



This is the 1st Affidavit
of Rebecca Nguinambaye in this case
and was made on January 26, 2023

No. VLC-S-S-229506
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

1351486 B.C. LTD.

PETITIONER

AND:

LIVING BEACHSIDE DEVELOPMENT LIMITED
PARTNERSHIP, SUNNY BEACH MOTEL INC., PORT
CAPITAL FARMS (BEACH) INC., PORTLIVING FARMS
(3624 PARKVIEW) INVESTMENTS INC., PORTLIVING
FARMS (3688 PARKVIEW) INVESTMENTS INC.,
PORTLIVING (3648 PARKVIEW) INVESTMENTS INC., PORT
CAPITAL GROUP INC., PORTLIVING PROPERTIES INC.,
MACARIO TEODORO REYES, PORT CAPITAL
DEVELOPMENT (FARMS) INC., and 1341550 B.C. LTD.

RESPONDENTS

AFFIDAVIT

I, REBECCA NGUINAMBAYE, of 2900 - 550 Burrard Street, , in the City of Vancouver,
in the Province of British Columbia, SWEAR THAT:

1. I am an associate with the firm f Fasken Martineau DuMoulin LLP (“Fasken”), solicitors for the Petitioner, 1351486 (“486”), and as such have personal knowledge of the facts hereinafter deposed to except where stated to be on information and belief, in which case I verily believe them to be true. I am authorized to make this Affidavit on behalf of the Petitioner.
2. I have read the Amended Petition filed herein on December 20, 2022. Capitalized terms used and not defined in this affidavit have the meanings ascribed to them in the Amended Petition.

3. On October 25, 2022, the Petitioner and the Borrowers entered into a forbearance agreement (the “**Forbearance Agreement**”) under which the Petitioner agreed to forbear from further enforcement action until after November 16, 2022 (the “**Forbearance Period**”). Attached hereto as **Exhibit “A”** is a true copy of the Forbearance Agreement.

4. In consideration of this forbearance, the Borrowers were to pay the Petitioner a forbearance fee of \$175,000 (the “**Forbearance Fee**”), half of which was payable on November 1, 2022 and the other half on November 9, 2022.

5. The Borrowers delivered a cheque for \$87,500 to the Petitioner via Fasken on November 1, 2022 but this cheque was not honoured when presented for payment. The Borrowers then delivered a second cheque to the Petitioner via Fasken on November 9, 2022 which cheque was deposited successfully leaving half of the Forbearance Fee outstanding.

6. Under the terms of the Forbearance Agreement, the Borrowers had the option to extend the Forbearance Period for 30 days by providing notice of this intent five days prior to the expiry of the Forbearance Period and paying an extension fee. I am told by representatives of 486 that no such notice was provided, nor was it received by Fasken, and no fee was paid.

7. The Forbearance Period has now expired.

8. Attached hereto as **Exhibit “B”** is a true copy of a demand letter sent to the Borrowers on November 17, 2022, the day after the expiry of the Forbearance Period.

SWORN BEFORE ME at Vancouver,)
British Columbia, on January 26, 2023.)



A Commissioner for taking Affidavits for)
British Columbia)
COLLEEN NESBITT)
Barrister & Solicitor)
Fasken Martineau DuMoulin LLP)
2900 - 550 Burrard Street)
Vancouver, BC V6C 0A3)
604 631 4833)



REBECCA NGUINAMBAYE

This is Exhibit A referred to in the affidavit of Rebecca Ngumambiye sworn before me at Vancouver this 26 day of January 2023

.....
A. [Signature]
Notary Public
in British Columbia

FORBEARANCE AGREEMENT

THIS AGREEMENT dated for reference the 25th day of October, 2022.

AMONG:

1351486 B.C. LTD., a British Columbia Company having an address of Suite 2900, 550 Burrard Street, Vancouver, BC V6C 0A3

("486")

AND:

LIVING BEACHSIDE DEVELOPMENT LIMITED PARTNERSHIP, a British Columbia Limited Partnership having an address of 20th Floor, 250 Howe Street, Vancouver, BC V6C 3R8

("Beachside LP")

AND:

SUNNY BEACH MOTEL INC., a British Columbia Company having an address of 20th Floor, 250 Howe Street, Vancouver, BC V6C 3R8

("Sunny Beach")

AND:

PORT CAPITAL FARMS (BEACH) INC., a British Columbia Company having an address of 20th Floor, 250 Howe Street, Vancouver, BC V6C 3R8

("Farms (Beach)")

AND:

PORTLIVING FARMS (3624 PARKVIEW) INVESTMENTS INC., a British Columbia Company having an address of 20th Floor, 250 Howe Street, Vancouver, BC V6C 3R8

("3624")

AND:

PORTLIVING FARMS (3648 PARKVIEW) INVESTMENTS INC., a British Columbia Company having an address of 20th Floor, 250 Howe Street, Vancouver, BC V6C 3R8

("3648")

AND:

PORTLIVING FARMS (3688 PARKVIEW) INVESTMENTS INC., a British Columbia Company having an address of 20th Floor, 250 Howe Street, Vancouver, BC V6C 3R8

(“3688”, and together with Beachside LP, Sunny Beach, Farms (Beach), 3624 and 3648, the “Borrowers”)

AND:

PORT CAPITAL GROUP INC., a British Columbia Company having an address of 20th Floor, 250 Howe Street, Vancouver, BC V6C 3R8

(“Port Capital”)

AND:

PORTLIVING PROPERTIES INC., a British Columbia Company having an address of 20th Floor, 250 Howe Street, Vancouver, BC V6C 3R8

(“Port Properties”)

AND:

MACARIO TEODORO REYES, businessperson, having an address of 325 West 4th Avenue, Vancouver, BC V5Y 1H3

(“Reyes”, and together with Port Capital and Port Properties, the “Guarantors”)

AND:

PORT CAPITAL DEVELOPMENT (FARMS) INC., a British Columbia Company having an address of 20th Floor, 250 Howe Street, Vancouver, BC V6C 3R8

(“Port Capital (Farms)”, or the “Limited Recourse Guarantor”, and collectively with the Borrowers and the Guarantors, the “Debtors”)

WHEREAS:

- A. Reyes is the director of the Borrowers, Port Properties, Port Capital and Port Capital (Farms).
- B. Pursuant to a loan agreement dated March 14, 2022 executed by 486 and the Borrowers (the “Loan Agreement”), 486 advanced to the Borrowers a non-revolving term loan in the principal amount of \$3,500,000 (the “Loan”).

- C. As security for the Borrower's obligations to 486, the Borrowers, the Guarantors and the Limited Recourse Guarantor granted certain security in favour of 486 (collectively, the "**Security Agreements**"), including those enumerated in Schedule "A" hereto, which includes without limitation:
- (a) a general security agreement dated March 10, 2022 executed by the Borrowers in favour of 486 in respect of which a financing statement was filed in the Personal Property Registry of British Columbia (the "**PPR**") under base registration number 588934N granting a charge in favour of 486 on all present and after acquired goods of the Borrowers;
 - (b) a mortgage and assignment of rents dated March 10, 2022 granted by 3624, 3648 and 3688 in favour of 486 and registered in the New Westminster Land Title Office under charge numbers CA9786318 and CA9786319 charging certain lands and premises located in Penticton, B.C. (the "**Parkview Lands**") as set out in Schedule "B" hereto;
 - (c) pledges of securities executed by Port Properties, Beachside LP and Port Capital (Farms) in favour of 486 in respect of which a financing statement was filed in the PPR under base registration number 589010N;
 - (d) a letter of guarantee dated March 10, 2022 pursuant to which the Guarantors jointly and severally guaranteed all obligations of the Borrowers to 486 in accordance with the terms thereof (the "**Guarantee**"); and
 - (e) a letter of guarantee dated March 10, 2022 pursuant to which the Limited Recourse Guarantor guaranteed all obligations of the Borrowers to 486 in accordance with the terms thereof (the "**Limited Recourse Guarantee**").
- D. The amount owing under the Loan as at October 17, 2022 is \$3,850,025.10, which amount, together with interest and all other amounts owing pursuant to the Security Agreements and any other agreements between 486 and any one or more of the Debtors, and all other costs, charges and expenses from time to time due and owing to 486 in connection therewith, including legal costs, are collectively referred to herein as the "**Indebtedness**".
- E. Interest on the Indebtedness continues to accrue at the rate contemplated under the Loan Agreement (the "**Applicable Interest Rate**").
- F. The Borrowers are currently in breach of their obligations to 486, including by failing to make any payment on the Loan since May 2, 2022.
- G. The Debtors have asked that, notwithstanding the existing defaults under the Loan and Agreements, 486 forbear from enforcing its rights under the Loan and Security Agreements and 486 has agreed to do so on the terms and conditions set out in this agreement (this "**Agreement**").

NOW THEREFORE in consideration of the premises, mutual covenants and agreements contained in this Agreement and other good and valuable consideration (the receipt and sufficiency of which is acknowledged by each of the parties), the parties covenant and agree as follows:

1. The parties hereto acknowledge and agree that the above recitals to this Agreement are incorporated into and form an integral part of this Agreement and are true and accurate in every respect.
2. Each of the Debtors hereby agrees that 486 is not under any obligation whatsoever to provide or make available to the Borrowers any further loans or other accommodations.
3. Subject to the execution and delivery by the parties of this Agreement, 486 agrees and covenants that provided that no Event of Default (as defined hereafter) occurs, it will forbear from taking any further steps to enforce its rights under the Loan or the Security Agreements until after November 16, 2022 or such later date as may be contemplated by the terms of this Agreement or as 486, in its sole discretion, may subsequently agree to in writing (the period from the date of this Agreement to November 16, 2022, or as extended in accordance with the terms of this Agreement, is hereafter referred to as the "**Forbearance Period**").
4. Each of the Debtors hereby acknowledges having reviewed and being familiar with the Security Agreements to which they are a party, and that all of the Security Agreements to which they are a party are in full force and effect and valid and enforceable in accordance with their terms. Each of the Debtors hereby acknowledges that they are duly authorized to enter into and be bound by the terms of the Loan and Security Agreements to which they are a party as well as this Agreement, and to carry out the terms of each such agreement.
5. Each of the Debtors hereby acknowledges and agrees that the Forbearance Period is reasonable in the circumstances.
6. Each of the Debtors hereby acknowledges the amount of the Indebtedness as at October 17, 2022, exclusive of legal and other costs, is as set forth in the recitals, and that the Indebtedness is currently due and owing to 486 in accordance with the Loan Agreement. Each of the Debtors hereby waives any rights which they may have as at the date of this Agreement to claim any abatement of or setoff against the Indebtedness, including whether arising by way of defence or counterclaim. Each of the Debtors hereby specifically acknowledges that they are obligated to 486 under the Loan and Security Agreements to which they are a party for payment of, among other things, 486's reasonable legal costs on the basis of complete indemnification on a solicitor and its own client basis, including those incurred by 486 in connection with the negotiation and preparation of this Agreement.
7. Each of the Debtors hereby waives against 486 and its successors and assigns any defence which they or any of them may have existing up to the present time to any action brought by 486 to collect the Indebtedness, including under the Loan and Security Agreements, or to enforce or realize upon the collateral subject to the Security Agreements, and in which said defence arises, whether by counterclaim or defence, by reason of any cause, matter, error, omission, neglect or thing caused or done, whether direct or indirect, by 486, its executors, administrators, officers,

agents, successors and assigns existing as at the date of this Agreement and relating to or arising from the Loan or the Security Agreements.

8. Each of the Debtors hereby releases and forever discharges 486 and its successors and assigns of and from any and all manner of actions, causes of action, suits, contracts, claims, demands, damages, costs and expenses of any nature or kind whatsoever, whether known or unknown, suspected or unsuspected, whether at law or in equity, which the Debtors, or any of them, ever had or now have or which they or their heirs, executors, administrators, officers, agents, successors and assigns hereafter can, shall or may have or by reason of any cause, matter or thing whatsoever existing up to the present time and relating to the Loan Agreement, the Security Agreements and 486's actions, errors or omissions with regard thereto.

9. Except as amended hereby, all other terms of the Loan and Security Agreements remain in full force and effect and continue to be binding in accordance with their terms, including any guarantees provided by any of the Debtors.

10. The parties hereto agree that interest will continue to accrue on the Indebtedness at the Applicable Interest Rate from October 17, 2022 to the date of payment of the Indebtedness, in full.

11. The Debtors hereby agree that, as a condition to 486 entering into this Agreement, the Debtors shall pay to 486 a forbearance fee in the amount of \$175,000 (the "**Forbearance Fee**"), half of which (\$87,500) shall be immediately earned and upon execution and delivery of this Agreement and shall be payable within seven (7) days following same, and the other half (\$87,500) to be earned and payable within fifteen (15) days following execution of this Agreement. The Forbearance Fee shall be paid to Fasken Martineau DuMoulin LLP, in trust, by way of wire transfer, certified cheque or bank draft.

12. If the Debtors repay the entire amount of the Indebtedness within 15 days after the execution of this Agreement, the second half of the Forbearance Fee shall not be payable.

13. If, on or before five days prior to the expiry of the Forbearance Period, the Debtors provide written notice to 486 that they agree to pay an extension fee of \$35,000 (an "**Extension Fee**"), the Forbearance Period shall be extended by an additional 30 days, up to a maximum of three extensions. For clarity, the Extension Fee shall be payable for each extension of 30 days, and the total Forbearance Period may not exceed 120 days.

14. The Extension Fee(s) shall be added to the principal amount of the Indebtedness, and shall accrue interest at the Applicable Interest Rate from the date of this Agreement until paid in full.

15. In no event shall the aggregate interest rate exceed the effective annual rate of interest lawfully permitted under the *Criminal Code* (Canada) and if any payment, collection or demand pursuant to this Agreement is determined to be contrary to the provisions of the *Criminal Code* (Canada), such interest shall be deemed to have been adjusted with retroactive effect to the maximum rate of interest allowed thereunder calculated in accordance with generally accepted actuarial practices and principles.

16. The Debtors hereby covenant and agree that they will not, nor shall anyone on their behalf, seek any relief under the *Bankruptcy & Insolvency Act*, *Companies' Creditors Arrangement Act*, *Winding-Up Act*, *B.C. Personal Property Security Act*, or *B.C. Law and Equity Act* or under any statute of similar nature in any other jurisdiction.

17. It shall be an event of default under this Agreement (each an "Event of Default") if:

- (a) the Debtors, or any of them, fail to duly perform any covenant required of them pursuant to this Agreement;
- (b) the Debtors, or any of them, fail to make any payment as and when it comes due pursuant to this Agreement or pursuant to the Loan or Security Agreements, as amended hereby;
- (c) except as recognized in this Agreement, any of the Debtors is in default of any covenant or condition under the Loan Agreement or any of the Security Agreements;
- (d) a final judgment for an amount in excess of \$50,000 is entered against any one or more of the Debtors;
- (e) any encumbrancer or creditor of any of the Debtors takes possession of, or commences proceedings or steps to realize upon, any property or asset of any of the Debtors, including a distress, execution, foreclosure, forfeiture or any similar process levied or enforced there against;
- (f) any of the Debtors, without the prior written consent of 486, passes a resolution or institutes proceedings for its winding up, liquidation or dissolution or consents to the institution or filing of any petition or proceedings with respect thereto;
- (g) any of the Debtors, without the prior written consent of 486:
 - (i) files a petition or commences a proceeding seeking reorganization, readjustment, rearrangement, restructuring, composition or similar relief under any Canadian or other applicable law; or
 - (ii) consents to the filing of any such petition or commencement of such proceeding or to the appointment of a receiver, receiver-manager, liquidator, trustee or similar officer (referred to herein as an "Official") over any of its property;
- (h) any application is made or proceeding commenced with respect to any of the Debtors seeking reorganization, readjustment, rearrangement, restructuring, composition or similar relief for it under any applicable Canadian or other law, or if a step is taken or proceeding is instituted for the winding up, liquidation or dissolution of it or seeking an order adjudging it insolvent or seeking the appointment of an Official of it or any part of its property, and if such appointment

or proceeding is not removed, dismissed, stayed or withdrawn within 10 days after it has notice or knowledge of the institution thereof;

- (i) any of the Debtors becomes bankrupt;
- (j) without the prior written consent of 486, any of the Debtors effects or passes a resolution authorizing any consolidation, merger or amalgamation with any other entity or disposition of all or a substantial portion of its assets;
- (k) there occurs any change in the ownership or control of any of the Debtors without the prior written consent of 486;
- (l) during the Forbearance Period, 486 discovers any material fact which, in the sole and absolute judgment of 486, impairs the financial condition of any of the Debtors or the value of the undertaking, property and assets charged by the Security Agreements; and
- (m) during the Forbearance Period, without the written consent of 486, there occurs, in the sole and absolute judgment of 486, any material adverse change in the financial condition of any of the Borrowers or the value of the undertaking, property and assets charged by the Security Agreements.

18. Each of the Debtors hereby acknowledges and agrees that upon the occurrence of an Event of Default, 486 shall thereafter have the right to terminate the Forbearance Period and cease forbearing from enforcing its rights under the Loan Agreement, the Security Agreements and any related agreements, and may thereafter proceed to enforce its rights under any such agreements, and the Debtors hereby consent to the private or court appointment by 486, at its discretion, of an agent, receiver or receiver-manager, to enforce the Security Agreements.

19. 486 may, at its option and in its sole discretion, waive any default hereunder or under any other agreement, but such waiver shall not constitute a waiver of any subsequent event which would constitute default hereunder or under any other agreements.

20. Each of the Debtors hereby covenants and agrees that they are liable for, and shall pay, all reasonable fees and disbursements paid by 486 to its lawyers (on the basis of complete indemnification on a solicitor and its own client basis) in connection with advising and otherwise acting for 486 in relation to the affairs of the Borrowers with respect to the Loan Agreement, the Indebtedness, the Security Agreements, this Agreement and all matters incidental or relating thereto, including enforcement of same, and whether past, present or future.

21. Any notice to be given to any party hereunder shall be given by delivery to the respective party at the address hereinafter set forth:

If to 486:

1351486 B.C. Ltd.
c/o
Fasken Martineau DuMoulin LLP

2900 – 550 Burrard Street
Vancouver, BC V6C 0A3
Email: kjackson@fasken.com
Attention: Kibben Jackson

If to the Debtors:

Living Beachside Development Limited
Partnership, Sunny Beach Motel Inc., Port Capital
Farms (Beach) Inc., PortLiving Farms (3624
Parkview) Investments Inc., PortLiving Farms
(3688 Parkview) Investments Inc., PortLiving
(3648 Parkview) Investments Inc., Port Capital
Group Inc., PortLiving Properties Inc., Port Capital
Development (Farms) Inc., and Macario Teodoro
Reyes
c/o
Bridgehouse Law LLP
9th Floor, 900 West Hastings Street
Vancouver, BC V6C 1E5
Email: RClark@bridgehouselaw.ca
Attention: H. C. Ritchie Clark, K.C.

-
22. This Agreement shall be governed by the law of the Province of British Columbia and the Courts of the Province of British Columbia shall have exclusive jurisdiction with respect to any disputes arising hereunder or pursuant hereto.
23. The parties hereto, and each of them, covenant and agree that this Agreement shall in all respects be binding upon each party, its respective heirs, executors, administrators, successors and assigns upon execution and delivery of this Agreement or any counterpart thereof by each such party.
24. If there is any inconsistency between this Agreement and any other agreement with 486 concerning the Indebtedness, including the Loan Agreement and the Security documents, the provisions of this Agreement shall prevail.
25. This Agreement may be executed in two or more counterparts and all such executed counterparts shall constitute one and the same document. All such counterparts may be delivered by fax or any electronic form.
26. Each of the Debtors hereby acknowledges and agrees that they have obtained independent legal advice prior to execution of this Agreement.

27. This Agreement is conditional upon it being fully executed and delivered to 486 by no later than 12:00 p.m. (Vancouver time) on October 25, 2022.

ACCEPTED, ACKNOWLEDGED AND AGREED TO BY:

1351486 B.C. Ltd.
Per: [Signature]
Authorized Signatory

OCT. 25/2022
Date

**LIVING BEACHSIDE DEVELOPMENT
LIMITED PARTNERSHIP**

Per: _____
Authorized Signatory

Date

SUNNY BEACH MOTEL INC.

Per: _____
Authorized Signatory

Date

PORT CAPITAL FARMS (BEACH) INC.

Per: _____
Authorized Signatory

Date

**LIVING BEACHSIDE DEVELOPMENT
LIMITED PARTNERSHIP**

Per: _____
Authorized Signatory

Date

**PORTLIVING FARMS (3624 PARKVIEW)
INVESTMENTS INC.**

Per: _____
Authorized Signatory

Date

**PORTLIVING FARMS (3648 PARKVIEW)
INVESTMENTS INC.**

Per: _____
Authorized Signatory

Date

27. This Agreement is conditional upon it being fully executed and delivered to 486 by no later than 12:00 p.m. (Vancouver time) on October 25, 2022.

ACCEPTED, ACKNOWLEDGED AND AGREED TO BY:

1351486 B.C. Ltd.

Per: _____
Authorized Signatory

Date

**LIVING BEACHSIDE DEVELOPMENT
LIMITED PARTNERSHIP**

Per: _____
Authorized Signatory

Date 10/25/22

SUNNY BEACH MOTEL INC.

Per: _____
Authorized Signatory

Date 10/25/22

PORT CAPITAL FARMS (BEACH) INC.

Per: _____
Authorized Signatory

Date 10/25/22

**LIVING BEACHSIDE DEVELOPMENT
LIMITED PARTNERSHIP**

Per: _____
Authorized Signatory

Date 10/25/22

**PORTLIVING FARMS (3624 PARKVIEW)
INVESTMENTS INC.**

Per: _____
Authorized Signatory

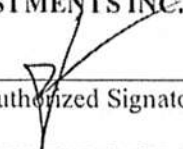
Date 10/25/22

**PORTLIVING FARMS (3648 PARKVIEW)
INVESTMENTS INC.**

Per: _____
Authorized Signatory

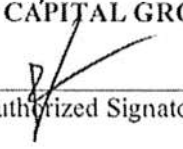
Date 10/25/22

**PORTLIVING FARMS (3688 PARKVIEW)
INVESTMENTS INC.**

Per:  _____
Authorized Signatory

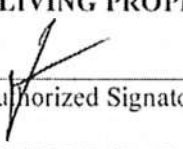
_____ 10/25/22 _____
Date

PORT CAPITAL GROUP INC.

Per:  _____
Authorized Signatory


_____ 10/25/22 _____
Date

PORTLIVING PROPERTIES INC.

Per:  _____
Authorized Signatory

_____ 10/25/22 _____
Date

MACARIO TEODORO REYES

 _____

_____ 10/25/22 _____
Date

SCHEDULE "A"

SECURITY

1. Mortgage and Assignment of rents from 3624, 3648 and 3688 with respect to the Parkview Lands
2. Beneficial mortgage and direction to charge from 3624 and Beachside LP with respect to PID 012-474-983
3. Beneficial mortgage and direction to charge from 3648 and Sunny Beach with respect to PID 011-610-263
4. Beneficial mortgage and direction to charge from 3688 and Beachside LP with respect to PID 008-974-462
5. General Security Agreement from the Borrowers
6. General assignment of material contracts, plans and permits from the Borrowers
7. Negative pledge agreement from the Borrowers, Port Capital, Port Properties and Reyes
8. Indemnity agreement from the Borrowers, Port Capital, Port Properties and Reyes
9. Assignment of insurance from the Borrowers with respect to the Parkview Lands
10. Unlimited joint and several guarantee and postponement of claims of the Guarantors
11. Limited recourse guarantee and postponement of claims of the Limited Recourse Guarantor
12. Assignment and postponement of claims from Port Capital, Port Properties, Reyes and Port Capital (Farms)
13. Pledge of Shares in Sunny Beach by Beachside LP and Farms (Beach)
14. Pledge of Shares in Farms (Beach) by Port Capital (Farms)
15. Pledge of Shares in 3624 by Beachside LP and Farms (Beach)
16. Pledge of Shares in 3648 by Beachside LP and Farms (Beach)
17. Pledge of Shares in 3688 by Beachside LP and Farms (Beach)
18. Pledge of Shares in Port Capital (Farms) by Port Properties

SCHEDULE "B"

PARKVIEW LANDS

3624 Parkview Street, Penticton, BC

| PID(s): | Legal Description(s): |
|-------------|---|
| 012-474-983 | Lot 1 Block 212 District Lot 189 Similkameen Division Yale District Plan 397 except Plan 40551 |

3648 Parkview Street, Penticton, BC

| PID(s): | Legal Description(s): |
|-------------|--|
| 011-610-263 | Lot A District Lot 189 Similkameen Division Yale District Plan 1389 |

3688 Parkview Street, Penticton, BC

| PID(s): | Legal Description(s): |
|-------------|---|
| 008-974-462 | Lot 1 District Lot 189 Similkameen Division Yale District Plan 14620 |

This is Exhibit B referred to in the affidavit of Rebecca Ngunjiri sworn before me at Vancouver this 26 day of January, 2023.

.....
Notary Public for British Columbia

FASKEN

Fasken Martineau DuMoulin LLP
Barristers and Solicitors
Patent and Trade-mark Agents

550 Burrard Street, Suite 2900
Vancouver, British Columbia V6C 0A3
Canada

T +1 604 631 3131
+1 866 635 3131
F +1 604 631 3232

fasken.com

November 17, 2022
File No.: 319671.00005

Kibben Jackson
Direct +1 604 631 4786
kjackson@fasken.com

By Email: RClark@bridgehouselaw.ca

Bridgehouse Law LLP
9th Floor, 900 West Hastings Street
Vancouver, BC V6C 1E5

Attention: H. C. Ritchie Clark, K.C.

Dear Sirs/Mesdames:

Re: Loan of \$3,500,000.00 (the "Loan") made by 1351486 B.C. Ltd. (the "Lender") to Living Beachside Development Limited Partnership, Sunny Beach Motel Inc., Port Capital Farms (Beach) Inc., PortLiving Farms (3624 Parkview) Investments Inc., PortLiving Farms (3688 Parkview) Investments Inc. and PortLiving Farms (3648 Parkview) Investments Inc. (collectively, the "Borrower")

As you know, we are counsel for the Lender. We write to you in your capacity as counsel for the Borrower. Capitalized terms used and not defined herein have the meanings ascribed to them in the Forbearance Agreement executed on October 25, 2022 by the Lender and the Borrower.

Under the terms of the Forbearance Agreement, the Forbearance Period expired on November 16, 2022. Accordingly, the Lender has no further obligation to forbear from enforcing its rights to recover the amount owing under the Loan, and we are instructed that unless payment of the full amount outstanding under the Loan is received by us by the end of the day on Friday, November 18, 2022, we are to immediately commence receivership proceedings against the Borrower and guarantors to recover the amounts outstanding without further notice.

As at the date of this letter, the amount outstanding under the Loan is \$3,928,347.84 (the "**Loan Indebtedness**") and interest continues to accrue.

Thank you for your attention to the foregoing.

Sincerely,

FASKEN MARTINEAU DuMOULIN LLP

A handwritten signature in black ink, appearing to read 'KJ', with a long horizontal stroke extending to the right.

for Kibben Jackson
Personal Law Corporation

KJ/m

cc 1351486 B.C. Ltd.