



This is the 2<sup>nd</sup> Affidavit  
of Luke Pretty in this case  
and was made on November 29, 2022

Court File 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 1351550 B.C. LTD.

RESPONDENTS

**AFFIDAVIT**

I, LUKE PRETTY, of 1556 Kebet Way, in the City of Port Coquitlam, in the Province of British Columbia, SWEAR THAT:

1. I am the President of 1351486 (“**486**”), the Petitioner, 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 swear this affidavit in support of the Petitioner’s application for an order appointing the Bowra Group Inc. as receiver and manager of all of the assets, undertakings and property of the

Respondents Beachside LP, Sunny Beach, Farms (Beach), 3624, 3648, and 3688, and certain assets of the Respondents Port Properties, and Port Capital Development (Farms) Inc.

Facts and Documents Referenced in the Petition

3. I have read the Petition to be filed herein, have personal knowledge of the facts set out therein, and to the best of my knowledge believe such facts to be true. Capitalized terms used and not defined in this affidavit have the meanings ascribed to them in the Petition.
4. Attached hereto as **Exhibit “A”** is a true copy of the Loan Agreement.
5. Attached hereto as **Exhibit “B”** is a true copy of the Guarantee.
6. Attached hereto as **Exhibit “C”** is a true copy of the Limited Recourse Guarantee.
7. Attached hereto as **Exhibit “D”** is a true copy of the 486 Mortgage.
8. Attached hereto as **Exhibits “E” and “F”** are true copies of the GSA and a PPR search of the Borrowers dated March 10, 2022.
9. Attached hereto as **Exhibits “G”, “H”, “I”, “J”, “K”, and “L”** are true copies of the Pledges of Securities.
10. Attached hereto as **Exhibits “M” to “T”** are true copies of the Additional Security Agreements listed in Schedule “C” to the Petition.
11. Attached hereto as **Exhibit “U”** is a true copy of the priority agreement dated March 10, 2022 entered into by 486 and 550.

Present

12. 3624 is the legal owner of that parcel of the Parkview Lands legally described by PID number 012-474-983 (the “**3624 Lands**”), but holds them in trust for Beachside LP. Beachside LP, by its general partner, Farms (Beach), is the beneficial owner of the 3624 Lands which is developed land located in Penticton, B.C.

13. 3688 is the legal owner of that parcel of the Parkview Lands legally described by PID number 008-974-462 (the “**3688 Lands**”), but holds them in trust for Beachside LP. Beachside LP, by its general partner, Farms (Beach), is the beneficial owner of the 3688 Lands which is developed land located in Penticton, B.C.

14. 3648 is the legal owner of that parcel of the Parkview Lands legally described by PID number 011-610-263 (the “**3648 Lands**”), but holds them in trust for Sunny Beach. Sunny Beach is the beneficial owner of the 3648 Lands which is developed land located in Penticton, B.C.

15. Beachside LP operates motels on the Parkview Lands. Attached hereto as **Exhibit “V”** are true copies of Profit and Loss statements for Beachside LP from April to July 2022 in relation to the motels operated on the Parkview Lands.

16. Attached hereto as **Exhibit “W”** are true copies of Property Tax Certificates for the Parkview Lands obtained on October 3, 2022.

17. I confirm that apart from the \$20,000 the Borrowers paid to the Petitioner on May 2, 2022, no other payments have been made on account of the loan.

18. By letters dated June 3, 2022 enclosing Notices of Intention to Enforce Security, 486 made demand on the Borrowers and the Guarantors for payment of all amounts owing to 486 as of that date plus six months’ interest in accordance with section 14.1 of the Loan Agreement. Attached hereto as **Exhibit “X”** are true copies of the demand letters together with copies of the enclosed therewith.

19. By letters dated September 9 and 29, 2022, the Petitioner notified the Borrowers, the Guarantors and the Limited Recourse Guarantor of its intention to bring an application to the court for the appointment of a receiver over the Property unless it received payment in full of the amount owing to the Petitioner under the Loan Agreement. Attached hereto as **Exhibit “Y”** are true copies of these letters together with copies of the enclosed therewith.

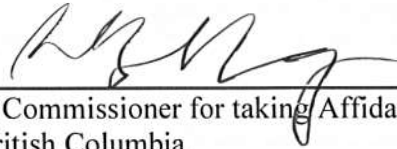
20. Attached hereto as **Exhibit “Z”** is a true copy of the Forbearance Agreement.

21. As at November 29, 2022, the Borrowers were indebted to the Petitioner in the amount of \$4,049,848.32, exclusive of legal and other costs. This includes half of the forbearance fee which

is still owing. Interest continues to accrue on the foregoing amount at the rate of 24.5%/annum or \$2,694.88 per day, subject to the compounding provisions of the Loan Agreement. Attached hereto as Exhibit "Z" is a true copy of a payout statement in respect of the loan dated November 29, 2022.

AA W RBN

SWORN BEFORE ME at Vancouver, )  
British Columbia, on November 29, 2022. )

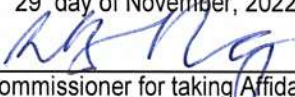
  
\_\_\_\_\_  
A Commissioner for taking Affidavits for )  
British Columbia )

  
\_\_\_\_\_  
LUKE PRETTY

REBECCA BARCLAY NGUINAMBAYE  
Barrister & Solicitor  
Fasken Martineau DuMoulin LLP  
2900 - 550 Burrard Street  
Vancouver, BC V6C 0A3  
604 631 3245

0001

This is Exhibit "A" referred to in the affidavit  
of Luke Pretty sworn before me at Vancouver  
this 29 day of November, 2022.

  
\_\_\_\_\_  
A Commissioner for taking Affidavits for British Columbia

**LOAN AGREEMENT**

**THIS AGREEMENT** dated March 14, 2022, and made,

**AMONG:**

**LIVING BEACHSIDE DEVELOPMENT LIMITED PARTNERSHIP**, a limited partnership formed under the *Partnership Act* of British Columbia (LP0758535), by its General Partner, **PORT CAPITAL FARMS (BEACH) INC.**, a company incorporated under the *Business Corporations Act* of British Columbia (BC1180893), having an office at 325 West 4th Avenue, Vancouver, BC V5Y 1H3;

(“Living Beachside LP”)

and

**SUNNY BEACH MOTEL INC.**, a company under the *Business Corporations Act* of British Columbia (BC0781075), having an office at 325 West 4th Avenue, Vancouver, BC V5Y 1H3;

(“Sunny Beach” and together with Living Beachside LP are collectively, the “Beneficial Owners” and each is a “Beneficial Owner”)

and

**PORT CAPITAL FARMS (BEACH) INC.**, a company under the *Business Corporations Act* of British Columbia (BC1180893), having an office at 325 West 4<sup>th</sup> Avenue, Vancouver, BC V5Y 1H3;

(“Port Capital”)

and

**PORTLIVING FARMS (3624 PARKVIEW) INVESTMENTS INC.**, a company under the *Business Corporations Act* of British Columbia (BC0394886), having an office at 325 West 4<sup>th</sup> Avenue, Vancouver, BC V5Y 1H3;

(“3624 Parkview”)

and

**PORTLIVING FARMS (3688 PARKVIEW) INVESTMENTS INC.**, a company under the *Business Corporations Act* of British

Columbia (BC1186761), having an office at 325 West 4<sup>th</sup> Avenue,  
Vancouver, BC V5Y 1H3;

(“3688 Parkview”)

and

**PORTLIVING FARMS (3648 PARKVIEW) INVESTMENTS  
INC.**, a company under the *Business Corporations Act* of British  
Columbia (BC1180902), having an office at 325 West 4<sup>th</sup> Avenue,  
Vancouver, BC V5Y 1H3;

(“3648 Parkview” and together with 3624 Parkview and 3688  
Parkview are collectively, the “Trustees” and each is a “Trustee”  
and together with the Beneficial Owners and Port Capital,  
collectively, the “Borrowers” and each a “Borrower”)

**AND:**

**1351486 B.C. LTD.**, a company under the *Business Corporations  
Act* of British Columbia (BC1351486), having an office at 1556  
Kebet Way, Port Coquitlam, BC V3C 5H5

(the “Lender”)

**WITNESSES THAT WHEREAS:**

- A. The Lender has agreed to make the Loan available to the Borrowers to assist with the refinance of the existing charges over the Lands and against the Borrowers in the British Columbia Personal Property Registry with any remainder available for working capital and general corporate requirements in the ordinary course of business of the Borrowers.
- B. The parties wish to provide for the terms and conditions upon which the Loan shall be made available to the Borrowers.

**THEREFORE** in consideration of the premise and of the mutual covenants and agreements hereinafter set forth, each of the Lender and each Borrower warrants and represents to and covenants and agrees with each other as set forth below.

**1. DEFINITIONS; INTERPRETATION**

1.1 For the purpose of this Agreement, the following words and phrases will have meanings set forth below unless the parties or the context otherwise require(s):

- (a) “Advance” means an advance on account of the Loan;
- (b) “Affiliate” means any party that would, pursuant to the *Income Tax Act* (Canada), as amended, supplemented or replaced from time to time, not be considered to be dealing at “arm’s length” with the party in question and any partnership or other

organization in which any of each Borrower or any of their Affiliates has the right to make or control management decisions and shall include any Affiliate of such Affiliate;

- (c) **“Agreement”** and **“this Agreement”** means this agreement and all schedules hereto as the same may be amended, modified, replaced or restated from time to time;
- (d) **“Borrowers”** means the parties so described above and their successors and permitted assigns, whether immediate or derivative;
- (e) **“Borrowers’ Indebtedness”** means all present and future indebtedness and liability, direct and indirect, of the Borrowers to the Lender arising under and pursuant to the Loan Documents (including, without limitation, at any point in time the principal amount outstanding under the Loan, all unpaid accrued interest thereon, and all fees and costs and expenses then payable in connection therewith);
- (f) **“Business Day”** means any day (other than a Saturday, Sunday or statutory holiday) which commercial banks in Vancouver, BC, are open for business;
- (g) **“Change in Control”** means:
  - (i) any change in the beneficial ownership of a majority of the issued shares or partnership interests in the capital of any Borrower; or
  - (ii) a public offering of any of the shares or partnership interests in the capital of any Borrower;
- (h) **“Corporate Guarantors”** means, collectively, Port Capital Group and PortLiving Properties and each is a **“Corporate Guarantor”**;
- (i) **“Event of Default”** means any of the events specified in Section 12, and **“Default”** means any of such events;
- (j) **“Fiscal Year End”** means December 31;
- (k) **“GAAP”** means Canadian generally accepted accounting principles, including such principles recommended by the Canadian Institute of Chartered Accountants as contained in the **“CICA Handbook”**, as the same may be amended, replaced or restated from time to time, applied on a consistent basis and, in the absence of a specific recommendation contained in the **“CICA Handbook”**, such accounting principles generally accepted in practice;
- (l) **“Guarantors”** means, collectively, the Corporate Guarantors and Reyes and each is a **“Guarantor”**;
- (m) **“Interest Rate”** means the following:



- (i) at a rate equal to the greater of 15.00% per annum and the RBC Prime Rate plus 12.55% per annum for the period commencing with the first Advance and continuing for the first six (6) months;
- (ii) at a rate equal to the greater of 18.00% per annum and the RBC Prime Rate plus 15.55% per annum for the period commencing with the date that is seven (7) months after the first Advance and continuing for thirty (30) days;
- (iii) thereafter, until the Borrowers' Indebtedness is paid in full, at a rate equal to the greater of 21.00% per annum and the RBC Prime Rate plus 18.55% per annum,

calculated and compounded monthly, not in advance, or such other rate or rates of interest as may be agreed to in writing from time to time by the Borrowers and the Lender with respect to the Borrowers' Indebtedness;

- (n) **"Lands"** means collectively, the lands and premises civically and legally known and described as follows:

**3624 Parkview Street, Penticton, BC**

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

**3648 Parkview Street, Penticton, BC**

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

**3688 Parkview Street, Penticton, BC**

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

- (o) **"Lender"** means the party so described above and its successors and assigns, whether immediate or derivative;
- (p) **"Letter of Interest"** means the letter issued by Bastian Capital Partners Ltd. and acknowledged and accepted by the Borrowers and the Guarantors on January 22, 2022;
- (q) **"Lien"** means, with respect to any Person, any mortgage, lien, pledge, hypothecation, charge, security interest (including, without limitation, an assignment, notice, or security interest filed pursuant to the *Bank Act* (Canada)) or other encumbrance, or any interest or title of any vendor, lessor, or lender to or other secured party of such Person under any conditional sale or other title retention

agreement, upon or with respect to any property asset or undertaking of such Person, including any agreement to create any of the foregoing;

- (r) “**Loan Documents**” means this Agreement, the Letter of Interest and the Security Documents;
- (s) “**Loan**” means a non-revolving term loan in the principal amount of \$3,500,000.00 established by the Lender in favour of the Borrowers pursuant to this Agreement;
- (t) “**Material Adverse Change**” means any one or more transactions, events or conditions which have a material adverse effect on:
  - (i) the ability of the Borrowers or any Other Obligor to perform and discharge its obligations under this Agreement or the Security Documents to which each is a party;
  - (ii) the Lender’s ability to enforce its rights or remedies under this Agreement or the Security Documents; or
  - (iii) the financial condition, business(es) or prospects of the Borrowers taken as a whole;
- (u) “**material adverse effect**” in respect of the Borrowers or any Other Obligor means a material adverse effect on:
  - (i) the business, operations, affairs, financial condition, property, assets or undertakings of one or more of the Borrowers or any Other Obligor, or
  - (ii) the validity, priority (except as such priority relates to Permitted Liens) or enforceability of any Security Documents (including this Agreement) to which that Borrower or any Other Obligor is a party or by which any of its property, assets and undertakings are bound and which materially prejudices the ability of the Lender to recover the amounts owing under this Agreement;
- (v) “**material**” in respect of a Borrower or any Other Obligor means material in relation to the business, operations, affairs, financial condition, assets, properties, or prospects of that Borrower or any Other Obligor;
- (w) “**Maturity Date**” means the date that is eight (8) months from the date of the first Advance, unless sooner determined due to the occurrence of an Event of Default;
- (x) “**Minimum Interest**” means the amount of interest that would accrue at the Interest Rate on the full amount of the Loan for a period of six (6) months;
- (y) “**Obligants**” means the Borrowers and the Guarantors, and “**Obligor**” means any one of them;

- (z) **“Other Obligant”** means any other Person who is a party to any Security Documents and is liable for the payment, observance or performance of the Borrowers’ Indebtedness, either in whole or in part;
- (aa) **“Permitted Liens”** means:
- (i) the Security Documents granted in favour of the Lender pursuant to this Agreement;
  - (ii) Liens in favour of Persons which have been approved by the Lender in writing in its sole and absolute discretion including, without limitation, the Senior Lender;
  - (iii) minor Liens, provided that such Liens are not incurred in connection with the borrowing of money or that such Liens do not materially detract from the value of the Lands or materially impair the use thereof in the operation of the business;
  - (iv) any Lien securing a purchase money obligation, provided that (i) no such Lien affects any property other than the property acquired by the incurring of such purchase money obligation and any proceeds thereof, and (ii) such Lien does not secure an amount in excess of the original purchase price of such property, plus any enforcement costs, less repayments made from time to time;
  - (v) undetermined or inchoate Liens and charges which have not at the time been filed or registered pursuant to law against the Borrowers and of which no notice has been given to the Borrowers or the Lender or which are not yet due or the validity of which is being contested at the time, diligently and in good faith by the Borrowers if the Borrowers shall maintain adequate reserves in connection therewith in accordance with GAAP;
  - (vi) Liens of any depositary bank in connection with statutory, common law and contractual rights of set-off and recoupment with respect to any deposit account of the Borrowers;
  - (vii) possessory Liens which (i) occur in the ordinary course of business and (ii) secure normal trade debt which is not yet due and payable;
  - (viii) liens for taxes, rates, assessments or other governmental charges or levies not yet due, or for which instalments have been paid based on reasonable estimates pending final assessments, or if due, the validity of which is being contested diligently and in good faith by appropriate proceedings by that Person;
  - (ix) reservations, limitations, provisos and conditions expressed in any original grant from the Crown or other grants of real or immovable property, or

interests therein, that do not materially affect the use of the affected land for the purpose for which it is used by that Person;

- (x) licences, easements, rights of way and rights in the nature of easements (including licences, easements, rights of way and rights in the nature of easements for railways, sidewalks, public ways, sewers, drains, gas, steam and water mains or electric light and power, or telephone and telegraph conduits, poles, wires and cables) that do not materially impair the use of the affected land for the purpose for which it is used by that Person;
  - (xi) title defects, irregularities or other matters relating to title that are of a minor nature and that in the aggregate do not materially impair the use of the affected property for the purpose for which it is used by that Person;
  - (xii) the right reserved to or vested in any governmental authority by the terms of any lease, licence, franchise, grant or permit acquired by that Person or by any statutory provision to terminate any such lease, licence, franchise, grant or permit, or to require annual or other payments as a condition to the continuance thereof; and
  - (xiii) security given to a public utility or any governmental authority when required by such utility or authority in connection with the operations of that Person in the ordinary course of its business;
- (bb) “**Person**” means and includes an individual, a partnership, a joint venture, a corporation, a limited liability company, a trust, an unincorporated organization and a government or any department or agency thereof;
  - (cc) “**Port Capital Group**” means Port Capital Group Inc. and its successors and permitted assigns, whether immediate or derivative;
  - (dd) “**PortLiving Properties**” means PortLiving Properties Inc. and its successors and permitted assigns, whether immediate or derivative;
  - (ee) “**RBC Prime Rate**” means, for any day, the rate of interest per annum established and published from time to time by the Royal Bank of Canada as the reference rate of interest for the determination of interest rates that the Royal Bank of Canada will charge its customers varying degrees of creditworthiness in Canada for Canadian Dollar demand loans made by the Royal Bank of Canada in Toronto, Ontario;
  - (ff) “**Reyes**” means Macario Teodoro Reyes;
  - (gg) “**Security Documents**” means the security documents set out in Section 11 to this Agreement and any other security document from time to time taken by the Lender from the Borrowers and/or any Other Obligant as security for the payment, observance and performance of the Borrowers’ Indebtedness in whole or in part;
  - (hh) “**Senior Lender**” means 1341550 B.C. Ltd.; and

(ii) **"Shareholders"** means all present and future shareholders of the Trustees, Sunny Beach, Port Capital and Port Capital Development (Farms) Inc.

**2. LOAN**

2.1 Subject to the terms and conditions of this Agreement, the Lender hereby establishes and agrees to make the Loan available to the Borrowers or as directed by the Borrowers.

**3. PURPOSE**

3.1 The Loan will be made available to the Borrowers to assist with the refinance of the existing charges over the Lands and against the Borrowers in the British Columbia Personal Property Registry with any remainder available for working capital and general corporate requirements in the ordinary course of business of the Borrowers.

**4. MATURITY DATE**

4.1 The outstanding principal amount of the Loan together with all accrued and unpaid interest and all other amounts outstanding hereunder shall become due and payable in full on the Maturity Date unless sooner determined by the Lender due to the occurrence of an Event of Default.

**5. INTEREST AND FEES**

5.1 **Calculation of Interest.** The outstanding daily principal balance of the Loan will bear interest at the Interest Rate until paid in full.

5.2 **Interest Payments.** Commencing on the 30<sup>th</sup> day of the month immediately following the month during which the first Advance is made and continuing on the 30<sup>th</sup> day of each and every month thereafter the Borrowers or an Obligant on their behalf will pay the Lender interest of which has accrued at the applicable Interest Rate on account of the outstanding balance of the Loan and remains unpaid.

5.3 **Overdue Interest.** All overdue and unpaid interest and all fees, costs, and other amounts payable by the Borrowers hereunder or under any of the Security Documents will be added to the outstanding principal amount of the Loan and will bear interest at the Interest Rate until paid in full.

5.4 **Servicing Fee.** The Borrowers shall pay the Lender a servicing fee equal to \$52,500.00 plus GST (the **"Servicing Fee"**). The Borrowers and the Lender acknowledge that \$35,000.00 plus GST will be deducted from the first Advance on account of the Loan with the remainder plus GST due and payable upon repayment of the Loan.

5.5 **Commitment Fee.** The Borrowers or an Obligant on their behalf shall pay the Lender or its agent or nominee a \$105,000.00 commitment fee (the **"Commitment Fee"**) in connection with the Loan. The Commitment Fee shall be paid at the time of the first Advance.

The Borrowers acknowledge that the Commitment Fee has been earned by the Lender and is payable to the Lender as consideration for the time, effort and expense incurred by the Lender to:

- (a) review and/or study documents pertaining to the transaction(s) contemplated hereby (including but not limited to any appraisal and credit reports and financial statements);
- (b) issue the Letter of Interest; and
- (c) arrange for and reserve the funds in contemplation of the Loan.

The Borrowers further agree that the actual determination of the foregoing costs and expenses so incurred is not feasible and that the Commitment Fee:

- (d) represents a reasonable estimate thereof;
- (e) is non-refundable; and
- (f) is now due and payable without set-off, abatement or deduction.

If during due diligence, there is a material adverse change, misrepresentation or omission that precludes the Lender from funding, or the Borrowers elect not to proceed to funding, then the Lender will retain the Commitment Fee in full.

The Borrowers and the Lender acknowledge that the Commitment Fee will be deducted from the first Advance on account of the Loan.

5.6 **Transaction Fees.** The Borrowers will pay the Lender's reasonable standard loan amendment fees, cancellation fees and security processing fees, which are charged for the administrative handling of the file including amending loan terms and conditions, switching interest rate plans, providing consents, annual reviews and the provision of discharges. The Borrowers will pay the Lender for returned cheque handling. These fees may change from time to time without notice.

5.7 **Expenses.** The Borrowers are responsible for third party expenses, fees and disbursements including fees, disbursements and charges for the services of the Lender's solicitors that are incurred in arranging and placing of the Loan and perfecting and registering the security for the Loan and the Borrowers authorize the Lender to pay same out of proceeds of the Loan or as an additional advance under the Loan.

## 6. PAYMENTS

6.1 **No Set-off.** All amounts payable by the Borrowers under this Agreement will be paid without set-off or counterclaim, and without any deductions or withholdings whatsoever.

6.2 **Application of Payments.** Subject to the provisions hereof, all payments received by the Lender on account of the Borrowers' Indebtedness will be applied first in payment of

outstanding interest and secondly in reduction of the principal balance of the Loan then outstanding. If any payment is received at any time while an Event of Default remains outstanding, the Lender may appropriate such payment to such part or parts of the Borrowers' Indebtedness as the Lender in its sole discretion may determine and the Lender may from time to time revoke and change any such appropriation.

- 6.3 **Records of Advances, Payments, Etc.** The Lender is hereby authorized to open and maintain books of account and other books and records evidencing all advances under the Loan, interest accruing thereon, fees, charges, and other amounts from time to time charged to the Borrowers under the Loan Documents; and amounts from time to time owing, paid, or repaid by the Borrowers under this Agreement. All such books, accounts, and records will constitute prima facie evidence of the amount owing by the Borrowers under the Loan Documents; but the failure to make any entry or recording in such books, accounts, and records will not limit or otherwise affect the obligations of the Borrowers under the Loan Documents.
- 6.4 **Business Day.** Notwithstanding anything in this Agreement to the contrary, any payment of principal of or interest on the Borrowers' Indebtedness that is due on a date other than a Business Day will be made on the next succeeding Business Day. If the date for any payment on the Borrowers' Indebtedness is extended to the next succeeding Business Day by reason of the preceding sentence, the period of such extension will not be included in the computation of the interest payable on such Business Day.
- 6.5 **Payments to be Made.** The Borrowers or an Obligor on their behalf will make all payments due hereunder, when due to the Lender (including interest payments) by way of post dated cheques to be provided prior to the first Advance. All monies received after 4:00 p.m. Vancouver, BC local time will be deemed received on the next Business Day.

## 7. PREPAYMENT

- 7.1 Provided the Borrowers are not in default and subject to the payment of the Minimum Interest, the Borrowers may prepay the Loan in whole or in part at any time without bonus or penalty on not less than thirty (30) days written notice to the Lender. If at the time the Borrowers repays or prepays the Loan in full the interest which has accrued which has been charged on account of the Loan is less than the Minimum Interest, the Borrowers shall pay the Lender, as part of the Borrowers' Indebtedness, the difference between the Minimum Interest and the total amount of interest which has then accrued and charged hereunder.

## 8. CONDITIONS PRECEDENT TO EACH ADVANCE UNDER THE LOAN

- 8.1 The Lender's obligation to make any Advance is subject to the following conditions precedent having been met to the Lender's sole satisfaction or waived by the Lender in writing at the time of that Advance, namely:
- (a) the Lender having received a properly executed original of this Agreement and the Security Documents then in effect together with an opinion from its solicitors, acceptable to the Lender acting reasonably, with respect to existence of the

Borrowers and Corporate Guarantors and authorisation, execution and delivery with respect to the Security Documents;

- (b) the Borrowers' representations and warranties contained herein and in the Security Documents then in effect then being true and correct in all material respects;
- (c) within ten (10) Business Days of the first Advance, the Lender has received evidence of existing insurance with respect to the Lands showing the Lender as second loss payee and an additional insured. The insurance must be satisfactory to the Lender in form and content in all respects and be with the one or more insurers approved by the Lender acting reasonably. The Lender reserves the right to have each insurance policy reviewed at the Borrowers' expense by an insurance consultant retained by the Lender for that purpose;
- (d) the Borrowers having completed the conditions precedent set out in the Letter of Interest;
- (e) the Lender having received confirmation that the taxes in respect of the Lands have been paid and are current, provided that the Lender acknowledges certain taxes in respect of the Lands will be paid from the proceeds of the Loan;
- (f) there then being no outstanding Default or Event of Default and no outstanding condition, event or act which with or without the giving of notice could reasonably be expected to become an Event of Default; and
- (g) there then being no outstanding condition, event or act which has had or would reasonably be expected to have a material adverse effect.

## **9. REPRESENTATIONS AND WARRANTIES**

9.1 Each Borrower represents and warrants to the Lender at the time of its execution and delivery of this Agreement and at the time of each Advance, as follows:

- (a) it is validly existing and in good standing under the laws of British Columbia;
- (b) it has the power and capacity (whether corporate, partnership or otherwise) to carry on business, own property or interests therein, borrow and lend money, grant security, make, keep, observe and perform representations, warranties, covenants and agreements and incur obligations and liabilities, all as contemplated hereby;
- (c) except as disclosed to the Lender in writing, there is no action, suit, investigation or proceeding existing or pending or, to its knowledge, threatened against it or any of its property, assets or undertakings by or before any court, arbitrator or administrative or governmental body which, if adversely determined to it, would reasonably be expected to have a material adverse effect;
- (d) the financial statements furnished to the Lender under this Agreement or which were furnished in connection to this Agreement, fairly present in all material



respects its financial condition as at the date thereof, and no Material Adverse Change has occurred between the date of the most recent audited financial statements and the date of the first Advance;

- (e) it has not agreed or consented to, nor has it agreed to cause or permit in the future (upon the happening of a contingency or otherwise), any of its property, whether now owned or hereafter acquired, to be subject to a Lien, except for Permitted Liens; and
- (f) the execution and delivery by it of this Agreement and the Security Documents and the performance by it of its obligations hereunder and thereunder, do not and will not conflict with or result in a breach of any of the terms, conditions, or provisions of:
  - (i) its constating documents,
  - (ii) to the best of its knowledge, any law, regulation, or decree applicable or binding on it or any of its property, assets and undertaking, or
  - (iii) excepting the existing senior debt and security related thereto in favour of the Senior Lender, any agreement or instrument to which it or any of its property, assets or undertakings is a party or bound, the breach of which could reasonably be expected to have a material adverse effect or result in, or require or permit the imposition of any Lien in or with respect to the property, assets and undertakings now owned or hereafter acquired by it.

## 10. COVENANTS

### 10.1 Positive Covenants. Each Borrower will:

- (a) **Comply with Laws** - comply with all laws, ordinances or governmental rules or regulations applicable to it or any of its property, assets and undertakings;
- (b) **Obtain/Maintain Licenses** - obtain and maintain in effect all licenses, certificates, permits, franchises and other governmental authorizations necessary to the ownership of its property, assets and undertakings or to the conduct of its businesses, in each case to the extent necessary to ensure that non-compliance with such laws, ordinances or governmental rules or regulations or failures to obtain or maintain in effect such licenses, certificates, permits, franchises and other governmental authorizations could not, individually or in the aggregate, reasonably be expected to have a material adverse effect;
- (c) **Maintain Assets** - maintain and keep its property, assets and undertakings in good repair, working order and condition (other than ordinary wear and tear), so that the business(es) carried on by it may be properly conducted at all times; and
- (d) **Notice of Litigation** - promptly give the Lender notice in writing of all litigation and all proceedings before any governmental or regulatory agencies or arbitration

authorities affecting it, except those which, if adversely determined, would not have a material adverse effect on its financial condition or business.

10.2 **Negative Covenants.** So long as this Agreement remains in effect, each Borrower will not, without the prior written consent of the Lender, which consent will not be unreasonably withheld:

- (a) **Change Name:** change its name;
- (b) **Change Corporate Structure:** amalgamate, consolidate or merge with any other Person;
- (c) **Change of Ownership:** permit any change in the ownership, voting or operating control;
- (d) **Partnership:** enter into a partnership, joint venture or similar relationship with any other Person;
- (e) **Change Capital Structure:** redeem any of its redeemable shares, pay dividends (except dividends that will not prevent maintenance of the Loan and repayment of the Loan may be paid), or otherwise change its capital structure or make any form of capital withdrawal;
- (f) **Change Fiscal Year End:** change its Fiscal Year End;
- (g) **Incur Indebtedness:** incur any further indebtedness (which includes but is not limited to vendor take back mortgages and promissory notes) of either a direct or indirect nature to any party other than indebtedness to the Senior Lender or incurred in the normal course of its business;
- (h) **Liens:** grant or allow any Lien to be registered against it or exist on any of its property, assets and undertaking, save and except for Permitted Liens;
- (i) **Disposition of Assets.** sell, assign, lease or otherwise dispose of any assets other than in the ordinary course of its business;
- (j) **Leases:** create, incur, assume or suffer to exist any lease that would restrict the use of the Lands;
- (k) **Destroy Property:** demolish or destroy any of its property;
- (l) **Provide Loans:** make loans to, or investments in, any Person;
- (m) **Guarantee or Indemnity:** guarantee or indemnify the obligations of any person, either directly or indirectly;

- (n) **Dividends and Remuneration:** pay dividends or remuneration of any kind to the Shareholders or directors of the Borrowers, including without limitation salaries, interest management fees and bonuses;
- (o) **Security:** except for the Permitted Liens, give or attempt to give the others any security ranking prior to or pari passu with any security given to the Lender; and
- (p) **Lands:**
  - i) except for the Permitted Liens, further encumber the Lands other than charges approved by the Lender; or
  - ii) sell or transfer the Lands.

10.3 **Financial Statements.** So long as this Agreement remains in effect, the Beneficial Owners will provide the Lender (or such agent or agents as the Lender may designate from time to time) with the following information:

- (a) **Annual Financial Statements:** within 120 days of its Fiscal Year End, notice to reader financial statements for each Beneficial Owner, prepared by an independent public accountant approved by the Lender;
- (b) **Quarterly Financial Statements:** within 30 days of the end of each quarter, management prepared financial statements of each Beneficial Owner, which statements must include listing of aged accounts receivable, inventory listing, aged priority payables, senior debt margining report and aged accounts payable report, and list of payments paid; and
- (c) **Other:** at the reasonable request of the Lender, such other reports, certificates, projections of income and cash flow or other matters affecting its business affairs or financial condition as the Lender may reasonably request.

10.4 **Indemnity.** The Borrowers hereby agree to indemnify the Lender against, and hold the Lender harmless from, any and all losses, claims, damages, liabilities or other expenses, including the reasonable fees, charges and disbursements of counsel for the Lender which the Lender may sustain or incur arising out of, in connection with, or as a result of:

- (a) the breach by the Borrowers of any of the Loan Documents, or any agreement or instrument contemplated hereby or thereby, and the performance or non-performance by the Borrowers hereto of their respective obligations hereunder or thereunder or the consummation or non-consummation of the other transactions contemplated by this Agreement;
- (b) the use or proposed use of the proceeds of any Advance;
- (c) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by any Borrower and regardless of whether the Lender is a party thereto;

- (d) any default in payment of the principal amount of the Loan or any part thereof or interest accrued thereon, as and when due and payable, or any failure to reimburse the Lender for any payment made by it under any Advance; or
- (e) the occurrence of any Default or Event of Default.

This provision shall survive repayment of the Loan and shall continue in full force and effect for two (2) years after repayment of the Loan.

## 11. SECURITY

11.1 As security for payment, observance and performance of the Borrowers' Indebtedness, the Borrowers agree to execute and deliver (and cause each Other Obligor to execute and deliver), the following documents to which it is a party (collectively, the "**Security Documents**") in a form and manner satisfactory to the Lender and the Lender's solicitors acting reasonably:

- (a) a general security agreement from the Borrowers creating a security interest over the Borrowers' present and after-acquired personal property and a floating charge over the Borrowers' real property and other assets, which the Lender shall be entitled to register in the Personal Property Security Registry, subject to any Permitted Liens;
- (b) a \$3,500,000.00 mortgage and assignment of rents from each Trustee to be registered over the Lands subject only to Permitted Liens;
- (c) a beneficial mortgage and direction to charge from each Trustee and each Beneficial Owner with respect to the Lands;
- (d) a limited partnership representation, warranty and covenant agreement re: Living Beachside Development Limited Partnership from Port Capital, as general partner;
- (e) a general assignment of material contracts, plans and permits from the Borrowers;
- (f) an environmental indemnity agreement from the Obligants in respect of the Lands;
- (g) a negative pledge agreement from the Obligants;
- (h) an indemnity agreement from the Obligants;
- (i) an assignment of insurance from the Borrowers with respect to the Lands;
- (j) an unlimited joint and several guarantee and postponement of claims from the Guarantors;
- (k) an assignment and postponement of claims from the Guarantors and Port Capital Development (Farms) Inc.;

- (l) a pledge of all the issued and outstanding shares in the capital of Port Capital, the Trustees, Sunny Beach and Port Capital Development (Farms) Inc., together with the original share certificates evidencing same endorsed in blank transfer (to the extent such share certificates and blank transfers are not delivered to the Senior Lender), subject only to any security interests or charges that are Permitted Liens;
- (m) a limited recourse guarantee from Port Capital Development (Farms) Inc.;
- (n) a subordination, postponement and standstill agreement between the Lender and the Senior Lender on terms satisfactory to the Lender and its solicitors acting reasonably; and
- (o) such other security as the Lender may reasonably require from time to time.

11.2 Each Security Document is given as additional, concurrent and collateral security to the remainder of the Security Documents and will not operate to merge, novate or discharge the Borrowers' Indebtedness or any of the other Security Documents. The execution and delivery of each Security Document will not in any way suspend or affect the present or future rights and remedies of the Lender in respect of the Borrowers' Indebtedness, or the other Security Documents. No action or judgment taken by the Lender in respect of any of the Security Documents or with respect to the Borrowers' Indebtedness will affect the liability of the Borrowers hereunder and nothing but the actual payment in full by the Borrowers to the Lender of the Borrowers' Indebtedness will discharge the Borrowers or any of the Security Documents.

**12. EVENTS OF DEFAULT**

12.1 At the option of the Lender, the Borrowers' Indebtedness will immediately become due and payable and this Agreement and the Security Documents will become enforceable upon the happening of any one or more of the following events, after the Lender has delivered written notice to the Borrowers of any of the following events and the failure by the Borrowers or the Obligant, as the case may be, to cure the same within the time period provided for curing the specific event as provided below, or within ten (10) days after receipt of such written notice, if no time period to cure is otherwise provided:

- (a) Default –
  - (i) if the Borrowers or any Other Obligant makes default in any payment of principal, interest, or other money payable by it hereunder or under any of the Security Documents or any other security granted by it to the Lender when the same becomes due hereunder or thereunder, or
  - (ii) if the Borrowers makes a default in the observance or performance of any of the covenants set out in Section 10.2, or
  - (iii) if the Borrowers or any Other Obligant makes a default in the observance or performance of something required to be done or some covenant or condition required to be observed or performed hereunder or in any of the

Security Documents or any other security granted by it to the Lender and (if capable of being remedied) such default continues unremedied for a period of ten (10) days after written notice of such default has been delivered by or on behalf of the Lender to the Borrowers;

- (b) Misrepresentation - if any representation or warranty given by or on behalf of the Borrowers or any Other Obligant herein or in any of the Security Documents is untrue in any material respect when made or decreed to be made and:
  - (i) the incorrect representation or warranty is not capable of being remedied; or
  - (ii) if the matter is capable of being remedied the same shall be continued unremedied for more than ten (10) Business Days after written notice of such default has been delivered by or on behalf of the Lender to the Borrowers after the earlier of an officer or director of the Borrowers having actual knowledge of such default, or the Borrowers receiving written notice from the Lender of such default;
- (c) Winding-Up - if an order is made or a resolution is passed for the winding-up of the Borrowers or any Other Obligant, or if a petition is filed for the winding-up of the Borrowers or any Other Obligant and is not contested or opposed in good faith by the Borrowers or the Other Obligant, as applicable;
- (d) Bankruptcy - if the Borrowers or any Other Obligant commits or threatens to commit any act of bankruptcy; becomes insolvent; or makes an assignment or proposal under the *Bankruptcy and Insolvency Act* or similar legislation in any other jurisdiction, a general assignment in favour of its creditors, or a bulk sale of its assets; or if a bankruptcy petition is filed or presented against the Borrowers or any Other Obligant and is not contested or opposed in good faith by the Borrowers or the Other Obligant, as applicable;
- (e) Receivership - Other than the current receiver appointed over, *inter alia*, the Lands, which receiver shall be discharged contemporaneously with the closing of the transactions herein, if a receiver, receiver and manager, or receiver-manager, or any person with like powers, is appointed for all or any of the property, assets and undertakings of the Borrowers or any Other Obligant;
- (f) Arrangement - if any proceedings with respect to the Borrowers or any Other Obligant are commenced under the *Companies Creditors Arrangement Act* or under the *Bankruptcy and Insolvency Act* or similar legislation in any other jurisdiction;
- (g) Other Indebtedness - if the Borrowers or any Other Obligant permits any sum which has been admitted as due by it, or is not disputed to be due by it, and which forms or is capable of being made a charge upon any of its property, assets and undertakings in priority to any charge created by any of the Security Documents, to remain unpaid for 30 days after proceedings have been taken to enforce the same;

- (h) Cease Business - if the Borrowers cease or threaten to cease to carry on any of its business;
- (i) Default in Other Payment - if the Borrowers make default in payment of any of the Borrowers' Indebtedness or liability to the Lender, whether secured by the Security Documents or not;
- (j) Enforcement of Other Encumbrance - if the holder (other than the Lender) of any Lien against the property, assets and undertakings of the Borrowers, any subsidiary of the Borrowers or any Other Obligant, does anything to enforce or realize on such Lien, and if, in the reasonable opinion of the Lender, such enforcement or realization would have a material adverse effect on the security for the Borrowers' Indebtedness or on the Borrowers' ability to repay the Borrowers' Indebtedness;
- (k) Transfer of Property - if, without the prior written consent of the Lender, any Borrower transfers its property assets or undertakings or any material part thereof to any other Person outside the ordinary course of business;
- (l) Material Adverse Change - if, in the Lender's opinion, acting reasonably, there is any Material Adverse Change;
- (m) Property in Jeopardy - if the Lender in good faith believes, and has commercially reasonable grounds to believe, that any of the property, assets and undertakings of the Borrowers are, or are about to be, placed in jeopardy;
- (n) Execution - if any execution, sequestration, extent, or any other process of any kind is levied upon or enforced against any of the property, assets or undertakings of the Borrowers, any subsidiary of the Borrowers or any Other Obligant and remains unsatisfied for a period of eight (8) days as to personal property or three (3) weeks as to real property, unless such process is disputed in good faith and, in the reasonable opinion of the Lender, does not jeopardize or impair the security constituted by the Security Documents in any material way;
- (o) Distress - if a distress or analogous process is levied upon any of the property, assets or undertakings of the Borrowers, any subsidiary of the Borrowers, or any Other Obligant or any part thereof including distress or analogous process from the holder of existing senior debt in favour of the Senior Lender, unless the process is disputed in good faith and adequate security is given to pay the amount claimed in full or the party commencing the distress or analogous process is otherwise prevented from seizing assets of the Borrowers or, with the exception of existing senior debt and security related thereto in favour of the Senior Lender, obtaining a security interest in assets of the Borrowers that ranks senior to or pari passu with that of the Lender;
- (p) Subsequent Encumbrances - if, without the prior written consent of the Lender, a Borrower or any Other Obligant mortgages, charges, or otherwise encumbers any of the property, assets or undertakings charged by the Security Documents to any Person other than the Lender, other than a Permitted Lien or any encumbrance or charge securing a purchase money obligation, provided that (i) no such

encumbrance or charge affects any property other than the property acquired by the incurring of such purchase money obligation, and (ii) such encumbrance or charge does not secure an amount in excess of the original purchase price of such property, less repayments made from time to time; and

(q) Change in Control – if there is a Change in Control.

### 13. WAIVER

13.1 The Lender may waive any breach by the Borrowers or any Other Obligant of any of the provisions contained in this Agreement or in the Security Documents or any default by the Borrowers or any Other Obligant in the observance or performance of any covenant or condition required to be observed or performed by the Borrowers or any Other Obligant under the terms of this Agreement or any of the Security Documents; but any waiver by the Lender of such breach or default, or any failure to take any action to enforce its rights hereunder or under any of the Security Documents, will not extend to or be taken in any manner whatsoever to affect any subsequent breach or default or the rights resulting therefrom.

### 14. PREPAYMENT COMPENSATION ON ACCELERATION

14.1 The occurrence of an Event of Default and the acceleration of the Loan prior to the applicable Maturity Date will be deemed to be a prepayment, and the Borrowers will pay to the Lender in addition to the amount of the Loan, interest and expenses then due and the Minimum Interest set out in Section 7.1.

### 15. REMEDIES UNDER THIS AGREEMENT AND THE SECURITY DOCUMENTS

15.1 **Cross Default.** Any material default by the Borrowers or any Other Obligant under this Agreement or under any of the Security Documents that remains uncured after the expiration of any time period provided in the Agreement or under any of the Security Documents in which to cure the default, will constitute a default under the remainder of the Security Documents.

15.2 **Remedies Cumulative.** All rights and remedies stipulated for the Lender hereunder or in any of the Security Documents will be deemed to be in addition to and not restrictive of the right and remedies which the Lender might be entitled to at law or in equity; and the Lender may realize on the Security Documents or any part thereof in any manner and in such order as it may be advised, and any such realization by any means will not bar realization of any other security or any part or parts thereof, nor will any single or partial exercise of any right or remedy preclude any other or further exercise thereof, nor will any failure on the part of the Lender to exercise, or any delay in exercising any rights under this Agreement or any of the Security Documents operate as a waiver.

15.3 **No Waiver.** The acceptance by the Lender of any further security or of any payment of or on account of any of the Borrowers' Indebtedness after a Default or of any payment on account of any past Default will not be construed to be a waiver of any right in respect of any future default or of any past default not completely cured thereby; and the Lender may,



in its uncontrolled discretion, exercise any and all rights, powers, remedies and recourses available to it in accordance with this Agreement and the Security Documents concurrently or individually without the necessity of any election.

**16. MISCELLANEOUS**

**16.1 Further Assurances.** Each of the parties hereto will forthwith at all times, and from time to time, at the Borrowers' sole cost and expense, do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged and delivered, all such further acts, deeds, documents and assurances which, in the opinion of a Lender, acting reasonably, are necessary or advisable for the better accomplishing and effecting of the intent of this Agreement.

**16.2 Pay Costs.** The Borrowers will pay all reasonable and documented legal costs, registration fees and other costs incurred by the Lender in connection with the preparation, negotiation, registration and enforcement of this Agreement and the Security Documents.

**16.3 No Merger.** None of the execution and delivery of the Security Documents, the registration of the Security Documents and making of any advance will in any way merge or extinguish this Agreement or the terms and conditions hereof, which will continue in full force and effect.

**16.4 Conflict.** In the event of any inconsistency or conflict between any of the provisions of this Agreement and any of the provisions of the Security Documents, the provisions of this Agreement will prevail; but the omission from this Agreement of any covenant, agreement, term, or condition contained in any of the Security Documents will not be considered to be an inconsistency or a conflict.

**16.5 Assignment.** Neither this Agreement nor any benefits hereunder may be transferred, assigned or otherwise disposed of by the Borrowers to any Person without the prior written consent of the Lender.

**16.6 Amendment.** No amendment, waiver or modification of, or agreement collateral to, this Agreement or any of the Security Documents will be enforceable against any party hereto unless it is by a formal instrument in writing expressed to be a modification of this Agreement or the Security Documents, as the case may be, and executed in the same fashion as this Agreement.

**16.7 Enurement.** All covenants and other agreements in this Agreement contained by or on behalf of any of the parties hereto will bind and enure to the benefit of the respective successors and assigns of the parties hereto (including, without limitation, any transferee) whether so expressed or not; provided, however, that the Borrowers may not assign their rights or obligations hereunder to any Person without the prior written consent of the Lender.

**16.8 Notice.** Any notice required or permitted to be given under this Agreement will be in writing and may be given by delivering, sending by electronic mail, or sending by prepaid registered mail posted in Canada, the notice to the following address or number:

(a) If to the Borrowers:

**LIVING BEACHSIDE DEVELOPMENT LIMITED PARTNERSHIP  
SUNNY BEACH MOTEL INC.  
PORT CAPITAL FARMS (BEACH) INC.  
PORTLIVING FARMS (3624 PARKVIEW) INVESTMENTS INC.  
PORTLIVING FARMS (3648 PARKVIEW) INVESTMENTS INC.  
PORTLIVING FARMS (3688 PARKVIEW) INVESTMENTS INC.**  
325 West 4<sup>th</sup> Avenue  
Vancouver, BC V5Y 1H3

Attention: Macario Reyes

Email: [tobi@portliving.com](mailto:tobi@portliving.com)

with a copy to (which copy does not constitute notice to the Borrowers):

**MCCARTHY TÉTRAULT LLP**  
Barristers & Solicitors  
Suite 2400, 745 Thurlow Street  
Vancouver, BC V6E 0C5

Attention: Lance Williams

Email: [lwilliams@mccarthy.ca](mailto:lwilliams@mccarthy.ca)

(b) If to the Guarantors:

**PORT CAPITAL GROUP INC.  
PORTLIVING PROPERTIES INC.  
MACARIO TEODORO REYES**  
325 West 4<sup>th</sup> Avenue  
Vancouver, BC V5Y 1H3

Attention: Macario Teodoro Reyes

Email: [tobi@portliving.com](mailto:tobi@portliving.com)

with a copy to (which copy does not constitute notice to the Guarantors):

**MCCARTHY TÉTRAULT LLP**  
Barristers & Solicitors  
Suite 2400, 745 Thurlow Street  
Vancouver, BC V6E 0C5

Attention: Lance Williams

Email: [lwilliams@mccarthy.ca](mailto:lwilliams@mccarthy.ca)

(c) If to the Lender:

**1351486 B.C. LTD.**  
1556 Kebet Way  
Port Coquitlam, BC V3C 5H5

Attention: Luke Pretty

Email: [luke@dynamic.global](mailto:luke@dynamic.global)

with a copy to (which copy does not constitute notice to the Lender):

**FASKEN MARTINEAU DUMOULIN LLP**  
Barristers & Solicitors  
Bentall 5, Suite 2900 – 550 Burrard Street  
Vancouver, BC V6C 0A3

Attention: Brent Clark

Email: [bcclark@fasken.com](mailto:bcclark@fasken.com)

(or to such other address or number as any party may specify by notice in writing to another party).

Any notice delivered or sent by electronic mail on a Business Day will be deemed conclusively to have been effectively given on the day the notice was delivered, or the transmission was sent successfully to the address set out above, as the case may be. Any notice sent by prepaid registered mail will be deemed conclusively to have been effectively given on the third Business Day after posting; but if at the time of posting or between the time of posting and the third Business Day thereafter there is a strike, lockout, or other labour disturbance affecting postal service, then the notice will not be effectively given until actually delivered.

16.9 **Headings for Convenience Only.** The descriptive headings of the several sections of this Agreement are inserted for convenience only and do not constitute a part of this Agreement.

16.10 **Joint and Several Liability.** If any party hereto is comprised of more than one Person the representations, warranties, covenants, agreements, obligations and liabilities made by or imposed upon that party herein or by law will be deemed to have been made or incurred by all those Persons jointly and by each of those Persons severally.

16.11 **Governing Law.** This Agreement will be construed and enforced in accordance with, and the rights of the parties will be governed by the laws of the Province of British Columbia and the applicable laws of Canada. The Lender and the Borrowers hereby attorn to the courts of competent jurisdiction of the Province of British Columbia, Canada in any proceedings hereunder.

16.12 **Criminal Code.** Notwithstanding any provision in this Agreement to the contrary, in no event will the aggregate “interest” (as defined in section 347 of the *Criminal Code* (Canada)) payable by the Borrowers or any Other Obligant under any Loan Document exceed the maximum effective annual rate of interest on the “credit advanced” (as defined

in that section 347) permitted under that section and, if any payment, collection or demand pursuant to such Loan Document in respect of "interest" (as defined in that section 347) is determined to be contrary to the provisions of such section 347, such payment, collection or demand will be deemed to have been made by mutual mistake and the amount of such payment or collection will be refunded to such Borrower or Other Obligant only to the extent of the amount which is greater than the maximum effective annual rate permitted by such laws. For purposes of determining compliance with such section 347, the effective annual rate of interest will be determined in accordance with generally accepted actuarial practices and principles over the term commencing on the date of the Advance and ending on the Maturity Date and, in the event of dispute, a certificate of a Fellow of the Canadian Institute of Actuaries appointed by the Lender will be prima facie evidence for the purposes of such determination.

- 16.13 **Counterparts.** This Agreement may be executed simultaneously in two or more counterparts, each of which will be deemed an original, and it will not be necessary in making proof of this Agreement to produce or account for more than one such counterpart.
- 16.14 **Independent Covenants.** All covenants hereunder will be given independent effect so that if a particular action or condition is prohibited by any one of such covenants, the fact that it would be permitted by an exception to, or otherwise be in compliance within the limitations of, another covenant will not avoid the occurrence of a Default or Event of Default if such action is taken or such condition exists.
- 16.15 **Severability.** Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Agreement, and any such prohibition or unenforceability in any jurisdiction shall (to the full extent permitted by law) not invalidate or render unenforceable such provision in any other jurisdiction.
- 16.16 **Entire Agreement.** This Agreement (including the Schedules hereto) and the Security Documents constitute the entire agreement between the parties with respect to all of the matters herein and their execution has not been induced by, nor do any of the parties rely upon or regard as material, any representations or writings whatever not incorporated herein or therein and made a part hereof or thereof and may not be amended or modified in any respect except by written instrument signed by the parties hereto.
- 16.17 **Currency.** Unless otherwise provided for herein, all monetary amounts referred to herein shall refer to the lawful money of Canada.
- 16.18 **Period Review.** The Lender may conduct periodic reviews of the affairs of the Borrowers, as and when determined by the Lender, for the purpose of evaluating the financial condition of the Borrowers. The Borrowers shall make available to the Lender such financial statements, material agreements and other information and documentation as the Lender may reasonably require and shall do all things reasonably necessary to facilitate such review by the Lender.

16.19 **Lender as Agent.** If this Agreement is granted to the Lender in its capacity as agent for one or more other Persons, the Borrowers and each Other Obligant agree that all:

- (a) grants, mortgages, assignments, charges and security interests;
- (b) representations, warranties, covenants and agreements; and
- (c) obligations and liabilities,

created, made, assumed or incurred hereunder by the Borrowers or any Other Obligant in favour of the Lender are also created, made, assumed or incurred hereunder by the Borrowers or any Other Obligant in favour of those Persons.

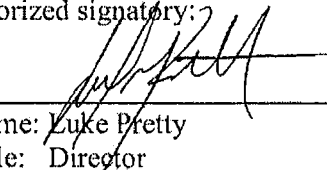
*[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK;  
SIGNATURE PAGE(S) TO FOLLOW]*

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their respective officers thereunto duly authorized on the 14th day of March, 2022.

**1351486 B.C. LTD.,**

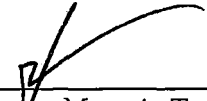
by its authorized signatory:

Per:

  
Name: Luke Pretty  
Title: Director

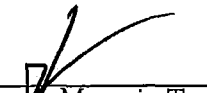
I have the authority to bind the corporation

**LIVING BEACHSIDE DEVELOPMENT LIMITED PARTNERSHIP**, by its General Partner, **PORT CAPITAL FARMS (BEACH) INC.**, by its authorized signatory:

Per:   
Name: Macario Teodoro Reyes  
Title: Director

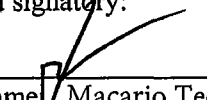
I have the authority to bind the partnership

**SUNNY BEACH MOTEL INC.**, by its authorized signatory:

Per:   
Name: Macario Teodoro Reyes  
Title: Director


I have the authority to bind the corporation

**PORT CAPITAL FARMS (BEACH) INC.**, by its authorized signatory:

Per:   
Name: Macario Teodoro Reyes  
Title: Director

I have the authority to bind the corporation

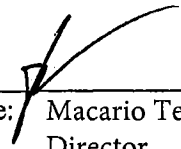
**PORTLIVING FARMS (3624 PARKVIEW) INVESTMENTS INC.**, by its authorized signatory:

Per:   
Name: Macario Teodoro Reyes  
Title: Director

I have the authority to bind the corporation

**PORTLIVING FARMS (3688 PARKVIEW)**  
**INVESTMENTS INC.**, by its authorized  
signatory:

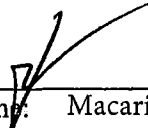
Per:

  
Name: Macario Teodoro Reyes  
Title: Director

I have the authority to bind the corporation

**PORTLIVING FARMS (3648 PARKVIEW)**  
**INVESTMENTS INC.**, by its authorized  
signatory:

Per:

  
Name: Macario Teodoro Reyes  
Title: Director

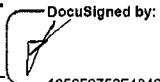
I have the authority to bind the corporation



**GUARANTOR'S ACKNOWLEDGEMENT**


For good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged), each of the Guarantors hereby unconditionally guarantees the payment, observance and performance, on demand, of the Borrowers' Indebtedness in the manner and to the extent contemplated by the Loan Documents.

**PORT CAPITAL GROUP INC.**, by its authorized signatory:

Per:  \_\_\_\_\_  
Name: 1056F0752F48464... Macario Teodoro Reyes  
Title: Director

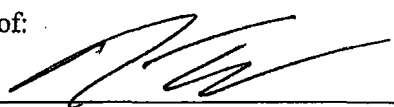
I have the authority to bind the corporation

**PORTLIVING PROPERTIES INC.**, by its authorized signatory:

Per:  \_\_\_\_\_  
Name: 1056F0752F48464... Macario Teodoro Reyes  
Title: Director

I have the authority to bind the corporation

**SIGNED, SEALED and DELIVERED** by  
**MACARIO TEODORO REYES** in the  
presence of:



\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name **KEAN SILVERTHORN**  
Barrister & Solicitor

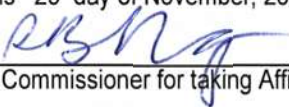
\_\_\_\_\_  
Address **McCarthy Tétrault LLP**  
SUITE 2400 - 745 THURLOW STREET  
VANCOUVER, B.C. V6E 0G6  
\_\_\_\_\_  
DIRECT 604-643-5966

\_\_\_\_\_  
Occupation

\_\_\_\_\_  
   
**MACARIO TEODORO REYES**

0.31

This is Exhibit "B" referred to in the affidavit  
of Luke Pretty sworn before me at Vancouver  
this 29 day of November, 2022.

  
A Commissioner for taking Affidavits for British Columbia

**GUARANTEE AND POSTPONEMENT OF CLAIMS**

**THIS GUARANTEE AND POSTPONEMENT OF CLAIMS** is dated March 10, 2022 and made

**BETWEEN:**

**PORT CAPITAL GROUP INC.**, a company under the *Business Corporations Act* of British Columbia (BC1101663), having an office at 325 West 4th Avenue, Vancouver, BC V5Y 1H3;

and

**PORTLIVING PROPERTIES INC.**, a company under the *Business Corporations Act* of British Columbia (BC1101668), having an office at 325 West 4th Avenue, Vancouver, BC V5Y 1H3;

and

**MACARIO TEODORO REYES**, a Businessperson, of 325 West 4th Avenue, Vancouver, BC V5Y 1H3;

(collectively, the "Guarantor")

**AND:**

**1351486 B.C. LTD.** a company under the *Business Corporations Act* of British Columbia (BC1351486), having an office at 1556 Kebet Way, Port Coquitlam, BC V3C 5H5

(the "Lender")

- A. The Borrower has agreed to borrow the moneys representing the Loan from the Lender who has agreed to make the Loan to the Borrower.
- B. It is a condition of the Loan that the Guarantor execute and deliver this Guarantee to the Lender.
- C. The Guarantor has agreed to unconditionally guarantee in the manner hereinafter set forth the payment, observance and performance of the Borrower's Obligations and Liabilities whether now or hereafter existing.
- D. The Guarantor has also agreed to assign and postpone to the Lender all debts and liabilities (as defined in Article 3 hereof) owed to it by the Borrower in the manner hereinafter provided.

In consideration of the sum of \$1.00 and other good and valuable consideration now paid by the Lender to the Guarantor (the receipt and sufficiency of which is hereby acknowledged by the Guarantor) the Guarantor represents to and agrees with the Lender as set forth herein.

## ARTICLE 1 - DEFINITIONS

### 1.1 Definitions

In this Guarantee the following words and phrases will have the meaning given to them below.

- (a) **“Borrower”** means collectively, 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. and their respective successors and assigns, whether immediate or derivative.
- (b) **“Borrower’s Obligations and Liabilities”** means the Obligations and Liabilities from time to time of the Borrower to the Lender arising out of or in any way relating to the Loan or the Loan Documents.
- (c) **“Guarantee”** or **“this Guarantee”** means this Guarantee and Postponement of Claims including all recitals and schedules hereto, as amended, modified, restated or replaced from time to time.
- (d) **“Guarantor”** means the Persons so described above and their heirs, executors, administrators, personal representatives, successors and assigns, as the case may be, whether immediate or derivative.
- (e) **“Lender”** means the Person so described above and its successors and assigns, whether immediate or derivative.
- (f) **“Loan”** means a loan of up to \$3,500,000.00 made or to be made by the Lender to the Borrower.
- (g) **“Loan Agreement”** means the loan agreement dated March 14, 2022, between the Lender and the Borrower, as may be amended, modified, restated or replaced from time to time.
- (h) **“Loan Documents”** means the agreements, instruments, securities and other documents heretofore, now or hereafter created, issued or granted and made by or on behalf of the Borrower in favour of or with the Lender in connection with the Loan as they or each may from time to time be supplemented, amended, restated or replaced and in effect, including but not limited to the Loan agreement and the security documents entered into pursuant thereto.
- (i) **“Obligations and Liabilities”** whenever used herein in respect of the obligations and liabilities of one Person to another Person, are used in their most comprehensive sense and include all obligations and liabilities of that Person to the other Person heretofore, now or hereafter assumed, made, incurred or created, whether for or on account of any indebtedness of that Person to that other Person (and whether by way of any fee, charge, cost, damage, expense, interest, legal cost, advance or re-advance of principal, debt or otherwise), whether voluntary or involuntary and however arising, whether due or not due, absolute or contingent, liquidated or unliquidated, determined or undetermined, direct or indirect, express

or implied, and whether that Person may be liable individually or jointly with others and whether recovery upon any such obligations and liabilities may be or hereafter becomes in any way unenforceable or irrecoverable and irrespective of the genuineness, validity or regularity thereof, of any security therefor or of the existence or extent of such security.

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

## ARTICLE 2 - GUARANTEE

### 2.1 Guarantee

Subject to the provisions of Article 5, hereof, the Guarantor absolutely and unconditionally guarantees the due payment, observance and performance of all of the Borrower's Obligations and Liabilities (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise) including, without limitation, the Borrower's covenant to pay the Loan and interest and other sums at the times and places and in the manner set forth in the Loan Documents, without setoff, counterclaim, recoupment or deduction of any amounts owing or alleged to be owing by the Lender to the Borrower. Upon the Borrower's failure to do so, the Guarantor promises, on demand, to pay, observe and perform such of the Borrower's Obligations and Liabilities as it may be required to do by virtue of such demand and to pay interest on any moneys to be paid by the Guarantor to the Lender from the date of such demand at the rate or rates then applicable to such sums pursuant to the Loan Documents. Without limiting the foregoing, the Guarantor specifically guarantees payment of any judgment entered against the Borrower and any damages that may be awarded in any action brought against the Borrower by the Lender.

### 2.2 Terms of Payment, Observance and Performance

In order to implement the foregoing:

- (a) **Borrower's Obligations and Liabilities:** the Guarantor guarantees that the Borrower's Obligations and Liabilities shall be paid, observed and performed strictly in accordance with the terms and provisions of any agreement, express or implied, which has been made or may hereafter be made or entered into between the Lender and the Borrower relating thereto, and regardless of any law, regulation or decree now or hereafter in effect which might in any manner affect any of the terms or provisions of any such agreement or the rights or remedies of the Lender as against the Borrower or any other Person with respect to any of the Borrower's Obligations and Liabilities, or cause or permit to be invoked, any alteration in the time, amount or manner of payment or performance of any of the Borrower's Obligations and Liabilities by the Borrower or any other Person;
- (b) **Payment on Demand:** in each instance when the Borrower has agreed, relative to any of the Borrower's Obligations and Liabilities to pay or provide the Lender

with any amount of money, if such amount is not actually paid or provided as and when agreed, the Guarantor shall, forthwith upon demand made by the Lender, and as the Lender may elect, pay or provide the amount in the exact currency and place as agreed by the Borrower; and

- (c) **Taxes:** the Guarantor agrees that all such payments contemplated hereby shall be made without set-off or counterclaim and free and clear of and without deduction for or on account of any present or future income, stamp or other taxes, levies, imposts, duties, charges, fees, deductions, withholdings or restrictions or conditions of any nature whatsoever now or hereafter imposed, levied, calculated, withheld or assessed by any country or any political subdivision or taxing authority thereof (all of the foregoing being referred to in this subsection as "Taxes"). If any Taxes are required to be withheld for any amounts payable to the Lender, the amounts so payable to the Lender will be increased to the extent necessary to yield to the Lender (after payment of all Taxes) interest or such other amounts payable hereunder at the rate(s) or in the amount(s) herein specified.

### 2.3 Nature of Guarantee

The Guarantor covenants and agrees with the Lender that:

- (a) **No Prejudice:** the Obligations and Liabilities of the Guarantor hereunder are irrevocable and absolute and, as long as any of the Borrower's Obligations and Liabilities remain outstanding, they will continue and be in full force and effect and will not be determined or in any manner affected and no right of the Lender hereunder will, in any manner, be prejudiced or impaired by any circumstance whatsoever, including by:
- (i) **Dissolution and Winding-Up:** the dissolution, winding-up or other cessation of existence of any Person (including the Borrower, the Guarantor or any other guarantor or surety) liable for the payment, observance and performance of the Borrower's Obligations and Liabilities or any part thereof, or the institution of any proceeding relating thereto; the death or loss or diminution of capacity of any such Person, if a natural Person; any continuance or reorganization or any change in the business, capital structure, directorate, management, members, name, objects, organization, partners, powers or shareholders of any such Person; the amalgamation or merger of any such Person with a corporation; the sale or disposal of or appointment of a custodian, liquidator, receiver or trustee in respect of the assets or undertaking, in whole or in part, of any such Person; any distribution of the assets, in whole or in part, of any such Person upon any arrangement, bankruptcy, composition, insolvency, liquidation, readjustment, receivership, reorganization or other similar proceeding or occurrence relating to any such Person; any assignment by any such Person for the benefit of creditors; any other marshalling of any of the assets of any such Person; or any other act or event which would constitute a novation of any obligation or liability of the Borrower in respect of any of the Borrower's Obligations and Liabilities, whether by

substitution of the Obligations and Liabilities of any other Person in place of those of the Borrower or otherwise;

- (ii) **Any other Person:** any Obligations and Liabilities of the Borrower, whether in respect of any of the Borrower's Obligations and Liabilities or otherwise, the Guarantor (whether under this Guarantee or otherwise), any other Person who is or may become liable in respect of any of the Borrower's Obligations and Liabilities; or any agreement or instrument evidencing any such obligation or liability, heretofore, now or hereafter being invalid, illegal or unenforceable including, without limitation, any failure by the Borrower or any guarantor or surety to pay, perform or comply with the Borrower's Obligations and Liabilities or the terms of any documents, instruments or agreements evidencing, securing or documenting the same;
- (iii) **Defect:** any defect in, omission from, failure to file or register, or defective filing or registration of any instrument under which the Lender has taken or has had created and issued or granted in its favour any security for payment, observance and performance of any of the Borrower's Obligations and Liabilities, or for payment, observance or performance of any Obligations and Liabilities of the Borrower, the Guarantor, whether under this Guarantee or otherwise, or of any other Person who is or may become liable in respect of any of the Borrower's Obligations and Liabilities; any failure or loss of or in respect of any such security received or held or intended to have been received or held by the Lender, whether arising out of or in connection with the fault of the Lender or otherwise; or any irregularity, defect or unauthorized action by the Lender, the Borrower, the Guarantor or other guarantor or surety or any of their respective officers, directors, members, managers or other agents in executing and delivering any documents, instruments or agreements evidencing, securing or documenting the Borrower's Obligations and Liabilities or in carrying out or attempting to carry out the terms of any such documents, instruments or agreements;
- (iv) **Issue or Levy of Award, Etc.:** any issue or levy by any administrative, governmental, judicial or other authority or arbitrator of any award, execution, injunction, judgment, order, warrant of attachment, writ of similar process against the Borrower (whether in respect of any of the Borrower's Obligations and Liabilities or otherwise), the Guarantor (whether in respect of any of its Obligations and Liabilities under this Guarantee or otherwise), or against any other Person who is or may become liable in respect of any of the Borrower's Obligations and Liabilities;
- (v) **Setoffs and Counterclaims; Defences:** any setoff, counterclaim, recoupment, deduction, any defence or other right which the Guarantor may have against the Lender, the Borrower, any other guarantor, surety or any other Person for any reason whatsoever whether related to the Borrower's Obligations and Liabilities or otherwise; or any other



circumstance which might constitute a legal or equitable discharge or defence, in whole or in part, of a surety or guarantor;

- (vi) **Consents and Waivers:** any act or omission of the Lender consented to in this Guarantee including, without limitation, pursuant to Section (e) hereof; or the failure to receive any notice, demand, presentment or protest waived in this Guarantee including, without limitation, pursuant to Sections 2.5 and 6.5 hereof;
- (vii) **Organizational Changes:** any change in the name, state of organization, entity type or structure, capital stock or other ownership interests or constitution of the Borrower or any guarantor or surety; or
- (viii) **Any Other Act or Event:** any occurrence or non-occurrence of any other act or event which, by operation of law or equity or otherwise, would directly or indirectly now or hereafter result in the determination, discharge, extinction, limitation, merger, novation, reduction or release, pro tanto or otherwise of the Guarantor or of any of its Obligations and Liabilities hereunder, or which would otherwise prejudice or impair any right of the Lender hereunder;

and by signing this Guarantee, the Guarantor hereby waives all defences of a surety to which it may be entitled by statute or otherwise;

- (b) **Continuing Guarantee:** this Guarantee is a continuing guarantee and will be binding upon the Guarantor regardless of how long before or after the date hereof any of the Borrower's Obligations and Liabilities were or are incurred. Credit may be granted or continued from time to time by the Lender to the Borrower without notice to or authorization from the Guarantor regardless of the Borrower's then-existing financial or other condition. The Guarantor agrees that this Guarantee will continue to be effective or will be reinstated as the case may be if at any time any payment to the Lender of any of the Borrower's Obligations and Liabilities is rescinded or must be restored or returned by the Lender upon all insolvency, bankruptcy or reorganization of the Borrower, all as though such payment had not been made. In the event this Guarantee is preceded or followed by any other agreement of suretyship or guarantee by the Guarantor or others, all will be deemed to be cumulative, and the obligations of the Guarantor hereunder will be in addition to those stated in any suretyship or guaranty agreement;
- (c) **Pay Moneys:** the Obligations and Liabilities of the Guarantor hereunder to pay moneys will constitute Obligations and Liabilities of payment and not of collectability and will be absolute and independent of and not in consideration of or conditional or contingent upon any other Obligations and Liabilities of the Guarantor, any Obligations and Liabilities of the Borrower (whether in respect of any of the Borrower's Obligations and Liabilities or otherwise), or any Obligations and Liabilities of any other Person who is or may become liable in respect of any of the Borrower's Obligations and Liabilities; or any prior notice or protest to, demand upon or action, suit or other proceeding against the Borrower, or any such other Person and the Lender may bring or prosecute a separate action,

suit or other proceeding against the Guarantor whether such action, suit or other proceeding is brought or prosecuted against the Borrower or any such other Person or whether the Borrower or any such other Person is joined in such action, suit or other proceeding;

- (d) **Part Payment:** any part payment, observance or performance by the Borrower of any of the Borrower's Obligations and Liabilities or other circumstance which operates to toll any statute of limitations or law of prescription as to the Borrower will operate to toll such statute of limitations or law of prescription as to the Guarantor; and
- (e) **Waiver of Immunities:** to the extent that the Guarantor has or may hereafter acquire any immunity from jurisdiction of any court or from any legal process (whether through service or notice, attachment prior to judgment, attachment in aid of execution, execution, or otherwise) under the laws of any jurisdiction, the Guarantor hereby irrevocably waives such immunity in respect of its Obligations and Liabilities under this Guarantee and agrees that it will be subject to the laws governing this Guarantee with respect thereto.

#### 2.4 Authorization

The Guarantor authorizes the Lender, at the sole and absolute discretion of the Lender, without notice or demand and without in any manner affecting the liability of the Guarantor hereunder or under any security now or hereafter furnished to the Lender by the Guarantor in connection herewith, and without prejudicing or impairing any right of the Lender hereunder, from time to time to:

- (a) **Renew, Modify Etc.:** renew, compromise, extend, accelerate, waive or otherwise modify the terms of any Loan Document or any other document, instrument or agreement, whether now or hereafter existing, evidencing, documenting, securing or otherwise relating to the Borrower's Obligations and Liabilities, including the time, form or manner for payment, observance or performance of, or any term in respect of, the Borrower's Obligations and Liabilities, or any part thereof, including increasing or decreasing the amount of the Loan and any rate of interest payable in connection therewith or changing the method of calculation thereof, or the obligations of any surety or guarantor, or any instrument or agreement evidencing the same;
- (b) **Security:** take and hold any collateral or security for the payment, observance and performance of this Guarantee or the Borrower's Obligations and Liabilities, or any part thereof, or for the payment, observance or performance of any Obligations and Liabilities in any way relating to or arising out of the Borrower's Obligations and Liabilities or any collateral or security now or hereafter held therefor from the Borrower, the Guarantor, whether under this Guarantee or otherwise, or from any other Person who is or may become liable in respect of any of the Borrower's Obligations and Liabilities, and assign, sell, exchange, enforce, waive, perfect, release, subordinate, subrogate, substitute, surrender or take advantage of or defer, or waive taking, perfecting, enforcing or otherwise taking advantage of any such collateral or security (including any rights or

remedies of the Lender in respect of any collateral or security now or hereafter held) and apply any such security and direct the order or manner of sale thereof as the Lender in its discretion may determine;

- (c) **Realize:** realize on any security interest or lien, judicially or nonjudicially, with or without preservation of a deficiency judgment;
- (d) **Exercise:** compromise, release or settle with or substitute or delay or waive the exercise of any one or more right or remedy against the Borrower, the Guarantor or any other Person (including any guarantor or surety) who is or may become liable in respect of any of the Borrower's Obligations and Liabilities;
- (e) **Grant Indulgence:** release any guarantor or surety, or grant any other indulgence to the Borrower, the Guarantor or any other Person who is or may become liable in respect of any of the Borrower's Obligations and Liabilities, or any part thereof, and compound with all or any of such Persons as the Lender shall see fit;
- (f) **Acceptance:** accept any of the Borrower's Obligations and Liabilities incurred after the date hereof;
- (g) **Recovery:** apply any payment by, recovery from or credit, deposit or offset due to, or any funds realized from or payable on account of any security heretofore, now or hereafter furnished to the Lender by the Borrower, the Guarantor or any other Person (including any other guarantor or surety) who is or may become liable in respect of any of the Borrower's Obligations and Liabilities, to the Borrower's Obligations and Liabilities or any part or parts thereof now or hereafter existing, whether in respect of any of the Borrower's Obligations and Liabilities or otherwise of the Borrower, the Guarantor or any such other Person to the Lender, as the case may be, in such order, priority and manner and at such times as the Lender in its sole and absolute discretion may determine;
- (h) **Lien or Set Off:** impose a lien upon or set off any money, security or other property of the Guarantor now or hereafter in the possession of or on deposit with the Lender, whether held in a general or special account or on deposit or for safekeeping or otherwise, against any payment due from the Guarantor to the Lender hereunder; and
- (i) **Any Other Person:** otherwise deal with the Borrower, the Guarantor, any other Person who is or may become liable in respect of any of the Borrower's Obligations and Liabilities, or any security heretofore, now or hereafter furnished to the Lender by the Borrower, the Guarantor or any such other Person, as the Lender may deem appropriate or desirable.

## 2.5 Waivers

The Guarantor unconditionally waives:

- (a) **Right to Receive:** any right to receive from the Lender any communication whatsoever with respect to any of the Borrower's Obligations and Liabilities or any Obligations and Liabilities of the Guarantor, whether under this Guarantee or

otherwise, or of any other Person who is or may become liable in respect of any of the Borrower's Obligations and Liabilities, including, without limitation:

- (i) Notice of Creation: any notice of the creation, existence or incurring, now or hereafter, of any Borrower's Obligations and Liabilities or any change therein, the acceptance by the Lender of, or the intention of the Lender to act on or in reliance on, any Obligation or Liability of the Guarantor, whether under this Guarantee or otherwise, or of any other Person (including any guarantor or surety) who is or may become liable in respect of any of the Borrower's Obligations and Liabilities, or any default by or non-payment, non-observance or non-performance of any obligation of the Borrower, the Guarantor or any such other Person;
  - (ii) Renewal and Modification: any renewal, extension or modification of the terms of any of Borrower's Obligations and Liabilities of any surety or guarantor or any documents, instruments or agreements evidencing, securing or documenting the same;
  - (iii) Additional Guaranty and Security: the obtaining of any guaranty or surety agreement (in addition to this Guarantee), the obtaining of any collateral or security for the payment and performance of any of the Borrower's Obligations and Liabilities, the release of any surety or guarantor, or the release of any collateral or security;
  - (iv) Communication: any communication of any information known by the Lender relating to the financial condition of the Borrower or to any other circumstance bearing upon the risk of non-payment of any of the Borrower's Obligations and Liabilities; or
  - (v) Demand for Performance: any demand for performance, notice of dishonour, notice of protest, presentment, protest or acceptance relating to any of the Borrower's Obligations and Liabilities or the Obligations and Liabilities of the Guarantor or any other Person who is or may become liable in respect of any of the Borrower's Obligations and Liabilities;
- (b) **Right to Require**: any right to require the Lender to:
- (i) Proceed Against Borrower, Guarantor, Etc.: proceed against the Borrower, the Guarantor or any other Person who is or may become liable in respect of any of the Borrower's Obligations and Liabilities, including, without limitation, any right or benefit of discussion or division;
  - (ii) Proceed Against Security: proceed against or exhaust any security heretofore, now or hereafter furnished to the Lender by the Borrower, the Guarantor or any other Person who is or may become liable in respect of any of the Borrower's Obligations and Liabilities;
  - (iii) Application: first apply any property or assets of the Borrower or any other Person who is or may become liable in respect of any of the

Borrower's Obligations and Liabilities to the discharge of the Borrower's Obligations and Liabilities or marshal in favour of the Guarantor; or

- (iv) Pursue: pursue or exercise any other right or remedy of the Lender whatsoever;
- (c) **Borrower's Outstanding Obligations and Liabilities**: so long as any of the Borrower's Obligations and Liabilities remain outstanding (including such part thereof, if any, that exceeds the liability of the Guarantor hereunder, if the liability of the Guarantor is expressly limited hereunder), any right of subrogation to, or any right to enforce, any right or remedy which the Lender now has or may hereafter have against or in respect of the Borrower, any other Person who is or may become liable in respect of any of the Borrower's Obligations and Liabilities or any security heretofore, now or hereafter furnished to the Lender by the Borrower or any such other Person or any benefit of or right to participate in any such security;
- (d) **Defence**: any defence arising out of or in connection with:
  - (i) Absence: any absence, impairment or loss of any right of contribution, reimbursement or subrogation or any other right or remedy of the Guarantor against or in respect of the Borrower, any other Person who is (including any other guarantor or surety) or may become liable in respect of any of the Borrower's Obligations and Liabilities or any security heretofore, now or hereafter furnished to the Lender by the Borrower or any such other Person;
  - (ii) Disability: any disability, incapacity or other defence available to the Borrower or any other Person who is or may become liable in respect of any of the Borrower's Obligations and Liabilities or any cessation from any cause whatsoever of any of the Borrower's Obligations and Liabilities or the Obligations and Liabilities of any such other Person in respect of any of the Borrower's Obligations and Liabilities;
  - (iii) Other Circumstances: any other circumstance which might otherwise constitute a defence to any action, suit or other proceeding against the Guarantor, whether on this Guarantee or otherwise;
  - (iv) Statute of Limitations: any benefit of any statute of limitations or law of prescription affecting any obligation or liability of the Guarantor, whether under this Guarantee or otherwise, or the enforcement thereof, to the fullest extent permitted by law; or
  - (v) Immunities: any immunity at any time acquired from the jurisdiction of any court or from any legal process (whether through service or notice, attachment prior to judgment, attachment in aid of execution, execution, or otherwise) under the laws of any jurisdiction that may apply in respect of any of its Obligations and Liabilities under this Guarantee.

## 2.6 Bankruptcy, Etc.

In the event of any distribution of the assets, in whole or in part, of the Borrower, or the Guarantor or any other Person who is or may become liable in respect of any of the Borrower's Obligations and Liabilities, or upon any arrangement, bankruptcy, composition, execution sale, insolvency, liquidation, readjustment, receivership, reorganization or other similar proceeding or occurrence relating to any such Person, or any proceeding for the dissolution, liquidation, winding-up or other cessation of existence of any such Person, voluntary or involuntary, whether or not involving bankruptcy or insolvency proceedings, or any assignment by any such Person for the benefit of creditors or any other marshalling of any of the assets of any such Person:

- (a) **Omission:** none of the Obligations and Liabilities of the Guarantor hereunder will be determined or in any manner affected and no right of the Lender hereunder will in any manner be prejudiced or impaired by any omission by the Lender to prove its claim or to prove its full claim and the Lender may prove such claim as it sees fit and may refrain from proving any claim and may value as it sees fit or refrain from valuing any security held by the Lender; and
- (b) **Right to Include:** so long as any of the Borrower's Obligations and Liabilities remain outstanding (including such part thereof, if any, that exceeds the liability of the Guarantor hereunder, if the liability of the Guarantor is expressly limited hereunder), the Lender will have the right to include, in any claim made by it, the amount of all sums paid by the Guarantor, whether under this Guarantee or otherwise, and to prove and rank for and receive dividends in respect to such claim; any and all right to prove and rank for such sums paid by the Guarantor and to receive the full amount of all dividends in respect thereof is hereby assigned and transferred by the Guarantor to the Lender.

## ARTICLE 3 - POSTPONEMENT OF CLAIMS

### 3.1 Assignment

To secure the payment, observance and performance of its Obligations and Liabilities to the Lender hereunder, the Guarantor:

- (a) assigns and grants a security interest in all present and future debts, obligations and liabilities owed to it by the Borrower, together with all interest therein and fees and other charges payable to it in connection therewith and all liens, security interests, charges and other security therefor (collectively the "**debts and liabilities**"); and
- (b) postpones the payment, observance and performance of the debts and liabilities to the prior payment, observance and performance of the Borrower's Obligations and Liabilities, to the Lender in full, in cash.

The Guarantor agrees that the debts and liabilities shall not be paid or performed in whole or in part, and the Guarantor shall not cause or permit any Person other than the Lender to accept any payment or performance of or on account of the debts and liabilities while this Guarantee is in effect. The Guarantor further agrees that if and whenever it receives any moneys representing the debts and liabilities it shall receive and hold such moneys in trust for and shall immediately

pay the same to the Lender in addition to and without otherwise limiting its obligations to pay, observe or perform the Borrower's Obligations and Liabilities.

### 3.2 Severability

The provisions of this Article 3 are independent and severable from the guarantee of the Borrower's Obligations and Liabilities provided herein regardless of whether the Guarantor is obligated under such guarantee.

### 3.3 If More than One Guarantor

In the event that the Guarantor is comprised of more than one Person, the provisions of this Article 3 will apply to the debts and liabilities owed by the Borrower to any one or more of those Persons.

## ARTICLE 4 - REPRESENTATIONS AND WARRANTIES

### 4.1 Representations and Warranties

The Guarantor makes the following representations and warranties to the Lender as continuing representations and warranties so long as any of the Borrower's Obligations and Liabilities remain outstanding:

- (a) **Authorization, Execution, Delivery and Performance:** the execution, delivery and performance of this Guarantee:
  - (i) if the Guarantor is a corporation, have been duly authorized by all required corporate action;
  - (ii) if the Guarantor is a partnership, have been duly authorized by all required partnership action;
  - (iii) do not require the consent or approval of any shareholder, partner, trustee, holder of any Obligations and Liabilities of the Guarantor, or any governmental body or other regulatory authority;
  - (iv) are not and will not be in contravention of, or in conflict with, any law or regulation by which the Guarantor is bound;
  - (v) if the Guarantor is a corporation, any term or provision of the certificate or articles of incorporation, bylaws, or constating documents of the Guarantor;
  - (vi) if the Guarantor is a partnership, any term or provision of the Guarantor's partnership agreement; and
  - (vii) are not and will not be, in contravention of, or in conflict with, any agreement, indenture, mortgage, other instrument, or undertaking to which the Guarantor is a party or by which it or any of its properties is or may be bound or affected and do not, and will not, save as herein provided, cause

any security interest, lien or other encumbrance to be created or imposed upon any such properties;

- (b) **Execution:** the Guarantor is executing and delivering this Guarantee at the sole and exclusive request of the Borrower;
- (c) **No Representations by Lender:** the Guarantor has in no way whatsoever, directly or indirectly, sought, received or relied upon any representation or statement from or any agreement or undertaking with the Lender or any officer, employee or agent of the Lender with respect to any matter relating to this Guarantee, the Loan, the Borrower's Obligations and Liabilities, the Loan Documents, the Borrower or any other Person liable or proposed to be liable for the Borrower's Obligations and Liabilities or any part thereof or any security now held or proposed to be held therefor from any Person whomsoever;
- (d) **Litigation:** there is no litigation or other proceeding pending or, to the knowledge of the Guarantor, threatened against, or affecting, the Guarantor or its properties which, if determined adversely to the Guarantor, would have a materially adverse effect on the financial condition, properties or operations of the Guarantor and the Guarantor is not in default with respect to any order, writ, injunction, decree or demand of any court or other governmental or regulatory authority;
- (e) **Financial Condition of Guarantor:** any financial information which has heretofore been submitted in writing by the Guarantor to the Lender in connection herewith is true and correct, truly presents the financial condition of the Guarantor as at the date thereof and the results of the operations of the Guarantor for the period covered thereby and has been prepared in accordance with sound accounting principles on a basis consistently maintained. The Guarantor has no knowledge of any liabilities, contingent or otherwise, at the date of said financial information which are not reflected in said financial information and the Guarantor has not entered into any commitments or contracts which are not reflected in the financial information which may have a materially adverse effect upon its financial condition, operations or business as now conducted;
- (f) **Financial Condition of Borrower:** the Borrower has furnished the Guarantor with all financial and other information and copies of all agreements, instruments and other writings which the Guarantor has requested concerning the Borrower, the Loan, the Borrower's Obligations and Liabilities, the Loan Documents, the Borrower's relationship with the Lender and the nature, scope and extent of the risk which the Guarantor assumes and incurs under this Guarantee;
- (g) **Future Financial Information:** the Guarantor has established means satisfactory to it of obtaining from the Borrower, independently of the Lender, on a continuing basis such additional or future financial and other information and copies of all agreements, instruments and other writings as it may deem appropriate or desirable concerning the Loan, the Borrower, the Borrower's Obligations and Liabilities, the Loan Documents, the Borrower's relationship with the Lender and the nature, scope and extent of the risk which the Guarantor assumes and incurs



under this Guarantee; and the Guarantor has reviewed such documents and other information as it has deemed appropriate in order to permit it to be fully apprised of the operations, business, properties or financial condition of the Borrower and has, in entering into this Guarantee made its own credit analysis independent and without reliance upon any information communicated to it by the Lender;

- (h) **Financial Benefit:** the Guarantor has derived or expects to derive a financial advantage from each and every loan or other extension of credit and from each and every renewal, extension, release of collateral or other relinquishment of legal rights made or granted or to be made or granted by the Lender to the Borrower or any other Person in connection with any of the Borrower's Obligations and Liabilities; and
- (i) **Binding Obligations, Etc.** this Guarantee has been duly executed and delivered by the Guarantor to the Lender without condition and constitutes a legal, valid and binding obligation of the Guarantor enforceable against the Guarantor in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, similar laws affecting creditors' rights generally or general principles of equity.

## ARTICLE 5 - MISCELLANEOUS

### 5.1 Entire Guarantee

Upon the execution and delivery by the Guarantor to the Lender of this Guarantee, this Guarantee will be deemed to be finally executed and delivered by the Guarantor as of the date hereof and will not be subject to or affected by any promise or condition affecting or limiting the liability of the Guarantor except as set forth herein and no statement, representation, agreement or promise on the part of the Lender or any officer, employee or agent thereof unless contained herein forms any part of this Guarantee or has induced the making hereof or will be deemed to affect the Guarantor's liability hereunder. This Guarantee comprises the complete, final and integrated agreement of the parties hereto on the subject matter hereof and supersedes all prior agreements, written or oral, on such subject matter. This Guarantee will be operative and binding upon every signatory hereto notwithstanding the non-execution hereof by any other proposed signatory hereto.

### 5.2 Lender's Records Conclusive

The statement in writing of an officer of the Lender of the amount of or existence of any of the Borrower's Obligations and Liabilities or as to the occurrence of any failure by the Borrower to fully and punctually pay, observe or perform any of the Borrower's Obligations and Liabilities when due or required, as the case may be, will be binding on and conclusive against the Guarantor, and all right to question in any way the Lender's present or future method of dealing with the Borrower or any Person or Persons now or hereafter liable to the Lender for the Borrower's Obligations and Liabilities, or any part thereof, or with any security now or hereafter held by the Lender therefor or with any property covered by such security is hereby waived.

### **5.3 Guarantor Principal Debtor**

For the purpose of greater clarity it is hereby declared to be the intention of the parties that this Guarantee will be construed so as to impose the like obligation upon the Guarantor as if the Guarantor had covenanted as a principal jointly and severally with the Borrower with respect to the Borrower's Obligations and Liabilities and not as a surety.

### **5.4 Corporate Borrower**

It is not necessary for the Lender to inquire into the powers of the Borrower, if a corporation partnership or a trust, or the officers, directors, partners, trustees or agents acting or purporting to act on its behalf, and any of the Borrower's Obligations and Liabilities made, created, incurred or assumed in reliance upon the professed exercise of such powers will form part of the Borrower's Obligations and Liabilities even though those Borrower's Obligations and Liabilities are or were irregularly, fraudulently, defectively or informally made, created, incurred or assumed by or in excess of the powers of the Borrower or of its officers, directors, partners, trustees or agents and notwithstanding that the Lender has specific notice of the powers of the Borrower or its officers, directors, partners, trustees or agents.

### **5.5 Guarantor to Keep Informed**

The Guarantor agrees with the Lender that so long as any of the Borrower's Obligations and Liabilities remain outstanding it shall assume all responsibility for being and keeping itself informed of the financial condition of the Borrower and of all other circumstances bearing upon the nature, scope and extent of the risk which it assumes and incurs under this Guarantee. Without limiting the foregoing, the Guarantor shall enter into such agreements and arrangements with the Borrower as may be necessary to ensure its receipt of notice of such material changes and of periodic financial statements. The Guarantor expressly waives any requirement that the Lender advise, disclose, discuss or deliver notice to the Guarantor regarding the operations, business, properties or financial condition of the Borrower or with respect to any default by the Borrower in its payment or performance of the Borrower's Obligations and Liabilities whether or not knowledge of such condition, operations or default is or reasonably could be in the possession of the Guarantor and whether or not such knowledge is in the possession of the Lender before or after the extension of any credit giving rise to Obligations and Liabilities by the Borrower.

### **5.6 Effect**

The provisions of this Guarantee are in addition to and not in substitution for the provisions of any other guarantee or any debenture, mortgage, note, pledge or other security or evidence of liability held by the Lender, all of which will be construed as complementary to each other. Nothing contained herein will prevent the Lender from enforcing any other guarantee or any debenture, mortgage, note, pledge or other security or evidence of liability in accordance with its terms.

### **5.7 Relationship of the Parties**

Any sum falling within the terms of this Guarantee which may not be recoverable from the Guarantor on the footing of a guarantee, whether by reason of any legal or equitable limitation,

disability, incapacity, or any other fact or circumstance, and whether known to the Lender or not, will nevertheless be recoverable from the Guarantor as an indemnifier of the Lender.

**5.8 Survival of Warranties**

All covenants, agreements, representations and warranties made herein will survive the execution and delivery of this Guarantee.

**5.9 Failure or Indulgence Not Waiver**

No failure or delay on the part of this Lender in the exercise of any power, right of privilege hereunder will operate as a waiver thereof, nor will any single or partial exercise or any such power, right of privilege preclude any other or further exercise of any such power, right or privilege. All powers, rights and privileges hereunder are cumulative to, and not exclusive of, any powers, rights or privileges otherwise available.

**5.10 Notices**

Any notice, demand or other document to be given, or any delivery to be made hereunder will be effective if in writing and delivered in Person and left with, or sent by electronic mail or by prepaid registered letter addressed to the attention of:

- (a) in the case of the Lender, addressed as follows:

**1351486 B.C. LTD.**  
1556 Kebet Way  
Port Coquitlam, BC V3C 5H5

Attention: Luke Pretty

Email: [luke@dynamic.global](mailto:luke@dynamic.global)

with a copy to:

**FASKEN MARTINEAU DUMOULIN LLP**  
Barristers & Solicitors  
Bentall 5, Suite 2900 - 550 Burrard Street  
Vancouver, BC V6C 0A3

Attention: Brent C. Clark

Email: [bcclark@fasken.com](mailto:bcclark@fasken.com)

- (b) in the case of the Guarantor, addressed as follows:

**PORT CAPITAL GROUP INC.**  
**PORTLIVING PROPERTIES INC.**  
**MACARIO TEODORO REYES**  
325 West 4th Avenue  
Vancouver, BC V5Y 1H3

Attention: Macario Teodoro Reyes

Email: [tobi@portliving.com](mailto:tobi@portliving.com)

with a copy to (which does not constitute notice):

**MCCARTHY TÉTRAULT LLP**

Barristers & Solicitors  
Suite 2400, 745 Thurlow Street  
Vancouver, BC V6E 0C5

Attention: Lance Williams

Email: [lwilliams@mccarthy.ca](mailto:lwilliams@mccarthy.ca)

Any notice, demand or other document or delivery so given or made will be deemed to have been given or made and received at the time of delivery in Person or on the business day the transmission was sent successfully to the address set out above, as the case may be. Any party hereto may from time to time by notice in writing change his or its address (or in the case of a corporate party, the designated recipient) for the purposes of this section.

**5.11 Expenses and Fees**

The Guarantor shall pay all costs and expenses, including, without limitation, lawyer's fees (on a solicitor and his own client basis) and accountants fees, incurred by the Lender in connection with the payment, observance and performance of the Borrower's Obligations and Liabilities or any part thereof, whether such payment, observance or performance be made by the Borrower, the Guarantor or any other Person now or hereafter liable therefor in whole or in part. The Guarantor shall indemnify and save harmless the Lender from any claim, loss or damage whatsoever arising out of or in connection with the Guarantee.

**5.12 Time of the Essence**

Time is of the essence of this Guarantee.

**5.13 Modification of Guarantee**

No alteration, modification or waiver of this Guarantee or any of its terms, provisions or conditions will be binding on the Lender unless made in writing over the signature of an authorized officer of the Lender.

**5.14 Judgment Currency**

If for the purpose of obtaining judgment in any court or calculating the liability of Guarantor hereunder it is necessary to convert a sum due hereunder into Canadian dollars, the rate of exchange used will be that at which in accordance with normal banking procedures the Lender could purchase Canadian dollars with the other applicable currency on the business day preceding that on which final judgment is given, or in the case of the exercise of nonjudicial remedies, the business day preceding the day final calculation of liability hereunder is to be made. The obligation of Guarantor in respect of any such sum due from it will, notwithstanding any judgment in Canadian dollars, be discharged only to the extent that, on the business day following receipt by the Lender of the sum adjudged so due in Canadian dollars, whether by

realization on a judgment, nonjudicial foreclosure or other means of collection, the Lender may in accordance with normal banking procedures purchase the Other Currency with the Canadian dollars. If the Other Currency so purchased is less than the sum originally due to the Lender in the Other Currency, the Guarantor agrees as a separate obligation and notwithstanding any such judgment to indemnify the Lender against such loss.

## **ARTICLE 6 - INTERPRETATION**

### **6.1 Headings**

All headings and titles in this Guarantee are for reference only and are not to be used in the interpretation of the terms hereof.

### **6.2 Interpretation**

Wherever the singular or masculine or neuter is used herein the same shall be construed as meaning the plural or the feminine or body corporate or vice-versa where the context or the parties hereto so require.

### **6.3 Severability**

If any provision of this Guarantee or any part thereof is be found or determined to be invalid, illegal or unenforceable, that provision or such part thereof will be severable from this Guarantee and the remainder of this Guarantee will be construed as if such invalid, illegal or unenforceable provision or part had been deleted herefrom.

### **6.4 Applicable Law**

This Guarantee and the rights and obligations of the Guarantor and the Lender hereunder will be governed and be construed according to the laws of the Province of British Columbia.

### **6.5 Jurisdiction**

The Guarantor irrevocably agrees that any legal action or proceeding against it with respect to this Guarantee may be brought in the courts of the Province of British Columbia, or in such other court as the Lender may elect and, by execution and delivery of this Guarantee, the Guarantor irrevocably submits to each such jurisdiction. The Guarantor irrevocably consents to the service of any and all process in any such action or proceeding by the mailing of copies of such process to the Guarantor by registered or certified mail at the address set forth in Section 6.10 hereto. In addition, Guarantor irrevocably waives to the fullest extent permitted by law any objection which it may now or hereafter have to the laying of venue in any such action or proceeding in either: (a) any court sitting in the Province of British Columbia; or (b) any other court as the Lender may elect; and hereby further irrevocably waives any claim that any such forum is an inconvenient forum. The Guarantor further agrees that a final judgment in any such action or proceeding will be conclusive and may be enforced in any other jurisdiction by suit on the judgment or in any other manner provided by law.

## **6.6 Multiple Guarantors**

If more than one Person executes this instrument as Guarantor the provisions hereof will be read with all grammatical changes thereby rendered necessary and each reference to the Guarantor will include each and every one of them severally and all representations, warranties covenants and agreements herein contained will be deemed to be the joint and several representations, warranties, covenants and agreements of each such Person.

## **6.7 Successors and Assigns**

This Guarantee will be binding upon the Guarantor and his heirs, executors, administrators, personal representatives, successors and permitted assigns, as the case may be, and will enure to the benefit of the Lender and its successors and assigns. The Lender may assign or otherwise transfer this Guarantee or any of its rights and powers hereunder in whole or in part without notice, with all or any of the Borrower's Obligations and Liabilities hereby guaranteed, and in such event the assignee will have the same rights and remedies as if originally named herein in place of the Lender to the extent as the same are assigned. The Guarantor may not assign or otherwise transfer all or any part of its rights or obligations hereunder without the prior written consent of the Lender and any such assignment or transfer purported to be made without such consent shall be ineffective.

## **6.8 Paramountcy**

If any conflict at any time exists between any term of the Loan Agreement (whether restated herein or not) and any term of this Guarantee, then the term of the Loan Agreement will govern and take precedence.

## **6.9 Counterparts**

This Guarantee may be executed in counterparts and an executed copy of this Guarantee may be delivered by electronic mail or other means of electronic communication capable of producing a signed printed copy of this Guarantee. **Any such execution and delivery will be deemed to have occurred as of the date set forth above by the party so delivering such copy.**

*[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK;  
SIGNATURE PAGE(S) TO FOLLOW]*

EXECUTED this 10<sup>th</sup> day of March \_\_\_\_\_, 2022.

**PORT CAPITAL GROUP INC.**, by its authorized signatory(ies):

Per: \_\_\_\_\_  
Name: Macario Teodoro Reyes  
Title: Director

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

I/We have the authority to bind the corporation

**PORTLIVING PROPERTIES INC.**, by its authorized signatory(ies):

Per: \_\_\_\_\_  
Name: Macario Teodoro Reyes  
Title: Director

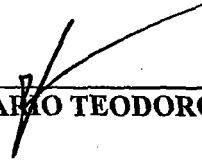
Per: \_\_\_\_\_  
Name:  
Title:

I/We have the authority to bind the corporation

SIGNED, SEALED and  
DELIVERED  
by MACARIO TEODORO REYES  
in the  
presence of:

  
\_\_\_\_\_  
Signature

\_\_\_\_\_  
KEAN SILVERTHORN  
Barrister & Solicitor  
Print Name McCarthy Tétrauld LLP  
SUITE 2400 - 745 THURLOW STREET  
VANCOUVER, B.C. V6E 0C5  
Address DIRECT 604-643-5966  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Occupation

  
\_\_\_\_\_  
MACARIO TEODORO REYES






**SIGNED, SEALED and  
DELIVERED**  
by **MACARIO TEODORO REYES**  
in the  
presence of:

  
\_\_\_\_\_  
Signature

**KEAN SILVERTHORN**  
\_\_\_\_\_  
Barrister & Solicitor  
Print Name **McCarthy Tétraut LLP**  
\_\_\_\_\_  
SUITE 2400 - 745 THURLOW STREET  
VANCOUVER, B.C. V6E 0C5  
Address DIRECT 604-643-5966  
\_\_\_\_\_  
\_\_\_\_\_  
Occupation

  
\_\_\_\_\_  
**MACARIO TEODORO REYES**



**BETWEEN:**

**PORT CAPITAL GROUP INC.  
PORTLIVING PROPERTIES INC.  
MACARIO TEODORO REYES**

**AND:**

**1351486 B.C. LTD.**

**GUARANTEE AND POSTPONEMENT OF  
CLAIMS**

**FASKEN MARTINEAU DUMOULIN LLP  
Barristers & Solicitors**

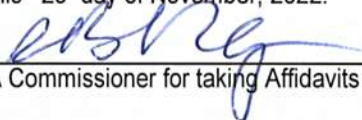
**Bentall 5, Suite 2900 - 550 Burrard Street  
Vancouver, BC, Canada V6C 0A3  
Telephone: 604.631.3131**

**Counsel: Brent C. Clark**

**File No: 319671.00003**

0055

This is Exhibit "C" referred to in the affidavit  
of Luke Pretty sworn before me at Vancouver  
this 29 day of November, 2022.

  
A Commissioner for taking Affidavits for British Columbia

## LIMITED RECOURSE GUARANTEE

THIS GUARANTEE is dated March 10, 2022 and made,

**BETWEEN:**

**PORT CAPITAL DEVELOPMENT (FARMS) INC.**, a company under the *Business Corporations Act* of British Columbia (BC1177526), having an office at 325 West 4th Avenue, Vancouver, BC V5Y 1H3

(the “**Guarantor**”)

**AND:**

**1351486 B.C. LTD.**, a company under the *Business Corporations Act* of British Columbia (BC1351486), having an office at 1556 Kebet Way, Port Coquitlam, BC V3C 5H5

(the “**Lender**”)

- A. The Borrower has agreed to borrow the moneys representing the Loan from the Lender who has agreed to make the Loan to the Borrower.
- B. It is a condition of the Loan that the Guarantor execute and deliver this Guarantee to the Lender.
- C. The Guarantor has agreed to unconditionally guarantee in the manner hereinafter set forth the payment, observance and performance of the Borrower’s Obligations and Liabilities whether now or hereafter existing.
- D. The Guarantor has also agreed to assign and postpone to the Lender all debts and liabilities (as defined in Article 3 hereof) owed to it by the Borrower in the manner hereinafter provided.

In consideration of the sum of \$1.00 and other good and valuable consideration now paid by the Lender to the Guarantor (the receipt and sufficiency of which is hereby acknowledged by the Guarantor) the Guarantor represents to and agrees with the Lender as set forth herein.

## ARTICLE 1 - DEFINITIONS

### 1.1 Definitions

In this Guarantee the following words and phrases will have the meaning given to them below.

- (a) “**Borrower**” means collectively, 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. and their successors and assigns, as the case may be, whether immediate or derivative.

- (b) **“Borrower’s Obligations and Liabilities”** means the Obligations and Liabilities from time to time of the Borrower to the Lender arising out of or in any way relating to the Loan or the Loan Documents.
- (c) **“Guarantee”** or **“this Guarantee”** means this Limited Recourse Guarantee including all recitals and schedules hereto, as amended, modified, restated or replaced from time to time.
- (d) **“Guarantor”** means the Person so described above and its successors and assigns, as the case may be, whether immediate or derivative.
- (e) **“Lender”** means the Person so described above and its successors and assigns, as the case may be, whether immediate or derivative.
- (f) **“Loan”** means a loan of up to \$3,500,000.00 made or to be made by the Lender to the Borrower, as contemplated by the Loan Agreement.
- (g) **“Loan Agreement”** means the loan agreement dated March 14, 2022 made between the Lender and the Borrower in connection with the Loan as amended, modified, restated or replaced from time to time.
- (h) **“Loan Documents”** means the agreements, instruments, securities and other documents heretofore, now or hereafter created, issued or granted and made by or on behalf of the Borrower in favour of or with the Lender in connection with the Loan as they or each may from time to time be supplemented, amended, restated or replaced and in effect, including but not limited to the Loan Agreement and the security documents entered into pursuant thereto.
- (i) **“Obligations and Liabilities”** whenever used herein in respect of the obligations and liabilities of one Person to another Person, are used in their most comprehensive sense and include all obligations and liabilities of that Person to the other Person heretofore, now or hereafter assumed, made, incurred or created, whether for or on account of any indebtedness of that Person to that other Person (and whether by way of any fee, charge, cost, damage, expense, interest, legal cost, advance or re-advance of principal, debt or otherwise), whether voluntary or involuntary and however arising, whether due or not due, absolute or contingent, liquidated or unliquidated, determined or undetermined, direct or indirect, express or implied, and whether that Person may be liable individually or jointly with others and whether recovery upon any such obligations and liabilities may be or hereafter becomes in any way unenforceable or irrecoverable and irrespective of the genuineness, validity or regularity thereof, of any security therefor or of the existence or extent of such security.
- (j) **“Persons”** or **“Person”** means and includes any individual, sole proprietorship, corporation, partnership, bank, joint venture, trust, unincorporated association, association, institution, entity, party or government (whether national, federal, provincial, state, municipal, city, county or otherwise and including any instrumentality, division, agency, body, or department thereof).

## ARTICLE 2 - GUARANTEE

### 2.1 Guarantee

Subject to the provisions of Article 5, hereof, the Guarantor absolutely and unconditionally guarantees the due payment, observance and performance of all of the Borrower's Obligations and Liabilities (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise) including, without limitation, the Borrower's covenant to pay the Loan and interest and other sums at the times and places and in the manner set forth in the Loan Documents, without setoff, counterclaim, recoupment or deduction of any amounts owing or alleged to be owing by the Lender to the Borrower. Upon the Borrower's failure to do so, the Guarantor promises, on demand, to pay, observe and perform such of the Borrower's Obligations and Liabilities as it may be required to do by virtue of such demand and to pay interest on any moneys to be paid by the Guarantor to the Lender from the date of such demand at the rate or rates then applicable to such sums pursuant to the Loan Documents. Without limiting the foregoing, the Guarantor specifically guarantees payment of any judgment entered against the Borrower and any damages that may be awarded in any action brought against the Borrower by the Lender.

### 2.2 Terms of Payment, Observance and Performance

In order to implement the foregoing:

- (a) **Borrower's Obligations and Liabilities:** the Guarantor guarantees that the Borrower's Obligations and Liabilities shall be paid, observed and performed strictly in accordance with the terms and provisions of any agreement, express or implied, which has been made or may hereafter be made or entered into between the Lender and the Borrower relating thereto, and regardless of any law, regulation or decree now or hereafter in effect which might in any manner affect any of the terms or provisions of any such agreement or the rights or remedies of the Lender as against the Borrower or any other Person with respect to any of the Borrower's Obligations and Liabilities, or cause or permit to be invoked, any alteration in the time, amount or manner of payment or performance of any of the Borrower's Obligations and Liabilities by the Borrower or any other Person;
- (b) **Payment on Demand:** in each instance when the Borrower has agreed, relative to any of the Borrower's Obligations and Liabilities to pay or provide the Lender with any amount of money, if such amount is not actually paid or provided as and when agreed, the Guarantor shall, forthwith upon demand made by the Lender, and as the Lender may elect, pay or provide the amount in the exact currency and place as agreed by the Borrower; and
- (c) **Taxes:** the Guarantor agrees that all such payments contemplated hereby shall be made without set-off or counterclaim and free and clear of and without deduction for or on account of any present or future income, stamp or other taxes, levies, imposts, duties, charges, fees, deductions, withholdings or restrictions or conditions of any nature whatsoever now or hereafter imposed, levied, calculated, withheld or assessed by any country or any political subdivision or taxing authority thereof (all of the foregoing being referred to in this subsection as "**Taxes**"). If any Taxes are

required to be withheld for any amounts payable to the Lender, the amounts so payable to the Lender will be increased to the extent necessary to yield to the Lender (after payment of all Taxes) interest or such other amounts payable hereunder at the rate(s) or in the amount(s) herein specified.

### 2.3 Nature of Guarantee

The Guarantor covenants and agrees with the Lender that:

- (a) **No Prejudice:** the Obligations and Liabilities of the Guarantor hereunder are irrevocable and absolute and, as long as any of the Borrower's Obligations and Liabilities remain outstanding, they will continue and be in full force and effect and will not be determined or in any manner affected and no right of the Lender hereunder will, in any manner, be prejudiced or impaired by any circumstance whatsoever, including by:
  - (i) **Dissolution and Winding-Up:** the dissolution, winding-up or other cessation of existence of any Person (including the Borrower, the Guarantor or any other guarantor or surety) liable for the payment, observance and performance of the Borrower's Obligations and Liabilities or any part thereof, or the institution of any proceeding relating thereto; the death or loss or diminution of capacity of any such Person, if a natural Person; any continuance or reorganization or any change in the business, capital structure, directorate, management, members, name, objects, organization, partners, powers or shareholders of any such Person; the amalgamation or merger of any such Person with a corporation; the sale or disposal of or appointment of a custodian, liquidator, receiver or trustee in respect of the assets or undertaking, in whole or in part, of any such Person; any distribution of the assets, in whole or in part, of any such Person upon any arrangement, bankruptcy, composition, insolvency, liquidation, readjustment, receivership, reorganization or other similar proceeding or occurrence relating to any such Person; any assignment by any such Person for the benefit of creditors; any other marshalling of any of the assets of any such Person; or any other act or event which would constitute a novation of any obligation or liability of the Borrower in respect of any of the Borrower's Obligations and Liabilities, whether by substitution of the Obligations and Liabilities of any other Person in place of those of the Borrower or otherwise;
  - (ii) **Any other Person:** any Obligations and Liabilities of the Borrower, whether in respect of any of the Borrower's Obligations and Liabilities or otherwise, the Guarantor (whether under this Guarantee or otherwise), any other Person who is or may become liable in respect of any of the Borrower's Obligations and Liabilities; or any agreement or instrument evidencing any such obligation or liability, heretofore, now or hereafter being invalid, illegal or unenforceable including, without limitation, any failure by the Borrower or any guarantor or surety to pay, perform or comply with the Borrower's Obligations and Liabilities or the terms of any

documents, instruments or agreements evidencing, securing or documenting the same;

- (iii) **Defect:** any defect in, omission from, failure to file or register, or defective filing or registration of any instrument under which the Lender has taken or has had created and issued or granted in its favour any security for payment, observance and performance of any of the Borrower's Obligations and Liabilities, or for payment, observance or performance of any Obligations and Liabilities of the Borrower, the Guarantor, whether under this Guarantee or otherwise, or of any other Person who is or may become liable in respect of any of the Borrower's Obligations and Liabilities; any failure or loss of or in respect of any such security received or held or intended to have been received or held by the Lender, whether arising out of or in connection with the fault of the Lender or otherwise; or any irregularity, defect or unauthorized action by the Lender, the Borrower, the Guarantor or other guarantor or surety or any of their respective officers, directors, members, managers or other agents in executing and delivering any documents, instruments or agreements evidencing, securing or documenting the Borrower's Obligations and Liabilities or in carrying out or attempting to carry out the terms of any such documents, instruments or agreements;
- (iv) **Issue or Levy of Award, Etc.:** any issue or levy by any administrative, governmental, judicial or other authority or arbitrator of any award, execution, injunction, judgment, order, warrant of attachment, writ of similar process against the Borrower (whether in respect of any of the Borrower's Obligations and Liabilities or otherwise), the Guarantor (whether in respect of any of its Obligations and Liabilities under this Guarantee or otherwise), or against any other Person who is or may become liable in respect of any of the Borrower's Obligations and Liabilities;
- (v) **Setoffs and Counterclaims; Defences:** any setoff, counterclaim, recoupment, deduction, any defence or other right which the Guarantor may have against the Lender, the Borrower, any other guarantor, surety or any other Person for any reason whatsoever whether related to the Borrower's Obligations and Liabilities or otherwise; or any other circumstance which might constitute a legal or equitable discharge or defence, in whole or in part, of a surety or guarantor;
- (vi) **Consents and Waivers:** any act or omission of the Lender consented to in this Guarantee including, without limitation, pursuant to Section (e) hereof; or the failure to receive any notice, demand, presentment or protest waived in this Guarantee including, without limitation, pursuant to Sections 2.5 and 6.5 hereof;
- (vii) **Organizational Changes:** any change in the name, state of organization, entity type or structure, capital stock or other ownership interests or constitution of the Borrower or any guarantor or surety; or



- (viii) **Any Other Act or Event:** any occurrence or non-occurrence of any other act or event which, by operation of law or equity or otherwise, would directly or indirectly now or hereafter result in the determination, discharge, extinction, limitation, merger, novation, reduction or release, pro tanto or otherwise of the Guarantor or of any of its Obligations and Liabilities hereunder, or which would otherwise prejudice or impair any right of the Lender hereunder;

and by signing this Guarantee, the Guarantor hereby waives all defences of a surety to which it may be entitled by statute or otherwise;

- (b) **Continuing Guarantee:** this Guarantee is a continuing guarantee and will be binding upon the Guarantor regardless of how long before or after the date hereof any of the Borrower's Obligations and Liabilities were or are incurred. Credit may be granted or continued from time to time by the Lender to the Borrower without notice to or authorization from the Guarantor regardless of the Borrower's then-existing financial or other condition. The Guarantor agrees that this Guarantee will continue to be effective or will be reinstated as the case may be if at any time any payment to the Lender of any of the Borrower's Obligations and Liabilities is rescinded or must be restored or returned by the Lender upon all insolvency, bankruptcy or reorganization of the Borrower, all as though such payment had not been made. In the event this Guarantee is preceded or followed by any other agreement of suretyship or guarantee by the Guarantor or others, all will be deemed to be cumulative, and the obligations of the Guarantor hereunder will be in addition to those stated in any suretyship or guaranty agreement;
- (c) **Pay Moneys:** the Obligations and Liabilities of the Guarantor hereunder to pay moneys will constitute Obligations and Liabilities of payment and not of collectability and will be absolute and independent of and not in consideration of or conditional or contingent upon any other Obligations and Liabilities of the Guarantor, any Obligations and Liabilities of the Borrower (whether in respect of any of the Borrower's Obligations and Liabilities or otherwise), or any Obligations and Liabilities of any other Person who is or may become liable in respect of any of the Borrower's Obligations and Liabilities; or any prior notice or protest to, demand upon or action, suit or other proceeding against the Borrower, or any such other Person and the Lender may bring or prosecute a separate action, suit or other proceeding against the Guarantor whether such action, suit or other proceeding is brought or prosecuted against the Borrower or any such other Person or whether the Borrower or any such other Person is joined in such action, suit or other proceeding;
- (d) **Part Payment:** any part payment, observance or performance by the Borrower of any of the Borrower's Obligations and Liabilities or other circumstance which operates to toll any statute of limitations or law of prescription as to the Borrower will operate to toll such statute of limitations or law of prescription as to the Guarantor; and

- (e) **Waiver of Immunities:** to the extent that the Guarantor has or may hereafter acquire any immunity from jurisdiction of any court or from any legal process (whether through service or notice, attachment prior to judgment, attachment in aid of execution, execution, or otherwise) under the laws of any jurisdiction, the Guarantor hereby irrevocably waives such immunity in respect of its Obligations and Liabilities under this Guarantee and agrees that it will be subject to the laws governing this Guarantee with respect thereto.

## 2.4 Authorization

The Guarantor authorizes the Lender, at the sole and absolute discretion of the Lender, without notice or demand and without in any manner affecting the liability of the Guarantor hereunder or under any security now or hereafter furnished to the Lender by the Guarantor in connection herewith, and without prejudicing or impairing any right of the Lender hereunder, from time to time to:

- (a) **Renew, Modify Etc.:** renew, compromise, extend, accelerate, waive or otherwise modify the terms of any Loan Document or any other document, instrument or agreement, whether now or hereafter existing, evidencing, documenting, securing or otherwise relating to the Borrower's Obligations and Liabilities, including the time, form or manner for payment, observance or performance of, or any term in respect of, the Borrower's Obligations and Liabilities, or any part thereof, including increasing or decreasing the amount of the Loan and any rate of interest payable in connection therewith or changing the method of calculation thereof, or the obligations of any surety or guarantor, or any instrument or agreement evidencing the same;
- (b) **Security:** take and hold any collateral or security for the payment, observance and performance of this Guarantee or the Borrower's Obligations and Liabilities, or any part thereof, or for the payment, observance or performance of any Obligations and Liabilities in any way relating to or arising out of the Borrower's Obligations and Liabilities or any collateral or security now or hereafter held therefor from the Borrower, the Guarantor, whether under this Guarantee or otherwise, or from any other Person who is or may become liable in respect of any of the Borrower's Obligations and Liabilities, and assign, sell, exchange, enforce, waive, perfect, release, subordinate, subrogate, substitute, surrender or take advantage of or defer, or waive taking, perfecting, enforcing or otherwise taking advantage of any such collateral or security (including any rights or remedies of the Lender in respect of any collateral or security now or hereafter held) and apply any such security and direct the order or manner of sale thereof as the Lender in its discretion may determine;
- (c) **Realize:** realize on any security interest or lien, judicially or nonjudicially, with or without preservation of a deficiency judgment;
- (d) **Exercise:** compromise, release or settle with or substitute or delay or waive the exercise of any one or more right or remedy against the Borrower, the Guarantor or

any other Person (including any guarantor or surety) who is or may become liable in respect of any of the Borrower's Obligations and Liabilities;

- (e) **Grant Indulgence:** release any guarantor or surety, or grant any other indulgence to the Borrower, the Guarantor or any other Person who is or may become liable in respect of any of the Borrower's Obligations and Liabilities, or any part thereof, and compound with all or any of such Persons as the Lender shall see fit;
- (f) **Acceptance:** accept any of the Borrower's Obligations and Liabilities incurred after the date hereof;
- (g) **Recovery:** apply any payment by, recovery from or credit, deposit or offset due to, or any funds realized from or payable on account of any security heretofore, now or hereafter furnished to the Lender by the Borrower, the Guarantor or any other Person (including any other guarantor or surety) who is or may become liable in respect of any of the Borrower's Obligations and Liabilities, to the Borrower's Obligations and Liabilities or any part or parts thereof now or hereafter existing, whether in respect of any of the Borrower's Obligations and Liabilities or otherwise of the Borrower, the Guarantor or any such other Person to the Lender, as the case may be, in such order, priority and manner and at such times as the Lender in its sole and absolute discretion may determine;
- (h) **Lien or Set Off:** impose a lien upon or set off any money, security or other property of the Guarantor now or hereafter in the possession of or on deposit with the Lender, whether held in a general or special account or on deposit or for safekeeping or otherwise, against any payment due from the Guarantor to the Lender hereunder; and
- (i) **Any Other Person:** otherwise deal with the Borrower, the Guarantor, any other Person who is or may become liable in respect of any of the Borrower's Obligations and Liabilities, or any security heretofore, now or hereafter furnished to the Lender by the Borrower, the Guarantor or any such other Person, as the Lender may deem appropriate or desirable.

## 2.5 Waivers

The Guarantor unconditionally waives:

- (a) **Right to Receive:** any right to receive from the Lender any communication whatsoever with respect to any of the Borrower's Obligations and Liabilities or any Obligations and Liabilities of the Guarantor, whether under this Guarantee or otherwise, or of any other Person who is or may become liable in respect of any of the Borrower's Obligations and Liabilities, including, without limitation:
  - (i) Notice of Creation: any notice of the creation, existence or incurring, now or hereafter, of any Borrower's Obligations and Liabilities or any change therein, the acceptance by the Lender of, or the intention of the Lender to act on or in reliance on, any Obligation or Liability of the Guarantor, whether under this Guarantee or otherwise, or of any other Person

(including any guarantor or surety) who is or may become liable in respect of any of the Borrower's Obligations and Liabilities, or any default by or non-payment, non-observance or non-performance of any obligation of the Borrower, the Guarantor or any such other Person;

- (ii) Renewal and Modification: any renewal, extension or modification of the terms of any of Borrower's Obligations and Liabilities of any surety or guarantor or any documents, instruments or agreements evidencing, securing or documenting the same;
  - (iii) Additional Guaranty and Security: the obtaining of any guaranty or surety agreement (in addition to this Guarantee), the obtaining of any collateral or security for the payment and performance of any of the Borrower's Obligations and Liabilities, the release of any surety or guarantor, or the release of any collateral or security;
  - (iv) Communication: any communication of any information known by the Lender relating to the financial condition of the Borrower or to any other circumstance bearing upon the risk of non-payment of any of the Borrower's Obligations and Liabilities; or
  - (v) Demand for Performance: any demand for performance, notice of dishonour, notice of protest, presentment, protest or acceptance relating to any of the Borrower's Obligations and Liabilities or the Obligations and Liabilities of the Guarantor or any other Person who is or may become liable in respect of any of the Borrower's Obligations and Liabilities;
- (b) **Right to Require**: any right to require the Lender to:
- (i) Proceed Against Borrower, Guarantor, Etc.: proceed against the Borrower, the Guarantor or any other Person who is or may become liable in respect of any of the Borrower's Obligations and Liabilities, including, without limitation, any right or benefit of discussion or division;
  - (ii) Proceed Against Security: proceed against or exhaust any security heretofore, now or hereafter furnished to the Lender by the Borrower, the Guarantor or any other Person who is or may become liable in respect of any of the Borrower's Obligations and Liabilities;
  - (iii) Application: first apply any property or assets of the Borrower or any other Person who is or may become liable in respect of any of the Borrower's Obligations and Liabilities to the discharge of the Borrower's Obligations and Liabilities or marshal in favour of the Guarantor; or
  - (iv) Pursue: pursue or exercise any other right or remedy of the Lender whatsoever;
- (c) **Borrower's Outstanding Obligations and Liabilities**: so long as any of the Borrower's Obligations and Liabilities remain outstanding (including such part

thereof, if any, that exceeds the liability of the Guarantor hereunder, if the liability of the Guarantor is expressly limited hereunder), any right of subrogation to, or any right to enforce, any right or remedy which the Lender now has or may hereafter have against or in respect of the Borrower, any other Person who is or may become liable in respect of any of the Borrower's Obligations and Liabilities or any security heretofore, now or hereafter furnished to the Lender by the Borrower or any such other Person or any benefit of or right to participate in any such security;

- (d) **Defence:** any defence arising out of or in connection with:
- (i) **Absence:** any absence, impairment or loss of any right of contribution, reimbursement or subrogation or any other right or remedy of the Guarantor against or in respect of the Borrower, any other Person who is (including any other guarantor or surety) or may become liable in respect of any of the Borrower's Obligations and Liabilities or any security heretofore, now or hereafter furnished to the Lender by the Borrower or any such other Person;
  - (ii) **Disability:** any disability, incapacity or other defence available to the Borrower or any other Person who is or may become liable in respect of any of the Borrower's Obligations and Liabilities or any cessation from any cause whatsoever of any of the Borrower's Obligations and Liabilities or the Obligations and Liabilities of any such other Person in respect of any of the Borrower's Obligations and Liabilities;
  - (iii) **Other Circumstances:** any other circumstance which might otherwise constitute a defence to any action, suit or other proceeding against the Guarantor, whether on this Guarantee or otherwise;
  - (iv) **Statute of Limitations:** any benefit of any statute of limitations or law of prescription affecting any obligation or liability of the Guarantor, whether under this Guarantee or otherwise, or the enforcement thereof, to the fullest extent permitted by law; or
  - (v) **Immunities:** any immunity at any time acquired from the jurisdiction of any court or from any legal process (whether through service or notice, attachment prior to judgment, attachment in aid of execution, execution, or otherwise) under the laws of any jurisdiction that may apply in respect of any of its Obligations and Liabilities under this Guarantee.

## 2.6 Bankruptcy, Etc.

In the event of any distribution of the assets, in whole or in part, of the Borrower, or the Guarantor or any other Person who is or may become liable in respect of any of the Borrower's Obligations and Liabilities, or upon any arrangement, bankruptcy, composition, execution sale, insolvency, liquidation, readjustment, receivership, reorganization or other similar proceeding or occurrence relating to any such Person, or any proceeding for the dissolution, liquidation, winding-up or other cessation of existence of any such Person, voluntary or involuntary, whether or not involving

bankruptcy or insolvency proceedings, or any assignment by any such Person for the benefit of creditors or any other marshalling of any of the assets of any such Person:

- (a) **Omission:** none of the Obligations and Liabilities of the Guarantor hereunder will be determined or in any manner affected and no right of the Lender hereunder will in any manner be prejudiced or impaired by any omission by the Lender to prove its claim or to prove its full claim and the Lender may prove such claim as it sees fit and may refrain from proving any claim and may value as it sees fit or refrain from valuing any security held by the Lender; and
- (b) **Right to Include:** so long as any of the Borrower's Obligations and Liabilities remain outstanding (including such part thereof, if any, that exceeds the liability of the Guarantor hereunder, if the liability of the Guarantor is expressly limited hereunder), the Lender will have the right to include, in any claim made by it, the amount of all sums paid by the Guarantor, whether under this Guarantee or otherwise, and to prove and rank for and receive dividends in respect to such claim; any and all right to prove and rank for such sums paid by the Guarantor and to receive the full amount of all dividends in respect thereof is hereby assigned and transferred by the Guarantor to the Lender.

### ARTICLE 3 - POSTPONEMENT OF CLAIMS

#### 3.1 Assignment

To secure the payment, observance and performance of its Obligations and Liabilities to the Lender hereunder, the Guarantor:

- (a) assigns and grants a security interest in all present and future debts, obligations and liabilities owed to it by the Borrower, together with all interest therein and fees and other charges payable to it in connection therewith and all liens, security interests, charges and other security therefor (collectively the "**debts and liabilities**"); and
- (b) postpones the payment, observance and performance of the debts and liabilities to the prior payment, observance and performance of the Borrower's Obligations and Liabilities, to the Lender in full, in cash.

The Guarantor agrees that the debts and liabilities shall not be paid or performed in whole or in part, and the Guarantor shall not cause or permit any Person other than the Lender to accept any payment or performance of or on account of the debts and liabilities while this Guarantee is in effect. The Guarantor further agrees that if and whenever it receives any moneys representing the debts and liabilities it shall receive and hold such moneys in trust for and shall immediately pay the same to the Lender in addition to and without otherwise limiting its obligations to pay, observe or perform the Borrower's Obligations and Liabilities.

### 3.2 Severability

The provisions of this Article 3 are independent and severable from the guarantee of the Borrower's Obligations and Liabilities provided herein regardless of whether the Guarantor is obligated under such guarantee.

## ARTICLE 4 - REPRESENTATIONS AND WARRANTIES

### 4.1 Representations and Warranties

The Guarantor makes the following representations and warranties to the Lender as continuing representations and warranties so long as any of the Borrower's Obligations and Liabilities remain outstanding:

- (a) **Existence and Rights:**
  - (i) the Guarantor, if a partnership:
    - (A) is a partnership under the laws of the Province of British Columbia;
    - (B) has the full partnership power and authority to own its property and to carry on its business as now carried on; and
    - (C) has the full partnership power and authority to make and carry out this Guarantee;
  - (ii) The Guarantor, if a corporation:
    - (A) is a corporation under the laws of the Province of British Columbia without limitation as to the duration of its existence;
    - (B) is validly existing and in good standing under the laws of the Province of British Columbia;
    - (C) has the full corporate power and authority to own its property and to carry on its business as now owned and carried on and is duly qualified and in good standing in each jurisdiction in which the property owned by it or the business conducted by it makes such qualification necessary or desirable; and
    - (D) has full corporate power and authority to make and carry out this Guarantee;
- (b) **Authorization, Execution, Delivery and Performance:** the execution, delivery and performance of this Guarantee:
  - (i) if the Guarantor is a corporation, have been duly authorized by all required corporate action;

- (ii) if the Guarantor is a partnership, have been duly authorized by all required partnership action;
  - (iii) do not require the consent or approval of any shareholder, partner, trustee, holder of any Obligations and Liabilities of the Guarantor, or any governmental body or other regulatory authority;
  - (iv) are not and will not be in contravention of, or in conflict with, any law or regulation by which the Guarantor is bound;
  - (v) if the Guarantor is a corporation, any term or provision of the certificate or articles of incorporation, bylaws, or constating documents of the Guarantor;
  - (vi) if the Guarantor is a partnership, any term or provision of the Guarantor's partnership agreement; and
  - (vii) are not and will not be, in contravention of, or in conflict with, any agreement, indenture, mortgage, other instrument, or undertaking to which the Guarantor is a party or by which it or any of its properties is or may be bound or affected and do not, and will not, save as herein provided, cause any security interest, lien or other encumbrance to be created or imposed upon any such properties;
- (c) **Execution:** the Guarantor is executing and delivering this Guarantee at the sole and exclusive request of the Borrower;
- (d) **No Representations by Lender:** the Guarantor has in no way whatsoever, directly or indirectly, sought, received or relied upon any representation or statement from or any agreement or undertaking with the Lender or any officer, employee or agent of the Lender with respect to any matter relating to this Guarantee, the Loan, the Borrower's Obligations and Liabilities, the Loan Documents, the Borrower or any other Person liable or proposed to be liable for the Borrower's Obligations and Liabilities or any part thereof or any security now held or proposed to be held therefor from any Person whomsoever;
- (e) **Litigation:** there is no litigation or other proceeding pending or, to the knowledge of the Guarantor, threatened against, or affecting, the Guarantor or its properties which, if determined adversely to the Guarantor, would have a materially adverse effect on the financial condition, properties or operations of the Guarantor and the Guarantor is not in default with respect to any order, writ, injunction, decree or demand of any court or other governmental or regulatory authority;
- (f) **Financial Condition of Guarantor:** any financial information which has heretofore been submitted in writing by the Guarantor to the Lender in connection herewith is true and correct, truly presents the financial condition of the Guarantor as at the date thereof and the results of the operations of the Guarantor for the period covered thereby and has been prepared in accordance with sound accounting principles on a basis consistently maintained. The Guarantor has no knowledge of any liabilities, contingent or otherwise, at the date of said financial information



which are not reflected in said financial information and the Guarantor has not entered into any commitments or contracts which are not reflected in the financial information which may have a materially adverse effect upon its financial condition, operations or business as now conducted;

- (g) **Financial Condition of Borrower:** the Borrower has furnished the Guarantor with all financial and other information and copies of all agreements, instruments and other writings which the Guarantor has requested concerning the Borrower, the Loan, the Borrower's Obligations and Liabilities, the Loan Documents, the Borrower's relationship with the Lender and the nature, scope and extent of the risk which the Guarantor assumes and incurs under this Guarantee;
- (h) **Future Financial Information:** the Guarantor has established means satisfactory to it of obtaining from the Borrower, independently of the Lender, on a continuing basis such additional or future financial and other information and copies of all agreements, instruments and other writings as it may deem appropriate or desirable concerning the Loan, the Borrower, the Borrower's Obligations and Liabilities, the Loan Documents, the Borrower's relationship with the Lender and the nature, scope and extent of the risk which the Guarantor assumes and incurs under this Guarantee; and the Guarantor has reviewed such documents and other information as it has deemed appropriate in order to permit it to be fully apprised of the operations, business, properties or financial condition of the Borrower and has, in entering into this Guarantee made its own credit analysis independent and without reliance upon any information communicated to it by the Lender;
- (i) **Financial Benefit:** the Guarantor has derived or expects to derive a financial advantage from each and every loan or other extension of credit and from each and every renewal, extension, release of collateral or other relinquishment of legal rights made or granted or to be made or granted by the Lender to the Borrower or any other Person in connection with any of the Borrower's Obligations and Liabilities; and
- (j) **Binding Obligations, Etc.** this Guarantee has been duly executed and delivered by the Guarantor to the Lender without condition and constitutes a legal, valid and binding obligation of the Guarantor enforceable against the Guarantor in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, similar laws affecting creditors' rights generally or general principles of equity.

## ARTICLE 5 - - LIMITATION OF LIABILITY

### 5.1 Limitation of Liability of the Guarantor

- (a) Subject to the provisions of subparagraph (b) of this paragraph 5.1, but notwithstanding any other term, condition, covenant or agreement contained in this Guarantee, the Guarantor's liability to personally pay, observe and perform the Borrower's Obligations and Liabilities hereunder shall be limited upon any claim, or requirement therefore by the Lender hereunder, or upon the enforcement of this

Guarantee by the Lender, to the Guarantor's ownership interest in the Borrower;  
and

- (b) Nothing contained in this Guarantee shall be construed so as to prohibit, limit or restrict the right of the Lender to obtain judgment for the Borrower's Obligations and Liabilities against the Guarantor in the course of proceedings to realize upon the security constituted by this Guarantee, provided that the Lender will not seek to effect recovery from the Guarantor personally under such judgment beyond the amount set forth in subparagraph (a) above.

## ARTICLE 6 - MISCELLANEOUS

### 6.1 Entire Guarantee

Upon the execution and delivery by the Guarantor to the Lender of this Guarantee, this Guarantee will be deemed to be finally executed and delivered by the Guarantor as of the date hereof and will not be subject to or affected by any promise or condition affecting or limiting the liability of the Guarantor except as set forth herein and no statement, representation, agreement or promise on the part of the Lender or any officer, employee or agent thereof unless contained herein forms any part of this Guarantee or has induced the making hereof or will be deemed to affect the Guarantor's liability hereunder. This Guarantee comprises the complete, final and integrated agreement of the parties hereto on the subject matter hereof and supersedes all prior agreements, written or oral, on such subject matter. This Guarantee will be operative and binding upon every signatory hereto notwithstanding the non-execution hereof by any other proposed signatory hereto.

### 6.2 Lender's Records Conclusive

The statement in writing of an officer of the Lender of the amount of or existence of any of the Borrower's Obligations and Liabilities or as to the occurrence of any failure by the Borrower to fully and punctually pay, observe or perform any of the Borrower's Obligations and Liabilities when due or required, as the case may be, will be binding on and conclusive against the Guarantor, and all right to question in any way the Lender's present or future method of dealing with the Borrower or any Person or Persons now or hereafter liable to the Lender for the Borrower's Obligations and Liabilities, or any part thereof, or with any security now or hereafter held by the Lender therefor or with any property covered by such security is hereby waived.

### 6.3 Guarantor Principal Debtor

For the purpose of greater clarity it is hereby declared to be the intention of the parties that this Guarantee will be construed so as to impose the like obligation upon the Guarantor as if the Guarantor had covenanted as a principal jointly and severally with the Borrower with respect to the Borrower's Obligations and Liabilities and not as a surety.

### 6.4 Corporate Borrower

It is not necessary for the Lender to inquire into the powers of the Borrower, if a corporation partnership or a trust, or the officers, directors, partners, trustees or agents acting or purporting to act on its behalf, and any of the Borrower's Obligations and Liabilities made, created, incurred or

assumed in reliance upon the professed exercise of such powers will form part of the Borrower's Obligations and Liabilities even though those Borrower's Obligations and Liabilities are or were irregularly, fraudulently, defectively or informally made, created, incurred or assumed by or in excess of the powers of the Borrower or of its officers, directors, partners, trustees or agents and notwithstanding that the Lender has specific notice of the powers of the Borrower or its officers, directors, partners, trustees or agents.

#### **6.5 Guarantor to Keep Informed**

The Guarantor agrees with the Lender that so long as any of the Borrower's Obligations and Liabilities remain outstanding it shall assume all responsibility for being and keeping itself informed of the financial condition of the Borrower and of all other circumstances bearing upon the nature, scope and extent of the risk which it assumes and incurs under this Guarantee. Without limiting the foregoing, the Guarantor shall enter into such agreements and arrangements with the Borrower as may be necessary to ensure its receipt of notice of such material changes and of periodic financial statements. The Guarantor expressly waives any requirement that the Lender advise, disclose, discuss or deliver notice to the Guarantor regarding the operations, business, properties or financial condition of the Borrower or with respect to any default by the Borrower in its payment or performance of the Borrower's Obligations and Liabilities whether or not knowledge of such condition, operations or default is or reasonably could be in the possession of the Guarantor and whether or not such knowledge is in the possession of the Lender before or after the extension of any credit giving rise to Obligations and Liabilities by the Borrower.

#### **6.6 Effect**

The provisions of this Guarantee are in addition to and not in substitution for the provisions of any other guarantee or any debenture, mortgage, note, pledge or other security or evidence of liability held by the Lender, all of which will be construed as complementary to each other. Nothing contained herein will prevent the Lender from enforcing any other guarantee or any debenture, mortgage, note, pledge or other security or evidence of liability in accordance with its terms.

#### **6.7 Relationship of the Parties**

Any sum falling within the terms of this Guarantee which may not be recoverable from the Guarantor on the footing of a guarantee, whether by reason of any legal or equitable limitation, disability, incapacity, or any other fact or circumstance, and whether known to the Lender or not, will nevertheless be recoverable from the Guarantor as an indemnifier of the Lender.

#### **6.8 Survival of Warranties**

All covenants, agreements, representations and warranties made herein will survive the execution and delivery of this Guarantee.

#### **6.9 Failure or Indulgence Not Waiver**

No failure or delay on the part of this Lender in the exercise of any power, right of privilege hereunder will operate as a waiver thereof, nor will any single or partial exercise or any such power, right of privilege preclude any other or further exercise of any such power, right or

privilege. All powers, rights and privileges hereunder are cumulative to, and not exclusive of, any powers, rights or privileges otherwise available.

#### 6.10 Notices

Any notice, demand or other document to be given, or any delivery to be made hereunder will be effective if in writing and delivered in Person and left with, or sent by electronic mail or by prepaid registered letter addressed to the attention of:

- (a) in the case of the Lender, addressed as follows:

**1351486 B.C. LTD.**  
1556 Kebet Way  
Port Coquitlam, BC V3C 5M5

Attention: Luke Pretty

Email: [luke@dynamic.global](mailto:luke@dynamic.global)

with a copy to:

**FASKEN MARTINEAU DUMOULIN LLP**  
Barristers & Solicitors  
Bentall 5, Suite 2900 - 550 Burrard Street  
Vancouver, BC V6C 0A3

Attention: Brent C. Clark.

Email: [bcclark@fasken.com](mailto:bcclark@fasken.com)

- (b) in the case of the Guarantor, addressed as follows:

**PORT CAPITAL DEVELOPMENT (FARMS) INC.**  
325 West 4th Avenue  
Vancouver, BC V5Y 1H3

Attention: Macario Teodoro Reyes

Email: [tobi@portliving.com](mailto:tobi@portliving.com)

with a copy to (which does not constitute notice):

**MCCARTHY TÉTRAULT LLP**  
Barristers & Solicitors  
Suite 2400, 745 Thurlow Street  
Vancouver, BC V6E 0C5

Attention: Lance Williams

Email: [lwilliams@mccarthy.ca](mailto:lwilliams@mccarthy.ca)

Any notice, demand or other document or delivery so given or made will be deemed to have been given or made and received at the time of delivery in Person or on the business day the transmission was sent successfully to the address set out above, as the case may be. Any party hereto may from time to time by notice in writing change his or its address (or in the case of a corporate party, the designated recipient) for the purposes of this section.

#### **6.11 Expenses and Fees**

The Guarantor shall pay all costs and expenses, including, without limitation, lawyer's fees (on a solicitor and his own client basis) and accountants fees, incurred by the Lender in connection with the payment, observance and performance of the Borrower's Obligations and Liabilities or any part thereof, whether such payment, observance or performance be made by the Borrower, the Guarantor or any other Person now or hereafter liable therefor in whole or in part. The Guarantor shall indemnify and save harmless the Lender from any claim, loss or damage whatsoever arising out of or in connection with the Guarantee.

#### **6.12 Time of the Essence**

Time is of the essence of this Guarantee.

#### **6.13 Modification of Guarantee**

No alteration, modification or waiver of this Guarantee or any of its terms, provisions or conditions will be binding on the Lender unless made in writing over the signature of an authorized officer of the Lender.

#### **6.14 Judgment Currency**

If for the purpose of obtaining judgment in any court or calculating the liability of Guarantor hereunder it is necessary to convert a sum due hereunder into Canadian dollars, the rate of exchange used will be that at which in accordance with normal banking procedures the Lender could purchase Canadian dollars with the other applicable currency on the business day preceding that on which final judgment is given, or in the case of the exercise of nonjudicial remedies, the business day preceding the day final calculation of liability hereunder is to be made. The obligation of Guarantor in respect of any such sum due from it will, notwithstanding any judgment in Canadian dollars, be discharged only to the extent that, on the business day following receipt by the Lender of the sum adjudged so due in Canadian dollars, whether by realization on a judgment, nonjudicial foreclosure or other means of collection, the Lender may in accordance with normal banking procedures purchase the Other Currency with the Canadian dollars. If the Other Currency so purchased is less than the sum originally due to the Lender in the Other Currency, the Guarantor agrees as a separate obligation and notwithstanding any such judgment to indemnify the Lender against such loss.

#### **6.15 Secured Party as Agent**

If this Guarantee is granted to the Lender in its capacity as agent for one or more other Persons, the Guarantor agrees that all:

- a) grants, mortgages, assignments charges and security interests;
- b) representations, warranties, covenants and agreements; and
- c) obligations and liabilities,

created, made, assumed or incurred hereunder by the Guarantor in favour of the Lender are also created, made, assumed or incurred hereunder by the Guarantor in favour of those Persons.

## **ARTICLE 7 - INTERPRETATION**

### **7.1 Headings**

All headings and titles in this Guarantee are for reference only and are not to be used in the interpretation of the terms hereof.

### **7.2 Interpretation**

Wherever the singular or masculine or neuter is used herein the same shall be construed as meaning the plural or the feminine or body corporate or vice-versa where the context or the parties hereto so require.

### **7.3 Severability**

If any provision of this Guarantee or any part thereof is be found or determined to be invalid, illegal or unenforceable, that provision or such part thereof will be severable from this Guarantee and the remainder of this Guarantee will be construed as if such invalid, illegal or unenforceable provision or part had been deleted herefrom.

### **7.4 Applicable Law**

This Guarantee and the rights and obligations of the Guarantor and the Lender hereunder will be governed and be construed according to the laws of the Province of British Columbia.

### **7.5 Jurisdiction**

The Guarantor irrevocably agrees that any legal action or proceeding against it with respect to this Guarantee may be brought in the courts of the Province of British Columbia, or in such other court as the Lender may elect and, by execution and delivery of this Guarantee, the Guarantor irrevocably submits to each such jurisdiction. The Guarantor irrevocably consents to the service of any and all process in any such action or proceeding by the mailing of copies of such process to the Guarantor by registered or certified mail at the address set forth in Section 6.10 hereto. In addition, Guarantor irrevocably waives to the fullest extent permitted by law any objection which it may now or hereafter have to the laying of venue in any such action or proceeding in either: (a) any court sitting in the Province of British Columbia; or (b) any other court as the Lender may elect; and hereby further irrevocably waives any claim that any such forum is an inconvenient forum. The Guarantor further agrees that a final judgment in any such action or proceeding will

be conclusive and may be enforced in any other jurisdiction by suit on the judgment or in any other manner provided by law.

#### **7.6 Successors and Assigns**

This Guarantee will be binding upon the Guarantor and its successors and permitted assigns, as the case may be, and will enure to the benefit of the Lender and its successors and assigns. The Lender may assign or otherwise transfer this Guarantee or any of its rights and powers hereunder in whole or in part without notice, with all or any of the Borrower's Obligations and Liabilities hereby guaranteed, and in such event the assignee will have the same rights and remedies as if originally named herein in place of the Lender to the extent as the same are assigned. The Guarantor may not assign or otherwise transfer all or any part of its rights or obligations hereunder without the prior written consent of the Lender and any such assignment or transfer purported to be made without such consent shall be ineffective.

#### **7.7 Paramountcy**

If any conflict at any time exists between any term of the Loan Agreement (whether restated herein or not) and any term of this Guarantee, then the term of the Loan Agreement will govern and take precedence.

#### **7.8 Counterparts**

This Guarantee may be executed in counterparts and an executed copy of this Guarantee may be delivered by electronic mail or other means of electronic communication capable of producing a signed printed copy of this Guarantee. **Any such execution and delivery will be deemed to have occurred as of the date set forth above by the party so delivering such copy.**

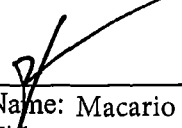
*[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK;  
SIGNATURE PAGE FOLLOWS.]*

0076

EXECUTED at Vancouver, BC this 10<sup>th</sup> day of March, 2022.

**PORT CAPITAL DEVELOPMENT (FARMS)  
INC.**, by its authorized signatory(ies):

Per:

  
Name: Macario Teodoro Reyes  
Title: Director

Per:

Name:  
Title:

I/We have the authority to bind the corporation.



**BETWEEN:**

**PORT CAPITAL DEVELOPMENT (FARMS)  
INC.**

**AND:**

**1351486 B.C. LTD.**

**LIMITED RECOURSE GUARANTEE**

**FASKEN MARTINEAU DUMOULIN LLP  
Barristers & Solicitors**

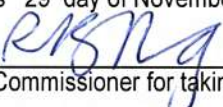
**Bentall 5, Suite 2900 - 550 Burrard Street  
Vancouver, BC, Canada V6C 0A3  
Telephone: 604.631.3131**

**Counsel: Brent C. Clark**

**File No: 319671.00003**

0078

This is Exhibit "D" referred to in the affidavit  
of Luke Pretty sworn before me at Vancouver  
this 29 day of November, 2022.

  
A Commissioner for taking Affidavits for British Columbia



1. Application

**Brent C. Clark, Barrister and Solicitor**  
**Fasken Martineau DuMoulin LLP**  
**Suite 2900, 550 Burrard Street**  
**Vancouver BC V6C 0A3**  
**6046313131**

Client No. 11565  
 File No. 319671.00003/20239

2. Description of Land

| PID/Plan Number    | Legal Description   |
|--------------------|---|
| <b>012-474-983</b> | <b>LOT 1 BLOCK 212 DISTRICT LOT 189 SIMILKAMEEN DIVISION YALE DISTRICT PLAN 397 EXCEPT PLAN 40551</b> |
| <b>008-974-462</b> | <b>LOT 1 DISTRICT LOT 189 SIMILKAMEEN DIVISION YALE DISTRICT PLAN 14620</b>                           |
| <b>011-610-263</b> | <b>LOT A DISTRICT LOT 189 SIMILKAMEEN DIVISION YALE DISTRICT PLAN 1389</b>                            |

3. Borrower(s) (Mortgagor(s))

|   |           |
|---|-----------|
| <b>PORTLIVING FARMS (3624 PARKVIEW) INVESTMENTS INC.</b><br>AS TO PID: 012-474-983<br>325 WEST 4TH AVENUE<br>VANCOUVER BC V5Y 1H3 | BC0394886 |
| <b>PORTLIVING FARMS (3688 PARKVIEW) INVESTMENTS INC.</b><br>AS TO PID: 008-974-462<br>325 WEST 4TH AVENUE<br>VANCOUVER BC V5Y 1H3 | BC1186761 |
| <b>PORTLIVING FARMS (3648 PARKVIEW) INVESTMENTS INC.</b><br>AS TO PID: 011-610-263<br>325 WEST 4TH AVENUE<br>VANCOUVER BC V5Y 1H3 | BC1180902 |

4. Lender(s) (Mortgagee(s))

|   |           |
|---|-----------|
| <b>1351486 B.C. LTD.</b><br>1556 KEBET WAY<br>PORT COQUITLAM BC V3C 5M5 | BC1351486 |
|---|-----------|

5. Payment Provisions

| Principal Amount    | Interest Rate       | Interest Adjustment Date |
|---------------------|---------------------|--------------------------|
| <b>SEE SCHEDULE</b> | <b>SEE SCHEDULE</b> | <b>MARCH 30, 2022</b>    |



|  |   |   |
|--|---|---|
| Interest Calculation Period<br><b>MONTHLY, NOT IN ADVANCE</b>          | Payment Dates<br><b>30TH DAY OF EACH MONTH</b>  | First Payment Date<br><b>APRIL 30, 2022</b> |
| Amount of each periodic payment<br><b>INTEREST ONLY</b>                | Interest Act (Canada) Statement. The equivalent rate of interest calculated half yearly not in advance is<br><b>N/A</b> % per annum | Last Payment Date<br><b>SEE SCHEDULE</b>    |
| Assignment of Rents which the applicant wants registered?<br><b>No</b> | Place of payment<br><b>POSTAL ADDRESS IN ITEM 4</b>   | Balance Due Date<br><b>SEE SCHEDULE</b>     |

6. Mortgage contains floating charge on land?  
**No**

7. Mortgage secures a current or running account?  
**Yes**

8. Interest Mortgaged  
**Fee Simple**

9. Mortgage Terms  
 Part 2 of this mortgage consists of:  
**(c) Express Mortgage Terms (annexed to this mortgage as Part 2)**

10. Additional or Modified Terms

11. Prior Encumbrances Permitted by Lender  
**N/A**



12. Execution(s)

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

Witnessing Officer Signature

\_\_\_\_\_

**Kean Silverthorn**  
**Barrister & Solicitor**  
 McCarthy Tétrault LLP  
 Suite 2400 - 745 Thurlow Street  
 Vancouver BC V6E 0C5

Direct: 604-643-5966

Execution Date

YYYY-MM-DD

**2022-03-10**

Borrower Signature(s)

**PORTLIVING FARMS (3624  
 PARKVIEW) INVESTMENTS INC.**  
 By their Authorized Signatory

\_\_\_\_\_

**Print Name: Macario Teodoro Reyes**

**Officer Certification**

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

Witnessing Officer Signature

\_\_\_\_\_

**Kean Silverthorn**  
**Barrister & Solicitor**  
 McCarthy Tétrault LLP  
 Suite 2400 - 745 Thurlow Street  
 Vancouver BC V6E 0C5

Direct: 604-643-5966

Execution Date

YYYY-MM-DD

**2022-03-10**

Borrower Signature(s)

**PORTLIVING FARMS (3688  
 PARKVIEW) INVESTMENTS INC.**  
 By their Authorized Signatory

\_\_\_\_\_

**Print Name: Macario Teodoro Reyes**

**Officer Certification**

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



Witnessing Officer Signature

Execution Date

Borrower Signature(s)

\_\_\_\_\_  
**Kean Silverthorn**  
**Barrister & Solicitor**  
 McCarthy Tétrault LLP  
 Suite 2400 - 745 Thurlow Street  
 Vancouver BC V6E 0C5

YYYY-MM-DD  
  
**2022-03-10**

**PORTLIVING FARMS (3648  
 PARKVIEW) INVESTMENTS INC.**  
 By their Authorized Signatory

\_\_\_\_\_  
**Print Name: Macario Teodoro Reyes**

Direct: 604-643-5966

**Officer Certification**

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

**Electronic Signature**

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

**Brent Christopher  
 Clark N18R8J**

Digitally signed by  
**Brent Christopher Clark  
 N18R8J**  
 Date: 2022-03-14  
 10:50:13 -07:00

**SCHEDULE**

ENTER THE REQUIRED INFORMATION IN THE SAME ORDER AS THE INFORMATION MUST APPEAR ON THE FREEHOLD TRANSFER FORM, MORTGAGE FORM OR GENERAL DOCUMENT FORM.

**5. PAYMENT PROVISIONS:****(A) Principal Amount:**

This Mortgage secures the payment, observance, performance and satisfaction of all present and future debts, liabilities and obligations of the Mortgagor and each of them to the Mortgagee (including all future advances) whether direct or indirect, absolute or contingent, joint or several, matured or not, extended or renewed, wherever and however incurred, of whatever nature or kind, whether or not provided for herein in connection with the credit facility(ies) contemplated by the Loan Agreement and the security or other documents referred to therein (including this Mortgage) up to the aggregate of:

- (i) the principal sum of \$3,500,000.00;
- (ii) all present and future debts, liabilities and obligations of the Mortgagor hereunder; and
- (iii) any unpaid interest on such debts, liabilities and obligations from time to time, at the applicable rate(s) of interest.

The following terms will have the following meanings in this Mortgage unless the context otherwise requires:

- (a) “**Advance**” means an advance on account of the Loan;
- (b) “**Borrowers**” means collectively, 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. and their successors and assigns, whether immediate or derivative and each is a “**Borrower**”;
- (c) “**Borrowers’ Indebtedness**” means all present and future indebtedness and liability, direct and indirect, of the Borrowers to the Lender arising under and pursuant to the Loan Agreement (including, without limitation, at any point in time the principal amount outstanding under the Loan, all unpaid accrued interest thereon, and all fees and costs and expenses then payable in connection therewith);
- (d) “**Loan**” means a non-revolving term loan in the principal amount of \$3,500,000.00 established by the Mortgagee in favour of the Borrowers pursuant to the Loan Agreement;
- (e) “**Loan Agreement**” means the loan agreement dated March 14, 2022 and made between the Mortgagee and the Borrowers in connection with the Loan, as further amended, modified, restated or replaced from time to time;
- (f) “**Mortgagee**” means the Person(s) described as Lender(s) [Mortgagee(s)] in Item 4 of the attached Form B and its successors and assigns, whether immediate or derivative;

**SCHEDULE**

ENTER THE REQUIRED INFORMATION IN THE SAME ORDER AS THE INFORMATION MUST APPEAR ON THE FREEHOLD TRANSFER FORM, MORTGAGE FORM OR GENERAL DOCUMENT FORM.

- (g) “**Mortgagor**” means the Person(s) described as Borrower(s) [Mortgagor(s)] in Item 3 of the attached Form B and their respective heirs, executors, administrators, successors and assigns, whether immediate or derivative; and
- (h) “**Secured Obligations**” means all of the debts, liabilities and obligations referred to in this Section 5, up to the aggregate limit set out above.

**(B) Interest Rate:**

The Interest Rate shall be the following:

- (i) at a rate equal to the greater of 15.00% per annum and the RBC Prime Rate plus 12.55% per annum for the period commencing with the first Advance and continuing for the first six (6) months;
- (ii) at a rate equal to the greater of 18.00% per annum and the RBC Prime Rate plus 15.55% per annum for the period commencing with the date that is seven (7) months after the first Advance and continuing for thirty (30) days;
- (iii) thereafter, until the Borrowers’ Indebtedness is paid in full, at a rate equal to the greater of 21.00% per annum and the RBC Prime Rate plus 18.55% per annum,

calculated and compounded monthly, not in advance, or such other rate or rates of interest as may be agreed to in writing from time to time by the Mortgagor and the Mortgagee with respect to the Secured Obligations.

“**RBC Prime Rate**” means, for any day, the rate of interest per annum established and published from time to time by the Royal Bank of Canada as the reference rate of interest for the determination of interest rates that the Royal Bank of Canada will charge its customers of varying degrees of creditworthiness in Canada for Canadian Dollar demand loans made by the Royal Bank of Canada in Toronto, Ontario.

**(C) Last Payment Date:**

The Last Payment Date shall be eight (8) months from the first Advance on account of the Loan , or such other date or dates as may be agreed to in writing by the Mortgagor and the Mortgagee.

**(D) Balance Due Date:**

The Balance Due Date shall be eight (8) months from the first Advance on account of the Loan, or such other date or dates as may be agreed to in writing by the Mortgagor and the Mortgagee.



## MORTGAGE TERMS – PART 2

ARTICLE 1  
DEFINITIONS AND INTERPRETATION

## 1.1 Definitions

In this Mortgage unless the parties or the context otherwise requires:

- (a) **“Balance Due Date”** means the balance due date, if any, set out or referred to in Item 5 of the Mortgage Form;
- (b) **“business day”** means any day which in Vancouver, British Columbia is a day that:
  - (i) is not a “holiday” as that word is defined in the *Interpretation Act* of British Columbia, as amended or replaced from time to time; and
  - (ii) the Mortgagee is open for business at its Payment Office;
- (c) **“Covenantor”** means the Person or Persons, if any, who execute this Mortgage as **“Covenantor”** and their respective heirs, personal representatives, successors or permitted assigns, as the case may be;
- (d) **“First Payment Date”** means the first payment date, if any, set out or referred to in Item 5 of the Mortgage Form;
- (e) **“First Priority Lender”** means 1341550 B.C. Ltd.;
- (f) **“Fixture(s)”** or **“fixture(s)”** means all real or personal property whatsoever (whether affixed mobile or stationary) including all structures, additions, improvements, plant, machinery, apparatus, facilities, equipment, fixtures, other goods and other personal property, now or hereafter placed, installed or erected in, on, under or in relation to the Lands and which is owned or acquired by the Mortgagor and is in law a fixture, including without limitation:
  - (i) all fences, motors, wiring, fixed mirrors, suspended ceiling tiles, doors, windows and computers and all other structures, additions, improvements, plant, machinery, apparatus, facilities, equipment, fixtures and other goods installed in or affixed or attached to the buildings or improvements situate on the Lands or affixed or attached thereto for use in carrying on an activity inside the said buildings or improvements or on the Lands;
  - (ii) all carpeting and other floor coverings, including without limitation all carpets and floor coverings in all rooms, halls and stairways;
  - (iii) all window coverings and fixtures, including without limitation all awnings, shutters, drapes, blinds and valances;
  - (iv) all heating, cooling, plumbing, air-conditioning, air-filtering, ventilating, conveyancing, electrical, lighting, telecommunications, security, vacuum,

- sprinkler, fire-fighting, cooking and refrigeration devices, systems and equipment, including without limitation all furnaces, water heaters, hot water tanks, oil and gas burners, electric fixtures, escalators, elevators, boilers, pressure vessels, stokers, blowers, tanks, gas pipes, radiators, aerials, television antennae, satellite dishes and built-in furniture; and
- (v) all pipes, conduits, services and the like installed in, on under or in relation to the Lands for the purposes of providing utilities and other services within the boundaries of the Lands or any parcel(s) of land hereafter created out of or comprising the Lands;
- (g) “**Interest Adjustment Date**” means the interest adjustment date, if any, set out or referred to in Item 5 of the Mortgage Form;
- (h) “**Interest Calculation Period**” means the interest calculation period set out or referred to in Item 5 of the Mortgage Form;
- (i) “**Interest Rate**” means, subject to the provisions of Article 15 of this Mortgage, the interest rate(s) set out or referred to in Item 5 of the Mortgage Form;
- (j) “**Lands**” mean:
- (i) the land(s) described or referred to in Item 2 of the Mortgage Form together with the improvements, appurtenances and every other thing referred to in Section 10 of the *Land Transfer Form Act* of British Columbia, as amended or replaced from time to time, and whether now or hereafter existing or acquired, in connection with such land(s); and
- (ii) the Fixtures;
- (k) “**Last Payment Date**” means the last payment date, if any, set out or referred to in Item 5 of the Mortgage Form;
- (l) “**Loan**” has the meaning given to it in Item 5 of the Mortgage;
- (m) “**Loan Agreement**” has the meaning given to it in Item 5 of the Mortgage;
- (n) “**Minimum Interest**” means the amount of interest that would accrue at the Interest Rate on the full amount of the Loan for a period of six (6) months;
- (o) “**Mortgage**” means the Mortgage Form and these express mortgage terms read together, as amended, modified and extended from time to time;
- (p) “**Mortgage Form**” means the Form B under the *Land Title (Transfer Forms) Regulation* of British Columbia, as amended or replaced from time to time, which refers to these express mortgage terms and is executed by the Mortgagor and the Covenantor, if any, and all schedules and addenda attached to such Form B;

- (o) **“Mortgage Moneys”** at any point in time means the outstanding balance of the Principal Amount, interest thereon and all other costs, charges and expenses then secured by this Mortgage including the Servicing Fee;
- (p) **“Mortgagee”** means each person described in Item 4 of the Mortgage Form as lender or mortgagee and their heirs, personal representatives, successors or assigns, as the case may be;
- (q) **“Mortgagor”** means each person described in Item 3 of the Mortgage Form who executed the Mortgage Form as borrower or mortgagor and their respective heirs, personal representatives, successors or permitted assigns, as the case may be;
- (r) **“Obligant”** means the Mortgagor and all (other) Persons who are from time to time liable to the Mortgagee for the payment of the whole or any portion of the Mortgage Moneys, whether directly or indirectly, absolutely or contingently, jointly, severally or jointly and severally and includes all Persons who from time to time otherwise become liable for, or who agree to indemnify the Mortgagee for any loss, costs or damages as a result of the failure of any other Persons to pay the Mortgage Moneys, in whole or in part;
- (s) **“Other Document”** means any commitment letter, loan agreement, note, instrument or other document other than this Mortgage evidencing, securing or evidencing and securing the payment of the Mortgage Moneys in whole or in part, whether provided by or on behalf of the Mortgagor or any Other Obligant;
- (t) **“Other Obligant”** means each person other than the Mortgagor who is a party to any Other Documents and is now or at any time hereafter liable for the payment of the Mortgage Moneys in whole or in part;
- (u) **“Payment Dates”** means the payment dates, if any, set out or referred to in Item 5 of the Mortgage Form and **“Payment Date”** means any one of them;
- (v) **“Payment Office”** means the place of payment set out or referred to in Item 5 of the Mortgage Form;
- (w) **“Periodic Payment”** means the amount of each payment, if any, set out or referred to in Item 5 of the Mortgage Form;
- (x) **“Permitted Encumbrances”** means the prior notations, charges, liens or interests, if any, set out or referred to in Item 11 of the Mortgage Form and as otherwise contemplated by the Loan Agreement;
- (y) **“Persons”** or **“Person”** means and includes any individual, sole proprietorship, corporation, partnership, bank, joint venture, trust, unincorporated association, association, institution, entity, party or government (whether national, federal, provincial, state, municipal, city, county or otherwise and including any instrumentality, division, agency, body or department thereof);
- (z) **“Principal Amount”** means the principal amount described in Item 5 of the Mortgage Form;

- (aa) “**Secured Obligations**” has the meaning given to it in Item 5 of the Mortgage Form;
- (bb) “**Servicing Fee**” has the meaning provided in the Loan Agreement;
- (cc) “**terms**” and “**mortgage terms**” mean, unless the context otherwise requires, all of the covenants, agreements, provisos, terms, conditions and provisions of this Mortgage, and the agreement set out in Item 12 of the Mortgage Form of the Mortgagor and the Covenantor (if any) to be bound by the mortgage terms referred to in Item 9 of the Mortgage Form will constitute the agreement of the Mortgagor and the Covenantor (if any) to be bound by all of the covenants, agreements, provisos, terms, conditions and provisions of this Mortgage.

## 1.2 No Reliance

The Mortgagor acknowledges that the Mortgagee has not made and the Mortgagor does not rely on any representations, warranties, covenants, agreements, conditions or provisos, oral or otherwise, whether made by the Mortgagee or any Person acting actually or ostensibly on the Mortgagee’s behalf, other than those contained in this Mortgage and the Loan Agreement unless those representations, warranties, covenants, agreements, conditions and provisos are contained in a supplementary contract in writing duly executed by both the Mortgagor and the Mortgagee which supplementary contract is expressed to survive the closing of the transaction referred to therein and the registration of this Mortgage.

## 1.3 Headings

All headings and titles in this Mortgage are inserted for convenience of reference only and will not affect the construction or interpretation of this Mortgage.

## 1.4 Hereof, Etc.

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

## 1.5 Joint and Several Liability

If any party hereto is comprised of more than one person, the grants, mortgages and any other charges constituted hereby and the representations, warranties, covenants, agreements, obligations and liabilities made by or imposed upon that party herein or by law will be deemed to have been made or incurred by all those persons jointly and by each of those persons severally.

## 1.6 Severability

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

## 1.7 Governing Law

This Mortgage including any covenants and indemnity of the Covenantor (if any) provided for herein will be governed by and construed in accordance with the laws of the Province of British Columbia, and each

party hereby submits to the jurisdiction of the courts of the Province of British Columbia and agrees to be bound by any suit, action or proceeding commenced in such courts and by any order or judgment resulting from such suit, action or proceeding, provided that the foregoing will in no way limit the right of the Mortgagee to commence suits, actions, or proceedings based on this Mortgage in any other jurisdiction.

### **1.8 Interpretation**

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

### **1.9 Capacity**

If the Lands or any portion thereof or any interest therein are held by the Mortgagor as a partner of a firm, as a trustee, as an agent, or in any other similar capacity, whether fiduciary or otherwise:

- (a) each and every warranty, representation, covenant, agreement, term, condition, proviso and stipulation; and
- (b) each and every grant, mortgage and other charge constituted hereby,

made by or imposed upon the Mortgagor hereunder will be and be deemed to be jointly and severally made by or imposed upon the Mortgagor and the partnership, the beneficiary (or beneficiaries) of the trust, the principal(s) of the agent, or other entity (or entities), as the case may be, and each grant, mortgage and other charge contained in this Mortgage will be deemed to be a grant, mortgage or charge of the estate, right, title and interest of the partnership, the beneficiary (or beneficiaries), the principal(s), or such entity (or entities), as the case may be, in and to the Lands as well as being a grant, mortgage or other charge of the estate, interest and title of the Mortgagor in and to the Lands, it being the intention of the parties hereto that this Mortgage will constitute a charge against both the legal and beneficial title to the Lands.

### **1.10 Mortgagee as Agent**

If this Agreement is granted to the Mortgagee in its capacity as agent for one or more other Persons, the Mortgagor agrees that all:

- (a) grants, mortgages, assignments, charges and security interests;
- (b) representations, warranties, covenants and agreements; and
- (c) obligations and liabilities,

created, made, assumed or incurred hereunder by the Mortgagor in favour of the Mortgagee are also created, made, assumed or incurred hereunder by the Mortgagor in favour of those Persons.

### **1.11 Binding Effect**

This Mortgage will be binding on the Mortgagor and the respective heirs, executors, personal representatives, successors and assigns of each person comprising the Mortgagor and will enure to the benefit of the Mortgagor and its successors and assigns.

### 1.12 Time of the Essence

Time will be of the essence hereof.

## ARTICLE 2 GRANT OF SECURITY

### 2.1 Land Transfer Form Act

This Mortgage is made pursuant to Part 3 of the *Land Transfer Form Act* of British Columbia, as amended or replaced from time to time.

### 2.2 Grant of Mortgage

For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the Mortgagor, the Mortgagor **HEREBY GRANTS AND MORTGAGES** the Lands to and in favour of the Mortgagee forever, subject only to Permitted Encumbrances and the proviso for redemption hereinafter contained.

### 2.3 Enlargement of Charge

If in the future the Mortgagor acquires any further or greater right, title, estate or interest in the Lands, or any part thereof, this Mortgage will extend to such right, title, estate or interest in the Lands.

### 2.4 Assignments

Without in any way affecting or releasing the Mortgagor's liability to the Mortgagee for the payment of the Mortgage Moneys and for the consideration aforesaid:

- (a) the Mortgagor assigns, transfers and sets over to the Mortgagee any moneys due and payable by an expropriating authority upon an expropriation of the Lands or any part thereof provided that such assignment is limited to the amount of the Mortgage Moneys outstanding at the date the Mortgagor ceases to be the registered owner of the Lands subject to any such expropriation. The Mortgagor agrees that it will execute and deliver any such further or additional documentation which the Mortgagee may in the Mortgagee's sole discretion deem necessary to effect the above assignment or which is requested by the expropriating authority. The Mortgagor also agrees to forward to the Mortgagee copies of any documentation relating to an expropriation or proposed expropriation of the Lands or any portion thereof, forthwith upon its receipt of the same; and
- (b) the Mortgagor assigns, transfer and sets over to the Mortgagee all right, title, claim, demand and interest of the Mortgagor whatsoever at law or in equity or otherwise to indemnification, express or implied, of and from the performance and observance of any and all of the terms of this Mortgage, including without limitation payment of the whole or any portion of the Mortgage Moneys by any purchaser of the Lands, or any part thereof, from the Mortgagor.

### ARTICLE 3 REDEMPTION

#### 3.1 Redemption

This Mortgage will be void upon receipt by the Mortgagee of a written request from the Mortgagor for a discharge of this Mortgage and full payment, observance, performance and satisfaction thereafter of the Secured Obligations. Subject to the foregoing, the Mortgagor releases to the Mortgagee all the claims of the Mortgagor on the Lands.

### ARTICLE 4 PAYMENT AND OBSERVANCE

#### 4.1 Payment of Mortgage Moneys and Observance of Proviso

The Mortgagor will duly pay the Principal Amount, interest, and all other moneys secured hereby when due hereunder and will observe the above proviso.

#### 4.2 No Set-off

The Principal Amount, interest and all other moneys payable hereunder will be paid when due hereunder without any set-off, deduction, defalcation or abatement whatsoever.

#### 4.3 Compound Interest

If the Mortgagor fails to pay the Principal Amount, interest or other moneys secured hereby, or any part thereof, including compound interest, when due hereunder, the Mortgagor will pay to the Mortgagee compound interest thereon on demand, as well after as before maturity, default and judgment, to be computed with rests on the last day of each Interest Calculation Period.

#### 4.4 Payment Office

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

#### 4.5 Taxes

The Mortgagor will, on the due date thereof, pay and satisfy all taxes, rates, levies, charges, rents, assessments, statute labour and other impositions whatsoever already or hereafter rated, charged, assessed or imposed no matter by whom or by what authority howsoever on the Lands, or the Mortgagor, or the Mortgagee in respect of the Lands (collectively, the “taxes”). The Mortgagor will submit tax receipts to the Mortgagee evidencing the payment of taxes immediately after they become due, provided that:

- (a) at the option of the Mortgagee, the Mortgagor will in each year during the continuance of this security if directed by the Mortgagee, pay to the Mortgagee in equal monthly

instalments on the first day of each calendar month such amount as the Mortgagee may estimate as being the taxes due and payable in each calendar year and such instalments will be applied on account of taxes so long as the Mortgagor is not in default hereunder but the Mortgagor will not be paid interest on moneys paid to the Mortgagee on account of taxes; and

- (b) the Mortgagor will transmit to the Mortgagee the assessment notices, tax bills and other notices affecting the imposition of taxes forthwith after the receipt of same by the Mortgagor.

#### 4.6 Prepayment

Provided the Mortgagor is not in default and subject to the payment of Minimum Interest, the Mortgagor may prepay the Mortgage Moneys in whole or in part at any time without bonus or penalty on not less than thirty (30) days written notice to the Mortgagee. If at the time the Mortgagor repays or prepays the Mortgage Moneys in full the interest which has accrued on account of the Mortgage Moneys is less than Minimum Interest, the Mortgagor shall pay the Mortgagee, as part of the Mortgage Moneys, the difference between the Minimum Interest and the total amount of interest which has then accrued hereunder.

#### 4.7 Other Charges

If the Lands or any part thereof are now or at any time hereafter subject to any charge, lien or interest, including but not limited to Permitted Encumbrances (each hereinafter called an “**other charge**”):

- (a) the Mortgagor will pay all payments required to be made under or by virtue of each other charge, whether for principal, interest, taxes or otherwise (or cause the same to be paid) as they become due;
- (b) the Mortgagor will duly observe, perform and comply with the covenants, provisos and agreements contained in each other charge which are to be kept, observed and performed by it;
- (c) any default under any other charge will be deemed to be default hereunder and will entitle the Mortgagee to exercise any and all remedies available to the Mortgagee in the event of default hereunder; and
- (d) in the event of default by the Mortgagor under any other charge, the Mortgagee will have the right (exercisable in its sole and absolute discretion), but not the obligation, to cure the same.

#### 4.8 Pre-enforcement Costs

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



#### 4.9 Enforcement Costs

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

#### 4.10 Other Outlays

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

#### 4.11 Fees

The Mortgagor will pay, or cause to be paid, all fees from time payable to the Mortgagee or its agents in connection with:

- (a) the origination of any loan forming part of the Mortgage Moneys (including processing fees, work fees, brokerage fees, funding fees, commitment fees, facility fees and structuring fees);
- (b) advances or readvances made on account of any loan forming part of the Mortgage Moneys (including advance fees, draw request fees, standby fees and letter of credit or guarantee fees);
- (c) the administration of any loan from time to time forming part of the Mortgage Moneys;
- (d) the modification, renewal or extension of any loan from time to time forming part of the Mortgage Moneys;
- (e) the discharge of this Mortgage or any Other Document, in whole or in part; and
- (f) the enforcement (or forbearance from enforcement) of this Mortgage or any Other Document (including restructuring fees, administration fees during enforcement and forbearance fees),

and all federal and provincial taxes payable in connection therewith, all of which will be a charge under this Mortgage on the Lands in favour of the Mortgagee and will be payable forthwith to the Mortgagee with interest at the Interest Rate until paid.

#### 4.12 Discharge

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

### ARTICLE 5 THE LANDS

#### 5.1 No Further Mortgages

In the event the Mortgagor grants any further mortgage or charge or otherwise encumbers the Lands without the prior written consent of the Mortgagee save and except for this Mortgage and Permitted Encumbrances, then, at the sole discretion of the Mortgagee and notwithstanding the other provisions of this Mortgage, the Mortgagee may declare that all moneys hereby secured will immediately become due and be paid.

#### 5.2 Further Assurances

The Mortgagor will execute such further assurances of the Lands as the Mortgagee may require including without limitation any and all documents required by the Mortgagee in connection with the *Personal Property Security Act* of British Columbia, as amended by the *Personal Property Security Amendment Act*, 1990 of British Columbia, as further amended or replaced from time to time.

#### 5.3 No Builders Lien

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

### ARTICLE 6 INSURANCE

#### 6.1 General

The Mortgagor will forthwith insure (or will cause to keep insured) and during the continuance of this Mortgage will keep insured (or will cause to be kept insured) each and every building, structure, erection, improvement, fixture or replacement thereof (including without limitation all plant, equipment, apparatus, machinery and fixtures of every kind and nature whatsoever) now or hereafter erected on the Lands against loss or damage by fire and such other perils and in such amount(s) as the Mortgagee may reasonably require (including but not limited to boiler insurance, loss of rental income and business interruption insurance).

**6.2 Liability Insurance**

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

**6.3 Other Insurance**

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

**6.4 Payment of Loss**

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

**6.5 Premiums**

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

**6.6 Assignment**

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

**6.7 Proofs of Insurance**

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

**6.8 Application of Proceeds**

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

**6.9 Waiver**

To ensure that the Mortgagee may so apply such insurance moneys in the manner herein contemplated, subject to the rights of the First Priority Lender, the Mortgagor also assigns and releases to the Mortgagee all rights of the Mortgagor to receive the insurance moneys and the Mortgagor waives any statutory right to request or require the insurance proceeds to be applied in any particular manner and expressly waives

all the Mortgagor's rights and benefits under the *Fire Prevention (Metropolis) Act 1774* as amended or replaced from time to time.

## ARTICLE 7 USE, ALTERATIONS AND REPAIRS

### 7.1 Use of Lands

Except as contemplated by the Loan Agreement, the Mortgagor will not, without the express written consent of the Mortgagee not to be unreasonably withheld, delayed or conditioned, first had and obtained:

- (a) change the present use of the Lands; nor
- (b) permit the Lands to be unoccupied or unused.

### 7.2 Compliance

The Mortgagor will promptly observe, perform, execute and comply with all laws, rules, requirements, orders, directions, ordinances and regulations of every governmental, municipal, civil authority or agency concerning the Lands and further agrees, at the cost and expense of the Mortgagor, to do and perform all acts and things which may be required at any time hereafter by any such present or future laws, rules, requirements, orders, directions, ordinances and regulations.

### 7.3 Repair

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

### 7.4 Demolition, Alterations

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

### 7.5 Inspection

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

**ARTICLE 8**  
**SECURED OBLIGATIONS**

**8.1 General Continuing Security**

This Mortgage is security for the Secured Obligations and any ultimate unpaid balance thereof, including a current or running account if so designated in Item 7 of the Mortgage Form. The Secured Obligations may be reduced to zero from time to time without affecting the continuing nature of this Mortgage as security for any Secured Obligations .

**8.2 Discharges**

No discharge of this Mortgage will be effective unless it is in writing and is executed by the Mortgagee. Without limiting the foregoing, no payment, observance, performance or satisfaction of the Secured Obligations, nor any ceasing by the Mortgagor to be indebted or liable to the Mortgagee, will be deemed a redemption or discharge of this Mortgage.

**8.3 Status Certificate**

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

**8.4 No Obligation to Advance**

Except to the extent that the Mortgagee by issuing letters of credit or letters of guarantee or accepting bills of exchange or other negotiable instruments at the request of the Mortgagor is required to make advances (or re-advances if so noted in Item 7 of the Mortgage Form) of money thereunder, the Mortgagor agrees that neither the preparation, execution or registration of this Mortgage, nor the advance (or re-advance, if applicable) in part of the moneys from time to time comprising part of the Secured Obligations, nor any course of conduct of the Mortgagee or of any of its officers, agents or employees will bind the Mortgagee to advance (or re-advance, if applicable) the moneys from time to time comprising part of the Secured Obligations or any unadvanced portion thereof to the Mortgagor or to any other person the obligations of whom are guaranteed by the Mortgagor, it being understood and agreed that the advance (or re-advance, if applicable) of the moneys from time to time comprising part of the Secured Obligations or any part thereof, from time to time will be in the absolute discretion of the Mortgagee and not exercised or deemed exercised unless and until that advance (or re-advance, if applicable) has actually been made to the Mortgagor, but nevertheless the security created by this Mortgage will take effect in accordance with the terms of this Mortgage forthwith upon the execution hereof by the Mortgagor. **NOTICE IS HEREBY GIVEN** to every person dealing with the title to the Lands or any part thereof that advances (and re-advances, if applicable) not exceeding the aggregate amount secured by this Mortgage are contemplated and secured by this Mortgage and, to the extent that such advances (and re-advances, if applicable) are payments required to be made by the Mortgagee pursuant to the terms of letters of credit, letters of guarantee or bills of exchange or other negotiable instruments, the Mortgagee is hereby required to make those advances (and re-advances, if applicable).

**8.5 Future Advances and Re-Advances**

Any portion of the Secured Obligations which is comprised of principal moneys may be advanced and if provided by Item 7 of the Mortgage Form, re-advanced by the Mortgagee all or in part at any future date or dates and the amount of those advances (and if applicable, re-advances) when so made will be secured by this Mortgage and be repayable with interest at the Interest Rate and if provided by Item 7 of the Mortgage Form, this Mortgage will be deemed to be taken as security for the principal moneys hereby secured arising from the current and running accounts represented by advances and re-advances hereunder under a line of credit or a current loan or otherwise, and the charge and mortgage created by the Mortgage will take effect forthwith on the execution of the Mortgage Form.

**8.6 Cancellation on Redemption**

If this Mortgage is redeemed by the Mortgagor, it will be cancelled and will not be re-issued, but if pursuant to Item 7 of the Mortgage Form this Mortgage secures a current or running account, neither:

- (a) any partial payment made thereon by the Mortgagor to the Mortgagee; nor
- (b) any ceasing by the Mortgagor to be indebted to the Mortgagee,

will be deemed to be a redemption or cancellation pro tanto or otherwise, and this Mortgage will be and remain valid security for any subsequent advance or re-advance by the Mortgagee to the Mortgagor to the same extent as if that advance or re-advance had been made on the execution of this Mortgage.

**ARTICLE 9****MORTGAGEE'S ELECTION TO MAKE PAYMENTS AND CURE DEFAULTS****9.1 Payments by Mortgagee**

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

**9.2 Performance by Mortgagee**

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

- (a) insure the buildings on the Lands in accordance with the provisions hereof if the Mortgagor neglects to insure or to deliver policies and receipts in accordance herewith;
- (b) repair and reinstate the buildings and improvements on the Lands if the Mortgagor fails to repair in accordance herewith or demolishes or alters such buildings or improvements in contravention hereof;

- (c) without any order or direction of the Mortgagor, pay to contractors, sub-contractors, material men, labourers, and other persons supplying or having a claim for work, services, or materials supplied in and about the construction, repairing, altering or replacing of any buildings, structures, erections or improvements and the like now or hereafter constructed on the Lands, any moneys due to them for such work, services or materials; and
- (d) pay common expenses, assessments, contributions or levies required to be paid in connection with any strata lot comprising the Lands,

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

### **9.3 Entitlement to Equities**

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

### **9.4 Repayment**

All payments made and all sums of money expended by the Mortgagee under this Article 9, including incidental costs, charges, expenses and outlays incurred in doing anything under this Article 9, will be forthwith payable by the Mortgagor on demand with interest at the Interest Rate from the time or respective times of the payment thereof until paid, and until paid will be a charge on the Lands in favour of the Mortgagee prior to all claims thereon subsequent to this Mortgage and may be added to the principal moneys then comprising the Mortgage Moneys as if the same had originally formed part thereof.

### **9.5 No Prejudice**

Nothing done by the Mortgagee in reliance on the provisions of this Article 9 will in any manner prejudice the remedies of the Mortgagee in respect of any default of the Mortgagor or otherwise.

## **ARTICLE 10 DEFAULT AND ACCELERATION**

### **10.1 Default and Acceleration**

Notwithstanding the Mortgage Moneys or any part thereof may be payable on demand, and without prejudice thereto, in the event that:

- (a) at any time there is a default or a breach by the Mortgagor or any Other Obligant of any representation, warranty, covenant, agreement, term, condition, stipulation or proviso contained herein or in any Other Document; or

- (b) any representation or warranty made by the Mortgagor or any Other Obligant to the Mortgagee herein or in any Other Document or in any certificate, declaration, application or other instrument delivered by or on behalf of the Mortgagor or that Other Obligant to the Mortgagee, as the case may be, in connection with Mortgage Moneys is found at any time to be incorrect in any material respect; or
- (c) the Mortgagor or any Other Obligant becomes bankrupt or insolvent or makes or demonstrates an intention to make an assignment for the benefit of its creditors or makes a proposal or takes advantage of any provision of the *Bankruptcy and Insolvency Act* of Canada or any other legislation for the benefit of insolvent debtors; or
- (d) any proceedings with respect to the Mortgagor or any Other Obligant is commenced under the compromise or arrangement provisions of any applicable legislation, or the Mortgagor or any Other Obligant enters into an arrangement or compromise with any or all of its creditors pursuant to such provisions or otherwise; or
- (e) the Mortgagor or any Other Obligant without the consent in writing of the Mortgagee, grants or purport to grant any mortgage, charge, lien or interest, whether fixed or floating, upon the Lands or any part thereof, other than this Mortgage or Permitted Encumbrances; or
- (f) the Mortgagor or any Other Obligant defaults under any Permitted Encumbrances; or
- (g) the Mortgagor or any Other Obligant ceases, or threatens to cease, to carry on its business as the same is conducted by the Mortgagor or that Other Obligant from time to time; or
- (h) any of the moneys secured under this Mortgage are used for any purpose other than as declared to and agreed upon by the Mortgagee; or
- (i) the Mortgagor or any Other Obligant is a corporation and:
  - (i) it authorizes the purchase of its shares without the prior written consent of the Mortgagee; or
  - (ii) one of its members commences an action against it which action relates to the Mortgage Moneys, or gives a notice of dissent in accordance with the provisions of the *Business Corporations Act* of British Columbia, or amendments thereto or a similar notice by a shareholder under other applicable legislation; or
  - (iii) it carries on any business that it is restricted from carrying on by its constating documents; or
  - (iv) an order is made, a resolution is passed or a motion is filed for its liquidation, dissolution or winding-up; or
  - (v) there is any change in its beneficial ownership of its shares of from the ownership of same which exists as of the date hereof; or
- (j) the whole or any portion of the Lands become the subject of expropriation proceedings; or



- (k) the Mortgagee in good faith and based on commercially reasonable grounds believes that the prospect for payment, observance and performance of all or any part of the Mortgage Moneys is impaired; or
- (l) in the opinion of the Mortgagee, there is a material adverse change in the financial condition of the Mortgagor or any Other Obligant or in the value of the Lands; or
- (m) an Obligant is a corporation and:
  - (i) it authorizes the purchase of its shares without the prior written consent of the Mortgagee; or
  - (ii) one of its members commences an action against it which action relates to the Secured Obligations, or gives a notice of dissent in accordance with the provisions of the *Business Corporations Act* of British Columbia, or amendments thereto or a similar notice by a shareholder under other applicable legislation; or
  - (iii) it carries on any business that it is restricted from carrying on by its constating documents; or
  - (iv) an order is made, a resolution is passed or a motion is filed for its liquidation, dissolution or winding-up; or
  - (v) there is any change in its beneficial ownership of its shares of from the ownership of same which exists as of the date of the execution of the Mortgage Form; or
- (n) if an Obligant is a limited partnership and:
  - (i) it authorizes the purchase or redemption of its units without the Mortgagee's prior written consent; or
  - (ii) it carries on any business that it is restricted from carrying on by its limited partnership agreement; or
  - (iii) there is any change in the beneficial ownership of its units from the ownership of same that exists as of the date of the execution of this Mortgage by the Mortgagor; or
- (o) an Obligant, who is an individual, dies or is declared incompetent by a court of competent jurisdiction; or
- (p) in the opinion of the Mortgagee, any material portion of the property, assets and undertakings charged by this Mortgage becomes the subject of expropriation proceedings; or
- (q) if there is or has been a material adverse change in the financial condition of an Obligant or in the value of the any property charged in the Mortgagee's favour pursuant to any one or more of the Other Documents; or

- (r) if the Mortgagee in good faith believes and has commercially reasonable grounds to believe that:
  - (i) the prospect for payment of any of the Loan or the observance and performance of all or any part of the Mortgagor's obligations in connection therewith is impaired; or
  - (ii) any of the property charged in the Mortgagee's favour pursuant to any one or more of the Other Documents is or is about to be placed in jeopardy.

then, and in every such case and in the sole discretion of the Mortgagee:

- (s) the Mortgage Moneys will forthwith become due and payable without notice in like manner and with like consequences and effects to all intents and purposes whatsoever as if the Balance Due Date had fully come and expired, and notwithstanding that this Mortgage is declared to be made in pursuance of Part 3 of the *Land Transfer Form Act* of British Columbia it is expressly understood and agreed by the Mortgagor that the reinstatement provisions of the form of words numbered 15 in Column II of Schedule 6 to the said *Land Transfer Form Act* of British Columbia will have no force and effect in respect of this Mortgage or any of the Mortgage Moneys, whether for interest, principal or upon any other account whatsoever and the provisions relating to a default under this Mortgage by the Mortgagor will be as set out herein and the Mortgagor will not be relieved from the consequences of default by payment of the moneys of which default of payment has been made and costs and charges related thereto;
- (t) the Mortgagee will have possession of the Lands free and clear from all encumbrances subject only to Permitted Encumbrances; and
- (u) the Mortgagee may exercise any and all remedies to enforce this Mortgage.

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

## ARTICLE 11 REMEDIES OF MORTGAGE ON DEFAULT

### 11.1 Power of Sale

The Mortgagee, on default of any payment required to be made hereunder as and when due, may on one week's notice enter on and sell, assign, or convey the Lands or any part or parts thereof. Should default in payment continue for one month, the foregoing power of sale may be exercised without notice and the Mortgagee may sell as aforesaid without entering into possession of the Lands.

The Mortgagor agrees that the foregoing power of sale granted hereby will include the power to the Mortgagee to lease the Lands in whole or in part as if such words had been inscribed in this paragraph as necessary in all appropriate places.

The Mortgagor further agrees that:

- (a) title of a purchaser upon a sale made in professed exercise of the above power will not be liable to be impeached on the ground that no case had arisen to authorize the exercise of such power, or that such power had been improperly or irregularly exercised or that notice had not been given;
- (b) the Mortgagee may sell the whole or any part or parts of the Lands by public auction or private contract, or partly one and partly the other, on such terms as to credit and otherwise as to the Mortgagee appears most advantageous and for such prices as can reasonably be obtained therefor;
- (c) sales may be made from time to time of portions of the Lands to satisfy interest or parts of principal moneys representing the Mortgage Moneys overdue, leaving the balance thereof to run at interest payable at the Interest Rate;
- (d) the Mortgagee may make any stipulations as to title or commencement of title, or otherwise, as the Mortgagee will deem proper;
- (e) the Mortgagee may buy in or rescind or vary any contract for sale of any of the Lands and re-sell, without being answerable for any loss occasioned thereby;
- (f) in the case of a sale on credit the Mortgagee will only be bound to account to the Mortgagor for such moneys as have been actually received from the purchaser(s) after the satisfaction of the Mortgagee's claim;
- (g) the Mortgagee may make and execute all agreements and assurances that the Mortgagee deems fit for any of the foregoing purposes and the purchaser at any sale hereunder will not be bound to see to the propriety or regularity thereof;
- (h) no want of notice or of publication, even if required hereby, will invalidate any sale hereunder; and
- (i) the above powers may be exercised by the Mortgagee and against the Mortgagor, and the costs of any abortive sale will become a charge upon the Lands, and bear interest at the highest interest rate then in effect between the Mortgagor and the Mortgagee until paid and the Mortgagee may add them to the Mortgage Moneys.

## 11.2 Distraint

If default is made in payment of any part of the Mortgage Moneys at any time herein provided therefore it will be lawful for the Mortgagee to, and the Mortgagor hereby grants full power and license to the Mortgagee to:

- (a) enter, seize and distraint upon any goods of the Mortgagor upon the Lands; and
- (b) by distress warrant;

to recover, by way of rent reserved as in the case of a demise of the Lands, as much of the Mortgage Moneys as will from time to time be or remain in arrears or unpaid, together with all costs, charges and

expenses of the Mortgagee in connection therewith (including without limitation legal fees, costs, charges and expenses on a solicitor and his own client basis).

### 11.3 No Merger

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

### 11.4 Rents

Upon any default or breach by the Mortgagor in the performance or observance of any of the terms of this Mortgage, or of any of the assignments of rents or leases or other deeds or instruments from time to time given by the Mortgagor to the Mortgagee as additional or collateral security for the Mortgage Moneys, the Mortgagor will refrain from collecting and receiving all rents accruing as aforesaid and, upon notice from the Mortgagee, all subtenants will thereafter pay all such rents to the Mortgagee and any payment made otherwise will not discharge the obligations of such subtenant.

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

In the event of any default or defaults in the payment, observance or performance of the Mortgage Moneys, the Mortgagee will have the right forthwith after any such default to enter upon, take possession of and rent the Lands and receive the rents, issues and profits thereof and apply the same, after payment of all necessary charges and expenses, on account of the Mortgage Moneys.

### 11.5 Receiver

In addition to the foregoing rights and powers, upon default the Mortgagee may appoint by instrument in writing a receiver, receiver-manager or receiver and manager (herein called the “**Receiver**”) of the Lands, with or without bond, and may from time to time remove the Receiver and appoint another in his stead. A Receiver appointed by the Mortgagee as aforesaid will be deemed to be the agent of the Mortgagor and the Mortgagor will be solely responsible for the Receiver’s acts or defaults and the Mortgagee will not be in any way responsible therefor and the Mortgagee will not be liable to the Receiver for his remuneration, costs, charges or expenses.

### 11.6 Powers of Receiver

It is further specifically understood and agreed that the Receiver appointed by the Mortgagee will have the following powers, subject to any limitations in the instrument in writing or any order of a court of competent jurisdiction appointing him, namely to:

- (a) take possession of the Lands;
- (b) lease the Lands or any portion thereof and receive and collect the rents, issues and profits thereof,
- (c) carry on or concur in carrying on the business of the Mortgagor in operating the business comprised of the Lands or which is conducted thereon by the Mortgagor;
- (d) pay any or all debts and liabilities in connection with the Lands;
- (e) sell, assign or lease or concur in selling, assigning or leasing any or all of the Lands;
- (f) make any arrangements or compromises which the Receiver considers expedient;
- (g) borrow money, upon the security of the whole or any part of the Lands, to carry on the business of the Mortgagor comprised of the Lands or to maintain the whole or any part of the Lands in a manner that will be sufficient to obtain the amounts from time to time required in the opinion of the Receiver, and in so doing the Receiver may issue certificates (each herein called a “**Receiver’s Certificate**”) that may be payable as the Receiver considers expedient and bear interest as stated therein, and the amounts from time to time payable under any Receiver’s Certificate will charge the Lands in priority to this Mortgage and the Mortgagor hereby charges the Lands with the debt, if any, owing from time to time under any Receiver’s Certificate; and
- (h) institute and prosecute all suits, proceedings and actions which the Receiver considers necessary or advisable for the proper protection of the Lands, to defend all suits, proceedings and actions against the Mortgagor or the Receiver, to appear in and conduct the prosecution and defence of any suit, proceeding or action then pending or thereafter instituted, and appeal any suit, proceeding or action.

### 11.7 No Obligation to Marshal

In exercising his powers hereunder, any Receiver will be free to deal with the Lands and any assets of the Mortgagor related thereto in such order or manner as he may be directed by the Mortgagee, any rule of law or equity to the contrary notwithstanding, and the Receiver will be under no obligation to marshal in favour of the Mortgagor.

### 11.8 Application of Revenue

The net revenue received from the Lands and the net proceeds of sale of the Lands or any part thereof will be applied by the Receiver, subject to the claims of creditors, if any, ranking in priority to this Mortgage, as follows:

- (a) firstly, in payment of all costs, charges and expenses of and incidental to the appointment of the Receiver and the exercise by him of all or any of the powers aforesaid including the reasonable remuneration of the Receiver and all amounts properly payable to him;
- (b) secondly, in payment to the Mortgagee of all costs, charges and expenses due and owing to the Mortgagee hereunder other than interest and principal;
- (c) thirdly, in payment to the Mortgagee of outstanding interest;
- (d) fourthly, in payment to the Mortgagee of outstanding principal; and
- (e) lastly, any surplus will be paid to the Mortgagor,

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

### **11.9 Not a Mortgagee in Possession**

Neither the provisions of this Mortgage nor the exercise of the powers provided in this Mortgage will render the Mortgagee a mortgagee in possession, and the Mortgagee will not be accountable except for the moneys actually received by the Mortgagee.

### **11.10 Remedies Cumulative**

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

### **11.11 Enforcement of Remedies**

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

### **11.12 Realization on Securities**

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

## **ARTICLE 12 PRESERVATION OF MORTGAGE AND OTHER SECURITY**

### **12.1 Equity of Redemption**

No extension of time given by the Mortgagee to the Mortgagor, nor anyone claiming under the Mortgagor, nor any other dealing by the Mortgagee with the owner of the equity of redemption of the Lands, will in any way affect or prejudice the rights or remedies of the Mortgagee against the Mortgagor or any Other Obligant.

## 12.2 No Apportionment

Every part, lot or strata lot into which the Lands are or may hereafter be divided does and will stand as charged with the Mortgage Moneys and no person will have any right to require the Mortgage Moneys to be apportioned upon or in respect of any such part, lot or strata lot.

## 12.3 Fixtures

All Fixtures are deemed to be part of the Lands and the security for the Mortgage Moneys, even though not attached otherwise than by their own weight.

## 12.4 Partial Release of Mortgage

The Mortgagee may at all times release any part or parts of the Lands or any other security or any surety for payment of all or any part of the Mortgage Moneys or may release the Mortgagor or any Other Obligant from any covenant or other liability to pay the Mortgage Moneys or any part thereof, either with or without any consideration therefor and without being accountable for the value thereof or for any moneys except those actually received by the Mortgagee, and without thereby releasing any other part of the Lands or any other securities or covenants herein contained, it being agreed that, notwithstanding any such release, the Lands, securities and covenants remaining unreleased will stand charged with the whole of the Mortgage Moneys.

## 12.5 Waiver

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

## 12.6 Additional Security

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

## 12.7 Doctrine of Consolidation Applies

The doctrine of consolidation will apply to this Mortgage notwithstanding Section 31 of the *Property Law Act* of British Columbia, as amended or replaced from time to time.

# ARTICLE 13 SALE OR TRANSFER

## 13.1 Due on Sale

Save and except as contemplated by the Loan Agreement and Permitted Encumbrances:

- (a) if the Lands or any part thereof are sold, transferred, conveyed, assigned, leased or otherwise disposed of, or the Mortgagor enters into any agreement to effect any of the foregoing, whether by registered or unregistered instrument and whether for valuable or

nominal consideration or otherwise, to a party not first approved in writing by the Mortgagee;

- (b) if such purchaser, grantee, transferee or assignee should fail to:
- (i) apply for and receive the Mortgagee's written approval as aforesaid;
  - (ii) if required by the Mortgagee, personally assume all obligations of the Mortgagor under this Mortgage; and
  - (iii) if required by the Mortgagee, execute an assumption agreement in the form required by the Mortgagee;

then the Mortgagee at its option may declare the Principal Amount then secured hereunder, all accrued interest and all other moneys then secured hereby, to become immediately due and payable in full and the Mortgagor will pay the same forthwith.

### 13.2 Assigned

The word “**assigned**” as used in Section 13.1 will include any transfer, sale, assignment, bequest, inheritance, encumbrance or other disposition of shares of any body corporate comprising the Mortgagor, in whole or in part, having the result of changing the identity of the person(s) who during the currency of this Mortgage exercise the effective voting control of such body corporate.

### 13.3 Servicing Fee

The Mortgagee will be entitled to charge a reasonable servicing fee to process each application for approval as herein contemplated, which fee will be payable forthwith upon demand. Failure by the Mortgagor to pay such servicing fee will be deemed to be an act of default hereunder. It is further understood and agreed that any approval given hereunder will in no way change the liability of the Mortgagor or in any way alter the rights of the Mortgagee as against the Mortgagor or any other person liable for payment of the moneys hereby secured.

## ARTICLE 14 STRATA LOT PROVISIONS

### 14.1 Definitions

In this Article 14:

- (a) “**Act**” means for the purposes of this Article, the *Strata Property Act* of British Columbia, as amended or replaced from time to time; and
- (b) where used in this paragraph, the terms “**common property**”, “**Certificate of Payment**”, “**Certificate of Lien**”, “**Information Certificate**”, “**owner**”, “**strata corporation**”, and “**strata lot**” will have the respective meanings attributed to them in the Act.



**14.2 Strata Lots**

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

- (a) to observe and perform all the covenants, agreements, conditions and provisos required to be observed and performed under the Act and any by-laws, rules and regulations that may be passed by the strata corporation or any special interest section thereof of which the Mortgagor is a member by virtue of the leasing by the Mortgagor of the strata lot(s) hereby charged;
- (b) to pay on or before the due dates thereof, the share of common expenses and each and every assessment, contribution or levy made by the strata corporation or any special interest section thereof against the strata lot(s) and interest(s) in the Lands and the Mortgagor will not permit a situation under which the strata corporation or any special interest section thereof may register a Certificate of Lien in the land title office;
- (c) pursuant to Section 115 of the Act, the Mortgagor hereby authorizes any officer of the Mortgagor to from time to time during the term hereof obtain a Certificate of Payment as provided for in the Act certifying that no moneys are owing to the strata corporation by the Mortgagor in respect of any one or more of the strata lots forming part of the Lands;
- (d) that the Mortgagor will not without the prior written consent of the Mortgagee:
  - (i) assign any of the Mortgagor's rights, powers, duties or obligations under the Act or the by-laws created under the Act; or
  - (ii) give possession of any strata lot(s) hereby charged to any person whether on the basis of an agreement providing for the purchase of the strata lot(s) by the occupier or on the basis of a lease, sublease or assignment of lease;
- (e) to grant and hereby grants to the Mortgagee all rights and powers to vote conferred on the Mortgagor by the Act, but neither this section nor anything done by virtue thereof will render the Mortgagee a mortgagee in possession;
- (f) that this Mortgage constitutes express written notice to the Mortgagee that the Mortgagee intends to exercise the power to vote on any matters relating to insurance, maintenance, finance or other matters affecting the security for this Mortgage that the Mortgagor is permitted to execute and no additional notice need be given to the Mortgagor to permit the Mortgagee to exercise any such right and power to vote conferred on the Mortgagor in respect of these matters, and the Mortgagee may, at any duly called meeting of the strata corporation of which the Mortgagee has received written notice, exercise the right to vote on these matters if the Mortgagee is not by its authorized representative, agent or proxy, present at that meeting;
- (g) that the right and power to vote granted in this Mortgage to the Mortgagee does not impose on the Mortgagee any duty or obligation whatsoever to protect the interest of the Mortgagor, and the Mortgagee will not be responsible for the consequences of any exercise of the right to vote or any failure to exercise the right to vote;

- (h) pursuant to Section 59 of the Act, the Mortgagor hereby authorizes any officer of the Mortgagee to apply at any time and from time to time during the term hereof to the strata corporation under section 59 of the Act for an Information Certificate, in respect of each strata lot forming part of the Lands, to have the by-laws for the time being in force governing the strata lot(s) and interest in the Lands hereby charged made available for inspection by an officer of the Mortgagee;
- (i) that the Mortgagor will cause the Mortgagee to be named as a loss payee as its interest may appear in respect of the strata lot(s) on the policy or policies of insurance effected by the strata corporation, on the buildings, common facilities and the insurable improvements owned by the strata corporation and will cause mortgage clauses in a form approved by the Mortgagee to be included in such insurance policy or policies and will provide evidence of such insurance to the Mortgagee forthwith upon demand;
- (j) that if the insurance effected by the strata corporation on the buildings and common facilities is inadequate in the opinion of the Mortgagee, then the Mortgagor will upon demand effect insurance of the strata lot(s) and the Mortgagor's interest in the common property against such risks or hazards and in an amount as the Mortgagee may require with an insurance company and by a policy satisfactory to the Mortgagee, which policy or policies will contain loss payable provisions and mortgage clauses as aforesaid, and will provide evidence of such insurance to the Mortgagee; and
- (k) that the Mortgagee is the Mortgagor's agent to examine, inspect and obtain copies of any and all records, minutes, books of account or other documents of any nature and kind whatsoever which the Mortgagor is entitled to examine or inspect.

**ARTICLE 15**  
**INTEREST RATE ALTERNATIVE AND**  
**MAXIMUM RETURN TO MORTGAGEE**

**15.1 Interest Rate Alternative**

Subject to the provisions of Section 15.2 hereof, if the Interest Rate would, except for this clause, be a criminal rate, or void for uncertainty, or unenforceable for any other reason, or not capable of being ascertained, or is determined by court to be subject to deemed reinvestment of interest then the Interest Rate will be one percent (1%) per annum less than the minimum rate which would be a criminal rate calculated in accordance with generally accepted actuarial practices and principles.

**15.2 Maximum Return**

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

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

- (b) any remaining excess that has been paid will be credited towards prepayment of the principal amount; and
- (c) any overpayment that may remain after such crediting will be returned forthwith upon demand.

In this Article the terms “**Interest**” and “**Credit Advanced**” have the meanings given to them in section 347 of the Criminal Code of Canada.

## ARTICLE 16 LOAN AGREEMENT

### 16.1 Loan Agreement

The provisions of the Loan Agreement which are not expressly restated herein or in any other editorial or other security documentation which is to be executed and delivered to the Mortgagee by the Mortgagor or any Other Obligant, will survive the execution and registration of this Mortgage and the collateral or other security documents to be delivered herewith. Accordingly there will be no merger of such provisions in this Mortgage or the collateral or other security documents, until the parties thereto, by an appropriate instrument in writing so declare. Furthermore, if any conflict at any time exists between any term of the Loan Agreement (whether restated herein or not) and any term of this Mortgage, then the term of the Loan Agreement will govern and take precedence. Also, it is understood and agreed that a default under the terms of the Loan Agreement will constitute a default under this Mortgage and will entitle the Mortgagee to exercise all of its rights and remedies contained in this Mortgage.

## ARTICLE 17 COVENANTOR

### 17.1 Covenantor

This Article applies if this Mortgage has been executed by a “**Covenantor**” and if so, the Covenantor for the sum of TEN (\$10.00) DOLLARS of lawful money of Canada and other good and valuable consideration now paid by the Mortgagee to the Covenantor (the receipt and sufficiency of which is hereby acknowledged), hereby covenants, promises and agrees to and with the Mortgagee as a principal debtor and not as a surety:

- (a) to duly and punctually pay the Mortgage Moneys and to observe and perform the or cause to be observed and performed all the covenants, agreements, terms, provisos, stipulations and conditions herein contained on the part of the Mortgagor to be observed and performed and to indemnify, protect and save harmless the Mortgagee from all loss, costs and damage in respect of this Mortgage and every matter and thing herein contained;
- (b) that no release or releases of any portion or portions of the Lands and no indulgence shown by the Mortgagee in respect of any default by the Mortgagor which may arise under this Mortgage and no extension or extensions granted by the Mortgagee to the Mortgagor for payment of the Mortgage Moneys, in whole or in part, or for the doing, observing or performing of any covenant, agreement, matter or thing herein contained, to be done, observed or performed by the Mortgagor, nor any variation in or departure from the provisions of this Mortgage including but not limited to any variation or increase of the

Interest Rate or any extension of the term(s) of payment of any the moneys secured hereunder, nor any taking of further security from the Mortgagor nor any other dealings between the Mortgagee and the Mortgagor, will in any way prejudice the Mortgagee or modify, alter, vary or affect the liability of the Covenantor in any way under this covenant, which will continue and be binding on the Covenantor, as well after as before default under, judgment upon, or maturity of this Mortgage, until the Principal Amount, interest and other moneys owing hereunder are fully paid and satisfied;

- (c) that the Mortgagee will not be bound to exhaust its recourse against the Mortgagor or the Covenantor or any other person before enforcing its rights against the Covenantor;
- (d) that any failure on the part of the Mortgagee to perfect, maintain or enforce its rights, whether due to default, negligence or otherwise on the part of the Mortgagee, with respect to this Mortgage, or any other security granted to the Mortgagee relating to the within mortgage or the Mortgage Moneys, in whole or in part, will not prejudice the Mortgagee with respect to its rights pursuant to this covenant and will not discharge or limit or lessen the liability of the Covenantor pursuant to the terms hereof,
- (e) that the release of any person or persons comprising the Covenantor from his or her or its liability hereunder, in whole or in part, will not affect the liability of any person or persons remaining as Covenantor above, which liability will in each instance remain unimpaired and still in full force and effect as if each person being so released had not been party to this Mortgage; and
- (f) that the Mortgagee may vary any agreement or arrangement with any or all of the persons comprising the Covenantor and grant extensions of time to or otherwise deal with the Covenantor without any consent on the part of the Mortgagor.

## ARTICLE 18 MISCELLANEOUS

### 18.1 Promissory Note

Any promissory note or notes taken in connection with any advance or re-advance of funds to be secured hereunder is taken as collateral security only and not in satisfaction of the Secured Obligations.

### 18.2 Estoppel Certificate

The Mortgagor, within seven (7) days after receipt of a request to do so, will certify to the Mortgagee, or any person designated by the Mortgagee, the amount of the Mortgage Moneys then due hereunder, the date to which interest is paid, that it has no right of set-off against the Mortgage Moneys or, if it has such a right of set-off, the amount thereof, and that there have been no amendments hereof or, if there has been any such amendment, specifying it.

### 18.3 Modifications to Mortgage

In order for any addition to or modification, amendment or variation of this Mortgage to be effective it must be in writing and signed by all parties to this Mortgage.

#### 18.4 Syndication

This Mortgage may be assigned by the Mortgagee without the consent of the Mortgagor. The Mortgage terms, representations and warranties herein contained shall enure to the benefit of each assignee of the Mortgagee. The Mortgagee shall have the right to assign, sell, syndicate, grant participations or transfer all or any portion of this Mortgage, whether directly or by way of securitization, and as part of any such transaction the Mortgagee is hereby authorized to provide to prospective participants in such transactions all personal information relevant to this Mortgage (including credit and default information) of the Mortgagor, the Covenantor and the Lands received by the Mortgagee. This information will be held in strict confidence between the Mortgagee and any prospective participant in this Mortgage.

#### 18.5 Extension, Renewal of Mortgage

Any extension of the term of payment of the Mortgage Moneys, or any part thereof, and any agreement increasing or decreasing the rate or rates of interest payable on account of the Principal Amount prior to the execution of the discharge of this Mortgage by the Mortgagee need not be registered in a land title office, but will be effectual and binding on the Mortgagor, the Covenantor (if any) and any other person liable for payment of the Mortgage Moneys, in whole or in part, and it will not be necessary to register any such agreement in order to retain priority of this Mortgage so altered over any instrument registered as a charge against the Lands subsequently to the registration of this Mortgage.

#### 18.6 Notice of Demand

Any demand or notice necessary to be given in pursuance of the exercise of the powers and provisions herein contained may be given to the Mortgagor or to any chargeholder by writing signed or purporting to be signed by or on behalf of the Mortgagee.

#### 18.7 Address for Notices

Any notice, demand or other document to be given, or any delivery to be made hereunder will be effective if in writing and delivered in person and left with, or sent by electronic mail or by prepaid registered letter addressed to the attention of:

- (a) in the case of the Mortgagee, addressed as follows:

**1351486 B.C. LTD.**  
1556 Kebet Way  
Port Coquitlam, BC V3C 5M5

Attention: Luke Pretty

Email: [luke@dynamic.global](mailto:luke@dynamic.global)

with a copy to:

**FASKEN MARTINEAU DUMOULIN LLP**  
Barristers & Solicitors

Suite 2900, 550 Burrard Street  
Vancouver, BC V6C 0A3

Attention: Brent Clark

Email: [bcclark@fasken.com](mailto:bcclark@fasken.com)

(b) in the case of the Mortgagor, addressed as follows:

**PORTLIVING FARMS (3624 PARKVIEW) INVESTMENTS INC.**  
**PORTLIVING FARMS (3648 PARKVIEW) INVESTMENTS INC.**  
**PORTLIVING FARMS (3688 PARKVIEW) INVESTMENTS INC.**  
325 West 4<sup>th</sup> Avenue  
Vancouver, BC V5Y 1H3

Attention: Macario Reyes

Email: [tobi@portliving.com](mailto:tobi@portliving.com)

with a copy to (which does not constitute notice):

**MCCARTHY TÉTRAULT LLP**  
Barristers & Solicitors  
Suite 2400, 745 Thurlow Street  
Vancouver, BC V6E 0C5

Attention: Lance Williams

Email: [lwilliams@mccarthy.ca](mailto:lwilliams@mccarthy.ca)

Any notice, demand or other document or delivery so given or made will be deemed to have been given or made and received at the time of delivery in person or on the business day the transmission was sent successfully to the address set out above, as the case may be. Any party hereto may from time to time by notice in writing change his or its address (or in the case of a corporate party, the designated recipient) for the purposes of this section.

**END OF DOCUMENT**

0115

This is Exhibit "E" referred to in the affidavit  
of Luke Pretty sworn before me at Vancouver  
this 29 day of November, 2022.

  
\_\_\_\_\_  
A Commissioner for taking Affidavits for British Columbia

**GENERAL SECURITY AGREEMENT**

**THIS GENERAL SECURITY AGREEMENT** is dated March 10, 2022 and made,

**BETWEEN:**

**LIVING BEACHSIDE DEVELOPMENT LIMITED PARTNERSHIP**, a limited partnership formed under the *Partnership Act* of British Columbia (LP0758535), by its General Partner, **PORT CAPITAL FARMS (BEACH) INC.**, a company incorporated under the *Business Corporations Act* of British Columbia (BC1180893), having an office at 325 West 4<sup>th</sup> Avenue, Vancouver, BC V5Y 1H3;

and

**SUNNY BEACH MOTEL INC.**, a company under the *Business Corporations Act* of British Columbia (BC0781075), having an office at 325 West 4<sup>th</sup> Avenue, Vancouver, BC V5Y 1H3;

and

**PORT CAPITAL FARMS (BEACH) INC.**, a company incorporated under the *Business Corporations Act* of British Columbia (BC1180893), having an office at 325 West 4<sup>th</sup> Avenue, Vancouver, BC V5Y 1H3;

and

**PORTLIVING FARMS (3624 PARKVIEW) INVESTMENTS INC.**, a company incorporated under the *Business Corporations Act* of British Columbia (BC0394886), having an office at 325 West 4<sup>th</sup> Avenue, Vancouver, BC V5Y 1H3;

and

**PORTLIVING FARMS (3648 PARKVIEW) INVESTMENTS INC.**, a company incorporated under the *Business Corporations Act* of British Columbia (BC1180902), having an office at 325 West 4<sup>th</sup> Avenue, Vancouver, BC V5Y 1H3;

and

**PORTLIVING FARMS (3688 PARKVIEW) INVESTMENTS INC.**, a company incorporated under the *Business Corporations Act* of British Columbia (BC1186761), having an office at 325 West 4<sup>th</sup> Avenue, Vancouver, BC V5Y 1H3;

(collectively, the “Debtor”)



AND:

**1351486 B.C. LTD.**, a company incorporated under the *Business Corporations Act* of British Columbia (BC1351486), having an office at 1556 Kebet Way, Port Coquitlam, BC V3C 5M5;

(the “**Secured Party**”)

## ARTICLE 1 DEFINITIONS

### 1.1 Definitions

In this Agreement the following words and phrases will have the meanings set out below unless the parties or the context otherwise require(s).

- (a) “**Act**” means the *Personal Property Security Act* of British Columbia and the regulations thereunder, as amended, restated or replaced by successor legislation of comparable effect.
- (b) “**Agreement**” or “**this Agreement**” means this Agreement including all recitals and schedules hereto, as modified, amended, restated or replaced from time to time.
- (c) “**Collateral**” means all of the Debtor’s present and after-acquired personal property and interests therein of every nature and kind and wherever situate, including all personal property and interests therein now or hereafter held by the Debtor in trust for the Limited Partnership, including all proceeds (including proceeds) derived therefrom that are present or after-acquired personal property or other assets or undertaking of any nature or kind, tangible or intangible, legal or equitable, wherever the same may be situate, (including proceeds derived directly or indirectly from any dealing with the personal property charged hereby (including proceeds), all rights to insurance payments and other payments as indemnity or compensation for loss thereof or damage thereto, and all payments made in total or partial discharge or redemption of securities, instruments, chattel paper or intangibles (including accounts) comprised therein).
- (d) “**Debtor**” means the party so described above and its successors and assigns, whether immediate or derivative.
- (e) “**Encumbrances**” means all security interests, assignments, mortgages, hypothecs, pledges, liens, claims, charges, (whether fixed or floating), or encumbrances whatsoever.
- (f) “**Events of Default**” means the events of default described in Article 7 of this Agreement and “**Event of Default**” means any one of them.
- (g) “**Intellectual Property**” in respect of a Person means present and after acquired intellectual or industrial property of that Person, including, without limitation, all patents, patent applications, inventions, copyright (whether registered or not), copyright applications, trademarks, (whether registered or not), trademark

applications, trade names, moral and personality rights, industrial designs (whether registered or not), industrial design applications, trade secrets, know-how, confidential and other proprietary information, and contractual rights and any and all covenants not to compete in favour of that Person, and all income, royalties, damages, payments and claims now and hereafter due and or payable to that Person with respect thereto.

- (h) **“Obligants”** means the Debtor and all (other) Persons who are from time to time liable to the Secured Party pursuant to any Other Document for the payment, observance or performance of the whole or any portion of the Secured Obligations, whether directly or indirectly, absolutely or contingently, jointly, severally or jointly and severally and includes all Persons who from time to time otherwise become liable for, or who agree to indemnify the Secured Party for any loss, costs or damages as a result of the failure of any other Persons to pay, observe or perform any of the Secured Obligations and **“Obligant”** means any of them.
- (i) **“Other Document”** means any instrument or document other than this Agreement which evidences, secures or evidences or secures the payment, observance, observance and performance of the Secured Obligations in whole or in part.
- (a) **“material adverse effect”** in respect of any Obligant means a material adverse effect on:
  - (i) the business, operations, affairs, financial condition, property, assets or undertakings of one or more of the Obligants, or
  - (ii) the validity, priority or enforceability of any Security Documents (including this Agreement) to which that Obligant is a party or by which any of its property, assets and undertakings are bound;
- (j) **“Persons”** or **“Person”** means and includes any individual, sole proprietorship, corporation, partnership, bank, joint venture, trust, unincorporated association, association, institution, entity, party or government (whether national, federal, provincial, state, municipal, city, county or otherwise and including any instrumentality, division, agency, body or department thereof).
- (k) **“Permitted Encumbrances”** means as of any particular time in respect of any particular Collateral, any of the following:
  - (i) liens for taxes, assessments or governmental charges or levies not at the time due and delinquent or the validity of which is being contested in good faith at the time by the Debtor and in respect of which the Debtor has set aside on its books reserves reasonably considered by it to be adequate therefor, and provided that the Secured Party is satisfied with the adequacy of such reserves;

- (ii) the lien of any judgment rendered or claim filed against the Debtor which the Debtor is contesting in good faith at the time and in respect of which the Debtor has set aside on its books reserves reasonably considered by it to be adequate therefor, and provided that the Secured Party is satisfied with the adequacy of such reserves;
  - (iii) undetermined or inchoate liens and charges incidental to current construction or repairs or current operations which have not at the time been filed pursuant to law against the Debtor or which relate to obligations not due or delinquent;
  - (iv) maritime, warehousemen's, woodsmen's, carriers' and other similar liens which relate to obligations not due or delinquent;
  - (v) the Encumbrance resulting from the deposit of cash or obligations as security when the Debtor has required to do so by governmental or other public authority or by normal business practice in connection with contracts, licences or tenders or similar matters in the ordinary course of business and for the purpose of carrying on the same or to secure Workers' Compensation, surety or appeal bonds or to secure costs of litigation when required by law;
  - (vi) public and statutory obligations which are not due or delinquent, and security given to a public utility or any municipality or governmental or other public authority when required by such utility or other authority in connection with the operations of the Debtor;
  - (vii) easements, rights-of-way or similar rights in land granted to or reserved by other Persons that may be required by the municipality in which the Lands are located or which do not materially impair the business of the Debtor in respect of such land;
  - (viii) reservations, limitations, provisions and conditions expressed in original grant of land from the Crown;
  - (ix) Section 219 covenants under the *Land Title Act* of British Columbia;
  - (x) any Encumbrance in favour of the Senior Lender;
  - (xi) any Encumbrance in favour of the Secured Party; and
  - (xii) any Encumbrance described or referred to in Schedule "A" hereto.
- (l) **"Secured Obligations"** means the obligations of the Debtor to the Secured Party (including all future advances and re-advances) whether direct or indirect, absolute or contingent, joint, several or joint and several, matured or not, extended or renewed, wherever and however incurred, of whatever nature or kind and whether or not evidenced or secured by any Other Document, or provided for herein.

- (m) “**Secured Party**” means the party so described above and its successors and assigns, whether immediate or derivative.
- (n) “**Senior Lender**” means 1341550 B.C. Ltd., or such other lender that may hold a first priority charge over the Collateral.

## 1.2 Applicability of Act

Words used in this Agreement that are defined in the Act will have the respective meanings ascribed to them in the Act, unless otherwise defined herein.

## ARTICLE 2 SECURITY INTEREST

### 2.1 Creation of Security Interest

Subject to the rights of the Senior Lender, for valuable consideration and as continuing security for the payment, observance and performance of each and all of the Secured Obligations:

- (a) **Fixed Security Interest:** the Debtor:
  - (i) grants to the Secured Party (who takes from the Debtor) a continuing security interest in the Collateral;
  - (ii) grants, mortgages and charges the Collateral to the Secured Party by way of a fixed and specific charge; and
  - (iii) absolutely assigns the Collateral to the Secured Party.
- (b) **Floating Charge:** the Debtor grants to the Secured Party a floating charge over all of the Debtor’s present and after-acquired right, title, interest and benefit in and to:
  - (i) all property, assets and undertaking of every nature and kind and wherever situate and not subject to the fixed security interest described in the immediately preceding subparagraph (a) (including all real, immovable and leasehold property and all buildings, structures, fixtures and improvements and easements, rights of way, privileges, benefits, licences, profits and other rights, whether connected with or appurtenant to such property or otherwise); and
  - (ii) all of its goodwill and uncalled capital.
- (c) **Intellectual Property:** without limiting the generality of the foregoing, the Debtor grants to the Secured Party, by way of a mortgage and charge, a security interest in all its Intellectual Property and all proceeds thereof and therefrom, renewals thereof, accessions thereto and substitutions therefor.

## 2.2 Exceptions

There shall be excepted out of or excluded from the assignment(s), charge(s) and or security interest(s) created by this Agreement:

- (a) **Last 10 Days of Lease:** the last 10 days of the term created by any lease or agreement therefor (but the Debtor shall stand possessed of the reversion thereby remaining upon trust to assign and dispose thereof to any third party as the Secured Party shall direct);
- (b) **Consumer Goods:** any consumer goods of the Debtor; and
- (c) **Agreements Requiring Consent:** with respect to each agreement or other asset that requires the consent or approval of another party thereto for the creation of a security interest or charge therein, the security interests or charges created hereby will not become effective therein until all such consents or approvals have been obtained, or until such other assurances as may be acceptable to the Secured Party have been received, but until then the Debtor shall stand possessed of such asset in trust to dispose of as the Secured Party may direct.

There shall be excepted out of or excluded from the assignment provided for in subparagraph 2.1(a)(iii), all Intellectual Property now or hereafter included in the Collateral.

## 2.3 Attachment

The Debtor acknowledges that value has been given, the security interests hereby created attach upon the execution of this Agreement (or in the case of any after acquired property, upon the date of acquisition thereof by or on behalf of the Debtor) and the Debtor has (or in the case of after acquired property will have) rights in the Collateral.

## 2.4 Multiple Debtors

It is understood that if the Debtor is comprised of more than one Person, the charges created by the Debtor hereunder pursuant to Section 2.1 hereof shall be interpreted to be charges created by each such Person in respect of both its individually owned or acquired present and future property and the property now or hereafter held by it with one or more other such Persons as if that Person had granted such charges either alone or jointly with one or more other such Persons pursuant to Section 2.1 hereof.

# ARTICLE 3 SECURED OBLIGATIONS

## 3.1 Secured Obligations

This Agreement, the Collateral and the security and other interests hereby created are in addition to and not in substitution for any other security interest now or hereafter held by the Secured Party from the Debtor or from any other Person whomsoever and will be general and continuing security for the payment, performance and observance of the Secured Obligations.

**ARTICLE 4**  
**DEBTOR'S REPRESENTATIONS AND WARRANTIES**

**4.1 General**

The Debtor makes the representations and warranties set out in this paragraph 4.1 to and for the benefit of the Secured Party.

- (a) **Incorporation:** The Debtor, if a body corporate, is duly incorporated, properly organized and validly existing under the laws of the Province of British Columbia.
- (b) **Partnership:** The Debtor, if a partnership, has been duly formed as and validly exists as a partnership under the laws of the Province of British Columbia.
- (c) **Power and Authority:** The Debtor has full power and lawful authority:
  - (i) to own real and personal property; and
  - (ii) to borrow and guarantee the repayment of money and grant security therefor (including this Agreement and the security interest and any floating charge hereby created).
- (d) **Proceedings and Enforceability:** The Debtor, if a body corporate or partnership, represents and warrants that this Agreement is granted in accordance with resolutions of the directors (and of the shareholders as applicable) or the partners, as the case may be, of the Debtor or the general partner of the Debtor as the case may be and all other matters and things have been done and performed so as to authorize and make the execution and delivery of this Agreement and the performance of the Secured Obligations hereunder, a valid and legally binding obligation of the Debtor enforceable in accordance with its terms, subject only to bankruptcy, insolvency or other statutes or judicial decisions affecting the enforcement of creditors' rights generally and to general principles of equity.
- (e) **No Actions or Material Adverse Changes:** There is no action or proceeding pending or, to the knowledge of the Debtor, threatened against the Debtor before any court, administrative agency, tribunal, arbitrator, government or governmental agency, and there is no fact known to the Debtor and not disclosed to the Secured Party which might involve any material adverse change in the properties, business, prospects or condition of the Debtor, or which question the validity of this Agreement or any other material agreement to which the Debtor is a party (or the Debtor's ability to perform its obligations under this Agreement) and there are no outstanding judgments, writs of execution, work orders, injunctions, directives against the Debtor or its properties;
- (f) **Non-Conflict:** Neither the execution nor the performance of this Agreement requires the approval of any regulatory agency having jurisdiction over the Debtor nor is this Agreement in contravention of or in conflict with the articles, by-laws or resolutions of the directors (or shareholders) of the Debtor, or of the provisions of any agreement to which the Debtor is a party or by which any of its property may

be bound or of any statute, regulation, by-law, ordinance or other law, or of any judgment, decree, award, ruling or order to which the Debtor or any of its property may be subject.

- (g) **No Default:** The Debtor is not in breach or default under any agreement to which it is a party which if not cured would have a material adverse effect upon the Debtor or the Collateral.
- (h) **No Liens:** Except for Permitted Encumbrances, the Debtor has paid and discharged all claims and demands of all employees, contractors, subcontractors, material men, mechanics, carriers, warehousemen, landlords, and other like persons, and all governmental taxes, assessments, withholdings, remittances, charges, levies, and claims levied or imposed, which, if unpaid, become or might become an Encumbrance upon any or all of the properties, assets, earnings, or operations of the Debtor.
- (i) **Ownership and Collateral Free of Encumbrances:** The Debtor is the owner of or has rights in the Collateral free and clear of all Encumbrances whatsoever save only Permitted Encumbrances. The Debtor has not, within the last 60 days, acquired rights in the Collateral from a vendor, lessor or other person where its chief executive office or principal residence is, or within the last 60 days has been, located outside of British Columbia.
- (j) **No Other Corporate Names or Styles:** The Debtor does not now carry on business under or use any name or style other than the names specified in this Agreement.
- (k) **Chief Executive Office:** The Debtor has its chief executive office at the location described in Schedule "B".
- (l) **Location of Collateral:** The Collateral will be maintained (or in the case of mobile goods based) at the locations described in Schedule "B" or at any other location in British Columbia or any other jurisdictions disclosed in Schedule "B".
- (m) **Insurance:** The Collateral is insured in accordance with the terms hereof.
- (n) **Serial Numbered Goods:** The type, make (or manufacturer), model and serial number of each motor vehicle, trailer, manufactured home, boat, outboard motor and aircraft included in the Collateral and which is not inventory is set out in Schedule "B".
- (o) **Legal and Trade Names:** Each name of the Debtor (including its name in any French or combined English-French form) is set out on the first page hereof, and the Debtor has not had, used, or carried on business under, and will not at any time have, use or carry on business under, any other name (including any French or combined English-French form) except as disclosed in Schedule "B" or upon giving 15 days' prior written notice to the Secured Party.

- (p) **Rights in Collateral:** Save and except for the Senior Lender, no Person other than the Debtor has any rights in the Collateral except as noted in Schedule "B".
- (q) **Solvency:** the assets of the Debtor exceeds its liabilities and the Debtor is able to meet its obligations as the same become due.
- (r) **Intellectual Property:**
  - (i) **Ownership:** the Debtor is the owner of the Intellectual Property applications and registrations (if any) described in Schedule "B"; there are no outstanding claims of ownership by third parties in respect of such registrations and applications; and all are valid and in good standing.
  - (ii) **Trade Marks:** all trade-mark and industrial designs described in Schedule "B" have been in continuous use and that use has been proper in relation to the wares and/or services of Debtor; only the Debtor has used the trade-marks, or if there are any third party users of the Debtor's trade-marks, such third party users are properly licensed to use such trade-marks.
  - (iii) **Assignments:** all assignments and Other Document affecting the Debtor's Intellectual Property rights have been disclosed and provided to the Secured Party.
  - (iv) **Claims:** there are no outstanding or threatened claims or proceedings with respect to the Debtor's Intellectual Property.
  - (v) **Third Party Intellectual Property:** all necessary assignments and license agreements have been properly executed by the Debtor for use of third party Intellectual Property.

## ARTICLE 5 DEBTOR'S COVENANTS

### 5.1 General Covenants

The Debtor covenants and agrees with the Secured Party as set forth in this Section 5.1 unless compliance with any such covenants is waived by the Secured Party in writing, or unless non-compliance with any such covenants is otherwise consented to by the Secured Party by written agreement with the Debtor.

- (a) **Compliance with Secured Obligations:** The Debtor shall strictly comply with all of the Secured Obligations.
- (b) **Use of Advances:** All advances, including future advances, advanced or extended by the Secured Party to or for the benefit of the Debtor shall be used in the ordinary course of the Debtor's business for the purposes agreed to by the Secured Party and for no other purpose, and the Debtor shall supply the Secured Party with such evidence as it may reasonably request from time to time as to the application of such advances.



- (c) **Keep Collateral in Good Repair:** The Debtor shall keep the Collateral in good order, condition and repair.
- (d) **Conduct of Business:** The Debtor shall carry on and conduct its affairs in a proper and efficient manner so as to protect and preserve the Collateral and shall maintain places of business at the locations disclosed in Schedule "B".
- (e) **Payment of Other Sums Due:** The Debtor shall pay when due all amounts which are payable by it in connection with the Collateral, howsoever arising, including without limiting the generality of the foregoing, all rents, charges, taxes, rates, levies, assessments, fees and duties of every nature which may be levied, assessed or imposed against or in respect of the Collateral of the Debtor and shall provide the Secured Party with evidence of such payment upon request.
- (f) **Notice of Encumbrances and Proceedings:** The Debtor shall promptly notify the Secured Party of any Encumbrance made or asserted against any of the Collateral, and of any suit, action or proceeding affecting any of the Collateral or which could affect the Debtor. The Debtor shall, at its own expense, defend the Collateral against any and all Encumbrances (other than any Permitted Encumbrances) and against any and all such suits, actions or proceedings.
- (g) **No Accessions or Fixtures:** The Debtor shall prevent the Collateral from becoming an accession to any property other than other items of the Collateral or from becoming a Fixture unless the security interests hereby created rank prior to the interests of all other persons in the applicable property.
- (h) **Marking the Collateral:** The Debtor shall, at the request of the Secured Party, mark, or otherwise take appropriate steps to identify, the Collateral to indicate clearly that it is subject to the security interests hereby created.
- (i) **Notice of Loss of Collateral:** The Debtor shall give immediate written notice to the Secured Party of all loss or damage to or loss or possession of the Collateral otherwise than by disposition in accordance with the terms hereof.
- (j) **Inspection of Records and Collateral:** The Debtor shall at all times:
  - (i) keep accurate and complete records of the Collateral as well as proper books of account for its business all in accordance with generally accepted accounting principles, consistently applied; and
  - (ii) upon not less than three days notice permit the Secured Party or its authorized agents to have access to all premises occupied by the Debtor or any place where the Collateral may be found to inspect the Collateral and to examine the books of accounts, financial records and reports of the Debtor and to have temporary custody of, make copies of and take extracts from such books, records and reports.
- (k) **Access to Computer Information:** In the event that the use of a computer system is required to access any information and data which the Secured Party is entitled

to access and examine hereunder, the Debtor shall allow the Secured Party the use of its computer system for such purpose and shall provide assistance in that regard. If for any reason such information and data cannot be accessed and retrieved at the Debtor premises, the Secured Party may remove the medium in which such information or data is stored from the Debtor's premises to any other place which has a computer system that will give the Secured Party the opportunity to retrieve, record or copy such information and data. The Secured Party is hereby authorized to reproduce and retain a copy of any such information and data in any format whatsoever.

- (l) **Delivery of Documents:** The Debtor shall promptly deliver to the Secured Party upon request:
  - (i) all policies and certificates of insurance relating to the Collateral.
  - (ii) any documents of title and instruments representing or relating to the Collateral.
  - (iii) a list of the Collateral, specifying make, model, name of manufacturer and serial number, where applicable, for each item of the Collateral; and
  - (iv) such information concerning the Collateral, the Debtor and the Debtor's operations and affairs as the Secured Party may request.
  
- (m) **Risk and Insurance:** The Debtor shall bear the sole risk of any loss, damage, destruction or confiscation of or to the Collateral during the Debtor's possession hereunder or otherwise after default hereunder. The Debtor shall insure the Collateral with insurers acceptable to the Secured Party against loss or damage by fire, theft or other insurable perils customarily insured against by persons having an interest in such Collateral for the full insurable value thereof with the Secured Party as a named insured and with loss payable to the Secured Party as its interest may appear. If the Debtor fails to so insure, the Secured Party may, but shall not be required to, insure the Collateral and the premiums for such insurance will be added to the Secured Obligations and be secured hereby.
  
- (n) **Proceeds in Trust:** The Debtor shall hold all proceeds in trust, separate and apart from other money, instruments or property, for the benefit of the Secured Party until all amounts owing by the Debtor to the Secured Party have been paid in full.
  
- (o) **Reliance and Survival:** All representations and warranties of the Debtor made herein or in any certificate or other document delivered by or on behalf of the Debtor for the benefit of the Secured Party are material, will survive the execution and delivery of this Agreement and will continue in full force and effect without time limit. The Secured Party is deemed to have relied upon each such representation and warranty notwithstanding any investigation made by or on behalf of the Secured Party at any time.
  
- (p) **Compliance with Agreements and Laws:** The Debtor shall not use the Collateral in violation of this Agreement or any other agreement relating to the Collateral or

any policy insuring the Collateral or any applicable statute, law, by-law, rule, regulation, court order or ordinance.

(q) **Disposition of Collateral:** Except as hereinafter provided, the Debtor shall not, without the prior written consent of the Secured Party:

- (i) assign, sell, lease, exchange, or otherwise dispose of the Collateral or any interest therein; or
- (ii) release, surrender or abandon possession of any of the Collateral; or
- (iii) move or transfer the Collateral from its present location,

provided that so long as no Event of Default remains outstanding, the Debtor may sell or lease inventory in the ordinary course of business and for the purpose of carrying on the same, and subject to the provisions of Section 5.1(b) hereof use monies available to the Debtor.

For any item of the Collateral which has become worn out, damaged or otherwise unsuitable for its purpose, the Debtor may substitute for such item property of equal value free from all Encumbrances except Permitted Encumbrances. All substituted property shall become part of the Collateral as soon as the Debtor acquires any interest in it. The Debtor shall give immediate written notice to the Secured Party of the occurrence of any event referred to in this paragraph.

(r) **Encumbrances:** The Debtor shall not create, assume or suffer to exist any Encumbrance in, of or on any of the Collateral except for Permitted Encumbrances.

(s) **Change of Name:** The Debtor shall not change its name without giving to the Secured Party 20 days' prior written notice of the change.

(t) **Serial Numbered Goods:** Upon the Debtor's acquisition of rights in additional serial numbered goods which are not inventory, or upon repossession by or return to the Debtor of any such goods, the Debtor shall immediately give the Secured Party written notice of full particulars thereof.

(u) **Liability for Deficiency:** If the aggregate sum realized as a result of any realization pursuant hereto is not sufficient to pay the whole amount of the Secured Obligations, the Debtor shall forthwith pay to the Secured Party the full amount of the deficiency plus interest thereon at the rate or rates applicable to the Secured Obligations.

(v) **Notification:** The Debtor shall notify the Secured Party promptly:

- (i) Scheduled Information: any change in the information contained herein or in the Schedules hereto relating to the Debtor, the Debtor's name, the Debtor's business or the Collateral.
- (ii) Acquisitions: the details of any significant acquisition of Collateral.

- (iii) Litigation: the details of any claims or litigation affecting the Debtor or the Collateral.
- (iv) Account Debtors: any default by any Account Debtor in payment or other performance of obligations of that Person comprised in the Collateral.
- (v) Return of Collateral: the return to, or repossession by, the Debtor of Collateral.
- (w) **Payments**: The Debtor shall forthwith pay:
  - (i) Employee obligations: all obligations to its employees and all obligations to others which relate to its employees when due, including, without limitation, all taxes, duties, levies, government fees, claims and dues related to its employees.
  - (ii) Taxes: all taxes, assessments, rates, duties, levies, government fees, claims and dues lawfully levied, assessed or imposed upon it or the Collateral when due, unless the Debtor shall in good faith contests its obligations so to pay and furnishes such security as the Secured Party may require.
  - (iii) Prior Encumbrances: all Encumbrances which rank or could in any event rank in priority to or pari passu with the security constituted by this Agreement.
- (x) **Deliveries**: The Debtor shall deliver to the Secured Party from time to time promptly upon written request:
  - (i) Documents of Title, Instruments, Securities and Chattel Paper: any documents of title, instruments, securities and chattel paper comprised in or relating to the Collateral.
  - (ii) Books of Account and Records: all books of account and all records, ledgers, reports, correspondence, schedules, documents, statements, lists and other writings relating to the Collateral for the purpose of inspecting, auditing or copying the same.
  - (iii) Financial Statements: all financial statements prepared by or for the Debtor regarding the Debtor's business.
  - (iv) Insurance Policies: all policies and certificates of insurance relating to the Collateral.
  - (v) Serial Number: a list of the Collateral, specifying make, model, name of manufacturer and serial number, where applicable, for each item of the Collateral.
  - (vi) Other Information: such information concerning the Collateral, the Debtor and Debtor's business and affairs as the Secured Party may reasonably require.

- (y) **Intellectual Property:** The Debtor shall:
- (i) Registration of present Intellectual Property: where commercially reasonable, apply to file applications and complete registrations on any of its present Intellectual Property which is not currently protected by an application or registration, including any and all improvements to Intellectual Property and, where commercially reasonable, apply to file registrations on unregistered trade-marks in Canada and the United States.
  - (ii) Registration of after acquired Intellectual Property: apply to file applications and complete registrations of all Intellectual Property hereafter acquired by it in all jurisdictions where commercially reasonable.
  - (iii) Maintain Records: keep up-to-date witnessed records regarding its Intellectual Property.
  - (iv) Confidentiality Agreements: enter into confidentiality agreements with employees and other third parties who may invent, create, discover, author and/or reduce to practice Intellectual Property for the Debtor and who may have access to confidential information of the Debtor.
  - (v) License/Assignment Agreements: ensure that all Intellectual Property hereafter acquired by it from third parties is properly acquired by way of a written license agreement or assignment.
  - (vi) List of unregistered trade marks etc.: provide, upon written request by the Secured Party, a list of all of its registered and unregistered trade-marks, patent applications, issued patents, copyright, industrial designs and other Intellectual Property; and
  - (vii) Mark Products: mark all of its products and advertising appropriately to maintain the validity of all of its Intellectual Property rights.

## ARTICLE 6 PERFORMANCE OF OBLIGATIONS

### 6.1 Perform Obligations

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

**ARTICLE 7  
DEFAULT**

**7.1 Default**

Notwithstanding that any one or more of the Secured Obligations may be payable on demand and without prejudice thereto, the Debtor shall be in default under this Agreement upon the occurrence of any of the following events:

- (a) if there is a default or a breach by the Debtor (or by any other Person bound hereby) of any covenant, agreement, term, condition, stipulation or provision contained herein; or
- (b) if any representation or warranty contained herein or in any certificate, declaration, application or other instrument delivered pursuant hereto, is found at any time to be incorrect in any material respect; or
- (c) if at any time there is an event of default or a breach by any Obligor under any Other Document; or
- (d) if there is an event of default or breach by any Obligor under any other loan made by the Secured Party to or guaranteed by the Obligor or any Person comprising of the Obligor; or
- (e) if an Obligor becomes bankrupt or insolvent or makes or demonstrates an intention to make an assignment for the benefit of its creditors or makes a proposal or takes advantage of any provision of the *Bankruptcy and Insolvency Act* of Canada or any other legislation for the benefit of the insolvent debtors; or
- (f) if any proceedings with respect to an Obligor are commenced under the compromise or arrangement provisions of any applicable legislation, or an Obligor enters into an arrangement or compromise with any or all of its creditors pursuant to such provisions or otherwise; or
- (g) if a receiver or receiver-manager is appointed by a Court or any other Person in respect of an Obligor, or any part of the property, assets or undertakings charged by this agreement or any Other Document; or
- (h) if the Debtor or any other Person who becomes an owner of an interest in any of the Collateral while this Agreement is in effect, without the prior consent in writing of the Secured Party, grants or proposes to grant an Encumbrance upon or in respect of that Collateral other than pursuant to this Agreement or a Permitted Encumbrance; or
- (i) if any execution, sequestration, extent or any other process of any other kind is levied or enforced upon or against the Collateral or any part thereof by any Person other than the Secured Party and remains unsatisfied for a period of 10 days; or
- (j) if the holder (other than the Secured Party) of any Encumbrance against any of the Collateral does anything to enforce or realize on such Encumbrance; or

- (k) if in the opinion of the Secured Party a material portion of the Collateral is lost, damaged or destroyed; or
- (l) if an Obligant ceases, or threatens to cease, to carry on his, her or its business as the same is conducted by that Obligant from time to time; or
- (m) if any of the moneys secured under this Agreement as part of the Secured Obligations are used for any purpose other than as declared to and agreed upon by the Secured Party; or
- (n) if an Obligant is a corporation and:
  - (i) it authorizes the purchase or charging of a majority of its shares without the prior written consent of the Secured Party; or
  - (ii) one of its members commences an action against it which action relates to the Secured Obligations, or gives a notice of dissent in accordance with the provisions of the *Business Corporations Act* of British Columbia, or amendments thereto or a similar notice by a shareholder under other applicable legislation; or
  - (iii) it carries on any business that it is restricted from carrying on by its constating documents; or
  - (iv) an order is made, a resolution is passed or a motion is filed for its liquidation, dissolution or winding-up; or
  - (v) there is any change in its beneficial ownership of its shares from the ownership of same which exists as of the date of the execution of this Agreement by the Debtor; or
- (o) if an Obligant is a general partnership and:
  - (i) it carries on business that it is restricted from carrying on by its partnership agreement; or
  - (ii) there is any change in the Persons comprising the partnership; or
- (p) if an Obligant is a limited partnership and:
  - (i) it authorizes the purchase or redemption of its units without the Secured Party's prior written consent; or
  - (ii) it carries on any business it that it is restricted from carrying on by its limited partnership agreement; or
  - (iii) there is any change in the beneficial ownership of its units from the ownership of same that exists as of the date of the execution of this Agreement by the Debtor; or

- (q) if an Obligant who is an individual dies or is declared incompetent by a court of competent jurisdiction; or
- (r) if in the opinion of the Secured Party, any material portion of the Collateral becomes the subject of expropriation proceedings; or
- (s) if there is or has been a material adverse change in the financial condition of an Obligant or in the value of the any property charged in favour of the Secured Party pursuant to any one or more of the Other Documents; or
- (t) if the Secured Party in good faith believes and has commercially reasonable grounds to believe that:
  - (i) the prospect for payment of any of the Secured Obligations or the observance and performance of all or any part of the Debtor's obligations in connection therewith is impaired; or
  - (ii) any of the property charged in the Secured Party's favour pursuant to any one or more of the Other Documents is or is about to be placed in jeopardy.

## 7.2 Floating Charge

The floating charge created hereby will become a fixed charge upon the earlier of the occurrence of an Event of Default referred to in paragraphs (e), (f), (g), (h) or (l) of Section 7.1 and the taking by the Secured Party of any action to enforce and realize on the security interest(s) created hereby.

## ARTICLE 8 RIGHTS, REMEDIES AND POWERS

### 8.1 Before and After Default

At any time and from time to time without notice, whether before or after an Event of Default, the Secured Party will have the right and power (but will not be obligated):

- (a) **Inspection and Records:** to inspect the Collateral whenever the Secured Party considers it appropriate to do so, and to inspect, review, audit and copy any or all information relating thereto or to the Collateral or to any other transactions between the parties hereto wherever and however such information is stored, and for such purposes may at any time with or without notice enter into and upon any lands, buildings and premises where the Collateral or any such information is or may be;
- (b) **Set-Off:** to set off the Secured Obligations against any or all debts and liabilities, direct and indirect, absolute and contingent, in any currency, now existing or hereafter incurred by the Secured Party in any capacity in favour of the Debtor;
- (c) **Perfection of Charges:** to file such financing statements, financing change statements and Other Document and do such other acts, matters and things (including completing and adding schedules hereto identifying the Collateral or any



permitted liens affecting the Collateral or identifying the locations at which the Debtor's business is carried on and where the Collateral and records relating thereto are situate) as the Secured Party may consider appropriate to perfect, preserve, continue and realize upon the security interest created hereby, all without the consent of or notice to the Debtor; and

- (d) **Extensions and Other Indulgences:** to grant extensions of time and other indulgences, take and give up security, accept compositions, compound, compromise, settle, grant releases and discharges, refrain from perfecting or maintaining perfection of Encumbrances, and otherwise deal with the Debtor and other obligors of the Debtor, sureties and others and with the Collateral and Encumbrances as the Secured Party may consider appropriate, all without prejudice to the liability of the Debtor or the Secured Party's rights to hold and realize on the security interest created hereby.

## 8.2 After Default

Upon the occurrence of an Event of Default and at any time thereafter, the Secured Party may exercise any or all of the rights, remedies and powers of the Secured Party under the Act, or otherwise existing, whether under this Agreement or any other agreement or at law or in equity, all of which other rights, remedies and powers are hereby incorporated as if expressly set out herein. In addition to the foregoing, the Secured Party will have the right and power (but will not be obligated):

- (a) **Withhold Advances:** to withhold any or all advances, including future advances;
- (b) **Accelerate Secured Obligations:** to declare any or all of the Secured Obligations to be immediately due and payable;
- (c) **Enter and Take Possession:** to take possession of the Collateral and to collect and get in the same, and for such purposes may at any time, with or without notice or legal process and to the exclusion of all others including the Debtor and its servants, agents and employees, enter into and upon, use and occupy any lands, buildings and premises wheresoever and whatsoever, where the Collateral is or may be located and do any act and take any proceedings in the name of the Debtor or otherwise, as the Secured Party may consider appropriate, and the Debtor hereby waives and releases the Secured Party and any Receiver from any and all claims in connection therewith or arising therefrom;
- (d) **Receive Payments:** to receive income, rents, profits, increases, payments, damages and proceeds from and in respect of the Collateral and to demand, collect (by legal proceedings or otherwise), endorse, sue on, enforce, realize, recover, receive and get in the same, and for such purposes may give valid and binding receipts and discharges therefor and in respect thereof and may do any act and take any proceedings in the name of the Debtor or otherwise as the Secured Party may consider appropriate;
- (e) **Control of Proceeds:** to take control of any or all proceeds where the Collateral (including proceeds) is dealt with or otherwise gives rise to proceeds;

- (f) **Use and Protection of the Collateral:** to use, hold, insure, preserve, repair, process, maintain, protect and prepare the Collateral for disposition and to renew or replace such of the Collateral as may be worn out, lost or otherwise unserviceable, in the manner and to the extent that the Secured Party may consider appropriate;
- (g) **Disposition of the Collateral:** to sell, lease, rent or otherwise dispose of or concur in the sale, lease, rental or other disposition of the Collateral, whether in or out of the ordinary course of business, by private or public sale, lease or other disposition, with or without notice, advertising or any other formality, either for cash or in any manner involving deferred payment in whole or in part, at such time or times and upon such terms and conditions as the Secured Party may consider appropriate and for such prices or consideration as can reasonably be obtained at such time therefor, and to carry any such disposition into effect by conveying title and executing agreements and assurances in the name of the Debtor or otherwise as the Secured Party may consider appropriate, and to make any stipulations as to title or conveyance or commencement of title or otherwise as the Secured Party may consider appropriate, and to buy in or rescind or vary any contract for the disposition of the Collateral and to re-dispose of the same without being answerable for any loss occasioned thereby;
- (h) **Exercise and Enforcement of Debtor's Rights:** to exercise as to the Collateral any or all of the rights, remedies and powers of the Debtor, and to enforce the observance and performance by others of all other obligations and liabilities under or in respect of the Collateral;
- (i) **Payment of Liabilities:** to pay any or all debts and liabilities in connection with the Collateral;
- (j) **Arrangements:** to enter into any compromise, extension, reorganization, deposit, merger or consolidation agreement or similar arrangement in any way relating to or affecting the Collateral, and in connection therewith may deposit, exchange or surrender control of the Collateral and accept other property upon such terms as the Secured Party may consider appropriate, and either with or without payment or exchange of Money for equality of exchange or otherwise;
- (k) **Institution and Defence of Actions:** to institute and prosecute all suits, proceedings and actions which the Secured Party may consider necessary or advisable for the proper protection or enforcement of the Collateral, and to defend all suits, proceedings and actions against the Debtor, and to appear in and conduct the prosecution and defence of any suit, proceeding or action then pending or thereafter instituted, and to appeal any suit, proceeding or action;
- (l) **Foreclosure:** to exercise its rights under the Act, as amended from time to time, to give notice of a proposal to take, and to subsequently take, the Collateral in satisfaction of the Secured Obligations;
- (m) **Real Property Realization:** to proceed as to the Collateral as if the Collateral were land;

- (n) **Other Means of Enforcement:** to otherwise enforce this Agreement and realize upon the security interest created hereby by any method permitted by law, including by bringing action to recover a judgment or by taking proceedings to obtain a certificate under the *Creditor Assistance Act* of British Columbia against the Debtor, and to do all such other acts and things as it may consider incidental or conducive to any of its rights, remedies and powers; and
- (o) **Appointment of Receiver:** to appoint by instrument in writing with or without bond, or to take proceedings in any court of competent jurisdiction for the appointment of, a receiver or receiver manager of the Debtor or the Collateral, including all or any part or parts of the undertaking and business or businesses of the Debtor, and to remove any receiver or receiver manager appointed by the Secured Party and to appoint another in his stead, (and any person so appointed, whether by the Secured Party or a court, will be referred to herein as the "Receiver").

### 8.3 Receiver

Any Receiver will be entitled to exercise any and all rights, remedies and powers of the Secured Party under the Act as amended from time to time or any other applicable legislation or otherwise existing, whether under this Agreement or any other agreement or at law or in equity, all of which other rights, remedies and powers are hereby incorporated as if expressly set out herein, and in addition will have the right and power (but will not be obligated):

- (a) **Carry on Business:** to carry on or concur in carrying on all or any part of the business or businesses of the Debtor;
- (b) **Employ Agents:** to employ and discharge such agents, managers, clerks, lawyers, accountants, servants, workmen and others upon such terms and with such salaries, wages or remuneration as the Receiver may consider appropriate;
- (c) **Raise Funds and Grant Security:** to borrow or otherwise raise on the security of the Collateral or otherwise any sum or sums of money required for the seizure, retaking, repossession, holding, insuring, repairing, processing, maintaining, protecting, preparing for disposition and disposing of the Collateral, or for the carrying on of all or any part of the business or businesses of the Debtor, or to complete any construction or repair of lands owned by the Debtor or any part thereof, or for any other enforcement of this Agreement, in such sum or sums as will in the opinion of the Receiver be sufficient for obtaining the amounts from time to time required, and in so doing may issue certificates which may be payable either to order or to bearer and may be payable at such time or times as the Receiver may consider appropriate and may bear interest as stated therein, and the amounts from time to time payable by virtue of such certificates will form an Encumbrance in and upon the Collateral in priority to the security interest created hereby; and
- (d) **Other Rights:** to exercise any or all rights, remedies and powers conferred or delegated by the Secured Party.

#### 8.4 Rights of Transferees

No purchaser, lessee or other transferee pursuant to any disposition made or purporting to be made pursuant to this Agreement will be bound or concerned to see or enquire whether an Event of Default has occurred or continues, or whether any notice required hereunder has been given, or as to the necessity or expediency of the stipulations subject to which such disposition is to be made, or otherwise as to the propriety of such disposition or the regularity of its proceedings, or be affected by notice that no Event of Default has occurred or continues or that any required notice has not been given or that the disposition is otherwise unnecessary, improper or irregular, and, notwithstanding any impropriety or irregularity whatsoever or notice thereof, the disposition as regards such purchaser, lessee or other transferee will be deemed to be within the powers conferred by this Agreement and will be valid accordingly, and the remedy (if any) of the Debtor in respect of any impropriety or irregularity whatsoever in any such disposition will be in damages only.

#### 8.5 Limitations

The following will apply notwithstanding anything herein contained to the contrary.

- (a) **Failure to Exercise:** Neither the Secured Party nor any Receiver will be liable or accountable for any failure to exercise its rights, remedies or powers.
- (b) **Receiver is Debtor's Agent:** The Receiver will be deemed the agent of the Debtor and not the agent of the Secured Party, and the Debtor shall be solely responsible for the acts and defaults of the Receiver and for its remuneration, costs, charges and expenses, and the Secured Party will not in any way be responsible for any misconduct, negligence or nonfeasance on the part of the Receiver or its servants, agents or employees.
- (c) **Receiver's Liability:** The Receiver will not be liable for any loss unless it is caused by the Receiver's own negligence or wilful default.
- (d) **Accountability for Payments Received:** Each of the Secured Party and any Receiver will only be accountable for and charged with any monies they actually receive.
- (e) **Not Liable Under the Collateral:** This Agreement and the security interest created hereby will not impair or diminish any obligation or liability of the Debtor or any other party or parties under or in respect of the Collateral, and, except as may be provided in the Act, no obligation or liability under or in respect of the Collateral will be imposed upon or incurred by the Secured Party by virtue of this Agreement or the security interest created hereby.
- (f) **Not a Mortgagee in Possession:** None of the provisions of this Agreement nor anything done under or pursuant to the rights, remedies and powers conferred upon the Secured Party and the Receiver, whether hereunder or otherwise, will render the Secured Party a mortgagee in possession.
- (g) **No Duty to Take Steps:** Neither the Secured Party nor any Receiver will be bound to collect, dispose of, realize, enforce or sell any securities, instruments, chattel

paper or intangibles (including any accounts) comprised in the Collateral or to allow any such Collateral to be sold or disposed of, nor will it be responsible for any loss occasioned by any such sale or other dealing or for any failure to sell or so act, nor will it be responsible for any failure to take necessary steps to preserve rights against others in respect of such Collateral nor bound to present, protest or give any notice in connection with any such Collateral nor to perform any act to prevent prescription thereof nor to protect any such Collateral from depreciating in value or becoming worthless, nor will it be responsible for any loss occasioned by the failure to exercise any rights in respect of such Collateral within the time limited for the exercise thereof.

- (h) **No Duty to Keep Property Separate:** Neither the Secured Party nor the Receiver will be obligated to keep the Collateral separate or identifiable.

#### 8.6 Liability of Secured Party

- (a) **No Responsibility for Debt:** The Secured Party will not be responsible or liable for any debts contracted by it, for damages to persons or property or for salaries or non-fulfilment of contracts during any period when the Secured Party will manage the Collateral upon entry of the business of the Debtor, as herein provided, nor will the Secured Party be liable to account as mortgagee in possession or for anything except actual receipts or be liable for any loss or realization or for any default or omission for which a mortgagee in possession may be liable.
- (b) **No Requirement to Perform:** The Secured Party will not be bound to do, observe or perform or to see to the observance or performance by the Debtor of any obligations or covenants imposed upon the Debtor nor will the Secured Party, in the case of securities, instruments or chattel paper, be obliged to reserve rights against other persons, nor will the Secured Party be obliged to keep any of the Collateral identifiable.
- (c) **Waiver:** The Debtor hereby waives any applicable provision of law permitted to be waived by it which imposes higher or greater obligations upon the Secured Party other than provided in this Agreement.

#### 8.7 Application of Proceeds

Any proceeds of any disposition of the Collateral, any net profits of carrying on all or any part of the business or businesses of the Debtor, and any proceeds of any other realization will, at the option of the Secured Party, be held in whole or in part unappropriated in a separate account (as security for any or all of the Secured Obligations including such part or parts thereof as may be contingent or not yet due) or be applied in whole or in part (subject to applicable legislation and the claims of any creditors ranking in priority to the security interest created hereby):

- (a) **Receiver's Costs:** firstly, to the payment of all costs, charges and expenses of and incidental to the appointment of any Receiver and the exercise by the Receiver of any or all of its rights, remedies and powers with respect to the Debtor, the Collateral and this Agreement, including the remuneration of the Receiver and all

amounts properly payable by the Receiver together with all legal costs in respect thereof on a solicitor and his own client basis;

- (b) **Costs of Repossession and Disposition:** secondly, to the payment of all costs, charges and expenses incurred or paid in connection with seizing, repossessing, collecting, holding, repairing, processing, preparing for disposition and disposing of the Collateral and any other expenses of enforcing this Agreement incurred by the Secured Party (including legal fees on a solicitor and his own client basis and all taxes, costs and charges in respect of the Collateral);
- (c) **Secured Obligations:** thirdly, to the payment of the Secured Obligations; and
- (d) **Surplus:** fourthly, any surplus will, subject to the rights of any other creditors of the Debtor, be paid to the Debtor.

### **8.8 Appointment of Attorney**

To enable the Secured Party and any Receiver to exercise the rights, remedies and powers conferred upon them, whether by this Agreement or otherwise, upon the occurrence and during the continuance of an Event of Default the Debtor hereby appoints each of the Secured Party and the Receiver, whoever they may be to be the lawful attorney of the Debtor to do any act or thing and to execute any assurance or instrument (in the name of the Debtor or otherwise) in the exercise of the powers conferred upon them (including carrying out any disposition of the Collateral and for such purpose to affix the Debtor common seal to any deeds, transfers, conveyances, assignments, assurances and things which the Debtor ought to execute to complete any disposition of the Collateral or alternatively to execute the same under its own seal by conveying in the name of and on behalf of Debtor and under its own seal, and any deed or other thing executed by the Secured Party or the Receiver under its own seal pursuant hereto will have the same effect as if it were under the common seal of the Debtor) or which the Debtor ought to do or execute hereunder and to exercise any or all of the rights, remedies and powers of the Debtor in carrying out or attempting to carry out any or all of the rights, remedies and powers conferred upon them. This power of attorney will be irrevocable and coupled with an interest and will survive the death, disability, insolvency or other legal incapacity of the Debtor.

### **8.9 Rights Cumulative**

All rights, remedies and powers of the Secured Party and any Receiver set out in this Agreement are cumulative. No right, remedy or power set out herein is intended to be exclusive but each will be in addition to every other right, remedy and power contained herein or in any other existing or future agreement or now or hereafter existing by statute, at law or in equity.

### **8.10 Order of Realization**

The Secured Party may realize upon the security interest created hereby and any other Encumbrances it may now or hereafter have in such order as it may consider appropriate, and any such realization by any means upon any such Encumbrance will not bar realization upon any other Encumbrance(s).

### **8.11 Waiver**

The Secured Party in its absolute discretion may at any time and from time to time by written notice waive any breach by the Debtor of any of its covenants or agreements herein. No course of dealing between the Debtor and the Secured Party will operate as a waiver of any of the Secured Party's rights, remedies or powers. No failure or delay on the part of the Secured Party to exercise any right, remedy or power given herein or by any other existing or future agreement or now or hereafter existing by statute, at law or in equity will operate as a waiver thereof, nor will any single or partial exercise of any such right, remedy or power preclude any other exercise thereof or the exercise of any other such right, remedy or power, nor will any waiver by the Secured Party be deemed to be a waiver of any subsequent, similar or other event.

## **ARTICLE 9 MISCELLANEOUS**

### **9.1 Costs**

The Debtor shall reimburse the Secured Party on demand for all interest, commissions, costs of realization and other costs and expenses (including the full amount of all legal fees and expenses paid by the Secured Party) incurred by the Secured Party or any Receiver in connection with:

- (a) inspecting the Collateral;
- (b) negotiating, preparing, perfecting and registering this Agreement or any renewal or modification hereof, including the renewal of registration of any financing statement registered or land title office notice filed in connection with the security interests hereby created;
- (c) the enforcement of and advice with respect to this Agreement;
- (d) the realization, disposition of, retention, protection, insuring or collection of any Collateral; and
- (e) the protection or enforcement of the rights, remedies and powers of the Secured Party or any Receiver.

All amounts for which the Debtor required hereunder to reimburse the Secured Party or any Receiver will, from the date of disbursement until the date the Secured Party or the Receiver receives reimbursement, be deemed advanced to the Debtor by the Secured Party, will be deemed to be Secured Obligations and will bear interest at the highest rate per annum charged by the Secured Party on any of the other Secured Obligations.

### **9.2 No Merger**

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

any of the Secured Obligations will not operate as a merger of any of the covenants contained in this Agreement.

### **9.3 No Obligation to Make Advances**

Nothing herein will obligate the Secured Party to make any advance or loan or further advance or extend credit to the Debtor.

### **9.4 Set-Off or Counterclaim**

The obligation of the Debtor to make all payments comprising part of the Secured Obligations is absolute and unconditional and will not be affected by:

- (a) any circumstance, including any set-off, compensation, counterclaim, recoupment, defence or other right which the Debtor may now or hereafter have against the Secured Party or any one or more others for any reason whatsoever; or
- (b) any insolvency, bankruptcy, reorganization or similar proceedings by or against the Debtor.

### **9.5 Statutory Waiver**

To the fullest extent permitted by law, the Debtor waives all of the rights, benefits and protection given by the provisions of any existing or future statute which imposes limitations upon the rights, remedies or powers of a Secured Party or upon the methods of realization of security, including any seize or sue or anti-deficiency statute or any similar provisions of any other statute.

### **9.6 Assignment**

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

### **9.7 Provisions Reasonable**

The Debtor acknowledges that the provisions of this Agreement and, in particular, those respecting rights, remedies and powers of the Secured Party and any Receiver against the Debtor, its business and any Collateral upon an Event of Default, are commercially reasonable and not manifestly unreasonable.



### **9.8 Release by Debtor**

The Debtor releases and discharges the Secured Party and the Receiver from every claim of every nature, whether sounding in damages or not, which may arise or be caused to the Debtor or any person claiming through or under the Debtor by reason or as a result of anything done by the Secured Party or any successor or assign claiming through or under the Secured Party or the Receiver under the provisions of this Agreement unless such claim be the result of dishonesty or gross neglect.

### **9.9 Indemnity**

The Debtor shall indemnify and save the Secured Party from any and all costs, expenses, liabilities and damages which may be incurred by the Secured Party in connection with the Collateral and the enforcement of its rights hereunder, save only any costs, expenses, liabilities or damages resulting from any gross neglect or wilful misconduct by the Secured Party or its servants or agents.

### **9.10 Information to third parties**

The Secured Party will not be obliged to inquire into the right of any Person purporting to be entitled under the Act to information and materials from the Secured Party by making a demand upon the Secured Party for such information and materials and the Secured Party will be entitled to comply with such demand and will not be liable for having complied with such demand notwithstanding that such Person may in fact not be entitled to make such demand.

### **9.11 Further Assurances**

The Debtor shall at all times, do, execute, acknowledge and deliver or cause to be done, executed, acknowledged or delivered all such further acts, deeds, transfers, assignments, security agreements and assurances as the Secured Party may reasonably require in order to give effect to the provisions hereof and for the better granting, transferring, assigning, charging, setting over, assuring, confirming or perfecting the security interests hereby created and the priority accorded to them by law or under this Agreement.

### **9.12 Notices**

Any notice, demand or other document to be given, or any delivery to be made hereunder shall be effective if in writing and delivered in person, sent by electronic mail or by prepaid registered letter addressed to the attention of:

- (a) in the case of the Secured Party, addressed as follows:

**1351486 B.C. LTD.**  
1556 Kebet Way  
Port Coquitlam, BC V3C 5M5

Attention: Luke Pretty

Email: [luke@dynamic.global](mailto:luke@dynamic.global)

with a copy to:

**FASKEN MARTINEAU DUMOULIN LLP**  
Barristers & Solicitors  
Bentall 5, Suite 2900 – 550 Burrard Street  
Vancouver, BC V6C 0A3

Attention: Brent C. Clark

Email: [bcclark@fasken.com](mailto:bcclark@fasken.com)

(b) in the case of the Debtor, addressed as follows:

**LIVING BEACHSIDE DEVELOPMENT LIMITED PARTNERSHIP**  
**SUNNY BEACH MOTEL INC.**  
**PORT CAPITAL FARMS (BEACH) INC.**  
**PORTLIVING FARMS (3624 PARKVIEW) INVESTMENTS INC.**  
**PORTLIVING FARMS (3648 PARKVIEW) INVESTMENTS INC.**  
**PORTLIVING FARMS (3688 PARKVIEW) INVESTMENTS INC.**  
325 West 4<sup>th</sup> Avenue  
Vancouver, BC V5Y 1H3

Attention: Macario Teodoro Reyes

Email: [tobi@portliving.com](mailto:tobi@portliving.com)

with a copy to (which does not constitute notice):

**MCCARTHY TÉTRAULT LLP**  
Barristers & Solicitors  
Suite 2400, 745 Thurlow Street  
Vancouver, BC V6E 0C5

Attention: Lance Williams

Email: [lwilliams@mccarthy.ca](mailto:lwilliams@mccarthy.ca)

Any notice, demand or other document or delivery so given or made will be deemed to have been given or made and received at the time of delivery in person or on the business day the transmission was sent successfully to the address set out above, as the case may be. Any party hereto may from time to time by notice in writing change his or its address (or in the case of a corporate party, the designated recipient) for the purposes of this section.

### **9.13 Discharge**

Any partial payment or satisfaction of the Secured Obligations will be deemed not to be a redemption or discharge of this Agreement. The Debtor shall be entitled to a release and discharge of this Agreement upon full payment and satisfaction of all Secured Obligations and upon written request by the Debtor and payment to the Secured Party of all costs, charges, expenses and legal fees and disbursements (on a solicitor and his own client basis) incurred by the Secured Party in connection with the Secured Obligations and such release and discharge.

#### **9.14 Delivery of Copy/Waiver**

The Debtor acknowledges receiving a copy of this Agreement. The Debtor waives all rights to receive from the Secured Party a copy of any financing statement, financing change statement or verification statement filed at any time in respect of this Agreement.

### **ARTICLE 10 INTERPRETATION**

#### **10.1 Amendment**

Any amendment of this Agreement shall not be binding unless in writing and signed by the Secured Party and the Debtor.

#### **10.2 Headings**

All headings and titles in this Agreement are for reference only and are not to be used in the interpretation of the terms hereof.

#### **10.3 Hereof, Etc.**

All references in this Agreement to the words “**hereof**”, “**herein**” or “**hereunder**” will be construed to mean and refer to this Agreement as a whole and will not be construed to refer only to a specific Article, Section, paragraph or clause of this Agreement unless the context clearly requires such construction.

#### **10.4 Joint and Several Liability**

If any party hereto is comprised of more than one Person the assignments, security interests and other charges constituted hereby and the representations, warranties, covenants, agreements, obligations and liabilities made by or imposed upon that party herein or by law will be deemed to have been made or incurred by all those Persons jointly and by each of those Persons severally.

#### **10.5 Severability**

If any of the terms of this Agreement are or are held to be unenforceable or otherwise invalid, such holding will not in any way affect the enforceability or validity of the remaining terms of this Agreement.

#### **10.6 Governing Law**

This Agreement will be governed by and construed in accordance with the laws of the Province of British Columbia, and each party hereby submits to the jurisdiction of the courts of the Province of British Columbia provided that the foregoing will in no way limit the right of the Secured Party to commence suits, actions or proceedings based on this Agreement in any other jurisdiction.

### **10.7 Interpretation**

Wherever the singular or masculine gender is used throughout this Agreement the same will be construed as meaning the plural or the feminine or the body corporate or politic where the context or the parties hereto so require.

### **10.8 Paramountcy**

In the event of any inconsistency between the provisions of this Agreement and the provisions of the loan agreement dated March 14, 2022 and made between the Secured Party and the Debtor (the "**Loan Agreement**"), the provisions of the Loan Agreement shall prevail.

### **10.9 Capacity**

If the Collateral or any portion thereof or any interest therein is held by the Debtor as a partner of a firm, as a trustee, as an agent, or in any other similar capacity, whether fiduciary or otherwise:

- (a) each and every warranty, representation, covenant, agreement, term, condition, provision and stipulation; and
- (b) each and every Security Interest and other charge created hereby,

made by or imposed upon the Debtor hereunder will be and be deemed to be jointly and severally made by or imposed upon the Debtor and the partnership, the beneficiary or beneficiaries of the trust, the principal(s) of the agent, or other entity or entities, as the case may be, and each Security Interest and other charge contained in this Agreement will be deemed to create a Security Interest in (and if applicable, floating charge over) the estate, right, title and interest of the partnership, the beneficiary or beneficiaries, the principal(s), or such entity or entities, as the case may be, in and to the Collateral (or in the case of a floating charge, real property or interests therein) as well as being a Security Interest in (or a floating charge over) the estate, interest and title of the Debtor in and to the Collateral (or in the case of a floating charge, its real property or interests therein), it being the intention of the parties hereto that this Agreement will create a Security Interest in (or a floating charge over) both the legal and beneficial title to the Collateral (or the applicable real property or interests therein).

### **10.10 Secured Party as Agent**

If this Agreement is granted to the Secured Party in its capacity as agent for one or more other Persons, the Debtor agrees that all:

- (a) grants, mortgages, assignments, charges and security interests;
- (b) representations, warranties, covenants and agreements; and
- (c) obligations and liabilities,

created, made, assumed or incurred hereunder by the Debtor in favour of the Secured Party are also created, made, assumed or incurred hereunder by the Debtor in favour of those Persons.

**10.11 Binding Effect**


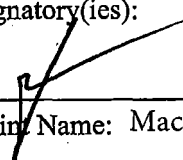

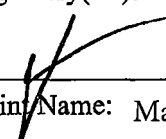

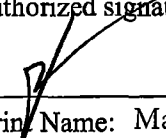
This Agreement shall be binding on the Debtor and its heirs, executors, personal representatives, successors and permitted assigns and shall enure to the benefit of the Secured Party and its successors and assigns.

**10.12 Entire Agreement**

The Secured Party has made no representations, warranties, covenants or acknowledgements affecting any Collateral, other than as expressly set out herein in writing and in Other Document executed by the Secured Party.

*[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK;  
SIGNATURE PAGE(S) TO FOLLOW]*

EXECUTED by the Debtor as of the day, month and year set forth below.

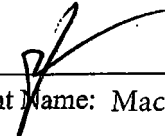
| OFFICER SIGNATURE(S)   | EXECUTION DATE |   |    | SIGNATURE(S)  |
|--|----------------|---|----|---|
|  | Y              | M | D  |   |
| <br>Name: <b>KEAN SILVERTHORN</b><br>Address: <b>Barrister &amp; Solicitor<br/>           McCarthy Tétraut LLP<br/>           SUITE 2400 - 745 THURLOW STREET<br/>           VANCOUVER, B.C. V6E 0C5<br/>           DIRECT 604-643-5966</b>                     | 2022           | 3 | 10 | <b>LIVING BEACHSIDE DEVELOPMENT LIMITED PARTNERSHIP</b> , by its general partner, <b>PORT CAPITAL FARMS (BEACH) INC.</b> , by its authorized signatory(ies):<br><br>Print Name: <b>Macario Teodoro Reyes</b> |
| <br>Name:<br>Address:<br><b>KEAN SILVERTHORN</b><br>Occupation: <b>Barrister &amp; Solicitor<br/>           McCarthy Tétraut LLP<br/>           SUITE 2400 - 745 THURLOW STREET<br/>           VANCOUVER, B.C. V6E 0C5<br/>           DIRECT 604-643-5966</b> | 2022           | 3 | 10 | <b>SUNNY BEACH MOTEL INC.</b> , by its authorized signatory(ies):<br><br>Print Name: <b>Macario Teodoro Reyes</b>  |
| <br>Name:<br>Address:<br><b>KEAN SILVERTHORN</b><br>Occupation: <b>Barrister &amp; Solicitor<br/>           McCarthy Tétraut LLP<br/>           SUITE 2400 - 745 THURLOW STREET<br/>           VANCOUVER, B.C. V6E 0C5<br/>           DIRECT 604-643-5966</b> | 2022           | 3 | 10 | <b>PORT CAPITAL FARMS (BEACH) INC.</b> , by its authorized signatory(ies):<br><br>Print Name: <b>Macario Teodoro Reyes</b>   |



Name:  
**KEAN SILVERTHORN**  
Address:  
Barrister & Solicitor  
**McCarthy Tétraut LLP**  
SUITE 2400 - 745 THURLOW STREET  
VANCOUVER, B.C. V6E 0C5  
DIRECT 604-643-5966

2022 3 10

**PORTLIVING FARMS (3624  
PARKVIEW)  
INVESTMENTS INC.**, by its  
authorized signatory(ies):

  
Print Name: Macario Teodoro Reyes

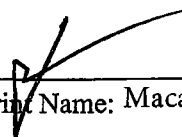
Print Name:



Name:  
**KEAN SILVERTHORN**  
Address:  
Barrister & Solicitor  
**McCarthy Tétraut LLP**  
SUITE 2400 - 745 THURLOW STREET  
VANCOUVER, B.C. V6E 0C5  
DIRECT 604-643-5966

2022 3 10

**PORTLIVING FARMS (3648  
PARKVIEW)  
INVESTMENTS INC.**, by its  
authorized signatory(ies):

  
Print Name: Macario Teodoro Reyes

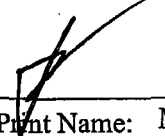
Print Name:



Name:  
**KEAN SILVERTHORN**  
Address:  
Barrister & Solicitor  
**McCarthy Tétraut LLP**  
SUITE 2400 - 745 THURLOW STREET  
VANCOUVER, B.C. V6E 0C5  
DIRECT 604-643-5966

2022 3 10

**PORTLIVING FARMS (3688  
PARKVIEW)  
INVESTMENTS INC.**, by its  
authorized signatory(ies):

  
Print Name: Macario Teodoro Reyes

Print Name:

**OFFICER CERTIFICATION:**

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



**SCHEDULE "A"**

**PERMITTED ENCUMBRANCES**

Security registered in favour of 1341550 B.C. Ltd., as Senior Lender.

**SCHEDULE "B"****SERIAL NUMBERED GOODS**

| <b>TYPE</b> | <b>SERIAL NUMBER</b> | <b>MODEL NUMBER</b> | <b>YEAR</b> |
|-------------|----------------------|---------------------|-------------|
| N/A         |                      |                     |             |

**LOCATIONS IN BC WHERE COLLATERAL MAINTAINED**

3624 Parkview Street, Penticton, BC  
 3648 Parkview Street, Penticton, BC  
 3688 Parkview Street, Penticton, BC  
 325 West 4th Avenue, Vancouver, BC

**JURISDICTIONS (OTHER THAN B.C.) AND LOCATION OF COLLATERAL**

| <b>JURISDICTIONS:</b> | <b>LOCATIONS:</b> |
|-----------------------|-------------------|
| Nil                   |                   |

**CHIEF EXECUTIVE OFFICE**

325 West 4th Avenue, Vancouver, BC

**OTHER NAMES**

Nil

**OTHER PERSONS WITH RIGHTS IN COLLATERAL**

1341550 B.C. Ltd.

**INTELLECTUAL PROPERTY APPLICATIONS  
AND REGISTRATIONS / TRADE MARK AND INDUSTRIAL DESIGNS**

Nil

**BETWEEN:**

**LIVING BEACHSIDE DEVELOPMENT  
LIMITED PARTNERSHIP, SUNNY BEACH  
MOTEL INC., PORT CAPITAL FARMS  
(BEACH) INC., PORTLIVING FARMS  
(3624 PARKVIEW) INVESTMENTS INC.,  
PORTLIVING FARMS (3648 PARKVIEW)  
INVESTMENTS INC. and PORTLIVING FARMS  
(3688 PARKVIEW) INVESTMENTS INC.**

**AND:**

**1351486 B.C. LTD.**

**GENERAL SECURITY AGREEMENT**

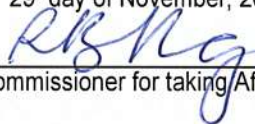
**FASKEN MARTINEAU DUMOULIN LLP  
Barristers & Solicitors**

**Bentall 5, Suite 2900 – 550 Burrard Street  
Vancouver, BC, Canada V6C 0A3  
Telephone: 604.631.3131**

**Counsel: Brent C. Clark**

**File No: 319671.00003**

This is Exhibit "F" referred to in the affidavit  
of Luke Pretty sworn before me at Vancouver  
this 29 day of November, 2022.

  
A Commissioner for taking Affidavits for British Columbia

**Base Registration Number: 588934N**

|   |  |
|---|--|
| <b>Base Registration Date and Time:</b> | March 10, 2022 at 12:01:17 pm Pacific time |
| <b>Registration Length:</b>             | 2 Years                                    |
| <b>Current Expiry Date and Time:</b>    | March 10, 2024 at 11:59:59 pm Pacific time |
| <b>Trust Indenture:</b>                 | No   |
| <b>Folio Number:</b>                    | 319671.00003                               |

**Secured Party Information**

**1351486 B.C. LTD.**

**Address**

1556 KEBET WAY  
PORT COQUITLAM BC  
V3C 5M5 Canada

**Base Registration Number: 588934N**

---

**Debtor Information**

**LIVING BEACHSIDE  
DEVELOPMENT LIMITED  
PARTNERSHIP**

**Address**

325 WEST 4TH AVENUE  
VANCOUVER BC  
V5Y 1H3 Canada

---

**SUNNY BEACH MOTEL INC.**

**Address**

325 WEST 4TH AVENUE  
VANCOUVER BC  
V5Y 1H3 Canada

---

**PORT CAPITAL FARMS (BEACH)  
INC.**

**Address**

325 WEST 4TH AVENUE  
VANCOUVER BC  
V5Y 1H3 Canada

---

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

**Address**

325 WEST 4TH AVENUE  
VANCOUVER BC  
V5Y 1H3 Canada

---

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

**Address**

325 WEST 4TH AVENUE  
VANCOUVER BC  
V5Y 1H3 Canada

---

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

**Address**

325 WEST 4TH AVENUE  
VANCOUVER BC  
V5Y 1H3 Canada

**Vehicle Collateral**

None

**Base Registration Number: 588934N**

---

## General Collateral

### Base Registration General Collateral:

ALL OF THE PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY OF THE DEBTORS AND EACH OF THEM INCLUDING WITHOUT LIMITATION FIXTURES AND CROPS, AND AN UNCRYSTALLIZED FLOATING CHARGE ON LAND (AND TERMS USED HEREIN THAT ARE DEFINED IN THE PERSONAL PROPERTY SECURITY ACT OF BRITISH COLUMBIA OR THE REGULATIONS MADE THEREUNDER HAVE THOSE DEFINED MEANINGS).

---

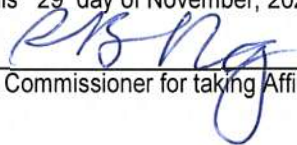
## Registering Party Information

**FASKEN MARTINEAU  
DUMOULIN LLP**

### Address

SUITE 2900 - 550 BURRARD  
STREET  
VANCOUVER BC  
V6C 0A3 Canada

This is Exhibit "C" referred to in the affidavit  
of Luke Pretty sworn before me at Vancouver  
this 29 day of November, 2022.

  
A Commissioner for taking Affidavits for British Columbia



**PLEDGE OF SECURITIES  
(IN SUNNY BEACH MOTEL INC.)**

**THIS PLEDGE OF SECURITIES** dated March 10, 2022 and made,

**BETWEEN:**

**LIVING BEACHSIDE DEVELOPMENT LIMITED PARTNERSHIP**, a limited partnership formed under the *Partnership Act* of British Columbia (LP0758535), by its General Partner, **PORT CAPITAL FARMS (BEACH) INC.**, a company incorporated under the *Business Corporations Act* of British Columbia (BC1180893), having an office at 325 West 4<sup>th</sup> Avenue, Vancouver, BC V5Y 1H3;

(the “**Pledgor**”)

**AND:**

**1351486 B.C. LTD.**, a company incorporated under the *Business Corporations Act* of British Columbia (BC1351486), having an office at 1556 Kebet Way, Port Coquitlam, BC V3C 5M5;

(the “**Creditor**”)

A. The Borrower has agreed to borrow the moneys representing the Loan from the Creditor, who has agreed to make the Loan to the Borrower.

B. It is a condition of the Loan that the Pledgor execute and deliver this Agreement to the Creditor.

In consideration of the sum of \$1.00 and other good and valuable consideration now paid by the Creditor to the Pledgor (the receipt and sufficiency of which is hereby acknowledged by the Pledgor) the Pledgor warrants and represents to and covenants and agrees with the Creditor as set forth herein.

**ARTICLE 1  
DEFINITIONS**

**1.1 Definitions**

In this Agreement, the following words and phrases will have the meanings set out below unless the parties or the context otherwise require(s).

- (a) “**Agreement**” or “**this Agreement**” means this Agreement including all recitals and schedules hereto, as amended, modified, restated or replaced from time to time.
- (b) “**Borrower**” means collectively, the Issuer, the Pledgor, Port Capital Farms (Beach) Inc., PortLiving Farms (3624 Parkview) Investments Inc., PortLiving

Farms (3648 Parkview) Investments Inc. and PortLiving Farms (3688 Parkview) Investments Inc. and its respective successors and assigns, as the case may be, whether immediate or derivative.

- (c) **“Borrower’s Obligations”** means the Obligations of the Borrower.
- (d) **“Cash Distributions”** means all cash dividends and other cash distributions from time to time paid on or in respect of the Securities, excluding Other Cash Proceeds, but including corporate dividends, cash, income, interest, trust distributions and partnership distributions and other payments and distributions from time to time paid or payable or made by the Issuer with respect to any of the Securities; provided that returns of capital on or in respect of debentures or trust units that are part of a regularly paid debenture or trust distribution paid in the ordinary course as part of such trust distribution will be deemed to be “Cash Distributions” under this Agreement.
- (e) **“Charge”** means any mortgage, assignment, security interest, charge (fixed or floating), pledge, hypothec, lien (statutory or otherwise), trust, interest in any lease, conditional sale or other title retention agreement, or other encumbrance of any nature or kind whatsoever, now or at any time hereafter arising in respect of the whole or any portion of the Collateral.
- (f) **“Collateral”** means all of the Pledgor’s present and future right, title and interest in and to:
  - (i) the Securities and all certificates and instruments from time to time representing the Securities;
  - (ii) the Distributions;
  - (iii) the Rights;
  - (iv) all letters, papers and other documents now or at any time hereafter evidencing or relating to any one or more of the Securities, the Distributions and the Rights, or which now or at any time hereafter may be received by the Pledgor as security for or on account of any one or more of the Securities, the Distributions and the Rights in whole or in part; and
  - (v) all proceeds now or hereafter arising from any of the Securities, the Distributions or the Rights that are goods, intangibles, securities, documents of title, chattel paper, instruments or money.
- (g) **“Creditor”** means the party so described above and its successors and assigns.
- (h) **“Default”** means the occurrence of an Event of Default as defined in the Loan Agreement) that is continuing.
- (i) **“Distributions”** means Cash Distributions, Other Cash Proceeds and Non Cash Distributions.

- (j) **“Enforcement Proceedings”** means enforcement or realization proceedings, taken by the Creditor, after the occurrence of a Default that is continuing, to enforce or realize any of the security granted to it under this Agreement.
- (k) **“Existing Securities”** means the Securities described in Schedule A hereto.
- (l) **“Issuer”** means Sunny Beach Motel Inc.
- (m) **“Loan”** means the \$3,500,000.00 loan(s) made or to be made by the Creditor to the Borrower, as contemplated by the Loan Agreement.
- (n) **“Loan Agreement”** means the loan agreement dated March 14, 2022 and made between the Creditor and the Borrower in connection with the Loan, as amended, modified, restated or replaced from time to time.
- (o) **“Loan Documents”** has the meaning ascribed to such term in the Loan Agreement.
- (p) **“Non-Cash Distributions”** has the meaning ascribed to such term in the Loan Agreement.
- (q) **“Obligants”** means all Persons, including the Pledgor, who have Obligations.
- (a) **“Obligations”** means the obligations of the Pledgor to the Secured Party (including all future advances and re-advances) whether direct or indirect, absolute or contingent, joint, several or joint and several, matured or not, extended or renewed, wherever and however incurred, of whatever nature or kind and whether or not arising under or in connection with the Loan Agreement or any of the other Loan Documents.
- (r) **“Other Cash Proceeds”** means cash proceeds which are paid:
  - (i) from the redemption or retraction of any the Securities; or
  - (ii) as a return of capital in respect of the Securities,but which are not Cash Distributions.
- (s) **“Persons”** or **“Person”** means and includes any individual, sole proprietorship, corporation, partnership, bank, joint venture, trust, unincorporated association, association, institution, entity, party or government (whether national, federal, provincial, state, municipal, city, county or otherwise and including any instrumentality, division, agency, body or department thereof).
- (t) **“Pledgor”** means the party so described above and his, her, its or their respective heirs, executors, administrators, personal representatives, successors and assigns, whether immediate or derivative.
- (u) **“Pledgor’s Obligations”** means the Obligations of the Pledgor.

- (v) “PPSA” means the *Personal Property Security Act* of British Columbia and any regulations thereto, as amended from time to time.
- (w) “Rights” means all of the present and future benefits, advantages, privileges, powers, claims, demands, rights, remedies, security, judgments and the like whatsoever (including any extensions or renewals thereof), which the Pledgor be entitled to under or in respect of the Securities or the Distributions or any part thereof including:
  - (i) any and all benefits and advantages due or accruing due to the Pledgor now or at any time after the date hereof under any of the Securities (including all rights to receive notices of and attend meetings of shareholders, debenture holders or partners (as applicable) and all present and future rights of the Pledgor to vote the Securities) or the Distributions (including all rights to receive the same); and
  - (ii) the benefit of all covenants, guarantees, representations, warranties and indemnities which have been or in the future are granted to, received or negotiated by the Pledgor, or any agent of the Pledgor, in respect of any of the Securities, the Distributions and the Rights.
- (x) “Securities” means:
  - (i) the Existing Securities; and
  - (ii) any securities which the Pledgor may at any time acquire in the future whether in substitution for or in addition to the Existing Securities, including securities arising from a Non-Cash Distribution.

## 1.2 Additional Definitions

Words used in this Agreement that are defined in the PPSA will have the meaning given to them in that Act or those regulations unless otherwise defined herein.

## ARTICLE 2 PLEDGE OF COLLATERAL, CREATION OF SECURITY INTEREST AND DELIVERY OF CERTIFICATES

### 2.1 Pledge of Collateral and Creation of Security Interest

As general and continuing collateral security for the due payment, observance and performance of the Pledgor’s Obligations, the Pledgor hereby mortgages, hypothecates, pledges, charges, assigns, transfers and delivers to and in favour of the Creditor and grants the Creditor a fixed and specific security interest, hypothec, mortgage, pledge and charge in all of the Collateral until all of the Pledgor’s Obligations have been fully paid, performed and satisfied and a discharge of this Agreement is given to the Pledgor after a written request therefor by the Pledgor, after which all rights to the Collateral will revert to the Pledgor.

## 2.2 Attachment

The Pledgor acknowledges that value has been given and that the security interest granted herein is intended to attach:

- (a) as to all Collateral in which the Pledgor now has rights, upon the execution and delivery of this Agreement by the Pledgor; and
- (b) as to all Collateral in which the Pledgor acquires rights after the execution of this Agreement, when the Pledgor acquires such rights.

The Pledgor agrees that the Pledgor and the Creditor do not intend to postpone the attachment of any security interest created hereby.

## 2.3 Multiple Pledgor

If the Pledgor is comprised of more than one Person, all references to the Collateral in this Agreement will be interpreted to mean:

- (a) the Collateral which is now or hereafter jointly owned or acquired by all Persons comprising the Pledgor; and
- (b) the Collateral which is now or hereafter individually owned or acquired by each Person comprising the Pledgor.

## 2.4 Delivery

Subject to the rights of the Senior Lender (as defined in the Loan Agreement) and any obligations or liabilities of the Borrower or the Pledgor (now or hereafter existing) to the Senior Lender:

- (a) Upon the execution and delivery of this Agreement and thereafter as required by the terms of this Agreement or as may from time to time be required by the Creditor in writing, the Pledgor shall immediately deliver to the Creditor, or to any Person nominated by the Creditor as its nominee for the purpose of holding the Collateral as security:
  - (i) to the extent not already pledged, all certificates representing or evidencing any Collateral, including Securities duly endorsed for transfer in blank or, if directed by the Creditor, endorsed for transfer to the Creditor or the nominee(s) of the Creditor and stock powers of attorney with respect thereto; and
  - (ii) appropriate resolutions of each of the Pledgor and the Issuer approving and consenting to the transfer of the Securities represented thereby from the Pledgor to the Creditor or the Creditor's nominee(s).
- (b) The Pledgor agrees that all Securities may after a Default, at the option of the Creditor, be registered in the name of the Creditor or its nominee(s) at any time while this Agreement remains in effect and the Pledgor shall immediately transfer

them into the name of the Creditor or its nominee(s) when requested to do so by the Creditor in writing.

- (c) Without limiting the generality of the foregoing, the Pledgor irrevocably authorizes and empowers the Creditor after a Default to complete any transfer or power of attorney to transfer the Securities attached thereto with such names and in such manner as may be thought best by the Creditor and to seal and deliver the same after such blanks have been filled in, notwithstanding the death or dissolution, as the case may be, of the Pledgor.

## **2.5 Possession of Collateral**

The powers conferred on the Creditor hereunder are solely to protect its interest in the Collateral and will not impose any duty on it to exercise any such powers. Except for reasonable care of any Collateral in its possession and the accounting for moneys actually received by it hereunder, the Creditor will have no duty as to any Collateral or responsibility for:

- (a) ascertaining or taking action with respect to calls, conversions, exchanges, maturities, tenders or other matters relative to any Securities, whether or not the Creditor has or is deemed to have notice or knowledge of such matters; or
- (b) taking any necessary steps to preserve rights against prior parties or any other rights pertaining to any Collateral.

## **ARTICLE 3 VOTING, DISTRIBUTIONS**

### **3.1 Voting Rights**

- (a) Until Enforcement Proceedings are commenced and after they have been discontinued, and notwithstanding that the Securities may be registered in the name of the Creditor or its nominee(s) after a Default, the Pledgor will have the right, subject to the terms and conditions of this Agreement, to vote the Securities and to exercise all rights of conversion and retraction and other similar rights in respect of the Securities with the same force and effect as though they had not been mortgaged, hypothecated, pledged, charged, transferred, assigned and delivered to the Creditor hereunder.
- (b) From and after the commencement of Enforcement Proceedings and until they are discontinued, and without limiting any other right or remedy available to the Creditor, the Creditor will have the sole and exclusive right to vote the Securities and to exercise all rights of conversion and retraction and other similar rights in respect of the Securities with the same force and effect as if it were the absolute owner thereof and any proxy granted by the Pledgor or its nominee in respect of any of the Securities to any Person(s) other than the Creditor will be revoked and be null and void.

- (c) The Pledgor shall not vote or permit any of the Securities to be voted for any purpose contrary to or inconsistent with the Obligations of any of the Pledgor or the terms of this Agreement or any other Loan Document.

### **3.2 Distributions**

- (a) Until Enforcement Proceedings are commenced and after they have been discontinued, and notwithstanding that the Securities may be registered in the name of the Creditor or its nominee(s) after a Default, the Pledgor, or any nominee or agent of Pledgor, may receive and retain all Distributions made during that period of time.
- (b) From and after the commencement of Enforcement Proceedings and until they are discontinued, and without limiting any other right or remedy available to the Creditor, the Pledgor shall:
  - (i) receive all Distributions in trust as trustee for the Creditor; and
  - (ii) forthwith pay and deliver all Distributions to the Creditor, without demand therefor, to be dealt with by the Creditor pursuant to the terms hereof.
- (c) The Pledgor hereby irrevocably authorizes and directs the Issuer to pay and deliver to the Creditor all Distributions made by the Issuer to the Pledgor while Enforcement Proceedings remain in effect.

## **ARTICLE 4 REPRESENTATIONS AND WARRANTIES**

### **4.1 Representations and Warranties**

The Pledgor makes the following representations and warranties to the Creditor as continuing representations and warranties that are now and will hereafter be true and correct at all times while this Pledge remains in effect:

- (a) the Pledgor is the legal and beneficial owner of the Collateral and no other Person (other than the Senior Lender) has any interest, beneficial or otherwise in the Existing Securities except as previously disclosed to the Creditor or disclosed in the British Columbia Personal Property Registry;
- (b) except as previously disclosed to the Creditor in writing, the Collateral is free and clear of all Charges other than the Charges constituted by this Agreement and the Charges granted in favour of the Senior Lender;
- (c) the Pledgor has the full capacity to mortgage, pledge, charge, hypothecate, transfer and assign and grant a security interest in the Collateral to the Creditor on the terms contemplated hereby;
- (d) the execution and delivery of this Agreement by the Pledgor and the Charge(s) created hereby will not constitute a default or breach under any other indenture,

agreement or instrument to which the Pledgor is a party or by which it or any of its property is bound except for the consents obtained;

- (e) the Securities have been duly authorized and validly issued as fully paid and non-assessable;
- (f) none of the Securities are subject of any shareholder's or similar agreements or any agreement, option, warrant, privilege or right pursuant to which the Pledgor may be required to sell or otherwise dispose of the Securities; and
- (g) except for the consents of the board of directors of each of the Pledgor and the Issuer (which have been obtained), no other authorization, approval or other actions and no notice to or filing with any governmental authority or any other Person is required:
  - (i) for the pledge of the Collateral pursuant to this Agreement;
  - (ii) for the execution, delivery and performance of this Agreement by the Pledgor;
  - (iii) for the exercise by the Creditor of the voting or other rights or remedies provided for in this Agreement; or
  - (iv) for the exercise by the Creditor of its remedies, whether provided for in this Agreement or not, except as may be required in connection with a disposition of Collateral by laws affecting the offering and sale of securities generally.

## ARTICLE 5 COVENANTS

### 5.1 Covenants

The Pledgor covenants with the Creditor as follows:

- (a) except as otherwise expressly provided herein or in other written agreements from time to time entered into between or on behalf of the Pledgor and the Creditor, the Pledgor shall not sell, exchange, transfer, assign, lend, charge, pledge, encumber or otherwise dispose of or deal in any way with the Collateral or any interest therein except to the Creditor hereunder, or enter into any agreement or undertaking to do so;
- (b) the Pledgor shall defend the Collateral for the benefit of the Creditor against the claims and demands of all other Persons;
- (c) the Pledgor shall fully and effectively maintain and keep maintained valid and effective the security interest constituted by this Agreement;



- (d) the Creditor will not be required to surrender any of the Collateral until all of the Pledgor's Obligations have been fully and finally paid and satisfied and the security interest created hereunder is discharged by the Creditor as herein provided;
- (e) the Pledgor shall not suffer, condone or support any reorganization of the Issuer without the consent of the Creditor first had and received in writing;
- (f) the Pledgor shall promptly inform the Creditor in writing of any Distributions made or proposed to be made to it;
- (g) the Pledgor shall hold any substituted or additional Collateral subject to the same terms and conditions and with the same powers and authorities as are hereby declared and conferred;
- (h) the Creditor will have the right, but will not be bound nor required, to exercise any option or right which the holder of any of the Securities may at any time have; provided that if the Creditor chooses to exercise any such option or right, any advance made by the Creditor for such purposes will be added to the Pledgor's Obligations and all the provisions hereof will apply thereto; and
- (i) the Pledgor shall ensure that each of the representations and warranties of the Pledgor herein contained will be true and correct at all times until the security interest created hereunder is discharged by the Creditor as herein provided.

**ARTICLE 6  
ENFORCEMENT OF SECURITY**

**6.1 Remedies**

- (a) Upon the occurrence and at any time during the continuance of a Default the Creditor will:
  - (i) have, in addition to the rights and remedies provided herein, all of the rights and remedies with respect to the Collateral of a secured party under the PPSA and such additional rights and remedies to which a secured party is entitled at law or in equity or by other statute in the Province of British Columbia and such additional rights and remedies to which a secured party is entitled under the laws in effect in any other jurisdiction where any rights and remedies hereunder may be asserted;
  - (ii) be entitled by itself or through its agents (including without limitation any receiver or receiver-manager) to all rights of ownership of and all other rights attaching to the Collateral, or any of it, as if the Creditor were the absolute owner thereof; and
  - (iii) will be entitled but not obligated to enforce and exercise those rights and remedies and realize upon the Collateral or any part(s) thereof, in such manner and at such time(s) as it shall in its sole and absolute discretion deem advisable.

- (b) Without limiting the generality of (a), the Creditor may:
  - (i) demand, sue for, collect or receive any Distributions at any time payable or receivable on account of or in exchange for any of the Collateral in its name or in the name of the Pledgor or otherwise; and
  - (ii) sell, assign or otherwise dispose of all or any part of such Collateral, at such place or places (including, without being required to do so, on any stock market on which any of the Securities are traded) and at such time or times as the Creditor deems best, and for cash or for credit or for future delivery (without thereby assuming any credit risk), at public or private sale, without demand of performance or notice of intention to effect any such disposition or of the time or place thereof (except such notice as is required by applicable statute and cannot be waived), and the Creditor, its assignees hereunder or anyone else who may be the purchaser, assignee or recipient of any or all of the Collateral so disposed of at any public sale (or, to the extent permitted by law, at any private sale) shall thereafter hold the same absolutely, free from any claim or right of whatsoever kind, including any right or equity of redemption (statutory or otherwise) of the Pledgor; any such demand, notice and right or equity being hereby expressly waived and released.
  
- (c) Without limiting the generality of (b)(ii), the Creditor may:
  - (i) without notice or publication, adjourn any public or private sale or cause the same to be adjourned from time to time by announcement at the time and place fixed for the sale, and such sale may be made at any time or place to which the sale may be so adjourned; and
  - (ii) transfer all or any of the Collateral and may fill in all blanks in any stock transfers or certificates or any power of attorney or other documents delivered to it in connection therewith, and may delegate its powers and any sub-delegate of the powers hereby given in the name and on behalf of the Pledgor.
  
- (d) The Pledgor agrees that:
  - (i) notwithstanding the foregoing, the Creditor will not be bound under any circumstances to enforce or realize upon any Collateral or to allow any Collateral to be sold and it will not be responsible for any loss occasioned by any sale or by the retention of or refusal to sell Collateral in whole or in part; nor will the Creditor be obliged to collect or see to the payment of Distributions or to the exercise of any Rights with respect thereto or to the remaining Collateral;
  - (ii) the Pledgor shall remain liable to the Creditor for any deficiency or amount outstanding in respect of the Pledgor's Obligations upon any realization of

the Collateral and application of the proceeds thereof on the Pledgor's Obligations;

- (iii) the records of the Creditor as to the occurrence of a Default will, absent manifest error, be conclusive evidence of the occurrence of a Default; and
  - (iv) at the request of the Creditor the Pledgor shall, at its own expense, execute all such transfers and documents as may be reasonably required, with all such powers of sale and other necessary powers as may be expedient for vesting the Collateral in whole or in part in the Creditor or such Person(s) or nominee(s) as it may appoint.
- (e) The Pledgor agrees that, by reason of certain prohibitions contained in applicable securities laws, the Creditor may be compelled, with respect to any sale of all or any part of the Collateral, to limit purchasers to those who will agree, among other things, to acquire the Collateral in a private sale for their own account, for investment and not with a view to the distribution or resale thereof. The Pledgor therefore agrees that that any such private sales may be at prices and on terms less favourable to the Creditor than those obtainable through a sale without such restrictions, and, notwithstanding such circumstances, agrees that any such private sale will be deemed to have been made in a commercially reasonable manner and that the Creditor will have no obligation to engage in public sales or sales on or through any stock exchange and no obligation to delay the sale of any Collateral for any period of time.

## **6.2 Remedies Not Exclusive**

The Creditor may exercise any of its rights and remedies independently or in combination and at any time and from time to time. The exercise of any particular right or remedy shall not preclude the further exercise of that or any other right or remedy. In addition to the foregoing, the Creditor will not be obliged to exhaust its recourse against the Pledgor or the Borrower or under any Loan Documents before realizing on or otherwise dealing with the Collateral in such manner as the Creditor considers desirable or expedient.

## **6.3 Application of Proceeds**

Any Distributions or other monies realized by the Creditor on or in respect of the Collateral in connection with the exercise of any rights or remedies of the Creditor will be applied in the following order:

- (a) to the payment of all expenses incurred by the Creditor or its agents in connection with the Enforcement Proceedings;
- (b) to the payment of interest, including interest on interest in default accrued but unpaid in respect of any of the Pledgor's Obligations;
- (c) to the payment of principal outstanding and unpaid in respect of any of the Pledgor's Obligations;

- (d) to the payment of all other amounts owing and unpaid in respect of any of the Pledgor's Obligations; and
- (e) the balance, if any, will be paid to the Person or Persons legally entitled thereto.

#### **6.4 Power of Attorney**

Upon the commencement and during the continuance of Enforcement Proceedings, the Creditor (or any officer of the Creditor appointed by the Creditor) is hereby irrevocably constituted and appointed by the Pledgor to be its true and lawful attorney, with full power of substitution, to do, make and execute all such statements, assignments, documents, acts, matters or things with the right to use the name of the Pledgor whenever and wherever it may be deemed necessary or expedient to give effect to this Agreement or to protect the security created hereby. This power of attorney will be irrevocable and coupled with an interest.

#### **6.5 Other Dealings**

The Creditor may grant time, renewals, extensions and indulgences, releases, and discharges to, may take and give up securities from or may abstain from taking securities from and may accept compositions from and may otherwise deal with all Persons including the Pledgor and any securities it holds in connection with the Obligations, or any part thereof, including any of the Collateral, as the Creditor may see fit without prejudice to the rights of the Creditor to hold, deal with and realize on the Collateral in any manner which the Creditor considers desirable or expedient.

#### **6.6 Security**

The security constituted hereby is taken in addition to and not in substitution for and is independent of the other Loan Documents.

#### **6.7 No Merger**

This Agreement will not operate so as to create any merger or discharge of any of the Pledgor's Obligations or of any Loan Document. Neither the taking of any judgment nor the exercise of any power or seizure or disposition will extinguish the liability of the Pledgor to pay, observe and perform the Pledgor's Obligations nor will the acceptance of any payment or any Loan Document constitute or create any novation and no covenant, representation or warranty of the Pledgor herein will merge in any judgment.

#### **6.8 Enforcement Costs**

The Pledgor agrees that all costs and charges incurred by the Creditor with respect to the Collateral or the realization thereof (including all legal costs on the basis as between a solicitor and his own client and court costs paid and also including expenses of taking possession of, protecting and realizing upon any property comprised in the Collateral) will be added to the Pledgor's Obligations and will be a charge and security interest upon the monies received having the priority of the Charge(s) created hereby.

## 6.9 Discharge

Any partial payment or satisfaction of the Obligations will be deemed not to be a redemption or discharge of this Agreement. The Pledgor and the Borrower shall be entitled to a release and discharge of this Agreement upon full payment and satisfaction of all Obligations and upon written request by the Borrower or the Pledgor and payment to the Creditor of all costs, charges, expenses and legal fees and disbursements (on a solicitor and his own client basis) incurred by the Creditor in connection with the Obligations and such release and discharge.

## ARTICLE 7 MISCELLANEOUS

### 7.1 Amendment

Any amendment of this Agreement will not be binding unless in writing and signed by the Pledgor and the Creditor.

### 7.2 Waiver

No waiver of any of the provisions of this Agreement will be effective unless given in writing by the party against which the same is to be asserted.

### 7.3 Notices

Any notice, demand or other document to be given, or any delivery to be made hereunder will be effective if in writing and delivered in Person and left with, or sent by electronic mail or by prepaid registered letter addressed to the attention of:

- (a) in the case of the Pledgor, addressed as follows:

**LIVING BEACHSIDE DEVELOPMENT LIMITED PARTNERSHIP**  
325 West 4th Avenue  
Vancouver, BC V5Y 1H3

Attention: Macario Teodoro Reyes

Email: [tobi@portliving.com](mailto:tobi@portliving.com)

with a copy to (which does not constitute notice):

**MCCARTHY TÉTRAULT LLP**  
Barristers & Solicitors  
Suite 2400, 745 Thurlow Street  
Vancouver, BC V6E 0C5

Attention: Lance Williams

Email: [lwilliams@mccarthy.ca](mailto:lwilliams@mccarthy.ca)

(b) in the case of the Creditor, addressed as follows:

**1351486 B.C. LTD.**  
1556 Kebet Way  
Port Coquitlam, BC V3C 5M5

Attention: Luke Pretty

Email: [luke@dynamic.global](mailto:luke@dynamic.global)

with a copy to:

**FASKEN MARTINEAU DUMOULIN LLP**  
Barristers & Solicitors  
Bentall 5, Suite 2900 – 550 Burrard Street  
Vancouver, BC V6C 0A3

Attention: Brent C. Clark

Email: [bccclark@fasken.com](mailto:bccclark@fasken.com)

Any notice, demand or other document or delivery so given or made will be deemed to have been given or made and received at the time of delivery in Person or on the business day the transmission was sent successfully to the address set out above, as the case may be. Any party hereto may from time to time by notice in writing change his or its address (or in the case of a corporate party, the designated recipient) for the purposes of this section.

#### **7.4 Further Assurances**

The Pledgor shall from time to time forthwith on the Creditor's request do, make and execute all such documents, acts, matters and things as may be required by the Creditor with respect to this Agreement or any part hereof or as may be required to give effect to this Agreement.

#### **7.5 Counterparts and Facsimile**

This Agreement may be executed in counterparts and an executed copy of this Agreement may be delivered by electronic facsimile transmission or other means of electronic communication capable of producing a signed printed copy of this Agreement. **Any such execution and delivery will be deemed to have occurred as of the date set forth above by the party so delivering such copy.**

### **ARTICLE 8 INTERPRETATION**

#### **8.1 Headings**

All headings and titles in this Agreement are for reference only and are not to be used in the interpretation of the terms hereof.

## **8.2 Hereof, Etc.**

All references in this Agreement to the words “hereof”, “herein” or “hereunder” will be construed to mean and refer to this Agreement as a whole and will not be construed to refer only to a specific Article, Section, paragraph or clause of this Agreement unless the context clearly requires such construction.

## **8.3 Joint and Several Liability**

If any party hereto is comprised of more than one Person, the assignments, security interests and other charges constituted hereby and the representations, warranties, covenants, agreements, obligations and liabilities made by or imposed upon that party herein or by law will be deemed to have been made or incurred by all those Persons jointly and by each of those Persons severally.

## **8.4 Severability**

If any of the terms of this Agreement are or are held to be unenforceable or otherwise invalid, such holding will not in any way affect the enforceability or validity of the remaining terms of this Agreement.

## **8.5 Governing Law**

This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia. The Pledgor irrevocably submits to the jurisdiction of any British Columbia court sitting in Vancouver, British Columbia, in any action or proceeding arising out of or relating to this Agreement.

## **8.6 Enurement**

This Agreement will be binding upon the Pledgor and will enure to the benefit of the Creditor.

## **8.7 Interpretation**

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

## **8.8 Paramountcy**

In the event of any inconsistency between the provisions of this Agreement and the provisions of the Loan Agreement, the provisions of the Loan Agreement shall prevail.

## **8.9 Capacity**

If the Collateral or any portion thereof or any interest therein are now or at anytime hereafter held by the Pledgor as a partner of a firm, as a trustee, as an agent, or in any other similar capacity, whether fiduciary or otherwise:

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

(b) each and every assignment and other charge constituted hereby,

whether made by or imposed upon the Pledgor hereunder, will be and be deemed to be jointly and severally made by or imposed upon the Pledgor and the partnership, the beneficiary(ies) of the trust, the principal(s) of the agent, or other entity(ies), as the case may be, and each assignment and other charge contained in this Agreement will be deemed to be an assignment or charge against the right, title and interest of the partnership, the beneficiary(ies), the principal(s), or such entity(ies), as the case may be, in and to the Collateral, as well as being an assignment of or charge against the right, title or interest of the Pledgor in and to the Collateral.

**8.10 Creditor as Agent**

If this Agreement is granted to the Creditor in its capacity as agent for one or more other Persons, the Pledgor agrees that all:

- (a) grants, mortgages, assignments, charges and security interests;
- (b) representations, warranties, covenants and agreements; and
- (c) obligations and liabilities,

created, made, assumed or incurred hereunder by the Pledgor in favour of the Creditor are also created, made, assumed or incurred hereunder by the Pledgor in favour of those Persons.

**8.11 Binding Effect**

This Agreement will be binding on the Pledgor and the respective heirs, executors, personal representatives, successors and assigns of each Person comprising the Pledgor and will enure to the benefit of the Creditor and its successors and assigns.

*[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK;  
SIGNATURE PAGE(S) TO FOLLOW]*



EXECUTED at Vancouver, British Columbia, on this 10<sup>th</sup> day of March, 2022.

**LIVING BEACHSIDE DEVELOPMENT  
LIMITED PARTNERSHIP**, by its General  
Partner, **PORT CAPITAL FARMS (BEACH)  
INC.**, by its authorized signatory(ies):

Per:   
Name: Macario Teodoro Reyes  
Title: Director

Per: \_\_\_\_\_  
Name:  
Title:  
I/We have the authority to bind the partnership.

**SCHEDULE A  
EXISTING SECURITIES**

**Issuer:           SUNNY BEACH MOTEL INC.**

| <b>Number, Kind &amp; Class of Shares</b>       | <b>Share Certificate No(s).</b> |
|---|---------------------------------|
| 100 Class A Voting Shares without par value     | A-3                             |
| 100 Class B Non-Voting Shares without par value | B-3                             |
| 929 Class F Non-Voting Shares with par value    | F-2                             |

**BETWEEN:**

**LIVING BEACHSIDE DEVELOPMENT  
LIMITED PARTNERSHIP**

**AND:**

**1351486 B.C. LTD.**

**PLEDGE OF SECURITIES  
(IN SUNNY BEACH MOTEL INC.)**

**FASKEN MARTINEAU DUMOULIN LLP  
Barristers & Solicitors**

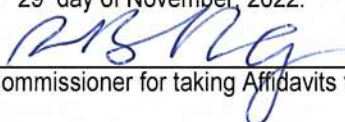
**Bentall 5, Suite 2900 - 550 Burrard Street  
Vancouver, BC, Canada V6C 0A3  
Telephone: 604.631.3131**

**Counsel: Brent C. Clark**

**File No: 319671.00003**

0176

This is Exhibit "H" referred to in the affidavit  
of Luke Pretty sworn before me at Vancouver  
this 29 day of November, 2022.

  
A Commissioner for taking Affidavits for British Columbia

**PLEDGE OF SECURITIES  
(IN PORT CAPITAL FARMS (BEACH) INC.)**

**THIS PLEDGE OF SECURITIES** dated March 10, 2022 and made,

**BETWEEN:**

**PORT CAPITAL DEVELOPMENT (FARMS) INC.**, a company incorporated under the *Business Corporations Act* of British Columbia (BC1177526), having an office at 325 West 4th Avenue, Vancouver, BC V5Y 1H3;

(the “**Pledgor**”)

**AND:**

**1351486 B.C. LTD.**, a company incorporated under the *Business Corporations Act* of British Columbia (BC1351486), having an office at 1556 Kebet Way, Port Coquitlam, BC V3C 5M5;

(the “**Creditor**”)

A. The Borrower has agreed to borrow the moneys representing the Loan from the Creditor, who has agreed to make the Loan to the Borrower.

B. It is a condition of the Loan that the Pledgor execute and deliver this Agreement to the Creditor.

In consideration of the sum of \$1.00 and other good and valuable consideration now paid by the Creditor to the Pledgor (the receipt and sufficiency of which is hereby acknowledged by the Pledgor) the Pledgor warrants and represents to and covenants and agrees with the Creditor as set forth herein.

**ARTICLE 1  
DEFINITIONS**

**1.1 Definitions**

In this Agreement, the following words and phrases will have the meanings set out below unless the parties or the context otherwise require(s).

- (a) “**Agreement**” or “**this Agreement**” means this Agreement including all recitals and schedules hereto, as amended, modified, restated or replaced from time to time.
- (b) “**Borrower**” means collectively, the Issuer, Living Beachside Development Limited Partnership, Sunny Beach Motel Inc., PortLiving Farms (3624 Parkview) Investments Inc., PortLiving Farms (3648 Parkview) Investments Inc. and PortLiving Farms (3688 Parkview) Investments Inc. and its respective successors and assigns, as the case may be, whether immediate or derivative.

- (c) **“Borrower’s Obligations”** means the Obligations of the Borrower.
- (d) **“Cash Distributions”** means all cash dividends and other cash distributions from time to time paid on or in respect of the Securities, excluding Other Cash Proceeds, but including corporate dividends, cash, income, interest, trust distributions and partnership distributions and other payments and distributions from time to time paid or payable or made by the Issuer with respect to any of the Securities; provided that returns of capital on or in respect of debentures or trust units that are part of a regularly paid debenture or trust distribution paid in the ordinary course as part of such trust distribution will be deemed to be “Cash Distributions” under this Agreement.
- (e) **“Charge”** means any mortgage, assignment, security interest, charge (fixed or floating), pledge, hypothec, lien (statutory or otherwise), trust, interest in any lease, conditional sale or other title retention agreement, or other encumbrance of any nature or kind whatsoever, now or at any time hereafter arising in respect of the whole or any portion of the Collateral.
- (f) **“Collateral”** means all of the Pledgor’s present and future right, title and interest in and to:
  - (i) the Securities and all certificates and instruments from time to time representing the Securities;
  - (ii) the Distributions;
  - (iii) the Rights;
  - (iv) all letters, papers and other documents now or at any time hereafter evidencing or relating to any one or more of the Securities, the Distributions and the Rights, or which now or at any time hereafter may be received by the Pledgor as security for or on account of any one or more of the Securities, the Distributions and the Rights in whole or in part; and
  - (v) all proceeds now or hereafter arising from any of the Securities, the Distributions or the Rights that are goods, intangibles, securities, documents of title, chattel paper, instruments or money.
- (g) **“Creditor”** means the party so described above and its successors and assigns.
- (h) **“Default”** means the occurrence of an Event of Default as defined in the Loan Agreement) that is continuing.
- (i) **“Distributions”** means Cash Distributions, Other Cash Proceeds and Non Cash Distributions.
- (j) **“Enforcement Proceedings”** means enforcement or realization proceedings, taken by the Creditor, after the occurrence of a Default that is continuing, to enforce or realize any of the security granted to it under this Agreement.

- (k) **“Existing Securities”** means the Securities described in Schedule A hereto.
- (l) **“Issuer”** means Port Capital Farms (Beach) Inc.
- (m) **“Loan”** means the \$3,500,000.00 loan(s) made or to be made by the Creditor to the Borrower, as contemplated by the Loan Agreement.
- (n) **“Loan Agreement”** means the loan agreement dated March 14, 2022 and made between the Creditor and the Borrower in connection with the Loan, as amended, modified, restated or replaced from time to time.
- (o) **“Loan Documents”** has the meaning ascribed to such term in the Loan Agreement.
- (p) **“Non-Cash Distributions”** has the meaning ascribed to such term in the Loan Agreement.
- (q) **“Obligants”** means all Persons, including the Pledgor, who have Obligations.
- (a) **“Obligations”** means the obligations of the Pledgor to the Secured Party (including all future advances and re-advances) whether direct or indirect, absolute or contingent, joint, several or joint and several, matured or not, extended or renewed, wherever and however incurred, of whatever nature or kind and whether or not arising under or in connection with the Loan Agreement or any of the other Loan Documents.
- (r) **“Other Cash Proceeds”** means cash proceeds which are paid:
  - (i) from the redemption or retraction of any the Securities; or
  - (ii) as a return of capital in respect of the Securities,but which are not Cash Distributions.
- (s) **“Persons”** or **“Person”** means and includes any individual, sole proprietorship, corporation, partnership, bank, joint venture, trust, unincorporated association, association, institution, entity, party or government (whether national, federal, provincial, state, municipal, city, county or otherwise and including any instrumentality, division, agency, body or department thereof).
- (t) **“Pledgor”** means the party so described above and his, her, its or their respective heirs, executors, administrators, personal representatives, successors and assigns, whether immediate or derivative.
- (u) **“Pledgor’s Obligations”** means the Obligations of the Pledgor.
- (v) **“PPSA”** means the *Personal Property Security Act* of British Columbia and any regulations thereto, as amended from time to time.
- (w) **“Rights”** means all of the present and future benefits, advantages, privileges, powers, claims, demands, rights, remedies, security, judgments and the like

whatsoever (including any extensions or renewals thereof), which the Pledgor be entitled to under or in respect of the Securities or the Distributions or any part thereof including:

- (i) any and all benefits and advantages due or accruing due to the Pledgor now or at any time after the date hereof under any of the Securities (including all rights to receive notices of and attend meetings of shareholders, debenture holders or partners (as applicable) and all present and future rights of the Pledgor to vote the Securities) or the Distributions (including all rights to receive the same); and
  - (ii) the benefit of all covenants, guarantees, representations, warranties and indemnities which have been or in the future are granted to, received or negotiated by the Pledgor, or any agent of the Pledgor, in respect of any of the Securities, the Distributions and the Rights.
- (x) “**Securities**” means:
- (i) the Existing Securities; and
  - (ii) any securities which the Pledgor may at any time acquire in the future whether in substitution for or in addition to the Existing Securities, including securities arising from a Non-Cash Distribution.

## **1.2 Additional Definitions**

Words used in this Agreement that are defined in the PPSA will have the meaning given to them in that Act or those regulations unless otherwise defined herein.

## **ARTICLE 2 PLEDGE OF COLLATERAL, CREATION OF SECURITY INTEREST AND DELIVERY OF CERTIFICATES**

### **2.1 Pledge of Collateral and Creation of Security Interest**

As general and continuing collateral security for the due payment, observance and performance of the Pledgor’s Obligations, the Pledgor hereby mortgages, hypothecates, pledges, charges, assigns, transfers and delivers to and in favour of the Creditor and grants the Creditor a fixed and specific security interest, hypothec, mortgage, pledge and charge in all of the Collateral until all of the Pledgor’s Obligations have been fully paid, performed and satisfied and a discharge of this Agreement is given to the Pledgor after a written request therefor by the Pledgor, after which all rights to the Collateral will revert to the Pledgor.

### **2.2 Attachment**

The Pledgor acknowledges that value has been given and that the security interest granted herein is intended to attach:



- (a) as to all Collateral in which the Pledgor now has rights, upon the execution and delivery of this Agreement by the Pledgor; and
- (b) as to all Collateral in which the Pledgor acquires rights after the execution of this Agreement, when the Pledgor acquires such rights.

The Pledgor agrees that the Pledgor and the Creditor do not intend to postpone the attachment of any security interest created hereby.

### **2.3 Multiple Pledgor**

If the Pledgor is comprised of more than one Person, all references to the Collateral in this Agreement will be interpreted to mean:

- (a) the Collateral which is now or hereafter jointly owned or acquired by all Persons comprising the Pledgor; and
- (b) the Collateral which is now or hereafter individually owned or acquired by each Person comprising the Pledgor.

### **2.4 Delivery**

Subject to the rights of the Senior Lender (as defined in the Loan Agreement) and any obligations or liabilities of the Borrower or the Pledgor (now or hereafter existing) to the Senior Lender:

- (a) Upon the execution and delivery of this Agreement and thereafter as required by the terms of this Agreement or as may from time to time be required by the Creditor in writing, the Pledgor shall immediately deliver to the Creditor, or to any Person nominated by the Creditor as its nominee for the purpose of holding the Collateral as security:
  - (i) to the extent not already pledged, all certificates representing or evidencing any Collateral, including Securities duly endorsed for transfer in blank or, if directed by the Creditor, endorsed for transfer to the Creditor or the nominee(s) of the Creditor and stock powers of attorney with respect thereto; and
  - (ii) appropriate resolutions of each of the Pledgor and the Issuer approving and consenting to the transfer of the Securities represented thereby from the Pledgor to the Creditor or the Creditor's nominee(s).
- (b) The Pledgor agrees that all Securities may after a Default, at the option of the Creditor, be registered in the name of the Creditor or its nominee(s) at any time while this Agreement remains in effect and the Pledgor shall immediately transfer them into the name of the Creditor or its nominee(s) when requested to do so by the Creditor in writing.
- (c) Without limiting the generality of the foregoing, the Pledgor irrevocably authorizes and empowers the Creditor after a Default to complete any transfer or power of

attorney to transfer the Securities attached thereto with such names and in such manner as may be thought best by the Creditor and to seal and deliver the same after such blanks have been filled in, notwithstanding the death or dissolution, as the case may be, of the Pledgor.

## **2.5 Possession of Collateral**

The powers conferred on the Creditor hereunder are solely to protect its interest in the Collateral and will not impose any duty on it to exercise any such powers. Except for reasonable care of any Collateral in its possession and the accounting for moneys actually received by it hereunder, the Creditor will have no duty as to any Collateral or responsibility for:

- (a) ascertaining or taking action with respect to calls, conversions, exchanges, maturities, tenders or other matters relative to any Securities, whether or not the Creditor has or is deemed to have notice or knowledge of such matters; or
- (b) taking any necessary steps to preserve rights against prior parties or any other rights pertaining to any Collateral.

## **ARTICLE 3 VOTING, DISTRIBUTIONS**

### **3.1 Voting Rights**

- (a) Until Enforcement Proceedings are commenced and after they have been discontinued, and notwithstanding that the Securities may be registered in the name of the Creditor or its nominee(s) after a Default, the Pledgor will have the right, subject to the terms and conditions of this Agreement, to vote the Securities and to exercise all rights of conversion and retraction and other similar rights in respect of the Securities with the same force and effect as though they had not been mortgaged, hypothecated, pledged, charged, transferred, assigned and delivered to the Creditor hereunder.
- (b) From and after the commencement of Enforcement Proceedings and until they are discontinued, and without limiting any other right or remedy available to the Creditor, the Creditor will have the sole and exclusive right to vote the Securities and to exercise all rights of conversion and retraction and other similar rights in respect of the Securities with the same force and effect as if it were the absolute owner thereof and any proxy granted by the Pledgor or its nominee in respect of any of the Securities to any Person(s) other than the Creditor will be revoked and be null and void.
- (c) The Pledgor shall not vote or permit any of the Securities to be voted for any purpose contrary to or inconsistent with the Obligations of any of the Pledgor or the terms of this Agreement or any other Loan Document.

### **3.2 Distributions**

- (a) Until Enforcement Proceedings are commenced and after they have been discontinued, and notwithstanding that the Securities may be registered in the name of the Creditor or its nominee(s) after a Default, the Pledgor, or any nominee or agent of Pledgor, may receive and retain all Distributions made during that period of time.
- (b) From and after the commencement of Enforcement Proceedings and until they are discontinued, and without limiting any other right or remedy available to the Creditor, the Pledgor shall:
  - (i) receive all Distributions in trust as trustee for the Creditor; and
  - (ii) forthwith pay and deliver all Distributions to the Creditor, without demand therefor, to be dealt with by the Creditor pursuant to the terms hereof.
- (c) The Pledgor hereby irrevocably authorizes and directs the Issuer to pay and deliver to the Creditor all Distributions made by the Issuer to the Pledgor while Enforcement Proceedings remain in effect.

## **ARTICLE 4 REPRESENTATIONS AND WARRANTIES**

### **4.1 Representations and Warranties**

The Pledgor makes the following representations and warranties to the Creditor as continuing representations and warranties that are now and will hereafter be true and correct at all times while this Pledge remains in effect:

- (a) the Pledgor is the legal and beneficial owner of the Collateral and no other Person (other than the Senior Lender) has any interest, beneficial or otherwise in the Existing Securities except as previously disclosed to the Creditor or disclosed in the British Columbia Personal Property Registry;
- (b) except as previously disclosed to the Creditor in writing, the Collateral is free and clear of all Charges other than the Charges constituted by this Agreement and the Charges granted in favour of the Senior Lender;
- (c) the Pledgor has the full capacity to mortgage, pledge, charge, hypothecate, transfer and assign and grant a security interest in the Collateral to the Creditor on the terms contemplated hereby;
- (d) the execution and delivery of this Agreement by the Pledgor and the Charge(s) created hereby will not constitute a default or breach under any other indenture, agreement or instrument to which the Pledgor is a party or by which it or any of its property is bound except for the consents obtained;

- (e) the Securities have been duly authorized and validly issued as fully paid and non-assessable;
- (f) none of the Securities are subject of any shareholder's or similar agreements or any agreement, option, warrant, privilege or right pursuant to which the Pledgor may be required to sell or otherwise dispose of the Securities; and
- (g) except for the consents of the board of directors of each of the Pledgor and the Issuer (which have been obtained), no other authorization, approval or other actions and no notice to or filing with any governmental authority or any other Person is required:
  - (i) for the pledge of the Collateral pursuant to this Agreement;
  - (ii) for the execution, delivery and performance of this Agreement by the Pledgor;
  - (iii) for the exercise by the Creditor of the voting or other rights or remedies provided for in this Agreement; or
  - (iv) for the exercise by the Creditor of its remedies, whether provided for in this Agreement or not, except as may be required in connection with a disposition of Collateral by laws affecting the offering and sale of securities generally.

## **ARTICLE 5 COVENANTS**

### **5.1 Covenants**

The Pledgor covenants with the Creditor as follows:

- (a) except as otherwise expressly provided herein or in other written agreements from time to time entered into between or on behalf of the Pledgor and the Creditor, the Pledgor shall not sell, exchange, transfer, assign, lend, charge, pledge, encumber or otherwise dispose of or deal in any way with the Collateral or any interest therein except to the Creditor hereunder, or enter into any agreement or undertaking to do so;
- (b) the Pledgor shall defend the Collateral for the benefit of the Creditor against the claims and demands of all other Persons;
- (c) the Pledgor shall fully and effectively maintain and keep maintained valid and effective the security interest constituted by this Agreement;
- (d) the Creditor will not be required to surrender any of the Collateral until all of the Pledgor's Obligations have been fully and finally paid and satisfied and the security interest created hereunder is discharged by the Creditor as herein provided;

- (e) the Pledgor shall not suffer, condone or support any reorganization of the Issuer without the consent of the Creditor first had and received in writing;
- (f) the Pledgor shall promptly inform the Creditor in writing of any Distributions made or proposed to be made to it;
- (g) the Pledgor shall hold any substituted or additional Collateral subject to the same terms and conditions and with the same powers and authorities as are hereby declared and conferred;
- (h) the Creditor will have the right, but will not be bound nor required, to exercise any option or right which the holder of any of the Securities may at any time have; provided that if the Creditor chooses to exercise any such option or right, any advance made by the Creditor for such purposes will be added to the Pledgor's Obligations and all the provisions hereof will apply thereto; and
- (i) the Pledgor shall ensure that each of the representations and warranties of the Pledgor herein contained will be true and correct at all times until the security interest created hereunder is discharged by the Creditor as herein provided.

## ARTICLE 6 ENFORCEMENT OF SECURITY

### 6.1 Remedies

- (a) Upon the occurrence and at any time during the continuance of a Default the Creditor will:
  - (i) have, in addition to the rights and remedies provided herein, all of the rights and remedies with respect to the Collateral of a secured party under the PPSA and such additional rights and remedies to which a secured party is entitled at law or in equity or by other statute in the Province of British Columbia and such additional rights and remedies to which a secured party is entitled under the laws in effect in any other jurisdiction where any rights and remedies hereunder may be asserted;
  - (ii) be entitled by itself or through its agents (including without limitation any receiver or receiver-manager) to all rights of ownership of and all other rights attaching to the Collateral, or any of it, as if the Creditor were the absolute owner thereof; and
  - (iii) will be entitled but not obligated to enforce and exercise those rights and remedies and realize upon the Collateral or any part(s) thereof, in such manner and at such time(s) as it shall in its sole and absolute discretion deem advisable.
- (b) Without limiting the generality of (a), the Creditor may:

- (i) demand, sue for, collect or receive any Distributions at any time payable or receivable on account of or in exchange for any of the Collateral in its name or in the name of the Pledgor or otherwise; and
  - (ii) sell, assign or otherwise dispose of all or any part of such Collateral, at such place or places (including, without being required to do so, on any stock market on which any of the Securities are traded) and at such time or times as the Creditor deems best, and for cash or for credit or for future delivery (without thereby assuming any credit risk), at public or private sale, without demand of performance or notice of intention to effect any such disposition or of the time or place thereof (except such notice as is required by applicable statute and cannot be waived), and the Creditor, its assignees hereunder or anyone else who may be the purchaser, assignee or recipient of any or all of the Collateral so disposed of at any public sale (or, to the extent permitted by law, at any private sale) shall thereafter hold the same absolutely, free from any claim or right of whatsoever kind, including any right or equity of redemption (statutory or otherwise) of the Pledgor; any such demand, notice and right or equity being hereby expressly waived and released.
- (c) Without limiting the generality of (b)(ii), the Creditor may:
- (i) without notice or publication, adjourn any public or private sale or cause the same to be adjourned from time to time by announcement at the time and place fixed for the sale, and such sale may be made at any time or place to which the sale may be so adjourned; and
  - (ii) transfer all or any of the Collateral and may fill in all blanks in any stock transfers or certificates or any power of attorney or other documents delivered to it in connection therewith, and may delegate its powers and any sub-delegate of the powers hereby given in the name and on behalf of the Pledgor.
- (d) The Pledgor agrees that:
- (i) notwithstanding the foregoing, the Creditor will not be bound under any circumstances to enforce or realize upon any Collateral or to allow any Collateral to be sold and it will not be responsible for any loss occasioned by any sale or by the retention of or refusal to sell Collateral in whole or in part; nor will the Creditor be obliged to collect or see to the payment of Distributions or to the exercise of any Rights with respect thereto or to the remaining Collateral;
  - (ii) the Pledgor shall remain liable to the Creditor for any deficiency or amount outstanding in respect of the Pledgor's Obligations upon any realization of the Collateral and application of the proceeds thereof on the Pledgor's Obligations;

- (iii) the records of the Creditor as to the occurrence of a Default will, absent manifest error, be conclusive evidence of the occurrence of a Default; and
- (iv) at the request of the Creditor the Pledgor shall, at its own expense, execute all such transfers and documents as may be reasonably required, with all such powers of sale and other necessary powers as may be expedient for vesting the Collateral in whole or in part in the Creditor or such Person(s) or nominee(s) as it may appoint.
- (e) The Pledgor agrees that, by reason of certain prohibitions contained in applicable securities laws, the Creditor may be compelled, with respect to any sale of all or any part of the Collateral, to limit purchasers to those who will agree, among other things, to acquire the Collateral in a private sale for their own account, for investment and not with a view to the distribution or resale thereof. The Pledgor therefore agrees that that any such private sales may be at prices and on terms less favourable to the Creditor than those obtainable through a sale without such restrictions, and, notwithstanding such circumstances, agrees that any such private sale will be deemed to have been made in a commercially reasonable manner and that the Creditor will have no obligation to engage in public sales or sales on or through any stock exchange and no obligation to delay the sale of any Collateral for any period of time.

## **6.2 Remedies Not Exclusive**

The Creditor may exercise any of its rights and remedies independently or in combination and at any time and from time to time. The exercise of any particular right or remedy shall not preclude the further exercise of that or any other right or remedy. In addition to the foregoing, the Creditor will not be obliged to exhaust its recourse against the Pledgor or the Borrower or under any Loan Documents before realizing on or otherwise dealing with the Collateral in such manner as the Creditor considers desirable or expedient.

## **6.3 Application of Proceeds**

Any Distributions or other monies realized by the Creditor on or in respect of the Collateral in connection with the exercise of any rights or remedies of the Creditor will be applied in the following order:

- (a) to the payment of all expenses incurred by the Creditor or its agents in connection with the Enforcement Proceedings;
- (b) to the payment of interest, including interest on interest in default accrued but unpaid in respect of any of the Pledgor's Obligations;
- (c) to the payment of principal outstanding and unpaid in respect of any of the Pledgor's Obligations;
- (d) to the payment of all other amounts owing and unpaid in respect of any of the Pledgor's Obligations; and

(e) the balance, if any, will be paid to the Person or Persons legally entitled thereto.

#### **6.4 Power of Attorney**

Upon the commencement and during the continuance of Enforcement Proceedings, the Creditor (or any officer of the Creditor appointed by the Creditor) is hereby irrevocably constituted and appointed by the Pledgor to be its true and lawful attorney, with full power of substitution, to do, make and execute all such statements, assignments, documents, acts, matters or things with the right to use the name of the Pledgor whenever and wherever it may be deemed necessary or expedient to give effect to this Agreement or to protect the security created hereby. This power of attorney will be irrevocable and coupled with an interest.

#### **6.5 Other Dealings**

The Creditor may grant time, renewals, extensions and indulgences, releases, and discharges to, may take and give up securities from or may abstain from taking securities from and may accept compositions from and may otherwise deal with all Persons including the Pledgor and any securities it holds in connection with the Obligations, or any part thereof, including any of the Collateral, as the Creditor may see fit without prejudice to the rights of the Creditor to hold, deal with and realize on the Collateral in any manner which the Creditor considers desirable or expedient.

#### **6.6 Security**

The security constituted hereby is taken in addition to and not in substitution for and is independent of the other Loan Documents.

#### **6.7 No Merger**

This Agreement will not operate so as to create any merger or discharge of any of the Pledgor's Obligations or of any Loan Document. Neither the taking of any judgment nor the exercise of any power or seizure or disposition will extinguish the liability of the Pledgor to pay, observe and perform the Pledgor's Obligations nor will the acceptance of any payment or any Loan Document constitute or create any novation and no covenant, representation or warranty of the Pledgor herein will merge in any judgment.

#### **6.8 Enforcement Costs**

The Pledgor agrees that all costs and charges incurred by the Creditor with respect to the Collateral or the realization thereof (including all legal costs on the basis as between a solicitor and his own client and court costs paid and also including expenses of taking possession of, protecting and realizing upon any property comprised in the Collateral) will be added to the Pledgor's Obligations and will be a charge and security interest upon the monies received having the priority of the Charge(s) created hereby.

#### **6.9 Discharge**

Any partial payment or satisfaction of the Obligations will be deemed not to be a redemption or discharge of this Agreement. The Pledgor and the Borrower shall be entitled to a release and



discharge of this Agreement upon full payment and satisfaction of all Obligations and upon written request by the Borrower or the Pledgor and payment to the Creditor of all costs, charges, expenses and legal fees and disbursements (on a solicitor and his own client basis) incurred by the Creditor in connection with the Obligations and such release and discharge.

**ARTICLE 7  
MISCELLANEOUS**

**7.1 Amendment**

Any amendment of this Agreement will not be binding unless in writing and signed by the Pledgor and the Creditor.

**7.2 Waiver**

No waiver of any of the provisions of this Agreement will be effective unless given in writing by the party against which the same is to be asserted.

**7.3 Notices**

Any notice, demand or other document to be given, or any delivery to be made hereunder will be effective if in writing and delivered in Person and left with, or sent by electronic mail or by prepaid registered letter addressed to the attention of:

- (a) in the case of the Pledgor, addressed as follows:

**PORT CAPITAL DEVELOPMENT (FARMS) INC.**  
325 West 4th Avenue  
Vancouver, BC V5Y 1H3

Attention: Macario Teodoro Reyes

Email: [tobi@portliving.com](mailto:tobi@portliving.com)

with a copy to (which does not constitute notice):

**MCCARTHY TÉTRAULT LLP**  
Barristers & Solicitors  
Suite 2400, 745 Thurlow Street  
Vancouver, BC V6E 0C5

Attention: Lance Williams

Email: [lwilliams@mccarthy.ca](mailto:lwilliams@mccarthy.ca)

(b) in the case of the Creditor, addressed as follows:

**1351486 B.C. LTD.**  
1556 Kebet Way  
Port Coquitlam, BC V3C 5M5

Attention: Luke Pretty

Email: [luke@dynamic.global](mailto:luke@dynamic.global)

with a copy to:

**FASKEN MARTINEAU DUMOULIN LLP**  
Barristers & Solicitors  
Bentall 5, Suite 2900 – 550 Burrard Street  
Vancouver, BC V6C 0A3

Attention: Brent C. Clark

Email: [bcclark@fasken.com](mailto:bcclark@fasken.com)

Any notice, demand or other document or delivery so given or made will be deemed to have been given or made and received at the time of delivery in Person or on the business day the transmission was sent successfully to the address set out above, as the case may be. Any party hereto may from time to time by notice in writing change his or its address (or in the case of a corporate party, the designated recipient) for the purposes of this section.

#### **7.4 Further Assurances**

The Pledgor shall from time to time forthwith on the Creditor's request do, make and execute all such documents, acts, matters and things as may be required by the Creditor with respect to this Agreement or any part hereof or as may be required to give effect to this Agreement.

#### **7.5 Counterparts and Facsimile**

This Agreement may be executed in counterparts and an executed copy of this Agreement may be delivered by electronic facsimile transmission or other means of electronic communication capable of producing a signed printed copy of this Agreement. **Any such execution and delivery will be deemed to have occurred as of the date set forth above by the party so delivering such copy.**

### **ARTICLE 8 INTERPRETATION**

#### **8.1 Headings**

All headings and titles in this Agreement are for reference only and are not to be used in the interpretation of the terms hereof.

## **8.2 Hereof, Etc.**

All references in this Agreement to the words “hereof”, “herein” or “hereunder” will be construed to mean and refer to this Agreement as a whole and will not be construed to refer only to a specific Article, Section, paragraph or clause of this Agreement unless the context clearly requires such construction.

## **8.3 Joint and Several Liability**

If any party hereto is comprised of more than one Person, the assignments, security interests and other charges constituted hereby and the representations, warranties, covenants, agreements, obligations and liabilities made by or imposed upon that party herein or by law will be deemed to have been made or incurred by all those Persons jointly and by each of those Persons severally.

## **8.4 Severability**

If any of the terms of this Agreement are or are held to be unenforceable or otherwise invalid, such holding will not in any way affect the enforceability or validity of the remaining terms of this Agreement.

## **8.5 Governing Law**

This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia. The Pledgor irrevocably submits to the jurisdiction of any British Columbia court sitting in Vancouver, British Columbia, in any action or proceeding arising out of or relating to this Agreement.

## **8.6 Enurement**

This Agreement will be binding upon the Pledgor and will enure to the benefit of the Creditor.

## **8.7 Interpretation**

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

## **8.8 Paramountcy**

In the event of any inconsistency between the provisions of this Agreement and the provisions of the Loan Agreement, the provisions of the Loan Agreement shall prevail.

## **8.9 Capacity**

If the Collateral or any portion thereof or any interest therein are now or at anytime hereafter held by the Pledgor as a partner of a firm, as a trustee, as an agent, or in any other similar capacity, whether fiduciary or otherwise:

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

- (b) each and every assignment and other charge constituted hereby,

whether made by or imposed upon the Pledgor hereunder, will be and be deemed to be jointly and severally made by or imposed upon the Pledgor and the partnership, the beneficiary(ies) of the trust, the principal(s) of the agent, or other entity(ies), as the case may be, and each assignment and other charge contained in this Agreement will be deemed to be an assignment or charge against the right, title and interest of the partnership, the beneficiary(ies), the principal(s), or such entity(ies), as the case may be, in and to the Collateral, as well as being an assignment of or charge against the right, title or interest of the Pledgor in and to the Collateral.

#### **8.10 Creditor as Agent**

If this Agreement is granted to the Creditor in its capacity as agent for one or more other Persons, the Pledgor agrees that all:

- (a) grants, mortgages, assignments, charges and security interests;
- (b) representations, warranties, covenants and agreements; and
- (c) obligations and liabilities,

created, made, assumed or incurred hereunder by the Pledgor in favour of the Creditor are also created, made, assumed or incurred hereunder by the Pledgor in favour of those Persons.

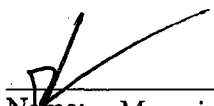
#### **8.11 Binding Effect**

This Agreement will be binding on the Pledgor and the respective heirs, executors, personal representatives, successors and assigns of each Person comprising the Pledgor and will enure to the benefit of the Creditor and its successors and assigns.

*[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK;  
SIGNATURE PAGE(S) TO FOLLOW]*

**EXECUTED** at Vancouver, British Columbia, on this 10<sup>m</sup> day of March, 2022.

**PORT CAPITAL DEVELOPMENT (FARMS)  
INC., by its authorized signatory(ies):**

Per:   
Name: Macario Teodoro Reyes  
Title: Director

Per: \_\_\_\_\_  
Name:  
Title:  
I/We have the authority to bind the corporation.

**SCHEDULE A  
EXISTING SECURITIES**

**Issuer: PORT CAPITAL FARMS (BEACH) INC.**

| <b>Number, Kind &amp; Class of Shares</b> | <b>Share Certificate No(s).</b> |
|---|---------------------------------|
| 100 Common Shares without par value       | 1C                              |

**BETWEEN:**

**PORT CAPITAL DEVELOPMENT  
(FARMS) INC.**

**AND:**

**1351486 B.C. LTD.**

**PLEDGE OF SECURITIES  
(IN PORT CAPITAL FARMS (BEACH) INC.)**

**FASKEN MARTINEAU DUMOULIN LLP  
Barristers & Solicitors**

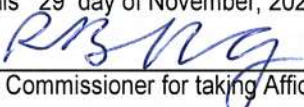
**Bentall 5, Suite 2900 - 550 Burrard Street  
Vancouver, BC, Canada V6C 0A3  
Telephone: 604.631.3131**

**Counsel: Brent C. Clark**

**File No: 319671.00003**

0196

This is Exhibit "I" referred to in the affidavit  
of Luke Pretty sworn before me at Vancouver  
this 29 day of November, 2022.

  
A Commissioner for taking Affidavits for British Columbia



**PLEDGE OF SECURITIES  
(IN PORTLIVING FARMS (3624 PARKVIEW) INVESTMENTS INC.)**

**THIS PLEDGE OF SECURITIES** dated March 10, 2022 and made,

**BETWEEN:**

**LIVING BEACHSIDE DEVELOPMENT LIMITED PARTNERSHIP**, a limited partnership formed under the *Partnership Act* of British Columbia (LP0758535), by its General Partner, **PORT CAPITAL FARMS (BEACH) INC.**, a company incorporated under the *Business Corporations Act* of British Columbia (BC1180893), having an office at 325 West 4<sup>th</sup> Avenue, Vancouver, BC V5Y 1H3;

(the “**Pledgor**”)

**AND:**

**1351486 B.C. LTD.**, a company incorporated under the *Business Corporations Act* of British Columbia (BC1351486), having an office at 1556 Kebet Way, Port Coquitlam, BC V3C 5M5;

(the “**Creditor**”)

A. The Borrower has agreed to borrow the moneys representing the Loan from the Creditor, who has agreed to make the Loan to the Borrower.

B. It is a condition of the Loan that the Pledgor execute and deliver this Agreement to the Creditor.

In consideration of the sum of \$1.00 and other good and valuable consideration now paid by the Creditor to the Pledgor (the receipt and sufficiency of which is hereby acknowledged by the Pledgor) the Pledgor warrants and represents to and covenants and agrees with the Creditor as set forth herein.

**ARTICLE 1  
DEFINITIONS**

**1.1 Definitions**

In this Agreement, the following words and phrases will have the meanings set out below unless the parties or the context otherwise require(s).

- (a) “**Agreement**” or “**this Agreement**” means this Agreement including all recitals and schedules hereto, as amended, modified, restated or replaced from time to time.
- (b) “**Borrower**” means collectively, the Issuer, the Pledgor, Sunny Beach Motel Inc., Port Capital Farms (Beach) Inc., PortLiving Farms (3648 Parkview) Investments

Inc. and PortLiving Farms (3688 Parkview) Investments Inc. and its respective successors and assigns, as the case may be, whether immediate or derivative.

- (c) **“Borrower’s Obligations”** means the Obligations of the Borrower.
- (d) **“Cash Distributions”** means all cash dividends and other cash distributions from time to time paid on or in respect of the Securities, excluding Other Cash Proceeds, but including corporate dividends, cash, income, interest, trust distributions and partnership distributions and other payments and distributions from time to time paid or payable or made by the Issuer with respect to any of the Securities; provided that returns of capital on or in respect of debentures or trust units that are part of a regularly paid debenture or trust distribution paid in the ordinary course as part of such trust distribution will be deemed to be “Cash Distributions” under this Agreement.
- (e) **“Charge”** means any mortgage, assignment, security interest, charge (fixed or floating), pledge, hypothec, lien (statutory or otherwise), trust, interest in any lease, conditional sale or other title retention agreement, or other encumbrance of any nature or kind whatsoever, now or at any time hereafter arising in respect of the whole or any portion of the Collateral.
- (f) **“Collateral”** means all of the Pledgor’s present and future right, title and interest in and to:
  - (i) the Securities and all certificates and instruments from time to time representing the Securities;
  - (ii) the Distributions;
  - (iii) the Rights;
  - (iv) all letters, papers and other documents now or at any time hereafter evidencing or relating to any one or more of the Securities, the Distributions and the Rights, or which now or at any time hereafter may be received by the Pledgor as security for or on account of any one or more of the Securities, the Distributions and the Rights in whole or in part; and
  - (v) all proceeds now or hereafter arising from any of the Securities, the Distributions or the Rights that are goods, intangibles, securities, documents of title, chattel paper, instruments or money.
- (g) **“Creditor”** means the party so described above and its successors and assigns.
- (h) **“Default”** means the occurrence of an Event of Default as defined in the Loan Agreement) that is continuing.
- (i) **“Distributions”** means Cash Distributions, Other Cash Proceeds and Non Cash Distributions.

- (j) **“Enforcement Proceedings”** means enforcement or realization proceedings, taken by the Creditor, after the occurrence of a Default that is continuing, to enforce or realize any of the security granted to it under this Agreement.
- (k) **“Existing Securities”** means the Securities described in Schedule A hereto.
- (l) **“Issuer”** means PortLiving Farms (3624 Parkview) Investments Inc.
- (m) **“Loan”** means the \$3,500,000.00 loan(s) made or to be made by the Creditor to the Borrower, as contemplated by the Loan Agreement.
- (n) **“Loan Agreement”** means the loan agreement dated March 14, 2022 and made between the Creditor and the Borrower in connection with the Loan, as amended, modified, restated or replaced from time to time.
- (o) **“Loan Documents”** has the meaning ascribed to such term in the Loan Agreement.
- (p) **“Non-Cash Distributions”** has the meaning ascribed to such term in the Loan Agreement.
- (q) **“Obligants”** means all Persons, including the Pledgor, who have Obligations.
- (a) **“Obligations”** means the obligations of the Pledgor to the Secured Party (including all future advances and re-advances) whether direct or indirect, absolute or contingent, joint, several or joint and several, matured or not, extended or renewed, wherever and however incurred, of whatever nature or kind and whether or not arising under or in connection with the Loan Agreement or any of the other Loan Documents.
- (r) **“Other Cash Proceeds”** means cash proceeds which are paid:
  - (i) from the redemption or retraction of any the Securities; or
  - (ii) as a return of capital in respect of the Securities,but which are not Cash Distributions.
- (s) **“Persons”** or **“Person”** means and includes any individual, sole proprietorship, corporation, partnership, bank, joint venture, trust, unincorporated association, association, institution, entity, party or government (whether national, federal, provincial, state, municipal, city, county or otherwise and including any instrumentality, division, agency, body or department thereof).
- (t) **“Pledgor”** means the party so described above and his, her, its or their respective heirs, executors, administrators, personal representatives, successors and assigns, whether immediate or derivative.
- (u) **“Pledgor’s Obligations”** means the Obligations of the Pledgor.

- (v) “**PPSA**” means the *Personal Property Security Act* of British Columbia and any regulations thereto, as amended from time to time.
- (w) “**Rights**” means all of the present and future benefits, advantages, privileges, powers, claims, demands, rights, remedies, security, judgments and the like whatsoever (including any extensions or renewals thereof), which the Pledgor be entitled to under or in respect of the Securities or the Distributions or any part thereof including:
  - (i) any and all benefits and advantages due or accruing due to the Pledgor now or at any time after the date hereof under any of the Securities (including all rights to receive notices of and attend meetings of shareholders, debenture holders or partners (as applicable) and all present and future rights of the Pledgor to vote the Securities) or the Distributions (including all rights to receive the same); and
  - (ii) the benefit of all covenants, guarantees, representations, warranties and indemnities which have been or in the future are granted to, received or negotiated by the Pledgor, or any agent of the Pledgor, in respect of any of the Securities, the Distributions and the Rights.
- (x) “**Securities**” means:
  - (i) the Existing Securities; and
  - (ii) any securities which the Pledgor may at any time acquire in the future whether in substitution for or in addition to the Existing Securities, including securities arising from a Non-Cash Distribution.

## 1.2 Additional Definitions

Words used in this Agreement that are defined in the PPSA will have the meaning given to them in that Act or those regulations unless otherwise defined herein.

## ARTICLE 2 PLEDGE OF COLLATERAL, CREATION OF SECURITY INTEREST AND DELIVERY OF CERTIFICATES

### 2.1 Pledge of Collateral and Creation of Security Interest

As general and continuing collateral security for the due payment, observance and performance of the Pledgor’s Obligations, the Pledgor hereby mortgages, hypothecates, pledges, charges, assigns, transfers and delivers to and in favour of the Creditor and grants the Creditor a fixed and specific security interest, hypothec, mortgage, pledge and charge in all of the Collateral until all of the Pledgor’s Obligations have been fully paid, performed and satisfied and a discharge of this Agreement is given to the Pledgor after a written request therefor by the Pledgor, after which all rights to the Collateral will revert to the Pledgor.

## **2.2 Attachment**

The Pledgor acknowledges that value has been given and that the security interest granted herein is intended to attach:

- (a) as to all Collateral in which the Pledgor now has rights, upon the execution and delivery of this Agreement by the Pledgor; and
- (b) as to all Collateral in which the Pledgor acquires rights after the execution of this Agreement, when the Pledgor acquires such rights.

The Pledgor agrees that the Pledgor and the Creditor do not intend to postpone the attachment of any security interest created hereby.

## **2.3 Multiple Pledgor**

If the Pledgor is comprised of more than one Person, all references to the Collateral in this Agreement will be interpreted to mean:

- (a) the Collateral which is now or hereafter jointly owned or acquired by all Persons comprising the Pledgor; and
- (b) the Collateral which is now or hereafter individually owned or acquired by each Person comprising the Pledgor.

## **2.4 Delivery**

Subject to the rights of the Senior Lender (as defined in the Loan Agreement) and any obligations or liabilities of the Borrower or the Pledgor (now or hereafter existing) to the Senior Lender:

- (a) Upon the execution and delivery of this Agreement and thereafter as required by the terms of this Agreement or as may from time to time be required by the Creditor in writing, the Pledgor shall immediately deliver to the Creditor, or to any Person nominated by the Creditor as its nominee for the purpose of holding the Collateral as security:
  - (i) to the extent not already pledged, all certificates representing or evidencing any Collateral, including Securities duly endorsed for transfer in blank or, if directed by the Creditor, endorsed for transfer to the Creditor or the nominee(s) of the Creditor and stock powers of attorney with respect thereto; and
  - (ii) appropriate resolutions of each of the Pledgor and the Issuer approving and consenting to the transfer of the Securities represented thereby from the Pledgor to the Creditor or the Creditor's nominee(s).
- (b) The Pledgor agrees that all Securities may after a Default, at the option of the Creditor, be registered in the name of the Creditor or its nominee(s) at any time while this Agreement remains in effect and the Pledgor shall immediately transfer

them into the name of the Creditor or its nominee(s) when requested to do so by the Creditor in writing.

- (c) Without limiting the generality of the foregoing, the Pledgor irrevocably authorizes and empowers the Creditor after a Default to complete any transfer or power of attorney to transfer the Securities attached thereto with such names and in such manner as may be thought best by the Creditor and to seal and deliver the same after such blanks have been filled in, notwithstanding the death or dissolution, as the case may be, of the Pledgor.

## **2.5 Possession of Collateral**

The powers conferred on the Creditor hereunder are solely to protect its interest in the Collateral and will not impose any duty on it to exercise any such powers. Except for reasonable care of any Collateral in its possession and the accounting for moneys actually received by it hereunder, the Creditor will have no duty as to any Collateral or responsibility for:

- (a) ascertaining or taking action with respect to calls, conversions, exchanges, maturities, tenders or other matters relative to any Securities, whether or not the Creditor has or is deemed to have notice or knowledge of such matters; or
- (b) taking any necessary steps to preserve rights against prior parties or any other rights pertaining to any Collateral.

## **ARTICLE 3 VOTING, DISTRIBUTIONS**

### **3.1 Voting Rights**

- (a) Until Enforcement Proceedings are commenced and after they have been discontinued, and notwithstanding that the Securities may be registered in the name of the Creditor or its nominee(s) after a Default, the Pledgor will have the right, subject to the terms and conditions of this Agreement, to vote the Securities and to exercise all rights of conversion and retraction and other similar rights in respect of the Securities with the same force and effect as though they had not been mortgaged, hypothecated, pledged, charged, transferred, assigned and delivered to the Creditor hereunder.
- (b) From and after the commencement of Enforcement Proceedings and until they are discontinued, and without limiting any other right or remedy available to the Creditor, the Creditor will have the sole and exclusive right to vote the Securities and to exercise all rights of conversion and retraction and other similar rights in respect of the Securities with the same force and effect as if it were the absolute owner thereof and any proxy granted by the Pledgor or its nominee in respect of any of the Securities to any Person(s) other than the Creditor will be revoked and be null and void.

- (c) The Pledgor shall not vote or permit any of the Securities to be voted for any purpose contrary to or inconsistent with the Obligations of any of the Pledgor or the terms of this Agreement or any other Loan Document.

### **3.2 Distributions**

- (a) Until Enforcement Proceedings are commenced and after they have been discontinued, and notwithstanding that the Securities may be registered in the name of the Creditor or its nominee(s) after a Default, the Pledgor, or any nominee or agent of Pledgor, may receive and retain all Distributions made during that period of time.
- (b) From and after the commencement of Enforcement Proceedings and until they are discontinued, and without limiting any other right or remedy available to the Creditor, the Pledgor shall:
  - (i) receive all Distributions in trust as trustee for the Creditor; and
  - (ii) forthwith pay and deliver all Distributions to the Creditor, without demand therefor, to be dealt with by the Creditor pursuant to the terms hereof.
- (c) The Pledgor hereby irrevocably authorizes and directs the Issuer to pay and deliver to the Creditor all Distributions made by the Issuer to the Pledgor while Enforcement Proceedings remain in effect.

## **ARTICLE 4 REPRESENTATIONS AND WARRANTIES**

### **4.1 Representations and Warranties**

The Pledgor makes the following representations and warranties to the Creditor as continuing representations and warranties that are now and will hereafter be true and correct at all times while this Pledge remains in effect:

- (a) the Pledgor is the legal and beneficial owner of the Collateral and no other Person (other than the Senior Lender) has any interest, beneficial or otherwise in the Existing Securities except as previously disclosed to the Creditor or disclosed in the British Columbia Personal Property Registry;
- (b) except as previously disclosed to the Creditor in writing, the Collateral is free and clear of all Charges other than the Charges constituted by this Agreement and the Charges granted in favour of the Senior Lender;
- (c) the Pledgor has the full capacity to mortgage, pledge, charge, hypothecate, transfer and assign and grant a security interest in the Collateral to the Creditor on the terms contemplated hereby;
- (d) the execution and delivery of this Agreement by the Pledgor and the Charge(s) created hereby will not constitute a default or breach under any other indenture,

agreement or instrument to which the Pledgor is a party or by which it or any of its property is bound except for the consents obtained;

- (e) the Securities have been duly authorized and validly issued as fully paid and non-assessable;
- (f) none of the Securities are subject of any shareholder's or similar agreements or any agreement, option, warrant, privilege or right pursuant to which the Pledgor may be required to sell or otherwise dispose of the Securities; and
- (g) except for the consents of the board of directors of each of the Pledgor and the Issuer (which have been obtained), no other authorization, approval or other actions and no notice to or filing with any governmental authority or any other Person is required:
  - (i) for the pledge of the Collateral pursuant to this Agreement;
  - (ii) for the execution, delivery and performance of this Agreement by the Pledgor;
  - (iii) for the exercise by the Creditor of the voting or other rights or remedies provided for in this Agreement; or
  - (iv) for the exercise by the Creditor of its remedies, whether provided for in this Agreement or not, except as may be required in connection with a disposition of Collateral by laws affecting the offering and sale of securities generally.

## ARTICLE 5 COVENANTS

### 5.1 Covenants

The Pledgor covenants with the Creditor as follows:

- (a) except as otherwise expressly provided herein or in other written agreements from time to time entered into between or on behalf of the Pledgor and the Creditor, the Pledgor shall not sell, exchange, transfer, assign, lend, charge, pledge, encumber or otherwise dispose of or deal in any way with the Collateral or any interest therein except to the Creditor hereunder, or enter into any agreement or undertaking to do so;
- (b) the Pledgor shall defend the Collateral for the benefit of the Creditor against the claims and demands of all other Persons;
- (c) the Pledgor shall fully and effectively maintain and keep maintained valid and effective the security interest constituted by this Agreement;



- (d) the Creditor will not be required to surrender any of the Collateral until all of the Pledgor's Obligations have been fully and finally paid and satisfied and the security interest created hereunder is discharged by the Creditor as herein provided;
- (e) the Pledgor shall not suffer, condone or support any reorganization of the Issuer without the consent of the Creditor first had and received in writing;
- (f) the Pledgor shall promptly inform the Creditor in writing of any Distributions made or proposed to be made to it;
- (g) the Pledgor shall hold any substituted or additional Collateral subject to the same terms and conditions and with the same powers and authorities as are hereby declared and conferred;
- (h) the Creditor will have the right, but will not be bound nor required, to exercise any option or right which the holder of any of the Securities may at any time have; provided that if the Creditor chooses to exercise any such option or right, any advance made by the Creditor for such purposes will be added to the Pledgor's Obligations and all the provisions hereof will apply thereto; and
- (i) the Pledgor shall ensure that each of the representations and warranties of the Pledgor herein contained will be true and correct at all times until the security interest created hereunder is discharged by the Creditor as herein provided.

## ARTICLE 6 ENFORCEMENT OF SECURITY

### 6.1 Remedies

- (a) Upon the occurrence and at any time during the continuance of a Default the Creditor will:
  - (i) have, in addition to the rights and remedies provided herein, all of the rights and remedies with respect to the Collateral of a secured party under the PPSA and such additional rights and remedies to which a secured party is entitled at law or in equity or by other statute in the Province of British Columbia and such additional rights and remedies to which a secured party is entitled under the laws in effect in any other jurisdiction where any rights and remedies hereunder may be asserted;
  - (ii) be entitled by itself or through its agents (including without limitation any receiver or receiver-manager) to all rights of ownership of and all other rights attaching to the Collateral, or any of it, as if the Creditor were the absolute owner thereof; and
  - (iii) will be entitled but not obligated to enforce and exercise those rights and remedies and realize upon the Collateral or any part(s) thereof, in such manner and at such time(s) as it shall in its sole and absolute discretion deem advisable.

- (b) Without limiting the generality of (a), the Creditor may:
  - (i) demand, sue for, collect or receive any Distributions at any time payable or receivable on account of or in exchange for any of the Collateral in its name or in the name of the Pledgor or otherwise; and
  - (ii) sell, assign or otherwise dispose of all or any part of such Collateral, at such place or places (including, without being required to do so, on any stock market on which any of the Securities are traded) and at such time or times as the Creditor deems best, and for cash or for credit or for future delivery (without thereby assuming any credit risk), at public or private sale, without demand of performance or notice of intention to effect any such disposition or of the time or place thereof (except such notice as is required by applicable statute and cannot be waived), and the Creditor, its assignees hereunder or anyone else who may be the purchaser, assignee or recipient of any or all of the Collateral so disposed of at any public sale (or, to the extent permitted by law, at any private sale) shall thereafter hold the same absolutely, free from any claim or right of whatsoever kind, including any right or equity of redemption (statutory or otherwise) of the Pledgor; any such demand, notice and right or equity being hereby expressly waived and released.
  
- (c) Without limiting the generality of (b)(ii), the Creditor may:
  - (i) without notice or publication, adjourn any public or private sale or cause the same to be adjourned from time to time by announcement at the time and place fixed for the sale, and such sale may be made at any time or place to which the sale may be so adjourned; and
  - (ii) transfer all or any of the Collateral and may fill in all blanks in any stock transfers or certificates or any power of attorney or other documents delivered to it in connection therewith, and may delegate its powers and any sub-delegate of the powers hereby given in the name and on behalf of the Pledgor.
  
- (d) The Pledgor agrees that:
  - (i) notwithstanding the foregoing, the Creditor will not be bound under any circumstances to enforce or realize upon any Collateral or to allow any Collateral to be sold and it will not be responsible for any loss occasioned by any sale or by the retention of or refusal to sell Collateral in whole or in part; nor will the Creditor be obliged to collect or see to the payment of Distributions or to the exercise of any Rights with respect thereto or to the remaining Collateral;
  - (ii) the Pledgor shall remain liable to the Creditor for any deficiency or amount outstanding in respect of the Pledgor's Obligations upon any realization of

the Collateral and application of the proceeds thereof on the Pledgor's Obligations;

- (iii) the records of the Creditor as to the occurrence of a Default will, absent manifest error, be conclusive evidence of the occurrence of a Default; and
  - (iv) at the request of the Creditor the Pledgor shall, at its own expense, execute all such transfers and documents as may be reasonably required, with all such powers of sale and other necessary powers as may be expedient for vesting the Collateral in whole or in part in the Creditor or such Person(s) or nominee(s) as it may appoint.
- (e) The Pledgor agrees that, by reason of certain prohibitions contained in applicable securities laws, the Creditor may be compelled, with respect to any sale of all or any part of the Collateral, to limit purchasers to those who will agree, among other things, to acquire the Collateral in a private sale for their own account, for investment and not with a view to the distribution or resale thereof. The Pledgor therefore agrees that that any such private sales may be at prices and on terms less favourable to the Creditor than those obtainable through a sale without such restrictions, and, notwithstanding such circumstances, agrees that any such private sale will be deemed to have been made in a commercially reasonable manner and that the Creditor will have no obligation to engage in public sales or sales on or through any stock exchange and no obligation to delay the sale of any Collateral for any period of time.

## **6.2 Remedies Not Exclusive**

The Creditor may exercise any of its rights and remedies independently or in combination and at any time and from time to time. The exercise of any particular right or remedy shall not preclude the further exercise of that or any other right or remedy. In addition to the foregoing, the Creditor will not be obliged to exhaust its recourse against the Pledgor or the Borrower or under any Loan Documents before realizing on or otherwise dealing with the Collateral in such manner as the Creditor considers desirable or expedient.

## **6.3 Application of Proceeds**

Any Distributions or other monies realized by the Creditor on or in respect of the Collateral in connection with the exercise of any rights or remedies of the Creditor will be applied in the following order:

- (a) to the payment of all expenses incurred by the Creditor or its agents in connection with the Enforcement Proceedings;
- (b) to the payment of interest, including interest on interest in default accrued but unpaid in respect of any of the Pledgor's Obligations;
- (c) to the payment of principal outstanding and unpaid in respect of any of the Pledgor's Obligations;

- (d) to the payment of all other amounts owing and unpaid in respect of any of the Pledgor's Obligations; and
- (e) the balance, if any, will be paid to the Person or Persons legally entitled thereto.

#### **6.4 Power of Attorney**

Upon the commencement and during the continuance of Enforcement Proceedings, the Creditor (or any officer of the Creditor appointed by the Creditor) is hereby irrevocably constituted and appointed by the Pledgor to be its true and lawful attorney, with full power of substitution, to do, make and execute all such statements, assignments, documents, acts, matters or things with the right to use the name of the Pledgor whenever and wherever it may be deemed necessary or expedient to give effect to this Agreement or to protect the security created hereby. This power of attorney will be irrevocable and coupled with an interest.

#### **6.5 Other Dealings**

The Creditor may grant time, renewals, extensions and indulgences, releases, and discharges to, may take and give up securities from or may abstain from taking securities from and may accept compositions from and may otherwise deal with all Persons including the Pledgor and any securities it holds in connection with the Obligations, or any part thereof, including any of the Collateral, as the Creditor may see fit without prejudice to the rights of the Creditor to hold, deal with and realize on the Collateral in any manner which the Creditor considers desirable or expedient.

#### **6.6 Security**

The security constituted hereby is taken in addition to and not in substitution for and is independent of the other Loan Documents.

#### **6.7 No Merger**

This Agreement will not operate so as to create any merger or discharge of any of the Pledgor's Obligations or of any Loan Document. Neither the taking of any judgment nor the exercise of any power or seizure or disposition will extinguish the liability of the Pledgor to pay, observe and perform the Pledgor's Obligations nor will the acceptance of any payment or any Loan Document constitute or create any novation and no covenant, representation or warranty of the Pledgor herein will merge in any judgment.

#### **6.8 Enforcement Costs**

The Pledgor agrees that all costs and charges incurred by the Creditor with respect to the Collateral or the realization thereof (including all legal costs on the basis as between a solicitor and his own client and court costs paid and also including expenses of taking possession of, protecting and realizing upon any property comprised in the Collateral) will be added to the Pledgor's Obligations and will be a charge and security interest upon the monies received having the priority of the Charge(s) created hereby.

## 6.9 Discharge

Any partial payment or satisfaction of the Obligations will be deemed not to be a redemption or discharge of this Agreement. The Pledgor and the Borrower shall be entitled to a release and discharge of this Agreement upon full payment and satisfaction of all Obligations and upon written request by the Borrower or the Pledgor and payment to the Creditor of all costs, charges, expenses and legal fees and disbursements (on a solicitor and his own client basis) incurred by the Creditor in connection with the Obligations and such release and discharge.

## ARTICLE 7 MISCELLANEOUS

### 7.1 Amendment

Any amendment of this Agreement will not be binding unless in writing and signed by the Pledgor and the Creditor.

### 7.2 Waiver

No waiver of any of the provisions of this Agreement will be effective unless given in writing by the party against which the same is to be asserted.

### 7.3 Notices

Any notice, demand or other document to be given, or any delivery to be made hereunder will be effective if in writing and delivered in Person and left with, or sent by electronic mail or by prepaid registered letter addressed to the attention of:

- (a) in the case of the Pledgor, addressed as follows:

**LIVING BEACHSIDE DEVELOPMENT LIMITED PARTNERSHIP**  
325 West 4th Avenue  
Vancouver, BC V5Y 1H3

Attention: Macario Teodoro Reyes

Email: [tobi@portliving.com](mailto:tobi@portliving.com)

with a copy to (which does not constitute notice):

**MCCARTHY TÉTRAULT LLP**  
Barristers & Solicitors  
Suite 2400, 745 Thurlow Street  
Vancouver, BC V6E 0C5

Attention: Lance Williams

Email: [lwilliams@mccarthy.ca](mailto:lwilliams@mccarthy.ca)

(b) in the case of the Creditor, addressed as follows:

**1351486 B.C. LTD.**  
1556 Kebet Way  
Port Coquitlam, BC V3C 5M5

Attention: Luke Pretty

Email: [luke@dynamic.global](mailto:luke@dynamic.global)

with a copy to:

**FASKEN MARTINEAU DUMOULIN LLP**  
Barristers & Solicitors  
Bentall 5, Suite 2900 – 550 Burrard Street  
Vancouver, BC V6C 0A3

Attention: Brent C. Clark

Email: [bcclark@fasken.com](mailto:bcclark@fasken.com)

Any notice, demand or other document or delivery so given or made will be deemed to have been given or made and received at the time of delivery in Person or on the business day the transmission was sent successfully to the address set out above, as the case may be. Any party hereto may from time to time by notice in writing change his or its address (or in the case of a corporate party, the designated recipient) for the purposes of this section.

#### **7.4 Further Assurances**

The Pledgor shall from time to time forthwith on the Creditor's request do, make and execute all such documents, acts, matters and things as may be required by the Creditor with respect to this Agreement or any part hereof or as may be required to give effect to this Agreement.

#### **7.5 Counterparts and Facsimile**

This Agreement may be executed in counterparts and an executed copy of this Agreement may be delivered by electronic facsimile transmission or other means of electronic communication capable of producing a signed printed copy of this Agreement. **Any such execution and delivery will be deemed to have occurred as of the date set forth above by the party so delivering such copy.**

### **ARTICLE 8 INTERPRETATION**

#### **8.1 Headings**

All headings and titles in this Agreement are for reference only and are not to be used in the interpretation of the terms hereof.

## **8.2 Hereof, Etc.**

All references in this Agreement to the words “**hereof**”, “**herein**” or “**hereunder**” will be construed to mean and refer to this Agreement as a whole and will not be construed to refer only to a specific Article, Section, paragraph or clause of this Agreement unless the context clearly requires such construction.

## **8.3 Joint and Several Liability**

If any party hereto is comprised of more than one Person, the assignments, security interests and other charges constituted hereby and the representations, warranties, covenants, agreements, obligations and liabilities made by or imposed upon that party herein or by law will be deemed to have been made or incurred by all those Persons jointly and by each of those Persons severally.

## **8.4 Severability**

If any of the terms of this Agreement are or are held to be unenforceable or otherwise invalid, such holding will not in any way affect the enforceability or validity of the remaining terms of this Agreement.

## **8.5 Governing Law**

This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia. The Pledgor irrevocably submits to the jurisdiction of any British Columbia court sitting in Vancouver, British Columbia, in any action or proceeding arising out of or relating to this Agreement.

## **8.6 Enurement**

This Agreement will be binding upon the Pledgor and will enure to the benefit of the Creditor.

## **8.7 Interpretation**

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

## **8.8 Paramountcy**

In the event of any inconsistency between the provisions of this Agreement and the provisions of the Loan Agreement, the provisions of the Loan Agreement shall prevail.

## **8.9 Capacity**

If the Collateral or any portion thereof or any interest therein are now or at anytime hereafter held by the Pledgor as a partner of a firm, as a trustee, as an agent, or in any other similar capacity, whether fiduciary or otherwise:

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

(b) each and every assignment and other charge constituted hereby, whether made by or imposed upon the Pledgor hereunder, will be and be deemed to be jointly and severally made by or imposed upon the Pledgor and the partnership, the beneficiary(ies) of the trust, the principal(s) of the agent, or other entity(ies), as the case may be, and each assignment and other charge contained in this Agreement will be deemed to be an assignment or charge against the right, title and interest of the partnership, the beneficiary(ies), the principal(s), or such entity(ies), as the case may be, in and to the Collateral, as well as being an assignment of or charge against the right, title or interest of the Pledgor in and to the Collateral.

#### **8.10 Creditor as Agent**

If this Agreement is granted to the Creditor in its capacity as agent for one or more other Persons, the Pledgor agrees that all:

- (a) grants, mortgages, assignments, charges and security interests;
- (b) representations, warranties, covenants and agreements; and
- (c) obligations and liabilities,

created, made, assumed or incurred hereunder by the Pledgor in favour of the Creditor are also created, made, assumed or incurred hereunder by the Pledgor in favour of those Persons.

#### **8.11 Binding Effect**

This Agreement will be binding on the Pledgor and the respective heirs, executors, personal representatives, successors and assigns of each Person comprising the Pledgor and will enure to the benefit of the Creditor and its successors and assigns.

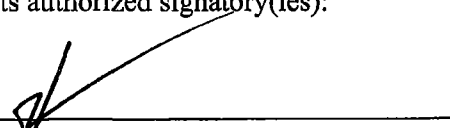
*[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK;  
SIGNATURE PAGE(S) TO FOLLOW]*



EXECUTED at Vancouver, British Columbia, on this 10<sup>th</sup> day of March, 2022.

**LIVING BEACHSIDE DEVELOPMENT  
LIMITED PARTNERSHIP**, by its General  
Partner, **PORT CAPITAL FARMS (BEACH)  
INC.**, by its authorized signatory(ies):

Per:

  
Name: Macario Teodoro Reyes  
Title: Director

Per:

Name:  
Title:  
I/We have the authority to bind the partnership.

**SCHEDULE A  
EXISTING SECURITIES**

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

| <b>Number, Kind &amp; Class of Shares</b>           | <b>Share Certificate No(s).</b> |
|---|---------------------------------|
| 20 Class A Common Shares without par value          | A-5                             |
| 20 Class "A" Preferred Voting Shares with par value | A-6                             |

**BETWEEN:**

**LIVING BEACHSIDE DEVELOPMENT  
LIMITED PARTNERSHIP**

**AND:**

**1351486 B.C. LTD.**

**PLEDGE OF SECURITIES  
(IN PORTLIVING FARMS (3624 PARKVIEW)  
INVESTMENTS INC.)**

**FASKEN MARTINEAU DUMOULIN LLP  
Barristers & Solicitors**

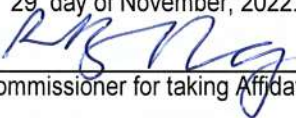
**Bentall 5, Suite 2900 - 550 Burrard Street  
Vancouver, BC, Canada V6C 0A3  
Telephone: 604.631.3131**

**Counsel: Brent C. Clark**

**File No: 319671.00003**

0216

This is Exhibit "J" referred to in the affidavit  
of Luke Pretty sworn before me at Vancouver  
this 29 day of November, 2022.

  
A Commissioner for taking Affidavits for British Columbia

**PLEDGE OF SECURITIES  
(IN PORTLIVING FARMS (3648 PARKVIEW) INVESTMENTS INC.)**

**THIS PLEDGE OF SECURITIES** dated March 10, 2022 and made,

**BETWEEN:**

**LIVING BEACHSIDE DEVELOPMENT LIMITED PARTNERSHIP**, a limited partnership formed under the *Partnership Act* of British Columbia (LP0758535), by its General Partner, **PORT CAPITAL FARMS (BEACH) INC.**, a company incorporated under the *Business Corporations Act* of British Columbia (BC1180893), having an office at 325 West 4<sup>th</sup> Avenue, Vancouver, BC V5Y 1H3;

(the “**Pledgor**”)

**AND:**

**1351486 B.C. LTD.**, a company incorporated under the *Business Corporations Act* of British Columbia (BC1351486), having an office at 1556 Kebet Way, Port Coquitlam, BC V3C 5M5;

(the “**Creditor**”)

A. The Borrower has agreed to borrow the moneys representing the Loan from the Creditor, who has agreed to make the Loan to the Borrower.

B. It is a condition of the Loan that the Pledgor execute and deliver this Agreement to the Creditor.

In consideration of the sum of \$1.00 and other good and valuable consideration now paid by the Creditor to the Pledgor (the receipt and sufficiency of which is hereby acknowledged by the Pledgor) the Pledgor warrants and represents to and covenants and agrees with the Creditor as set forth herein.

**ARTICLE 1  
DEFINITIONS**

**1.1 Definitions**

In this Agreement, the following words and phrases will have the meanings set out below unless the parties or the context otherwise require(s).

- (a) “**Agreement**” or “**this Agreement**” means this Agreement including all recitals and schedules hereto, as amended, modified, restated or replaced from time to time.
- (b) “**Borrower**” means collectively, the Issuer, the Pledgor, Port Capital Farms (Beach) Inc., Sunny Beach Motel Inc., PortLiving Farms (3624 Parkview)

Investments Inc. and PortLiving Farms (3688 Parkview) Investments Inc. and its respective successors and assigns, as the case may be, whether immediate or derivative.

- (c) **“Borrower’s Obligations”** means the Obligations of the Borrower.
- (d) **“Cash Distributions”** means all cash dividends and other cash distributions from time to time paid on or in respect of the Securities, excluding Other Cash Proceeds, but including corporate dividends, cash, income, interest, trust distributions and partnership distributions and other payments and distributions from time to time paid or payable or made by the Issuer with respect to any of the Securities; provided that returns of capital on or in respect of debentures or trust units that are part of a regularly paid debenture or trust distribution paid in the ordinary course as part of such trust distribution will be deemed to be “Cash Distributions” under this Agreement.
- (e) **“Charge”** means any mortgage, assignment, security interest, charge (fixed or floating), pledge, hypothec, lien (statutory or otherwise), trust, interest in any lease, conditional sale or other title retention agreement, or other encumbrance of any nature or kind whatsoever, now or at any time hereafter arising in respect of the whole or any portion of the Collateral.
- (f) **“Collateral”** means all of the Pledgor’s present and future right, title and interest in and to:
  - (i) the Securities and all certificates and instruments from time to time representing the Securities;
  - (ii) the Distributions;
  - (iii) the Rights;
  - (iv) all letters, papers and other documents now or at any time hereafter evidencing or relating to any one or more of the Securities, the Distributions and the Rights, or which now or at any time hereafter may be received by the Pledgor as security for or on account of any one or more of the Securities, the Distributions and the Rights in whole or in part; and
  - (v) all proceeds now or hereafter arising from any of the Securities, the Distributions or the Rights that are goods, intangibles, securities, documents of title, chattel paper, instruments or money.
- (g) **“Creditor”** means the party so described above and its successors and assigns.
- (h) **“Default”** means the occurrence of an Event of Default as defined in the Loan Agreement) that is continuing.
- (i) **“Distributions”** means Cash Distributions, Other Cash Proceeds and Non Cash Distributions.

- (j) **“Enforcement Proceedings”** means enforcement or realization proceedings, taken by the Creditor, after the occurrence of a Default that is continuing, to enforce or realize any of the security granted to it under this Agreement.
- (k) **“Existing Securities”** means the Securities described in Schedule A hereto.
- (l) **“Issuer”** means PortLiving Farms (3648 Parkview) Investments Inc.
- (m) **“Loan”** means the \$3,500,000.00 loan(s) made or to be made by the Creditor to the Borrower, as contemplated by the Loan Agreement.
- (n) **“Loan Agreement”** means the loan agreement dated March 14, 2022 and made between the Creditor and the Borrower in connection with the Loan, as amended, modified, restated or replaced from time to time.
- (o) **“Loan Documents”** has the meaning ascribed to such term in the Loan Agreement.
- (p) **“Non-Cash Distributions”** has the meaning ascribed to such term in the Loan Agreement.
- (q) **“Obligants”** means all Persons, including the Pledgor, who have Obligations.
- (a) **“Obligations”** means the obligations of the Pledgor to the Secured Party (including all future advances and re-advances) whether direct or indirect, absolute or contingent, joint, several or joint and several, matured or not, extended or renewed, wherever and however incurred, of whatever nature or kind and whether or not arising under or in connection with the Loan Agreement or any of the other Loan Documents.
- (r) **“Other Cash Proceeds”** means cash proceeds which are paid:
  - (i) from the redemption or retraction of any the Securities; or
  - (ii) as a return of capital in respect of the Securities,but which are not Cash Distributions.
- (s) **“Persons”** or **“Person”** means and includes any individual, sole proprietorship, corporation, partnership, bank, joint venture, trust, unincorporated association, association, institution, entity, party or government (whether national, federal, provincial, state, municipal, city, county or otherwise and including any instrumentality, division, agency, body or department thereof).
- (t) **“Pledgor”** means the party so described above and his, her, its or their respective heirs, executors, administrators, personal representatives, successors and assigns, whether immediate or derivative.
- (u) **“Pledgor’s Obligations”** means the Obligations of the Pledgor.

- (v) “**PPSA**” means the *Personal Property Security Act* of British Columbia and any regulations thereto, as amended from time to time.
- (w) “**Rights**” means all of the present and future benefits, advantages, privileges, powers, claims, demands, rights, remedies, security, judgments and the like whatsoever (including any extensions or renewals thereof), which the Pledgor be entitled to under or in respect of the Securities or the Distributions or any part thereof including:
  - (i) any and all benefits and advantages due or accruing due to the Pledgor now or at any time after the date hereof under any of the Securities (including all rights to receive notices of and attend meetings of shareholders, debenture holders or partners (as applicable) and all present and future rights of the Pledgor to vote the Securities) or the Distributions (including all rights to receive the same); and
  - (ii) the benefit of all covenants, guarantees, representations, warranties and indemnities which have been or in the future are granted to, received or negotiated by the Pledgor, or any agent of the Pledgor, in respect of any of the Securities, the Distributions and the Rights.
- (x) “**Securities**” means:
  - (i) the Existing Securities; and
  - (ii) any securities which the Pledgor may at any time acquire in the future whether in substitution for or in addition to the Existing Securities, including securities arising from a Non-Cash Distribution.

## 1.2 Additional Definitions

Words used in this Agreement that are defined in the PPSA will have the meaning given to them in that Act or those regulations unless otherwise defined herein.

## ARTICLE 2 PLEDGE OF COLLATERAL, CREATION OF SECURITY INTEREST AND DELIVERY OF CERTIFICATES

### 2.1 Pledge of Collateral and Creation of Security Interest

As general and continuing collateral security for the due payment, observance and performance of the Pledgor’s Obligations, the Pledgor hereby mortgages, hypothecates, pledges, charges, assigns, transfers and delivers to and in favour of the Creditor and grants the Creditor a fixed and specific security interest, hypothec, mortgage, pledge and charge in all of the Collateral until all of the Pledgor’s Obligations have been fully paid, performed and satisfied and a discharge of this Agreement is given to the Pledgor after a written request therefor by the Pledgor, after which all rights to the Collateral will revert to the Pledgor.



## 2.2 Attachment

The Pledgor acknowledges that value has been given and that the security interest granted herein is intended to attach:

- (a) as to all Collateral in which the Pledgor now has rights, upon the execution and delivery of this Agreement by the Pledgor; and
- (b) as to all Collateral in which the Pledgor acquires rights after the execution of this Agreement, when the Pledgor acquires such rights.

The Pledgor agrees that the Pledgor and the Creditor do not intend to postpone the attachment of any security interest created hereby.

## 2.3 Multiple Pledgor

If the Pledgor is comprised of more than one Person, all references to the Collateral in this Agreement will be interpreted to mean:

- (a) the Collateral which is now or hereafter jointly owned or acquired by all Persons comprising the Pledgor; and
- (b) the Collateral which is now or hereafter individually owned or acquired by each Person comprising the Pledgor.

## 2.4 Delivery

Subject to the rights of the Senior Lender (as defined in the Loan Agreement) and any obligations or liabilities of the Borrower or the Pledgor (now or hereafter existing) to the Senior Lender:

- (a) Upon the execution and delivery of this Agreement and thereafter as required by the terms of this Agreement or as may from time to time be required by the Creditor in writing, the Pledgor shall immediately deliver to the Creditor, or to any Person nominated by the Creditor as its nominee for the purpose of holding the Collateral as security:
  - (i) to the extent not already pledged, all certificates representing or evidencing any Collateral, including Securities duly endorsed for transfer in blank or, if directed by the Creditor, endorsed for transfer to the Creditor or the nominee(s) of the Creditor and stock powers of attorney with respect thereto; and
  - (ii) appropriate resolutions of each of the Pledgor and the Issuer approving and consenting to the transfer of the Securities represented thereby from the Pledgor to the Creditor or the Creditor's nominee(s).
- (b) The Pledgor agrees that all Securities may after a Default, at the option of the Creditor, be registered in the name of the Creditor or its nominee(s) at any time while this Agreement remains in effect and the Pledgor shall immediately transfer

them into the name of the Creditor or its nominee(s) when requested to do so by the Creditor in writing.

- (c) Without limiting the generality of the foregoing, the Pledgor irrevocably authorizes and empowers the Creditor after a Default to complete any transfer or power of attorney to transfer the Securities attached thereto with such names and in such manner as may be thought best by the Creditor and to seal and deliver the same after such blanks have been filled in, notwithstanding the death or dissolution, as the case may be, of the Pledgor.

## **2.5 Possession of Collateral**

The powers conferred on the Creditor hereunder are solely to protect its interest in the Collateral and will not impose any duty on it to exercise any such powers. Except for reasonable care of any Collateral in its possession and the accounting for moneys actually received by it hereunder, the Creditor will have no duty as to any Collateral or responsibility for:

- (a) ascertaining or taking action with respect to calls, conversions, exchanges, maturities, tenders or other matters relative to any Securities, whether or not the Creditor has or is deemed to have notice or knowledge of such matters; or
- (b) taking any necessary steps to preserve rights against prior parties or any other rights pertaining to any Collateral.

## **ARTICLE 3 VOTING, DISTRIBUTIONS**

### **3.1 Voting Rights**

- (a) Until Enforcement Proceedings are commenced and after they have been discontinued, and notwithstanding that the Securities may be registered in the name of the Creditor or its nominee(s) after a Default, the Pledgor will have the right, subject to the terms and conditions of this Agreement, to vote the Securities and to exercise all rights of conversion and retraction and other similar rights in respect of the Securities with the same force and effect as though they had not been mortgaged, hypothecated, pledged, charged, transferred, assigned and delivered to the Creditor hereunder.
- (b) From and after the commencement of Enforcement Proceedings and until they are discontinued, and without limiting any other right or remedy available to the Creditor, the Creditor will have the sole and exclusive right to vote the Securities and to exercise all rights of conversion and retraction and other similar rights in respect of the Securities with the same force and effect as if it were the absolute owner thereof and any proxy granted by the Pledgor or its nominee in respect of any of the Securities to any Person(s) other than the Creditor will be revoked and be null and void.

- (c) The Pledgor shall not vote or permit any of the Securities to be voted for any purpose contrary to or inconsistent with the Obligations of any of the Pledgor or the terms of this Agreement or any other Loan Document.

### **3.2 Distributions**

- (a) Until Enforcement Proceedings are commenced and after they have been discontinued, and notwithstanding that the Securities may be registered in the name of the Creditor or its nominee(s) after a Default, the Pledgor, or any nominee or agent of Pledgor, may receive and retain all Distributions made during that period of time.
- (b) From and after the commencement of Enforcement Proceedings and until they are discontinued, and without limiting any other right or remedy available to the Creditor, the Pledgor shall:
  - (i) receive all Distributions in trust as trustee for the Creditor; and
  - (ii) forthwith pay and deliver all Distributions to the Creditor, without demand therefor, to be dealt with by the Creditor pursuant to the terms hereof.
- (c) The Pledgor hereby irrevocably authorizes and directs the Issuer to pay and deliver to the Creditor all Distributions made by the Issuer to the Pledgor while Enforcement Proceedings remain in effect.

## **ARTICLE 4 REPRESENTATIONS AND WARRANTIES**

### **4.1 Representations and Warranties**

The Pledgor makes the following representations and warranties to the Creditor as continuing representations and warranties that are now and will hereafter be true and correct at all times while this Pledge remains in effect:

- (a) the Pledgor is the legal and beneficial owner of the Collateral and no other Person (other than the Senior Lender) has any interest, beneficial or otherwise in the Existing Securities except as previously disclosed to the Creditor or disclosed in the British Columbia Personal Property Registry;
- (b) except as previously disclosed to the Creditor in writing, the Collateral is free and clear of all Charges other than the Charges constituted by this Agreement and the Charges granted in favour of the Senior Lender;
- (c) the Pledgor has the full capacity to mortgage, pledge, charge, hypothecate, transfer and assign and grant a security interest in the Collateral to the Creditor on the terms contemplated hereby;
- (d) the execution and delivery of this Agreement by the Pledgor and the Charge(s) created hereby will not constitute a default or breach under any other indenture,

agreement or instrument to which the Pledgor is a party or by which it or any of its property is bound except for the consents obtained;

- (e) the Securities have been duly authorized and validly issued as fully paid and non-assessable;
- (f) none of the Securities are subject of any shareholder's or similar agreements or any agreement, option, warrant, privilege or right pursuant to which the Pledgor may be required to sell or otherwise dispose of the Securities; and
- (g) except for the consents of the board of directors of each of the Pledgor and the Issuer (which have been obtained), no other authorization, approval or other actions and no notice to or filing with any governmental authority or any other Person is required:
  - (i) for the pledge of the Collateral pursuant to this Agreement;
  - (ii) for the execution, delivery and performance of this Agreement by the Pledgor;
  - (iii) for the exercise by the Creditor of the voting or other rights or remedies provided for in this Agreement; or
  - (iv) for the exercise by the Creditor of its remedies, whether provided for in this Agreement or not, except as may be required in connection with a disposition of Collateral by laws affecting the offering and sale of securities generally.

## ARTICLE 5 COVENANTS

### 5.1 Covenants

The Pledgor covenants with the Creditor as follows:

- (a) except as otherwise expressly provided herein or in other written agreements from time to time entered into between or on behalf of the Pledgor and the Creditor, the Pledgor shall not sell, exchange, transfer, assign, lend, charge, pledge, encumber or otherwise dispose of or deal in any way with the Collateral or any interest therein except to the Creditor hereunder, or enter into any agreement or undertaking to do so;
- (b) the Pledgor shall defend the Collateral for the benefit of the Creditor against the claims and demands of all other Persons;
- (c) the Pledgor shall fully and effectively maintain and keep maintained valid and effective the security interest constituted by this Agreement;

- (d) the Creditor will not be required to surrender any of the Collateral until all of the Pledgor's Obligations have been fully and finally paid and satisfied and the security interest created hereunder is discharged by the Creditor as herein provided;
- (e) the Pledgor shall not suffer, condone or support any reorganization of the Issuer without the consent of the Creditor first had and received in writing;
- (f) the Pledgor shall promptly inform the Creditor in writing of any Distributions made or proposed to be made to it;
- (g) the Pledgor shall hold any substituted or additional Collateral subject to the same terms and conditions and with the same powers and authorities as are hereby declared and conferred;
- (h) the Creditor will have the right, but will not be bound nor required, to exercise any option or right which the holder of any of the Securities may at any time have; provided that if the Creditor chooses to exercise any such option or right, any advance made by the Creditor for such purposes will be added to the Pledgor's Obligations and all the provisions hereof will apply thereto; and
- (i) the Pledgor shall ensure that each of the representations and warranties of the Pledgor herein contained will be true and correct at all times until the security interest created hereunder is discharged by the Creditor as herein provided.

## ARTICLE 6 ENFORCEMENT OF SECURITY

### 6.1 Remedies

- (a) Upon the occurrence and at any time during the continuance of a Default the Creditor will:
  - (i) have, in addition to the rights and remedies provided herein, all of the rights and remedies with respect to the Collateral of a secured party under the PPSA and such additional rights and remedies to which a secured party is entitled at law or in equity or by other statute in the Province of British Columbia and such additional rights and remedies to which a secured party is entitled under the laws in effect in any other jurisdiction where any rights and remedies hereunder may be asserted;
  - (ii) be entitled by itself or through its agents (including without limitation any receiver or receiver-manager) to all rights of ownership of and all other rights attaching to the Collateral, or any of it, as if the Creditor were the absolute owner thereof; and
  - (iii) will be entitled but not obligated to enforce and exercise those rights and remedies and realize upon the Collateral or any part(s) thereof, in such manner and at such time(s) as it shall in its sole and absolute discretion deem advisable.

- (b) Without limiting the generality of (a), the Creditor may:
  - (i) demand, sue for, collect or receive any Distributions at any time payable or receivable on account of or in exchange for any of the Collateral in its name or in the name of the Pledgor or otherwise; and
  - (ii) sell, assign or otherwise dispose of all or any part of such Collateral, at such place or places (including, without being required to do so, on any stock market on which any of the Securities are traded) and at such time or times as the Creditor deems best, and for cash or for credit or for future delivery (without thereby assuming any credit risk), at public or private sale, without demand of performance or notice of intention to effect any such disposition or of the time or place thereof (except such notice as is required by applicable statute and cannot be waived), and the Creditor, its assignees hereunder or anyone else who may be the purchaser, assignee or recipient of any or all of the Collateral so disposed of at any public sale (or, to the extent permitted by law, at any private sale) shall thereafter hold the same absolutely, free from any claim or right of whatsoever kind, including any right or equity of redemption (statutory or otherwise) of the Pledgor; any such demand, notice and right or equity being hereby expressly waived and released.
- (c) Without limiting the generality of (b)(ii), the Creditor may:
  - (i) without notice or publication, adjourn any public or private sale or cause the same to be adjourned from time to time by announcement at the time and place fixed for the sale, and such sale may be made at any time or place to which the sale may be so adjourned; and
  - (ii) transfer all or any of the Collateral and may fill in all blanks in any stock transfers or certificates or any power of attorney or other documents delivered to it in connection therewith, and may delegate its powers and any sub-delegate of the powers hereby given in the name and on behalf of the Pledgor.
- (d) The Pledgor agrees that:
  - (i) notwithstanding the foregoing, the Creditor will not be bound under any circumstances to enforce or realize upon any Collateral or to allow any Collateral to be sold and it will not be responsible for any loss occasioned by any sale or by the retention of or refusal to sell Collateral in whole or in part; nor will the Creditor be obliged to collect or see to the payment of Distributions or to the exercise of any Rights with respect thereto or to the remaining Collateral;
  - (ii) the Pledgor shall remain liable to the Creditor for any deficiency or amount outstanding in respect of the Pledgor's Obligations upon any realization of

the Collateral and application of the proceeds thereof on the Pledgor's Obligations;

- (iii) the records of the Creditor as to the occurrence of a Default will, absent manifest error, be conclusive evidence of the occurrence of a Default; and
  - (iv) at the request of the Creditor the Pledgor shall, at its own expense, execute all such transfers and documents as may be reasonably required, with all such powers of sale and other necessary powers as may be expedient for vesting the Collateral in whole or in part in the Creditor or such Person(s) or nominee(s) as it may appoint.
- (e) The Pledgor agrees that, by reason of certain prohibitions contained in applicable securities laws, the Creditor may be compelled, with respect to any sale of all or any part of the Collateral, to limit purchasers to those who will agree, among other things, to acquire the Collateral in a private sale for their own account, for investment and not with a view to the distribution or resale thereof. The Pledgor therefore agrees that that any such private sales may be at prices and on terms less favourable to the Creditor than those obtainable through a sale without such restrictions, and, notwithstanding such circumstances, agrees that any such private sale will be deemed to have been made in a commercially reasonable manner and that the Creditor will have no obligation to engage in public sales or sales on or through any stock exchange and no obligation to delay the sale of any Collateral for any period of time.

## **6.2 Remedies Not Exclusive**

The Creditor may exercise any of its rights and remedies independently or in combination and at any time and from time to time. The exercise of any particular right or remedy shall not preclude the further exercise of that or any other right or remedy. In addition to the foregoing, the Creditor will not be obliged to exhaust its recourse against the Pledgor or the Borrower or under any Loan Documents before realizing on or otherwise dealing with the Collateral in such manner as the Creditor considers desirable or expedient.

## **6.3 Application of Proceeds**

Any Distributions or other monies realized by the Creditor on or in respect of the Collateral in connection with the exercise of any rights or remedies of the Creditor will be applied in the following order:

- (a) to the payment of all expenses incurred by the Creditor or its agents in connection with the Enforcement Proceedings;
- (b) to the payment of interest, including interest on interest in default accrued but unpaid in respect of any of the Pledgor's Obligations;
- (c) to the payment of principal outstanding and unpaid in respect of any of the Pledgor's Obligations;

- (d) to the payment of all other amounts owing and unpaid in respect of any of the Pledgor's Obligations; and
- (e) the balance, if any, will be paid to the Person or Persons legally entitled thereto.

#### **6.4 Power of Attorney**

Upon the commencement and during the continuance of Enforcement Proceedings, the Creditor (or any officer of the Creditor appointed by the Creditor) is hereby irrevocably constituted and appointed by the Pledgor to be its true and lawful attorney, with full power of substitution, to do, make and execute all such statements, assignments, documents, acts, matters or things with the right to use the name of the Pledgor whenever and wherever it may be deemed necessary or expedient to give effect to this Agreement or to protect the security created hereby. This power of attorney will be irrevocable and coupled with an interest.

#### **6.5 Other Dealings**

The Creditor may grant time, renewals, extensions and indulgences, releases, and discharges to, may take and give up securities from or may abstain from taking securities from and may accept compositions from and may otherwise deal with all Persons including the Pledgor and any securities it holds in connection with the Obligations, or any part thereof, including any of the Collateral, as the Creditor may see fit without prejudice to the rights of the Creditor to hold, deal with and realize on the Collateral in any manner which the Creditor considers desirable or expedient.

#### **6.6 Security**

The security constituted hereby is taken in addition to and not in substitution for and is independent of the other Loan Documents.

#### **6.7 No Merger**

This Agreement will not operate so as to create any merger or discharge of any of the Pledgor's Obligations or of any Loan Document. Neither the taking of any judgment nor the exercise of any power or seizure or disposition will extinguish the liability of the Pledgor to pay, observe and perform the Pledgor's Obligations nor will the acceptance of any payment or any Loan Document constitute or create any novation and no covenant, representation or warranty of the Pledgor herein will merge in any judgment.

#### **6.8 Enforcement Costs**

The Pledgor agrees that all costs and charges incurred by the Creditor with respect to the Collateral or the realization thereof (including all legal costs on the basis as between a solicitor and his own client and court costs paid and also including expenses of taking possession of, protecting and realizing upon any property comprised in the Collateral) will be added to the Pledgor's Obligations and will be a charge and security interest upon the monies received having the priority of the Charge(s) created hereby.



## 6.9 Discharge

Any partial payment or satisfaction of the Obligations will be deemed not to be a redemption or discharge of this Agreement. The Pledgor and the Borrower shall be entitled to a release and discharge of this Agreement upon full payment and satisfaction of all Obligations and upon written request by the Borrower or the Pledgor and payment to the Creditor of all costs, charges, expenses and legal fees and disbursements (on a solicitor and his own client basis) incurred by the Creditor in connection with the Obligations and such release and discharge.

## ARTICLE 7 MISCELLANEOUS

### 7.1 Amendment

Any amendment of this Agreement will not be binding unless in writing and signed by the Pledgor and the Creditor.

### 7.2 Waiver

No waiver of any of the provisions of this Agreement will be effective unless given in writing by the party against which the same is to be asserted.

### 7.3 Notices

Any notice, demand or other document to be given, or any delivery to be made hereunder will be effective if in writing and delivered in Person and left with, or sent by electronic mail or by prepaid registered letter addressed to the attention of:

- (a) in the case of the Pledgor, addressed as follows:

**LIVING BEACHSIDE DEVELOPMENT LIMITED PARTNERSHIP**  
325 West 4th Avenue  
Vancouver, BC V5Y 1H3

Attention: Macario Teodoro Reyes

Email: [tobi@portliving.com](mailto:tobi@portliving.com)

with a copy to (which does not constitute notice):

**MCCARTHY TÉTRAULT LLP**  
Barristers & Solicitors  
Suite 2400, 745 Thurlow Street  
Vancouver, BC V6E 0C5

Attention: Lance Williams

Email: [lwilliams@mccarthy.ca](mailto:lwilliams@mccarthy.ca)

(b) in the case of the Creditor, addressed as follows:

**1351486 B.C. LTD.**  
1556 Kebet Way  
Port Coquitlam, BC V3C 5M5

Attention: Luke Pretty

Email: [luke@dynamic.global](mailto:luke@dynamic.global)

with a copy to:

**FASKEN MARTINEAU DUMOULIN LLP**  
Barristers & Solicitors  
Bentall 5, Suite 2900 – 550 Burrard Street  
Vancouver, BC V6C 0A3

Attention: Brent C. Clark

Email: [bcclark@fasken.com](mailto:bcclark@fasken.com)

Any notice, demand or other document or delivery so given or made will be deemed to have been given or made and received at the time of delivery in Person or on the business day the transmission was sent successfully to the address set out above, as the case may be. Any party hereto may from time to time by notice in writing change his or its address (or in the case of a corporate party, the designated recipient) for the purposes of this section.

#### **7.4 Further Assurances**

The Pledgor shall from time to time forthwith on the Creditor's request do, make and execute all such documents, acts, matters and things as may be required by the Creditor with respect to this Agreement or any part hereof or as may be required to give effect to this Agreement.

#### **7.5 Counterparts and Facsimile**

This Agreement may be executed in counterparts and an executed copy of this Agreement may be delivered by electronic facsimile transmission or other means of electronic communication capable of producing a signed printed copy of this Agreement. **Any such execution and delivery will be deemed to have occurred as of the date set forth above by the party so delivering such copy.**

### **ARTICLE 8 INTERPRETATION**

#### **8.1 Headings**

All headings and titles in this Agreement are for reference only and are not to be used in the interpretation of the terms hereof.

## **8.2 Hereof, Etc.**

All references in this Agreement to the words “**hereof**”, “**herein**” or “**hereunder**” will be construed to mean and refer to this Agreement as a whole and will not be construed to refer only to a specific Article, Section, paragraph or clause of this Agreement unless the context clearly requires such construction.

## **8.3 Joint and Several Liability**

If any party hereto is comprised of more than one Person, the assignments, security interests and other charges constituted hereby and the representations, warranties, covenants, agreements, obligations and liabilities made by or imposed upon that party herein or by law will be deemed to have been made or incurred by all those Persons jointly and by each of those Persons severally.

## **8.4 Severability**

If any of the terms of this Agreement are or are held to be unenforceable or otherwise invalid, such holding will not in any way affect the enforceability or validity of the remaining terms of this Agreement.

## **8.5 Governing Law**

This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia. The Pledgor irrevocably submits to the jurisdiction of any British Columbia court sitting in Vancouver, British Columbia, in any action or proceeding arising out of or relating to this Agreement.

## **8.6 Enurement**

This Agreement will be binding upon the Pledgor and will enure to the benefit of the Creditor.

## **8.7 Interpretation**

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

## **8.8 Paramountcy**

In the event of any inconsistency between the provisions of this Agreement and the provisions of the Loan Agreement, the provisions of the Loan Agreement shall prevail.

## **8.9 Capacity**

If the Collateral or any portion thereof or any interest therein are now or at anytime hereafter held by the Pledgor as a partner of a firm, as a trustee, as an agent, or in any other similar capacity, whether fiduciary or otherwise:

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

(b) each and every assignment and other charge constituted hereby,

whether made by or imposed upon the Pledgor hereunder, will be and be deemed to be jointly and severally made by or imposed upon the Pledgor and the partnership, the beneficiary(ies) of the trust, the principal(s) of the agent, or other entity(ies), as the case may be, and each assignment and other charge contained in this Agreement will be deemed to be an assignment or charge against the right, title and interest of the partnership, the beneficiary(ies), the principal(s), or such entity(ies), as the case may be, in and to the Collateral, as well as being an assignment of or charge against the right, title or interest of the Pledgor in and to the Collateral.

#### **8.10 Creditor as Agent**

If this Agreement is granted to the Creditor in its capacity as agent for one or more other Persons, the Pledgor agrees that all:

- (a) grants, mortgages, assignments, charges and security interests;
- (b) representations, warranties, covenants and agreements; and
- (c) obligations and liabilities,

created, made, assumed or incurred hereunder by the Pledgor in favour of the Creditor are also created, made, assumed or incurred hereunder by the Pledgor in favour of those Persons.

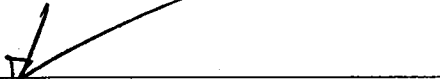
#### **8.11 Binding Effect**

This Agreement will be binding on the Pledgor and the respective heirs, executors, personal representatives, successors and assigns of each Person comprising the Pledgor and will enure to the benefit of the Creditor and its successors and assigns.

*[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK;  
SIGNATURE PAGE(S) TO FOLLOW]*

**EXECUTED** at Vancouver, British Columbia, on this 10<sup>th</sup> day of March, 2022.

**LIVING BEACHSIDE DEVELOPMENT LIMITED PARTNERSHIP**, by its General Partner, **PORT CAPITAL FARMS (BEACH) INC.**, by its authorized signatory(ies):

Per:   
Name: Macario Teodoro Reyes  
Title: Director

Per: \_\_\_\_\_  
Name:  
Title:  
I/We have the authority to bind the partnership.

**SCHEDULE A  
EXISTING SECURITIES**

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

| <b>Number, Kind &amp; Class of Shares</b> | <b>Share Certificate No(s).</b> |
|---|---------------------------------|
| 100 Common Shares without par value       | 2C                              |

**BETWEEN:**

**LIVING BEACHSIDE DEVELOPMENT  
LIMITED PARTNERSHIP**

**AND:**

**1351486 B.C. LTD.**

**PLEDGE OF SECURITIES  
(IN PORTLIVING FARMS (3648 PARKVIEW)  
INVESTMENTS INC.)**

**FASKEN MARTINEAU DUMOULIN LLP  
Barristers & Solicitors**


**Bentall 5, Suite 2900 - 550 Burrard Street  
Vancouver, BC, Canada V6C 0A3  
Telephone: 604.631.3131**

**Counsel: Brent C. Clark**

**File No: 319671.00003**

0236

This is Exhibit "K" referred to in the affidavit  
of Luke Pretty sworn before me at Vancouver  
this 29 day of November, 2022.

  
A Commissioner for taking Affidavits for British Columbia



**PLEDGE OF SECURITIES  
(IN PORTLIVING FARMS (3688 PARKVIEW) INVESTMENTS INC.)**

**THIS PLEDGE OF SECURITIES** dated March 10, 2022 and made,

**BETWEEN:**

**LIVING BEACHSIDE DEVELOPMENT LIMITED PARTNERSHIP**, a limited partnership formed under the *Partnership Act* of British Columbia (LP0758535), by its General Partner, **PORT CAPITAL FARMS (BEACH) INC.**, a company incorporated under the *Business Corporations Act* of British Columbia (BC1180893), having an office at 325 West 4<sup>th</sup> Avenue, Vancouver, BC V5Y 1H3;

(the “**Pledgor**”)

**AND:**

**1351486 B.C. LTD.**, a company incorporated under the *Business Corporations Act* of British Columbia (BC1351486), having an office at 1556 Kebet Way, Port Coquitlam, BC V3C 5M5;

(the “**Creditor**”)

- A. The Borrower has agreed to borrow the moneys representing the Loan from the Creditor, who has agreed to make the Loan to the Borrower.
- B. It is a condition of the Loan that the Pledgor execute and deliver this Agreement to the Creditor.

In consideration of the sum of \$1.00 and other good and valuable consideration now paid by the Creditor to the Pledgor (the receipt and sufficiency of which is hereby acknowledged by the Pledgor) the Pledgor warrants and represents to and covenants and agrees with the Creditor as set forth herein.

**ARTICLE 1  
DEFINITIONS**

**1.1 Definitions**

In this Agreement, the following words and phrases will have the meanings set out below unless the parties or the context otherwise require(s).

- (a) “**Agreement**” or “**this Agreement**” means this Agreement including all recitals and schedules hereto, as amended, modified, restated or replaced from time to time.
- (b) “**Borrower**” means collectively, the Issuer, the Pledgor, Port Capital Farms (Beach) Inc., Sunny Beach Motel Inc., PortLiving Farms (3624 Parkview)

Investments Inc. and PortLiving Farms (3648 Parkview) Investments Inc. and its respective successors and assigns, as the case may be, whether immediate or derivative.

- (c) **“Borrower’s Obligations”** means the Obligations of the Borrower.
- (d) **“Cash Distributions”** means all cash dividends and other cash distributions from time to time paid on or in respect of the Securities, excluding Other Cash Proceeds, but including corporate dividends, cash, income, interest, trust distributions and partnership distributions and other payments and distributions from time to time paid or payable or made by the Issuer with respect to any of the Securities; provided that returns of capital on or in respect of debentures or trust units that are part of a regularly paid debenture or trust distribution paid in the ordinary course as part of such trust distribution will be deemed to be “Cash Distributions” under this Agreement.
- (e) **“Charge”** means any mortgage, assignment, security interest, charge (fixed or floating), pledge, hypothec, lien (statutory or otherwise), trust, interest in any lease, conditional sale or other title retention agreement, or other encumbrance of any nature or kind whatsoever, now or at any time hereafter arising in respect of the whole or any portion of the Collateral.
- (f) **“Collateral”** means all of the Pledgor’s present and future right, title and interest in and to:
  - (i) the Securities and all certificates and instruments from time to time representing the Securities;
  - (ii) the Distributions;
  - (iii) the Rights;
  - (iv) all letters, papers and other documents now or at any time hereafter evidencing or relating to any one or more of the Securities, the Distributions and the Rights, or which now or at any time hereafter may be received by the Pledgor as security for or on account of any one or more of the Securities, the Distributions and the Rights in whole or in part; and
  - (v) all proceeds now or hereafter arising from any of the Securities, the Distributions or the Rights that are goods, intangibles, securities, documents of title, chattel paper, instruments or money.
- (g) **“Creditor”** means the party so described above and its successors and assigns.
- (h) **“Default”** means the occurrence of an Event of Default as defined in the Loan Agreement) that is continuing.
- (i) **“Distributions”** means Cash Distributions, Other Cash Proceeds and Non Cash Distributions.

- (j) **“Enforcement Proceedings”** means enforcement or realization proceedings, taken by the Creditor, after the occurrence of a Default that is continuing, to enforce or realize any of the security granted to it under this Agreement.
- (k) **“Existing Securities”** means the Securities described in Schedule A hereto.
- (l) **“Issuer”** means PortLiving Farms (3688 Parkview) Investments Inc.
- (m) **“Loan”** means the \$3,500,000.00 loan(s) made or to be made by the Creditor to the Borrower, as contemplated by the Loan Agreement.
- (n) **“Loan Agreement”** means the loan agreement dated March 14, 2022 and made between the Creditor and the Borrower in connection with the Loan, as amended, modified, restated or replaced from time to time.
- (o) **“Loan Documents”** has the meaning ascribed to such term in the Loan Agreement.
- (p) **“Non-Cash Distributions”** has the meaning ascribed to such term in the Loan Agreement.
- (q) **“Obligants”** means all Persons, including the Pledgor, who have Obligations.
- (a) **“Obligations”** means the obligations of the Pledgor to the Secured Party (including all future advances and re-advances) whether direct or indirect, absolute or contingent, joint, several or joint and several, matured or not, extended or renewed, wherever and however incurred, of whatever nature or kind and whether or not arising under or in connection with the Loan Agreement or any of the other Loan Documents.
- (r) **“Other Cash Proceeds”** means cash proceeds which are paid:
  - (i) from the redemption or retraction of any the Securities; or
  - (ii) as a return of capital in respect of the Securities,but which are not Cash Distributions.
- (s) **“Persons”** or **“Person”** means and includes any individual, sole proprietorship, corporation, partnership, bank, joint venture, trust, unincorporated association, association, institution, entity, party or government (whether national, federal, provincial, state, municipal, city, county or otherwise and including any instrumentality, division, agency, body or department thereof).
- (t) **“Pledgor”** means the party so described above and his, her, its or their respective heirs, executors, administrators, personal representatives, successors and assigns, whether immediate or derivative.
- (u) **“Pledgor’s Obligations”** means the Obligations of the Pledgor.

- (v) “PPSA” means the *Personal Property Security Act* of British Columbia and any regulations thereto, as amended from time to time.
- (w) “Rights” means all of the present and future benefits, advantages, privileges, powers, claims, demands, rights, remedies, security, judgments and the like whatsoever (including any extensions or renewals thereof), which the Pledgor be entitled to under or in respect of the Securities or the Distributions or any part thereof including:
  - (i) any and all benefits and advantages due or accruing due to the Pledgor now or at any time after the date hereof under any of the Securities (including all rights to receive notices of and attend meetings of shareholders, debenture holders or partners (as applicable) and all present and future rights of the Pledgor to vote the Securities) or the Distributions (including all rights to receive the same); and
  - (ii) the benefit of all covenants, guarantees, representations, warranties and indemnities which have been or in the future are granted to, received or negotiated by the Pledgor, or any agent of the Pledgor, in respect of any of the Securities, the Distributions and the Rights.
- (x) “Securities” means:
  - (i) the Existing Securities; and
  - (ii) any securities which the Pledgor may at any time acquire in the future whether in substitution for or in addition to the Existing Securities, including securities arising from a Non-Cash Distribution.

## 1.2 Additional Definitions

Words used in this Agreement that are defined in the PPSA will have the meaning given to them in that Act or those regulations unless otherwise defined herein.

## ARTICLE 2 PLEDGE OF COLLATERAL, CREATION OF SECURITY INTEREST AND DELIVERY OF CERTIFICATES

### 2.1 Pledge of Collateral and Creation of Security Interest

As general and continuing collateral security for the due payment, observance and performance of the Pledgor's Obligations, the Pledgor hereby mortgages, hypothecates, pledges, charges, assigns, transfers and delivers to and in favour of the Creditor and grants the Creditor a fixed and specific security interest, hypothec, mortgage, pledge and charge in all of the Collateral until all of the Pledgor's Obligations have been fully paid, performed and satisfied and a discharge of this Agreement is given to the Pledgor after a written request therefor by the Pledgor, after which all rights to the Collateral will revert to the Pledgor.

## 2.2 Attachment

The Pledgor acknowledges that value has been given and that the security interest granted herein is intended to attach:

- (a) as to all Collateral in which the Pledgor now has rights, upon the execution and delivery of this Agreement by the Pledgor; and
- (b) as to all Collateral in which the Pledgor acquires rights after the execution of this Agreement, when the Pledgor acquires such rights.

The Pledgor agrees that the Pledgor and the Creditor do not intend to postpone the attachment of any security interest created hereby.

## 2.3 Multiple Pledgor

If the Pledgor is comprised of more than one Person, all references to the Collateral in this Agreement will be interpreted to mean:

- (a) the Collateral which is now or hereafter jointly owned or acquired by all Persons comprising the Pledgor; and
- (b) the Collateral which is now or hereafter individually owned or acquired by each Person comprising the Pledgor.

## 2.4 Delivery

Subject to the rights of the Senior Lender (as defined in the Loan Agreement) and any obligations or liabilities of the Borrower or the Pledgor (now or hereafter existing) to the Senior Lender:

- (a) Upon the execution and delivery of this Agreement and thereafter as required by the terms of this Agreement or as may from time to time be required by the Creditor in writing, the Pledgor shall immediately deliver to the Creditor, or to any Person nominated by the Creditor as its nominee for the purpose of holding the Collateral as security:
  - (i) to the extent not already pledged, all certificates representing or evidencing any Collateral, including Securities duly endorsed for transfer in blank or, if directed by the Creditor, endorsed for transfer to the Creditor or the nominee(s) of the Creditor and stock powers of attorney with respect thereto; and
  - (ii) appropriate resolutions of each of the Pledgor and the Issuer approving and consenting to the transfer of the Securities represented thereby from the Pledgor to the Creditor or the Creditor's nominee(s).
- (b) The Pledgor agrees that all Securities may after a Default, at the option of the Creditor, be registered in the name of the Creditor or its nominee(s) at any time while this Agreement remains in effect and the Pledgor shall immediately transfer

them into the name of the Creditor or its nominee(s) when requested to do so by the Creditor in writing.

- (c) Without limiting the generality of the foregoing, the Pledgor irrevocably authorizes and empowers the Creditor after a Default to complete any transfer or power of attorney to transfer the Securities attached thereto with such names and in such manner as may be thought best by the Creditor and to seal and deliver the same after such blanks have been filled in, notwithstanding the death or dissolution, as the case may be, of the Pledgor.

## **2.5 Possession of Collateral**

The powers conferred on the Creditor hereunder are solely to protect its interest in the Collateral and will not impose any duty on it to exercise any such powers. Except for reasonable care of any Collateral in its possession and the accounting for moneys actually received by it hereunder, the Creditor will have no duty as to any Collateral or responsibility for:

- (a) ascertaining or taking action with respect to calls, conversions, exchanges, maturities, tenders or other matters relative to any Securities, whether or not the Creditor has or is deemed to have notice or knowledge of such matters; or
- (b) taking any necessary steps to preserve rights against prior parties or any other rights pertaining to any Collateral.

## **ARTICLE 3 VOTING, DISTRIBUTIONS**

### **3.1 Voting Rights**

- (a) Until Enforcement Proceedings are commenced and after they have been discontinued, and notwithstanding that the Securities may be registered in the name of the Creditor or its nominee(s) after a Default, the Pledgor will have the right, subject to the terms and conditions of this Agreement, to vote the Securities and to exercise all rights of conversion and retraction and other similar rights in respect of the Securities with the same force and effect as though they had not been mortgaged, hypothecated, pledged, charged, transferred, assigned and delivered to the Creditor hereunder.
- (b) From and after the commencement of Enforcement Proceedings and until they are discontinued, and without limiting any other right or remedy available to the Creditor, the Creditor will have the sole and exclusive right to vote the Securities and to exercise all rights of conversion and retraction and other similar rights in respect of the Securities with the same force and effect as if it were the absolute owner thereof and any proxy granted by the Pledgor or its nominee in respect of any of the Securities to any Person(s) other than the Creditor will be revoked and be null and void.

- (c) The Pledgor shall not vote or permit any of the Securities to be voted for any purpose contrary to or inconsistent with the Obligations of any of the Pledgor or the terms of this Agreement or any other Loan Document.

### **3.2 Distributions**

- (a) Until Enforcement Proceedings are commenced and after they have been discontinued, and notwithstanding that the Securities may be registered in the name of the Creditor or its nominee(s) after a Default, the Pledgor, or any nominee or agent of Pledgor, may receive and retain all Distributions made during that period of time.
- (b) From and after the commencement of Enforcement Proceedings and until they are discontinued, and without limiting any other right or remedy available to the Creditor, the Pledgor shall:
  - (i) receive all Distributions in trust as trustee for the Creditor; and
  - (ii) forthwith pay and deliver all Distributions to the Creditor, without demand therefor, to be dealt with by the Creditor pursuant to the terms hereof.
- (c) The Pledgor hereby irrevocably authorizes and directs the Issuer to pay and deliver to the Creditor all Distributions made by the Issuer to the Pledgor while Enforcement Proceedings remain in effect.

## **ARTICLE 4 REPRESENTATIONS AND WARRANTIES**

### **4.1 Representations and Warranties**

The Pledgor makes the following representations and warranties to the Creditor as continuing representations and warranties that are now and will hereafter be true and correct at all times while this Pledge remains in effect:

- (a) the Pledgor is the legal and beneficial owner of the Collateral and no other Person (other than the Senior Lender) has any interest, beneficial or otherwise in the Existing Securities except as previously disclosed to the Creditor or disclosed in the British Columbia Personal Property Registry;
- (b) except as previously disclosed to the Creditor in writing, the Collateral is free and clear of all Charges other than the Charges constituted by this Agreement and the Charges granted in favour of the Senior Lender;
- (c) the Pledgor has the full capacity to mortgage, pledge, charge, hypothecate, transfer and assign and grant a security interest in the Collateral to the Creditor on the terms contemplated hereby;
- (d) the execution and delivery of this Agreement by the Pledgor and the Charge(s) created hereby will not constitute a default or breach under any other indenture,

agreement or instrument to which the Pledgor is a party or by which it or any of its property is bound except for the consents obtained;

- (e) the Securities have been duly authorized and validly issued as fully paid and non-assessable;
- (f) none of the Securities are subject of any shareholder's or similar agreements or any agreement, option, warrant, privilege or right pursuant to which the Pledgor may be required to sell or otherwise dispose of the Securities; and
- (g) except for the consents of the board of directors of each of the Pledgor and the Issuer (which have been obtained), no other authorization, approval or other actions and no notice to or filing with any governmental authority or any other Person is required:
  - (i) for the pledge of the Collateral pursuant to this Agreement;
  - (ii) for the execution, delivery and performance of this Agreement by the Pledgor;
  - (iii) for the exercise by the Creditor of the voting or other rights or remedies provided for in this Agreement; or
  - (iv) for the exercise by the Creditor of its remedies, whether provided for in this Agreement or not, except as may be required in connection with a disposition of Collateral by laws affecting the offering and sale of securities generally.

## ARTICLE 5 COVENANTS

### 5.1 Covenants

The Pledgor covenants with the Creditor as follows:

- (a) except as otherwise expressly provided herein or in other written agreements from time to time entered into between or on behalf of the Pledgor and the Creditor, the Pledgor shall not sell, exchange, transfer, assign, lend, charge, pledge, encumber or otherwise dispose of or deal in any way with the Collateral or any interest therein except to the Creditor hereunder, or enter into any agreement or undertaking to do so;
- (b) the Pledgor shall defend the Collateral for the benefit of the Creditor against the claims and demands of all other Persons;
- (c) the Pledgor shall fully and effectively maintain and keep maintained valid and effective the security interest constituted by this Agreement;



- (d) the Creditor will not be required to surrender any of the Collateral until all of the Pledgor's Obligations have been fully and finally paid and satisfied and the security interest created hereunder is discharged by the Creditor as herein provided;
- (e) the Pledgor shall not suffer, condone or support any reorganization of the Issuer without the consent of the Creditor first had and received in writing;
- (f) the Pledgor shall promptly inform the Creditor in writing of any Distributions made or proposed to be made to it;
- (g) the Pledgor shall hold any substituted or additional Collateral subject to the same terms and conditions and with the same powers and authorities as are hereby declared and conferred;
- (h) the Creditor will have the right, but will not be bound nor required, to exercise any option or right which the holder of any of the Securities may at any time have; provided that if the Creditor chooses to exercise any such option or right, any advance made by the Creditor for such purposes will be added to the Pledgor's Obligations and all the provisions hereof will apply thereto; and
- (i) the Pledgor shall ensure that each of the representations and warranties of the Pledgor herein contained will be true and correct at all times until the security interest created hereunder is discharged by the Creditor as herein provided.

## ARTICLE 6 ENFORCEMENT OF SECURITY

### 6.1 Remedies

- (a) Upon the occurrence and at any time during the continuance of a Default the Creditor will:
  - (i) have, in addition to the rights and remedies provided herein, all of the rights and remedies with respect to the Collateral of a secured party under the PPSA and such additional rights and remedies to which a secured party is entitled at law or in equity or by other statute in the Province of British Columbia and such additional rights and remedies to which a secured party is entitled under the laws in effect in any other jurisdiction where any rights and remedies hereunder may be asserted;
  - (ii) be entitled by itself or through its agents (including without limitation any receiver or receiver-manager) to all rights of ownership of and all other rights attaching to the Collateral, or any of it, as if the Creditor were the absolute owner thereof; and
  - (iii) will be entitled but not obligated to enforce and exercise those rights and remedies and realize upon the Collateral or any part(s) thereof, in such manner and at such time(s) as it shall in its sole and absolute discretion deem advisable.

- (b) Without limiting the generality of (a), the Creditor may:
  - (i) demand, sue for, collect or receive any Distributions at any time payable or receivable on account of or in exchange for any of the Collateral in its name or in the name of the Pledgor or otherwise; and
  - (ii) sell, assign or otherwise dispose of all or any part of such Collateral, at such place or places (including, without being required to do so, on any stock market on which any of the Securities are traded) and at such time or times as the Creditor deems best, and for cash or for credit or for future delivery (without thereby assuming any credit risk), at public or private sale, without demand of performance or notice of intention to effect any such disposition or of the time or place thereof (except such notice as is required by applicable statute and cannot be waived), and the Creditor, its assignees hereunder or anyone else who may be the purchaser, assignee or recipient of any or all of the Collateral so disposed of at any public sale (or, to the extent permitted by law, at any private sale) shall thereafter hold the same absolutely, free from any claim or right of whatsoever kind, including any right or equity of redemption (statutory or otherwise) of the Pledgor; any such demand, notice and right or equity being hereby expressly waived and released.
- (c) Without limiting the generality of (b)(ii), the Creditor may:
  - (i) without notice or publication, adjourn any public or private sale or cause the same to be adjourned from time to time by announcement at the time and place fixed for the sale, and such sale may be made at any time or place to which the sale may be so adjourned; and
  - (ii) transfer all or any of the Collateral and may fill in all blanks in any stock transfers or certificates or any power of attorney or other documents delivered to it in connection therewith, and may delegate its powers and any sub-delegate of the powers hereby given in the name and on behalf of the Pledgor.
- (d) The Pledgor agrees that:
  - (i) notwithstanding the foregoing, the Creditor will not be bound under any circumstances to enforce or realize upon any Collateral or to allow any Collateral to be sold and it will not be responsible for any loss occasioned by any sale or by the retention of or refusal to sell Collateral in whole or in part; nor will the Creditor be obliged to collect or see to the payment of Distributions or to the exercise of any Rights with respect thereto or to the remaining Collateral;
  - (ii) the Pledgor shall remain liable to the Creditor for any deficiency or amount outstanding in respect of the Pledgor's Obligations upon any realization of

the Collateral and application of the proceeds thereof on the Pledgor's Obligations;

- (iii) the records of the Creditor as to the occurrence of a Default will, absent manifest error, be conclusive evidence of the occurrence of a Default; and
  - (iv) at the request of the Creditor the Pledgor shall, at its own expense, execute all such transfers and documents as may be reasonably required, with all such powers of sale and other necessary powers as may be expedient for vesting the Collateral in whole or in part in the Creditor or such Person(s) or nominee(s) as it may appoint.
- (e) The Pledgor agrees that, by reason of certain prohibitions contained in applicable securities laws, the Creditor may be compelled, with respect to any sale of all or any part of the Collateral, to limit purchasers to those who will agree, among other things, to acquire the Collateral in a private sale for their own account, for investment and not with a view to the distribution or resale thereof. The Pledgor therefore agrees that that any such private sales may be at prices and on terms less favourable to the Creditor than those obtainable through a sale without such restrictions, and, notwithstanding such circumstances, agrees that any such private sale will be deemed to have been made in a commercially reasonable manner and that the Creditor will have no obligation to engage in public sales or sales on or through any stock exchange and no obligation to delay the sale of any Collateral for any period of time.

## **6.2 Remedies Not Exclusive**

The Creditor may exercise any of its rights and remedies independently or in combination and at any time and from time to time. The exercise of any particular right or remedy shall not preclude the further exercise of that or any other right or remedy. In addition to the foregoing, the Creditor will not be obliged to exhaust its recourse against the Pledgor or the Borrower or under any Loan Documents before realizing on or otherwise dealing with the Collateral in such manner as the Creditor considers desirable or expedient.

## **6.3 Application of Proceeds**

Any Distributions or other monies realized by the Creditor on or in respect of the Collateral in connection with the exercise of any rights or remedies of the Creditor will be applied in the following order:

- (a) to the payment of all expenses incurred by the Creditor or its agents in connection with the Enforcement Proceedings;
- (b) to the payment of interest, including interest on interest in default accrued but unpaid in respect of any of the Pledgor's Obligations;
- (c) to the payment of principal outstanding and unpaid in respect of any of the Pledgor's Obligations;

- (d) to the payment of all other amounts owing and unpaid in respect of any of the Pledgor's Obligations; and
- (e) the balance, if any, will be paid to the Person or Persons legally entitled thereto.

#### **6.4 Power of Attorney**

Upon the commencement and during the continuance of Enforcement Proceedings, the Creditor (or any officer of the Creditor appointed by the Creditor) is hereby irrevocably constituted and appointed by the Pledgor to be its true and lawful attorney, with full power of substitution, to do, make and execute all such statements, assignments, documents, acts, matters or things with the right to use the name of the Pledgor whenever and wherever it may be deemed necessary or expedient to give effect to this Agreement or to protect the security created hereby. This power of attorney will be irrevocable and coupled with an interest.

#### **6.5 Other Dealings**

The Creditor may grant time, renewals, extensions and indulgences, releases, and discharges to, may take and give up securities from or may abstain from taking securities from and may accept compositions from and may otherwise deal with all Persons including the Pledgor and any securities it holds in connection with the Obligations, or any part thereof, including any of the Collateral, as the Creditor may see fit without prejudice to the rights of the Creditor to hold, deal with and realize on the Collateral in any manner which the Creditor considers desirable or expedient.

#### **6.6 Security**

The security constituted hereby is taken in addition to and not in substitution for and is independent of the other Loan Documents.

#### **6.7 No Merger**

This Agreement will not operate so as to create any merger or discharge of any of the Pledgor's Obligations or of any Loan Document. Neither the taking of any judgment nor the exercise of any power or seizure or disposition will extinguish the liability of the Pledgor to pay, observe and perform the Pledgor's Obligations nor will the acceptance of any payment or any Loan Document constitute or create any novation and no covenant, representation or warranty of the Pledgor herein will merge in any judgment.

#### **6.8 Enforcement Costs**

The Pledgor agrees that all costs and charges incurred by the Creditor with respect to the Collateral or the realization thereof (including all legal costs on the basis as between a solicitor and his own client and court costs paid and also including expenses of taking possession of, protecting and realizing upon any property comprised in the Collateral) will be added to the Pledgor's Obligations and will be a charge and security interest upon the monies received having the priority of the Charge(s) created hereby.

## 6.9 Discharge

Any partial payment or satisfaction of the Obligations will be deemed not to be a redemption or discharge of this Agreement. The Pledgor and the Borrower shall be entitled to a release and discharge of this Agreement upon full payment and satisfaction of all Obligations and upon written request by the Borrower or the Pledgor and payment to the Creditor of all costs, charges, expenses and legal fees and disbursements (on a solicitor and his own client basis) incurred by the Creditor in connection with the Obligations and such release and discharge.

## ARTICLE 7 MISCELLANEOUS

### 7.1 Amendment

Any amendment of this Agreement will not be binding unless in writing and signed by the Pledgor and the Creditor.

### 7.2 Waiver

No waiver of any of the provisions of this Agreement will be effective unless given in writing by the party against which the same is to be asserted.

### 7.3 Notices

Any notice, demand or other document to be given, or any delivery to be made hereunder will be effective if in writing and delivered in Person and left with, or sent by electronic mail or by prepaid registered letter addressed to the attention of:

- (a) in the case of the Pledgor, addressed as follows:

**LIVING BEACHSIDE DEVELOPMENT LIMITED PARTNERSHIP**  
325 West 4th Avenue  
Vancouver, BC V5Y 1H3

Attention: Macario Teodoro Reyes

Email: [tobi@portliving.com](mailto:tobi@portliving.com)

with a copy to (which does not constitute notice):

**MCCARTHY TÉTRAULT LLP**  
Barristers & Solicitors  
Suite 2400, 745 Thurlow Street  
Vancouver, BC V6E 0C5

Attention: Lance Williams

Email: [lwilliams@mccarthy.ca](mailto:lwilliams@mccarthy.ca)

(b) in the case of the Creditor, addressed as follows:

**1351486 B.C. LTD.**  
1556 Kebet Way  
Port Coquitlam, BC V3C 5M5

Attention: Luke Pretty

Email: [luke@dynamic.global](mailto:luke@dynamic.global)

with a copy to:

**FASKEN MARTINEAU DUMOULIN LLP**  
Barristers & Solicitors  
Bentall 5, Suite 2900 – 550 Burrard Street  
Vancouver, BC V6C 0A3

Attention: Brent C. Clark

Email: [bcclark@fasken.com](mailto:bcclark@fasken.com)

Any notice, demand or other document or delivery so given or made will be deemed to have been given or made and received at the time of delivery in Person or on the business day the transmission was sent successfully to the address set out above, as the case may be. Any party hereto may from time to time by notice in writing change his or its address (or in the case of a corporate party, the designated recipient) for the purposes of this section.

#### **7.4 Further Assurances**

The Pledgor shall from time to time forthwith on the Creditor's request do, make and execute all such documents, acts, matters and things as may be required by the Creditor with respect to this Agreement or any part hereof or as may be required to give effect to this Agreement.

#### **7.5 Counterparts and Facsimile**

This Agreement may be executed in counterparts and an executed copy of this Agreement may be delivered by electronic facsimile transmission or other means of electronic communication capable of producing a signed printed copy of this Agreement. **Any such execution and delivery will be deemed to have occurred as of the date set forth above by the party so delivering such copy.**

### **ARTICLE 8 INTERPRETATION**

#### **8.1 Headings**

All headings and titles in this Agreement are for reference only and are not to be used in the interpretation of the terms hereof.

## **8.2 Hereof, Etc.**

All references in this Agreement to the words “hereof”, “herein” or “hereunder” will be construed to mean and refer to this Agreement as a whole and will not be construed to refer only to a specific Article, Section, paragraph or clause of this Agreement unless the context clearly requires such construction.

## **8.3 Joint and Several Liability**

If any party hereto is comprised of more than one Person, the assignments, security interests and other charges constituted hereby and the representations, warranties, covenants, agreements, obligations and liabilities made by or imposed upon that party herein or by law will be deemed to have been made or incurred by all those Persons jointly and by each of those Persons severally.

## **8.4 Severability**

If any of the terms of this Agreement are or are held to be unenforceable or otherwise invalid, such holding will not in any way affect the enforceability or validity of the remaining terms of this Agreement.

## **8.5 Governing Law**

This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia. The Pledgor irrevocably submits to the jurisdiction of any British Columbia court sitting in Vancouver, British Columbia, in any action or proceeding arising out of or relating to this Agreement.

## **8.6 Enurement**

This Agreement will be binding upon the Pledgor and will enure to the benefit of the Creditor.

## **8.7 Interpretation**

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

## **8.8 Paramountcy**

In the event of any inconsistency between the provisions of this Agreement and the provisions of the Loan Agreement, the provisions of the Loan Agreement shall prevail.

## **8.9 Capacity**

If the Collateral or any portion thereof or any interest therein are now or at anytime hereafter held by the Pledgor as a partner of a firm, as a trustee, as an agent, or in any other similar capacity, whether fiduciary or otherwise:

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

- (b) each and every assignment and other charge constituted hereby,

whether made by or imposed upon the Pledgor hereunder, will be and be deemed to be jointly and severally made by or imposed upon the Pledgor and the partnership, the beneficiary(ies) of the trust, the principal(s) of the agent, or other entity(ies), as the case may be, and each assignment and other charge contained in this Agreement will be deemed to be an assignment or charge against the right, title and interest of the partnership, the beneficiary(ies), the principal(s), or such entity(ies), as the case may be, in and to the Collateral, as well as being an assignment of or charge against the right, title or interest of the Pledgor in and to the Collateral.

#### **8.10 Creditor as Agent**

If this Agreement is granted to the Creditor in its capacity as agent for one or more other Persons, the Pledgor agrees that all:

- (a) grants, mortgages, assignments, charges and security interests;
- (b) representations, warranties, covenants and agreements; and
- (c) obligations and liabilities,

created, made, assumed or incurred hereunder by the Pledgor in favour of the Creditor are also created, made, assumed or incurred hereunder by the Pledgor in favour of those Persons.

#### **8.11 Binding Effect**

This Agreement will be binding on the Pledgor and the respective heirs, executors, personal representatives, successors and assigns of each Person comprising the Pledgor and will enure to the benefit of the Creditor and its successors and assigns.


*[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK;  
SIGNATURE PAGE(S) TO FOLLOW]*



**EXECUTED** at Vancouver, British Columbia, on this 10<sup>th</sup> day of March, 2022.

**LIVING BEACHSIDE DEVELOPMENT  
LIMITED PARTNERSHIP**, by its General  
Partner, **PORT CAPITAL FARMS (BEACH)  
INC.**, by its authorized signatory(ies):

Per:

  
Name: Macario Teodoro Reyes  
Title: Director

Per:

\_\_\_\_\_  
Name:  
Title:  
I/We have the authority to bind the partnership.

**SCHEDULE A  
EXISTING SECURITIES**

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

| <b>Number, Kind &amp; Class of Shares</b> | <b>Share Certificate No(s).</b> |
|---|---------------------------------|
| 100 Common Shares without par value       | 1C                              |

**BETWEEN:**

**LIVING BEACHSIDE DEVELOPMENT  
LIMITED PARTNERSHIP**

**AND:**

**1351486 B.C. LTD.**

**PLEDGE OF SECURITIES  
(IN PORTLIVING FARMS (3688 PARKVIEW)  
INVESTMENTS INC.)**

**FASKEN MARTINEAU DUMOULIN LLP  
Barristers & Solicitors**

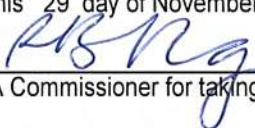
**Bentall 5, Suite 2900 - 550 Burrard Street  
Vancouver, BC, Canada V6C 0A3  
Telephone: 604.631.3131**

**Counsel: Brent C. Clark**

**File No: 319671.00003**

0256

This is Exhibit "L" referred to in the affidavit  
of Luke Pretty sworn before me at Vancouver  
this 29 day of November, 2022.

  
A Commissioner for taking Affidavits for British Columbia

**PLEDGE OF SECURITIES  
(IN PORT CAPITAL DEVELOPMENT (FARMS) INC.)**

**THIS PLEDGE OF SECURITIES** dated March 10, 2022 and made,

**BETWEEN:**

**PORTLIVING PROPERTIES INC.**, a company incorporated under the *Business Corporations Act* of British Columbia (BC1101668), having an office at 325 West 4th Avenue, Vancouver, BC V5Y 1H3;

(the “**Pledgor**”)

**AND:**

**1351486 B.C. LTD.**, a company incorporated under the *Business Corporations Act* of British Columbia (BC1351486), having an office at 1556 Kebet Way, Port Coquitlam, BC V3C 5M5;

(the “**Creditor**”)

A. The Borrower has agreed to borrow the moneys representing the Loan from the Creditor, who has agreed to make the Loan to the Borrower.

B. It is a condition of the Loan that the Pledgor execute and deliver this Agreement to the Creditor.

In consideration of the sum of \$1.00 and other good and valuable consideration now paid by the Creditor to the Pledgor (the receipt and sufficiency of which is hereby acknowledged by the Pledgor) the Pledgor warrants and represents to and covenants and agrees with the Creditor as set forth herein.

**ARTICLE 1  
DEFINITIONS**

**1.1 Definitions**

In this Agreement, the following words and phrases will have the meanings set out below unless the parties or the context otherwise require(s).

- (a) “**Agreement**” or “**this Agreement**” means this Agreement including all recitals and schedules hereto, as amended, modified, restated or replaced from time to time.
- (b) “**Borrower**” means collectively, Living Beachside Development Limited Partnership, Port Capital Farms (Beach) Inc., Sunny Beach Motel Inc., PortLiving Farms (3624 Parkview) Investments Inc., PortLiving Farms (3648 Parkview) Investments Inc. and PortLiving Farms (3688 Parkview) Investments Inc., and its

respective successors and assigns, as the case may be, whether immediate or derivative.

- (c) **“Borrower’s Obligations”** means the Obligations of the Borrower.
- (d) **“Cash Distributions”** means all cash dividends and other cash distributions from time to time paid on or in respect of the Securities, excluding Other Cash Proceeds, but including corporate dividends, cash, income, interest, trust distributions and partnership distributions and other payments and distributions from time to time paid or payable or made by the Issuer with respect to any of the Securities; provided that returns of capital on or in respect of debentures or trust units that are part of a regularly paid debenture or trust distribution paid in the ordinary course as part of such trust distribution will be deemed to be “Cash Distributions” under this Agreement.
- (e) **“Charge”** means any mortgage, assignment, security interest, charge (fixed or floating), pledge, hypothec, lien (statutory or otherwise), trust, interest in any lease, conditional sale or other title retention agreement, or other encumbrance of any nature or kind whatsoever, now or at any time hereafter arising in respect of the whole or any portion of the Collateral.
- (f) **“Collateral”** means all of the Pledgor’s present and future right, title and interest in and to:
  - (i) the Securities and all certificates and instruments from time to time representing the Securities;
  - (ii) the Distributions;
  - (iii) the Rights;
  - (iv) all letters, papers and other documents now or at any time hereafter evidencing or relating to any one or more of the Securities, the Distributions and the Rights, or which now or at any time hereafter may be received by the Pledgor as security for or on account of any one or more of the Securities, the Distributions and the Rights in whole or in part; and
  - (v) all proceeds now or hereafter arising from any of the Securities, the Distributions or the Rights that are goods, intangibles, securities, documents of title, chattel paper, instruments or money.
- (g) **“Creditor”** means the party so described above and its successors and assigns.
- (h) **“Default”** means the occurrence of an Event of Default as defined in the Loan Agreement) that is continuing.
- (i) **“Distributions”** means Cash Distributions, Other Cash Proceeds and Non Cash Distributions.

- (j) “**Enforcement Proceedings**” means enforcement or realization proceedings, taken by the Creditor, after the occurrence of a Default that is continuing, to enforce or realize any of the security granted to it under this Agreement.
- (k) “**Existing Securities**” means the Securities described in Schedule A hereto.
- (l) “**Issuer**” means Port Capital Development (Farms) Inc.
- (m) “**Loan**” means the \$3,500,000.00 loan(s) made or to be made by the Creditor to the Borrower, as contemplated by the Loan Agreement.
- (n) “**Loan Agreement**” means the loan agreement dated March 14, 2022 and made between the Creditor and the Borrower in connection with the Loan, as amended, modified, restated or replaced from time to time.
- (o) “**Loan Documents**” has the meaning ascribed to such term in the Loan Agreement.
- (p) “**Non-Cash Distributions**” has the meaning ascribed to such term in the Loan Agreement.
- (q) “**Obligants**” means all Persons, including the Pledgor, who have Obligations.
- (a) “**Obligations**” means the obligations of the Pledgor to the Secured Party (including all future advances and re-advances) whether direct or indirect, absolute or contingent, joint, several or joint and several, matured or not, extended or renewed, wherever and however incurred, of whatever nature or kind and whether or not arising under or in connection with the Loan Agreement or any of the other Loan Documents.
- (r) “**Other Cash Proceeds**” means cash proceeds which are paid:
  - (i) from the redemption or retraction of any the Securities; or
  - (ii) as a return of capital in respect of the Securities,but which are not Cash Distributions.
- (s) “**Persons**” or “**Person**” means and includes any individual, sole proprietorship, corporation, partnership, bank, joint venture, trust, unincorporated association, association, institution, entity, party or government (whether national, federal, provincial, state, municipal, city, county or otherwise and including any instrumentality, division, agency, body or department thereof).
- (t) “**Pledgor**” means the party so described above and its successors and assigns, whether immediate or derivative.
- (u) “**Pledgor’s Obligations**” means the Obligations of the Pledgor.
- (v) “**PPSA**” means the *Personal Property Security Act* of British Columbia and any regulations thereto, as amended from time to time.

- (w) **“Rights”** means all of the present and future benefits, advantages, privileges, powers, claims, demands, rights, remedies, security, judgments and the like whatsoever (including any extensions or renewals thereof), which the Pledgor be entitled to under or in respect of the Securities or the Distributions or any part thereof including:
  - (i) any and all benefits and advantages due or accruing due to the Pledgor now or at any time after the date hereof under any of the Securities (including all rights to receive notices of and attend meetings of shareholders, debenture holders or partners (as applicable) and all present and future rights of the Pledgor to vote the Securities) or the Distributions (including all rights to receive the same); and
  - (ii) the benefit of all covenants, guarantees, representations, warranties and indemnities which have been or in the future are granted to, received or negotiated by the Pledgor, or any agent of the Pledgor, in respect of any of the Securities, the Distributions and the Rights.
  
- (x) **“Securities”** means:
  - (i) the Existing Securities; and
  - (ii) any securities which the Pledgor may at any time acquire in the future whether in substitution for or in addition to the Existing Securities, including securities arising from a Non-Cash Distribution.

## **1.2 Additional Definitions**

Words used in this Agreement that are defined in the PPSA will have the meaning given to them in that Act or those regulations unless otherwise defined herein.

## **ARTICLE 2 PLEDGE OF COLLATERAL, CREATION OF SECURITY INTEREST AND DELIVERY OF CERTIFICATES**

### **2.1 Pledge of Collateral and Creation of Security Interest**

As general and continuing collateral security for the due payment, observance and performance of the Pledgor's Obligations, the Pledgor hereby mortgages, hypothecates, pledges, charges, assigns, transfers and delivers to and in favour of the Creditor and grants the Creditor a fixed and specific security interest, hypothec, mortgage, pledge and charge in all of the Collateral until all of the Pledgor's Obligations have been fully paid, performed and satisfied and a discharge of this Agreement is given to the Pledgor after a written request therefor by the Pledgor, after which all rights to the Collateral will revert to the Pledgor.

### **2.2 Attachment**

The Pledgor acknowledges that value has been given and that the security interest granted herein is intended to attach:



- (a) as to all Collateral in which the Pledgor now has rights, upon the execution and delivery of this Agreement by the Pledgor; and
- (b) as to all Collateral in which the Pledgor acquires rights after the execution of this Agreement, when the Pledgor acquires such rights.

The Pledgor agrees that the Pledgor and the Creditor do not intend to postpone the attachment of any security interest created hereby.

### **2.3 Multiple Pledgor**

If the Pledgor is comprised of more than one Person, all references to the Collateral in this Agreement will be interpreted to mean:

- (a) the Collateral which is now or hereafter jointly owned or acquired by all Persons comprising the Pledgor; and
- (b) the Collateral which is now or hereafter individually owned or acquired by each Person comprising the Pledgor.

### **2.4 Delivery**

Subject to the rights of the Senior Lender (as defined in the Loan Agreement) and any obligations or liabilities of the Borrower or the Pledgor (now or hereafter existing) to the Senior Lender:

- (a) Upon the execution and delivery of this Agreement and thereafter as required by the terms of this Agreement or as may from time to time be required by the Creditor in writing, the Pledgor shall immediately deliver to the Creditor, or to any Person nominated by the Creditor as its nominee for the purpose of holding the Collateral as security:
  - (i) to the extent not already pledged, all certificates representing or evidencing any Collateral, including Securities duly endorsed for transfer in blank or, if directed by the Creditor, endorsed for transfer to the Creditor or the nominee(s) of the Creditor and stock powers of attorney with respect thereto; and
  - (ii) appropriate resolutions of each of the Pledgor and the Issuer approving and consenting to the transfer of the Securities represented thereby from the Pledgor to the Creditor or the Creditor's nominee(s).
- (b) The Pledgor agrees that all Securities may after a Default, at the option of the Creditor, be registered in the name of the Creditor or its nominee(s) at any time while this Agreement remains in effect and the Pledgor shall immediately transfer them into the name of the Creditor or its nominee(s) when requested to do so by the Creditor in writing.
- (c) Without limiting the generality of the foregoing, the Pledgor irrevocably authorizes and empowers the Creditor after a Default to complete any transfer or power of

attorney to transfer the Securities attached thereto with such names and in such manner as may be thought best by the Creditor and to seal and deliver the same after such blanks have been filled in, notwithstanding the death or dissolution, as the case may be, of the Pledgor.

## **2.5 Possession of Collateral**

The powers conferred on the Creditor hereunder are solely to protect its interest in the Collateral and will not impose any duty on it to exercise any such powers. Except for reasonable care of any Collateral in its possession and the accounting for moneys actually received by it hereunder, the Creditor will have no duty as to any Collateral or responsibility for:

- (a) ascertaining or taking action with respect to calls, conversions, exchanges, maturities, tenders or other matters relative to any Securities, whether or not the Creditor has or is deemed to have notice or knowledge of such matters; or
- (b) taking any necessary steps to preserve rights against prior parties or any other rights pertaining to any Collateral.

## **ARTICLE 3 VOTING, DISTRIBUTIONS**

### **3.1 Voting Rights**

- (a) Until Enforcement Proceedings are commenced and after they have been discontinued, and notwithstanding that the Securities may be registered in the name of the Creditor or its nominee(s) after a Default, the Pledgor will have the right, subject to the terms and conditions of this Agreement, to vote the Securities and to exercise all rights of conversion and retraction and other similar rights in respect of the Securities with the same force and effect as though they had not been mortgaged, hypothecated, pledged, charged, transferred, assigned and delivered to the Creditor hereunder.
- (b) From and after the commencement of Enforcement Proceedings and until they are discontinued, and without limiting any other right or remedy available to the Creditor, the Creditor will have the sole and exclusive right to vote the Securities and to exercise all rights of conversion and retraction and other similar rights in respect of the Securities with the same force and effect as if it were the absolute owner thereof and any proxy granted by the Pledgor or its nominee in respect of any of the Securities to any Person(s) other than the Creditor will be revoked and be null and void.
- (c) The Pledgor shall not vote or permit any of the Securities to be voted for any purpose contrary to or inconsistent with the Obligations of any of the Pledgor or the terms of this Agreement or any other Loan Document.

### **3.2 Distributions**

- (a) Until Enforcement Proceedings are commenced and after they have been discontinued, and notwithstanding that the Securities may be registered in the name of the Creditor or its nominee(s) after a Default, the Pledgor, or any nominee or agent of Pledgor, may receive and retain all Distributions made during that period of time.
- (b) From and after the commencement of Enforcement Proceedings and until they are discontinued, and without limiting any other right or remedy available to the Creditor, the Pledgor shall:
  - (i) receive all Distributions in trust as trustee for the Creditor; and
  - (ii) forthwith pay and deliver all Distributions to the Creditor, without demand therefor, to be dealt with by the Creditor pursuant to the terms hereof.
- (c) The Pledgor hereby irrevocably authorizes and directs the Issuer to pay and deliver to the Creditor all Distributions made by the Issuer to the Pledgor while Enforcement Proceedings remain in effect.

## **ARTICLE 4 REPRESENTATIONS AND WARRANTIES**

### **4.1 Representations and Warranties**

The Pledgor makes the following representations and warranties to the Creditor as continuing representations and warranties that are now and will hereafter be true and correct at all times while this Pledge remains in effect:

- (a) the Pledgor is the legal and beneficial owner of the Collateral and no other Person (other than the Senior Lender) has any interest, beneficial or otherwise in the Existing Securities except as previously disclosed to the Creditor or disclosed in the British Columbia Personal Property Registry;
- (b) except as previously disclosed to the Creditor in writing, the Collateral is free and clear of all Charges other than the Charges constituted by this Agreement and the Charges granted in favour of the Senior Lender;
- (c) the Pledgor has the full capacity to mortgage, pledge, charge, hypothecate, transfer and assign and grant a security interest in the Collateral to the Creditor on the terms contemplated hereby;
- (d) the execution and delivery of this Agreement by the Pledgor and the Charge(s) created hereby will not constitute a default or breach under any other indenture, agreement or instrument to which the Pledgor is a party or by which it or any of its property is bound except for the consents obtained;

- (e) the Securities have been duly authorized and validly issued as fully paid and non-assessable;
- (f) none of the Securities are subject of any shareholder's or similar agreements or any agreement, option, warrant, privilege or right pursuant to which the Pledgor may be required to sell or otherwise dispose of the Securities; and
- (g) except for the consents of the board of directors of each of the Pledgor and the Issuer (which have been obtained), no other authorization, approval or other actions and no notice to or filing with any governmental authority or any other Person is required:
  - (i) for the pledge of the Collateral pursuant to this Agreement;
  - (ii) for the execution, delivery and performance of this Agreement by the Pledgor;
  - (iii) for the exercise by the Creditor of the voting or other rights or remedies provided for in this Agreement; or
  - (iv) for the exercise by the Creditor of its remedies, whether provided for in this Agreement or not, except as may be required in connection with a disposition of Collateral by laws affecting the offering and sale of securities generally.

## ARTICLE 5 COVENANTS

### 5.1 Covenants

The Pledgor covenants with the Creditor as follows:

- (a) except as otherwise expressly provided herein or in other written agreements from time to time entered into between or on behalf of the Pledgor and the Creditor, the Pledgor shall not sell, exchange, transfer, assign, lend, charge, pledge, encumber or otherwise dispose of or deal in any way with the Collateral or any interest therein except to the Creditor hereunder, or enter into any agreement or undertaking to do so;
- (b) the Pledgor shall defend the Collateral for the benefit of the Creditor against the claims and demands of all other Persons;
- (c) the Pledgor shall fully and effectively maintain and keep maintained valid and effective the security interest constituted by this Agreement;
- (d) the Creditor will not be required to surrender any of the Collateral until all of the Pledgor's Obligations have been fully and finally paid and satisfied and the security interest created hereunder is discharged by the Creditor as herein provided;

- (e) the Pledgor shall not suffer, condone or support any reorganization of the Issuer without the consent of the Creditor first had and received in writing;
- (f) the Pledgor shall promptly inform the Creditor in writing of any Distributions made or proposed to be made to it;
- (g) the Pledgor shall hold any substituted or additional Collateral subject to the same terms and conditions and with the same powers and authorities as are hereby declared and conferred;
- (h) the Creditor will have the right, but will not be bound nor required, to exercise any option or right which the holder of any of the Securities may at any time have; provided that if the Creditor chooses to exercise any such option or right, any advance made by the Creditor for such purposes will be added to the Pledgor's Obligations and all the provisions hereof will apply thereto; and
- (i) the Pledgor shall ensure that each of the representations and warranties of the Pledgor herein contained will be true and correct at all times until the security interest created hereunder is discharged by the Creditor as herein provided.

## **ARTICLE 6 ENFORCEMENT OF SECURITY**

### **6.1 Remedies**

- (a) Upon the occurrence and at any time during the continuance of a Default the Creditor will:
  - (i) have, in addition to the rights and remedies provided herein, all of the rights and remedies with respect to the Collateral of a secured party under the PPSA and such additional rights and remedies to which a secured party is entitled at law or in equity or by other statute in the Province of British Columbia and such additional rights and remedies to which a secured party is entitled under the laws in effect in any other jurisdiction where any rights and remedies hereunder may be asserted;
  - (ii) be entitled by itself or through its agents (including without limitation any receiver or receiver-manager) to all rights of ownership of and all other rights attaching to the Collateral, or any of it, as if the Creditor were the absolute owner thereof; and
  - (iii) will be entitled but not obligated to enforce and exercise those rights and remedies and realize upon the Collateral or any part(s) thereof, in such manner and at such time(s) as it shall in its sole and absolute discretion deem advisable.
- (b) Without limiting the generality of (a), the Creditor may:

- (i) demand, sue for, collect or receive any Distributions at any time payable or receivable on account of or in exchange for any of the Collateral in its name or in the name of the Pledgor or otherwise; and
  - (ii) sell, assign or otherwise dispose of all or any part of such Collateral, at such place or places (including, without being required to do so, on any stock market on which any of the Securities are traded) and at such time or times as the Creditor deems best, and for cash or for credit or for future delivery (without thereby assuming any credit risk), at public or private sale, without demand of performance or notice of intention to effect any such disposition or of the time or place thereof (except such notice as is required by applicable statute and cannot be waived), and the Creditor, its assignees hereunder or anyone else who may be the purchaser, assignee or recipient of any or all of the Collateral so disposed of at any public sale (or, to the extent permitted by law, at any private sale) shall thereafter hold the same absolutely, free from any claim or right of whatsoever kind, including any right or equity of redemption (statutory or otherwise) of the Pledgor; any such demand, notice and right or equity being hereby expressly waived and released.
- (c) Without limiting the generality of (b)(ii), the Creditor may:
- (i) without notice or publication, adjourn any public or private sale or cause the same to be adjourned from time to time by announcement at the time and place fixed for the sale, and such sale may be made at any time or place to which the sale may be so adjourned; and
  - (ii) transfer all or any of the Collateral and may fill in all blanks in any stock transfers or certificates or any power of attorney or other documents delivered to it in connection therewith, and may delegate its powers and any sub-delegate of the powers hereby given in the name and on behalf of the Pledgor.
- (d) The Pledgor agrees that:
- (i) notwithstanding the foregoing, the Creditor will not be bound under any circumstances to enforce or realize upon any Collateral or to allow any Collateral to be sold and it will not be responsible for any loss occasioned by any sale or by the retention of or refusal to sell Collateral in whole or in part; nor will the Creditor be obliged to collect or see to the payment of Distributions or to the exercise of any Rights with respect thereto or to the remaining Collateral;
  - (ii) the Pledgor shall remain liable to the Creditor for any deficiency or amount outstanding in respect of the Pledgor's Obligations upon any realization of the Collateral and application of the proceeds thereof on the Pledgor's Obligations;

- (iii) the records of the Creditor as to the occurrence of a Default will, absent manifest error, be conclusive evidence of the occurrence of a Default; and
- (iv) at the request of the Creditor the Pledgor shall, at its own expense, execute all such transfers and documents as may be reasonably required, with all such powers of sale and other necessary powers as may be expedient for vesting the Collateral in whole or in part in the Creditor or such Person(s) or nominee(s) as it may appoint.
- (e) The Pledgor agrees that, by reason of certain prohibitions contained in applicable securities laws, the Creditor may be compelled, with respect to any sale of all or any part of the Collateral, to limit purchasers to those who will agree, among other things, to acquire the Collateral in a private sale for their own account, for investment and not with a view to the distribution or resale thereof. The Pledgor therefore agrees that that any such private sales may be at prices and on terms less favourable to the Creditor than those obtainable through a sale without such restrictions, and, notwithstanding such circumstances, agrees that any such private sale will be deemed to have been made in a commercially reasonable manner and that the Creditor will have no obligation to engage in public sales or sales on or through any stock exchange and no obligation to delay the sale of any Collateral for any period of time.

## **6.2 Remedies Not Exclusive**

The Creditor may exercise any of its rights and remedies independently or in combination and at any time and from time to time. The exercise of any particular right or remedy shall not preclude the further exercise of that or any other right or remedy. In addition to the foregoing, the Creditor will not be obliged to exhaust its recourse against the Pledgor or the Borrower or under any Loan Documents before realizing on or otherwise dealing with the Collateral in such manner as the Creditor considers desirable or expedient.

## **6.3 Application of Proceeds**

Any Distributions or other monies realized by the Creditor on or in respect of the Collateral in connection with the exercise of any rights or remedies of the Creditor will be applied in the following order:

- (a) to the payment of all expenses incurred by the Creditor or its agents in connection with the Enforcement Proceedings;
- (b) to the payment of interest, including interest on interest in default accrued but unpaid in respect of any of the Pledgor's Obligations;
- (c) to the payment of principal outstanding and unpaid in respect of any of the Pledgor's Obligations;
- (d) to the payment of all other amounts owing and unpaid in respect of any of the Pledgor's Obligations; and

(e) the balance, if any, will be paid to the Person or Persons legally entitled thereto.

#### **6.4 Power of Attorney**

Upon the commencement and during the continuance of Enforcement Proceedings, the Creditor (or any officer of the Creditor appointed by the Creditor) is hereby irrevocably constituted and appointed by the Pledgor to be its true and lawful attorney, with full power of substitution, to do, make and execute all such statements, assignments, documents, acts, matters or things with the right to use the name of the Pledgor whenever and wherever it may be deemed necessary or expedient to give effect to this Agreement or to protect the security created hereby. This power of attorney will be irrevocable and coupled with an interest.

#### **6.5 Other Dealings**

The Creditor may grant time, renewals, extensions and indulgences, releases, and discharges to, may take and give up securities from or may abstain from taking securities from and may accept compositions from and may otherwise deal with all Persons including the Pledgor and any securities it holds in connection with the Obligations, or any part thereof, including any of the Collateral, as the Creditor may see fit without prejudice to the rights of the Creditor to hold, deal with and realize on the Collateral in any manner which the Creditor considers desirable or expedient.

#### **6.6 Security**

The security constituted hereby is taken in addition to and not in substitution for and is independent of the other Loan Documents.

#### **6.7 No Merger**

This Agreement will not operate so as to create any merger or discharge of any of the Pledgor's Obligations or of any Loan Document. Neither the taking of any judgment nor the exercise of any power or seizure or disposition will extinguish the liability of the Pledgor to pay, observe and perform the Pledgor's Obligations nor will the acceptance of any payment or any Loan Document constitute or create any novation and no covenant, representation or warranty of the Pledgor herein will merge in any judgment.

#### **6.8 Enforcement Costs**

The Pledgor agrees that all costs and charges incurred by the Creditor with respect to the Collateral or the realization thereof (including all legal costs on the basis as between a solicitor and his own client and court costs paid and also including expenses of taking possession of, protecting and realizing upon any property comprised in the Collateral) will be added to the Pledgor's Obligations and will be a charge and security interest upon the monies received having the priority of the Charge(s) created hereby.

#### **6.9 Discharge**

Any partial payment or satisfaction of the Obligations will be deemed not to be a redemption or discharge of this Agreement. The Pledgor and the Borrower shall be entitled to a release and



discharge of this Agreement upon full payment and satisfaction of all Obligations and upon written request by the Borrower or the Pledgor and payment to the Creditor of all costs, charges, expenses and legal fees and disbursements (on a solicitor and his own client basis) incurred by the Creditor in connection with the Obligations and such release and discharge.

**ARTICLE 7  
MISCELLANEOUS**

**7.1 Amendment**

Any amendment of this Agreement will not be binding unless in writing and signed by the Pledgor and the Creditor.

**7.2 Waiver**

No waiver of any of the provisions of this Agreement will be effective unless given in writing by the party against which the same is to be asserted.

**7.3 Notices**

Any notice, demand or other document to be given, or any delivery to be made hereunder will be effective if in writing and delivered in Person and left with, or sent by electronic mail or by prepaid registered letter addressed to the attention of:

- (a) in the case of the Pledgor, addressed as follows:

**PORTLIVING PROPERTIES INC.**  
325 West 4th Avenue  
Vancouver, BC V5Y 1H3

Attention: Macario Teodoro Reyes

Email: [tobi@portliving.com](mailto:tobi@portliving.com)

with a copy to (which does not constitute notice):

**MCCARTHY TÉTRAULT LLP**  
Barristers & Solicitors  
Suite 2400, 745 Thurlow Street  
Vancouver, BC V6E 0C5

Attention: Lance Williams

Email: [lwilliams@mccarthy.ca](mailto:lwilliams@mccarthy.ca)

(b) in the case of the Creditor, addressed as follows:

**1351486 B.C. LTD.**  
1556 Kebet Way  
Port Coquitlam, BC V3C 5M5

Attention: Luke Pretty

Email: [luke@dynamic.global](mailto:luke@dynamic.global)

with a copy to:

**FASKEN MARTINEAU DUMOULIN LLP**  
Barristers & Solicitors  
Bentall 5, Suite 2900 – 550 Burrard Street  
Vancouver, BC V6C 0A3

Attention: Brent C. Clark

Email: [bcclark@fasken.com](mailto:bcclark@fasken.com)

Any notice, demand or other document or delivery so given or made will be deemed to have been given or made and received at the time of delivery in Person or on the business day the transmission was sent successfully to the address set out above, as the case may be. Any party hereto may from time to time by notice in writing change his or its address (or in the case of a corporate party, the designated recipient) for the purposes of this section.

#### **7.4 Further Assurances**

The Pledgor shall from time to time forthwith on the Creditor's request do, make and execute all such documents, acts, matters and things as may be required by the Creditor with respect to this Agreement or any part hereof or as may be required to give effect to this Agreement.

#### **7.5 Counterparts and Facsimile**

This Agreement may be executed in counterparts and an executed copy of this Agreement may be delivered by electronic facsimile transmission or other means of electronic communication capable of producing a signed printed copy of this Agreement. **Any such execution and delivery will be deemed to have occurred as of the date set forth above by the party so delivering such copy.**

### **ARTICLE 8 INTERPRETATION**

#### **8.1 Headings**

All headings and titles in this Agreement are for reference only and are not to be used in the interpretation of the terms hereof.

## **8.2 Hereof, Etc.**

All references in this Agreement to the words “**hereof**”, “**herein**” or “**hereunder**” will be construed to mean and refer to this Agreement as a whole and will not be construed to refer only to a specific Article, Section, paragraph or clause of this Agreement unless the context clearly requires such construction.

## **8.3 Joint and Several Liability**

If any party hereto is comprised of more than one Person, the assignments, security interests and other charges constituted hereby and the representations, warranties, covenants, agreements, obligations and liabilities made by or imposed upon that party herein or by law will be deemed to have been made or incurred by all those Persons jointly and by each of those Persons severally.

## **8.4 Severability**

If any of the terms of this Agreement are or are held to be unenforceable or otherwise invalid, such holding will not in any way affect the enforceability or validity of the remaining terms of this Agreement.

## **8.5 Governing Law**

This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia. The Pledgor irrevocably submits to the jurisdiction of any British Columbia court sitting in Vancouver, British Columbia, in any action or proceeding arising out of or relating to this Agreement.

## **8.6 Enurement**

This Agreement will be binding upon the Pledgor and will enure to the benefit of the Creditor.

## **8.7 Interpretation**

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

## **8.8 Paramountcy**

In the event of any inconsistency between the provisions of this Agreement and the provisions of the Loan Agreement, the provisions of the Loan Agreement shall prevail.

## **8.9 Capacity**

If the Collateral or any portion thereof or any interest therein are now or at anytime hereafter held by the Pledgor as a partner of a firm, as a trustee, as an agent, or in any other similar capacity, whether fiduciary or otherwise:

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

(b) each and every assignment and other charge constituted hereby, whether made by or imposed upon the Pledgor hereunder, will be and be deemed to be jointly and severally made by or imposed upon the Pledgor and the partnership, the beneficiary(ies) of the trust, the principal(s) of the agent, or other entity(ies), as the case may be, and each assignment and other charge contained in this Agreement will be deemed to be an assignment or charge against the right, title and interest of the partnership, the beneficiary(ies), the principal(s), or such entity(ies), as the case may be, in and to the Collateral, as well as being an assignment of or charge against the right, title or interest of the Pledgor in and to the Collateral.

**8.10 Creditor as Agent**

If this Agreement is granted to the Creditor in its capacity as agent for one or more other Persons, the Pledgor agrees that all:

- (a) grants, mortgages, assignments, charges and security interests;
- (b) representations, warranties, covenants and agreements; and
- (c) obligations and liabilities,

created, made, assumed or incurred hereunder by the Pledgor in favour of the Creditor are also created, made, assumed or incurred hereunder by the Pledgor in favour of those Persons.

**8.11 Binding Effect**

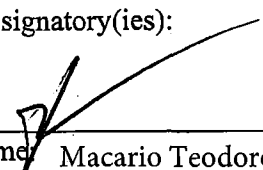
This Agreement will be binding on the Pledgor and the respective heirs, executors, personal representatives, successors and assigns of each Person comprising the Pledgor and will enure to the benefit of the Creditor and its successors and assigns.

*[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK;  
SIGNATURE PAGE(S) TO FOLLOW]*

EXECUTED at Vancouver, British Columbia, on this 10<sup>th</sup> day of March, 2022.

**PORTLIVING PROPERTIES INC.**, by its  
authorized signatory(ies):

Per:

  
\_\_\_\_\_  
Name: Macario Teodoro Reyes  
Title: Director

Per:

\_\_\_\_\_  
Name:  
Title:  
I/We have the authority to bind the corporation.

**SCHEDULE A  
EXISTING SECURITIES**

**Issuer: PORT CAPITAL DEVELOPMENT (FARMS) INC.**

| <b>Number, Kind &amp; Class of Shares</b> | <b>Share Certificate No(s).</b> |
|---|---------------------------------|
| 100 Common Shares without par value       | 1C                              |

**BETWEEN:**

**PORTLIVING PROPERTIES INC.**

**AND:**

**1351486 B.C. LTD.**

**PLEDGE OF SECURITIES  
(IN PORT CAPITAL DEVELOPMENT  
(FARMS) INC.)**

**FASKEN MARTINEAU DUMOULIN LLP  
Barristers & Solicitors**

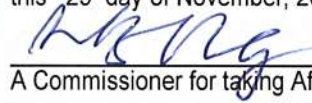
**Bentall 5, Suite 2900 - 550 Burrard Street  
Vancouver, BC, Canada V6C 0A3  
Telephone: 604.631.3131**

**Counsel: Brent C. Clark**

**File No: 319671.00003**

0276

This is Exhibit "M" referred to in the affidavit  
of Luke Pretty sworn before me at Vancouver  
this 29 day of November, 2022.



\_\_\_\_\_  
A Commissioner for taking Affidavits for British Columbia



**BENEFICIAL MORTGAGE AND  
DIRECTION TO CHARGE**

**THIS BENEFICIAL MORTGAGE AND DIRECTION TO CHARGE** is dated March 10, 2022 and made,

**BETWEEN:**

**PORTLIVING FARMS (3624 PARKVIEW) INVESTMENTS INC.**, a company incorporated under the *Business Corporations Act* of British Columbia (BC0394886), having an office at 325 West 4th Avenue, Vancouver, BC V5Y 1H3;

(the “**Trustee**”)

**AND:**

**LIVING BEACHSIDE DEVELOPMENT LIMITED PARTNERSHIP**, a limited partnership formed under the *Partnership Act* of British Columbia (LP0758535), by its General Partner, **PORT CAPITAL FARMS (BEACH) INC.**, a company incorporated under the *Business Corporations Act* of British Columbia (BC1180893), having an office at 325 West 4<sup>th</sup> Avenue, Vancouver, BC V5Y 1H3;

(the “**Beneficial Owner**”)

**AND:**

**1351486 B.C. LTD.**, a company incorporated under the *Business Corporations Act* of British Columbia (BC1351486), having an office at 1556 Kebet Way, Port Coquitlam, BC V3C 5M5;

(the “**Lender**”)

A. The Borrower has agreed to borrow the moneys representing the Loan from the Lender who has agreed to make the Loan to the Borrower.

B. It is a condition of the Loan that the Trustee and the Beneficial Owner execute and deliver this Agreement to the Lender.

In consideration of the sum of \$1.00 and other good and valuable consideration now paid by the Lender to the Trustee and the Beneficial Owner (the receipt and sufficiency of which is hereby acknowledged by each of the Trustee and the Beneficial Owner) the Trustee and the Beneficial owner represent and warrant to and agrees with the Lender as set forth herein.

## ARTICLE 1 DEFINITIONS

### 1.1 Definitions

In this Agreement unless the parties or the context otherwise require(s), the following words will have the meaning given to them below.

- (a) **“Agreement”** or **“this Agreement”** means this Agreement and all recitals and schedules hereto, as amended, modified, restated and replaced from time to time.
- (b) **“Beneficial Owner”** means the Person(s) so described above and its successors and assigns, as the case may be, whether immediate or derivative.
- (c) **“Borrower”** means collectively, the Trustee, the Beneficial Owner, Port Capital Farms (Beach) Inc., Sunny Beach Motel Inc., PortLiving Farms (3648 Parkview) Investments Inc. and PortLiving Farms (3688 Parkview) Investments Inc., as specified in the Loan Agreement to be the borrower of the Loan.
- (d) **“Collateral”** means all property, assets and undertakings from time to time owned, held or acquired by the Trustee and beneficially owned by the Beneficial Owner other than the Lands.
- (e) **“Lands”** means the land(s) and premises described in Schedule “A”.
- (f) **“Lender”** means the Person(s) so described above and its successors and assigns, as the case may be, whether immediate or derivative.
- (g) **“Loan”** means the loan made or to be made by the Lender to the Borrower not exceeding \$3,500,000.00, as described in the Loan Agreement.
- (h) **“Loan Agreement”** means the loan agreement dated March 14, 2022, made between the Lender and the Borrower in connection with the Loan as amended, modified, restated and replaced from time to time.
- (i) **“Loan Documents”** means the documents (including the Trustee Documents) from time to time executed and delivered to the Lender to evidence, secure or evidence and secure the Loan Obligations in whole or in part as amended, modified, restated and replaced from time to time.
- (j) **“Loan Obligations”** means the debts, obligations and liabilities of the Borrower to the Lender now or hereafter existing in connection with the Loan.
- (k) **“Persons”** or **“Person”** means and includes any individual, sole proprietorship, corporation, partnership, bank, joint venture, trust, unincorporated association, association, institution, entity, party or government (whether national, federal, provincial, state, municipal, city, country or otherwise and included any instrumentality, division, agency, body or department thereof).
- (l) **“Property”** means the Lands and the Collateral.

- (m) **“Trust Declaration”** means the agreement, instrument or declaration attached hereto as Schedule “B”, as amended, modified, restated and replaced from time to time, including pursuant to Section 7.2 hereof.
- (n) **“Trustee”** means the Person(s) so described above and its successors and assigns, as the case may be, whether immediate or derivative.
- (o) **“Trustee Documents”** means the Loan Documents (including the Loan Documents described in Schedule “C” hereto) from time to time executed by the Trustee either by itself or with one or more other Persons and delivered to the Lender at the direction of the Beneficial Owner pursuant hereto.

## ARTICLE 2 REPRESENTATIONS AND WARRANTIES

### 2.1 Representations and Warranties

The Trustee and the Beneficial Owner jointly and severally represent and warrant to the Lender as set forth in this Section.

- (a) Each of the Trustee and the Beneficial Owner has the power and capacity (whether corporate, partnership or otherwise), without limitation, to carry on business, own real and personal property or interests therein, borrow money, or provide financial assistance to others and grant security therefor and in connection therewith to make representations, warranties, covenants and agreements and incur debts, obligations and liabilities to others as contemplated by the Trustee Documents.
- (b) The Beneficial Owner has the power and capacity to appoint the Trustee and the Trustee has power and capacity to act as nominee, agent and bare trustee for the Beneficial Owner in respect of the Property in the manner contemplated by the Trust Declaration and the Trust Documents.
- (c) All necessary steps and proceedings (whether corporate, partnership or otherwise) have been taken by each of the Trustee and the Beneficial Owner so that the creation of the trust constituted by the Trust Declaration and the appointment of the Trustee as nominee, agent and bare trustee for the Beneficial Owner in respect of the Property pursuant thereto have been duly authorized by each of the Trustee and the Beneficial Owner and the Trust Declaration has been duly executed and delivered by the Trustee to the Beneficial Owner or by the Trustee and the Beneficial Owner to each other, according to the tenor thereof.
- (d) The Trust Declaration is in full force and effect and has not been amended except as disclosed in Schedule “B” and as contemplated by Section 7.2 hereof.
- (e) Pursuant to the Trust Declaration, the Trustee is or will be the legal owner and the Beneficial Owner is or will be the beneficial owner of the Property and the Trustee holds or will hold all of its estate, right, title and interest in and to the Property in trust for the Beneficial Owner as its nominee, agent and bare trustee.

- (f) Other than as contemplated by the Loan Documents and except as shown in the Certificate(s) of Indefeasible Title issued for the Lands and the records maintained in respect of each of the Trustee and the Beneficial Owner under the *Personal Property Security Act* of British Columbia:
  - (i) no Person other than the Trustee and the Beneficial Owner has any estate, right, title or interest, legal or beneficial, in the Property or any part(s) thereof; and
  - (ii) neither the Trustee nor the Beneficial Owner has sold, transferred, assigned, mortgaged, pledged, hypothecated, leased or otherwise disposed of the whole or any part of its legal or beneficial estate, right, title and interest in and to the Property.
- (g) As the Beneficial Owner's nominee, agent and trustee pursuant to the Trust Declaration, the Trustee has the power and capacity, without limitation, to borrow money, provide financial assistance and grant security in the manner, to the extent and for the purpose(s) set forth in the Trustee Documents and in connection therewith to make the representations, warranties, covenants and agreements and incur the debts, obligations and liabilities made or incurred or to be made or incurred by it (or on its behalf) in each of those Trustee Documents, for itself, for the Beneficial Owner or for both itself and the Beneficial Owner, all as contemplated thereby.
- (h) All necessary steps and proceedings (whether corporate, partnership or otherwise), have been taken by the Beneficial Owner so that when this Agreement is authorized and executed by it and delivered by it to the Trustee, this Agreement will constitute an irrevocable direction and authorization by it to the Trustee to:
  - (i) borrow money from, provide financial assistance or grant security to the Lender in the manner, to the extent and for the purposes contemplated by the Loan Documents; and
  - (ii) execute and deliver the Trustee Documents (including those described in Schedule "C" hereto) to the Lender and make, keep, observe and perform, the warranties, representations, covenants and agreements and incur the obligations and liabilities respectively made or incurred (or to be respectively made or incurred) by it therein;for itself, for the Beneficial Owner or for both itself and the Beneficial Owner, all as contemplated thereby.
- (i) The Trustee is not carrying on any business that is "trust business" under the *Financial Institutions Act* of British Columbia.
- (j) The holding of the Property by the Trustee in trust for the Beneficial Owner in the manner contemplated by the Trust Declaration is an isolated transaction.
- (k) The Trustee does not act as trustee for members of the public generally.

- (l) The Trustee does not charge fees or receive income for acting as trustee.
- (m) The Trustee does not have discretionary powers as trustee, but only such powers as may, from time to time, be vested in it as nominee, agent and bare trustee of the Beneficial Owner.

## **2.2 Survival of Warranties and Representation**

All representations and warranties made by either or both of the Trustee and the Beneficial Owner herein or in any certificate or other document delivered either by or on behalf of the Trustee and the Beneficial Owner for the benefit of the Lender, are material, will survive the execution and delivery of this Agreement and will continue in full force and effect without time limit until such time that the Loan Obligations has been fully re-paid to the Lender. The Trustee and the Beneficial agree that the Lender is deemed to have relied upon each of those representations and warranties notwithstanding any investigation made by or on behalf of the Lender at any time.

## **ARTICLE 3 COVENANT TO PAY**

### **3.1 Confirmation of Covenant to Pay - Trustee and Beneficial Owner**

The Trustee and the Beneficial Owner unconditionally, absolutely and irrevocably jointly and severally promise to duly and strictly pay, observe and perform the Loan Obligations set forth in the Loan Documents (including the Trustee Documents) to which each it is a party or by which it is bound. In particular, the Trustee and the Beneficial Owner unconditionally, absolutely and irrevocably jointly and severally promise to duly and strictly pay, as principal debtors and not as sureties, any and all of the moneys now or hereafter due to the Lender in connection with the Loan (including any moneys from time to time due and owing to the Lender under any other security now or at any time hereafter given by or on behalf of them to the Lender in connection with the Loan), whether at stated maturity, by reason of acceleration or demand or otherwise, as contemplated by those Loan Documents.

## **ARTICLE 4 IRREVOCABLE DIRECTION BY BENEFICIAL OWNER TO TRUSTEE**

### **4.1 Irrevocable Direction**

- (a) The Beneficial Owner irrevocably authorizes and directs the Trustee, as its nominee, agent and bare trustee pursuant to the Trust Declaration to:
  - (i) borrow money or provide financial assistance and grant security therefor in the manner, to the extent and for the purposes set forth in the Loan Documents;
  - (ii) execute and deliver the Trustee Documents (or to cause the Trustee Documents to be executed and delivered) to the Lender, without condition, to evidence, secure or evidence and secure the payment, observance and performance of the Loan Obligations set forth therein; and

- (iii) duly and strictly pay, keep, observe and perform those Loan Obligations, for and on behalf of itself, for and on behalf of the Beneficial Owner, and on behalf of both itself and Beneficial Owner, or and on behalf of any other Person(s), as contemplated by the Loan Documents and the Loan Obligations.
- (b) The Beneficial Owner agrees that the mortgages, assignments and charges (including charges by way of security interests) respectively contained in each of the Trustee Documents will be mortgages, assignments and charges (including security interests) of all of:
  - (i) the Trustee's present and future legal estate, right title and interest and claim; and
  - (ii) the Beneficial Owner's present and future beneficial estate, right title and interest and claim;in and to the Property respectively mortgaged, assigned or charged thereby, on the terms and conditions set forth therein.
- (c) The Beneficial Owner further agrees that all warranties, representations, covenants, agreements, and all debts, obligations and liabilities respectively made or incurred by the Trustee in a Trustee Document will be made or incurred by the Trustee for itself, for and on behalf of the Beneficial Owner or for both itself and the Beneficial Owner, as contemplated by the Loan Documents and the Loan Obligations.
- (d) The Beneficial Owner further agrees that where it is not an actual party to a Trustee Document, it will nevertheless will be bound thereby as if it had been an actual party thereto and had executed and delivered that Trustee Document to the Lender at the time it was executed and delivered by the Trustee to the Lender.

**ARTICLE 5  
GRANT OF BENEFICIAL MORTGAGE AND  
OTHER CHARGES BY BENEFICIAL OWNER**

**5.1 Grant of Charges by Beneficial Owner**

To further evidence, secure or evidence and secure the payment, observance and performance of the Loan Obligations, the Beneficial Owner grants, mortgages, assigns and charges to and in favour of the Lender, forever, all of its present and future estate, right, title, interest and claim in and to the Property respectively mortgaged, assigned or charged in each of the Trustee Documents, in each instance upon and subject to the terms and conditions respectively set forth therein, as if:

- (a) each and every mortgage, assignment and charge (including each charge by way of a security interest);
- (b) each and every warranty, representation, covenant, agreement, term, condition, stipulation, provision and proviso; and
- (c) each and every obligation and liability;

respectively made or incurred by the Trustee in each of those Trustee Documents were repeated herein fully and verbatim and made herein by the Beneficial Owner in favour of the Lender.

## **ARTICLE 6 PRIORITY AND POSTPONEMENT**

### **6.1 Priority and Postponement**

For greater certainty and to further evidence, secure or evidence and secure the payment, observance and performance of the Loan Obligations:

- (a) the Beneficial Owner grants the Lender and the Lender's interest in the Property under the Trustee Documents priority over all of the Beneficial Owner's present and future estate, right, title and interest in and to the Property and hereby postpones and subordinates all of its present and future estate, right, title and interest in and to the Property to the Lender and its interest therein under the Trustee Documents in all respects with and to the intent that the estate, right, title and interest of the Beneficial Owner in and to the Property will in all respects be subject to the rights of the Lender therein and thereto under the Trustee Documents, as though each of the Trustee Documents had been executed and delivered and registered, or otherwise processed and all funds fully secured thereunder had been secured thereunder in point of time prior to the Beneficial Owner obtaining any estate, right, title or interest whatsoever in and to the Property, or any part thereof, respectively charged by the Trustee Documents; and
- (b) the Beneficial Owner waives all rights to receive from the Lender a copy of any financing statement, financing change statement or verification statement or any other similar filing made by the Lender in respect of the Beneficial Owner.

## **ARTICLE 7 COVENANTS**

### **7.1 Negative Covenants**

The Beneficial Owner and the Trustee agree with the Lender that so long as any of the Loan Obligations remain outstanding they shall not:

- (a) except as contemplated by Section 7.2 hereof, assign, amend, modify, terminate or charge the Trust Declaration without the Lender's written consent first had and obtained;
- (b) further mortgage, assign or charge their respective interests in any of the Property without the Lender's written consent first had and obtained; or
- (c) sell, charge or otherwise dispose of (or allow the sale, charge or disposition of) any of the issued and outstanding shares in the capital of the Trustee, except in favour of the Lender.

**7.2 Amendment to Trust Declaration (if necessary)**

The Beneficial Owner and the Trustee agree with the Lender that so long as any of the Loan Obligations remain outstanding, then, to the extent necessary (if at all), the Trust Declaration will be and is deemed to be amended so as to give the Trustee the power, capacity and authority to:

- (a) deal with the Property, borrow money or provide financial assistance and grant security therefor in the manner, to the extent and for the purposes contemplated by the Trustee Documents and the Loan Obligations; and
- (b) make the representations and warranties, covenants and agreements and incur obligations and liabilities respectively set forth therein,

whether for itself, the Beneficial Owner or both of them, or any other Person(s), in the manner to the extent and for the purposes contemplated by the Trustee Documents and the nature of the Loan Obligations.

**ARTICLE 8  
MISCELLANEOUS**

**8.1 Modification of Agreement**

No alteration, modification or waiver of this Agreement or any condition, covenant, provision or term contained herein will be binding on the Lender unless made in writing and signed by the Lender.

**8.2 Notices**

Any notice, demand or other document to be given, or any delivery to be made hereunder will be effective if in writing and delivered in Person and left with, or sent by electronic mail or by prepaid registered letter addressed to the attention of:

- (a) in the case of the Lender, addressed as follows:

**1351486 B.C. LTD.**  
1556 Kebet Way  
Port Coquitlam, BC V3C 5M5

Attention: Luke Pretty

Email: [luke@dynamic.global](mailto:luke@dynamic.global)

with a copy to:

**FASKEN MARTINEAU DUMOULIN LLP**  
Barristers & Solicitors  
Bentall 5, Suite 2900 – 550 Burrard Street  
Vancouver, BC V6C 0A3

Attention: Brent C. Clark



Email: [bcclark@fasken.com](mailto:bcclark@fasken.com)

(b) in the case of the Trustee addressed as follows:

**PORTLIVING FARMS (3624 PARKVIEW) INVESTMENTS INC.**  
325 West 4th Avenue  
Vancouver, BC V5Y 1H3

Attention: Macario Teodoro Reyes

Email: [tobi@portliving.com](mailto:tobi@portliving.com)

with a copy to (which does not constitute notice):

**MCCARTHY TÉTRAULT LLP**  
Barristers & Solicitors  
Suite 2400, 745 Thurlow Street  
Vancouver, BC V6E 0C5

Attention: Lance Williams

Email: [lwilliams@mccarthy.ca](mailto:lwilliams@mccarthy.ca)

(c) in the case of the Beneficial Owner addressed as follows:

**LIVING BEACHSIDE DEVELOPMENT LIMITED PARTNERSHIP**  
325 West 4th Avenue  
Vancouver, BC V5Y 1H3

Attention: Macario Teodoro Reyes

Email: [tobi@portliving.com](mailto:tobi@portliving.com)

with a copy to (which does not constitute notice):

**MCCARTHY TÉTRAULT LLP**  
Barristers & Solicitors  
Suite 2400, 745 Thurlow Street  
Vancouver, BC V6E 0C5

Attention: Lance Williams

Email: [lwilliams@mccarthy.ca](mailto:lwilliams@mccarthy.ca)

Any notice, demand or other document or delivery so given or made will be deemed to have been given or made and received at the time of delivery in Person or on the business day the transmission was sent successfully to the address set out above, as the case may be. Any party hereto may from time to time by notice in writing change his or its address (or in the case of a corporate party, the designated recipient) for the purposes of this section.

### **8.3 Receipt of Agreement**

Each of the Trustee and the Beneficial Owner acknowledges to the Lender that it has received a copy of this Agreement executed and delivered to it by the other.

## **ARTICLE 9 INTERPRETATION**

### **9.1 Amendment**

Any amendment of this Agreement will not be binding unless in writing and signed by the parties hereto.

### **9.2 Headings**

All headings and titles in this Agreement are for reference only and are not to be used in the interpretation of the terms hereof.

### **9.3 Hereof, Etc.**

All references in this Agreement to the words “hereof”, “herein” or “hereunder” will be construed to mean and refer to this Agreement as a whole and will not be construed to refer only to a specific Article, Section, paragraph or clause of this Agreement unless the context clearly requires such construction.

### **9.4 Joint and Several Liability**

If any party hereto is comprised of more than one Person, the representations, warranties, covenants, agreements, obligations and liabilities made by or imposed upon that party herein or by law, in equity or by statute will be deemed to have been made or incurred by all those Persons jointly and by each of those Persons severally.

### **9.5 Severability**

If any of the terms of this Agreement are or are held to be unenforceable or otherwise invalid, such holding will not in any way affect the enforceability or validity of the remaining terms of this Agreement.

### **9.6 Governing Law**

This Agreement will be governed by and construed in accordance with the laws of the Province of British Columbia; provided that the foregoing will in no way limit the right of the Lender to commence suits, actions or proceedings based on this Agreement in any other jurisdiction.

### **9.7 Interpretation**

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

**9.8 Lender as Agent**

If this Agreement is granted to the Lender in its capacity as agent for one or more other Persons, the Trustee and Beneficial Owner agree that all:

- (a) grants, mortgages, assignments, charges and security interests;
- (b) representations, warranties, covenants and agreements; and
- (c) obligations and liabilities,


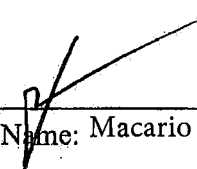
created, made, assumed or incurred hereunder by the Trustee and Beneficial Owner in favour of the Lender are also created, made, assumed or incurred hereunder by the Trustee and Beneficial Owner in favour of those Persons.

**9.9 Binding Effect**

This Agreement will be binding on the Trustee and the Beneficial Owner and their respective heirs, executors, personal representatives, successors and assigns and will enure to the benefit of the Lender and its successors and assigns.


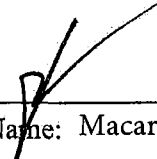
*[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK;  
SIGNATURE PAGE(S) TO FOLLOW]*

EXECUTED by the Trustee as of the day, month and year set forth below.

| OFFICER SIGNATURE(S)  | EXECUTION DATE |    |    | SIGNATURE(S)  |
|---|----------------|----|----|---|
|   | Y              | M  | D  |   |
| <br>Name: _____<br><br>Address:<br><b>KEAN SILVERTHORN</b><br>Barrister & Solicitor<br><b>McCarthy Tétrault LLP</b><br>SUITE 2400 - 745 THURLOW STREET<br>VANCOUVER, B.C. V6E 0C5<br>DIRECT 604-643-5966<br><br><del>(as to both signatures)</del> | 22             | 03 | 10 | <b>PORTLIVING FARMS</b><br><b>(3624 PARKVIEW)</b><br><b>INVESTMENTS INC.</b> , by its<br>authorized signatory(ies):<br><br><br>Name: Macario Teodoro Reyes<br><br>_____<br>Name: _____ |

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

EXECUTED by the Beneficial Owner as of the day, month and year set forth below.

| OFFICER SIGNATURE(S)  | EXECUTION DATE |    |    | SIGNATURE(S)  |
|---|----------------|----|----|---|
|   | Y              | M  | D  |   |
| <br>Name:<br><br>Address:<br><b>KEAN SILVERTHORN</b><br>Barrister & Solicitor<br><b>McCarthy Tétrault LLP</b><br>SUITE 2400 - 745 THURLOW STREET<br>VANCOUVER, B.C. V6E 0C6<br>DIRECT 604-643-5966<br><br><u>(as to both signatures)</u> | 22             | 03 | 10 | <b>LIVING BEACHSIDE DEVELOPMENT LIMITED PARTNERSHIP</b> , by its General Partner, <b>PORT CAPITAL FARMS (BEACH) INC.</b> , by its authorized signatory(ies):<br><br><br>Name: Macario Teodoro Reyes<br><br>Name: |

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

**SCHEDULE "A"**

**LANDS**

**3624 Parkview Street, Penticton, BC**

PID:

012-474-983

(the "**Lands**")

Legal Description:

Lot 1 Block 212 District Lot 189 Similkameen Division Yale District  
Plan 397 except Plan 40551

0291

**SCHEDULE "B"**  
**TRUST DECLARATION**

See Attached

**DECLARATION OF BARE TRUST AND AGENCY AGREEMENT**

THIS DECLARATION (the "Declaration") is dated for reference March 8, 2019,

BETWEEN:

**W.D.C. WHITMAR DEVELOPMENT CORPORATION,**  
a corporation incorporated under the laws of the  
Province of British Columbia

(the "Nominee")

AND:

**LIVING BEACHSIDE DEVELOPMENT LIMITED  
PARTNERSHIP,** a limited partnership registered under  
the laws of the Province of British Columbia

(the "Owner")

WHEREAS:

- A. The Nominee is the legal and beneficial title to the lands and premises located at 3624 Parkview Street, Penticton, British Columbia and legally described as follows:

PID: 012-474-983  
Lot 1 Block 212 District Lot 189 Similkameen Division  
Yale District Plan 397 Except Plan 40551

(the "Lands");

- B. The Owner purchased the capital stock of the Nominee from John Antonius Van Kessel and Trude Van Kessel on March 8, 2019 (the "Effective Date") and concurrently therewith the Nominee transferred the beneficial interest in and to the Lands and to all present and after-acquired personal property of the Nominee relating to the Lands (collectively, the "Property") to the Owner as of the Effective Date; and
- C. From and after the Effective Date, the Nominee has agreed to hold legal title to the Property for and on behalf of the Owner in accordance with this Declaration.

NOW THEREFORE THIS DECLARATION WITNESSES that for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **Appointment of Nominee**

- (a) Effective on the Effective Date, the Owner hereby appoints the Nominee, as nominee, bare trustee and agent of the Owner to hold the legal title to the Property for the sole benefit and account of the Owner as principal and beneficial owner in accordance with the terms of this Declaration, with the full power to deal with the Property and execute any instrument, document, or encumbrance in respect of the Property for and on behalf of the Owner, all at the direction of the Owner and in accordance with this Declaration.



- (b) The Nominee hereby accepts the appointment in Section 1(a) and acknowledges that it has no discretion to deal with the Property and that it can only deal with the Property as authorized by this Declaration or by the Owner.

**2. Agreement by Nominee**

- (a) The Nominee hereby acknowledges and agrees that:
  - A. it will hold legal title to the Property as bare trustee and agent for the sole benefit and account of the Owner as principal and beneficial owner in accordance with the terms of this Declaration and subject to the terms and conditions of any deed, transfer, lease, sublease, mortgage, debenture, security agreement, easement, right of way, licence, restrictive covenant, encumbrance, or other instrument pertaining to the Property or any part of it;
  - B. it will have no equitable or beneficial interest in the Property, and that the equitable and beneficial interest in the Property will be vested solely and exclusively in the Owner;
  - C. any benefit, interest, profit or advantage arising out of or accruing from the Property or any part of it is and will be a benefit, interest, profit or advantage of the Owner and, if received by the Nominee, will be received and held by the Nominee for the sole use, benefit and advantage of the Owner, and the Nominee will account to the Owner for any money, benefit, interest, profit, advantage or other consideration paid to or to the order of or received by the Nominee in connection with the Property or any part of it as directed by the Owner;
  - D. it will, upon the direction of the Owner, deal with the Property and do all acts and things in respect of the Property at the expense of and as directed by the Owner from time to time and will assign, transfer, convey, lease, sublease, mortgage, pledge, charge, or otherwise deal with the Property or any part of it at any time as the Owner may direct, to the extent permitted by law; without limiting the generality of the foregoing, the Nominee will transfer legal title to any or all of the Property to or as directed by the Owner immediately upon demand of the Owner;
  - E. it will, upon the direction of the Owner, act as agent of the Owner, as undisclosed principal, in respect of any matter relating to the Property or any part of it or in respect of the performance or observance of any contract or agreement relating to the Property or any part of it, including without limitation, collecting rent and other revenue from the Property and making any payment under any mortgage, debenture, security agreement or other instrument, document or encumbrance pertaining to the Property;
  - F. acting under this Declaration at the direction of the Owner, the Nominee will have the full right and power to execute and deliver, under seal or otherwise, any transfer deed, statement of adjustments, plan, lease, sublease, mortgage, debenture, security agreement, easement, right of way, license, restrictive covenant or other instrument, document or encumbrance pertaining to the Property without delivering proof to any person (including, without limitation, any other party to any such instrument or document or the Registrar of any government office) of its authority to do so and any person may

act in reliance on any such instrument, document or encumbrance and for all purposes any such instrument, document or encumbrance will be binding on the Owner;

- G. acting under this Declaration at the direction of the Owner, the Nominee will have the full right and power to borrow money from time to time and/or covenant to repay money borrowed by the Owner either alone or with others from time to time and to secure the repayment of any and all indebtedness and liabilities with respect to any amounts so borrowed by the grant of any charge or encumbrance (both fixed and floating) on, or security interest in, the Property or any part thereof, by way of debenture, mortgage, assignment of rents, assignment of sale proceeds, security agreements or other instrument or document without delivering proof to any person (including, without limitation, any other party to any such instrument or document or the Registrar of any government office) of its authority to do so and any person may act in reliance on any such instrument, document or encumbrance and for all purposes any such instrument, document or encumbrance will be binding on the Owner;
  - H. it will not deal with the Property in any way or execute or deliver any instrument, document or encumbrance in respect of the Property without the prior consent or direction of the Owner; and
  - I. it will notify the Owner immediately upon receipt by it of all notices affecting the Property or any part of it, including without limitation notices of any tax, lien, charge or encumbrance of the Property.
- (b) The Nominee shall, upon written instructions of the Owner, immediately transfer to the Owner or its nominee the Property, or any lesser interest therein that the Owner shall designate, and all income profits and advantages arising from the Property or any part thereof.
  - (c) The Nominee shall, upon written instructions of the Owner, pay from the revenue from the Property all necessary costs and expenses to maintain the Property in good repair, and pay the taxes, insurance premiums, water rates, utility payments, and mortgage instalments relating to the Property;
  - (d) The Nominee shall maintain separate accounts with respect to the Property and all income, profits and advantages arising therefrom.
  - (e) The Nominee may accept such further powers as the Owner may grant to the Trustee from time to time during the continuance of this Declaration and this Declaration may be amended by agreement in writing of the parties hereto.
  - (f) All payments and disbursements made by the Nominee relating to the Property under this Declaration will be made as the agent of and for the account of the Owner, and the Owner will reimburse the Nominee for all amounts reasonably and properly expended by the Nominee in connection with the Property with the consent or direction of the Owner. The Nominee will not be entitled to any remuneration or any revenue or profit in respect of the Property for acting under this Declaration.
  - (g) In any claim, demand, or action against the Nominee for any losses, damages or costs arising out of or in connection with the Property or the exercise or the failure to exercise any right, power or

authority conferred on the Nominee by this Declaration, the amount of any recovery, settlement, compromise, judgment, or agreement on such claim, demand, or action shall be strictly limited to the value of the Property held by the Nominee. The Nominee shall not be required to pay monies or transfer any other assets of the Nominee in satisfaction of any such claim, demand or action and shall have no claim against the Owner other than against its beneficial interest in the Property described herein.

- (h) The Nominee will take all other actions and will execute and deliver all other instruments and documents as may be necessary or desirable in the reasonable opinion of the Owner to evidence or carry out the terms or intent of this Declaration.

**3. Reimbursement of Expenses**

- (a) Any payments or disbursements made by the Nominee in respect of the Property in accordance with this Declaration will be made as agent of and for the account of the Owner, as principal, and the Owner will reimburse the Nominee for any amount reasonably and properly expended by the Nominee in connection with the Property with the written consent or direction of the Owner. All liabilities incurred or outstanding in respect of the Property, including any liability under any mortgage debenture or security agreement in respect thereof, are the liabilities of the Owner as principal and the Nominee in incurring or granting the same is acting only as agent for the Owner. The Nominee will not be entitled to any remuneration or any revenue or profit in respect of the Property for acting as nominee, agent and bare trustee under this Declaration.

**4. Indemnity**

- (a) The Owner hereby indemnifies and saves harmless the Nominee against any and all liability, loss, cost, action, claim or expense resulting from the Nominee's holding of title to or dealing with the Property as directed by the Owner from time to time, except to the extent that the same results from a dishonest, fraudulent or negligent act or omission of the Nominee or its employees or agents.

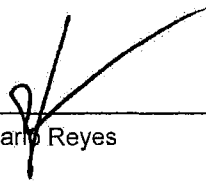
**5. General Provisions**

- (a) Any notices given pursuant to or in connection with this Declaration will be in writing and delivered personally to the recipient at the address set out on page 1 hereof.
- (b) The Nominee will perform all such other acts and things and execute all such other documents as are necessary or desirable in the reasonable opinion of the Owner to evidence or carry out the terms or intent of this Declaration.
- (c) This Declaration will be governed by and construed in accordance with British Columbia law and applicable Canadian law and will be treated in all respects as a British Columbia contract.
- (d) Each of the parties will:
  - A. submit to the jurisdiction of the British Columbia courts;
  - B. if not incorporated or registered in British Columbia, appoint an agent to receive service of any process in British Columbia; and


- C. if an appointed agent is required, notify the other party of the name and address of its appointed agent.
- (e) Words in the masculine gender include the feminine and neuter genders and words in the singular include the plural, and vice versa.
- (f) This Declaration may be altered or amended only by an agreement in writing signed by the parties hereto.
- (g) This Declaration will enure to the benefit of and be binding on the respective successors and assigns of the parties.
- (h) No failure or delay on the part of either party in exercising any right or power under this Declaration will operate as a waiver, nor will any single or partial exercise of any right of power preclude any further exercise. Except as may be limited in this Declaration, either party may exercise any right or power concurrently or individually without the necessity of making any election.
- (i) This Declaration may be executed in counterparts, each of which shall constitute an original and all of which taken together shall constitute one and the same instrument. A party's transmission by facsimile or electronic mail transmission of a scanned copy of this Declaration bearing that party's signature shall constitute an effective execution and delivery of the Declaration by that party to the party receiving the transmission.

IN WITNESS WHEREOF each of the parties has executed this Declaration as at the day and year first above written.

**W.D.C. WHITMAR DEVELOPMENT CORPORATION,**  
by its authorized signatory:

Per:   
 \_\_\_\_\_  
 Macario Reyes

**LIVING BEACHSIDE DEVELOPMENT LIMITED PARTNERSHIP,** by its general partner, **PORT CAPITAL FARMS (BEACH) INC.,** by its authorized signatory:

Per:   
 \_\_\_\_\_  
 Macario Reyes

## SCHEDULE "C"

## TRUSTEE DOCUMENTS

The following documents:

1. this Agreement;
2. the Loan Agreement;
3. a \$3,500,000.00 *inter alia* mortgage of the fee simple title to the Lands to be made by, *inter alios*, the Trustee in favour of the Lender;
4. an *inter alia* general assignment of leases and rents derived from leases of the Lands, to be made by, *inter alios*, the Trustee in favour of the Lender;
5. an agreement entitled "General Security Agreement" to be made by the Borrower in favour of the Lender;
6. an agreement entitled "Assignment of Insurance", to be made by the Borrower in favor of the Lender;
7. an agreement entitled "Pledge of Securities (in PortLiving Farms (3624 Parkview) Investments Inc.)" to be made by the Beneficial Owner in favour of the Lender;
8. a letter of acknowledgment with respect to the Pledge of Securities (in PortLiving Farms (3624 Parkview) Investments Inc.) to be made by the Trustee in favour of the Lender;
9. an agreement entitled "Pledge of Securities (in PortLiving Farms (3648 Parkview) Investments Inc.)" to be made by the Beneficial Owner in favour of the Lender;
10. an agreement entitled "Pledge of Securities (in PortLiving Farms (3688 Parkview) Investments Inc.)" to be made by the Beneficial Owner in favour of the Lender;
11. an agreement entitled "General Assignment of Material Contracts, Plans and Permits" to be made by the Borrower in favour of the Lender;
12. an agreement entitled "Environmental Agreement and Indemnity Agreement" to be made by, *inter alios*, the Borrower in favour of the Lender;
13. an agreement entitled "Negative Pledge Agreement" to be made by, *inter alios*, the Borrower in favour of the Lender;
14. an agreement entitled "Indemnity Agreement" to be made by, *inter alios*, the Borrower in favour of the Lender; and
15. an agreement entitled "Option to Purchase" to be made by, *inter alios*, the Trustee in favour of the Lender.

**AMONG:**

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

**as Trustee**

**AND:**

**LIVING BEACHSIDE DEVELOPMENT  
LIMITED PARTNERSHIP**

**as Beneficial Owner**

**AND:**

**1351486 B.C. LTD.**

**as Lender**

**BENEFICIAL MORTGAGE  
AND DIRECTION TO CHARGE**

**FASKEN MARTINEAU DUMOULIN LLP  
Barristers & Solicitors**

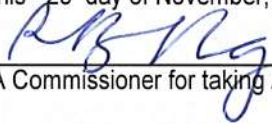
**Bentall 5, Suite 2900 – 550 Burrard Street  
Vancouver, BC, Canada V6C 0A3  
Telephone: 604.631.3131**

**Counsel: Brent C. Clark**

**File Number: 319671.00003**

0299

This is Exhibit "N" referred to in the affidavit  
of Luke Pretty sworn before me at Vancouver  
this 29 day of November, 2022.

  
A Commissioner for taking Affidavits for British Columbia

**BENEFICIAL MORTGAGE AND  
DIRECTION TO CHARGE**

**THIS BENEFICIAL MORTGAGE AND DIRECTION TO CHARGE** is dated March 10, 2022 and made,

**BETWEEN:**

**PORTLIVING FARMS (3648 PARKVIEW) INVESTMENTS INC.**, a company incorporated under the *Business Corporations Act* of British Columbia (BC1180902), having an office at 325 West 4<sup>th</sup> Avenue, Vancouver, BC V5Y 1H3;

(the "**Trustee**")

**AND:**

**SUNNY BEACH MOTEL INC.**, a company incorporated under the *Business Corporations Act* of British Columbia (BC0781075), having an office at 325 West 4th Avenue, Vancouver, BC V5Y 1H3;

(the "**Beneficial Owner**")

**AND:**

**1351486 B.C. LTD.**, a company incorporated under the *Business Corporations Act* of British Columbia (BC1351486), having an office at 1556 Kebet Way, Port Coquitlam, BC V3C 5M5;

(the "**Lender**")

A. The Borrower has agreed to borrow the moneys representing the Loan from the Lender who has agreed to make the Loan to the Borrower.

B. It is a condition of the Loan that the Trustee and the Beneficial Owner execute and deliver this Agreement to the Lender.

In consideration of the sum of \$1.00 and other good and valuable consideration now paid by the Lender to the Trustee and the Beneficial Owner (the receipt and sufficiency of which is hereby acknowledged by each of the Trustee and the Beneficial Owner) the Trustee and the Beneficial owner represent and warrant to and agrees with the Lender as set forth herein.



**ARTICLE 1  
DEFINITIONS**

**1.1 Definitions**

In this Agreement unless the parties or the context otherwise require(s), the following words will have the meaning given to them below.

- (a) **“Agreement”** or **“this Agreement”** means this Agreement and all recitals and schedules hereto, as amended, modified, restated and replaced from time to time.
- (b) **“Beneficial Owner”** means the Person(s) so described above and its successors and assigns, as the case may be, whether immediate or derivative.
- (c) **“Borrower”** means collectively, the Trustee, the Beneficial Owner, Living Beachside Development Limited Partnership, Port Capital Farms (Beach) Inc., PortLiving Farms (3624 Parkview) Investments Inc. and PortLiving Farms (3688 Parkview) Investments Inc., as specified in the Loan Agreement to be the borrower of the Loan.
- (d) **“Collateral”** means all property, assets and undertakings from time to time owned, held or acquired by the Trustee and beneficially owned by the Beneficial Owner other than the Lands.
- (e) **“Lands”** means the land(s) and premises described in Schedule “A”.
- (f) **“Lender”** means the Person(s) so described above and its successors and assigns, as the case may be, whether immediate or derivative.
- (g) **“Loan”** means the loan made or to be made by the Lender to the Borrower not exceeding \$3,500,000.00, as described in the Loan Agreement.
- (h) **“Loan Agreement”** means the loan agreement dated March 14, 2022, made between the Lender and the Borrower in connection with the Loan as amended, modified, restated and replaced from time to time.
- (i) **“Loan Documents”** means the documents (including the Trustee Documents) from time to time executed and delivered to the Lender to evidence, secure or evidence and secure the Loan Obligations in whole or in part as amended, modified, restated and replaced from time to time.
- (j) **“Loan Obligations”** means the debts, obligations and liabilities of the Borrower to the Lender now or hereafter existing in connection with the Loan.
- (k) **“Persons”** or **“Person”** means and includes any individual, sole proprietorship, corporation, partnership, bank, joint venture, trust, unincorporated association, association, institution, entity, party or government (whether national, federal, provincial, state, municipal, city, country or otherwise and included any instrumentality, division, agency, body or department thereof).

- (l) **“Property”** means the Lands and the Collateral.
- (m) **“Trust Declaration”** means the agreement, instrument or declaration attached hereto as Schedule “B”, as amended, modified, restated and replaced from time to time, including pursuant to Section 7.2 hereof.
- (n) **“Trustee”** means the Person(s) so described above and its successors and assigns, as the case may be, whether immediate or derivative.
- (o) **“Trustee Documents”** means the Loan Documents (including the Loan Documents described in Schedule “C” hereto) from time to time executed by the Trustee either by itself or with one or more other Persons and delivered to the Lender at the direction of the Beneficial Owner pursuant hereto.

## ARTICLE 2 REPRESENTATIONS AND WARRANTIES

### 2.1 Representations and Warranties

The Trustee and the Beneficial Owner jointly and severally represent and warrant to the Lender as set forth in this Section.

- (a) Each of the Trustee and the Beneficial Owner has the power and capacity (whether corporate, partnership or otherwise), without limitation, to carry on business, own real and personal property or interests therein, borrow money, or provide financial assistance to others and grant security therefor and in connection therewith to make representations, warranties, covenants and agreements and incur debts, obligations and liabilities to others as contemplated by the Trustee Documents.
- (b) The Beneficial Owner has the power and capacity to appoint the Trustee and the Trustee has power and capacity to act as nominee, agent and bare trustee for the Beneficial Owner in respect of the Property in the manner contemplated by the Trust Declaration and the Trust Documents.
- (c) All necessary steps and proceedings (whether corporate, partnership or otherwise) have been taken by each of the Trustee and the Beneficial Owner so that the creation of the trust constituted by the Trust Declaration and the appointment of the Trustee as nominee, agent and bare trustee for the Beneficial Owner in respect of the Property pursuant thereto have been duly authorized by each of the Trustee and the Beneficial Owner and the Trust Declaration has been duly executed and delivered by the Trustee to the Beneficial Owner or by the Trustee and the Beneficial Owner to each other, according to the tenor thereof.
- (d) The Trust Declaration is in full force and effect and has not been amended except as disclosed in Schedule “B” and as contemplated by Section 7.2 hereof.
- (e) Pursuant to the Trust Declaration, the Trustee is or will be the legal owner and the Beneficial Owner is or will be the beneficial owner of the Property and the Trustee

holds or will hold all of its estate, right, title and interest in and to the Property in trust for the Beneficial Owner as its nominee, agent and bare trustee.

- (f) Other than as contemplated by the Loan Documents and except as shown in the Certificate(s) of Indefeasible Title issued for the Lands and the records maintained in respect of each of the Trustee and the Beneficial Owner under the *Personal Property Security Act* of British Columbia:
  - (i) no Person other than the Trustee and the Beneficial Owner has any estate, right, title or interest, legal or beneficial, in the Property or any part(s) thereof; and
  - (ii) neither the Trustee nor the Beneficial Owner has sold, transferred, assigned, mortgaged, pledged, hypothecated, leased or otherwise disposed of the whole or any part of its legal or beneficial estate, right, title and interest in and to the Property.
  
- (g) As the Beneficial Owner's nominee, agent and trustee pursuant to the Trust Declaration, the Trustee has the power and capacity, without limitation, to borrow money, provide financial assistance and grant security in the manner, to the extent and for the purpose(s) set forth in the Trustee Documents and in connection therewith to make the representations, warranties, covenants and agreements and incur the debts, obligations and liabilities made or incurred or to be made or incurred by it (or on its behalf) in each of those Trustee Documents, for itself, for the Beneficial Owner or for both itself and the Beneficial Owner, all as contemplated thereby.
  
- (h) All necessary steps and proceedings (whether corporate, partnership or otherwise), have been taken by the Beneficial Owner so that when this Agreement is authorized and executed by it and delivered by it to the Trustee, this Agreement will constitute an irrevocable direction and authorization by it to the Trustee to:
  - (i) borrow money from, provide financial assistance or grant security to the Lender in the manner, to the extent and for the purposes contemplated by the Loan Documents; and
  - (ii) execute and deliver the Trustee Documents (including those described in Schedule "C" hereto) to the Lender and make, keep, observe and perform, the warranties, representations, covenants and agreements and incur the obligations and liabilities respectively made or incurred (or to be respectively made or incurred) by it therein;for itself, for the Beneficial Owner or for both itself and the Beneficial Owner, all as contemplated thereby.
  
- (i) The Trustee is not carrying on any business that is "trust business" under the *Financial Institutions Act* of British Columbia.

- (j) The holding of the Property by the Trustee in trust for the Beneficial Owner in the manner contemplated by the Trust Declaration is an isolated transaction.
- (k) The Trustee does not act as trustee for members of the public generally.
- (l) The Trustee does not charge fees or receive income for acting as trustee.
- (m) The Trustee does not have discretionary powers as trustee, but only such powers as may, from time to time, be vested in it as nominee, agent and bare trustee of the Beneficial Owner.

## **2.2 Survival of Warranties and Representation**

All representations and warranties made by either or both of the Trustee and the Beneficial Owner herein or in any certificate or other document delivered either by or on behalf of the Trustee and the Beneficial Owner for the benefit of the Lender, are material, will survive the execution and delivery of this Agreement and will continue in full force and effect without time limit until such time that the Loan Obligations has been fully re-paid to the Lender. The Trustee and the Beneficial Owner agree that the Lender is deemed to have relied upon each of those representations and warranties notwithstanding any investigation made by or on behalf of the Lender at any time.

## **ARTICLE 3 COVENANT TO PAY**

### **3.1 Confirmation of Covenant to Pay - Trustee and Beneficial Owner**

The Trustee and the Beneficial Owner unconditionally, absolutely and irrevocably jointly and severally promise to duly and strictly pay, observe and perform the Loan Obligations set forth in the Loan Documents (including the Trustee Documents) to which each it is a party or by which it is bound. In particular, the Trustee and the Beneficial Owner unconditionally, absolutely and irrevocably jointly and severally promise to duly and strictly pay, as principal debtors and not as sureties, any and all of the moneys now or hereafter due to the Lender in connection with the Loan (including any moneys from time to time due and owing to the Lender under any other security now or at any time hereafter given by or on behalf of them to the Lender in connection with the Loan), whether at stated maturity, by reason of acceleration or demand or otherwise, as contemplated by those Loan Documents.

## **ARTICLE 4 IRREVOCABLE DIRECTION BY BENEFICIAL OWNER TO TRUSTEE**

### **4.1 Irrevocable Direction**

- (a) The Beneficial Owner irrevocably authorizes and directs the Trustee, as its nominee, agent and bare trustee pursuant to the Trust Declaration to:
  - (i) borrow money or provide financial assistance and grant security therefor in the manner, to the extent and for the purposes set forth in the Loan Documents;

- (ii) execute and deliver the Trustee Documents (or to cause the Trustee Documents to be executed and delivered) to the Lender, without condition, to evidence, secure or evidence and secure the payment, observance and performance of the Loan Obligations set forth therein; and
  - (iii) duly and strictly pay, keep, observe and perform those Loan Obligations, for and on behalf of itself, for and on behalf of the Beneficial Owner, and on behalf of both itself and Beneficial Owner, or and on behalf of any other Person(s), as contemplated by the Loan Documents and the Loan Obligations.
- (b) The Beneficial Owner agrees that the mortgages, assignments and charges (including charges by way of security interests) respectively contained in each of the Trustee Documents will be mortgages, assignments and charges (including security interests) of all of:
- (i) the Trustee's present and future legal estate, right title and interest and claim; and
  - (ii) the Beneficial Owner's present and future beneficial estate, right title and interest and claim;
- in and to the Property respectively mortgaged, assigned or charged thereby, on the terms and conditions set forth therein.
- (c) The Beneficial Owner further agrees that all warranties, representations, covenants, agreements, and all debts, obligations and liabilities respectively made or incurred by the Trustee in a Trustee Document will be made or incurred by the Trustee for itself, for and on behalf of the Beneficial Owner or for both itself and the Beneficial Owner, as contemplated by the Loan Documents and the Loan Obligations.
- (d) The Beneficial Owner further agrees that where it is not an actual party to a Trustee Document, it will nevertheless will be bound thereby as if it had been an actual party thereto and had executed and delivered that Trustee Document to the Lender at the time it was executed and delivered by the Trustee to the Lender.

**ARTICLE 5**  
**GRANT OF BENEFICIAL MORTGAGE AND**  
**OTHER CHARGES BY BENEFICIAL OWNER**

**5.1 Grant of Charges by Beneficial Owner**

To further evidence, secure or evidence and secure the payment, observance and performance of the Loan Obligations, the Beneficial Owner grants, mortgages, assigns and charges to and in favour of the Lender, forever, all of its present and future estate, right, title, interest and claim in and to the Property respectively mortgaged, assigned or charged in each of the Trustee Documents, in each instance upon and subject to the terms and conditions respectively set forth therein, as if:

- (a) each and every mortgage, assignment and charge (including each charge by way of a security interest);
- (b) each and every warranty, representation, covenant, agreement, term, condition, stipulation, provision and proviso; and
- (c) each and every obligation and liability;

respectively made or incurred by the Trustee in each of those Trustee Documents were repeated herein fully and verbatim and made herein by the Beneficial Owner in favour of the Lender.

## **ARTICLE 6 PRIORITY AND POSTPONEMENT**

### **6.1 Priority and Postponement**

For greater certainty and to further evidence, secure or evidence and secure the payment, observance and performance of the Loan Obligations:

- (a) the Beneficial Owner grants the Lender and the Lender's interest in the Property under the Trustee Documents priority over all of the Beneficial Owner's present and future estate, right, title and interest in and to the Property and hereby postpones and subordinates all of its present and future estate, right, title and interest in and to the Property to the Lender and its interest therein under the Trustee Documents in all respects with and to the intent that the estate, right, title and interest of the Beneficial Owner in and to the Property will in all respects be subject to the rights of the Lender therein and thereto under the Trustee Documents, as though each of the Trustee Documents had been executed and delivered and registered, or otherwise processed and all funds fully secured thereunder had been secured thereunder in point of time prior to the Beneficial Owner obtaining any estate, right, title or interest whatsoever in and to the Property, or any part thereof, respectively charged by the Trustee Documents; and
- (b) the Beneficial Owner waives all rights to receive from the Lender a copy of any financing statement, financing change statement or verification statement or any other similar filing made by the Lender in respect of the Beneficial Owner.

## **ARTICLE 7 COVENANTS**

### **7.1 Negative Covenants**

The Beneficial Owner and the Trustee agree with the Lender that so long as any of the Loan Obligations remain outstanding they shall not:

- (a) except as contemplated by Section 7.2 hereof, assign, amend, modify, terminate or charge the Trust Declaration without the Lender's written consent first had and obtained;

- (b) further mortgage, assign or charge their respective interests in any of the Property without the Lender's written consent first had and obtained; or
- (c) sell, charge or otherwise dispose of (or allow the sale, charge or disposition of) any of the issued and outstanding shares in the capital of the Trustee, except in favour of the Lender.

## **7.2 Amendment to Trust Declaration (if necessary)**

The Beneficial Owner and the Trustee agree with the Lender that so long as any of the Loan Obligations remain outstanding, then, to the extent necessary (if at all), the Trust Declaration will be and is deemed to be amended so as to give the Trustee the power, capacity and authority to:

- (a) deal with the Property, borrow money or provide financial assistance and grant security therefor in the manner, to the extent and for the purposes contemplated by the Trustee Documents and the Loan Obligations; and
- (b) make the representations and warranties, covenants and agreements and incur obligations and liabilities respectively set forth therein,

whether for itself, the Beneficial Owner or both of them, or any other Person(s), in the manner to the extent and for the purposes contemplated by the Trustee Documents and the nature of the Loan Obligations.

## **ARTICLE 8 MISCELLANEOUS**

### **8.1 Modification of Agreement**

No alteration, modification or waiver of this Agreement or any condition, covenant, provision or term contained herein will be binding on the Lender unless made in writing and signed by the Lender.

### **8.2 Notices**

Any notice, demand or other document to be given, or any delivery to be made hereunder will be effective if in writing and delivered in Person and left with, or sent by electronic mail or by prepaid registered letter addressed to the attention of:

- (a) in the case of the Lender, addressed as follows:

**1351486 B.C. LTD.**  
1556 Kebet Way  
Port Coquitlam, BC V3C 5M5

Attention: Luke Pretty

Email: [luke@dynamic.global](mailto:luke@dynamic.global)

with a copy to:

**FASKEN MARTINEAU DUMOULIN LLP**  
Barristers & Solicitors  
Bentall 5, Suite 2900 – 550 Burrard Street  
Vancouver, BC V6C 0A3

Attention: Brent C. Clark

Email: [bcclark@fasken.com](mailto:bcclark@fasken.com)

(b) in the case of the Trustee addressed as follows:

**PORTLIVING FARMS (3648 PARKVIEW) INVESTMENTS INC.**  
325 West 4th Avenue  
Vancouver, BC V5Y 1H3

Attention: Macario Teodoro Reyes

Email: [tobi@portliving.com](mailto:tobi@portliving.com)

with a copy to (which does not constitute notice):

**MCCARTHY TÉTRAULT LLP**  
Barristers & Solicitors  
Suite 2400, 745 Thurlow Street  
Vancouver, BC V6E 0C5

Attention: Lance Williams

Email: [lwilliams@mccarthy.ca](mailto:lwilliams@mccarthy.ca)

(c) in the case of the Beneficial Owner addressed as follows:

**SUNNY BEACH MOTEL INC.**  
325 West 4th Avenue  
Vancouver, BC V5Y 1H3

Attention: Macario Teodoro Reyes

Email: [tobi@portliving.com](mailto:tobi@portliving.com)

with a copy to (which does not constitute notice):

**MCCARTHY TÉTRAULT LLP**  
Barristers & Solicitors  
Suite 2400, 745 Thurlow Street  
Vancouver, BC V6E 0C5

Attention: Lance Williams



Email: [lwilliams@mccarthy.ca](mailto:lwilliams@mccarthy.ca)

Any notice, demand or other document or delivery so given or made will be deemed to have been given or made and received at the time of delivery in Person or on the business day the transmission was sent successfully to the address set out above, as the case may be. Any party hereto may from time to time by notice in writing change his or its address (or in the case of a corporate party, the designated recipient) for the purposes of this section.

### **8.3 Receipt of Agreement**

Each of the Trustee and the Beneficial Owner acknowledges to the Lender that it has received a copy of this Agreement executed and delivered to it by the other.

## **ARTICLE 9 INTERPRETATION**

### **9.1 Amendment**

Any amendment of this Agreement will not be binding unless in writing and signed by the parties hereto.

### **9.2 Headings**

All headings and titles in this Agreement are for reference only and are not to be used in the interpretation of the terms hereof.

### **9.3 Hereof, Etc.**

All references in this Agreement to the words “**hereof**”, “**herein**” or “**hereunder**” will be construed to mean and refer to this Agreement as a whole and will not be construed to refer only to a specific Article, Section, paragraph or clause of this Agreement unless the context clearly requires such construction.

### **9.4 Joint and Several Liability**

If any party hereto is comprised of more than one Person, the representations, warranties, covenants, agreements, obligations and liabilities made by or imposed upon that party herein or by law, in equity or by statute will be deemed to have been made or incurred by all those Persons jointly and by each of those Persons severally.

### **9.5 Severability**

If any of the terms of this Agreement are or are held to be unenforceable or otherwise invalid, such holding will not in any way affect the enforceability or validity of the remaining terms of this Agreement.

**9.6 Governing Law**

This Agreement will be governed by and construed in accordance with the laws of the Province of British Columbia; provided that the foregoing will in no way limit the right of the Lender to commence suits, actions or proceedings based on this Agreement in any other jurisdiction.

**9.7 Interpretation**

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

**9.8 Lender as Agent**

If this Agreement is granted to the Lender in its capacity as agent for one or more other Persons, the Trustee and Beneficial Owner agree that all:

- (a) grants, mortgages, assignments, charges and security interests;
- (b) representations, warranties, covenants and agreements; and
- (c) obligations and liabilities,

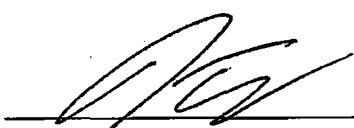
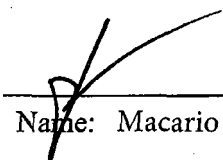
created, made, assumed or incurred hereunder by the Trustee and Beneficial Owner in favour of the Lender are also created, made, assumed or incurred hereunder by the Trustee and Beneficial Owner in favour of those Persons.

**9.9 Binding Effect**

This Agreement will be binding on the Trustee and the Beneficial Owner and their respective heirs, executors, personal representatives, successors and assigns and will enure to the benefit of the Lender and its successors and assigns.

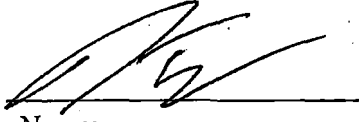
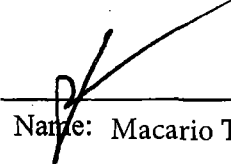
*[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK;  
SIGNATURE PAGE(S) TO FOLLOW]*

EXECUTED by the Trustee as of the day, month and year set forth below.

| OFFICER SIGNATURE(S)  | EXECUTION DATE |   |    | SIGNATURE(S)  |
|---|----------------|---|----|---|
|   | Y              | M | D  |   |
| <br>Name: _____<br><b>KEAN SILVERTHORN</b><br>Barrister & Solicitor<br><b>McCarthy Tétraut LLP</b><br>SUITE 2400 - 745 THURLOW STREET<br>VANCOUVER, B.C. V6E 0C5<br>DIRECT 604-643-5966<br>Occupation: _____<br><br>( <del>as to both signatures</del> ) | 22             | 3 | 10 | <b>PORTLIVING FARMS</b><br><b>(3648 PARKVIEW)</b><br><b>INVESTMENTS INC.</b> , by its<br>authorized signatory(ies):<br><br><br>Name: Macario Teodoro Reyes<br><br>Name: _____ |

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

EXECUTED by the Beneficial Owner as of the day, month and year set forth below.

| OFFICER SIGNATURE(S)  | EXECUTION DATE |    |    | SIGNATURE(S)  |
|---|----------------|----|----|---|
|   | Y              | M  | D  |   |
| <br>Name: _____<br><b>KEAN SILVERTHORN</b><br>Registered Solicitor<br><b>McCarthy Tétrault LLP</b><br>SUITE 2400 - 745 THURLOW STREET<br>VANCOUVER, B.C. V6E 0C5<br>DIRECT 604-643-5966<br>Occupation: _____<br>_____<br>(as to both signatures) | 22             | 03 | 10 | <b>SUNNY BEACH MOTEL</b><br><b>INC., by its authorized</b><br><b>signatory(ies):</b><br><br>Name: Macario Teodoro Reyes<br>_____<br>Name: _____ |

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

**SCHEDULE "A"**

**LANDS**

**3648 Parkview Street, Penticton, BC**

PID:

011-610-263  
(the "Lands")

Legal Description:

Lot A District Lot 189 Similkameen Division Yale District Plan 1389

**SCHEDULE "B"**  
**TRUST DECLARATION**

See Attached

**DECLARATION OF BARE TRUST AND AGENCY AGREEMENT**

THIS DECLARATION (the "**Declaration**") is dated for reference May 24, 2019,

BETWEEN:

**PORTLIVING FARMS (3648 PARKVIEW)  
INVESTMENTS INC.**, a corporation incorporated  
under the laws of the Province of British Columbia

(the "**Nominee**")

AND:

**SUNNY BEACH MOTEL INC.**, a corporation  
incorporated under the laws of the Province of  
British Columbia

(the "**Owner**")

WHEREAS:

- A. The Nominee is or will become the legal owner of those lands and premises located at 3648 Parkview Street, Penticton, British Columbia and legally described as follows:

PID: 011-610-263

Lot A District Lot 189 Similkameen Division Yale District Plan 1389

(the "**Lands**");

- B. The Nominee has agreed to hold legal title to the Lands and to all present and after-acquired personal property of the Owner relating to the Lands (collectively, the "**Property**") for and on behalf of the Owner in accordance with this Declaration.

NOW THEREFORE THIS DECLARATION WITNESSES that for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

**1. Appointment of Nominee**

- (a) Effective as May 24, 2019f, the Owner hereby appoints the Nominee, as nominee, bare trustee and agent of the Owner to hold the legal title to the Property for the sole benefit and account of the Owner as principal and beneficial owner in accordance with the terms of this Declaration, with the full power to deal with the Property and execute any instrument, document, or encumbrance in respect of the Property for and on behalf of the Owner, all at the direction of the Owner and in accordance with this Declaration.
- (b) The Nominee hereby accepts the appointment in Section 1(a) and acknowledges that it has no discretion to deal with the Property and that it can only deal with the Property as authorized by this Declaration or by the Owner.

2. **Agreement by Nominee**

(a) The Nominee hereby acknowledges and agrees that:

- A. it will hold legal title to the Property as bare trustee and agent for the sole benefit and account of the Owner as *principal and beneficial owner* in accordance with the terms of this Declaration and subject to the terms and conditions of any deed, transfer, lease, sublease, mortgage, debenture, security agreement, easement, right of way, licence, restrictive covenant, encumbrance, or other instrument pertaining to the Property or any part of it;
- B. it will have no equitable or beneficial interest in the Property, and that the equitable and beneficial interest in the Property will be vested solely and exclusively in the Owner;
- C. any benefit, interest, profit or advantage arising out of or accruing from the Property or any part of it is and will be a benefit, interest, profit or advantage of the Owner and, if received by the Nominee, will be received and held by the Nominee for the sole use, benefit and advantage of the Owner, and the Nominee will account to the Owner for any money, benefit, interest, profit, advantage or other consideration paid to or to the order of or received by the Nominee in connection with the Property or any part of it as directed by the Owner;
- D. it will, upon the direction of the Owner, deal with the Property and do all acts and things in respect of the Property at the expense of and as directed by the Owner from time to time and will assign, transfer, convey, lease, sublease, mortgage, pledge, charge, or otherwise deal with the Property or any part of it at any time as the Owner may direct, to the extent permitted by law; without limiting the generality of the foregoing, the Nominee will transfer legal title to any or all of the Property to or as directed by the Owner immediately upon demand of the Owner;
- E. it will, upon the direction of the Owner, act as agent of the Owner, as undisclosed principal, in respect of any matter relating to the Property or any part of it or in respect of the performance or observance of any contract or agreement relating to the Property or any part of it, including without limitation, collecting rent and other revenue from the Property and making any payment under any mortgage, debenture, security agreement or other instrument, document or encumbrance pertaining to the Property;
- F. acting under this Declaration at the direction of the Owner, the Nominee will have the full right and power to execute and deliver, under seal or otherwise, any transfer deed, statement of adjustments, plan, lease, sublease, mortgage, debenture, security agreement, easement, right of way, license, restrictive covenant or other instrument, document or encumbrance pertaining to the Property without delivering proof to any person (including, without limitation, any other party to any such instrument or document or the Registrar of any government office) of its authority to do so and any person may act in reliance on any such instrument, document or encumbrance and for all purposes any such instrument, document or encumbrance will be binding on the Owner;
- G. acting under this Declaration at the direction of the Owner, the Nominee will have the full right and power to borrow money from time to time and/or covenant to repay money



borrowed by the Owner either alone or with others from time to time and to secure the repayment of any and all indebtedness and liabilities with respect to any amounts so borrowed by the grant of any charge or encumbrance (both fixed and floating) on, or security interest in, the Property or any part thereof, by way of debenture, mortgage, assignment of rents, assignment of sale proceeds, security agreements or other instrument or document without delivering proof to any person (including, without limitation, any other party to any such instrument or document or the Registrar of any government office) of its authority to do so and any person may act in reliance on any such instrument, document or encumbrance and for all purposes any such instrument, document or encumbrance will be binding on the Owner;

- H. it will not deal with the Property in any way or execute or deliver any instrument, document or encumbrance in respect of the Property without the prior consent or direction of the Owner; and
  - I. it will notify the Owner immediately upon receipt by it of all notices affecting the Property or any part of it, including without limitation notices of any tax, lien, charge or encumbrance of the Property.
- (b) The Nominee shall, upon written instructions of the Owner, immediately transfer to the Owner or its nominee the Property, or any lesser interest therein that the Owner shall designate, and all income profits and advantages arising from the Property or any part thereof.
  - (c) The Nominee shall, upon written instructions of the Owner, pay from the revenue from the Property all necessary costs and expenses to maintain the Property in good repair, and pay the taxes, insurance premiums, water rates, utility payments, and mortgage instalments relating to the Property;
  - (d) The Nominee shall maintain separate accounts with respect to the Property and all income, profits and advantages arising therefrom.
  - (e) The Nominee may accept such further powers as the Owner may grant to the Trustee from time to time during the continuance of this Declaration and this Declaration may be amended by agreement in writing of the parties hereto.
  - (f) All payments and disbursements made by the Nominee relating to the Property under this Declaration will be made as the agent of and for the account of the Owner, and the Owner will reimburse the Nominee for all amounts reasonably and properly expended by the Nominee in connection with the Property with the consent or direction of the Owner. The Nominee will not be entitled to any remuneration or any revenue or profit in respect of the Property for acting under this Declaration.
  - (g) In any claim, demand, or action against the Nominee for any losses, damages or costs arising out of or in connection with the Property or the exercise or the failure to exercise any right, power or authority conferred on the Nominee by this Declaration, the amount of any recovery, settlement, compromise, judgment, or agreement on such claim, demand, or action shall be strictly limited to the value of the Property held by the Nominee. The Nominee shall not be required to pay monies or transfer any other assets of the Nominee in satisfaction of any such claim, demand or action

and shall have no claim against the Owner other than against its beneficial interest in the Property described herein.

- (h) The Nominee will take all other actions and will execute and deliver all other instruments and documents as may be necessary or desirable in the reasonable opinion of the Owner to evidence or carry out the terms or intent of this Declaration.

**3. Reimbursement of Expenses**

- (a) Any payments or disbursements made by the Nominee in respect of the Property in accordance with this Declaration will be made as agent of and for the account of the Owner, as principal, and the Owner will reimburse the Nominee for any amount reasonably and properly expended by the Nominee in connection with the Property with the written consent or direction of the Owner. All liabilities incurred or outstanding in respect of the Property, including any liability under any mortgage debenture or security agreement in respect thereof, are the liabilities of the Owner as principal and the Nominee in incurring or granting the same is acting only as agent for the Owner. The Nominee will not be entitled to any remuneration or any revenue or profit in respect of the Property for acting as nominee, agent and bare trustee under this Declaration.

**4. Indemnity**

- (a) The Owner hereby indemnifies and saves harmless the Nominee against any and all liability, loss, cost, action, claim or expense resulting from the Nominee's holding of title to or dealing with the Property as directed by the Owner from time to time, except to the extent that the same results from a dishonest, fraudulent or negligent act or omission of the Nominee or its employees or agents.

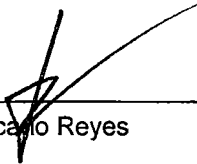
**5. General Provisions**

- (a) Any notices given pursuant to or in connection with this Declaration will be in writing and delivered personally to the recipient at the address set out on page 1 hereof.
- (b) The Nominee will perform all such other acts and things and execute all such other documents as are necessary or desirable in the reasonable opinion of the Owner to evidence or carry out the terms or intent of this Declaration.
- (c) This Declaration will be governed by and construed in accordance with British Columbia law and applicable Canadian law and will be treated in all respects as a British Columbia contract.
- (d) Each of the parties will:
  - A. submit to the jurisdiction of the British Columbia courts;
  - B. if not incorporated or registered in British Columbia, appoint an agent to receive service of any process in British Columbia; and
  - C. if an appointed agent is required, notify the other party of the name and address of its appointed agent.

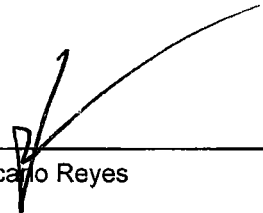
- (e) Words in the masculine gender include the feminine and neuter genders and words in the singular include the plural, and vice versa.
- (f) This Declaration may be altered or amended only by an agreement in writing signed by the parties hereto.
- (g) This Declaration will enure to the benefit of and be binding on the respective successors and assigns of the parties.
- (h) No failure or delay on the part of either party in exercising any right or power under this Declaration will operate as a waiver, nor will any single or partial exercise of any right of power preclude any further exercise. Except as may be limited in this Declaration, either party may exercise any right or power concurrently or individually without the necessity of making any election.
- (i) This Declaration may be executed in counterparts, each of which shall constitute an original and all of which taken together shall constitute one and the same instrument. A party's transmission by facsimile or electronic mail transmission of a scanned copy of this Declaration bearing that party's signature shall constitute an effective execution and delivery of the Declaration by that party to the party receiving the transmission.

IN WITNESS WHEREOF each of the parties has executed this Declaration as at the day and year first above written.

**PORTLIVING FARMS (3648 PARKVIEW)  
INVESTMENTS INC.,** by its authorized signatory:

Per:   
\_\_\_\_\_   
Macario Reyes

**SUNNY BEACH MOTEL INC.,** by its authorized signatory:

Per:   
\_\_\_\_\_   
Macario Reyes

## SCHEDULE "C"

## TRUSTEE DOCUMENTS

The following documents:

1. this Agreement;
2. the Loan Agreement;
3. a \$3,500,000.00 *inter alia* mortgage of the fee simple title to the Lands to be made by, *inter alios*, the Trustee in favour of the Lender;
4. an *inter alia* general assignment of leases and rents derived from leases of the Lands, to be made by, *inter alios*, the Trustee in favour of the Lender;
5. an agreement entitled "General Security Agreement" to be made by the Borrower in favour of the Lender;
6. an agreement entitled "Assignment of Insurance", to be made by the Borrower in favor of the Lender;
7. an agreement entitled "General Assignment of Material Contracts, Plans and Permits" to be made by the Borrower in favour of the Lender;
8. an agreement entitled "Environmental Agreement and Indemnity Agreement" to be made by, *inter alios*, the Borrower in favour of the Lender;
9. an agreement entitled "Negative Pledge Agreement" to be made by, *inter alios*, the Borrower in favour of the Lender;
10. an agreement entitled "Indemnity Agreement" to be made by, *inter alios*, the Borrower in favour of the Lender; and
11. an agreement entitled "Option to Purchase" to be made by, *inter alios*, the Trustee in favour of the Lender.

**AMONG:**

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

**as Trustee**

**AND:**

**SUNNY BEACH MOTEL INC.**

**as Beneficial Owner**

**AND:**

**1351486 B.C. LTD.**

**as Lender**

**BENEFICIAL MORTGAGE  
AND DIRECTION TO CHARGE**

**FASKEN MARTINEAU DUMOULIN LLP  
Barristers & Solicitors**

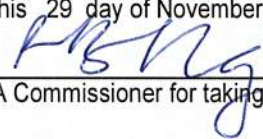
**Bentall 5, Suite 2900 – 550 Burrard Street  
Vancouver, BC, Canada V6C 0A3  
Telephone: 604.631.3131**

**Counsel: Brent C. Clark**

**File Number: 319671.00003**

0322

This is Exhibit " 0 " referred to in the affidavit  
of Luke Pretty sworn before me at Vancouver  
this 29 day of November, 2022.

  
A Commissioner for taking Affidavits for British Columbia

**BENEFICIAL MORTGAGE AND  
DIRECTION TO CHARGE**

**THIS BENEFICIAL MORTGAGE AND DIRECTION TO CHARGE** is dated March 10, 2022 and made,

**BETWEEN:**

**PORTLIVING FARMS (3688 PARKVIEW) INVESTMENTS INC.**, a company incorporated under the *Business Corporations Act* of British Columbia (BC1186761), having an office at 325 West 4<sup>th</sup> Avenue, Vancouver, BC V5Y 1H3;

(the “**Trustee**”)

**AND:**

**LIVING BEACHSIDE DEVELOPMENT LIMITED PARTNERSHIP**, a limited partnership formed under the *Partnership Act* of British Columbia (LP0758535), by its General Partner, **PORT CAPITAL FARMS (BEACH) INC.**, a company incorporated under the *Business Corporations Act* of British Columbia (BC1180893), having an office at 325 West 4<sup>th</sup> Avenue, Vancouver, BC V5Y 1H3;

(the “**Beneficial Owner**”)

**AND:**

**1351486 B.C. LTD.**, a company incorporated under the *Business Corporations Act* of British Columbia (BC1351486), having an office at 1556 Kebet Way, Port Coquitlam, BC V3C 5M5;

(the “**Lender**”)

A. The Borrower has agreed to borrow the moneys representing the Loan from the Lender who has agreed to make the Loan to the Borrower.

B. It is a condition of the Loan that the Trustee and the Beneficial Owner execute and deliver this Agreement to the Lender.

In consideration of the sum of \$1.00 and other good and valuable consideration now paid by the Lender to the Trustee and the Beneficial Owner (the receipt and sufficiency of which is hereby acknowledged by each of the Trustee and the Beneficial Owner) the Trustee and the Beneficial owner represent and warrant to and agrees with the Lender as set forth herein.

## ARTICLE 1 DEFINITIONS

### 1.1 Definitions

In this Agreement unless the parties or the context otherwise require(s), the following words will have the meaning given to them below.

- (a) **“Agreement”** or **“this Agreement”** means this Agreement and all recitals and schedules hereto, as amended, modified, restated and replaced from time to time.
- (b) **“Beneficial Owner”** means the Person(s) so described above and its successors and assigns, as the case may be, whether immediate or derivative.
- (c) **“Borrower”** means collectively, the Trustee, the Beneficial Owner, Port Capital Farms (Beach) Inc., Sunny Beach Motel Inc., PortLiving Farms (3624 Parkview) Investments Inc. and PortLiving Farms (3648 Parkview) Investments Inc., as specified in the Loan Agreement to be the borrower of the Loan.
- (d) **“Collateral”** means all property, assets and undertakings from time to time owned, held or acquired by the Trustee and beneficially owned by the Beneficial Owner other than the Lands.
- (e) **“Lands”** means the land(s) and premises described in Schedule “A”.
- (f) **“Lender”** means the Person(s) so described above and its successors and assigns, as the case may be, whether immediate or derivative.
- (g) **“Loan”** means the loan made or to be made by the Lender to the Borrower not exceeding \$3,500,000.00, as described in the Loan Agreement.
- (h) **“Loan Agreement”** means the loan agreement dated March 14, 2022, made between the Lender and the Borrower in connection with the Loan as amended, modified, restated and replaced from time to time.
- (i) **“Loan Documents”** means the documents (including the Trustee Documents) from time to time executed and delivered to the Lender to evidence, secure or evidence and secure the Loan Obligations in whole or in part as amended, modified, restated and replaced from time to time.
- (j) **“Loan Obligations”** means the debts, obligations and liabilities of the Borrower to the Lender now or hereafter existing in connection with the Loan.
- (k) **“Persons”** or **“Person”** means and includes any individual, sole proprietorship, corporation, partnership, bank, joint venture, trust, unincorporated association, association, institution, entity, party or government (whether national, federal, provincial state, municipal, city, country or otherwise and included any instrumentality, division, agency, body or department thereof).
- (l) **“Property”** means the Lands and the Collateral.



- (m) **“Trust Declaration”** means the agreement, instrument or declaration attached hereto as Schedule “B”, as amended, modified, restated and replaced from time to time, including pursuant to Section 7.2 hereof.
- (n) **“Trustee”** means the Person(s) so described above and its successors and assigns, as the case may be, whether immediate or derivative.
- (o) **“Trustee Documents”** means the Loan Documents (including the Loan Documents described in Schedule “C” hereto) from time to time executed by the Trustee either by itself or with one or more other Persons and delivered to the Lender at the direction of the Beneficial Owner pursuant hereto.

## ARTICLE 2 REPRESENTATIONS AND WARRANTIES

### 2.1 Representations and Warranties

The Trustee and the Beneficial Owner jointly and severally represent and warrant to the Lender as set forth in this Section.

- (a) Each of the Trustee and the Beneficial Owner has the power and capacity (whether corporate, partnership or otherwise), without limitation, to carry on business, own real and personal property or interests therein, borrow money, or provide financial assistance to others and grant security therefor and in connection therewith to make representations, warranties, covenants and agreements and incur debts, obligations and liabilities to others as contemplated by the Trustee Documents.
- (b) The Beneficial Owner has the power and capacity to appoint the Trustee and the Trustee has power and capacity to act as nominee, agent and bare trustee for the Beneficial Owner in respect of the Property in the manner contemplated by the Trust Declaration and the Trust Documents.
- (c) All necessary steps and proceedings (whether corporate, partnership or otherwise) have been taken by each of the Trustee and the Beneficial Owner so that the creation of the trust constituted by the Trust Declaration and the appointment of the Trustee as nominee, agent and bare trustee for the Beneficial Owner in respect of the Property pursuant thereto have been duly authorized by each of the Trustee and the Beneficial Owner and the Trust Declaration has been duly executed and delivered by the Trustee to the Beneficial Owner or by the Trustee and the Beneficial Owner to each other, according to the tenor thereof.
- (d) The Trust Declaration is in full force and effect and has not been amended except as disclosed in Schedule “B” and as contemplated by Section 7.2 hereof.
- (e) Pursuant to the Trust Declaration, the Trustee is or will be the legal owner and the Beneficial Owner is or will be the beneficial owner of the Property and the Trustee holds or will hold all of its estate, right, title and interest in and to the Property in trust for the Beneficial Owner as its nominee, agent and bare trustee.

- (f) Other than as contemplated by the Loan Documents and except as shown in the Certificate(s) of Indefeasible Title issued for the Lands and the records maintained in respect of each of the Trustee and the Beneficial Owner under the *Personal Property Security Act* of British Columbia:
  - (i) no Person other than the Trustee and the Beneficial Owner has any estate, right, title or interest, legal or beneficial, in the Property or any part(s) thereof; and
  - (ii) neither the Trustee nor the Beneficial Owner has sold, transferred, assigned, mortgaged, pledged, hypothecated, leased or otherwise disposed of the whole or any part of its legal or beneficial estate, right, title and interest in and to the Property.
- (g) As the Beneficial Owner's nominee, agent and trustee pursuant to the Trust Declaration, the Trustee has the power and capacity, without limitation, to borrow money, provide financial assistance and grant security in the manner, to the extent and for the purpose(s) set forth in the Trustee Documents and in connection therewith to make the representations, warranties, covenants and agreements and incur the debts, obligations and liabilities made or incurred or to be made or incurred by it (or on its behalf) in each of those Trustee Documents, for itself, for the Beneficial Owner or for both itself and the Beneficial Owner, all as contemplated thereby.
- (h) All necessary steps and proceedings (whether corporate, partnership or otherwise), have been taken by the Beneficial Owner so that when this Agreement is authorized and executed by it and delivered by it to the Trustee, this Agreement will constitute an irrevocable direction and authorization by it to the Trustee to:
  - (i) borrow money from, provide financial assistance or grant security to the Lender in the manner, to the extent and for the purposes contemplated by the Loan Documents; and
  - (ii) execute and deliver the Trustee Documents (including those described in Schedule "C" hereto) to the Lender and make, keep, observe and perform, the warranties, representations, covenants and agreements and incur the obligations and liabilities respectively made or incurred (or to be respectively made or incurred) by it therein;for itself, for the Beneficial Owner or for both itself and the Beneficial Owner, all as contemplated thereby.
- (i) The Trustee is not carrying on any business that is "trust business" under the *Financial Institutions Act* of British Columbia.
- (j) The holding of the Property by the Trustee in trust for the Beneficial Owner in the manner contemplated by the Trust Declaration is an isolated transaction.
- (k) The Trustee does not act as trustee for members of the public generally.

- (l) The Trustee does not charge fees or receive income for acting as trustee.
- (m) The Trustee does not have discretionary powers as trustee, but only such powers as may, from time to time, be vested in it as nominee, agent and bare trustee of the Beneficial Owner.

## **2.2 Survival of Warranties and Representation**

All representations and warranties made by either or both of the Trustee and the Beneficial Owner herein or in any certificate or other document delivered either by or on behalf of the Trustee and the Beneficial Owner for the benefit of the Lender, are material, will survive the execution and delivery of this Agreement and will continue in full force and effect without time limit until such time that the Loan Obligations has been fully re-paid to the Lender. The Trustee and the Beneficial agree that the Lender is deemed to have relied upon each of those representations and warranties notwithstanding any investigation made by or on behalf of the Lender at any time.

## **ARTICLE 3 COVENANT TO PAY**

### **3.1 Confirmation of Covenant to Pay - Trustee and Beneficial Owner**

The Trustee and the Beneficial Owner unconditionally, absolutely and irrevocably jointly and severally promise to duly and strictly pay, observe and perform the Loan Obligations set forth in the Loan Documents (including the Trustee Documents) to which each it is a party or by which it is bound. In particular, the Trustee and the Beneficial Owner unconditionally, absolutely and irrevocably jointly and severally promise to duly and strictly pay, as principal debtors and not as sureties, any and all of the moneys now or hereafter due to the Lender in connection with the Loan (including any moneys from time to time due and owing to the Lender under any other security now or at any time hereafter given by or on behalf of them to the Lender in connection with the Loan), whether at stated maturity, by reason of acceleration or demand or otherwise, as contemplated by those Loan Documents.

## **ARTICLE 4 IRREVOCABLE DIRECTION BY BENEFICIAL OWNER TO TRUSTEE**

### **4.1 Irrevocable Direction**

- (a) The Beneficial Owner irrevocably authorizes and directs the Trustee, as its nominee, agent and bare trustee pursuant to the Trust Declaration to:
  - (i) borrow money or provide financial assistance and grant security therefor in the manner, to the extent and for the purposes set forth in the Loan Documents;
  - (ii) execute and deliver the Trustee Documents (or to cause the Trustee Documents to be executed and delivered) to the Lender, without condition, to evidence, secure or evidence and secure the payment, observance and performance of the Loan Obligations set forth therein; and

- (iii) duly and strictly pay, keep, observe and perform those Loan Obligations, for and on behalf of itself, for and on behalf of the Beneficial Owner, and on behalf of both itself and Beneficial Owner, or and on behalf of any other Person(s), as contemplated by the Loan Documents and the Loan Obligations.
- (b) The Beneficial Owner agrees that the mortgages, assignments and charges (including charges by way of security interests) respectively contained in each of the Trustee Documents will be mortgages, assignments and charges (including security interests) of all of:
  - (i) the Trustee's present and future legal estate, right title and interest and claim; and
  - (ii) the Beneficial Owner's present and future beneficial estate, right title and interest and claim;in and to the Property respectively mortgaged, assigned or charged thereby, on the terms and conditions set forth therein.
- (c) The Beneficial Owner further agrees that all warranties, representations, covenants, agreements, and all debts, obligations and liabilities respectively made or incurred by the Trustee in a Trustee Document will be made or incurred by the Trustee for itself, for and on behalf of the Beneficial Owner or for both itself and the Beneficial Owner, as contemplated by the Loan Documents and the Loan Obligations.
- (d) The Beneficial Owner further agrees that where it is not an actual party to a Trustee Document, it will nevertheless will be bound thereby as if it had been an actual party thereto and had executed and delivered that Trustee Document to the Lender at the time it was executed and delivered by the Trustee to the Lender.

**ARTICLE 5  
GRANT OF BENEFICIAL MORTGAGE AND  
OTHER CHARGES BY BENEFICIAL OWNER**

**5.1 Grant of Charges by Beneficial Owner**

To further evidence, secure or evidence and secure the payment, observance and performance of the Loan Obligations, the Beneficial Owner grants, mortgages, assigns and charges to and in favour of the Lender, forever, all of its present and future estate, right, title, interest and claim in and to the Property respectively mortgaged, assigned or charged in each of the Trustee Documents, in each instance upon and subject to the terms and conditions respectively set forth therein, as if:

- (a) each and every mortgage, assignment and charge (including each charge by way of a security interest);
- (b) each and every warranty, representation, covenant, agreement, term, condition, stipulation, provision and proviso; and
- (c) each and every obligation and liability;

respectively made or incurred by the Trustee in each of those Trustee Documents were repeated herein fully and verbatim and made herein by the Beneficial Owner in favour of the Lender.

## **ARTICLE 6 PRIORITY AND POSTPONEMENT**

### **6.1 Priority and Postponement**

For greater certainty and to further evidence, secure or evidence and secure the payment, observance and performance of the Loan Obligations:

- (a) the Beneficial Owner grants the Lender and the Lender's interest in the Property under the Trustee Documents priority over all of the Beneficial Owner's present and future estate, right, title and interest in and to the Property and hereby postpones and subordinates all of its present and future estate, right, title and interest in and to the Property to the Lender and its interest therein under the Trustee Documents in all respects with and to the intent that the estate, right, title and interest of the Beneficial Owner in and to the Property will in all respects be subject to the rights of the Lender therein and thereto under the Trustee Documents, as though each of the Trustee Documents had been executed and delivered and registered, or otherwise processed and all funds fully secured thereunder had been secured thereunder in point of time prior to the Beneficial Owner obtaining any estate, right, title or interest whatsoever in and to the Property, or any part thereof, respectively charged by the Trustee Documents; and
- (b) the Beneficial Owner waives all rights to receive from the Lender a copy of any financing statement, financing change statement or verification statement or any other similar filing made by the Lender in respect of the Beneficial Owner.

## **ARTICLE 7 COVENANTS**

### **7.1 Negative Covenants**

The Beneficial Owner and the Trustee agree with the Lender that so long as any of the Loan Obligations remain outstanding they shall not:

- (a) except as contemplated by Section 7.2 hereof, assign, amend, modify, terminate or charge the Trust Declaration without the Lender's written consent first had and obtained;
- (b) further mortgage, assign or charge their respective interests in any of the Property without the Lender's written consent first had and obtained; or
- (c) sell, charge or otherwise dispose of (or allow the sale, charge or disposition of) any of the issued and outstanding shares in the capital of the Trustee, except in favour of the Lender.

## 7.2 Amendment to Trust Declaration (if necessary)

The Beneficial Owner and the Trustee agree with the Lender that so long as any of the Loan Obligations remain outstanding, then, to the extent necessary (if at all), the Trust Declaration will be and is deemed to be amended so as to give the Trustee the power, capacity and authority to:

- (a) deal with the Property, borrow money or provide financial assistance and grant security therefor in the manner, to the extent and for the purposes contemplated by the Trustee Documents and the Loan Obligations; and
- (b) make the representations and warranties, covenants and agreements and incur obligations and liabilities respectively set forth therein,

whether for itself, the Beneficial Owner or both of them, or any other Person(s), in the manner to the extent and for the purposes contemplated by the Trustee Documents and the nature of the Loan Obligations.

## ARTICLE 8 MISCELLANEOUS

### 8.1 Modification of Agreement

No alteration, modification or waiver of this Agreement or any condition, covenant, provision or term contained herein will be binding on the Lender unless made in writing and signed by the Lender.

### 8.2 Notices

Any notice, demand or other document to be given, or any delivery to be made hereunder will be effective if in writing and delivered in Person and left with, or sent by electronic mail or by prepaid registered letter addressed to the attention of:

- (a) in the case of the Lender, addressed as follows:

**1351486 B.C. LTD.**  
1556 Kebet Way  
Port Coquitlam, BC V3C 5M5

Attention: Luke Pretty

Email: [luke@dynamic.global](mailto:luke@dynamic.global)

with a copy to:

**FASKEN MARTINEAU DUMOULIN LLP**  
Barristers & Solicitors  
Bentall 5, Suite 2900 – 550 Burrard Street  
Vancouver, BC V6C 0A3

Attention: Brent C. Clark

Email: [bcclark@fasken.com](mailto:bcclark@fasken.com)

(b) in the case of the Trustee addressed as follows:

**PORTLIVING FARMS (3688 PARKVIEW) INVESTMENTS INC.**  
325 West 4th Avenue  
Vancouver, BC V5Y 1H3

Attention: Macario Teodoro Reyes

Email: [tobi@portliving.com](mailto:tobi@portliving.com)

with a copy to (which does not constitute notice):

**MCCARTHY TÉTRAULT LLP**  
Barristers & Solicitors  
Suite 2400, 745 Thurlow Street  
Vancouver, BC V6E 0C5

Attention: Lance Williams

Email: [lwilliams@mccarthy.ca](mailto:lwilliams@mccarthy.ca)

(c) in the case of the Beneficial Owner addressed as follows:

**LIVING BEACHSIDE DEVELOPMENT LIMITED PARTNERSHIP**  
325 West 4th Avenue  
Vancouver, BC V5Y 1H3

Attention: Macario Teodoro Reyes

Email: [tobi@portliving.com](mailto:tobi@portliving.com)

with a copy to (which does not constitute notice):

**MCCARTHY TÉTRAULT LLP**  
Barristers & Solicitors  
Suite 2400, 745 Thurlow Street  
Vancouver, BC V6E 0C5

Attention: Lance Williams

Email: [lwilliams@mccarthy.ca](mailto:lwilliams@mccarthy.ca)

Any notice, demand or other document or delivery so given or made will be deemed to have been given or made and received at the time of delivery in Person or on the business day the transmission was sent successfully to the address set out above, as the case may be. Any party hereto may from time to time by notice in writing change his or its address (or in the case of a corporate party, the designated recipient) for the purposes of this section.

### **8.3 Receipt of Agreement**

Each of the Trustee and the Beneficial Owner acknowledges to the Lender that it has received a copy of this Agreement executed and delivered to it by the other.

## **ARTICLE 9 INTERPRETATION**

### **9.1 Amendment**

Any amendment of this Agreement will not be binding unless in writing and signed by the parties hereto.

### **9.2 Headings**

All headings and titles in this Agreement are for reference only and are not to be used in the interpretation of the terms hereof.

### **9.3 Hereof, Etc.**

All references in this Agreement to the words “hereof”, “herein” or “hereunder” will be construed to mean and refer to this Agreement as a whole and will not be construed to refer only to a specific Article, Section, paragraph or clause of this Agreement unless the context clearly requires such construction.

### **9.4 Joint and Several Liability**

If any party hereto is comprised of more than one Person, the representations, warranties, covenants, agreements, obligations and liabilities made by or imposed upon that party herein or by law, in equity or by statute will be deemed to have been made or incurred by all those Persons jointly and by each of those Persons severally.

### **9.5 Severability**

If any of the terms of this Agreement are or are held to be unenforceable or otherwise invalid, such holding will not in any way affect the enforceability or validity of the remaining terms of this Agreement.

### **9.6 Governing Law**

This Agreement will be governed by and construed in accordance with the laws of the Province of British Columbia; provided that the foregoing will in no way limit the right of the Lender to commence suits, actions or proceedings based on this Agreement in any other jurisdiction.

### **9.7 Interpretation**

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



**9.8 Lender as Agent**

If this Agreement is granted to the Lender in its capacity as agent for one or more other Persons, the Trustee and Beneficial Owner agree that all:

- (a) grants, mortgages, assignments, charges and security interests;
- (b) representations, warranties, covenants and agreements; and
- (c) obligations and liabilities,


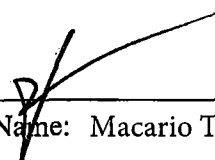
created, made, assumed or incurred hereunder by the Trustee and Beneficial Owner in favour of the Lender are also created, made, assumed or incurred hereunder by the Trustee and Beneficial Owner in favour of those Persons.

**9.9 Binding Effect**

This Agreement will be binding on the Trustee and the Beneficial Owner and their respective heirs, executors, personal representatives, successors and assigns and will enure to the benefit of the Lender and its successors and assigns.


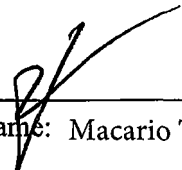
*[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK;  
SIGNATURE PAGE(S) TO FOLLOW]*

EXECUTED by the Trustee as of the day, month and year set forth below.

| OFFICER SIGNATURE(S)   | EXECUTION DATE |    |    | SIGNATURE(S)   |
|--|----------------|----|----|--|
|  | Y              | M  | D  |  |
| <br>Name: _____<br><br><b>KEAN SILVERTHORN</b><br>Barrister & Solicitor<br><b>McCarthy Tétrault LLP</b><br>SUITE 2400 - 745 THURLOW STREET<br>VANCOUVER, B.C. V6E 0C5<br>DIRECT 604-643-5966<br>Occupation:<br><br><del>(as to both signatures)</del> | 22             | 03 | 10 | <b>PORTLIVING FARMS</b><br><b>(3688 PARKVIEW)</b><br><b>INVESTMENTS INC.</b> , by its<br>authorized signatory(ies):<br><br><br>Name: Macario Teodoro Reyes<br><br>Name: _____ |

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

**EXECUTED** by the Beneficial Owner as of the day, month and year set forth below.

| OFFICER SIGNATURE(S)   | EXECUTION DATE |    |    | SIGNATURE(S)  |
|--|----------------|----|----|---|
|  | Y              | M  | D  |   |
| <br><hr/> Name:<br><br>Address:<br><b>KEAN SILVERTHORN</b><br>Barrister & Solicitor<br><b>McCarthy Tétrault LLP</b><br>SUITE 2400 - 745 THURLOW STREET<br>VANCOUVER, B.C. V6E 0C5<br>OCTOBER 11, 2010<br>604-643-5966<br><br><del>(as to both signatures)</del> | 22             | 03 | 10 | <b>LIVING BEACHSIDE DEVELOPMENT LIMITED PARTNERSHIP</b> , by its General Partner, <b>PORT CAPITAL FARMS (BEACH) INC.</b> , by its authorized signatory(ies):<br><br><br><hr/> Name: Macario Teodoro Reyes<br><br><hr/> Name: |

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

**SCHEDULE "A"**

**LANDS**

**3688 Parkview Street, Penticton, BC**

PID:

008-974-462

(the "Lands")

Legal Description:

Lot 1 District Lot 189 Similkameen Division Yale District Plan 14620

0337

**SCHEDULE "B"**  
**TRUST DECLARATION**

See Attached

**DECLARATION OF BARE TRUST AND AGENCY AGREEMENT**

THIS DECLARATION (the "**Declaration**") is dated for reference April 15, 2019,

BETWEEN:

**PORTLIVING FARMS (3688 PARKVIEW)  
INVESTMENTS INC.**, a corporation incorporated  
under the laws of the Province of British Columbia

(the "**Nominee**")

AND:

**LIVING BEACHSIDE DEVELOPMENT LIMITED  
PARTNERSHIP**, a limited partnership registered  
under the laws of the Province of British Columbia

(the "**Owner**")

WHEREAS:

- A. The Nominee is or will become the legal owner of those lands and premises located at 3688 Parkview Street, Penticton, British Columbia and legally described as follows:

PID: 008-974-462

Lot 1 District Lot 189 Similkameen Division Yale District Plan 14620

(the "**Lands**");

- B. The Nominee has agreed to hold legal title to the Lands and to all present and after-acquired personal property of the Owner relating to the Lands (collectively, the "**Property**") for and on behalf of the Owner in accordance with this Declaration.

NOW THEREFORE THIS DECLARATION WITNESSES that for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **Appointment of Nominee**

- (a) Effective as of the date hereof, the Owner hereby appoints the Nominee, as nominee, bare trustee and agent of the Owner to hold the legal title to the Property for the sole benefit and account of the Owner as principal and beneficial owner in accordance with the terms of this Declaration, with the full power to deal with the Property and execute any instrument, document, or encumbrance in respect of the Property for and on behalf of the Owner, all at the direction of the Owner and in accordance with this Declaration.
- (b) The Nominee hereby accepts the appointment in Section 1(a) and acknowledges that it has no discretion to deal with the Property and that it can only deal with the Property as authorized by this Declaration or by the Owner.

**2. Agreement by Nominee**

(a) The Nominee hereby acknowledges and agrees that:

- A. it will hold legal title to the Property as bare trustee and agent for the sole benefit and account of the Owner as principal and beneficial owner in accordance with the terms of this Declaration and subject to the terms and conditions of any deed, transfer, lease, sublease, mortgage, debenture, security agreement, easement, right of way, licence, restrictive covenant, encumbrance, or other instrument pertaining to the Property or any part of it;
- B. it will have no equitable or beneficial interest in the Property, and that the equitable and beneficial interest in the Property will be vested solely and exclusively in the Owner;
- C. any benefit, interest, profit or advantage arising out of or accruing from the Property or any part of it is and will be a benefit, interest, profit or advantage of the Owner and, if received by the Nominee, will be received and held by the Nominee for the sole use, benefit and advantage of the Owner, and the Nominee will account to the Owner for any money, benefit, interest, profit, advantage or other consideration paid to or to the order of or received by the Nominee in connection with the Property or any part of it as directed by the Owner;
- D. it will, upon the direction of the Owner, deal with the Property and do all acts and things in respect of the Property at the expense of and as directed by the Owner from time to time and will assign, transfer, convey, lease, sublease, mortgage, pledge, charge, or otherwise deal with the Property or any part of it at any time as the Owner may direct, to the extent permitted by law; without limiting the generality of the foregoing, the Nominee will transfer legal title to any or all of the Property to or as directed by the Owner immediately upon demand of the Owner;
- E. it will, upon the direction of the Owner, act as agent of the Owner, as undisclosed principal, in respect of any matter relating to the Property or any part of it or in respect of the performance or observance of any contract or agreement relating to the Property or any part of it, including without limitation, collecting rent and other revenue from the Property and making any payment under any mortgage, debenture, security agreement or other instrument, document or encumbrance pertaining to the Property;
- F. acting under this Declaration at the direction of the Owner, the Nominee will have the full right and power to execute and deliver, under seal or otherwise, any transfer deed, statement of adjustments, plan, lease, sublease, mortgage, debenture, security agreement, easement, right of way, license, restrictive covenant or other instrument, document or encumbrance pertaining to the Property without delivering proof to any person (including, without limitation, any other party to any such instrument or document or the Registrar of any government office) of its authority to do so and any person may act in reliance on any such instrument, document or encumbrance and for all purposes any such instrument, document or encumbrance will be binding on the Owner;
- G. acting under this Declaration at the direction of the Owner, the Nominee will have the full right and power to borrow money from time to time and/or covenant to repay money

borrowed by the Owner either alone or with others from time to time and to secure the repayment of any and all indebtedness and liabilities with respect to any amounts so borrowed by the grant of any charge or encumbrance (both fixed and floating) on, or security interest in, the Property or any part thereof, by way of debenture, mortgage, assignment of rents, assignment of sale proceeds, security agreements or other instrument or document without delivering proof to any person (including, without limitation, any other party to any such instrument or document or the Registrar of any government office) of its authority to do so and any person may act in reliance on any such instrument, document or encumbrance and for all purposes any such instrument, document or encumbrance will be binding on the Owner;

- H. it will not deal with the Property in any way or execute or deliver any instrument, document or encumbrance in respect of the Property without the prior consent or direction of the Owner; and
  - I. it will notify the Owner immediately upon receipt by it of all notices affecting the Property or any part of it, including without limitation notices of any tax, lien, charge or encumbrance of the Property.
- (b) The Nominee shall, upon written instructions of the Owner, immediately transfer to the Owner or its nominee the Property, or any lesser interest therein that the Owner shall designate, and all income profits and advantages arising from the Property or any part thereof.
  - (c) The Nominee shall, upon written instructions of the Owner, pay from the revenue from the Property all necessary costs and expenses to maintain the Property in good repair, and pay the taxes, insurance premiums, water rates, utility payments, and mortgage instalments relating to the Property;
  - (d) The Nominee shall maintain separate accounts with respect to the Property and all income, profits and advantages arising therefrom.
  - (e) The Nominee may accept such further powers as the Owner may grant to the Trustee from time to time during the continuance of this Declaration and this Declaration may be amended by agreement in writing of the parties hereto.
  - (f) All payments and disbursements made by the Nominee relating to the Property under this Declaration will be made as the agent of and for the account of the Owner, and the Owner will reimburse the Nominee for all amounts reasonably and properly expended by the Nominee in connection with the Property with the consent or direction of the Owner. The Nominee will not be entitled to any remuneration or any revenue or profit in respect of the Property for acting under this Declaration.
  - (g) In any claim, demand, or action against the Nominee for any losses, damages or costs arising out of or in connection with the Property or the exercise or the failure to exercise any right, power or authority conferred on the Nominee by this Declaration, the amount of any recovery, settlement, compromise, judgment, or agreement on such claim, demand, or action shall be strictly limited to the value of the Property held by the Nominee. The Nominee shall not be required to pay monies or transfer any other assets of the Nominee in satisfaction of any such claim, demand or action and



shall have no claim against the Owner other than against its beneficial interest in the Property described herein.

- (h) The Nominee will take all other actions and will execute and deliver all other instruments and documents as may be necessary or desirable in the reasonable opinion of the Owner to evidence or carry out the terms or intent of this Declaration.

**3. Reimbursement of Expenses**

- (a) Any payments or disbursements made by the Nominee in respect of the Property in accordance with this Declaration will be made as agent of and for the account of the Owner, as principal, and the Owner will reimburse the Nominee for any amount reasonably and properly expended by the Nominee in connection with the Property with the written consent or direction of the Owner. All liabilities incurred or outstanding in respect of the Property, including any liability under any mortgage debenture or security agreement in respect thereof, are the liabilities of the Owner as principal and the Nominee in incurring or granting the same is acting only as agent for the Owner. The Nominee will not be entitled to any remuneration or any revenue or profit in respect of the Property for acting as nominee, agent and bare trustee under this Declaration.

**4. Indemnity**

- (a) The Owner hereby indemnifies and saves harmless the Nominee against any and all liability, loss, cost, action, claim or expense resulting from the Nominee's holding of title to or dealing with the Property as directed by the Owner from time to time, except to the extent that the same results from a dishonest, fraudulent or negligent act or omission of the Nominee or its employees or agents.

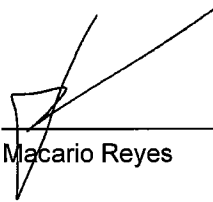
**5. General Provisions**

- (a) Any notices given pursuant to or in connection with this Declaration will be in writing and delivered personally to the recipient at the address set out on page 1 hereof.
- (b) The Nominee will perform all such other acts and things and execute all such other documents as are necessary or desirable in the reasonable opinion of the Owner to evidence or carry out the terms or intent of this Declaration.
- (c) This Declaration will be governed by and construed in accordance with British Columbia law and applicable Canadian law and will be treated in all respects as a British Columbia contract.
- (d) Each of the parties will:
  - A. submit to the jurisdiction of the British Columbia courts;
  - B. if not incorporated or registered in British Columbia, appoint an agent to receive service of any process in British Columbia; and
  - C. if an appointed agent is required, notify the other party of the name and address of its appointed agent.
- (e) Words in the masculine gender include the feminine and neuter genders and words in the singular include the plural, and vice versa.

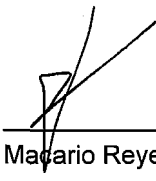
- (f) This Declaration may be altered or amended only by an agreement in writing signed by the parties hereto.
- (g) This Declaration will enure to the benefit of and be binding on the respective successors and assigns of the parties.
- (h) No failure or delay on the part of either party in exercising any right or power under this Declaration will operate as a waiver, nor will any single or partial exercise of any right of power preclude any further exercise. Except as may be limited in this Declaration, either party may exercise any right or power concurrently or individually without the necessity of making any election.
- (i) This Declaration may be executed in counterparts, each of which shall constitute an original and all of which taken together shall constitute one and the same instrument. A party's transmission by facsimile or electronic mail transmission of a scanned copy of this Declaration bearing that party's signature shall constitute an effective execution and delivery of the Declaration by that party to the party receiving the transmission.

IN WITNESS WHEREOF each of the parties has executed this Declaration as at the day and year first above written.

**PORTLIVING FARMS (3688 PARKVIEW) INVESTMENTS INC.**, by its authorized signatory:

Per:   
 \_\_\_\_\_  
 Macario Reyes

**LIVING BEACHSIDE DEVELOPMENT LIMITED PARTNERSHIP**, by its general partner, **PORT CAPITAL FARMS (BEACH) INC.**, by its authorized signatory:

Per:   
 \_\_\_\_\_  
 Macario Reyes

**SCHEDULE "C"**  
**TRUSTEE DOCUMENTS**

The following documents:

1. this Agreement;
2. the Loan Agreement;
3. a \$3,500,000.00 *inter alia* mortgage of the fee simple title to the Lands to be made by, *inter alios*, the Trustee in favour of the Lender;
4. an *inter alia* general assignment of leases and rents derived from leases of the Lands, to be made by, *inter alios*, the Trustee in favour of the Lender;
5. an agreement entitled "General Security Agreement" to be made by the Borrower in favour of the Lender;
6. an agreement entitled "Assignment of Insurance", to be made by the Borrower in favor of the Lender;
7. an agreement entitled "Pledge of Securities (in PortLiving Farms (3624 Parkview) Investments Inc.)" to be made by the Beneficial Owner in favour of the Lender;
8. an agreement entitled "Pledge of Securities (in PortLiving Farms (3648 Parkview) Investments Inc.)" to be made by the Beneficial Owner in favour of the Lender;
9. an agreement entitled "Pledge of Securities (in PortLiving Farms (3688 Parkview) Investments Inc.)" to be made by the Beneficial Owner in favour of the Lender;
10. a letter of acknowledgment with respect to the Pledge of Securities (in PortLiving Farms (3688 Parkview) Investments Inc.) to be made by the Trustee in favour of the Lender;
11. an agreement entitled "General Assignment of Material Contracts, Plans and Permits" to be made by the Borrower in favour of the Lender;
12. an agreement entitled "Environmental Agreement and Indemnity Agreement" to be made by, *inter alios*, the Borrower in favour of the Lender;
13. an agreement entitled "Negative Pledge Agreement" to be made by, *inter alios*, the Borrower in favour of the Lender;
14. an agreement entitled "Indemnity Agreement" to be made by, *inter alios*, the Borrower in favour of the Lender; and
15. an agreement entitled "Option to Purchase" to be made by, *inter alios*, the Trustee in favour of the Lender.

**AMONG:**

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

**as Trustee**

**AND:**

**LIVING BEACHSIDE DEVELOPMENT  
LIMITED PARTNERSHIP**

**as Beneficial Owner**

**AND:**

**1351486 B.C. LTD.**

**as Lender**

**BENEFICIAL MORTGAGE  
AND DIRECTION TO CHARGE**

**FASKEN MARTINEAU DUMOULIN LLP  
Barristers & Solicitors**

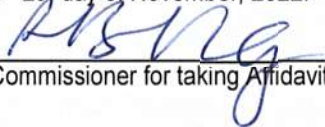
**Bentall 5, Suite 2900 – 550 Burrard Street  
Vancouver, BC, Canada V6C 0A3  
Telephone: 604.631.3131**

**Counsel: Brent C. Clark**

**File Number: 319671.00003**

0345

This is Exhibit "P" referred to in the affidavit  
of Luke Pretty sworn before me at Vancouver  
this 29 day of November, 2022.

  
A Commissioner for taking Affidavits for British Columbia

**GENERAL ASSIGNMENT OF MATERIAL CONTRACTS, PLANS AND PERMITS****THIS GENERAL ASSIGNMENT OF MATERIAL CONTRACTS, PLANS AND PERMITS**

is dated March 10, 2022 and made,

**BETWEEN:**

**LIVING BEACHSIDE DEVELOPMENT LIMITED PARTNERSHIP**, a limited partnership formed under the *Partnership Act* of British Columbia (LP0758535), by its General Partner, **PORT CAPITAL FARMS (BEACH) INC.**, a company incorporated under the *Business Corporations Act* of British Columbia (BC1180893), having an office at 325 West 4<sup>th</sup> Avenue, Vancouver, BC V5Y 1H3;

and

**SUNNY BEACH MOTEL INC.**, a company under the *Business Corporations Act* of British Columbia (BC0781075), having an office at 325 West 4<sup>th</sup> Avenue, Vancouver, BC V5Y 1H3;

and

**PORT CAPITAL FARMS (BEACH) INC.**, a company incorporated under the *Business Corporations Act* of British Columbia (BC1180893), having an office at 325 West 4<sup>th</sup> Avenue, Vancouver, BC V5Y 1H3;

and

**PORTLIVING FARMS (3624 PARKVIEW) INVESTMENTS INC.**, a company incorporated under the *Business Corporations Act* of British Columbia (BC0394886), having an office at 325 West 4<sup>th</sup> Avenue, Vancouver, BC V5Y 1H3;

and

**PORTLIVING FARMS (3648 PARKVIEW) INVESTMENTS INC.**, a company incorporated under the *Business Corporations Act* of British Columbia (BC1180902), having an office at 325 West 4<sup>th</sup> Avenue, Vancouver, BC V5Y 1H3;

and

**PORTLIVING FARMS (3688 PARKVIEW) INVESTMENTS INC.**, a company incorporated under the *Business Corporations Act* of British Columbia (BC1186761), having an office at 325 West 4<sup>th</sup> Avenue, Vancouver, BC V5Y 1H3;

(collectively, the "Assignor")

**AND:**

**1351486 B.C. LTD.**, a company incorporated under the *Business Corporations Act* of British Columbia (BC1351486), having an office at 1556 Kebet Way, Port Coquitlam, BC V3C 5M5;

(the “**Assignee**”)

A. The Assignor has agreed to borrow the moneys representing the Loan from the Assignee who has agreed to make the Loan to the Assignor.

B. It is a condition of the Loan that the Assignor execute and deliver this Assignment to the Assignee.

In consideration of the sum of \$1.00 and other good and valuable consideration now paid by the Assignee to the Assignor (the receipt and sufficiency of which is hereby acknowledged by the Assignor) the Assignor represents and warrants to and agrees with the Assignee as set forth herein.

## **ARTICLE 1 DEFINITIONS**

### **1.1 Definitions**

In this Assignment the following words and phrases will have the meanings set out below unless the parties or the context otherwise require(s).

- (a) “**Assigned Property**” means, subject to Section 7.7 hereof, all of the Assignor’s present and future right, title and interest in and to:
  - (i) the Documents;
  - (ii) the Plans;
  - (iii) the Permits;
  - (iv) the Moneys;
  - (v) the Rights;
  - (vi) the Licences; and
  - (vii) all proceeds now or hereafter arising out of any one or more of the foregoing, that are goods, intangibles, securities, documents of title, chattel paper, instruments or money.
- (b) “**Assignee**” means the Person or Persons so described above and his, her, its or their respective heirs, executors, administrators, successors and assigns, whether immediate or derivative.
- (c) “**Assignment**” or “**this Assignment**” means this Assignment, including all recitals and schedules hereto, as amended, restated or replaced from time to time.

- (d) “**Assignor**” means the Person or Persons so described above and his, her, its or their respective heirs, executors, administrators, successors and assigns, whether immediate or derivative.
- (e) “**Assignor’s Obligations**” means present and future debts, obligations and liabilities of the Assignor under or in respect of the Assigned Property.
- (f) “**Construction Contract**” means any contract or agreement now or at any time hereafter entered into by or on behalf of the Assignor with one or more Other Parties in connection with the provision of labour, services or materials, or any combination thereof, to develop the Lands or any part thereof, including:
  - (i) any fixed price, guaranteed maximum price or cost plus construction contract with a general contractor to construct the Lands in whole or in part;
  - (ii) any contract with a sub-contractor to construct the whole or any a portion of the Lands;
  - (iii) any contract with a materialman to provide materials or labour, or both to construct the whole or any a portion of the Lands;
  - (iv) any architectural services contract relating to the Lands or any part thereof;  
or
  - (v) any construction management contract relating to the Lands or any part thereof,and all performance, indemnity or surety bonds, given or obtained in connection with any of the foregoing, as amended, restated or replaced from time to time.
- (g) “**Contract**” means a Refinancing Contract, a Sale Contract, a Construction Contract or an Other Material Contract.
- (h) “**Deposit**” means the moneys paid or to be paid by an Other Party to the Assignor or its agent under a Sale Contract as a deposit on account of the purchase price payable by that Other Party thereunder.
- (i) “**Documents**” at any point in time means all Contracts, Plans, Permits, Licences, Guarantees and Other Documents then in effect.
- (j) “**Governmental Authority**” means any federal, provincial, state, municipal, county or regional government or governmental, regulatory or public authority, domestic or foreign, and includes any department, commission, bureau, board, administrative agency or regulatory body of any of the foregoing.
- (k) “**Guarantee**” means a covenant, guarantee, indemnity or the like now or hereafter given by a Guarantor to the Assignor to pay, keep, observe or perform an Other Party’s Obligations whole or in part and whether contained in a Guarantee, a Contract or any other agreement or instrument.



- (l) **“Guarantor”** means a Person who is a covenantor, guarantor, indemnifier or the like under a Guarantee.
- (m) **“Guarantor’s Obligations”** means the debts, obligations and liabilities of a Guarantor to the Assignor under its Guarantee.
- (n) **“Lands”** means the lands described in Schedule “A” hereto.
- (o) **“Licences”** means all transferable licences in the possession, control or name of the Assignor with respect to any business carried on by the Assignor on any of the Lands.
- (p) **“Loan”** means the loan(s) not exceeding \$3,500,000.00 in the aggregate made or to be made by the Assignee to the Assignor pursuant to the Loan Agreement.
- (q) **“Loan Agreement”** means the loan agreement dated March 14, 2022, made between the Assignee and the Assignor in connection with the Loan, as amended, restated or replaced from time to time.
- (r) **“Moneys”** means, without duplication, all moneys now or hereafter payable to the Assignor under the Documents (including all Deposits from to time paid or payable under Sale Contracts) or in connection with the Rights.
- (s) **“Notice of Exercise of Assignment”** has the meaning given to it in Section 2.3 hereof.
- (t) **“Notice of Revocation”** has the meaning given to it in Section 2.3 hereof.
- (u) **“Other Document”** means a document, instrument or the like other than the Plans, Permits, Moneys, Rights and Licences which are now or at any time hereafter in the possession of the Assignor or its agents and evidences or relates to any one or more of them, in whole or in part.
- (v) **“Other Material Contract”** means a present or future Contract other than a Construction Contract, a Refinancing Contract or a Sale Contract which, in the opinion of the Assignor, is material to any business from time to time carried out on or in respect of the Lands by or on behalf of the Assignor, including:
  - (i) property management contracts relating to the Lands or any part thereof;
  - (ii) maintenance or service contracts relating to the Lands or any part thereof;
  - (iii) contracts entered into with one or more Governmental Authorities in respect of the Lands or any part thereof other than Permits; and
  - (iv) each contract, if any, listed in Schedule “B” hereto,

and includes all amendments thereto and restatements or replacements thereof from time to time.

- (w) **“Other Party”** means a Person other than the Assignor who is a party to a Document.
- (x) **“Other Party’s Obligations”** means the present and future debts, obligations and liabilities of an Other Party to the Assignor under a Document.
- (y) **“Permits”** means the licenses, permits, exemptions and approvals at any time required from Governmental Authorities having jurisdiction over the Lands or any part thereof to develop, operate, sell or lease the Lands in whole or in part, and includes demolition permits, excavation permits, development permits, building permits and occupancy permits, including each permit, if any, listed in Schedule “C” hereto.
- (z) **“Persons”** or **“Person”** means any individual, sole proprietorship, corporation, partnership, bank, joint venture, trust, unincorporated association, association, institution, entity, party or a Governmental Authority.
- (aa) **“Plans”** means all designs, diagrams, surveys, drawings, and plans and specifications for the present or future development of the Lands or any part thereof.
- (bb) **“Refinancing Contract”** means a contract (including a commitment letter, facility letter, term sheet or a loan agreement) now or an any time hereafter entered into by or on behalf of the Assignor with an Other Party to finance or refinance the Lands, in whole or in part, and includes all amendments thereto and restatements or replacements thereof from time to time.
- (cc) **“Rights”** means all of the present and future benefits, advantages, privileges, powers, claims, demands, rights, remedies, securities, judgments and the like whatsoever (including any extensions or renewals thereof), which the Assignor may be from time to time entitled to under each Contract, Guarantee, Licence or Permit, whether at law, in equity or by statute, including the benefit and advantage of all representations, warranties, covenants and agreements now or hereafter made under each Contract, Guarantee, Licence or Permit in favour of the Assignor by or on behalf of any Other Party who is a party thereto.
- (dd) **“Sale Contract”** means a contract (including an offer to purchase or agreement of purchase and sale) now or an any time hereafter entered into by or on behalf of the Assignor with an Other Party to sell all or any portion of the Lands to that Other Party, and includes all amendments thereto and restatements or replacements thereof from time to time.
- (ee) **“Secured Obligations”** means the present and future debts, obligations and liabilities of the Assignor to the Assignee in connection with the Loan.

## 1.2 Additional Definitions

Words used in this Assignment that are defined in the *Personal Property Security Act* of British Columbia or any regulations thereto will have the meaning given to them in that Act or regulations unless otherwise defined herein.

## ARTICLE 2 ASSIGNMENT AND CREATION OF SECURITY INTEREST

### 2.1 Assignment of Assigned Property and creation of Security Interest

The Assignor absolutely assigns and grants a security interest in the Assigned Property to the Assignee, who takes a security interest in the Assigned Property from the Assignor on the terms set forth herein, until all of the Secured Obligations have been fully paid, performed and satisfied and a discharge of this Assignment is given to the Assignor after a written request therefor by the Assignor to the Assignee.

### 2.2 Present Assignment and immediate creation of Security Interest

This Assignment is given by the Assignor as a present assignment and as additional collateral security for the payment, observance and performance of the Secured Obligations.

The security interest created hereby will attach immediately upon the execution of this Assignment by the Assignor, or in the case of any after acquired Assigned Property, upon the acquisition thereof by or on behalf of the Assignor and there is no intention to postpone the attachment of the security interest which attached upon the execution of this Assignment (or in the case of after acquired Assigned Property, will attach upon the date of acquisition thereof by or on behalf of the Assignor).

### 2.3 Notice of Exercise of Assignment; Notice of Revocation

- (a) Notwithstanding the provisions of Sections 2.1 and 2.2 hereof:
- (i) the Assignor will, subject to the terms hereof, be permitted to enjoy and enforce the Assigned Property; and
  - (ii) the Assignee will not be permitted to enjoy or enforce the Assigned Property,

as if this Assignment had not been made, until the Assignee gives the Assignor a written notice (a "**Notice of Exercise of Assignment**") that:

- (A) the Assignor is in default in respect of some or all of the Secured Obligations; or
- (B) if any of the Secured Obligations are to be paid or satisfied on demand, the Assignee has demanded or is concurrently demanding the payment and satisfaction of those Secured Obligations; and

- (C) the Assignee is exercising its rights hereunder to the extent set forth in that notice.
- (b) The decision of the Assignee as to whether there has been a default in respect of any of the Secured Obligations will be final and binding on the Assignor.
- (c) The Assignee may revoke a Notice of Exercise of Assignment given by it at any time by giving the Assignor a written notice to that effect (each a “**Notice of Revocation**”).

**ARTICLE 3  
ASSIGNOR’S REPRESENTATIONS AND WARRANTIES**

**3.1 Representations and Warranties**

The Assignor makes the following representations and warranties to the Assignee as continuing representations and warranties that are now and will hereafter be true and correct at all times while this Assignment remains in effect.

- (a) **Rights in Assigned Property:** The Assignor has (or in the case of after acquired Assigned Property, will have) rights in the Assigned Property.
- (b) **Value:** Value has been given to the Assignor by the Assignee.
- (c) **Authority to Assign:** The Assignor has the power and authority to assign the legal and beneficial title to the Assigned Property to the Assignee in the manner contemplated by this Assignment.
- (d) **Contracts, Guarantees, Licences and Permits Delivered:** The Assignor has delivered the original or a certified true copy of each existing Document to the Assignee.
- (e) **Contracts, Guarantees, Licences and Permits Complete:** Each Document delivered by the Assignor to the Assignee represents the entire agreement between the parties thereto with respect to the subject matter thereof.
- (f) **Contracts, Guarantees, Licences and Permits Valid and Subsisting and in Effect:** Each Contract, Permit, Guarantee and Licence is valid and subsisting and in full force and effect.
- (g) **All necessary Licences and Permits Obtained:** Except as previously disclosed by the Assignor to the Assignee in writing, the Assignor has obtained all Licences and Permits necessary or advisable to operate the businesses carried on by it on each of the Lands.
- (h) **No Other Assignments:** Except as previously disclosed by the Assignor to the Assignee in writing and as constituted hereby, the Assignor has not assigned or encumbered any of the Assigned Property.

- (i) **Assignor's Obligations Performed; Rights Maintained:** Except as previously disclosed by the Assignor to the Assignee in writing, the Assignor has paid, observed and performed all of the Assignor's Obligations and has maintained all of the Rights.
- (j) **No Defaults or Breaches:** Except as previously disclosed by the Assignor to the Assignee in writing, the Assignor is not in default or breach under any Contract or Permit and is not aware of any default or breach by any Other Party under any Contract or Permit, nor is it aware of any default or breach by a Guarantor under any of its Guarantees.
- (k) **No Outstanding Disputes:** Except as previously disclosed by the Assignor to the Assignee in writing, there are no outstanding disputes between the Assignor and any Other Party to a Contract or Permit concerning that Contract or Permit or between the Assignor and any Guarantor concerning that Guarantor's Guarantee.
- (l) **No Consents Required:** Except as set forth in a Contract or Permit, there are no consents required from any Person to the assignment of the Assigned Property or the creation of the security interest contemplated hereby.
- (m) **No Termination of Contracts, Guarantees or Rights:** Except as previously disclosed by the Assignor to the Assignee in writing, the Assignor has not done or omitted to do anything having the effect of:
  - (i) terminating or cancelling any Document or any Right; or
  - (ii) waiving, releasing, reducing or abating any Right.
- (n) **No Set-offs, etc.:** Except as previously disclosed by the Assignor to the Assignee in writing, none of the Assigned Property is affected by any defence, set-off or counterclaim.

**ARTICLE 4  
ASSIGNOR'S AGREEMENTS**

**4.1 Agreements**

- (a) **Assignor's Obligations:** The Assignor shall duly and strictly pay, observe and perform all of the Assignor's Obligations and maintain all of its Rights in respect of the Assigned Property.
- (b) **Deliver True Copies:** The Assignor shall, upon receipt of a written demand therefor by the Assignee, deliver a true and complete copy of each Document then in effect to the Assignee.
- (c) **Further Assurances:** The Assignor shall execute such further assurances as may be required by the Assignee from time to time to give effect to the true intent and meaning of this Assignment.

- (d) **Give Status Certificate:** The Assignor shall, upon receipt of a written request therefor from the Assignee made no more frequently than once during any three month period, forthwith deliver to the Assignee a then current status certificate in respect of any Document designated therein by the Assignee, in each instance signed by the Assignor, addressed to the Assignee and in the form required by the Assignee and the Assignor will use commercially reasonable efforts to also obtain the signature to such status certificate of each Other Party who is a party thereto or bound thereby.
- (e) **Give Notice of this Assignment:** The Assignor shall deliver a copy of this Assignment to each Other Party or Guarantor designated by the Assignee in writing from time to time. The copy will be delivered pursuant to a notice of assignment in a form then required by the Assignor and, if required by the Assignee, the Assignor shall use commercially reasonable efforts to obtain from each applicable Other Party or Guarantor an executed acknowledgement of or consent to this Assignment, or both, in a form then required by the Assignor.
- (f) **Join in Proceedings:** Upon the Assignor's receipt of a Notice of Exercise of Assignment and until it is revoked by a Notice of Revocation or this Assignment is terminated pursuant to Section 2.1 hereof, the Assignor shall at its own cost and expense join in any action or proceeding brought by the Assignee in respect of all or any part of the Assigned Property as the Assignee may require.

#### 4.2 Negative Agreements

- (a) **No Termination, Cancellation:** The Assignor shall not terminate or cancel any Document or Right without the prior written consent of the Assignee, except by reason of the default of the Other Party thereto or as contemplated by the Loan Agreement.
- (b) **No Amendments:** The Assignor shall not amend any Document or Right without the prior written consent of the Assignee, except as contemplated by the Loan Agreement, such consent not to be unreasonably or arbitrarily withheld.
- (c) **No Other Assignments, etc.:** The Assignor shall not further assign or encumber any Document or Right without the prior written consent of the Assignee, except as contemplated by the Loan Agreement.
- (d) **No Prepayments:** The Assignor shall not allow any payments to be made under a Contract or a Permit to be paid prior to the due date for payment thereof, except as contemplated by the Loan Agreement.

### ARTICLE 5 ASSIGNEE'S RIGHTS AND REMEDIES

#### 5.1 Authority to Enforce

Upon the Assignor's receipt of a Notice of Exercise of Assignment and until it is revoked by a Notice of Revocation or this Assignment is terminated pursuant to Section 2.1 hereof, the Assignee

will have the authority to realize upon the Assigned Property and to enforce and exercise the Rights forming part thereof (including the full power and authority to demand, collect, sue for, recover, receive and give receipts for Moneys and to enforce payment thereof) in the name of the Assignor or the Assignee or both of them, as if the Assignee were the absolute owner thereof and an original party thereto and without regard to the state of accounts between the Assignor and the Assignee.

## **5.2 Power of Attorney**

Upon receipt of a Notice of Exercise of Assignment and until it is revoked by a Notice of Revocation or this Assignment is terminated pursuant to Section 2.1 hereof, the Assignor hereby nominates, constitutes and appoints the Assignee its true and lawful attorney, with the full power of substitution for and in the name of and at the expense of the Assignor to act in relation to the Assigned Property and enforce the performance of the Documents and the performance and exercise of the Rights under each (including securing the enforcement and performance of any Other Party's Obligations or any Guarantor's Obligations), as fully and effectually in all respects as the Assignor could do (including the power and authority to institute and prosecute any action or proceeding in respect of the whole or any part of the Assigned Property and to execute a discharge thereof on behalf of the Assignor) as the Assignee may deem advisable in its sole and absolute discretion. This power of attorney will be irrevocable and coupled with an interest and will survive the death, disability, insolvency or other legal incapacity of the Assignor.

## **5.3 Power to Sell**

At any time and from time to time after giving the Assignee a Notice of Exercise of Assignment and until it is revoked by a Notice of Revocation or terminated pursuant to Section 2.1 hereof, the Assignee may sell by public or private sale or otherwise dispose of such of the Assigned Property in such manner, upon such terms and conditions, for such consideration (including deferred payment) and at such time or times as may seem to it advisable, in its sole discretion and without notice to the Assignor and without any liability to the Assignor or any other party for any loss resulting therefrom.

## **5.4 Assignor's Continuing Obligation to Pay, Observe and Perform Assignor's Obligations**

Notwithstanding any exercise by the Assignee of any of its rights and remedies hereunder or under any other security from time to time taken by the Assignee for the payment, performance or observance of the whole or any portion of the Secured Obligations:

- (a) the Assignor shall at all times keep, observe and perform and be solely responsible for the payment, observance and performance of all of the Assignor's Obligations; and
- (b) the Assignee shall at no time be responsible for payment, observance or performance of any of the Assignor's Obligations,

unless the Assignee specifically agrees to the contrary in writing.

### **5.5 No Obligation on Assignee to Preserve or Enforce**

The Assignee shall not be under any obligation at any time to:

- (a) see to or enforce the performance of; or
- (b) institute proceedings for the purpose of preserving,

any of the Contracts, Guarantees or Rights or any Other Party's Obligations or any Guarantor's Obligations.

### **5.6 Not a Mortgagee in Possession**

The Assignee will not for any reason whatsoever become or be deemed a mortgagee in possession.

### **5.7 Account for Moneys Received**

The Assignee shall only account for Moneys that actually come into its hands by virtue of this Assignment and it may apply those Moneys, in whole or in part, against the Secured Obligations as it determines from time to time in its sole and absolute discretion. The Assignee may hold those Moneys, in whole or in part, in a separate interest bearing account for the benefit of the Assignor for such time as it determines and then apply those Moneys as it determines, without prejudice to any claim for any deficiency.

### **5.8 Additional Rights**

This Assignment and the rights and remedies of the Assignee hereunder are in addition to and without prejudice to any other securities and rights and remedies which the Assignee may now or at any time hereafter have or acquire from the Assignor or any other Person or by law, in equity or by statute in respect of the whole or any part of the Secured Obligations.

### **5.9 No Merger**

The taking of a judgment on any agreement contained in this Assignment will not operate to create any merger or discharge of any obligation or liability of the Assignor hereunder or of any other securities now or hereafter given to the Assignor by any Person whomsoever (including the Assignor) in respect of the Secured Obligations or any part thereof.

### **5.10 No Prejudice**

None of the Assignee's rights or remedies under any other securities now or hereafter held by the Assignee from any Person whomsoever (including the Assignor) in respect of the Secured Obligations or any part thereof, will be delayed or in any way prejudiced by this Assignment.

### **5.11 Remedies Concurrent**

The Assignee may commence any actions or institute any proceedings under any securities now or hereafter given to it by any Person whomsoever (including the Assignor) in respect of the Secured Obligations or any part thereof, in any order it sees fit.



### **5.12 Dealings with Others**

The Assignee may, subject to the rights of prior permitted assignees, compound, compromise, grant extensions, take and give up securities, accept compositions, grant releases and discharges and otherwise deal with the Assignor and all other Persons liable and securities taken for the Secured Obligations in whole or in part as the Assignee may see fit, without prejudice to the rights of the Assignee under this Assignment.

### **5.13 Reimbursement for Expenses**

The Assignee may charge on its own behalf and also pay to other Persons reasonable sums for expenses incurred and for services rendered (expressly including legal advice and on a solicitor and his own client basis) in connection with the enforcement of any Document or right or the exercising of any Right and may add those sums to the indebtedness of the Assignor to the Assignee forming part of the Secured Obligations and those sums will bear interest at the rates from time to time in effect with respect to the Secured Obligations (and if more than one rate, at the higher or highest of those rates) until paid in full.

### **5.14 Waiver of Default or Breach**

The Assignee may waive any default or breach by the Assignor under any security document executed and delivered to the Assignee in connection with the Secured Obligations and will not be bound to serve notice upon any other Person who is party to any Document upon the happening of any such default or breach, but any such waiver will not extend to any subsequent default or breach.

### **5.15 Indemnity**

The Assignor shall indemnify the Assignee from and against any and all damages, costs and expenses suffered or incurred by the Assignee (including special costs) in relation to this Assignment and enforcement of any of its rights or remedies hereunder.

## **ARTICLE 6 MISCELLANEOUS**

### **6.1 Notices**

Any notice, demand or other document to be given, or any delivery to be made hereunder will be effective if in writing and delivered in Person and left with, or sent by electronic mail or by prepaid registered letter addressed to the attention of:

- (a) in the case of the Assignee, addressed as follows:

**1351486 B.C. LTD.**  
1556 Kebet Way  
Port Coquitlam, BC V3C 5M5

Attention: Luke Pretty

Email: [luke@dynamic.global](mailto:luke@dynamic.global)

with a copy to:

**FASKEN MARTINEAU DUMOULIN LLP**  
Barristers & Solicitors  
Bentall 5, Suite 2900 – 550 Burrard Street  
Vancouver, BC V6C 0A3

Attention: Brent C. Clark

Email: [bccclark@fasken.com](mailto:bccclark@fasken.com)

(b) in the case of the Assignor addressed as follows:

**LIVING BEACHSIDE DEVELOPMENT LIMITED PARTNERSHIP**  
**SUNNY BEACH MOTEL INC.**  
**PORT CAPITAL FARMS (BEACH) INC.**  
**PORTLIVING FARMS (3624 PARKVIEW) INVESTMENTS INC.**  
**PORTLIVING FARMS (3648 PARKVIEW) INVESTMENTS INC.**  
**PORTLIVING FARMS (3688 PARKVIEW) INVESTMENTS INC.**  
325 West 4th Avenue  
Vancouver, BC V5Y 1H3

Attention: Macario Teodoro Reyes

Email: [tobi@portliving.com](mailto:tobi@portliving.com)

with a copy to (which does not constitute notice):

**MCCARTHY TÉTRAULT LLP**  
Barristers & Solicitors  
Suite 2400, 745 Thurlow Street  
Vancouver, BC V6E 0C5

Attention: Lance Williams

Email: [lwilliams@mccarthy.ca](mailto:lwilliams@mccarthy.ca)

Any notice, demand or other document or delivery so given or made will be deemed to have been given or made and received at the time of delivery in Person or on the business day the transmission was sent successfully to the address set out above, as the case may be. Any party hereto may from time to time by notice in writing change his or its address (or in the case of a corporate party, the designated recipient) for the purposes of this section.

## 6.2 Amendment

Any amendment of this Assignment will not be binding unless in writing and signed by the Assignor and the Assignee.

### **6.3 Time**

Time will be of the essence of this Assignment.

### **6.4 Effectiveness**

All provisions of this Assignment will have effect, any law or statute to the contrary notwithstanding.

### **6.5 Execution in Counterparts**

If the Assignor is comprised of more than one Person, this Assignment may be executed by those Persons in counterparts and those counterparts will together form one original Assignment.

## **ARTICLE 7 INTERPRETATION**

### **7.1 Headings**

All headings and titles in this Assignment are inserted for convenience of reference only and will not affect the construction or interpretation of this Assignment.

### **7.2 Hereof, Etc.**

All references in this Assignment to the words “hereof”, “herein” or “hereunder” will be construed to mean and refer to this Assignment as a whole and will not be construed to refer only to a specific Article, Section, paragraph or clause of this Assignment unless the context clearly requires such construction.

### **7.3 Joint and Several Liability**

If any party hereto is comprised of more than one Person, the assignments, security interests and any other charges constituted hereby and the representations, warranties, covenants, agreements, obligations and liabilities made by or imposed upon that party herein or by law, in equity or by statute will be deemed to have been made, imposed or incurred by or upon all those Persons jointly and by each of those Persons severally.

### **7.4 Severability**

If any term of this Assignment is held to be unenforceable or otherwise invalid, such holding will not in any way affect the enforceability or validity of the remaining terms of this Assignment.

### **7.5 Governing Law**

This Assignment will be governed by and construed in accordance with the laws of the Province of British Columbia; provided that the foregoing will in no way limit the right of the Assignee to commence suits, actions or proceedings based on this Assignment in any other jurisdiction.

## **7.6 Interpretation**

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

## **7.7 Capacity**

If the Assigned Property or any portion thereof or any interest therein is now or at any time hereafter held by the Assignor as a partner of a firm, as a trustee, as an agent, or in any other similar capacity, whether fiduciary or otherwise:

- (a) each and every warranty, representation, covenant, agreement, obligation and liability contained herein; and
- (b) each and every assignment, security interest and other charge created hereby,

whether made, imposed or incurred by or upon the Assignor hereunder, is, will be and will be deemed to be jointly and severally made by or imposed upon the Assignor and the partnership, the beneficiary(ies) of the trust, the principal(s) of the agent, or other entity(ies), as the case may be, and each assignment, security interest and other charge contained in this Assignment is, will be and will be deemed to be assignment of, charge against or security interest the present and future right, title and interest of the partnership, the beneficiary(ies), the principal(s), or such entity(ies), as the case may be, in and to, the Assigned Property, as well as being an assignment of, charge against or security interest in the right, title and interest of the Assignor in and to the Assigned Property, it being the intention of the Assignor that this Assignment is, will be and will be deemed to be an assignment of, charge against or security interest both the present and future legal and beneficial title of the Assignor and such other Person(s) to the Assigned Property.

## **7.8 Assignee as Agent**

If this Assignment is granted to the Assignee in its capacity as agent for one or more other Persons, the Assignor agrees that all:

- (a) grants, mortgages, assignments, charges and security interests;
- (b) representations, warranties, covenants and agreements; and
- (c) obligations and liabilities,

created, made, assumed or incurred hereunder by the Assignor in favour of the Assignee are also created, made, assumed or incurred hereunder by the Assignor in favour of those Persons.

## **7.9 Paramountcy**

If any conflict at any time exists between any term of the Loan Agreement (whether restated herein or not) and any term of this Assignment, then the term of the Loan Agreement will govern and take precedence.

**7.10 Binding Effect**

This Assignment will be binding on the Assignor and will enure to the benefit of the Assignee.

*[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK;  
SIGNATURE PAGE(S) TO FOLLOW]*

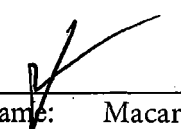
EXECUTED at Vancouver, British Columbia, this 10 day of March, 2022.

**LIVING BEACHSIDE DEVELOPMENT LIMITED PARTNERSHIP**, by its General Partner, **PORT CAPITAL FARMS (BEACH) INC.**, by its authorized signatory(ies):

Per:   
Name: Macario Teodoro Reyes  
Title: Director

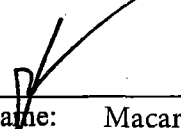
Per: \_\_\_\_\_  
Name:  
Title:  
We/I have the authorization to bind the partnership.

**SUNNY BEACH MOTEL INC.**, by its authorized signatory(ies):

Per:   
Name: Macario Teodoro Reyes  
Title: Director

Per: \_\_\_\_\_  
Name:  
Title:  
We/I have the authorization to bind the corporation.

**PORT CAPITAL FARMS (BEACH) INC.**, by its authorized signatory(ies):

Per:   
Name: Macario Teodoro Reyes  
Title: Director

Per: \_\_\_\_\_  
Name:  
Title:  
We/I have the authorization to bind the corporation.

**PORTLIVING FARMS (3624 PARKVIEW)  
INVESTMENTS INC.,** by its authorized  
signatory(ies):

Per:   
Name: Macario Teodoro Reyes  
Title: Director

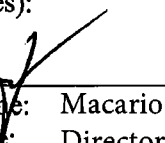
Per: \_\_\_\_\_  
Name:  
Title:  
We/I have the authorization to bind the  
corporation.

**PORTLIVING FARMS (3648 PARKVIEW)  
INVESTMENTS INC.,** by its authorized  
signatory(ies):

Per:   
Name: Macario Teodoro Reyes  
Title: Director

Per: \_\_\_\_\_  
Name:  
Title:  
We/I have the authorization to bind the  
corporation.

**PORTLIVING FARMS (3688 PARKVIEW)  
INVESTMENTS INC.,** by its authorized  
signatory(ies):

Per:   
Name: Macario Teodoro Reyes  
Title: Director

Per: \_\_\_\_\_  
Name:  
Title:  
We/I have the authorization to bind the  
corporation.

**SCHEDULE "A"****LANDS****3624 Parkview Street, Penticton, BC**

|             |  |
|-------------|--|
| <u>PID:</u> | <u>Legal Description:</u>  |
| 012-474-983 | Lot 1 Block 212 District Lot 189 Similkameen Division Yale District Plan 397 except Plan 40551 |

**3648 Parkview Street, Penticton, BC**

|             |   |
|-------------|---|
| <u>PID:</u> | <u>Legal Description:</u>   |
| 011-610-263 | Lot A District Lot 189 Similkameen Division Yale District Plan 1389 |

**3688 Parkview Street, Penticton, BC**

|             |  |
|-------------|--|
| <u>PID:</u> | <u>Legal Description:</u>  |
| 008-974-462 | Lot 1 District Lot 189 Similkameen Division Yale District Plan 14620 |

(collectively, the "Lands")



0365

**SCHEDULE "B"**

**SPECIFIC OTHER MATERIAL CONTRACTS**

Please see the attached.

0366

**SCHEDULE "C"**  
**SPECIFIC PERMITS**

Please see the attached.

**BETWEEN:**

**LIVING BEACHSIDE DEVELOPMENT LIMITED  
PARTNERSHIP, SUNNY BEACH MOTEL INC.,  
PORT CAPITAL FARMS (BEACH) INC.,  
PORTLIVING FARMS (3624 PARKVIEW)  
INVESTMENTS INC., PORTLIVING FARMS  
(3648 PARKVIEW) INVESTMENTS INC. and  
PORTLIVING FARMS (3688 PARKVIEW)  
INVESTMENTS INC.**

**as Assignor**

**AND:**

**1351486 B.C. LTD.**

**as Assignee**

**GENERAL ASSIGNMENT OF MATERIAL  
CONTRACTS, PLANS AND PERMITS**

**FASKEN MARTINEAU DUMOULIN LLP  
Barristers & Solicitors**

**Bentall 5, Suite 2900 – 550 Burrard Street  
Vancouver, BC, Canada V6C 0A3  
Telephone: 604.631.3131**

**Counsel: Brent C. Clark**

**File No: 319671.00003**

0368

This is Exhibit "Q" referred to in the affidavit  
of Luke Pretty sworn before me at Vancouver  
this 29 day of November, 2022.

  
A Commissioner for taking Affidavits for British Columbia

**NEGATIVE PLEDGE****FROM:**

**LIVING BEACHSIDE DEVELOPMENT LIMITED PARTNERSHIP**, a limited partnership formed under the *Partnership Act* of British Columbia (LP0758535), by its General Partner, **PORT CAPITAL FARMS (BEACH) INC.**, a company incorporated under the *Business Corporations Act* of British Columbia (BC1180893), having an office at 325 West 4th Avenue, Vancouver, BC V5Y 1H3;

and

**SUNNY BEACH MOTEL INC.**, a company under the *Business Corporations Act* of British Columbia (BC0781075), having an office at 325 West 4th Avenue, Vancouver, BC V5Y 1H3;

and

**PORT CAPITAL FARMS (BEACH) INC.**, a company under the *Business Corporations Act* of British Columbia (BC1180893), having an office at 325 West 4<sup>th</sup> Avenue, Vancouver, BC V5Y 1H3;

and

**PORTLIVING FARMS (3624 PARKVIEW) INVESTMENTS INC.**, a company under the *Business Corporations Act* of British Columbia (BC0394886), having an office at 325 West 4<sup>th</sup> Avenue, Vancouver, BC V5Y 1H3;

and

**PORTLIVING FARMS (3688 PARKVIEW) INVESTMENTS INC.**, a company under the *Business Corporations Act* of British Columbia (BC1186761), having an office at 325 West 4<sup>th</sup> Avenue, Vancouver, BC V5Y 1H3;

and

**PORTLIVING FARMS (3648 PARKVIEW) INVESTMENTS INC.**, a company under the *Business Corporations Act* of British Columbia (BC1180902), having an office at 325 West 4<sup>th</sup> Avenue, Vancouver, BC V5Y 1H3;

(hereinafter collectively called the "**Borrowers**")

**PORT CAPITAL GROUP INC.**, a company under the *Business Corporations Act* of British Columbia (BC1101663), having an office at 325 West 4th Avenue, Vancouver, BC V5Y 1H3;

and

**PORTLIVING PROPERTIES INC.**, a company under the *Business Corporations Act* of British Columbia (BC1101668), having an office at 325 West 4th Avenue, Vancouver, BC V5Y 1H3;

and

**MACARIO TEODORO REYES**, a Businessperson, of 325 West 4th Avenue, Vancouver, BC V5Y 1H3;

(hereinafter collectively called the “**Guarantors**” and together with the Borrowers, the “**Obligants**”)

**TO:**

**1351486 B.C. LTD.** a company under the *Business Corporations Act* of British Columbia (BC1351486), having an office at 1556 Kebet Way, Port Coquitlam, BC V3C 5H5

(hereinafter referred to as the “**Lender**”)

**WHEREAS:**

A. The Lender is providing financing of \$3,500,000.00 to the Borrowers pursuant to a loan agreement from the Lender dated March 14, 2022 and accepted by the Obligants on March 14, 2022 (as it may be amended, renewed or restated from time to time, the “**Loan Agreement**”);

B. The purpose of the said financing is, *inter alia*, to assist the Borrowers with the refinance of the existing charges over the lands and premises civically and legally described in Schedule “A” hereto (the “**Lands**”), as provided for in the Loan Agreement; and

C. As a condition of such financing, the Lender requires that the Borrowers pledge not to do certain things, including, without limitation, repay any shareholder or other loans, redeem shares, pay out dividends or make other distributions, nor increase compensation to the principals of the Borrowers or the Guarantors (the “**Principals**”) until the loans advanced pursuant to the Loan Agreement are repaid in full.

**NOW THEREFORE IN CONSIDERATION** of loans and advances which have been made or are to be made by the Lender to the Borrowers pursuant to the Loan Agreement or otherwise, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Obligants hereby covenant, undertake and agree to and in favour of the Lender as follows:

1. Until the loan(s) advanced pursuant to the Loan Agreement are repaid in full, the Obligants shall not:
  - (a) pay, repay or advance any loans to any shareholder of the Obligants whether such loans have already been advanced by a shareholder or are advanced in the future;

- (b) pay or repay any loans to any other party subject only to 1341550 B.C. Ltd., as senior lender;
- (c) redeem any shares issued by the Obligants now or in the future;
- (d) pay any dividends or make any other or similar distributions to its shareholders, present or future; or
- (e) increase compensation, whether by way of salary, bonuses or otherwise, to the Principals;
- (f) give, grant or make any guarantee, financial assistance, investment, employee loan, affiliated transactions, except for those in place as at the date of this Negative Covenant and in amounts approved in writing by the Lender (for clarity, in no event shall any of the foregoing, even if already in place as at the date of this Negative Covenant, be permitted to cause the Obligants to breach any covenant set forth in the Loan Agreement);
- (g) undergo any change of control or ownership;

except as may be expressly approved in advance in writing by the Lender or as may be permitted pursuant to the terms of the Loan Agreement.

2. This Negative Pledge shall be construed with such changes of number and gender as the context requires. All rights, advantages, privileges, immunities powers, and things thereby secured to the Lender shall be equally secured to and exercisable by its successors and assigns. All covenants, liabilities and obligations entered into or imposed hereunder upon the Obligants shall be equally binding upon their respective heirs, successors and permitted assigns. If more than one party executes this Negative Pledge as Borrower, the obligations of each such party shall be joint and several. The term "successors", as used herein, includes any corporation resulting from the amalgamation of two or more corporations.
3. This Negative Pledge shall be a continuing agreement and this Negative Pledge and the covenants and agreements of the Obligants herein contained and the rights granted hereunder to the Lender are in addition to and are not in substitution for any other security now or hereafter held by the Lender or any other covenant and agreement of the Obligants or any others, or rights granted to the Lender and contained in or to be contained in any other agreement or instrument including, without limitation, the Loan Agreement.
4. This Negative Pledge, the covenants and agreements and rights contained herein shall not merge in any other agreement or instrument and this Negative Pledge and the covenants and agreements and rights contained herein shall not merge in any other security, covenants and agreements and rights now or hereafter held by the Lender.
5. The Obligants shall do, execute, acknowledge and deliver to or cause to be done, executed, acknowledged and delivered to the Lender all and every such further acts, deeds, mortgages, transfers, pledges and assurances in law or in equity as the Lender may require for the better accomplishing and implementing of the provisions and intentions of this Negative Pledge.

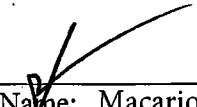
6. Except as provided herein, no modification, variation or amendment of this Negative Pledge and no waiver of the performance of any of the covenants or obligations of any of the parties shall be effective unless same is effected in writing and executed by all of the parties including the Lender.
7. This Negative Pledge may be signed in any number of counterparts. Each such counterpart shall, for all purposes, be deemed an original. All such counterparts together shall constitute but one and the same agreement. An email transmission hereof signed by any person named below will be sufficient to establish the signature of that person and to constitute the consent in writing of that person to this agreement and, notwithstanding the date of execution, shall be deemed to be executed as of the date set forth above. Delivery by a signatory by means of electronic communication capable of producing a printed copy shall be deemed to be execution and delivery of this instrument by the signatory.
8. If any conflict at any time exists between any term of the Loan Agreement (whether restated herein or not) and any term of this Negative Pledge, then the term of the Loan Agreement will govern and take precedence.
9. The parties agree that this Negative Pledge shall be construed in accordance with the laws of the Province of British Columbia and each of the parties hereto attorn to and agrees to be bound by the jurisdiction of courts of competent jurisdiction for the Province of British Columbia.

*[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK;  
SIGNATURE PAGE TO FOLLOW]*

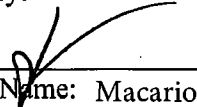


IN WITNESS WHEREOF the Obligants have hereunto executed this Negative Pledge as of the 10 day of March, 2022.

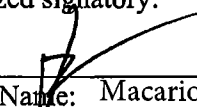
**LIVING BEACHSIDE DEVELOPMENT LIMITED PARTNERSHIP**, by its General Partner, **PORT CAPITAL FARMS (BEACH) INC.**, by its authorized signatory:

Per:   
Name: Macario Teodoro Reyes  
Title: Director  
I have the authority to bind the partnership

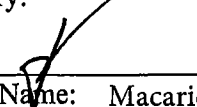
**SUNNY BEACH MOTEL INC.**, by its authorized signatory:

Per:   
Name: Macario Teodoro Reyes  
Title: Director  
I have the authority to bind the corporation


**PORT CAPITAL FARMS (BEACH) INC.**, by its authorized signatory:

Per:   
Name: Macario Teodoro Reyes  
Title: Director  
I have the authority to bind the corporation

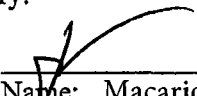
**PORTLIVING FARMS (3624 PARKVIEW) INVESTMENTS INC.**, by its authorized signatory:

Per:   
Name: Macario Teodoro Reyes  
Title: Director  
I have the authority to bind the corporation

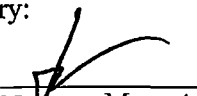
**PORTLIVING FARMS (3688 PARKVIEW)  
INVESTMENTS INC.**, by its authorized  
signatory:

Per:   
Name: Macario Teodoro Reyes  
Title: Director  
I have the authority to bind the corporation

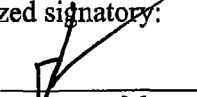
**PORTLIVING FARMS (3648 PARKVIEW)  
INVESTMENTS INC.**, by its authorized  
signatory:

Per:   
Name: Macario Teodoro Reyes  
Title: Director  
I have the authority to bind the corporation

**PORT CAPITAL GROUP INC.**, by its authorized  
signatory:

Per:   
Name: Macario Teodoro Reyes  
Title: Director  
I have the authority to bind the corporation

**PORTLIVING PROPERTIES INC.**, by its  
authorized signatory:

Per:   
Name: Macario Teodoro Reyes  
Title: Director  
I have the authority to bind the corporation

SIGNED, SEALED and DELIVERED by )  
MACARIO TEODORO REYES in the )  
presence of: )

  
\_\_\_\_\_  
Signature )

\_\_\_\_\_  
Print Name **KEAN SILVERTHORN** )  
Barrister & Solicitor )

\_\_\_\_\_  
Address **McCarthy Tétrault LLP** )  
2400 - 745 THURLOW STREET )  
VANCOUVER, B.C. V6E 0C5 )  
DIRECT 604-643-5866 )

\_\_\_\_\_  
Occupation )

  
\_\_\_\_\_  
**MACARIO TEODORO REYES** 

## SCHEDULE "A"

## LANDS

**3624 Parkview Street, Penticton, BC**PID:

012-474-983

Legal Description:Lot 1 Block 212 District Lot 189 Similkameen Division Yale  
District Plan 397 except Plan 40551**3648 Parkview Street, Penticton, BC**PID:

011-610-263

Legal Description:Lot A District Lot 189 Similkameen Division Yale District  
Plan 1389**3688 Parkview Street, Penticton, BC**PID:

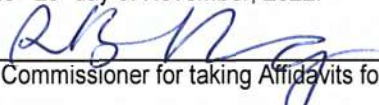
008-974-462

Legal Description:Lot 1 District Lot 189 Similkameen Division Yale District  
Plan 14620

(collectively, the "Lands")

0377

This is Exhibit "R" referred to in the affidavit  
of Luke Pretty sworn before me at Vancouver  
this 29 day of November, 2022.

  
A Commissioner for taking Affidavits for British Columbia

**INDEMNITY AGREEMENT**

**THIS AGREEMENT** dated this 10 day of March, 2022.

**AMONG:**

**LIVING BEACHSIDE DEVELOPMENT LIMITED PARTNERSHIP**, a limited partnership formed under the *Partnership Act* of British Columbia (LP0758535), by its General Partner, **PORT CAPITAL FARMS (BEACH) INC.**, a company incorporated under the *Business Corporations Act* of British Columbia (BC1180893), having an office at 325 West 4th Avenue, Vancouver, BC V5Y 1H3;

and

**SUNNY BEACH MOTEL INC.**, a company under the *Business Corporations Act* of British Columbia (BC0781075), having an office at 325 West 4th Avenue, Vancouver, BC V5Y 1H3;

and

**PORT CAPITAL FARMS (BEACH) INC.**, a company under the *Business Corporations Act* of British Columbia (BC1180893), having an office at 325 West 4<sup>th</sup> Avenue, Vancouver, BC V5Y 1H3;

and

**PORTLIVING FARMS (3624 PARKVIEW) INVESTMENTS INC.**, a company under the *Business Corporations Act* of British Columbia (BC0394886), having an office at 325 West 4<sup>th</sup> Avenue, Vancouver, BC V5Y 1H3;

and

**PORTLIVING FARMS (3688 PARKVIEW) INVESTMENTS INC.**, a company under the *Business Corporations Act* of British Columbia (BC1186761), having an office at 325 West 4<sup>th</sup> Avenue, Vancouver, BC V5Y 1H3;

and

**PORTLIVING FARMS (3648 PARKVIEW) INVESTMENTS INC.**, a company under the *Business Corporations Act* of British Columbia (BC1180902), having an office at 325 West 4<sup>th</sup> Avenue, Vancouver, BC V5Y 1H3;

(collectively, the “**Borrower**”)

**AND:**

**PORT CAPITAL GROUP INC.**, a company under the *Business Corporations Act* of British Columbia (BC1101663), having an office at 325 West 4th Avenue, Vancouver, BC V5Y 1H3;

and

**PORTLIVING PROPERTIES INC.**, a company under the *Business Corporations Act* of British Columbia (BC1101668), having an office at 325 West 4th Avenue, Vancouver, BC V5Y 1H3;

and

**MACARIO TEODORO REYES**, a Businessperson, of 325 West 4th Avenue, Vancouver, BC V5Y 1H3;

(collectively, the “**Guarantor**”)

**AND:**

**1351486 B.C. LTD.** a company under the *Business Corporations Act* of British Columbia (BC1351486), having an office at 1556 Kebet Way, Port Coquitlam, BC V3C 5H5

(the “**Lender**”)

RE: A loan in the amount of \$3,500,000.00 (the “**Loan**”) made by the Lender to the Borrower with a supporting guarantee from the Guarantor to be secured by an *inter alia* mortgage in the amount of \$3,500,000.00 (the “**Mortgage**”) against the properties civically and legally described as follows:

**3624 Parkview Street, Penticton, BC**

|             |  |
|-------------|--|
| <u>PID:</u> | <u>Legal Description:</u>  |
| 012-474-983 | Lot 1 Block 212 District Lot 189 Similkameen Division Yale District Plan 397 except Plan 40551 |

**3648 Parkview Street, Penticton, BC**

|             |   |
|-------------|---|
| <u>PID:</u> | <u>Legal Description:</u>   |
| 011-610-263 | Lot A District Lot 189 Similkameen Division Yale District Plan 1389 |

**3688 Parkview Street, Penticton, BC**

|             |  |
|-------------|--|
| <u>PID:</u> | <u>Legal Description:</u>  |
| 008-974-462 | Lot 1 District Lot 189 Similkameen Division Yale District Plan 14620 |

(collectively, the “**Lands**”) as a second financial charge, pursuant to and in accordance with the terms of the loan agreement dated March 14, 2022 and any amendments thereto (the “**Loan Agreement**”).

**WHEREAS:**

A. The Lender is entitled to a lien or charge on the Lands pursuant to the Mortgage as security for, *inter alia*, repayment of the loan transaction and interest as therein provided; and

B. It is a condition upon which the monies advanced under the Mortgage that the Borrower and the Guarantor (collectively, the “**Indemnitors**”) execute and deliver this Agreement to the Lender.

**NOW THEREFORE THIS AGREEMENT WITNESSES** that for the sum of \$1.00 and other good and valuable consideration now paid by the Lender to the Indemnitors (the receipt and sufficiency of which is hereby acknowledged by the Indemnitors) and to induce the Lender to make a first advance on account of the loan transaction, the Indemnitors warrant, represent, covenant and agree with the Lender as follows:

1. Each of the Indemnitors acknowledge and agree that the Lender has entered into this loan transaction relying on the representation, warranties, covenants and agreements and other terms and conditions of this loan transaction and every one of the accompanying loan documents.
2. Each of the Indemnitors jointly and severally covenant and agree to indemnify and save harmless the Lender from any loss, damage, liability, costs and expense (including without limitation any expenses in respect of an action for collections or foreclosure) suffered by the Lender directly or indirectly as a result of any misrepresentation or any act of fraud, or breach of any representation, warranty, covenant or agreement in connection with the loan transaction contained in any document or certificate delivered in connection with this loan transaction.

This Agreement may be executed in as many counterparts as may be necessary or by electronic mail and each such agreement or electronic mail so executed shall be deemed to be an original and such counterpart together shall constitute one and the same instrument.

If this Agreement is granted to the Lender in its capacity as agent for one or more other Persons (being defined as any individual, sole proprietorship, corporation, partnership, bank, joint venture, trust, unincorporated association, association, institution, entity, party or government (whether national, federal, provincial, state, municipal, county or otherwise and including any instrumentality, division, agency, body or department thereof)), the Borrower and Guarantor agrees that all:

- (a) grants, mortgages, assignments, charges and security interests;
- (b) representations, warranties, covenants and agreements; and
- (c) obligations and liabilities,

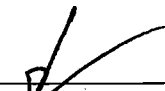


created, made, assumed or incurred hereunder by the Borrower and Guarantor in favour of the Lender are also created, made, assumed or incurred hereunder by the Borrower and Guarantor in favour of those Persons.


*[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK;  
SIGNATURE PAGE TO FOLLOW]*

IN WITNESS WHEREOF the Indemnitors have caused this Agreement to be duly executed as of the day, month and year set forth below.

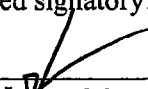
**LIVING BEACHSIDE DEVELOPMENT LIMITED PARTNERSHIP**, by its General Partner, **PORT CAPITAL FARMS (BEACH) INC.**, by its authorized signatory:

Per:   
Name: Macario Teodoro Reyes  
Title: Director  
I have the authority to bind the partnership


**SUNNY BEACH MOTEL INC.**, by its authorized signatory:

Per:   
Name: Macario Teodoro Reyes  
Title: Director  
I have the authority to bind the corporation


**PORT CAPITAL FARMS (BEACH) INC.**, by its authorized signatory:

Per:   
Name: Macario Teodoro Reyes  
Title: Director  
I have the authority to bind the corporation

**PORTLIVING FARMS (3624 PARKVIEW) INVESTMENTS INC.**, by its authorized signatory:


Per:   
Name: Macario Teodoro Reyes  
Title: Director  
I have the authority to bind the corporation

**PORTLIVING FARMS (3688 PARKVIEW)  
INVESTMENTS INC.,** by its authorized  
signatory:

Per:   
Name: Macario Teodoro Reyes  
Title: Director


I have the authority to bind the corporation

**PORTLIVING FARMS (3648 PARKVIEW)  
INVESTMENTS INC.,** by its authorized  
signatory:

Per:   
Name: Macario Teodoro Reyes  
Title: Director

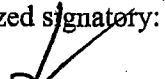
I have the authority to bind the corporation

**PORT CAPITAL GROUP INC.,** by its authorized  
signatory:

Per:   
Name: Macario Teodoro Reyes  
Title: Director

I have the authority to bind the corporation

**PORTLIVING PROPERTIES INC.,** by its  
authorized signatory:

Per:   
Name: Macario Teodoro Reyes  
Title: Director

I have the authority to bind the corporation


SIGNED, SEALED and DELIVERED by  
MACARIO TEODORO REYES in the  
presence of:

  
\_\_\_\_\_  
Signature

**KEAN SILVERTHORN**  
\_\_\_\_\_  
Print Name Barrister & Solicitor

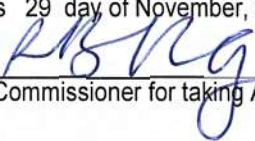
**McCarthy Tétraut LLP**  
\_\_\_\_\_  
Address SUITE 2400 - 745 THURLOW STREET  
VANCOUVER, B.C. V6E 0C5  
DIRECT 604-643-5966

\_\_\_\_\_  
Occupation

  
\_\_\_\_\_  
**MACARIO TEODORO REYES** 

0385

This is Exhibit " S" referred to in the affidavit  
of Luke Pretty sworn before me at Vancouver  
this 29 day of November, 2022.

  
A Commissioner for taking Affidavits for British Columbia

## ASSIGNMENT OF INSURANCE

0386

- INSURED:** Living Beachside Development Limited Partnership (LP0758535), Sunny Beach Motel Inc. (BC0781075), Port Capital Farms (Beach) Inc. (BC1180893), PortLiving Farms (3624 Parkview) Investments Inc. (BC0394886), PortLiving Farms (3648 Parkview) Investments Inc. (BC1180902) and PortLiving Farms (3688 Parkview) Investments Inc. (BC1186761) (collectively, the “undersigned”)
- RE:** The lands and premises civically known as and legally described as set out in Schedule “A” attached hereto (collectively, the “Lands”)

For \$1.00 and other good and valuable consideration now paid by 1351486 B.C. Ltd. (the “Lender”) to the undersigned (the receipt and sufficiency of which is hereby acknowledged by the undersigned), the undersigned unconditionally and irrevocably assign(s), transfer(s) and set(s) over to and in favour of the Lender with an address of 1556 Kebet Way Port Coquitlam, BC V3C 5M5 as and by way of a second fixed and specific assignment, subject to the rights of 1341550 B.C. Ltd. or such other first loss payee as may exist from time to time, under a prior assignment in its favour, all of the undersigned’s right, title and interest, as its interest may appear in, to, under and in respect of all policies of insurance (collectively, the “Insurance”) acquired or to be acquired by the undersigned affecting or in respect of the Lands and the personal property now or hereafter owned or acquired by the undersigned in connection with the Lands (the “Personal Property” and together with the Lands, the “Property”) including:

- (a) all present and future insurance policies relating to the undersigned’s interest in the Property, including, without limitation, any insurance policy listed in any schedule or in any insurance binder attached hereto, as such policies may be renewed, amended or replaced from time to time;
- (b) all benefits, powers and advantages of the undersigned to be derived from the Insurance and all covenants, obligations, agreements and undertakings of the undersigned and right to enforce the rights of undersigned thereunder in the name of the undersigned;
- (c) all revenues, proceeds and other monies now due and payable or hereafter to become due and payable to the undersigned in respect of the Insurance or to be derived therefrom, if any, with full power and authority to demand, sue for, recover, receive and give receipts for all such revenues and other monies; and
- (d) all books, accounts, invoices, letters, papers and documents in any way evidencing or relating to the Insurance,

and all amendments, modifications, extensions, renewals and replacements of any of the foregoing and all rights, remedies, powers, privileges and claims of the undersigned thereunder (whether arising pursuant thereto or available to the undersigned at law or in equity or by statute), to hold and receive the same unto the Lender with full power and authority to demand, collect, sue for, recover, receive and give receipts for payments and to enforce payment of the same.

The undersigned hereby irrevocably authorizes and directs the insurers issuing the Insurance to pay all proceeds of Insurance to the Lender as described above.

The undersigned agrees that:

- (a) this Assignment shall be held by the Lender as continuing collateral security for the due and punctual payment and performance of all present and future indebtedness, liabilities and obligations, direct or indirect, absolute or contingent, matured or unmatured, joint or several, of the undersigned to the Lender;
- (b) this Assignment is in addition to and not in substitution for any other document, agreement or security now or hereafter held by the Lender and is and constitutes continuing security that will remain in full force and effect until re-assigned or discharged by the Lender;
- (c) this Assignment will be supplementary to and will not in any way derogate from the endorsements in favour of the Lender on any Insurance;
- (d) no waiver, modification or amendment of this Assignment or of any such options, powers, rights or remedies will be deemed to have been made unless made in writing and signed by an authorized officer of the Lender, and any such waiver will apply only with respect to the specific instance involved, and will not impair the rights of the Lender or the liability of the undersigned hereunder in any other respect or at any other time; and
- (e) this Assignment will enure to the benefit of and be binding upon the respective heirs, executors, administrators, successors and assigns of the undersigned and the Lender.

If this Assignment is granted to the Lender in its capacity as agent for one or more other persons (being defined as any individual, sole proprietorship, corporation, partnership, bank, joint venture, trust, unincorporated association, association, institution, entity, party or government), the undersigned agrees that all:

- (a) grants, mortgages, assignments, charges and security interests;
- (b) representations, warranties, covenants and agreements; and
- (c) obligations and liabilities,

created, made, assumed or incurred hereunder by the undersigned in favour of the Lender are also created, made, assumed or incurred hereunder by the undersigned in favour of those persons.

*[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK;  
SIGNATURE PAGE(S) TO FOLLOW]*

EXECUTED as of this 10 day of March, 2022.

**LIVING BEACHSIDE DEVELOPMENT LIMITED PARTNERSHIP**, by its General Partner, **PORT CAPITAL FARMS (BEACH) INC.**, by its authorized signatory(ies):

Per: [Signature]  
Name: Macario Teodoro Reyes  
Title: Director

Per: \_\_\_\_\_  
Name:  
Title:  
We/I have the authorization to bind the partnership.

**SUNNY BEACH MOTEL INC.**, by its authorized signatory(ies):

Per: [Signature]  
Name: Macario Teodoro Reyes  
Title: Director

Per: \_\_\_\_\_  
Name:  
Title:  
We/I have the authorization to bind the corporation.

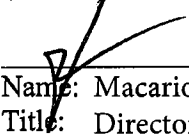
**PORT CAPITAL FARMS (BEACH) INC.**, by its authorized signatory(ies):

Per: [Signature]  
Name: Macario Teodoro Reyes  
Title: Director

Per: \_\_\_\_\_  
Name:  
Title:  
We/I have the authorization to bind the corporation.

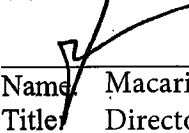


**PORTLIVING FARMS (3624 PARKVIEW)  
INVESTMENTS INC., by its authorized  
signatory(ies):**

Per:   
Name: Macario Teodoro Reyes  
Title: Director

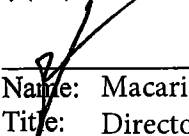
Per: \_\_\_\_\_  
Name:  
Title:  
We/I have the authorization to bind the corporation.

**PORTLIVING FARMS (3648 PARKVIEW)  
INVESTMENTS INC., by its authorized  
signatory(ies):**

Per:   
Name: Macario Teodoro Reyes  
Title: Director

Per: \_\_\_\_\_  
Name:  
Title:  
We/I have the authorization to bind the corporation.

**PORTLIVING FARMS (3688 PARKVIEW)  
INVESTMENTS INC., by its authorized  
signatory(ies):**

Per:   
Name: Macario Teodoro Reyes  
Title: Director

Per: \_\_\_\_\_  
Name:  
Title:  
We/I have the authorization to bind the corporation.

## SCHEDULE "A"

## LANDS

**3624 Parkview Street, Penticton, BC**

|             |  |
|-------------|--|
| <u>PID:</u> | <u>Legal Description:</u>  |
| 012-474-983 | Lot 1 Block 212 District Lot 189 Similkameen Division Yale District Plan 397 except Plan 40551 |

**3648 Parkview Street, Penticton, BC**

|             |   |
|-------------|---|
| <u>PID:</u> | <u>Legal Description:</u>   |
| 011-610-263 | Lot A District Lot 189 Similkameen Division Yale District Plan 1389 |

**3688 Parkview Street, Penticton, BC**

|             |  |
|-------------|--|
| <u>PID:</u> | <u>Legal Description:</u>  |
| 008-974-462 | Lot 1 District Lot 189 Similkameen Division Yale District Plan 14620 |

(collectively, the "Lands")

0391

This is Exhibit "T" referred to in the affidavit  
of Luke Pretty sworn before me at Vancouver  
this 29 day of November, 2022.

  
A Commissioner for taking Affidavits for British Columbia

**ASSIGNMENT AND POSTPONEMENT OF CLAIMS**

**THIS ASSIGNMENT AND POSTPONEMENT OF CLAIMS** dated March 10, 2022 and made,

**BETWEEN:**

**PORT CAPITAL GROUP INC.**, a company under the *Business Corporations Act* of British Columbia (BC1101663), having an office at 325 West 4th Avenue, Vancouver, BC V5Y 1H3;

and

**PORTLIVING PROPERTIES INC.**, a company under the *Business Corporations Act* of British Columbia (BC1101668), having an office at 325 West 4th Avenue, Vancouver, BC V5Y 1H3;

and

**PORT CAPITAL DEVELOPMENT (FARMS) INC.**, a company under the *Business Corporations Act* of British Columbia (BC1177526), having an office at 325 West 4th Avenue, Vancouver, BC V5Y 1H3;

and

**MACARIO TEODORO REYES**, a Businessperson, of 325 West 4th Avenue, Vancouver, BC V5Y 1H3;

(collectively, the “Assignor”)

**AND:**

**1351486 B.C. LTD.**, a company under the *Business Corporations Act* of British Columbia (BC1351486), having an office at 1556 Kebet Way, Port Coquitlam, BC V3C 5H5;

(the “Assignee”)

**AND:**

**LIVING BEACHSIDE DEVELOPMENT LIMITED PARTNERSHIP**, a limited partnership formed under the *Partnership Act* of British Columbia (LP0758535), by its General Partner, **PORT CAPITAL FARMS (BEACH) INC.**, a company incorporated under the *Business Corporations Act* of British Columbia (BC1180893), having an office at 325 West 4<sup>th</sup> Avenue, Vancouver, BC V5Y 1H3;

and

**SUNNY BEACH MOTEL INC.**, a company under the *Business Corporations Act* of British Columbia (BC0781075), having an office at 325 West 4th Avenue, Vancouver, BC V5Y 1H3;

and

**PORT CAPITAL FARMS (BEACH) INC.**, a company incorporated under the *Business Corporations Act* of British Columbia (BC1180893), having an office at 325 West 4<sup>th</sup> Avenue, Vancouver, BC V5Y 1H3;

and

**PORTLIVING FARMS (3624 PARKVIEW) INVESTMENTS INC.**, a company incorporated under the *Business Corporations Act* of British Columbia (BC0394886), having an office at 325 West 4<sup>th</sup> Avenue, Vancouver, BC V5Y 1H3;

and

**PORTLIVING FARMS (3648 PARKVIEW) INVESTMENTS INC.**, a company incorporated under the *Business Corporations Act* of British Columbia (BC1180902), having an office at 325 West 4<sup>th</sup> Avenue, Vancouver, BC V5Y 1H3;

and

**PORTLIVING FARMS (3688 PARKVIEW) INVESTMENTS INC.**, a company incorporated under the *Business Corporations Act* of British Columbia (BC1186761), having an office at 325 West 4<sup>th</sup> Avenue, Vancouver, BC V5Y 1H3;

(collectively, the “**Debtor**”)

A. The Debtor has agreed to borrow the monies representing the Loan from the Assignee who has agreed to make the Loan to the Debtor.

B. It is a condition of the Loan that the Assignor execute and deliver this Assignment to the Assignee.

In consideration of the sum of \$1.00 and other good and valuable consideration now paid by the Assignee to the each of the Assignor and the Debtor, the receipt and sufficiency of which is hereby acknowledged by each of them, the Assignor and the Debtor represent and warrant to and covenant and agree with the Assignee as set forth herein.

**ARTICLE 1 - DEFINITIONS****1.1 Definitions**

In this Agreement, the following words and phrases will have the meanings set out below unless the parties or the context otherwise require(s).

- (a) **“Agreement”** or **“this Agreement”** means this Agreement including all recitals and schedules hereto, as amended, modified, restated or replaced from time to time.
- (b) **“Assignee”** means the party so described above and its successors and assigns, whether immediate or derivative.
- (c) **“Assignee's Claims”** means the Claims of the Assignee against the Debtor.
- (d) **“Assignor”** means the parties so described above and his, her, its or their respective heirs, executors, administrators, personal representatives, successors and assigns, whether immediate or derivative.
- (e) **“Assignor's Claims”** means the Claims of the Assignor against the Debtor.
- (f) **“Charge”** means any mortgage, assignment, security interest, charge (fixed or floating), pledge, hypothec, lien (statutory or otherwise), trust, interest in any lease, conditional sale or other title retention agreement, or other encumbrance of any nature or kind whatsoever, now or at any time hereafter arising in respect of the whole or any portion of the Collateral.
- (g) **“Claims”** means in respect of one Person to another Person, means the present and future, debts, obligations and liabilities of that Person to the other Person of every nature, kind or description whatsoever, whether direct or indirect, absolute or contingent, joint or several, liquidated or unliquidated, voluntary or involuntary, determined or undetermined, due or not due and wheresoever and howsoever arising.
- (h) **“Collateral”** means all of the Assignor's present and future right, title and interest in and to:
  - (i) the Rights;
  - (ii) the Assignor's Claims;
  - (iii) all letters, papers and other documents now or at any time hereafter evidencing or relating to any one or more of the Assignor's Claims, or which now or at any time hereafter may be received by the Assignor as security for or on account of the Assignor's Claims in whole or in part; and
  - (iv) all proceeds now or hereafter arising from the Assignor's Claims that are goods, intangibles, securities, documents of title, chattel paper, instruments or money.

- (i) “**Debtor**” means the parties so described above and their successors and assigns, whether immediate or derivative.
- (j) “**Default**” means the occurrence of any of the following events:
  - (i) a default or breach by the Debtor in the payment, observance or performance of any Obligation which is not cured within the applicable cure period, if any;
  - (ii) if any of the representations and warranties contained herein shall at any time be false or inaccurate in any material respect;
  - (iii) if the Assignor, without the Assignee's prior written consent, creates or permits to exist any Charge against the Collateral which ranks or could in any event rank in priority to or *pari passu* with the security constituted by this Agreement;
  - (iv) if the Assignor becomes bankrupt or insolvent or makes or demonstrates an intention to make an assignment for the benefit of its creditors or makes a proposal or takes advantage of any provision of the *Bankruptcy and Insolvency Act* of Canada or any other legislation for the benefit of insolvent Debtor;
  - (v) if any proceedings are commenced against the Assignor under the compromise or arrangement provisions of any applicable legislation, or the Assignor enters into a winding up arrangement or compromise with any or all of its creditors pursuant to such provisions or otherwise;
  - (vi) if a receiver or receiver-manager is appointed in respect of the Assignor or any part of the Collateral;
  - (vii) if any execution, sequestration, extent or any other process of any kind is levied or enforced upon or against any part of the Collateral;
  - (viii) if any Charge affecting any part of the Collateral becomes enforceable against it; or
  - (ix) if any material portion of any part of the Collateral is lost, damaged or destroyed.
- (k) “**Demand**” means a written demand made by the Assignee for the payment, observance or performance of the Obligations in whole or in part, with or without the occurrence of a Default.
- (l) “**Enforcement Proceedings**” means enforcement or realization proceedings, taken by the Assignee to enforce or realize any of the security from time to time granted to it for the payment, observance or performance of the Obligations in whole or in part, including this Agreement, and for greater certainty includes the making of a Demand and the entering into by the Assignee and the Debtor of a forbearance agreement.

- (m) “**Loan**” means the \$3,500,000.00 loan(s) made or to be made by the Assignee to the Debtor contemplated by the Loan Agreement.
- (n) “**Loan Agreement**” means the loan agreement dated March 14, 2022, issued by the Assignee to and accepted by the Debtor in connection with the Loan; as amended, modified, restated or replaced from time to time.
- (o) “**Obligations**” means the present and future debts, obligations and liabilities of the Debtor to the Assignee in connection with the Loan of every nature, kind or description whatsoever, whether direct or indirect, absolute or contingent, joint or several, liquidated or unliquidated, voluntary or involuntary, determined or undetermined, due or not due and wheresoever and howsoever arising.
- (p) “**Persons**” or “**Person**” means and includes any individual, sole proprietorship, corporation, partnership, bank, joint venture, trust, unincorporated association, association, institution, entity, party or government (whether national, federal, provincial, state, municipal, city, county or otherwise and including any instrumentality, division, agency, body or department thereof).
- (q) “**PPSA**” means *Personal Property Security Act* of British Columbia and any regulations thereto, as amended from time to time.
- (r) “**Rights**” means all of the present and future benefits, advantages, privileges, powers, claims, demands, rights, remedies, security, judgments and the like whatsoever (including any extensions or renewals thereof), which the Assignor may be entitled to under or in respect of the Assignor's Claims or any part thereof including:
  - (i) any and all benefits and advantages due or accruing due to the Assignor now or at any time after the date hereof under any of the Assignor's Claims (including all rights to receive the same); and
  - (ii) the benefit of all covenants, guarantees, representations, warranties and indemnities which have been or in the future are granted to, received or negotiated by the Assignor, or any agent of the Assignor, in respect of any of the Assignor's Claims and the Rights.
- (s) “**Senior Lender**” means 1341550 B.C. Ltd.

## 1.2 Additional Definitions

Words used in this Agreement that are defined in the PPSA will have the meaning given to them in that Act or those regulations unless otherwise defined herein.

## ARTICLE 2 - ASSIGNMENT AND POSTPONEMENT OF CLAIMS

### 2.1 Assignment and Postponement of Claims

The Assignor:



- (a) assigns, transfers and grants a security interest in the Collateral to the Assignee; and
- (b) postpones and subordinates the payment, observance and performance of the Assignor's Claims to the prior payment, observance and performance of the Assignee's Claims, in all respects, at all times and in all circumstances,

until the Assignee's Claims have been paid, performed and satisfied in full.

## **2.2 Attachment**

The Assignor acknowledges that value has been given and that the security interest granted herein is intended to attach:

- (a) as to the Collateral in which the Assignor now has rights, upon the execution and delivery of this Agreement by the Assignor; and
- (b) as to the Collateral in which the Assignor acquires rights after the execution of this Agreement, when the Assignor acquires such rights.

The Assignor agrees that the Assignor and the Assignee do not intend to postpone the attachment of any security interest created hereby.

## **2.3 Multiple Assignors**

If the Assignor is comprised of more than one Person, all references to the Collateral in this Agreement will be interpreted to mean:

- (a) the Collateral which is now or hereafter jointly owned or acquired by all Persons comprising the Assignor; and
- (b) the Collateral which is now or hereafter individually owned or acquired by each Person comprising the Assignor.

# **ARTICLE 3 - REPRESENTATIONS AND WARRANTIES**

## **3.1 Representations and Warranties**

The Assignor represents and warrants to the Assignee, as continuing representations and warranties that are now and will hereafter be true and correct at all times while this Agreement remains in effect, namely:

- (a) the Assignor is the legal and beneficial owner of the Collateral and no other Person has any ownership interest, beneficial or otherwise therein or thereto;
- (b) value has been received by it from the Assignee in respect of the security interest;
- (c) except as previously disclosed to the Assignee in writing, no part of the Assignor's Claims is, or will be, evidenced by a negotiable instrument or secured;

- (d) except as previously disclosed to the Assignee in writing or disclosed in the British Columbia Personal Property Registry (the "PPR"), no part of the Collateral has been assigned or otherwise transferred to or for the benefit of any Person other than the Assignee;
- (e) except as previously disclosed to the Assignee in writing or as disclosed in the PPR, no postponement or subordination agreement relating to all or any part of the Collateral has been executed in favour of any Person other than the Assignee and the Senior Lender;
- (f) the Assignor has the full power and capacity to assign and grant a security interest in the Collateral to the Assignee on the terms contemplated hereby;
- (g) subject to the Senior Lender subordination agreement, the execution and delivery of this Agreement by the Assignor and the postponement, assignment and the security interest created hereby will not constitute a default or breach under any indenture, agreement or instrument to which the Assignor is a party or by which it or any of its property is bound; and
- (h) no other authorization, approval or other actions and no notice to or filing with any governmental authority or any other Person is required:
  - (i) for the postponement or assignment of the Collateral pursuant to this Agreement;
  - (ii) for the execution, delivery and performance of this Agreement by the Assignor; or
  - (iii) for the exercise by the Assignee of its remedies, whether provided for in this Agreement or not, except as may be required in connection with a disposition of Collateral by laws affecting the offering and sale of securities generally.

## ARTICLE 4 - COVENANTS

### 4.1 Covenants

The Assignor covenants with the Assignee as follows:

- (a) the Assignor's Claims shall be and are hereby postponed and subordinated to the prior payment, observance and performance in full of the Assignee's Claims in all respects, at all times and in all circumstances;
- (b) the Assignor shall not assert, collect or enforce the Assignor's Claims or any part thereof, or realize upon or enforce any collateral securing the Assignor's Claims or any part thereof, without the Assignee's prior written consent, which consent may not be unreasonably withheld or delayed by the Assignee;
- (c) subject to the Senior Lender subordination agreement, the Assignor shall forthwith pay to the Assignee on demand for application upon the Assignee's Claims any payment received by it on account of the Assignor's Claims;

- (d) the Assignor shall not demand or accept any property of the Debtor as collateral for the Assignor's Claims without the Assignee's prior written consent, which consent may not be unreasonably withheld or delayed by the Assignee, and shall forthwith deliver or cause to be delivered any such collateral to the Assignee;
- (e) except as otherwise expressly provided herein or in other written agreements from time to time entered into between or on behalf of the Assignor and the Assignee, the Assignor shall not sell, exchange, transfer, assign, lend, charge, pledge, encumber or otherwise dispose of or deal in any way with the Collateral or any interest therein except to the Assignee hereunder, or enter into any agreement or undertaking to do so;
- (f) the Assignor shall defend the Collateral for the benefit of the Assignee against the claims and demands of all other Persons;
- (g) the Assignor shall fully and effectively maintain and keep maintained valid and effective the security interest constituted by this Agreement;
- (h) the Assignor shall ensure that each of the representations and warranties of the Assignor herein contained will be true and correct at all times until the security interest created hereunder is discharged by the Assignee as herein provided;
- (i) the Assignor waives:
  - (i) notice of acceptance hereof and of presentment, demand, protest and notice of non-payment or protest as to any note or obligation signed, accepted, endorsed or assigned to the Assignee by the Debtor,
  - (ii) any other demands and notices required by law; and
  - (iii) all defences, setoffs and counterclaims; and
- (j) this Agreement constitutes a continuing agreement in respect of the Obligations, even though at times the Debtor may not be indebted to Assignee.

## **ARTICLE 5 - ENFORCEMENT OF SECURITY**

### **5.1 Remedies**

- (a) Upon the occurrence and at any time during the continuance of a Default the Assignee will:
  - (i) have, in addition to the rights and remedies provided for herein, all of the rights and remedies with respect to the Collateral of a secured party under the PPSA and such additional rights and remedies to which a secured party is entitled at law or in equity or by other statute in the Province of British Columbia and such additional rights and remedies to which a secured party is entitled under the laws in effect in any other jurisdiction where any rights and remedies hereunder may be asserted; and

- (ii) be entitled but not obligated to enforce and exercise those rights and remedies and realize upon the Collateral or any part(s) thereof, in such manner and at such time(s) as it shall in its sole and absolute discretion deem advisable.
  
- (b) Without limiting the generality of (a), the Assignee may:
  - (i) demand, sue for, collect or receive any of the Assignor's Claims at any time payable or receivable on account of or in exchange for any of the Collateral in its name or in the name of the Assignor or otherwise; and
  - (ii) sell, assign or otherwise dispose of all or any part of such Collateral, at such place or places and at such times or times as the Assignee deems best, and for cash or for credit or for future delivery (without thereby assuming any credit risk), at public or private sale, without demand of performance or notice of intention to effect any such disposition or of the time or place thereof (except such notice as is required by applicable statute and cannot be waived), and the Assignee, its assignees hereunder or anyone else who may be the purchaser, Assignee or recipient of any or all of the Collateral so disposed of at any public sale (or, to the extent permitted by law, at any private sale) shall thereafter hold the same absolutely, free from any claim or right of whatsoever kind, including any right or equity of redemption (statutory or otherwise) of the Assignor; any such demand, notice and right or equity being hereby expressly waived and released.
  
- (c) The Assignor agrees that:
  - (i) upon the occurrence and at all times during the continuance of Enforcement Proceedings:
    - (A) the Assignee will be entitled by itself or through its agents (including without limitations any receiver or receiver manager) to all rights of ownership of and all other rights attaching to the Collateral, or any of it, as if the Assignee were the absolute owner thereof; and
    - (B) the Assignor shall hold all cash and non cash payments made to it on account of the Collateral in trust for the Assignee and immediately pay over and deliver those payments to the Assignee, without a Demand therefor;
  - (ii) notwithstanding the foregoing, the Assignee will not be bound under any circumstances to enforce or realize upon any Collateral or to allow any Collateral to be sold by it and the Assignee will not be responsible for any loss occasioned by any sale or by the retention of or refusal to sell Collateral in whole or in part; nor will the Assignee be obliged to collect or see to the exercise of any Rights with respect thereto or to the remaining Collateral;

- (iii) the Assignor shall remain liable to the Assignee for any deficiency or amount outstanding in respect of the Obligations upon any realization of the Collateral and application of the proceeds thereof on the Obligations;
- (iv) the records of the Assignee as to the making of a Demand or the occurrence of a Default will, absent manifest error, be conclusive evidence of the making of such Demand or the occurrence of a Default; and
- (v) at the written request of the Assignee the Assignor shall, at its own expense, execute all such transfers and documents as may be reasonably required, with all such powers of sale and other necessary powers as may be expedient for vesting the Collateral in whole or in part in the Assignee or such Person(s) or nominee(s) as it may appoint.

## **5.2 Remedies Not Exclusive**

The Assignee may exercise any of its rights and remedies independently or in combination and at any time and from time to time. The exercise of any particular right or remedy shall not preclude the further exercise of that or any other right or remedy. In addition to the foregoing, the Assignee will not be obliged to exhaust its recourse against the Assignor or any other Person or Persons or against any other security or securities it may from time to time hold in connection with the Obligations or any part thereof before realizing on or otherwise dealing with the Collateral in such manner as the Assignee considers desirable or expedient.

## **5.3 Application of Proceeds**

Any monies realized by the Assignee on or in respect of the Collateral in connection with the exercise of any rights or remedies of the Assignee will be applied in the following order:

- (a) to the payment of all expenses incurred by the Assignee or its agents in connection with the Enforcement Proceedings;
- (b) to the payment of interest, including interest on interest in default accrued but unpaid in respect of any of the Obligations;
- (c) to the payment of principal outstanding and unpaid in respect of any of the Obligations;
- (d) to the payment of all other amounts owing and unpaid in respect of any of the Obligations; and
- (e) the balance, if any, will be paid to the Person or Persons legally entitled thereto.

## **5.4 Power of Attorney**

Upon the commencement and during the continuance of Enforcement Proceedings, the Assignee (or any officer of the Assignee appointed by the Assignee) is hereby irrevocably constituted and appointed by the Assignor to be its true and lawful attorney, with full power of substitution, to do, make and execute all such statements, assignments, documents, acts, matters or things with the right to use the name of the Assignor whenever and wherever it may be deemed necessary or

expedient to give effect to this Agreement or to protect the security created hereby. This power of attorney will be irrevocable and coupled with an interest.

### **5.5 Other Dealings**

The Assignee may grant time, renewals, extensions and indulgences, releases, and discharges to, may take and give up securities from or may abstain from taking securities from and may accept compositions from and may otherwise deal with all Persons including the Assignor and any securities it holds in connection with the Obligations, or any part thereof, including any of the Collateral, as the Assignee may see fit without prejudice to the rights of the Assignee to hold, deal with and realize on the Collateral in any manner which the Assignee considers desirable or expedient.

### **5.6 Other Security**

The security constituted hereby is taken in addition to and not in substitution for and is independent of any other security from time to time taken by or granted to the Assignee by the Assignor or any other Person for the Obligations .

### **5.7 No Merger**

This Agreement will not operate so as to create any merger or discharge of any of the Obligations, or of any assignment, transfer, guarantee, lien, contract, promissory note, bill of exchange or security of any form held or which may hereafter be held by the Assignee from the Assignor or from any other Person or Persons. Neither the taking of any judgment nor the exercise of any power or seizure or disposition will extinguish the liability of the Assignor to pay, observe and perform the Obligations nor will the acceptance of any payment or alternate security constitute or create any novation and no covenant, representation or warranty of the Assignor herein will merge in any judgment.

### **5.8 Enforcement Costs**

The Assignor agrees that all costs and charges incurred by the Assignee with respect to the Collateral or the realization thereof (including all legal costs on the basis as between a solicitor and his own client and court costs paid and also including expenses of taking possession of, protecting and realizing upon any property comprised in the Collateral) will be added to the Obligations and will be a charge and security interest upon the monies received having the priority of the mortgage , pledge, charge and security interest created hereby.

## **ARTICLE 6 - DEBTOR**

### **6.1 Prohibited Actions while Enforcement Proceedings remain outstanding**

The Debtor shall not, while Enforcement Proceedings remain outstanding:

- (a) pay all or any part of the Assignor's Claims; or
- (b) transfer any property to Assignor as security for the payment thereof; or
- (c) assign or transfer all or any part of the Assignor's Claims to or for the benefit of any other Person.

## 6.2 Restrictions

0403

The Debtor shall not, at any time while Enforcement Proceedings are not outstanding, without the Assignee's prior written consent, which consent may not be unreasonably withheld:

- (a) pay all or any part of the Assignor's Claims to the Assignor;
- (b) transfer any property to Assignor as security for the payment thereof ;
- (c) execute or deliver any negotiable instrument as evidence of the Assignor's Claims or any part thereof;
- (d) assign or transfer all or any part of the Assignor's Claims to or for the benefit of others; or
- (e) execute any postponement and subordination agreement in favour of any other Person with respect to all or any part of the Collateral, unless such other subordination agreement is expressly made subject, in a manner satisfactory to the Assignee, to the Assignee's prior rights under this Agreement.

## 6.3 Cross Default

The Debtor further agrees that if any representation made to the Assignee by the Debtor or the Assignor under or pursuant to this Agreement is or becomes false, or if Debtor or the Assignor defaults in the performance of any agreement contained herein, then, the Obligations may, at the Assignee's option, be declared to be immediately due and payable, notwithstanding the maturity stated or any presently outstanding or future promissory note, or other instrument evidencing or governing any such indebtedness or obligation.

## 6.4 No Set-offs , etc.

The Debtor agrees that the Assignor's Claims are not the subject of, nor will any of the Assignor's Claim be made the subject of, any set-off or counterclaim by the Debtor against the Assignor.

## 6.5 No Security

The Debtor and the Assignor represent to the Assignee that the Assignor holds no security for the Assignee's Claims or any part thereof.

## 6.6 No Satisfaction

The Debtor and the Assignor agree with the Assignee that no satisfaction, consideration or security will be given to or accepted by the Assignor for any of the Assignor's Claims, without the written consent of the Assignee first had and obtained, which consent may not be unreasonably withheld.

## 6.7 Changes, Amalgamations

The Debtor and the Assignor agree that where the Debtor or the Assignor is a corporation, this Agreement will not be affected by:

- (a) any change whatsoever in its or their objects, capital structure, or constitution with respect to transactions occurring before or after such change; or

- (b) its or their amalgamation with any corporation, with respect to transactions occurring before or after such amalgamation,

but this Agreement will continue to apply to all the Assignor's Claims, notwithstanding the happening of any of these events.

## **6.8 Bankruptcy, etc. of Debtor**

The Assignor and the Debtor agree that in the event of the bankruptcy, insolvency or winding up, liquidation or restructuring of the Debtor, or any distribution of the Debtor's assets or the proceeds thereof among its creditors in any manner whatsoever while this Agreement remains in effect, the Assignee may prove the Assignor's Claims as a debt owing to it by the Debtor, and the Assignee will be entitled to receive the dividends otherwise payable to the Assignor in respect thereof for application on such part or parts of the Assignor's Claims as the Assignor shall see fit.

## **ARTICLE 7 - MISCELLANEOUS**

### **7.1 Amendment**

Any amendment of this Agreement will not be binding unless in writing and signed by the Assignor and the Assignee.

### **7.2 Waiver**

No waiver of any of the provisions of this Agreement will be effective unless given in writing by the party against which the same is to be asserted.

### **7.3 Notices**

Any notice, demand or other document to be given, or any delivery to be made hereunder shall be effective if in writing and delivered in person and left with, or sent by electronic mail or by prepaid registered letter addressed to the attention of:

- (a) in the case of the Assignor, addressed as follows:

**PORT CAPITAL GROUP INC.  
PORTLIVING PROPERTIES INC.  
PORT CAPITAL DEVELOPMENT (FARMS) INC.  
MACARIO TEODORO REYES  
325 West 4th Avenue  
Vancouver, BC V5Y 1H3**

Attention: Macario Teodoro Reyes

Email: [tobi@portliving.com](mailto:tobi@portliving.com)



with a copy to (which does not constitute notice):

**MCCARTHY TÉTRAULT LLP**

Barristers & Solicitors  
Suite 2400, 745 Thurlow Street  
Vancouver, BC V6E 0C5

Attention: Lance Williams

Email: [lwilliams@mccarthy.ca](mailto:lwilliams@mccarthy.ca)

(b) in the case of the Assignee, addressed as follows:

**1351486 B.C. LTD.**

1556 Kebet Way  
Port Coquitlam, BC V3C 5M5

Attention: Luke Pretty

Email: [luke@dynamic.global](mailto:luke@dynamic.global)

with a copy to:

**FASKEN MARTINEAU DUMOULIN LLP**

Barristers & Solicitors  
Bentall 5, Suite 2900 – 550 Burrard Street  
Vancouver, BC V6C 0A3

Attention: Brent C. Clark

Email: [bcclark@fasken.com](mailto:bcclark@fasken.com)

(c) in the case of the Debtor, addressed as follows:

**LIVING BEACHSIDE DEVELOPMENT LIMITED PARTNERSHIP  
SUNNY BEACH MOTEL INC.**

**PORT CAPITAL FARMS (BEACH) INC.**

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

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

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

325 West 4<sup>th</sup> Avenue  
Vancouver, BC V5Y 1H3

Attention: Macario Teodoro Reyes

Email: [tobi@portliving.com](mailto:tobi@portliving.com)

with a copy to (which does not constitute notice):

**MCCARTHY TÉTRAULT LLP**  
Barristers & Solicitors  
Suite 2400, 745 Thurlow Street  
Vancouver, BC V6E 0C5

Attention: Lance Williams

Email: [lwilliams@mccarthy.ca](mailto:lwilliams@mccarthy.ca)

Any notice, demand or other document or delivery so given or made will be deemed to have been given or made and received at the time of delivery in Person or on the business day the transmission was sent successfully to the address set out above, as the case may be. Any party hereto may from time to time by notice in writing change his or its address (or in the case of a corporate party, the designated recipient) for the purposes of this section.

#### **7.4 Further Assurances**

The Assignor shall from time to time forthwith on the Assignee's request do, make and execute all such documents, acts, matters and things as may be required by the Assignee with respect to this Agreement or any part hereof or as may be required to give effect to this Agreement.

#### **7.5 Counterparts**

This Agreement may be executed in counterparts and an executed copy of this Agreement may be delivered by electronic mail or other means of electronic communication capable of producing a signed printed copy of this Agreement. Any such execution and delivery will be deemed to have occurred as of the date set forth above by the party so delivering such copy.

#### **7.6 Waiver of Financing Statement**

The Assignor acknowledges receipt of a copy of this agreement and waives all rights to receive from the Assignee a copy of any Financing Statement, financing Change Statement or Verification Statement registered with or issued by any personal property registry at any time or from time to time in respect of this Agreement.

### **ARTICLE 8 - INTERPRETATION**

#### **8.1 Headings**

All headings and titles in this Agreement are for reference only and are not to be used in the interpretation of the terms hereof.

#### **8.2 Hereof, Etc.**

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

### **8.3 Joint and Several Liability**

If any party hereto is comprised of more than one Person, the assignments, security interests and other charges constituted hereby and the representations, warranties, covenants, agreements, obligations and liabilities made by or imposed upon that party herein or by law will be deemed to have been made or incurred by all those Persons jointly and by each of those Persons severally.

### **8.4 Severability**

If any of the terms of this Agreement are or are held to be unenforceable or otherwise invalid, such holding will not in any way affect the enforceability or validity of the remaining terms of this Agreement.

### **8.5 Governing Law**

This Agreement will be governed by and construed in accordance with the laws of the Province of British Columbia; provided that the foregoing will in no way limit the right of the Assignee to commence suits, actions or proceedings based on this Agreement in any other jurisdiction.

### **8.6 Enurement**

This Agreement will be binding upon the Assignor and will enure to the benefit of the Assignee.

### **8.7 Interpretation**

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

### **8.8 Capacity**

If the Collateral or any portion thereof or any interest therein are now or at anytime hereafter held by the Assignor as a partner of a firm, as a trustee, as an agent, or in any other similar capacity, whether fiduciary or otherwise:

- (a) each and every warranty, representation, covenant, agreement, term, condition, proviso and stipulation; and
- (b) each and every assignment and other charge constituted hereby,

whether made by or imposed upon the Assignor hereunder, will be and be deemed to be jointly and severally made by or imposed upon the Assignor and the partnership, the beneficiary(ies) of the trust, the principal(s) of the agent, or other entity(ies), as the case may be, and each assignment and other charge contained in this Agreement will be deemed to be an assignment or charge against the right, title and interest of the partnership, the beneficiary(ies), the principal(s), or such entity(ies), as the case may be, in and to the Collateral, as well as being an assignment of or charge against the right, title or interest of the Assignor in and to the Collateral.

**8.9 Assignee as Agent**

If this Assignment is granted to the Assignee in its capacity as agent for one or more other Persons, the Assignor agrees that all:

- (a) grants, mortgages, assignments, charges and security interests;
- (b) representations, warranties, covenants and agreements; and
- (c) obligations and liabilities,

created, made, assumed or incurred hereunder by the Assignor in favour of the Assignee are also created, made, assumed or incurred hereunder by the Assignor in favour of those Persons.

**8.10 Paramountcy**

If any conflict at any time exists between any term of the Loan Agreement (whether restated herein or not) and any term of this Agreement, then the term of the Loan Agreement will govern and take precedence.

**8.11 Binding Effect**

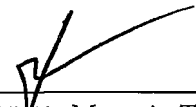
This Agreement will be binding on the Assignor and the respective heirs, executors, personal representatives, successors and assigns of each Person comprising the Assignor and will enure to the benefit of the Assignee and its successors and assigns.

*[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK;  
SIGNATURE PAGE(S) TO FOLLOW]*

EXECUTED this 10<sup>th</sup> day of March \_\_\_\_\_, 2022.

**As Assignor:**

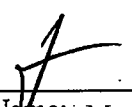
**PORT CAPITAL GROUP INC.**, by its authorized signatory(ies):

Per:   
Name: Macario Teodoro Reyes  
Title: Director

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

I/We have the authority to bind the corporation.


**PORTLIVING PROPERTIES INC.**, by its authorized signatory(ies):

Per:   
Name: Macario Teodoro Reyes  
Title: Director

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

I/We have the authority to bind the corporation.

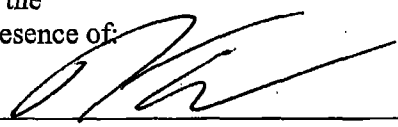
**PORT CAPITAL DEVELOPMENT (FARMS) INC.**, by its authorized signatory(ies):

Per:   
Name: Macario Teodoro Reyes  
Title: Director

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

I/We have the authority to bind the corporation.

SIGNED, SEALED and  
DELIVERED  
by MACARIO TEODORO REYES  
in the  
presence of:



Signature

Print Name **KEAN SILVERTHORN**  
Barrister & Solicitor

Address **McCarthy Tétrault LLP**  
SUITE 2400 - 745 THURLOW STREET  
VANCOUVER, B.C. V6E 0C5  
DIRECT 604-643-5966

Occupation

  
MACARIO TEODORO REYES



**Debtors:**

**LIVING BEACHSIDE DEVELOPMENT  
LIMITED PARTNERSHIP**, by its General Partner,  
**PORT CAPITAL FARMS (BEACH) INC.**, by its  
authorized signatory(ies):

Per: \_\_\_\_\_  
Name: Macario Teodoro Reyes  
Title: Director

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

I/We have the authority to bind the partnership.

**SUNNY BEACH MOTEL INC.**, by its authorized  
signatory(ies):

Per: \_\_\_\_\_  
Name: Macario Teodoro Reyes  
Title: Director

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

I/We have the authority to bind the corporation.


**PORT CAPITAL FARMS (BEACH) INC.**, by its  
authorized signatory(ies):

Per: \_\_\_\_\_  
Name: Macario Teodoro Reyes  
Title: Director

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

I/We have the authority to bind the corporation.


**PORTLIVING FARMS (3624 PARKVIEW)  
INVESTMENTS INC.,** by its authorized  
signatory(ies):

Per:   
Name: Macario Teodoro Reyes  
Title: Director

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

I/We have the authority to bind the corporation.

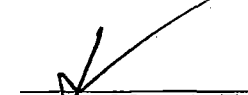
**PORTLIVING FARMS (3688 PARKVIEW)  
INVESTMENTS INC.,** by its authorized  
signatory(ies):

Per:   
Name: Macario Teodoro Reyes  
Title: Director

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

I/We have the authority to bind the corporation.

**PORTLIVING FARMS (3648 PARKVIEW)  
INVESTMENTS INC.,** by its authorized  
signatory(ies):

Per:   
Name: Macario Teodoro Reyes  
Title: Director

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

I/We have the authority to bind the corporation.



**BETWEEN:**

**PORT CAPITAL GROUP INC.  
PORTLIVING PROPERTIES INC.  
PORT CAPITAL DEVELOPMENT (FARMS)  
INC.**

**MACARIO TEODORO REYES**

**AND:**

**1351486 B.C. LTD.**

**ASSIGNMENT AND  
POSTPONEMENT OF CLAIMS**

**FASKEN MARTINEAU DUMOULIN LLP  
Barristers & Solicitors**

**Bentall 5, Suite 2900 – 550 Burrard Street  
Vancouver, BC, Canada V6C 0A3  
Telephone: 604.631.3131**

**Counsel: Brent C. Clark**

**File No: 319671.00003**

0414

This is Exhibit "U" referred to in the affidavit  
of Luke Pretty sworn before me at Vancouver  
this 29 day of November, 2022.

  
A Commissioner for taking Affidavits for British Columbia



1. Application

**Brent C. Clark, Barrister and Solicitor  
 Fasken Martineau DuMoulin LLP  
 Suite 2900, 550 Burrard Street  
 Vancouver BC V6C 0A3  
 6046313131**

Client No. 11565  
 File No. 315128.00004/20239

2. Description of Land

| PID/Plan Number    | Legal Description   |
|--------------------|---|
| <b>012-474-983</b> | <b>LOT 1 BLOCK 212 DISTRICT LOT 189 SIMILKAMEEN DIVISION YALE DISTRICT PLAN 397 EXCEPT PLAN 40551</b> |
| <b>008-974-462</b> | <b>LOT 1 DISTRICT LOT 189 SIMILKAMEEN DIVISION YALE DISTRICT PLAN 14620</b>                           |
| <b>011-610-263</b> | <b>LOT A DISTRICT LOT 189 SIMILKAMEEN DIVISION YALE DISTRICT PLAN 1389</b>                            |

3. Nature of Interest

| Type                      | Number | Additional Information  |
|---------------------------|--------|---|
| <b>PRIORITY AGREEMENT</b> |        | <b>granting Mortgage CA9786244 priority over Mortgage CA9786318 and Assignment of Rents CA9786319</b>             |
| <b>PRIORITY AGREEMENT</b> |        | <b>granting Assignment of Rights CA9786245 priority over Mortgage CA9786318 and Assignment of Rents CA9786319</b> |

4. Terms

Part 2 of this instrument consists of:  
**(b) Express Charge Terms Annexed as Part 2**

5. Transferor(s)

**1351486 B.C. LTD., NO.BC1351486**

6. Transferee(s)

|                          |                  |
|--------------------------|------------------|
| <b>1341550 B.C. LTD</b>  | <b>BC1341550</b> |
| 102 - 13226 KELLY AVENUE |                  |
| SUMMERLAND BC V0H 1Z0    |                  |

7. Additional or Modified Terms



8. Execution(s)

This instrument creates, assigns, modifies, enlarges or governs the priority of the interest(s) described in Item 3 and the Transferor(s) and every other signatory agree to be bound by this instrument, and acknowledge(s) receipt of a true copy of the filed standard charge terms, if any.

Witnessing Officer Signature

\_\_\_\_\_

**Brent C. Clark**  
**Barrister & Solicitor**  
 Fasken Martineau DuMoulin LLP  
 2900 - 550 Burrard Street  
 Vancouver BC V6C 0A3

604 631 4852

Execution Date

YYYY-MM-DD

**2022-03-11**

Transferor Signature(s)

**1351486 B.C. LTD.**  
 By their Authorized Signatory

\_\_\_\_\_

**Print Name: Luke Pretty**

**Officer Certification**

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

Witnessing Officer Signature

\_\_\_\_\_

**J. Scott Brodie**  
**Barrister & Solicitor**  
 301 - 1228 Hamilton Street  
 Vancouver BC V6B 6L2

Tel: 604-684-3323

Execution Date

YYYY-MM-DD

**2022-03-14**

Transferor Signature(s)

**1341550 B.C. LTD.**  
 By their Authorized Signatory

\_\_\_\_\_

**Print Name: Ken Tremblett**

**Officer Certification**

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

|   |                                       |   |
|---|---------------------------------------|---|
| <b>Electronic Signature</b>   | <b>Brent Christopher Clark N18R8J</b> | Digitally signed by<br><b>Brent Christopher Clark N18R8J</b><br><b>Date: 2022-03-16 09:42:24 -07:00</b> |
| Your electronic signature is a representation that you are a designate authorized to certify this document under section 168.4 of the <i>Land Title Act</i> , RSBC 1996 c.250, that you certify this document under section 168.41(4) of the act, and that an execution copy, or a true copy of that execution copy, is in your possession. |                                       |   |

**PART 2 – EXPRESS CHARGE TERMS****PRIORITY AND STANDSTILL AGREEMENT**

This **PRIORITY AND STANDSTILL AGREEMENT** is dated for reference the 10<sup>th</sup> day of March, 2022.

**BETWEEN:**

**1351486 B.C. LTD.**, a company under the *Business Corporations Act* of British Columbia (BC1351486), having an office at 1556 Kebet Way, Port Coquitlam, BC V3C 5M5;

in its capacity as subordinate lender (the “**Subordinate Lender**”)

**AND:**

**1341550 B.C. LTD.** a company under the *Business Corporations Act* of British Columbia (BC1341550), having an office at 102 -13226 Kelly Avenue, Summerland, BC V0H 1Z0;

in its capacity as senior lender (the “**Lender**”)

**AND:**

**PORT CAPITAL FARMS (BEACH) INC.**, a company under the *Business Corporations Act* of British Columbia (BC1180893), acting as General Partner for and on behalf of **LIVING BEACHSIDE DEVELOPMENT LIMITED PARTNERSHIP**, a limited partnership under the *Partnership Act* of British Columbia (LP0758535), having an office at 325 West 4<sup>th</sup> Avenue, Vancouver, BC V5Y 1H3;

(“**Living Beachside LP**”)

and

**SUNNY BEACH MOTEL INC.**, a company under the *Business Corporations Act* of British Columbia (BC0781075), having an office at 325 West 4<sup>th</sup> Avenue, Vancouver, BC V5Y 1H3;

(“**Sunny Beach**” and together with Living Beachside LP, collectively, the “**Beneficial Owners**” and each is a “**Beneficial Owner**”)

and

**PORT CAPITAL FARMS (BEACH) INC.**, a company under the *Business Corporations Act* of British Columbia (BC1180893), having an office at 325 West 4<sup>th</sup> Avenue, Vancouver, BC V5Y 1H3;

(“**Port Capital**”)

and

**PORTLIVING FARMS (3624 PARKVIEW) INVESTMENTS INC.**, a company under the *Business Corporations Act* of British Columbia (BC0394886), having an office at 325 West 4<sup>th</sup> Avenue, Vancouver, BC V5Y 1H3;

(“**3624 Parkview**”)

and

**PORTLIVING FARMS (3688 PARKVIEW) INVESTMENTS INC.**, a company under the *Business Corporations Act* of British Columbia (BC1186761), having an office at 325 West 4<sup>th</sup> Avenue, Vancouver, BC V5Y 1H3;

(“**3688 Parkview**”)

and

**PORTLIVING FARMS (3648 PARKVIEW) INVESTMENTS INC.**, a company under the *Business Corporations Act* of British Columbia (BC1180902), having an office at 325 West 4<sup>th</sup> Avenue, Vancouver, BC V5Y 1H3;

(“**3648 Parkview** and together with 3624 Parkview and 3688 Parkview are collectively, the “**Trustees**” and each is a “**Trustee**”)

(the Beneficial Owners, Port Capital and the Trustees are collectively, the “**Debtors**” and each is a “**Debtor**”)

**WHEREAS:**

- A. The Trustees are the registered owners and the Beneficial Owners are the beneficial owners of the lands described in Schedule “A” of this Agreement (the “**Lands**”).
- B. As security for a loan in the principal sum of \$3,500,000.00 (the “**Subordinate Loan**”), the Subordinate Lender holds or may in the future hold security in respect of the Lands and personal property related thereto (as amended, restated, supplemented or otherwise modified from time to time, collectively, the “**Subordinate Security**”) from the Debtors and others, including without limitation the following:
- (a) mortgage to secure the principal sum of \$3,500,000.00 granted by the Trustees and registered against the Lands as instrument number CA9786318;
  - (b) assignment of rents granted by the Trustees and registered against the Lands as instrument number CA9786319;
  - (c) security interests over any property, assets, choses in action and undertaking (the “**Personal Property**”) of the Debtors or certain other property, protected by a financing statement filed in the Personal Property Registry under numbers 588934N

- and 588963N against the Debtors (as debtor), or any of them, in favour of the Subordinate Lender (as secured party);
- (d) beneficiary authorization and charge agreements granted by the Beneficial Owners;
  - (e) various guarantees from Port Capital Group Inc., PortLiving Properties Inc. and Macario Teodoro Reyes (collectively, the “**Guarantors**”) and/or covenants and/or undertakings and/or postponements and/or assignments from the Debtors or any of them, or principals or associates of the Debtors, including the Guarantors, relating to the Subordinate Loan; and
  - (f) a loan agreement dated March 14, 2022 issued by the Subordinate Lender to the Debtors and the Guarantors in respect of the Subordinate Loan (the “**Loan Agreement**”).
- C. As security for loans in the principal sum of \$6,000,000.00 (the “**Senior Loan**”), the Lender holds or may in the future hold security in respect of the Lands and the Personal Property (collectively, the “**Lender’s Security**”) from the Debtors and others, including:
- (a) a mortgage in the amount of \$6,000,000.00 granted by the Trustees and registered against the Lands as instrument CA9786244;
  - (b) an assignment of rents granted by the Trustees and registered against the Lands as instrument CA9786245;
  - (c) trustee and beneficial owner agreements between the Trustees, Beneficial Owners and Lender;
  - (d) promissory note granted by the Debtors in favour of the Lender;
  - (e) security interests over the Personal Property of the Debtors, protected by financing statements filed in the Personal Property Registry under numbers 587023N, 587035N and 587044N registered against the Debtors (as debtor) in favour of the Lender (as secured party);
  - (f) various guarantees and/or covenants from principals or associates of the Debtors relating to the Senior Loan; and
  - (g) commitment letter dated January 24, 2022, as amended by letters dated February 16, 2022 and March 4, 2022, issued by the Lender to the Debtors in respect of the Senior Loan.
- D. It is a condition, among others, of the Lender making any advance to the Trustees that the Subordinate Lender execute and deliver this Priority and Standstill Agreement (this “**Agreement**”) pursuant to which the Subordinate Security will at all times be postponed and subordinate to the Lender’s Security.

NOW THEREFORE, this Agreement witnesses that, in consideration of the premises and other good and valuable consideration, the receipt and adequacy of which is acknowledged by the Subordinate Lender, the Subordinate Lender agrees with the Lender as follows:

### **1. Subordinate Lender Representations and Warranties**

The Subordinate Lender represents and warrants that:

- (a) it has not assigned its interest in the Subordinate Security, except as permitted by Section 14 of this Agreement;
- (b) the Subordinate Lender will promptly disclose and provide copies to the Lender of all its Subordinate Security upon the Lender's or the Lender's solicitor's request; and
- (c) the Subordinate Lender is entitled to all of the moneys secured by the Subordinate Security.

### **2. Subordinate Lender Waiver of Default**

The Subordinate Lender hereby waives in favour of the Debtors and the Guarantors and any default under the Subordinate Security that would otherwise have occurred by reason of the Debtors and the Guarantors having granted the Lender's Security and hereby declares that the Debtors and the Guarantors are not and will not at any time hereafter be deemed to be or have been in default under the Subordinate Security by virtue of having granted the Lender's Security. For greater certainty, a default by the Debtors and the Guarantors under the Lender's Security shall constitute a default under the Subordinate Security.

### **3. Grant of Priority**

The Subordinate Lender hereby grants to the Lender priority over the interests that it has in the Lands, the rents derived therefrom and all of the Personal Property of the Debtors by virtue of the Subordinate Security, including all proceeds of insurance and proceeds of expropriation in relation to the Lands, and does hereby postpone all its right, title and interest in and to the Subordinate Security, the Lands and the Personal Property and such assets with and to the intent that the interests of the Subordinate Lender therein will be subject to the rights of the Lender under the Lender's Security as though the Lender's Security had been granted and delivered, registered or otherwise processed and the Senior Loan advanced thereunder in point of time prior to the execution, delivery or registration of the Subordinate Security.

### **4. Exceptions to Priority**

Notwithstanding the provisions of paragraph 3 and 12, the priority set forth therein will not apply to:

- (a) any increase to the principal amount of \$6,000,000.00, together with interest, costs and protective disbursements; and
- (b) any interest payable in respect of the Senior Loan in excess of 18% per annum compounded semi-annually (effective rate 18.689%).

### **5. Realization Proceedings**

The Subordinate Lender covenants and agrees with the Lender that, until the Senior Loan has been paid in full and the Lender's Security has been discharged, unless it obtains the prior written consent of the Lender, it will not:



- (a) take any steps to realize on the security constituted by the Subordinate Security or any part thereof with respect to the Lands and/or the Personal Property or otherwise pursue or enforce any of its rights or remedies thereunder unless:
- (i) the Lender has commenced (and not discontinued) realization proceedings with respect to the security constituted by the Lender's Security or any part thereof with respect to the Lands and/or the Personal Property; or
  - (ii) a period of 60 days has elapsed following the delivery by either party to the other of a copy of its written demand to the Debtors to immediately repay the Senior Loan or the Subordinate Loan in full, as the case may be, accompanied by a notice of intention to enforce the Lender's Security or the Subordinate Security, as the case may be, under the *Bankruptcy & Insolvency Act* (Canada),
- whichever first occurs; or
- (b) make or permit any amendment to be made to the Subordinate Security or any part thereof, such consent not to be unreasonably withheld or delayed.

Notwithstanding the provisions of this paragraph 5, the Subordinate Lender will be entitled (but not obligated) to at any time and from time to time:

- (c) with respect to any default under the Lender's Security that has resulted in the Lender demanding repayment of the entire amount of the Senior Loan, the Subordinate Lender shall be entitled (but not obligated) until such time that the Senior Loan has been repaid in full or the demand for repayment has been withdrawn, to repay all amounts then outstanding under the Senior Loan. In the event that the Subordinate Lender repays the full indebtedness in respect of the Senior Loan to the Lender, the Subordinate Lender shall be entitled to an assignment of all of the Lender's Security held by the Lender on terms and conditions satisfactory to the Lender.

## 6. Further Subordinate Lender Agreements

The Subordinate Lender acknowledges, agrees, covenants and confirms to and with the Lender that, unless it obtains the prior written consent of the Lender:

- (a) it will not agree to any increase to the outstanding principal amount of the Subordinate Loan in excess of \$3,500,000.00;
- (b) it will not agree to any interest payable in respect of the Subordinate Loan in excess of the interest rates currently set out in the Loan Agreement;
- (c) the right of the Lender to arbitrarily withhold its consent pursuant to paragraph 5(a) hereof is reasonable and consistent with the protection of the legitimate business interests of the Lender;
- (d) any action taken by the Subordinate Lender in breach of the provisions of paragraph 5 hereof could have a material adverse effect on the continuing operation, viability and financial stability of the Debtors and will not be binding on or of any force or effect against the Lender, and the Lender may bring any proceedings in the nature of specific

performance, injunction or other equitable remedy to enforce its rights under this Agreement, it being acknowledged by the Subordinate Lender that damages at law may be an inadequate remedy for a default, breach or threatened breach of this Agreement;

- (e) if the Lender seeks to appoint a receiver or a receiver manager, whether pursuant to the powers contained in the Lender's Security or pursuant to a Court Order, the Subordinate Lender will not take any steps to oppose such appointment and will consent thereto; and
- (f) the Subordinate Lender will deliver to the Lender copies of any notices of default which it gives to the Debtors at the same time as it delivers such notices to the Debtors, and copies of any written demand and notice of intention to enforce referred to in paragraph 5(a)(ii); provided that failure to do so shall not impose any liability or penalty on the Subordinate Lender nor prejudice its rights under this Agreement or under the Subordinate Security.

#### **7. Payments**

- (a) The Subordinate Lender shall not, until the Senior Loan has been repaid in full and the Lender's Security has been discharged, receive or accept any payment, prepayment, set off or otherwise (except as set out below) of all or any portion of the principal secured by the Subordinate Security.
- (b) The Subordinate Lender shall not at any time after receiving written notice from the Lender of the occurrence and continuance of an event of default under the Lender's Security, receive or accept any payment, prepayment, set off or otherwise, including any payment of interest. The Subordinate Lender shall otherwise be entitled to receive payments of interest and fees in accordance with the terms of the Subordinate Security.

#### **8. Payments in Trust**

Any payments of the amounts secured by the Subordinate Security received by the Subordinate Lender in contravention of the terms of this Agreement shall be held in trust for the Lender and the Subordinate Lender will immediately turn over any such payments to the Lender, without further notice or demand to be applied to the Senior Loan secured by the Lender's Security.

#### **9. Claims**

The Subordinate Lender will not make any assertion, claim or argument in any action, suit or proceeding of any nature whatsoever in any way challenging the priority, validity or effectiveness of the Lender's Security or the charges, liens and security interests granted to the Lender under or in connection with the Lender's Security. Subject to the priority granted to the Lender's Security herein, the Lender will not make any assertion, claim or argument in any action, suit or proceeding of any nature whatsoever in any way challenging the validity or effectiveness of the Subordinate's Security or the charges, liens and security interests granted to the Subordinate Lender under or in connection with the Subordinate Lender's Security.

## 10. Lender's Rights

The Lender may at any time and from time to time, subject to paragraph 4 of this Agreement, without the consent of the Subordinate Lender and without incurring responsibility to the Subordinate Lender and without impairing or releasing any of the rights or the obligations of the Lender hereunder:

- (a) change the amount, manner, place or terms of payment or change or extend the time of payment of or increase, renew or alter its lending arrangements with the Debtors and/or with respect to the Lender's Security, or any part thereof, waive non-performance by the Debtors of or amend, alter, extend, supplement or replace the Lender's Security and/or the agreements related thereto in any manner, or enter into or amend, supplement or replace in any manner any other agreement with the Debtors;
- (b) sell, exchange, release or otherwise enforce its rights against or deal with all or any part of any property at any time pledged or mortgaged by any party to secure the Senior Loan or any part thereof;
- (c) release the Debtors (or any one or more of them), any covenantor or guarantor of the Senior Loans or any other party liable in any manner for the payment or collection of the Senior Loan;
- (d) exercise or refrain from exercising any rights against the Debtors or others (including the Subordinate Lender) or exercise rights against the Debtors, their property or any other party at any time and in any order; and
- (e) apply any sums paid by any party to the Senior Loan in any manner or order as determined by the Lender.

## 11. Lender's Representations and Warranties

The Lender represents and warrants that:

- (a) it has not assigned its interest in the Lender's Security; and
- (b) the Lender is entitled to all of the moneys secured by the Lender's Security.

## 12. Lender's Waiver of Default

The Lender hereby waives in favor of the Debtors and the Guarantors any default under the Lender's Security that would otherwise have occurred by reason of the Debtors and the Guarantors having granted the Subordinate Security and hereby declares that the Debtors and the Guarantors are not and will not at any time hereafter be deemed to be or have been in default under the Lender's Security by virtue of having granted the Subordinate Security or by virtue of making any payment from time to time of a scheduled payment of interest, principal or principal and interest in accordance with the Subordinate Security made in compliance with paragraph 9(b) hereof.

## 13. Acceleration

Nothing herein contained shall compel the Lender at any time to accelerate the Senior Loan or commence any action or enforcement proceeding under the Lender's Security. The Subordinate Lender acknowledges that all rights and remedies which the Lender may have under the Lender's

Security and related agreements and hereunder are cumulative and not alternative rights and remedies. Nothing herein contained shall compel or entitle the Subordinate Lender at any time to accelerate its loan or commence any action or enforcement proceedings under the Subordinate Security.

#### **14. Assignment of Subordinate Security**

Prior to an Event of Default, the Subordinate Lender will not assign the Subordinate Security or any portion thereof except to a related entity without the prior written consent of the Lender (which consent may be withheld in the sole and unfettered discretion of the Lender) and without first obtaining from the assignee and delivering to the Lender a written acknowledgement that the assignment is subject to the terms of this Agreement. After an Event of Default, the Subordinate Lender may assign the Subordinate Loan and the Subordinate Security provided that the assignee first provides written acknowledgement that the assignment is subject to the terms of this Agreement. The Lender will not assign the Lender's Security or any portion thereof without first obtaining from the assignee a written acknowledgement that the assignment is subject to the terms of this Agreement.

#### **15. Bankruptcy or Insolvency of Debtors**

In the event of the bankruptcy or winding up of the Debtors or either of the parties comprising the Debtors, or any composition with creditors or scheme of arrangement, any and all dividends or other monies which may be due or payable to the Subordinate Lender in respect of debts or claims of the Subordinate Lender against the Debtors are hereby assigned and transferred to and shall be due and paid to the Lender to be applied to the Senior Loan.

#### **16. Lender Notices**

The Lender will endeavor to deliver to the Subordinate Lender copies of any notices of default which it gives to the Debtors at the same time as it delivers such notices to the Debtors, and will deliver to the Subordinate Lender copies of any written demand and notice of intention to enforce referred to paragraph 5(a)(ii). The Lender will incur no liability whatsoever, nor will any of its rights be affected by the failure to deliver notices of default to the Subordinate Lender.

#### **17. Agreement by Debtors**

The Debtors consent to the exchange between the Lender and the Subordinate Lender of any information relating to the Debtors, the Guarantors, the Lands, the Senior Loan, the Subordinate Loan, the Lender's Security and the Subordinate Security, accept and agree to be bound by this Agreement and agree not to make payments to the Subordinate Lender not authorized in this Agreement.

#### **18. Enurement**

This Agreement will be binding on and enure to the benefit of the parties hereto and their respective successors and assigns.

#### **19. Governing Law**

This Agreement and all matters arising under it will be construed in accordance with the laws of the Province of British Columbia.

## 20. Counterpart

This Agreement may be executed in several counterparts each of which when so executed shall be deemed to be an original, and such counterparts shall constitute one and the same instrument and notwithstanding the date of execution shall be deemed to bear the same date as this Agreement. This Agreement shall be considered properly executed by any party if executed and transmitted by electronic means to the other parties.

## 21. Headings

All headings in this agreement are inserted only for convenience of reference and are not to be considered in the construction or interpretation of any provision of this Agreement.

## 22. Notice

Any notice required to be given hereunder by any party shall be deemed to have been well and sufficiently given if transmitted by facsimile or electronic transmission or delivered, to the address or facsimile number of the party to who it is intended as follows:

- (a) if to Subordinate Lender then:  
1351486 B.C. Ltd.  
1556 Kebet Way, Port Coquitlam, BC V3C 5M5  
Attention: Luke Pretty  
Facsimile: N/A  
Email: [luke@dynamic.global](mailto:luke@dynamic.global)  
CC: Brent C. Clark  
[bcclark@fasken.com](mailto:bcclark@fasken.com)
  
- (b) if to Lender then:  
1341550 B.C. Ltd.  
102 – 13226 Kelly Avenue, Summerland, BC V0H 1Z0  
Attention: Robert Campbell  
Facsimile: N/A  
Email: [bcampbell@bestcdn.ca](mailto:bcampbell@bestcdn.ca)  
CC: Digby R. Leigh  
[dleigh@leighco.ca](mailto:dleigh@leighco.ca)

or to such other address or number as a party may from time to time direct in writing.

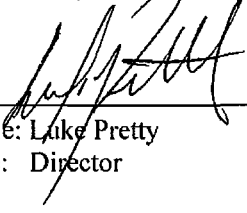
Any notice delivered before 4:30 p.m. Vancouver time on a day that is not a Saturday, Sunday or statutory holiday in British Columbia (“**Business Day**”) shall be deemed to have been received on the date of delivery and any notice delivered after 4:30 p.m. Vancouver time on a Business Day or delivered on a day other than a Business Day, shall be deemed to have been received on the next Business Day. Any notice sent by facsimile or electronic transmission before 4:30 p.m. Vancouver time on a Business Day shall be deemed to have been received when the sender receives the answer back confirming receipt by the recipient; provided, however, that any facsimile or electronic transmission received after 4:30 p.m. Vancouver time on a Business Day or received on a day other than a Business Day shall be deemed to have been received on the next Business Day.

*[SIGNATURE PAGES FOLLOW]*

IN WITNESS WHEREOF the parties have executed this Agreement.

1351486 B.C. LTD., as Subordinate Lender

Per:


  
\_\_\_\_\_  
Name: Luke Pretty  
Title: Director

Per:

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

I / We have authority to bind the corporation.

1341550 B.C. LTD., as Lender

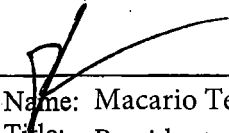
Per:   
Name: Ken Tremblett  
Title:

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

I / We have authority to bind the corporation.

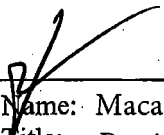


**LIVING BEACHSIDE DEVELOPMENT LIMITED PARTNERSHIP, by its general partner, PORT CAPITAL FARMS (BEACH) INC.**

Per:   
Name: Macario Teodoro Reyes  
Title: President

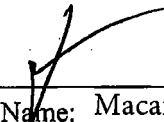
I have authority to bind the partnership.

**SUNNY BEACH MOTEL INC.**

Per:   
Name: Macario Teodoro Reyes  
Title: President


I have authority to bind the corporation.

**PORT CAPITAL FARMS (BEACH) INC.**

Per:   
Name: Macario Teodoro Reyes  
Title: President

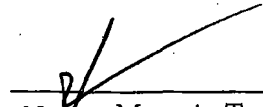
I have authority to bind the corporation.

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

Per:   
Name: Macario Teodoro Reyes  
Title: President  
  
Name:  
Title:


I have authority to bind the corporation.

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

Per:   
Name: Macario Teodoro Reyes  
Title: President

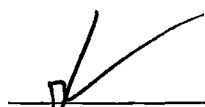
I have authority to bind the corporation.

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

Per:   
Name: Macario Teodoro Reyes  
Title: President

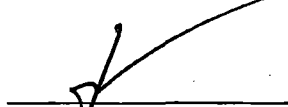
I have authority to bind the corporation.

**PORT CAPITAL GROUP INC.**

Per:   
Name: Macario Teodoro Reyes  
Title: President

I have authority to bind the corporation.

**PORTLIVING PROPERTIES INC.**

Per:   
Name: Macario Teodoro Reyes  
Title: President

I have authority to bind the corporation.

SIGNED, SEALED and DELIVERED by )  
MACARIO TEODORO REYES in the )  
presence of: )

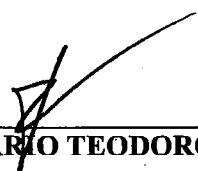



Signature \_\_\_\_\_ )

Print Name **KEAN SILVERTHORN** )  
Barrister & Solicitor )

Address **McCarthy Tétrault LLP** )  
**2400 - 745 THURLOW STREET** )  
**VANCOUVER, B.C. V6E 0C5** )  
**DIRECT 604-643-5986** )

Occupation \_\_\_\_\_ )

  
\_\_\_\_\_  
**MACARIO TEODORO REYES** 

**SCHEDULE "A"**

**LANDS**

**3624 Parkview Street, Penticton, BC**

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

**3648 Parkview Street, Penticton, BC**

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

**3688 Parkview Street, Penticton, BC**

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

(collectively, the "Lands")

0433

This is Exhibit "V" referred to in the affidavit  
of Luke Pretty sworn before me at Vancouver  
this 29 day of November, 2022.

  
A Commissioner for taking Affidavits for British Columbia

3:52 PM

09/01/22

Accrual Basis

Living Beachside Development Ltd.

Profit & Loss

April 2022

0434

|  | <u>Apr 22</u>           |
|--|-------------------------|
| <b>Income</b>                          |                         |
| Revenue                                | 52,357.46               |
| <b>Total Income</b>                    | <u>52,357.46</u>        |
| <b>Gross Profit</b>                    | 52,357.46               |
| <b>Expense</b>                         |                         |
| Bank Service Charges                   | 169.38                  |
| Computer & Internet (3M)               | 38.55                   |
| Meals and Entertainment                | 55.14                   |
| Moneris Fee                            | 1,538.92                |
| Payroll Service Charges                | 292.72                  |
| Repairs & Maintenance (BS)             | 51.84                   |
| Repairs & Maintenance (WI)             | 1.92                    |
| Room Maintenance (SB)                  | 63.05                   |
| Room Maintenance (WF)                  | 10.69                   |
| Salary & Wage Expense                  |                         |
| Employer CPP Contributions             | 722.94                  |
| Employer EI Contributions              | 367.57                  |
| Front Desk                             | 7,055.32                |
| Housekeeping                           | 4,194.84                |
| Maintenance                            | 5,562.91                |
| Management                             | 6,300.00                |
| <b>Total Salary &amp; Wage Expense</b> | <u>24,203.58</u>        |
| <b>Supplies</b>                        |                         |
| General Supplies (3M)                  | 231.29                  |
| General Supplies (BS)                  | 222.63                  |
| Office Supplies (3M)                   | 16.16                   |
| Office Supplies (BS)                   | 149.79                  |
| <b>Total Supplies</b>                  | <u>619.87</u>           |
| <b>Total Expense</b>                   | <u>27,045.66</u>        |
| <b>Net Income</b>                      | <u><u>25,311.80</u></u> |

9:15 AM

## Living Beachside Development Ltd.

0435

08/12/22

## Profit &amp; Loss

Accrual Basis

May 2022

|  | May 22          |
|--|-----------------|
| <b>Income</b>                          |                 |
| Revenue                                | 109,799.02      |
| <b>Total Income</b>                    | 109,799.02      |
| <b>Gross Profit</b>                    | 109,799.02      |
| <b>Expense</b>                         |                 |
| Advance                                | 400.00          |
| Bank Service Charges                   | 107.22          |
| Business License & Permits (3M)        | 12.82           |
| Computer & Internet (3M)               | 38.55           |
| Computer & Internet Exp. (BS)          | 1,296.07        |
| Computer & Internet Exp. (SB)          | 768.33          |
| Computer & Internet Exp. (WI)          | 1,089.40        |
| Credit Card Fee                        | 335.58          |
| Damage Deposit                         | 5,876.47        |
| Fuel                                   | 281.74          |
| Group Booking (WF)                     | 21.39           |
| Landfill (BS)                          | 9.25            |
| Landscaping and Groundskeeping         | 743.44          |
| Meals and Entertainment                | 99.99           |
| Misc. Expenses (3M)                    | 1,637.36        |
| Moneris Fee                            | 710.99          |
| Mortgage                               | 45,000.00       |
| Payment Processor                      | 128.32          |
| Payroll Service Charges                | 669.32          |
| Repairs & Maintenance (SB)             | 198.04          |
| Repairs & Maintenance (3M)             | 668.69          |
| Repairs & Maintenance (BS)             | 2,579.39        |
| Repairs & Maintenance (WI)             | 54.87           |
| Room Maintenance (3M)                  | 596.33          |
| Room Maintenance (SB)                  | 598.39          |
| Room Maintenance (WF)                  | 335.38          |
| Salary & Wage Expense                  |                 |
| Employer CPP Contributions             | 1,410.83        |
| Employer EI Contributions              | 702.76          |
| Front Desk                             | 8,967.80        |
| Housekeeping                           | 11,834.71       |
| Maintenance                            | 8,748.43        |
| Management                             | 10,523.04       |
| <b>Total Salary &amp; Wage Expense</b> | 42,187.57       |
| Small Tools and Equipment (3M)         | 68.45           |
| Staff Development (3M)                 | 309.52          |
| Supplies                               |                 |
| Cleaning Supplies (3M)                 | 287.81          |
| Cleaning Supplies (WF)                 | 11.76           |
| General Supplies (3M)                  | 826.89          |
| General Supplies (BS)                  | 151.37          |
| General Supplies (WF)                  | 89.12           |
| Office Supplies (3M)                   | 16.04           |
| Office Supplies (BS)                   | 134.80          |
| <b>Total Supplies</b>                  | 1,517.79        |
| <b>Total Expense</b>                   | 108,340.66      |
| <b>Net Income</b>                      | <b>1,458.36</b> |

## Profit &amp; Loss

June 2022

|  | Jun 22     |
|--|------------|
| <b>Income</b>                          |            |
| Gilligan's Ice Cream Shop              | 2,164.42   |
| Revenue                                | 197,908.90 |
| <b>Total Income</b>                    | 200,073.32 |
| <b>Gross Profit</b>                    | 200,073.32 |
| <b>Expense</b>                         |            |
| Advance                                | 600.00     |
| Bank Service Charges                   | 193.25     |
| Computer & Internet (3M)               | 1,940.00   |
| Computer & Internet Exp. (BS)          | 2,917.74   |
| Computer & Internet Exp. (SB)          | 1,537.67   |
| Computer & Internet Exp. (WI)          | 2,178.80   |
| Credit Card Fee                        | 1,825.89   |
| Damage Deposit                         | 1,039.88   |
| Fuel                                   | 196.01     |
| Furniture <300                         | 2,967.75   |
| Garbage Disposal (BS)                  | 1,069.45   |
| Garbage Disposal (SB)                  | 884.94     |
| Garbage Disposal (WI)                  | 524.76     |
| Gilligan's Ice Cream                   | 5,882.37   |
| Landfill (BS)                          | 536.38     |
| Landscaping and Groundskeeping         | 2,135.45   |
| Laundry Expense                        | 2,724.75   |
| Misc. Expenses (3M)                    | 1,891.37   |
| Moneris Fee                            | 594.04     |
| Payment Processor                      | 129.74     |
| Payroll Service Charges                | 2,825.84   |
| Professional Fees                      | 616.70     |
| Repairs & Maintenance (SB)             | 400.24     |
| Repairs & Maintenance (3M)             | 832.42     |
| Repairs & Maintenance (BS)             | 3,370.77   |
| Repairs & Maintenance (WI)             | 275.33     |
| Room Commission                        | 1,412.20   |
| Room Commission (SB)                   | 928.52     |
| Room Maintenance (3M)                  | 72.20      |
| Room Maintenance (BS)                  | 168.85     |
| Room Maintenance (SB)                  | 135.89     |
| Room Maintenance (WF)                  | 22.45      |
| Salary & Wage Expense                  |            |
| Employer CPP Contributions             | 1,627.51   |
| Employer EI Contributions              | 777.56     |
| Front Desk                             | 15,202.54  |
| Gilligan's Ice Cream Stand             | 130.21     |
| Housekeeping                           | 12,918.79  |
| Maintenance                            | 8,084.82   |
| Management                             | 11,550.00  |
| <b>Total Salary &amp; Wage Expense</b> | 50,291.43  |
| Security                               | 200.00     |
| Shipping and Delivery                  | 965.00     |
| Small Tools and Equipment (3M)         | 37.43      |
| Staff Treats                           | 597.01     |
| Supplies                               |            |
| Cleaning Supplies (3M)                 | 6,414.58   |
| Cleaning Supplies (WF)                 | 47.07      |
| General Supplies (3M)                  | 2,646.50   |
| General Supplies (BS)                  | 62.57      |
| General Supplies (SB)                  | 71.79      |
| Office Supplies (BS)                   | 339.30     |
| <b>Total Supplies</b>                  | 9,581.81   |



3:53 PM  
09/01/22  
Accrual Basis

Living Beachside Development Ltd.  
**Profit & Loss**  
June 2022

0437

---

|                      | <u>Jun 22</u>           |
|----------------------|-------------------------|
| Utilities (BS)       | 1,676.15                |
| VIP Expense (WF)     | 156.40                  |
| <b>Total Expense</b> | <u>106,336.88</u>       |
| <b>Net Income</b>    | <u><u>93,736.44</u></u> |

## Profit &amp; Loss

July 2022

|  | <u>Jul 22</u>     |
|--|-------------------|
| <b>Income</b>                          |                   |
| Gilligan's Ice Cream Shop              | 42,229.91         |
| Revenue                                | 377,968.50        |
| <b>Total Income</b>                    | <u>420,198.41</u> |
| <b>Gross Profit</b>                    | 420,198.41        |
| <b>Expense</b>                         |                   |
| Advance                                | 542.33            |
| Annual Fire Inspection                 | 966.47            |
| Bank Service Charges                   | -1,489.72         |
| Computer & Internet (3M)               | 1,500.00          |
| Computer & Internet Exp. (BS)          | 375.09            |
| Credit Card Fee                        | 3,096.75          |
| Damage Deposit                         | 1,700.00          |
| Fuel                                   | 161.72            |
| Furniture <300                         | 450.00            |
| Garbage Disposal (BS)                  | 198.09            |
| Garbage Disposal (SB)                  | 442.47            |
| Garbage Disposal (WI)                  | 262.38            |
| Gilligan's Ice Cream                   | 15,823.72         |
| Inter-Company Transfer                 | 3,000.00          |
| Landfill (BS)                          | 6.00              |
| Landscaping and Groundskeeping         | 300.00            |
| Laundry Expense                        | 1,387.50          |
| Laundry Supplies                       |                   |
| Laundry                                | 11,745.40         |
| Towels                                 | 2,912.22          |
| <b>Total Laundry Supplies</b>          | <u>14,657.62</u>  |
| Meals and Entertainment                | 1,423.76          |
| Misc. Expenses (3M)                    | 6,418.30          |
| Moneris Fee                            | 2,511.37          |
| Payment Processor                      | 307.55            |
| Payroll Service Charges                | 354.98            |
| Postage                                | 19.40             |
| Professional Fees                      | 794.15            |
| Repairs & Maintenance (SB)             | 652.50            |
| Repairs & Maintenance (3M)             | 565.00            |
| Repairs & Maintenance (BS)             | 7,437.93          |
| Repairs & Maintenance (WI)             | 31.01             |
| Room Commission                        | 5,627.23          |
| Room Commission (BS)                   | 3,546.58          |
| Room Commission (SB)                   | 2,378.56          |
| Room Maintenance (3M)                  | 1,180.87          |
| Room Maintenance (WF)                  | 88.78             |
| Salary & Wage Expense                  |                   |
| Employer CPP Contributions             | 1,917.60          |
| Employer EI Contributions              | 1,276.17          |
| Front Desk                             | 14,929.16         |
| Gilligan's Ice Cream Stand             | 10,868.34         |
| Gilligan's Vehicle/Delivery            | 30.00             |
| Housekeeping                           | 23,952.34         |
| Maintenance                            | 8,374.64          |
| Management                             | 11,550.00         |
| <b>Total Salary &amp; Wage Expense</b> | <u>72,898.25</u>  |
| Security                               | 1,175.00          |
| Shipping and Delivery                  | 20.00             |
| Staff Treats                           | 85.00             |

3:54 PM

Living Beachside Development Ltd.

0439

09/01/22

Profit & Loss

Accrual Basis

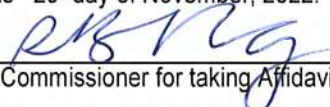
July 2022

---

|                         | <u>Jul 22</u>     |
|-------------------------|-------------------|
| <b>Supplies</b>         |                   |
| Cleaning Supplies (3M)  | 528.37            |
| Cleaning Supplies (WF)  | 50.26             |
| General Supplies (3M)   | 1,291.29          |
| General Supplies (SB)   | 85.59             |
| Office Supplies (3M)    | 102.09            |
| Office Supplies (BS)    | 118.84            |
|                         | <hr/>             |
| <b>Total Supplies</b>   | 2,176.44          |
| <b>Utilities (BS)</b>   | 2,389.38          |
| <b>VIP Expense (WF)</b> | 365.05            |
|                         | <hr/>             |
| <b>Total Expense</b>    | 155,827.51        |
|                         | <hr/>             |
| <b>Net Income</b>       | <b>264,370.90</b> |
|                         | <hr/> <hr/>       |

0440

This is Exhibit "W" referred to in the affidavit  
of Luke Pretty sworn before me at Vancouver  
this 29 day of November, 2022.

  
A Commissioner for taking Affidavits for British Columbia

171 Main Street  
 Penticton BC V2A 5A9

**CITY OF PENTICTON  
 PROPERTY TAX CERTIFICATE**

**0441**  
 Tax Department: (250) 490 2485  
 FAX: (250) 490 2422  
 email: taxclk@penticton.ca

Printed: Oct 3, 2022  
 Number: 34185

This statement is issued in accordance with Local Government Act Section 383 - Statement of Taxes Outstanding.  
 Under 383(3), an error in a statement or certificate given under this section does not subject the municipality to damages.  
**THIS PROPERTY MAY BE SUBJECT TO OTHER CHARGES OR FEES.**

For BC ONLINE  
 319671.00005

|   |                           |
|---|---------------------------|
| <b>Owner</b>  | <b>Property</b>           |
| PORTLIVING FARMS (3624 PARKVIEW) INVESTMENTS INC  |                           |
| <b>Folio:</b> 03841-000   | <b>LTO No.:</b> CA7441262 |
| <b>Pid:</b> 012-474-983   | <b>MHR No.:</b>           |
| <b>Civic:</b> 3624 PARKVIEW ST  |                           |
| <b>Legal:</b> LOT 1 BLOCK 212 PLAN KAP397 DISTRICT LOT 189<br>SIMILKAMEEN DIVISION YALE DIST EXCEPTPLAN 40551 |                           |
| <b>Status:</b> ACTIVE   |                           |

| 2022 Assessments |                  |            |           |              |           |
|------------------|------------------|------------|-----------|--------------|-----------|
| Value Set        | Assessment Class | Value Type | Land      | Improvements | Total     |
| GENERAL          | MULTIPLE         | NET        | 1,878,768 | 1,031,232    | 2,910,000 |

| 2022 Levies, Grants, Deferrals |                  | Property Taxes Owing As At Oct 3, 2022 |                                | 2023 Instalments     |             |
|--------------------------------|------------------|--|--------------------------------|----------------------|-------------|
| Total Levy                     | <b>32,284.78</b> | Delinquent (2020)                      | 0.00                           | Payments Made        | 0.00        |
| Grant Available                |                  | Arrears (2021)                         | 4.18                           | Interest Earned      | 0.00        |
| 65 and over                    | 303.63           | Interest to Oct 3, 2022                | 0.19                           | Adjustments          | 0.00        |
| Under 65                       | 53.63            | Current (2022)                         | <u>32,284.78</u>               | <b>Balance as at</b> |             |
|                                |                  |  | 32,289.15                      | <b>Oct 3, 2022</b>   | <b>0.00</b> |
| <b>Grant Claimed</b>           | <b>0.00</b>      | Penalties                              | <u>3,228.48</u>                |                      |             |
| <b>Deferred</b>                | <b>0.00</b>      | <b>Total Taxes Owing</b>               | <u><u><b>35,517.63</b></u></u> |                      |             |

| Utilities Charges  |        |                                   |              |                |               |             |              |
|--|--------|-----------------------------------|--------------|----------------|---------------|-------------|--------------|
| For further information on these Utility Charges, please contact (250) 490-2489. |        |                                   |              |                |               |             |              |
| Account/Customer Number  | Status | Description of Charges            | Cons To      | Bal Due Before | Bal Due After | Current Bal | Due Date     |
| 004440/00154272  | Active | Electric,Demand (KVA),Water,Sewer | Sep 14, 2022 | 19,552.09      | 19,614.41     | 19,552.09   | Oct 21, 2022 |
| 004445/00154272  | Active | Water,Sewer                       | Sep 14, 2022 | 2,307.94       | 2,315.48      | 2,307.94    | Oct 21, 2022 |

| Important Property Comments |   |
|-----------------------------|---|
| CURRENT                     | OVERDUE Taxes - Any statutory penalty has been included.  |
| CURRENT                     | Property tax outstanding after due date will incur a penalty of 10% on the current year's taxes.  |
| GENERAL                     | Please note that once a conveyance is completed, the vendor is no longer eligible for the Homeowner Grant. A new owner is ineligible if the taxes are paid in full, and where there are taxes outstanding, the amount of the grant available to the new owner is limited to current year's taxes outstanding. |
| TAX                         | Daily interest on Arrears and Delinquent taxes is \$ 0.001 Subject to rate changes on the 1st of Jan, Apr, Jul & Oct.   |

E & O/E

171 Main Street  
 Penticton BC V2A 5A9

**CITY OF PENTICTON**  
**PROPERTY TAX CERTIFICATE**

0442  
 Tax Department: (250) 490 2485  
 FAX: (250) 490 2422  
 email: taxclk@penticton.ca

Printed: Oct 3, 2022  
 Number: 34186

This statement is issued in accordance with Local Government Act Section 383 - Statement of Taxes Outstanding.  
 Under 383(3), an error in a statement or certificate given under this section does not subject the municipality to damages.  
 THIS PROPERTY MAY BE SUBJECT TO OTHER CHARGES OR FEES.

For BC ONLINE  
 319671.00003

|  |  |
|--|--|
| <b>Owner</b>                                     | <b>Property</b>  |
| PORTLIVING FARMS (3648 PARKVIEW) INVESTMENTS INC | <b>Folio:</b> 03842-000<br><b>Pid:</b> 011-610-263<br><b>LTO No.:</b> CA7519366<br><b>MHR No.:</b><br><b>Civic:</b> 3648 PARKVIEW ST<br><b>Legal:</b> LOT A PLAN KAP1389 DISTRICT LOT 189 SIMILKAMEEN DIVISION<br>YALE DIST<br><b>Status:</b> ACTIVE |

| 2022 Assessments               |                  |  |                  |                      |           |
|--------------------------------|------------------|--|------------------|----------------------|-----------|
| Value Set                      | Assessment Class | Value Type                             | Land             | Improvements         | Total     |
| GENERAL                        | Business/Other   | NET                                    | 970,868          | 283,132              | 1,254,000 |
| 2022 Levies, Grants, Deferrals |                  | Property Taxes Owing As At Oct 3, 2022 |                  | 2023 Instalments     |           |
| Total Levy                     | 14,266.18        | Delinquent (2020)                      | 0.00             | Payments Made        | 0.00      |
| Grant Available                |                  | Arrears (2021)                         | 2.04             | Interest Earned      | 0.00      |
| 65 and over                    | 0.00             | Interest to Oct 3, 2022                | 0.09             | Adjustments          | 0.00      |
| Under 65                       | 0.00             | Current (2022)                         | 14,266.18        | <b>Balance as at</b> |           |
|                                |                  |  | 14,268.31        | <b>Oct 3, 2022</b>   | 0.00      |
| <b>Grant Claimed</b>           | <b>0.00</b>      | Penalties                              | 1,426.62         |                      |           |
| <b>Deferred</b>                | <b>0.00</b>      | <b>Total Taxes Owing</b>               | <b>15,694.93</b> |                      |           |

| Utilities Charges  |        |                        |              |                |               |             |              |
|--|--------|------------------------|--------------|----------------|---------------|-------------|--------------|
| For further information on these Utility Charges, please contact (250) 490-2489. |        |                        |              |                |               |             |              |
| Account/Customer Number  | Status | Description of Charges | Cons To      | Bal Due Before | Bal Due After | Current Bal | Due Date     |
| 004450/00154272  | Active | Water,Sewer            | Sep 14, 2022 | 3,470.76       | 3,476.41      | 3,470.76    | Oct 21, 2022 |
| 004455/00154272  | Active | Water,Sewer            | Sep 14, 2022 | 1,610.92       | 1,615.96      | 1,610.92    | Oct 21, 2022 |
| 004460/00154272  | Active | Electric,Demand (KVA)  | Sep 15, 2022 | 3,563.66       | 3,575.01      | 3,563.66    | Oct 21, 2022 |
| 004465/00154272  | Active | Electric               | Sep 15, 2022 | 2,494.76       | 2,502.40      | 2,494.76    | Oct 21, 2022 |

**Important Property Comments**

CURRENT      OVERDUE Taxes - Any statutory penalty has been included.

CURRENT      Property tax outstanding after due date will incur a penalty of 10% on the current year's taxes.

GENERAL      Please note that once a conveyance is completed, the vendor is no longer eligible for the Homeowner Grant. A new owner is ineligible if the taxes are paid in full, and where there are taxes outstanding, the amount of the grant available to the new owner is limited to current year's taxes outstanding.

TAX            Daily interest on Arrears and Delinquent taxes is \$ 0.000 Subject to rate changes on the 1st of Jan, Apr, Jul & Oct.

E & O/E

171 Main Street  
 Penticton BC V2A 5A9

**CITY OF PENTICTON  
 PROPERTY TAX CERTIFICATE**

**0443**  
 Tax Department: (250) 490 2485  
 FAX: (250) 490 2422  
 email: taxclk@penticton.ca

Printed: Oct 3, 2022  
 Number: 34187

This statement is issued in accordance with Local Government Act Section 383 - Statement of Taxes Outstanding.  
 Under 383(3), an error in a statement or certificate given under this section does not subject the municipality to damages.  
**THIS PROPERTY MAY BE SUBJECT TO OTHER CHARGES OR FEES.**

For BC ONLINE  
 319671.00003

|  |                           |
|--|---------------------------|
| <b>Owner</b>   | <b>Property</b>           |
| PORTLIVING FARMS (3688 PARKVIEW) INVESTMENTS INC                                     |                           |
| <b>Folio:</b> 03843-000  | <b>LTO No.:</b> CA7448279 |
| <b>Pld:</b> 008-974-462  | <b>MHR No.:</b>           |
| <b>Civc:</b> 3688 PARKVIEW ST  |                           |
| <b>Legal:</b> LOT 1 PLAN KAP14620 DISTRICT LOT 189 SIMILKAMEEN<br>DIVISION YALE DIST |                           |
| <b>Status:</b> ACTIVE  |                           |

| 2022 Assessments |                  |            |           |              |           |
|------------------|------------------|------------|-----------|--------------|-----------|
| Value Set        | Assessment Class | Value Type | Land      | Improvements | Total     |
| GENERAL          | MULTIPLE         | NET        | 1,120,391 | 728,209      | 1,848,600 |

| 2022 Levies, Grants, Deferrals |             | Property Taxes Owning As At Oct 3, 2022 |                  | 2023 Instalments     |      |
|--------------------------------|-------------|---|------------------|----------------------|------|
| Total Levy                     | 20,397.57   | Delinquent (2020)                       | 0.00             | Payments Made        | 0.00 |
| Grant Available                |             | Arrears (2021)                          | 3.11             | Interest Earned      | 0.00 |
| 65 and over                    | 311.46      | Interest to Oct 3, 2022                 | 0.14             | Adjustments          | 0.00 |
| Under 65                       | 61.46       | Current (2022)                          | 20,397.57        | <b>Balance as at</b> |      |
|                                |             |   | 20,400.82        | <b>Oct 3, 2022</b>   | 0.00 |
| <b>Grant Claimed</b>           | <b>0.00</b> | Penalties                               | 2,039.76         |                      |      |
| <b>Deferred</b>                | <b>0.00</b> | <b>Total Taxes Owning</b>               | <b>22,440.58</b> |                      |      |

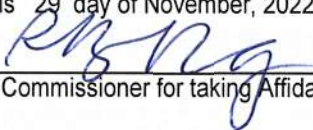
| Utilities Charges  |        |                        |              |                |               |             |              |
|--|--------|------------------------|--------------|----------------|---------------|-------------|--------------|
| For further information on these Utility Charges, please contact (250) 490-2489. |        |                        |              |                |               |             |              |
| Account/Customer Number  | Status | Description of Charges | Cons To      | Bal Due Before | Bal Due After | Current Bal | Due Date     |
| 004470/00154272  | Active | Electric,Water,Sewer   | Sep 14, 2022 | 4,789.27       | 4,809.82      | 4,789.27    | Oct 21, 2022 |
| 004475/00154272  | Active | Electric,Demand (KVA)  | Sep 14, 2022 | 5,834.42       | 5,854.68      | 5,834.42    | Oct 21, 2022 |
| 004480/00154272  | Active | Electric               | Sep 15, 2022 | 2,471.73       | 2,480.81      | 2,471.73    | Oct 21, 2022 |

| Important Property Comments |   |
|-----------------------------|---|
| CURRENT                     | OVERDUE Taxes - Any statutory penalty has been included.  |
| CURRENT                     | Property tax outstanding after due date will incur a penalty of 10% on the current year's taxes.  |
| GENERAL                     | Please note that once a conveyance is completed, the vendor is no longer eligible for the Homeowner Grant. A new owner is ineligible if the taxes are paid in full, and where there are taxes outstanding, the amount of the grant available to the new owner is limited to current year's taxes outstanding. |
| TAX                         | Daily interest on Arrears and Delinquent taxes is \$ 0.001 Subject to rate changes on the 1st of Jan, Apr, Jul & Oct.   |

E & O/E

0444

This is Exhibit "X" referred to in the affidavit  
of Luke Pretty sworn before me at Vancouver  
this 29 day of November, 2022.

  
A Commissioner for taking Affidavits 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

June 3, 2022  
File No.: 319671.00003/21106

**Brent Clark**  
Direct +1 604 631 4852  
bcclark@fasken.com

**Delivered Via Email**

**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 Farms (3648 Parkview)  
Investments Inc.  
Port Capital Group Inc.  
PortLiving Properties Inc.  
Macario Teodoro Reyes  
325 West 4th Avenue  
Vancouver, BC V5Y 1H3**

**Attention: Macario T. Reyes**

**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 Farms (3648 Parkview)  
Investments Inc.  
Port Capital Group Inc.  
PortLiving Properties Inc.  
Macario Teodoro Reyes  
McCarthy Tétrault LLP  
Suite 2400, 745 Thurlow Street  
Vancouver, BC V6E 0C5**

**Attention: Lance Williams**

Dear Sirs/Mesdames:

**Re: Loan of \$3,500,000.00 (the "Loan") made or to be 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")**

We are the solicitors for the Lender.

We are instructed by the Lender that, pursuant to a loan agreement dated March 14, 2022 (the "Loan Agreement"), you are indebted to the Lender as at June 2, 2022 in the amount of \$3,766,955.48 (the "Loan Indebtedness") on account of the Loan. The breakdown of the Loan Indebtedness is as follows:

|  |                       |
|--|-----------------------|
| Outstanding principal balance as at March 15, 2022                           | \$3,500,000.00        |
| Accrued interest from March 15, 2022 to April 14, 2022<br>(15.25%)           | \$43,869.86           |
| Accrued interest from April 15, 2022 to April 30, 2022<br>(15.75%)           | \$22,654.11           |
| Accrued interest from May 1, 2022 to May 30, 2022<br>(15.75%)                | \$45,308.22           |
| Accrued interest from June 1, 2022 to June 2, 2022<br>(16.25%)               | \$1,510.27            |
| Re-work fee  | \$10,000.00           |
| Minimum 6 months interest (June 2, 2022 to September<br>15, 2022 = 105 days) | \$163,613.01          |
| <b>SUBTOTAL</b>  | <b>\$3,786,955.48</b> |
| Less paid May 2, 2022  | (\$20,000.00)         |
| <b>Total</b>   | <b>\$3,766,955.48</b> |

Interest continues to accrue on the Loan Indebtedness and, in addition, the Lender has incurred, and will continue to incur, legal costs in relation to this matter, and the Lender reserves the right to claim those against you.

On the instructions of the Lender, we hereby make formal demand for payment of the Loan Indebtedness, being the sum of \$3,766,955.48, from and including June 2, 2022 to September 15, 2022 and including the date payment is received in our offices and legal costs, by certified cheque or bank draft. Unless the Loan Indebtedness is received in our offices on or before the close of business on June 14, 2022, we are instructed to commence legal proceedings against you to enforce recovery of the amounts outstanding without further notice to you.

The above balances are based on the records available to the Lender at this date. If the true balances are different from the amounts demanded, the Lender reserves all rights to any additional monies which you may owe to the Lender.

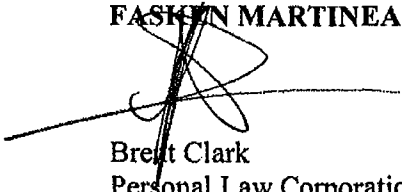
We also enclose with this letter a Form 86 Notice of Intention to Enforce Security pursuant to the provisions of Section 244(1) of the *Bankruptcy and Insolvency Act* confirming the Lender's intention to enforce its security on the expiration of ten days following the date of this letter unless you consent to an earlier enforcement. If you wish to provide such consent, please endorse the enclosed Form 86 and return a copy of same to the writer.

The Lender specifically reserves its right to make application to the court to appoint an interim receiver under the *Bankruptcy and Insolvency Act* to protect its security during the demand period.

We trust you will give this matter your immediate attention. We look forward to timely receipt of payment in full of the Indebtedness.

Sincerely,

**FASKIN MARTINEAU DuMOULIN LLP**



Brett Clark  
Personal Law Corporation

BRC/gks  
Enclosure

cc 1351486 B.C. Ltd.  
cc Digby Leigh & Co.

Attention: Luke Pretty and Gabe Chung (via email)  
Attention: Digby Leigh (via email)

**NOTICE OF INTENTION TO ENFORCE A SECURITY**FORM 86  
(Rule 124)TO: **Living Beachside Development Limited Partnership**, an insolvent person

TAKE NOTICE THAT:

1. 1351486 B.C. Ltd., a secured creditor, intends to enforce its security on the insolvent person's property described below:
  - (a) those lands described in the attached Schedule "A" (collectively, the "Lands"); and
  - (b) all present and after acquired personal property of the insolvent person.
2. The security that is to be enforced is the following:
  - (a) General Security Agreement dated March 10, 2022.
3. The total amount of indebtedness secured by the security as at June 2, 2022 is the sum of \$3,766,955.48. Legal costs and interest are also accruing in relation to the indebtedness.
4. The secured creditor will not have the right to enforce the security until after the expiry of the 10-day period after this notice is sent unless the insolvent person consents to an earlier enforcement.

DATED at Vancouver, British Columbia, this 2<sup>nd</sup> day of June, 2022.

1351486 B.C. Ltd., by its legal counsel

Per:

  
Brent Clark

Solicitor and agent of the Secured Creditor

Living Beachside Development Limited Partnership hereby waives the 10-day notice period provided for in this Notice of Intention to Enforce Security and consents to the immediate enforcement by the Lender of all security above-noted.

---

Authorized Signatory

## SCHEDULE "A"

**3624 Parkview Street, Penticton, BC**

| <u>PID:</u> | <u>Legal Description:</u>  |
|-------------|--|
| 012-474-983 | Lot 1 Block 212 District Lot 189 Similkameen Division Yale District Plan 397 except Plan 40551 |

**3648 Parkview Street, Penticton, BC**

| <u>PID:</u> | <u>Legal Description:</u>   |
|-------------|---|
| 011-610-263 | Lot A District Lot 189 Similkameen Division Yale District Plan 1389 |

**3688 Parkview Street, Penticton, BC**

| <u>PID:</u> | <u>Legal Description:</u>  |
|-------------|--|
| 008-974-462 | Lot 1 District Lot 189 Similkameen Division Yale District Plan 14620 |

(collectively, the "Lands")

**NOTICE OF INTENTION TO ENFORCE A SECURITY**FORM 86  
(Rule 124)TO: **Sunny Beach Motel Inc.**, an insolvent person

## TAKE NOTICE THAT:

1. 1351486 B.C. Ltd., a secured creditor, intends to enforce its security on the insolvent person's property described below:
  - (a) those lands described in the attached Schedule "A" (collectively, the "**Lands**"); and
  - (b) all present and after acquired personal property of the insolvent person.
2. The security that is to be enforced is the following:
  - (a) General Security Agreement dated March 10, 2022.
3. The total amount of indebtedness secured by the security as at June 2, 2022 is the sum of \$3,766,955.48. Legal costs and interest are also accruing in relation to the indebtedness.
4. The secured creditor will not have the right to enforce the security until after the expiry of the 10-day period after this notice is sent unless the insolvent person consents to an earlier enforcement.

DATED at Vancouver, British Columbia, this 3<sup>rd</sup> day of June, 2022.

1351486 B.C. Ltd., by its legal counsel

Per

  
Brent Clark

Solicitor and agent of the Secured Creditor

Sunny Beach Motel Inc. hereby waives the 10-day notice period provided for in this Notice of Intention to Enforce Security and consents to the immediate enforcement by the Lender of all security above-noted.

---

Authorized Signatory

**SCHEDULE "A"****3624 Parkview Street, Penticton, BC**

|             |  |
|-------------|--|
| <u>PID:</u> | <u>Legal Description:</u>  |
| 012-474-983 | Lot 1 Block 212 District Lot 189 Similkameen Division Yale District Plan 397 except Plan 40551 |

**3648 Parkview Street, Penticton, BC**

|             |   |
|-------------|---|
| <u>PID:</u> | <u>Legal Description:</u>   |
| 011-610-263 | Lot A District Lot 189 Similkameen Division Yale District Plan 1389 |

**3688 Parkview Street, Penticton, BC**

|             |  |
|-------------|--|
| <u>PID:</u> | <u>Legal Description:</u>  |
| 008-974-462 | Lot 1 District Lot 189 Similkameen Division Yale District Plan 14620 |

(collectively, the "Lands")

**NOTICE OF INTENTION TO ENFORCE A SECURITY**FORM 86  
(Rule 124)TO: **Port Capital Farms (Beach) Inc.**, an insolvent person

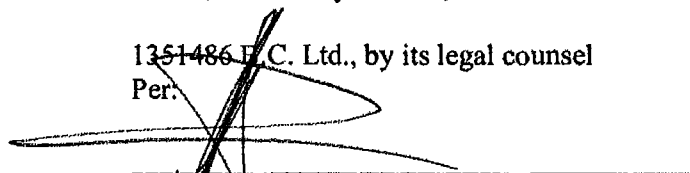
## TAKE NOTICE THAT:

1. 1351486 B.C. Ltd., a secured creditor, intends to enforce its security on the insolvent person's property described below:
  - (a) those lands described in the attached Schedule "A" (collectively, the "Lands"); and
  - (b) all present and after acquired personal property of the insolvent person.
2. The security that is to be enforced is the following:
  - (a) General Security Agreement dated March 10, 2022.
3. The total amount of indebtedness secured by the security as at June 2, 2022 is the sum of \$3,766,955.48. Legal costs and interest are also accruing in relation to the indebtedness.
4. The secured creditor will not have the right to enforce the security until after the expiry of the 10-day period after this notice is sent unless the insolvent person consents to an earlier enforcement.

DATED at Vancouver, British Columbia, this 3<sup>rd</sup> day of June, 2022.

1351486 B.C. Ltd., by its legal counsel

Per:

  
\_\_\_\_\_  
Brent Clark  
Solicitor and agent of the Secured Creditor

Port Capital Farms (Beach) Inc. hereby waives the 10-day notice period provided for in this Notice of Intention to Enforce Security and consents to the immediate enforcement by the Lender of all security above-noted.

\_\_\_\_\_  
Authorized Signatory



## SCHEDULE "A"

**3624 Parkview Street, Penticton, BC**

| <u>PID:</u> | <u>Legal Description:</u>  |
|-------------|--|
| 012-474-983 | Lot 1 Block 212 District Lot 189 Similkameen Division Yale District Plan 397 except Plan 40551 |

**3648 Parkview Street, Penticton, BC**

| <u>PID:</u> | <u>Legal Description:</u>   |
|-------------|---|
| 011-610-263 | Lot A District Lot 189 Similkameen Division Yale District Plan 1389 |

**3688 Parkview Street, Penticton, BC**

| <u>PID:</u> | <u>Legal Description:</u>  |
|-------------|--|
| 008-974-462 | Lot 1 District Lot 189 Similkameen Division Yale District Plan 14620 |

(collectively, the "Lands")

**NOTICE OF INTENTION TO ENFORCE A SECURITY**FORM 86  
(Rule 124)TO: **PortLiving Farms (3624 Parkview) Investments Inc.**, an insolvent person

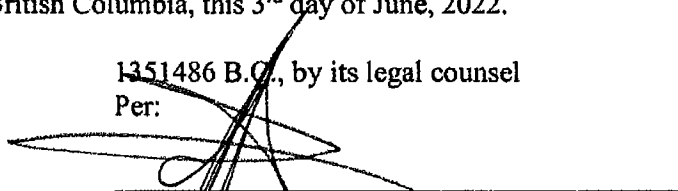
TAKE NOTICE THAT:

1. 1351486 B.C. Ltd., a secured creditor, intends to enforce its security on the insolvent person's property described below:
  - (a) those lands described in the attached Schedule "A" (collectively, the "Lands"); and
  - (b) all present and after acquired personal property of the insolvent person.
2. The security that is to be enforced is the following:
  - (a) General Security Agreement dated March 10, 2022.
3. The total amount of indebtedness secured by the security as at June 2, 2022 is the sum of \$3,766,955.48. Legal costs and interest are also accruing in relation to the indebtedness.
4. The secured creditor will not have the right to enforce the security until after the expiry of the 10-day period after this notice is sent unless the insolvent person consents to an earlier enforcement.

DATED at Vancouver, British Columbia, this 3<sup>rd</sup> day of June, 2022.

1351486 B.C., by its legal counsel

Per:

  
\_\_\_\_\_  
Brent Clark  
Solicitor and agent of the Secured Creditor

PortLiving Farms (3624 Parkview) Investments Inc. hereby waives the 10-day notice period provided for in this Notice of Intention to Enforce Security and consents to the immediate enforcement by the Lender of all security above-noted.

\_\_\_\_\_  
Authorized Signatory

## SCHEDULE "A"

**3624 Parkview Street, Penticton, BC**

| <u>PID:</u> | <u>Legal Description:</u>  |
|-------------|--|
| 012-474-983 | Lot 1 Block 212 District Lot 189 Similkameen Division Yale District Plan 397 except Plan 40551 |

**3648 Parkview Street, Penticton, BC**

| <u>PID:</u> | <u>Legal Description:</u>   |
|-------------|---|
| 011-610-263 | Lot A District Lot 189 Similkameen Division Yale District Plan 1389 |

**3688 Parkview Street, Penticton, BC**

| <u>PID:</u> | <u>Legal Description:</u>  |
|-------------|--|
| 008-974-462 | Lot 1 District Lot 189 Similkameen Division Yale District Plan 14620 |

(collectively, the "Lands")

**NOTICE OF INTENTION TO ENFORCE A SECURITY**FORM 86  
(Rule 124)TO: **PortLiving Farms (3688 Parkview) Investments Inc.**, an insolvent person

TAKE NOTICE THAT:

1. 1351486 B.C. Ltd., a secured creditor, intends to enforce its security on the insolvent person's property described below:
  - (a) those lands described in the attached Schedule "A" (collectively, the "Lands"); and
  - (b) all present and after acquired personal property of the insolvent person.
2. The security that is to be enforced is the following:
  - (a) General Security Agreement dated March 10, 2022.
3. The total amount of indebtedness secured by the security as at June 2, 2022 is the sum of \$3,766,955.48. Legal costs and interest are also accruing in relation to the indebtedness.
4. The secured creditor will not have the right to enforce the security until after the expiry of the 10-day period after this notice is sent unless the insolvent person consents to an earlier enforcement.

DATED at Vancouver, British Columbia, this 3<sup>rd</sup> day of June, 2022.

1351486 B.C. Ltd., by its legal counsel

Per:

  
\_\_\_\_\_  
Brent Clark

Solicitor and agent of the Secured Creditor

PortLiving Farms (3688 Parkview) Investments Inc. hereby waives the 10-day notice period provided for in this Notice of Intention to Enforce Security and consents to the immediate enforcement by the Lender of all security above-noted.

\_\_\_\_\_  
Authorized Signatory

## SCHEDULE "A"

**3624 Parkview Street, Penticton, BC**

| <u>PID:</u> | <u>Legal Description:</u>  |
|-------------|--|
| 012-474-983 | Lot 1 Block 212 District Lot 189 Similkameen Division Yale District Plan 397 except Plan 40551 |

**3648 Parkview Street, Penticton, BC**

| <u>PID:</u> | <u>Legal Description:</u>   |
|-------------|---|
| 011-610-263 | Lot A District Lot 189 Similkameen Division Yale District Plan 1389 |

**3688 Parkview Street, Penticton, BC**

| <u>PID:</u> | <u>Legal Description:</u>  |
|-------------|--|
| 008-974-462 | Lot 1 District Lot 189 Similkameen Division Yale District Plan 14620 |

(collectively, the "Lands")

**NOTICE OF INTENTION TO ENFORCE A SECURITY**FORM 86  
(Rule 124)TO: **PortLiving Farms (3648 Parkview) Investments Inc.**, an insolvent person

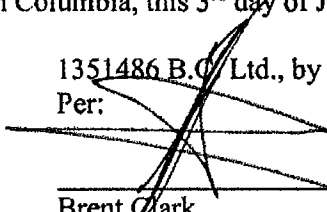
TAKE NOTICE THAT:

1. 1351486 B.C. Ltd., a secured creditor, intends to enforce its security on the insolvent person's property described below:
  - (a) those lands described in the attached Schedule "A" (collectively, the "Lands"); and
  - (b) all present and after acquired personal property of the insolvent person.
2. The security that is to be enforced is the following:
  - (a) General Security Agreement dated March 10, 2022.
3. The total amount of indebtedness secured by the security as at June 2, 2022 is the sum of \$3,766,955.48. Legal costs and interest are also accruing in relation to the indebtedness.
4. The secured creditor will not have the right to enforce the security until after the expiry of the 10-day period after this notice is sent unless the insolvent person consents to an earlier enforcement.

DATED at Vancouver, British Columbia, this 3<sup>rd</sup> day of June, 2022.

1351486 B.C. Ltd., by its legal counsel

Per:


  
 \_\_\_\_\_  
 Brent Clark  
 Solicitor and agent of the Secured Creditor

PortLiving Farms (3648 Parkview) Investments Inc. hereby waives the 10-day notice period provided for in this Notice of Intention to Enforce Security and consents to the immediate enforcement by the Lender of all security above-noted.

 \_\_\_\_\_  
 Authorized Signatory

## SCHEDULE "A"

**3624 Parkview Street, Penticton, BC**

| <u>PID:</u> | <u>Legal Description:</u>  |
|-------------|--|
| 012-474-983 | Lot 1 Block 212 District Lot 189 Similkameen Division Yale District Plan 397 except Plan 40551 |

**3648 Parkview Street, Penticton, BC**

| <u>PID:</u> | <u>Legal Description:</u>   |
|-------------|---|
| 011-610-263 | Lot A District Lot 189 Similkameen Division Yale District Plan 1389 |

**3688 Parkview Street, Penticton, BC**

| <u>PID:</u> | <u>Legal Description:</u>  |
|-------------|--|
| 008-974-462 | Lot 1 District Lot 189 Similkameen Division Yale District Plan 14620 |

(collectively, the "Lands")

**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

June 3, 2022  
File No.: 319671.00003/21106

**Brent Clark**  
Direct +1 604 631 4852  
bcclark@fasken.com

**By Email: tobi@portliving.com**

**Port Capital Group Inc.**  
325 West 4th Avenue  
Vancouver, BC V5Y 1H3

**Attention: Macario T. Reyes**

**By Email: tobi@portliving.com**

**Macario Teodoro Reyes**  
325 West 4th Avenue  
Vancouver, BC V5Y 1H3

Dear Sirs/Mesdames:

**Re: Indebtedness of 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") to 1351486 B.C. Ltd. (the "Lender") pursuant to loan of \$3,500,000.00**

We are the solicitors for the Lender.

We are instructed that, pursuant to your guarantee dated March 10, 2022 (the "**Guarantee**"), you have jointly and severally guaranteed all obligations of the Borrower to the Lender.

By letter dated June 3, 2022, a copy of which is enclosed herewith, we made demand on the Borrower for payment of its indebtedness to the Lender.

On behalf of the Lender, we hereby make formal demand on you for payment of the amount outstanding under the Guarantee, which, as at June 2, 2022, amounts to the sum of \$3,766,955.48 plus legal costs. Interest continues to accrue on the amount demanded subject to fluctuations in Royal Bank of Canada's prime rate of interest and the interest compounding provisions of the agreements between the Borrower and the Lender.

Unless the amount demanded is received in our offices on or before the close of business on June 14, 2022, we are instructed to commence legal proceedings against you to enforce recovery of the amounts outstanding without further notice to you.




**FASKEN**

We trust you will give this matter your immediate attention. We look forward to timely receipt of payment in full of the Indebtedness.

Sincerely,

**FASKEN MARTINEAU DuMOULIN LLP**



Brent Clark  
Personal Law Corporation

BRC/gks

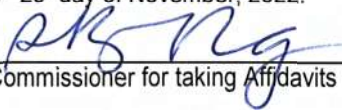
Encl.

cc 1351486 B.C. Ltd.  
McCarthy Tétrault LLP  
Digby Leigh & Co.

Attention: Luke Pretty and Gabe Chung (via email)  
Attention: Lance Williams (via email)  
Attention: Digby Leigh (via email)

0462

This is Exhibit "4" referred to in the affidavit  
of Luke Pretty sworn before me at Vancouver  
this 29 day of November, 2022.

  
A Commissioner for taking Affidavits 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

September 9, 2022  
File No.: 319671.00003/21106

**Brent Clark**  
Direct +1 604 631 4852  
bcclark@fasken.com

## Delivered Via Email

**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 Farms (3648 Parkview)  
Investments Inc.  
Port Capital Group Inc.  
PortLiving Properties Inc.  
Macario Teodoro Reyes  
325 West 4th Avenue  
Vancouver, BC V5Y 1H3**

**Attention: Macario T. Reyes**

**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 Farms (3648 Parkview)  
Investments Inc.  
Port Capital Group Inc.  
PortLiving Properties Inc.  
Macario Teodoro Reyes  
McCarthy Tétrault LLP  
Suite 2400, 745 Thurlow Street  
Vancouver, BC V6E 0C5**

**Attention: Lance Williams**

Dear Sirs/Mesdames:

**Re: Loan of \$3,500,000.00 (the "Loan") made or to be 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") – The lands and premises civically known and legally described in "Schedule A" attached hereto (collectively, the "Lands")**

Further to our meeting on September 7<sup>th</sup>, 2022 we confirm that we have instructions to proceed with an application for a Court appointed receiver on Tuesday, September 13<sup>th</sup>, 2022 unless we have received payment in full on account of the Loan. To facilitate this process, please confirm which law firm will be representing the Borrower so that we may coordinate Court dates and deliver materials.

At the meeting, you indicated that the Borrower is in the process of raising additional financing that would permit you to repay the Lender in full. We are advised by the Lender that they would be prepared to forbear from any additional enforcement proceedings if the Borrower entered into a binding purchase and sale agreement for the assets of the Borrower and a forbearance agreement on the following terms:

- (a) in consideration of the Lender forbearing enforcement until October 17<sup>th</sup>, 2022, the Borrower will execute a Form A Transfer for the Lands (the "**Form A Transfer**") and a purchase and sale agreement (the "**Purchase and Sale Agreement**") for all of the assets of the Borrower (collectively, the "**Hotel Properties**") to be held in escrow by the Lender's solicitors;
- (b) the purchase price (the "**Purchase Price**") for the Hotel Properties will be the aggregate amount owing to the Lender on account of the Loan and the total amount owing to 1341550 B.C. Ltd. (the "**Senior Lender**") as first mortgagee;
- (c) in the event that the Lender is not repaid in full on or before October 17<sup>th</sup>, 2022, the Form A Transfer and the Purchase and Sale Agreement will be released from escrow and the Lender will be authorized to complete the purchase of the Hotel Properties for the Purchase Price;
- (d) the Borrower agrees that the Lender may fulfill the payment of the Purchase Price by:
  - (i) releasing the Borrower under its obligations on account of the Loan; and
  - (ii) assuming the debt to the Senior Lender under the first mortgage of the Lands;
- (e) as further consideration, the Borrower will enter into a forbearance agreement (the "**Forbearance Agreement**") which agreement will include, *inter alia*, the following:
  - (i) the Borrower shall keep the Hotel Properties clear of all liens, charges, judgments, or other registrations on title;
  - (ii) the Borrower shall pay to the Lender a forbearance fee equal to 2.0% of the outstanding amount on account of the Loan;
  - (iii) the Borrower shall not make any disbursements or permit any other withdrawal from the Hotel Properties, including, without limitation, any payments of dividends or payments on account of shareholder loans;
  - (iv) the Borrower shall not make or permit any expenditures to be incurred by the Borrower other than current operating expenses incurred in the ordinary course of operating the Hotel Properties and payments to the

Lender and the Senior Lender on account of the first and second mortgages;

- (v) the Borrower shall deliver copies of all financial statements and bank statements and any other financial records in respect of the Hotel Properties as may be requested by the Lender; and
- (vi) the Borrower acknowledges and agrees that at the option of the Lender the forbearance period shall terminate in the event that the Borrower breaches any terms of the Forbearance Agreement and upon such termination the Borrower shall consent to the immediate appointment of a Court appointed receiver to take control of and sell the Hotel Properties.

We trust you will give this matter your immediate attention. If the foregoing proposal is acceptable, please sign below where indicated and return the fully executed copy of this letter to the undersigned on or before Tuesday, September 13<sup>th</sup>, 2022. Our office will subsequently prepare the Form A Transfer, Purchase and Sale Agreement and Forbearance Agreement for execution by the Borrower. If the foregoing is not acceptable, please confirm who will be representing the Borrower in respect of the Lender's application to appoint a receiver.

Sincerely,

**FASKEN MARTINEAU DuMOULIN LLP**

Brent Clark  
Personal Law Corporation

BRC/hbi  
Enclosure

cc 1351486 B.C. Ltd.  
cc Digby Leigh & Co.

Attention: Luke Pretty and Gabe Chung (via email)  
Attention: Digby Leigh (via email)

The above is **ACKNOWLEDGED** and **AGREED TO** on the \_\_\_\_\_ day of September, 2022 by **LIVING BEACHSIDE DEVELOPMENT LIMITED PARTNERSHIP**, by its general partner, **PORT CAPITAL FARMS (BEACH) INC.**, by its authorized signatory(ies):

Per: \_\_\_\_\_  
Macario Teodoro Reyes  
Director  
I have the authority to binder the partnership

The above is **ACKNOWLEDGED** and **AGREED TO** on the \_\_\_\_\_ day of September, 2022 by **SUNNY BEACH MOTEL INC.**, by its authorized signatory(ies):

Per: \_\_\_\_\_  
Macario Teodoro Reyes  
Director  
I have the authority to binder the corporation

The above is **ACKNOWLEDGED** and **AGREED TO** on the \_\_\_\_\_ day of September, 2022 by **PORT CAPITAL FARMS (BEACH) INC.**, by its authorized signatory(ies):

Per: \_\_\_\_\_  
Macario Teodoro Reyes  
Director  
I have the authority to binder the corporation

The above is **ACKNOWLEDGED** and **AGREED TO** on the \_\_\_\_\_ day of September, 2022 by **PORTLIVING FARMS (3624 PARKVIEW) INVESTMENTS INC.**, by its authorized signatory(ies):

Per: \_\_\_\_\_  
Macario Teodoro Reyes  
Director  
I have the authority to binder the corporation

The above is **ACKNOWLEDGED** and **AGREED TO** on the \_\_\_\_\_ day of September, 2022 by **PORTLIVING FARMS (3688 PARKVIEW) INVESTMENTS INC.**, by its authorized signatory(ies):

Per: \_\_\_\_\_  
Macario Teodoro Reyes  
Director  
I have the authority to binder the corporation

The above is **ACKNOWLEDGED** and **AGREED TO** on the \_\_\_\_\_ day of September, 2022 by **PORTLIVING FARMS (3648 PARKVIEW) INVESTMENTS INC.**, by its authorized signatory(ies):

Per: \_\_\_\_\_  
Macario Teodoro Reyes  
Director  
I have the authority to binder the corporation

The above is **ACKNOWLEDGED** and **AGREED TO** on the \_\_\_\_\_ day of September, 2022 by **PORT CAPITAL GROUP INC.**, by its authorized signatory(ies):

Per: \_\_\_\_\_  
Macario Teodoro Reyes  
Director  
I have the authority to binder the corporation

The above is **ACKNOWLEDGED** and **AGREED TO** on the \_\_\_\_\_ day of September, 2022 by **PORTLIVING PROPERTIES INC.**, by its authorized signatory(ies):

Per: \_\_\_\_\_  
Macario Teodoro Reyes  
Director  
I have the authority to binder the corporation

The above is **ACKNOWLEDGED** and **AGREED TO** on the \_\_\_\_\_ day of September, 2022 by **MACARIO TEODORO REYES**

\_\_\_\_\_  
Macario Teodoro Reyes



**SCHEDULE A****THE LANDS****3624 Parkview Street, Penticton, BC**

| <u>PID:</u> | <u>Legal Description:</u>  |
|-------------|--|
| 012-474-983 | Lot 1 Block 212 District Lot 189 Similkameen Division Yale District Plan 397 except Plan 40551 |

**3648 Parkview Street, Penticton, BC**

| <u>PID:</u> | <u>Legal Description:</u>   |
|-------------|---|
| 011-610-263 | Lot A District Lot 189 Similkameen Division Yale District Plan 1389 |

**3688 Parkview Street, Penticton, BC**

| <u>PID:</u> | <u>Legal Description:</u>  |
|-------------|--|
| 008-974-462 | Lot 1 District Lot 189 Similkameen Division Yale District Plan 14620 |

(collectively, the "Lands")

# FASKEN

0470

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

September 29, 2022  
File No.: 319671.00003/21106

**Brent Clark**  
Direct +1 604 631 4852  
bcclark@fasken.com

**By Email: [tobi@portliving.com](mailto:tobi@portliving.com)**

**Port Capital Development (Farms) Inc.**  
325 West 4th Avenue  
Vancouver, BC V5Y 1H3

**Attention: Macario T. Reyes**

Dear Sirs/Mesdames:

**Re: Indebtedness of 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") to 1351486 B.C. Ltd. (the "Lender") pursuant to loan of \$3,500,000.00**

We are the solicitors for the Lender.

We are instructed that, pursuant to your limited recourse guarantee dated March 10, 2022 (the "Guarantee"), you have jointly and severally guaranteed all obligations of the Borrower to the Lender.

By a letter dated June 3, 2022, a copy of which is enclosed herewith, we made demand on the Borrower for payment of its indebtedness to the Lender.

On behalf of the Lender, we hereby make formal demand on you for payment of the amount outstanding under the Guarantee, which, as at September 20, 2022, amounts to the sum of \$3,779,849.32 plus legal costs. Interest continues to accrue on the amount demanded at the per diem rate of \$2,013.70, subject to fluctuations in Royal Bank of Canada's prime rate of interest and the interest compounding provisions of the agreements between the Borrower and the Lender.

Unless the amount demanded is received in our offices on or before the close of business on October 14, 2022, we are instructed to commence legal proceedings against you to enforce recovery of the amounts outstanding without further notice to you.

We trust you will give this matter your immediate attention. We look forward to timely receipt of payment in full of the Indebtedness.

FASKEN

0471

Sincerely,

  
FASKEN MARTINEAU DuMOULIN LLP

Brent Clark  
Personal Law Corporation

BRC/hbi

Encl.

cc 1351486 B.C. Ltd.  
McCarthy Tétrault LLP  
Digby Leigh & Co.

Attention: Luke Pretty and Gabe Chung (via email)  
Attention: Lance Williams (via email)  
Attention: Digby Leigh (via email)

## 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

June 3, 2022  
File No.: 319671.00003/21106

**Brent Clark**  
Direct +1 604 631 4852  
bcclark@fasken.com

**Delivered Via Email**

**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 Farms (3648 Parkview)  
Investments Inc.  
Port Capital Group Inc.  
PortLiving Properties Inc.  
Macario Teodoro Reyes  
325 West 4th Avenue  
Vancouver, BC V5Y 1H3**

**Attention: Macario T. Reyes**

**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 Farms (3648 Parkview)  
Investments Inc.  
Port Capital Group Inc.  
PortLiving Properties Inc.  
Macario Teodoro Reyes  
McCarthy Tétrault LLP  
Suite 2400, 745 Thurlow Street  
Vancouver, BC V6E 0C5**

**Attention: Lance Williams**

Dear Sirs/Mesdames:

**Re: Loan of \$3,500,000.00 (the "Loan") made or to be 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")**

We are the solicitors for the Lender.

We are instructed by the Lender that, pursuant to a loan agreement dated March 14, 2022 (the "**Loan Agreement**"), you are indebted to the Lender as at June 2, 2022 in the amount of \$3,766,955.48 (the "**Loan Indebtedness**") on account of the Loan. The breakdown of the Loan Indebtedness is as follows:

|  |                       |
|--|-----------------------|
| Outstanding principal balance as at March 15, 2022                           | \$3,500,000.00        |
| Accrued interest from March 15, 2022 to April 14, 2022<br>(15.25%)           | \$43,869.86           |
| Accrued interest from April 15, 2022 to April 30, 2022<br>(15.75%)           | \$22,654.11           |
| Accrued interest from May 1, 2022 to May 30, 2022<br>(15.75%)                | \$45,308.22           |
| Accrued interest from June 1, 2022 to June 2, 2022<br>(16.25%)               | \$1,510.27            |
| Re-work fee  | \$10,000.00           |
| Minimum 6 months interest (June 2, 2022 to September<br>15, 2022 = 105 days) | \$163,613.01          |
| <b>SUBTOTAL</b>  | <b>\$3,786,955.48</b> |
| Less paid May 2, 2022  | (\$20,000.00)         |
| <b>Total</b>   | <b>\$3,766,955.48</b> |

Interest continues to accrue on the Loan Indebtedness and, in addition, the Lender has incurred, and will continue to incur, legal costs in relation to this matter, and the Lender reserves the right to claim those against you.

On the instructions of the Lender, we hereby make formal demand for payment of the Loan Indebtedness, being the sum of \$3,766,955.48, from and including June 2, 2022 to September 15, 2022 and including the date payment is received in our offices and legal costs, by certified cheque or bank draft. Unless the Loan Indebtedness is received in our offices on or before the close of business on June 14, 2022, we are instructed to commence legal proceedings against you to enforce recovery of the amounts outstanding without further notice to you.

The above balances are based on the records available to the Lender at this date. If the true balances are different from the amounts demanded, the Lender reserves all rights to any additional monies which you may owe to the Lender.

We also enclose with this letter a Form 86 Notice of Intention to Enforce Security pursuant to the provisions of Section 244(1) of the *Bankruptcy and Insolvency Act* confirming the Lender's intention to enforce its security on the expiration of ten days following the date of this letter unless you consent to an earlier enforcement. If you wish to provide such consent, please endorse the enclosed Form 86 and return a copy of same to the writer.

The Lender specifically reserves its right to make application to the court to appoint an interim receiver under the *Bankruptcy and Insolvency Act* to protect its security during the demand period.

We trust you will give this matter your immediate attention. We look forward to timely receipt of payment in full of the Indebtedness.

Sincerely,

**FASKIN MARTINEAU DuMOULIN LLP**



Brett Clark  
Personal Law Corporation

BRC/gks  
Enclosure

cc 1351486 B.C. Ltd.  
cc Digby Leigh & Co.

Attention: Luke Pretty and Gabe Chung (via email)  
Attention: Digby Leigh (via email)

**NOTICE OF INTENTION TO ENFORCE A SECURITY**

FORM 86

(Rule 124)

TO: **PORT CAPITAL DEVELOPMENT (FARMS) INC.**, guarantor of an insolvent person

TAKE NOTICE THAT:

1. 1351486 B.C. Ltd., a secured creditor, intends to enforce its security on the insolvent person's property described below:

(a) all outstanding shares in the capital stock of the insolvent person.

2. The security that is to be enforced is the following:

(a) Pledge of Securities dated March 10, 2022.

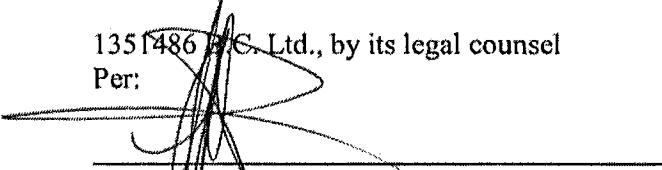
3. The total amount of indebtedness secured by the security as at September 20, 2022 is the sum of \$3,779,849.32, with interest accruing thereafter at the per diem rate of \$2,013.70, subject to fluctuations in Royal Bank of Canada's prime rate of interest. Legal costs are also accruing in relation to the indebtedness.

4. The secured creditor will not have the right to enforce the security until after the expiry of the 10-day period after this notice is sent unless the insolvent person consents to an earlier enforcement.

DATED at Vancouver, British Columbia, this 29th day of September, 2022.

1351486 B.C. Ltd., by its legal counsel

Per:



Brent Clark

Solicitor and agent of the Secured Creditor

**Port Capital Development (Farms) Inc.** hereby waives the 10-day notice period provided for in this Notice of Intention to Enforce Security and consents to the immediate enforcement by the Lender of all security above-noted.

\_\_\_\_\_  
Authorized Signatory

0476

This is Exhibit "2" referred to in the affidavit  
of Luke Pretty sworn before me at Vancouver  
this 29 day of November, 2022.

  
A Commissioner for taking Affidavits for British Columbia



**FORBEARANCE AGREEMENT**

THIS AGREEMENT dated for reference the 25<sup>th</sup> 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 20<sup>th</sup> Floor, 250 Howe Street, Vancouver, BC V6C 3R8

(“Beachside LP”)

AND:

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

(“Sunny Beach”)

AND:

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

(“3624”)

AND:

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

(“3648”)

AND:

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

(“**Port Capital**”)

AND:

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

(“**Port Properties**”)

AND:

**MACARIO TEODORO REYES**, businessperson, having an address of 325 West 4<sup>th</sup> 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 20<sup>th</sup> 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 accrues 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  
9<sup>th</sup> 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:

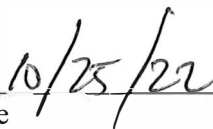
**1351486 B.C. Ltd.**

Per: \_\_\_\_\_  
Authorized Signatory


\_\_\_\_\_  
Date


**LIVING BEACHSIDE DEVELOPMENT LIMITED PARTNERSHIP**

Per:  \_\_\_\_\_  
Authorized Signatory

 \_\_\_\_\_  
Date

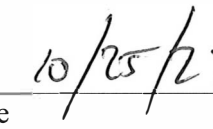
**SUNNY BEACH MOTEL INC.**

Per:  \_\_\_\_\_  
Authorized Signatory

 \_\_\_\_\_  
Date


**PORT CAPITAL FARMS (BEACH) INC.**

Per:  \_\_\_\_\_  
Authorized Signatory


 \_\_\_\_\_  
Date

**LIVING BEACHSIDE DEVELOPMENT LIMITED PARTNERSHIP**

Per:  \_\_\_\_\_  
Authorized Signatory

 \_\_\_\_\_  
Date

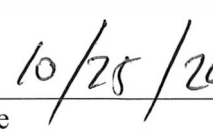
**PORTLIVING FARMS (3624 PARKVIEW) INVESTMENTS INC.**

Per:  \_\_\_\_\_  
Authorized Signatory

 \_\_\_\_\_  
Date

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

Per:  \_\_\_\_\_  
Authorized Signatory

 \_\_\_\_\_  
Date

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

Per: [Signature]  
Authorized Signatory

10/25/22  
Date

**PORT CAPITAL GROUP INC.**

Per: [Signature]  
Authorized Signatory

10/25/22  
Date

**PORTLIVING PROPERTIES INC.**

Per: [Signature]  
Authorized Signatory

10/25/22  
Date

**MACARIO TEODORO REYES**

[Signature]

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<br>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<br>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<br>Plan 14620 |

This is Exhibit "A" referred to in the affidavit  
of Luke Pretty sworn before me at Vancouver  
this 29 day of November, 2022.

  
\_\_\_\_\_  
A Commissioner for taking Affidavits for British Columbia

**Discharge Statement - 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 (3648 Parkview) Investments Inc**

|  |  |
|--|--|
| DATE:  | November 29, 2022  |
| BORROWER:  | Living Beachside Development Limited Partnership,<br>Sunny Beach Motel Inc, Port Capital Farms (Beach) Inc,<br>Portliving Farms (3624 Parkview) Investments Inc,<br>Portliving Farms (3688 Parkview) Investments Inc and<br>Portliving (3648 Parkview) Investments Inc                       |
| PURPOSE OF STATEMENT:  | DEMAND PAYOUT  |
| CALCULATION FOR INTEREST ACCRUED TO:   | November 29, 2022  |
| INTEREST RATE:   | 03/15/2022 - 04/14/2022 = 15.25%<br>04/15/2022 - 06/01/2022 = 15.75%<br>06/02/2022 - 07/14/2022 = 16.25%<br>07/15/2022 - 09/08/2022 = 17.25%<br>09/09/2022 - 09/14/2022 = 18.00%<br>09/15/2022 - 10/14/2022 = 21.00%<br>10/15/2022 - 10/27/2022 = 24.00%<br>10/28/2022 - 11/29/2022 = 24.50% |
| Amount of principal as of March 15, 2022 (Demand Loan)   | \$3,500,000.00   |
| Forbearance Fee of \$87,500 due on November 17, 2022   | \$87,500.00  |
| Accrued Interest from March 15, 2022 - November 29, 2022 incl forbearance fee<br>interest of \$87,500 on November 17, 2022 | \$482,348.32   |
| SUBTOTAL   | \$4,069,848.32   |
| Less paid May 2, 2022  | \$20,000.00  |
| The amount is due on November 29, 2022 by way<br>of wire payment to the account of 1351486 B.C. LTD.                       | <b>\$4,049,848.32</b>  |
| Per Diem (subject to change with prime) as of November 29, 2022  | \$2,694.88   |

**We hereby undertake to discharge all Security held by 1351486 B.C. Ltd in support of the Loan upon receipt of the amount noted above. Security discharge documentation for execution is to be prepared and registered by solicitor at the cost of the Borrower. Please note that any change in the principal balance outstanding or change in the Prime Rate will result in a change in the per diem rate of interest.**

Prepared by: \_\_\_\_\_  
1351486 B.C. LTD