTRE c/m: 70553/90061
VANCOUVER BC V7X 1L3 Doc ID No: 51167334

Deduct LTSA Fees? Yes ☒

2. PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND:
 [PID] [LEGAL DESCRIPTION]
030-721-733 LOT 1 SECTION 5 BLOCK 4 NORTH RANGE 6 WEST NEW WESTMINSTER
DISTRICT PLAN EPP86098

STC? YES ☐

3. NATURE OF INTEREST CHARGE NO. ADDITIONAL INFORMATION
SEE SCHEDULE

4. TERMS: Part 2 of this instrument consists of (select one only)
 (a) ☐ Filled Standard Charge Terms D.P. No. (b) ☒ Express Charge Terms Annexed as Part 2
 A selection of (a) includes any additional or modified terms referred to in Item 7 or in a schedule annexed to this instrument.

5. TRANSFEROR(S):
1185678 B.C. LTD. (INC. NO. BC1185678)

6. TRANSFEREE(S): (including postal address(es) and postal code(s))
ROMSPEN INVESTMENT CORPORATION

162 CUMBERLAND STREET, SUITE 300
TORONTO

M5R 3N5

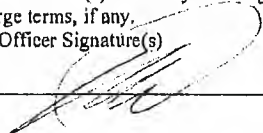
ONTARIO
CANADA

Incorporation No
A0067154

7. ADDITIONAL OR MODIFIED TERMS:
N/A

8. EXECUTION(S): This instrument creates, assigns, modifies, enlarges, discharges or governs the priority of the interest(s) described in Item 3 and the Transferor(s) and every other signatory agree to be bound by this instrument, and acknowledge(s) receipt of a true copy of the filed standard charge terms, if any.

Officer Signature(s)



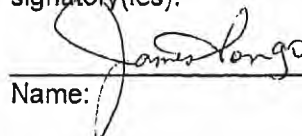
HUGH H. CLAXTON
Barrister & Solicitor
700 - 595 BURRARD STREET
P.O. BOX 49290
VANCOUVER, B.C. V7X 1S8
(604) 687-6789

Execution Date

Y	M	D
19	11	1

Transferor(s) Signature(s)

1185678 B.C. LTD. by its authorized signatory(ies):



Name:

JAMES LONGO

Name:

OFFICER CERTIFICATION:

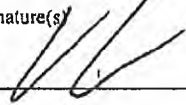
Your signature constitutes a representation that you are a solicitor, notary public or other person authorized by the *Evidence Act*, R.S.B.C. 1996, c.124, to take affidavits for use in British Columbia and certifies the matters set out in Part 5 of the *Land Title Act* as they pertain to the execution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

LAND TITLE ACT
FORM D

EXECUTIONS CONTINUED

PAGE 2 of 11 PAGES

Officer Signature(s)


 Vincent Berry
 Lawyer Notary
 162 Cumberland Street
 Toronto, Ont.

Notary Public for the Province of Ontario

Execution Date

Y	M	D
19	11	06

Transferor / Borrower / Party Signature(s)

ROMSPEN INVESTMENT
CORPORATION by its authorized
signatory(ies):

 Name: WESLEY ROBINSON
 DIRECTOR

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 3 OF 11 PAGES

NATURE OF INTEREST

CHARGE NO.

ADDITIONAL INFORMATION

Priority Agreement

Granting Mortgage CA7379144, modified by
CA7749487 and CA7884333 priority over
Mortgage CA7379146 and Assignment of Rents
CA7379147

NATURE OF INTEREST

CHARGE NO.

ADDITIONAL INFORMATION

Priority Agreement

Granting Assignment of Rents CA7379145,
modified by CA7749488 and CA7884334 priority
over Mortgage CA7379146 and Assignment of
Rents CA7379147

NATURE OF INTEREST

CHARGE NO.

ADDITIONAL INFORMATION

NATURE OF INTEREST

CHARGE NO.

ADDITIONAL INFORMATION

NATURE OF INTEREST

CHARGE NO.

ADDITIONAL INFORMATION

NATURE OF INTEREST

CHARGE NO.

ADDITIONAL INFORMATION

TERMS OF INSTRUMENT – PART 2

SUBORDINATION AND STANDSTILL AGREEMENT

THIS AGREEMENT dated for reference October 31, 2019.

BETWEEN:

ROMSPEN INVESTMENT CORPORATION

(the "**Prior Lender**")

- and -

1185678 B.C. LTD.

(the "**Subordinate Lender**")

WHEREAS:

- A. Alderbridge Way Limited Partnership, by its general partner, Alderbridge Way GP Ltd., as beneficial owner, and 0989705 B.C. Ltd., as registered owner (collectively, the "**Borrower**") is the owner of certain lands and premises known municipally as 7960, Alderbridge Way, 5333 No. 3 Road and 5411 No. 3 Road, Richmond, BC and legally described in item 2 of the Form C attached hereto (the "**Lands**") together with all personal property (the "**Personal Property**") located on or arising out of, from or in connection with ownership, use or disposition of the Lands (the said Lands and Personal Property being hereinafter collectively referred to as the "**Property**");
- B. Pursuant to the terms and conditions of the Prior Lender's commitment letter to the Borrower, *inter alia*, dated February 15, 2019, as amended by the supplement no. 1 to the commitment letter dated July 24, 2019 and as amended and restated by the loan agreement to amend and restate commitment made as of November 6, 2019, as may be further amended, renewed or extended from time to time (collectively, the "**Commitment**"), the Prior Lender has agreed to make or extend a loan or credit facility (the "**Loan**") to the Borrower in the maximum principal amount of \$422,000,000, which loan or credit facility is secured by, *inter alia*, the following security:
 - (i) a Mortgage of the Lands (the "**Mortgage**") relating to the Lands registered in the Land Title Office as Instrument No. CA7379144, as modified by Instrument No. CA7749487 and Instrument No. CA7884333;
 - (ii) an Assignment of Rents and Leases relating to the Mortgage registered as Instrument No. CA7379145, as modified by Instrument No. CA7749488 and Instrument No. CA7884334; and
 - (iii) General Security Agreements securing, *inter alia*, the Personal Property of the Borrower notice of which was filed on March 3, 2019 as Base Registration No. 349695L pursuant to the *Personal Property Security Act* (British Columbia), as amended (the "**PPSA**").

All existing and future indebtedness and all other obligations and liabilities owing by the Borrower to the Prior Lender from time to time pursuant to the Loan or the Prior Security (as defined below), including but not limited to the principal sum of \$422,000,000, all interest thereon, all future advances (which, for greater certainty, shall include, but shall not be limited to, any amounts advanced by the Lender as protective disbursements or as funding for cost overruns in respect of the project being undertaken on the Lands) and all other amounts owing to the Prior Lender thereunder being hereinafter referred to as the "**Prior Indebtedness**", and the Mortgage and all other additional or collateral security now or hereafter securing the Prior Indebtedness being hereinafter referred to as the "**Prior Security**";

And for greater particularity, reference in this Agreement to the Loan, the Prior Indebtedness and the Prior Security includes all renewals, extensions, amendments, modifications and restatements thereof or thereto from time to time;

- C. The Subordinate Lender has made or extended a loan or credit facility (the "**Subordinate Loan**") available to the Borrower in the maximum principal amount of \$60,000,000, which loan or credit facility is secured by, *inter alia*, the following security:
- (i) a Mortgage of the Lands (the "**Subordinate Mortgage**") relating to the Lands registered in the Land Title Office as Instrument No. CA7379146 in the amount of \$40,000,000 to be modified to \$60,000,000; and
 - (ii) an Assignment of Rents and Leases relating to the Subordinate Mortgage registered as Instrument No. CA7379147.

All existing and future indebtedness and all other obligations and liabilities owing by the Borrower to the Subordinate Lender from time to time pursuant to the Subordinate Loan, including but not limited to the principal sum, all interest thereon, all future advances and all other amounts owing to the Subordinate Lender thereunder being hereinafter referred to as the "**Subordinate Indebtedness**", and the Subordinate Mortgage and all other additional or collateral security now or hereafter securing the Subordinate Indebtedness being hereinafter referred to as the "**Subordinate Security**";

And for greater particularity, reference in this Agreement to the Subordinate Loan, the Subordinate Indebtedness and the Subordinate Security includes all renewals, extensions, amendments, modifications and restatements thereof or thereto from time to time, as permitted by this Agreement; and

- D. The Subordinate Lender has agreed to subordinate and postpone the Subordinate Loan, the Subordinate Indebtedness and the Subordinate Security to and in favour of the Prior Lender, the Loan, the Prior Indebtedness and the Prior Security.

NOW THEREFORE for good and valuable consideration, including the sum of TEN DOLLARS (\$10.00) now paid by the Prior Lender to the Subordinate Lender, the receipt and sufficiency of which is hereby acknowledged by the Subordinate Lender, the parties agree as follows:

1. **Covenants, Representations and Warranties of the Subordinate Lender.** The Subordinate Lender consents to the Prior Indebtedness and the Prior Security, and represents and warrants to the Prior Lender that:

- (a) the Subordinate Loan and the Subordinate Security are in good standing, in full force and effect, unamended, and the Borrower is not in default thereunder;
- (b) it holds no security of any kind against the Property other than the Subordinate Security;
- (c) it has the full power, lawful authority and legal right to enter into this Agreement and this Agreement constitutes a valid and binding obligation of the Subordinate Lender enforceable against it in accordance with its terms;
- (d) the principal amount owing to the Subordinate Lender under the Subordinate Loan is \$38,866,714.76 excluding interest;
- (e) the Subordinate Loan is comprised of four Advances and four Promissory Notes as set out in an Amended and Restated Term Sheet between, *inter alios*, the Borrower and the Subordinate Lender dated November 1, 2019 (hereinafter defined as the "**Term Sheet**");
- (f) upon request by the Prior Lender from time to time, the Subordinate Lender shall provide the Prior Lender with copies of the Subordinate Security and/or a statement in detail of the Subordinate Indebtedness then outstanding.

2. **Subordination and Postponement.** The Subordinate Lender hereby subordinates and postpones the Subordinate Loan, the Subordinate Indebtedness and the Subordinate Security to the Prior Security and the Prior Indebtedness and agrees with the Prior Lender that the Prior Security shall be a first priority lien and charge against the Property for the full amount of the Prior Indebtedness in full priority to the Subordinate Security. The subordination and postponement of the Subordinate Loan, Subordinate Indebtedness and the Subordinate Security to the Prior Security and the Prior Indebtedness, shall include subordination of the Subordinate Loan and the Subordinate Indebtedness to the extent required to make the Prior Security and the Prior Indebtedness a first priority lien and charge against the Property.

The Prior Lender shall make commercially reasonable efforts to provide 15 days prior written notice to the Subordinate Lender (however any failure to provide such notice shall not invalidate the subordination and postponement granted herein or result in any liability to the Prior Lender) of any discharge, release or waiver by the Prior Lender of any of the Prior Security against or in respect of the Property or any person(s), corporation(s) or entity(ies), or any amendment, renewal, extension, replacement, discharge, modification, supplement or restatement of any portion of the Prior Indebtedness and/or the Prior Security but any such action shall not otherwise affect the subordination and postponement of the Subordinate Security, the Subordinate Loan and the Subordinate Indebtedness hereby granted by the Subordinate Lender.

The Subordinate Lender hereby acknowledges and agrees that this Agreement shall not defer or otherwise affect the present or future rights and remedies of the Prior Lender with respect to the present or future indebtedness and other liabilities of the Borrower to the Prior Lender in relation to the Prior Indebtedness, or with respect to any securities which the Prior Lender now holds or may hereafter receive from the Borrower as collateral for the Prior Indebtedness.

The Subordinate Lender agrees to execute and deliver at its cost, to be reimbursed by the Borrower, upon request by the Prior Lender, such further instruments and

agreements and assurances as may reasonably be required by the Prior Lender in the circumstances in order to confirm and give effect to the provisions of this Agreement, and further, to register, record, amend, file or re-file notice of this Agreement and/or the subordination and postponement of the Subordinate Security in any office of public record as the Prior Lender may in its discretion consider necessary or desirable from time to time.

3. **Facilitation of Registered Owner's Project.** The Subordinate Lender covenants and agrees with the Prior Lender to execute and deliver, promptly on request, regardless of default, all such documents, plans, consents, covenants, building schemes, rights of way, easements, land use contracts and other similar instruments and amendments thereto and priority agreements in connection therewith with respect to the Borrower's project on the Lands as the Prior Lender and the Borrower may execute and as the Prior Lender may require the Borrower to execute.
4. **Discharge of Security.** The Subordinate Lender agrees that forthwith upon demand by the Prior Lender, it will deliver executed and registrable partial discharges of the Subordinate Security to the Prior Lender upon a sale of any unit or strata lot created by subdivision of the Property (each one a "Lot"), provided that:
 - (a) the gross sale price in respect of each Lot sold is paid to the Prior Lender and applied to the amount outstanding under the Prior Indebtedness, less the following:
 - (i) applicable real estate commissions;
 - (ii) normal closing adjustments;
 - (iii) reasonable legal fees;
 - (iv) any builder's lien holdback (provided that the builder's lien holdback is irrevocably assigned by the Borrower to the Prior Lender);
 - (v) if all or a portion of the purchase deposit with respect to the Lot sold has been paid out pursuant to a deposit insurance facility, the amount so paid out; and
 - (vi) if goods and services tax or other value added tax is included in the sale price, the amount of such tax;
 - (b) the Prior Lender concurrently or previously registers a discharge (or partial discharge as applicable) of the Prior Security in respect of the Lot sold; and
 - (c) such sale of a Lot is a Qualified Condominium Presale (as defined in the Commitment) or is pursuant to a bona fide contract of purchase and sale negotiated with third parties dealing at arm's length with the Borrower and the Prior Lender.
5. **Prior Lender's Rights.** The Prior Lender may grant time, renewals, extensions, releases and discharges to, accept compositions from and otherwise deal with the Borrower as it may see fit, including without limitation renewal of the Loan secured by the Prior Security, the whole without prejudice to or in any way limiting or affecting the agreements on the part of the Subordinate Lender pursuant to this Agreement. The Prior Lender shall make commercially reasonable efforts to provide 15 days prior written notice to the Subordinate Lender of any exercise of the Prior Lender's rights

granted herein, however any failure to provide such notice shall not invalidate the rights granted herein or result in any liability to the Prior Lender.

Notwithstanding any other provision hereof, the Prior Lender shall have the exclusive right to:

- (a) take action with respect to the sale or other disposition of the Property;
- (b) obtain conduct of any judicial sale of all or a portion of the Property;
- (c) enforce any rights accruing to the Prior Lender by reason of the Prior Security without interference from the Subordinate Lender and to provide instructions to any receiver or monitor appointed over the Borrower or the Property;
- (d) to grant or refuse to grant any consents, approvals or waivers in respect of the Borrower or the Property;
- (e) make protective disbursements as the Prior Lender may deem appropriate which sums shall be secured by the Prior Security and take priority over the Subordinate Security and Subordinate Indebtedness.

6. **Payments.** Other than as permitted herein, the Subordinate Lender will not accept any payment on the Subordinate Indebtedness secured by the Subordinate Security while the Prior Indebtedness remains outstanding. After receipt by the Subordinate Lender of notice from the Prior Lender that default has occurred under the Prior Security (the "**Default Notice**"), the Subordinate Lender will not accept any payment on the Subordinate Indebtedness, including the Permitted Payments (as defined below), including without limitation any payments of principal and interest, and if any payment is made the Subordinate Lender will forthwith remit it to the Lender to be applied to the Prior Indebtedness.

Prior to receipt by the Subordinate Lender of the Default Notice, the Subordinate Lender shall be permitted to accept the following payments against the Subordinate Indebtedness from the Borrower:

- (a) interest expenses and all costs and expenses including legal fees and those related to an interest reserve, in each case paid by the Borrower to the Subordinate Lender or its nominee related to the Third Advance (as such term is defined in the Term Sheet);
- (b) principal, interest and all related costs and expenses paid by the Borrower to the Subordinate Lender in respect of the promissory note issued by the Borrower to J.V. Driver Investments Inc. dated February 21, 2019 provided applicable consents required for such payment are obtained by J.V. Driver Investments Inc.;
- (c) all costs and expenses including legal fees incurred by the Subordinate Lender in relation to the Subordinate Loan
- (d) interest expenses accrued and accruing which are to be paid by the Borrower to the Subordinate Lender or its nominee in respect of the Subordinate Indebtedness; and

- (e) normal course management fees as approved by the Prior Lender in the Prior Lender's sole discretion,

(collectively, the "**Permitted Payments**").

which in each case shall be payable by the Borrower to the Subordinate Lender and not subject to this Agreement, except after a Default Notice is delivered to the Subordinate Lender, and all such payments shall be made by the Borrower from its own resources and not from funds advanced to the Borrower by the Prior Lender, other than legal fees to a maximum of \$1,000,000 plus applicable taxes.

7. **Standstill.** The Subordinate Lender covenants and agrees with the Prior Lender that until: (i) the Loan and all of the Prior Indebtedness have been fully repaid and satisfied; or (ii) the Subordinate Lender has provided the Prior Lender with at least 90 days prior written notice of its intention to commence or maintain an Enforcement Action (defined below); or (iii) the Prior Lender has commenced an Enforcement Action, unless the Subordinate Lender has the express prior written consent of the Prior Lender, the Subordinate Lender will not, nor will it be entitled to, commence or maintain any Enforcement Action in respect of the Subordinate Loan, the Subordinate Indebtedness or the Subordinate Security with respect to all or any part of the Property or against the Borrower or any guarantor or covenantor of the Subordinate Loan. Notwithstanding the foregoing, it is agreed that the making of a demand for payment, the acceleration of amounts owing to the Subordinate Lender, the sending of a notice under Section 244 of the *Bankruptcy and Insolvency Act*, undertaking collateral reviews and appraisals, or any other such preliminary steps shall not constitute the commencement of an Enforcement Action in respect of the Subordinate Loan, the Subordinate Indebtedness or the Subordinate Security on the part of the Subordinate Lender for the purposes of this Section 7.

The Subordinate Lender acknowledges, agrees, covenants and confirms to and with the Prior Lender that the right of the Prior Lender to arbitrarily withhold its consent pursuant to this paragraph is reasonable and consistent with the protection of the legitimate business interest of the Prior Lender, it being expressly understood and agreed that the alternative for the Subordinate Lender is to pay out the Prior Indebtedness to the Lender.

The Subordinate Lender hereby agrees that at any time while the Loan or any Prior Indebtedness remains outstanding, it shall not challenge, contest or bring into question the validity, priority or perfection of the Prior Security or any Enforcement Action or realization proceeding taken by the Prior Lender under or in respect of the Prior Security or Prior Indebtedness against all or any part of the Property or against the Borrower or against any guarantor or covenantor of the Prior Loan.

The Subordinate Lender hereby agrees that it shall not at any time while the Loan or the Prior Indebtedness remains outstanding:

- (a) initiate, support or encourage any proposal or similar proceeding under the *Companies' Creditors Arrangement Act* or *Bankruptcy and Insolvency Act* in respect of the Borrower or any guarantor of the Borrower or, for 12 months from the date any such proceeding is initiated, oppose any position taken by the Lender in the course of such proceedings;

- (b) object to or oppose an application by the Prior Lender to a court for the conduct of sale of the Lands or appointment of a receiver or monitor over the Borrower or any guarantor of the Borrower;
 - (c) oppose the sale or other disposal of the Lands or other assets of the Borrower by the Prior Lender;
 - (d) oppose or object to any settlement or adjustment by the Prior Lender of any claim under any insurance policy applicable to the Lands or other assets of the Borrower and the application of any insurance proceeds by the Lender to the Prior Indebtedness or otherwise;
 - (e) make any claim against the Prior Lender for any act taken or not taken by the Prior Lender to enforce the Prior Security or collect on the Prior Indebtedness;
 - (f) object to or oppose or make any claim of priority over any protective disbursement made by the Prior Lender to protect the Lands or other assets of the Borrower or any cost overrun advance made by the Prior Lender; and
 - (g) increase or re-advance the principal amount of the Subordinate Loan, increase the interest rate payable pursuant to the Subordinate Security, reduce the term of the Subordinate Mortgage or alter the Subordinate Security in any way to make the terms more onerous on the Borrower.
8. In this Agreement the term "**Enforcement Action**" means the commencement of power of sale, foreclosure or other judicial or private sale proceedings, the appointment or obtaining of the appointment of a receiver, a manager, or a receiver/ manager of all or any part of the Property, or the appointment of any other person, corporation or entity having similar powers as the aforesaid, the attornment of rents, the taking possession or control of all or any part of the Property or any other property or undertaking of the Borrower, the commencing, giving notice of or making any demand for payment, the provision of any notice of intention to enforce security, the taking or commencement of any action or proceeding seeking payment of or recovery of all or any part of any indebtedness or damages in lieu thereof, the accepting of a transfer of any property in lieu of foreclosure, and/or the exercise of any other rights or remedies available to a creditor under its security or otherwise at law or in equity, including without limitation, any bankruptcy proceedings.
9. **Assignment by Subordinate Lender.** The Subordinate Lender agrees that it shall not sell, transfer, assign, alienate or otherwise dispose of any interest in the Subordinate Loan, the Subordinate Indebtedness or the Subordinate Security to any person(s), corporation(s) or entity(ies) (hereinafter, an "**Assignee**") except upon providing written notice to the Prior Lender and except in accordance with terms and conditions which are expressly subject to all of the terms of this Agreement. Concurrently with any such sale, transfer, assignment, alienation or other disposition from time to time, the Subordinate Lender shall cause each and every Assignee to enter into a subordination and standstill agreement with the Prior Lender on the same terms and conditions as this Agreement.
10. **Entire Agreement.** This Agreement and all schedules thereto contains the whole of the agreement between the parties hereto and there are no collateral or precedent conditions, warranties, agreements, representations, promises, understandings or inducements, whether oral or written, that are not specifically set forth herein, and no

modification, amendment or variation hereof shall be effective or binding on the parties hereto unless agreed to in writing by all of them.

11. **No Waiver.** The waiver by any party of the breach of any term, covenant or condition herein contained shall not constitute a waiver of such term, covenant or condition, except in respect of the particular breach giving rise to such waiver. No term, covenant or condition of this Agreement is deemed to have been waived by any party hereto unless such waiver is in given in writing by that party.
12. **Severability.** All of the sections, paragraphs, sentences, clauses and parts of this Agreement are distinct and severable, and if any of the same shall be held illegal or void, the validity or legality of the remainder of this Agreement shall not be affected.
13. **Survival of Covenants and Warranties.** The covenants, warranties and representations of the Subordinate Lender contained in this Agreement shall survive the execution and delivery of this Agreement and shall continue in full force and effect for the benefit of the Prior Lender until the Loan has been repaid in full.
14. **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein and the parties hereto irrevocably attorn to the jurisdiction of the courts of British Columbia.
15. **Successors.** This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, personal representatives, successors and assigns including any successors by amalgamation and any appointed receivers or trustees in bankruptcy.
16. **Counterparts.** This Agreement may be executed in counterparts and all counterparts so executed will constitute one Agreement binding on the parties effective upon execution by all of the parties.
17. **Time Is of the Essence.** Time is of the essence of this Agreement and every part hereof.
18. **Completion of Agreement.** The Subordinate Lender authorizes the Prior Lender's Solicitors to complete this Agreement and the attached Form C General Instrument with the details of registration of the Subordinate Security and the Prior Security when available from the appropriate registries.
19. **Replacement of Existing Subordination and Standstill Agreement.** Upon full registration of this Agreement, this Agreement replaces and supersedes the Subordination and Standstill Agreements between the Prior Lender and the Subordinate Lender relating to the Lands registered in the Land Title Office as Instrument Nos. CA7388904 and CA7388905 and Instrument Nos. CA7750575 and CA7750576 and this Agreement has effect from the date of registration of the Mortgage.

IN WITNESS WHEREOF the parties have executed this Agreement on the Form C – General Instrument Part 1 attached hereto.

END OF DOCUMENT

This is **Exhibit "H"** referred to in the Affidavit of Jennifer Alambre made before me at Vancouver, British Columbia, this 31st day of March 2022.



A Commissioner for the taking of Affidavits for
British Columbia

TERMS OF INSTRUMENT – PART 2

SUBORDINATION AND STANDSTILL AGREEMENT

THIS AGREEMENT dated for reference October 31, 2019.

BETWEEN:

ROMSPEN INVESTMENT CORPORATION

(the "Prior Lender")

- and -

GEC (RICHMOND) GP INC.

(the "Subordinate Lender")

- and -

**GLOBAL EDUCATION CITY (RICHMOND) LIMITED
PARTNERSHIP**

(the "GEC LP")

WHEREAS:

- A. Alderbridge Way Limited Partnership, by its general partner, Alderbridge Way GP Ltd., as beneficial owner, and 0989705 B.C. Ltd., as registered owner (collectively, the "**Borrower**") is the owner of certain lands and premises known municipally as 7960 Alderbridge Way, 5333 No. 3 Road and 5411 No. 3 Road, Richmond, BC and legally described in item 2 of the Form C attached hereto (the "**Lands**") together with all personal property (the "**Personal Property**") located on or arising out of, from or in connection with ownership, use or disposition of the Lands (the said Lands and Personal Property being hereinafter collectively referred to as the "**Property**");
- B. Pursuant to the terms and conditions of the Prior Lender's commitment letter to the Borrower, *inter alia*, dated February 15, 2019, as amended by the supplement no. 1 to the commitment letter dated July 24, 2019 and as amended and restated by the loan agreement to amend and restate commitment made as of November 6, 2019, as may be further amended, renewed or extended from time to time (collectively, the "**Commitment**"), the Prior Lender has agreed to make or extend a loan or credit facility (the "**Loan**") to the Borrower in the maximum principal amount of \$422,000,000, which loan or credit facility is secured by, *inter alia*, the following security:
 - (i) a Mortgage of the Lands (the "**Mortgage**") relating to the Lands registered in the Land Title Office as Instrument No. CA7379144, as modified by Instrument No. CA7749487 and Instrument No. CA7884333;
 - (ii) an Assignment of Rents and Leases relating to the Mortgage registered as Instrument No. CA7379145, as modified by Instrument No. CA7749488 and Instrument No. CA7884334; and

- (iii) General Security Agreements securing, *inter alia*, the Personal Property of the Borrower notice of which was filed on March 3, 2019 as Base Registration No. 349695L pursuant to the *Personal Property Security Act* (British Columbia), as amended (the "**PPSA**").

All existing and future indebtedness and all other obligations and liabilities owing by the Borrower to the Prior Lender from time to time pursuant to the Loan or the Prior Security (as defined below), including but not limited to the principal sum of \$422,000,000, all interest thereon, all future advances (which indebtedness, for greater certainty, shall include, but shall not be limited to, any amounts advanced by the Lender as protective disbursements or as funding for cost overruns in respect of the project being undertaken on the Lands) and all other amounts owing to the Prior Lender thereunder, subject to a maximum principal sum of \$422,000,000 (notwithstanding any other provision herein) plus protective disbursements made by the Prior Lender in respect of protecting or preserving the Property, being hereinafter referred to as the "**Prior Indebtedness**", and the Mortgage and all other additional or collateral security now or hereafter securing the Prior Indebtedness being hereinafter referred to as the "**Prior Security**";

And for greater particularity, reference in this Agreement to the Loan, the Prior Indebtedness and the Prior Security includes all renewals, extensions, amendments, modifications and restatements thereof or thereto from time to time;

- C. The Subordinate Lender has made or extended a loan (the "**Subordinate Loan**") to the Borrower in the maximum principal amount of \$65,000,000, which loan is secured by, *inter alia*, the following security:
 - (i) a Mortgage of the Lands (the "**Subordinate Mortgage**") relating to the Lands registered in the Land Title Office as Instrument No. CA6831053, as extended by CA7379133, in the amount of \$65,000,000.

All existing and future indebtedness owing by the Borrower to the Subordinate Lender from time to time pursuant to the Subordinate Loan, including but not limited to the principal sum, all interest thereon, all future advances and all other amounts owing to the Subordinate Lender thereunder being hereinafter referred to as the "**Subordinate Indebtedness**", and the Subordinate Mortgage and all other additional or collateral security now or hereafter securing the Subordinate Indebtedness being hereinafter referred to as the "**Subordinate Security**";

And for greater particularity, reference in this Agreement to the Subordinate Loan, the Subordinate Indebtedness and the Subordinate Security includes all renewals, extensions, amendments, modifications and restatements thereof or thereto from time to time, as permitted by this Agreement;

- D. The Subordinate Lender is the registered owner of an Option to Purchase (the "**Option**") relating to the Lands registered as Instrument No. CA6831054 as extended by CA7379134; and
- E. The Subordinate Lender has agreed to subordinate and postpone the Subordinate Loan, the Subordinate Indebtedness, the Subordinate Security and the Option to and in favour of the Prior Lender, the Loan, the Prior Indebtedness and the Prior Security.

NOW THEREFORE for good and valuable consideration, including the sum of TEN DOLLARS (\$10.00) now paid by the Prior Lender to the Subordinate Lender, the receipt and sufficiency of which is hereby acknowledged by the Subordinate Lender, the parties agree as follows:

1. **Covenants, Representations and Warranties of the Subordinate Lender.** The Subordinate Lender consents to the Prior Indebtedness and the Prior Security, and represents and warrants to the Prior Lender that:
 - (a) as at the date of this Agreement, to the best of the Subordinate Lender's knowledge, the Subordinate Loan, the Subordinate Security and the Option are in good standing, in full force and effect, and the Borrower is not in default thereunder; and
 - (b) as at November 5, 2019, the total amount owing to the Subordinate Lender under the Subordinate Loan and Subordinate Security is \$60,000,000 plus accrued interest of \$14,460,121.07,

provided that the foregoing representations to the Prior Lender are without prejudice to any rights or remedies the Subordinate Lender may have against the Borrower at any time.

2. **Subordination and Postponement.** The Subordinate Lender hereby subordinates and postpones the Subordinate Loan, the Subordinate Indebtedness, the Subordinate Security and the Option to the Prior Security and the Prior Indebtedness and agrees with the Prior Lender that the Prior Security shall rank in full priority to the Subordinate Security and the Option. The subordination and postponement of the Subordinate Loan, Subordinate Indebtedness, the Subordinate Security and the Option to the Prior Security and the Prior Indebtedness, shall include subordination of the Subordinate Loan and the Subordinate Indebtedness to the extent required to make the Prior Security and the Prior Indebtedness a lien and charge against the Property which ranks ahead of the Subordinate Loan, Subordinate Indebtedness, Subordinate Security and the Option until repayment in full of the Prior Indebtedness.

No discharge, release or waiver by the Prior Lender of any of the Prior Security against or in respect of the Property or any person(s), corporation(s) or entity(ies), or any amendment, renewal, extension, replacement, discharge, modification, supplement or restatement of any portion of the Prior Indebtedness and/or the Prior Security shall require notice to or the consent of the Subordinate Lender or otherwise affect the subordination and postponement of the Subordinate Security, the Option, the Subordinate Loan and the Subordinate Indebtedness hereby granted by the Subordinate Lender.

The Subordinate Lender hereby acknowledges and agrees that this Agreement shall not defer or otherwise affect the present or future rights and remedies of the Prior Lender with respect to the present or future indebtedness and other liabilities of the Borrower to the Prior Lender in relation to the Prior Indebtedness, or with respect to any securities which the Prior Lender now holds or may hereafter receive from the Borrower as collateral for the Prior Indebtedness.

The Subordinate Lender agrees to execute and deliver at the Borrower's cost, upon request by the Prior Lender, such further instruments and agreements and assurances as may reasonably be required by the Prior Lender in the circumstances in order to confirm and give effect to the provisions of this Agreement, and further, to register,

record, amend, file or re-file notice of this Agreement and/or the subordination and postponement of the Subordinate Security and the Option in any office of public record as the Prior Lender may in its discretion consider necessary or desirable from time to time.

3. **Facilitation of Registered Owner's Project.** The Subordinate Lender covenants and agrees with the Prior Lender to execute and deliver, promptly on request, regardless of default, all such documents, plans, consents, covenants, building schemes, rights of way, easements, land use contracts and other similar instruments and amendments thereto and priority agreements in connection therewith with respect to the Borrower's project on the Lands as the Prior Lender and the Borrower, each acting reasonably, may execute and as the Prior Lender, acting reasonably, may require the Borrower to execute, but without prejudice to any rights or remedies the Subordinate Lender may have against the Borrower.

4. **Discharge of Security.** The Subordinate Lender agrees that forthwith upon demand by the Prior Lender, it will deliver executed and registrable partial discharges of the Subordinate Security to the Prior Lender upon a sale of any unit or strata lot created by subdivision of the Property (each one a "Lot"), provided that:
 - (a) the gross sale price in respect of each Lot sold is paid to the Prior Lender and applied to the amount outstanding under the Prior Indebtedness, less the following:
 - (i) applicable real estate commissions;
 - (ii) normal closing adjustments;
 - (iii) reasonable legal fees;
 - (iv) any builder's lien holdback (provided that the builder's lien holdback is irrevocably assigned by the Borrower to the Prior Lender);
 - (v) if all or a portion of the purchase deposit with respect to the Lot sold has been paid out pursuant to a deposit insurance facility, the amount so paid out; and
 - (vi) if goods and services tax or other value added tax is included in the sale price, the amount of such tax;
 - (b) the Prior Lender concurrently or previously registers a discharge (or partial discharge as applicable) of the Prior Security in respect of the Lot sold; and
 - (c) such sale of a Lot is a Qualified Condominium Presale (as defined in the Commitment) or is pursuant to a bona fide contract of purchase and sale negotiated with third parties dealing at arm's length with the Borrower and the Prior Lender.

5. **Prior Lender's Rights.** The Prior Lender may grant time, renewals, extensions, releases and discharges to, accept compositions from and otherwise deal with the Borrower as it may see fit, including without limitation renewal of the Loan secured by the Prior Security, the whole without notice to the Subordinate Lender and without prejudice to or in any way limiting or affecting the agreements on the part of the Subordinate Lender pursuant to this Agreement.

Until repayment in full of the Prior Indebtedness, the Prior Lender shall have the exclusive right to:

- (a) enforce any rights accruing to the Prior Lender by reason of the Prior Security without interference from the Subordinate Lender and to provide instructions to any receiver or monitor appointed over the Borrower or the Property;
- (b) to grant or refuse to grant any consents, approvals or waivers in respect of the Borrower or the Property;
- (c) make protective disbursements as the Prior Lender may deem appropriate which sums shall be secured by the Prior Security and take priority over the Subordinate Security, Option and Subordinate Indebtedness.

6. **Payments.** Other than as permitted herein, the Subordinate Lender will not accept any payment on the Subordinate Indebtedness secured by the Subordinate Security while the Prior Indebtedness remains outstanding. After receipt by the Subordinate Lender of notice from the Prior Lender that default has occurred under the Prior Security (the "**Default Notice**"), other than as permitted herein, the Subordinate Lender will not accept any payment on the Subordinate Indebtedness, including without limitation any payments of principal and interest, and if any payment is made the Subordinate Lender will forthwith remit it to the Lender to be applied to the Prior Indebtedness.

7. **Standstill.** The Subordinate Lender covenants and agrees with the Prior Lender that until: (i) the Loan and all of the Prior Indebtedness have been fully repaid and satisfied; or (ii) the Subordinate Lender has provided the Prior Lender with at least 90 days prior written notice of its intention to commence or maintain an Enforcement Action (defined below); or (iii) the Prior Lender has commenced an Enforcement Action, unless the Subordinate Lender has the express prior written consent of the Prior Lender, the Subordinate Lender will not, nor will it be entitled to, commence or maintain any Enforcement Action in respect of the Subordinate Loan, the Subordinate Indebtedness or the Subordinate Security with respect to all or any part of the Property or against the Borrower or any guarantor or covenantor of the Subordinate Loan. Notwithstanding the foregoing, it is agreed that the making of a demand for payment, the acceleration of amounts owing to the Subordinate Lender, the sending of a notice under Section 244 of the *Bankruptcy and Insolvency Act*, undertaking collateral reviews and appraisals, issuing notices of default to the Borrower, or any other such preliminary steps shall not constitute the commencement of an Enforcement Action in respect of the Subordinate Loan, the Subordinate Indebtedness or the Subordinate Security on the part of the Subordinate Lender for the purposes of this Section 7.

The Subordinate Lender acknowledges, agrees, covenants and confirms to and with the Prior Lender that the right of the Prior Lender to arbitrarily withhold its consent pursuant to this paragraph is reasonable and consistent with the protection of the legitimate business interest of the Prior Lender, it being expressly understood and agreed that the alternative for the Subordinate Lender is to pay out the Prior Indebtedness to the Lender.

The Subordinate Lender hereby agrees that at any time while any Prior Indebtedness remains outstanding, it shall not challenge, contest or bring into question the validity, priority or perfection of the Prior Security.

The Subordinate Lender hereby agrees that it shall not at any time while the Prior Indebtedness remains outstanding:

- (a) initiate, support or encourage any proposal or similar proceeding under the *Companies' Creditors Arrangement Act* or *Bankruptcy and Insolvency Act* in respect of the Borrower or any guarantor of the Borrower;
 - (b) object to or oppose an application by the Prior Lender to a court for the appointment of a receiver or monitor over the Borrower or any guarantor of the Borrower;
 - (c) oppose the sale or other disposal of the Lands or other assets of the Borrower by the Prior Lender, provided such sale or other disposal is made under judicial supervision and the Subordinate Lender is not prohibited from making full arguments before the court, including but not limited to presenting its case for obtaining conduct of sale; and
 - (d) object to or oppose or make any claim of priority over any protective disbursement made by the Prior Lender to protect the Lands or other assets of the Borrower or any cost overrun advance made by the Prior Lender as may be recommended by a quantity surveyor who is engaged by the Prior Lender and to whom the Subordinate Lender has no reasonable objection and provided that such cost overrun advances do not exceed 15% of the agreed project budget for the development on the Lands.
8. In this Agreement the term "**Enforcement Action**" means, as against the Borrower, the commencement of power of sale, foreclosure or other judicial or private sale proceedings, the appointment or obtaining of the appointment of a receiver, a manager, or a receiver/ manager of all or any part of the Property, or the appointment of any other person, corporation or entity having similar powers as the aforesaid, the attornment of rents, the taking possession or control of all or any part of the Property or any other property or undertaking of the Borrower, the provision of any notice of intention to enforce security, the taking or commencement of any action or proceeding seeking payment of or recovery of all or any part of any indebtedness or damages in lieu thereof, the accepting of a transfer of any property in lieu of foreclosure, and/or the exercise of any other rights or remedies available to a creditor under its security or otherwise at law or in equity, including without limitation, any bankruptcy proceedings.
9. **Assignment by Subordinate Lender.** The Subordinate Lender agrees that it shall not sell, transfer, assign, alienate or otherwise dispose of any interest in the Subordinate Loan, the Subordinate Indebtedness, the Subordinate Security or the Option to any person(s), corporation(s) or entity(ies) (hereinafter, an "**Assignee**") except upon providing written notice to the Prior Lender and except in accordance with terms and conditions which are expressly subject to all of the terms of this Agreement. Concurrently with any such sale, transfer, assignment, alienation or other disposition from time to time, the Subordinate Lender shall cause each and every Assignee to enter into a subordination and standstill agreement with the Prior Lender on the same terms and conditions as this Agreement.
10. **Entire Agreement.** This Agreement and all schedules thereto contains the whole of the agreement between the parties hereto and there are no collateral or precedent conditions, warranties, agreements, representations, promises, understandings or inducements, whether oral or written, that are not specifically set forth herein, and no

modification, amendment or variation hereof shall be effective or binding on the parties hereto unless agreed to in writing by all of them.


11. **No Waiver.** The waiver by any party of the breach of any term, covenant or condition herein contained shall not constitute a waiver of such term, covenant or condition, except in respect of the particular breach giving rise to such waiver. No term, covenant or condition of this Agreement is deemed to have been waived by any party hereto unless such waiver is in given in writing by that party.
12. **Severability.** All of the sections, paragraphs, sentences, clauses and parts of this Agreement are distinct and severable, and if any of the same shall be held illegal or void, the validity or legality of the remainder of this Agreement shall not be affected.
13. **Survival of Covenants and Warranties.** The covenants, warranties and representations of the Subordinate Lender contained in this Agreement shall survive the execution and delivery of this Agreement and shall continue in full force and effect for the benefit of the Prior Lender until the Loan has been repaid in full.
14. **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein and the parties hereto irrevocably attorn to the jurisdiction of the courts of British Columbia.
15. **Successors.** This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, personal representatives, successors and assigns including any successors by amalgamation and any appointed receivers or trustees in bankruptcy.
16. **Counterparts.** This Agreement may be executed in counterparts and all counterparts so executed will constitute one Agreement binding on the parties effective upon execution by all of the parties.
17. **Time Is of the Essence.** Time is of the essence of this Agreement and every part hereof.
18. **Completion of Agreement.** The Subordinate Lender authorizes the Prior Lender's Solicitors to complete this Agreement and the attached Form C General Instrument with the details of registration of the Subordinate Security, the Option and the Prior Security when available from the appropriate registries.
19. **Replacement of Existing Subordination and Standstill Agreement.** Upon full registration of this Agreement, this Agreement replaces and supersedes the Subordination and Standstill Agreements between the Prior Lender and the Subordinate Lender relating to the Lands registered in the Land Title Office as Instrument Nos. CA7388906 and CA7388907 and Instrument Nos. CA7750577 and CA7750578 and this Agreement has effect from the date of registration of the Mortgage.
20. **GEC LP.** Each of the subordinations, postponements, acknowledgments, covenants, authorizations and other agreements granted by the Subordinate Lender in this Agreement in respect of the Subordinate Mortgage and the Option are hereby granted by the GEC LP, *mutatis mutandis*, in respect of the purchase and development agreement dated for reference February 28, 2018 between the Borrower, as

vendor/nominee, the GEC LP, as purchaser, and CIBT Education Group Inc., as guarantor, as may be amended, renewed or extended from time to time (the "**PDA**"), and the GEC LP covenants that it will not complete the purchase pursuant to the PDA without the Prior Lender's prior written consent.

Page 12

IN WITNESS WHEREOF the Prior Lender and the Subordinate Lender have executed this Agreement on the Form C – General Instrument Part 1 attached hereto and the GEC LP has caused this Agreement to be duly executed as of the date first written above.

**GLOBAL EDUCATION CITY (RICHMOND)
LIMITED PARTNERSHIP**, by its general
partner, **GEC (RICHMOND) GP INC.**

Per: 
Name: _____
Title: *Toby Cho*
Director

Per: _____
Name: _____
Title: _____

END OF DOCUMENT

LAND TITLE ACT
FORM C (Section 233) CHARGE
GENERAL INSTRUMENT - PART 1 Province of British Columbia

PAGE 1 OF 12 PAGES

Your electronic signature is a representation that you are a subscriber as defined by the Land Title Act, RSBC 1996 c.250, and that you have applied your electronic signature in accordance with Section 168.3, and a true copy, or a copy of that true copy, is in your possession.

1. APPLICATION: (Name, address, phone number of applicant, applicant's solicitor or agent)
RACHEL LEHMAN, BLAKE, CASSELS & GRAYDON LLP, BARRISTERS & SOLICITORS
595 BURRARD STREET, P.O. BOX 49314 (604) 631-5226 LTO Client No: 11163
SUITE 2600, THREE BENTALL CENTRE c/m: 70553/90061
VANCOUVER BC V7X 1L3 Doc ID No: 51167338
- Deduct LTSA Fees? Yes ☒
2. PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND:
 [PID] [LEGAL DESCRIPTION]
030-721-733 LOT 1 SECTION 5 BLOCK 4 NORTH RANGE 6 WEST NEW WESTMINSTER
DISTRICT PLAN EPP86098
- STC? YES ☐

3. NATURE OF INTEREST CHARGE NO. ADDITIONAL INFORMATION
SEE SCHEDULE

4. TERMS: Part 2 of this instrument consists of (select one only)
 (a) ☐ Filed Standard Charge Terms D.F. No. (b) ☒ Express Charge Terms Annexed as Part 2
 A selection of (a) includes any additional or modified terms referred to in Item 7 or in a schedule annexed to this instrument.

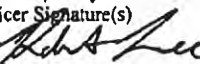
5. TRANSFEROR(S):
GEC (RICHMOND) GP INC. (INC. NO. BC1152398)

6. TRANSFEREE(S): (including postal address(es) and postal code(s))
ROMSPEN INVESTMENT CORPORATION
- 162 CUMBERLAND STREET, SUITE 300** Incorporation No
TORONTO **ONTARIO** **A0067154**
M5R 3N5 **CANADA**

7. ADDITIONAL OR MODIFIED TERMS:
N/A

8. EXECUTION(S): This instrument creates, assigns, modifies, enlarges, discharges or governs the priority of the interest(s) described in Item 3 and the Transferor(s) and every other signatory agree to be bound by this instrument, and acknowledge(s) receipt of a true copy of the filed standard charge terms, if any.

Officer Signature(s)

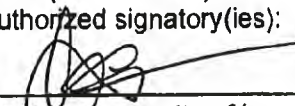

Robert Lee
Barrister & Solicitor
2300 - 925 West Georgia St.
Vancouver, B.C. V6C 3L2
Tel: 604.685.8186

Execution Date		
Y	M	D
19	11	12

Transferor(s) Signature(s)

GEC (RICHMOND) GP INC. by its
authorized signatory(ies):

Name:


Toby Chu

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.

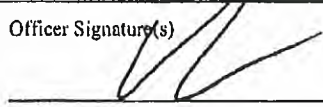
LAND TITLE ACT
FORM D

12

EXECUTIONS CONTINUED

PAGE 2 of 44 PAGES

Officer Signature(s)



Vincent Berry
Lawyer & Notary
162 Wimbush Street
Toronto, Ont

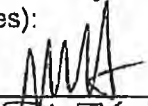
Notary Public for the Province of Ontario

Execution Date

Y	M	D
19	11	06

Transferor / Borrower / Party Signature(s)

ROMSPEN INVESTMENT
CORPORATION by its authorized
signatory(ies):


Name: WESLEY ROITMAN
DIRECTOR

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_E_V24

LAND TITLE ACT
FORM E

SCHEDULE

PAGE 3 OF 12 PAGES

NATURE OF INTEREST

CHARGE NO.

ADDITIONAL INFORMATION

Priority Agreement

Granting Mortgage CA7379144, modified by CA7749487 and CA7884333 priority over Mortgage CA6831053, extended by CA7379133 and Option to Purchase CA6831054, extended by CA7379134

NATURE OF INTEREST

CHARGE NO.

ADDITIONAL INFORMATION

Priority Agreement

Granting Assignment of Rents CA7379145, modified by CA7749488 and CA7884334 priority over Mortgage CA6831053, extended by CA7379133 and Option to Purchase CA6831054, extended by CA7379134

NATURE OF INTEREST

CHARGE NO.

ADDITIONAL INFORMATION

NATURE OF INTEREST

CHARGE NO.

ADDITIONAL INFORMATION

NATURE OF INTEREST

CHARGE NO.

ADDITIONAL INFORMATION

NATURE OF INTEREST

CHARGE NO.

ADDITIONAL INFORMATION

TERMS OF INSTRUMENT – PART 2

SUBORDINATION AND STANDSTILL AGREEMENT

THIS AGREEMENT dated for reference October 31, 2019.

BETWEEN:

ROMSPEN INVESTMENT CORPORATION

(the "Prior Lender")

- and -

GEC (RICHMOND) GP INC.

(the "Subordinate Lender")

- and -

**GLOBAL EDUCATION CITY (RICHMOND) LIMITED
PARTNERSHIP**

(the "GEC LP")

WHEREAS:

- A. Alderbridge Way Limited Partnership, by its general partner, Alderbridge Way GP Ltd., as beneficial owner, and 0989705 B.C. Ltd., as registered owner (collectively, the "Borrower") is the owner of certain lands and premises known municipally as 7960 Alderbridge Way, 5333 No. 3 Road and 5411 No. 3 Road, Richmond, BC and legally described in Item 2 of the Form C attached hereto (the "Lands") together with all personal property (the "Personal Property") located on or arising out of, from or in connection with ownership, use or disposition of the Lands (the said Lands and Personal Property being hereinafter collectively referred to as the "Property");
- B. Pursuant to the terms and conditions of the Prior Lender's commitment letter to the Borrower, *inter alia*, dated February 15, 2019, as amended by the supplement no. 1 to the commitment letter dated July 24, 2019 and as amended and restated by the loan agreement to amend and restate commitment made as of November 6, 2019, as may be further amended, renewed or extended from time to time (collectively, the "Commitment"), the Prior Lender has agreed to make or extend a loan or credit facility (the "Loan") to the Borrower in the maximum principal amount of \$422,000,000, which loan or credit facility is secured by, *inter alia*, the following security:
 - (i) a Mortgage of the Lands (the "Mortgage") relating to the Lands registered in the Land Title Office as Instrument No. CA7379144, as modified by Instrument No. CA7749487 and Instrument No. CA7884333;
 - (ii) an Assignment of Rents and Leases relating to the Mortgage registered as Instrument No. CA7379145, as modified by Instrument No. CA7749488 and Instrument No. CA7884334; and

- (iii) General Security Agreements securing, *inter alia*, the Personal Property of the Borrower notice of which was filed on March 3, 2019 as Base Registration No. 349695L pursuant to the *Personal Property Security Act* (British Columbia), as amended (the "PPSA").

All existing and future indebtedness and all other obligations and liabilities owing by the Borrower to the Prior Lender from time to time pursuant to the Loan or the Prior Security (as defined below), including but not limited to the principal sum of \$422,000,000, all interest thereon, all future advances (which indebtedness, for greater certainty, shall include, but shall not be limited to, any amounts advanced by the Lender as protective disbursements or as funding for cost overruns in respect of the project being undertaken on the Lands) and all other amounts owing to the Prior Lender thereunder, subject to a maximum principal sum of \$422,000,000 (notwithstanding any other provision herein) plus protective disbursements made by the Prior Lender in respect of protecting or preserving the Property, being hereinafter referred to as the "**Prior Indebtedness**", and the Mortgage and all other additional or collateral security now or hereafter securing the Prior Indebtedness being hereinafter referred to as the "**Prior Security**";

And for greater particularity, reference in this Agreement to the Loan, the Prior Indebtedness and the Prior Security includes all renewals, extensions, amendments, modifications and restatements thereof or thereto from time to time;

- C. The Subordinate Lender has made or extended a loan (the "**Subordinate Loan**") to the Borrower in the maximum principal amount of \$65,000,000, which loan is secured by, *inter alia*, the following security:
 - (i) a Mortgage of the Lands (the "**Subordinate Mortgage**") relating to the Lands registered in the Land Title Office as Instrument No. CA6831053, as extended by CA7379133, in the amount of \$65,000,000.

All existing and future indebtedness owing by the Borrower to the Subordinate Lender from time to time pursuant to the Subordinate Loan, including but not limited to the principal sum, all interest thereon, all future advances and all other amounts owing to the Subordinate Lender thereunder being hereinafter referred to as the "**Subordinate Indebtedness**", and the Subordinate Mortgage and all other additional or collateral security now or hereafter securing the Subordinate Indebtedness being hereinafter referred to as the "**Subordinate Security**";

And for greater particularity, reference in this Agreement to the Subordinate Loan, the Subordinate Indebtedness and the Subordinate Security includes all renewals, extensions, amendments, modifications and restatements thereof or thereto from time to time, as permitted by this Agreement;

- D. The Subordinate Lender is the registered owner of an Option to Purchase (the "**Option**") relating to the Lands registered as Instrument No. CA6831054 as extended by CA7379134; and
- E. The Subordinate Lender has agreed to subordinate and postpone the Subordinate Loan, the Subordinate Indebtedness, the Subordinate Security and the Option to and in favour of the Prior Lender, the Loan, the Prior Indebtedness and the Prior Security.

NOW THEREFORE for good and valuable consideration, including the sum of TEN DOLLARS (\$10.00) now paid by the Prior Lender to the Subordinate Lender, the receipt and sufficiency of which is hereby acknowledged by the Subordinate Lender, the parties agree as follows:

1. **Covenants, Representations and Warranties of the Subordinate Lender.** The Subordinate Lender consents to the Prior Indebtedness and the Prior Security, and represents and warrants to the Prior Lender that:
 - (a) as at the date of this Agreement, to the best of the Subordinate Lender's knowledge, the Subordinate Loan, the Subordinate Security and the Option are in good standing, in full force and effect, and the Borrower is not in default thereunder; and
 - (b) as at November 5, 2019, the total amount owing to the Subordinate Lender under the Subordinate Loan and Subordinate Security is \$60,000,000 plus accrued interest of \$14,460,121.07,

provided that the foregoing representations to the Prior Lender are without prejudice to any rights or remedies the Subordinate Lender may have against the Borrower at any time.

2. **Subordination and Postponement.** The Subordinate Lender hereby subordinates and postpones the Subordinate Loan, the Subordinate Indebtedness, the Subordinate Security and the Option to the Prior Security and the Prior Indebtedness and agrees with the Prior Lender that the Prior Security shall rank in full priority to the Subordinate Security and the Option. The subordination and postponement of the Subordinate Loan, Subordinate Indebtedness, the Subordinate Security and the Option to the Prior Security and the Prior Indebtedness, shall include subordination of the Subordinate Loan and the Subordinate Indebtedness to the extent required to make the Prior Security and the Prior Indebtedness a lien and charge against the Property which ranks ahead of the Subordinate Loan, Subordinate Indebtedness, Subordinate Security and the Option until repayment in full of the Prior Indebtedness.

No discharge, release or waiver by the Prior Lender of any of the Prior Security against or in respect of the Property or any person(s), corporation(s) or entity(ies), or any amendment, renewal, extension, replacement, discharge, modification, supplement or restatement of any portion of the Prior Indebtedness and/or the Prior Security shall require notice to or the consent of the Subordinate Lender or otherwise affect the subordination and postponement of the Subordinate Security, the Option, the Subordinate Loan and the Subordinate Indebtedness hereby granted by the Subordinate Lender.

The Subordinate Lender hereby acknowledges and agrees that this Agreement shall not defer or otherwise affect the present or future rights and remedies of the Prior Lender with respect to the present or future indebtedness and other liabilities of the Borrower to the Prior Lender in relation to the Prior Indebtedness, or with respect to any securities which the Prior Lender now holds or may hereafter receive from the Borrower as collateral for the Prior Indebtedness.

The Subordinate Lender agrees to execute and deliver at the Borrower's cost, upon request by the Prior Lender, such further instruments and agreements and assurances as may reasonably be required by the Prior Lender in the circumstances in order to confirm and give effect to the provisions of this Agreement, and further, to register,

record, amend, file or re-file notice of this Agreement and/or the subordination and postponement of the Subordinate Security and the Option in any office of public record as the Prior Lender may in its discretion consider necessary or desirable from time to time.

3. **Facilitation of Registered Owner's Project.** The Subordinate Lender covenants and agrees with the Prior Lender to execute and deliver, promptly on request, regardless of default, all such documents, plans, consents, covenants, building schemes, rights of way, easements, land use contracts and other similar instruments and amendments thereto and priority agreements in connection therewith with respect to the Borrower's project on the Lands as the Prior Lender and the Borrower, each acting reasonably, may execute and as the Prior Lender, acting reasonably, may require the Borrower to execute, but without prejudice to any rights or remedies the Subordinate Lender may have against the Borrower.
4. **Discharge of Security.** The Subordinate Lender agrees that forthwith upon demand by the Prior Lender, it will deliver executed and registrable partial discharges of the Subordinate Security to the Prior Lender upon a sale of any unit or strata lot created by subdivision of the Property (each one a "Lot"), provided that:
 - (a) the gross sale price in respect of each Lot sold is paid to the Prior Lender and applied to the amount outstanding under the Prior Indebtedness, less the following:
 - (i) applicable real estate commissions;
 - (ii) normal closing adjustments;
 - (iii) reasonable legal fees;
 - (iv) any builder's lien holdback (provided that the builder's lien holdback is irrevocably assigned by the Borrower to the Prior Lender);
 - (v) if all or a portion of the purchase deposit with respect to the Lot sold has been paid out pursuant to a deposit insurance facility, the amount so paid out; and
 - (vi) if goods and services tax or other value added tax is included in the sale price, the amount of such tax;
 - (b) the Prior Lender concurrently or previously registers a discharge (or partial discharge as applicable) of the Prior Security in respect of the Lot sold; and
 - (c) such sale of a Lot is a Qualified Condominium Presale (as defined in the Commitment) or is pursuant to a bona fide contract of purchase and sale negotiated with third parties dealing at arm's length with the Borrower and the Prior Lender.
5. **Prior Lender's Rights.** The Prior Lender may grant time, renewals, extensions, releases and discharges to, accept compositions from and otherwise deal with the Borrower as it may see fit, including without limitation renewal of the Loan secured by the Prior Security, the whole without notice to the Subordinate Lender and without prejudice to or in any way limiting or affecting the agreements on the part of the Subordinate Lender pursuant to this Agreement.

Until repayment in full of the Prior Indebtedness, the Prior Lender shall have the exclusive right to:

- (a) enforce any rights accruing to the Prior Lender by reason of the Prior Security without interference from the Subordinate Lender and to provide instructions to any receiver or monitor appointed over the Borrower or the Property;
- (b) to grant or refuse to grant any consents, approvals or waivers in respect of the Borrower or the Property;
- (c) make protective disbursements as the Prior Lender may deem appropriate which sums shall be secured by the Prior Security and take priority over the Subordinate Security, Option and Subordinate Indebtedness.

6. **Payments.** Other than as permitted herein, the Subordinate Lender will not accept any payment on the Subordinate Indebtedness secured by the Subordinate Security while the Prior Indebtedness remains outstanding. After receipt by the Subordinate Lender of notice from the Prior Lender that default has occurred under the Prior Security (the "Default Notice"), other than as permitted herein, the Subordinate Lender will not accept any payment on the Subordinate Indebtedness, including without limitation any payments of principal and interest, and if any payment is made the Subordinate Lender will forthwith remit it to the Lender to be applied to the Prior Indebtedness.
7. **Standstill.** The Subordinate Lender covenants and agrees with the Prior Lender that until: (i) the Loan and all of the Prior Indebtedness have been fully repaid and satisfied; or (ii) the Subordinate Lender has provided the Prior Lender with at least 90 days prior written notice of its intention to commence or maintain an Enforcement Action (defined below); or (iii) the Prior Lender has commenced an Enforcement Action, unless the Subordinate Lender has the express prior written consent of the Prior Lender, the Subordinate Lender will not, nor will it be entitled to, commence or maintain any Enforcement Action in respect of the Subordinate Loan, the Subordinate Indebtedness or the Subordinate Security with respect to all or any part of the Property or against the Borrower or any guarantor or covenantor of the Subordinate Loan. Notwithstanding the foregoing, it is agreed that the making of a demand for payment, the acceleration of amounts owing to the Subordinate Lender, the sending of a notice under Section 244 of the *Bankruptcy and Insolvency Act*, undertaking collateral reviews and appraisals, issuing notices of default to the Borrower, or any other such preliminary steps shall not constitute the commencement of an Enforcement Action in respect of the Subordinate Loan, the Subordinate Indebtedness or the Subordinate Security on the part of the Subordinate Lender for the purposes of this Section 7.

The Subordinate Lender acknowledges, agrees, covenants and confirms to and with the Prior Lender that the right of the Prior Lender to arbitrarily withhold its consent pursuant to this paragraph is reasonable and consistent with the protection of the legitimate business interest of the Prior Lender, it being expressly understood and agreed that the alternative for the Subordinate Lender is to pay out the Prior Indebtedness to the Lender.

The Subordinate Lender hereby agrees that at any time while any Prior Indebtedness remains outstanding, it shall not challenge, contest or bring into question the validity, priority or perfection of the Prior Security.

The Subordinate Lender hereby agrees that it shall not at any time while the Prior Indebtedness remains outstanding:

- (a) Initiate, support or encourage any proposal or similar proceeding under the *Companies' Creditors Arrangement Act* or *Bankruptcy and Insolvency Act* in respect of the Borrower or any guarantor of the Borrower;
 - (b) object to or oppose an application by the Prior Lender to a court for the appointment of a receiver or monitor over the Borrower or any guarantor of the Borrower;
 - (c) oppose the sale or other disposal of the Lands or other assets of the Borrower by the Prior Lender, provided such sale or other disposal is made under judicial supervision and the Subordinate Lender is not prohibited from making full arguments before the court, including but not limited to presenting its case for obtaining conduct of sale; and
 - (d) object to or oppose or make any claim of priority over any protective disbursement made by the Prior Lender to protect the Lands or other assets of the Borrower or any cost overrun advance made by the Prior Lender as may be recommended by a quantity surveyor who is engaged by the Prior Lender and to whom the Subordinate Lender has no reasonable objection and provided that such cost overrun advances do not exceed 15% of the agreed project budget for the development on the Lands.
8. In this Agreement the term "Enforcement Action" means, as against the Borrower, the commencement of power of sale, foreclosure or other judicial or private sale proceedings, the appointment or obtaining of the appointment of a receiver, a manager, or a receiver/ manager of all or any part of the Property, or the appointment of any other person, corporation or entity having similar powers as the aforesaid, the attornment of rents, the taking possession or control of all or any part of the Property or any other property or undertaking of the Borrower, the provision of any notice of intention to enforce security, the taking or commencement of any action or proceeding seeking payment of or recovery of all or any part of any indebtedness or damages in lieu thereof, the accepting of a transfer of any property in lieu of foreclosure, and/or the exercise of any other rights or remedies available to a creditor under its security or otherwise at law or in equity, including without limitation, any bankruptcy proceedings.
9. **Assignment by Subordinate Lender.** The Subordinate Lender agrees that it shall not sell, transfer, assign, alienate or otherwise dispose of any interest in the Subordinate Loan, the Subordinate Indebtedness, the Subordinate Security or the Option to any person(s), corporation(s) or entity(ies) (hereinafter, an "Assignee") except upon providing written notice to the Prior Lender and except in accordance with terms and conditions which are expressly subject to all of the terms of this Agreement. Concurrently with any such sale, transfer, assignment, alienation or other disposition from time to time, the Subordinate Lender shall cause each and every Assignee to enter into a subordination and standstill agreement with the Prior Lender on the same terms and conditions as this Agreement.
10. **Entire Agreement.** This Agreement and all schedules thereto contains the whole of the agreement between the parties hereto and there are no collateral or precedent conditions, warranties, agreements, representations, promises, understandings or inducements, whether oral or written, that are not specifically set forth herein, and no

modification, amendment or variation hereof shall be effective or binding on the parties hereto unless agreed to in writing by all of them.

11. **No Waiver.** The waiver by any party of the breach of any term, covenant or condition herein contained shall not constitute a waiver of such term, covenant or condition, except in respect of the particular breach giving rise to such waiver. No term, covenant or condition of this Agreement is deemed to have been waived by any party hereto unless such waiver is in given in writing by that party.
12. **Severability.** All of the sections, paragraphs, sentences, clauses and parts of this Agreement are distinct and severable, and if any of the same shall be held illegal or void, the validity or legality of the remainder of this Agreement shall not be affected.
13. **Survival of Covenants and Warranties.** The covenants, warranties and representations of the Subordinate Lender contained in this Agreement shall survive the execution and delivery of this Agreement and shall continue in full force and effect for the benefit of the Prior Lender until the Loan has been repaid in full.
14. **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein and the parties hereto irrevocably attorn to the jurisdiction of the courts of British Columbia.
15. **Successors.** This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, personal representatives, successors and assigns including any successors by amalgamation and any appointed receivers or trustees in bankruptcy.
16. **Counterparts.** This Agreement may be executed in counterparts and all counterparts so executed will constitute one Agreement binding on the parties effective upon execution by all of the parties.
17. **Time Is of the Essence.** Time is of the essence of this Agreement and every part hereof.
18. **Completion of Agreement.** The Subordinate Lender authorizes the Prior Lender's Solicitors to complete this Agreement and the attached Form C General Instrument with the details of registration of the Subordinate Security, the Option and the Prior Security when available from the appropriate registries.
19. **Replacement of Existing Subordination and Standstill Agreement.** Upon full registration of this Agreement, this Agreement replaces and supersedes the Subordination and Standstill Agreements between the Prior Lender and the Subordinate Lender relating to the Lands registered in the Land Title Office as Instrument Nos. CA7388906 and CA7388907 and Instrument Nos. CA7750577 and CA7750578 and this Agreement has effect from the date of registration of the Mortgage.
20. **GEC LP.** Each of the subordinations, postponements, acknowledgments, covenants, authorizations and other agreements granted by the Subordinate Lender in this Agreement in respect of the Subordinate Mortgage and the Option are hereby granted by the GEC LP, *mutatis mutandis*, in respect of the purchase and development agreement dated for reference February 28, 2018 between the Borrower, as

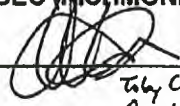
Page 11

vendor/nominee, the GEC LP, as purchaser, and CIBT Education Group Inc., as guarantor, as may be amended, renewed or extended from time to time (the "PDA"), and the GEC LP covenants that it will not complete the purchase pursuant to the PDA without the Prior Lender's prior written consent.

Page 12

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GLOBAL EDUCATION CITY (RICHMOND)
LIMITED PARTNERSHIP, by its general
partner, GEC (RICHMOND) GP INC.

Per: 
Name: Toby Cho
Title: Director

Per: _____
Name: _____
Title: _____

END OF DOCUMENT

This is **Exhibit "I"** referred to in the Affidavit of Jennifer Alambre made before me at Vancouver, British Columbia, this 31st day of March 2022.

A handwritten signature in blue ink, appearing to read "C. Burns", is written over a horizontal line.

A Commissioner for the taking of Affidavits for
British Columbia

**BY EMAIL**

March 31, 2020

Alderbridge Way Limited Partnership
 200 – 1778 West 2nd Avenue
 Vancouver BC V6J 1H6
Attention: Samuel Hanson
 samhanson@southstreet.ca

Gatland Capital Corporation
 760-1040 West Georgia Street
 Vancouver BC V6E 4H1
Attention: Graham Thom
 graham@gatlandcapital.ca

Samuel Hanson and Brent Hanson
 200 – 1778 West 2nd Avenue
 Vancouver BC V6J 1H6
 samhanson@southstreet.ca; brenthanson@southstreet.ca

Rev Holdings Ltd. and Rev Investments Inc.
 28235 Smith Avenue
 Abbotsford, BC V4Z 1C7
Attention: Jason Ratzlaff
 jason@reinvest.ca

Dear Sirs:

Re: Loan Agreement to Amend and Restate Commitment dated November 6, 2019 (the “Loan Agreement”) among Alderbridge Way Limited Partnership, Alderbridge Way GP Ltd. and 0989705 B.C. Ltd., and Romspen Investment Corporation (the “Lender”) in respect of the “Atmosphere” Project

As you know, the COVID-19 global pandemic has had dramatic and rapid effects on public health policies, the economic outlook and the functioning of the financial markets. The effects rapidly change on a daily basis, particularly in the financial markets, and are unpredictable.

The Lender has not been successful in obtaining commitments from other lenders to participate in the Construction Facility under the Loan Agreement, in part as a result of the dramatic and ongoing effects on the financial markets, especially the credit markets. Therefore, the Lender cannot waive the conditions for continued funding in the Loan Agreement regarding participations in the Construction Facility. As a result, the Lender is concerned that the capital necessary to continue and complete the construction of the Project may not be available. Accordingly, the

Lender has decided to suspend all further draws and advances as permitted under the terms of the Loan Agreement.

During these unprecedented events, we want to emphasize that we are prepared to discuss with you ways to manage through the current crisis, including by continuing to look for other lenders or investors to participate in the Construction Facility. While we want to continue discussions with you, we expect it will be necessary for you to raise additional equity or look for other sources of capital as a consequence of the disruptions caused by the pandemic.

Regards,

ROMSPEN INVESTMENT CORPORATION

By:

A handwritten signature in black ink, appearing to read 'Wes Roitman', with a stylized, cursive script.

Wes Roitman
Managing General Partner

This is **Exhibit "J"** referred to in the Affidavit of Jennifer Alambre made before me at Vancouver, British Columbia, this 31st day of March 2022.

A handwritten signature in blue ink, appearing to read "J. Burns", is written over a horizontal line.

A Commissioner for the taking of Affidavits for
British Columbia



February 17, 2021

VIA EMAIL

Alderbridge Way Limited Partnership, 0989705 B.C. Ltd. and Alderbridge Way GP Ltd.
 200 - 1778 West 2nd Avenue
 Vancouver, BC V6J 1H6
 Attention: Samuel Hanson
 Email: samhanson@southstreet.ca

Gatland Development Corporation
 c/o Gatland Capital Corporation
 760-1040 West Georgia Street
 Vancouver, BC V6E 4H1
 Attention: Graham Thom
 Email: graham@gatlandcapital.ca

South Street Development Managers Ltd., South Street (Alderbridge) Limited Partnership, Samuel David Hanson and Brent Taylor Hanson
 200 - 1778 West 2nd Avenue
 Vancouver, BC V6J 1H6
 Attention: Samuel Hanson and Brent Hanson
 Email: samhanson@southstreet.ca and brenthanson@southstreet.ca

REV Holdings Ltd. and REV Investments Inc.
 28235 Smith Avenue
 Abbotsford, BC V4Z 1C7
 Attention: Jason Ratzlaff
 Email: jason@reinvest.ca

Re: \$422,000,000 First Mortgage Financing, "Atmosphere", 7960 Alderbridge Way, 5333 No. 3 Road and 5411 No. 3 Road, Richmond, British Columbia legally described as PID: 030-721-733, Lot 1 Section 5 Block 4 North Range 6 West New Westminster District Plan EPP86098 (the "Property")

RE: Notice of Defaults

Dear Sirs/Mesdames:

Reference is made to:

162 Cumberland Street, Suite 300 • Toronto, Ontario M5R 3N5 • T: 416-966-1100 • F: 416-966-1161 • www.romспен.com

24063032.2

- (i) Loan agreement to amend and restate commitment made as of November 6, 2019 (as amended or supplemented, the "**Loan Agreement**") among 0989705 B.C. Ltd. ("**098**"), Alderbridge Way GP Ltd. ("**Alderbridge GP**") and Alderbridge Way Limited Partnership ("**Alderbridge LP**", and together with 098 and Alderbridge GP, the "**Borrower**"), collectively as borrower, Gatland Development Corporation ("**Gatland**"), REV Holdings Ltd. ("**REV Holdings**"), REV Investments Inc. ("**REV Investments**"), South Street Development Managers Ltd. ("**South Street Development**"), South Street (Alderbridge) Limited Partnership ("**South Street LP**"), Samuel David Hanson ("**Samuel Hanson**") and Brent Taylor Hanson ("**Brent Hanson**", and together with Gatland, REV Holdings, REV Investments, South Street Development, South Street LP and Samuel Hanson, the "**Guarantors**"), collectively as guarantors, and Romspen Investment Corporation ("**Romspen**"), as lender, which Loan Agreement is an amendment to and restatement of the commitment dated February 15, 2019 among Romspen, the Borrower and the Guarantors, as amended by a supplement no. 1 dated July 24, 2019;
- (ii) Mortgage dated for reference February 15, 2019 and registered in the New Westminster Land Title Office (the "**LTO**") on March 5, 2019 under No. CA7379144, as modified by a modification of mortgage and assignment of rents dated for reference July 24, 2019 and registered in the LTO on September 16, 2019 under No. CA7749487 and by a modification of mortgage and assignment of rents dated for reference November 5, 2019 and registered in the LTO on November 22, 2019 under No. CA7884333, granted by 098 to Romspen over the Property (collectively, the "**Mortgage**"), under which 098 granted an assignment of rents registered in the LTO under No. CA7379145, as modified by a modification of mortgage and assignment of rents dated for reference July 24, 2019 and registered in the LTO on September 16, 2019 under No. CA7749488 and by a modification of mortgage and assignment of rents dated for reference November 5, 2019 and registered in the LTO on November 22, 2019 under No. CA7884334;
- (iii) Beneficial charge agreement and nominee direction dated for reference February 15, 2019 delivered by Alderbridge LP to 098 and to Romspen, as amended by an amendment to beneficial charge agreement and nominee direction dated for reference July 24, 2019 and by an amendment to beneficial charge agreement and nominee direction dated for reference November 5, 2019 (collectively, the "**Beneficial Charge**");
- (iv) Assignment of insurance dated for reference February 15, 2019 delivered by the Borrower to Romspen;
- (v) Environmental indemnity agreement dated for reference February 15, 2019 delivered by the Borrower and the Guarantors to Romspen;
- (vi) Security agreement dated for reference February 15, 2019 delivered by Alderbridge LP to Romspen (the "**Alderbridge LP GSA**");
- (vii) Security agreement dated for reference February 15, 2019 delivered by 098 to Romspen (the "**098 GSA**");
- (viii) Security agreement dated for reference February 15, 2019 delivered by Alderbridge GP to Romspen (the "**Alderbridge GP GSA**");
- (ix) Security agreement dated for reference February 15, 2019 delivered by Gatland to Romspen (the "**Gatland GSA**");

- (x) Security agreement dated for reference February 15, 2019 delivered by REV Holdings to Romspen (the "**REV Holdings GSA**");
- (xi) Security agreement dated for reference February 15, 2019 delivered by REV Investments to Romspen (the "**REV Investments GSA**");
- (xii) Security agreement dated for reference February 15, 2019 delivered by South Street Development to Romspen (the "**South Street Development GSA**");
- (xiii) Security agreement dated for reference February 15, 2019 delivered by South Street Development LP to Romspen (the "**South Street LP GSA**");
- (xiv) Security agreement dated for reference February 15, 2019 delivered by Samuel Hanson to Romspen (the "**Samuel Hanson GSA**");
- (xv) Security agreement dated for reference February 15, 2019 delivered by Brent Hanson to Romspen (together with the Alderbridge LP GSA, the 098 GSA, the Alderbridge GP GSA, the Gatland GSA, the REV Holdings GSA, the REV Investments GSA, the South Street Development GSA, the South Street LP GSA and the Samuel Hanson GSA, the "**GSAs**");
- (xvi) Subordination agreement dated for reference February 15, 2019 delivered to Romspen by the unitholders of Alderbridge LP, being Alderbridge GP, South Street LP, REV Investments, Gatland, J.V. Driver Investments Inc., G. Wong Holdings Inc., MNB Enterprises Inc., Chatanooga Investments Ltd., R. Jay Management Ltd. and Kenneth D. Voth;
- (xvii) Subordination agreement dated for reference February 15, 2019 delivered to Romspen by the sole shareholder of 098, being Alderbridge LP;
- (xviii) Subordination agreement dated for reference February 15, 2019 delivered to Romspen by the shareholders of Alderbridge GP, being South Street Development, Gatland and REV Investments;
- (xix) Subordination agreement dated for reference February 15, 2019 delivered to Romspen by the shareholders of Gatland, being Michele L. Thom and Graham A. Thom;
- (xx) Subordination agreement dated for reference February 15, 2019 delivered to Romspen by shareholders of REV Holdings, being Palamar Holdings Ltd. and Don and Elma Voth Joint Partner Trust;
- (xxi) Subordination agreement dated for reference February 15, 2019 delivered to Romspen by the sole shareholder of South Street Development, being S.D.H. Family Holdings Inc.;
- (xxii) Subordination agreement dated for reference February 15, 2019 delivered to Romspen by the unitholders of South Street LP, being South Street (Alderbridge) GP Ltd., Tatton Development Corp. and MACASH Investment Corp.;
- (xxiii) Pledge agreement dated for reference February 15, 2019 delivered to Romspen by the unitholders of Alderbridge LP, being Alderbridge GP, South Street LP, REV Investments, Gatland, J.V. Driver Investments Inc., G. Wong Holdings Inc., MNB Enterprises Inc., Chatanooga Investments Ltd., R. Jay Management Ltd. and Kenneth D. Voth, and stock powers of attorney delivered thereunder;

- (xxiv) Pledge agreement dated for reference February 15, 2019 delivered to Romspen by the sole shareholder of 098, being Alderbridge LP, and stock powers of attorney delivered thereunder;
- (xxv) Pledge agreement dated for reference February 15, 2019 delivered to Romspen by the shareholders of Alderbridge GP, being South Street Development, Gatland and REV Investments, and stock powers of attorney delivered thereunder;
- (xxvi) Guarantee dated for reference February 15, 2019 delivered by Gatland to Romspen (the "**Gatland Guarantee**");
- (xxvii) Guarantee dated for reference February 15, 2019 delivered by REV Holdings to Romspen (the "**REV Holdings Guarantee**");
- (xxviii) Guarantee dated for reference February 15, 2019 delivered by REV Investments to Romspen (the "**REV Investments Guarantee**");
- (xxix) Guarantee dated for reference February 15, 2019 delivered by South Street Development to Romspen (the "**South Street Development Guarantee**");
- (xxx) Guarantee dated for reference February 15, 2019 delivered by South Street Development LP to Romspen (the "**South Street LP Guarantee**");
- (xxxi) Guarantee dated for reference February 15, 2019 delivered by Samuel Hanson to Romspen (the "**Samuel Hanson Guarantee**");
- (xxxii) Guarantee dated for reference February 15, 2019 delivered by Brent Hanson to Romspen (together with the Gatland Guarantee, the REV Holdings Guarantee, the REV Investments Guarantee, the South Street Development Guarantee, the South Street LP Guarantee and the Samuel Hanson Guarantee, the "**Guarantees**");
- (xxxiii) Reaffirmation of security dated for reference July 24, 2019 delivered by the Borrower and the Guarantors to Romspen;
- (xxxiv) Reaffirmation of security dated for reference November 5, 2019 delivered by the Borrower and the Guarantors to Romspen;
- (xxxv) Amended and restated cost overrun, project completion and debt service guarantee dated for reference November 5, 2019 delivered by the Borrower and the Guarantors to Romspen;
- (xxxvi) Amended and restated general assignment of agreements dated for reference November 5, 2019 delivered by the Borrower and the Guarantors to Romspen;
- (xxxvii) Assignment of security and direction to pay dated for reference November 5, 2019 delivered by the Borrower to Romspen and to the City of Richmond; and
- (xxxviii) Covenant dated for reference November 5, 2019 delivered by the Borrower to Romspen, (together with all other Documents delivered in connection with the Loan Agreement, the "**Documents**").

All terms used herein that are defined in the Documents and not otherwise defined herein shall have the meanings assigned to them in the Documents.

We hereby provide notice to you:

1. of the occurrence of the following Default which shall become an Event of Default under Section 13.01(1)(b) of the Loan Agreement if it continues for two Business Days after the date of this notice:
 - (a) the Borrower's breach of Section 8.01(1)(a) of the Loan Agreement, which requires the Borrower to pay interest computed as provided in Article 5 of the Loan Agreement monthly in arrears. Since March 2020, the Borrower has failed to satisfy the requirement under Section 8.01(1)(a) of the Loan Agreement;
2. of the occurrence of the following Defaults which shall become Events of Default under Section 13.01(1)(c) of the Loan Agreement if they continue for 10 days after the date of this notice, or, where Romspen considers, acting reasonably, that such default cannot be cured within such 10 days, such longer period as Romspen may permit provided the Borrower is diligently proceeding to cure such default:
 - (a) the Borrower's breach of Section 11.01(m) of the Loan Agreement, which requires the Borrower to maintain all realty Taxes current. The 2020 property taxes in respect of the Property are currently in arrears in the amount of \$824,272.39 and interest to February 10, 2021 in the amount of \$5,046.13 has accrued;
 - (b) the Borrower's breach of Section 11.01(w) of the Loan Agreement, which requires the Borrower to, *inter alia*, manage the development and Construction of, and operate, the Project in accordance with the Project Budget and the Construction Schedule, and, subject to *Force Majeure*, to not abandon (for a single period of 20 days or more), and to ensure that there is no abandonment of, the Project; and
 - (c) the Borrower's breach of Section 11.01(aa) of the Loan Agreement, which requires the Borrower to, *inter alia*, maintain at all times Borrower's Equity as required by the terms of the Loan Agreement; and
3. that the Lender is requiring you to release, discharge or vacate from title the claims of lien made against the Project Lands under the *Builders Lien Act*, of which there are currently 9 claims of lien, all of which were registered between August 13, 2020 and December 11, 2020. If such claims of lien are not released, discharged or vacated, an Event of Default shall occur under Section 13.01(1)(s) of the Loan Agreement.

Romspen hereby reserves and preserves all of its rights and remedies against the Borrower and Guarantors and each of them pursuant to the Documents and at law or equity, including but not limited to Romspen's legal fees and all costs of enforcement pursuant to the Documents. Romspen's action(s), including the past or present failure of Romspen to exercise any rights or remedies under the Documents or at law, shall not be a waiver of any rights or remedies of Romspen as against the Borrower or Guarantors as a result of any Event of Default, the Defaults described above or otherwise. The Defaults described in this notice do not necessarily constitute all of the Defaults or Events of Default which currently exist and the specific reference to the Defaults herein does not constitute a waiver or implied waiver of any Defaults or Event(s) of Default which currently exist.

We trust you will give this matter your immediate attention.

Sincerely,

ROMSPEN INVESTMENT CORPORATION



By: _____

Name: Joel Mickelson

Title: Secretary

This is **Exhibit "K"** referred to in the Affidavit of Jennifer Alambre made before me at Vancouver, British Columbia, this 31st day of March 2022.

A handwritten signature in blue ink, appearing to read "J. B. Smith", is written over a horizontal line.

A Commissioner for the taking of Affidavits for
British Columbia

NEW WESTMINSTER LAND TITLE OFFICE

BUILDERS LIEN ACT

FORM 5 (Sections 15, 16, 18)

Aug-13-2020 09:44:26.001

CA8358916

CLAIM OF LIEN Province of British Columbia

PAGE 1 OF 1 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.

Ryan Alexander
Shaw BUMMVR

Digitally signed by Ryan Alexander Shaw BUMMVR
Date: 2020.08.12 13:59:22 -07'00'

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

Richards Buell Sutton LLP (Attention: Ryan A. Shaw)

Barristers & Solicitors

700-401 West Georgia Street

Vancouver

BC V6B 5A1

Document Fees: \$0.00

Tel: 604.682.3664

File No. 49492-0004

I, Amela Brudar

of 300 – 224 W 8th Ave

Vancouver, BC V5Y 1N5

, agent of the lien claimant state that:

1. GBL ARCHITECTS INC.

Incorporation No

BC0781200

of c/o 700-401 West Georgia Street, Vancouver, BC V6B 5A1

claims a lien against the following land:

[PID]

[legal description]

030-721-733

LOT 1 SECTION 5 BLOCK 4 NORTH RANGE 6 WEST NEW WESTMINSTER

DISTRICT PLAN EPP86098

STC? YES ☐

2. A general description of the work done or material supplied, or to be done or supplied, or both, is as follows:

Provision of architectural services.

3. The person who engaged the lien claimant, or to whom the lien claimant supplied material, and who is or will become indebted to the lien claimant is:

South Street Financial Corp.

4. The sum of \$ 539,996.94 is or will become due and owing to GBL Architects Inc.

on July 14, 2020

5. The lien claimant's address for service is:

c/o 700-401 West Georgia Street, Vancouver, BC V6B 5A1

Signed: _____

Date: August 12, 2020

Note: Section 45 of the Builders Lien Act provides as follows:

45 (1) A person who knowingly files or causes an agent to file claim of lien containing a false statement commits an offence.

(2) A person who commits an offence under subsection (1) is liable to a fine not exceeding the greater of \$2,000 and the amount by which the stated claim exceeds the actual claim.

NEW WESTMINSTER LAND TITLE OFFICE

BUILDERS LIEN ACT

FORM 5 (Sections 15, 16, 18)

Aug-19-2020 15:08:19.001

CA8372128

CLAIM OF LIEN Province of British Columbia

PAGE 1 OF 1 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.

Curtis Jeffrey
Simmonds
9CY6SR

Digitally signed by Curtis
Jeffrey Simmonds 9CY6SR
Date: 2020.08.19 15:02:32
-07'00'

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

McLean & Armstrong LLP
300 - 1497 Marine Drive

Tel: 604-925-0672
File No: 3619-002

West Vancouver

BC V7T 1B8

Document Fees: \$0.00

I, Chris Moore

of 300 - 1497 Marine Drive

West Vancouver, BC V7T 1B8

, agent of the lien claimant state that:

1. RUSH CONTRACTORS GROUP INC.

Incorporation No
BC1252679

of #270 - 8202 Swenson Way, Delta BC V4G 1J8

claims a lien against the following land:

[PID]

[legal description]

030-721-733

LOT 1 SECTION 5 BLOCK 4 NORTH RANGE 6 WEST NEW WESTMINSTER
DISTRICT PLAN EPP86098

STC? YES ☐

2. A general description of the work done or material supplied, or to be done or supplied, or both, is as follows:

Excavation and disposal of material to allow for the building of future towers and parking lot
(including dewatering)

3. The person who engaged the lien claimant, or to whom the lien claimant supplied material, and who is or will become indebted to the lien claimant is:

Metro-Can Construction (AT) Ltd. (Inc. No. BC1174305)

4. The sum of \$ 4,247,963.34 is or will become due and owing to Rush Contractors Group Inc. (BC1252679)
on August 19, 2020

5. The lien claimant's address for service is:

c/o McLean & Armstrong LLP
300 - 1497 Marine Drive, West Vancouver, BC V7T 1B8

Signed: _____

Date: August 19, 2020

Note: Section 45 of the Builders Lien Act provides as follows:

45 (1) A person who knowingly files or causes an agent to file claim of lien containing a false statement commits an offence.

(2) A person who commits an offence under subsection (1) is liable to a fine not exceeding the greater of \$2,000 and the amount by which the stated claim exceeds the actual claim.

NEW WESTMINSTER LAND TITLE OFFICE

BUILDERS LIEN ACT

FORM 5 (Sections 15, 16, 18)

Aug-20-2020 13:06:06.001

CA8374576

CLAIM OF LIEN Province of British Columbia

PAGE 1 OF 1 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 168.4(4) of the act, and that an execution copy, or a true copy of that execution copy, is in your possession.

Charlotte Crystal Leung X7A4TU
Digitally signed by Charlotte Crystal Leung X7A4TU
Date: 2020.08.20 13:01:12 -07'00'

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

SHK LAW CORPORATION

700 - 555 BURRARD STREET

Attn: J. Marc MacEwing

Tel: 604-684-0727

File No. 21389 JMM

VANCOUVER

BC V7X 1M8

Document Fees: \$0.00

I, ANAND MITCHELL

of 130 - 9347 200A Street,

Langley, BC V1M 0B3, Project Manager and

, agent of the lien claimant state that:

1. KELLER FOUNDATIONS LTD.

Incorporation No

BC1169924

of 130 - 9347 200A Street, Langley, BC V1M 0B3

claims a lien against the following land:

[PID] [legal description]

030-721-733

**LOT 1 SECTION 5 BLOCK 4 NORTH RANGE 6 WEST NEW WESTMINSTER
DISTRICT PLAN EPP86098**

STC? YES ☐

2. A general description of the work done or material supplied, or to be done or supplied, or both, is as follows:

Subcontract labour, materials and equipment supplied to the above-described lands for the construction of cutoff wall and associated works.

3. The person who engaged the lien claimant, or to whom the lien claimant supplied material, and who is or will become indebted to the lien claimant is:

METRO-CAN CONSTRUCTION (AT) LTD.

4. The sum of \$ 2,364,979.52 is or will become due and owing to KELLER FOUNDATIONS LTD.
on August 20, 2020.

5. The lien claimant's address for service is:

KELLER FOUNDATIONS LTD.

130 - 9347 200A Street, Langley, BC V1M 0B3 Attn: Anand Mitchell

Signed: _____

Date: August 20, 2020

Note: Section 45 of the Builders Lien Act provides as follows:

45 (1) A person who knowingly files or causes an agent to file claim of lien containing a false statement commits an offence.

(2) A person who commits an offence under subsection (1) is liable to a fine not exceeding the greater of \$2,000 and the amount by which the stated claim exceeds the actual claim.

NEW WESTMINSTER LAND TITLE OFFICE

BUILDERS LIEN ACT

FORM 5 (Sections 15, 16, 18)

Sep-15-2020 16:28:18.001

CA8430747

CLAIM OF LIEN Province of British Columbia

PAGE 1 OF 1 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.

Devon Harold
Lehrer E66GS8

Digitally signed by Devon
Harold Lehrer E66GS8
Date: 2020.09.15
16:25:30 -07'00'

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

Devon H. Lehrer

Jenkins Marzban Logan LLP

900 - 808 Nelson Street

Vancouver

BC V6Z 2H2

Document Fees: \$0.00

File No. 20048-037

Tel. No. 604-681-6564

I, Tim Peters

of

900 - 808 Nelson Street, Vancouver, British Columbia, V6Z 2H2, agent of the lien claimant state that:

1. METRO-CAN CONSTRUCTION (AT) LTD.

Incorporation No

BC1174305

of Suite 520, 14070 - 152 Street, Surrey, British Columbia, V3R 0Y3

claims a lien against the following land:

[PID]

[legal description]

030-721-733

LOT 1 SECTION 5 BLOCK 4 NORTH RANGE 6 WEST NEW WESTMINSTER
DISTRICT PLAN EPP86098

STC? YES ☐

2. A general description of the work done or material supplied, or to be done or supplied, or both, is as follows:

Provision of construction and general contracting services and associated work for off-site civil work, which is a part of an improvement being constructed on the lands.

3. The person who engaged the lien claimant, or to whom the lien claimant supplied material, and who is or will become indebted to the lien claimant is:

Alderbridge Way Limited Partnership by its general partner Alderbridge Way GP Ltd.

4. The sum of \$ 11,291.75 is or will become due and owing to Metro-Can Construction (AT) Ltd.
on September 15, 2020.

5. The lien claimant's address for service is:

c/o Jenkins Marzban Logan LLP, 900 - 808 Nelson Street, Vancouver, British Columbia, V6Z 2H2
Attention: Tim Peters

Signed: _____

Date: September 15, 2020

Note: Section 45 of the Builders Lien Act provides as follows:

45 (1) A person who knowingly files or causes an agent to file claim of lien containing a false statement commits an offence.

(2) A person who commits an offence under subsection (1) is liable to a fine not exceeding the greater of \$2,000 and the amount by which the stated claim exceeds the actual claim.

NEW WESTMINSTER LAND TITLE OFFICE

BUILDERS LIEN ACT

FORM 5 (Sections 15, 16, 18)

Sep-15-2020 16:28:18.002

CA8430748

CLAIM OF LIEN Province of British Columbia

PAGE 1 OF 1 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.

Devon Harold
Lehrer E66GS8Digitally signed by Devon
Harold Lehrer E66GS8
Date: 2020.09.15
16:25:07 -07'00'

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

Devon H. Lehrer

Jenkins Marzban Logan LLP

900 - 808 Nelson Street

Vancouver

BC V6Z 2H2

Document Fees: \$0.00

File No. 20048-037

Tel. No. 604-681-6564

I, Tim Peters

of

900 - 808 Nelson Street, Vancouver, British Columbia, V6Z 2H2, agent of the lien claimant state that:

1. METRO-CAN CONSTRUCTION (AT) LTD.

Incorporation No

BC1174305

of Suite 520, 14070 - 152 Street, Surrey, British Columbia, V3R 0Y3

claims a lien against the following land:

[PID]

[legal description]

030-721-733

LOT 1 SECTION 5 BLOCK 4 NORTH RANGE 6 WEST NEW WESTMINSTER

DISTRICT PLAN EPP86098

STC? YES ☐

2. A general description of the work done or material supplied, or to be done or supplied, or both, is as follows:

Provision of construction and general contracting services and associated work for excavation work and the construction of a DSM water cut off wall, which is a part of an improvement being constructed on the lands.

3. The person who engaged the lien claimant, or to whom the lien claimant supplied material, and who is or will become indebted to the lien claimant is:

Alderbridge Way Limited Partnership by its general partner Alderbridge Way GP Ltd.

4. The sum of \$ 6,351,083.73 is or will become due and owing to Metro-Can Construction (AT) Ltd.
on September 15, 2020.

5. The lien claimant's address for service is:

c/o Jenkins Marzban Logan LLP, 900 - 808 Nelson Street, Vancouver, British Columbia, V6Z 2H2
Attention: Tim Peters

Signed: _____

Date: September 15, 2020

Note: Section 45 of the Builders Lien Act provides as follows:

45 (1) A person who knowingly files or causes an agent to file claim of lien containing a false statement commits an offence.

(2) A person who commits an offence under subsection (1) is liable to a fine not exceeding the greater of \$2,000 and the amount by which the stated claim exceeds the actual claim.

NEW WESTMINSTER LAND TITLE OFFICE

BUILDERS LIEN ACT

FORM 5 (Sections 15, 16, 18)

Sep-15-2020 16:28:18.003

CA8430749

CLAIM OF LIEN Province of British Columbia

PAGE 1 OF 1 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.

Devon Harold
Lehrer E66GS8

Digitally signed by Devon
Harold Lehrer E66GS8
Date: 2020.09.15
16:24:45 -07'00'

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

Devon H. Lehrer

Jenkins Marzban Logan LLP

900 - 808 Nelson Street

Vancouver

BC V6Z 2H2

Document Fees: \$0.00

File No. 20048-037

Tel. No. 604-681-6564

I, Tim Peters

of

900 - 808 Nelson Street, Vancouver, British Columbia, V6Z 2H2, agent of the lien claimant state that:

1. METRO-CAN CONSTRUCTION (AT) LTD.

Incorporation No

BC1174305

of Suite 520, 14070 - 152 Street, Surrey, British Columbia, V3R 0Y3

claims a lien against the following land:

[PID]

[legal description]

030-721-733

LOT 1 SECTION 5 BLOCK 4 NORTH RANGE 6 WEST NEW WESTMINSTER

DISTRICT PLAN EPP86098

STC? YES ☐

2. A general description of the work done or material supplied, or to be done or supplied, or both, is as follows:

Provision of construction and general contracting services and associated work for excavation work and the construction of a DSM water cut off wall, which is a part of an improvement being constructed on the lands.

3. The person who engaged the lien claimant, or to whom the lien claimant supplied material, and who is or will become indebted to the lien claimant is:

Alderbridge Way Limited Partnership by its general partner Alderbridge Way GP Ltd.

4. The sum of \$ 1,390,796.43 is or will become due and owing to Metro-Can Construction (AT) Ltd.
on November 30, 2020.

5. The lien claimant's address for service is:

c/o Jenkins Marzban Logan LLP, 900 - 808 Nelson Street, Vancouver, British Columbia, V6Z 2H2
Attention: Tim Peters

Signed: _____

Date: September 15, 2020

Note: Section 45 of the Builders Lien Act provides as follows:

45 (1) A person who knowingly files or causes an agent to file claim of lien containing a false statement commits an offence.

(2) A person who commits an offence under subsection (1) is liable to a fine not exceeding the greater of \$2,000 and the amount by which the stated claim exceeds the actual claim.

NEW WESTMINSTER LAND TITLE OFFICE

BUILDERS LIEN ACT
FORM 5 (Sections 15, 16, 18)

Sep-15-2020 16:28:18.004

CA8430750

CLAIM OF LIEN Province of British Columbia

PAGE 1 OF 1 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.

Devon Harold
Lehrer E66GS8

Digitally signed by Devon
Harold Lehrer E66GS8
Date: 2020.09.15
16:24:22 -07'00'

APPLICATION: (Name, address, phonenumber of applicant, applicant's solicitor or agent)

Devon H. Lehrer

Jenkins Marzban Logan LLP

900 - 808 Nelson Street

Vancouver

BC V6Z 2H2

Document Fees: \$0.00

File No. 20048-037

Tel. No. 604-681-6564

I, Tim Peters

of

900 - 808 Nelson Street, Vancouver, British Columbia, V6Z 2H2, agent of the lien claimant state that:

1. METRO-CAN CONSTRUCTION (AT) LTD.

Incorporation No

BC1174305

of Suite 520, 14070 - 152 Street, Surrey, British Columbia, V3R 0Y3

claims a lien against the following land:

[PID]

[legal description]

030-721-733

LOT 1 SECTION 5 BLOCK 4 NORTH RANGE 6 WEST NEW WESTMINSTER
DISTRICT PLAN EPP86098STC? YES ☐

2. A general description of the work done or material supplied, or to be done or supplied, or both, is as follows:

Provision of construction and general contracting services and associated work for off-site civil work, which is a part of an improvement being constructed on the lands.

3. The person who engaged the lien claimant, or to whom the lien claimant supplied material, and who is or will become indebted to the lien claimant is:

Alderbridge Way Limited Partnership by its general partner Alderbridge Way GP Ltd.

4. The sum of \$ 25,200.00 is or will become due and owing to Metro-Can Construction (AT) Ltd.
on November 30, 2020.

5. The lien claimant's address for service is:

c/o Jenkins Marzban Logan LLP, 900 - 808 Nelson Street, Vancouver, British Columbia, V6Z 2H2
Attention: Tim Peters

Signed: _____

Date: September 15, 2020

Note: Section 45 of the Builders Lien Act provides as follows:

45 (1) A person who knowingly files or causes an agent to file claim of lien containing a false statement commits an offence.

(2) A person who commits an offence under subsection (1) is liable to a fine not exceeding the greater of \$2,000 and the amount by which the stated claim exceeds the actual claim.



Builders Lien Act
Claim of Lien
 Province of British Columbia

NEW WESTMINSTER LAND TITLE OFFICE

DEC 11 2020 13:08:04.001

CA8639513

Application

Devon H. Lehrer
 Jenkins Mazrban Logan LLP
 900 - 808 Nelson Street
 Vancouver BC V6Z 2H2
 604-681-6564

I, **Tim Peters** of **900 - 808 Nelson Street, Vancouver BC V6Z 2H2**, agent of the lien claimant state that:

1. **METRO-CAN CONSTRUCTION (AT) LTD. , Inc No BC1174305**

of **Suite 520, 14070 - 152 Street, Surrey BC V3R 0Y3** claims a lien against the following land:

PID/Plan Number	Legal Description
030-721-733	LOT 1 SECTION 5 BLOCK 4 NORTH RANGE 6 WEST NEW WESTMINSTER DISTRICT PLAN EPP86098

2. A general description of the work done or material supplied, or to be done or supplied, or both, is as follows:

Provision of construction and general contracting services and associated work for excavation work and the construction of a DSM water cut off wall, which is a part of an improvement being constructed on the lands.

3. The person who engaged the lien claimant, or to whom the lien claimant supplied material, and who is or will become indebted to the lien claimant is:

Alderbridge Way Limited Partnership by its general partner Alderbridge Way GP Ltd.

4. The sum of **\$161,061.55** is or will become due and owing to **METRO-CAN CONSTRUCTION (AT) LTD.** on **2020-12-30**

5. The lien claimant's address for service is:

c/o Jenkins Marzban Logan LLP (Attn: Tim Peters) 900 - 808 Nelson Street, Vancouver BC V6Z 2H2

Signature

X

Date (YYYY-MM-DD)

2020-12-09

Note: Section 45 of the *Builders Lien Act* provides as follows:

45 (1) A person who knowingly files or causes an agent to file claim of lien containing a false statement commits an offence.

(2) A person who commits an offence under subsection (1) is liable to a fine not exceeding the greater of \$2,000 and the amount by which the stated claim exceeds the actual claim.

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.

**Devon Harold
 Lehrer E66GS8**

Digitally signed by
 Devon Harold Lehrer
 E66GS8
 Date: 2020-12-11
 13:06:21 -08:00



Builders Lien Act
Claim of Lien
 Province of British Columbia

NEW WESTMINSTER LAND TITLE OFFICE
 DEC 11 2020 13:08:04.002
CA8639514

Application

Devon H. Lehrer
 Jenkins Mazrban Logan LLP
 900 - 808 Nelson Street
 Vancouver BC V6Z 2H2
 604-681-6564

I, **Tim Peters** of **900 - 808 Nelson Street, Vancouver BC V6Z 2H2**, agent of the lien claimant state that:

1. **METRO-CAN CONSTRUCTION (AT) LTD. , Inc No BC1174305**

of **Suite 520, 14070 - 152 Street, Surrey BC V3R 0Y3** claims a lien against the following land:

PID/Plan Number	Legal Description
030-721-733	LOT 1 SECTION 5 BLOCK 4 NORTH RANGE 6 WEST NEW WESTMINSTER DISTRICT PLAN EPP86098

2. A general description of the work done or material supplied, or to be done or supplied, or both, is as follows:

Provision of construction and general contracting services and associated work for excavation work and the construction of a DSM water cut off wall, which is a part of an improvement being constructed on the lands.

3. The person who engaged the lien claimant, or to whom the lien claimant supplied material, and who is or will become indebted to the lien claimant is:

Alderbridge Way Limited Partnership by its general partner Alderbridge Way GP Ltd.

4. The sum of **\$17,895.73** is or will become due and owing to **METRO-CAN CONSTRUCTION (AT) LTD.** on **2021-01-31**

5. The lien claimant's address for service is:

c/o Jenkins Marzban Logan LLP (Attn: Tim Peters) 900 - 808 Nelson Street, Vancouver BC V6Z 2H2

Signature

X

Date (YYYY-MM-DD)

2020-12-09

Note: Section 45 of the *Builders Lien Act* provides as follows:

45 (1) A person who knowingly files or causes an agent to file claim of lien containing a false statement commits an offence.

(2) A person who commits an offence under subsection (1) is liable to a fine not exceeding the greater of \$2,000 and the amount by which the stated claim exceeds the actual claim.

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.

**Devon Harold
 Lehrer E66GS8**

Digitally signed by
 Devon Harold Lehrer
 E66GS8
 Date: 2020-12-11
 13:07:16 -08:00



Builders Lien Act
Claim of Lien
Province of British Columbia

NEW WESTMINSTER LAND TITLE OFFICE
MAR 01 2021 12:40:05.001
CA8808803

Application

Michael-John Dew
Jenkins Marzban Logan LLP
900-808 Nelson Street
Vancouver BC V6Z 2H2
6048953160

20048-037

I, **Michael-John Dew** of **900-808 Nelson Street, Vancouver BC V6Z 2H2**, agent of the lien claimant state that:

1. **METRO-CAN CONSTRUCTION (AT) LTD. , Inc No BC1174305**

of **Suite 520, 10470 - 152nd Street, Surrey BC V3R 0Y3** claims a lien against the following land:

PID/Plan Number	Legal Description
030-721-733	LOT 1 SECTION 5 BLOCK 4 NORTH RANGE 6 WEST NEW WESTMINSTER DISTRICT PLAN EPP86098

2. A general description of the work done or material supplied, or to be done or supplied, or both, is as follows:

Provision of construction and general contracting services and associated work for excavation work and the construction of a DSM water cut off wall, which is a part of an improvement being constructed on the lands.

3. The person who engaged the lien claimant, or to whom the lien claimant supplied material, and who is or will become indebted to the lien claimant is:

Alderbridge Way Limited Partnership by its general partner Alderbridge Way GP Ltd.

4. The sum of **\$708,096.01** is or will become due and owing to **METRO-CAN CONSTRUCTION (AT) LTD.** on **2021-03-01**

5. The lien claimant's address for service is:

c/o Jenkins Marzban Logan LLP (Att: Michael Dew) 900-808 Nelson Street, Vancouver BC V6Z 2H2

Signature

X

Date (YYYY-MM-DD)

2021-03-01

Note: Section 45 of the *Builders Lien Act* provides as follows:

45 (1) A person who knowingly files or causes an agent to file claim of lien containing a false statement commits an offence.

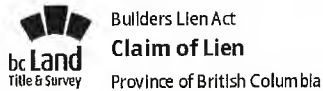
(2) A person who commits an offence under subsection (1) is liable to a fine not exceeding the greater of \$2,000 and the amount by which the stated claim exceeds the actual claim.

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.

**Michael-John
Dew JHUNLG**

Digitally signed by
Michael-John Dew JHUNLG
Date: 2021-03-01
12:39:49 -08:00



NEW WESTMINSTER LAND TITLE OFFICE
MAR 01 2021 12:52:13.001
CA8808900

Application

Michael-John Dew
Jenkins Marzban Logan LLP
900-808 Nelson Street
Vancouver BC V6Z 2H2
6048953160

20048-037

I, **Michael-John Dew** of **900-808 Nelson Street, Vancouver BC V6Z 2H2**, agent of the lien claimant state that:

1. **METRO-CAN CONSTRUCTION (AT) LTD. , Inc No BC1174305**

of **Suite 520, 10470 - 152nd Street, Surrey BC V3R 0Y3** claims a lien against the following land:

PID/Plan Number Legal Description

030-721-733 LOT 1 SECTION 5 BLOCK 4 NORTH RANGE 6 WEST NEW WESTMINSTER DISTRICT PLAN EPP86098

2. A general description of the work done or material supplied, or to be done or supplied, or both, is as follows:

Provision of construction and general contracting services and associated work for excavation work and the construction of a DSM water cut off wall, which is a part of an improvement being constructed on the lands.

3. The person who engaged the lien claimant, or to whom the lien claimant supplied material, and who is or will become indebted to the lien claimant is:

Alderbridge Way Limited Partnership by its general partner Alderbridge Way GP Ltd.

4. The sum of **\$10,124.42** is or will become due and owing to **METRO-CAN CONSTRUCTION (AT) LTD.** on **2021-03-28**

5. The lien claimant's address for service is:

c/o Jenkins Marzban Logan LLP (Att: Michael Dew) 900-808 Nelson Street, Vancouver BC V6Z 2H2

Signature

X

Date (YYYY-MM-DD)

2021-03-01

Note: Section 45 of the *Builders Lien Act* provides as follows:

45 (1) A person who knowingly files or causes an agent to file claim of lien containing a false statement commits an offence.

(2) A person who commits an offence under subsection (1) is liable to a fine not exceeding the greater of \$2,000 and the amount by which the stated claim exceeds the actual claim.

Electronic Signature

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**Michael-John
Dew JHUNLG**

Digitally signed by
Michael-John Dew JHUNLG
Date: 2021-03-01
12:52:04 -08:00



Builders Lien Act
Claim of Lien
Province of British Columbia

NEW WESTMINSTER LAND TITLE OFFICE
AUG 26 2021 06:00:12.001
CA9305990

Application

**Tim Martin Sportschuetz
Sportschuetz & Company
300 - 171 Water Street
Vancouver BC V6B 1A7
7788196782**

I, **Yurij Duda** of **330 - 1152 Mainland Street, Vancouver BC V6B 4X2**, agent of the lien claimant state that:

1. **STORM GUARD WATER TREATMENT INC. , Inc No BC1202212**

of **Suite 2400 745 Thurlow Street, Vancouver BC V6E 0C5** claims a lien against the following land:

PID/Plan Number Legal Description

030-721-733 LOT 1 SECTION 5 BLOCK 4 NORTH RANGE 6 WEST NEW WESTMINSTER DISTRICT PLAN EPP86098

2. A general description of the work done or material supplied, or to be done or supplied, or both, is as follows:

Supply and installation of water treatment system, which scope of work forms part of an improvement being constructed on the lands.

3. The person who engaged the lien claimant, or to whom the lien claimant supplied material, and who is or will become indebted to the lien claimant is:

ALDERBRIDGE WAY LIMITED PARTNERSHIP by its general partner ALDERBRIDGE WAY GP LTD.

4. The sum of **\$217,258.84** is or will become due and owing to **STORM GUARD WATER TREATMENT INC.** on **2021-08-01**

5. The lien claimant's address for service is:

c/o Sportschuetz & Company, 300 - 171 Water Street, Vancouver BC V6B 1A7

Signature

X

Date (YYYY-MM-DD)

2021-08-25

Note: Section 45 of the *Builders Lien Act* provides as follows:

45 (1) A person who knowingly files or causes an agent to file claim of lien containing a false statement commits an offence.

(2) A person who commits an offence under subsection (1) is liable to a fine not exceeding the greater of \$2,000 and the amount by which the stated claim exceeds the actual claim.

Electronic Signature

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**Tim Martin
Sportschuetz
6U5QZM**

**Digitally signed by
Tim Martin Sportschuetz
6U5QZM
Date: 2021-08-26
05:22:17 -07:00**



Builders Lien Act
Claim of Lien
Province of British Columbia

NEW WESTMINSTER LAND TITLE OFFICE
AUG 26 2021 06:00:12.002
CA9305991

Application

**Tim Martin Sportschuetz
Sportschuetz & Company
300 - 171 Water Street
Vancouver BC V6B 1A7
778 819 6782**

I, **Yurij Duda** of **330 - 1152 Mainland Street, Vancouver BC V6B 4X2**, agent of the lien claimant state that:

1. **STORM GUARD WATER TREATMENT INC. , Inc No BC1202212**

of **Suite 2400 745 Thurlow Street, Vancouver BC V6E 0C5** claims a lien against the following land:

PID/Plan Number Legal Description

030-721-733 LOT 1 SECTION 5 BLOCK 4 NORTH RANGE 6 WEST NEW WESTMINSTER DISTRICT PLAN EPP86098

2. A general description of the work done or material supplied, or to be done or supplied, or both, is as follows:

Supply and installation of well-point dewatering system, which scope of work forms part of an improvement being constructed on the lands.

3. The person who engaged the lien claimant, or to whom the lien claimant supplied material, and who is or will become indebted to the lien claimant is:

RUSH CONTRACTORS GROUP INC.

4. The sum of **\$562,273.38** is or will become due and owing to **STORM GUARD WATER TREATMENT INC.** on **2021-08-01**

5. The lien claimant's address for service is:

c/o Sportschuetz & Company, 300 - 171 Water Street, Vancouver BC V6B 1A7

Signature

X

Date (YYYY-MM-DD)

2021-08-25

Note: Section 45 of the *Builders Lien Act* provides as follows:

45 (1) A person who knowingly files or causes an agent to file claim of lien containing a false statement commits an offence.

(2) A person who commits an offence under subsection (1) is liable to a fine not exceeding the greater of \$2,000 and the amount by which the stated claim exceeds the actual claim.

Electronic Signature

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**Tim Martin
Sportschuetz
6U5QZM**

**Digitally signed by
Tim Martin Sportschuetz
6U5QZM
Date: 2021-08-26
05:22:45 -07:00**

16 SEP 2021 12 55
16 SEP 2021 12 55WX2169278
WX2169278STC
cbl

Builders Lien Act
FORM 5
(sections 15, 16, 18)

**CLAIM OF
LIEN**

I, Geoffrey Glotman [claimant] of
1661 W 5th Ave, Vancouver, BC, V6J 1N5 [address], British Columbia,
[agent of the lien claimant] state that:

1. Glotman Simpson Consulting Engineers [claimant] of
1661 W 5th Ave, Vancouver, BC, V6J 1N5 [address], British
Columbia, claims a lien against the following land:

Civic Address: 7960 Alderbridge Way; 5333 No. 3 Road

PID: 030-721-733

Legal Description: Lot 1 Block 4N Plan EPP86098 Section 5 Range 6W Land District 36

2. A general description of the work done ~~or material supplied, or to be done or~~
~~supplied, or both~~, is as follows:

Unpaid invoices towards structural engineering services rendered as per attached
Annexure 1

3. The person who engaged the lien claimant, ~~or to whom the lien claimant supplied~~
~~material~~, and who is ~~or will become~~ indebted to the lien claimant is:

Alderbridge Way LP

200 - 1778 West 2nd Ave

Vancouver, BC

V6J 1H6

Contact: Mr. Brent Hanson, Director

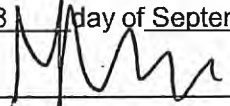
Phone: 604-714-0573; Fax: 604-688-1618

4. The sum of \$24,908.45 including interest of \$4,958.45 is ~~or will become~~ due and owing to Glotman Simpson Consulting Engineers on September 08, 2021.

5. The lien claimant's address for service is:

Glotman Simpson Consulting Engineers
1661 West 5th Avenue
Vancouver, BC
V6J 1N5
Canada
Tel No. 604-734-8822
Fax No. 604-734-8842
Contact: Mr. Geoffrey Glotman, Managing Principal

Dated: this 08 th day of September, 2021

Signed: 

Note: Section 45 of the *Builders Lien Act* provides as follows:

45 (1) A person who knowingly files or causes an agent to file a claim of lien containing a false statement commits an offence.

(2) A person who commits an offence under subsection (1) is liable to a fine not exceeding the greater of \$2,000 and the amount by which the stated claim exceeds the actual claim.

ANNEXURE 1

Invoice	Invoice Date	Total Billed	Interest at 2% p.m.	Outstanding	Status
34616	24-Jul-20	6,300.00	1,692.60	7,992.60	Unpaid
34823	24-Aug-20	7,875.00	1,953.00	9,828.00	Unpaid
34999	24-Sep-20	5,775.00	1,312.85	7,087.85	Unpaid
Total		\$19,950.00	\$4,958.45	\$24,908.45	

16 SEP 2021 12 55

WX2169278

DO NOT WRITE ABOVE THIS LINE – LAND TITLE USE ONLY

Date: September 08, 2021

To: Registrar
Land Title and Survey Authority of BC

Please receive herewith the following document(s) for filing: Form 5 - Builder's Lien,
State of Title Certificate Request Form, Outstanding invoices

Fee Payable: \$15.04


Signature

NAME OF APPLICANT:	Mr. Geoffrey Glotman, Managing Principal, Glotman Simpson Consulting Engineers
ADDRESS:	1661 W 5th Ave, Vancouver, BC, V6J 1N5
TELEPHONE:	604-734-8822

Alderbridge Way LP
c/o 200 - 1778 West 2nd Avenue
Vancouver, BC
V6J 1H6

Invoice number 34999
Date September 24, 2020



Attn: Mr. Brent Hanson

Contract: 217213

7960 ALDERBRIDGE WAY - RICHMOND, BC

To professional engineering services rendered in accordance with our agreement dated June 1, 2017.

Item	Description	Contract Complete	Percent Complete	Billed To Date	Previously Billed	Current Billed
100	SCHEMATIC DESIGN	99,360.00	100.00%	99,360.00	99,360.00	0.00
101	DESIGN DEVELOPMENT	99,360.00	100.00%	99,360.00	99,360.00	0.00
102	CONTRACT DOCUMENTS	397,440.00	100.00%	397,440.00	397,440.00	0.00
103	CONTRACT ADMIN.	231,840.00	9.92%	23,000.00	17,500.00	5,500.00
Contract Total		828,000.00	74.78%	619,160.00	613,660.00	5,500.00

Glottman-Simpson
CONSULTING ENGINEERS*

GS-Sayers
ENGINEERING LTD

Glottman-Simpson
U.S. INC.

Subtotal	5,500.00
Plus: 5% GST (#119315646RT)	275.00
Invoice total	5,775.00

Structural Engineers
• Seismic Restoration
• Building Evaluations
• Insurance Claims
• Litigation Support
• Specialty Engineering

1661 West 5th Avenue
Vancouver, BC
Canada V6J 1N5
T 604 734.8822
F 604 734.8842
info@glottmansimpson.com
glottmansimpson.com

* A Partnership of Corporations

For Electronic Remittance:

Glottman Simpson Consulting Engineers
Bank of Montreal, 2601 Granville St, Vancouver, BC, V6H 3H2
Bank #001, Transit #07600
Canadian Dollar Account #1124633
SWIFT Code: BOFMCAM2
Please include invoice numbers with payment detail



E&OE Monthly Charge of 1.0% (12% Per Year) On Invoices Not Paid Within 30 Days

Alderbridge Way LP
c/o 200 - 1778 West 2nd Avenue
Vancouver, BC
V6J 1H6

Invoice number
Date

34823
August 24, 2020



Attn: Mr. Brent Hanson

Contract: 217213

7960 ALDERBRIDGE WAY - RICHMOND, BC

To professional engineering services rendered in accordance with our agreement dated June 1, 2017.

Item	Description	Contract Complete	Percent Complete	Billed To Date	Previously Billed	Current Billed
100	SCHEMATIC DESIGN	99,360.00	100.00%	99,360.00	99,360.00	0.00
101	DESIGN DEVELOPMENT	99,360.00	100.00%	99,360.00	99,360.00	0.00
102	CONTRACT DOCUMENTS	397,440.00	100.00%	397,440.00	397,440.00	0.00
103	CONTRACT ADMIN.	231,840.00	7.55%	17,500.00	10,000.00	7,500.00
Contract Total		828,000.00	74.11%	613,660.00	606,160.00	7,500.00

Glottman-Simpson
CONSULTING ENGINEERS*

GS-Sayers
ENGINEERING LTD

Glottman-Simpson
U.S. INC.

Subtotal	7,500.00
Plus: 5% GST (#119315646RT)	375.00
Invoice total	7,875.00

Structural Engineers
Seismic Restoration
Building Evaluations
Insurance Claims
Litigation Support
Specialty Engineering

1661 West 5th Avenue
Vancouver, BC
Canada V6J 1N5
T 604 734.8822
F 604 734.8842
info@glottmansimpson.com
glottmansimpson.com

* A Partnership of Corporations

For Electronic Remittance:

Glottman Simpson Consulting Engineers
Bank of Montreal, 2601 Granville St, Vancouver, BC, V6H 3H2
Bank #001, Transit #07600
Canadian Dollar Account #1124633
SWIFT Code: BOFMCAM2

Please include invoice numbers with payment detail



E&OE Monthly Charge of 1.0% (12% Per Year) On Invoices Not Paid Within 30 Days

Alderbridge Way LP
c/o 200 - 1778 West 2nd Avenue
Vancouver, BC
V6J 1H6

Invoice number
Date

34616
July 24, 2020



Attn: Mr. Brent Hanson

Contract: 217213

7960 ALDERBRIDGE WAY - RICHMOND, BC

To professional engineering services rendered in accordance with our agreement dated June 1, 2017.

Item	Description	Contract Complete	Percent Complete	Billed To Date	Previously Billed	Current Billed
100	SCHEMATIC DESIGN	99,360.00	100.00%	99,360.00	99,360.00	0.00
101	DESIGN DEVELOPMENT	99,360.00	100.00%	99,360.00	99,360.00	0.00
102	CONTRACT DOCUMENTS	397,440.00	100.00%	397,440.00	397,440.00	0.00
103	CONTRACT ADMIN.	231,840.00	4.31%	10,000.00	4,000.00	6,000.00
Contract Total		828,000.00	73.21%	606,160.00	600,160.00	6,000.00

Glottman-Simpson
CONSULTING ENGINEERS*

GS-Sayers
ENGINEERING LTD

Glottman-Simpson
U.S. INC.

Subtotal	6,000.00
Plus: 5% GST (#119315646RT)	300.00
Invoice total	6,300.00

• Structural Engineers
 • Seismic Restoration
 • Building Evaluations
 • Insurance Claims
 • Litigation Support
 • Specialty Engineering

1661 West 5th Avenue
 Vancouver, BC
 Canada V6J 1N5
 T 604 734.8822
 F 604 734.8842
 info@glottmansimpson.com
 glottmansimpson.com

* A Partnership of Corporations

For Electronic Remittance:

Glottman Simpson Consulting Engineers
 Bank of Montreal, 2601 Granville St, Vancouver, BC, V6H 3H2
 Bank #001, Transit #07600
 Canadian Dollar Account #1124633
 SWIFT Code: BOFMCAM2

Please include invoice numbers with payment detail



E&OE Monthly Charge of 1.0% (12% Per Year) On Invoices Not Paid Within 30 Days

CBL

20 SEP 2021 12 49

WX2169384

**Builders Lien Act
FORM 5**

(sections 15, 16, 18)

CLAIM OF LIEN

I, SARA YOUNG [claimant] of
401-6741 Cariboo Rd, Burnaby BC V3N4A3 [address], British Columbia,

[If claim is made by an agent, insert here "agent of the lien claimant"] state that:

1. Metro Testing & Engineering Ltd [claimant] of
401-6741 Cariboo Rd, Burnaby V3N4A3 [address], British Columbia,

claims a lien against the following land:

PID 030-721-733
LOT 1, BLOCK 4N, PLAN EPP86098, SECTION 5, RANGE 6W
NEW WESTMINSTER LAND DISTRICT.

[Insert legal description here or, if a lien is claimed under section 16 against more than one parcel of land, insert the legal description of all parcels of land against which the lien is claimed. If insufficient space is provided, attach a schedule. If the claim of lien is to be filed in the gold commissioner's office, insert the name of the mineral title, its tenure number and the name of the mining division.]

2. A general description of the work done or material supplied, or to be done or supplied, or both, is as follows:

Environmental Engineer Consulting
Biologist, Geologist, Reports, Lab Testing

3. The person who engaged the lien claimant, or to whom the lien claimant supplied material, and who is or will become indebted to the lien claimant is:

SOUTH STREET DEVELOPMENT GROUP

4. The sum of \$ 23,338.23 is or will become due and owing to Metro Testing & Engineering Ltd
on SEPT 1ST 2021 [month, day, year].

5. The lien claimant's address for service is: 401-6741 Cariboo Rd
Burnaby V3N4A3

Dated: this 14th day of September, 2021

Signed: [Signature]

Note: Section 45 of the *Builders Lien Act* provides as follows:

45 (1) A person who knowingly files or causes an agent to file a claim of lien containing a false statement commits an offence.

(2) A person who commits an offence under subsection (1) is liable to a fine not exceeding the greater of \$2,000 and the amount by which the stated claim exceeds the actual claim.

20 SEP 2021 12 49

WX2169384

DO NOT WRITE ABOVE THIS LINE – LAND TITLE USE ONLY


Date: Sept 14 2021

To: Registrar
Land Title and Survey Authority of BC

Please receive herewith the following document(s) for filing:

CLAIM OF UEN

Fee Payable: NIL


Signature

NAME OF APPLICANT:

Metro Testing + Engineering Ltd

ADDRESS:

c/o Sara Yond

401-6741 Cariboo Rd, Burnaby BC V3N4A3

TELEPHONE:

604-456-2322

This is **Exhibit "L"** referred to in the Affidavit of Jennifer Alambre made before me at Vancouver, British Columbia, this 31st day of March 2022.

A handwritten signature in blue ink, appearing to read "J. B. Smith", is written over a horizontal line.

A Commissioner for the taking of Affidavits for
British Columbia



February 22, 2021

VIA EMAIL & COURIER

Alderbridge Way Limited Partnership, 0989705 B.C. Ltd. and Alderbridge Way GP Ltd.
 200 - 1778 West 2nd Avenue
 Vancouver, BC V6J 1H6
 Attention: Samuel Hanson
 Email: samhanson@southstreet.ca

Gatland Development Corporation
 c/o Gatland Capital Corporation
 760-1040 West Georgia Street
 Vancouver, BC V6E 4H1
 Attention: Graham Thom
 Email: graham@gatlandcapital.ca

South Street Development Managers Ltd., South Street (Alderbridge) Limited Partnership, Samuel David Hanson and Brent Taylor Hanson
 200 - 1778 West 2nd Avenue
 Vancouver, BC V6J 1H6
 Attention: Samuel Hanson and Brent Hanson
 Email: samhanson@southstreet.ca and brenthanson@southstreet.ca

REV Holdings Ltd. and REV Investments Inc.
 28235 Smith Avenue
 Abbotsford, BC V4Z 1C7
 Attention: Jason Ratzlaff
 Email: jason@reinvest.ca

Re: \$422,000,000 First Mortgage Financing, "Atmosphere", 7960 Alderbridge Way, 5333 No. 3 Road and 5411 No. 3 Road, Richmond, British Columbia legally described as PID: 030-721-733, Lot 1 Section 5 Block 4 North Range 6 West New Westminster District Plan EPP86098 (the "Property")

Dear Sirs/Mesdames:

Reference is made to our default notice to you dated February 17, 2021 (the "**Default Notice**"), a copy of which is enclosed. All terms used herein that are defined in the Default Notice and not otherwise defined herein shall have the meanings assigned to them in the Default Notice.

We hereby provide notice to you of the occurrence of an Event of Default under Section 13.01(1)(b) of the Loan Agreement as a result of the Borrower's breach of Section 8.01(1)(a) of the Loan Agreement, which requires the Borrower to pay interest computed as provided in Article 5 of the Loan Agreement monthly in arrears, and the continuance of such default for two Business Days after notice of such default was given by Romspen to the Borrower in the Default Notice.

As a result of the above-noted Event of Default, Romspen hereby notifies you of the following:

- (a) pursuant to Section 13.02 of the Loan Agreement, Romspen declares the entire principal amount of the Construction Facility currently outstanding and all accrued and unpaid interest thereon, and all other payments or amounts due under the Loan Agreement, in the amount of \$157,885,389.55 total as of February 10, 2021 pursuant to the enclosed account statement, to be immediately due and payable to Romspen (the "**Outstanding Amount**");
- (b) interest shall continue to accrue on the Outstanding Amount to the date of actual payment at the rate or rates determined as provided in the Loan Agreement;
- (c) pursuant to the Guarantees, Romspen hereby demands payment of the entire Outstanding Amount from the Guarantors;
- (d) Romspen hereby puts the Borrower and the Guarantors on notice that Romspen is entitled, pursuant to Section 13.02 of the Loan Agreement, Article 3 of each of the GSAs, Section 31 of the Mortgage and Section 5 of the Beneficial Charge, to exercise any and all rights it may have after the expiration of the time period provided for in s. 244 of the *Bankruptcy and Insolvency Act* (Canada). In furtherance of Romspen's demand, please find enclosed a Notice of Intention to Enforce Security issued to the Borrower and the Guarantors pursuant to s. 244 of the *Bankruptcy and Insolvency Act* (Canada); and
- (e) Romspen hereby puts the Borrower and Guarantors on notice that Romspen's action(s), including the past or present failure of Romspen to exercise any rights or remedies under the Documents or at law, shall not be a waiver of any rights or remedies of Romspen as against the Borrower or Guarantors as a result of any Event of Default or otherwise. Romspen hereby reserves and preserves all of its rights and remedies against the Borrower and Guarantors and each of them pursuant to the Documents and at law or equity, including but not limited to Romspen's legal fees and all costs of enforcement pursuant to the Documents. The Event of Default described in this correspondence does not necessarily constitute all of the Defaults or Events of Default which currently exist and the specific reference to the Event of Default herein does not constitute a waiver or implied waiver of any Defaults or Event(s) of Default which currently exist.

If we do not receive the entire Outstanding Amount within 10 days of this letter, by March 4, 2021, we reserve the right to immediately commence legal proceedings against any or all of you without further notice to recover the full amounts owing and pursue the remedies referenced above as well as any remedies otherwise available to us pursuant to the Documents or at law.

We trust you will give this matter your immediate attention.

Sincerely,

ROMSPEN INVESTMENT CORPORATION



By: _____

Name: Joel Mickelson

Title: Secretary

Encl.

This is **Exhibit "M"** referred to in the Affidavit of Jennifer Alambre made before me at Vancouver, British Columbia, this 31st day of March 2022.

A handwritten signature in blue ink, appearing to read "J. Burns", is written over a horizontal line.

A Commissioner for the taking of Affidavits for
British Columbia

NOTICE OF INTENTION TO ENFORCE SECURITY
(Subsection 244(1) of the *Bankruptcy and Insolvency Act* (Canada))

To: 0989705 B.C. Ltd., Alderbridge Way GP Ltd., and Alderbridge Way Limited Partnership, insolvent persons (collectively, the "**Debtors**")


And to: Gatland Development Corporation, REV Holdings Ltd., REV Investments Inc., South Street Development Managers Ltd., South Street (Alderbridge) Limited Partnership, Samuel David Hanson and Brent Taylor Hanson, insolvent persons (collectively, the "**Guarantors**")

TAKE NOTICE THAT:

1. Romspen Investment Corporation (the "**Creditor**" or "**Romspen**") a secured creditor, intends to enforce its security on the property of the Debtors and the Guarantors as set out in Article 12.01(1)(a) – (q) of the Loan Agreement to Amend and Restate Commitment made as of November 6, 2019 among the Creditor, the Debtors, and the Guarantors (as amended or supplemented, the "**Loan Agreement**"), including but not limited to:
 - (a) property described as Parcel Identifier 030-721-733, Lot 1 Section 5 Block 4 North Range 6 West New Westminster District Plan EPP86098 (the "**Property**");
 - (b) all present and future rents pursuant to Leases (as defined in the Loan Agreement) affecting the Property together with all insurance and indemnities covering rents, and of all income and accounts derived from the Property including all proceeds receivable from early termination of any such lease and all other benefits and advantages from any such lease;
 - (c) all present and after-acquired personal property of the Debtors and the Guarantors; and
 - (d) all of the Debtors' right, title and interest in, to and under all material contracts affecting or with respect to the Property or the Project (as defined in the Loan Agreement).
2. The security (the "**Security**") that is to be enforced is set out in **Schedule "A"** hereto.
3. Total amount of indebtedness secured by the Security, as of February 10, 2021 is \$157,885,389.55 with interest accruing thereafter at the rate as provided for in the Loan Agreement.
4. The Creditor will not have the right to enforce the Security until after the expiry of the 10 day period following the sending of this notice unless the Debtors and the Guarantors (as the case may be) consent to an earlier enforcement or the Court so orders.

Dated at Toronto, Ontario, this February 22, 2021.

ROMSPEN INVESTMENT CORPORATION

By: 
 Name: Joel Mickelson
 Title: Secretary

CONSENT TO IMMEDIATE ENFORCEMENT

0989705 B.C. Ltd., Alderbridge Way GP Ltd., Alderbridge Way Limited Partnership, Gatland Development Corporation, REV Holdings Ltd., REV Investments Inc., South Street Development Managers Ltd., South Street (Alderbridge) Limited Partnership, Samuel David Hanson and Brent Taylor Hanson consent to the immediate enforcement by the Creditor of the Security described in paragraph 2 above pursuant to Section 244(2) of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended.

DATED at _____, this _____ day of February, 2021.

CORPORATE DEBTORS AND GUARANTORS

0989705 B.C. Ltd.

By: _____
Name: _____
Title: _____

Alderbridge Way Limited Partnership

By: _____
Name: _____
Title: _____

REV Holdings Ltd.

By: _____
Name: _____
Title: _____

South Street Development Managers Ltd.

By: _____
Name: _____
Title: _____

Alderbridge Way GP Ltd.

By: _____
Name: _____
Title: _____

Gatland Development Corporation

By: _____
Name: _____
Title: _____

REV Investments Inc.

By: _____
Name: _____
Title: _____

South Street (Alderbridge) Limited Partnership

By: _____
Name: _____
Title: _____

INDIVIDUAL GUARANTORS

Samuel David Hanson

In the Presence of:

Witness Name:

Brent Taylor Hanson

In the Presence of:

Witness:

SCHEDULE “A”

The Security that is to be enforced is the security granted by the Debtors and the Guarantors to the Creditor pursuant to the Loan Agreement, including (but not limited to):

1. Mortgage dated for reference February 15, 2019 and registered in the New Westminster Land Title Office (the “**LTO**”) on March 5, 2019 under No. CA7379144, as modified by a modification of mortgage and assignment of rents dated for reference July 24, 2019 and registered in the LTO on September 16, 2019 under No. CA7749487 and by a modification of mortgage and assignment of rents dated for reference November 5, 2019 and registered in the LTO on November 22, 2019 under No. CA7884333, granted by 0989705 B.C. Ltd. (“**098**”) to Romspen over the Property, under which 098 granted an assignment of rents registered in the LTO under No. CA7379145, as modified by a modification of mortgage and assignment of rents dated for reference July 24, 2019 and registered in the LTO on September 16, 2019 under No. CA7749488 and by a modification of mortgage and assignment of rents dated for reference November 5, 2019 and registered in the LTO on November 22, 2019 under No. CA7884334;
2. Beneficial charge agreement and nominee direction dated for reference February 15, 2019 delivered by Alderbridge Way Limited Partnership (“**Alderbridge LP**”) to 098 and to Romspen, as amended by an amendment to beneficial charge agreement and nominee direction dated for reference July 24, 2019 and by an amendment to beneficial charge agreement and nominee direction dated for reference November 5, 2019;
3. Assignment of insurance dated for reference February 15, 2019 delivered by the Debtors to Romspen;
4. Environmental indemnity agreement dated for reference February 15, 2019 delivered by the Debtors and the Guarantors to Romspen;
5. Security agreement dated for reference February 15, 2019 delivered by Alderbridge LP to Romspen;
6. Security agreement dated for reference February 15, 2019 delivered by 098 to Romspen;
7. Security agreement dated for reference February 15, 2019 delivered by Alderbridge Way GP Ltd. (“**Alderbridge GP**”) to Romspen;
8. Security agreement dated for reference February 15, 2019 delivered by Gatland Development Corporation (“**Gatland**”) to Romspen;
9. Security agreement dated for reference February 15, 2019 delivered by REV Holdings Ltd. (“**REV Holdings**”) to Romspen;
10. Security agreement dated for reference February 15, 2019 delivered by REV Investments Inc. (“**REV Investments**”) to Romspen;
11. Security agreement dated for reference February 15, 2019 delivered by South Street Development Managers Ltd. (“**South Street Development**”) to Romspen;
12. Security agreement dated for reference February 15, 2019 delivered by South Street (Alderbridge) Limited Partnership (“**South Street Development LP**”) to Romspen;

13. Security agreement dated for reference February 15, 2019 delivered by Samuel David Hanson to Romspen;
14. Security agreement dated for reference February 15, 2019 delivered by Brent Taylor Hanson to Romspen;
15. Subordination agreement dated for reference February 15, 2019 delivered to Romspen by the unitholders of Alderbridge LP, being Alderbridge GP, South Street LP, REV Investments, Gatland, J.V. Driver Investments Inc., G. Wong Holdings Inc., MNB Enterprises Inc., Chatanooga Investments Ltd., R. Jay Management Ltd. and Kenneth D. Voth;
16. Subordination agreement dated for reference February 15, 2019 delivered to Romspen by the sole shareholder of 098, being Alderbridge LP;
17. Subordination agreement dated for reference February 15, 2019 delivered to Romspen by the shareholders of Alderbridge GP, being South Street Development, Gatland and REV Investments;
18. Subordination agreement dated for reference February 15, 2019 delivered to Romspen by the shareholders of Gatland, being Michele L. Thom and Graham A. Thom;
19. Subordination agreement dated for reference February 15, 2019 delivered to Romspen by shareholders of REV Holdings, being Palamar Holdings Ltd. and Don and Elma Voth Joint Partner Trust;
20. Subordination agreement dated for reference February 15, 2019 delivered to Romspen by the sole shareholder of South Street Development, being S.D.H. Family Holdings Inc.;
21. Subordination agreement dated for reference February 15, 2019 delivered to Romspen by the unitholders of South Street LP, being South Street (Alderbridge) GP Ltd., Tatton Development Corp. and MACASH Investment Corp.;
22. Pledge agreement dated for reference February 15, 2019 delivered to Romspen by the unitholders of Alderbridge LP, being Alderbridge GP, South Street LP, REV Investments, Gatland, J.V. Driver Investments Inc., G. Wong Holdings Inc., MNB Enterprises Inc., Chatanooga Investments Ltd., R. Jay Management Ltd. and Kenneth D. Voth, and stock powers of attorney delivered thereunder;
23. Pledge agreement dated for reference February 15, 2019 delivered to Romspen by the sole shareholder of 098, being Alderbridge LP, and stock powers of attorney delivered thereunder;
24. Pledge agreement dated for reference February 15, 2019 delivered to Romspen by the shareholders of Alderbridge GP, being South Street Development, Gatland and REV Investments, and stock powers of attorney delivered thereunder;
25. Guarantee dated for reference February 15, 2019 delivered by Gatland to Romspen;
26. Guarantee dated for reference February 15, 2019 delivered by REV Holdings to Romspen;

27. Guarantee dated for reference February 15, 2019 delivered by REV Investments to Romspen;
28. Guarantee dated for reference February 15, 2019 delivered by South Street Development to Romspen;
29. Guarantee dated for reference February 15, 2019 delivered by South Street Development LP to Romspen;
30. Guarantee dated for reference February 15, 2019 delivered by Samuel David Hanson to Romspen;
31. Guarantee dated for reference February 15, 2019 delivered by Brent Taylor Hanson to Romspen;
32. Reaffirmation of security dated for reference July 24, 2019 delivered by the Debtors and the Guarantors to Romspen;
33. Reaffirmation of security dated for reference November 5, 2019 delivered by the Debtors and the Guarantors to Romspen;
34. Amended and restated cost overrun, project completion and debt service guarantee dated for reference November 5, 2019 delivered by the Debtors and the Guarantors to Romspen;
35. Amended and restated general assignment of agreements dated for reference November 5, 2019 delivered by the Debtors and the Guarantors to Romspen;
36. Assignment of security and direction to pay dated for reference November 5, 2019 delivered by the Debtors to Romspen and to the City of Richmond; and
37. Covenant dated for reference November 5, 2019 delivered by the Debtors to Romspen.

This is **Exhibit "N"** referred to in the Affidavit of Jennifer Alambre made before me at Vancouver, British Columbia, this 31st day of March 2022.



A Commissioner for the taking of Affidavits for
British Columbia

Alan A Frydenlund, QC*
Harvey S Delaney*
Paul J Brown*
Heather E Maconachie
Michael F Robson*
Paul A Brackstone*
Pamela E Sheppard*
Jocelyn M Bellerud*
Heather A. Frydenlund**
Georgia Barnard
Yasmin D'Costa

Allison R Kuchta*
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James H McBeath*
Scott W Urquhart
George J Roper*
Tony R Anderson*
Brian Y K Cheng**
Lucky D Johal
Taahaa Patel

Jeffrey B Lightfoot*
Christopher P Weafer*
Gregory J Tucker, QC* **
Harley J Harris*
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Daniel W Burnett, QC*
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Jonathan L Williams*
Karl F Richardson*
James W Zaitsoff*
Daniel H Coles*
Sameer Kamboj
Patrick J Weafer
Laura A Buitendyk

Rose-Mary L Basham, QC, Associate Counsel*
Josephine M Nadel, QC, Associate Counsel*
James D Burns, Associate Counsel*
Duncan J Manson, Associate Counsel*
Hon Walter S Owen, QC, QC, LLD (1981)
John I Bird, QC (2005)

+ Law Corporation
* Also of the Yukon Bar
** Also of the Alberta Bar
*** Also of the Ontario Bar
** Also of the Washington Bar

PO Box 49130
Three Bentall Centre
2900-595 Burrard Street
Vancouver, BC
Canada V7X 1J5

Telephone 604 688-0401
Fax 604 688-2827
Website www.owenbird.com

Direct Line: 604 691-7562
Direct Fax: 604 632-4483
E-mail: jwilliams@owenbird.com
Our File: 36489/0005

June 9, 2021

PERSONAL DELIVERY VIA COURER

and

REGISTERED MAIL

0989705 B.C. Ltd.
200-1778 West 2nd Avenue
Vancouver, BC V6J1H6

Dear Sirs/Mesdames:

Re: Mortgage financing in the amount of \$60,000,000.00, secured by a mortgage executed by 0989705 B.C. Ltd. in favour of GEC (Richmond) G.P. Inc. on May 24, 2018, and registered at the New Westminster Land Title Office under charge number CA6831053 on May 30, 2018, and extended by CA7379133 on March 5, 2019 (the "Mortgage") over lands located on Alderbridge Way, Richmond, British Columbia (the "Lands")

We are counsel for GEC (Richmond) G.P. Inc.

We are advised that you are in default under the above captioned Mortgage.

We are advised that the amount owing under the Mortgage as at June 8, 2021, is **\$94,107,754.14** calculated as follows:

Amount owing under the Mortgage	\$94,106,654.14
Legal	\$1,100.00
Total Amount – June 8, 2021	\$94,107,754.14

together with interest of 15% per annum, calculated and compounded quarterly, currently accruing at the rate of \$38,673.97 per day.

June 9, 2021
Page 2

OWEN·BIRD
LAW CORPORATION

Our client hereby demands the full amount due and owing pursuant to the Mortgage. Demand is hereby made for the immediate payment to our offices by way of certified cheque, bank draft, money order or lawyer's or notary's certified trust cheque in the sum of \$94,107,754.14, being the total amount owing under the Mortgage plus our legal fees as at June 8, 2021, and \$38,673.97 per day thereafter up until the date payment is received at our office. Please note that funds received after 1:00 pm PST shall be regarded as funds received on the next business day and therefore must include interest to and including the next business day.

Unless we are in receipt of the aforementioned sum, plus interest on or before 1:00 PM PST, on or before June 21, 2021, our client may instruct us to commence proceedings forthwith thereafter without further notice to you to recover the full amount owing under the Mortgage, plus interest and costs.

Enclosed with this letter for delivery upon you is our client's Notice of Intention to Enforce Security delivered to you pursuant to Section 244 of the *Bankruptcy and Insolvency Act* (Canada).

Please govern yourself accordingly.

Yours truly,

OWEN BIRD LAW CORPORATION



Jonathan L. Williams

JLW/km

E&OE

Encl.: s.244 notice

FORM 86

Notice of Intention to Enforce Security
[Subsection 244(1)]

To: **0989705 B.C. LTD.**, an insolvent person

Take notice that:

1. **GEC (RICHMOND) GP INC.**, a secured creditor, intends to enforce its security on the property of the insolvent person described below:

All real property interests of the insolvent person specifically charged in favour of **GEC (RICHMOND) GP INC.**

2. The security that is to be enforced is in the form of a Mortgage of Land and all other security granted by the insolvent person to **GEC (RICHMOND) GP INC.**

3. The amount of the arrears secured by the security is:

\$94,106,654.14 as of June 8, 2021 plus interest at an interest rate of 15% per annum, calculated and compounded quarterly, and all costs and charges of enforcement.

4. The secured creditor will not have the right to enforce the security until after the expiry of the 10-day period following the sending of this notice, unless the insolvent person consents to an earlier enforcement.

DATED at Vancouver, British Columbia, this 9th day of June, 2021.



 Solicitors for **GEC (RICHMOND) GP INC.**

Name and Address of Solicitors for **GEC (RICHMOND) GP INC.**

JONATHAN L. WILLIAMS, OWEN BIRD LAW CORPORATION, P.O. Box 49130, Three
 Bentall Centre, 2900-595 Burrard Street, Vancouver, B.C., V7X 1J5, Tel.: (604) 688-0401.

E&OE

This is **Exhibit "O"** referred to in the Affidavit of Jennifer Alambre made before me at Vancouver, British Columbia, this 31st day of March 2022.

A handwritten signature in blue ink, appearing to read "J. Burns", is written over a horizontal line.

A Commissioner for the taking of Affidavits for
British Columbia

Alan A Frydenlund, QC*
Harvey S Delaney*
Paul J Brown*
Heather E Maconachie
Michael F Robson*
Paul A Brackstone*
Pamela E Sheppard*
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James D Burns, Associate Counsel*
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James W Zaitsoff*
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* Law Corporation
* Also of the Yukon Bar
** Also of the Alberta Bar
** Also of the Ontario Bar
** Also of the Washington Bar

OWEN BIRD

LAW CORPORATION

PO Box 49130
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Telephone 604 688-0401
Fax 604 688-2827
Website www.owenbird.com

Direct Line: 604 691-7562
Direct Fax: 604 632-4483
E-mail: jwilliams@owenbird.com
Our File: 36489/0005

June 9, 2021

Via REGISTERED MAIL

Romspen Investment Corporation
162 Cumberland Street,
Toronto, ON M5R 3N5

Attention: Wes Roitman

Dear Sirs/Mesdames:

Re: Mortgage financing in the amount of \$60,000,000.00, secured by a mortgage executed by 0989705 B.C. Ltd. in favour of GEC (Richmond) G.P. Inc. on May 24, 2018, and registered at the New Westminster Land Title Office under charge number CA6831053 on May 30, 2018, and extended by CA7379133 on March 5, 2019 (the "Mortgage") over lands located on Alderbridge Way, Richmond, British Columbia (the "Lands")

We are counsel for GEC (Richmond) G.P. Inc.

We write with respect to the mortgage and assignment of rents which you have registered against the Lands, and the Subordination and Standstill Agreement dated for reference March 5, 2019, and registered at the New Westminster Land Title Office on March 12, 2019 under charges CA7388906 and CA7388907 (the "Agreement").

Pursuant to clause 6(ii) of the Agreement, our client hereby gives notice of its intention to commence or maintain an Enforcement Action (as defined in the Agreement).

Our client is willing to discuss this or any other matter relating to the Lands.

Yours truly,

OWEN BIRD LAW CORPORATION


Jonathan L. Williams

JLW/km

Cc. Blakes, Peter Rubin

This is **Exhibit "P"** referred to in the Affidavit of Jennifer Alambre made before me at Vancouver, British Columbia, this 31st day of March 2022.

A handwritten signature in blue ink, appearing to read "J. Burns", is written over a horizontal line.

A Commissioner for the taking of Affidavits for
British Columbia

Alan A Frydenlund, QC*
Harvey S Delaney*
Paul J Brown*
Heather E Maconachie
Michael F Robson*
Paul A Brackstone*
Pamela E Sheppard*
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Jonathan L Williams*
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Laura A Buitendyk

* Law Corporation
* Also of the Yukon Bar
** Also of the Alberta Bar
** Also of the Ontario Bar
** Also of the Washington Bar

OWEN BIRD

LAW CORPORATION

PO Box 49130
Three Bentall Centre
2900-595 Burrard Street
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Canada V7X 1J5

Telephone 604 688-0401
Fax 604 688-2827
Website www.owenbird.com

Direct Line: 604 691-7562
Direct Fax: 604 632-4483
E-mail: jwilliams@owenbird.com
Our File: 36489/0005

June 9, 2021

Via REGISTERED MAIL

1185678 B.C. Ltd.
660 Caldew Street,
Delta, BC V3M 5S2

Dear Sirs/Mesdames:

Re: Mortgage financing in the amount of \$60,000,000.00, secured by a mortgage executed by 0989705 B.C. Ltd. in favour of GEC (Richmond) G.P. Inc. on May 24, 2018, and registered at the New Westminster Land Title Office under charge number CA6831053 on May 30, 2018, and extended by CA7379133 on March 5, 2019 (the "Mortgage") over lands located on Alderbridge Way, Richmond, British Columbia (the "Lands")

We are counsel for GEC (Richmond) G.P. Inc.

We write with respect to the mortgage and assignment of rents which you have registered against the Lands, and the Subordination and Standstill Agreement dated for reference June 18, 2019, and registered at the New Westminster Land Title Office on June 18, 2019 under charges CA7566054 and CA7566055 (the "Agreement").

Pursuant to clause 6(ii) of the Agreement, our client hereby gives notice of its intention to commence or maintain an Enforcement Action (as defined in the Agreement).

Our client is willing to discuss this or any other matter relating to the Lands.

Yours truly,

OWEN BIRD LAW CORPORATION

Jonathan L. Williams

JLW/km

Cc. Chuck Sanders; Bennett Jones, attn. Jim Schmidt, via email