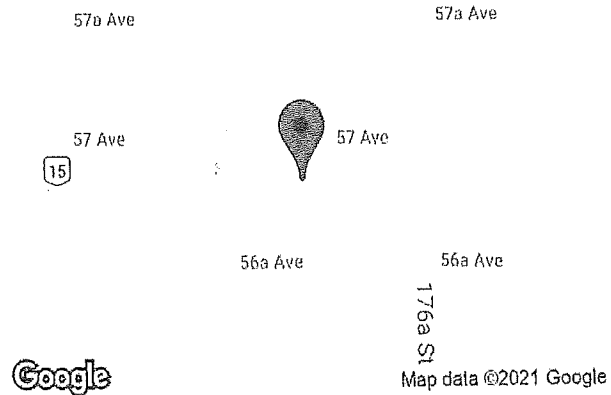
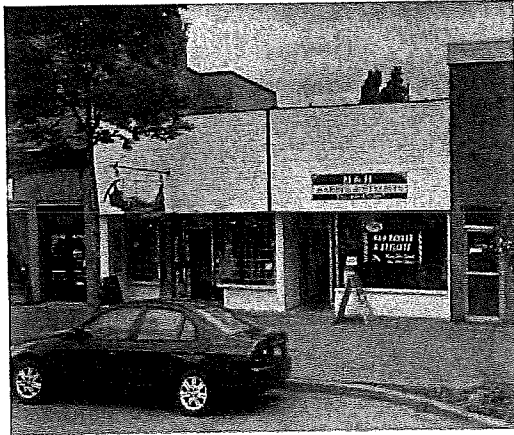




**COMPARABLE 4: Cloverdale Retail Property**  
**5687 176th Street, Surrey, BC**



LOCATION / SITE INFORMATION	
Address	5687 176th Street
City, Province	Surrey, BC
Legal Description	Lot 3, Block 7, Section 7, Township 8, NWD Plan 628
Site Size	0.1 Acres (4,356 SF)
Location	Average
Access	Average
Exposure	Average
Zoning	C-15

SALE INFORMATION	
Purchaser	1188862 B.C. Ltd.
Vendor	1169277 B.C. Ltd.
Transaction Date	October 9, 2020
Transaction Status	Recorded
Transaction Price	\$976,000
Analysis Price	\$976,000
Recording Number	CA8488444
Rights Transferred	Fee Simple
Conditions of Sale	Arms-Length

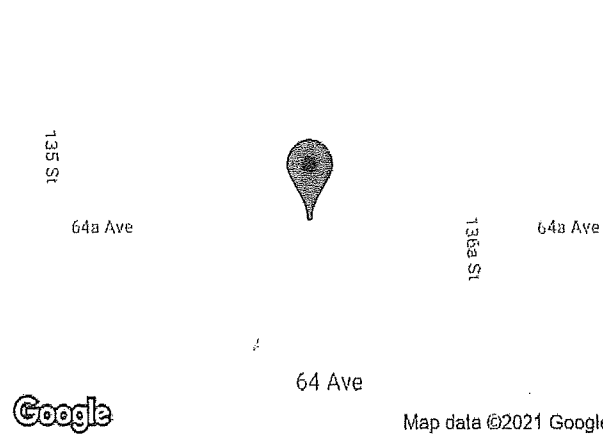
IMPROVEMENTS INFORMATION	
Property Type	Retail
Sub-Type	Retail
No. of Buildings	1
Design / Layout	Average
Quality	Average
Condition	Average
Building Size (SF)	2,261
Floor Area Ratio	0.5

OPERATING INCOME		
	TOTAL	PER SF
Gross Income	N/Av	N/Av
Vacancy & Credit Loss @ N/Av	N/Av	N/Av
Effective Gross Income	N/Av	N/Av
Expenses	N/Av	N/Av
Contingency	N/Av	N/Av
Net Operating income	\$30,919	13.67
Occupancy at Sale	N/Av	
Expenses % of GI / EGI	N/Av	N/Av

ANALYSIS INFORMATION	
Price Per SF	\$432
Capitalization Rate	3.17%

**REMARKS**  
 One Storey retail commercial property in downtown Cloverdale with good street exposure. Older renovated retail space.

**COMPARABLE 5: Strata Retail/Light Industrial Building**  
**6468 King George Boulevard, Surrey, BC**



LOCATION/ SITE INFORMATION		SALE INFORMATION	
Address	6468 King George Boulevard	Transaction Date	October 1, 2020
City, Province	Surrey, BC	Transaction Status	Recorded
Legal Description	SL 1, Section 6, Township 2, Plan NWS 3254	Transaction Price	\$2,250,000
Site Size	1.4 Acres (61,537 SF)	Analysis Price	\$2,250,000
Topography	Level	Recording Number	CA8535280
Site Configuration	Irregular	Rights Transferred	Leasehold
Location	Average	Conditions of Sale	Arms-Length
Access	Average		
Exposure	Average		
Zoning	CHI		

IMPROVEMENTS INFORMATION		OPERATING INCOME		
Property Type	Retail		<b>TOTAL</b>	<b>PER SF</b>
No. of Buildings	1	Gross Income	\$142,915	24.50
Design / Layout	Average	Vacancy & Credit Loss @ 3.0%	(\$3,037)	(0.52)
Quality	Average	Effective Gross Income	\$139,878	23.98
Condition	Average	Expenses	(\$41,692)	(7.15)
Building Size (SF)	5,834	Contingency	N/Av	N/Av
Floor Area Ratio	0.1	Net Operating Income	\$98,186	16.83
Year Built	1989	Occupancy at Sale	100.0%	
		Expenses % of GI / EGI	29%	30%

ANALYSIS INFORMATION	
Price Per SF	\$386
Capitalization Rate	4.36%

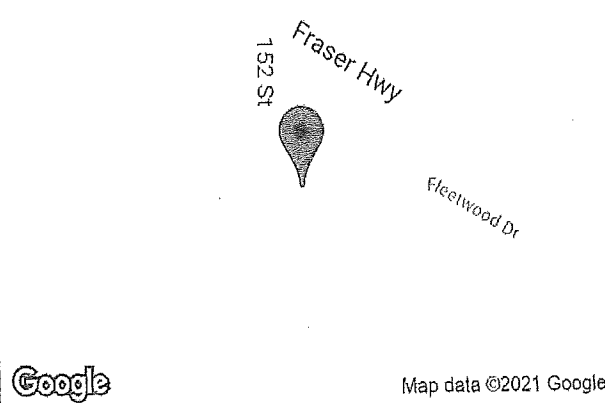
**REMARKS**

The subject property is Strata Lot 1 of 6 strata lots within the complex. The subject building is demised into three units and is mixed retail and automotive service uses. The front portion, closest to King George Blvd, is retail and contains a Subway restaurant. The remaining two units are Edmonds batteries and Surrey Radiator.



Mixed - Use Development & Excess Land, 5708 176 Street, Surrey, British Columbia

**COMPARABLE 6: Evergreen Mall**  
**8898 152 Street, Surrey, BC**



**LOCATION / SITE INFORMATION**      **SALE INFORMATION**

Address	8898 152 Street	Purchaser	West Fraser Fleetwood Developments
City, Province	Surrey, BC	Vendor	Shoppers Corner Ltd
Legal Description	Long legal exists	Transaction Date	November 1, 2019
Site Size	3.1 Acres (134,986 SF)	Transaction Status	Recorded
Topography	Generally Level	Transaction Price	\$29,000,000
Site Configuration	Irregular	Analysis Price	\$29,000,000
Location	Average/Good	Recording Number	CA7846942
Access	Average/Good	Rights Transferred	Fee Simple
Exposure	Average/Good	Financing	Undisclosed
Zoning	C-8	Conditions of Sale	Arms-Length

**IMPROVEMENTS INFORMATION**      **OPERATING INCOME**

Property Type	Retail		<b>TOTAL</b>	<b>PER SF</b>
Sub-Type	Shopping Center	Gross Income	N/Av	N/Av
No. of Buildings	1	Vacancy & Credit Loss @ N/Av	N/Av	N/Av
Building Structure	Concrete/Block	Effective Gross Income	N/Av	N/Av
Design / Layout	Average	Expenses	(\$201,675)	(4.34)
Quality	Average	Contingency	N/Av	N/Av
Condition	Average	Net Operating income	\$1,276,000	27.47
Building Size (SF)	46,443	Occupancy at Sale	100.0%	
Floor Area Ratio	0.3	Expenses % of GI / EGI	N/Av	N/Av
Year Built	1975			

**ANALYSIS INFORMATION**

Price Per SF	\$624
Capitalization Rate	4.40%

**REMARKS**

Purchased by West Fraser Developments Ltd which is a family owned and operated development company in Surrey. Subject is deemed to be a mixed use development site with holding income.

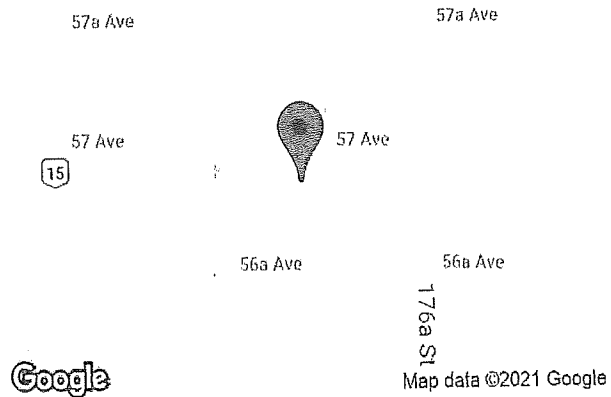
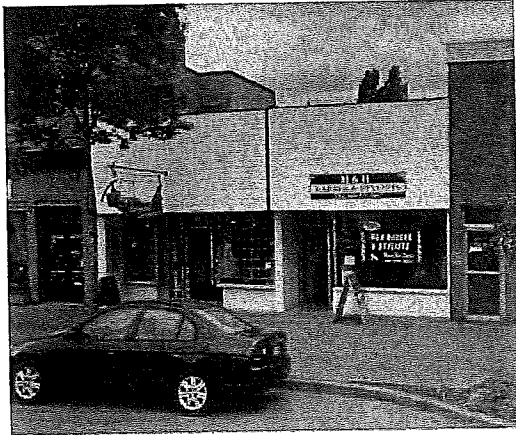
The property was 100% occupied at the date of sale.

## Appendix F

### Direct Comparison Comparable Sales



**COMPARABLE 1: Cloverdale Retail Property**  
**5687 176th Street, Surrey, BC**



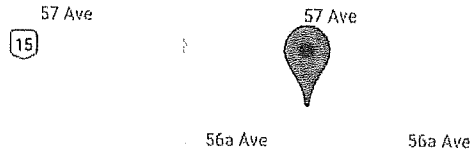
LOCATION / SITE INFORMATION		SALE INFORMATION	
Address	5687 176th Street	Purchaser	1188862 B.C. Ltd.
City, Province	Surrey, BC	Vendor	1169277 B.C. Ltd.
Legal Description	Lot 3, Block 7, Section 7, Township 8, NWD Plan 628	Transaction Date	October 9, 2020
Site Size	0.1 Acres (4,356 SF)	Transaction Status	Recorded
Location	Average	Transaction Price	\$976,000
Access	Average	Analysis Price	\$976,000
Exposure	Average	Recording Number	CA8488444
Zoning	C-15	Rights Transferred	Fee Simple
		Conditions of Sale	Arms-Length

IMPROVEMENTS INFORMATION		OPERATING INCOME		
			TOTAL	PER SF
Property Type	Retail	Gross Income	N/Av	N/Av
Sub-Type	Retail	Vacancy & Credit Loss @	N/Av	N/Av
No. of Buildings	1	Effective Gross Income	N/Av	N/Av
Design / Layout	Average	Expenses	N/Av	N/Av
Quality	Average	Contingency	N/Av	N/Av
Condition	Average	Net Operating income	\$30,919	13.67
Building Size (SF)	2,261	Occupancy at Sale	N/Av	
Floor Area Ratio	0.5	Expenses % of GI / EGI	N/Av	N/Av

ANALYSIS INFORMATION	
Price Per SF	\$432
Capitalization Rate	3.17%

**REMARKS**  
 One Storey retail commercial property in downtown Cloverdale with good street exposure. Older renovated retail space.

**COMPARABLE 2: Retail Property**  
**5662 176 Street, Surrey, BC**



British Columbia Highway

Map data ©2021 Google

LOCATION / SITE INFORMATION		SALE INFORMATION	
Address	5662 176 Street	Purchaser	1288077 B.C. Ltd.
City, Province	Surrey, BC	Vendor	An Individual(s) acting in his/her own capacity
Site Size	0.1 Acres (5,053 SF)	Transaction Date	April 8, 2021
Topography	Generally Level	Transaction Status	Recorded
Site Configuration	Generally Rectangular	Transaction Price	\$2,100,000
Location	Good	Analysis Price	\$2,100,000
Access	Good	Recording Number	JA 8902602
Exposure	Good	Rights Transferred	Fee Simple
Zoning	C-15	Conditions of Sale	Arms-Length

IMPROVEMENTS INFORMATION		OPERATING INCOME		
Property Type	Retail		<b>TOTAL</b>	<b>PER SF</b>
Building Structure	Brick/Block/Frame	Gross Income	N/Av	N/Av
Design / Layout	Average	Vacancy & Credit Loss @ N/Av	N/Av	N/Av
Quality	Average	Effective Gross Income	N/Av	N/Av
Condition	Average	Expenses	N/Av	N/Av
Building Size (SF)	7,459	Contingency	N/Av	N/Av
Floor Area Ratio	1.5	Net Operating Income	N/Av	N/Av
Year Built	1955	Occupancy at Sale	N/Av	
		Expenses % of GI / EGI	N/Av	N/Av

ANALYSIS INFORMATION	
Price Per SF	\$282

**REMARKS**

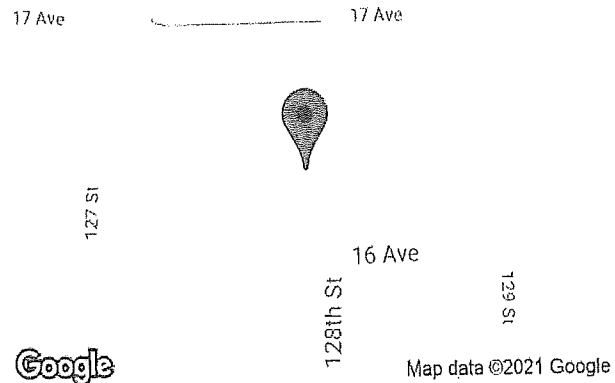
The property is improved with a two storey, multi tenant retail building. The building contains a total gross floor area of 7,459 square feet, including approximately 3,700 square feet of second floor apartment space.

The building has been constructed using a structural wood frame behind a clay brick facade. There is no parking and no points of ingress and egress. The property has a coverage ratio of approximately 73%



Mixed - Use Development & Excess Land, 5708 176 Street, Surrey, British Columbia

**COMPARABLE 3: Retail Property**  
**1635 128th Street, Surrey, BC**



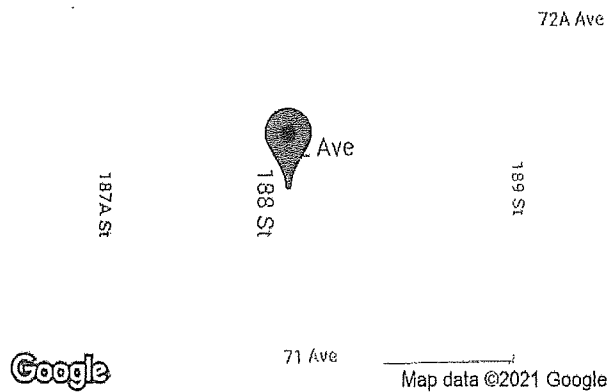
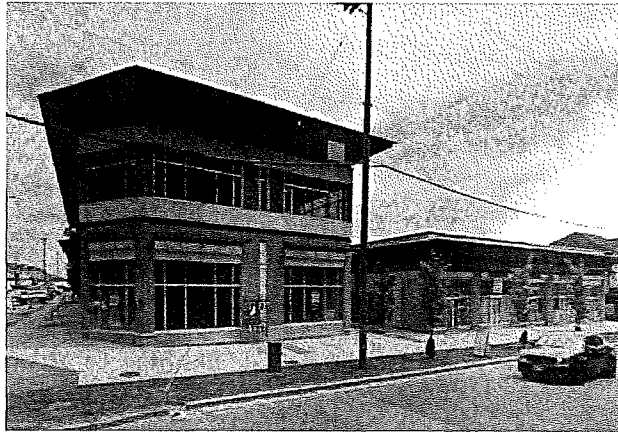
LOCATION / SITE INFORMATION		SALE INFORMATION	
Address	1635 128th Street	Purchaser	1007609 B.C. Ltd.
City, Province	Surrey, BC	Vendor	An individual(s) acting in his/her own capacity
Site Size	0.2 Acres (9,801 SF)	Transaction Date	March 1, 2021
Topography	Generally Level	Transaction Status	Recorded
Site Configuration	Generally Rectangular	Transaction Price	\$2,525,000
Location	Good	Analysis Price	\$2,525,000
Access	Good	Recording Number	SA 8810286
Exposure	Good	Rights Transferred	Fee Simple
Zoning	C-8	Conditions of Sale	Arms-Length

IMPROVEMENTS INFORMATION		OPERATING INCOME		
Property Type	Retail		<b>TOTAL</b>	<b>PER SF</b>
Building Structure	Brick/Block/Frame	Gross Income	N/Av	N/Av
Design / Layout	Average/Good	Vacancy & Credit Loss @ N/Av	N/Av	N/Av
Quality	Average/Good	Effective Gross Income	N/Av	N/Av
Condition	Average/Good	Expenses	N/Av	N/Av
Building Size (SF)	5,225	Contingency	N/Av	N/Av
Floor Area Ratio	0.5	Net Operating Income	\$86,946	16.64
Year Built	1964	Occupancy at Sale	N/Av	
		Expenses % of GI / EGI	N/Av	N/Av

ANALYSIS INFORMATION	
Price Per SF	\$483
Capitalization Rate	3.44%

**REMARKS**  
 The property is improved with a two-storey, multi tenant retail / residential building. The building contains a total gross floor area of 5,225 square feet, including two residential units on the second floor.

**COMPARABLE 4: Retail/Office**  
**18810 72 Ave & 7170 188 Street, Surrey, BC**



LOCATION / SITE INFORMATION		SALE INFORMATION	
Address	18810 72 Ave & 7170 188 Street	Purchaser	1283941 BC Ltd
City, Province	Surrey, BC	Vendor	Plaza 188 Holdings Ltd
Site Size	1.0 Acres (44,997 SF)	Transaction Date	February 19, 2021
Location	Average	Transaction Status	Recorded
Access	Average	Transaction Price	\$9,800,000
Exposure	Average	Analysis Price	\$9,800,000
Zoning	CD	Conditions of Sale	Arms-Length

IMPROVEMENTS INFORMATION		OPERATING INCOME		
Property Type	Retail		<b>TOTAL</b>	<b>PER SF</b>
No. of Buildings	2	Gross Income	N/Av	N/Av
Design / Layout	Average	Vacancy & Credit Loss @ N/Av	N/Av	N/Av
Quality	Average	Effective Gross Income	N/Av	N/Av
Condition	Average	Expenses	N/Av	N/Av
Building Size (SF)	19,650	Contingency	N/Av	N/Av
Floor Area Ratio	0.4	Net Operating Income	N/Av	N/Av
Year Built	2016	Occupancy at Sale	N/Av	
Parking Ratio/1,000 SF	2.6	Expenses % of GI / EGI	N/Av	N/Av

ANALYSIS INFORMATION	
Price Per SF	\$499

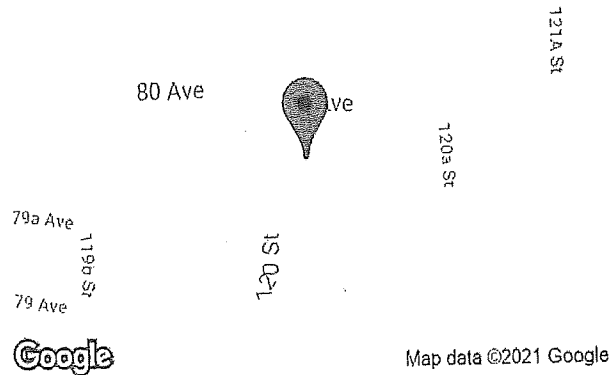
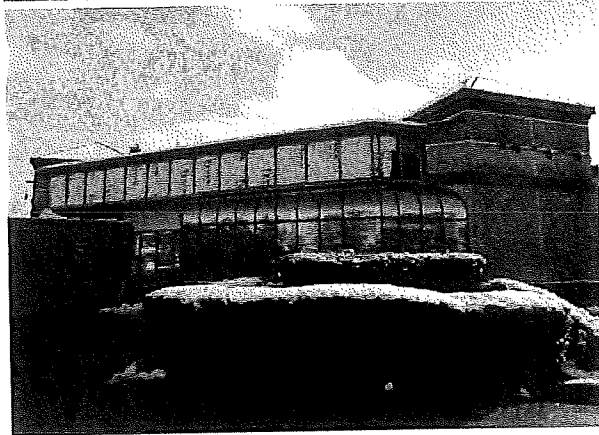
**REMARKS**





Mixed - Use Development & Excess Land, 5708 176 Street, Surrey, British Columbia

**COMPARABLE 5: Newton Retail Building**  
**7988 120th Street, Surrey, BC**



**LOCATION / SITE INFORMATION**

Address	7988 120th Street
City, Province	Surrey, BC
Site Size	0.5 Acres (22,913 SF)
Location	Average
Access	Average
Exposure	Average
Zoning	C-4

**SALE INFORMATION**

Purchaser	1186872 B.C. Ltd.
Vendor	7-Eleven Canada (1088548 B.C. Ltd.)
Transaction Date	November 6, 2020
Transaction Status	Recorded
Transaction Price	\$2,800,000
Analysis Price	\$2,800,000
Recording Number	CA 8555148
Rights Transferred	Fee Simple
Conditions of Sale	Arms-Length

**IMPROVEMENTS INFORMATION**

Property Type	Retail
Sub-Type	Retail
No. of Buildings	1
Design / Layout	Average
Quality	Average
Condition	Average
Building Size (SF)	3,500
Floor Area Ratio	0.2
Year Built	1999

**OPERATING INCOME**

	TOTAL	PER SF
Gross Income	N/Av	N/Av
Vacancy & Credit Loss @ N/Av	N/Av	N/Av
Effective Gross Income	N/Av	N/Av
Expenses	N/Av	N/Av
Contingency	N/Av	N/Av
Net Operating income	N/Av	N/Av
Occupancy at Sale	N/Av	N/Av
Expenses % of GI / EGI	N/Av	N/Av

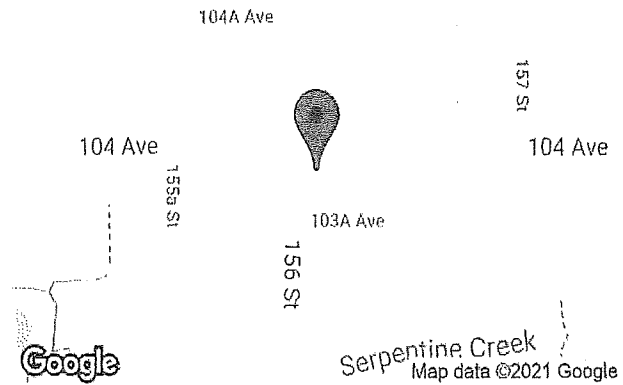
**ANALYSIS INFORMATION**

Price Per SF	\$800
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**REMARKS**

The property is improved with a single storey, single tenant retail building. The building contains a total gross floor area of approximately 3,500 square feet. The remainder of the property is comprised of an asphalt surface parking lot containing approximately 21 spaces, with two points of ingress and egress. The Zoning for the property is C-4, a Local Commercial classification which permits a maximum gross floor area of 0.4 times the lot area and a maximum lot coverage of 0.4 times the lot area. The property is improved with a single storey, single tenant retail building. The building contains a total gross floor area of approximately 3,500 square feet. The remainder of the property is comprised of an asphalt surface parking lot containing approximately 21 spaces, with two points of ingress and egress.

**COMPARABLE 6: Guildford Retail Building**  
**15618 104th Avenue, Surrey, BC**



**LOCATION / SITE INFORMATION**

Address	15618 104th Avenue
City, Province	Surrey, BC
Site Size	0.3 Acres (11,326 SF)
Location	Good
Access	Good
Exposure	Good
Zoning	C-4

**SALE INFORMATION**

Purchaser	1268580 B.C. Ltd.
Vendor	Orinoco Financial Inc.
Transaction Date	October 30, 2020
Transaction Status	Recorded
Transaction Price	\$2,050,000
Analysis Price	\$2,050,000
Recording Number	CA 8536951
Rights Transferred	Fee Simple
Conditions of Sale	Arms-Length

**IMPROVEMENTS INFORMATION**

Property Type	Retail
Sub-Type	Retail
No. of Buildings	1
Design / Layout	Good
Quality	Good
Condition	Good
Building Size (SF)	3,878
Floor Area Ratio	0.3
Year Built	1959

**OPERATING INCOME**

	TOTAL	PER SF
Gross Income	N/Av	N/Av
Vacancy & Credit Loss @ N/Av	N/Av	N/Av
Effective Gross Income	N/Av	N/Av
Expenses	N/Av	N/Av
Contingency	N/Av	N/Av
Net Operating Income	N/Av	N/Av
Occupancy at Sale	N/Av	N/Av
Expenses % of GI / EGI	N/Av	N/Av

**ANALYSIS INFORMATION**

Price Per SF	\$529
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**REMARKS**

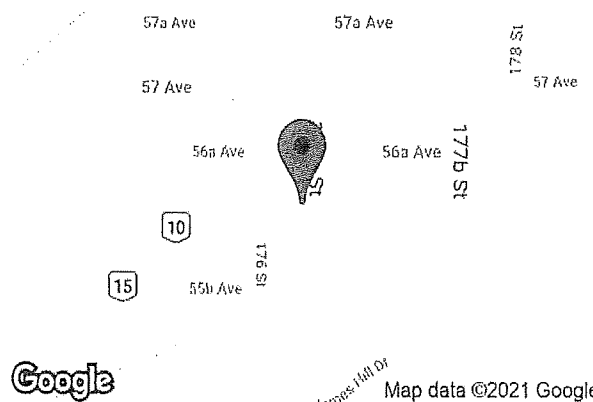
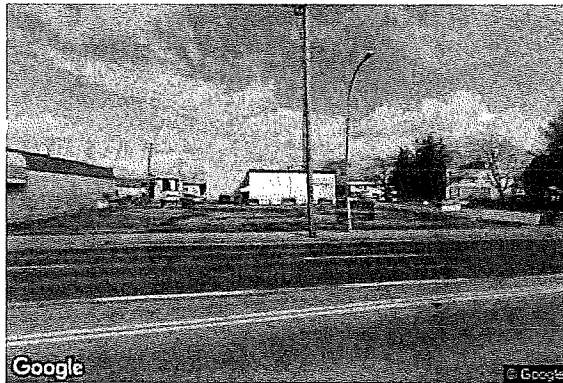
The property is improved with one two-storey, single tenant, retail building constructed circa 1959. The building contains a total grossleasable area of approximately 3,878 square feet, including approximately 1,860 square feet of second floor residential space. The building has been constructed using a structural wood frame behind a vinyl siding facade. The property contains one secured garageparking space and approximately 15 surface spaces, with a total of three points of ingress and egress. The property is improved with one two-storey, single tenant, retail building constructed circa 1959. The building contains a total gross leasable area of approximately 3,878 square feet, including approximately 1,860 square feet of second floor residential space.. The building has been constructed using a structural wood frame behind a vinyl siding facade. The property contains one secured garage parking space and approximately 15 surface spaces, with a total of three points of ingress and egress.



## Appendix G

### Land Comparable Sales

**COMPARABLE 1: 17631 56 Avenue, Surrey, BC**



**TRANSACTION SUMMARY**

Vendor	-
Purchaser	-
Registered Date	8/26/2021
Status	Recorded
PID	011-297-549
Sale Price	\$1,835,000
Site Area (SF)	10,910
Sale Price per SF	\$168.19

**SITE DESCRIPTION**

Address	17631 56 Avenue
Configuration	Generally Rectangular
Topography	Generally Level

**LAND USE PLANNING**

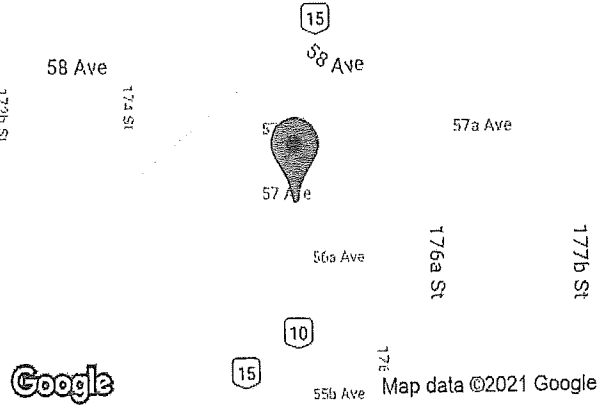
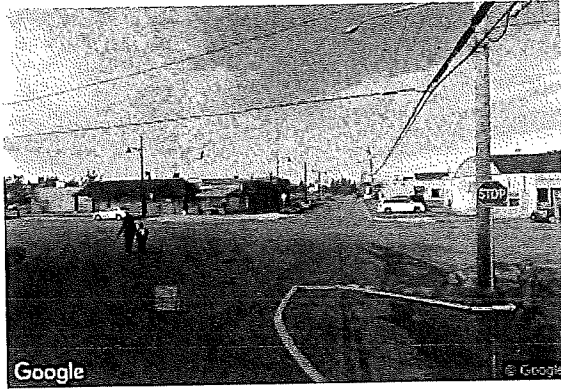
Underlying Zoning	CG-2
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**GENERAL COMMENTS**

- High Exposure Corner Location
- Easy access to Trans-Canada Highway
- 4,948 SF Proposed Building Size
- Favorable zoning



**COMPARABLE 2: 17546 57 Avenue, Surrey, BC**



**TRANSACTION SUMMARY**

Vendor	-
Purchaser	-
Registered Date	2/19/2021
Status	Recorded
Recording Number	CA9011175
PID	012-317-004, 012-317-136, 012-317-144, 012-317-152
Sale Price	\$3,000,000
Site Area (SF)	32,736
Sale Price per SF	\$91.64

**SITE DESCRIPTION**

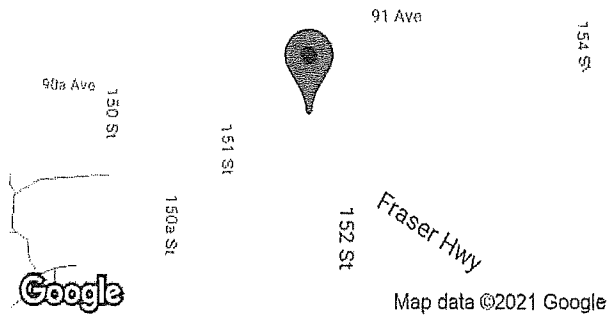
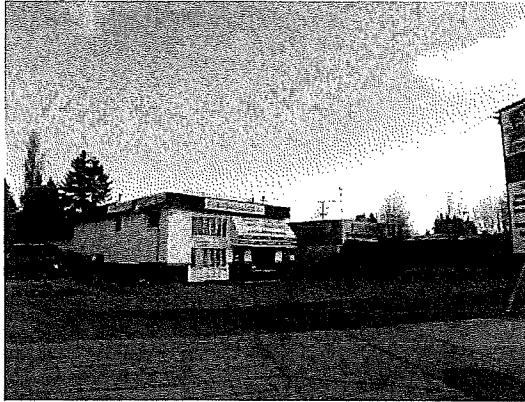
Address	17546 57 Avenue
Configuration	Generally Rectangular
Topography	Generally Level

**LAND USE PLANNING**

Underlying Zoning	IH
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**GENERAL COMMENTS**

**COMPARABLE 3: 15167 Fraser Highway, Surrey, BC**



**TRANSACTION SUMMARY**

Vendor	FRANKLIN BELEN DE GUZMAN
Purchaser	SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY
Registered Date	1/16/2020
Status	Recorded
Recording Number	CA7982796
PID	000-937-193
Sale Price	\$2,200,000
Site Area (SF)	12,600
Sale Price per SF	\$174.60

**SITE DESCRIPTION**

Address	15167 Fraser Highway
Configuration	Generally Rectangular
Topography	Generally Level

**LAND USE PLANNING**

Underlying Zoning	CHI
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**GENERAL COMMENTS**

Purchased by the South BC Transportation Authority. Sale involves an older auto service building situated on a 12,600 SF lot along the Fraser Hwy. The building is approx 3,550 SF.



**COMPARABLE 4: 7027 184 Street, Surrey, BC**



**TRANSACTION SUMMARY**

Vendor	Langley Little Theatre Society
Purchaser	An individual(s) acting in his/her own capacity
Registered Date	6/30/2021
Status	Recorded
Recording Number	DA 9147211
PID	010-901-736
Sale Price	\$875,000
Site Area (SF)	8,015
Sale Price per SF	\$109.17

**SITE DESCRIPTION**

Address	7027 184 Street
Configuration	Irregular

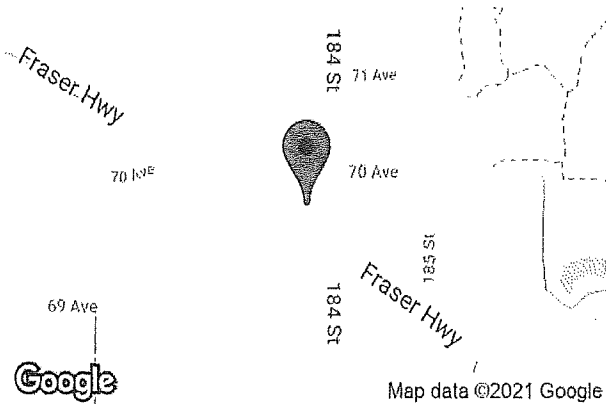
**LAND USE PLANNING**

Underlying Zoning	RA
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**GENERAL COMMENTS**

The City of Surrey Official Community Plan designates the General Land use for the property as Mixed-Use (Commercial Residential) within the West Clayton Neighbourhood Concept Plan.

**COMPARABLE 5: 18375 Fraser Highway, Surrey, BC**



**TRANSACTION SUMMARY**

Vendor	-
Purchaser	-
Registered Date	3/1/2021
Status	Recorded
PID	010-901-752
Sale Price	\$4,960,000
Site Area (SF)	46,453
Sale Price per SF	\$106.77

**SITE DESCRIPTION**

Address	18375 Fraser Highway
Configuration	Irregular
Topography	Generally Level

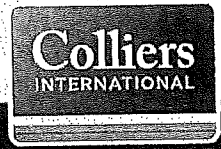
**LAND USE PLANNING**

Underlying Zoning	C-4
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**GENERAL COMMENTS**

Vacant commercial lot at the corner of Fraser Highway and 184 Street





# Narrative Appraisal

Retail Property AS IF COMPLETE and AS IS

4-19040 Lougheed Highway

Pitt Meadows, British Columbia

Effective Date: December 7, 2021

Report Date: December 9, 2021

Prepared For  
Ryan Moreno  
CEO  
The Phat Bird Public House Ltd.

Prepared By  
Aian Miiabaev, AACI, MRICS  
Executive Valuation Services Director, Vancouver  
Valuation & Advisory Services



Our File: YVR211452

December 9, 2021

The Phat Bird Public House Ltd.  
5708 176 Street,  
Surrey, BC V3S 4E3

Attention: **Ryan Moreno**  
CEO

Re: **Appraisal of Retail Property AS IF COMPLETE and AS IS**  
**4-19040 Lougheed Highway, Pitt Meadows, British Columbia**

In accordance with your request, we have carried out an analysis of the above-mentioned property in order to estimate its prospective market value. Based on our investigations, it is our opinion that the prospective market value of the fee simple interest in the property, as of December 7, 2021, is estimated to be as follows:

VALUE TYPE	INTEREST APPRAISED	DATE OF VALUE	VALUE
Current Market Value As Assumed - Complete	Fee Simple	December 7, 2021	\$6,150,000

VALUE TYPE	INTEREST APPRAISED	DATE OF VALUE	VALUE
Current Market Value As-Is	Fee Simple	December 7, 2021	\$4,740,000

The above value estimate is based on an exposure period of three to six months, assuming the basis of a transaction involving cash to the vendor and is in conjunction with the Assumptions and Limiting Conditions stated within this appraisal. Of particular note are the Hypothetical Conditions, Extraordinary Assumptions and Extraordinary Limiting Conditions outlined within the Terms of Reference section.

This report describes the methods and approaches to value in support of the above conclusion, and contains the pertinent data gathered in our investigation of the market.

Should you have any questions, we would be pleased to discuss the valuation further.

Yours very truly,

**COLLIERS INTERNATIONAL REALTY ADVISORS INC.**

*Aian Miiabaev*

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Executive Valuation Services Director, Vancouver



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# Executive Summary

Retail Property AS IF COMPLETE and AS IS  
4-19040 Lougheed Highway  
Pitt Meadows, British Columbia

Final Value AS IF COMPLETE Estimate  
\$6,150,000

PROPERTY INFORMATION		OCCUPANCY INFORMATION	
Property Type	Retail / Strip Centre	Size (SF)	7,763
Year Built	1973	Occupied (100.0%)	7,763
Quality / Condition	Good / Good	Vacancy (0.0%)	0
District			
Access	Good	Number of Tenants	1
Frontage	230 Feet	Number of Vacant Units	0
Parking (UG / Surface / Other)	0 / 25 / 0		
Parking Ratio (Stalls/1,000 SF)	3		
Site Area (acres)	3.01		
Density	0.06		
Excess Density	None		
Land Use/Zoning	C-2 (Neighbourhood Centre Commercial)		

VALUE CONCLUSION		VALUATION SUMMARY	
Final Value Estimate	\$6,150,000	Direct Comparison Approach	\$5,820,000
Effective Date	December 7, 2021	Income Approach	
Value per SF	\$792	Direct Income Capitalization	\$6,340,000
Going-In Capitalization Rate	4.12%		

DIRECT INCOME CAPITALIZATION		DIRECT COMPARISON APPROACH	
Market Rent		Concluded Unit Value/SF	\$750
Stabilized Net Operating Income	\$253,567	Initial Value	\$5,820,000
NOI per SF	\$32.66	Adjustments	\$0
Vacancy Allowance	2.00%	Adjusted Value As Is	\$5,820,000
Structural / Contingency	0.00%	Value per SF	\$750
Overall Capitalization Rate	4.00%		
Stabilized Value	\$6,340,000		
Adjustments	\$0		
Adjusted Value As Is	\$6,340,000		
Value per SF	\$817		

The above value estimate is in conjunction with the Assumptions and Limiting Conditions stated within this appraisal. Of particular note are the Hypothetical Conditions, Extraordinary Assumptions and Extraordinary Limiting Conditions outlined within the Terms of Reference section.



Retail Property AS IF COMPLETE and AS IS, 4-19040 Lougheed Highway, Pitt Meadows, British Columbia

### Investment Sales

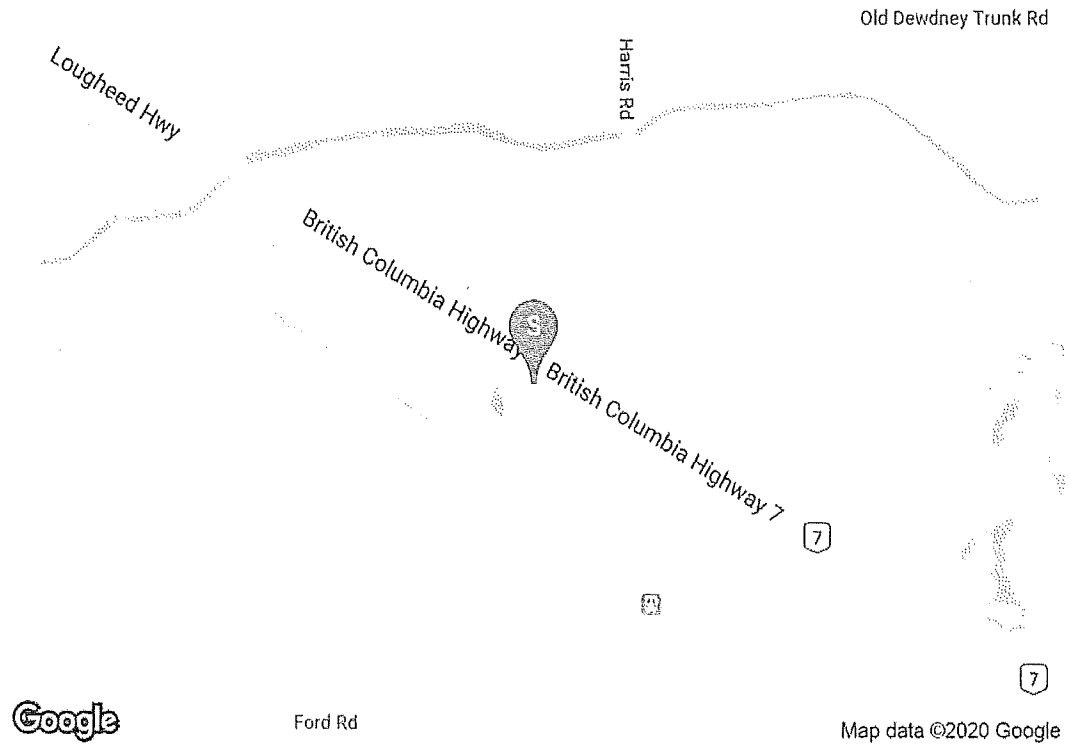
Index No.	Property Name Property Address	Year Built Size (SF) Site Area (SF)	Sale Date Analysis Price <sup>1</sup> Analysis Price / SF	NOI NOI / SF SOCR
1	Retail Strata Unit	1998	30-Sep-20	\$16,000
	24-8430 128 Street	752	\$400,000	\$21.28
	Surrey, BC	-	\$532	4.00%
2	Court House Square	1986	30-Nov-20	\$123,096
	11996 Dewdney Trunk Road	5,600	\$2,600,000	\$21.98
	Maple Ridge, BC	-	\$464	4.73%
3	Retail Property	1981	9-Dec-20	\$66,000
	9547 152nd Street, Unit 201	5,000	\$2,000,000	\$13.20
	Surrey, BC	-	\$400	3.30%
4	Little India Plaza	2016	1-Feb-21	\$38,400
	106 - 8028 128 Street	1,087	\$950,000	\$35.33
	Surrey, BC	-	\$874	4.04%
5	Retail Property	1948	24-Feb-21	\$206,284
	11855 224th Street	7,934	\$5,030,000	\$26.00
	Maple Ridge, BC	8,084	\$634	4.10%
6	Mixed-Use Property	1983	31-Mar-21	\$52,734
	22364 - 22370 Dewdney Trunk	5,164	\$1,870,000	\$10.21
	Maple Ridge, BC	5,924	\$362	2.82%

(1) Sale price adjusted for holding and lease-up costs and other capital adjustments.

Index No.	Property Name Property Address	Year Built Size (SF) Site Area (SF)	Sale Date Analysis Price <sup>1</sup> Analysis Price / SF
1	Osprey Village Market	2013	31-Jul-20
	10996 Bamston View Road	471	\$310,000
	Pitt Meadows, BC	-	\$658
2	Highland Park Building	2019	1-Mar-19
	6-12460 191 Street	1,386	\$845,000
	Pitt Meadows, BC	-	\$610
3	Keystone	2008	6-May-19
	12350 Harris Road, Unit 1	992	\$428,000
	Pitt Meadows, BC	-	\$431
4	The Brickwater- Retail	2020	27-Jan-21
	124-22638 119th Avenue	1,528	\$916,800
	Maple Ridge, BC	-	\$600
5	Retail Property	1948	24-Feb-21
	11855 224th Street	7,934	\$5,030,000
	Maple Ridge, BC	8,084	\$634
6	Brickwater at the Village	2019	11-Feb-21
	112, 128, 130 - 22638 119th	2,194	\$1,228,700
	Maple Ridge, BC	-	\$560

(1) Sale price adjusted for holding and lease-up costs and other capital adjustments.

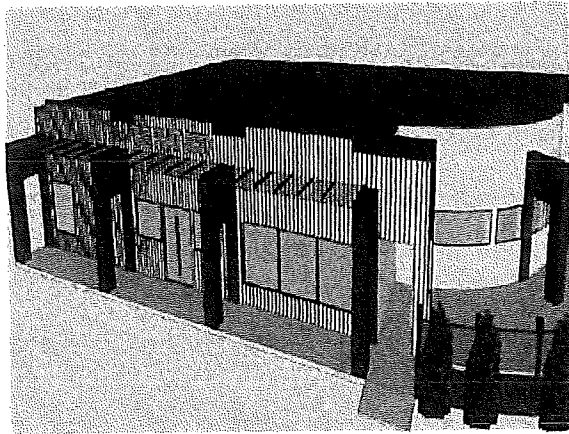
# General Location Map



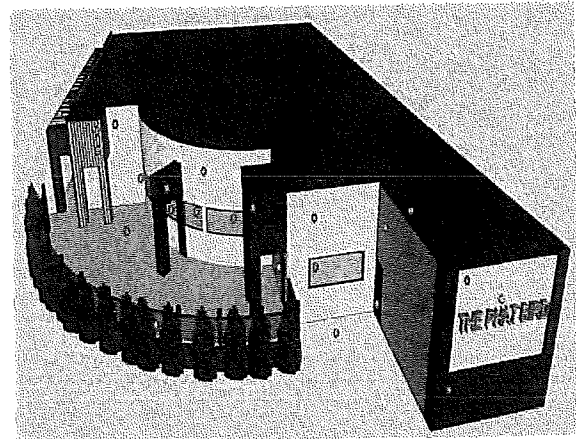
# Aerial Photograph



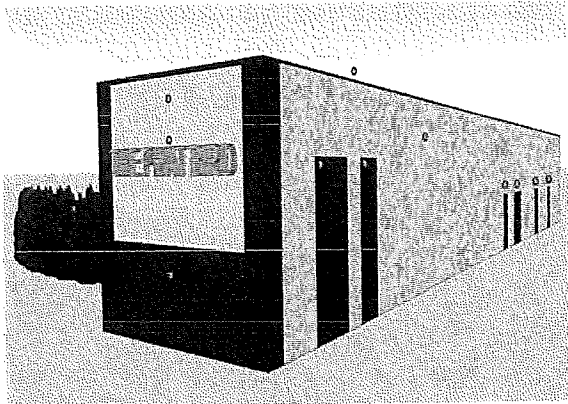
# Photographs of Subject Property (Proposed Design)



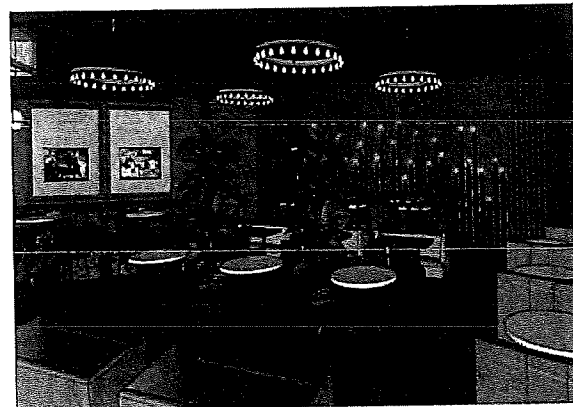
Exterior



Exterior



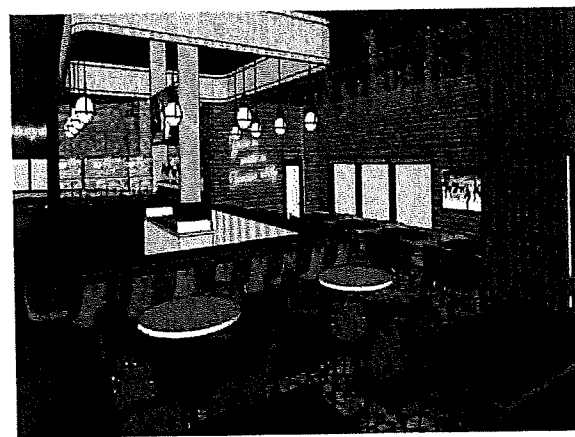
Exterior



Interior



Interior

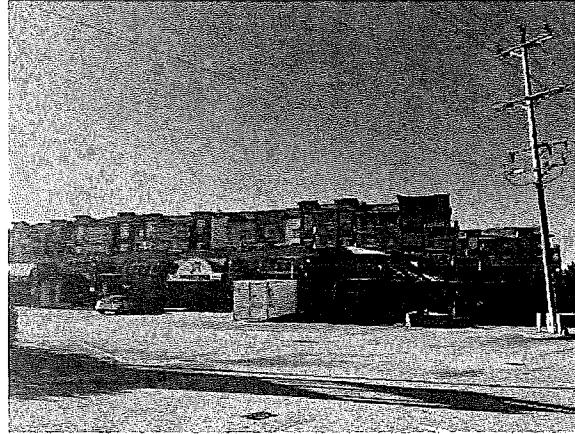


Interior

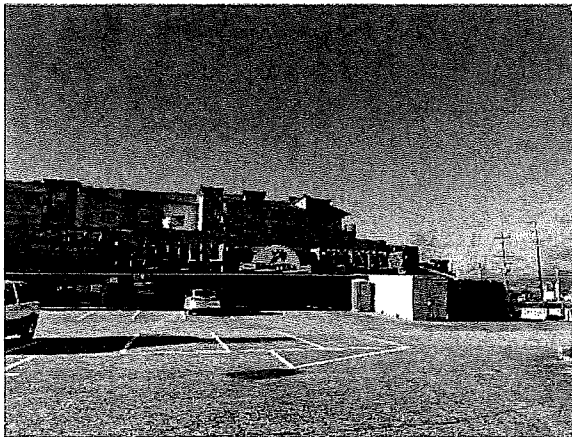
# Photographs of Subject Property (Existing Condition)



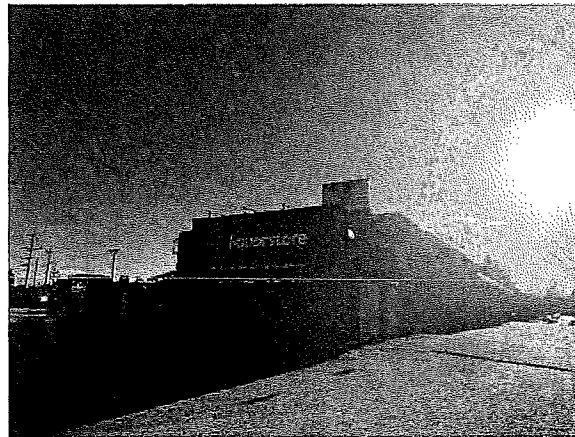
Street View



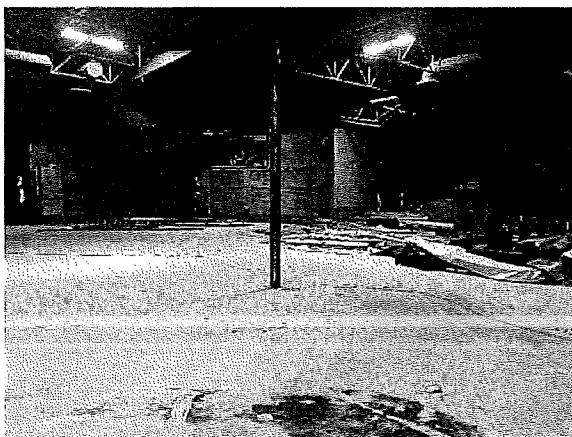
Front View



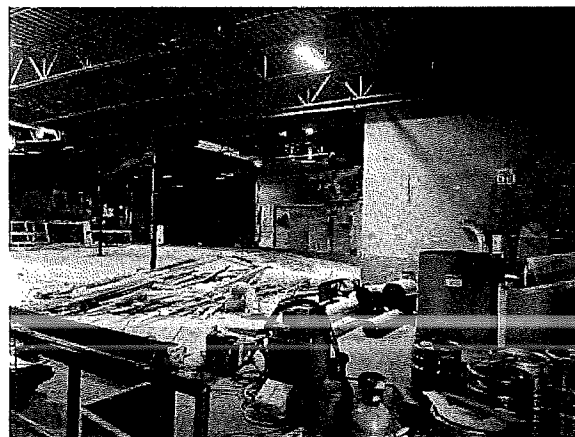
Front View



Rear View



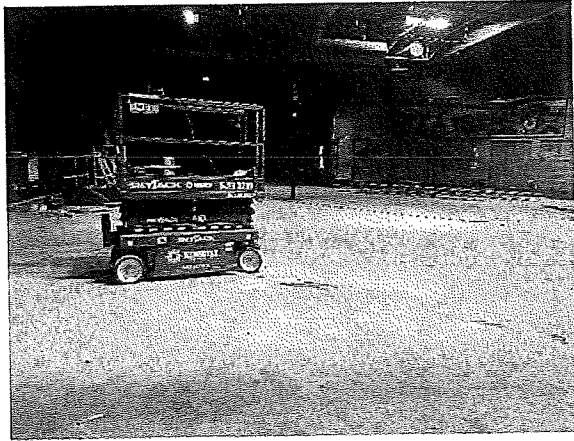
Interior



Interior



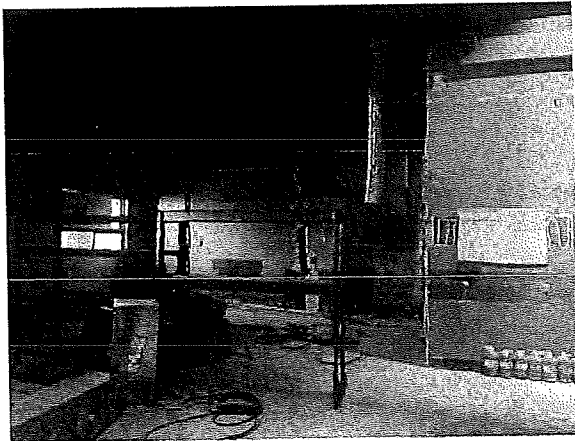
# Photographs of Subject Property (continued)



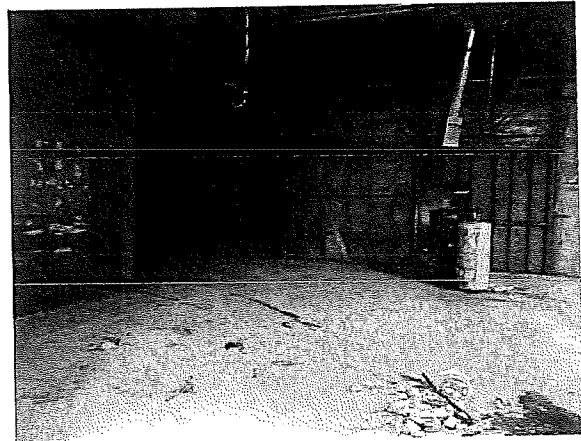
Interior



Interior



Interior



Interior

# Terms of Reference

## Client and Intended User

The Client of this appraisal is The Phat Bird Public House Ltd., and the Intended User is The Phat Bird Public House Ltd..

## Purpose and Intended Use of Report

The purpose of this valuation is to estimate the prospective market value of the property described.

This appraisal is provided on a confidential basis and for the sole and exclusive use by The Phat Bird Public House Ltd. and any other Intended User specifically identified for financing only and any third party use of or reliance on this Appraisal Report or any materials prepared by Colliers International Realty Advisors Inc. (Colliers), is strictly prohibited, except to the extent that Colliers has provided prior permission in writing, such permission to be provided or withheld in Colliers's sole and exclusive discretion. In the event that Colliers has not provided said permission The Phat Bird Public House Ltd. shall ensure and be responsible for notifying the third party in writing that it should not rely on the Appraisal Report and any use by such third party of the Appraisal Report or any materials prepared by Colliers shall be at its own risk and that Colliers makes no representations or warranties of any kind. Notwithstanding anything to the contrary, Colliers shall not owe any duty to any third party with respect to the Appraisal Report. The Phat Bird Public House Ltd. shall indemnify, defend and hold harmless Colliers for any and all claims, liabilities, damages, costs and expenses (including court costs and reasonable legal fees) in connection with or arising out of any breach of this Agreement by The Phat Bird Public House Ltd. or any unauthorized use or reliance by third parties of the Appraisal Report or any materials prepared by Colliers.

## Property Rights

The property rights appraised are those of the Fee Simple Interest. The Fee Simple Interest refers to absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, expropriation, police power and escheat.

## Effective Date

The effective date of this valuation is December 7, 2021.

This Appraisal Report is prepared in the context of the market conditions and other factors (including assumptions and/or materials provided by parties and sources outside of the control of Colliers Realty Advisors Inc.) prevailing as of the effective date. Real estate markets and assets are subject to significant volatility and change; and can be affected by numerous economic and political conditions as well as other conditions. The value contained (if any) in this Appraisal Report is made as of the effective date only and should not be relied on as of any other date without receiving prior written authorization from Colliers.

## Property Inspection

The following table illustrates the Colliers professionals involved with this appraisal report, and their status with respect to the property inspection.

<b>SUBJECT PROPERTY INSPECTION</b>			
<b>APPRAISER</b>	<b>INSPECTED</b>	<b>EXTENT</b>	<b>DATE OF INSPECTION</b>
Alan Milabaev, AACI, MRICS	Yes	Interior/Exterior	December 7, 2021



### Market Value Definition

For the purposes of this valuation, market value is defined as:

"The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and the seller each acting prudently, knowledgeably, and for self-interest, assuming that neither is under duress."

(The Appraisal Institute of Canada "Canadian Uniform Standards of Professional Appraisal Practice". 2020 ed., p. 10)

### Exposure Time

An estimate of market value is related to the concept of reasonable exposure time. Exposure time is defined as:

"The estimated length of time the property interest being appraised would have been offered on the market before the hypothetical consummation of a sale at the estimated value on the Effective Date of the appraisal."

(The Appraisal Institute of Canada "Canadian Uniform Standards of Professional Appraisal Practice". 2020 ed., p. 6)

Exposure Time is a retrospective function of asking price, property type, and past market conditions and encompasses not only adequate, sufficient and reasonable time, but also adequate, sufficient and reasonable marketing effort. Exposure time is a necessary element of a market value definition but is not a prediction of a specific date of sale.

In practice, the exposure time assumes the following:

- The property was extensively marketed. Potential purchasers could inspect the property at will.
- The owner provided interested agents with any and all relevant property information.
- Negotiations of any offers to purchase were performed in a timely manner.
- The property was maintained at a physical status equivalent to its present condition.
- Market level financing was readily available.
- The seller was not under duress.

Ongoing discussions with agents familiar with the market have indicated that properties like the Subject typically require a marketing period of three to six months depending on a variety of factors including its location, vacancy levels, tenant quality, size, market conditions, and motivation of the vendor/purchaser. In consideration of these factors, it is concluded that for the Subject property to sell at the market value estimated as of the effective date of this report, an exposure period of approximately three to six months would be required.

### Scope of the Valuation

This report has been written in a Narrative format, and complies with the reporting requirements set forth under the Canadian Uniform Standards of Professional Appraisal Practice As such, all relevant material is provided in this report including the discussion of appropriate data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Additional supporting documentation



concerning the data, reasoning, and analyses are retained in the appraiser's file. The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated.

During the course of preparing this valuation, the following was completed:

- Property inspection details are indicated previously within the Terms of Reference section of this report.
- No lease review or audit was conducted. This valuation has been prepared on the basis of summary financial and operating data provided directly to us by our client or their designated agents, in either hard copy or electronic form or both. It is assumed that this information, and specifically that relating to the financial performance of the property described, is accurate. This assumption is critical to the value estimate contained and the authors of this report, and Colliers reserve the right to amend our estimate(s) in whole or in part should the foregoing not be the case.
- A review of a detailed tenant rent roll as provided by our client or their designated agents has been conducted.
- A review has been completed of available data regarding the local market.
- Verification of current land use and zoning regulations has been undertaken. Municipal and neighbourhood information, including tax information, were sourced as noted below and verified where appropriate and possible. Site area and dimensions are from information obtained from the City of Pitt Meadows. Should further confirmation of site size and dimensions be required, a legal survey should be commissioned.
- A review of sales and listing data on comparable properties has been undertaken. Comparable market information was obtained from our information database and local real estate professionals knowledgeable in the Pitt Meadows real estate market. It was confirmed, when appropriate, with public information at the LTSA or the parties involved when there was reason to doubt its accuracy.
- Discussions have been held with market participants where applicable.

<b>SOURCES OF INFORMATION</b>	
<b>ITEM</b>	<b>SOURCE</b>
Assessment / Tax Information	BC Assessment/City of Pitt Meadows/Client
Zoning Information	City of Pitt Meadows
Official Plan Information	City of Pitt Meadows
Site Size Information	City of Pitt Meadows
Building Size Information	Strata Plan/Measurements
Demographics	City of Pitt Meadows
Comparable Information	RealNet/CoStar/MLS
Legal Description	City of Pitt Meadows

Colliers cannot be held liable for any errors in the information that was provided by third parties or by Ryan Moreno of The Phat Bird Public House Ltd.. The Appraisal Report must be used in its entirety and any reliance on any portion of the appraisal report independent of others may lead to erroneous conclusions.

Ordinary Assumptions and Limiting Conditions

This report is subject to the Ordinary Assumptions and Limiting Conditions set forth within the Appendix to this appraisal in addition to any specific assumptions that may be stated in the body of the report. These conditions are critical to the value stated and should be thoroughly read and understood before any reliance on this report should be considered.



#### Extraordinary Limiting Conditions

An Extraordinary Limiting Condition refers to a necessary modification to, or exclusion of, a Standard Rule which may diminish the reliability of the report.

#### **The following Extraordinary Limiting Conditions were invoked within this report:**

The subject property is unfinished, however, as per client's terms of reference for purposes of our appraisal we assume that the subject property is fully renovated and ready for operation.

#### Hypothetical Conditions

Hypothetical Conditions are a specific type of an Extraordinary Assumption that presumes, as fact, simulated but untrue information about physical, legal or economic characteristics of the subject property or external conditions, and are imposed for purposes of reasonable analysis.

#### **The following Hypothetical Conditions were invoked within this report:**

The subject property is unfinished, however, as per client's terms of reference for purposes of our appraisal we assume that the subject property is fully renovated according to the local construction codes and other requirements.

#### Extraordinary Assumptions

An Extraordinary Assumption is an assumption, directly related to a specific assignment, which, if found to be false, could materially alter the opinions or conclusions. Extraordinary Assumptions presume as fact otherwise uncertain information about or anticipated changes in the physical, legal or economic characteristics of the subject property, or about conditions external to the subject property such as market conditions or trends, or the integrity of data used in the analysis. The following Extraordinary Assumptions were invoked within this report:

We have relied on information provided to us by our client of their designated agents with respect to the status of the tenancy and their contractual rights and obligations, and financial data relating to the income and expenses associated with the property's operations, as well as the physical attributes of the property and environmental condition of the site, including any required capital expenditures. The assumptions stated are critical to the value estimate contained and the authors of this report and Colliers reserve the right to amend our estimates should any of these assumptions be altered in whole or in part.

We have not undertaken a detailed soil analysis, and as we are not qualified to comment on soil conditions, we have assumed that there are no contaminants affecting the site. However, a full environmental assessment would be required for certainty and any cost of remedy could potentially impact the reported value conclusion. The sub-soil is assumed to be similar to other lands in the area and suitable in drainage qualities and load bearing capacity to support the existing development.

As the date of the inspection and of writing this report precedes the effective date, it is an Extraordinary Assumption that there are no material changes in the interim to either the physical or operating status of the property or the prevailing market conditions that might impact the value conclusions.

With the exception of the foregoing, there have been no other Extraordinary Assumptions employed in the preparation of this appraisal or report.



#### Assemblage

When relevant to the assignment, CUSPAP requires that assemblage must be considered and analyzed as to the effect on value. In the subject instance, assemblage is not considered to be a relevant factor, and therefore no analysis is deemed necessary.

#### Anticipated Public or Private Improvements

When relevant to the assignment, CUSPAP requires that anticipated public or private improvements must be considered and analyzed as to the effect on value. In the subject instance, public or private improvements are not considered to be a relevant factor, and therefore no analysis is deemed necessary.

#### Personal Property

When relevant to the assignment, CUSPAP requires that personal property must be considered and analyzed as to the effect on value. In the subject instance, personal property is not considered to be a relevant factor, and therefore no analysis is deemed necessary.



# Property Data

## Municipal Address

The Subject property is municipally described as 4-19040 Lougheed Highway, Pitt Meadows, British Columbia.

## Legal Description

The Subject property's legal description is as follows:

Strata Lot 7 Block 6N Plan LMS148 Section 25 Range 1E Meridian Land District 36 TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS SHOWN ON FORM V

PID: 023-107-464

Strata Lot 8 Block 6N Plan LMS148 Section 25 Range 1E Meridian Land District 36 TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS SHOWN ON FORM V

PID: 023-107-472

Strata Lot 9 Block 6N Plan LMS148 Section 25 Range 1E Meridian Land District 36 TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS SHOWN ON FORM V

PID: 023-107-481

Strata Lot 10 Block 6N Plan LMS148 Section 25 Range 1E Meridian Land District 36 TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS SHOWN ON FORM V

PID: 023-107-499

## Current Ownership

A title search completed for the Subject property indicated the following ownership information:

TITLE NO.	SEARCH DATE	REGISTERED OWNER	SOURCE OF TITLE INFORMATION
CA7308466	December 7, 2021	1164312 BC Ltd.	LTSA

## Ownership History

Ownership of the property last transferred on January 22, 2019. According to the information available, the current owner, 1164312 BC Ltd., acquired the property from Banns Enterprises Ltd. for the reported consideration of \$2,400,000. This transaction is understood to have occurred at arm's length.

There have been no other transfers of the property within the past three years.

## Current Contracts

The Subject is not currently listed for sale.

## Recent Activity

As we understand it, the property has not been subject to any agreement for sale, option or listing during the past twelve months.

## Title Encumbrances

The property encumbrances are summarized below:

NO.	REGISTRATION TYPE	REGISTERED BY
AC138639	EASEMENT	APPURTENANT TO LOT 1 PLAN 6240
AC138640	EASEMENT	PLAN 81310 APPURTENANT TO LOT 1 PLAN 80739
BE143219	STATUTORY RIGHT OF WAY	BRITISH COLUMBIA HYDRO AND POWER AUTHORITY
BE264215	STATUTORY RIGHT OF WAY	DISTRICT OF PITT MEADOWS
BE264216	STATUTORY RIGHT OF WAY	DISTRICT OF PITT MEADOWS
BE264220	STATUTORY RIGHT OF WAY	DISTRICT OF PITT MEADOWS
BE264221	COVENANT	AS REPRESENTED BY THE MINISTRY OF TRANSPORTATION AND HIGHWAYS
CA7308609	MORTGAGE	BANNS ENTERPRISES LTD.
CA7308610	ASSIGNMENT OF RENTS	BANNS ENTERPRISES LTD.
CA8161880	MORTGAGE	CANADIAN WESTERN BANK
CA8161881	ASSIGNMENT OF RENTS	CANADIAN WESTERN BANK

For the purposes of this analysis, the instruments registered against the title(s) to the property are assumed not to have a significant effect on the property's marketability or its market value. For greater certainty a legal opinion should be solicited for a full explanation of the effects of these encumbrances. The property has been valued as if free and clear of any financing. A copy of the property title has been included in the Appendix for further reference.

## Realty Taxes / Assessment

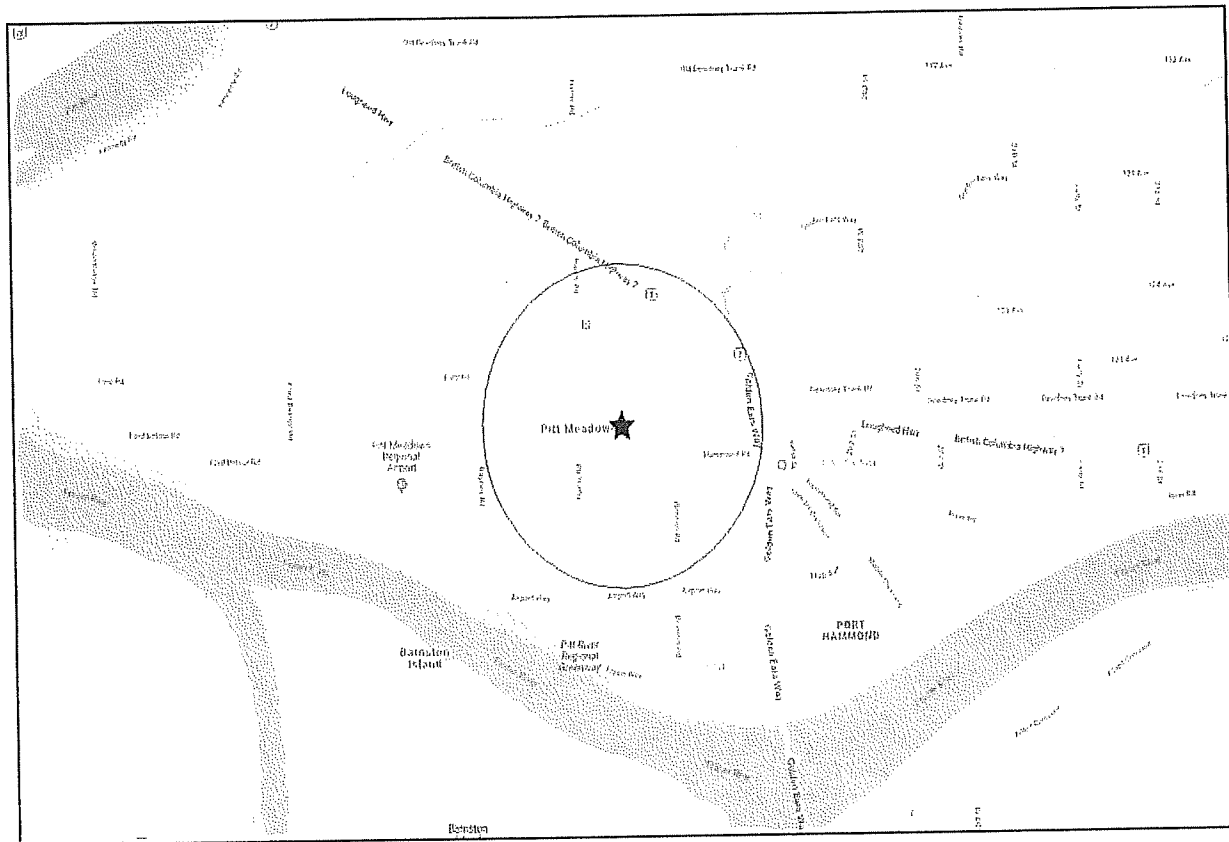
The current realty tax and assessment information for the Subject property is summarized as follows:

ASSESSMENT & TAXES				
ROLL NO	TOTAL 2021 ASSESSMENT	TOTAL ASSESSMENT PER SF	TOTAL 2020 TAX LEVY	TOTAL TAX LEVY PER SF
319-0879.511	\$2,382,000	\$306.84	\$27,433	\$3.53





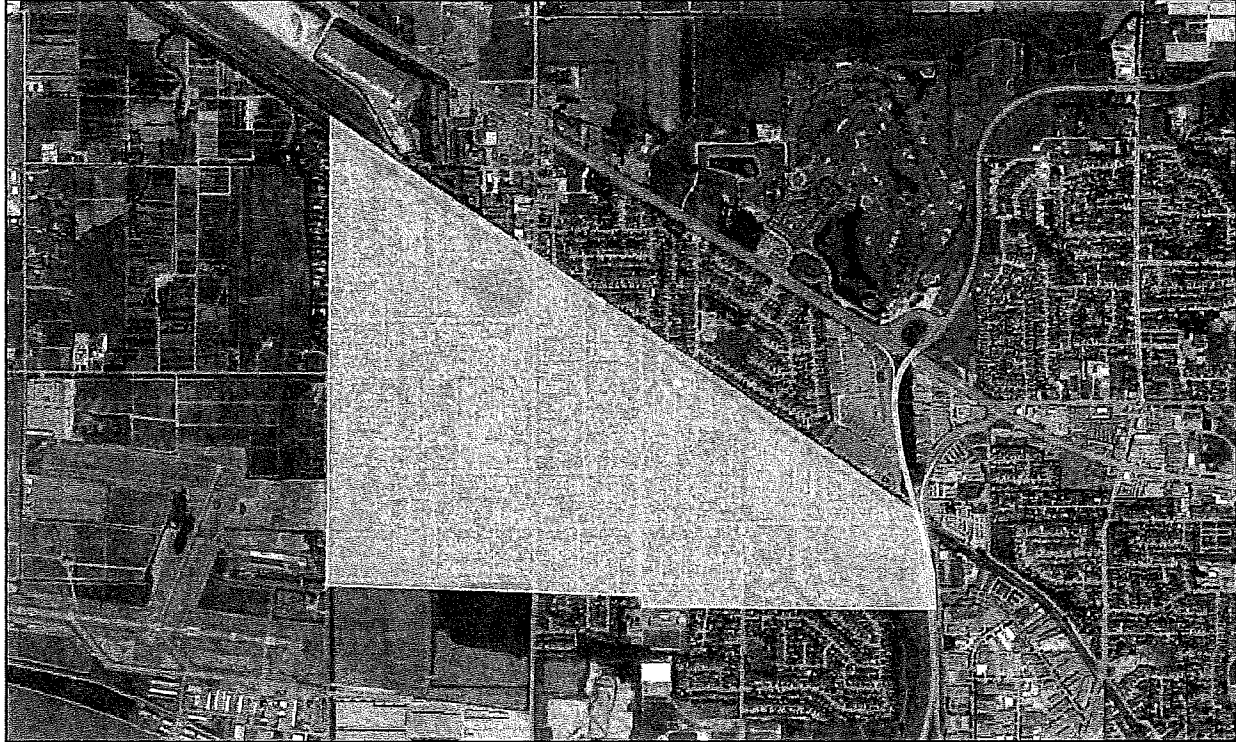
# Location Overview – Central Meadows, Pitt Meadows



The property is situated in the commercial/residential district known as Central Meadows, Pitt Meadows. Central Meadows is located approximately 40 kilometres from Vancouver's central business district and Port of Vancouver and hosts Pitt Meadows's central business district. Major arterials for the district include Harris Road, Hammond Road, Bonson Road, and Blakely Road. Central Meadows benefits from its strong commercial core and arterial access via Highway 7.

	District Boundaries	Adjacent Districts
North	Westcoast Express Rail Line	Mid Meadows
South	116B Avenue	South Meadows
East	Golden Ears Way	Haney (Maple Ridge)
West	Baynes Road	West Meadows

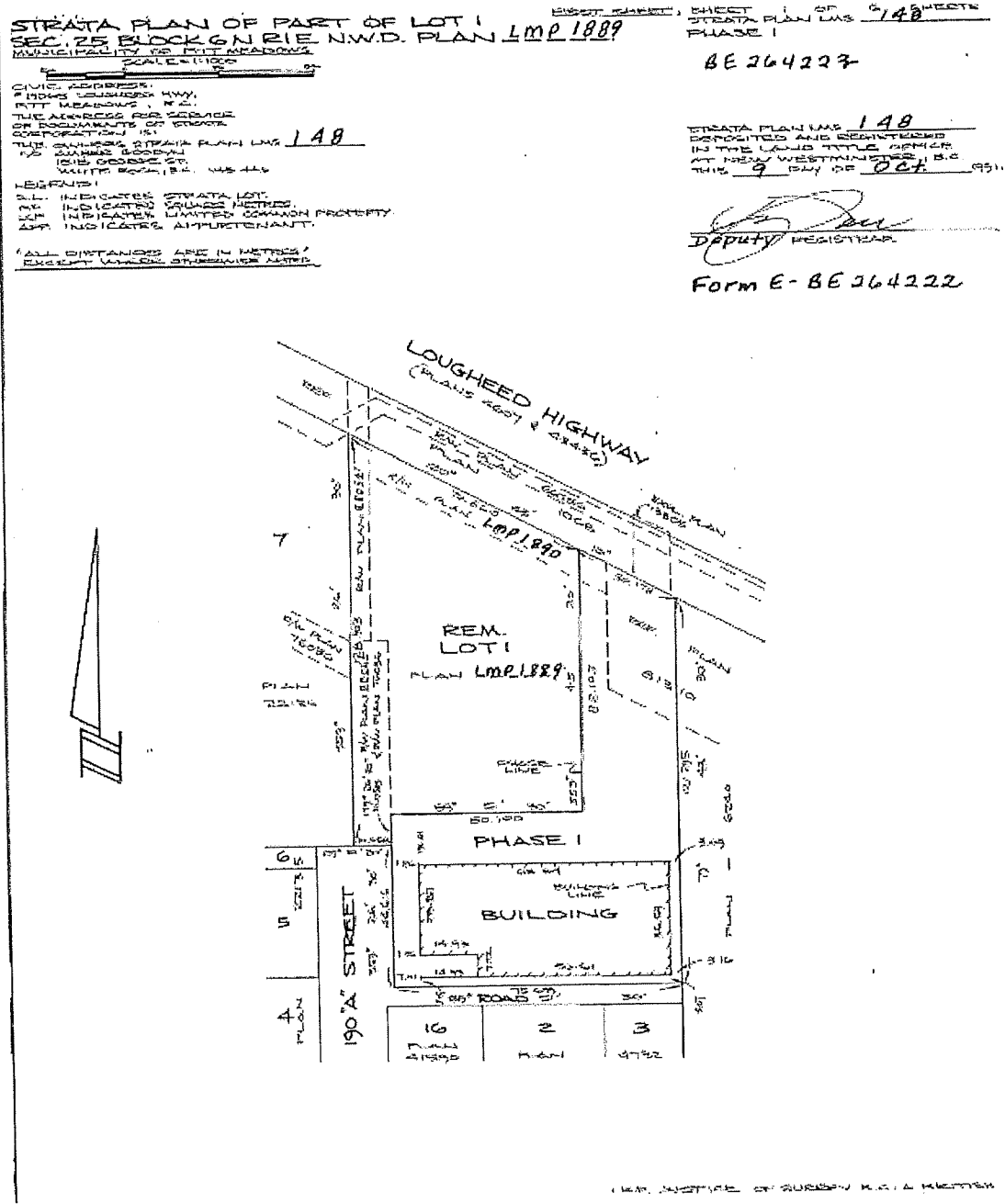
The Central Meadows area is developed with a strong mixture of residential properties with some commercial inventory. Detached and attached residential properties remain prevalent within the area. Strata Apartments are present within the commercial core of the district along the Harris Road Corridor. There is limited supply of purpose built office space within the area. Retail space remains prevalent along Harris Road and contains larger commercial-type users and multi-tenant facilities. Limited industrial inventory is located east of Golden Ears Way in Maple Ridge.



Aerial Image: Central Meadows, Pitt Meadows



# Site Description



**Area**

The site comprises a total area of 3.01 acres (131,190 square feet), more or less.

**Configuration**

The site is essentially generally rectangular in its configuration, as shown on the site plan above.

**Street Improvements / Frontage**

Street improvements for the Subject property are as outlined below:



Street Improvements	Frontage	Direction	No. Lanes	Street Type	Curbs	Sidewalks	Streetlights	Center Lane	Gutters
Lougheed Highway	230 Feet	Two-Way	Four-Lane	Connector Street	✓	✓	✓	✓	✓

Land Use Classification (Zoning)

The City of Pitt Meadows Zoning Bylaw 2505, 2011 currently designates the property as C-2 (Neighbourhood Centre Commercial).

Access / Exposure

Overall access to the property is considered to be good. The site enjoys good exposure characteristics.

Site Coverage Ratio

The site has been developed to a Site Coverage Ratio of 34.15%.

Excess Density

The site has no excess density.

Services

The site is fully serviced.

Topography

The site's topography is generally level and at street grade with adjacent roadways and properties.

Soil Conditions

We have not undertaken a detailed soil analysis, and as we are not qualified to comment on soil conditions, we have assumed that there are no contaminants affecting the site. However, a full environmental assessment would be required for certainty, and any cost of remedy could potentially impact the value conclusions contained herein. The sub-soil is assumed to be similar to other lands in the area and suitable in drainage qualities and load bearing capacity to support the existing development.

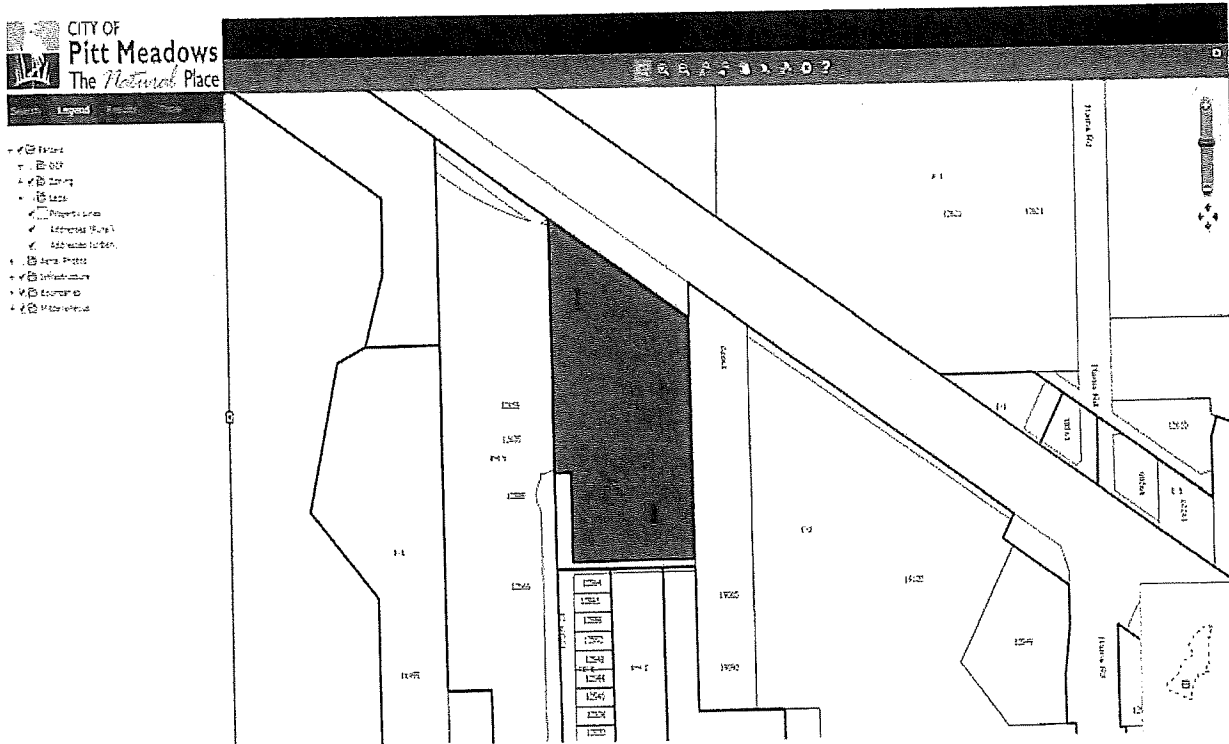
Demographics

DEMOGRAPHICS AND STATISTICS		
Population	1 km radius	3,396
	3 km radius	18,718
	5 km radius	41,156
Average Household Income	1 km radius	\$88,291
	3 km radius	\$97,185
	5 km radius	\$99,874

Summary

The site provides good access and good exposure characteristics and no adverse influences are visually apparent.

# Land Use / Zoning



## Introduction

Zoning bylaws typically establish ranges of permitted and discretionary uses, in addition to development restrictions including such factors as maximum building heights, allowable densities, setback requirements, parking and loading limitations, signage restrictions and other items.

According to the relevant land use / zoning bylaw for the City of Pitt Meadows, the property is currently classified C-2 (Neighbourhood Centre Commercial). An excerpt from the zoning bylaw is included in the appendices to this report.

A zoning summary and a listing of pertinent zoning requirements are presented below:

<b>ZONING SUMMARY</b>	
<b>Municipality Governing Zoning</b>	City of Pitt Meadows
<b>Zoning Bylaw Number</b>	2505, 2011
<b>Current Zoning</b>	Neighbourhood Centre Commercial (C-2)
<b>Permitted Uses</b>	The intent of the Neighbourhood Centre Commercial (C-2) Zone is to provide for range of retail uses and services on large sites that serves as a transition between vehicle-oriented uses along the Lougheed Highway and the mixed, high-density uses on Harris Road.
<b>Current Use</b>	Retail Condominium Complex
<b>Is Current Use Legally Permitted?</b>	Yes
<b>Zoning Change</b>	Not Likely

**ZONING REQUIREMENTS**

**Conforming Use**                      The existing improvements represent a conforming use within this zone

**Minimum Yard Setbacks**

- Front (Meters)                      1
- Rear (Meters)                      1
- Side (Meters)                      3

**Maximum Building Height**                      12.0 Meters

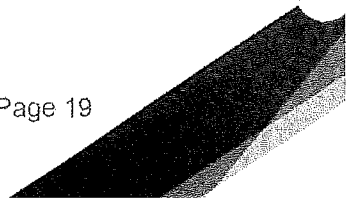
**Maximum Floor Area Ratio (FAR)**                      0.6 times the lot area

Source: City of Pitt Meadows

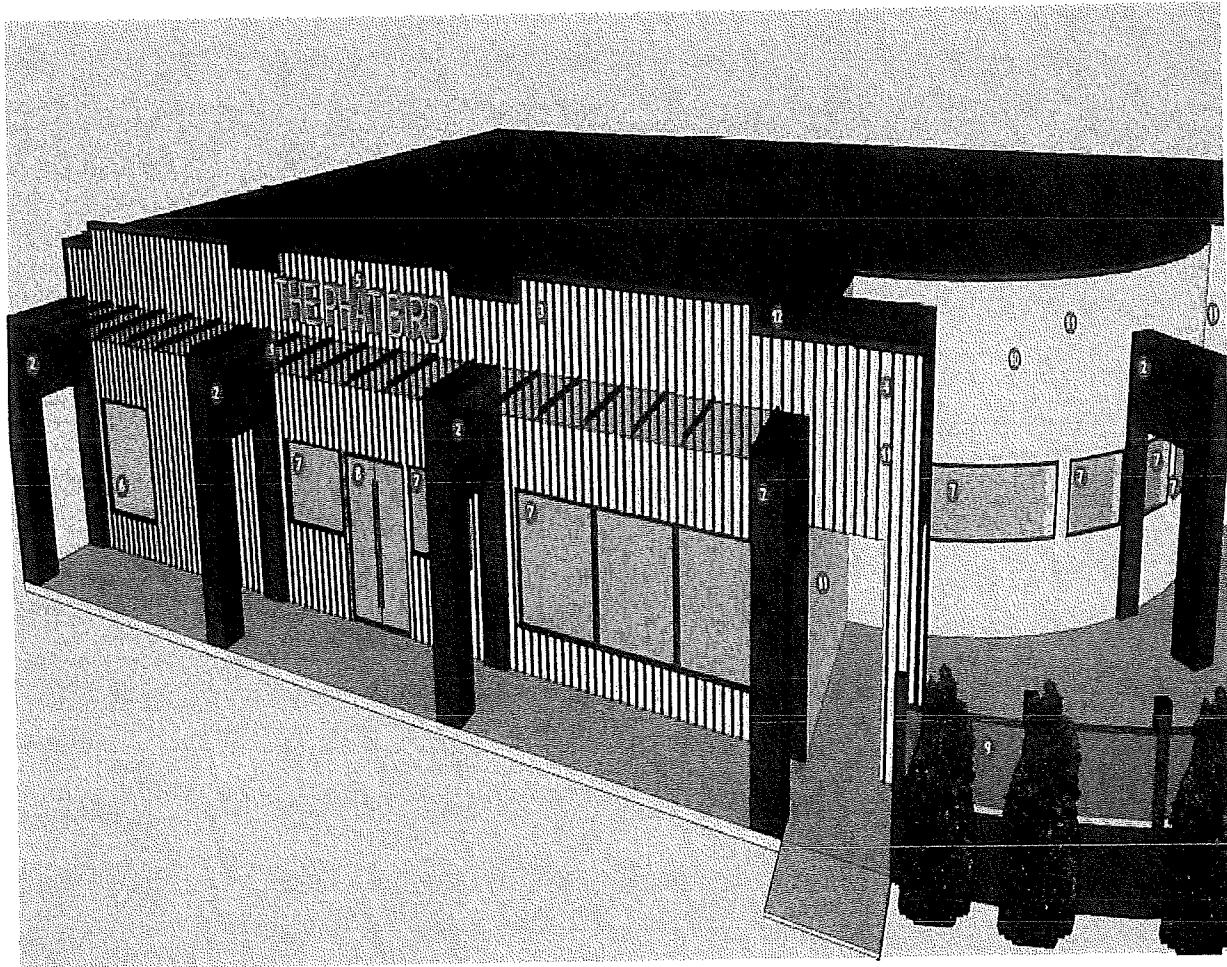
**Zoning Conclusions**

Detailed zoning studies are typically performed by a zoning or land use expert, including attorneys, land use planners, or architects. The depth of analysis presented correlates directly with the scope of this assignment, and it considers all pertinent issues that have been discovered through our due diligence. Please note that this appraisal is not intended to be a detailed determination of compliance, as that determination is beyond the scope of this real estate appraisal assignment.

Based on our interpretation of the applicable land use/zoning bylaw, the property use appears to reflect a legally permitted conforming use. However, the authors are not technically qualified to confirm zoning compliance, and for greater certainty in this regard, written confirmation from the municipality and/or a qualified legal opinion should be obtained.



## Description of the Improvements (Proposed)



The Subject property as per client's Terms of Reference is assumed fully renovated to facilitate restaurant. According to the provided information, the subject property will be finished by high end finishing materials. The Subject improvements were originally constructed in 1973 and to the best of our knowledge have not been since expanded. The property will be anchored by a local restaurant chain. The Subject improvements will represent good quality retail improvements, typical of modern construction.

At the effective date of valuation, the demolition process has been already completed. Also according to the client, the local municipality has approved renovation permits for interior and exterior works.

Property Type	Retail / Strip Centre	
No. of Stories	One Story	
No. of Buildings	One Building	
Size	Net Rentable Area	7,763 SF
Typical Floor Plate	The average floor plate measures 44,800 square feet, more or less.	



Year Built	The improvements to the property were originally constructed in 1973.
Quality & Condition	The property represents good quality construction in good overall condition.
Foundation	The building foundation consists of concrete foundation walls on strip footings.
Superstructure	The superstructure of the building comprises a framework of concrete columns and beams.
Floor Structure	Floor structures comprise concrete slab on grade over compacted granular base.
Clear Height	The building exhibits clear ceiling heights of approximately 12 Feet.
Exterior Walls	Exterior walls are finished with face brick.
Roof	Roofing comprises a built-up asphalt and gravel roofing system.
Pedestrian Access / Connections	Pedestrian access/connections to the property comprise ground level entrances.
Windows / Doors	Exterior windows and doors consist of commercial grade double paned glass units in modern aluminium frames.
Interior Finishing	The interior(s) have been demised to accommodate the specific needs of each tenant.
Heating / Cooling	Heating and air conditioning are provided throughout the building by roof-top HVAC units.
Electrical	The building has a master meter.
Lighting	Lighting throughout the building consists of LED fixtures.
Life Safety / Security	A wet sprinkler system provides fire suppression throughout the entire building, including within individual units.
Loading	The building does not offer dock, grade or rail loading capabilities.
Cranes	The building is not equipped with cranes.
Parking	The Subject property has on-site parking.

Underground	0 stalls
Surface	25 stalls
Other	0 stalls
Total	<hr/> 25 stalls





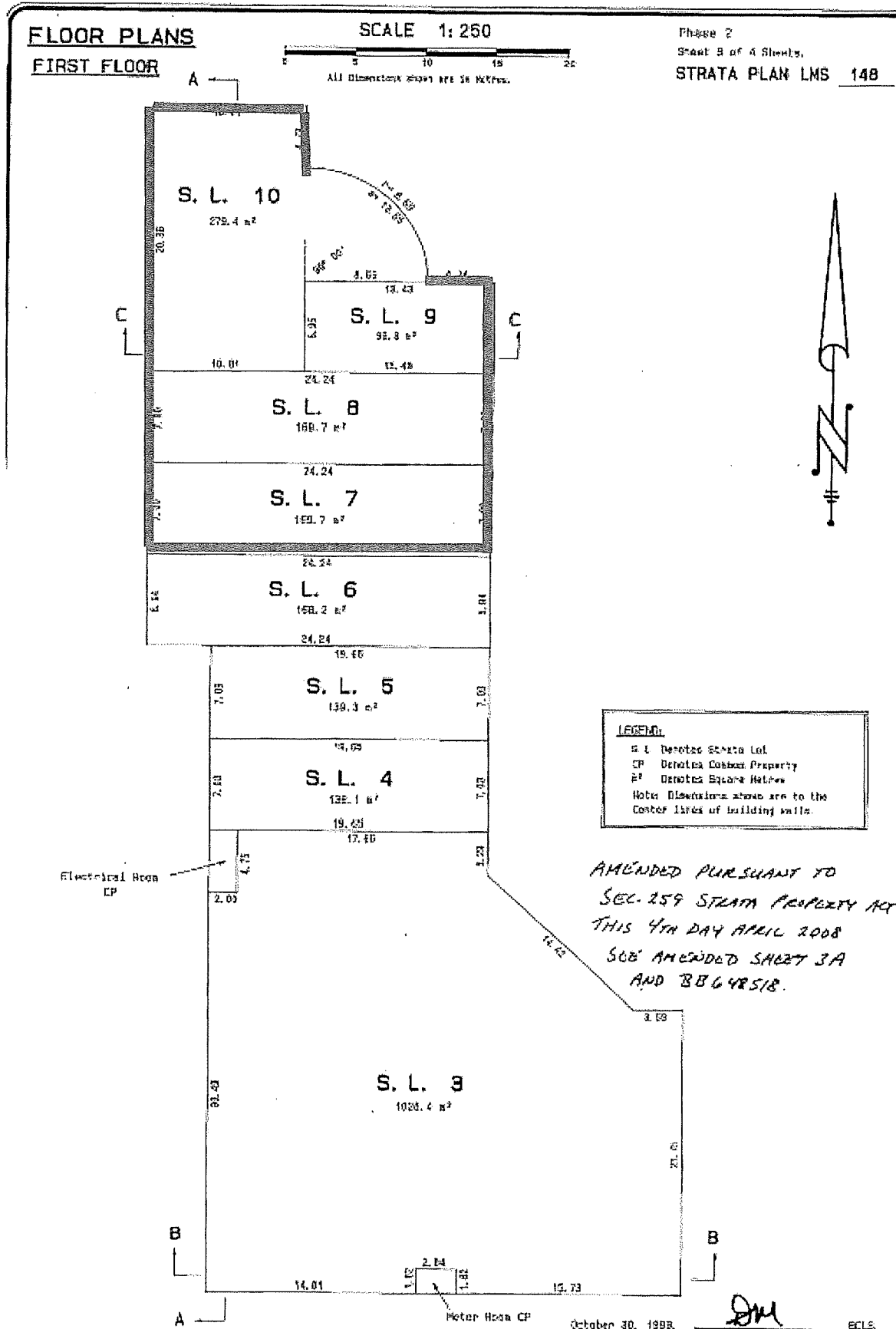
Site Improvements      The site has visitor parking, outside patio of the subject property with separate bar

Design and Functionality      The building exhibits good to excellent design and functionality characteristics.

Age / Life Analysis      Subject to the above description and the comments below, the following is a summary age / life analysis.

Actual Age	48 years
Effective Age	15 years
Economic Life	60 years
Remaining Economic Life	45 years

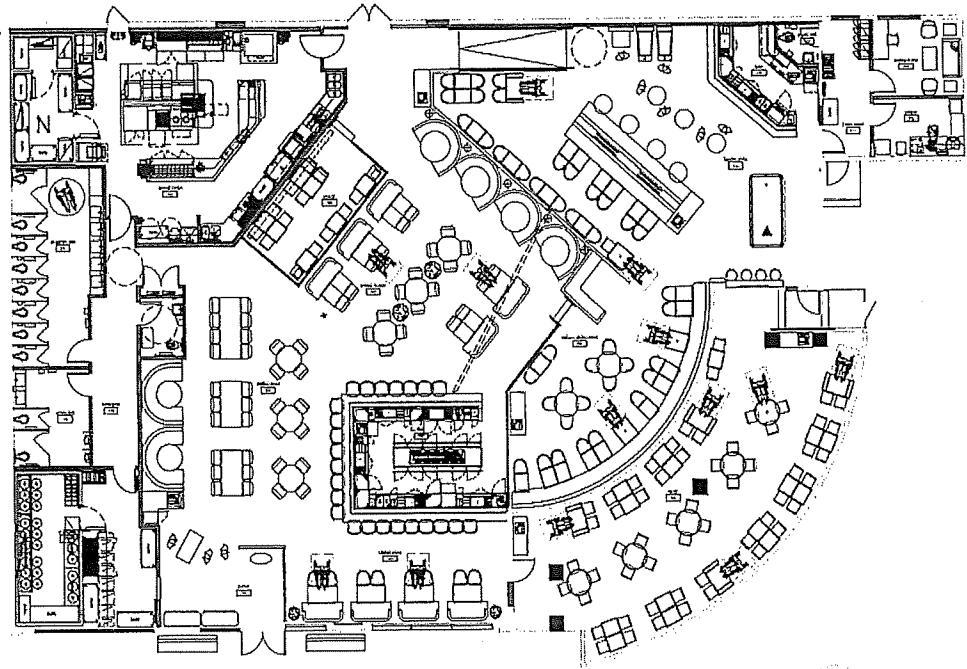
The above Age/Life Analysis pertains to the economic viability of the Subject property in its state after proposed renovation, being the object of professional property management and proactive repairs and maintenance, with regularly scheduled capital expenditures occurring. The Remaining Economic Life does not necessarily represent the remaining physical viability of the existing improvements.



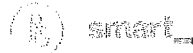
Proposed Layout

THE PHAT BIRD | FLOOR PLAN

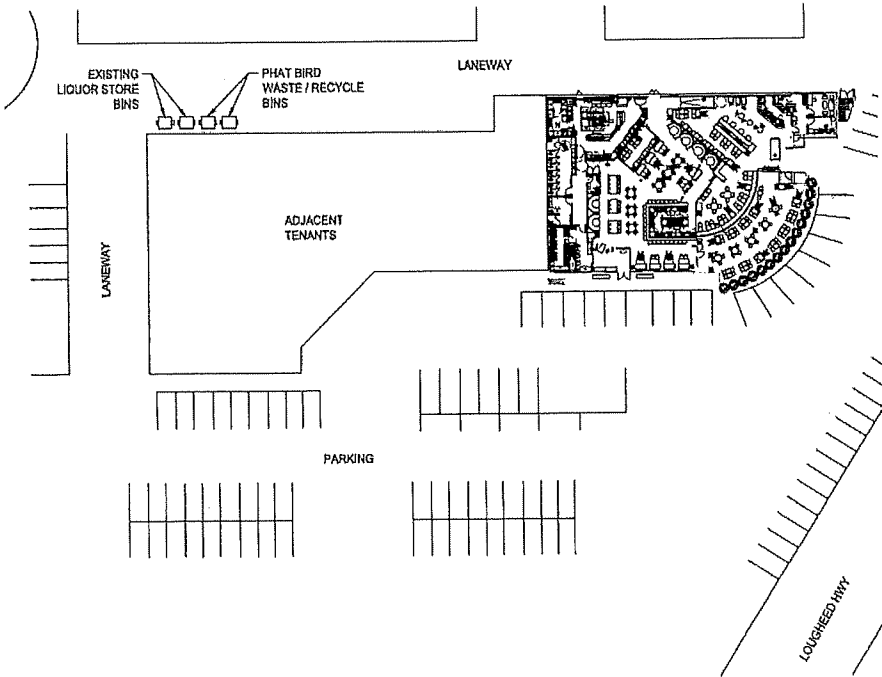
INDOOR SEAT COUNT: 216  
PATIO SEAT COUNT: 66  
TOTAL SEAT COUNT: 282



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THE PHAT BIRD | CONTEXT PLAN

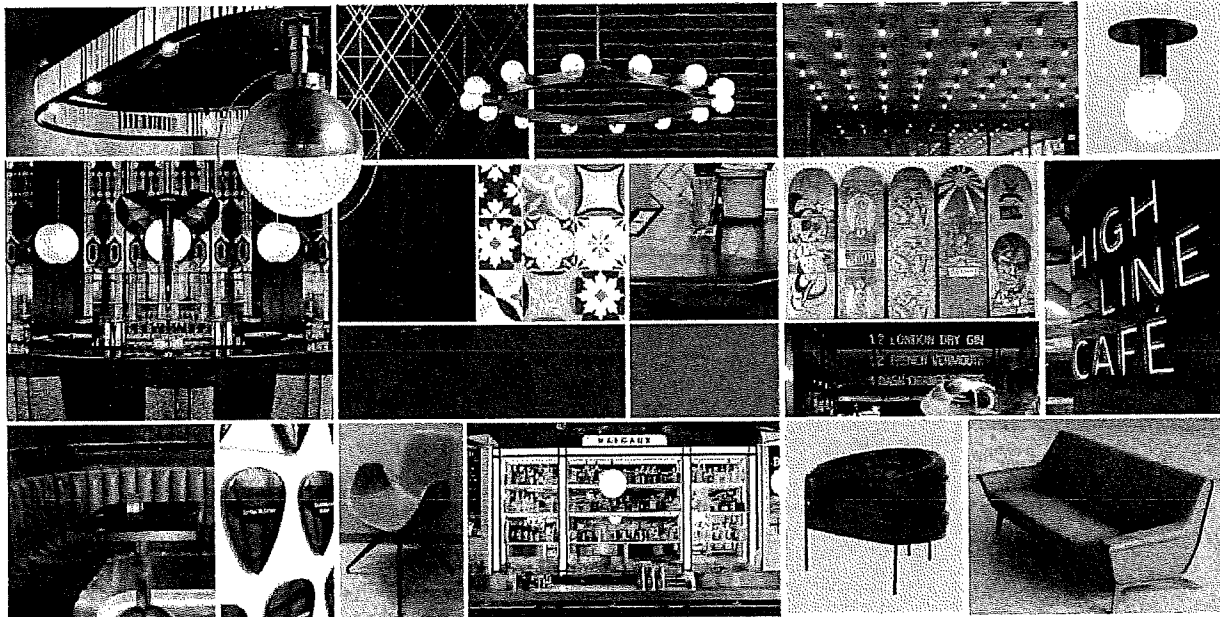


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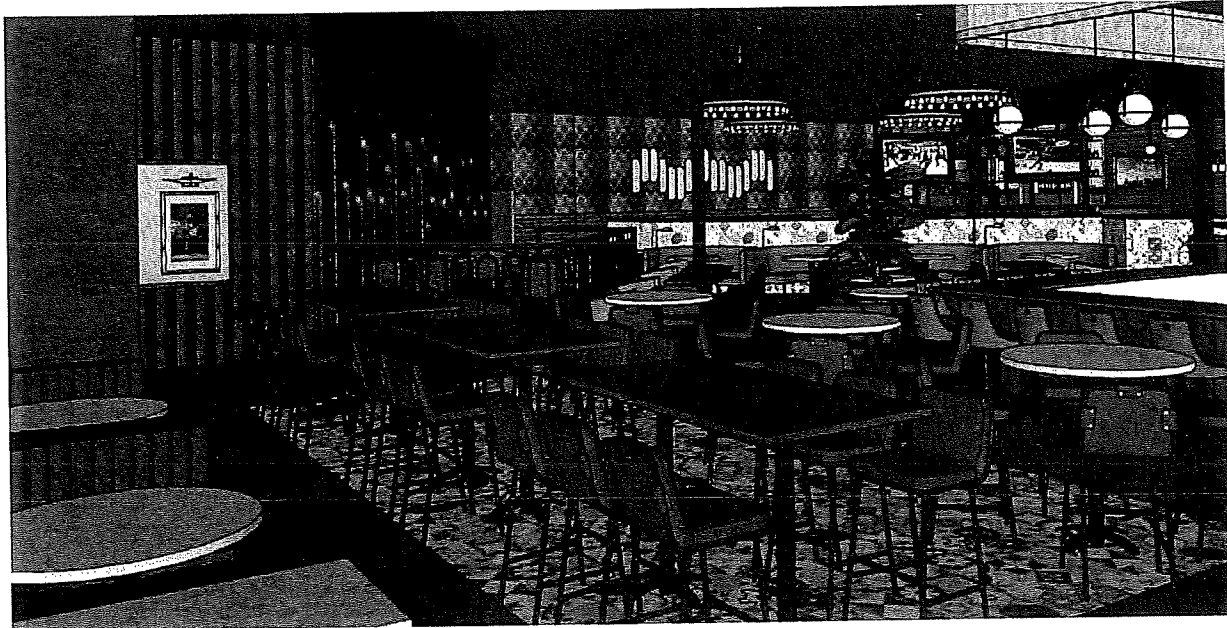
THE PHAT BIRD | MOOD BOARD



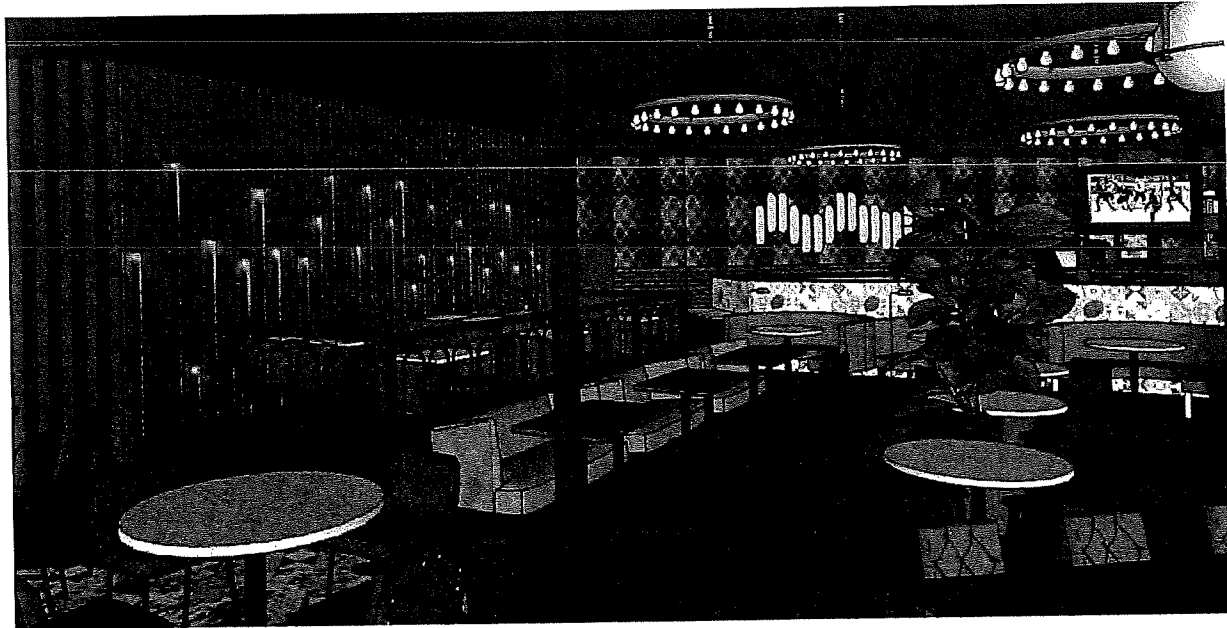
THE PHAT BIRD | VIEW 1 - ENTRY



THE PHAT BIRD | VIEW 2 - DINING



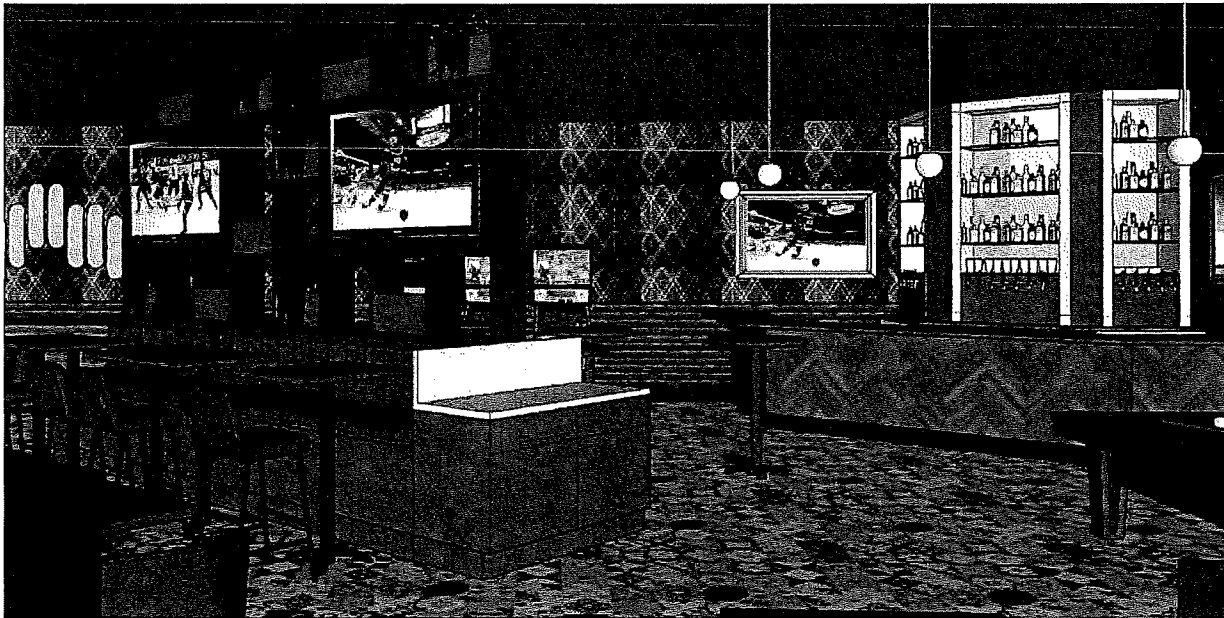
THE PHAT BIRD | VIEW 3 - STAGE



THE PHAT BIRD | VIEW 4 - DANCE FLOOR



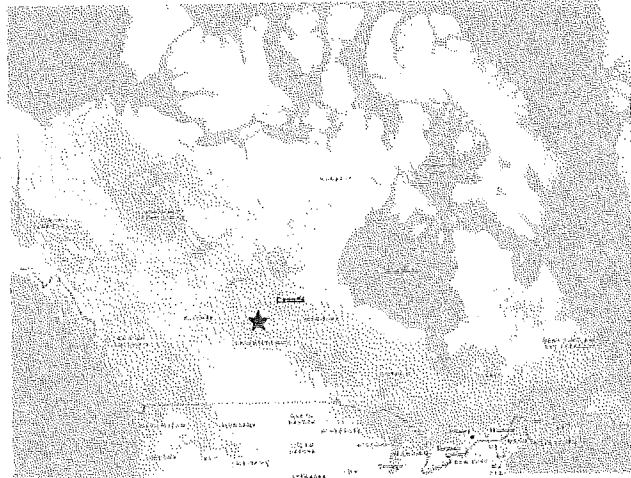
THE PHAT BIRD | VIEW 5 - GAMES AREA



# Market Overview

## Economic Overview – Canada

Canada has the world's 38<sup>th</sup> largest population and the world's second largest land mass. The country's population is dispersed among 10 provinces and 3 territories with nearly 90% of its people living within 160 kilometers of the United States border. Canada consistently receives a top fifteen Human Development Index ranking and a top twenty ranking for GDP (nominal) per capita.



Canada's economy consistently receives a top twelve world ranking. International trade makes up a large part of Canada's economy, with the United States as its largest trading partner followed by the European Union and China. Key Canadian exports

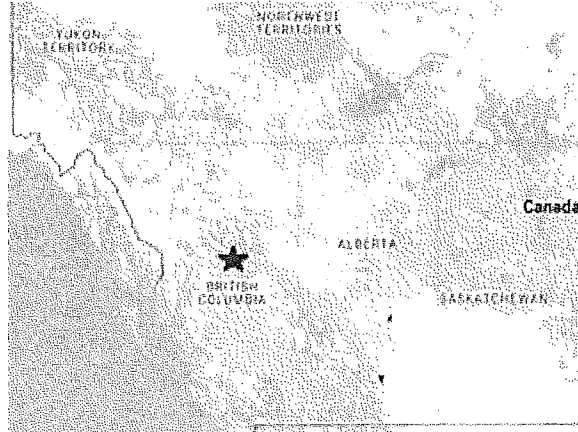
include petroleum, automobiles and auto parts, precious metals, machinery including computers, wood, electrical machinery, aircraft and spacecraft, pharmaceuticals and aluminum. More recently, Canada's high knowledge industries of manufacturing, business services, engineering and computer and management services have received a top ten global knowledge economy ranking from the World Bank Institute.

Canada						
Economic Indicators	2019	2020	2021	2022	2023	2024
Real GDP (2012 \$ millions)	2,102,304	1,989,948	2,095,555	2,169,530	2,198,452	2,235,581
<i>percentage change</i>	1.9	-5.3	5.3	3.5	1.3	1.7
Total employment (000s)	19,050	18,066	18,867	19,366	19,552	19,721
<i>percentage change</i>	2.1	-5.2	4.4	2.6	1.0	0.9
Unemployment rate (%)	5.7	9.5	7.8	6.2	6.2	6.1
Household Income per Capita (\$)	49,548	51,863	51,834	52,911	54,183	55,512
Population (000s)	37,534	37,987	38,321	38,724	39,112	39,469
<i>percentage change</i>	1.4	1.2	0.9	1.1	1.0	0.9
Single-family housing starts (000s)	55.9	58.7	58.2	55.8	52.8	49.5
Multi-family housing starts (000s)	152.8	157.5	152.4	154.3	154.2	152.6
Retail Sales (\$ millions)	613,980	602,693	638,419	647,968	663,152	680,182
<i>percentage change</i>	1.2	-1.8	5.9	1.5	2.3	2.6
CPI (base year: 2002=1.0)	1.36	1.37	1.394	1.423	1.452	1.482
<i>percentage change</i>	1.9	0.7	1.8	2.1	2.0	2.1

Source: Conference Board of Canada, Major City Insights National Overview, March 2021.

## Economic Overview – British Columbia

British Columbia is Canada's most western province, as well as the nation's third most populous province. The province is situated between the Pacific Ocean, Rocky Mountains, Yukon Territory and Washington State. British Columbia is the western terminus for many transcontinental highways and railways as well as ports to Asian markets. The province's capital is the City of Victoria, while Vancouver is home to half of the province's population and Canada's third largest metro population.



British Columbia is Canada's fourth largest economy. While resource-based industries continue to be the primary economic drivers in many regions, British Columbia is home to the largest number of small businesses and service-oriented economies in Canada.

Province of British Columbia						
Economic Indicators	2019	2020	2021	2022	2023	2024
Real GDP (2007 \$ millions)	253,068	240,094	252,129	264,458	267,812	270,088
<i>percentage change</i>	0.03	-0.05	0.05	0.05	0.01	0.01
Total employment (000s)	2,558	2,387	2,510	2,586	2,610	2,636
<i>percentage change</i>	0.03	-0.07	0.05	0.03	0.01	0.01
Unemployment rate (%)	4.7	9.4	7.1	5.4	5.6	5.7
Personal Income per Capita (\$)	51,457	54,088	54,225	56,220	57,769	59,222
Population (000s)	5,082	5,140	5,162	5,202	5,256	5,310
<i>percentage change</i>	0.02	0.01	0.00	0.01	0.01	0.01
Total housing starts (000s)	40.9	44.9	36.9	34.1	32.4	30.6
Retail Sales (\$ millions)	86,259	86,593	90,839	93,656	95,922	98,070
<i>percentage change</i>	0.00	0.00	0.05	0.03	0.02	0.02

The above data is taken from various Major City Insights reports (March 19, 2021) and Provincial Two-Year Outlook issue briefings (March 19, 2021), published by The Conference Board of Canada, Ottawa.

Figures for 2021 and forward reflect forecasts.

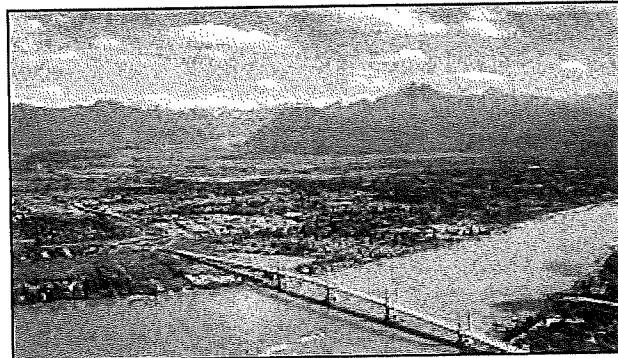




# Pitt Meadows Municipality Overview

## Overview

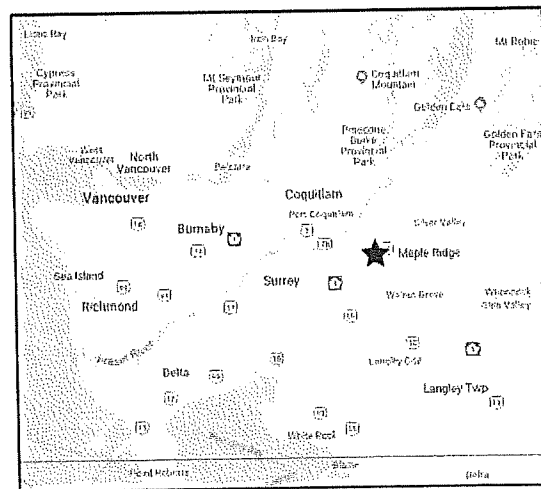
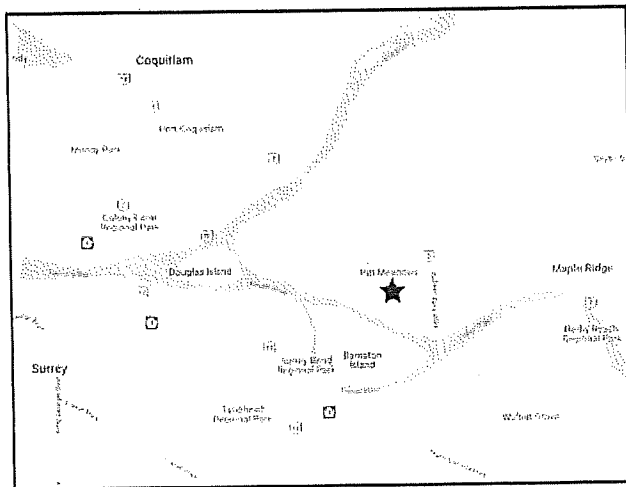
Pitt Meadows is a city in the Metro Vancouver Regional District of British Columbia, Canada. Located 39 kilometres east of Vancouver, it is on the east bank of the confluence of the Fraser River and Pitt River. It is relatively isolated with Maple Ridge bordering on the east, Coquitlam to the north, Port Coquitlam to the west, and Surrey to the south. Pitt Meadows is almost entirely bisected by Lougheed Highway (Highway 7). Arterial access is via the Golden Ears Bridge (Surrey-Langley) and Pitt River Bridge (Port Coquitlam). The city has a labour force of approximately 11,381 (70.3%) with an unemployment rate of 1.4% (2018). Pitt Meadows's largest employers are in the retail and health care sectors, followed by manufacturing and construction. Pitt Meadows also offers extensive agricultural land with a wide range of activity servicing the Lower Mainland.



## Demographics and Statistics

Data	Pitt Meadows	British Columbia
Population (2013)	18,582	4,600,234
Population (2018)	19,645	4,866,043
2013 to 2018 projected population change	5.7%	5.8%
Median House Price (2017)	\$461,370	\$554,097
Median Household Income (2018)	\$87,959	\$69,299

## City Maps



## Greater Vancouver Retail Market Overview

According to CoStar research, while the retail sector seemed headed toward unprecedented challenging times in the Spring of 2020, the overall market in Vancouver has been more resilient than expected and benefitted from fewer pandemic related lockdown restrictions relative to other major Canadian markets.

Geography has played a large part in drawing international tourists and ensuring Vancouver is a top performing retail market in Canada. Direct access to Asian markets, and its position on the coast has allowed Vancouver to build itself as a convenient and world class destination. Closed borders due to the pandemic have been a significant contributor to the difficulties felt by retailers since Spring 2020, particularly in the downtown core, however mass closures have so far been avoided.

Vancouverites have long shown an affinity for high quality and luxury brands, ensuring that four local shopping centres are consistently listed as top Canadian malls. According to the Retail Council of Canada, CF Pacific Centre (downtown Vancouver), Park Royal (West Vancouver), CF Richmond Centre (Richmond) and Metropolis at Metrotown (Burnaby) each record more than \$1,000 in sales per square foot, as high as \$1,865 at CF Pacific Centre.

As a result of the strong mall performance in the region, together with well-established shopping nodes catering to specific segments, Vancouver is often considered as the first location for expanding international retailers when entering Canada. Albemni Street in downtown Vancouver is a prime example of a Vancouver location that draws luxury retailers to Canada from across the globe while Pacific Centre and Metropolis at Metrotown feature several Canadian flagship locations.

Despite the challenging pandemic conditions, Vancouver's older retail stock continues to undergo transformation as previously acquired traditional retail properties are re-imagined with high-density, mixeduse developments serviced by retail uses at grade.

Properties that have undergone, or are in the planning stages for large-scale development, can be traced along Skytrain lines, and often to shopping centres, however the strong demand from the housing market has also added pressure to see none-core retail sites densified.

Tenanted properties that have not yet been sold for redevelopment are often leased with built-in demolition clauses, providing purchasers with the ability to move forward with redevelopment opportunities but also creating challenges for tenant's with long-term plans. Long standing local retailers in older stock buildings are often in the owner/user category. Each year they face increasing property assessments, and thereby property taxes, forcing a tough decision between staying open, or closing shop and marketing their properties to buyers that are working toward assemblies and redevelopment.

The greater Vancouver region currently has 850,000 square feet of retail space under construction, 33% of which is tied to a single project, Gilmore Place, by Onni Group. This development aligns with much of the new retail space that has come to market of late; sites acquired at or near rapid transit stations that present significant opportunity to add density in a mixed-use format, including retail, office, and residential components.

The retail market in Vancouver has recorded negative quarterly absorption on only three occasions in the past five years: q2 & q3 2017, and q4 2019. Annually, net absorption in 2020 was down by 27% from 2019, which itself was down 46% from 2018. While the market has slowed in taking more space, the fact that



2020 managed to track positively is evidence of retailer resiliency, landlord flexibility, and the overall effectiveness of government subsidies. As many of the retail sites adding large sums of density come online in the coming years, the Vancouver market will need to return to previous absorption levels to avoid rapidly climbing vacancy.

Throughout 2021, 280,000 SF of net new space is expected to arrive to market, the lowest level in the past six years. Based on the market's ability to absorb, in particular the 1.1 million square feet taken in 2020, vacancy rates are projected to decline leading to tighter conditions. Well established retail nodes, especially those offering older stock at slightly discounted rates will likely be the first spaces to be secured by new tenants, despite demolition clauses clouding the long-term certainty of the space.

Over the course of the pandemic, restaurant retailers have been the hardest hit in the Vancouver market, with several closures and nearly all having to adapt to far fewer diners while scaling-up to-go dining options. With foot traffic starting to return to major shopping areas, together with the warmer months ahead, and vaccine rollouts ramping up, the hope is that the worst is nearly over. In fact, a number of new restaurants have opened in the late Winter and early Spring of 2021 along major corridors such as Commercial Drive and Robson Street.

Other retailers affected by the pandemic include select major brands closing stores as part of nationwide initiatives. Hardest hit in this regard are the enclosed malls as they have seen brands such as Aldo, Godiva, David's Tea, and Starbucks provide notice of future store closures. Investment in the retail market has improved each quarter after Q2-20 and has now posted three successive quarters of growth, with performance now above levels recorded in 2019. Suburban markets are contributing significantly to the overall investment levels with three of the top five transactions in 2021 occurring in Abbotsford, Richmond, and Langley. Strata/condo sales and retail sites that represent viable infill redevelopment opportunities have also contributed greatly to the investment levels recorded throughout the start of 2021. Local private investors, including local developers, have been the dominant players in the retail sector.

throughout 2020 and 2021 year to date, on both the buy and sell sides. Activity has been present across the region, but there has been no indication of any major landlords looking to exit the retail market, rather it appears that they share the general sentiment that in the second half of 2021, and into 2022, a healthy rebound is anticipated.

#### KEY INDICATORS

Current Quarter	RBA	Vacancy Rate	Market Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Construction
Malls	16,039,667	0.7%	\$30.77	3.8%	25,974	0	272,309
Power Center	1,139,772	1.2%	\$23.92	1.2%	0	0	0
Neighborhood Center	16,600,164	1.8%	\$29.07	3.3%	7,743	0	146,603
Strip Center	2,704,077	0.8%	\$27.60	1.6%	(1,382)	0	4,000
General Retail	85,510,714	1.2%	\$32.83	1.9%	28,229	20,990	423,887
Other	868,576	0%	\$29.42	3.9%	0	0	0
<b>Market</b>	<b>122,862,970</b>	<b>1.2%</b>	<b>\$31.83</b>	<b>2.3%</b>	<b>60,564</b>	<b>20,990</b>	<b>846,799</b>
Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy Change (YOY)	-0.3%	2.3%	1.0%	4.5%	2015 Q3	1.2%	2021 Q3
Net Absorption SF	619K	2,133,500	743,108	4,568,400	2016 Q3	334,131	2017 Q4
Deliveries SF	288K	1,697,677	753,667	3,463,964	2016 Q4	320,964	2021 Q2
Rent Growth	1.0%	3.5%	2.9%	7.9%	2018 Q1	-2.1%	2016 Q4
Sales Volume	\$1B	\$960.6M	N/A	\$1.5B	2017 Q4	\$535.2M	2017 Q1

Source: CoStar Research

### Leasing

Prior to the pandemic, Metro Vancouver's retail sector was performing extremely well, the result of strong leasing activity in 2018, when 2.8 million SF of absorption activity occurred, followed by 1.5 million SF of net absorption in 2019. Over the past 12 months, absorption activity has declined to 620,000 SF, counting the pandemic and the resulting lack of tenant move ins/move-outs as contributing factors.

Much of the demand over the past few years has been related to an influx of domestic and international brands entering the market, including a strong expansion of the luxury retail sector, primarily fueled by high tourism volumes and strong domestic demand. However, along with new entrants to the market, the past year saw many established retailers exit the market. Many of the retailers that did exit did so only partially, shuttering underperforming locations that were further aggravated by the pandemic. Other retailers that were not able to innovate in terms of product and delivery also faced increasing headwinds, with some choosing to close.

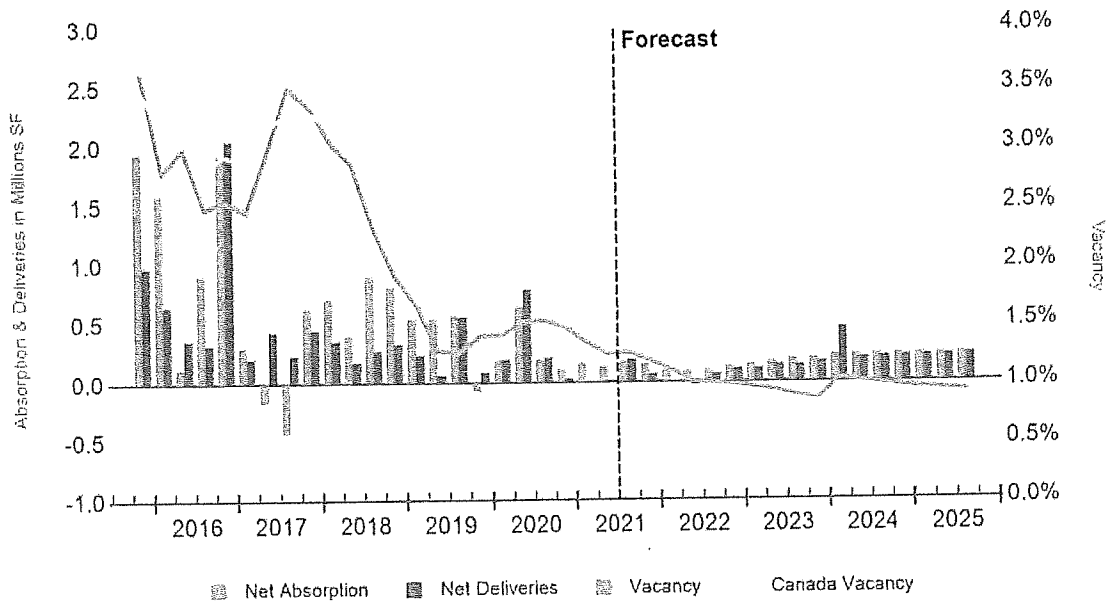
With an increasing availability rate, prospective tenants will likely be demanding lower rents, or greater incentives, to account for lower foot traffic and weaker instore demand. However, as retail sales have already recovered from the lows seen during the pandemic, landlords are holding firm on their asking lease rates but offering increasing tenant inducements in order to complete lease deals. Moreover, with federal funding for small to medium-sized retailers, those struggling to get by will be supported with "needs-based" funding until September 2021, with the programs beginning to phase out in June. Funding has included government-funded wage subsidies, forgivable bank loans, and subsidies for fixed operating expenses.

Although COVID-19 has resulted in major retailers such as Army & Navy, Aldo, and David's Tea to either exit or drastically downsize, there have been several major leases since the onset of the pandemic. In fact, Foot Locker has decided to lease three floors totaling 20,700 SF at 1067 Robson Street in July 2020. Despite apparel and footwear sales declining across Canada, the streetwear giant decided to move out of its smaller location at 919 Robson Street, to create this "power store" whereby shoppers will receive an "elevated retail experience" according to company. As the new location will occupy prime real estate on the coveted Robson strip, ground-level rates were secured at a whopping \$225/SF. The space Foot Locker vacated, at Robson Street and Hornby Street, was quickly picked up by Peloton, for their own flagship location. More recently, Value Village picked up 34,500 SF that Home Outfitters vacated in late 2019, at 985 Nicola Avenue in Port Coquitlam, and Clutch Canada leased 5400 Minoru Boulevard in Richmond, a 30,500 SF car dealership lease. With the increased unemployment through 2020, yet strong vehicle sales over the course of the same time frame, these two leases are indicative of consumer activity at either ends of the spectrum.

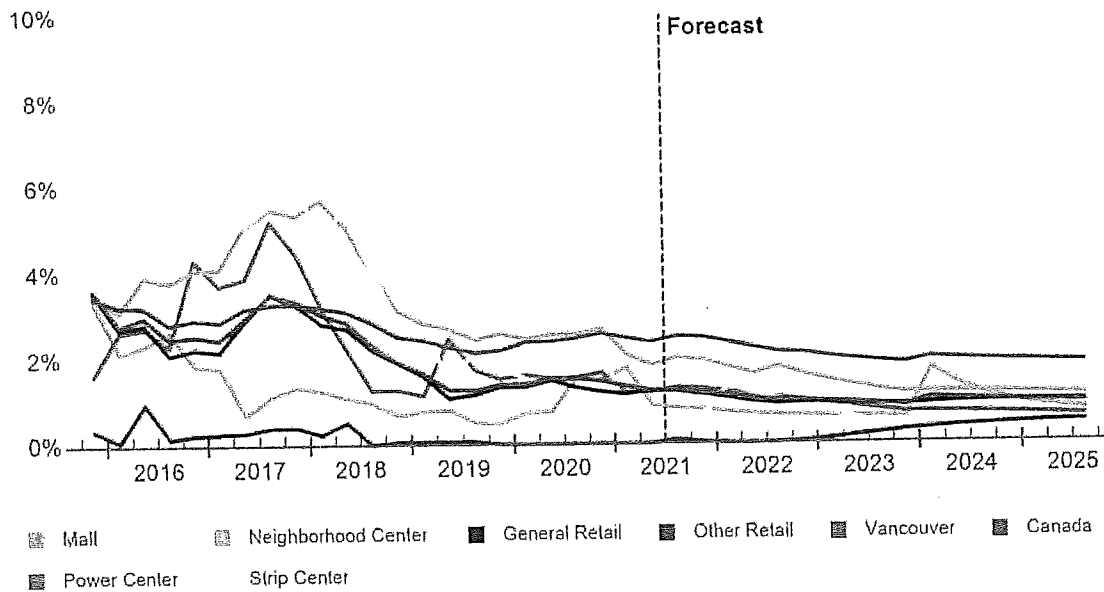
Going forward, there is no doubt that the retail sector will be the hardest hit among all commercial asset classes, not only in Metro Vancouver but across Canada. Adoption rates for e-commerce have seen the highest growth rates since inception, while many consumers have taken a step back on their spending habits especially for nonessential goods. While further closures and bankruptcies will likely be announced, those that entered the pandemic with strong balance sheets and either introduced or increased supplementary revenue channels, there is hope on the other side. For those larger retailers that are currently struggling, it is expected that many will apply for creditor protection, giving them some additional time to restructure or refinance for a second shot at survival



**NET ABSORPTION, NET DELIVERIES & VACANCY**

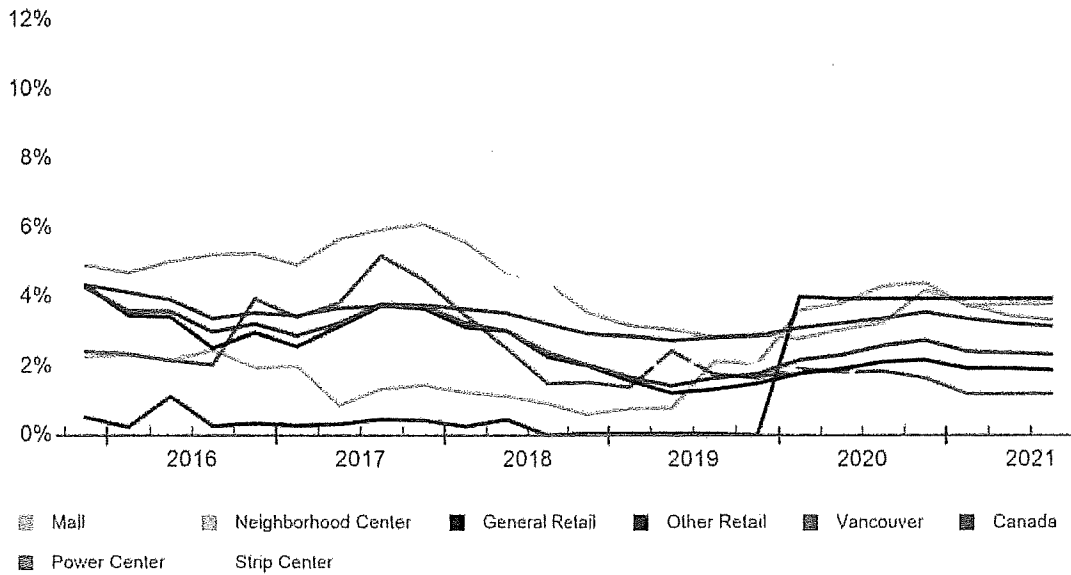


**VACANCY RATE**



Source: CoStar Research

**AVAILABILITY RATE**



Source: CoStar Research

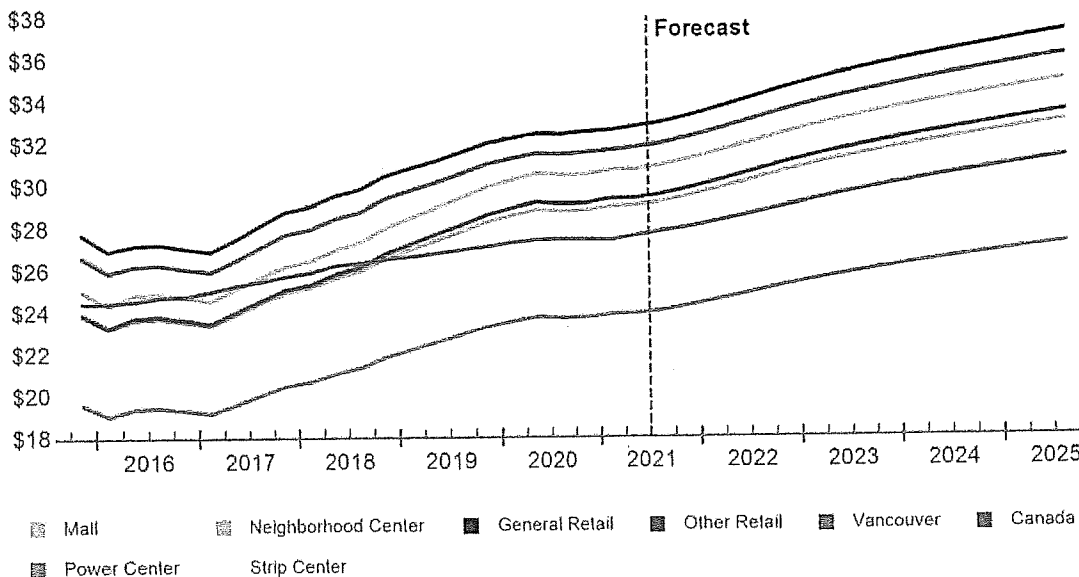
Retail rents across Metro Vancouver have benefited from strong rent growth. In fact, retail rents increased by 11.6%, or 4.1% on average per annum over the past three years. 2020's challenges rapidly cooled the rent growth rate, however with restrictions seemingly lifted for good by mid-June, rental rate growth has returned at a rate of 1.0%, growing to \$32.00/SF. While rental rates plateaued, inducements landlords have had to offer through the pandemic to complete lease transactions have climbed considerably, as high as +30%.

Consumer behaviours have changed since the start of the pandemic, and many consumers have held off on or delayed purchases in some areas while accelerating purchases in others. As a result, many food and service based retailers will be challenged to approach pre-COVID sales performance and will ultimately struggle to meet lease obligations once government funding runs out. With mass vaccine rollouts now taking place, and the summer months here, activity in retail areas of greater Vancouver has picked up as consumers 'make up for lost time'.

Despite the ongoing challenges related to the pandemic, retail tenants will continue to face pre-COVID challenges, primarily additional rent charges that include property taxes, utilities, maintenance, and insurance. Property taxes have forced some retailers to shut their doors due to assessment values being based on highest and best use. Due to the massive push towards multifamily development, many of these older retail buildings sit on land considered ideal for high density residential development. As most retail tenants in Metro Vancouver hold triple net leases, operating costs are adjusted annually to reflect growing property taxes and insurance rates. Today, additional TMI costs average \$13/SF across Metro Vancouver while downtown Vancouver can reach upwards of \$24/SF in additional TMI expenses.



MARKET RENT PER SQUARE FEET



Source: CoStar Research

Sales

Over the past three years, the Metro Vancouver retail market averaged approximately \$1.0 billion in annual sales volume, with 2017 producing \$1.5 billion in transaction activity. Although sales volume has remained strong, it has declined each subsequent year, with 2020 coming in at \$802 million, approximately 80% of the three-year sales volume average. 2021 sales volume currently sits at \$558 million.

Over the past 12 months, the largest transaction involved the sale of 800-804 Granville St., a premier retail corner in downtown Vancouver where Granville St. meets Robson St. Bonnis Properties acquired the 10,000 SF building, on a 6,000 SF lot, from a local private investor for \$40,000,000 in April. Bonnis has been an active buyer in the Granville-strip area over the years and held many properties over the long term before redevelopment.

A number of other transactions over the past year, above the \$20 million threshold, have closed and are in areas that are expected to see significant increases in foot traffic again; downtown, south Granville, south Cambie, lower Lonsdale to name a few. Suburban markets have also recorded higher profile deals; Abbotsford, Langley City, 120th Street in Surrey, and the Bridgeport area of Richmond.

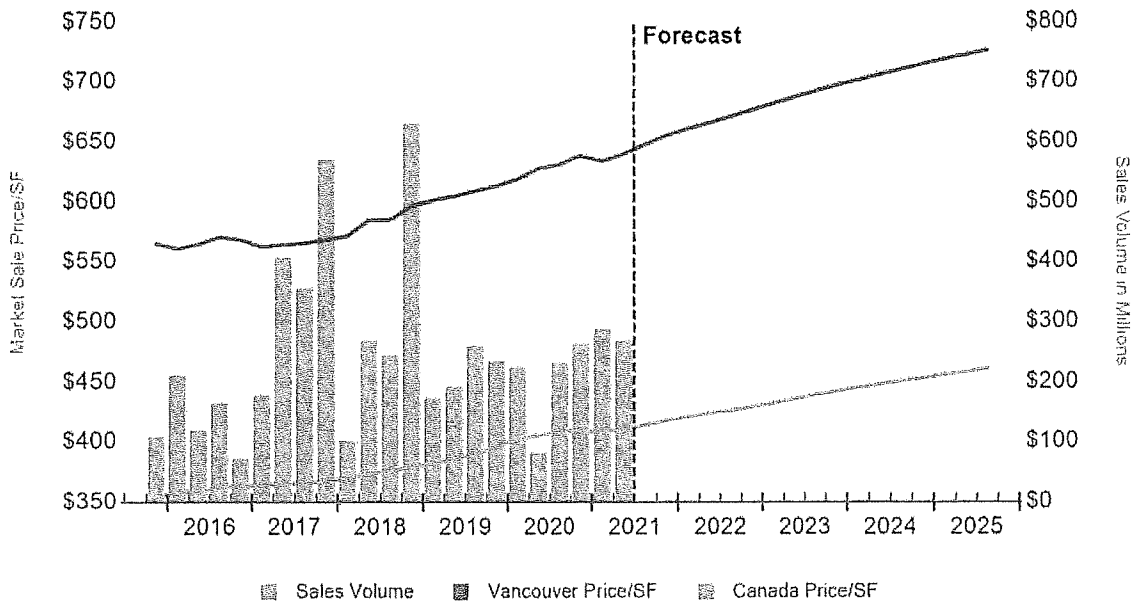
Parallel Marketplace in Abbotsford traded in February 2021. The retail was acquired by Skyline REIT, its first acquisition in the greater Vancouver market, for \$31.4 million. The buildings are nearly fully occupied, testament to the resiliency of the retail market in Abbotsford. This acquisition also underscores the continued appetite for quality retail assets by institutional investors.

The ongoing theme of acquisition for redevelopment has not changed over the past year. Chard Development acquired a 1.5 acres site at 622-688 SW Marine Drive in December, for \$68,140,000. The site is expected to accommodate a high density, residential/retail development, and Atlas Capital Group acquired 475 West Hastings, at Richards Street, in September 2020. The 0.21 acre property was acquired for \$31.25 million, and will likely be redeveloped in the medium term to accommodate a new hotel. Considering retail properties traditionally carry more risk than office properties, the Metro Vancouver

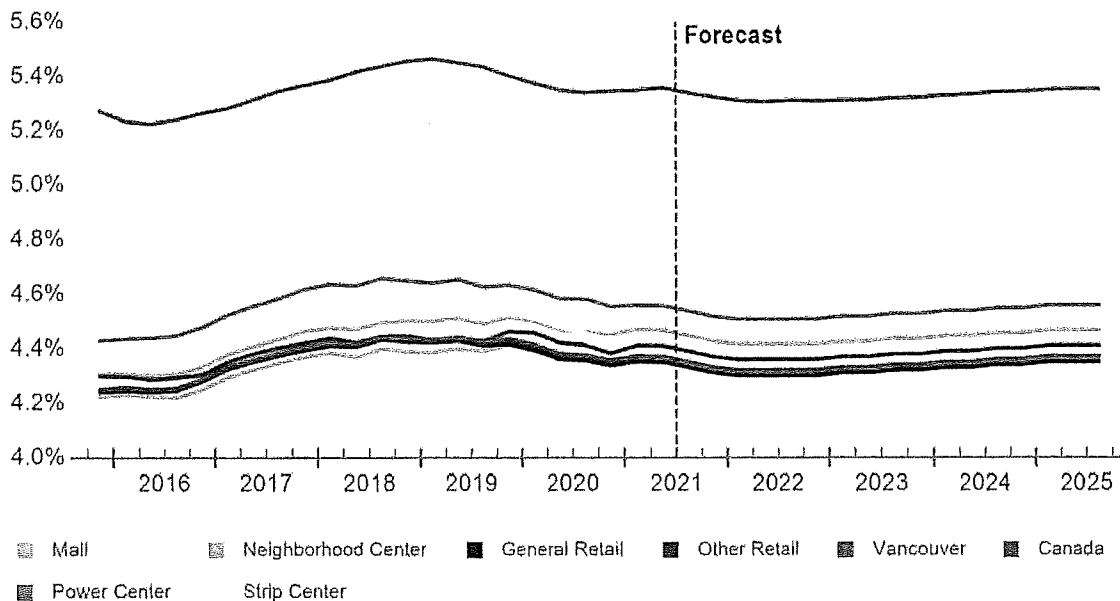
average retail capitalization rate is currently at a respectable 4.4% and has remained relatively stable over the past three years. However, with many retailers struggling due to the coronavirus pandemic, retail assets that aren't candidates for redevelopment will take the largest hit in terms of valuation.

Considering many retailers and restaurateurs will not be able to sustain the same level of pre-COVID sales activity, any new leasing activity will likely be discounted via inducements until sustained leasing activity returns to the market. In the meantime, average market prices are still holding their ground, trading at \$640/SF and are expected to remain steady throughout the balance of 2021.

**SALES VOLUME & MARKET SALE PRICE PER SF**



**MARKET CAP RATE**



Source: CoStar Research



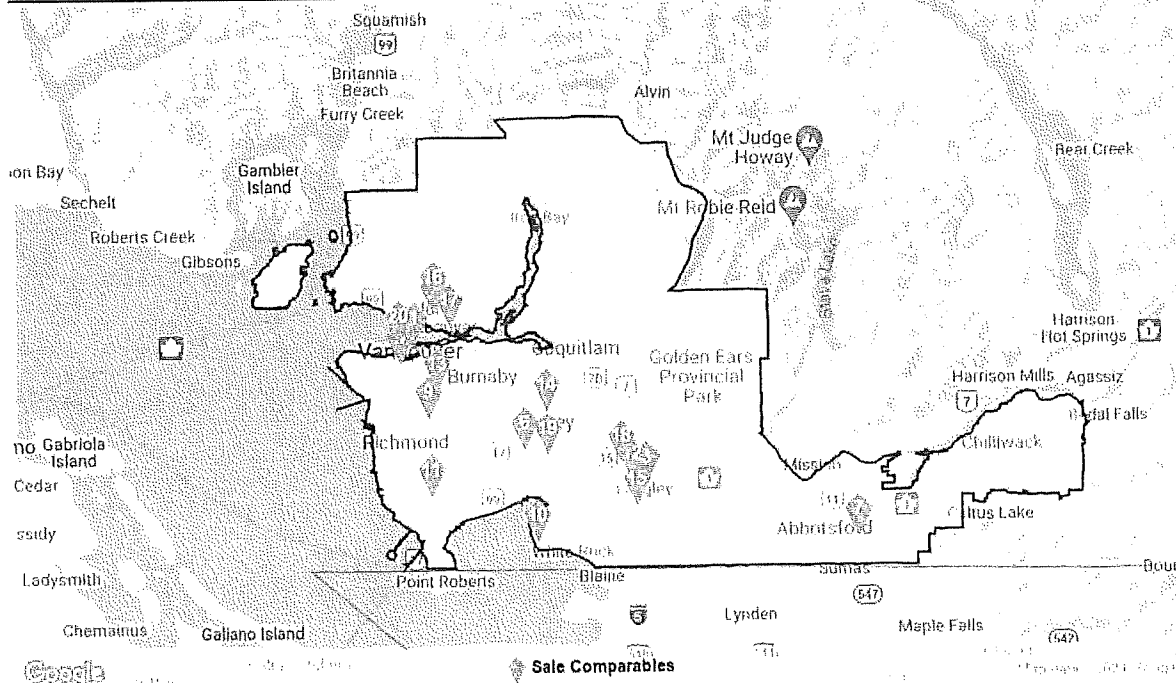


## Sales Past 12 Months

Vancouver Retail

Sale Comparables	Avg. Cap Rate	Avg. Price/SF	Avg. Vacancy At Sale
<b>410</b>	<b>3.7%</b>	<b>\$570</b>	<b>1.4%</b>

### SALE COMPARABLE LOCATIONS



### SALE COMPARABLES SUMMARY STATISTICS

Sales Attributes	Low	Average	Median	High
Sale Price	\$100,000	\$4,175,641	\$2,750,000	\$31,250,000
Price/SF	\$32	\$570	\$682	\$3,720
Cap Rate	1.7%	3.7%	3.5%	5.1%
Time Since Sale in Months	0.7	5.8	5.4	12.0
Property Attributes	Low	Average	Median	High
Building SF	451	7,918	5,127	59,198
Stories	1	1	1	4
Typical Floor SF	451	6,390	3,513	59,198
Vacancy Rate At Sale	0%	1.4%	0%	100%
Year Built	1901	1968	1970	2020
Star Rating	★ ★ ★ ★ ★	★ ★ ★ ★ ★ 2.5	★ ★ ★ ★ ★	★ ★ ★ ★ ★

Source: CoStar Research

# Valuation

## Highest and Best Use

The principle of highest and best use is fundamental to the concept of value in real estate. Highest and best use, in general, may be defined as follows:

“The reasonably probable use of real property, that is physically possible, legally permissible, financially feasible, and maximally productive, and that results in the highest value.”

(The Appraisal Institute of Canada "Canadian Uniform Standards of Professional Appraisal Practice". 2020 ed., p. 8)

The four criteria the highest and best use must meet are analyzed following in relation to both the property as vacant and as currently improved.

### As Vacant Analysis

#### Legal Permissibility

The legal factors that can influence the highest and best use of the Subject site include land use/zoning regulations, private restrictions, building codes, historic designations/district controls, environmental regulations and others, if applicable to the Subject site. In the Subject instance, general ranges of permitted uses under its Neighbourhood Centre Commercial zoning include a variety of commercial uses. Overall, legal factors appear supportive of a broad range of commercial uses for the Subject site.

#### Physical Possibility

Regarding physical characteristics, the Subject site is generally rectangular in shape and has generally level topography with good access and good exposure. Physical and locational features appear supportive of commercial development for the site's highest and best use.

#### Financial Feasibility

Our observations of current market conditions for development at the Subject property's location suggest that development of the site with a commercial use would be feasible.

#### Maximum Productivity

Of the various legally permissible, physically possible, and financially feasible uses available, the maximum productivity of the property would be achieved with a commercial development.

#### As Vacant Conclusion

Based on the previous discussion, the Subject's highest and best use as-vacant is concluded to be as a holding parcel for commercial development pending creation of sufficient demand.

### As Improved Analysis

#### Legal Permissibility

The current use is a permitted use within the applicable zoning and/or land use bylaw requirements affecting the property. There are no known private or other restrictions negatively impacting use of the property. Therefore, the current use is considered legally permissible.



#### Physical Possibility

The site is of a sufficient size, configuration, and topography to accommodate the property's present use as improved in an efficient and functional manner. Therefore, the current use is considered physically possible.

#### Financial Feasibility

As improved, the property provides a sufficient return that the property as presently improved is considered to be financially feasible.

#### Maximum Productivity

Of the various legally permissible, physically possible, and financially feasible uses of the property as improved, the current use is considered to represent the maximum productivity of the property.

#### As Improved Conclusion

Based on the previous discussion, the highest and best use of the Subject property as-improved is concluded to be represented by a continuation of its existing use as a Strip Centre Retail development.

# Valuation Methodology

Traditionally, there are three accepted methods of valuing real property:

- Cost Approach;
- Direct Comparison Approach; and
- Income Approach.

The selection of a relevant methodology depends upon the nature and characteristics of the real estate under consideration.

- 1) **The Cost Approach** is a method through which a value indication is derived for the fee simple estate by estimating the current cost to construct a reproduction of (or replacement for) the existing structure, including an entrepreneurial incentive or profit; deducting depreciation from the total cost; and adding the estimated land value. Adjustments may then be made to the indicated value of the fee simple estate in the Subject property to reflect the value of the property interest being appraised.
- 2) **The Direct Comparison Approach** examines the cost of acquiring equally desirable and valuable substitute properties, indicated by transactions of comparable properties, within the market area. The characteristics of the sale properties are compared to the Subject property on the basis of time and such features as location, size and quality of improvements, design features and income generating potential of the property.
- 3) **The Income Approach** is based on the premise that properties are purchased for their income producing potential. It considers both the annual return on the invested principal and the return of the invested principal. This valuation technique entails careful consideration of contract rents currently in place, projected market rents, other income sources, vacancy allowances, and projected expenses associated with the efficient operation and management of the property. The relationship of these income estimates to property value, either as a single stream or a series of projected streams, is the essence of the income approach. The two fundamental techniques utilized within the Income Approach include the Overall Income Capitalization and Discounted Cash Flow Techniques.

*The Overall Income Capitalization Technique* analyzes the relationship of current projected stabilized net operating income to total property value. The stabilized net operating income is capitalized at a rate that implicitly considers expected growth in cash flow and growth in property value over a buyer's investment horizon. The implied value may be adjusted to account for non-stabilized conditions or required capital expenditures to reflect an as is value.

*The Discounted Cash Flow Technique* models a property's performance over a buyer's investment horizon from the date of acquisition through the projected sale of the property at the end of the holding period. Net cash flows from property operations and the reversion are discounted at a rate reflective of the property's economic and physical risk profile.

## Selection of Relevant Methodology

As the Subject is an investment property, the Income Approach represents the decision making process of knowledgeable buyers and sellers of this property type. Accordingly, the Income Approach is deemed applicable, and has been utilized herein. The Overall Income Capitalization technique is used in this analysis, based on its predominant usage by purchasers of properties similar to the Subject. The Discounted Cash Flow technique is not typically relied upon by purchasers of this type of property, and therefore has not been used in this analysis.

While the Direct Comparison Approach is most pertinent in the valuation of owner occupied or vacant properties, it is also commonly utilized as a supporting approach in the valuation of income generating properties. Accordingly, the Direct Comparison Approach is deemed applicable, and has been utilized herein.

The underlying land is common property to the project as a whole and cannot be valued on a fractional basis. Therefore, the Cost Approach is not applicable. Accordingly, the Cost Approach has not been utilized herein.

## Income Approach

The Income Approach is based on the premise that properties are purchased for their income producing potential. It considers both the annual return on the invested principal and the return of the invested principal. This valuation technique entails careful consideration of contract rents currently in place, projected market rents, other income sources, vacancy allowances, and projected expenses associated with the efficient operation and management of the property. The relationship of these income estimates to property value, either as a single stream or a series of projected streams, is the essence of the income approach. The two fundamental techniques utilized within the Income Approach include the Overall Income Capitalization and Discounted Cash Flow Techniques. The Overall Income Capitalization method has been used in this analysis.

## Overall Income Capitalization

The Overall Income Capitalization Technique analyzes the relationship of current projected stabilized net operating income to total property value. The stabilized net operating income is capitalized at a rate that implicitly considers expected growth in cash flow and growth in property value over a buyer's investment horizon. The implied value may be adjusted to account for non-stabilized conditions or required capital expenditures to reflect an as is value.

## Tenancy Summary and Leasing Profile

### Area Measurement

The total Gross Leasable Area of the property, based on information provided by our client or their designated agents, is 7,763 square feet, more or less.

### Occupancy

As of the effective date, the provided rent roll indicates that the property was 100.0% occupied, reflecting a current vacancy of 0.0%.

### Tenant Profile

The property is fully leased to a local restaurant chain.

### Tenancy Schedule

A tenancy schedule/rent roll for the property, based on information provided by our client or their designated agents, is presented as follows:





AS OF DECEMBER 2021								
TENANT NAME	TOTAL NRA (SF)	% OF NRA	LEASE TERMS			EXPENSE STRUCTURE	CURRENT BASE RENT	
			START	END	YEARS		\$/SF(YR.)	ANNUAL
The William Public House Ltd.	7,763	100.0%	10/18	10/28	10.0	Triple Net	\$33.49	\$260,000
	7,763	100.0%					\$33.49	\$260,000
	0	0.0%						
	7,763	100.0%					\$33.49	\$260,000



#### Market Lease Survey

In order to determine how the Subject's contract rents currently in place compare to market levels, and to establish appropriate market rental rates to apply to current vacant space and future roll-overs/re-leasing, a lease survey has been conducted. The results of this survey are summarized in the tables which follow.

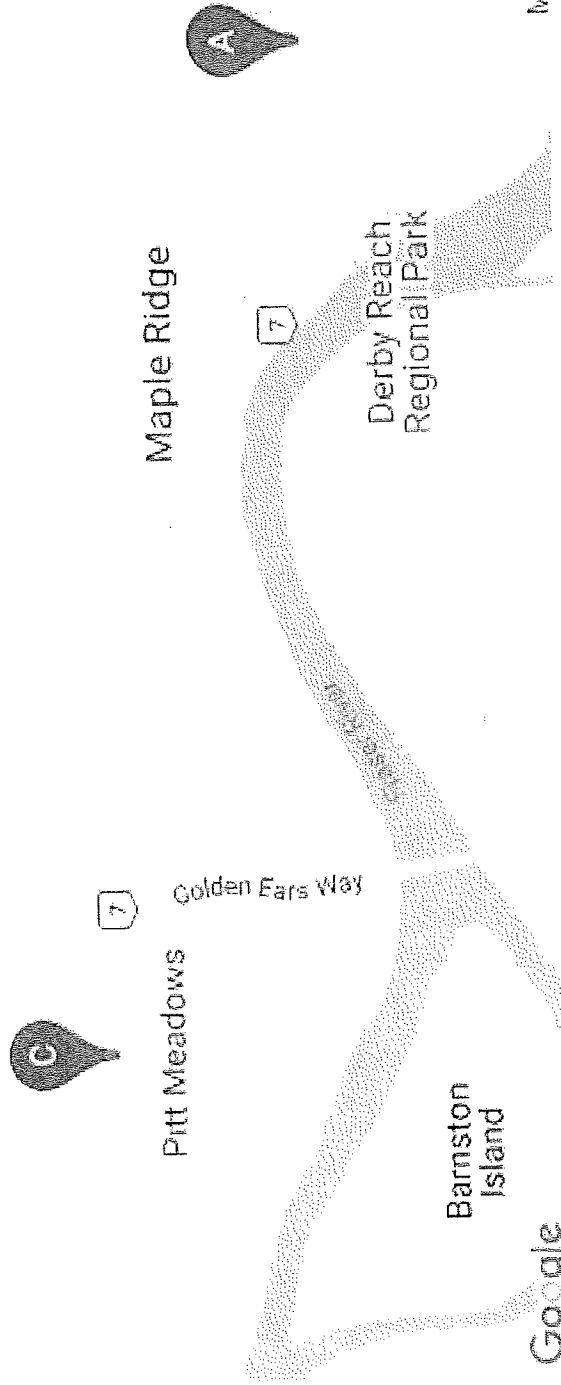
Retail Lease Transactions

Property	Landlord	Floor	Units	Rent Schedule	TOTAL Area (SF)	NER (\$/sq. ft.)	Indicements	Term (Mth)	Comments- Date
 11225 240 Street Maple Ridge Class: N/A	0784903 B.C. Ltd	1	102	24 Months - \$35.00	1,073	\$35.00		24	Jan 01, 2020
 11213-11247 240 Street Maple Ridge Class: B	0784903 B.C. Ltd			60 Months - \$32.00	1,234	\$32.00		60	Dec 01, 2018
 11213-11247 240 Street Maple Ridge Class: B	0784903 B.C. Ltd			36 Months - \$32.00 36 Months - \$34.00 24 Months - \$36.00 24 Months - \$37.00	1,700	\$30.60	Free 3 mths(Net), TI \$30.00	120	Jan 01, 2019
 12137-12169 Harris Road Pitt Meadows Class: N/A	Jade Agencies Ltd.	1	12149	10 Months - \$15.50 12 Months - \$16.50	1,911	-\$1.57		22	Mar 14, 2018





Silver Valley  
Golden Ears  
Provincial  
Park



Map data ©2020 Google

## Analysis of Comparable Lease Indices

### Market Rent

Retail lease rates vary depending on a number of factors such as type of centre, development age and quality/condition, centre location, size of tenant bay, type of use, inducements being offered, covenant of the tenant and length of the lease, etc. Those buildings generating lease rates towards the upper end of the range tend to relate to smaller units within newer developments, located along major arterial roadways, or, alternatively, to such tenant types as financial institutions, restaurants and convenience stores, who tend to occupy freestanding buildings, as well as food court tenancies etc. Lease rates towards the lower end of the range tend to reflect premises in older less functional buildings located within the interior of neighbourhoods, tenants requiring larger bays, or interior in-line space within smaller enclosed centres.

The selected signed retail comparable transactions pertain to leases that commenced between March 2018 and January 2020. The properties vary in size from 1,073 square feet to 1,911 square feet. These transactions represent average market rental rates that range from a low of \$16 per square foot to a high of \$35 per square foot. As per previous discussion, current lease in the subject property is \$33.49 which falls to the market lease range, so for the purposes of income analysis we will utilize an existing lease.

## Revenue Analysis

### Projected Base Rent

Based on the contract revenue in place and assuming full occupancy of any presently vacant areas at market rental rates, base rental revenue is projected to be \$260,000 in Year One. As per lease terms there only strata fee, property taxes and insurance expenses will be recovered from the tenant.

### Recovery Revenue

The leasing within the Subject property is generally on a fully net basis. Based on our analysis of the expense recoveries in place and assuming full occupancy of any presently vacant areas at fully net recoveries, Year One Recovery Revenue has been estimated on a stabilized basis at \$61,655.

### Total Potential Gross Income

Adding all the sources of revenue described above results in a stabilized Year One Potential Gross Income forecast of \$321,655.

### General Vacancy

Current Greater Vancouver retail market conditions were discussed previously, including vacancy statistics, with an overall vacancy rate for the Subject market area indicated at 1.00%, and 2.00%. Within the Subject property, current actual vacancy as of the effective date is at 0.0%. A vacancy allowance is not intended to reflect the actual vacancy at the date of valuation; rather it is a provision to account for the potential of lost rent and/or recoveries on a stabilized basis over the longer term holding of the asset. Giving consideration to the tenancy covenants within Retail Property AS IF COMPLETE and AS IS, its current level of occupancy, the duration of leases in place, and the prevailing leasing market conditions, we have elected to apply a stabilized vacancy allowance of 2.00% within our income and expense analyses.

In Year One, the projected general vacancy allowance amounts to \$6,433.



### Effective Gross Income

Deducting the Vacancy Allowance above from the Potential Gross Income forecast results in a Year One Effective Gross Income estimate of \$315,222.

## Expense Analysis

### Operating Expense Summary

Operating expenses are based upon the 2020 budget as provided. These expenses, together with historical actual expenses and our Year 1 Forecast, are detailed as follows:

SUBJECT OPERATING HISTORICALS		
YEAR	COLLIERS FORECAST	
	PROFORMA	
EXPENSE ITEMS	TOTAL	\$/SF
Repairs/Maintenance	(\$11,494)	(\$1.48)
Insurance	(\$12,228)	(\$1.58)
Strata Fee	(\$10,500)	(\$1.35)
Real Estate Taxes	(\$27,433)	(\$3.53)
<b>TOTAL EXPENSES</b>	<b>(\$61,655)</b>	<b>(\$7.94)</b>

However, since current lease assumed to be a full net and some expenses will be covered by tenant, and repairs/maintenance, property management expenses are owners' costs.

### Contingency/Structural Allowance

In addition to the operating expenses above, investors typically include an allowance for structural repairs or other non-recoverable expenses for the purpose of valuation. In this respect, a Contingency Allowance equal to 0.00% of the Effective Gross Income has been deducted within our Pro Forma Income Projection. In Year One this allowance has been forecast at \$0.

### Total Expenses

Adding the expenses as described above results in forecast Year One Operating Expenses in an amount equal to \$61,655.

### Net Operating Income

Based on the foregoing, Year One Net Operating Income is projected at \$253,567.

## Pro Forma Income Statement

Based on the foregoing, a Pro Forma Income Statement for the property is presented below.

<b>PRO FORMA INCOME STATEMENT</b>			
Base Rental Revenue			\$260,000
Recoveries			\$61,655
<b>POTENTIAL GROSS INCOME</b>			<b>\$321,655</b>
Less: Vacancy / Collection Loss Allowance <sup>1</sup> @	2.00%	PGI	\$6,433
<b>EFFECTIVE GROSS INCOME</b>			<b>\$315,222</b>
<b>EXPENSES</b>			
Repairs/Maintenance			(\$11,494)
Insurance			(\$12,228)
Strata Fee			(\$10,500)
Real Estate Taxes			(\$27,433)
Contingency / Structural Allowance @	0.00%	EGI	\$0
<b>TOTAL EXPENSES</b>			<b>(\$61,655)</b>
<b>NET OPERATING INCOME</b>			<b>\$253,567</b>

(1) Less excluded tenants where applicable.



## Significant Investment Characteristics of Subject

The following summarizes the major investment attributes of the property that potential investors would consider when determining an appropriate return and yield when making a purchase decision.

### Market

The retail market in Greater Vancouver area has been strong over the past 18 to 24 months and values in general have been increasing. Rental rates have been increasing steadily throughout the region as well.

### Location

The subject property offers a good overall location with good access and good exposure characteristics. The location of the property is considered to be good relative to typical market competitors. No special exposure and no negative influences are noted.

### Physical Attributes

The improvements to the property were originally constructed in 1973 and as per client's Terms of Reference will be fully renovated. The improvements represent good quality construction in excellent to good overall condition, providing good functional utility. No known deficiencies exist. No significant capital expenditures or maintenance are considered to be required in the short term.



## Investment Analysis

### Investment Alternatives

Following are current investment yields with respect to various alternative investments.

INVESTMENT ALTERNATIVES											
Gov't. Yields		Office REIT'S		Industrial REIT'S		Retail REIT'S		Apartment REIT'S		Diversified REIT'S	
BOC OR	0.25%	Allied	3.80%	Summit	2.50%	RioCan	4.20%	CAP	2.50%	Morguard	4.30%
GOC 5yr	1.25%	DREAM	4.10%	DREAM	4.20%	First Cptl.	2.30%	Killam	3.00%	H&R	4.20%
GOC 10yr	1.72%	Slate	7.80%	Granite	3.00%	Smart	5.80%	Boardwalk	1.80%	Artis	5.10%

Source: Bank of Canada, BMO Capital Markets as at November 15, 2021

### Investment Parameters

Following are the results of the most recent commercial real estate return surveys, as expressed by overall capitalization rates and discount rates.

Q2 2021 INVESTMENT PARAMETERS - VANCOUVER		
Investment Type	Overall Capitalization Rates	Discount Rates
<b>Industrial</b>		
Single	3.75% - 4.50%	4.00% - 5.50%
Multi	3.75% - 5.00%	4.30% - 5.80%
<b>Downtown Office</b>		
Class 'AA'	3.25% - 4.50%	5.00% - 5.80%
Class 'B'	3.50% - 4.50%	5.30% - 6.00%*
<b>Suburban Office</b>		
Class 'A'	5.00% - 6.25%	5.50% - 7.00%*
Class 'B'	5.50% - 6.50%	6.00% - 7.50%*
<b>Retail</b>		
Regional/Power	4.00% - 6.00%	5.30% - 6.00%
Community	4.00% - 5.75%	6.00% - 8.50%*
Strip Plaza	4.75% - 6.00%	4.80% - 6.50%*
<b>Multi-Residential</b>		
High Rise	2.75% - 3.50%	
Low Rise	2.75% - 4.00%	

\* These IRR's are not updated every quarter. Figures shown are the most recent, but not necessarily current.

Source: Colliers International Realty Advisors (OCR), Altus InSite (IRR)

### Comparable Transactions

The task of determining an appropriate overall capitalization rate is best served through an analysis of current market activity. In consideration of the characteristics described above, the transactions summarized in the table on the following page have been selected and analyzed.

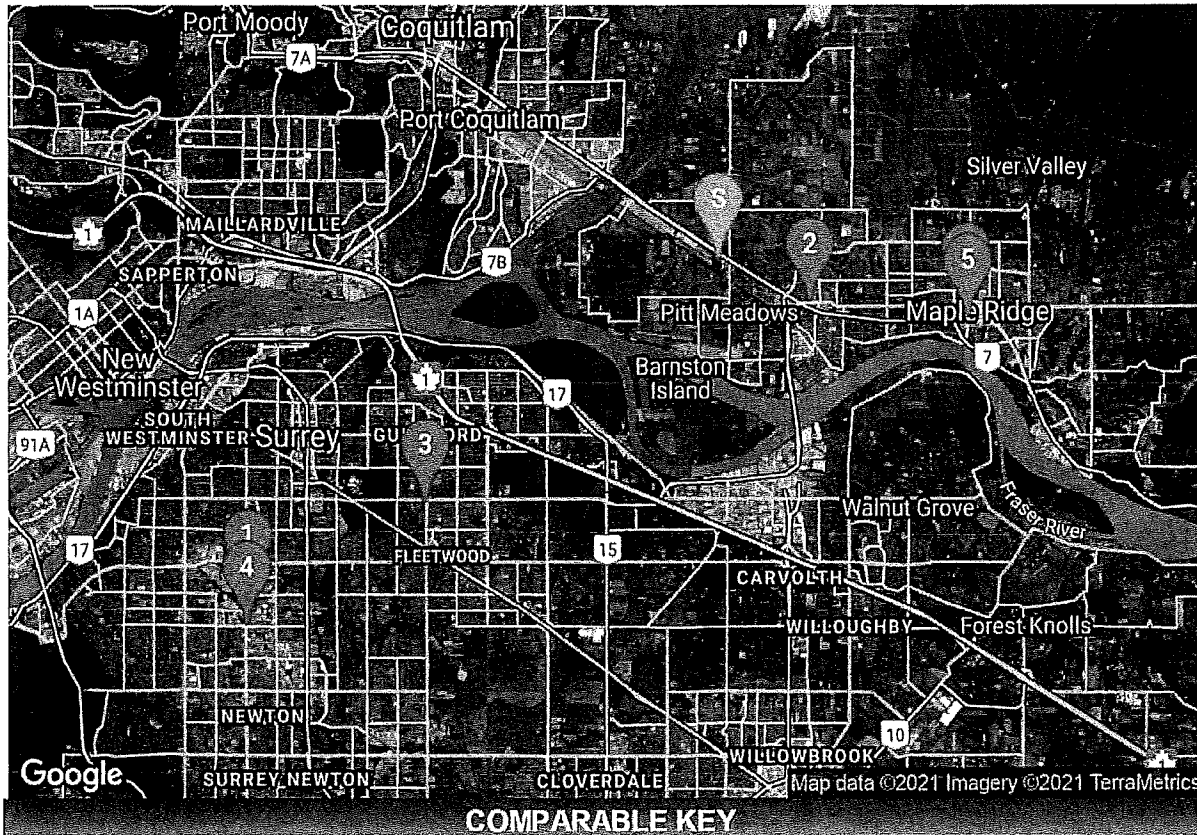
Further details of these transactions can be found in the Appendix section located at the end of this report.



**Retail Investment Transactions & Analysis**

**Retail Property AS IF COMPLETE and AS IS**

Subject	Transaction One	Transaction Two	Transaction Three	Transaction Four	Transaction Five	Transaction Six
Property Name	Retail Property AS IF COMPLETE and AS IS	Court House Square	Retail Property	Little India Plaza	Retail Property	Mixed-Use Property
Address	4-19040 Lougheed Highway Pitt Meadows, British Columbia	11996 Dewdney Trunk Road Maple Ridge, BC	9547 152nd Street, Unit 201 Surrey, BC	106 - 8028 128 Street Surrey, BC	11855 224th Street Maple Ridge, BC	22364 - 22370 Dewdney Trunk Road Maple Ridge, BC
Transaction Price	\$400,000	\$2,600,000	\$2,000,000	\$960,000	\$5,030,000	\$1,870,000
Analysis Price	\$400,000	\$2,600,000	\$2,000,000	\$950,000	\$5,030,000	\$1,870,000
Analysis Price per SF	\$532	\$464	\$400	\$874	\$634	\$362
N.O.I.	\$16,000	\$123,096	\$66,000	\$38,400	\$206,284	\$52,734
Transactional Characteristics						
Transaction Status	Recorded	Recorded	Recorded	Recorded	Recorded	Recorded
Transaction Date	9/30/2020	11/30/2020	12/9/2020	2/1/2021	2/24/2021	3/31/2021
Market Conditions	Similar	Similar	Similar	Similar	Similar	Similar
Property Rights Conveyed	Fee Simple	Fee Simple	Fee Simple	Leased Fee	Leased Fee	Fee Simple
Conditions of Sale	Arms-Length	Arms-Length	Arms-Length	Arms-Length	Arms-Length	Arms-Length
Motivation	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral
Transactional Adjustment	None	None	None	None	None	None
Site Characteristics						
Location	Good	Similar	Similar	Similar	Similar	Similar
Exposure	Good	Similar	Slit. Superior	Slit. Superior	Slit. Superior	Slit. Superior
Zoning	C-2	C-3	C-8	CD	C-3	C-3
Site Adjustment	Slit. Upward	None	Slit. Upward	Slit. Upward	None	None
Improvement Characteristics						
Property Type	Retail	Retail	Retail	Retail	Retail	Retail
Design / Layout	Good	Slit. Inferior	Slit. Inferior	Slit. Inferior	Slit. Inferior	Slit. Superior
Condition	Good	Slit. Inferior	Slit. Inferior	Slit. Inferior	Slit. Inferior	Slit. Inferior
Building Size (SF)	7,763	5,600	5,000	1,087	7,934	5,184
Year Built	1973	1986	1981	2016	1948	1983
Improvement Adjustment	Slit. Downward	Slit. Downward	Slit. Downward	Slit. Downward	Slit. Downward	Slit. Upward
Economic Characteristics						
In Place vs Market	At Market	At Market	At Market	At Market	At Market	At Market
Tenancy Strength	Good	Good	Good	Good	Good	Good
NOI / SF	\$21.28	\$21.98	\$13.20	\$35.33	\$26.00	\$10.21
Economic Adjustment	None	None	None	None	None	None
Overall Capitalization Rate	4.00%	4.73%	3.30%	4.04%	4.10%	2.82%
Overall Adjustment	None	Slit. Downward	Slit. Upward	Slit. Downward	Slit. Downward	Slit. Upward
Overall Comparability	Similar	Slit. Inferior	Slit. Superior	Slit. Inferior	Slit. Inferior	Slit. Superior
Conclusion	4.00%	Slit. Lower Than 4.73%	Slit. Higher Than 3.30%	Slit. Lower Than 4.04%	Slit. Lower Than 4.10%	Slit. Higher Than 2.82%



COMP	DISTANCE	NAME	ADDRESS	OCC.	SALE DATE	OAR	\$/SF
Subject	-	Retail Property AS IF COM	4-19040 Lougheed Highway, Pitt Meadows, B	100.0%	-	-	\$817
No. 1	15.2 km	Retail Strata Unit	24-8430 128 Sreet, Surrey, BC		9/30/2020	4.00%	\$532
No. 2	10.3 km	Court House Square	11996 Dewdney Trunk Road, Maple Ridge, BC	100.0%	11/30/2020	4.73%	\$464
No. 3	10.0 km	Retail Property	9547 152nd Street, Unit 201, Surrey, BC		12/9/2020	3.30%	\$400
No. 4	15.7 km	Little India Plaza	106 - 8028 128 Street, Surrey, BC		2/1/2021	4.04%	\$874
No. 5	6.9 km	Retail Property	11855 224th Street, Maple Ridge, BC	100.0%	2/24/2021	4.10%	\$634
No. 6	6.7 km	Mixed-Use Property	22364 - 22370 Dewdney Trunk Road, Maple Ridge, BC		3/31/2021	2.82%	\$362





Capitalization rates tend to vary between properties depending to some extent on such factors as location, size and type of development, quality and condition of improvements, and amenities provided. Combining all of these features with considerations of leasing history and trends, strength of tenancy and income security, the overall capitalization rate tends generally to reflect the perceived quality and durability of the property's income earning capacity.

Properties with a strong rental history and stable tenancy with the perceived potential for increases in revenues tend to trade at comparatively low overall capitalization rates as compared to properties which have a history of vacancy, poor tenant covenants, physical and/or locational challenges, or other forms of perceived instability.

## Analysis of Comparable Sales

The selected transactions pertain to activity that occurred between September 2020 and March 2021. The properties vary in size from 752 square feet to 7,934 square feet and were originally constructed between 1948 and 2016. These transactions represent capital investments that range from a low of \$400,000 to a high of \$5,030,000. The stabilized overall capitalization rates indicated by these transactions vary from a low of 2.82% to a high of 4.73%.

The upper end of the range is set by Comparable Transaction No. 2, at 4.73%. In comparison with the Subject, this property exhibited inferior design/layout and overall condition. For these reasons, the indicated overall capitalization rate for this transaction is deemed to be over-stated in relation to the Subject property.

The lower end of the range relates to Comparable Transaction No. 6 at 2.82%. Relative to the Subject, this property reflects superior design/layout. Consequently, this transaction is considered to provide an understated overall capitalization rate indication relative to the Subject.

The remaining four transactions present a somewhat narrower range in overall capitalization rates of between 3.30% and 4.10% and are deemed to be slightly superior and slightly inferior in relation to the Subject.

Based on the foregoing analysis, it is our opinion that an appropriate overall capitalization rate applicable to the subject property is lower than Transaction No. 2 (4.73%), Transaction No. 4 (4.04%) and Transaction No. 5 (4.10%); similar to Transaction No. 1 (4.00%); and higher than Transaction No. 3 (3.30%) and Transaction No. 6 (2.82%).

## Overall Income Capitalization

On the basis of our Revenue and Expense Analysis, the Stabilized Net Operating Income for the forthcoming 12 months has previously been projected in the amount of \$253,567.

As summarized on the previous page, overall capitalization rates extracted from the comparable investment sales reviewed range between 2.82% and 4.73%. Taking into consideration the investment characteristics of the property including its location, size, building quality and security of income, and as measured against the back-drop of the current investment climate for properties such as the Subject, it is our opinion that an overall capitalization rate in the range between 3.75% and 4.25% would be appropriate. Applying such rates to the projected Year One net operating income results in the following estimated value range, adjusted for holding and lease up costs and capital expenses, if required.

VALUE MATRIX - DIRECT OVERALL CAPITALIZATION		
OCR	STABILIZED NOI	VALUE <sup>(1)</sup>
3.75%	\$253,567	\$6,760,000
4.00%	\$253,567	\$6,340,000
4.25%	\$253,567	\$5,970,000

(1) Rounded to nearest \$10,000.

## Summary

Selecting the mid-point of the range, the foregoing analysis indicates an estimated value by way of Overall Income Capitalization of **\$6,340,000** (rounded) as of the effective date of this valuation.

The above value estimate is in conjunction with the Assumptions and Limiting Conditions stated within this appraisal. Of particular note are the Hypothetical Conditions, Extraordinary Assumptions and Extraordinary Limiting Conditions outlined within the Terms of Reference section.



## Direct Comparison Approach

The Direct Comparison Approach examines the cost of acquiring equally desirable and valuable substitute properties, indicated by transactions of comparable properties, within the market area. The characteristics of the sale properties are compared to the Subject property on the basis of time and such features as location, size and quality of improvements, design features and income generating potential of the property.

Given that the property has been deemed to have potential purchase appeal to owner-users, it is considered appropriate to undertake the Direct Comparison Approach based upon sale transactions pertaining to comparable properties acquired by end users. In this regard, the transactions summarized and analysed in the table on the following page are considered to be suitably comparable to the Subject property with respect to the characteristics below, and to therefore provide a reasonable and reliable indication of value.

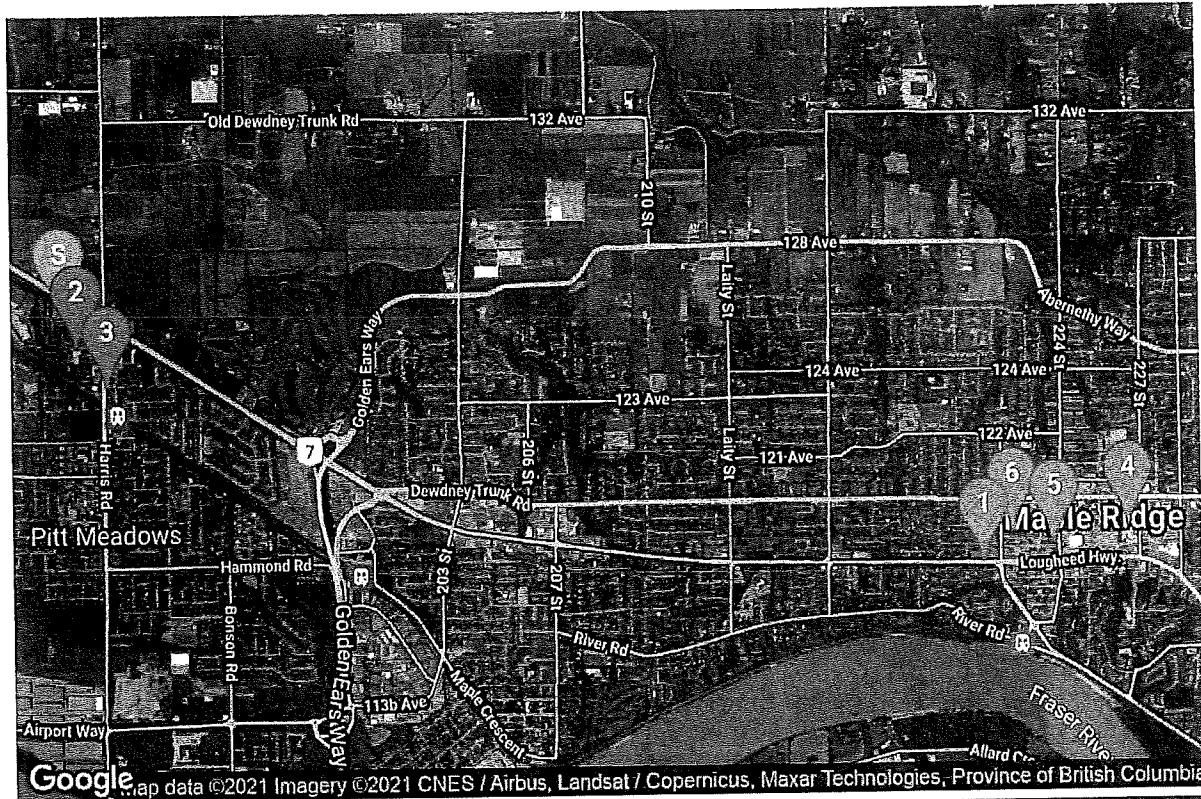
Further details of these transactions can be found in the Appendix section located at the end of this report.

In valuing the property, each of the transactions has been compared to the Subject. The basis for comparison included the consideration of the following:

- Property Rights Conveyed
- Financing Terms
- Conditions of Sale
- Market Conditions (Transaction Date and Status)
- Physical Characteristics
- Economic Characteristics

**Retail Transactions & Analysis**  
**Retail Property AS IF COMPLETE and AS IS**

Subject	Transaction One	Transaction Two	Transaction Three	Transaction Four	Transaction Five	Transaction Six
Property Name	Retail Property AS IF COMPLETE and AS IS	Highland Park Building	Keystone	The Brickwater- Retail	Retail Property	Brickwater at the Village
Address	4-19040 Lougheed Highway Pitt Meadows, British Columbia	6-12460 191 Street Pitt Meadows, BC	12350 Harris Road, Unit 1 Pitt Meadows, BC	124-22638 119th Avenue Maple Ridge, BC	11855 224th Street Maple Ridge, BC	112, 128, 130 - 22638 119th Avenue Maple Ridge, BC
Transaction Price	\$310,000	\$845,000	\$428,000	\$916,800	\$5,030,000	\$1,228,700
Analysis Price	\$310,000	\$845,000	\$428,000	\$916,800	\$5,030,000	\$1,228,700
Analysis Price per SF	\$658	\$610	\$431	\$600	\$634	\$560
Transactional Characteristics						
Transaction Status	Recorded	-	Recorded	Expired Listing	Recorded	Recorded
Transaction Date	7/3/2020	3/1/2019	5/6/2019	1/27/2021	2/24/2021	2/11/2021
Market Conditions	Similar	Sli. Inferior	Sli. Inferior	Similar	Similar	Similar
Property Rights Conveyed	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Leased Fee	Fee Simple
Conditions of Sale	Arms-Length	Arms-Length	Arms-Length	Assumed Arms-Length	Arms-Length	Arms-Length
Motivation	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral
Transactional Adjustment	None	Sli. Upward	Sli. Upward	None	None	None
Site Characteristics						
Location	Good	Similar	Similar	Similar	Similar	Similar
Access	Good	Similar	Similar	Similar	Similar	Similar
Zoning	C-2	TC	Town Centre Commercial	C-3	C-3	C-3
Site Adjustment	None	None	None	None	None	None
Improvement Characteristics						
Property Type	Retail	Retail	Retail	Retail	Retail	Retail
Design / Layout	Good	Similar	Sli. Inferior	Similar	Sli. Inferior	Similar
Condition	Good	Sli. Inferior	Sli. Inferior	Sli. Inferior	Sli. Inferior	Inferior
Building Size (SF)	7,763	1,386	992	1,528	7,934	2,194
Year Built	1973	2019	2008	- 2020	1948	2019
Improvement Adjustment	Sli. Upward	Sli. Upward	Sli. Upward	Sli. Upward	Sli. Upward	Upward
Overall Adjustment	Sli. Upward	Upward	Upward	Upward	Upward	Upward
Overall Comparability	Sli. Inferior	Inferior	Inferior	Inferior	Inferior	Inferior
Conclusion	Sli. Higher Than	Higher Than	Higher Than	Higher Than	Higher Than	Higher Than
	\$658/SF	\$610/SF	\$431/SF	\$600/SF	\$634/SF	\$560/SF



**COMPARABLE KEY**

COMP	DISTANCE	NAME	ADDRESS	OCC.	SALE DATE	OAR	\$/SF
Subject	-	-	4-19040 Lougheed Highway, Pitt Meadows, BC	100.0%	-	-	\$750
No. 1	6.4 km	Osprey Village Market	10996 Barnston View Road, Pitt Meadows, BC		7/31/2020		\$658
No. 2	0.3 km	Highland Park Building	6-12460 191 Street, Pitt Meadows, BC		3/1/2019		\$610
No. 3	0.6 km	Keystone	12350 Harris Road, Unit 1, Pitt Meadows, BC		5/6/2019		\$431
No. 4	7.3 km	The Brickwater- Retail	124-22638 119th Avenue, Maple Ridge, BC		1/27/2021		\$600
No. 5	6.9 km	Retail Property	11855 224th Street, Maple Ridge, BC	100.0%	2/24/2021	4.10%	\$634
No. 6	7.3 km	Brickwater at the Village	112, 128, 130 - 22638 119th Avenue, Maple Ridge, BC		2/11/2021		\$560

## Analysis

The selected transactions pertain to activity that occurred between March 2019 and February 2021. The properties vary in size from 471 square feet to 7,934 square feet and were originally constructed between 1948 and 2020. These transactions represent capital investments that range from a low of \$310,000 to a high of \$5,030,000. The unit prices per square foot indicated by these transactions vary from a low of \$431 per square foot to a high of \$658.

At the upper end of the range, Comparable Transaction No. 1 pertains to the July 31, 2020 sale of a retail property located at 10996 Barnston View, Pitt Meadows, British Columbia at a price of \$310,000, or \$658 per square foot. In the time spanning the date of this transaction and the effective date of this valuation, market conditions have been stable. As such, no adjustment is required for changing market conditions. This property inferior to the subject with regard to overall condition. Therefore, a unit value per square foot similar to \$658 per square foot is considered appropriate for the subject.

Comparable Transaction Nos. 3 and 6 are at the low end of the range. Comparable Transaction No. 3 pertains to the May 6, 2019 sale of a retail property located at Unit 1-12350 Harris Road, Pitt Meadows, British Columbia at a price of \$428,000, or \$431 per square foot. In the time spanning the date of this transaction and the effective date of this valuation, market conditions have changed. As such, an upward adjustment is required for changing market conditions. Transaction No. 3 is inferior in design/layout and overall condition resulting in an upward adjustment. Comparable Transaction No. 6 pertains to the February 11, 2021 sale of a retail property located at 112, 128, 130 – 22638 119<sup>th</sup> Avenue, Maple Ridge, British Columbia at a price of \$1,228,700 or \$560 per square foot. Transaction No. 6 is inferior in overall condition since it's not finished unit, so an upward adjustment applied to reflect that difference. Given the foregoing factors a unit value above \$560 per square foot is considered appropriate for the subject property.

The remaining three indicators represent a range between \$600 and \$634 per square foot. Comparable Transactions No. 2, 4 and No. 5 are inferior to the subject with regard to design/layout and overall condition. Given the foregoing information upward adjustments are required for the three remaining transactions.

Based on the preceding analysis, an appropriate unit value per square foot for the subject property, on a stabilized basis, should be slightly higher than Transaction No. 1 (\$658); and higher than Transaction No. 2 (\$610), Transaction No. 3 (\$431), Transaction No. 4 (\$600), Transaction No. 5 (\$634) and Transaction No. 6 (\$560).

In consideration of the sale indices reviewed and the accompanying analysis, we are of the professional opinion that an appropriate stabilized unit value range for the Subject property would be between \$745 per square foot and \$755 per square foot. Applying such unit values to the total leasable area of the property results in a range in estimated stabilized values as summarized in the table below.

<b>VALUE MATRIX - DIRECT COMPARISON</b>		
<b>SIZE</b>	<b>\$/SF</b>	<b>VALUE<sup>(1)</sup></b>
7,763 SF	\$745	\$5,780,000
7,763 SF	\$750	\$5,820,000
7,763 SF	\$755	\$5,860,000

(1) Round to nearest \$10,000



## Summary

Selecting the mid-point of the matrix, the Direct Comparison Approach indicates an estimated value of **\$5,820,000** (rounded) as of the effective date of this valuation.

The above value estimate is in conjunction with the Assumptions and Limiting Conditions stated within this appraisal. Of particular note are the Hypothetical Conditions, Extraordinary Assumptions and Extraordinary Limiting Conditions outlined within the Terms of Reference section.

## Reconciliation and Final Estimate of Value

The Subject property is a 7,763 SF retail strata unit. The building represents good quality construction and was in good condition as of the effective date of the report.

The approaches used in this valuation provide the following values:

<b>VALUATION SUMMARY</b>	
<b>VALUATION INDICES</b>	<b>CURRENT MARKET VALUE AS ASSUMED - COMPLETE</b>
<b>INTEREST APPRAISED</b>	<b>FEE SIMPLE</b>
<b>DATE OF VALUE</b>	<b>DECEMBER 7, 2021</b>
<b>INCOME APPROACH</b>	
Overall Income Capitalization	<b>\$6,340,000</b>
Overall Income Capitalization \$/SF	\$817/SF
NOI	\$253,567
NOI \$/SF	\$32.66/SF
Capitalization Rate	4.00%
<b>DIRECT COMPARISON APPROACH</b>	
Direct Comparison	<b>\$5,820,000</b>
Direct Comparison \$/SF	\$750/SF
<b>FINAL VALUE CONCLUSION</b>	
<b>FINAL VALUE</b>	<b>\$6,150,000</b>
\$/SF	\$792/SF
Implied Capitalization Rate	4.12%

For income producing properties such as the Subject, potential purchasers would place considerable emphasis on the income earning potential of the property. In this regard, the Income Approach would be the favored method of valuation. In general, the Overall Income Capitalization method is favored over Discounted Cash Flow Analysis as it is less subjective. However, when valuing multi-tenant developments with varying rental rates, lease terms, etc., Discounted Cash Flow Analysis increases in significance, particularly when the net operating income is projected to change over the life of the investment.

The Direct Comparison Approach, which is primarily used with respect to the valuation of owner-occupied buildings, is based on the price per square foot of similar property transactions. The Direct Comparison Approach, in this case, is supportive of the Indications of value in the Income Approach.

Based on the foregoing, and with most weight applied to the Income Approach it is our opinion that the prospective market value of the fee simple interest in the property, subject to the assumptions set forth, and as at December 7, 2021, was:





VALUE TYPE	INTEREST APPRAISED	DATE OF VALUE	VALUE
Current Market Value As Assumed - Complete	Fee Simple	December 7, 2021	\$6,150,000

The above value estimate is based on an exposure period of three to six months, assuming the basis of a transaction involving cash to the vendor and is in conjunction with the Assumptions and Limiting Conditions stated within this appraisal. Of particular note are the Hypothetical Conditions, Extraordinary Assumptions and Extraordinary Limiting Conditions outlined within the Terms of Reference section.

## Direct Comparison Approach – AS IS VALUE

The Direct Comparison Approach examines the cost of acquiring equally desirable and valuable substitute properties, indicated by transactions of comparable properties, within the market area. The characteristics of the sale properties are compared to the Subject property on the basis of time and such features as location, size and quality of improvements, design features and income generating potential of the property.

Given that the property has been deemed to have potential purchase appeal to owner-users, it is considered appropriate to undertake the Direct Comparison Approach based upon sale transactions pertaining to comparable properties acquired by end users. In this regard, the transactions summarized and analysed in the table on the following page are considered to be suitably comparable to the Subject property with respect to the characteristics below, and to therefore provide a reasonable and reliable indication of value.

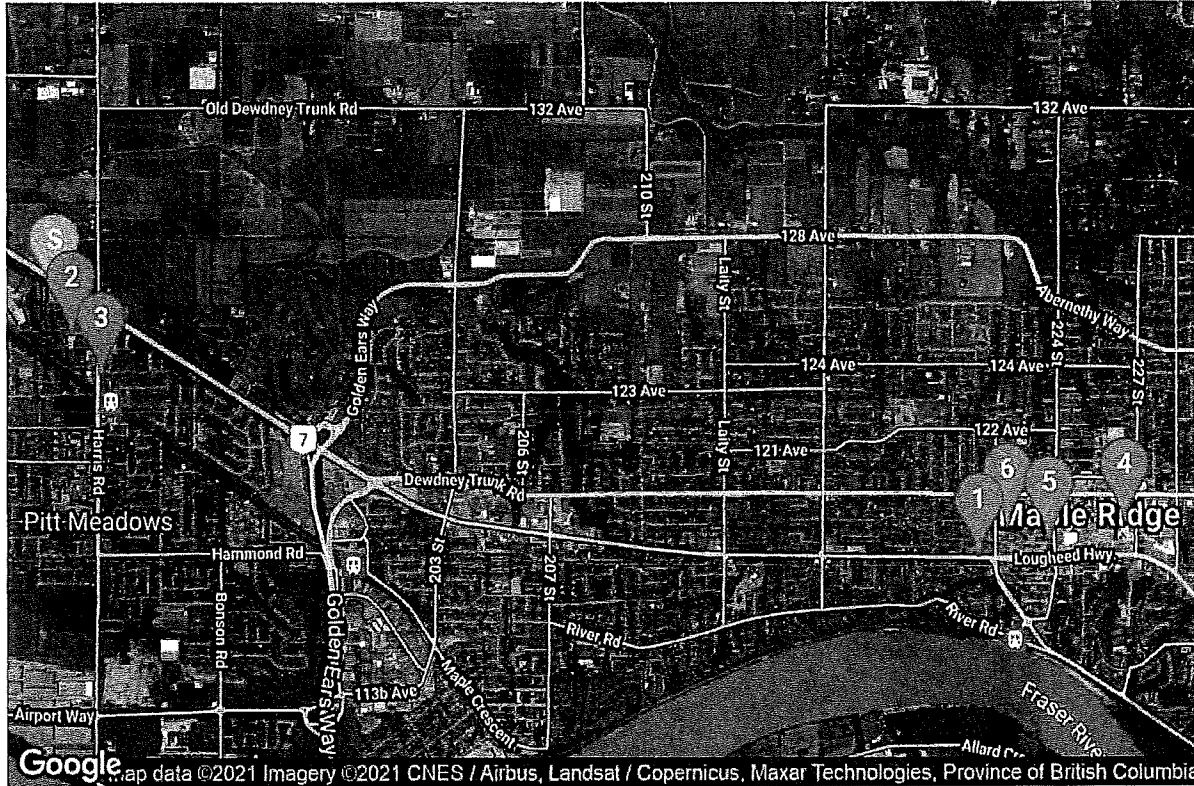
Further details of these transactions can be found in the Appendix section located at the end of this report.

In valuing the property, each of the transactions has been compared to the Subject. The basis for comparison included the consideration of the following:

- Property Rights Conveyed
- Financing Terms
- Conditions of Sale
- Market Conditions (Transaction Date and Status)
- Physical Characteristics
- Economic Characteristics



Retail Transactions & Analysis Retail Property AS IS		Transaction One	Transaction Two	Transaction Three	Transaction Four	Transaction Five	Transaction Six
Property Name	Subject	Osprey Village Market	Highland Park Building	Keystone	The Brickwater- Retail	Retail Property	Brickwater at the Village
4-19040 Lougheed Highway	10996 Barnston View Road	6-12460 191 Street	12350 Harris Road, Unit 1	124-22638 119th Avenue	11855 224th Street	112, 128, 130 - 22638 119th Avenue	Maple Ridge, BC
Pitt Meadows, British Columbia	Pitt Meadows, BC	Pitt Meadows, BC	Pitt Meadows, BC	Maple Ridge, BC	Maple Ridge, BC	Maple Ridge, BC	Maple Ridge, BC
Transaction Price	\$310,000	\$845,000	\$428,000	\$916,800	\$5,030,000	\$1,228,700	
Analysis Price	\$310,000	\$845,000	\$428,000	\$916,800	\$5,030,000	\$1,228,700	
Analysis Price per SF	\$658	\$610	\$431	\$600	\$634	\$560	
Transaction Status	Recorded	Recorded	Recorded	Expired Listing	Recorded	Recorded	Recorded
Transaction Date	7/31/2020	3/1/2019	5/6/2019	1/27/2021	2/24/2021	2/11/2021	2/11/2021
Market Conditions	Similar	Sli. Inferior	Sli. Inferior	Similar	Similar	Similar	Similar
Property Rights Conveyed	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Leased Fee	Fee Simple	Fee Simple
Conditions of Sale	Arms-Length	Arms-Length	Arms-Length	Assumed Arms-Length	Arms-Length	Arms-Length	Arms-Length
Motivation	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral
Transactional Adjustment	None	Sli. Upward	Sli. Upward	None	None	None	None
Site Characteristics	Good	Similar	Similar	Similar	Similar	Similar	Similar
Location	Good	Similar	Similar	Similar	Similar	Similar	Similar
Access	C-2	MC	Town Centre	C-3	C-3	C-3	C-3
Zoning	None	None	Commercial	None	None	None	None
Site Adjustment	Retail	Retail	Retail	Retail	Retail	Retail	Retail
Improvement Characteristics	Property Type	Similar	Sli. Inferior	Sli. Inferior	Similar	Sli. Inferior	Sli. Inferior
Design / Layout	Good	Similar	Sli. Superior	Similar	Similar	Similar	Similar
Condition	Good	Sli. Superior	Sli. Superior	Similar	Sli. Superior	Similar	Similar
Building Size (SF)	7,763	471	982	1,528	7,934	2,194	2,194
Year Built	1973	2013	2008	2020	1948	2019	2019
Improvement Adjustment	Sli. Downward	Sli. Downward	Sli. Upward	Sli. Upward	Sli. Downward	Sli. Downward	Sli. Upward
Overall Adjustment	Sli. Downward	Upward	Sli. Upward	Sli. Upward	Sli. Downward	Sli. Upward	Sli. Upward
Overall Comparability	Sli. Superior	Inferior	Sli. Inferior	Sli. Inferior	Sli. Superior	Sli. Inferior	Sli. Inferior
Conclusion	Sli. Lower Than	Higher Than	Sli. Higher Than	Sli. Higher Than	Sli. Lower Than	Sli. Higher Than	Sli. Higher Than
	\$658/SF	\$610/SF	\$431/SF	\$600/SF	\$634/SF	\$560/SF	\$560/SF



**COMPARABLE KEY**

COMP	DISTANCE	NAME	ADDRESS	OCC.	SALE DATE	OAR	\$/SF
Subject	-	-	4-19040 Lougheed Highway, Pitt Meadows, E	100.0%	-	-	\$750
No. 1	6.4 km	Osprey Village Market	10996 Barnston View Road, Pitt Meadows, BC		7/31/2020		\$658
No. 2	0.3 km	Highland Park Building	6-12460 191 Street, Pitt Meadows, BC		3/1/2019		\$610
No. 3	0.6 km	Keystone	12350 Harris Road, Unit 1, Pitt Meadows, BC		5/6/2019		\$431
No. 4	7.3 km	The Brickwater- Retail	124-22638 119th Avenue, Maple Ridge, BC		1/27/2021		\$600
No. 5	6.9 km	Retail Property	11855 224th Street, Maple Ridge, BC	100.0%	2/24/2021	4.10%	\$634
No. 6	7.3 km	Brickwater at the Village	112, 128, 130 - 22638 119th Avenue, Maple Ridge, BC		2/11/2021		\$560



## Analysis

The selected transactions pertain to activity that occurred between March 2019 and February 2021. The properties vary in size from 471 square feet to 7,934 square feet and were originally constructed between 1948 and 2020. These transactions represent capital investments that range from a low of \$310,000 to a high of \$5,030,000. The unit prices per square foot indicated by these transactions vary from a low of \$431 per square foot to a high of \$658.

At the upper end of the range, Comparable Transaction No. 1 pertains to the July 31, 2020 sale of a retail property located at 10996 Barnston View, Pitt Meadows, British Columbia at a price of \$310,000, or \$658 per square foot. In the time spanning the date of this transaction and the effective date of this valuation, market conditions have been stable. As such, no adjustment is required for changing market conditions. This property is superior to the subject with regard to overall condition. Therefore, a unit value per square foot below to \$658 per square foot is considered appropriate for the subject.

Comparable Transaction Nos. 3 and 6 are at the low end of the range. Comparable Transaction No. 3 pertains to the May 6, 2019 sale of a retail property located at Unit 1-12350 Harris Road, Pitt Meadows, British Columbia at a price of \$428,000, or \$431 per square foot. In the time spanning the date of this transaction and the effective date of this valuation, market conditions have changed. As such, an upward adjustment is required for changing market conditions. Transaction No. 3 is inferior in design/layout resulting in an upward adjustment. Comparable Transaction No. 6 pertains to the February 11, 2021 sale of a retail property located at 112, 128, 130 – 22638 119<sup>th</sup> Avenue, Maple Ridge, British Columbia at a price of \$1,228,700 or \$560 per square foot. Transaction No. 6 is inferior in design/layout, so an upward adjustment applied to reflect that difference. Given the foregoing factors a unit value above \$560 per square foot is considered appropriate for the subject property.

The remaining three indicators represent a range between \$600 and \$634 per square foot. Comparable Transactions No. 4 and No. 5 are slightly superior to the subject with regard to overall condition. Given the foregoing information downward adjustments are required for the three remaining transactions.

Based on the preceding analysis, an appropriate unit value per square foot for the subject property, on a stabilized basis, should be slightly higher than Transaction No. 1 (\$658); and higher than Transaction No. 2 (\$610), Transaction No. 3 (\$431), Transaction No. 4 (\$600), Transaction No. 5 (\$634) and Transaction No. 6 (\$560).

In consideration of the sale indices reviewed and the accompanying analysis, we are of the professional opinion that an appropriate stabilized unit value range for the Subject property would be between \$745 per square foot and \$755 per square foot. Applying such unit values to the total leasable area of the property results in a range in estimated stabilized values as summarized in the table below.

VALUE MATRIX - DIRECT COMPARISON		
SIZE	\$/SF	VALUE <sup>(1)</sup>
7,763 SF	\$605	\$4,700,000
7,763 SF	\$610	\$4,740,000
7,763 SF	\$615	\$4,770,000

(1) Round to nearest \$10,000

## Summary

Selecting the mid-point of the matrix, the Direct Comparison Approach indicates an estimated value of **\$3,800,000** (rounded) as of the effective date of this valuation.

The above value estimate is in conjunction with the Assumptions and Limiting Conditions stated within this appraisal. Of particular note are the Hypothetical Conditions, Extraordinary Assumptions and Extraordinary Limiting Conditions outlined within the Terms of Reference section.



# Certification

**Retail Property AS IF COMPLETE and AS IS  
4-19040 Lougheed Highway, Pitt Meadows, British Columbia 3Y 2N6  
(See Property Data Section for Legal Description)**

I, the undersigned appraiser, certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct;
- The reported analyses, opinions and conclusions are limited only by the reported Assumptions and Limiting conditions, and are my impartial and unbiased professional analyses, opinions and conclusions;
- I have no past, present or prospective interest in the property that is the subject of this report and no personal and/or professional interest or conflict with respect to the parties involved with this assignment;
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment;
- My engagement in and compensation for this assignment were not contingent upon developing or reporting predetermined results, the amount of the value estimate, a conclusion favouring the client, or the occurrence of a subsequent event;
- My analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Canadian Uniform Standards of Professional Appraisal Practice (CUSPAP);
- I have the knowledge and experience to complete this assignment competently, and where applicable this report is co-signed in compliance with CUSPAP;
- Except as disclosed herein, no one has provided significant professional assistance to the person(s) signing this report;
- As of the date of this report the undersigned has fulfilled the requirements of The Appraisal Institute of Canada's Continuing Professional Development Program;
- I am a member in good standing of the Appraisal Institute of Canada;
- I am not required to be licensed to practice in the Province of **British Columbia**.

Information pertaining to inspection of the subject property is as follows:

<b>SUBJECT PROPERTY INSPECTION</b>			
<b>APPRAISER</b>	<b>INSPECTED</b>	<b>EXTENT</b>	<b>DATE OF INSPECTION</b>
Aian Miiabaev, AACI, MRICS	Yes	Interior/Exterior	December 7, 2021



### Final Estimate of Value

Based upon the data, analyses and conclusions contained herein, the current market value of the Fee Simple interest in the property described herein, as at December 7, 2021, is estimated to be as follows:

VALUE TYPE	INTEREST APPRAISED	DATE OF VALUE	VALUE
Current Market Value As Assumed - Complete	Fee Simple	December 7, 2021	\$6,150,000

VALUE TYPE	INTEREST APPRAISED	DATE OF VALUE	VALUE
Current Market Value As-Is	Fee Simple	December 7, 2021	\$4,740,000

The above value estimate is based on an exposure period of three to six months, assuming the basis of a transaction involving cash to the vendor, and is subject to the Extraordinary Assumptions, Hypothetical Conditions and Extraordinary Limiting Conditions as detailed within the Terms of Reference section of this report, in addition to the Ordinary Assumptions and Limiting Conditions contained in the Addenda. Any alterations to either the information provided or the assumptions in this report may have a material impact on the value contained herein.

Appraiser

*Aian Miiabaev*

Aian Miiabaev, AACI, MRICS  
Date: December 9, 2021  
AIC Membership No. 910147





# Appendices

Appendix A	Ordinary Assumptions and Limiting Conditions
Appendix B	Definitions
Appendix C	Certificate of Title
Appendix D	Land Use / Zoning
Appendix E	Capitalization Rate Comparable Sales
Appendix F	Direct Comparison Comparable Sales

## Appendix A

### Ordinary Assumptions and Limiting Conditions



## Ordinary Assumptions and Limiting Conditions

The certification that appears in this appraisal report is subject to compliance with the Personal Information and Electronic Documents Act (PIPEDA), Canadian Uniform Standards of Professional Appraisal Practice ("CUSPAP"), and the following conditions:

- 1) This report has been prepared at the request of **Ryan Moreno** of The Phat Bird Public House Ltd. (the client) for the purpose of providing an estimate of the market value of **4-19040 Lougheed Highway, Pitt Meadows, British Columbia** (the Subject property) and for the specific use referred to. It is not reasonable for any party other than the person or those to whom this report is addressed to rely upon this appraisal without first obtaining written authorization from the client and the author of this report. This report has been prepared on the assumption that no other party will rely on it for any other purpose. Liability is expressly denied to any person other than the client and those who obtain written consent and, accordingly, no responsibility is accepted for any damage suffered by any such person as a result of decisions made or actions based on this report. Diligence by all intended users is assumed.
- 2) This report has been prepared at the request of **Ryan Moreno** of The Phat Bird Public House Ltd. and for the exclusive (and confidential) use of the recipient as named and for the specific purpose and function as stated. Written consent from the authors must be obtained before any part of the appraisal report can be used for any use by anyone except the client and other intended users identified in the report. Liability to any other party or for any other use is expressly denied regardless of who pays the appraisal fee.
- 3) All copyright is reserved to the author and this report is considered confidential by the author and **Ryan Moreno** of The Phat Bird Public House Ltd.. Possession of this report, or a copy thereof, does not carry with it the right to reproduction or publication in any manner, in whole or in part, nor may it be disclosed, quoted from or referred to in any manner, in whole or in part, without the prior written consent and approval of the author as to the purpose, form and content of any such disclosure, quotation or reference. Without limiting the generality of the foregoing, neither all nor any part of the contents of this report shall be disseminated or otherwise conveyed to the public in any manner whatsoever or through any media whatsoever or disclosed, quoted from or referred to in any report, financial statement, prospectus, or offering memorandum of the client, or in any documents filed with any governmental agency without the prior written consent and approval of the author as to the purpose, form and content of such dissemination, disclosure, quotation or reference.
- 4) The contents of this report are confidential and will not be disclosed by the author to any party except as provided for by the provisions of the CUSPAP and/or when properly entered into evidence of a duly qualified judicial or quasi-judicial body. The appraiser acknowledges that the information collected is personal and confidential and shall not use or disclose the contents of this report except as provided for in the provisions of the CUSPAP and in accordance with the appraiser's privacy policy. The client agrees that in accepting this report, it shall maintain the confidentiality and privacy of any personal information contained and shall comply in all material respects with the contents of the appraiser's privacy policy and in accordance with the PIPEDA.
- 5) This appraisal report, its content and all attachments/addendums and their content are the property of the author. The client, intended users and any appraisal facilitator are prohibited, strictly forbidden and no permission is expressly or implicitly granted or deemed to be granted, to modify, alter, merge, publish (in whole or in part) screen scrape, database scrape, exploit, reproduce, decompile, reassemble or participate in any other activity intended to separate, collect, store, reorganize, scan, copy, manipulate

electronically, digitally, manually or by any other means whatsoever this appraisal report, addendum, all attachments and the data contained within for any commercial, or other, use.

- 6) The appraiser has agreed to enter into the assignment as requested by the client named in the report for the use specified by the client, which is stated in the report. The client has agreed that the performance of this appraisal and the report format are appropriate for the intended use.
- 7) This report is completed on the basis that testimony or appearance in court or at any administrative proceeding concerning this appraisal is not required unless specific arrangements to do so have been made beforehand. Such arrangements will include, but not necessarily be limited to, adequate time to review the appraisal report and data related thereto and for preparation and for any appearances that may be required, and the provision of appropriate additional compensation.
- 8) The estimated market value of the real estate that is the Subject of this appraisal pertains to the value of the **fee simple interest** in the real property. The property rights appraised exclude mineral rights, if any.
- 9) The concept of market value presumes reasonable exposure. The exposure period is the estimated length of time the asset being valued would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of valuation. The overall concept of reasonable exposure encompasses not only adequate, sufficient and reasonable time but also adequate, sufficient and reasonable effort. The reasonable exposure period is a function not only of time and effort but will depend on the type of asset being valued, the state of the market at the date of valuation and the level at which the asset is priced. (The estimated length of the exposure period needed to achieve the estimated market value is set forth in the Letter of Transmittal, prefacing this report).
- 10) The analyses set out in this report relied on written and verbal information obtained from a variety of sources we considered reliable. However, these data are not guaranteed for accuracy. Unless otherwise stated, we did not verify client-supplied information, which we believed to be correct. Certain information has been accepted at face value, especially if there was no reason to doubt its accuracy. Other empirical data required interpretative analysis pursuant to the objective of this appraisal. Certain inquiries were outside the scope of this mandate.
- 11) The appraiser will not be responsible for matters of a legal nature that affect either the property being appraised or the title to it. A title search has been performed as indicated previously, and the appraiser assumes that the title is good and marketable and free and clear of all value influencing encumbrances, encroachments, restrictions or covenants, including leases, unless otherwise noted in this report, and that there are no pledges, charges, liens or special assessments outstanding against the property other than as stated and described. The property is appraised on the basis of it being under responsible ownership.
- 12) The property has been valued on the basis that there are no outstanding liabilities except as expressly noted, pursuant to any agreement with a municipal or other government authority, pursuant to any contract or agreement pertaining to the ownership and operation of the real estate or pursuant to any lease or agreement to lease, which may affect the stated value or saleability of the Subject property or any portion thereof.
- 13) The property has been valued on the basis that there is no action, suit, proceeding or investigation pending or threatened against the real estate or affecting the titular owners of the property, at law or in equity or before or by any federal, provincial or municipal department, commission, board, bureau, agency or instrumentality which may adversely influence the value of the real estate appraised.
- 14) The legal description of the property and the area of the site were obtained from the City of Pitt Meadows. No survey of the property has been made. Any plans and sketches contained in this report



show approximate dimensions only and are included solely to aid the recipient in visualizing the location of the property, the configuration and boundaries of the site and the relative position of the improvements on the said lands.

- 15) The property has been valued on the basis that the real estate complies in all material respects with any restrictive covenants affecting the site and has been built and is occupied and being operated, in all material respects, in full compliance with all Government regulations and requirements of law, including all zoning, land use classification, building codes, planning, fire and health by-laws, rules, regulations, orders and codes of all federal, provincial, regional and municipal governmental authorities having jurisdiction with respect thereto, and that if it doesn't comply, any such non-compliance may affect market value. (It is recognized there may be work orders or other notices of violation of law outstanding with respect to the real estate and that there may be certain requirements of law preventing occupancy of the real estate as described in this report. However, such circumstances have not been accounted for in the appraisal process).
- 16) The term "inspection" refers to observation and reporting of the general material finishing and conditions seen for the purposes of a standard appraisal inspection. The inspection scope of work includes the identification of marketable characteristics/amenities offered for comparison and valuation purposes only, in accordance with the CUSPAP.
- 17) The opinions of value and other conclusions contained assume satisfactory completion of any work remaining to be completed in a good and workmanlike manner. Further inspection may be required to confirm completion of such work. The appraiser has not confirmed that all mandatory building inspections have been completed to date, nor has the availability/issuance of an occupancy permit been confirmed. The appraiser has not evaluated the quality of construction, workmanship or materials. It should be clearly understood that this physical inspection does not imply compliance with any building code requirements as this is beyond the professional expertise of the appraiser.
- 18) The author of this report is not qualified to comment on environmental issues that may affect the market value of the property appraised, including but not limited to pollution or contamination of land, buildings, water, groundwater or air. Unless expressly stated, the property is assumed to be free and clear of pollutants and contaminants, including but not limited to moulds or mildews or the conditions that might give rise to either, and in compliance with all regulatory environmental requirements, government, or otherwise, and free of any environmental condition, past, present or future, that might affect the market value of the property appraised. If the party relying on this report requires information about environmental issues then that party is cautioned to retain an expert qualified in such issues. We expressly deny any legal liability relating to the effect of environmental issues on the market value of the property appraised.
- 19) Unless otherwise stated in this report, the appraiser has no knowledge of any hidden or unapparent conditions of the property (including, but not limited to, its soils, physical structure, mechanical or other operating systems, its foundation, etc.) or adverse environmental conditions (on it or a neighbouring property, including the presence of hazardous wastes, toxic substances, etc.) that would make the property more or less valuable. It has been assumed that there are no such conditions unless they were observed at the time of inspection or became apparent during the normal research involved in completing the appraisal. This report should not be construed as an environmental audit or detailed property condition report, as such reporting is beyond the scope of this report and/or the qualifications of the appraiser. The author makes no guarantees or warranties, express or implied, regarding the condition of the property, and will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. The bearing capacity of the soil is assumed to be adequate.

- 20) Investigations have been undertaken in respect of matters which regulate the use of land. However, no inquiries have been placed with the fire department, the building inspector, the health department or any other government regulatory agency, unless such investigations are expressly represented to have been made in this report. The Subject property must comply with such regulations and, if it does not comply, its non-compliance may affect the market value of this property. To be certain of such compliance, further investigations may be necessary.
- 21) The interpretation of any leases and other contractual agreements, pertaining to the operation and ownership of the property, as expressed, is solely the opinion of the author and should not be construed as a legal interpretation. Further, any summaries of such contractual agreements are presented for the sole purpose of giving the reader an overview of the salient facts thereof.
- 22) The estimated market value of the property does not necessarily represent the value of the underlying shares, if the asset is so held, as the value of the share could be affected by other considerations. Further, the estimated market value does not include consideration of any extraordinary financing, rental or income guarantees, special tax considerations or any other atypical benefits which may influence the ordinary market value of the property, unless the effects of such special conditions, and the extent of any special value that may arise therefrom, have been described and measured in this report.
- 23) Should title to the real estate presently be held (or changed to a holding) by a partnership, in a joint venture, through a Co-tenancy arrangement or by any other form of divisional ownership, the value of any fractional interest associated therewith may be more or less than the percentage of ownership appearing in the contractual agreement pertaining to the structure of such divisional ownership. For the purposes of our valuation, we have not made any adjustment for the value of a fractional interest.
- 24) In the event of syndication, the aggregate value of the limited partnership interests may be greater than the value of the freehold or fee simple interest in the real estate, by reason of the possible contributory value of non-realty interests or benefits such as provision for tax shelter, potential for capital appreciation, special investment privileges, particular occupancy and income guarantees, special financing or extraordinary agreements for management services.
- 25) Unless otherwise noted, the estimated market value of the property referred to is predicated upon the condition that it would be sold on a cash basis to the vendor subject to any contractual agreements and encumbrances as noted in this report as-is and where-is, without any contingent agreements or caveats. Other financial arrangements, good or cumbersome, may affect the price at which this property might sell in the open market.
- 26) Because market conditions, including economic, social and political factors, change rapidly and, on occasion, without notice or warning, the estimate of market value expressed, as of the effective date of this appraisal, cannot be relied upon as of any other date except with further advice from the appraiser and confirmed in writing.
- 27) The value expressed is in Canadian dollars.
- 28) This report is only valid if it bears the original or password secured digital signature(s) of the author(s). If transmitted electronically, this report will have been digitally signed and secured with personal passwords to lock the appraisal file. Due to the possibility of digital modification, only originally signed reports and those reports sent directly by the appraiser, can be relied upon without fault.
- 29) These Ordinary Assumptions and Limiting Conditions shall be read with all changes in number and gender as may be appropriate or required by the context or by the particulars of this mandate.
- 31) Where the intended use of this report is for financing or mortgage lending or mortgage insurance, it is a condition of reliance on this report that the authorized user has or will conduct lending underwriting and insurance underwriting and rigorous due diligence in accordance with the standards of a



reasonable and prudent lender or insurer, including but not limited to ensuring the borrower's demonstrated willingness and capacity to service his/her debt obligations on a timely basis, and to conduct loan underwriting or insuring due diligence similar to the standards set out by the Office of the Superintendent of Financial Institutions (OSFI), even when not otherwise required by law. Liability is expressly denied to those that do not meet this condition. Any reliance on this report without satisfaction of this condition is unreasonable.



## Appendix B

## Definitions





## Definitions

### Property Interests

- Fee Simple***
  - Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, expropriation, police power and escheat.
- Leased Fee Interest***
  - The ownership interest held by the lessor, which includes the right to the contract rent specified in the lease plus the reversionary right when the lease expires.
- Leasehold Interest***
  - The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease.

### General Definitions

***Adjusted or Stabilized Overall Capitalization Rate*** is usually derived from transactions with excessive vacancy levels or contract rents over/under market levels. In such cases, net operating income is "normalized" to market levels and the price adjusted to reflect expected costs required to achieve the projected net operating income.

***The Cost Approach*** to value is based upon the economic principle of substitution, which holds that the value of a property should not be more than the amount by which one can obtain, by purchase of a site and construction of a building without undue delay, a property of equal desirability and utility.

***Direct or Overall Capitalization*** refers to the process of converting a single year's income with a rate or factor into an indication of value.

***The Direct Comparison Approach*** examines the cost of acquiring equally desirable and valuable substitute properties, indicated by transactions of comparable properties, within the market area. The characteristics of the sale properties are compared to the Subject property on the basis of time and such features as location, size and quality of improvements, design features and income generating potential of the property.

***Discount Rate*** is a yield rate used to convert future payments or receipts into a present value.

***Discounted Cash Flow Analysis*** offers an opportunity to account for the anticipated growth or decline in income over the term of a prescribed holding period. More particularly, the value of the property is equivalent to the discounted value of future benefits. These benefits represent the annual cash flows (positive or negative) over a given period of time, plus the net proceeds from the hypothetical sale at the end of the investment horizon.

Two rates must be selected for an application of the DCF process:

- the internal rate of return or discount rate used to discount the projected receivables;
- an overall capitalization rate used in estimating reversionary value of the asset.

The selection of the discount rate or the internal rate of return is based on comparing the Subject to other real estate opportunities as well as other forms of investments. Some of the more common benchmarks in the selection of the discount rate are the current yields on long term bonds and mortgage interest rates.

**Exposure Time** - The Canadian Uniform Standards of Professional Appraisal Practice adopted by the Appraisal Institute of Canada define "Exposure Time" (The Appraisal Institute of Canada, Canadian Uniform Standards of Professional Appraisal Practice, 2020 ed. Page 6) as:

*"The estimated length of time the property interest being appraised would have been offered on the market before the hypothetical consummation of a sale at the estimated value on the Effective Date of the appraisal."*

**Fair Value (International Financial Reporting Standards)** – IFRS 13 defines "Fair Value" as:

*"The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date."*

**Highest and Best Use** - The Canadian Uniform Standards of Professional Appraisal Practice adopted by the Appraisal Institute of Canada define "Highest and Best Use" (The Appraisal Institute of Canada, Canadian Uniform Standards of Professional Appraisal Practice, 2020 ed. Page 8) as:

*"The reasonably probable use of Real Property, that is physically possible, legally permissible, financially feasible, and maximally productive, and that results in the highest value."*

**The Income Approach** to value is utilized to estimate real estate value of income-producing or investment properties.

**Internal Rate of Return** is the yield rate that is earned or expected over the period of ownership. It applies to all expected benefits including the proceeds of sale at the end of the holding period. The IRR is the Rate of Discount that makes the net present value of an investment equal zero.

**Market Value** - The Canadian Uniform Standards of Professional Appraisal Practice adopted by the Appraisal Institute of Canada define "Market Value" (The Appraisal Institute of Canada, Canadian Uniform Standards of Professional Appraisal Practice, 2020 ed. Page 10) as:

*"The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and the seller each acting prudently, knowledgeably, and for self-interest, assuming that neither is under duress."*

**Net Operating Income** is the actual or anticipated net income remaining after all operating expenses are deducted from effective gross income before debt service and depreciation. Net Operating Income is usually calculated for the current fiscal year or the forthcoming year.



**Overall Capitalization Rate** is an income rate that reflects the relationship between a single year's net operating income expectancy and the total property price. The Overall Capitalization Rate converts net operating income into an indication of a property's overall value.

**A Yield Rate** is applied to a series of individual incomes to obtain a present value of each.



## Appendix C

### Certificate of Title



**TITLE SEARCH PRINT**

File Reference: YVR211452

2021-12-07, 16:56:34

Requestor: Aian Mliabaev

**\*\*CURRENT INFORMATION ONLY - NO CANCELLED INFORMATION SHOWN\*\***

**Title Issued Under** STRATA PROPERTY ACT (Section 249)

**Land Title District** NEW WESTMINSTER  
**Land Title Office** NEW WESTMINSTER

**Title Number** CA7308466  
**From Title Number** BN170852

**Application Received** 2019-01-22

**Application Entered** 2019-01-24

**Registered Owner in Fee Simple**  
**Registered Owner/Mailing Address:** 1164312 B.C. LTD., INC.NO. BC1164312  
8410 160TH STREET  
SURREY, BC  
V4N 0V7

**Taxation Authority** Pitt Meadows, City of

**Description of Land**  
**Parcel Identifier:** 023-107-472  
**Legal Description:**  
STRATA LOT 8 SECTION 25 BLOCK 6 NORTH RANGE 1 EAST NEW WESTMINSTER DISTRICT  
STRATA PLAN LMS148  
TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN PROPORTION TO THE UNIT  
ENTITLEMENT OF THE STRATA LOT AS SHOWN ON FORM V

**Legal Notations**  
ZONING REGULATION AND PLAN UNDER  
THE AERONAUTICS ACT (CANADA)  
FILED 22.8.1977 UNDER NO. N86369  
PLAN NO. 53110

HERETO IS ANNEXED EASEMENT 158787C OVER PARCEL ONE (EXPLANATORY PLAN  
13305) OF PARCEL "A" REFERENCE PLAN 1068 OF SECTION 25 BLOCK 6 NORTH  
RANGE 1 EAST

HERETO IS ANNEXED EASEMENT AC138638 (PLAN 81310) SEE AC92269,  
OVER LOT 1 PLAN 80739



**TITLE SEARCH PRINT**

File Reference: YVR211452

2021-12-07, 16:56:34  
Requestor: Aian Milabaev

HERETO IS ANNEXED EASEMENT AC138642 (PLAN 81310) SEE AC92269,  
OVER LOT 1 PLAN 6240

THIS TITLE MAY BE AFFECTED BY A PERMIT UNDER PART 29  
OF THE MUNICIPAL ACT, SEE DF BF80318

**Charges, Liens and Interests**

Nature: EASEMENT  
Registration Number: AC138639  
Registration Date and Time: 1989-04-19 14:13  
Remarks: INTER ALIA  
PLAN 81310  
APPURTENANT TO LOT 1 PLAN 6240  
(SEE AC92269)

Nature: EASEMENT  
Registration Number: AC138640  
Registration Date and Time: 1989-04-19 14:13  
Remarks: INTER ALIA  
PLAN 81310  
APPURTENANT TO LOT 1 PLAN 80739  
(SEE AC92269)

Nature: STATUTORY RIGHT OF WAY  
Registration Number: BE143219  
Registration Date and Time: 1991-07-12 09:17  
Registered Owner: BRITISH COLUMBIA HYDRO AND POWER AUTHORITY  
Remarks: INTER ALIA

Nature: STATUTORY RIGHT OF WAY  
Registration Number: BE264215  
Registration Date and Time: 1991-10-09 12:28  
Registered Owner: DISTRICT OF PITT MEADOWS  
Remarks: INTER ALIA  
646.4 SQUARE METRES ON PLAN NWP88064

Nature: STATUTORY RIGHT OF WAY  
Registration Number: BE264216  
Registration Date and Time: 1991-10-09 12:28  
Registered Owner: DISTRICT OF PITT MEADOWS  
Remarks: INTER ALIA  
284.7 SQUARE METRES ON PLAN NWP88064



**TITLE SEARCH PRINT**

File Reference: YVR211452

2021-12-07, 16:56:34  
Requestor: Alan Mliabaev

Nature:	STATUTORY RIGHT OF WAY
Registration Number:	BE264220
Registration Date and Time:	1991-10-09 12:29
Registered Owner:	DISTRICT OF PITT MEADOWS
Remarks:	INTER ALIA PLAN LMP1890

Nature:	COVENANT
Registration Number:	BE264221
Registration Date and Time:	1991-10-09 12:29
Registered Owner:	HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF BRITISH COLUMBIA AS REPRESENTED BY THE MINISTRY OF TRANSPORTATION AND HIGHWAYS
Remarks:	INTER ALIA L.T.A. SECTION 215 (SEE BE264220)

Nature:	MORTGAGE
Registration Number:	CA7308609
Registration Date and Time:	2019-01-22 15:56
Registered Owner:	BANNS ENTERPRISES LTD. INCORPORATION NO. BC96009
Remarks:	INTER ALIA

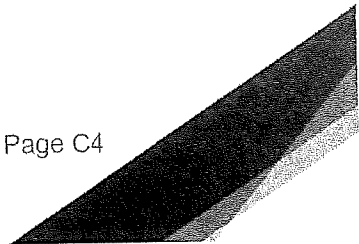
Nature:	ASSIGNMENT OF RENTS
Registration Number:	CA7308610
Registration Date and Time:	2019-01-22 15:56
Registered Owner:	BANNS ENTERPRISES LTD. INCORPORATION NO. BC96009
Remarks:	INTER ALIA

Nature:	MORTGAGE
Registration Number:	CA8161880
Registration Date and Time:	2020-04-29 10:33
Registered Owner:	CANADIAN WESTERN BANK
Remarks:	INTER ALIA

Nature:	ASSIGNMENT OF RENTS
Registration Number:	CA8161881
Registration Date and Time:	2020-04-29 10:33
Registered Owner:	CANADIAN WESTERN BANK
Remarks:	INTER ALIA

**Duplicate Infeasible Title**                      NONE OUTSTANDING

**Transfers**                                              NONE





**TITLE SEARCH PRINT**

File Reference: YVR211452

2021-12-07, 16:56:34

Requestor: Aian Miiabaev

**Pending Applications**

NONE



## Appendix D

### Land Use / Zoning

**11.2 C-2 Neighbourhood Centre Commercial**

**11.2.1 Intent**

The intent of the Neighbourhood Centre Commercial (C-2) Zone is to provide for range of *retail uses* and services on large sites that serves as a transition between *vehicle-oriented uses* along the Lougheed Highway and the mixed, high-density *uses* on Harris Road.

**11.2.2 Permitted Uses**

Principal Uses	Accessory Uses
<ul style="list-style-type: none"> <li>▪ <i>Retail Use</i></li> <li>▪ <i>Indoor Recreation</i></li> <li>▪ <i>Commercial School</i></li> <li>▪ <i>Office</i></li> <li>▪ <i>Theatre Use</i></li> <li>▪ <i>Personal Service</i></li> <li>▪ <i>Restaurant</i></li> <li>▪ <i>Veterinary Services</i></li> <li>▪ <i>Dog Daycare</i></li> <li>▪ <i>Liquor Retail</i></li> <li>▪ <i>Micro-brewery (Bylaw 2722, 2016)</i></li> </ul>	<ul style="list-style-type: none"> <li>▪ <i>Drive-through Restaurant</i></li> <li>▪ <i>Drive-through Business</i></li> </ul>

**11.2.3 Site Requirements**

Minimum *lot area* shall be 6,000 sq m.

**11.2.4 Permitted Lot Coverage**

The maximum *lot coverage* is 60% for *buildings*.

**11.2.5 Permitted Height**

The maximum *height* of all *buildings* is 12 m.

**11.2.6 Siting**

- a) All *buildings* shall be sited not less than
  - i. 1.0 m from front and *exterior side lot lines*
  - ii. 3.0 m from interior side and *rear lot lines*.
- b) Notwithstanding subsection 11.2.6 a), where a *lot line* abuts the Lougheed Highway, the minimum setback for all *buildings* shall be 7.5 m.

**11.2.7 Conditions of Use**

- a) Despite any other provision of this bylaw, the *uses* indicated on the *lots* with the following legal descriptions are permitted, subject to all other applicable regulations in this zone:

Permitted Use	Location
<i>Place of Worship</i>	Strata Lot 5, 6 & 12 Section 25 Block 6 North Range 1 East New Westminster District Strata Plan LMS148
<i>Liquor-Primary Establishment—Major</i>	Strata Lots 7, 8, 9 & 10 Section 25 Block 6 North Range 1 East New Westminster District Strata Plan LMS148
<i>Vehicle-Body Repair</i>	Strata Lot 14, 15 Section 25 Block 6 North Range 1 East New Westminster District Strata Plan LMS148  Lot 1 Section 25 Block 6 North Range 1 East New Westminster District Plan 87261
<i>Beverage Container Return Facility as principal use</i>	Lot 1 Section 25 Block 6 North Range 1 East New Westminster District Plan 87261
<i>Retail Outlet</i>	Strata Lot 1 Section 25 Block 6 North Range 1 East New Westminster District Strata Plan LMS148

- b) *Liquor retail uses* must be located no less than 200 m from any liquor-primary establishment in the C-2 Zone.

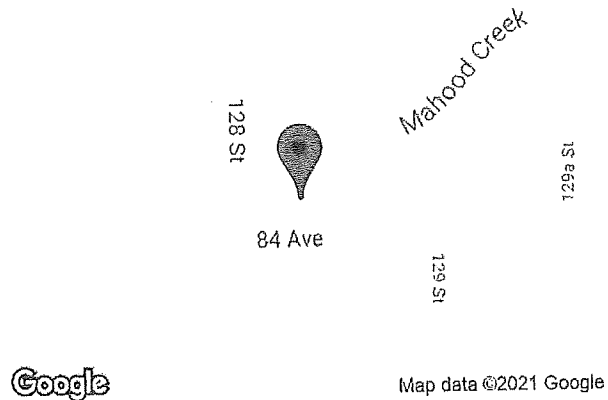
## Appendix E

### Capitalization Rate Comparable Sales



Retail Property AS IF COMPLETE and AS IS, 4-19040 Lougheed Highway, Pitt Meadows, British Columbia

**COMPARABLE 1: Retail Strata Unit**  
**24-8430 128 Street, Surrey, BC**



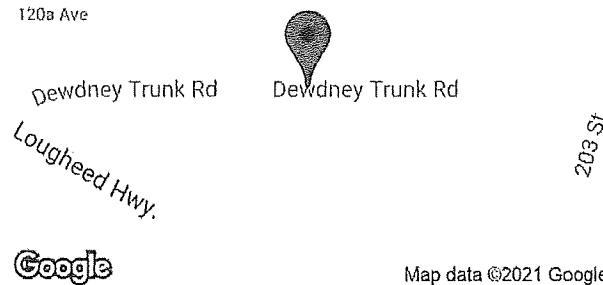
LOCATION/SITE INFORMATION		SALE INFORMATION	
Address	24-8430 128 Street	Purchaser	0952511 B.C. Ltd
City, Province	Surrey, BC	Vendor	Global Glass Ltd.
Location	Average	Transaction Date	September 30, 2020
Access	Average	Transaction Status	Recorded
Exposure	Average	Transaction Price	\$400,000
Zoning	CD	Analysis Price	\$400,000
		Recording Number	CA 8526806
		Rights Transferred	Fee Simple
		Conditions of Sale	Arms-Length

IMPROVEMENTS INFORMATION		OPERATING INCOME		
Property Type	Retail		<b>TOTAL</b>	<b>PER SF</b>
Design / Layout	Good	Gross Income	N/Av	N/Av
Quality	Average	Vacancy & Credit Loss @ N/Av	N/Av	N/Av
Condition	Good	Effective Gross Income	N/Av	N/Av
Building Size (SF)	752	Expenses	N/Av	N/Av
Year Built	1998	Contingency	N/Av	N/Av
		Net Operating Income	\$16,000	21.28
		Occupancy at Sale	N/Av	
		Expenses % of GI / EGI	N/Av	N/Av

ANALYSIS INFORMATION	
Price Per SF	\$532
Capitalization Rate	4.00%

**REMARKS**  
 The property is improved with one single storey, stratified, shopping centre containing a total of 31 strata units totaling approximately 27,969 square feet, constructed circa 1997. The transaction involved the sale of one interior strata unit containing a total gross leasable area of 752 square feet, not including any mezzanine space.

**COMPARABLE 2: Court House Square  
11996 Dewdney Trunk Road, Maple Ridge, BC**



**LOCATION / SITE INFORMATION      SALE INFORMATION**

Address	11996 Dewdney Trunk Road	Purchaser	Beta Enterprises Ltd.
City, Province	Maple Ridge, BC	Vendor	11996 Holdings Inc.
Legal Description	Strata Lot 2, District Lot 401, Group 1, NWD Strata Plan NW2403	Transaction Date	November 30, 2020
Location	Average	Transaction Status	Recorded
Access	Average	Transaction Price	\$2,600,000
Exposure	Average	Analysis Price	\$2,600,000
Zoning	C-3	Recording Number	CA8609106
		Rights Transferred	Fee Simple
		Conditions of Sale	Arms-Length

**IMPROVEMENTS INFORMATION      OPERATING INCOME**

Property Type	Retail		<b>TOTAL</b>	<b>PER SF</b>
Sub-Type	Retail	Gross Income	N/Av	N/Av
No. of Buildings	3	Vacancy & Credit Loss @ N/Av	N/Av	N/Av
Design / Layout	Average	Effective Gross Income	N/Av	N/Av
Quality	Average	Expenses	N/Av	N/Av
Condition	Average	Contingency	N/Av	N/Av
Building Size (SF)	5,600	Net Operating Income	\$123,096	21.98
Year Built	1986	Occupancy at Sale	100.0%	
		Expenses % of GI / EGI	N/Av	N/Av

**ANALYSIS INFORMATION**

Price Per SF	\$464
Capitalization Rate	4.73%

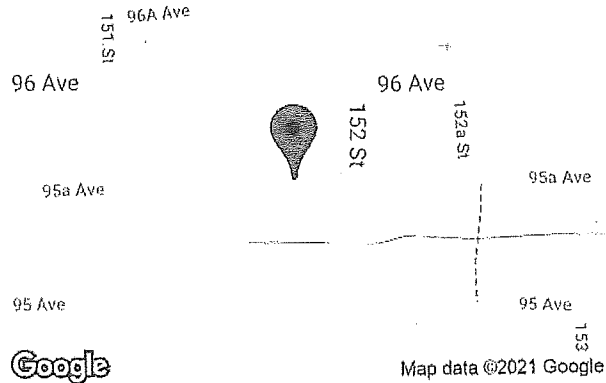
**REMARKS**

The property is improved with a retail plaza consisting of three single storey, stratified, retail buildings, containing a total of three strataunits, constructed circa 1986. The transaction involves the sale of one strata unit containing a total gross leasable area of 3,068 square feet, contained in one entire building.

The building has been constructed using a structural wood frame with a mix of reinforced concrete and concrete block, with stucco finishes.



**COMPARABLE 3: Retail Property**  
**9547 152nd Street, Unit 201, Surrey, BC**



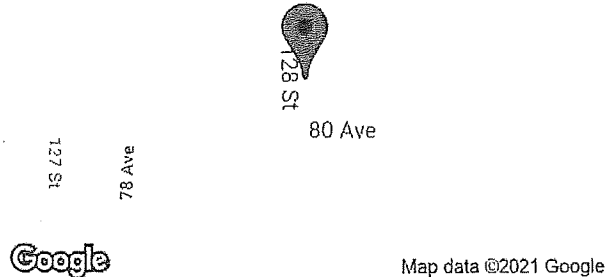
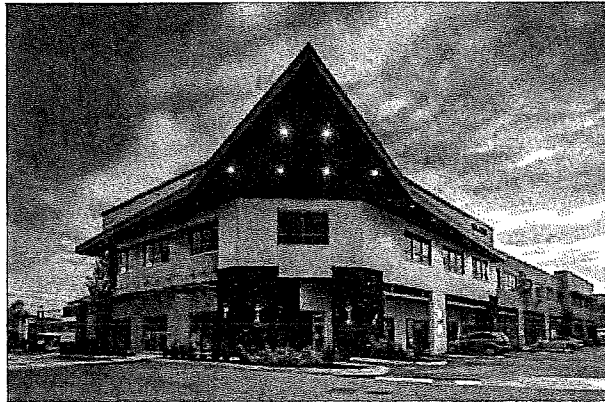
LOCATION/SITE INFORMATION		SALE INFORMATION	
Address	9547 152nd Street, Unit 201	Purchaser	1238001 B.C. LTD
City, Province	Surrey, BC	Vendor	SHIP GALLEY RESTAURANT LTD
Legal Description	Strata Lot 21, NWD Strata Plan NWS746	Transaction Date	December 9, 2020
Location	Average	Transaction Status	Recorded
Access	Average	Transaction Price	\$2,000,000
Exposure	Average	Analysis Price	\$2,000,000
Zoning	C-8	Recording Number	CA8632441
		Conditions of Sale	Arms-Length

IMPROVEMENTS INFORMATION		OPERATING INCOME		
Property Type	Retail		<b>TOTAL</b>	<b>PER SF</b>
Sub-Type	Retail	Gross Income	N/Av	N/Av
No. of Buildings	1	Vacancy & Credit Loss @ N/Av	N/Av	N/Av
Design / Layout	Average	Effective Gross Income	N/Av	N/Av
Quality	Average	Expenses	N/Av	N/Av
Condition	Average	Contingency	N/Av	N/Av
Building Size (SF)	5,000	Net Operating Income	\$66,000	13.20
Year Built	1981	Occupancy at Sale	N/Av	
		Expenses % of GI/ EGI	N/Av	N/Av

ANALYSIS INFORMATION	
Price Per SF	\$400
Capitalization Rate	3.30%

**REMARKS**

**COMPARABLE 4: Little India Plaza**  
**106 - 8028 128 Street, Surrey, BC**



**LOCATION / SITE INFORMATION**      **SALE INFORMATION**

Address	106 - 8028 128 Street	Purchaser	Rahul Malhotra Personal Real Estate Corp.
City, Province	Surrey, BC	Vendor	1123060 BC LTD
Location	Average	Transaction Date	February 1, 2021
Access	Average	Transaction Status	Recorded
Exposure	Average	Transaction Price	\$950,000
Zoning	CD	Analysis Price	\$950,000
		Recording Number	CA9095662
		Rights Transferred	Leased Fee
		Financing	Undisclosed
		Conditions of Sale	Arms-Length

**IMPROVEMENTS INFORMATION**      **OPERATING INCOME**

		TOTAL	PER SF
Property Type	Retail	N/Av	N/Av
Sub-Type	Retail	N/Av	N/Av
Building Structure	Concrete/Steel	N/Av	N/Av
Design / Layout	Average/Good	N/Av	N/Av
Quality	Average/Good	N/Av	N/Av
Condition	Average/Good	N/Av	N/Av
Building Size (SF)	1,087	\$38,400	35.33
Year Built	2016	N/Av	N/Av
		N/Av	N/Av

**ANALYSIS INFORMATION**

Price Per SF	\$874
Capitalization Rate	4.04%

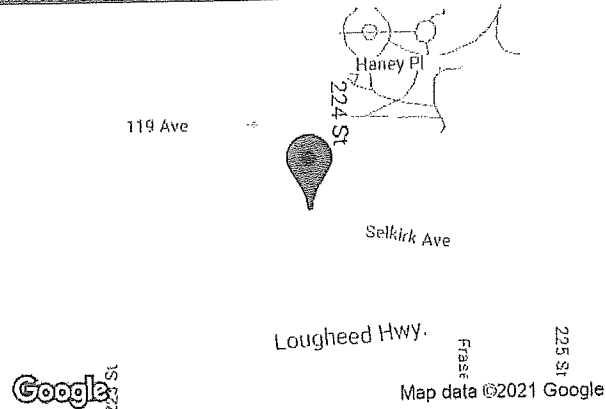
**REMARKS**

Almost 1100 sqft of prime exposure unit one of the busiest business locations in Surrey. This area is a prime business, financial and office hub in Surrey and all within walking distance.





**COMPARABLE 5: Retail Property**  
**11855 224th Street, Maple Ridge, BC**



LOCATION/SITE INFORMATION		SALE INFORMATION	
Address	11855 224th Street	Purchaser	Khani (Maple Ridge) Holdings Inc.
City, Province	Maple Ridge, BC	Vendor	Chani (Maple Ridge) Holdings Inc.
Legal Description	Lot 106, District Lot 398, Group 1, NWD Plan 53381	Transaction Date	February 24, 2021
Site Size	0.2 Acres (8,084 SF)	Transaction Status	Recorded
Topography	Level	Transaction Price	\$5,030,000
Site Configuration	Generally Rectangular	Analysis Price	\$5,030,000
Location	Good	Rights Transferred	Leased Fee
Access	Good	Financing	Undisclosed
Exposure	Good	Conditions of Sale	Arms-Length
Zoning	C-3		

IMPROVEMENTS INFORMATION		OPERATING INCOME		
Property Type	Retail		<b>TOTAL</b>	<b>PER SF</b>
Sub-Type	Retail	Gross Income	N/Av	N/Av
Building Structure	Concrete	Vacancy & Credit Loss @ N/Av	N/Av	N/Av
Design / Layout	Good	Effective Gross Income	N/Av	N/Av
Quality	Good	Expenses	N/Av	N/Av
Condition	Good	Contingency	N/Av	N/Av
Building Size (SF)	7,934	Net Operating Income	\$206,284	26.00
Floor Area Ratio	1.0	Occupancy at Sale	100.0%	
Year Built	1948	Expenses % of GI / EGI	N/Av	N/Av

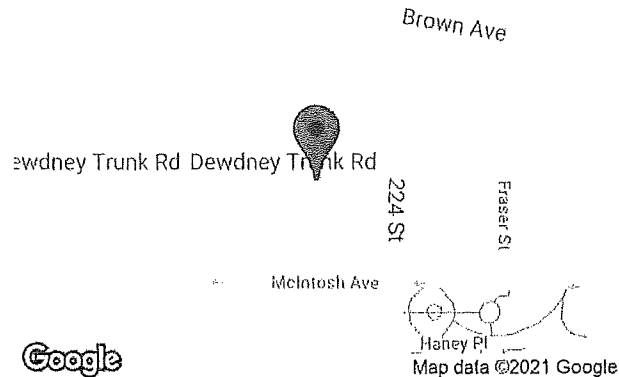
ANALYSIS INFORMATION	
Price Per SF	\$634
Capitalization Rate	4.10%

**REMARKS**

The City of Maple Ridge Official Community Plan designates the General Land use for the property as Town Centre Commercial with the Town Centre Area Plan. The intent of this designation is to establish a compact and vibrant commercial area that is pedestrian-oriented. Permitted uses include commercial, mixed-use, and multi-family residential. In areas where ground-floor commercial is not identified as "Ground Floor Commercial Required", a Multi-Family Residential use is permitted.

At the time of sale the building was fully occupied by RBC. Sold by share transfer.

**COMPARABLE 6: Mixed-Use Property**  
**22364 - 22370 Dewdney Trunk Road, Maple Ridge, BC**



**LOCATION / SITE INFORMATION**

Address	22364 - 22370 Dewdney Trunk Road
City, Province	Maple Ridge, BC
Site Size	0.1 Acres (5,924 SF)
Topography	Generally Level
Site Configuration	Generally Rectangular
Location	Good
Access	Good
Exposure	Average
Zoning	C-3

**SALE INFORMATION**

Purchaser	1294270 B.C. Ltd.
Vendor	An Individual(s) acting in his/her own capacity
Transaction Date	March 31, 2021
Transaction Status	Recorded
Transaction Price	\$1,870,000
Analysis Price	\$1,870,000
Recording Number	CA 8885777
Rights Transferred	Fee Simple
Conditions of Sale	Arms-Length

**IMPROVEMENTS INFORMATION**

Property Type	Retail
Building Structure	Brick/Block/Frame
Design / Layout	Average/Good
Quality	Average/Good
Condition	Average/Good
Building Size (SF)	5,164
Floor Area Ratio	0.9
Year Built	1983

**OPERATING INCOME**

	TOTAL	PER SF
Gross Income	N/Av	N/Av
Vacancy & Credit Loss @ N/Av	N/Av	N/Av
Effective Gross Income	N/Av	N/Av
Expenses	N/Av	N/Av
Contingency	N/Av	N/Av
Net Operating Income	\$52,734	10.21
Occupancy at Sale	N/Av	
Expenses % of GI / EGI	N/Av	N/Av

**ANALYSIS INFORMATION**

Price Per SF	\$362
Capitalization Rate	2.82%

**REMARKS**

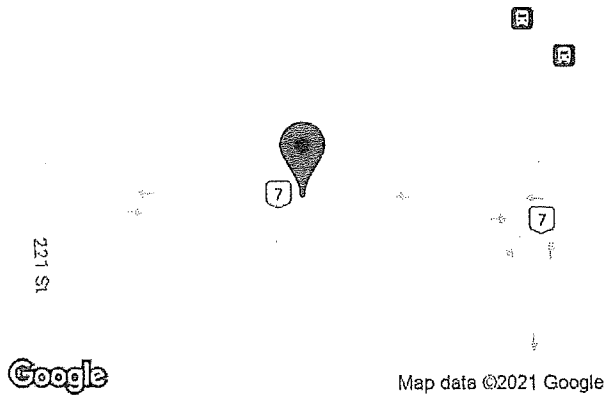
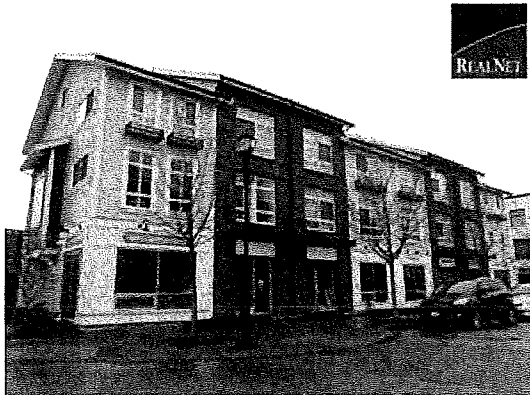
The property is improved with one two storey multi tenant retail building. The building contains a total gross leasable area of approximately 5,164 square feet, including three retail units at grade and four second floor one bedroom apartment units.

The building has been constructed using a structural wood frame with concrete block walls behind a clay brick and wood siding facade. The property contains 10 parking spaces with one point of ingress and egress.

## Appendix F

### Direct Comparison Comparable Sales

**COMPARABLE 1: Osprey Village Market  
10996 Barnston View Road, Pitt Meadows, BC**



**LOCATION / SITE INFORMATION**

Address	10996 Barnston View Road
City, Province	Pitt Meadows, BC
Location	Average
Access	Average
Exposure	Average
Zoning	MC

**SALE INFORMATION**

Purchaser	Evo Tunes Incorporation
Vendor	An Individual(s) acting in his/her own capacity
Transaction Date	July 31, 2020
Transaction Status	Recorded
Transaction Price	\$310,000
Analysis Price	\$310,000
Recording Number	CA8338100
Rights Transferred	Fee Simple
Conditions of Sale	Arms-Length

**IMPROVEMENTS INFORMATION**

Property Type	Retail
Sub-Type	Retail
No. of Buildings	4
Design / Layout	Average
Quality	Average
Condition	Average
Building Size (SF)	471
Year Built	2013

**OPERATING INCOME**

	<u>TOTAL</u>	<u>PER SF</u>
Gross Income	N/Av	N/Av
Vacancy & Credit Loss @ N/Av	N/Av	N/Av
Effective Gross Income	N/Av	N/Av
Expenses	N/Av	N/Av
Contingency	N/Av	N/Av
Net Operating Income	N/Av	N/Av
Occupancy at Sale	N/Av	N/Av
Expenses % of GI / EGI	N/Av	N/Av

**ANALYSIS INFORMATION**

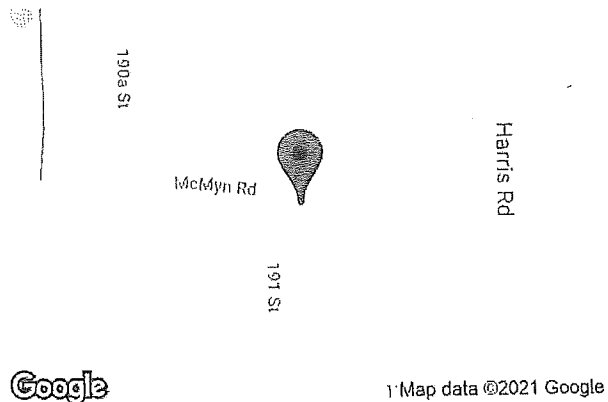
Price Per SF	\$658
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**REMARKS**

The property is improved with a multi-phase commercial plaza consisting of four, three-storey buildings containing a total of 36 strata units, including 24 two-storey, stratified, townhouse units and 12 ground floor commercial strata units, constructed circa 2013. The transaction involved the sale of one commercial strata units in Phase II containing a total gross leasable area of 471 square feet, located on the ground floor. The buildings have been constructed using structural wood frames with a mix of reinforced concrete and concrete block, behind wood siding facades with clay brick finishes.



**COMPARABLE 2: Highland Park Building**  
**6-12460 191 Street, Pitt Meadows, BC**



LOCATION/SITE INFORMATION	
Address	6-12460 191 Street
City, Province	Pitt Meadows, BC
Legal Description	STRATA LOT 6, BLOCK 6, PLAN EPS5575
Location	Average
Access	Average
Exposure	Average
Zoning	TC

SALE INFORMATION	
Transaction Date	March 1, 2019
Transaction Price	\$845,000
Analysis Price	\$845,000
Recording Number	CA7592307
Rights Transferred	Fee Simple
Conditions of Sale	Arms-Length

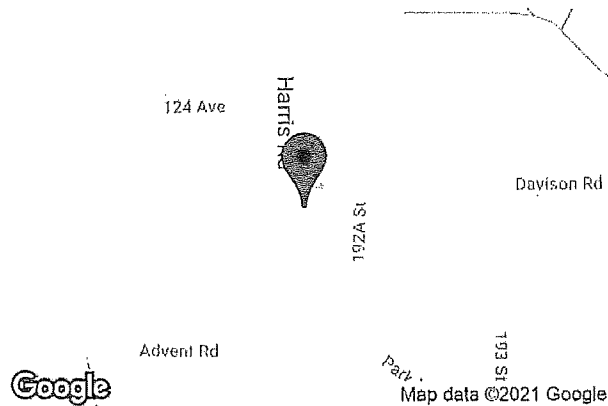
IMPROVEMENTS INFORMATION	
Property Type	Retail
Design / Layout	Average
Quality	Average
Condition	Average
Building Size (SF)	1,386
Year Built	2019

OPERATING INCOME		
	TOTAL	PER SF
Gross Income	N/Av	N/Av
Vacancy & Credit Loss @ N/Av	N/Av	N/Av
Effective Gross Income	N/Av	N/Av
Expenses	N/Av	N/Av
Contingency	N/Av	N/Av
Net Operating Income	N/Av	N/Av
Occupancy at Sale	N/Av	N/Av
Expenses % of GI / EGI	N/Av	N/Av

ANALYSIS INFORMATION	
Price Per SF	\$610

**REMARKS**  
 Pre-sale of commercial retail unit of Highland Park, at the commercial core of Pitt Meadows, within walking distance to dense neighborhood, construction expected to complete end of March, 2019.

**COMPARABLE 3: Keystone**  
**12350 Harris Road, Unit 1, Pitt Meadows, BC**



**LOCATION/SITE INFORMATION**

Address	12350 Harris Road, Unit 1
City, Province	Pitt Meadows, BC
Legal Description	Strata Lot 86, District Lot 261, Group 1, NWD Strata Plan BCS2789
Location	Average
Access	Average
Exposure	Average
Zoning	Town Centre Commercial

**SALE INFORMATION**

Purchaser	1186814 B.C. Limited
Vendor	1075528 B.C. Limited
Transaction Date	May 6, 2019
Transaction Status	Recorded
Transaction Price	\$428,000
Analysis Price	\$428,000
Rights Transferred	Fee Simple
Conditions of Sale	Arms-Length

**IMPROVEMENTS INFORMATION**

Property Type	Retail
Sub-Type	Retail
No. of Buildings	1
Design / Layout	Average
Quality	Average
Condition	Average
Building Size (SF)	992
Year Built	2008

**OPERATING INCOME**

	TOTAL	PER SF
Gross Income	N/Av	N/Av
Vacancy & Credit Loss @ N/Av	N/Av	N/Av
Effective Gross Income	N/Av	N/Av
Expenses	N/Av	N/Av
Contingency	N/Av	N/Av
Net Operating Income	N/Av	N/Av
Occupancy at Sale	N/Av	N/Av
Expenses % of GI / EGI	N/Av	N/Av

**ANALYSIS INFORMATION**

Price Per SF	\$431
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**REMARKS**

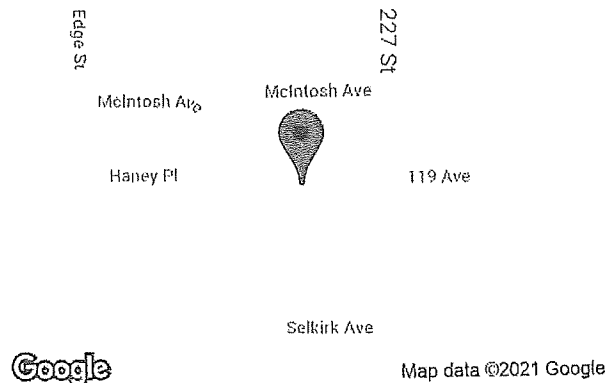
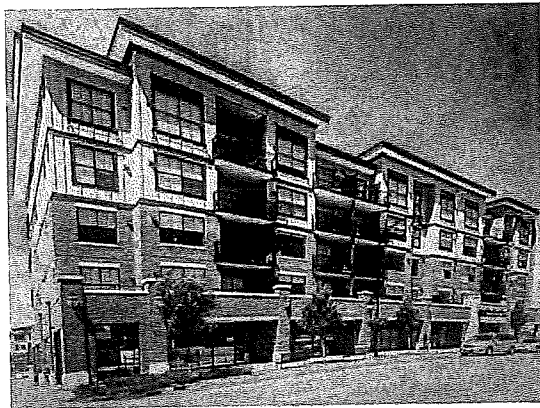
The property is improved with one four-storey, stratified, residential building containing a total of 95 strata units, including 13 two-storey townhouse units and 10 ground floor commercial strata units, constructed circa 2007-2008. The transaction involved the sale of one ground floor retail strata unit containing a total gross leasable area of 992 square feet.

The building has been constructed using a structural wood frame with a mix of reinforced concrete and concrete block behind a wood siding and wood shake facade facade with clay brick finishes. The building is serviced by one elevator and the property contains one level of secured underground residential parking, as well as 41 unsecured, covered, commercial spaces, with one point of ingress and egress. At the time of sale the building was in good physical condition and did not appear to require any significant capital expenditures.

Our discussions with industry professionals familiar with this transaction indicated that the property had been on the market for approximately two years. The asking price for the property was approximately \$480,000. The Vendor had acquired the property in June of 2016 for a total consideration of \$325,000, representing a price per square foot of \$328, based on the information provided at the time of sale.



**COMPARABLE 4: The Brickwater- Retail**  
**124-22638 119th Avenue, Maple Ridge, BC**



LOCATION / SITE INFORMATION		SALE INFORMATION	
Address	124-22638 119th Avenue	Transaction Date	January 27, 2021
City, Province	Maple Ridge, BC	Transaction Status	Expired Listing
Legal Description	SL 71 DL 401, GRP1, NWD, STRATA PLAN EPS 4632	Transaction Price	\$916,800
Location	Average	Analysis Price	\$916,800
Access	Average	Recording Number	TBD
Exposure	Average	Rights Transferred	Fee Simple
Zoning	C-3	Conditions of Sale	Assumed Arms-Length

IMPROVEMENTS INFORMATION		OPERATING INCOME		
Property Type	Retail		<b>TOTAL</b>	<b>PER SF</b>
Design / Layout	Average	Gross Income	N/Av	N/Av
Quality	Average	Vacancy & Credit Loss @ N/Av	N/Av	N/Av
Condition	Average	Effective Gross Income	N/Av	N/Av
Building Size (SF)	1,528	Expenses	N/Av	N/Av
Year Built	2020	Contingency	N/Av	N/Av
		Net Operating Income	N/Av	N/Av
		Occupancy at Sale	N/Av	
		Expenses % of GI / EGI	N/Av	N/Av

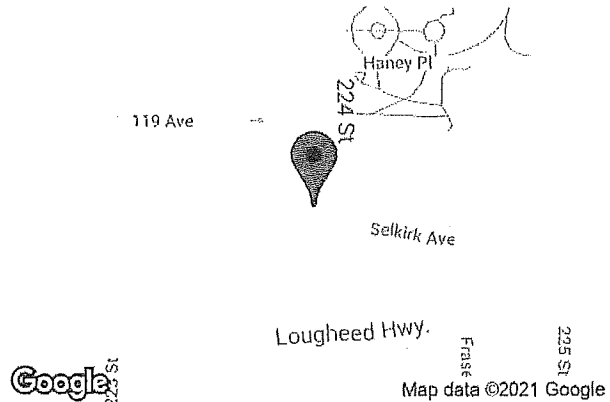
  

ANALYSIS INFORMATION	
Price Per SF	\$600

REMARKS

**COMPARABLE 5: Retail Property**  
**11855 224th Street, Maple Ridge, BC**



**LOCATION / SITE INFORMATION**

Address	11855 224th Street
City, Province	Maple Ridge, BC
Legal Description	Lot 106, District Lot 398, Group 1, NWD Plan 53381
Site Size	0.2 Acres (8,084 SF)
Topography	Level
Site Configuration	Generally Rectangular
Location	Good
Access	Good
Exposure	Good
Zoning	C-3

**SALE INFORMATION**

Purchaser	Khani (Maple Ridge) Holdings Inc.
Vendor	Khani (Maple Ridge) Holdings Inc.
Transaction Date	February 24, 2021
Transaction Status	Recorded
Transaction Price	\$5,030,000
Analysis Price	\$5,030,000
Rights Transferred	Leased Fee
Financing	Undisclosed
Conditions of Sale	Arms-Length

**IMPROVEMENTS INFORMATION**

Property Type	Retail
Sub-Type	Retail
Building Structure	Concrete
Design / Layout	Good
Quality	Good
Condition	Good
Building Size (SF)	7,934
Floor Area Ratio	1.0
Year Built	1948

**OPERATING INCOME**

	TOTAL	PER SF
Gross Income	N/Av	N/Av
Vacancy & Credit Loss @ N/Av	N/Av	N/Av
Effective Gross Income	N/Av	N/Av
Expenses	N/Av	N/Av
Contingency	N/Av	N/Av
Net Operating Income	\$206,284	26.00
Occupancy at Sale	100.0%	
Expenses % of GI / EGI	N/Av	N/Av

**ANALYSIS INFORMATION**

Price Per SF	\$634
Capitalization Rate	4.10%

**REMARKS**

The City of Maple Ridge Official Community Plan designates the General Land use for the property as Town Centre Commercial with the Town Centre Area Plan. The intent of this designation is to establish a compact and vibrant commercial area that is pedestrian-oriented. Permitted uses include commercial, mixed-use, and multi-family residential. In areas where ground-floor commercial is not identified as "Ground Floor Commercial Required", a Multi-Family Residential use is permitted.

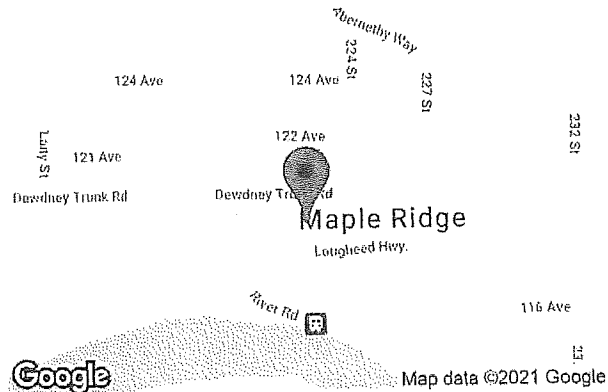
At the time of sale the building was fully occupied by RBC. Sold by share transfer.





Retail Property AS IF COMPLETE and AS IS, 4-19040 Lougheed Highway, Pitt Meadows, British Columbia

**COMPARABLE 6: Brickwater at the Village**  
 112, 128, 130 - 22638 119th Avenue, Maple Ridge, BC



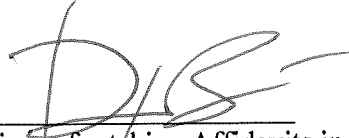
LOCATION/SITE INFORMATION		SALE INFORMATION	
Address	112, 128, 130 - 22638 119th Avenue	Purchaser	Wasli Holdings Ltd.
City, Province	Maple Ridge, BC	Vendor	Falcon Homes (Falcon Village Development Ltd.)
Location	Average	Transaction Date	February 11, 2021
Access	Good	Transaction Status	Recorded
Exposure	Average	Transaction Price	\$1,228,700
Zoning	C-3	Analysis Price	\$1,228,700
		Recording Number	CA 8767341, CA 8767342 & CA 8767343
		Rights Transferred	Fee Simple
		Conditions of Sale	Arms-Length

IMPROVEMENTS INFORMATION		OPERATING INCOME		
Property Type	Retail		<u>TOTAL</u>	<u>PER SF</u>
Building Structure	Concrete/Block	Gross Income	N/Av	N/Av
Design / Layout	Good	Vacancy & Credit Loss @ N/Av	N/Av	N/Av
Quality	Good	Effective Gross Income	N/Av	N/Av
Condition	Good	Expenses	N/Av	N/Av
Building Size (SF)	2,194	Contingency	N/Av	N/Av
Year Built	2019	Net Operating Income	N/Av	N/Av
		Occupancy at Sale	N/Av	
		Expenses % of GI / EGI	N/Av	N/Av
		<b>ANALYSIS INFORMATION</b>		
		Price Per SF		\$560

**REMARKS**  
 The property is improved with a multi tenant, strata titled retail / apartment building. This transaction involved the sale of three strata fitted units containing a total net rentable area of 2,194 square feet.



This is Exhibit "G" to the Affidavit #1 of  
André Joseph Bourque affirmed July 16, 2023  
before me at the City of Vancouver.

A handwritten signature in black ink, appearing to be 'DJB', written over a horizontal line.

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



CANADIAN WESTERN BANK  
6860 Century Ave, Suite 200  
Mississauga, Ontario

EQUIPMENT LOAN AND  
SECURITY AGREEMENT<Contract #>

CLIENT: JOSEPH RICHARD INVESTMENTS LTD.

ADDRESS: 20316 56 Avenue, unit 225  
Langley, British Columbia  
V3A 3Y7

CONTACT: Ryan Moreno  
Tel: 778.385.5620

**COLLATERAL**

All present and after-acquired personal property (as such term is defined in accordance with the applicable personal property laws in the jurisdiction where the personal property is located) of the Client, and the proceeds therefrom, all as more specifically described in this Agreement and the security agreement given by the Client to the Lender as contemplated by this Agreement.

**INITIAL TERM LOAN**

Term loan to repay existing loans from various financial Institutions	2,900,000.00	CAD
<b>Total:</b>	<u>2,900,000.00</u>	CAD
<b>Loan Fee:</b>	1% of total advance	CAD

**INITIAL TERM LOAN FINANCING RATE**

Variable Rate:  
Prime Rate plus 2.75% per annum,  
calculated daily  
  
Change in Prime Rate effective:  
Daily

**INSTALMENTS**

Per Schedule "A" - Provisions

**DEVELOPMENT LINE OF CREDIT**

DLOC Maximum:	9,100,000.00	CAD
<b>Total:</b>	<u>9,100,000.00</u>	CAD
<b>Financing Fees:</b>	1% of each DLOC Advance	CAD

**FINANCING RATE**

Variable Rate:  
Prime Rate plus 2.75% per annum,  
calculated daily  
  
Change in Prime Rate effective:  
Daily

**INSTALMENTS**

Per Schedule "A" - Provisions

**ADDITIONAL PROVISIONS**

Each of the following Schedules form an Integral part of this Agreement:

- Schedule "A" – Provisions
- Schedule "B" – Conditions Precedent
- Schedule "C" – Request for Advance
- Schedule "D" – Terms and Conditions
- Schedule "E" – Additional Events of Default

In consideration of the Initial Term Loan and the Development Line of Credit (collectively, the "Loan") made or to be made by the Lender to the Client in the amounts specified above, the receipt and/or availability of which the Client hereby acknowledges, the Client acknowledges itself indebted and promises to repay to the Lender the Obligations. The Client also acknowledges that it has agreed to grant to the Lender a security interest in the Collateral to secure repayment of the Obligations on the terms and conditions set forth above, all of which terms and conditions form part of this agreement (this "Agreement").

*(Signature Page Follows)*



WITNESS WHEREOF, the parties hereto have executed this Equipment Loan and Security Agreement this 30th day of July, 2018.

JOSEPH RICHARD INVESTMENTS LTD. ("Client")

CANADIAN WESTERN BANK ("Lender")

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: Ryan Moreno  
Title: Director, President

Name:  
Title:

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: Andre Bouvigue  
Title: Director  
SIGNATURE OF AUTHORIZED OFFICERS

Name:  
Title:  
SIGNATURE OF AUTHORIZED OFFICERS



FRANCHISE FINANCE

IN WITNESS WHEREOF, the parties hereto have executed this Equipment Loan and Security Agreement this 30th day of July, 2018.

JOSEPH RICHARD INVESTMENTS LTD.

("Client")

By: \_\_\_\_\_

Name:  
Title:

By: \_\_\_\_\_

Name:  
Title:

SIGNATURE OF AUTHORIZED OFFICERS

CANADIAN WESTERN BANK

("Lender")

By: \_\_\_\_\_

Name: *Dimitri Mezur*  
Title: *Senior Manager - Restaurants*

By: \_\_\_\_\_

Name: *Tania Marques*  
Title: *Senior Documentation Specialist*

SIGNATURE OF AUTHORIZED OFFICERS

SCHEDULE AEQUIPMENT LOAN  
AND SECURITY AGREEMENTPROVISIONS

This SCHEDULE A is an integral part of the EQUIPMENT LOAN AND SECURITY AGREEMENT executed July , 2018.

The following provisions are in addition to, and shall be deemed to form part of, the terms and conditions of this Agreement. Capitalized terms not defined herein shall have the meanings set forth on the face hereof or in the terms and conditions schedule attached as Schedule "D" to this Agreement, as the case may be.

"Advance" means each advance in respect of the Loan made by the Lender to the Client under this Agreement.

"CAD" or "Cdn" means the lawful money of Canada.

"Corporate Guarantors" means, collectively, Ad Prolem Capital Investments Ltd., Joseph Bourque Investments Ltd., Joseph Richard IP Holdings Ltd., Joseph Richard Hospitality Group Ltd., Townhall Holdings (Abbotsford) Ltd., Joseph Richard Management Ltd., Steveston Hospitality Services Ltd., Sudo Asian Kitchen Holdings (Langley) Ltd., The William Public House Ltd. (formerly Canteen Community Kitchen Holdings (Langley) Ltd.), JRG Cloverdale Ventures Ltd., Edith & Arthur Public House Ltd., Micky's Investments (Coquitlam) Ltd., Oceanside Yacht Club and Public House Ltd., Oak & Thorne Public House Ltd., The Italian Osteria and Cheese Bar Ltd. (formerly Oak & Thorne Langley Holdings Ltd.), Townhall Holdings (Chilliwack) Ltd., Townhall Holdings (South Surrey) Ltd., Townhall Holdings Fort McMurray Ltd., Townhall Holdings (Maple Ridge) Ltd., Townhall Holdings (Coquitlam) Ltd., Townhall Holdings Ltd., S & L Kitchen & Bar Holdings Langley Ltd., S & L Kitchen & Bar Holdings South Surrey Ltd., S & L Kitchen & Bar Holdings Abbotsford Ltd., JRG Cloverdale Holdings Ltd. and any New Entity (each a "Corporate Liability Guarantor").

"Covenant Parties" means, collectively, the Client, Joseph Richard Management Ltd., Steveston Hospitality Services Ltd., Sudo Asian Kitchen Holdings (Langley) Ltd., The William Public House Ltd. (formerly Canteen Community Kitchen Holdings (Langley) Ltd.), JRG Cloverdale Ventures Ltd., Edith & Arthur Public House Ltd., Micky's Investments (Coquitlam) Ltd., Oceanside Yacht Club and Public House Ltd., Oak & Thorne Public House Ltd., The Italian Osteria and Cheese Bar Ltd. (formerly Oak & Thorne Langley Holdings Ltd.), Townhall Holdings (Chilliwack) Ltd., Townhall Holdings (South Surrey) Ltd., Townhall Holdings Fort McMurray Ltd., Townhall Holdings (Maple Ridge) Ltd., Townhall Holdings (Coquitlam) Ltd., Townhall Holdings Ltd., S & L Kitchen & Bar Holdings Langley Ltd., S & L Kitchen & Bar Holdings South Surrey Ltd. and S & L Kitchen & Bar Holdings Abbotsford Ltd. (each a "Covenant Party").

"Closing Date" means the date on which the conditions precedent set out in Schedule "B" of this Agreement have been satisfied and an Advance is made by the Lender under the Initial Term Loan.

"Development Line of Credit" or "DLOC" means the portion of the Loan that is a committed, non-revolving loan facility, in the maximum aggregate principal amount of Cdn \$9,100,000 for the purpose of financing (a) 75% of invoiced and acceptable new build or renovations; and (b) other debt takeout financing (including shareholder buyouts), in each case, as approved by Lender.

"DLOC Advance" means any Advance made under the DLOC.

"DLOC Advance Accrued Interest" has the meaning set forth in the section entitled "Advances Under the Development Line of Credit" below.

"DLOC Advance Instalment(s)" has the meaning set forth in the section entitled "Advances Under the Development Line of Credit" below.

"DLOC Term-Out Date" has the meaning set forth in the section entitled "Advances Under the Development Line of Credit" below.

"DLOC Term-Out Loan" has the meaning set forth in the section entitled "Advances Under the Development Line of Credit" below.

"DLOC Term-Out Loan Instalments" has the meaning set forth in the section entitled "Advances Under the Development Line of Credit" below.

"Initial Term Loan" means the portion of the Loan that is a committed, non-revolving loan facility, in the maximum aggregate principal amount that is the lesser of (a) Cdn \$2,900,000, and (b) 100% of the aggregate existing debt of the Client and the Corporate Guarantors owing to various financial institutions, as more particularly set forth in the section entitled "Advances Under the Initial Term Loan" below.

"Initial Term Loan Instalments" has the meaning set forth in the section entitled "Advances Under the Initial Term Loan" below.

"Loan Documents" has the meaning set forth in the section entitled "Lender's Security and Loan Documents" below.

"New Entity" means any new legal entity to be formed or acquired, which will be an Affiliate of the Client (collectively referred to as "New Entities").

"Original Term" has the meaning set forth in the section entitled "Advances Under the Initial Term Loan" below.

"Personal Guarantors" means Ryan Richard Moreno and Andre Joseph Bourque (each a "Personal Guarantor").

"Request" means a written request for an Advance under the Development Line of Credit in the form attached hereto as Schedule "C".

"Sites" means any present or future location where the Client or any of its Affiliates (including each new entity) operates including, but not limited to the following locations (each location a "Site" and collectively referred to as "Sites"):

	Company	Establishment	Location
1.	Edith & Arthur Public House Ltd.	Edith & Arthur Neighbourhood Public House	8410 160 Street Surrey, BC V4N 0V7
2.	JRG Cloverdale Ventures Ltd.	The Henry	5708 176 <sup>th</sup> Street Cloverdale, BC V3S 4E3
3.	Micky's Investments (Coquitlam) Ltd.	Micky's Public House	170 Golden Drive Coquitlam, BC V3K 6T1
4.	Oak & Thorne Public House Ltd. (formerly Chapter Estates Winery Ltd.)	Oak & Thorne Neighbourhood Public House	20173 88 <sup>th</sup> Avenue Langley, BC V1M 2N9
5.	Oceanside Yacht Club and Public House Ltd. (formerly The Hemingway Public House Ltd.)	Oceanside Public House	14995 Marine Drive White Rock, BC V4B 1C5
6.	S & L Kitchen & Bar Holdings Abbotsford Ltd.	S+L Kitchen & Bar Abbotsford	200 – 2070 Sumas Way Abbotsford, BC V2S 2C7
7.	S & L Kitchen & Bar Holdings Langley Ltd.	S+L Kitchen & Bar Langley	8399 200 Street Langley, BC V2Y 3C2
8.	S & L Kitchen & Bar Holdings South Surrey Ltd.	S+L Kitchen & Bar South Surrey	20 – 16051 24 <sup>th</sup> Avenue Surrey, BC V3S 9H7
9.	Steveston Hospitality Services Ltd.	The Buck & Ear Bar & Grill	12111 3 <sup>rd</sup> Avenue Richmond, BC V7E 3K1
10.	Sudo Asian Kitchen Holdings (Langley) Ltd.	Sudo Asian Kitchen	111-114 19233 Fraser Hwy Surrey, BC V3S 2V3
11.	The Italian Osteria and Cheese Bar Ltd. (formerly Oak & Thorne Langley Holdings Ltd.)	The Italian Osteria & Cheesebar	300 – 20330 88 <sup>th</sup> Avenue Langley, BC V1M 2Y4
12.	Townhall Holdings Ltd.	Townhall Public House Langley	101 – 19640 64 <sup>th</sup> Avenue Langley, BC V2Y 1R3
13.	Townhall Holdings (Chilliwack) Ltd. (formerly Chapter Estates Holdings Ltd.)	Townhall Chilliwack	6640 Vedder Road Chilliwack, BC V2R 4E1
14.	Townhall Holdings (Coquitlam) Ltd.	Townhall Public House Coquitlam	925 Brunette Avenue Coquitlam, BC V3K 1C8
15.	Townhall Holdings Fort McMurray Ltd.	Townhall Public House Fort McMurray	8104 Fraser Avenue Fort McMurray, AB T9H 1W5
16.	Townhall Holdings (Maple Ridge) Ltd.	Townhall Public House Maple Ridge	26 – 20690 Lougheed Highway Maple Ridge, BC V2X 2P8



	Company	Establishment	Location
17.	Townhall Holdings (South Surrey) Ltd.	Townhall Public House South Surrey	3140 King George Blvd. Surrey, BC V4P 1A5

#### **CLIENT'S GENERAL REPRESENTATIONS, WARRANTIES AND COVENANTS**

Section 27 of Schedule "D" of this Agreement is amended by replacing the last two sentences with the following:

"Client agrees to deliver to the Lender a copy of its Review Engagement (accountant prepared) year-end financial statements, for itself and the remaining Covenant Parties, prepared on a consolidated basis, together with a copy of the Notice of Reader (accountant prepared) year-end financial statements for itself and each Corporate Guarantor, promptly upon availability and in any event within 120 days of the Client's fiscal year-end. The Client also agrees to deliver to the Lender in-house trailing-twelve months quarterly financial statements of the Covenant Parties promptly upon availability and in any event within 45 days of the Client's fiscal quarter-end."

For greater certainty, the beginning of Section 27 of Schedule "D" to this Agreement remains unchanged.

#### **PERSONAL NET WORTH STATEMENTS – PERSONAL GUARANTORS**

The Client hereby undertakes to deliver or cause to be delivered to the Lender, on an annual basis, personal net worth statements for each of the Personal Guarantors promptly upon availability and in any event within 120 days of the Client's fiscal year-end.

#### **UNDERTAKING: RIGHT TO TERMINATE MANAGEMENT AGREEMENT**

The Client hereby (i) confirms that no management agreement is in place with respect of any of the Sites and (ii) undertakes to obtain the Lender's consent prior to entering into any management agreement in respect of any Sites, which consent may be conditional upon obtaining a subordination and undertaking agreement from the manager under such management agreement together with, at the Lender's option, a specific assignment as collateral security of such management agreement. It is also agreed that should the Lender consent, in its sole discretion, to such management agreement, the manager shall be approved by the Lender.

#### **NEGATIVE PLEDGE ON THE FRANCHISE AGREEMENT**

The Client hereby undertakes and agrees that it shall not assign any Franchise Agreement nor grant, create or cause to be created, any lien, including hypothecs, in or on any Franchise Agreement or agree or consent to any of the foregoing.

#### **LOAN FEE**

The Client shall pay to the Lender a non-refundable loan fee equivalent to 1% of the Loan amount (the "Loan Fee").

The Client acknowledges and agrees that the Loan Fee is due and owing in full and not subject to set-off or counterclaim. For the purposes of paying the Loan Fee, the Client agrees that the Lender may, at its discretion, deduct the Loan Fee (or any portion thereof) from any or each Advance, and/or from any good faith deposit provided by the Client to the Lender.

#### **ADVANCES UNDER THE INITIAL TERM LOAN**

##### **a. General**

Subject to the terms and conditions of this Agreement, the Lender agrees to make the Initial Term Loan available, on a non-revolving basis, to the Client which shall be disbursed on the Closing Date. After the Closing Date, any undrawn portion of the Initial Term Loan shall no longer be available.

The Initial Term Loan shall be made available on the Closing Date in order to repay, in whole, the indebtedness owing by the Client and/or each Corporate Guarantor to: Royal Bank of Canada, HSBC Bank Canada, Servus Credit Union Ltd., Bing's Enterprises Ltd. and Loop Funding Inc. in the aggregate maximum amount of \$2,900,000. The client acknowledges and agrees that it shall, within five (5) days of the repayment of such

amounts owing to Royal Bank of Canada, HSBC Bank Canada, Servus Credit Union Ltd., Bing's Enterprises Ltd. and Loop Funding Inc., deliver or cause to be delivered to the Lender written confirmation of the repayment of such indebtedness.

The Client agrees that the Advance made under the Initial Term Loan shall become cross-collateralized, cross-defaulted and cross-guaranteed with all existing and future indebtedness, including other Advances and other loan agreements with the Client or any of the Corporate Guarantors, subject to the Cross-Default and Cross-Collateralization provisions set out below at Section F.

The Initial Term Loan is a non-revolving credit facility and any repayments in whole or in part of the Loan in respect of the Initial Term Loan may not be re-borrowed or utilized again hereunder and shall not entitle the Client to obtain further Advances in respect of such amounts repaid.

**b. Manner of Borrowing the Initial Term Loan**

A request for an Advance under the Initial Term Loan shall be deemed to constitute a representation and warranty by the Client that, no Default or event that, with the lapse of time or the giving of notice or both, would constitute a Default, has occurred or is continuing.

**c. Initial Term Loan Financing Rate and Instalments**

The Initial Term Loan Advance shall bear interest at the Initial Term Loan Financing Rate, as defined below, from the Closing Date until the end of the Original Term. The Initial Term Loan Financing Rate shall be equal to the Prime Rate plus 2.75% per annum, calculated daily ("Initial Term Loan Financing Rate").

The term for the Initial Term Loan shall be sixty (60) months from the Closing Date (the "Original Term"). The instalments in respect of the Initial Term Loan Advance ("Initial Term Loan Instalments") shall consist of 59 monthly consecutive and equal payments of blended principal and interest based on a ninety-six (96) month amortization, with one final balloon payment at the end of the Original Term.

The Initial Term Loan Instalments shall be payable in CAD dollars, monthly in arrears, using pre-authorized payment electronic funds transfer, and subject to applicable taxes.

**d. Acknowledgment of Receipt and Confirmation of Indebtedness**

The Client hereby acknowledges and agrees that the Lender's books and records in any form relating to the Initial Term Loan and this Agreement, including as they may relate to any and all Obligations from time to time, shall constitute prima facie, conclusive evidence of all such Obligations.

**e. Security**

The Collateral and all other security and guarantee agreements granted to the Lender in relation to this Agreement are given as a general and continuing security for the payment and performance of the Obligations, including without limitation the Initial Term Loan Advances.

**ADVANCES UNDER THE DEVELOPMENT LINE OF CREDIT**

The following sub-sections (a) to (f) will apply to the Development Line of Credit only

**a. General**

Subject to the terms and conditions of this Agreement, the Lender agrees to make the Development Line of Credit available, on a non-revolving basis, to the Client and to disburse Advances on or prior to the earlier of: (i) the end of the 24 month period beginning on the Closing Date, or (ii) the date on which the Lender advises the Client in writing that it is not satisfied with the results of the most recent annual review relating to the Client and that the Lender will no longer make available any further Advances under the Development Line of Credit (the "DLOC Availability Period"). After the DLOC Availability Period, any undrawn portion of the Development Line of Credit shall no longer be available.

The Development Line of Credit shall be made available by way of multiple Advances. Each Advance shall be in a minimum amount of Cdn \$250,000 and (i) in the case of new build costs, funded to a maximum of 75% of invoiced and acceptable new build and renovation costs in respect of the Sites which have already been paid (for greater certainty, the Lender may in its sole discretion request copies of bank statements or cleared cheques evidencing such payments), and (ii) in the case of other debt takeout financing (including shareholder buyouts), such amount approved by

the Lender. Any such Advance that the Lender agrees to make shall be subject to the terms and conditions of this Agreement and shall be subject to the Lender's consent in its sole discretion. Each DLOC Advance shall be termed out (each a "DLOC Term-Out Loan") on the DLOC Term-Out Date. For the purposes of this Agreement, "DLOC Term-Out Date" means: (a) in the case of DLOC Advances made in respect of new build, expansion, acquisition and renovation projects, the earlier of (i) the date of completion of such project, and (ii) the date that is 6 months from the immediately preceding DLOC Advance (or 6 months from the first DLOC Advance in the case of the first DLOC Advance); and (b) in the case of DLOC Advances made in respect of debt takeout financing (including shareholder buyouts), the date on which such DLOC Advance is made.

The Client agrees that all Advances made under the Development Line of Credit shall become cross-collateralized, cross-defaulted and cross-guaranteed with all existing and future indebtedness, including other Advances and other loan agreements with the Client or any of the Corporate Guarantors, subject to the provisions regarding same set out at Section F. In addition, any new Site or New Entity formed in connection with any Advance made under the Development Line of Credit shall be included in the security package granted by or in support of the Client to the Lender and shall be secured by a guarantee and first-priority general security agreement, in a form acceptable to the Lender.

The Client acknowledges and agrees that the continuing availability of, and the Lender's obligation to make, any Advance under the Development Line of Credit are subject to annual reviews conducted by the Lender, the results of which must be satisfactory to the Lender in its sole discretion. Any DLOC Advance shall be subject to an incurrence test of 25 basis points within the Funded Debt to EBITDA covenant (as defined below). Furthermore, the Lender may impose any condition precedent to an Advance under the Development Line of Credit as it deems necessary, in its sole discretion.

Without limitation to the foregoing, if, at any time, the Client fails to meet the financial covenants (as described below), the Lender shall have no obligation to make any further Advances under the Development Line of Credit, which shall be deemed to be suspended, unless otherwise agreed to by the Lender in writing.

The Development Line of Credit is a non-revolving credit facility and any repayments in whole or in part of the Loan in respect of the Development Line of Credit may not be re-borrowed or utilized again hereunder and shall not entitle the Client to obtain further Advances in respect of such amounts repaid.

**b. Manner of Borrowing the DLOC Advances**

The Client shall give the Lender at least ten (10) business days' notice by sending a Request. Each Request shall be deemed to constitute a representation and warranty by the Client that as at the date of the Request, no Default or event that, with the lapse of time or the giving of notice or both, would constitute a Default, has occurred or is continuing.

A Request, in the case of a DLOC Advance in respect of new build, expansion, acquisition and renovation projects, shall be accompanied by a copy of the invoices for any Equipment or the applicable new build, expansion or renovations to be paid for from the proceeds of the DLOC Advance together with a detailed budget with respect to same. Subject to the conditions stated in this Agreement, and when required by the Lender, upon receipt from the Client of proof acceptable to the Lender that such invoices were paid by the Client (including but not limited to the provision of bank statement and copy of the cleared cheques when requested), the Lender will Advance the amounts set out in the Request to the Client.

A Request, in the case of a DLOC Advance in respect of debt takeout financing (including shareholder buyouts), shall be accompanied by a copy of the principal agreement in respect of such debt repayment or buyout (including, for greater certainty, an executed copy of the relevant share purchase agreement and all amendments thereto), and Lender shall, in the case of a buyout, be satisfied that (i) the purchaser in respect of such buyout is the Client or a Corporate Guarantor, (ii) the proceeds of such DLOC Advance shall be sent directly by the Lender to the vendor in such buyout transaction, (iii) the Lender shall, upon the closing of such buyout transaction, have a first-ranking security interest in the equity interests purchased in such buyout transaction, and (iv) the Lender shall have received all such other documents, instruments or agreements required by it in connection with such buyout transaction.

**c. DLOC Advance Financing Rate and Instalments prior to the Term-Out Date**

Each DLOC Advance shall bear interest at the DLOC Advance Financing Rate, as defined below, from the date of each DLOC Advance to its DLOC Term-Out Date. The DLOC Advance Financing Rate shall be equal to the Prime Rate plus 2.75% per annum, calculated daily ("DLOC Advance Financing Rate").

From the Advance Date of each DLOC Advance to its DLOC Term-Out Date, each DLOC Advance Instalment, as defined below, shall consist of interest only payments payable monthly in arrears starting on the month following the disbursement of the DLOC Advance ("DLOC Advance Instalment(s)"). Unless otherwise agreed by the parties, the DLOC Advance Instalments are due each month on the same calendar day, which will be the same calendar day as the day that the DLOC Advance was disbursed. The DLOC Advance Instalment shall be payable to the Lender by pre-authorized debit electronic fund transfer.

The amount of the DLOC Advance instalments for each DLOC Advance shall be determined by the Lender on the date of disbursement of each DLOC Advance based on the DLOC Advance Financing Rate, subject to an adjustment calculated at the DLOC Term-Out Date commencing from the first instalment date, to reflect fluctuations in the Prime Rate.

For the purposes of the DLOC Advance(s), the following terms are amended as follows:

- (a) the term "Instalments" provided in Section 1.1 (t) of Schedule "D" of this Agreement shall include the Initial Term Loan Instalments, the DLOC Advance Instalments and the DLOC Term-Out Loan Instalments;
- (b) the term "Financing Rate" provided in Section 1.1 (o) of Schedule "D" of this Agreement shall include the Initial Term Loan Financing Rate, and the DLOC Advance Financing Rate.

**d. Payment of DLOC Advance(s) - Principal and Interest as of the DLOC Term-Out Date**

At each DLOC Term-Out Date, the amount of all then outstanding DLOC Advance principal balances shall be deemed to become one amortizing DLOC Term-Out Loan and be part of, without novation, the Development Line of Credit.

If any, the outstanding accrued interest resulting from a DLOC Advance ("DLOC Advance Accrued Interest") shall be due and payable on its DLOC Term-Out Date. The Client authorizes the Lender to debit any DLOC Advance Accrued Interest from its banking account on the DLOC Term-Out Date. The Client acknowledges that the DLOC Advance Accrued Interest forms part of the Obligations as defined hereunder.

The Client shall pay on demand any amount outstanding in excess of the amount that the Lender has agreed to make available to the Client under the Development Line of Credit, including without limitation due to the DLOC Advance Accrued Interest, fees or expenses. Without prejudice to the Lender's discretion to make any Advance under the Development Line of Credit, nothing herein shall be construed to require the Lender to advance any funds to or on behalf of the Client at any time, including on the DLOC Term-Out Date, if a Default or event that, with the lapse of time or the giving of notice or both, would constitute a Default, has occurred or is continuing or if the Obligations owing under the Development Line of Credit would exceed the DLOC Financed Amount.

**e. Acknowledgment of Receipt and Confirmation of Indebtedness**

The Client hereby acknowledges and agrees that notwithstanding the foregoing, the Lender's books and records in any form relating to this Agreement, including as they may relate to any and all Obligations from time to time shall constitute prima facie, conclusive evidence of all such Obligations.

**f. Security**

The Collateral and all other security and guarantee agreements granted to the Lender in relation to this Agreement is given as a general and continuing security for the payment and performance of the Obligations, including without limitation the DLOC Advances and the DLOC Term-Out Loans.

**CROSS DEFAULT**

in addition to the Defaults provided in Section 19 of Schedule "D" of this Agreement, (i) a Default under this Agreement shall be deemed to constitute a default under all other present and future agreements entered into between an Affiliate of the Client (or any Guarantor or Covenant Party) and the Lender or any Affiliate, nominee or agent of the Lender ("Affiliate Agreement"), and (ii) a Default under any Affiliate Agreement shall be deemed to constitute a default under this Agreement.

Notwithstanding any provision in this Agreement to the contrary, it is agreed and understood that the Cross Default provisions herein shall only apply to any present or future financing transactions as between the Lender or any Affiliate, nominee or Agent of Lender, and the Covenant Parties, or any one or more of them.

**CROSS-COLLATERIZATION**

The security granted in connection with this Agreement is given also to secure the payment and performance of any and all debts, obligations and liabilities of any kind or description whatsoever (whether due or to become due) of the Client or any Affiliates of the Client (or any Guarantor or Covenant Party) to the Lender under this Agreement and any Affiliate Agreement. This security shall be deemed to be a continuing security which will not be released or discharged in whole or in part until satisfaction in full of all such debts, obligations and liabilities.

Notwithstanding any provision in this Agreement to the contrary, it is agreed and understood that the Cross Collateralization provisions herein shall only apply to any collateral that is the subject of any present or future financing transactions as between the Lender or any Affiliate, nominee or Agent of Lender, and the Covenant Parties, or any one or more of them.

**TERM, INSTALMENTS AND FINANCED AMOUNT AMORTIZATION****Term**

The term for each Loan shall end on the Original Term.

**Instalments and Amortization**

Each Loan shall be repaid in Instalments consisting of monthly consecutive and equal payments of blended principal and interest based on an amortization period specified as follows: (i) Instalments in respect of the Initial Term Loan shall be based on a ninety-six (96) month amortization, with one final balloon payment at the end of the Original Term; and (ii) Instalments in respect of each DLOC Term-Out Loan shall consist of monthly consecutive and equal payments of blended principal and interest based on a ninety-six (96) month amortization, with one final balloon payment at the end of the Original Term.

All Instalments shall be payable in CAD, monthly in arrears, using pre-authorized payment electronic funds transfer, and subject to applicable taxes.

**LOAN FINANCIAL COVENANTS**

On a quarterly basis, the Lender shall monitor the following financial covenants on the combined results of the Covenant Parties:

**Fixed Charge Coverage Ratio, Pre-Compensation (FCCR-Pre):**

**Minimum Pre-Compensation Consolidated FCCR-Pre of 1.30:1.0.** Pre-Compensation Consolidated FCCR-Pre means, calculated as an aggregate of all of the Covenant Parties, the ratio, determined in accordance with GAAP and with respect to the 12-month period of time immediately preceding the date of determination, of:

(i) the aggregate sum of all net income, interest expense, income taxes, depreciation, amortization, and operating lease expenses (rent expenses), and officers' salaries expended on the income statement, plus or minus other non-cash adjustments or non-recurring items (as allowed by the Lender); to (ii) the sum of operating lease expenses (rent expenses, not including common area maintenance or property taxes), principal payments on long term debt, the current portion of all capital leases, and interest expense (excluding non-cash interest expense and amortization of non-cash financing expenses).

**Fixed Charge Coverage Ratio, Post- Compensation (FCCR-Post):**

**Minimum Post-Compensation Consolidated FCCR of 1.20:1.0.** Post-Compensation Consolidated FCCR means, calculated as an aggregate of all of the Covenant Parties, the ratio, determined in accordance with GAAP and with respect to the 12-month period of time immediately preceding the date of determination, of:

(i) the aggregate sum of all net income, interest expense, income taxes, depreciation, amortization, and operating lease expenses (rent expense, not including common area maintenance or property taxes), plus or minus other non-cash adjustments or non-recurring items (as allowed by the Lender), minus increases in officer or shareholder loan receivables and minus dividends or distributions not otherwise expensed on the applicable income statement(s); to (ii) the sum of operating lease expenses (rent expense, not including common area maintenance or property taxes), principal payments on long term debt, the current portion of all capital leases, and Interest expense (excluding non-cash interest expense and amortization of non-cash financing expenses).

**Funded Debt to EBITDA (Senior Leverage)**

**Maximum Consolidated Funded Debt Ratio of 3.00:1.0.** Consolidated Funded Debt Ratio means, calculated as an aggregate of all of the Covenant Parties, the ratio of Consolidated Funded Debt to Consolidated EBITDA, determined in accordance with GAAP and with respect to the 12-month period of time immediately preceding the date of determination.

"Consolidated EBITDA" is defined as the aggregate sum, for the 12-month period of time immediately preceding the last day of the fiscal period being measured, for the Covenant Parties, of all net income, interest expense, income taxes, depreciation, and amortization, but less non-recurring miscellaneous income and plus non-recurring miscellaneous expenses (as allowed by the Lender), each as determined in accordance with GAAP.

"Consolidated Funded Debt" means the aggregate sum, of the outstanding principal balances of all indebtedness of the Covenant Parties, including capital leases and the outstanding balances of any revolving lines of credit, as at the last day of the fiscal period being measured.

**ENTIRE AGREEMENT**

This Agreement, including the schedules hereto and the Loan Documents, together with the proposal letter dated January 15, 2018 and the commitment letter dated May 22, 2018, constitute the entire agreement between the Lender and the Client with respect to the subject matter contained herein and supersedes all prior negotiations, undertakings, representations and understandings, whether written or oral.

SCHEDULE BEQUIPMENT LOAN  
AND SECURITY AGREEMENTCONDITIONS PRECEDENT

This SCHEDULE B is an integral part of the EQUIPMENT LOAN AND SECURITY AGREEMENT executed July , 2018.

CONDITIONS PRECEDENT

This Agreement shall not become effective, and the Lender shall have no obligation to make the first Advance, unless and until the following terms and conditions shall have been satisfied (or waived by the Lender in its sole discretion):

- (a) the Lender shall have received an executed copy of this Agreement;
- (b) the Lender shall have received an executed copy of a general security agreement creating a first priority lien on all present and after acquired personal property including any and all intellectual property, Equipment used at or in connection with the Sites, as well as all improvements, additions, replacements and substitutions for the Equipment, and all proceeds thereof (including insurance proceeds), from the Client and the Corporate Guarantors (provided that the Lender acknowledges and agrees that it shall not have a first priority lien over the assets of JRG Cloverdale Holdings Ltd.), which the exception of Ad Prolem Capital Investments Ltd., Joseph Bourque Investments Ltd., Joseph Richard IP Holdings Ltd., Joseph Richard Hospitality Group Ltd., Townhall Holdings (Abbotsford) Ltd., and all registrations necessary or desirable in connection therewith shall have been made;
- (c) the Lender shall have received an executed copy of an unlimited guarantee and indemnity agreement from each of the Corporate Guarantors which shall include subordination agreements from them;
- (d) the Lender shall have received an executed copy of an unlimited guarantee and indemnity agreement from the Personal Guarantors which shall include subordination agreements from them;
- (e) the Lender shall have received an executed copy of a pledge of securities agreement from the specified shareholders in respect of the capital stock of the Client and the Corporate Guarantors, other than JRG Cloverdale Holdings Ltd. (together with all original share certificates in connection with such pledged capital stock and executed stock transfer forms);
- (f) the Lender shall have received executed copies, if any, of confirmation of security interests in intellectual property from the Client and the Corporate Guarantors, other than JRG Cloverdale Holdings Ltd., as applicable;
- (g) the Lender shall have received evidence satisfactory to it from the Client's accountant with respect to all shareholder loans owing by the Client and the Corporate Guarantors, together with executed copies of assignment and postponement agreements with respect to such shareholder loans;
- (h) the Lender shall have received executed and complete copies of all Lease Agreements and all renewals, extensions and amendments, if applicable, with respect to each Site;
- (i) the Lender shall have received landlord waivers related to all Sites, on a best efforts basis.
- (j) the Lender shall have received evidence satisfactory to it that all insurance required by the Covenant Parties as determined by CWB pursuant to this Agreement has been obtained and is in full force and effect, and all such policies shall, for greater certainty, name the Lender as first loss payee and additional insured, as applicable, and no such insurance shall have a deductible in excess of \$10,000;
- (k) the Lender shall have received an officer's certificate by an officer of the Client and each Corporate Guarantor attaching certified copies of resolutions of the board of directors of the Client and each Corporate Guarantor concerning the due authorization, execution and delivery of this Agreement and all other documents delivered by them to the Lender, and such related matters as Lender may reasonably require;
- (l) the Lender shall have received a certificate of status, certificate of compliance or similar certificate for the Client and each Corporate Guarantor issued by its governing jurisdiction, and satisfactory evidence of the Client and each Corporate Guarantor's entitlement to own assets and carry on business in each jurisdiction in which it carries on business or holds any material assets;

- (m) Royal Bank of Canada, HSBC Bank Canada, Servus Credit Union Ltd., Bing's Enterprises Ltd. and Loop Funding Inc. shall each have provided an undertaking to the Lender to release and discharge all security and guarantees held by it, promptly after receipt of a specified amount, and the Lender have received satisfactory evidence that all such indebtedness will be repaid and satisfied in full on the Closing Date;
- (n) the Lender shall have received evidence satisfactory to it that the registrations made by Her Majesty the Queen against S & L Kitchen & Bar Holdings Abbotsford Ltd., S & L Kitchen & Bar Holdings Langley Ltd. and Townhall Holdings Ltd. have been discharged;
- (o) the Lender shall have received and be satisfied with a postponement and subordination agreement with Business Development Bank in respect of the indebtedness and liability of JRG Cloverdale Ventures Ltd. owing to Business Development Bank and the Lender;
- (p) all fees required to be paid by the Client shall have been paid to the Lender;
- (q) no Default shall have occurred and be continuing nor shall the effectiveness of this Agreement cause a Default;
- (r) no Material Adverse Effect shall have occurred and be continuing nor shall the effectiveness of this Agreement cause a Material Adverse Effect;
- (s) the representations and warranties in this Agreement shall be true and correct as of the Closing Date;
- (t) the Lender shall have received any other document, agreement or instrument reasonably required by the Lender (or its solicitors) in its discretion;
- (u) the Lender shall have received confirmation of a zero (0) balance owing to the Canada Revenue Agency in respect of each of the Client, the Corporate Guarantors (other than JRG Cloverdale Holdings Ltd.) and Ryan Moreno (provided that if any amounts were owed by any of them, the Lender shall have received evidence satisfactory to it that such amounts have been paid in full);
- (v) the Lender shall have received copies of each of the share registries for the Client and each of the Corporate Guarantors and the Lender shall have completed and be satisfied with it due diligence with respect to the Client and each of the Guarantors, including the Lender's "know your client" requirements; and
- (w) the Lender shall have received and reviewed to its complete satisfaction the accountant prepared financial statements (with corresponding notes) for "Joseph Richards Group" (being the unofficial name for the Covenant Parties) for the most recent fiscal year-end.





EQUIPMENT LOAN  
AND SECURITY AGREEMENT

SCHEDULE C

ADVANCE REQUEST

This SCHEDULE C is an integral part of the EQUIPMENT LOAN AND SECURITY AGREEMENT executed July , 2018.

FORM OF ADVANCE REQUEST

TO: CANADIAN WESTERN BANK ("Lender")

FROM: JOSEPH RICHARD INVESTMENTS LTD. ("Client")

RE: Equipment, loan and security agreement dated as at July , 2018 between the Client and the Lender (as amended, modified, supplemented, restated, replaced or otherwise modified from time to time, the "Loan Agreement")

This Advance Request is delivered to you pursuant to Schedule A of the Loan Agreement. All defined terms set forth in this Advance Request shall have the respective meanings set forth in the Loan Agreement.

1. Client hereby requests an Advance under the Loan Agreement as follows:

- (a) Date of Advance: \_\_\_\_\_
- (b) Amount of Advance: \_\_\_\_\_
- (c) The Advance is requested pursuant to the DLOC.

2. Client confirms that as at the date of this Advance Request:

- (a) no Default or event that, with the lapse of time or the giving of notice or both, would constitute a Default has occurred and is continuing or will have occurred and be continuing on the applicable Advance Date, or will result from the Advance requested in this Advance Request;
- (b) the representations and warranties contained in the Loan Agreement and the other documents, instruments and agreements given in connection therewith are true and correct in every respect with the same effect as if such representations and warranties had been made on and as of the date of this Advance Request (provided that if any such representation or warranty expressly speaks only as of a specific date, such representation or warranty is true and correct only as of such date); and
- (c) the aggregate principal amount of all Advances under the Loan Agreement made by Lender as at the date of this Advance Request plus the principal amount of the Advance requested in this Advance Request is not greater than the DLOC maximum.

3. Client confirms that there are no Liens in respect of the applicable existing Sites for which the proceeds of the Advance will be used.

4. All of the condition precedents to the Advance requested in this Advance Request, as specified in Schedule "A" of the Loan Agreement, have been satisfied including, but not limited to, those reports and documents described therein which are either attached as an Annex hereto or have been delivered separately to Lender.

DATED this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_

JOSEPH RICHARD INVESTMENTS LTD.

Per: \_\_\_\_\_  
Name:  
Title:

TERMS AND CONDITIONS**1. Interpretation****1.1** For the purpose of this Agreement:

- (a) "Accrued Liability" at any time means the amount equal to the sum of the Financed Amount, any Liquidated Damages and all other amounts then payable hereunder, including without limitation, any Overdue Payment and accrued interest.
- (b) "Advance Date" means the business day on which the Advance is made by Lender to Client hereunder.
- (c) "Affiliate" means in respect of a person, a person or persons that, directly or indirectly through one or more intermediaries, control, are controlled by, or are under common control with, such person.
- (d) "Agreement" means this Loan Agreement and any applicable schedules hereto, unless the context otherwise requires, and "hereof", "herein", "hereby", "hereunder" and similar expressions refer to this Agreement.
- (e) "business day" means a day when the office of Lender at the address stated on the face hereof is open for business dealings, but excludes Saturday, Sunday and any other day which is a statutory holiday in the province of Lender.
- (f) "Claims" has the meaning assigned in Section 22.
- (g) "Client" means the client of Lender stated on the face hereof and, in respect of any obligations regarding the Equipment, the Sites or other similar obligations, including all of the related obligations, covenants, undertaking, representations and warranties set out in Sections 4, 5, 6, 9, 14, 15, 17, 18, 19, 25, 26, and 27 the Covenant Parties (as defined in Schedule B).
- (h) "Collateral" has the meaning assigned in Section 5.1.
- (i) "control" means the power to direct or cause the direction of the management and policies of a person whether through the ownership of voting securities or otherwise.
- (j) "Conversion Rate" means the rate, expressed in Canadian dollars (CAD) for the purchase of one US dollar (USD), determined by adding 0.0100 CAD/USD to the highest rate which appears on the Bloomberg CAD GIT Page between 7 AM and 5 PM (EST).
- (k) "Default" means any of those events or circumstances specified in Section 19.
- (l) "Equipment" means all present and after-acquired personal property of a person.
- (m) "Equities" means existing or future rights of counterclaim, defence, set-off, compensation, abatement or offset, legal or equitable.
- (n) "Financed Amount" means the amount stated as such on the face hereof owing by Client to Lender or the unpaid outstanding balance thereof, as the context requires.
- (o) "Financing Rate" means the rate per annum stated as such on the face hereof, or in Schedule A, as the context requires.
- (p) "Franchise Agreement" means any franchise, license or area development agreement granted with regard to the Sites.
- (q) "Franchise Parties" means any party that entered into or will enter into a Franchise Agreement.
- (r) "GAAP" means generally accepted accounting principles in effect from time to time in Canada or IFRS applicable to the relevant person, applied in a consistent manner from period to period.
- (s) "Guarantor" means, collectively, the Corporate Guarantors and the Personal Guarantors, as applicable.
- (t) "Instalments" means the periodic repayment instalments of the Financed Amount, together with interest calculated at the Financing Rate as provided on the face hereof, such instalments stated on the face hereof.
- (u) "Lease Agreement" means any lease, sub-lease or storage agreement with regard to the Sites.
- (v) "Lease Parties" means any party that entered into or will enter into a Lease Agreement.
- (w) "Lender" means Lender stated on the face hereof.
- (x) "Lien" means any lien, privilege, mortgage, pledge, hypothec, charge, security interest, attachment, assignment, seizure, sequestration, distress, levy or other encumbrance of any nature or kind whatsoever.
- (y) "Liquidated Damages" means liquidated damages determined in accordance with Section 2.2.
- (z) "Loss of Equipment" means:
- (a) a total or constructive total loss of Equipment, or damage thereto, or theft thereof which, in the reasonable opinion of Lender, renders it impossible or impractical to use the Equipment for its intended purpose; or
- (b) expropriation or confiscation of Equipment by any authority absolutely or for more than 180 days.
- (aa) "Material Adverse Effect" means, when used with reference to any event or circumstance or any person, an event, fact or circumstance that, either alone or when taken together with any other event, fact, or circumstance, has or could reasonably be expected to have a material adverse effect on: (i) the business, assets, operations, prospects, property, or condition (financial or otherwise), of Client, any Covenant Party or Guarantor, any of the Sites, the Collateral or any portion thereof; (ii) the ability of Client or any Guarantor to perform and discharge its respective obligations under this Agreement or any of the related documents; (iii) the validity or enforceability of any of such documents, including this Agreement or any of Lender's security, or Lender's ability to enforce any of its rights or remedies under any of such documents; or (iv) the existence or priority of any of the liens in favour of Lender including any liens affecting any of the Sites or such Equipment; or (v) the general availability and/or cost of credit to the Lender or the market conditions with respect to the Collateral or Canada in general.
- (bb) "Obligation" means any obligation of Client to pay any amount owing hereunder or under any documents, instruments or security delivered in connection herewith, including the Financed Amount, Overdue Payments and all other amounts owing hereunder, or to perform any other obligation of Client hereunder or under any documents, instruments or security delivered in connection herewith.
- (cc) "Overdue Payment" means any amount owing by Client hereunder and any sum disbursed by Lender pursuant to Section 21 which is not paid when due hereunder, or any portion thereof.
- (dd) "Paydown Amount" has the meaning assigned in Section 13.2.
- (ee) "person" includes any natural person, corporation, firm, partnership, trust, sole proprietorship or governmental agency, authority or other entity, however constituted or designated.
- (ff) "Prime Rate" means the variable reference rate of interest per year declared by Lender from time to time to be its "Prime Rate" for Canadian dollar loans made by Lender in Canada, such rate to be adjusted automatically, without notice, as of the opening of business on the effective date of any change in such rate by Lender by public announcement or otherwise.
- (gg) "Supplier" means any manufacturer, supplier, vendor or dealer or any other person from whom Client has acquired any of the Equipment.
- (hh) "Taxes" means any and all taxes, imposts, levies, fees, duties and charges imposed by any taxing authority on Lender, Client, the Equipment, its purchase, sale, ownership, security interest thereon, delivery, possession, operation or use including, without limitation, sales, excise, use, health services, property, goods and services, business transfer and value added taxes (including any penalties or interest based

- on late or non-payment), but excluding taxes imposed on or measured by Lender's overall net income.
- (jj) "TTM" means on a trailing twelve month basis.
- (jjj) "Unwinding Costs" means the costs Lender incurs when a fixed rate loan is paid out early. The unwinding costs are based on an interest rate differential between the loan rate and the bid side yield for Government of Canada securities with the same maturity as the loan, for the remaining term of the loan at the time of repayment.
- (kk) "Warranties" means any and all warranties, guarantees, representations, service contracts, contracts to stock spare parts and similar agreements, oral or written, express, implied or statutory, relating to the Equipment.
- 1.2 In this Agreement, unless the context otherwise requires, the singular includes the plural and vice-versa and words importing gender include each gender.
- 1.3 All references herein to statutes include the statute as it may be amended, restated or replaced with legislation of comparable effect. Unless otherwise specified, all references to Sections and Schedules are to Sections of, and Schedules to this Agreement. The words "hereto", "herein", "hereof", "hereunder" and similar expressions refer to this Agreement and not to any particular Section or other provision of this Agreement. When used in the context of a general statement followed by a reference to one or more specific items or matters, the term "including" shall mean "including, without limitation", and the term "includes" shall mean "includes, without limitation". Any reference herein to the exercise of discretion by Lender (including phrases such as "in its discretion", "in the discretion of", "in the opinion of", "to the satisfaction of" and similar phrases) shall mean that such discretion is absolute and unfettered and shall not imply any obligation to act reasonably, unless otherwise expressly stated herein.
- 1.4 Other than payments, which shall be made on the date each payment is due, acts to be performed hereunder on non-business days shall be performed on the following business day.
- 2. Instalments**
- 2.1 Client hereby acknowledges that it has borrowed from Lender and is thereby, or has otherwise become, indebted to and agrees to repay to Lender, at the address of Lender stated on the face hereof or such other place notified by Lender to Client, the Financed Amount, together with interest thereon, by paying the Instalments stated on the face hereof or in Schedule A hereto. Unless otherwise stated, Instalments are due on the dates stated on the face hereof in each month, or other period (or the last day of the month, if there is no corresponding date), in arrears, throughout the term hereof. On the final Instalment date, Client shall pay Lender the outstanding balance of the Financed Amount, all accrued and unpaid interest thereon (including any adjustments to reflect changes in any applicable rates of interest) and all other amounts payable hereunder.
- 2.2 Client may not at any time prepay in whole or in part the unpaid outstanding balance of the Financed Amount, except as follows: Commencing 36 months after the Closing Date, upon 30-day prior notice to Lender, Client will have the right to prepay all, but not less than all, of the outstanding balance of the Loan at any time during the remainder of the term of this Agreement provided Client also pays all accrued interest and costs outstanding hereunder at the time of prepayment and liquidated damages determined as follows:
- (a) The Liquidated Damages shall be three (3) months' interest calculated on the unpaid principal balance at the rate provided herein plus, if Loan is fixed, a prepayment charge equal to Lender's Unwinding Costs.
- 2.3 Any portion of the Financed Amount prepaid shall be applied to the remaining Instalments in inverse order of maturity. No part of the Liquidated Damages shall be applied in reduction of said remaining Instalments. If a Default or a Loss of Equipment occurs, the Liquidated Damages shall also be payable by Client and shall be calculated by reference to the outstanding balance of the Financed Amount at the time of such Default or Loss of Equipment, as applicable.
- 3. Interest**
- 3.1 The Financed Amount shall bear interest at the Financing Rate from the date hereof until the Financed Amount is unconditionally paid in full to Lender, and shall be payable in arrears on each Instalment date.
- 3.2 In addition to interest payable under Section 3.1, each Overdue Payment shall bear interest from the date due until unconditionally paid in full to Lender at the rate of 18% per annum, and shall be payable on demand by Lender.
- 3.3 Interest payable hereunder shall accrue and be calculated daily upon the daily outstanding balance of the Financed Amount or an Overdue Payment, as applicable, on the basis of the actual number of days elapsed in a year of 365 days or 366 days, as the case may be. All interest payments to be made under this Agreement in respect of the outstanding balance of the Financed Amount or any Overdue Payment, as applicable, shall be paid both before and after maturity and before and after Default and/or judgment, if any, until full and unconditional payment of the outstanding balance of the Financed Amount or such Overdue Payment is made. The yearly rate of interest to which each rate of interest expressed herein is equivalent is the product of: (a) such rate, multiplied by (b) the actual number of days in the calendar year in which the same is to be ascertained divided by 365 or 366, as the case may be. Notwithstanding anything herein or in any other agreement with Lender to the contrary, in no event shall the combination of interest, costs, and fees payable herein exceed that rate which is one percent (1%) less than the effective annual rate of interest which is prohibited under Section 347 of the *Criminal Code* (Canada), as amended from time to time (the "Maximum Amount") and if any payment, collection or demand pursuant to this Agreement or any other agreement with Lender exceed the Maximum Amount then such payment, collection or demand will be deemed to have been made by mutual mistake of Client or Guarantors (as the case may be) and Lender and the amount of such payment or collection will, at the option of Lender, either be refunded to Client, or be applied to the Obligations (whether or not due and payable) as determined by Lender, and not to the payment of interest.
- 3.4 If the Financing Rate is a variable rate based on Prime Rate, a change in Prime Rate automatically changes the rate of interest payable hereunder to the same extent and in the same manner effective with the frequency stated on the face hereof or in Schedule A. Lender shall not be obliged to notify Client of any such change, any such right to notice being hereby irrevocably waived by Client.
- 3.5 In order to preserve Lender's net economic return, Lender in its sole discretion may adjust the pricing at any time prior to any Advance to reflect: (1) changes in the pricing assumptions of this Agreement; (2) a change in Lender's funding index rate; (3) tax law changes applicable to Client or Lender; and (4) general market conditions.
- 4. Title, Ownership**
- Title to, ownership of, and all property in the Collateral shall remain with Client, but subject always to the security interests and other provisions hereof, and at Client's sole risk, until full payment in cash of all amounts repayable hereunder; prior to such payment, Client's rights therein are to quiet enjoyment and use on the terms and conditions of this Agreement so long as a Default has not occurred.
- 5. Security Interest and Warranties as to the Collateral**
- 5.1 As general and continuing security for the payment and performance of the Obligations, Client hereby grants to Lender and Lender hereby takes a security interest in: (a) the Equipment, (b) all present and after-acquired intellectual property and other intangibles relating to the Equipment; (c) all present and after-acquired contracts, written or oral, for the sale, exchange, lease, license, rental or other disposition of any kind whatsoever of the foregoing; (d) all insurance claims and proceeds resulting therefrom with respect to any loss or damage to any of the foregoing; and (e) all proceeds of the foregoing in the form of chattel paper, documents of title, goods, instruments, intangibles, money, fixtures or investment property, (collectively, the "Collateral"), and as further general and continuing security for the payment and performance of

the Obligations Client hereby mortgages, transfers, pledges, charges and assigns the Collateral to Lender. The general and continuing security provided for in this Section 5.1 is in addition to and not as substitution for any other security provided by Client to Lender from time to time.

- 5.2 Client represents and warrants to Lender that Client has, and shall continue to have at all times until while the Obligations remain outstanding, good and marketable title to the Collateral, free and clear of all Liens except for Permitted Encumbrances (as such term is defined in the general security agreement dated as of the date hereof granted by, among others, Client to Lender (the "GSA"). Client agrees to comply with all Warranties accruing to Client pertaining to the Equipment; however, any failure by any receiver to comply with any Warranty shall not affect Client's Obligations to Lender.
6. **Personal Property and Waivers**
- 6.1 The Equipment shall at all times be and remain moveable personal property. Notwithstanding any purpose for which the Equipment may be used or that it may become affixed or attached to land or any structure thereon, the Equipment shall remain subject to all rights of Lender hereunder as if it were not so affixed or attached.
- 6.2 Client agrees to obtain a waiver, if required by and in a form satisfactory to Lender, from any landlord, mortgagee, hypothecary creditor or other encumbrancer of the premises where Collateral is situated (and prior to any Equipment becoming affixed if it is to be affixed).
7. **Postponement**  
[Intentionally deleted.]
8. **Cost Overruns**  
All cost overruns shall be borne by the Client. Any cost overruns in excess of 10% of the loan amount must be approved in writing by Lender.
9. **Maintenance, Use, Operation, Alterations, Upgrades, etc.**
- 9.1 Client shall at its own expense:
- maintain Equipment in good operating condition, repair and appearance, ordinary wear and tear only excepted;
  - comply with all recommendations or requirements of Suppliers so as to preserve all Warranties; and
  - at Lender's request, enter into a maintenance agreement for Equipment for the full term of this Agreement with a Supplier or a competent service and maintenance agent satisfactory to Lender.
- 9.2 Client shall not, without Lender's prior written consent, make any alterations, additions, accessions or attachments to any Collateral. Such consent will only be granted if such changes:
- do not materially decrease the value of Collateral or limit, interfere with or frustrate its intended use;
  - do not prejudice or adversely affect any Warranties; and
  - are free from, and do not subject any Collateral to, any Lien.
- 9.3 All replacement parts and components, alterations, additions, accessions and attachments to Collateral shall automatically become subject to the security interests created hereby as soon as they are acquired by or on behalf of Client.
- 9.4 Client shall affix and keep affixed to Collateral any labels supplied by Lender identifying its security interests in Collateral.
10. **Inspection**  
Any representative of Lender shall have the right to inspect the Collateral or any part thereof at all reasonable times upon notice to Client.
11. **Franchise Agreement**
- 11.1 Client represents and warrants to Lender that the copies of each Franchise Agreement together with all amendments, modifications and supplements thereto, provided to Lender or executed by the Franchise Parties is a true and complete copy, subject to no amendment and that Franchise Parties are in good standing thereunder.
- 11.2 The expiration, revocation or other termination of a Franchise Agreement or the assignment or other transfer of a Franchise Parties' rights under a Franchise Agreement, without Lender's prior written consent, shall, constitute a Default hereunder, and Lender may invoke any remedies permitted under this Agreement. The consent to any such sale or transfer shall be in Lender's sole discretion, and shall be subject to the execution

by the purchaser or transferee, prior to such sale or transfer, of a written assumption agreement containing such terms as Lender may require. In addition, any such consent shall be conditioned upon payment by Client to Lender of (i) a fee equal to one percent (1%) of the then unpaid outstanding balance of the Financed Amount and (ii) all out-of-pocket costs and expenses incurred by Lender in connection with such consent, including, without limitation, legal fees.

12. **Rented Facilities**

Client represents and warrants to Lender that the Lease Agreements for all sites together with all amendments, modifications and supplements thereto, provided to Lender are true and complete, subject to no amendments and that Client is in good standing thereunder.

13. **Early Lease Expiry**

13.1 Client covenants and agrees that, in the event the term of any Lease Agreement expires before the expiration of the term of this Agreement, it shall use commercially reasonable efforts to cause the Lease Parties to cause the term of such Lease Agreement to be renewed or otherwise extended to a date that occurs on or after the expiration of the term of this Agreement; provided, however, that Client shall not be required to renew or extend any such Lease Agreement where Client and Lender agree, acting in a commercially reasonable manner, that such renewal or extension is not in Client's best interests. Failure to do so shall constitute a Default and Lender shall be entitled to exercise any and all rights and remedies it may have under this Agreement or at law.

13.2 Notwithstanding the foregoing, Lender may, at its sole option, require Client pay to Lender, upon the occurrence of a Default in accordance with Section 13.1, an amount to be determined by Lender at that time (the "Paydown Amount"). Failure to pay the Paydown Amount as required by Lender shall constitute a Default and Lender shall be entitled to exercise any and all rights and remedies it may have under this Agreement or at law. The Paydown Amount shall be deemed a payment of principal, shall be applied in the inverse order of maturity, and shall otherwise be applied in accordance with the terms of this Agreement.

14. **Insurance**

14.1 Client shall at its own expense place and maintain with insurers acceptable to Lender:

- comprehensive all risks insurance on the Equipment for the greater of the Financed Amount or the full replacement value of the Equipment. Such insurance shall include: (i) a loss payable clause in favour of Lender and (ii) a waiver of subrogation clause in favour of Lender;
- general public liability and property damage insurance with limits of liability at least equal to \$1,000,000 or such greater amount as Lender may require. Such insurance shall extend to all liabilities of Client under this Agreement arising out of its use or possession of Collateral and to any potential vicarious liability of Lender as holder of security interests in Collateral created hereby; and
- business interruption coverage at least equal to the gross revenues for the last 12 months or such greater amount as Lender may require.

14.2 All such of insurance policies shall be in place at the effective date of this Agreement and shall contain endorsements providing that: (a) 30 days' written notice shall be given to Lender before the policy lapses or is materially altered or cancelled; (b) the insurance shall be primary and not contributory; (c) Lender's interests therein shall not be invalidated or otherwise adversely affected by any act or omission, deliberate, negligent or otherwise, of Client or its agents, servants or employees (the so-called "standard mortgage clause"); (d) Lender shall not be responsible for payment of any premiums; and (e) Lender may elect to have all proceeds of loss payable only to itself.

14.3 Client shall supply Lender with certified copies of all insurance policies, endorsements or other evidence of the required coverage satisfactory to Lender within 30 days of the effective date of this Agreement and on request.

- 14.4 In the event of damage to any item of Equipment amounting to Loss of Equipment, Lender shall be entitled to receive immediate payment of the amount equal to the Accrued Liability with respect to such item of Equipment. Lender may retain any monies received from the insurance proceeds in an amount equal thereto, Client remaining liable for any deficiency.
15. **Taxes, etc.**  
Client shall have the sole responsibility for and shall duly and punctually pay all Taxes and all licence and similar fees payable at any time upon, or in respect of, Collateral, this Agreement and any payments or transactions contemplated hereunder.
16. **Additional Debt**  
Client agrees with Lender that, until the Obligations have been satisfied and paid in full, it will not, without the prior written consent of Lender:
- incur or create any further or additional indebtedness except to Lender and except such normal indebtedness as may be incidental to the ordinary course of its business; or
  - create any lien upon, assign or transfer as security, or pledge, hypothecate, charge, mortgage or grant a security interest in any Collateral except to Lender and except for Permitted Encumbrances (as such term is defined in the GSA).
17. **Liens**  
Client shall keep the Collateral free of all Liens, other than any Liens granted to, or taken by, Lender.
18. **Laws and Regulations**  
Client is and shall continue to be in compliance with all laws and regulations relating to use, operation or possession of Collateral or the security interests therein in favour of Lender, and those relating to the prevention of money laundering and terrorism.
19. **Default**  
It shall be a Default under this Agreement if:
- Client fails to pay any instalment within 10 days after its due date;
  - any representation or warranty of Client made herein or in any instrument or document delivered to Lender in connection herewith is false or materially incorrect or misleading;
  - any insurance coverage required to be obtained and maintained by Client under this Agreement shall lapse, expire or be cancelled;
  - Client defaults in any other Obligation, or defaults in any obligation under any other agreement with Lender or any Affiliate, nominee or agent of Lender, and such default continues for 10 days after notice thereof by Lender or such Affiliate, nominee or agent, as applicable, to Client;
  - any act of bankruptcy takes place respecting Client, or any proceeding, petition or notice, voluntary or involuntary, is commenced, made, given or filed, as the case may be, by Client or any other person, under any present or future statute or law relating to bankruptcy, insolvency or relief from or compromise or arrangement with creditors of Client;
  - Client ceases or threatens to cease to carry on business or makes or proposes to make any sale of the whole or any substantial portion of its assets in bulk, or otherwise out of the normal course of business;
  - 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 Client or Collateral;
  - any trustee, receiver, interim receiver, administrator, manager, receiver and manager or similar official is appointed with respect to all or any part of the property, assets or undertaking of Client (including the Collateral), whether pursuant to any private instrument or agreement or by order of any court;
  - if ownership of or control and direction over the assets or undertaking of Client or the majority of its voting shares changes, by amalgamation, merger, sale, transfer of shares or otherwise, except pursuant to death of the shareholder, or Client passes any resolution concerning any matter referred to in paragraph (e) or with respect to, or any proceedings, voluntary or involuntary, are commenced under, any present or future law relating to amalgamation, liquidation, winding-up or dissolution;
- an event occurs which, in the opinion of Lender, could reasonably be expected to have a material adverse effect on the condition (financial or otherwise), business, operations, assets, liabilities or prospects of Client, Client's ability to perform any Obligation, or any obligation under any other agreement with Lender or any Affiliate, nominee or agent of Lender, or on the rights and remedies of Lender thereunder, and continues for 10 days after notice thereof by Lender or such Affiliate, nominee or agent, as applicable, to Client;
  - Client fails to maintain any financial covenant under this Agreement;
  - the expiration, revocation or other termination of the Franchise Agreement or the assignment or other transfer of Franchise Parties' rights under the Franchise Agreement, without Lender's prior written consent;
  - Franchise Parties default under any Franchise Agreement and such default is not cured within any curative period provided for under such Franchise Agreement;
  - the expiration, revocation or other termination of any Lease Agreement between the Lease Parties and its landlord or the assignment or other transfer of the Lease Parties' rights under such Lease Agreement, without Lender's prior written consent;
  - Client defaults under any Lease Agreement between the Lease Parties and its landlord for the rented facilities where any Equipment of any Covenant Party is located and such default is not cured within the curative period, if any, granted to the Lease Parties under such Lease Agreement;
  - any Affiliate of Client defaults in any obligation under any other agreement with Lender or any Affiliate of Lender and such default continues for 10 days after notice thereof by Lender or such Affiliate, as applicable, to Affiliate of Client;
  - the Covenant Parties create, grant or permit to exist any hypothec on the Sites or their present and future movable, corporeal and incorporeal property, other than hypothecs granted in favor of Lender. For greater certainty, no subordinate hypothecs shall be permitted without the prior written consent of Lender;
  - any of the events listed in Schedule "E" occurs and continues; or
  - any event or circumstance described in any paragraph (b) through (r) inclusive occurs with respect to any Covenant Parties, Guarantor or surety of Client respecting this Agreement or any person who controls Client or any Affiliate of Client.
- A Default under this Agreement shall be deemed a default under all other present and future agreements entered into between Client and Lender or any Affiliate, nominee or agent of Lender.
20. **Lender's Remedies on Default**  
Upon Default, Lender shall be entitled to do one or more of the following:
- declare this Agreement to be in default (with or without terminating this Agreement) whereupon all Obligations shall be immediately due, payable and enforceable without any notice or demand whatsoever;
  - declare any or all of the Obligations to be immediately due and payable, or be subject to immediate performance, as the case may be, without presentment, protest or notice of dishonour, all of which are expressly waived;
  - take possession of any Collateral, without demand, notice or legal proceeding and enter on any premises of Client or any other person for such purpose;
  - sell, lease or otherwise dispose of any Collateral by public or private transaction for such consideration payable immediately and/or deferred and on such terms and conditions as Lender in its discretion determines;
  - whether or not this Agreement may have been or be deemed to have been terminated, demand, sue for and recover the amount equal to the Accrued Liability, less, if applicable, the net proceeds to Lender derived from the sale, lease or other disposition of the Collateral, after deducting all amounts payable by Client pursuant to Section 23 hereof; and

- (f) exercise any other rights or remedies and/or take any proceedings available to Lender hereunder, at law or in equity.

In lieu of selling, leasing or otherwise disposing of Collateral, Lender may retain Collateral and cause Collateral to be valued by a qualified appraiser selected by it and such value shall be substituted for and deducted as net proceeds to Lender under subparagraph (e) of this Section. Proceeds of sale, lease or disposal need be deducted only when received, unless Lender elects to take the present value of payments to be received, discounted at the Financing Rate then in effect, compounded monthly.

**21. Lender's Rights to Remedy Defaults**

If Client fails to perform or comply with any obligation hereunder, Lender may, but has no obligation to, perform same in the name of Client or Lender and make all necessary disbursements in connection therewith, which shall be reimbursed by Client immediately on demand. Lender is hereby appointed Client's lawful attorney to take any such action in Client's name.

**22. Client's General Indemnities**

Client shall indemnify and save harmless Lender from and against all existing or future losses, costs, charges, expenses, liabilities, claims, demands, penalties, damages, suits, actions and causes of action of every nature and kind whatsoever, including strict liability in tort or in delict (collectively, "Claims") sustained or suffered by Lender, or for which Lender may become liable, resulting from or arising out of:

- (a) Lender's lawful exercise or performance of its rights or obligations under this Agreement;
- (b) the holding by Lender of a security interest in the Collateral;
- (c) any Default;
- (d) any personal injury or property damage or other commercial loss arising out of the sale or delivery to, installation, ownership, use, operation, maintenance, condition, return, removal and re-delivery of Collateral; or
- (e) any use or operation of Collateral which infringes any patent or other industrial or intellectual property right, unless caused by the gross negligence or willful misconduct of Lender, its employees, servants or agents.

**23. Fees and Expenses**

Client shall pay to Lender on demand Lender's prevailing fees and all costs, expenses and disbursements (including, without limitation, legal fees on a solicitor and his own client basis) that Lender incurs, pays or becomes liable for in connection with the preparation, negotiation and registration of this Agreement (or any agreement, instrument or document contemplated hereby) and any other agreement evidencing or relating to the Obligations, the perfection or preservation of any Liens granted to or taken by Lender, processing of payments, rendering statements to Client, the failure of Client to pay or perform any of the Obligations, the enforcement by any means of any of the Obligations or any provision of this Agreement, the exercise of any rights, powers or remedies under this Agreement or any other agreement evidencing or relating to the Obligations (including all such costs, expenses and disbursements in connection with recovering or taking possession of the Collateral, removing or taking custody of, the storing, preserving, processing, repair, reconditioning or dismantling of Collateral, preparing Collateral for lease, sale or other disposition and leasing, selling or otherwise disposing of Collateral) and any professional advice sought in connection with any of the foregoing.

**24. Pre-Authorized Payments**

Client shall execute and deliver to Lender from time to time upon request pre-authorized payment orders in such form as Lender may reasonably request. Lender is hereby authorized to deliver such orders to the financial institution named therein. Client hereby appoints Lender its lawful attorney to take all action contemplated by such payment orders to receive payment of any amount due under this Agreement. Lender may decline any other form of payment. All monthly payments under this Agreement by the Client are to be made via such pre-authorized payment.

**25. Location of Collateral; Client's Name**

25.1 Except as otherwise expressly permitted hereunder, Client shall not part with possession of any Collateral nor remove any of same from any province such Collateral is located as of the date of this Agreement.

25.2 Client covenants that it shall not change its name or chief executive office or move the Collateral from the locations stated herein, or otherwise disclosed to Lender in writing, without first providing at least 30 days prior written notice to Lender.

**26. Assignment and Leasing**

Client shall not assign any rights hereunder and Client shall not sell or attempt to sell any Collateral nor lease or rent or attempt to lease or rent any Collateral, in any case without the prior written consent of Lender, and such consent may be withheld by Lender in its sole and unfettered discretion. No action aforesaid by Client shall relieve Client of any of its Obligations.

**27. Client's General Representations, Warranties and Covenants**

Client represents and warrants to and covenants with Lender that: (a) Client has been duly incorporated, amalgamated, merged or continued, as the case may be (or if Client is not a corporation, has been duly formed, created or established as a partnership, limited partnership, trust or other applicable entity) and validly exists under and is governed by the laws of its jurisdiction of formation, amalgamation, merger, continuance, establishment or creation, as the case may be, with the power and authority to own its assets and property, carry on its business as currently conducted, and to enter into this Agreement; (b) this Agreement and all other agreements, documents and instruments delivered in connection with this Agreement or the transactions contemplated hereby have been duly authorized, executed and delivered by all necessary action on the part of Client and constitute legal and valid agreements binding upon Client enforceable in accordance with their respective terms; (c) all information as defined in Section 48 provided by Client to Lender is accurate; and (d) all payments to Lender are and will be derived from legal sources. Client agrees to furnish to Lender a copy of its most recent annual financial statements, audited if applicable, promptly upon availability and in any event, within 90 days of each financial year-end. Upon request by Lender, Client agrees also to furnish its quarterly financial statements promptly upon availability and, in any event, within 60 days of each financial quarter-end.

**28. Statutory Waivers and Acknowledgement**

28.1 To the extent permitted by law, Client waives its right to receive a copy of any financing statement or financing change statement registered by Lender and of any related verification statement.

28.2 [Intentionally deleted.]

**29. No Set-Off - Exclusion And Assignment Of Warranties**

29.1 Client irrevocably and unconditionally waives all equities against any Instalment and other amount due to Lender hereunder and agrees to pay each such Instalment and other amount without regard to any equities. Neither defects in, damage to, nor loss or destruction of Collateral shall terminate this Agreement or reduce any Obligations, except as otherwise expressly provided herein.

29.2 Client represents and warrants to and covenants with Lender that Collateral is and will be used for commercial, industrial or business purposes only and not for personal, family, household or farming purposes;

29.3 (a) Lender shall not be bound by or be deemed to have made or be liable for any representation, warranty or promise made by Supplier or otherwise; (b) Lender shall not be liable for any failure of Equipment including any latent defect or alleged fundamental breach of this Agreement; (c) neither Lender nor any of its employees, servants or agents has made and does not now make any representation or warranty whatsoever, express or implied, with respect to Equipment or any intellectual or industrial property rights therein including, without limitation, the design, specifications, condition, quality, merchantability or fitness for Client's purposes and (d) Lender shall have no liability for any direct, indirect, punitive, exemplary, special or consequential damages or loss of profits, actual or anticipated, or for any damages based on strict or absolute tort or delictual liability or Lender's or Supplier's negligence. Nothing herein shall deprive Client of its rights against Supplier or any person other than Lender. Client shall make any claims with respect to Equipment directly against Supplier.

29.4 If Equipment is seized or sold by Lender, all warranties of Supplier and rights to all software, other intellectual and

industrial property licenses accompanying goods shall be deemed assigned by Client to Lender.

**Notices**

Any notice, demand, consent or other communication required or permitted hereunder ("Notice") shall be in writing and may be delivered, or sent by prepaid registered mail, facsimile or other means which produces a permanent written record (a "transmission"). Mailed Notice shall be deemed to have been given five business days after mailing provided there is no general disruption or stoppage of postal services then in effect, in which case delivery shall be made by one of the other methods permitted herein; delivered Notice shall be effective upon delivery during business hours to an apparently responsible adult, and transmissions shall be deemed to have been received at the opening of the business day immediately following transmission. Addresses for Notice shall be those addresses stated on the face hereof and may be changed in accordance with the foregoing.

**31. Remedies Cumulative**

All rights and remedies of Lender hereunder are cumulative and not exclusive or alternative and may be exercised by Lender separately or together, in any order, sequence or combination.

**32. Forbearance, Indulgence and Waivers**

Forbearance or indulgence by Lender in any instance shall not constitute a general waiver of the obligation under this Agreement to which the same applies. Any waiver by Lender of its rights must be in writing and shall not extend to any other obligation or right.

**33. Allocations**

Client hereby irrevocably and unconditionally waives any present or future right to allocate any payment made to Lender to any specific Obligation due under this Agreement or under any other agreement with Lender or any Affiliate, nominee or agent of Lender. Lender may allocate and apply any payment received to any obligation due hereunder or under any other agreement with Lender or Affiliate, nominee or agent of Lender and may reverse, reallocate and re-apply any such payment as many times and in such manners as Lender from time to time sees fit. Payments received shall be allocated upon receipt of legal tender or cleared funds. Lender is hereby irrevocably authorized to combine and set off amounts payable by it to Client with amounts owing to it from Client (in each case whether matured or not and whether absolute or contingent) under the same or different agreements.

**34. Time**

Time is and shall remain of the essence of this Agreement.

**35. Entire Agreement**

There are no representations, warranties, covenants, agreements or acknowledgements by Lender affecting the Financed Amount, the Obligations, the Accrued Liability, this Agreement or the Collateral, other than as expressed in this Agreement or expressed in the other documents, instruments or security delivered in connection herewith. No amendment, restatement, supplement or other modification to this Agreement will be valid or binding unless set forth in writing and duly executed by each of the parties hereto.

**36. Severability**

Any term, condition or provision of this Agreement which is deemed to be void, prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be severed herefrom and ineffective to the extent of such invalidity, prohibition or unenforceability, without in any way invalidating the balance hereof.

**37. No Merger in Judgment**

The taking of any judgment by Lender under this Agreement shall not operate as a merger or novation of any term or condition hereof or of any Obligation.

**38. Further Assurances and Power of Attorney**

**38.1** Client and Lender each shall do, execute and perform all such acts, deeds, documents and things as may be reasonably required to enable Lender to have the full benefit of all rights and remedies intended to be reserved or created hereby and to better assure, register and perfect the Liens granted or taken in relation to the Collateral or any part of the Collateral. Lender is hereby appointed Client's lawful attorney to complete and/or correct any information on the face hereof or in any Schedule hereto.

**38.2** Each power of attorney granted in this Agreement is granted with full power of substitution, is irrevocable, is coupled with

an interest, shall survive termination of this Agreement and may be exercised during any subsequent legal incapacity of Client or Lender.

**39. Currency**

Unless otherwise stated in this Agreement, all sums of money payable hereunder shall be paid in Canadian dollars. If any amount payable pursuant to this Agreement needs to be converted from US dollars to Canadian dollars, including for purposes of determining the amount of the Financed Amount or any Instalment, such conversion shall be made by Lender on the relevant date at the Conversion Rate and Lender will notify Client of the Canadian dollar amount so converted.

**40. Survival**

Notwithstanding any other Section, any accrued Obligations, the Obligations of Client under Sections 14.4, 15, 21, 22, 23, 28, and 33 and all rights of Lender hereunder, whether accrued or not, shall survive the termination or expiration of this Agreement and the payment of the Accrued Liability and all other amounts payable hereunder.

**41. Section Headings**

Section headings in this Agreement are for convenience of reference only and do not affect the interpretation or construction hereof.

**42. Assignment**

**42.1** Client shall not assign this Agreement or any Obligations or rights hereunder without the prior written consent of Lender, and such consent may be withheld by Lender in its sole and unfettered discretion. No action aforesaid by Client shall relieve Client of any of its Obligations.

**42.2** Lender may assign or transfer in whole or in part its rights under this Agreement or the Collateral, and/or grant a security interest, mortgage, transfer, charge or assignment in its rights hereunder or in the Collateral and any assignee, transferee or beneficiary of such security interest, mortgage, transfer, charge or assignment ("Assignee") shall be unrestricted in the exercise of such rights. Client shall recognize any such assignment, transfer or grant and shall not assert against any Assignee any Claims or Equities which it may have against Lender respecting this Agreement or the Collateral and waives all Claims and Equities against Assignee's rights to enforce this Agreement based on Lender's alleged failure to perform same or any Supplier's breach of Warranties.

**43. Benefit of the Agreement**

This Agreement shall enure to the benefit of and be binding upon Lender and Client, and each of their respective heirs, executors, administrators, personal representatives, successors and permitted assigns and lessees, including without limitation any successor or assign arising as a result of an amalgamation or other corporate or business reorganization.

**44. Choice of Law**

This Agreement shall be governed, construed, performed and enforced in accordance with the laws of the Province where the address of Client is located as stated on the face of this Agreement.

**45. Language**

The parties hereto have expressly required that this Agreement and all documents, agreements and notices related thereto be drafted in the English language. Les parties aux présentes ont expressément exigé que le présent contrat et tous les autres documents, conventions ou avis qui y sont afférents soient rédigés en langue anglaise.

**46. Joint and Several Liability**

If more than one person executes this Agreement as Client their obligations hereunder shall be joint and several and, where the context so admits, each reference in this Agreement to "Client" shall include reference to any one or more or all such persons and the acts or omissions of and such persons shall bind all of them.

**47. Receipt of Agreement**

Client acknowledges receipt of an executed copy of this Agreement.

**48. Information**

Client hereby consents and authorizes Lender and its Affiliates, agents, nominees, contractors and representatives, at any time, (a) to collect, verify, use, communicate with and disclose to third parties (including credit reporting agencies, financial institutions, creditors, vendors and other persons) any credit, financial and other information, including personal information (as applicable) and information related to the credit rating, financial capacity and payment history, with respect to Client ("Information"), as Lender deems necessary to process, complete, service and enforce the transactions hereby contemplated and any other existing or potential transactions, or as required or otherwise permitted by law; (b) to respond to inquiries from, and exchange any Information with, third parties concerning Client's credit rating, financial capacity and payment history; (c) to provide Information to persons to whom Lender considers assigning, granting a participation or otherwise disposing of rights or obligations under the transactions hereby contemplated; and (d) to provide to any person copies of this Agreement. This consent is in addition to and does not replace any consent previously given.

**49. Fund off Fax**

This Agreement may be executed in several counterparts and such counterparts together shall constitute one and the same instrument and shall be effective as of the formal date hereof. Each of Client and Lender agrees that if the original of this Agreement and/or related certificates, authorizations or other documents (collectively, the "Closing Documents") is not received by Lender, then Lender, in its sole discretion, may decide to treat and rely on the executed version of any such Closing Document that has been transmitted to Lender by facsimile transmission ("fax") or by the use of other electronic means such as email (any such other electronic transmission being herein referred to as "pdf") as the signed original of such Closing Document. Without limiting the generality of the foregoing, each of Client and Lender further agrees that any Closing Document signed and transmitted by fax or pdf shall be treated for all purposes as an original document, the signature of any party on such Closing Document shall be considered as an original signature and the Closing Document transmitted by fax or pdf shall have the same effect as a counterpart thereof containing original signatures. No party shall raise as a defense to the enforcement of any Closing Document that a facsimile, email or other electronic transmission was used to transmit any signature of a party to such Closing Document.



SCHEDULE EEQUIPMENT LOAN  
AND SECURITY AGREEMENTADDITIONAL EVENTS OF DEFAULT

For purposes of Section 19(r) of Schedule D of this Agreement, the occurrence of any of the following shall constitute a Default:

- (i) without the prior written consent of the Lender, the Client makes or permits to be made any distributions (whether in the form of cash, securities or any other consideration) to any person (other than in the normal course of business at levels not in excess of industry practice), provided that the repayment of shareholder loans shall be permitted so long as Client remains in compliance with this Agreement both before and immediately after the repayment of such loans;
- (ii) without the prior written consent of the Lender, the Client or any of the Corporate Guarantors permits, consents to or enters into any corporate merger, amalgamation or reorganization;
- (iii) a final judgment of \$50,000 or final judgments in the aggregate of \$100,000 for damages are rendered against the Client or any Guarantor, and such judgment or judgments shall remain undischarged, unvacated, unbonded or unstayed for more than 30 days; or
- (iv) the Client or any Guarantor contests the validity or enforceability of any of the documents, instruments or agreements (including any security), or any part or parts thereof, given by it or denies that it has any further liability or obligation thereunder (except as a result of the Client's or such Guarantor's satisfaction of such liability or obligation).

To: Canadian Western Bank (the "Assignee")

From: Joseph Richard Investment Ltd. (the "Borrower")

And From: The Corporate Guarantors (as such term is defined in the Loan agreement) (collectively with the Borrower, the "Assignors", and each, an "Assignor")

Date: \_\_\_\_\_, 2018

**ASSIGNMENT OF MATERIAL DOCUMENTS**

**WHEREAS:**

1. Pursuant to an equipment loan and security agreement dated as of the date hereof (as such equipment loan and security agreement may be amended, supplemented, restated, replaced or otherwise modified, from time to time, the "Loan Agreement") between the Borrower and the Lender, the Borrower is now indebted or liable and may hereafter become further indebted or liable to the Lender.
2. As a condition of the Assignee entering into the Loan Agreement, the Assignors are required to assign to the Assignee, each Assignor's present and future rights and interests arising under or in connection with the Material Documents (as such term is defined below).
3. The Assignors have agreed to effect such assignment to the Assignee as set out herein.

**NOW THEREFORE:**

This agreement witnesses that for good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by the Assignors) the Assignors agree as follows:

**ARTICLE 1 - INTERPRETATION**

**1.1 Definitions.**

In this assignment of material documents agreement (this "Agreement"), the term "Material Document" shall mean each of the contracts, instruments or agreements to which the Assignors (or any of them) are (or is) a party in connection with any of the businesses of the Assignors, the termination of which could reasonably be expected to result in a Material Adverse Effect. The term "Material Adverse Effect", shall mean, when used with reference to any fact, event or circumstance or any person, a fact, event or circumstance that, either alone or when taken together with other facts, events or conditions occurring or existing concurrently with such fact, event or circumstance, (i) has or could reasonably be

expected to have a material adverse effect on the business, assets, operations, condition (financial or otherwise), property or prospects of any Assignor, the assets of any of the Assignors or any portion thereof, (ii) materially impairs or could reasonably be expected to materially impair the ability of any Assignor to pay and perform its respective obligations under this Agreement, the Loan Agreement or any of the documents given in connection therewith (collectively, the "Loan Documents") to which it is a party, (iii) materially impairs or could reasonably be expected to materially impair the validity or enforceability of any of the Loan Documents or the Assignee's ability to enforce any of its rights or remedies under any of the Loan Documents, or (iv) has or is reasonably expected to have a material adverse effect on the assets of the Assignors or on the existence or priority of any lien in favour of the Assignee in respect of any of the businesses of the Assignors or any of their assets. The term "Material Third Party Contractors", shall mean those persons who are parties to any of the Material Documents other than an Assignor or the Assignee.

### **1.2 Interpretation Not Affected By Headings Etc.**

Grammatical variations of any terms defined in this Agreement shall have similar meanings; words importing the singular number shall include the plural and *vice versa*; words importing gender shall include all genders. The insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

### **1.3 Severability.**

Any provision of this Agreement which is illegal, invalid or unenforceable in any jurisdiction shall not affect the legality, validity or enforceability of the remaining provisions and any such illegality, invalidity or unenforceability in any jurisdiction shall not affect the legality, validity or enforceability of such provision in any other jurisdiction.

### **1.4 Governing Law.**

This Agreement shall be governed by the laws of the Province of British Columbia and the laws of Canada applicable therein.

### **1.5 Binding On Successors, Etc.**

This Agreement and everything contained in this Agreement shall inure to the benefit of the Assignee and its successors and assigns and shall be binding upon the Assignors and each of their successors and permitted assigns. No Assignor may assign any of its rights or obligations under this Agreement without the prior written consent of the Assignee.

**ARTICLE 2 - ASSIGNMENT, ETC.**

**2.1 Assignment.**

Subject to the provisions of this Agreement, each Assignor hereby unconditionally and irrevocably assigns, transfers and sets over to and in favour of the Assignee for the benefit of the Assignee as and by way of a fixed and specific assignment, and grants to the Assignee a continuing security interest in, each Assignor's present and future rights and interests whatsoever in, to, under and in respect of the following (collectively, the "Collateral"):

- (a) each Material Document to which it is a party and all rights, entitlements, privileges, benefits, powers, licences and advantages of such Assignor to be derived from such Material Document, save and except for the Non-Assignable Rights (as defined below);
- (b) all covenants, obligations and agreements of the Material Third Party Contractors under, in connection with or in respect of, each such Material Document and all rights and remedies to exercise and enforce the rights, entitlements, privileges, benefits, powers, licences and advantages of such Assignor under, in connection with or in respect of, each such Material Document;
- (c) all indemnities (contractual, statutory or otherwise) of the Material Third Party Contractors under, in connection with or in respect of, each Material Document, and all rights, entitlements, privileges, benefits, powers, licences and advantages of each Assignor to be derived from all such indemnities and all covenants, obligations and agreements of the Material Third Party Contractors with respect to all such indemnities and otherwise to exercise and enforce the rights, entitlements, privileges, benefits, powers, licences and advantages of such Assignor in respect of all such indemnities;
- (d) all revenues and other moneys now due and payable, or which may in the future become due and payable, if any, to each Assignor under or in connection with each Material Document or which are now, or may in the future become, receivable by such Assignor pursuant to or in connection with each Material Document; and
- (e) all rights of each Assignor to perform and exercise all of its rights, entitlements, privileges, benefits, powers, licences and advantages under, in connection with or with respect to, and all remedies in connection with, each Material Document and all rights of each Assignor to damages arising out of, or for, breach or default in respect of each Material Document,

to be held by the Assignee as general and continuing security for the due payment and performance of all present and future debts, liabilities and obligations of the Assignors (and each of them) to the Assignee (whether as principal debtor, guarantor, surety or otherwise) of any and every nature whatsoever and however incurred under, in connection with or with respect to, the Loan Agreement

and the other Loan Documents and any ultimate unpaid balance thereof (collectively, the "Obligations").

## **2.2 Non-Assignability.**

Nothing contained in this Agreement shall be construed as an assignment of, or an attempt to assign, any Material Document or covenant, obligation or agreement of a Material Third Party Contractor which, as a matter of law or by its terms, is (i) not assignable; or (ii) not assignable without first obtaining approval or consent (collectively, the "Non-Assignable Rights"), and each Assignor shall hold all such Non-Assignable Rights in trust for the Assignee as security for the performance of the Obligations and shall enforce its rights under such Non-Assignable Rights at the request of the Assignee given pursuant to Section 4.1 of this Agreement.

## **2.3 No Liability.**

Nothing contained in this Agreement shall render any Assignee, or any of its agents, employees or any other persons for whom such Assignee is in law responsible, liable to any person for the fulfillment or non-fulfillment of the obligations, covenants and agreements (including, but not limited to, the payment of any monies under or in respect of any Material Document) of such Assignor under any Material Document. Each Assignor (jointly and severally) hereby indemnifies and agrees to save and hold harmless the Assignee from and against any and all claims, demands, actions, causes of action, losses, suits, damages and costs whatsoever of any person arising directly or indirectly from or in connection with any Material Document, other than by reason of gross negligence or willful misconduct of the Assignee.

## **2.4 Attorney of the Assignor.**

The Assignee, as attorney or agent of each Assignor and in the name of each, may, at any time and from time to time after the occurrence of an event of default under the Loan Agreement, exercise any of the rights, entitlements, privileges, powers, benefits, licences, advantages, authorities and discretions which under the terms of the Collateral could be exercised by any Assignor with respect to any of the Collateral.

## **2.5 Performance Until Default.**

Until the occurrence of an Event of Default, each Assignor, subject to any other agreement between the Assignee and such Assignor, shall, in a manner which would not cause an Event of Default and which is not inconsistent with the terms and provisions of any of the Loan Documents, be entitled to deal with the Collateral and to enforce all of the benefits, advantages and powers under the Material Documents as though the security interest created by this Agreement had not been made. In the event that an Event of Default shall occur, the Assignee may, but shall not be obligated to, exercise all rights, powers, benefits, advantages, authority and discretions of each Assignor in respect of the Collateral and to

exercise the rights granted to the Assignee under this Agreement in respect of the Collateral in the place and stead of the applicable Assignor, all of which is hereby consented to by each Assignor.

## **2.6 Separate Assignment.**

Each of the rights, privileges, benefits, contracts, permits, policies or other documents or interests comprised in the Material Documents shall be deemed to be the subject of a separate and individual assignment by the provisions of this Agreement. The Assignee may exercise all rights hereunder in respect of each Material Document separately and whether or not the Assignee in its discretion exercises its rights in respect of all or any of the other Material Document.

## **ARTICLE 3 - REPRESENTATIONS, WARRANTIES AND COVENANTS**

### **3.1 Representations and Warranties.**

The Assignors hereby represent and warrant to the Assignee as follows:

- (a) Schedule "A" hereto sets out a complete and accurate list of each of the Material Documents;
- (b) the Material Documents are, with respect to the Assignors, valid and enforceable in accordance with their terms;
- (c) the Material Documents have not been modified, amended, altered or changed in any material manner and are in full force and effect, and the parties thereto have performed and satisfied their respective obligations thereunder in all material respects;
- (d) as at the date hereof there are no events or matters which, with the giving of notice, lapse of time or both, would constitute or give rise to a default by any party under the Material Documents;
- (e) it has not assigned, mortgaged, pledged, encumbered or otherwise hypothecated its right, title and interest in and to any or all of the Material Documents to which it is a party in any manner; and
- (f) true and complete copies of all Material Documents to which it is a party shall be delivered to the Assignee upon request.

### **3.2 Covenants.**

Each Assignor hereby covenants and agrees with the Assignee as follows:

- (a) it will observe, perform and satisfy all terms and conditions of all Material Documents to which it is a party required to be performed by it, and will not agree to any material

amendment, release or termination of such Material Documents without the prior written consent of the Assignee, which consent shall not to be unreasonably withheld;

- (b) it will keep its rights and interests under all Material Documents free and clear of all Liens, except for Permitted Liens;
- (c) it will not sell, exchange, transfer, assign or otherwise dispose or deal in any way with its rights or interests under any Material Documents or enter into any agreement to do so;
- (d) it will provide to the Assignee upon its request from time to time such information concerning such Material Documents as the Assignee may reasonably require;
- (e) it will permit the Assignee to make enquiries from time to time in respect of the Material Documents to the Material Third Party Contractors;
- (f) it will give written notice to the Assignee immediately upon becoming aware of any material breach or default by any party under any Material Document, or any material dispute, claim or litigation in respect thereof; and
- (g) it will do, make, execute and deliver such further and other assignments and documents as may be reasonably required by the Assignee in order to establish the assignment of the rights intended to be created hereby and to better accomplish the intention of this Agreement.

#### ARTICLE 4 - DEFAULT

##### 4.1 Rights of Assignee Upon Default.

After the occurrence of an Event of Default, without limiting the rights of the Assignee under or pursuant to this Agreement or any of the other Loan Documents, the Assignee and any agents so appointed by the Assignee shall have the authority in addition to any other rights or remedies available to the Assignee under applicable law:

- (a) to require continued performance under or otherwise deal with the Collateral, upon such terms and conditions and at such time or times as may seem to it advisable, and to charge on its own behalf and pay to others sums for expenses incurred and for services rendered (expressly including legal advice and services) in connection with so collecting, realizing, or obtaining performance of the Collateral, and to add the amount of such sums to the Obligations;
- (b) to perform at the expense of the Assignors (jointly and severally) any and all obligations or covenants of the Assignors under the Collateral or in respect thereof and to enforce performance by the Material Third Party Contractors of their obligations, covenants and agreements thereunder; and

(c) to deal with the Collateral to the same extent as each Assignor could do,

the whole without any liability or responsibility of any kind on the part of the Assignee or its agents (other than by reason of the gross negligence or willful misconduct of such persons).

**4.2 No Obligation to Enforce Collateral.**

The Assignee shall not be liable or accountable for any future failure to enforce or otherwise deal with the Collateral and the Assignee shall not be bound to institute proceedings for the purpose of enforcing or otherwise dealing with the Collateral or for the purpose of preserving any rights of the Assignee, the Assignors (or any of them), or any other person in respect of same. No failure to exercise or any delay on the part of the Assignee in exercising any right, power or remedy provided in this Agreement or by law shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or remedy preclude any further or other exercise of the same right, power or remedy or the exercise of any other such right, power or remedy.

**4.3 Exercise of Powers.**

Where any discretionary powers under this Agreement are vested in the Assignee or its agents or a receiver, such powers may be exercised by an officer or manager of the Assignee or its appointed agents or receiver, as the case may be.

**4.4 Application of Collateral.**

All monies or other amounts collected or received by the Assignee in respect to the Collateral shall be applied as provided in the Loan Agreement or as otherwise permitted by applicable law.

**ARTICLE 5 – GENERAL**

**5.1 No Release.**

This Agreement shall remain in full force and effect without regard to, and the obligations of each Assignor hereunder shall not be affected or impaired by:

- (a) any amendment, modification, replacement of or addition or supplement to any of the Loan Documents or any other agreement or security provided to the Assignee or any other person with respect to any Obligations;
- (b) any exercise or non-exercise of any right, remedy, power or privilege in respect of any Loan Documents, the Obligations or any other agreement or security provided to the Assignee;



- (c) any waiver, consent, extension, indulgence or other action, inaction or omission under or in respect of any Loan Documents or any other agreement or security provided to the Assignee with respect to any Obligations;
- (d) any default by any Assignor under, or any invalidity or unenforceability of, or any limitation of the liability of any Assignor or any irregularity or other defect in, any Loan Documents;
- (e) any merger, consolidation or amalgamation of any Assignor or any shareholder or partner of an Assignor into or with any other Person or any change in the Persons who are from time to time shareholders or partners of an Assignor; or
- (f) any insolvency, bankruptcy, liquidation, reorganization, arrangement, composition, winding-up, dissolution or similar proceeding involving or affecting any Assignor or any shareholders or partners of any Assignor.

## **5.2 Termination of this Agreement.**

Upon payment and performance in full of all of the Obligations, this Agreement shall be and become fully ended and terminated and all right, title, estate and interest in and with respect to the Collateral assigned, transferred and set over by each Assignor under this Agreement shall revert to such Assignor and all covenants and agreements of each Assignor hereunder shall be at an end and the Assignee shall, in such circumstances and upon the written request of the Assignors and at the expense of the Assignors, execute such discharges, re-assignments and other instruments and give such notifications or assurances as may be necessary to fully release, cancel and discharge this Agreement.

## **5.3 No Partnership.**

Nothing contained in this Agreement shall be deemed or construed as creating the relationship of principal and agent or of partnership or of joint venture between the Assignor (or any of them) and the Assignee; it being understood and agreed that none of the provisions contained in this Agreement or any acts of the Assignee or of the Assignors (or any of them), shall be deemed to create any relationship between the Assignee and the Assignors (or any of them) other than the relationship of assignee and assignor.

## **5.4 Rights and Remedies Cumulative.**

The rights and remedies given to the Assignee under this Agreement shall be cumulative of and not substituted for any rights and remedies to which the Assignee may be entitled under any other agreement or security provided to the Assignee with respect to any Obligations or under applicable law, and may be exercised whether or not the Assignee has pursued or is then pursuing any other such rights and remedies. Further, nothing in this Agreement shall curtail or limit the remedies of the Assignee as permitted by applicable law to a creditor, all such remedies being in addition to and not in substitution

for any other rights of the Assignee under this Agreement, or any other agreement or security provided to the Assignee with respect to any Obligations.

**5.5 Time of Essence.**

Time shall be of the essence of this Agreement.

**5.6 Notices.**

Any notice, demand, consent or other communication required or permitted hereunder ("**Notice**") shall be in writing and may be delivered, or sent by prepaid registered mail, facsimile or other electronic means which produces a permanent written record (a "**transmission**"). Mailed Notice shall be deemed to have been given five Business Days after mailing provided there is no general disruption or stoppage of postal services then in effect, in which case delivery shall be made by one of the other methods permitted herein; delivered Notice shall be effective upon delivery during business hours to an apparently responsible adult, and transmissions shall be deemed to have been received at the opening of the Business Day immediately following transmission. Addresses for Notice shall be those addresses stated on the face hereof and may be changed in accordance with the foregoing.

Without prejudice to any other method of giving notice, all communications provided for or permitted hereunder shall be in writing and delivered to the addressee as follows:

- (i) to any Assignor:

c/o Edith & Arthur  
8410 160 Street  
Surrey, BC B4N 0V7  
Attn:  
Email:

- (i) to the Secured Party:

**Canadian Western Bank**  
6860 Century Avenue, Suite 200  
Mississauga, Ontario  
Canada L5N 2V8

Attn: Senior Manager (Restaurants)  
Fax: (647) 998-0277

**5.7 Waiver.**

No consent or waiver, express or implied, by the Assignee to or of any breach or default by the Assignors (or any of them) in performance of its obligations under this Agreement shall be deemed or construed to be a consent or waiver to or of any other breach or default in the performance by the Assignors (or

any of them) under this Agreement. Failure on the part of the Assignee to complain of any act or failure to act of any Assignor or to declare the Assignors (or any of them) in default, irrespective of how long such failure continues, shall not, by itself, constitute a waiver by the Assignee of its rights under this Agreement.

#### **5.8 Amendments.**

This Agreement may not be modified or amended except with the written consent of the Assignee.

#### **5.9 Continuing Security.**

This Agreement and the rights and remedies it creates are a continuing agreement and security, and shall bind the parties until discharge of this Agreement as provided in Section 5.2 of this Agreement.

#### **5.10 Indemnity.**

The Assignors shall, jointly and severally, be liable for, and shall indemnify and save the Assignee harmless of and from, all manner of actions, causes of action, demands, claims, losses, costs, damages and expenses of any and every nature whatsoever which the Assignee may sustain, pay or incur in respect of or in connection with (a) the Collateral, (b) any and all actions of the Assignors (or any of them) pursuant to the exercise by any Assignor of any of its rights, duties or obligations under or in respect of the Collateral, and (c) the lawful and proper exercise or performance by the Assignee of any of its rights and powers as authorized under this Agreement (other than by reason of the gross negligence or willful misconduct of the Assignee).

#### **5.11 Expenses.**

The Assignor shall, jointly and severally, pay to the Assignee on demand all costs and expenses incurred by the Assignee in connection with the preparation, execution, delivery and administration of this Agreement and all related documentation and the amendment and enforcement of, and the preservation and protection of any of the Assignee's rights under, this Agreement and such related documentation (including the fees and expenses of counsel for the Assignee for services provided in connection with the foregoing matters and all sales, goods and services and other similar taxes payable under the laws of any applicable jurisdiction with respect thereto) and shall pay to the Assignee interest thereon, calculated from and including the due date thereof and payable on demand, at the highest per annum rate of interest from time to time applicable to the Obligations, all of which amounts shall be added to, and be deemed to form part of, the Obligations.

#### **5.12 Statutory Waivers.**

To the fullest extent permitted by Applicable Law, each Assignor waives all of the rights, benefits and protections given by the provisions of any existing or future statute or regulation which imposes limitations on the powers, rights or remedies of a secured party or on the methods of realization of security.

**5.13 Receipt.**

The Assignors acknowledge receipt of an executed copy of this Agreement.

**5.14 Counterparts.**

This Agreement may be executed in any number of counterparts and all of which shall constitute one and the same agreement. Any executed counterpart of this Agreement may be executed and delivered by facsimile or other electronic transmission. Delivery of an executed counterpart of this Agreement by facsimile or other electronic transmission shall have the same force and effect as the delivery of an original executed counterpart of this Agreement.

**5.15 Language.**

The parties hereto have expressly required that this Agreement and all documents, agreements and notices related thereto be drafted in the English language. *Les parties aux présentes ont expressément exigé que le présent contrat et tous les autres documents, conventions ou avis qui y sont afférents soient rédigés en langue anglaise.*

*(The remainder of this page has intentionally been left blank; the signature pages follow.)*

IN WITNESS OF WHICH the Assignors have duly executed this Agreement as of the date first indicated at the top of the first page hereof.

**BORROWER**

**JOSEPH RICHARD INVESTMENTS LTD.**

By: 

Name: Ryan Moreno

Title: Director / President

**CORPORATE GUARANTORS**

**AD PROLEM CAPITAL INVESTMENTS LTD.**

By: 

Name: Ryan Moreno

Title: Director / President

**THE WILLIAM PUBLIC HOUSE LTD.**

By: 

Name: Ryan Moreno

Title: Director / President

**EDITH & ARTHUR PUBLIC HOUSE LTD.**

By: 

Name: Ryan Moreno

Title: Director / President

**JOSEPH BOURQUE INVESTMENTS LTD.**

By: 

Name: Andre Bourque

Title: Director / President

**JOSEPH RICHARD IP HOLDINGS LTD.**

By: 

Name: Ryan Moreno

Title: Director / President

**JOSEPH RICHARD HOSPITALITY GROUP LTD.**

By: 

Name: Ryan Moreno

Title: Director / President

**JOSEPH RICHARD MANAGEMENT LTD.**

By: 

Name: Ryan Moreno

Title: Director / President


**JRG CLOVERDALE VENTURES LTD.**

By: 

Name: Ryan Moreno

Title: Director / President


**MICKY'S INVESTMENTS (COQUITLAM) LTD.**

By:   
Name: Ryan Moreno  
Title: Director/President


**THE ITALIAN OSTERIA AND CHEESE BAR LTD.**

By:   
Name: Ryan Moreno  
Title: Director/President


**OAK & THORNE PUBLIC HOUSE LTD.**

By:   
Name: Ryan Moreno  
Title: Director/President


**OCEANSIDE YACHT CLUB AND PUBLIC HOUSE LTD.**

By:   
Name: Ryan Moreno  
Title: Director/President


**S & L KITCHEN & BAR HOLDINGS ABBOTSFORD LTD.**

By:   
Name: Ryan Moreno  
Title: Director/President

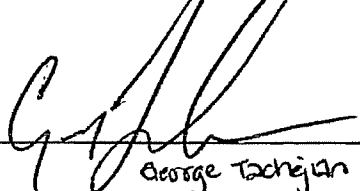
**S & L KITCHEN & BAR HOLDINGS LANGLEY LTD.**

By:   
Name: Ryan Moreno  
Title: Director/President


**S & L KITCHEN & BAR HOLDINGS SOUTH SURREY LTD.**

By:   
Name: Ryan Moreno  
Title: Director/President


**STEVESTON HOSPITALITY SERVICES LTD.**

By:   
Name: George Tachjan  
Title: Director


**SUDO ASIAN KITCHEN HOLDINGS (LANGLEY) LTD.**

By:   
Name: Ryan Moreno  
Title: Director/President


**TOWNHALL HOLDINGS LTD.**

By:   
Name: Ryan Moreno  
Title: Director/President

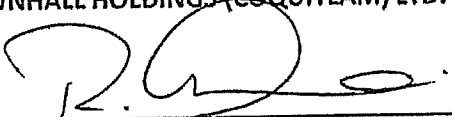
**TOWNHALL HOLDINGS (ABBOTSFORD) LTD.**

By:   
Name: Ryan Moreno  
Title: Director/President


**TOWNHALL HOLDINGS (CHILLIWACK) LTD.**

By:   
Name: Ryan Moreno  
Title: Director/President


**TOWNHALL HOLDINGS (COQUITLAM) LTD.**

By:   
Name: Ryan Moreno  
Title: Director / President


**TOWNHALL HOLDINGS FORT MCMURRAY LTD.**

By:   
Name: Ryan Moreno  
Title: Director / President

**TOWNHALL HOLDINGS (MAPLE RIDGE) LTD.**

By:   
Name: Ryan Moreno  
Title: Director / President

**TOWNHALL HOLDINGS (SOUTH SURREY) LTD.**

By:   
Name: Ryan Moreno  
Title: Director / President

## Schedule "A"

## Material Documents

- A. Distribution Agreement dated as of May 9, 2014 between Sysco Vancouver, Inc., a division of Sysco Canada, Inc. ("Sysco") and Joseph Richards Group (the "Customer") pursuant to which the Customer appoints Sysco to serve as its primary distributor of foodservice products
- B. Business Licences

	<b>Issued To</b>	<b>Business and Location Address</b>	<b><u>Licence No.</u></b>	<b><u>Expiry Date</u></b>
1.	S & L Kitchen & Bar Holdings Langley Ltd. c/o Edith & Arthur 8410 160 Street Surrey, BC B4N 0V7	Restaurant B 8399 200 Street Langley, BC V3Y 3C2	00059910	2019 January 4

- C. Food Primary Licences

	<b>Issued To</b>	<b>Third Party Operator</b>	<b>Establishment Name and Location Address</b>	<b><u>Licence No.</u></b>	<b><u>Expiry Date</u></b>
1.	JRG Cloverdale Holdings Ltd.	N/A	Clover Inn 5708 176 <sup>th</sup> Street Surrey, BC V3S 4C8	080710	2019 January 31
2.	838 Gainful Venture Ltd.	Micky's Investments (Coquitlam) Ltd.	Micky's Restaurant 170 Golden Drive Coquitlam, BC V3K 6B5	120262	2019 April 30
3.	S & L Kitchen & Bar Holdings Abbotsford Ltd.	N/A	S + L Kitchen + Bar 200 – 2070 Sumas Way Abbotsford, BC V2S 2C7	307207	2018 November 30
4.	525 W. Georgia Street Ltd.	Steveston Hospitality Services Ltd.	Steveston Hotel 12111 3 <sup>rd</sup> Avenue Richmond, BC V7E 3K1	0850016	2018 November 30
5.	Oak & Thorne Langley Holdings Ltd.	N/A	The Italian Osteria & Cheesebar 20330 88 <sup>th</sup> Avenue Langley, BC V1M 2Y4	306688	2018 October 31
6.	Townhall Holdings (Chilliwack) Ltd.	N/A	Townhall L100 – 6640 Vedder Road Chilliwack, BC V2R 0J2	307873	2019 April 30



## D. Liquor Primary Licences

	<b>Issued To</b>	<b>Third Party Operator</b>	<b>Establishment Name and Location Address</b>	<b><u>Licence No.</u></b>	<b><u>Expiry Date</u></b>
1.	JRG Cloverdale Holdings Ltd.	N/A	Clover Inn 5708 176 <sup>th</sup> Street Surrey, BC V3S 4C8	080731	2019 January 31
2.	JRG Cloverdale Holdings Ltd.	JRG Cloverdale Ventures Ltd.	The Henry Public House 5708 176 <sup>th</sup> Street Surrey, BC V3S 4C8	012744	2019 January 31
3.	838 Gainful Venture Ltd.	Micky's Investments (Coquitlam) Ltd.	Micky's Public House 170 Golden Drive Coquitlam, BC V3K 6B5	130257	2019 April 30
4.	527758 B.C. Ltd.	The Hemingway Public House	Oceanside Yacht Club Waterfront Public House 14995 Marine Drive White Rock, BC V4B 1C3	017056	2018 November 30
5.	S & L Kitchen & Bar Holdings South Surrey Ltd.	N/A	S & L Kitchen & Bar South Surrey 10 – 16051 24 <sup>th</sup> Avenue Surrey, BC V3S 9H7	303226	2018 October 31
6.	Townhall Holdings Ltd.	N/A	Town Hall Public House 19640 64 <sup>th</sup> Avenue Langley, BC V2Y 1R3	305484	2019 May 31
7.	Versailles Steak & Lobster House (1983) Ltd.	Townhall Holdings (Coquitlam) Ltd.	Town Hall 925 Brunette Avenue Coquitlam, BC V3K 1C8	013858	2019 March 31
8.	Townhall Holdings Fort McMurray Ltd.	N/A	Townhall Public House Fort McMurray 5 – 8104 Fraser Avenue Fort McMurray, AB	774887-1 Class A	2018 July 9
9.	Townhall Holdings (Maple Ridge) Ltd.	N/A	Townhall Public House 200 – 20690 Lougheed Highway Maple Ridge, BC V2X 2P8	307134	2018 September 30
10.	Tapwood Holdings Ltd.	Townhall Holdings (South Surrey) Ltd.	Town Hall 3140 King George Hwy Surrey, BC V4P 1A2	182305	2018 November 30

## E. Licensee Retail Store Licences

	<b>Issued To</b>		<b>Establishment Name and Location Address</b>	<b><u>Licence No.</u></b>	<b><u>Expiry Date</u></b>
1.	0892167 B.C. Ltd.	JRG Cloverdale Ventures Ltd.	Clover Crossing Liquor Store 413 – 6466 176 <sup>th</sup> Street Surrey, BC V3S 4G3	191727	2019 January 31
2.	525 W. Georgia Street Ltd.	Steveston Hospitality Services Ltd.	Steveston Hotel 12111 3 <sup>rd</sup> Avenue Richmond, BC V7E 3K1	192634	2018 November 30



To: Canadian Western Bank (the "Secured Party")

Date: \_\_\_\_\_, 2018

### GENERAL SECURITY AGREEMENT

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Debtor, the Debtor hereby agrees as follows:

#### Definitions and Interpretation

1. In this agreement, the following words shall, unless otherwise provided, have the meanings set out below:

**"Business Day"** means a day, other than a Saturday, Sunday or statutory holiday in the Province of British Columbia.

**"Collateral"** means all present and future property, assets and undertaking of the Debtor pledged, assigned, mortgaged, charged, hypothecated or made subject to a security interest pursuant to this agreement.

**"Contractual Right"** means any agreement, right, franchise, royalty, licence, authorization, approval, privilege or permit (a) to which the Debtor is now or hereafter becomes a party, (b) in which the Debtor now or hereafter has any interest or (c) of which the Debtor is or hereafter becomes a beneficiary.

**"Debtors"** means the signatories to this agreement (specifically including each party which executes and delivers to the Secured Party an attornment agreement in the form attached hereto as Exhibit "A" to this Agreement), and "Debtor" means any one of them.

**"Intellectual Property"** means all patents, trademarks, trade names, business names, trade styles, logos and other business identifiers, copyrights, technology, inventions, industrial designs, know-how, trade secrets and other industrial and intellectual property in which the Debtor now or in the future has any right, title or interest and which are material to the conduct of the Debtors' business.

**"Investment Collateral"** means all present and future Investment Property (as such term is defined in the PPSA) and Financial Assets (as such term is defined in the STA) of the Debtor, including all present and future options and warrants of the Debtor and all other rights and entitlements arising therefrom or related thereto, and the Debtor's present and future interests in partnerships, limited partnerships, limited liability partnerships and limited liability

2.

companies, and including all substitutions for any of the foregoing and dividends and income derived therefrom or payable in connection therewith, including, for greater certainty, any Investment Collateral listed or described in Schedule "C" hereto.

**"Loan Agreement"** means any equipment loan and security agreement between the Debtor and the Secured Party, as may be amended, supplemented, otherwise modified, restated or replaced from time to time.

**"Obligations"** means all present and future indebtedness, liabilities and obligations, direct or indirect, absolute or contingent, matured or unmatured, joint or several, of the Debtors (collectively) to the Secured Party, including without limitation any such indebtedness, liabilities and obligations arising under any Loan Agreements or any guarantees given in respect thereof.

**"Other Collateral"** shall have the meaning ascribed to such term in subsection 11(b).

**"Permitted Encumbrances"** means any and all liens, charges, mortgages, security interests, hypothecs and other encumbrances which affect all or any portion of the Collateral and which have been permitted or consented to in writing by the Secured Party (including any such liens, charges, mortgages, security interests and encumbrances the particulars of which are listed in Schedule "B" hereto).

**"Person"** means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, limited partnership or other entity.

**"PPSA"** means the *Personal Property Security Act* (British Columbia), as amended from time to time and any legislation substituted therefor and any amendments thereto.

**"Receiver"** means a receiver, receiver-manager and receiver and manager.

**"Security Interest"** means the pledges, assignments, mortgages, charges and hypothecations of and the security interests in the Collateral created in favour of the Secured Party hereunder.

**"STA"** means the *Securities Transfer Act* (British Columbia), as amended from time to time and any legislation substituted therefor and any amendments thereto.

2. References such as "this agreement", "hereof", "herein", "hereto" and like references refer to this agreement and any exhibits or schedules attached hereto (all of which exhibits and schedules, form a part of this agreement) and not to any particular section, subsection, paragraph or other subdivision of this agreement.

3.

3. The division of this agreement into sections, subsections and paragraphs and the insertion of headings in this agreement are for convenience of reference only and shall not affect the construction or interpretation of this agreement.
4. Terms used herein which are defined in the PPSA shall have the same meanings herein as are ascribed to such terms in the PPSA, unless such terms are otherwise defined.
5. The word "Debtor", the personal pronoun "it" or "its" and any verb relating thereto and used therewith shall be read and construed as required by and in accordance with the context in which such words are used. The term "successors" shall include, without limiting its meaning, any corporation resulting from the amalgamation of a corporation with another corporation. Where the context so requires, words used herein (including defined terms) importing the singular shall include the plural and vice versa and words used herein (including defined terms) importing gender shall include all genders (including the neuter).
6. This agreement shall be binding upon each Debtor as if each such Debtor had executed and delivered a separate agreement to the Secured Party in the same form as this agreement without any other signatories thereto; and each reference to "the Debtor" in this Agreement shall refer to each Debtor individually. The addition of any Debtors as parties to this agreement from time to time, and the release by the Secured Party of any Debtors from this agreement from time to time, shall not require the consent of any other Debtor; and for greater certainty the obligations of each Debtor hereunder shall remain in full force and effect until this agreement is released by the Secured Party in accordance with the terms hereof notwithstanding the said addition or release of any other Debtor. Any notice delivered to a Debtor hereunder shall be deemed to have been received by all Debtors concurrently. The Secured Party's rights hereunder may be enforced from time to time against any Debtor or its assets without the requirement on the part of the Secured Party to marshal any of its claims or to exercise any of its rights against or for the benefit of any Debtor or to exhaust any remedies available to it against any Debtor or to resort to any other source or means of obtaining payment of any of the Obligations or to elect any other remedy.
7. Nothing herein (including the definition and use of the term Permitted Encumbrances) is intended or shall be deemed to subordinate the Security Interest to any Permitted Encumbrance or any other lien, charge, mortgage, security interest, hypothec or encumbrance affecting all or any portion of the Collateral.
8. If one or more of the provisions contained herein shall be invalid, illegal or unenforceable in any respect, such provision or provisions shall be severed from this agreement only to the extent necessary, and the validity, legality and enforceability of the remaining provisions hereof, including the provision or provisions remaining after such severance, shall not in any way be affected or impaired thereby.

4.

9. Unless otherwise expressly provided in this agreement, if any matter in this agreement is subject to the determination, consent or approval of the Secured Party or is to be acceptable to the Secured Party, such determination, consent, approval or determination of acceptability will be in the sole discretion of the Secured Party, which means the Secured Party shall have sole and unfettered discretion, without any obligation to act reasonably. If any provision in this agreement refers to any action taken or to be taken by the Debtor, or which the Debtor is prohibited from taking, such provision will be interpreted to include any and all means, direct or indirect, of taking, or not taking, such action. When used in the context of a general statement followed by a reference to one or more specific items or matters, the term "including" shall mean "including, without limitation" and the use of the term "includes" shall mean "includes, without limitation".
10. 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. The Debtor hereby irrevocably and unconditionally attorns and submits to the non-exclusive jurisdiction of the courts of the Province of British Columbia, provided that nothing herein shall prevent the Secured Party from proceeding at its election against the Debtor in the courts of any other province, country or jurisdiction.

#### **Grant of Security Interest**

11. As continuing security for the payment and performance of all Obligations, the Debtor:
- (a) hereby pledges, assigns, mortgages, charges and hypothecates to the Secured Party and grants to the Secured Party a security interest in the following:
    - (i) all present and future equipment of the Debtor, including all of its present and future machinery, fixtures, plant, tools, furniture, books, records, documents, vehicles of any nature, kind or description, and all accessions to any of the foregoing, including all spare parts and accessories installed in or affixed or attached to any of the foregoing, and all drawings, specifications, plans and manuals relating to the foregoing;
    - (ii) all present and future inventory of the Debtor, including all of its present and future raw materials, materials used or consumed in its business, work-in-progress, finished goods, goods used for packing and goods acquired or held for sale or lease or that have been leased or furnished or that are to be furnished under contracts of rental or service, and all accessions to any of the foregoing, including all spare parts and accessories installed in or affixed or attached to any of the foregoing;
    - (iii) all present and future Contractual Rights and all other intangibles of the Debtor, including all of its present and future accounts and other amounts receivable,

5.

book debts, goodwill, Intellectual Property, choses in action of every nature and kind and interests in partnerships;

- (iv) all present and future documents of title, chattel paper, instruments and money of the Debtor;
  - (v) all present and future Investment Collateral; and
  - (vi) all proceeds arising from the property, assets and undertaking of the Debtor referred to in this section 11, including insurance proceeds and any other payment representing indemnity or compensation for loss of or damage thereto; and
- (b) hereby charges as and by way of a floating charge in favour of the Secured Party all present and future real property, personal property, assets, and undertaking of the Debtor of any nature or kind, including all real property, personal property, assets and undertaking at any time owned, leased or licenced by the Debtor or in which the Debtor at any time has any right or interest or to which the Debtor is or may at any time become entitled, other than the property, assets and undertaking of the Debtor validly pledged or assigned or subjected to a valid mortgage, charge, hypothec or security interest by subsection 11(a)(i), 11(a)(ii), 11(a)(iii), 11(a)(iv) and 11(a)(v) hereof and subject to the exceptions hereinafter contained (all of which property, assets, effects and undertakings so charged by this clause are herein collectively called the "**Other Collateral**") and the charge created by this subsection 11(b) shall be a floating charge such that the Debtor shall not have power without the prior written consent of the Secured Party to:
- (i) create or permit to exist any lien, encumbrance or security interest against any of the Other Collateral which ranks or could in any event rank in priority to or pari passu with the Security Interest, save for Permitted Encumbrances; or
  - (ii) grant, sell, exchange, transfer, assign, lease or otherwise dispose of the Other Collateral.

#### **Limited Exceptions to Grant of Security Interest**

12. Despite any other provision of this agreement, the last day of any term reserved by any lease of real property, oral or written, or any agreement therefor, now held or hereafter acquired by the Debtor, and whether falling within the general or particular description of the Collateral, is hereby and shall be excepted out of the Security Interest, but the Debtor shall stand possessed of the reversion of one day remaining in the Debtor in respect of any such term, for the time being demised, as aforesaid, upon trust to assign and dispose of the same as any purchaser of such term shall direct.

6.

13. Despite any other provision of this agreement, the Security Interest shall not attach to any Contractual Right to the extent that the granting of the Security Interest therein would constitute a breach of, or permit any Person to terminate such Contractual Right, but the Debtor shall hold its interest in each such Contractual Right in trust for the Secured Party and shall, after the Security Interest shall have become enforceable, specifically assign each such Contractual Right to the Secured Party, or as the Secured Party may otherwise direct. The Debtor agrees that it shall, upon the request of the Secured Party, whether before or after the Security Interest has become enforceable, use all commercially reasonable efforts to obtain any consent required to permit any such Contractual Right to be subjected to the Security Interest, and the Security Interest shall attach to such Contractual Right following the receipt of such consent.
14. Despite any other provision of this agreement, the interests granted to the Secured Party pursuant to this agreement in the Debtor's existing and after-acquired trademarks shall be limited to the Secured Party's security interests therein.

#### **Attachment**

15. The Debtor confirms and agrees that:
  - (a) value has been given by the Secured Party to the Debtor;
  - (b) the Debtor has rights in all existing Collateral and power to transfer rights in the Collateral to the Secured Party; and
  - (c) the Debtor and the Secured Party have not postponed the time for attachment of the Security Interest, and the Security Interest shall attach to existing Collateral upon the execution of this agreement and shall attach to Collateral in which the Debtor hereafter acquires rights at the time that the Debtor acquires rights in such Collateral.

#### **Provisions with respect to Investment Collateral**

16. Whenever any Investment Collateral is a certificated security, an uncertificated security or a security entitlement, the Debtor shall, or shall cause the issuer of such Investment Collateral to, or shall cause the securities intermediary that holds such Investment Collateral to, take all steps as are necessary to give exclusive control over such Investment Collateral to the Secured Party in a manner satisfactory to the Secured Party.
17. All certificates representing Investment Collateral may remain registered in the name of the Debtor, but the Debtor shall, promptly at the request of the Secured Party, duly endorse such certificates in blank for transfer or execute stock powers of attorney in respect thereof and deliver such certificates or powers of attorney to the Secured Party; in either case with signatures guaranteed and with all documentation being in form and substance satisfactory to the Secured Party. Upon the request of the Secured Party:



7.

- (a) the Debtor shall promptly cause the Investment Collateral to be registered in the name of the Secured Party or its nominee, and the Secured Party is hereby appointed the irrevocable attorney (coupled with an interest) of the Debtor with full power of substitution to cause any or all of the Investment Collateral to be registered in the name of the Secured Party or its nominee;
- (b) the Debtor shall promptly cause each securities intermediary that holds any Investment Collateral that is a security entitlement to record the Secured Party as the entitlement holder of such Investment Collateral; and
- (c) the Debtor shall promptly:
  - (i) cause a security certificate to be issued for any Investment Collateral that is in the form of an uncertificated security or a security entitlement;
  - (ii) endorse such security certificate in blank;
  - (iii) deliver such security certificate to the Secured Party; and
  - (iv) take all other steps necessary to give exclusive control over such certificated security to the Secured Party,

in a manner satisfactory to the Secured Party.

- 18. Until further notice is given by the Secured Party to the Debtor terminating such rights of the Debtor, the Debtor shall be entitled to exercise all voting rights attached to the Investment Collateral and give consents, waivers and ratifications in respect thereof; provided that no vote shall be cast or consent, waiver or ratification given or action taken which would be prejudicial to the interests of the Secured Party or which would have the effect of reducing the value of the Investment Collateral as security for the Obligations, or imposing any restriction on the transferability of any of the Investment Collateral. All such rights of the Debtor to vote and give consents, waivers and ratifications shall cease immediately upon receipt by the Debtor of such notice by the Secured Party.
- 19. All dividends, distributions, interest and other income in respect of Investment Collateral and all proceeds received by the Debtor in respect of Investment Collateral may be received by the Debtor in the ordinary course and distributed in the ordinary course to the Debtor's shareholder or shareholders until further notice by the Secured Party. Upon receipt by the Debtor of such notice, the Debtor shall not be entitled to retain or distribute to its shareholder or shareholders any such dividends, distributions, interest or other income or proceeds and, if any such amounts are received by the Debtor after the Debtor receives such notice by the Secured Party, the Debtor shall hold such amounts in trust, as trustee for the Secured Party, and the Debtor shall forthwith pay such amounts to the Secured Party, to be applied to reduce the Obligations or, at the option of the Secured Party, to be held as additional security for the Obligations.

8.

20. The responsibility of the Secured Party in respect of any Investment Collateral held by the Secured Party shall be limited to exercising the same degree of care which it gives valuable property of the Secured Party at the Secured Party's office where such Investment Collateral is held. The Secured Party shall not be bound under any circumstances to realize on any Investment Collateral or allow any Investment Collateral to be sold, or exercise any option or right attaching thereto, or be responsible for any loss occasioned by any sale of Investment Collateral or by the retention or other refusal to sell the same; nor shall the Secured Party be obliged to collect or see to the payment of interest or dividends thereon but, subject to section 19, all such interest and dividends, if and when received by the Debtor, shall be held by the Debtor in trust for the Secured Party and shall be forthwith paid to the Secured Party.

#### **Representations and Warranties of the Debtor**

21. The Debtor hereby represents and warrants to the Secured Party that:
- (a) the Debtor has the capacity and authority to incur the Obligations, to create the Security Interest and to execute and deliver and perform its obligations under this agreement;
  - (b) the execution and delivery of this agreement and the performance by the Debtor of its obligations hereunder have been duly authorized by all necessary proceedings;
  - (c) this agreement constitutes a legal, valid and binding obligation of the Debtor, enforceable against the Debtor in accordance with its terms subject only to bankruptcy, insolvency, reorganization, moratorium and other similar laws of general application affecting creditors' rights and the discretion exercisable by courts of competent jurisdiction in respect of the availability of equitable remedies;
  - (d) except for the Security Interest and any Permitted Encumbrances, the Collateral is owned by the Debtor free from any mortgage, charge, lien, pledge, security interest or other encumbrance or claim whatsoever;
  - (e) the chief executive office of the Debtor is located at the address listed in Part I of Schedule "A" of this agreement;
  - (f) a description of each real property leased by the Debtor (including the particulars of each such lease) is listed in Part II of Schedule "A" of this agreement;
  - (g) the Debtor does not keep tangible Collateral at any location(s) except:
    - (i) the location listed in Part I of Schedule "A" hereto, and
    - (ii) any location(s) listed in Part II of Schedule "A" hereto,

9.

- other than tangible Collateral in transit to or from such locations;
- (h) the Collateral does not include any goods which are used or acquired by the Debtor primarily for personal, family or household purpose;
  - (i) the Debtor has made all material filings, registrations and recordations which, in the reasonable opinion of the Debtor, are necessary to protect all of its right, title and interest in the Intellectual Property including all relevant renewals;
  - (j) all Contractual Rights relating to or affecting the Intellectual Property are in good standing;
  - (k) the Debtor owns directly or is entitled to use by Contractual Right or otherwise all of the Intellectual Property; and
  - (l) no litigation is pending or threatened which contains allegations respecting the validity, enforceability, infringement or ownership of any of the Intellectual Property, including any of right, title or interest of the Debtor in the Intellectual Property.

#### **Covenants of the Debtor**

22. The Debtor agrees with the Secured Party that, until the Obligations have been satisfied and paid in full, it will:
- (a) observe, perform and satisfy the Obligations when due;
  - (b) maintain the tangible Collateral in good condition and repair (normal wear and tear excepted) and allow the Secured Party or its agent access to all premises of the Debtor to inspect any and all Collateral;
  - (c) make and maintain all material filings, registrations and recordations which, in the reasonable opinion of the Debtor, are necessary or desirable to protect its right, title and interest in the Collateral;
  - (d) defend the Collateral against any actions, claims and demands of any Person (other than the Secured Party) claiming the Collateral (or any of it) or an interest therein;
  - (e) pay all taxes, rates, levies, assessments and other impositions and charges, of every nature and kind, which may now or hereafter be lawfully levied, assessed or imposed on or in respect of the Debtor or the Collateral (or any of it), including those which could result in the creation of a statutory lien or deemed trust affecting the Debtor or the Collateral, as and when the same become due and payable;

10.

- (f) maintain its corporate existence and file or cause to be filed any returns, documents or other information necessary to preserve such corporate existence;
- (g) notify the Secured Party of any loss or damage to the Collateral, any change in any information provided in this agreement (including the schedules hereto) or any actual or potential claim affecting the Debtor, the Collateral or the Security Interest;
- (h) hold the proceeds received from any direct or indirect dealing with the Collateral in trust for the Secured Party after either the Security Interest becomes enforceable or any of the Collateral is sold other than in the ordinary course of business of the Debtor and for the purpose of carrying on such business;
- (i) comply with every covenant and undertaking herein and in any other agreement with the Secured Party;
- (j) permit the Secured Party at any time after the Security Interest shall have become enforceable, to require any account debtor of the Debtor to make payment to the Secured Party of any or all amounts owing by the account debtor to the Debtor and the Secured Party may take control of any proceeds referred to in subsection 10(a)(vi) hereof and may hold all amounts received from any account debtor and any proceeds as cash collateral as part of the Collateral and as security for the Obligations;
- (k) prevent any Collateral from becoming an accession to any personal property not subject to the Security Interest, or becoming affixed to any real property;
- (l) deliver to the Secured Party, at the Secured Party's request, duly endorsed and/or accompanied by such assignments, transfers, powers of attorney or other documents as the Secured Party may request, all items of the Collateral comprising chattel paper, instruments, Investment Collateral and documents of title;
- (m) use best reasonable commercial efforts to deliver to the Secured Party, at the Secured Party's request, a written agreement from each landlord of the Debtor in favour of the Secured Party and in form and substance satisfactory to the Secured Party, whereby such landlord:
  - (i) agrees to give notice to the Secured Party of any default by the Debtor under the Debtor's lease and a reasonable opportunity to cure such default prior to the exercise of any remedies by the landlord; and
  - (ii) consents to the Security Interest and agrees that the Secured Party shall be entitled to enforce the Security Interest in priority to any right, interest or claim of the landlord in the Collateral;

11.

- (n) pay, on demand by the Secured Party, all costs and expenses (including all legal fees) incurred by the Secured Party in the preparation, perfection, administration and enforcement of this agreement (including expenses incurred in considering, protecting or improving the Secured Party's position, or attempting to do so, whether before or after default) and all such costs and expenses shall bear interest at the highest rate applicable to the Obligations, shall form part of the Obligations and shall be secured by the Security Interest;
  - (o) at all times, both before and after the occurrence of a default, do or cause to be done such further and additional acts and things and execute and deliver or cause to be executed and delivered all such further and additional documents and agreements as the Secured Party may reasonably require to better pledge, assign, mortgage, charge and hypothecate the Collateral in favour of the Secured Party, to perfect the Security Interest and, without limiting the generality of the foregoing, to accomplish the intentions of this agreement;
  - (p) preserve the Debtor's rights, powers, licences, privileges, franchises and goodwill, comply with all applicable laws, regulations and orders (including environmental laws, regulations and orders) affecting the Debtor or the Collateral and conduct its business in a proper and efficient manner so as to protect the Collateral, the Security Interest and the business and undertaking of the Debtor; and
  - (q) without limiting the generality of any of the foregoing, perform all covenants required of the Debtor under any Contractual Right relating to or affecting the Intellectual Property (or any of it), including promptly paying all required fees, royalties and taxes, to maintain each and every item of Intellectual Property in full force and effect, and vigorously protect, preserve and maintain all of the value of, and all of the right, title and interest of the Debtor in, all Intellectual Property, by way of the prosecution of or defence against suits concerning the validity, infringement, enforceability or ownership of the Intellectual Property (or any of it) or otherwise; and
23. The Debtor agrees with the Secured Party that, until the Obligations have been satisfied and paid in full, it will not, without the prior written consent of the Secured Party:
- (a) incur or create any further or additional indebtedness except to the Secured Party and except such normal indebtedness as may be incidental to the ordinary course of its business;
  - (b) create any lien upon, assign or transfer as security, or pledge, hypothecate, charge, mortgage or grant a security interest in any Collateral except to the Secured Party and except for Permitted Encumbrances;

12.

- (c) other than in the ordinary course of business and for the purpose of carrying on such business, sell, transfer, assign, or otherwise dispose of any Collateral or any group of property and assets forming part of the Collateral;
- (d) guarantee, endorse or otherwise become surety for or upon the obligations of others except to the Secured Party or by endorsement of negotiable instruments for deposit or collection in the ordinary course of the Debtor's business;
- (e) declare or pay any dividends on or make any other payment or distribution in respect of any shares of its capital stock or make any change in its issued or authorized capital stock either by way of redemption of stock or otherwise if the Debtor is in default of its obligations to the Secured Party or if the making of any such payment shall cause such a default;
- (f) pay any amount to officers or directors of the Debtor in their capacities as officers or directors by way of salary, bonus, commission, directors' fees or otherwise in excess of the scale of such payments to such officers or directors now being made by the Debtor if the Debtor is in default of its obligations to the Secured Party or if the making of any such payment shall cause such a default;
- (g) lend money to or invest money in any Person, by way of loan, acquisition of shares, acquisition of debt obligations or in any other way whatsoever;
- (h) change its name;
- (i) merge or amalgamate with any other corporation;
- (j) change the location of its chief executive office from that set out in Part I of Schedule "A" hereto without providing the Secured Party with thirty (30) Business Days' prior written notice thereof; or
- (k) keep tangible Collateral at any location other than the location(s) listed in Parts I and II of Schedule "A" hereto without providing the Secured Party with thirty (30) Business Days' prior written notice thereof.

### **Default**

24. Without prejudice to any right which the Secured Party may now or hereafter have to demand payment of any of the Obligations, the Obligations shall, at the option of the Secured Party, become payable and the Security Interest shall become enforceable in each and every of the following events:

- (a) if the Debtor defaults in the payment of any of the Obligations when due;

13.

- (b) if there occurs an event of default under any Loan Agreement or if the Debtor defaults in the observance or performance of any other written agreement or undertaking heretofore or hereafter given by the Debtor to the Secured Party, whether contained herein or not;
- (c) if an order is made or a resolution passed for the winding-up, liquidation or dissolution of the Debtor, or if a petition is presented or filed for the winding-up of the Debtor, whether pursuant to the *Winding-up and Restructuring Act* (Canada) or otherwise;
- (d) if the Debtor ceases or threatens to cease to carry on business or makes a bulk sale of its assets, or if a Receiver or trustee for the Debtor or any of its property or assets is appointed (whether privately or by court order);
- (e) if the Debtor becomes insolvent or commits or threatens to commit any act of bankruptcy or if the Debtor makes an assignment or proposal in bankruptcy or files a notice of intention to make a proposal in bankruptcy or if a bankruptcy petition is filed or presented against the Debtor or if the Debtor otherwise becomes subject to proceedings under the *Bankruptcy and Insolvency Act* (Canada) or any other bankruptcy, insolvency or analogous law in any jurisdiction;
- (f) if any proceedings with respect to the Debtor are commenced under the *Companies' Creditors Arrangement Act* (Canada) or if the Debtor seeks relief or consents to the filing of a petition against it under any law which involves any compromise of any creditor's rights against the Debtor;
- (g) if an execution or any other process of any court becomes enforceable against the Debtor or if a distress or analogous process is initiated or levied against or upon the property of the Debtor or any part thereof;
- (h) if the Debtor permits any sum which has been admitted as due by the Debtor or is not disputed to be due by it and which forms or is capable of being made a charge on any Collateral in priority to the Security Interest to remain unpaid after proceedings have been taken to enforce such charge;
- (i) if any representation or warranty made by the Debtor or any of its officers, employees or agents to the Secured Party shall be false or inaccurate in any material respect;
- (j) if the Debtor defaults in the observance or performance of any provision relating to the indebtedness or liability of the Debtor to any Person other than the Secured Party, except for a default of which the validity of such a default is being contested in good faith and in respect of which reserves satisfactory to the Secured Party in its sole discretion have been established; and

14.

- (k) if any licence, permit or approval required by any law, regulation or governmental policy or any governmental agency or commission for the operation by the Debtor of its business shall be withdrawn or cancelled.

For the purposes of Section 203 of the *Land Title Act* (British Columbia), the floating charge created by this agreement over real property shall become a fixed charge thereon upon the earliest of: (i) the occurrence of an event described in Section 24(c), (d), (e) or (f); or (ii) the Secured Party taking any action pursuant to Section 25 to enforce and realize on the Security Interests created by this agreement.

#### **Remedies of the Secured Party**

25. Whenever the Security Interest shall have become enforceable, and so long as it shall remain enforceable, the Secured Party may proceed to realize the Security Interest and the Collateral and to enforce its rights by doing any one or more of the following:
- (a) entering upon the Collateral and any lands and premises where any Collateral is or may be located;
  - (b) taking possession of Collateral by any method permitted by law;
  - (c) occupying any lands and premises owned or occupied by the Debtor and using all or any part of such lands and premises and the equipment and other Collateral located thereon;
  - (d) leasing, selling, licensing or otherwise disposing of the whole or any part or parts of the Collateral;
  - (e) collecting, selling or otherwise dealing with any accounts or other amounts receivable by the Debtor, including notifying any Person obligated to the Debtor in respect of an account, chattel paper or instrument to make payment to the Secured Party of all present and future amounts due thereon;
  - (f) taking steps and expending such monies as it considers necessary or desirable in its sole discretion to maintain, preserve and protect the Collateral, including making payments on account of other security interests affecting the Collateral; provided that the Secured Party shall have no obligation to take any such actions or make any such expenditures; but any such amounts paid by the Secured Party shall be added to the Obligations and shall be secured by the Security Interest;
  - (g) collecting any rents, income, and profits received in connection with the business of the Debtor or the Collateral, without carrying on such business;
  - (h) exercising all voting rights attached to any Collateral constituting Investment Collateral (whether or not registered in the name of the Secured Party or its nominee) and giving



15.

or withholding all consents, waivers and ratifications in respect thereof and otherwise acting with respect thereto as though it were the absolute owner thereof;

- (i) exercising any and all rights of conversion, exchange, subscription or any other rights, privileges or options pertaining to any Collateral constituting Investment Collateral as if it were the absolute owner thereof including the right to exchange at its sole discretion any and all of such Investment Collateral upon the merger, consolidation, reorganization, recapitalization or other readjustment of any issuer thereof, or upon the exercise by any issuer of any right, privilege or option pertaining to any such Investment Collateral, and in connection therewith, to deposit and deliver any such Investment Collateral with any committee, depository, transfer agent, registrar or other designated agency upon such terms and conditions as it may determine in its sole discretion, all without liability except to account for property actually received by it;
- (j) complying with any limitation or restriction in connection with any proposed sale or other disposition of Collateral constituting Investment Collateral as may be necessary in order to comply with applicable law or regulation or any policy imposed by any stock exchange, securities commission or other governmental or regulatory authority or official, and the Debtor agrees that such compliance shall not result in such sale being considered or deemed not to have been made in a commercially reasonable manner, and the Secured Party shall not be liable or accountable to the Debtor for any discount in the sale price of any such Investment Collateral which may be given by reason of the fact that such Investment Collateral are sold in compliance with any such limitation or restriction;
- (k) carrying on the business of the Debtor or any portion thereof;
- (l) exercising any and all of the rights and remedies granted pursuant to the PPSA and any other applicable legislation, or otherwise available at law or in equity;
- (m) demanding, commencing, continuing or defending any judicial or administrative proceedings for the purpose of protecting, seizing, collecting, realizing or obtaining possession or payment of the Collateral, and giving valid and effectual receipts and discharges therefor and to compromise or give time for the payment or performance of all or any part of the accounts or other amounts receivable of the Debtor or any other obligation of any third party to the Debtor;
- (n) borrowing money for the maintenance, preservation or protection of the Collateral or for the carrying on of the business of the Debtor, and charge and grant further security interests in the Collateral in priority to the Security Interest or otherwise, as security for the money so borrowed;
- (o) accepting the Collateral in satisfaction of the Obligations;

16.

- (p) appointing by instrument in writing a Receiver or Receivers of the Collateral or any part thereof;
  - (q) bringing proceedings in any court of competent jurisdiction for the appointment of a Receiver or Receivers or for the sale of the Collateral or any part thereof; and
  - (r) filing such proofs of claim and other documents as may be necessary or advisable in order to have its claim lodged in any bankruptcy, winding-up or other judicial proceedings relating to the Debtor or the Collateral.
26. Any Receiver appointed by the Secured Party may be any Person or Persons (including one or more officers or employees of the Secured Party), and the Secured Party may remove any Receiver so appointed and appoint another or others instead. Any such Receiver may exercise any and all of the rights, remedies and powers of the Secured Party provided in this agreement. The Secured Party shall not be responsible for the actions, errors or omissions of any Receiver it appoints and any such Receiver shall be deemed to act as agent for the Debtor for all purposes, including the occupation of any lands and premises of the Debtor and in carrying on the Debtor's business, unless the Secured Party expressly specifies in writing that the Receiver shall be agent for the Secured Party for one or more purposes. Without limiting the generality of the foregoing, for the purposes of realizing upon the Security Interest, any Receiver may sell, lease, or otherwise dispose of Collateral as agent for the Debtor or as agent for the Secured Party as the Secured Party may specify in writing in its sole discretion. The Debtor agrees to ratify and confirm all actions of any Receiver appointed by the Secured Party acting as agent for the Debtor, and to release and indemnify the Receiver in respect of all such actions.
27. Without limiting the ability of the Secured Party or any Receiver to dispose of Collateral in any other manner, the Debtor agrees that any sale, lease or other disposition of the Collateral hereunder may be completed by public auction, public tender or private contract, with or without notice, with or without advertising and with or without any other formality (except as required by law), all of which are hereby waived by the Debtor. Any such disposition of Collateral may involve all or part of the Collateral and may be on such terms and conditions as to credit or otherwise and as to upset or reserve bid or price as the Secured Party or any Receiver appointed by the Secured Party may, in its sole discretion, deem advantageous and may take place whether or not the Secured Party or any such Receiver has taken possession of such Collateral. Any purchaser or lessee of Collateral may be a customer of the Secured Party.
28. The Secured Party shall not be liable for any delay or failure to enforce any rights, powers or remedies available to it or to institute any proceedings for such purposes.
29. No right, power or remedy of the Secured Party (whether granted herein or otherwise) shall be exclusive of or dependent on or merge in any other right, power or remedy, but all such rights, powers and remedies may from time to time be exercised independently or in combination.

17.

30. The Debtor agrees to pay to the Secured Party, forthwith on demand by the Secured Party, all costs and expenses incurred by the Secured Party in connection with the exercise by the Secured Party of its rights, powers and remedies hereunder, including:
- (a) any costs and expenses incurred by the Secured Party in taking, holding, moving, storing, recovering, possessing, repairing, processing, preparing for disposition or disposing of Collateral;
  - (b) any legal fees and expenses incurred by the Secured Party in enforcing its rights, powers and remedies, including those incurred in connection with any proceedings taken for the purpose of enforcing its rights, powers and remedies hereunder or otherwise relating to the non-payment or non-performance of any Obligations;
  - (c) the cost of borrowing amounts as hereinbefore provided (for the purpose of carrying on the Debtor's business or otherwise), including, the principal amount or any such amount borrowed, all interest thereon and fees relating thereto; and
  - (d) all costs and expenses of or incurred by any Receiver, agent or consultant appointed by the Secured Party (including any legal fees and expenses incurred by any such Receiver, agent or consultant).

All such sums shall bear interest at the highest rate applicable to the Obligations, shall form part of the Obligations and shall be secured by the Security Interest.

31. Any and all payments made in respect of the Obligations from time to time and moneys realized from any Collateral (including moneys realized on any enforcement of this agreement) may be applied to such part or parts of the Obligations as the Secured Party may see fit, and the Secured Party shall at all times and from time to time have the right to change any appropriation as the Secured Party may see fit.
32. The Debtor shall remain liable for all Obligations that are outstanding following realization of all or any part of the Collateral.

#### **Rights of the Secured Party**

33. The Secured Party may pay the whole or any part of any liens, taxes, rates, charges or encumbrances now or hereafter existing in respect of any Collateral and such payments together with all costs, charges and expenses which may be incurred in connection with making such payments shall form part of the Obligations, shall bear interest at the highest rate applicable to the Obligations, and shall be secured by the Security Interest. Whenever the Secured Party pays any such lien, tax, rate, charge or encumbrance, it shall be entitled to all the equities and securities of the Person or Persons so paid and is hereby authorized to obtain any discharge thereof and hold such discharge without registration for so long as it may deem advisable to do so.

18.

34. If the Debtor fails to perform or comply with any covenant or other obligation of the Debtor under this agreement, the Secured Party may, but need not, perform or otherwise cause the performance or compliance of such covenant or other obligation, provided that any performance or compliance undertaken by the Secured Party will not constitute a waiver, remedy or satisfaction of such failure. The costs and expenses of the Secured Party incurred in connection with any such performance or compliance shall be payable by the Debtor to the Secured Party on demand, form part of the Obligations, bear interest at the highest rate applicable to the Obligations and be secured by the Security Interest.
35. The Debtor grants to the Secured Party the right to set off against the Obligations (or any portion thereof) any amount owed by the Secured Party to the Debtor, including the amount of any and all accounts, credits or balances maintained by the Debtor with the Secured Party.
36. The Secured Party, without exonerating in whole or in part the Debtor, may grant time, renewals, extensions, indulgences, releases and discharges to, may take securities from and give the same and any or all existing securities up to, may abstain from taking securities from or from perfecting securities of, may accept compositions from, and may otherwise deal with the Debtor and all other Persons and securities as the Secured Party may see fit.
37. Nothing herein shall obligate the Secured Party to extend or amend any credit to the Debtor or to any other Person.
38. The Secured Party may assign, transfer and deliver to any transferee any of the Obligations or any security or any documents or instruments held by the Secured Party in respect thereof. The Debtor shall not assign any of its rights or obligations hereunder without the prior written consent of the Secured Party.

#### **Notices**

39. Any notice, demand or other communication permitted or required to be given hereunder shall be delivered to the borrower in accordance with the notice provisions under the Loan Agreement.

#### **Miscellaneous**

40. In the event that any day, on or before which any action is required to be taken hereunder, is not a Business Day, then such action shall be required to be taken on or before the first Business Day thereafter.
41. Time shall be of the essence of this agreement.
42. Upon payment and fulfillment by the Debtor, its successors or permitted assigns, of all Obligations and provided that the Secured Party is then under no obligation (conditional or otherwise) to make any further loan or extend any other type of credit to the Debtor or to any

19.

of its affiliates the payment of which is secured, directly or indirectly, by this agreement, the Secured Party shall, upon request in writing by the Debtor, delivered to the Secured Party at the Secured Party's address as set out in the Loan Agreement and at the Debtor's expense, discharge this agreement.

43. This agreement is in addition to and not in substitution for any other security now or hereafter held by the Secured Party and shall be general and continuing security notwithstanding that the Obligations shall be at any time or from time to time fully satisfied or paid.
44. No provision of this agreement, or any other document or instrument in existence among the parties may be modified, waived or terminated except by an instrument in writing executed by the party against whom such modification, waiver or termination is sought to be enforced. Possession of an executed copy of this agreement by the Secured Party constitutes conclusive evidence that it was executed and delivered by the Debtor free of all conditions.
45. The Secured Party may in writing (and not otherwise) waive any default by the Debtor in the observance or performance of any provision of this agreement; provided that no waiver by the Secured Party shall extend to or be taken in any manner whatsoever to affect any subsequent default, whether of the same or a different nature, or the rights resulting therefrom.
46. In accordance with the *Property Law Act* (British Columbia), the doctrine of consolidation applies to this agreement.
47. This agreement shall enure to the benefit of the Secured Party, its successors and assigns, and shall be binding on the Debtor, its successors and permitted assigns.
48. The Debtor agrees that the Secured Party may from time to time provide information concerning this agreement (including a copy hereof), the Collateral and the Obligations to any Person the Secured Party in good faith believes is entitled thereto pursuant to applicable legislation.
49. The Debtor acknowledges receipt of an executed copy of this agreement and waives all rights to receive from the Secured Party a copy of any financing statement or financing change statement filed, or any verification statement received, at any time in respect of this agreement.


***[Remainder of the page intentionally blank; signature pages follow.]***

IN WITNESS WHEREOF, this agreement has been executed by the Debtor as of the date indicated below.


JOSEPH RICHARD INVESTMENTS LTD.

By:   
Name: Ryan Moreno  
Title: Director


THE WILLIAM PUBLIC HOUSE LTD.

By:   
Name: Ryan Moreno  
Title: Director


EDITH & ARTHUR PUBLIC HOUSE LTD.

By:   
Name: Ryan Moreno  
Title: Director


JRG CLOVERDALE VENTURES LTD.

By:   
Name: Ryan Moreno  
Title: Director


MICKY'S INVESTMENTS (COQUITLAM) LTD.

By:   
Name: Ryan Moreno  
Title: Director

THE ITALIAN OSTERIA AND CHEESE BAR LTD.

By:   
Name: Ryan Moreno  
Title: Director

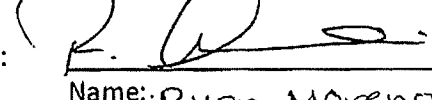
OAK & THORNE PUBLIC HOUSE LTD.

By:   
Name: Ryan Moreno  
Title: Director

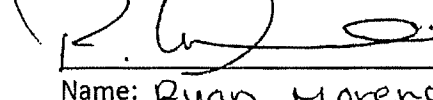
OCEANSIDE YACHT CLUB AND PUBLIC HOUSE LTD.

By:   
Name: Ryan Moreno  
Title: Director

S & L KITCHEN & BAR HOLDINGS  
ABBOTSFORD LTD

By:   
Name: Ryan Moreno  
Title: Director

S & L KITCHEN & BAR HOLDINGS LANGLEY  
LTD

By:   
Name: Ryan Moreno  
Title: Director

S & L KITCHEN & BAR HOLDINGS SOUTH SURREY LTD.

By: [Signature]  
Name: Ryan Moreno  
Title: Director

STEVESTON HOSPITALITY SERVICES LTD.

By: [Signature]  
Name: George Tachejian  
Title: Director

SUDO ASIAN KITCHEN HOLDINGS (LANGLEY) LTD.

By: [Signature]  
Name: Ryan Moreno  
Title: Director

TOWNHALL HOLDINGS LTD.

By: [Signature]  
Name: Ryan Moreno  
Title: Director

TOWNHALL HOLDINGS (CHILLIWACK) LTD.

By: [Signature]  
Name: Ryan Moreno  
Title: Director

TOWNHALL HOLDINGS (COQUITLAM) LTD.

By: [Signature]  
Name: Ryan Moreno  
Title: Director

TOWNHALL HOLDINGS FORT MCMURRAY LTD.

By: [Signature]  
Name: Ryan Moreno  
Title: Director

TOWNHALL HOLDINGS (MAPLE RIDGE) LTD.

By: [Signature]  
Name: Ryan Moreno  
Title: Director

TOWNHALL HOLDINGS (SOUTH SURREY) LTD.

By: [Signature]  
Name: Ryan Moreno  
Title: Director

**Exhibit "A"****ATTORNMENT AGREEMENT**

We refer to the general security agreement granted by, *inter alios*, Joseph Richard Investments Ltd., Canteen Community Kitchen Holdings (Langley) Ltd., Edith & Arthur Public House Ltd. in favour of Canadian Western Bank dated June \_\_\_\_, 2018 (the "**Agreement**"). Terms used herein as defined terms shall have the meanings ascribed thereto in the Agreement.

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, we hereby agree to become a party to the Agreement as a Debtor. For greater certainty, we hereby;

- (a) grant in favour of the Secured Party a Security Interest in all of our present and after-acquired property, as more particularly set out in and subject to the terms of the Agreement;
- (b) provide all representations and warranties in favour of the Secured Party as set out in the Agreement, as at the date hereof; and
- (c) generally agree to observe and perform all of our obligations as a Debtor under the Agreement.

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

**[ADDITIONAL DEBTOR]**

By: \_\_\_\_\_

Name:

Title:



**SCHEDULE "A"****Part I**Location of the Debtor's Chief Executive Office

	<b>Debtor</b>	<b>Registered Office</b>
1.	Joseph Richard Investments Ltd.	#225 – 20316 56 Avenue, Langley, BC V3A 3Y7
2.	The William Public House Ltd.	#225 – 20316 56 Avenue, Langley, BC V3A 3Y7
3.	Edith & Arthur Public House Ltd.	#225 – 20316 56 Avenue, Langley, BC V3A 3Y7
4.	JRG Cloverdale Ventures Ltd.	#225 – 20316 56 Avenue, Langley, BC V3A 3Y7
5.	Micky's Investments (Coquitlam) Ltd.	#225 – 20316 56 Avenue, Langley, BC V3A 3Y7
6.	The Italian Osteria and Cheese Bar Ltd.	#225 – 20316 56 Avenue, Langley, BC V3A 3Y7
7.	Oak & Thorne Public House Ltd.	#225 – 20316 56 Avenue, Langley, BC V3A 3Y7
8.	Oceanside Yacht Club and Public House Ltd.	#225 – 20316 56 Avenue, Langley, BC V3A 3Y7
9.	S & L Kitchen & Bar Holdings Abbotsford Ltd.	#225 – 20316 56 Avenue, Langley, BC V3A 3Y7
10.	S & L Kitchen & Bar Holdings Langley Ltd.	#225 – 20316 56 Avenue, Langley, BC V3A 3Y7
11.	S & L Kitchen & Bar Holdings South Surrey Ltd.	#225 – 20316 56 Avenue, Langley, BC V3A 3Y7
12.	Steveston Hospitality Services Ltd.	#225 – 20316 56 Avenue, Langley, BC V3A 3Y7
13.	Sudo Asian Kitchen Holdings (Langley) Ltd.	#225 – 20316 56 Avenue, Langley, BC V3A 3Y7
14.	Townhall Holdings Ltd.	#225 – 20316 56 Avenue, Langley, BC V3A 3Y7
15.	Townhall Holdings (Chilliwack) Ltd.	#225 – 20316 56 Avenue, Langley, BC V3A 3Y7
16.	Townhall Holdings (Coquitlam) Ltd.	#225 – 20316 56 Avenue, Langley, BC V3A 3Y7

	<b>Debtor</b>	<b>Registered Office</b>
17.	Townhall Holdings Fort McMurray Ltd.	1017 Dorchester Ave SW, Calgary, AB T2T 1A9
18.	Townhall Holdings (Maple Ridge) Ltd.	#225 – 20316 56 Avenue, Langley, BC V3A 3Y7
19.	Townhall Holdings (South Surrey) Ltd.	#225 – 20316 56 Avenue, Langley, BC V3A 3Y7

## Part II

### Locations of Leased Properties and Particulars of Lease

	<b>Debtor</b>	<b>Leased Premises and Particulars of Lease</b>
1.	Joseph Richard Investments Ltd.	N/A
2.	The William Public House Ltd.	N/A
3.	Edith & Arthur Public House Ltd.	8410 160 Street Surrey, BC V4N 0V7  Lease made effective January 7, 2013 with term ending February 28, 2018 and renewed for further 5 years
4.	JRG Cloverdale Ventures Ltd.	N/A
5.	Micky's Investments (Coquitlam) Ltd.	170 Golden Drive Coquitlam, BC V3K 6T1  Lease commencing June 1, 2018 for 3 years with an option to extend for a further 3 years
6.	The Italian Osteria and Cheese Bar Ltd. ("Italian Osteria")	300 – 20330 88 <sup>th</sup> Avenue Langley, BC V1M 2Y4  Sublease dated April 15, 2015 pursuant to which Italian Osteria, as subtenant, agrees to lease the premises until March 26, 2023 pursuant to the Head Lease made February 16, 2007 with Cara Operations Limited, as tenant, commencing March 28, 2008 and expiring March 27, 2023
7.	Oak & Thorne Public House Ltd.	20173 88 <sup>th</sup> Avenue Langley, BC V1M 2N9  Lease dated May 1, 2017 for 10 years
8.	Oceanside Yacht Club and Public	14995 Marine Drive White Rock, BC V4B 1C5

	Debtor	Leased Premises and Particulars of Lease
	House Ltd. (formerly The Hemingway Public House Ltd.)	Lease made effective February 1, 2013 for 5 years and 2 options to extend for further 5 years each; extended effective February 1, 2018
9.	S & L Kitchen & Bar Holdings Abbotsford Ltd.	200 – 2070 Sumas Way Abbotsford, BC V2S 2C7  Lease commencing September 15, 2016 and ending September 30, 2026
10.	S & L Kitchen & Bar Holdings Langley Ltd.	8399 200 Street Langley, BC V2Y 3C2  Lease commencing February 1, 2016 and ending January 31, 2026
11.	S & L Kitchen & Bar Holdings South Surrey Ltd. ("S&LSS")	20 – 16051 24 <sup>th</sup> Avenue Surrey, BC V3S 9H7  Assignment of Lease and Consent to Assignment of Sublease made July 1, 2016 pursuant to which S&LSS agrees to be bound by the terms of a Lease dated October 20, 2008 and now ending May 31, 2026
12.	Steveston Hospitality Services Ltd.	12111 3 <sup>rd</sup> Avenue Richmond, BC V7E 3K1  Lease commencing May 1, 2015, as extended until April 30, 2021 by an agreement made April 30, 2018
13.	Sudo Asian Kitchen Holdings (Langley) Ltd.	111 – 114, 19233 Fraser Highway Surrey, BC V3S 7C9  Lease made April 12, 2017 for 10 years, as amended by agreement dated August 25, 2017 postponing commencement date to November 1, 2017
14.	Townhall Holdings Ltd.	101 – 19640 64 <sup>th</sup> Avenue Langley, BC V2Y 1R3  Lease commencing January 1, 2018 and ending December 31, 2023 with 2 options to renew for 5 years each
15.	Townhall Holdings (Chilliwack) Ltd.	6640 Vedder Road Chilliwack, BC V2R 4E1  Undated 2017 Lease commencing on the day next following expiry of the Fixturing Period with 10 year term and 2 options to extend for further 5 years each
16.	Townhall Holdings (Coquitlam) Ltd.	925 Brunette Avenue Coquitlam, BC V3K 1C8

	Debtor	Leased Premises and Particulars of Lease
		Lease commencing August 1, 2018 for 3 years with an option to extend for a further 3 years
17.	Townhall Holdings Fort McMurray Ltd. ("THFM")	8104 Fraser Avenue Fort McMurray, AB T9H 1W5
		Lease commencing March 1, 2015 for 5 year term plus a further 5 year term, ending February 28, 2025 with 1 option to renew for 5 years
18.	Townhall Holdings (Maple Ridge) Ltd.	206 – 20690 Lougheed Highway Maple Ridge, BC V2X 2P8
		Lease commencing September 22, 2014 and ending September 22, 2029
19.	Townhall Holdings (South Surrey) Ltd.	3140 King George Blvd. Surrey, BC V4P 1A5
		Lease commencing April 1, 2014 and ending March 31, 2019

SCHEDULE "B"

Permitted Encumbrances

1. statutory liens which secure payment of amounts not then overdue;
2. statutory liens which secure payment of amounts which are then overdue but the validity of which is being contested in good faith and in respect of which reserves satisfactory to the Secured Party in its sole discretion have been established;
3. security given to a public utility, municipality, government or statutory or public authority to secure obligations incurred to such utility, municipality, government or other authority in the ordinary course of business and not then overdue;
4. liens and privileges arising out of judgments or awards in respect of which an appeal or proceeding for review has been commenced, provided a stay of execution pending such appeal or proceedings for review has been obtained and provided reserves satisfactory to the Secured Party in its sole discretion have been established;
5. liens or rights of distress reserved in or exercisable under any lease of real property for rent not then overdue or for compliance with the provisions of such lease not then in default;
6. security deposits given under leases of real property not in excess of an amount equivalent to six months' rent;
7. liens securing obligations or duties affecting real property due to any public utility, municipality, government, or statutory or public authority with respect to any franchise, grant, licence or permit in good standing and any minor irregularities in title to any real property, provided such obligations, duties and minor title irregularities do not materially impair the use, value or marketability of such real property;
8. liens incurred or deposits made in connection with contracts, bids or tenders made in the ordinary course of business or in connection with expropriation proceedings, surety or appeal bonds or costs of litigation to the extent required by law;
9. liens (including builders' liens) arising in connection with the construction or improvement of any real property or arising out of the furnishing of materials or supplies therefor, provided that such liens secure payment of amounts not then overdue (or if overdue, the validity of which is being contested in good faith and in respect of which reserves satisfactory to the Secured Party in its sole discretion have been established) and provided notice of such lien has not been given to the Secured Party and such lien has not been registered against title to such real property;

10. zoning and building by-laws affecting real property provided they are complied with;
11. garage keepers' liens securing amounts not then overdue; and
12. encumbrances in favour of the Secured Party.

## Schedule "C"

Investment Collateral

	Company	Shares to be Pledged	Registered Shareholder	Cert.
1.	Joseph Richard Investments Ltd.	100 Class A Voting Common	Ad Prolem Capital Investments Ltd.	4A
		100 Class B Non-Voting Common		2B
		100 Class A Voting Common		3A
		100 Class D Non-Voting Common		1D
2.	The William Public House Ltd.	200 Class A Voting Non-Participating	Joseph Richard Hospitality Group Ltd.	6A
		200 Class B Non-Voting Participating		5B
3.	Joseph Richard IP Holdings Ltd.	100 Class A Voting Non-Participating	Ad Prolem Capital Investments Ltd.	2A
		100 Class B Non-Voting Participating		1B
		100 Class A Voting Non-Participating		3A
		100 Class B Non-Voting Participating		2B
4.	Joseph Richard Hospitality Group Ltd.	570 Class A Voting Non-Participating	Ad Prolem Capital Investments Ltd.	5A
		541.5 Class B Non-Voting Participating		5B
		315 Class A Voting Non-Participating		6A
		299.25 Class B Non-Voting Participating		4B

5.	Joseph Richard Management Ltd.	100 Class D Voting Participating	Ad Prolem Capital Investments Ltd.	2D	
		100 Class D Voting Participating	Joseph Bourque Investments Ltd.	3D	
6.	Micky's Investments (Coquitlam) Ltd.	30 Class A Voting Non-Participating	Joseph Richard Investments Ltd	A-9	
		30 Class B Non-Voting Participating		B-8	
7.	The Italian Osteria and Cheese Bar Ltd.	1,000 Class A Voting Non-Participating	Joseph Richard Investments Ltd.	4A; 6A	
		1,000 Class B Non-Voting Participating		3B; 5B	
8.	Oak & Thorne Public House Ltd.	6,000 Class A Voting Non-Participating	Joseph Richard Investments Ltd.	8A	
		3,000 Class B Non-Voting Participating		7B	
		3,000 Class C Non-Voting Participating		7C	
		3,000 Class A Voting Non-Participating		Ad Prolem Capital Investments Ltd.	5A
		1,500 Class B Non-Voting Participating			4B
1,500 Class C Non-Voting Participating	4C				
9.	Oceanside Yacht Club and Public House Ltd.	3,000 Class A Voting Non-Participating	Joseph Bourque Investments Ltd.	7A	
		1,500 Class B Non-Voting Participating		6B	
		1,500 Class C Non-Voting Participating		6C	
		100 Class A Voting Common		Joseph Richard Investments Ltd.	4A
		57.5 Class B Non-Voting Common			8B
10.	S & L Kitchen & Bar Holdings Abbotsford Ltd.	1,200 Class A Voting Non-Participating	Joseph Richard Investments Ltd.	2A	
		600 Class B Non-Voting Participating		3B	
		60 Class D Non-Voting Participating		4D	



11.	S & L Kitchen & Bar Holdings Langley Ltd.	1,140 Class A Voting Non-Participating 660 Class B Non-Voting Participating	Joseph Richard Investments Ltd.	4A
				1B
12.	S & L Kitchen & Bar Holdings South Surrey Ltd.	1,320 Class A Voting Non-Participating 810 Class B Non-Voting Participating	Joseph Richard Investments Ltd.	2A; 9A 17B; 18B; 19B
13.	Sudo Asian Kitchen Holdings (Langley) Ltd.	600 Class A Voting Non-Participating 300 Class B Non-Voting Participating 300 Class A Voting Non-Participating 195 Class B Non-Voting Participating	Ad Prolem Capital Investments Ltd. Joseph Bourque Investments Ltd.	3A 4B 4A 5B
14.	Townhall Holdings Ltd.	80 Class A Voting Non-Participating Common 3,220 Class F Non-Voting Preference 280 Class H Non-Voting Participating Common	Joseph Richard Investments Ltd.	A-7 F-4 H-1
15.	Townhall Holdings (Abbotsford) Ltd.	100 Class A Voting Non-Participating 100 Class B Non-Voting Participating	Joseph Richard Investments Ltd.	2A 1B
16.	Townhall Holdings (Chilliwack) Ltd.	7,200 Class A Voting Non-Participating 2,700 Class B Non-Voting Participating 4,800 Class A Voting Non-Participating 1,800 Class B Non-Voting Participating	Ad Prolem Capital Investments Ltd. Joseph Bourque Investments Ltd.	5A 4B 6A 5B
17.	Townhall Holdings (Coquitlam) Ltd.	30 Class A Voting Non-Participating Common 30 Class B Non-Voting Participating Common	Joseph Richard Investments Ltd.	A-9 B-8
18.	Townhall Holdings Fort McMurray Ltd.	100 Class "A" Common	Joseph Richard Investments Ltd.	A-3

19.	Townhall Holdings (Maple Ridge) Ltd.	200 Class A Voting Non-Participating 200 Class B Non-Voting Participating	Joseph Richard Investments Ltd.	2A; 4A 1B; 3B
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To: Canadian Western Bank (the "Lender")

Date: \_\_\_\_\_, 2018

### GUARANTEE AND INDEMNITY AGREEMENT

WHEREAS pursuant to an equipment loan and security agreement dated as of the date hereof (as such may be amended, supplemented, restated, replaced or otherwise modified from time to time, the "Loan Agreement") between the Lender, and Joseph Richard Investments Ltd. (the "Borrower"), the Borrower is now indebted or liable and may hereafter become further indebted or liable to the Lender.

NOW THEREFORE for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each Guarantor (as hereinafter defined) hereby agrees with the Lender as follows:

#### Interpretation; Addition and Release of Guarantors

1. In this agreement (as it may be amended, restated, supplemented or otherwise modified from time to time, the "Agreement") the signatories hereto (specifically including each party which executes and delivers to the Lender an attornment agreement in the form attached hereto as Exhibit "A") are herein collectively called the "Guarantors", and individually, a "Guarantor". This Agreement shall be binding upon each Guarantor as if each such Guarantor had executed and delivered a separate guarantee to the Lender in the same form as this Agreement without any other signatories thereto; and each reference to "the Guarantor" in this Agreement shall refer to each Guarantor individually. The addition of any Guarantors as parties to this Agreement from time to time, and the release by the Lender of any Guarantors from this Agreement from time to time, shall not require the consent of any other Guarantor; and for greater certainty the obligations of each Guarantor hereunder shall remain in full force and effect until this Agreement is released by the Lender in accordance with the terms hereof notwithstanding the said addition or release of any other Guarantor.

#### Guarantee

2. The Guarantor hereby unconditionally guarantees payment and performance to the Lender, forthwith on demand by the Lender, of all present and future indebtedness, liabilities and obligations, direct or indirect, absolute or contingent, now or at any time and from time to time hereafter due or owing to the Lender by the Borrower and each of the other guarantors of the Borrower under or in connection with the Loan Agreement (collectively, the "Debtors"), whether incurred by any of the Debtors alone or jointly with any other person or persons, or otherwise howsoever (collectively, the "Obligations"). Without limiting the generality of the foregoing, "Obligations" shall include all principal, interest, fees, expenses and other amounts now or hereafter owing by the Debtors to the Lender, the Debtors' indemnity obligations to the Lender with respect to any letters of credit or bankers' acceptances issued or accepted by the Lender for the account of any of the Debtors, all obligations of the Debtors under any loan agreement or other agreement in effect between any Debtor and the Lender from time to time,

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and all obligations of the Debtors pursuant to guarantees provided by the Debtors to the Lender in connection with the obligations of other persons. This guarantee shall be a continuing guarantee and shall guarantee the Obligations and any ultimate balance thereof, notwithstanding that the Debtors may from time to time satisfy the Obligations in whole or in part and thereafter incur further Obligations.

### Indemnity

3. In addition to the guarantee provided in section 2, and as a separate and distinct obligation, the Guarantor hereby agrees to indemnify and save harmless the Lender, forthwith on demand by the Lender, from and against any and all direct and indirect claims, demands, losses, damages, liabilities, charges, obligations, payments and expenses of any nature or kind, howsoever or whenever arising, which the Lender may suffer or incur in any way relating to or arising from:
- (a) the failure of the Debtors to pay and satisfy the Obligations; or
  - (b) the Obligations or any agreement creating or relating to any or all Obligations in any way being or becoming for any reason whatsoever, in whole or in part, void, voidable, *ultra vires*, illegal, invalid, ineffective or otherwise unenforceable or released or discharged by operation of law or otherwise;

provided that any payment actually made by the Guarantor to the Lender under section 2 shall reduce the liability of the Guarantor under this section 3 by the same amount.

### Limitation of Liability

4. The liability of the Guarantor under this agreement is unlimited.

### Interest after Demand

5. The Guarantor shall pay to the Lender interest on all amounts owing by the Guarantor pursuant to this agreement accruing from the date the Lender demands payment pursuant to this agreement at the highest rate applicable from time to time to any of the Obligations. Such interest shall be calculated and payable monthly not in advance both before and after judgment on the first day of each month after such demand.

### Determination of Liability for Future Advances

6. The Obligations herein guaranteed shall not include any voluntary advances made by the Lender to the Borrower after the date (the "**Determination Date**") which is thirty days following the date of receipt by the Lender of written notice from the Guarantor advising that the Guarantor shall not be responsible for such advances. As used herein, "**voluntary advances**" excludes advances made by the Lender to or for the benefit of the Borrower which the Lender has made in accordance with the Loan Agreement in effect prior to the Determination Date. For greater certainty, the Obligations herein guaranteed shall continue to include all obligations of the Debtors to the Lender in existence on the Determination Date, including, but not limited to, contingent obligations of the Debtors arising under guarantees provided by the Debtors in respect of the obligations of others, even though such contingent obligations may mature and

3.

be payable by the Debtors to the Lender after the Determination Date, and even though the ultimate liability of the Debtors in respect of such contingent obligations may exceed the Debtors' contingent liability thereunder on the Determination Date.

#### **Debtors' Status and Authority**

7. All monies, advances, renewals or credits in fact borrowed or obtained from the Lender by the Debtors or by persons purporting to act on behalf of the Debtors shall be deemed to form part of the Obligations, notwithstanding any lack or limitation of status or power, any incapacity or disability of the Debtors or their respective directors, officers, employees or agents (as applicable), or that any Debtor may not be a legal entity or that such borrowing or obtaining of monies, advances, renewals or credits or the execution and delivery of any agreement or document by or on behalf of the Debtors is in excess of the powers of the Debtors or any of their respective directors, officers, employees or agents or is in any way irregular, defective, fraudulent or informal. The Lender has no obligation to enquire into the powers of the Debtors or any of their directors, officers, employees or agents acting or purporting to act on its behalf, and shall be entitled to rely on this provision notwithstanding any actual or imputed knowledge regarding any of the foregoing matters.

#### **Liability Unaffected by Certain Matters**

8. The liability of the Guarantor hereunder shall be absolute and unconditional irrespective of, and shall not be released, discharged, limited or otherwise affected by:
- (a) the lack of validity or enforceability of the Obligations in whole or in part for any reason whatsoever, including without limitation by reason of prescription, by operation of law or as a result of any applicable statute, law or regulation;
  - (b) any prohibition or restriction imposed in respect of any rights or remedies of the Lender in respect of any Obligations, including without limitation any court order which purports to prohibit or suspend the acceleration of the time for payment of any Obligations, the payment by the Debtors of any Obligations or the rights or remedies of the Lender against the Debtors in respect of any Obligations;
  - (c) the lack of validity or enforceability in whole or in part of:
    - (i) any loan agreement or any other agreement made from time to time between the Debtors and the Lender in connection with any Obligations;
    - (ii) any security given by the Debtors in favour of the Lender from time to time in connection with any Obligations;
    - (iii) any guarantee given by any person in favour of the Lender from time to time in connection with or relating to any Obligations; or
    - (iv) any security given by any such guarantor in favour of the Lender from time to time in connection with any of its obligations to the Lender,

4.

(collectively, the "Credit Documents");

- (d) any change in the corporate existence, structure, ownership or control of the Debtors (as applicable, including any of the foregoing arising from any merger, consolidation, amalgamation, reorganization or similar transaction); any change in the name, objects, capital stock, foundational documents, constating documents or by-laws of the Debtors; or the dissolution, winding-up, liquidation or other distribution of the assets of the Debtors, whether voluntary or otherwise;
- (e) any of the Debtors' becoming insolvent or bankrupt or subject to any proceeding (as applicable) under the provisions of the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada), the arrangement provisions of applicable corporate legislation, any legislation similar to the foregoing in any other jurisdiction, or any legislation enacted substantially in replacement of any of the foregoing, or the Lender's voting in favour of any proposal, arrangement or compromise in connection with any of the foregoing;
- (f) the failure or neglect of the Lender to demand payment of the Obligations by the Debtors;
- (g) the valuation by the Lender of any security held in respect of the Obligations, which shall not be considered as a purchase of such security or as payment on account of the Obligations;
- (h) any right or alleged right of set-off, combination of accounts, counterclaim, appropriation or application or any claim or demand that the Debtors or the Guarantor may have or may allege to have against the Lender; or
- (i) any other circumstances which might otherwise constitute a legal or equitable defence available to, or complete or partial discharge of, the Debtors in respect of the Obligations or of the Guarantor in respect of this agreement.

**Liability Unaffected by Actions of Lender**

9. The liability of the Guarantor hereunder shall be absolute and unconditional irrespective of, and shall not be released, discharged, limited or otherwise affected by anything done, suffered or permitted by the Lender in connection with the Debtors, or any Obligations. For greater certainty and without limiting the generality of the foregoing, without releasing, discharging, limiting or otherwise affecting in whole or in part the liability of the Guarantor under this agreement, and without notice to or the consent of the Guarantor, the Lender may from time to time:
- (a) make advances and extend credit to the Debtors (including new loans and credit facilities, whether in addition to or in replacement for other loans and credit facilities previously established by the Lender for the Debtors), convert revolving lines of credit to non-revolving lines of credit, increase or decrease the amount of credit available to the Debtors and receive payments in respect of the Obligations;

5.

- (b) increase the interest rates, fees and charges applicable to all or any portion of the Obligations from time to time;
- (c) amend, renew, waive, release or terminate the Loan Agreement or any other agreement, document or instrument or any provisions thereof in whole or in part from time to time (including, without limitation, any provisions relating to interest rates, fees, margin requirements, conditions for the extension of credit and the determination of the amount of credit available, positive and negative covenants, payment provisions, the application of payments received by or on behalf of the Debtors, and events of default);
- (d) extend, renew, settle, compromise, waive, release or terminate the Obligations in whole or in part from time to time;
- (e) grant time, renewals, extensions, indulgences, releases and discharges to the Debtors;
- (f) take, refrain from taking or release guarantees from other persons in respect of Obligations;
- (g) accept compromises or arrangements from the Debtors, any guarantor of Obligations or any other person;
- (h) refrain from demanding payment from or exercising any rights or remedies in respect of the Debtors or any guarantor of Obligations;
- (i) apply all monies received from the Debtors or any other person or from the proceeds of any security to pay such part of the Obligations as the Lender may see fit, or change any such application in whole or in part from time to time, notwithstanding any direction which may be given regarding application of such monies by the Debtors, any guarantor of the Debtors or any other person; and
- (j) otherwise deal with the Debtors, any guarantor of Obligations or any other person and any security held by the Lender in respect of Obligations, as the Lender may see fit in its absolute discretion.

**Liability Unaffected by Failure of Lender to Take, Hold or Enforce Security**

10. The Guarantor agrees that it has provided this agreement to the Lender on the express understanding that the Lender has no obligation to obtain any security from any of the Debtors or from others to secure payment or performance of any Obligations; and if the Lender in its absolute discretion obtains any such security from any of the Debtors or others, the Lender shall have no obligation to continue to hold such security or to enforce such security. The Guarantor shall not be entitled to rely on or benefit from, directly or indirectly, any such security which the Lender may obtain. In furtherance of the foregoing, the liability of the Guarantor hereunder shall be absolute and unconditional irrespective of, and shall not be released, discharged, limited or otherwise affected by:

6.

- (a) the loss of or failure by the Lender to register, perfect or maintain any security given by the Debtors or by other persons in respect of Obligations, whether intentionally or through failure, neglect or otherwise;
- (b) the failure or neglect of the Lender to enforce any security held in respect of the Debtors or in respect of any guarantor of Obligations;
- (c) the Lender's having released, discharged, compromised or otherwise dealt with any such security in any manner whatsoever (and for greater certainty the Lender shall not be bound to exhaust its recourse against the Debtors, guarantors of the Debtors or other persons or enforce any security held in respect of Obligations or take any other action or legal proceeding before being entitled to payment from the Guarantor under this agreement, and the Guarantor hereby waives all benefits of discussion and division); or
- (d) the enforcement by the Lender of any such security in an improvident or commercially unreasonable manner (including the sale or other disposition of any assets encumbered by such security at less than the fair market value thereof) whether as a result of negligence, recklessness or wilful action or inaction on the part of the Lender or otherwise, and regardless of any duty which the Lender might have to the Debtors under applicable law (including applicable personal property security legislation) in respect of the enforcement of any such security.

#### Accounts Settled

11. The records of the Lender as to the unpaid balance of the Obligations due to It at any time shall constitute conclusive evidence that the said amount is so due, in the absence of manifest error.

#### Waivers

12. No delay on the part of the Lender in exercising any of its options, powers, rights or remedies, or any partial or single exercise thereof, shall constitute a waiver thereof. No waiver, modification or amendment of this agreement or of any such options, powers, rights or remedies shall be deemed to have been made unless made in writing and signed by an authorized officer of the Lender, and any such waiver shall apply only with respect to the specific instance involved, and shall not impair the rights of the Lender or the liability of the Guarantor hereunder in any other respect or at any other time.

#### Foreign Currency Obligations

13. The Guarantor shall make payment to the Lender hereunder in the same currency as is required to be paid by the Debtors to the Lender in respect of the Obligations (the "Required Currency"). If the Guarantor makes payment to the Lender hereunder in any other currency (the "Payment Currency"), such payment shall constitute satisfaction of the said liability of the Guarantor hereunder only to the extent that the Lender is able to purchase Required Currency with the amount of the Payment Currency received from the Guarantor on the date of receipt, in accordance with the Lender's normal practice; and the Guarantor shall remain liable to the Lender for any deficiency together with interest thereon payable pursuant to section 5.



### Withholding Taxes

14. Except as otherwise required by law, each payment by the Guarantor hereunder shall be made without withholding for or on account of any present or future tax imposed by or within the jurisdiction in which the Guarantor is domiciled, any jurisdiction from which the Guarantor makes any payment or any other jurisdiction, or (in each case) any political subdivision or taxing authority thereof or therein. If any such withholding is required by law, the Guarantor shall make the withholding, pay the amount withheld to the appropriate governmental authority before penalties attach thereto or interest accrues thereon and forthwith pay to the Lender such additional amount as may be necessary to ensure that the net amount actually received by the Lender (after payment of such taxes including any taxes on such additional amount paid) is equivalent to the amount which the Lender would have received if no amounts had been withheld.

### Representations and Warranties

15. The Guarantor represents and warrants to the Lender as follows, and acknowledges that the Lender is relying on such representations and warranties as a basis for extending and maintaining the extension of credit to the Debtors:
- (a) the Guarantor is duly formed, existing and in good standing under the laws of its jurisdiction of formation; it has full corporate power, authority and capacity to enter into, execute and deliver this agreement and perform its obligations hereunder; all necessary action has been taken by its directors or shareholders and otherwise to authorize the execution and delivery of this agreement and the performance of its obligations hereunder; the Guarantor has, to the extent required by law, disclosed to its shareholders all information required with respect to the delivery of this agreement; there is no provision in any unanimous shareholder agreement which restricts or limits its powers to enter into or perform its obligations under this agreement; and none of the execution or delivery of this agreement, or compliance with the provisions of this agreement conflicts with, or results in a breach of its charter documents or by-laws; and
  - (b) none of the execution or delivery of this agreement, or compliance by the Guarantor with the provisions of this agreement conflicts with or results in a breach of any agreement or instrument to which the Guarantor is a party or by which the Guarantor or any of the Guarantor's assets are bound or affected, or requires the consent of any other person (other than any consents which have been obtained).

### Revival of Indebtedness and Liability

16. If at any time all or any part of any payment previously applied by the Lender to any portion of the Obligations is rescinded or returned by the Lender for any reason whatsoever, whether voluntarily or involuntarily (including, without limitation, as a result of or in connection with the insolvency, bankruptcy or reorganization of the Debtors or the Guarantor, or any allegation that the Lender received a payment in the nature of a preference), then to the extent that such payment is rescinded or returned, such portion of the Obligations shall be deemed to have continued in existence notwithstanding such initial application, and this agreement shall

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continue to be effective or be reinstated, as the case may be, as to such portion of the Obligations as though such payment had not been made.

#### **Postponement of Indebtedness and Subordination of Security**

17. Payment of all present and future indebtedness, liabilities and obligations of the Debtors to the Guarantor (the "**Postponed Indebtedness**") is hereby postponed to payment and performance of all Obligations. The Guarantor agrees that the Guarantor shall not, except to the extent consented to by the Lender in writing, receive any payment of principal, interest or any other amount in respect of any Postponed Indebtedness until all Obligations have been paid and satisfied in full. If any portion of the Postponed Indebtedness is paid in contravention of this agreement, the Guarantor shall hold such amount in trust for the Lender and immediately pay such amount to the Lender. If the Guarantor now or in the future holds any security for payment of any Postponed Indebtedness (the "**Postponed Security**"), the Postponed Security and the security interests constituted thereby are hereby postponed and subordinated to all present and future security and security interests held by the Lender in respect of any Obligations, notwithstanding the order of execution, delivery, registration or perfection of such security or security interests, the order of advancement of funds, the order of crystallization of security, or any other matter which may affect the relative priorities of such security or security interests. The Guarantor shall not initiate or take any action to enforce the Postponed Security without the prior written consent of the Lender. The Guarantor shall, promptly at the Lender's request, deliver to the Lender, in form and substance satisfactory to the Lender, an assignment by the Guarantor to the Lender of all Postponed Indebtedness and Postponed Security as security for the Guarantor's obligations to the Lender pursuant to this agreement.

#### **Restrictions on Right of Subrogation**

18. The Guarantor agrees not to exercise or enforce any right of indemnity, exoneration, contribution, reimbursement, recourse or subrogation against the Debtors or any other guarantor of Obligations, or as to any security therefor, unless and until all Obligations have been paid and satisfied in full and the Lender has no further obligation to extend credit to the Debtors. The Guarantor shall have no right to be subrogated hereunder unless:
- (a) the Guarantor has paid to the Lender an amount equivalent to all Obligations together with all interest, expenses and other amounts due hereunder;
  - (b) any other person having a potential right of subrogation has waived such right and consented to the assignment by the Lender to the Guarantor of the Obligations and any security held by the Lender;
  - (c) the Lender has received from the Debtors a release of all claims which the Debtors may have against the Lender, including any obligation to grant additional credit to the Debtors;
  - (d) the Guarantor has executed and delivered to the Lender a release of any claims which the Guarantor may have against the Lender in respect of the Obligations or this agreement; and

9.

- (e) if required by the Lender, three months shall have elapsed from the time of the last payment made by the Debtors to the Lender and the last payment made by the Guarantor to the Lender hereunder.

The Guarantor shall cause all such documents to be in form and substance satisfactory to the Lender. Any such assignment of loans and security by the Lender to the Guarantor shall be on an "as is, where is" basis without representations, warranties or conditions, and without recourse to the Lender.

#### Expenses

19. The Guarantor agrees to pay to the Lender, forthwith on demand by the Lender, all expenses (including legal fees on a solicitor and his own client basis) incurred by the Lender in connection with the preservation or enforcement of any of the Lender's rights and remedies hereunder, together with interest thereon calculated and compounded at the rate provided in section 5.

#### Additional Guarantee

20. This agreement is in addition to and not in substitution for any other guarantees or agreements which may have previously been given to the Lender by the Guarantor in connection with the Debtors or any Obligations, and is in addition to and without prejudice to any security or guarantee now or hereafter held by the Lender in respect of any Obligations, and any other rights or remedies which the Lender might have.

#### Combination of Accounts and Set-Off

21. The Lender may from time to time combine accounts and set off and apply any liabilities it may have to the Guarantor (including liabilities in respect of any monies deposited by the Guarantor with the Lender) against any and all of the obligations of the Guarantor to the Lender now or hereafter existing under this agreement, whether or not the Lender has made any demand hereunder and whether or not any of such obligations may be unliquidated, contingent or unmatured.

#### Notice

22. Communications to the Guarantor and provided for, required or permitted hereunder shall be provided care of the Borrower in accordance with the Loan Agreement.

#### Severability

23. If any provision of this agreement shall be invalid or unenforceable, all other provisions hereof shall remain in full force and effect and all changes rendered necessary by the context shall be deemed to have been made.

#### Interpretation

24. This agreement shall be construed as if all changes in grammar, number and gender rendered necessary by the context have been made. Terms defined in the singular have the same

meaning when used in the plural, and vice-versa. As used in this agreement, "person" includes an individual, corporation, partnership, joint venture, trust, unincorporated association or any government, crown corporation or governmental agency or authority or any combination of the foregoing.

#### **Further Assurances**

25. The Guarantor agrees, at the Guarantor's own expense, to promptly execute and deliver or cause to be executed and delivered to the Lender, upon the Lender's request from time to time, all such other and further documents, agreements, opinions, certificates and instruments as are required under this agreement or as may be reasonably requested by the Lender if necessary or desirable to more fully record or evidence the obligations intended to be entered into herein.

#### **Entire agreement; Amendments; Conclusive Delivery**

26. No amendment of this agreement shall be effective unless made in writing and executed by the Guarantor and the Lender. Possession by the Lender of an executed copy of this agreement shall constitute conclusive evidence that:
- (a) this agreement was executed and delivered by the Guarantor to the Lender free of all conditions;
  - (b) there is no agreement or understanding between the Lender and the Guarantor that this agreement was delivered in escrow or is not intended to be effective until the occurrence of any event or the satisfaction of any condition; and
  - (c) the Lender has not made any representation, warranty, statement or promise to the Guarantor regarding the Debtors, the Lender's intention to obtain any security in respect of Obligations or guarantees from other persons in respect of Obligations, the circumstances under which the Lender may enforce this agreement, the manner in which the Lender might enforce this agreement or any other matter which might conflict with any provision expressly set out herein.

#### **Governing Law**

27. 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 the right of the Lender to commence any proceedings with respect to this agreement in any other proper jurisdiction, the Guarantor hereby irrevocably attorns and submits to the non-exclusive jurisdiction of the courts of the Province of British Columbia.

#### **Successors and Assigns**

28. This agreement shall enure to the benefit of the Lender and its successors and assigns, and shall be binding on the Guarantor and its successors and permitted assigns.

**Legal Advice**

29. The Guarantor acknowledges that the Guarantor has had ample opportunity to review and consider this agreement, fully understands the provisions hereof and has received legal advice from the Guarantor's solicitors in connection with this agreement.

**Waiver of Limitation Period**

30. The Guarantor agrees that all limitation periods established under any applicable laws are hereby excluded and shall not apply to this agreement, other than any ultimate limitation period established under any such laws.

**Receipt of Copy of agreement**

31. The Guarantor hereby acknowledges receipt of a copy of this agreement.

*(The remainder of this page has intentionally been left blank; the signature page follows.)*

IN WITNESS WHEREOF this agreement has been executed and delivered by the Guarantor as of the date first indicated at the top of the first page hereof.

**AD PROLEM CAPITAL INVESTMENTS LTD.**

By:  \_\_\_\_\_

Name: Ryan Moreno  
Title: Director / President

**THE WILLIAM PUBLIC HOUSE LTD.**

By:  \_\_\_\_\_

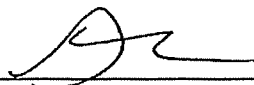
Name: Ryan Moreno  
Title: Director / President

**EDITH & ARTHUR PUBLIC HOUSE LTD.**

By:  \_\_\_\_\_

Name: Ryan Moreno  
Title: Director / President

**JOSEPH BOURQUE INVESTMENTS LTD.**

By:  \_\_\_\_\_

Name: Andre Bourque  
Title: Director / President

**JOSEPH RICHARD IP HOLDINGS LTD.**

By:  \_\_\_\_\_

Name: Ryan Moreno  
Title: Director / President

**JOSEPH RICHARD HOSPITALITY GROUP LTD.**

By:  \_\_\_\_\_

Name: Ryan Moreno  
Title: Director / President

**JOSEPH RICHARD MANAGEMENT LTD.**

By:  \_\_\_\_\_


Name: Ryan Moreno  
Title: Director / President

**JRG CLOVERDALE VENTURES LTD.**


By:  \_\_\_\_\_

Name: Ryan Moreno  
Title: Director / President


MICKY'S INVESTMENTS (COQUITLAM) LTD.

By:   
Name: Ryan Moreno  
Title: Director / President

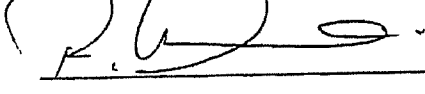
THE ITALIAN OSTERIA AND CHEESE BAR LTD.

By:   
Name: Ryan Moreno  
Title: Director / President

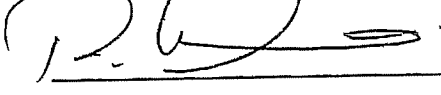
OAK & THORNE PUBLIC HOUSE LTD.

By:   
Name: Ryan Moreno  
Title: Director / President

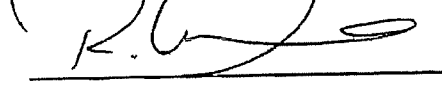
OCEANSIDE YACHT CLUB AND PUBLIC HOUSE LTD.

By:   
Name: Ryan Moreno  
Title: Director / President

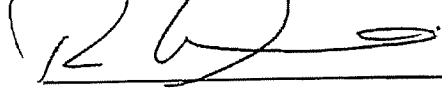
S & L KITCHEN & BAR HOLDINGS ABBOTSFORD LTD.

By:   
Name: Ryan Moreno  
Title: Director / President

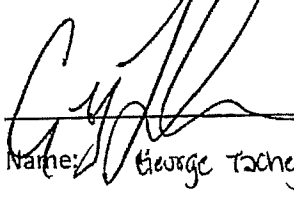
S & L KITCHEN & BAR HOLDINGS LANGLEY LTD.

By:   
Name: Ryan Moreno  
Title: Director / President

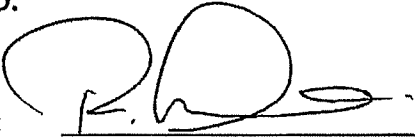
S & L KITCHEN & BAR HOLDINGS SOUTH SURREY LTD.

By:   
Name: Ryan Moreno  
Title: Director / President


STEVESTON HOSPITALITY SERVICES LTD.

By:   
Name: George Tachejian  
Title: Director


**SUDO ASIAN KITCHEN HOLDINGS (LANGLEY) LTD.**

By:   
Name: Ryan Moreno  
Title: Director / President


**TOWNHALL HOLDINGS LTD.**

By:   
Name: Ryan Moreno  
Title: Director / President


**TOWNHALL HOLDINGS (ABBOTSFORD) LTD.**

By:   
Name: Ryan Moreno  
Title: Director / President


**TOWNHALL HOLDINGS (CHILLIWACK) LTD.**

By:   
Name: Ryan Moreno  
Title: Director / President

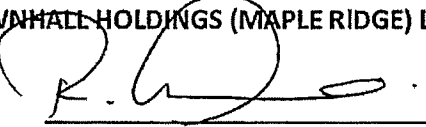
**TOWNHALL HOLDINGS (COQUITLAM) LTD.**

By:   
Name: Ryan Moreno  
Title: Director / President

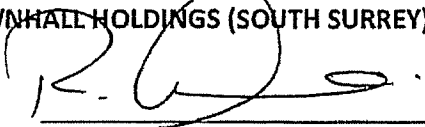
**TOWNHALL HOLDINGS FORT MCMURRAY LTD.**

By:   
Name: Ryan Moreno  
Title: Director / President


**TOWNHALL HOLDINGS (MAPLE RIDGE) LTD.**

By:   
Name: Ryan Moreno  
Title: Director / President

**TOWNHALL HOLDINGS (SOUTH SURREY) LTD.**

By:   
Name: Ryan Moreno  
Title: Director / President

**JRG CLOVERDALE HOLDINGS LTD.**

By:   
Name: Ryan Moreno  
Title: Director / President



**EXHIBIT "A"**

**ATTORNMENMENT AGREEMENT**

We refer to the guarantee and indemnity agreement granted by, *inter alios*, Canteen Community Kitchen Holdings (Langley) Ltd., Edith & Arthur Public House Ltd. and JRG Cloverdale Ventures Ltd. in favour of Canadian Western Bank dated June \_\_\_\_\_, 2018 (the "Agreement"). Terms used herein as defined terms shall have the meanings ascribed thereto in the Agreement.

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, we hereby agree to become a party to the Agreement as a Guarantor. For greater certainty, we hereby;

- (a) guarantee payment of the Obligations to the Lender, as more particularly set out in the Agreement;
- (b) provide all representations and warranties in favour of the Lender as set out in the Agreement, as at the date hereof; and
- (c) generally agree to observe and perform all of our obligations as a Guarantor under the Agreement.

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

**[ADDITIONAL GUARANTOR]**

By: \_\_\_\_\_

Name:

Title:



This is Exhibit "H" to the Affidavit #1 of  
André Joseph Bourque affirmed July 16, 2023  
before me at the City of Vancouver.

A handwritten signature in black ink, appearing to be 'D/S', written over a horizontal line.

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

## ENVIRONMENTAL INDEMNITY AGREEMENT

### WHEREAS:

- A. Pursuant to that certain loan agreement dated on or about the date hereof (the "**Loan Agreement**"), CANADIAN WESTERN BANK (the "**Lender**") has agreed to provide certain loans to **JRG CLOVERDALE HOLDINGS LTD.** and **1164312 B.C. LTD.** (collectively, the "**Borrowers**") in the amount of \$13,095,000.00 (the "**Loan**");
- B. At the request of the Lender, Joseph Richard Investments Ltd., Edith & Arthur Public House Ltd., JRG Cloverdale Ventures Ltd., Livelyhood Public House Ltd., Micky's Investments (Coquitlam) Ltd., Oak & Thorne Public House Ltd., S & L Kitchen & Bar Holdings Abbotsford Ltd., S & L Kitchen & Bar Holdings Langley Ltd., S & L Kitchen & Bar Holdings South Surrey Ltd., Steveston Hospitality Services Ltd., Sudo Asian Kitchen Holdings (Langley) Ltd., The Phat Bird Public House Ltd., The Italian Osteria, and Cheese Bar Ltd., The Study Public House Ltd., Townhall Holdings Ltd., Townhall Holdings (Chilliwack) Ltd., Townhall Holdings (Maple Ridge) Ltd., Townhall Holdings (South Surrey) Ltd., Joseph Richard IP Holdings Ltd., Joseph Richard Management Ltd., Townhall Holdings (Abbotsford) Ltd., JRG Foodhall (Vancouver) Ventures Ltd., Ad Prolem Capital Investments Ltd., Joseph Bourque Investments Ltd., Joseph Richard Hospitality Group Ltd., Ryan Moreno and Andre Bourque (collectively, the "**Guarantors**"), have agreed to guarantee the Loan;
- C. The Lender requires the Borrowers and the Guarantors to execute an Environmental Indemnity Agreement as a prerequisite to funding the Loan.

### NOW THEREFORE:

In consideration of the sum of Ten Dollars (\$10.00) now paid by the Lender to the Borrowers and the Guarantors, the receipt and sufficiency whereof is hereby acknowledged, the Borrowers and the Guarantors (hereinafter collectively referred to as the "**Indemnitors**") certify, represent, warrant, covenant and agree to and with the Lender as follows:

### ARTICLE 1 - DEFINITIONS

1.1 When used in this Agreement the following words and expressions shall have the following meanings, namely:

- (a) "**Applicable Laws**" means without limitation (whether in existence on the date of this Agreement or executed, promulgated or published after the date hereof), all applicable local, municipal, provincial, territorial and federal laws, by-laws, statutes, regulations, ordinances, directives, rules, guidelines, policies, codes, standards, certificates, permits, grants, licenses, agreements, administrative and judicial orders, judgments, decrees, approvals, directions and permits, criterion or other governmental restrictions relating to, without limitation, the regulation, protection, preservation, or reclamation of the environment or natural resources or to health and safety or to the management, presence, existence, Release or handling of any Hazardous Substances as herein defined as well as common law or civil law as applicable.
- (b) "**Business Day**" means a day on which the Lender is open for business excluding Saturday, Sunday and any other day which is a statutory holiday in the province in which the Property is located.

- 2 -

- (c) **"Hazardous Substances"** means any pollutant, contaminant, hazardous, dangerous, poisonous, noxious, toxic, radioactive and bioaccumulative, chemical, substance, waste, material or similar term which are defined and regulated pursuant to Applicable Laws. It is the intent of the Indemnitors that the term "Hazardous Substances" be construed in the broadest sense possible under this Agreement.
- (d) **"Lien"** means any mortgage, charge, lien, hypothec, trust, encumbrance, charge, pledge, assignment, security interest, title retention, deposit, trust or any other security arrangement of whatsoever nature or kind.
- (e) **"Other Property"** means any property located adjacent to the Property which becomes contaminated with Hazardous Substances coming from the Property or other property which contaminates the Property.
- (f) **"Property"** means certain real or immovable properties as described in Schedule "A" attached hereto and all buildings and improvements located on or under them.
- (g) **"Release"** means, with respect to any Hazardous Substance, the method by which such Hazardous Substance comes to be in the environment at large and includes, without limitation, discharging, spraying, injection, abandonment, depositing, spilling, leaking, releasing, leaching, seeping, migrating, pumping, pouring, emission, emptying, escaping, throwing, dumping, placing and exhausting, and when used as a noun has a similar meaning.
- (h) **"Reports"** means collectively, (i) a Phase I Environmental Site Assessment dated December 15, 2021, prepared by Next Environmental Inc. and (ii) a Phase I Environmental Site Assessment dated March 22, 2022 prepared by Next Environmental Inc., each provided to the Lender by the Indemnitors.

## ARTICLE 2 - INDEMNIFICATION

2.1 Indemnitors covenant and agree at their sole cost and expense to protect, defend, indemnify, release and hold the Lender harmless from and against any and all claims, demands, damages, losses (including without limitation actual loss in value), Liens, whether recorded or unrecorded, liabilities, penalties, fines, debts, suits, judgments, awards, administrative or judicial orders, actions, causes of action, proceedings, obligations, costs, charges, fees, expenses and amounts paid in settlement, of whatever kind or nature (including without limitation costs for investigation, remediation, restoration, clean-up, treatment, monitoring, containment and removal relating in any way to Hazardous Substances; legal, accountants', engineers', consultants' and contractors' fees and disbursements and solicitor-client/extra judicial costs), including strict liability in tort or in delict which accrue to or are made against or are incurred by the Lender at any time (whether prior to or on or after transfer of the Property pursuant to foreclosure or by deed in lieu thereof), and which arise directly or indirectly from or out of, or are in any way connected with:

- (a) any misrepresentation or inaccuracy of any certifications, representations and warranties contained herein or material breach or failure to perform any covenants or other obligations pursuant to this Agreement;
- (b) any activities on the Property during Indemnitors' ownership, use, possession or control of the Property which directly or indirectly result in the Property or any Other Property becoming contaminated with Hazardous Substances;

- 3 -

- (c) during the term of the Loan, the Release of a Hazardous Substances or the threat of a Release of a Hazardous Substance;
- (d) the discovery, investigation, remediation, restoration, treatment, monitoring, containment, removal and/or the clean up of Hazardous Substances from the Property or any Other Property onto which Hazardous Substances have migrated from the Property;
- (e) during the term of the Loan any violation by Indemnitors, or those for whom they are at law responsible, of any of the Applicable Laws with respect to the Property;
- (f) the imposition, registering or filing or the threatened imposition, registering or filing of any Lien on the Property.

Indemnitors acknowledge that as between Indemnitors and the Lender, Indemnitors will be solely responsible for all costs and expenses whether foreseen or unforeseen relating to the discovery, investigation, remediation, restoration, treatment, monitoring, clean up, containment and removal of Hazardous Substances from the Property, or from any Other Property as a result of the Release of Hazardous Substances from the Property, and that the indemnity in this Article 2 shall cover all such costs and expenses.

2.2 Indemnitors' obligations under this Agreement are unconditional and irrevocable and shall not be limited or impaired by any non-recourse or other limitations of liability provided for in any document relating to the Loan ("Loan Documents"). The representations, warranties and covenants of Indemnitors set forth in this Agreement (including without limitation the indemnity provided for in this Article 2):

- (a) are separate and distinct obligations from and in addition to Indemnitors' obligations under the Loan Documents;
- (b) shall not be discharged or satisfied by foreclosure under any Loan Documents; and
- (c) shall continue in full force and effect after any sale or transfer of all or part of the Property, including without limitation, transfers pursuant to foreclosure proceedings (whether judicial or non-judicial).

2.3 The amount of Indemnitors' liability under this Agreement is not limited to the amount of the Loan. Indemnitor's liability is unrelated to and independent of the amount of any loss that the Lender may suffer by reason of the failure of the Loan to be repaid in full, and shall not be determined by reference to the amount of any Loan loss. Indemnitors acknowledge that the amount of their liability hereunder could exceed the entire amount paid by Borrowers for the Property.

2.4 Indemnitors acknowledge and agree that neither this Agreement nor any of the Loan Documents shall put the Lender in the position of an owner or a person having the charge, management or control of the Property prior to any acquisition of the Property by the Lender. The rights granted to the Lender herein and in the Loan Documents are granted solely for the protection of the Lender's mortgage, Liens and security interests covering the Property, and do not grant to the Lender the right to control Indemnitors' actions, decisions or policies regarding Hazardous Substances.

### ARTICLE 3 - REPRESENTATIONS, WARRANTIES AND COVENANTS

3.1 Except as disclosed to the Lender in the Reports or as used by Indemnitors in the ordinary course of their business at the Property, Indemnitors have no knowledge after due and diligent investigation of: