



This is the 1st Affidavit
of Mo Yeung (Michael) Ching in this case and
was made on the 15th day of October, 2025

No. S-240493
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

FOX ISLAND DEVELOPMENT LTD. and ADVANCE
VENTURE HOLDING CO., LTD.

PETITIONERS

AND:

KENSINGTON UNION BAY PROPERTIES NOMINEE LTD. (formerly
known as 34083 YUKON INC.), KENSINGTON UNION BAY
PROPERTIES LIMITED PARTNERSHIP, KENSINGTON UNION BAY
PROPERTIES GP LTD., INTERNATIONAL TRADE CENTER
PROPERTIES LTD., SUNWINS ENTERPRISE LTD., MO YEUNG
CHING also known as MICHAEL CHING, MO YEUNG PROPERTIES
LTD., SFT DIGITAL HOLDINGS 30 LTD., HOTEL VERSANTE LTD.,
BEEM CREDIT UNION, MORTEQ LENDING CORP., CHUN YU LIU,
1307510 B.C. LTD., JEFF RAUCH, RCC HOLDINGS LTD. and HEUNG
KEI SUNG

RESPONDENTS

AFFIDAVIT

I, Mo Yeung (Michael) Ching, of #1205 – 8400 West Road, in the City of Richmond, Province of
British Columbia, AFFIRM THAT:

1. I am the principal of:

- a. Kensington Union Bay Properties Nominee Ltd., Kensington Union Bay Properties
Limited Partnership, Kensington Union Bay Properties GP Ltd., International Trade
Centre Properties Ltd. (collectively, the "**Borrowers**"); and
- b. Hotel Versante Ltd., Sunwins Enterprise Ltd., Mo Yeung Properties Ltd., SFT
Digital Holdings 30 Ltd. (together with me in my personal capacity, the
"**Guarantors**").

As such, I have personal knowledge of the facts and matters hereinafter deposed to save
and except where the same are stated to be based on information and belief, and where
so stated I verily believe them to be true.

2. I am authorized by the Borrowers and Guarantors (together, the “**Applicants**”) to make this affidavit in support of the Applicants’ application to vary the order *nisi* made February 29, 2024.
3. As the principal of the Applicants, I conducted negotiations with representatives of Fox Island Development Ltd. (“**Fox Island**”) and Advanced Venture Holding Co. Ltd. (together, the “**Petitioners**”) in respect of the loan arrangements that are the subject of these proceedings. Most of these negotiations were between me and Wen Yong (Gavin) Wang, the principal of Fox Island.

Loan Agreements with Petitioners

4. The Borrowers borrowed funds from the Petitioners under a loan agreement dated June 14, 2021 (the “**Original Senior B Loan Agreement**”).
5. Attached and marked as **Exhibit “A”** to my affidavit is a copy of the Original Senior B Loan Agreement dated June 14, 2021.
6. The Original Senior B Loan Agreement was amended and/or supplemented by several subsequent agreements, copies of which are attached and marked as exhibits to my affidavit as follows:
 - a. **Exhibit “B”**: an amending agreement dated March 7, 2022 (the “**First Amending Agreement**”);
 - b. **Exhibit “C”**: an amending agreement dated September 7, 2022 (the “**Second Amending Agreement**”);
 - c. **Exhibit “D”**: a forbearance and amending agreement dated February 28, 2023 (the “**Third Amending Agreement**”);
 - d. **Exhibit “E”**: a forbearance extension agreement dated July 30, 2023 (the “**Forbearance Extension Agreement**”); and
 - e. **Exhibit “F”**: a forbearance extension supplemental agreement dated September 30, 2023 (the “**Supplemental Forbearance Extension Agreement**”).

(collectively, as amended, the “**Senior B Loan Agreement**”)
7. The Senior B Loan Agreement is guaranteed by the Guarantors.
8. As security for the obligations of the Borrowers under the Senior B Loan Agreement, the Borrowers granted various security, including a mortgage registered on September 29, 2021 over various lands and premises, including the following properties located in Richmond, B.C.:

PID: 030-794-851

Air Space Parcel 2 Section 21 Block 5 North Range 6 West New Westminster
District Air Space Plan EPP73985

PID: 029-611-598

Lot 1 Section 21 Block 5 North Range 6 West New Westminster District Air
Space
Plan EPP73985

(together, the "**ITC Property**").

9. Hotel Versante Ltd. operates a hotel known as the Versante Hotel on the ITC Property, with a civil address of 8499 Bridgeport Road, Richmond, B.C. (the "**Hotel Operation**").
10. The Borrowers also granted security under the mortgage registered on September 29, 2021 over certain lands which are part of a multi-stage real estate development project called the Union Bay Estates Development, located in the Comox Valley on the east coast of Vancouver Island and planned in conjunction with the Comox Valley Regional District:
 - a. a parcel of 583 acres of land for future development, legally described as:

PID: 028-731-492
Lot 1 District Lot 154 Nanaimo District Sections 31 and 32 Township 1
and District Lot 28 Nelson District Plan EPP15509 Except Plans
EPP56910, EPP95931 and EPP103248
 - b. a parcel of 136 acres of land intended to be developed primarily into residential developments, legally described as:

PID: 028-731-549
Lot 4, Sections 31 and 32 Township 1 and District Lot 28 Nelson District
Plan EPP15507 Except Plans EPP78068 and EPP103248
11. Attached and marked as **Exhibit "G"** to my affidavit is a copy of a mortgage and assignment of rents between International Trade Centre Properties Ltd. and Kensington Union Bay Properties Nominee Ltd. (formerly known as 34083 Yukon Inc.) as borrowers/mortgagors and the Petitioners as lenders dated for reference September 28, 2021, which was registered in the Victoria Land Title Office on September 29, 2021 under Nos. CA9394748 and CA9394749.

Circumstances of the Forbearance Extension Agreement

12. When the Applicants entered into the Senior B Loan Agreement, it was anticipated that we would be able to refinance and potentially sell an interest in the ITC Property to repay all loan arrangements with the Petitioners in the fall of 2021, after the Hotel Operation opened.
13. However, the Applicants encountered unanticipated issues with the sale and refinancing of the ITC Property and Hotel Operation and delays in obtaining subdivision required for the Union Bay Estates Development, and the Applicants were unable to repay all loan arrangements with the Petitioners in fall 2021. These events led the Applicants to seek extensions on the Senior B Loan Agreement.
14. In December 2022, I advised Gavin Wang that a publicly-listed investment group, AMTD Group ("**AMTD**"), based in Hong Kong had conditionally acquired a 51% ownership interest in the ITC Property and Hotel Operation. The Applicants were expecting to receive

payment for the sale after AMTD had refinanced the existing loans, but the Applicants did not anticipate either the refinancing or payment would occur before the maturity date under the Senior B Loan Agreement. This led the Applicants to seek a further extension under the Senior B Loan Agreement (and under other loans with the Petitioners).

15. On about February 28, 2023, the Applicants and the Petitioners entered into the Third Amending Agreement, under which the Petitioners agreed to refrain from exercising their rights under the existing loan documents through July 31, 2023, on certain terms.
16. The discussions between the Applicants and AMTD continued to evolve in early 2023. In or around April or May 2023, I advised Mr. Wang that AMTD had committed to refinancing the Senior B Loan and purchasing a 100% interest in the ITC Property and Hotel Operation for \$73,000,000, with an anticipated closing date of October 2023. This led the Applicants to seek a further extension under the Senior B Loan Agreement to allow AMTD to secure financing and ultimately to facilitate the sale of the ITC Property and Hotel Operation to AMTD.
17. The Petitioners proposed terms which (as detailed below) required Borrowers to pay additional fees in exchange for the extension and the Petitioners' cooperation in the sale of the ITC Property and Hotel Operation. The Petitioners refused to negotiate the fees and advised the Applicants that if its terms were not accepted, the Petitioners would commence foreclosure proceedings arising from the Senior B Loan Agreement.
18. Given the threat of foreclosure proceedings and the need for additional time to finalize the financing and sale to AMTD, the Applicants entered into the Forbearance Extension Agreement on the terms proposed by the Petitioners.
19. Under the Forbearance Extension Agreement, the Borrowers agreed to pay the Petitioners additional fees in addition to the interest rate on each tranche of the loan, namely:
 - a. an "Additional Forbearance Fee" of \$15,500,000; and
 - b. an "Additional Commitment Fee" of \$1,050,000.
20. In September 2023, the Forbearance Extension Agreement was amended and supplemented by the Supplemental Forbearance Extension Agreement.
21. Under the Supplemental Forbearance Extension Agreement, the Petitioners agreed to receive an Equivalent Interest Payment of \$6,400,000, in lieu of the interest that would have accrued during the Forbearance Extension Period (*i.e.*, April 30, 2023 to October 30, 2023).
22. When the Applicants entered into the Forbearance Extension Agreement and the Supplemental Forbearance Extension Agreement, we were not aware that:
 - a. the Additional Forbearance Fee and Additional Commitment Fee were "interest" as defined by the *Criminal Code*; and
 - b. the effective interest rate created by these fees, together with the interest rate on each tranche of the loan, exceeded the criminal rate; and

- c. the effective interest rate created by these fees, together with the Equivalent Interest Payment and the interest rate on each tranche of the loan, exceeded the criminal rate.
- 23. Under the Supplemental Forbearance Extension Agreement, the Petitioners also agreed to provide the Borrowers a separate, non-revolving short-term loan (the “**Interim Loan**”), for the purpose of refinancing other debt owed to the Petitioners.
- 24. In exchange for the Interim Loan, and in addition to the interest rate charged on the Interim Loan, the Borrowers agreed to pay the Petitioners additional fees, namely:
 - a. an “Interim Loan Commitment Fee” of \$131,000; and
 - b. an “Interim Loan Usage Fee” of \$59,000.
- 25. When the Applicants entered into the Supplemental Forbearance Extension Agreement in respect of the Interim Loan, we were not aware that:
 - a. the Interim Loan Commitment Fee and Interim Loan Usage Fee were “interest” as defined by the *Criminal Code*; and
 - b. the effective interest rate created by these fees, together with the interest rate on the Interim Loan, exceeded the criminal rate.
- 26. Had the Applicants known the interest rate created by the Forbearance Extension Agreement and Supplemental Forbearance Extension Agreements were unlawful, we would not have entered into the agreements on the terms proposed.
- 27. The Additional Commitment Fee and the Additional Forbearance Fee significantly increased the amounts due and owing under the Senior B Loan Agreement.
- 28. The increased amounts owing under the Senior B Agreement by virtue of the Forbearance Extension Agreement and the Interim Loan and certain conditions imposed by the Petitioners on the release of charges against the ITC Property ultimately led to the collapse of the Applicants’ sale and refinancing negotiations with AMTD.

Circumstances Leading to Order Nisi

- 29. Following the collapse of the AMTD negotiations, the Applicants were unable to obtain refinancing and/or a sale of the Hotel and were unable to satisfy their obligations to the Petitioners under the Senior B Loan Agreement, as amended and extended.
- 30. On February 29, 2024, the Petitioners obtained the order *nisi*. Attached and marked as **Exhibit “H”** to my affidavit is a copy of the order *nisi* in this matter.
- 31. At the time of the order *nisi* hearing, the Applicants understood we were under an obligation to “irrevocably consent” to an order *nisi* and to an order granting the Petitioners conduct of sale, further to terms of the Third Amending Agreement and the Forbearance Extension Agreement.

32. The Applicants did not file materials on the order *nisi* application or the petition proceedings, consistent with our obligations under these agreements and further to agreement between counsel for the Applicants and counsel for the Petitioners. Attached and marked as **Exhibit “I”** to my affidavit is a copy of an email chain between Kibben Jackson and Edmond Luke (counsel for the Applicants) and Scott Boucher (then-counsel for the Petitioners), dated February 22–26, 2024.
33. At the time of the order *nisi* application, the Applicants were not aware that the Forbearance Extension Agreement and Supplemental Forbearance Extension Agreement included unlawful rates of interest, and thus were not aware that the amount asserted by the Petitioners as due and owing included unlawful interest. Had the Applicants been aware of this fact, we would have opposed the order *nisi* on this basis.

Discovery of Criminal Interest Rate Issue and Efforts to Address

34. After the receiver was appointed, this matter received some local media attention. Attached and marked as **Exhibit “J”** to my affidavit is a copy of an article authored by Howard Chai, published on the STOREYS website on about March 14, 2025 (the “**Chai Article**”).
35. I read the Chai Article shortly after it was first published. To be clear, I do not agree with the characterization of certain events as set out in this article.
36. I first learned of the criminal interest rate issue in about mid-March 2025, shortly after the Chai Article was published. I received a call from a reporter with LS Times (Longshong), a local Chinese-language media outlet. That reporter advised me that he had read the Chai Article and asked me about the significant increase in the principal loan amount. The reporter suggested that the interest rate may have been unlawful under the criminal interest provision in the *Criminal Code*, based on his own calculations.
37. As soon as the criminal rate issue was brought to my attention on this phone call, I began to investigate the issue, including by reviewing the agreements and running my own preliminary calculations. These initial investigations led me to believe that the interest rates were unlawful.
38. On March 21, 2025, I delivered a letter to the receiver appointed in these proceedings advising the receiver of the criminal interest rate issue. Attached and marked as **Exhibit “K”** to my affidavit is a copy of this letter.
39. On March 25, 2025, my lawyer wrote to counsel for the receiver about the criminal interest rate issue. Attached and marked as **Exhibit “L”** to my affidavit is a copy of an email from Ritchie Clarke, K.C. to John Sandrelli and others, dated March 25, 2025, together with its attachment..
40. On July 29, 2025, the Applicants commenced an action against the Petitioners arising from the criminal interest rate issue and the Petitioners’ conduct of sale. The relief sought in that action includes a declaration that the interest charged under the Forbearance Extension Agreement is unlawful. Attached and marked as **Exhibit “M”** to my affidavit is a copy of the Notice of Civil Claim filed July 29, 2025 in B.C. Supreme Court, Vancouver Registry, File No. S-255651.

41. Attached and marked as **Exhibit "N"** to my affidavit is a copy of the Amended Notice of Civil Claim, filed October 9, 2025 in B.C. Supreme Court, Vancouver Registry, File No. S-255651.
42. On September 8, 2025, the Petitioners filed their Response to Civil Claim. Attached and marked as **Exhibit "O"** to my affidavit is a copy of the Response to Civil Claim filed September 8, 2025 in B.C. Supreme Court, Vancouver Registry, File No. S-255651.

AFFIRMED BEFORE ME at the City of)
Vancouver, Province of British Columbia, on)
the 15th day of October, 2025)



A Commissioner for taking Affidavits for
British Columbia



MO YEUNG CHING

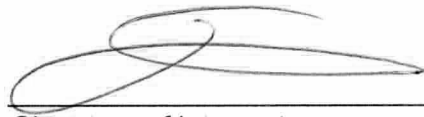
EDITH CHEN
Barrister & Solicitor
POULUS ENSOM SMITH LLP
1560-505 Burrard Street, Box 15
Vancouver, BC V7X 1M5
(778) 727-3500

ENDORSEMENT OF INTERPRETER

I, Jiayi (Joy) Mo, of Coquitlam, B.C., a certified Mandarin/English court interpreter and a certified translator (English to Chinese, S.T.I.B.C. membership No. 04-10-3482) in good standing, certify that:

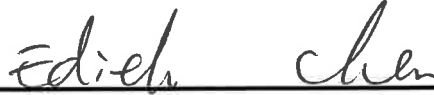
- 1 I am a certified Mandarin/English court interpreter. I have a knowledge of the English and the Mandarin languages and I am competent to interpret from one to the other.
- 2 I am advised by the person swearing or affirming the affidavit and believe that the person swearing or affirming the affidavit understands the Mandarin language.
- 3 Before the affidavit on which this endorsement appears was made by the person swearing or affirming the affidavit I correctly interpreted it for the person swearing or affirming the affidavit from the English language into the Mandarin language and the person swearing or affirming the affidavit appeared to fully understand the contents.

Date: October 15, 2025



Signature of interpreter

This is **Exhibit "A"** referred to in the Affidavit of MO
YEUNG (MICHAEL) CHING affirmed before me, at
Vancouver BC, this 15th day of October, 2025

A handwritten signature in cursive script, appearing to read "Edith Chen", written over a horizontal line.

A Commissioner for taking Affidavits for
British Columbia

SENIOR B LOAN AGREEMENT

THIS AGREEMENT dated for reference June 14, 2021

AMONG:

**34083 YUKON INC.,
KENSINGTON UNION BAY PROPERTIES LIMITED PARTNERSHIP, and
KENSINGTON UNION BAY PROPERTIES GP LTD.**

(collectively, "**UB Borrowers**")

AND

INTERNATIONAL TRADE CENTER PROPERTIES LTD.

("ITC Borrower"; together with UB Borrowers, collectively, the "**Borrowers**")

AND

**HOTEL VERSANTE LTD.
AND
SUNWINS ENTERPRISE LTD.
AND
MO YEUNG PROPERTIES LTD.
AND
MO YEUNG CHING**

(collectively, the "**Guarantors**")

AND:

FOX ISLAND DEVELOPMENT LTD. ("Lender A")
AND
such other persons who may become a lender hereto from time to time

(collectively, the "**Lenders**")

WHEREAS:

- (A) The ITC Borrower obtained from the ITC-Romspen Lender a construction loan in the principal amount of up to CAD\$25,600,000 pursuant to the ITC-Romspen Loan Agreement;
- (B) The ITC Borrower obtained from the ITC-Junior Lender a bridge term loan in the principal amount of up to CAD\$23,600,000 pursuant to the ITC-Junior Loan Agreement;
- (C) The UB Borrowers obtained from the UB Project Lenders a bridge term loan in the principal amount of up to CAD\$16,250,000 pursuant to the UB Project Loan Agreement;
- (D) The Borrowers wish to obtain the Loan from the Lenders, on a several basis, as senior bridge financing for the purposes and on the terms and conditions set forth herein;
- (E) The Borrowers wish to obtain, concurrent with the Loan, from the Senior A Lenders, on a several basis, another bridge financing in the principal amount of up to \$21,600,000 pursuant to Senior A Loan Agreement.

NOW THEREFORE in consideration of the mutual premises, covenants and agreements set forth herein and all other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the parties hereto agree as follows:

1. DEFINITIONS

In this Agreement:

- (a) **"Agreement"** means this loan agreement, as may be amended, supplemented, replaced and restated from time to time.
- (b) **"Bene Strata Lots"** has the meaning set out in Section 5.2(l)(1).
- (c) **"Business Day"** means any day except Saturday, Sunday and any day which is a statutory holiday in Vancouver, B.C.
- (d) **"CAD\$"** means the lawful money in Canada.
- (e) **"Ching"** means Mo Yeung CHING (also known as Michael CHING), and his personal representatives and permitted assigns.
- (f) **"Commitment Expiry Date"** has the meaning set out in Section 2.9.
- (g) **"Distributions"** means:
 - (1) the declaration, payment or setting aside for payment of any dividend or other distribution on or in respect of any equity interests in each Borrower;
 - (2) the redemption, retraction, purchase, retirement or other acquisition, in whole or in part, of any equity interest in each Borrower or any securities, instruments or contractual rights capable of being converted into, exchanged or exercised for shares in the capital thereof, including, without limitation, options, warrants, conversion or exchange privileges and similar rights; or
 - (3) the making of any loan or advance or any other provision of credit or financial assistance by each Borrower to any person,

whether any of the foregoing is made, paid or satisfied with or for cash, property or any combination thereof.
- (h) **"First Funding Date"** has the meaning set out in Section 2.1.
- (i) **"First Funding Outside Date"** has the meaning set out in Section 2.9.
- (j) **"Guarantors"** means, collectively:
 - (1) Hotel Versante Ltd.;
 - (2) MYPCo;
 - (3) Sunwins; and
 - (4) Ching.
- (k) **"Hotel"** has the meaning set out in Section 5.1(d).

- (l) **"Hotel Exclusive Amenities"** means the amenities for the exclusive use of the Hotel as set out in Section 5.1(g) and such other amenities as may be required for the proper and desirable management and operation of the Hotel.
- (m) **"Hotel Manager"** has the meaning set out in Section 5.1(e).
- (n) **"Hotel Property"** means, collectively, ITC ASP2 and ITC Remainder.
- (o) **"Hotel Property Commissioning"** has the meaning set in Section 5.1(h).
- (p) **"Hotel Property Commissioning Target Date"** has the meaning set in Section 5.1(i).
- (q) **"Hotel Property OP Issuance"** means the issuance by the City of Coquitlam of an unconditioned occupancy permit for the Hotel Property.
- (r) **"Hotel Property OP Issuance Target Date"** has the meaning set out in Section 5.1(h).
- (s) **"Hotel Property Specifications"** means, in respect of the Hotel Property Commissioning, the standards and qualities of the constructions, interior furnishing and installations:
 - (1) as specified or contemplated in the drawings, specifications and contracts that are delivered to the Lender pursuant to Sections 6.1(c)(4) and (5) below; and
 - (2) substantially as shown in the demonstration and mock-up suites that were displayed to the representative of the Lenders during the on-site visit of the Hotel Property conducted on March 26, 2021..
- (t) **"ITC ASP2", "ITC Bar" and "ITC Remainder"** means, respectively, the parcel of lands, together with the improvements thereon, having the legal description set out in Schedule A hereto.
- (u) **"ITC Property"** means, collectively, the Hotel Property and ITC Bar.
- (v) **"ITC-126 Agreement"** means the loan agreement dated as of August 25, 2020 between the ITC-126 Lender, and Ching, the ITC Borrower and Sunwins, as borrowers, as amended and extended pursuant to an agreement dated on or about April 20, 2021.
- (w) **"ITC-126 Indebtedness"** means the indebtedness owing to the ITC-126 Lender by ITC pursuant to the ITC-126 Loan Agreement.
- (x) **"ITC-126 Lender"** means 1260101 B.C. Ltd, its successors and assigns.
- (y) **"ITC-126 Security"** means:
 - (1) the mortgage and assignment of rents charging the ITC Property, registered in favour of the ITC-126 Lender under land title registration numbers CA8411144 (with respect to the mortgage), and CA8411144 (with respect to the assignment of rents); and
 - (2) all security agreements charging the personal property of ITC, Ching and Sunwins, respectively, in favour of the ITC-126 Lender, including, without limitation, such security agreements relating to the registration in the British Columbia Personal Property Registry under base registration number 447781M.

- (z) **"ITC-Junior Indebtedness"** means the indebtedness owing by the ITC Borrower to ITC-Junior Lender under the ITC-Junior Loan Agreement.
- (aa) **"ITC-Junior Lender"** means Fox Island Development Ltd., its successors and assigns.
- (bb) **"ITC-Junior Loan Agreement"** means the amended and restated loan agreement dated for reference June 10, 2020, as amended by an amending agreement dated for reference January 16, 2021, among ITC, as borrower, ITC-Junior Lender, as lender, and the Borrowers (among others), as guarantors, as may be further amended, supplemented, replaced and restated from time to time.
- (cc) **"ITC-Junior Mortgage (23.6MM)"** and **"ITC-Junior Mortgage (UB Lot A)"** have their meaning set out in the definition of "ITC-Junior Security"; **"ITC-Junior Mortgage"** means either of them.
- (dd) **"ITC-Junior Security"** includes:
 - (1) the mortgage and assignment of rents charging the Property (except UB Lot A), registered in favour of the ITC-Junior Lender under land title registration numbers CA7901075 (with respect to the mortgage) as extended by CA8244866 and modified by Modifications CA8244868 and CA8780468, and FB521301 (with respect to the assignment of rents) as extended by CA8244867 (the **"ITC-Junior Mortgage (23.6MM)"**);
 - (2) the mortgage and assignment of rents charging UB Lot A, registered in favour of the ITC-Junior Lender under land title registration numbers CA8244894 (with respect to the mortgage), and CA8244895 (with respect to the assignment of rents) (the **"ITC-Junior Mortgage (UB Lot A)"**); and
 - (3) all security agreements charging the personal property of the Obligants in favour of the ITC-Junior Lender, including, without limitation, such security agreement relating to the registration in the British Columbia Personal Property Registry under base registration numbers 909783L and 90979L.
- (ee) **"ITC-Romspen Hotel Indebtedness"** means the indebtedness owing by the ITC Borrower to the ITC-Romspen Lender under the ITC-Romspen Loan Agreement.
- (ff) **"ITC-Romspen Lender"** means Romspen Investment Corporation, its successors and assigns.
- (gg) **"ITC-Romspen Loan Agreement"** means the commitment letter dated June 25, 2015 between the ITC-Romspen Lender and ITC, as amended by supplemental agreements dated January 9, 2017, November 27, 2017, March 29, 2019, June 11, 2019 and dated October 22, 2019, respectively, and as extended by loan extension agreements dated April 1, 2020 and December 1, 2020, respectively.
- (hh) **"ITC-Romspen Security"** means:
 - (1) the mortgage and assignment of rents charging the Hotel Property, registered in favour of the ITC-Romspen Lender under such land title registration numbers CA4543291 (with respect to the mortgage) as modified by Modifications CA5807048 and 6520612, and CA4543292 (with respect to the assignment of rents) as modified by Modifications CA5807049 and 6520613; and

- (2) all security agreements charging the personal property of the ITC Borrower in favour of the ITC-Romspen Lender, including, without limitation, such security agreement relating to the registration in the British Columbia Personal Property Registry under base registration number 733861.
- (ii) **"Lender's Proportion"** means, with respect to a Lender, at any time and from time to time, the proportion that the principal amount of the tranche of the Loan owing to that Lender bears to the aggregate principal amount of the Loan owing to all Lenders at such time.
- (jj) **"Lenders' Solicitors"** means Norton Rose Fulbright Canada LLP.
- (kk) **"Loan"** has the meaning set out in Section 2.1.
- (ll) **"Loan Amount"** means at any time the aggregate of:
 - (1) the principal balance of the Loan then outstanding;
 - (2) all interest which has accrued on the then outstanding principal balance of the Loan; and
 - (3) all other monies then due and owing by the Borrowers at that time under this Agreement or otherwise in connection with the Loan.
- (mm) **"Loan Documents"** means, collectively, this Agreement, the Security Documents, and all other certificates, instruments, agreements and documents granted by any of the Obligants from time to time pursuant to this Agreement or otherwise in connection with the Loan.
- (nn) **"Majority Lenders"** means at any time any Lender or group of Lenders having Lender's Proportions in aggregate equal to or greater than 51%.
- (oo) **"Maturity Date"** has the meaning set out in Section 2.3.
- (pp) **"MYPCo"** means Mo Yeung Properties Ltd., its successors and permitted assigns.
- (qq) **"Obligants"** means, collectively, the Borrowers and Guarantors.
- (rr) **"Obligants' Solicitors"** means Pryke Lambert Leathley Russell LLP.
- (ss) **"Other Property"** means, collectively, SpaV-SL1, SpaV-SL2, and Residence-SL128.
- (tt) **"Permitted Encumbrances"** means the following:
 - (1) in respect of the Property (except the Other Property), the ITC-Junior Security;
 - (2) in respect of the UB Property, the UB Project Security;
 - (3) in respect of the Hotel Property, the Senior A Security;
 - (4) in respect of the ITC Property, the ITC-126 Security, provided that it is subject to a priority and standstill agreement in form and substance acceptable to the Lenders, which agreement is registered against the ITC-Property;
 - (5) in respect of the UB Lot 1:
 - (A) the UB-VTB Security; and

- (B) the UB-GF Security,
provided that, in each case, it is subject to a priority and standstill agreement in form and substance acceptable to the Lenders, which agreement is registered against the UB Lot 1;
 - (6) in respect of the UB Lot 3, the UB-GF Security, provided that it is subject to a priority and standstill agreement in form and substance acceptable to the Lenders, which agreement is registered against the UB Lot 3;
 - (7) in respect of the UB Lot A, the UB-VTB Security, provided that it is subject to a priority and standstill agreement in form and substance acceptable to the Lenders, which agreement is registered against the UB Lot A;
 - (8) in respect of the SpaV-SL1:
 - (A) the SpaV-BDC Security;
 - (B) the SpaV-Jin Security; and
 - (C) the SpaV-Kingdom Security;
 - (9) in respect of the SpaV-SL3:
 - (A) the SpaV-BDC Security;
 - (B) the SpaV-Jin Security; and
 - (C) the SpaV-Kingdom Security;
 - (10) in respect of the Residence-SL128, the Residence-SL128-Morteq Security;
and
 - (11) such other security interest as the Lenders may expressly permit in writing from time to time.
- (uu) **"Progress Report"** means a report, in form and substance acceptable to the Lenders, issued by an architect or quantity surveyor acceptable to the Lenders, confirming:
- (1) the cost of work in place
 - (2) the estimated cost to complete, on a line by line basis;
 - (3) the expected completion date;
 - (4) (in relation to the UB Lot 2 Development) that the budget is sufficient to complete the UB Lot 2 Site Servicing Works;
 - (5) (in relation to the Hotel Property) that the budget is sufficient to complete the construction of the Hotel Property and the Hotel Property Commissioning by the Hotel Property Commissioning Target Date; and
 - (6) such other subject matter as may be required by the Lenders,

in respect of (i) the Hotel Property, and (ii) UB Lot 2 Development, as the case may be.

- (vv) **"Property"** means, collectively:
 - (1) the ITC Property; and
 - (2) the UB Property; and
 - (3) the Other Property.
- (ww) **"Repayment Reserve"** has its meaning set out in Section 3.5.
- (xx) **"Residence-SL128"** means the parcel of lands, together with the improvements thereon, having the legal description set out in Schedule C hereto.
- (yy) **"Residence-SL128-Morteq Indebtedness"** means the indebtedness owing to Residence SL128-Morteq Lender by MYPCo and secured by the Residence-SL128-Morteq Security.
- (zz) **"Residence-SL128-Morteq Lender"** means Morteq Lending Corp, its successors and assigns.
- (aaa) **"Residence-SL128-Morteq Security"** means:
 - (1) the mortgage and assignment of rents charging Residence-SL128, registered in favour of the Residence-SL128-Morteq Lender under land title registration numbers CA8177818 (with respect to the mortgage), and CA8177819 (with respect to the assignment of rents); and
 - (2) all security agreements charging the personal property of MYPCo, in favour of the Residence-SL128-Morteq Lender, including, without limitation, such security agreements relating to the registration in the British Columbia Personal Property Registry under base registration number 967285M.
- (bbb) **"Second Funding Date"** has the meaning set out in Section 2.1.
- (ccc) **"Second Funding Outside Date"** has the meaning set out in Section 2.9.
- (ddd) **"Security Documents"** means the documents listed in Section 4, as they may be amended, supplemented, replaced and restated from time to time.
- (eee) **"Senior A Indebtedness"** means the indebtedness owing by the ITC Borrower to the Senior A Lenders under the Senior A Loan Agreement.
- (fff) **"Senior A Lenders"** means, collectively, Lender A, Mr. Jeff Ding, Ms. Mudan Chen, Mr. Yuguo Sun., and Ms. Xingzhen Wang, their respective personal representatives, successors and assigns.
- (ggg) **"Senior A Loan Agreement"** means the Senior A Loan Agreement dated for reference June 14, 2021 between the Senior A Lenders and the Borrowers, as may be amended, supplemented, replaced and restated from time to time.
- (hhh) **"Senior A Mortgage"** has its meaning set out in the definition of "Senior A Security".

(iii) **"Senior A Security"** includes:

- (1) the mortgage and assignment of rents charging the Hotel Property, registered in favour of the Senior A Lenders in the principal amount of not more than CAD\$21,600,000 (the **"Senior A Mortgage"**);
- (2) all security agreements charging the personal property of the Obligants in favour of the Senior A Lender, including, without limitation, such security agreement relating to the registration in the British Columbia Personal Property Registry under base registration numbers 052170N and 052195N.

(jjj) **"SpaV-SL1"** and **"SpaV-SL3"** means, respectively, the parcel of lands, together with the improvements thereon, having the legal description set out in Schedule C hereto.

(kkk) **"SpaV-BDC Indebtedness"** means the indebtedness owing to the SpaV-BDC Lender by MYPCo and secured by the SpaV-BDC Security.

(lll) **"SpaV-BDC Lender"** means Business Development Bank of Canada, its successors and assigns.

(mmm) **"SpaV-BDC Security"** means:

- (1) the mortgage and assignment of rents charging SpaV-SL1, registered in favour of the SpaV-BDC Lender under land title registration numbers CA4158466 (with respect to the mortgage), and CA4158467 (with respect to the assignment of rents);
- (2) the mortgage and assignment of rents charging SpaV-SL3, registered in favour of the SpaV-BDC Lender under land title registration numbers CA3987797 (with respect to the mortgage), and CA3987798 (with respect to the assignment of rents); and
- (3) all security agreements charging the personal property of MYPCo, in favour of the SpaV-BDC Lender, including, without limitation, such security agreements relating to the registration in the British Columbia Personal Property Registry under base registration number 1945261.

(nnn) **"SpaV-Jin Indebtedness"** means the indebtedness owing to the SpaV-Jin Lender by MYPCo and secured by the SpaV-Jin Security.

(ooo) **"SpaV-Jin Lender"** means Jin-Ocean Mortgage Investment Corporation, its successors and assigns.

(ppp) **"SpaV-Jin Security"** means:

- (1) the mortgage and assignment of rents charging SpaV-SL1 and Spa SL3, registered in favour of the SpaV-Jin Lender under land title registration numbers CA8585810 (with respect to the mortgage), and CA8585811 (with respect to the assignment of rents); and
- (2) all security agreements charging the personal property of MYPCo, in favour of the SpaV-Jin Lender, including, without limitation, such security agreements relating to the registration in the British Columbia Personal Property Registry under base registration number 663915M.

- (qqq) **"SpaV-Kingdom Indebtedness"** means the indebtedness owing to the SpaV-Kingdom Lender by MYPCo and secured by the SpaV-Kingdom Security.
- (rrr) **"SpaV-Kingdom Lender"** means Kingdom Mortgage Limited Partnership, its successors and assigns.
- (sss) **"SpaV-Kingdom Lender GP"** means Kingdom Mortgage Fund GP Inc., as the general partner of the SpaV-Kingdom Lender, its successors in such capacity.
- (ttt) **"SpaV-Kingdom Security"** means:
- (1) the mortgage and assignment of rents charging SpaV-SL1 and SpaV-SL3, registered in favour of the SpaV-Kingdom Lender under land title registration numbers CA9068226 (with respect to the mortgage), and CA9068227 (with respect to the assignment of rents); and
 - (2) all security agreements charging the personal property of MYPCo, in favour of the SpaV-Kingdom Lender, including, without limitation, such security agreements relating to the registration in the British Columbia Personal Property Registry under base registration number 980860M.
- (uuu) **"Sunwins"** means Sunwins Enterprise Ltd. (formerly known as Mo Yeung International Enterprise Ltd.), its successors and permitted assigns.
- (vvv) **"UB Lot 1", "UB Lot 2", "UB Lot 3", "UB Lot 4" and "UB Lot A"** means, respectively, the parcel of lands, together with the improvements thereon, having the legal description set out in Schedule B hereto.
- (www) **"UB Lot 2&3"** means, collectively, UB Lot 2 and UB Lot 3.
- (xxx) **"UB Lot 2 Development"** has the meaning set out in Section 5.2(e).
- (yyy) **"UB Lot 2 Development Works"** has the meaning set out in Section 5.2(g).
- (zzz) **"UB Lot 2 Sales Summary"** means the summary in respect of the sale of the UB Lot 2 Units, a copy of which is attached hereto as Schedule D, showing the approximate location of each such unit within the UB Lot 2 Strata Plan, names of the purchasers, the negotiated price and the sold price thereof (as applicable), and the amounts of deposits paid therefor.
- (aaaa) **"UB Lot 2 Site Servicing Works "** has the meaning set out in Section 5.2(g)(2).
- (bbbb) **"UB Lot 2 Strata Lots", and "UB Lot 2 Strata Plan"** has the meaning set out in Section 5.2(e).
- (cccc) **"UB Lot 2 Strata Disclosure Statement"** means the disclosure statement (including all amendments thereto) required under Part 2 of the *Real Estate Development Marketing Act* (British Columbia) for the sale of the UB Lot 2 Strata Lots.
- (dddd) **"UB Lot 2 Subdivided Parcel"** has the meaning set out in Section 5.2(e).
- (eeee) **"UB Lot 2 Unit"** means a UB Lot 2 Strata Lot or a UB Lot 2 Subdivided Parcel, as applicable.
- (ffff) **"UB Lot 2 Unit Net Sale Proceeds"** of a UB Lot 2 Unit means the gross sale proceeds from the sale of that unit, less the following:

- (1) all applicable sales and excise taxes; and
 - (2) all reasonable real estate commissions, reasonable customary adjustments (such as utilities and taxes) and reasonable closing costs, including legal fees and expenses incurred, provided that the aggregate amount of deductions pursuant to this paragraph (2) shall not exceed 5% of the purchase price of that parcel (or such other reasonable amount as may be approved by the Lenders in their sole discretion).
- (gggg) **"UB Lot 2 Unit Sale Agreements"** means the purchase and sale agreements for the UB Lot 2 Units which:
- (1) as of the First Funding Date, have been entered into by the UB Owner in respect of such units with such purchasers for such prices, all as set out in the UB Lot 2 Sales Summary; and
 - (2) thereafter, may be entered into by the UB Owner from time to time.
- (hhhh) **"UB Lot 3 Net Sale Proceeds"** means the gross sale proceeds from the sale of UB Lot 3 or any part thereof, less the following:
- (1) all applicable sales and excise taxes; and
 - (2) all reasonable real estate commissions, reasonable customary adjustments (such as utilities and taxes) and reasonable closing costs, including legal fees and expenses incurred, provided that the aggregate amount of deductions pursuant to this paragraph (2) shall not exceed 5% of the purchase price of that parcel (or such other reasonable amount as may be approved by the Lenders in their sole discretion).
- (iiii) **"UB Lot 3 Sale Agreements"** means the purchase and sale agreements for UB Lot 3 or any part thereof which may be entered into by the UB Owner from time to time.
- (jjjj) **"UB Master Development Agreement"** means the master development agreement dated for reference April 30, 2010 between the UB Nominee and the Comox Valley Regional District, which agreement is registered as a restrictive covenant on title to the UB Property under No. FB349802, as amended by an agreement registered on title to the UB Property under No. CA6517324.
- (kkkk) **"UB Nominee"** means 34083 Yukon Inc., its successors and permitted assigns.
- (llll) **"UB Owner"** means Kensington Union Bay Properties Limited Partnership, its successors and permitted assigns.
- (mmmm) **"UB Owner GP"** means Kensington Union Bay Properties GP Ltd., its successors and permitted assigns.
- (nnnn) **"UB Parks & Trails Transfer"** has the meaning set out in Section 5.2(d).
- (oooo) **"UB Property"** means, collectively:
- (1) UB Lot 1,
 - (2) UB Lot 2&3;
 - (3) UB Lot 4;

(4) UB Lot A.

(pppp) **"UB Project Indebtedness"** means the indebtedness owing to the UB Project Lenders by the UB Borrowers pursuant to the UB Project Loan Agreement.

(qqqq) **"UB Project Lenders"** means, collectively, Lender A, Advanced Venture Holding Co., Ltd. and 1078688 B.C. Ltd., their respective successors and assigns.

(rrrr) **"UB Project Loan Agreement"** means the loan agreement dated for reference April 15, 2021 among the UB Borrowers, as borrowers, UB Project Lenders, as lenders, and the ITC Borrower (among others), as guarantors, as amended by the UB Project Loan Amendment, as may be further amended, supplemented, replaced and restated from time to time.

(ssss) **"UB Project Loan Amendment"** means the amending agreement dated for reference June 14, 2021 among the UB Borrowers, as borrowers, UB Project Lenders, as lenders, and the ITC Borrower (among others), as guarantors.

(tttt) **"UB Project Permitted Pay-Down Reserve"** means the reserve in the amount of up to CAD\$7,600,000 to be funded out of the UB Lot 2 Unit Net Sale Proceeds and held in the trust account of the solicitors of the UB Project Lenders, pursuant to the terms of the UB Project Loan Agreement.

(uuuu) **"UB Project Security"** means:

- (1) the mortgage and assignment of rents charging the UB Property, registered in favour of the UB Project Lenders under land title registration numbers CA8965637 (with respect to the mortgage), and CA8965638 (with respect to the assignment of rents); and
- (2) all security agreements charging the personal property of the UB Borrowers, in favour of the UB Project Lenders, including, without limitation, such security agreements relating to the registration in the British Columbia Personal Property Registry under base registration number 921510M.

(vvvv) **"UB-GF Indebtedness"** means the indebtedness owing by the UB Borrowers to the UB-GF Lender under the UB-GF Loan Agreement.

(wwwv) **"UB-GF Lender"** means Gulf and Fraser Fishermen's Credit Union, its successors and assigns.

(xxxx) **"UB-GF Loan Agreement"** means the loan agreement for a term loan in the principal amount of CAD\$17,500,000 dated April 14, 2021 between the UB-GF Lender and the UB Borrowers.

(yyyy) **"UB-GF Security"** means:

- (1) the mortgage and assignment of rents charging UB Lot 1 and UB Lot 3, registered in favour of the UB-GF Lender under land title registration numbers CA8962721 (with respect to the mortgage) and CA8962722 (with respect to the assignment of rents);
- (2) all security agreements charging the personal property of the UB Borrowers in favour of the UB-GF Lender, including, without limitation, such security agreement relating to the registration in the British Columbia Personal Property Registry under base registration number 365710L and 934709M;

- (3) all security agreements charging the personal property of the ITC Borrower in favour of the UB-GF Lender, including, without limitation, such security agreement relating to the registration in the British Columbia Personal Property Registry under base registration numbers 840715L; and
- (4) all security agreements charging the personal property of Ching in favour of the UB-GF Lender, including, without limitation, such security agreement relating to the registration in the British Columbia Personal Property Registry under base registration numbers 365710L, 339993M, and 339995M.

(zzzz) "**UB-VTB Lender**" means 3003297 Nova Scotia Company, its successors and assigns.

(aaaa) "**UB-VTB Indebtedness**" means the indebtedness owing by the UB Borrowers to the UB-VTB Lender under the UB-VTB Agreement.

(bbbb) "**UB-VTB Agreement**" means:

- (1) the purchase and sale agreement dated for reference October 2, 2017 between (among others) the UB-VTB Lender as vendor, and UB Holdings Ltd. as purchaser, as amended by an amending agreement dated December 7, 2017 and as assigned by UB Holdings Ltd. to the UB Borrowers; and
- (2) UB-VTB Security.

(cccc) "**UB-VTB Security**" means the mortgage and assignment of rents charging UB Lot 1 and UB Lot A, registered in favour of the VTB Lender under land title registration numbers CA6518044, as modified by CA7889660 (with respect to the mortgage) and CA6518045, as modified by CA7889661 (with respect to the assignment of rents).

2. LOAN

2.1 Term Loan

Subject to the terms of this Agreement, the Lenders agree to make available to the Borrowers a non-revolving, term loan in the aggregate principal amount of CAD\$35,849,266.69 (the "**Loan**") to be divided in such tranches as follows:

- (a) a tranche ("**Tranche 1**") in the principal amount of CAD\$5,409,010.08, to be made available by Lender A;
- (b) a tranche ("**Tranche 2A**") in the principal amount of the lesser of (i) CAD\$17,386,259.54, and (ii) the sum of CAD\$15,600,000 plus the applicable amount of the Tranche 2A Interest Reserve pursuant to Section 2.5(b) below, to be made available by Lender A;
- (c) a tranche ("**Tranche 2B**"; together with Tranche 2A, collectively, "**Tranche 2**") in the principal amount of the lesser of (i) CAD\$8,916,030.53, and (ii) the sum of CAD\$8,000,000 plus the applicable amount of the Tranche 2B Interest Reserve pursuant to Section 2.5(c) below to be made available by Lender A;
- (d) a tranche ("**Tranche 3**") in the principal amount of the lesser of (i) CAD\$3,221,061.92, and (ii) the sum of CAD\$3,000,000 plus the applicable amount of the Tranche 3 Interest Reserve pursuant to Section 2.5(c) below to be made available by Lender A; and

- (e) a tranche ("**Tranche 4**", together with Tranche 1, Tranche 2 and Tranche 3, collectively, "**Tranches**") in the principal amount of CAD\$1,805,178.22, to be made available by Lender A.

Subject to Section 6 below:

- (f) each of Tranche 1 and Tranche 4 will be funded on June 14, 2021 (the "**First Funding Date**");
- (g) each of Tranche 2 and Tranche 3 will be funded on August 31, 2021, provided that the Lenders at any time may, by notice issued by the Lenders (or the Lenders' Solicitors on the Lenders' behalf) to the Borrowers:
 - (1) notify the Borrowers that the Lenders have prepared sufficient funds and are otherwise in position to make advances under Tranche 2 and Tranche 3; and
 - (2) designate such other date between July 1, 2021 and September 30, 2021 (the "**Second Funding Outside Date**"; August 31, 2021 or such other date so designated, the "**Second Funding Date**").

Each applicable Lender will deduct (and will be deemed to have deducted) from the proceeds of its tranche the applicable Interest Reserves (as defined in Section 2.5 below).

2.2 Purposes

Tranche 1 shall be used for the following purposes:

- (a) together with the Senior A Loan Agreement, finance the repayment of the ITC-Romspen Indebtedness in full;
- (b) fund the Tranche 1 Interest Reserve; and
- (c) pay all fees, legal and other costs incurred by the Lenders in connection with the Loan.

Tranche 2 shall be used for the following purposes:

- (d) finance the repayment of the ITC-Junior Indebtedness in full;
- (e) fund the Tranche 2A Interest Reserve and Tranche 2B Interest Reserve; and
- (f) pay all fees, legal and other costs incurred by the Lenders in connection with the Loan.

Tranche 3 shall be used for the following purposes:

- (g) finance the partial repayment of the ITC-126 Indebtedness to reduce the principal amount then owing by CAD\$3,000,000;
- (h) fund the Tranche 3 Interest Reserve; and
- (i) pay all fees, legal and other costs incurred by the Lenders in connection with the Loan.

Tranche 4 shall be used for the following purposes:

- (j) finance the Processing Fee payable by the Borrowers under this Agreement;

- (k) fund the Tranche 4 Interest Reserve; and
- (l) pay all fees, legal and other costs incurred by the Lenders in connection with the Loan.

2.3 Term

Subject to the terms hereof:

- (a) the term of Tranche 1 is for approximately 6 months, commencing on the First Funding Date and ending on December 28, 2021;
- (b) the term of Tranche 2 is for approximately 6 months, commencing on the Second Funding Date and ending on March 21, 2022;
- (c) the term of Tranche 3 is for approximately 4 months, commencing on the Second Funding Date and ending on December 28, 2021;
- (d) the term of Tranche 3 is for approximately 6 months, commencing on the First Funding Date and ending on December 28, 2021,

(the foregoing end date in respect of each tranche, the "**Maturity Date**").

2.4 Interest

Interest shall accrue on the daily outstanding balance of the Loan at such per annum rates during such period as follows:

- (a) in respect of Tranche 1 and Tranche 4:
 - (1) from the First Funding Date up to and including December 14, 2021, 15% per annum; and
 - (2) from December 15, 2021, 30% per annum;
- (b) in respect of Tranche 2:
 - (1) from the Second Funding Date up to and including March 7, 2022, 15% per annum; and
 - (2) from March 8, 2022, 30% per annum;
- (c) in respect of Tranche 3:
 - (1) from the Second Funding Date up to and including December 14, 2021, 15% per annum; and
 - (2) from December 15, 2021, 30% per annum;

in all cases, calculated daily and compounded monthly, not in advance, from the First Funding Date (in respect of Tranche 1 and Tranche 4) and the Second Funding Date (in respect of all other tranches), until the date when the Loan Amount is paid in full, both before and after default, demand, maturity and judgment. Interest shall accrue on overdue interest at the same rate and in the same manner.

For greater certainty:

- (a) in respect of each of Tranche 1 and Tranche 4, interest shall accrue on that tranche of the Loan as of the First Funding Date pursuant to the terms hereof, even if (i) that tranche is not advanced to the Borrowers until a later date, because the applicable conditions set out in Section 6 below have not been satisfied (or waived by the applicable Lenders) by the First Funding Date, or (iii) any of the Obligants is otherwise unwilling or unable to complete the transactions contemplated hereunder;
- (b) in respect of each of Tranche 2 and Tranche 3, interest shall accrue on that tranche as of the Second Funding Date pursuant to the terms hereof, even if (i) that tranche is not advanced to the Borrowers until a later date, because the applicable conditions set out in Section 6 below for that tranche have not been satisfied (or waived by the applicable Lenders) by the Second Funding Date, or (iii) any of the Obligants is otherwise unwilling or unable to complete the transactions contemplated hereunder.

2.5 Interest Reserves

As security for the payment of the Loan Amount and all of the Borrowers' other obligations in respect of the Loan and under this Agreement, the Borrowers will establish interest reserves (the "**Interest Reserves**"), one for each tranche of the Loan, which shall be funded initially as follows:

- (a) for Tranche 1, in the amount of CAD\$409,010.08 (the "**Tranche 1 Interest Reserve**");
- (b) for Tranche 2A, in the amount equal to the amount of interest that will accrue on the entire principal amount of this tranche for the period commencing on the Second Funding Date up to the Maturity Date of this tranche (the "**Tranche 2A Interest Reserve**");
- (c) for Tranche 2B, in the amount equal to the amount of interest that will accrue on the entire principal amount of this tranche for the period commencing on the Second Funding Date up to the Maturity Date of this tranche (the "**Tranche 2B Interest Reserve**");
- (d) for Tranche 3, in the amount equal to the higher of the amount of interest that will accrue on the entire principal amount of this tranche for the period commencing on the Second Funding Date up to the Maturity Date of this tranche (the "**Tranche 3 Interest Reserve**");
- (e) for Tranche 4, in the amount of CAD\$136,501.15 (the "**Tranche 4 Interest Reserve**").

The initial amount of each Interest Reserve shall be deducted from the proceeds of the applicable tranche by the Lender of that tranche and shall be held and administered by that Lender.

2.6 Repayment

- (a) **Interest.** Commencing in the month after the First Funding Date, the Borrowers shall pay interest accrued on the then outstanding balance of the Loan on the same day of each month as the First Funding Date (or if that month does not have that day, the last day of that month; each such day, the "**Payment Date**"), until the Loan Amount is paid in full.

Provided that no Event of Default has occurred, and to the extent that there are sufficient funds in the applicable Interest Reserve, each Lender may deduct from the Interest Reserve maintained by that Lender on each Payment Date the amount of interest due on such date to that Lender and apply that amount to the outstanding interest. Notwithstanding the foregoing, monthly interest payments due on account of the Loan are the responsibility of the Borrowers. Nothing contained in this Agreement or in any Security Document will relieve the Borrowers from the obligation to pay such interest on the applicable Payment Date.

All funds remaining in the Interest Reserve of each Tranche on the applicable Maturity Date of that Tranche shall be applied to the Loan Amount owing on that date.

- (b) **Lump Sum Payments.** The Borrower shall pay to the Lenders the then outstanding balance of each Tranche in full on the applicable Maturity Date of that Tranche, provided that the then outstanding balance of the Loan Amount not already paid shall be due and payable in full on the latest of the Maturity Dates of all Tranches.

2.7 Payments

- (a) **Application of Payments.** Payments made on account of the Loan Amount will be applied when received in the following order:
 - (1) firstly, in payment of outstanding fees and costs pursuant hereto or to other Loan Documents which have accrued to the date such payment is received;
 - (2) secondly, in payment of outstanding interest on the Loan which has accrued to the date such payment is received;
 - (3) thirdly, in payment of the principal balance of Tranche 1, Tranche 3 and Tranche 4 then outstanding, *pro rata* among all such tranches; and
 - (4) fourthly, in payment of the principal balance of Tranche 2A and Tranche 2B then outstanding, *pro rata* among all such tranches.

Notwithstanding the foregoing, if there is an Event of Default, then any payment received by any of the Lenders on account of the Loan Amount may be applied in such order and in such manner as the Lender, in their sole discretion, may determine.

- (b) **Business Day.** If a payment under this Agreement or any other Loan Document is due on a day other than a Business Day, then such payment shall be made on the immediately following Business Day. Any payment received by a Lender after 12 p.m. (Vancouver, B.C. local time) on any Business Day will be deemed to be received by that Lender on the next Business Day.
- (c) **Form of Payment.** Unless otherwise specified herein, the Borrowers shall make each payment in relation to the tranche of the Loan in the currency of that tranche in immediately available funds. All payments to be made by the Borrowers to each Lender shall be made by wire transfer pursuant to instructions delivered in writing to the Borrowers on or prior to the applicable Funding Date or as each Lender may designate in writing from time to time upon five Business Days' notice to the Borrowers.

2.8 Processing Fee

The Borrowers shall pay to Lender A a processing fee (the "**Processing Fee**") in the sum of CAD\$1,668,677.07.

The Processing Fee is non-refundable and will be earned by Lender A upon the issuance of this Agreement to the Borrowers, and due to Lender A on the earlier of (i) the date on which any tranche of the Loan is advanced, or (ii) the First Funding Outside Date.

For greater certainty, the Processing Fee is earned and payable as provided above in this Section 2.8, even if any of the conditions set out in Section 6 is not satisfied (or waived by the applicable Lender) and any tranche of the Loan is not advanced, or if any of the Obligants is otherwise unwilling or unable to complete the transactions contemplated hereunder, or if the Loan is cancelled pursuant to Section 2.9 below.

2.9 Commitment Expiry; Commitment Compensation

The Loan will be cancelled and the Lenders will not be obligated to advance under any tranche of the Loan, if:

- (a) the Borrowers notify to the Lenders in writing that they do not intend to draw on any one or more of the tranches of the Loan (the date on which the Lenders receive such notification, the "**Borrowers' Cancellation Date**");
- (b) unless the Lenders in their sole decision agree otherwise, any of Tranche 1 or Tranche 4 has not been advanced to the Borrowers by August 10, 2021 (the "**First Funding Outside Date**"); or
- (c) unless the Lenders in their sole decision agree otherwise, any of Tranche 2A, Tranche 2B or Tranche 3 has not been advanced to the Borrowers by the Second Funding Outside Date,

provided that, in compensation to the Lenders for their costs in sourcing and committing funds in anticipation of advancing under the Loan, the Borrowers shall pay to each Lender a sum (each, a "**Commitment Compensation**") equal to the amount of interest that would have accrued on the principal amount of each tranche made available by that Lender which has not been advanced, for a period of 61 days, plus:

- (d) in respect of Tranche 1 and Tranche 4, the number of days from the First Funding Date and up to and including the earlier of the First Funding Outside Date and the Borrowers' Cancellation Date; and
- (e) in respect of Tranche 2 and Tranche 3, the number of days from the Second Funding Date and up to and including the earlier of the Second Funding Outside Date and the Borrowers' Cancellation Date (or zero, if the Borrowers' Cancellation Date precedes the Second Funding Date).

The Commitment Compensations shall be due and payable to the Lenders on the earliest of the Borrowers' Cancellation Date, the First Funding Outside Date and the Second Funding Outside Date (as applicable).

3. SALES OF UB LOT 2 UNITS AND UB LOT 3

3.1 Notices

The Borrowers shall deliver (and cause to be delivered) to the Lenders the following:

- (a) a copy of a UB Lot 2 Unit Sale Agreement or UB Lot 3 Sale Agreement that has been entered into by UB Owner since the First Funding Date (to the extent not provided under Section 6.1(d)(6) below); and
- (b) a copy of the notice of completion in respect of the sale of each UB Lot 2 Unit or UB Lot 3 (or any part thereof) in accordance with the applicable UB Lot 2 Unit Sale Agreement or UB Lot 3 Sale Agreement, concurrently upon delivering the same to the applicable purchaser.

3.2 UB Lot 2 Units – Repayment Reserve; Partial Discharges

Upon the completion of the sale of a UB Lot 2 Unit pursuant to the applicable UB Lot 2 Unit Sale Agreement:

- (a) the UB Owner shall deliver to the Lenders a signed copy of the vendor's final statements of adjustments relating to that sale;

- (b) subject to the UB Owner having funded the UB Project Permitted Pay-Down Reserve, the UB Owner shall promptly pay 100% of the UB Lot 2 Unit Net Sale Proceeds by wire transfer to the trust account of the Lenders' Solicitors, to be held as Repayment Reserve in accordance with Section 3.5, until sufficient sum has been paid to effect repayment in full of Tranche 1, Tranche 3 and Tranche 4 on their applicable Maturity Dates; and
- (c) provided that there is no Event of Default and no outstanding event which, with the passing of time, the giving of notice or otherwise, would constitute an Event of Default, the Lenders will execute and deliver a partial discharge (prepared by and at the expense of the Borrowers) of the UB Mortgage (as defined in Section 4.1(c) below) and other applicable Security Documents with respect to that UB Lot 2 Unit, subject to the Lenders' Solicitors confirming to the Lenders of their receipt of the amount payable pursuant to Section 3.2(b) above.

3.3 UB Lot 2 Units – Additional Partial Discharges

Provided that all of the following conditions have been satisfied:

- (a) all of Tranche 1, Tranche 3 and Tranche 4 have been repaid in full in accordance with the terms on their respective Maturity Dates; and
- (b) there is no Event of Default and no outstanding event which, with the passing of time, the giving of notice or otherwise, would constitute an Event of Default,

then, upon request of the Borrowers, the Lender will execute and deliver a partial discharge (prepared by and at the expense of the Borrowers) of the UB Mortgage and the other applicable Security Documents with respect to all UB Lot 2 Units (to the extent they have not been discharged pursuant to Section 3.2(c) above).

3.4 UB Lot 3 – Repayment Reserve; Partial Discharges

Upon the completion of the sale of UB Lot 3 (or any part thereof) pursuant to the applicable UB Lot 3 Sale Agreement:

- (a) the UB Owner shall deliver to the Lenders a signed copy of the vendor's final statements of adjustments relating to that sale;
- (b) subject to the UB Owner having repaid the UB-GF Indebtedness up to the principal amount of CAD\$17,500,000 (or otherwise permitted by the UB-GF Lender), the UB Owner shall promptly pay 100% of the UB Lot 3 Net Sale Proceeds by wire transfer to the trust account of the Lenders' Solicitors, to be held as Repayment Reserve in accordance with Section 3.5; and
- (c) provided that there is no Event of Default and no outstanding event which, with the passing of time, the giving of notice or otherwise, would constitute an Event of Default, the Lenders will execute and deliver a partial discharge (prepared by and at the expense of the Borrowers) of the UB Mortgage and other applicable Security Documents with respect to the UB Lot 3 (or the applicable thereof that is being sold), subject to the Lenders' Solicitors confirming to the Lenders of their receipt of the amount payable pursuant to Section 3.4(b) above.

3.5 Repayment Reserve

To facilitate the repayment in full of the Loan Amount on their applicable Maturity Dates and otherwise in accordance with the terms hereof, the Borrowers will establish a reserve (the "**Repayment Reserve**"),

which shall be held in the trust account of the Lenders' Solicitors and funded by the UB Lot 2 Unit Net Sale Proceeds and the UB Lot 3 Net Sale Proceeds which, in both cases, are paid to the Lenders' Solicitors from time to time in accordance with Section 3.2(b) and Section 3.4(b) above.

The balance of the Repayment Reserve shall be applied as follows:

- (a) Subject to the Lenders confirming to the Borrowers and the Lenders' Solicitors that there are sufficient funds in the Repayment Reserve to effect the repayment in full of Tranche 1, Tranche 3 and Tranche 4 on their respective Maturity Dates in accordance with the terms of this Agreement, the funds so held in the Repayment Reserve shall be withdrawn and paid to the Lenders to repay those Tranches on their respective Maturity Dates accordingly, which withdrawal is hereby irrevocably authorized and directed by the Borrowers; and
- (b) If Tranche 1, Tranche 3 and Tranche 4 have been repaid in full, then the funds held in the Repayment Reserve shall be withdrawn and paid to the Lenders to repay Tranche 2 on the Maturity Date of that tranche accordingly, which withdrawal is hereby irrevocably authorized and directed by the Borrowers.

Until the funds are so paid pursuant to the preceding paragraph, the Repayment Reserve shall be held as security for the payment of the Loan Amount and all of the Borrowers' other obligations in respect of the Loan and under this Agreement, and may be administered as follows:

- (c) Neither the Lenders nor any other person is obligated to pay any interest on the balance in the Repayment Reserve.
- (d) The Lenders may, in their sole discretion and without obligation, direct the Lenders' Solicitors to invest the funds in the Repayment Reserve in an interest-bearing account, and any interest or return so accrued thereon shall be added to the balance of the reserve, and the Borrowers shall have no right to collect or withdraw any such interest or return or the balance in the reserve, except to effect the repayment of the Loan Amount in accordance with the terms hereof.
- (e) For greater certainty, notwithstanding the restrictions and conditions in respect of the funds in the Repayment Reserve:
 - (1) Until paid to effect any repayment of the Loan Amount in accordance with the terms hereof, such funds shall be (and shall remain to be) the property of the Borrowers, which shall be solely responsible to pay any taxes that may be exigible in relation thereto (including, without limitation, any interest or return accrued thereon);
 - (2) Except as specifically provided in this Section 3.5, the Borrowers shall have no right to withdraw or request funds from the Repayment Reserve, or to assign, transfer or grant a security interest in the Repayment Reserve to any third party; and
 - (3) The Borrowers shall continue to be indebted to the Lenders under the Loan and shall remain obligated to pay interest on the Loan pursuant to the terms hereof, without any reduction or allowance on account of the balance in the Repayment Reserve.

4. SECURITY

4.1 Security Documents

As security for the repayment of the Loan Amount and performance of the obligations of the Borrowers to the Lenders, the Borrowers shall grant, or cause to be granted, to the Lenders the following documents, each in form and substance to the satisfaction of the Lenders (collectively, the "**Security Documents**"):

- (a) mortgage, including the terms of an assignment of rents, in favour of the Lenders charging the Hotel Property granted by the ITC Borrower (the "**ITC Hotel Mortgage**") in the principal amount of CAD\$3,400,000, provided that the principal amount thereof shall be increased to CAD\$37,000,000 on or prior to any advance under Tranche 2 and Tranche 3;
- (b) mortgage, including the terms of an assignment of rents, in favour of the Lenders charging the ITC Bar in the principal amount of CAD\$37,000,000 granted by the ITC Borrower (the "**ITC Bar Mortgage**"), provided that the ITC Bar Mortgage shall only be granted and registered on or prior to any advance under Tranche 2 and Tranche 3;
- (c) mortgage, including the terms of an assignment of rents, in favour of the Lenders charging the UB Property granted by the UB Nominee (the "**UB Mortgage**") in the principal amount of CAD\$7,300,000, provided that the principal amount thereof shall be increased to CAD\$37,000,000 on or prior to any advance under Tranche 2 and Tranche 3;
- (d) beneficiary authorization and charge agreement relating to the UB Property granted by the UB Nominee and the other UB Borrowers in favour of the Lenders;
- (e) mortgage, including the terms of an assignment of rents, in favour of the Lenders charging the SpaV-SL1 and SpaV-SL3 in the principal amount of CAD\$5,000,000 granted by MYPCo (the "**SpaV Mortgage**");
- (f) mortgage, including the terms of an assignment of rents, in favour of the Lenders charging the Residence-SL128 in the principal amount of CAD\$1,500,000 granted by Ching (the "**Residence Mortgage**");
- (g) general security agreement granted by the Borrowers and the other Obligants creating in favour of the Lender a security interest in all of its present and after-acquired personal property;
- (h) assignment by the Borrowers of the Interest Reserves and the Repayment Reserve;
- (i) assignment of all of the Borrowers' and (if applicable) the Hotel Operator's right, title and interest in:
 - (1) all construction contracts, plans and permits, warranties, licences and other material contracts, relating to any construction and development of the ITC Property and the Hotel,
 - (2) all agreements and licences in respect of the management of the Hotel and the licence for the use of the trademark "Opus Hotel" for the Hotel (the "**Hotel Management and License Agreements**"), and (iii) all agreements in respect of the use of and access to the Hotel Exclusive Amenities (the "**Hotel Exclusive Amenities Agreements**");

- (3) all construction contracts, plans and permits, warranties, licences and other material contracts, relating to any construction and development in respect of the UB Lot 2 Site Servicing Works and the other UB Property;
- (j) assignment of all of the Borrowers' right, title and interest in all contracts relating to the sale or refinancing of all or any portion of (i) the Hotel Property and all or any portion of the other ITC Property, and (ii) the UB Lot 2 Units, the UB Lot 3 and all or any portion of the other UB Property, and in the case of any sale, of all deposits paid and received in connection with same;
- (k) postponement and assignment of claims granted by the Borrowers and the Guarantors, their respective shareholders, applicable affiliates, and any persons not dealing at arm's length with the Borrowers or the Guarantors;
- (l) unlimited joint and several guarantee by the Guarantors to pay the Loan Amount and observe and perform all other obligations and liabilities of the Borrowers hereunder and under the Security Documents;
- (m) joint and several environmental indemnity agreement in respect of the Property by the Obligants;
- (n) cost overrun, completion and debt service agreement in respect of (i) the ITC Property and the Hotel, and (ii) the UB Property and the UB Lot 2 Site Servicing Works by the Obligants;
- (o) priority and standstill agreement between the Lenders and the Senior A Lenders, relating to the Senior A Security and all other security held by the Senior A Lenders from the Obligants (the "**Senior A / Senior B Priority Agreement**");
- (p) priority and standstill agreement between the Lenders and the ITC-126 Lender, relating to the ITC-126 Security and all other security held by the ITC-126 from the Obligants (the "**Senior B / ITC-126 Priority Agreement**"),

and such other security as the Lender may reasonably require.

4.2 Ranking

The Security Documents described in Section 4.1(a) to (j) above will rank:

- (a) as first charge against the Interest Reserves;
- (b) in respect of the ITC Hotel Mortgage:
 - (1) until the principal amount thereof is increased as provided under Section 4.1(a), as third charge against the Hotel Property, subject and subordinate only to the Senior A Security and the ITC-Junior Security; and
 - (2) otherwise, as second charge against the Hotel Property, subject and subordinate only to the Senior A Security;
- (c) in respect of the ITC Bar Mortgage, when registered, as first charge against the ITC Bar;
- (d) in respect of the UB Mortgage:
 - (1) until the principal amount thereof is increased as provided under Section 4.1(c);

- (A) as fifth charge against UB Lot 1, subject and subordinate only to the UB-VTB Security, the UB-GF Security, the ITC-Junior Security and the UB Project Security;
 - (B) as third charge against UB Lot 2 and UB Lot 4, subject and subordinate only to the ITC-Junior Security and the UB Project Security;
 - (C) as fourth charge against UB Lot 3, subject and subordinate only to the UB-GF Security, the ITC-Junior Security and the UB Project Security; and
 - (D) as fourth charge against UB Lot A, subject and subordinate only to the UB-VTB Security, the ITC-Junior Security and the UB Project Security;
- (2) otherwise:
- (A) as fourth charge against UB Lot 1, subject and subordinate only to the UB-VTB Security, the UB-GF Security and the UB Project Security;
 - (B) as second charge against UB Lot 2 and UB Lot 4, subject and subordinate only to the UB Project Security;
 - (C) as third charge against UB Lot 3, subject and subordinate only to the UB-GF Security and the UB Project Security; and
 - (D) as third against UB Lot A, subject and subordinate only to the UB-VTB Security and the UB Project Security;
- (e) in respect of the SpaV Mortgage:
- (1) as third charge against SpaV-SL1, subject and subordinate only to the SpaV-BDC Security and the SpaV-Jin Security; and
 - (2) as third charge against SpaV-SL3, subject and subordinate only to the SpaV-BDC Security and the SpaV-Jin Security;
- (f) in respect of the Residence Mortgage, as second charge against Residence-SL128, subject and subordinate only to the Residence-SL128-Morteq Security..

4.3 Priority Agreements

The Security Documents described in Sections **Error! Reference source not found.** to 4.1(p) (collectively, the "Priority Agreements") shall provide the following:

- (a) in all cases, the Lenders' right to deduct any amount out of the Interest Reserves shall not be restricted;
- (b) in the case of the Senior A / Senior B Priority Agreement:
 - (1) the Lenders' right to receive any payments on account of the Loan Amount from any sources whatsoever (other than proceeds from any sale of the Hotel Property or recovery from any enforcement actions against the Hotel Property) shall not be restricted, whether before or after an Event of Default or a demand under this Agreement;

- (2) the Lenders may receive and retain payments on account of interest, principal and all other amounts in respect of the Loan Amount, unless the Lenders have received a notice from the Senior A Lenders that an Event of Default (as defined in the Senior A Loan Agreement) has occurred or a demand has otherwise been issued;
 - (3) upon the issuance of notice of demand by the Senior A Lenders in respect of the Senior A Indebtedness, the Senior A Lenders shall deliver a copy of such notice to the Lenders concurrently. At any time after the Lenders have received such notice, any one or more or all of the Lenders may, but is not obligated to, purchase from the Senior A Lenders their respective interest in the Senior A Indebtedness and the Senior A Security. Unless the Lenders and the Senior A Lenders agree otherwise, the purchase shall complete within 30 days after the Lenders have delivered a notice to the Senior A Lenders requiring a sale of the Loan, and the purchase price shall be equal to the Senior A Indebtedness then owing on the day of such sale;
- (c) in the case of the Senior B / ITC-126 Priority Agreement:
- (1) the ITC-126 Lender's right to initiate any enforcement action under the Security Documents shall be subject to the ITC-126 Lender delivering to the Lenders a 5 days' prior notice of its intention to initiate such action;
 - (2) the principal amount of the ITC-126 Indebtedness shall not at any time exceed (i) \$6,000,000 during the term of the Loan up to the date of the advance under Tranche C, and (ii) \$3,000,000, thereafter; and
 - (3) the ITC-126 Lender may receive and retain payments on account of interest, principal and all other amounts in respect of the ITC-126 Indebtedness, unless the ITC-126 Lender has received a notice from the Lenders that an Event of Default has occurred or a demand has otherwise been issued.

5. REPRESENTATIONS AND WARRANTIES

The representations and warranties set out in this Section 5 shall survive the execution and delivery of this Agreement. No investigation at any time made by or on behalf of the Lender shall diminish in any respect whatsoever the Lender's rights to rely on such representations and warranties.

5.1 ITC Property

Each of the Obligants, jointly and severally, represents and warrants as follows to the Lender:

- (a) the ITC Borrower is the sole legal and beneficial owner of the Hotel Property and the ITC Bar;
- (b) the Hotel Property consists of ITC Remainder and ITC ASP2;
- (c) ITC Remainder is a single legal parcel, which is the remainder of a certain legal parcel after the deposit of the air space parcel plan which created five other air space parcels (including ITC ASP2). The ITC Remainder is improved with a five-storey podium structure, which contains parking stalls and a common garden / patio area located on level 6 of the ITC Remainder between the buildings constructed, respectively, on air space parcels 3 and 5 (both of which are of the same air space plan as ITC ASP2) for the use of the owners and licensees of ITC ASP2 and the other airspace parcels;

- (d) ITC ASP2 consists of a single airspace parcel, being improved with a full-service, 14-storey hotel facility, with a total floor area of approximately 94,415 square feet, with 100 guest rooms, a roof-top patio lounge and swimming pool and other related amenities, which will be for the exclusive use of the Hotel and its guests (the "**Hotel**");
- (e) the completed Hotel will be known as Opus Hotel Versante. The ITC Borrower will operate the Hotel through Hotel Versante Ltd., which has engaged Trilogy Hotel Management (Richmond) Ltd., an affiliate of Trilogy Management and Opus Hotels Corporation (the "**Hotel Manager**") for the management and operation of the Hotel;
- (f) the Hotel Property and the ITC Bar form a part of a mixed-use development complex that will be known as the International Trade Centre at Versante (the "**Complex**") that will comprise of the Hotel, commercial, office and retail components;
- (g) the Complex includes the ITC Remainder, which provides approximately 333 parking stalls, 84 of which will be for the exclusive use of the Hotel and its guests, located on Parking Level 5 of the Remainder;
- (h) the construction and interior furnishing of the Hotel, the Hotel Property are expected to be fully completed, in order to achieve Hotel Property OP Issuance by June 14, 2021 (the "**Hotel Property OP Issuance Target Date**");
- (i) the hotel, the restaurant and other facilities located within the Hotel Property and all other works and services required for the commissioning of those facilities (collectively, the "**Hotel Property Commissioning**"), all substantially up to the Hotel Property Specifications, are expected to be substantially completed by July 1, 2021 (the "**Hotel Property Commissioning Target Date**");
- (j) the ITC Bar is located on the ground floor of the north tower of the Complex, with an area of approximately 3,164 square feet;
- (k) the ITC Bar will be part of a private membership club, known as Club Versante, and will be used as a whisky bar, known as Cask, with tasting room and private whisky lockers; and
- (l) the appraisal report and the stage 1 environmental assessment provided by or on behalf of the Borrowers to the Lenders in accordance with Section **Error! Reference source not found.** are the most recent ones prepared in respect of the Hotel Property, and there are no other similar reports or assessments that are in the possession of the Borrowers or otherwise under the control or accessible by the Borrowers which have not been provided to the Lenders.

5.2 UB Property

Each of the Obligants, jointly and severally, represents and warrants as follows to the Lender:

- (a) the UB Nominee is the sole legal owner of the UB Property, holding the title thereto as bare trustee for the sole benefit of the UB Owner;
- (b) the UB Property is located in Union Bay on the east coast of Vancouver Island, within the Comox Valley;
- (c) the UB Property has an area of approximately 789 acre, and consists of 3 phases:

- (1) phase 1 consists of UB Lot 2 (with an area of approximately 23.99 acres) and UB Lot 3 (with an area of approximately 17.52 acres), with a total area of approximately 41.52 acres, and they are located to the east of Highway 19;
- (2) phase 2 consists of UB Lot 4 and UB Lot A, with a total area of approximately 162 acres (of which UB Lot 4 consists an area of approximately 131 acres), and they are located to the west of Highway 19; and
- (3) phase 3 consists of UB Lot 1, with a total area of approximately 583 acres, the majority of which is located to the west of Highway 19,

anticipated to comprise of a total of approximately 3,000 residential units, 2 hotels and 1 college, 400,000 square feet commercial retails, hi-tech park, railing station and a marina;

- (d) in connection with the development of the UB Property, the UB Owner is obligated pursuant to the UB Master Development Agreement to transfer or otherwise dedicate certain portions of the UB Property to or in favour of the Comox Valley Regional District for the purpose of creating certain Parks and Trails for public use (collectively, the **"UB Parks & Trails Transfer"**);
- (e) the UB Owner has commenced the development (the **"UB Lot 2 Development"**) on UB Lot 2 to create the following:
 - (1) a bare land strata subdivision composed of approximately thirty-nine (39) residential bare land strata lots (the **"UB Lot 2 Strata Lots"**) which will be created by the filing of a strata plan (the **"UB Lot 2 Strata Plan"**);
 - (2) parcels A, D and E (each, a **"UB Lot 2 Subdivided Parcel"**), which will be created out of UB Lot 2 in the area adjacent to, but outside of, the UB Lot 2 Strata Plan;
- (f) the UB Owner received the Preliminary Layout Approval (**"PLA"**) from the Ministry of Transportation and Infrastructure of the Province of British Columbia for UB Lot 2 Development on September 16, 2020, which approval is subject to the conditions set out therein;
- (g) the UB Owner has carried out or is carrying out the following works on UB Lot 2 (collectively, the **"UB Lot 2 Development Works"**):
 - (1) in accordance with the Approval in Principal dated August 2, 2019 issued by the Ministry of Environment and Climate Change Strategy, the UB Owner completed the environmental remediation (the **"Remediation"**) in respect of UB Lot 2 and submitted in May 2020 an application to the ministry for a Certificate of Compliance (a **"Certificate of Compliance"**) pursuant to Section 53 of the *Environmental Management Act* for UB Lot 2. The UB Owner anticipates that the final Certificate of Compliance will be issued by the ministry imminently by July 31, 2021;
 - (2) the UB Owner has awarded a contract with a general contractor to construct the site servicing works (the **"UB Lot 2 Site Servicing Works"**), which consists of the following:
 - (A) to construct site servicing works (including off-site improvements in the form of a new potable water supply station on UB Lot 4), and utilities and road connection to UB Lot 2 Development from Highway 19A; and
 - (B) to construct internal roadways;

- (h) after the Certificate of Compliance for UB Lot 2 is granted and the UB Lot 2 Site Servicing Works are completed, the UB Owner will apply for the subdivision of UB Lot 2 to create (among others) the UB Lots 2 Subdivided Parcels and deposit the UB Lot 2 Strata Plan at the Land Title Office to create the UB Lot 2 Strata Lots, all of which is expected to occur in September 2021;
- (i) the UB Owner has filed the UB Lot 2 Strata Disclosure Statement and commenced the marketing and sales efforts for the UB Lots 2 Units;
- (j) the UB Owner has entered into the definitive UB Lot 2 Unit Sale Agreements for such units with such parties at such prices with such amounts of deposits paid, all as set out in the UB Lot 2 Sales Summary;
- (k) as at April 15, 2021:
 - (1) the total sum of the purchase price under the UB Lot 2 Unit Sale Agreements is CAD\$14,489,000.00;
 - (2) the total sum of the deposit paid under the UB Lot 2 Unit Sale Agreement is CAD\$650,270.00, which has been received and held by Fasken Martineau DuMoulin LLP, as solicitors for the UB Owners in respect of sale of the UB Lot 2 Units, as deposits in accordance with the terms of the applicable UB Lot 2 Unit Sale Agreement (the "**UB Lot 2 Unit Sale Deposits**");
- (l) in respect of the following UB Lot 2 Units, the UB Owner has negotiated the sale of such units to such prospective purchasers at such prospective prices, as set out in the UB Lot 2 Sales Summary:
 - (1) Strata Lots 34, 35, 36, 37 and 38 of the UB Lot 2 Strata Lots (the "**Bene Strata Lots**"),

and the UB Owner is going to enter into definitive UB Lot 2 Unit Sale Agreements for such units;
- (m) upon creation of the title to the UB Lot 2 Units, the UB Owner intends to close the sales of the UB Lot 2 Units pursuant to the terms of the UB Lot 2 Unit Sale Agreements. The UB Owner expects that the date of completion of the sale of the UB Lot 2 Units will be between September 1, 2021 and November 30, 2021; and
- (n) the Borrowers anticipate that they will need to fund additional contribution in a sum not less than CAD\$5,000,000 for completing the UB Lot 2 Site Servicing Works; and
- (o) the UB Lot 2 Unit Sale Agreements set out in the UB Lot 2 Sales Summary (copies of which agreements have been delivered pursuant to Section 6.1(d)(6) below) are all the agreements that have been entered into as at the date hereof in respect of the sales of UB Lot 2 Units and those agreements, together with the UB Lot 2 Strata Disclosure Statement (in respect of UB Lot 2 Strata Lots only), contain all information in respect of the sales of those UB Lot 2 Units, and are accurate and complete in all respects, un-amended and un-supplemented in any material respect except as provided therein.

5.3 UB-GF Indebtedness

Each of the Obligants, jointly and severally, represents and warrants as follows to the Lender:

- (a) the UB-GF Lender advanced a loan to the Borrowers to finance the development on UB Lot 3 pursuant to the terms of the UB-GF Loan Agreement;
- (b) the outstanding principal balancing owing under the UB-GF Indebtedness is CAD\$17,500,000; and
- (c) interest on the UB-GF Indebtedness accrues at a rate of no more than UB-GF Lender's prime lending rate (currently, 2.45% per annum) plus 2.75% per annum, calculated and payable monthly, whether before or after default or demand;
- (d) the UB-GF Indebtedness will be due on April 1, 2022;
- (e) until the applicable due date, no amount is payable under the UB-GF Indebtedness (other than interest accrued thereon, which is payable monthly). The UB Owner may prepay the UB-GF Indebtedness, in full or in part, at any time, without bonus or penalty due to the UB-GF Lender;
- (f) the UB-GF Loan Agreement and the UB-GF Security are all the agreements and contain all material information in respect of the UB-GF Indebtedness, and are accurate and complete in all respects, un-amended and un-supplemented in any material respect except as provided therein.

5.4 UB-VTB Indebtedness

Each of the Obligants, jointly and severally, represents and warrants as follows to the Lender:

- (a) the UB-VTB Lender advanced a vendor-take-back loan in the initial principal amount of CAD\$24,000,000 to finance acquisition of the UB Property by the UB Owner, pursuant to the terms of the UB-VTB Agreement;
- (b) the principal amount owing under the UB-VTB Indebtedness is CAD\$14,000,000;
- (c) interest on the UB-VTB Indebtedness accrues at a rate of no more than 5.00% per annum, calculated and payable annually on December 31, whether before or after default or demand;
- (d) the UB-VTB Indebtedness will be due as follow:
 - (1) CAD\$6,000,000 (the "**UB-VTB Installment**"), on the receipt by the UB Owner of the Certificates of Compliance for UB Lot 2&3;
 - (2) CAD\$4,000,000, on the later of (i) December 31, 2021, and (ii) if the UB Owner has not received the Certificates of Compliance for UB Lot 2&3 by December 31, 2021, 30 days after receipt of the same; and
 - (3) CAD\$4,000,000, on the later of (i) March 1, 2023, and (ii) if the UB Owner has not received the Certificates of Compliance for UB Lot 2&3 by March 1, 2023, 60 days after receipt of the same;
- (e) upon receipt of the UB-VTB Installment, the UB-VTB Lender will discharge the UB-Security in respect of UB Lot A; and

- (f) the UB-VTB Agreement and the UB-VTB Security are all the agreements and contain all material information in respect of the VTB Indebtedness, and are accurate and complete in all respects, un-amended and un-supplemented in any material respect except as provided therein.

5.5 ITC-126 Indebtedness

Each of the Obligants, jointly and severally, represents and warrants as follows to the Lender:

- (a) the ITC-126 Lender advanced a term loan to ITC, Ching and Sunwins pursuant to the terms of the ITC-126 Loan Agreement, and the outstanding principal balance owing under the ITC-126 Indebtedness as at the First Funding Date is CAD\$6,000,000;
- (b) interest on the ITC-126 Indebtedness accrues at the rate of 3.00% per annum, calculated and payable monthly;
- (c) the ITC-126 Indebtedness will be due on September 4, 2021;
- (d) the ITC-126 Loan Agreement and the ITC-126 Security are all the agreements and contain all material information in respect of the ITC-126 Indebtedness, and are accurate and complete in all respects, un-amended and un-supplemented in any material respect except as provided therein;
- (e) the Borrowers intend to pay down the ITC-126 Indebtedness to be funded by Tranche 3 in order to reduce the principal balance thereof to CAD\$3,000,000.

5.6 Other Property

Each of the Obligants, jointly and severally, represents and warrants as follows to the Lender:

- (a) the MYPCo is the sole legal and beneficial owner of SpaV-SL1 and SpaV-SL1 (collectively, the "**SpaV Property**");
- (b) the SpaV Property is located in Richmond with a civic addresses of 120 and 130, 8280 Lansdowne Road, and MYPCo is operating the business of a spa and a sports and recreational facility located within the SpaV Property;
- (c) Ching is the sole legal and beneficial owner of Residence-SL128;
- (d) Residence-SL128 is a residential penthouse unit the tower known as "River Park Place 2/3" in Richmond, with a civic address of 1402-6900 Pearson Way.

5.7 Indebtedness re Other Property

Each of the Obligants, jointly and severally, represents and warrants as follows to the Lender:

- (a) the SpaV-BDC Lender advanced two term loans to MYPCo:
 - (1) one in the original amount of \$3,800,000;
 - (2) another in the original principal amount of \$2,400,000,
 and the outstanding principal balance owing under the SpaV-BDC Indebtedness, in aggregate, as at the First Funding Date is no more than CAD\$4,500,000;

- (b) interest on the SpaV-BDC Indebtedness accrues at the rate of "BDC's Floating Base Rate plus 0.00% per annum, calculated and payable monthly;
- (c) the entire SpaV-BDC Indebtedness will be due no earlier than February 22, 2035;
- (d) the SpaV-Jin Lender advanced a term loan to MYPCo, and the outstanding principal balance owing under the SpaV-Jin Indebtedness as at the First Funding Date is CAD\$4,000,000;
- (e) interest on the SpaV-Jin Indebtedness accrues at the rate of (i) for the period up to November 19, 2021, 10% per annum, and (ii) thereafter, 18% per annum, calculated and payable monthly;
- (f) the SpaV-Jin Indebtedness will be due on December 20, 2021;
- (g) the SpaV-Kingdom Lender advanced a term loan to MYPCo pursuant to the terms of the SpaV-Kingdom Loan Agreement, and the outstanding principal balance owing under the SpaV-Kingdom Indebtedness as at the First Funding Date is CAD\$1,500,000;
- (h) interest on the SpaV-Kingdom Indebtedness accrues at the rate of 4% per annum, calculated and payable monthly;
- (i) the SpaV-Kingdom Indebtedness will be due on July 15, 2021;
- (j) the Residence-SL128-Morteq Lender advanced a term loan to Ching, and the outstanding principal balance owing under the SpaV-Jin Indebtedness as at the First Funding Date is CAD\$900,000;
- (k) interest on the Residence-SL128-Morteq Indebtedness accrues at the rate of 6.60% per annum, calculated and payable monthly;
- (l) the Residence-SL128-Morteq Indebtedness will be due on or about March 30, 2022.

5.8 Obligants

Each of the Obligants, jointly and severally, represents and warrants as follows to the Lender:

- (a) the sole shareholder of the ITC Borrower, the Hotel Operator, MYPCo and Sunwins is Ching;
- (b) the sole business of the ITC Borrower is the ownership and development of the ITC Property and the Hotel;
- (c) the sole shareholder of the UB Nominee is the UB Owner;
- (d) the sole limited partner of the UB Owner is Ching, and the sole shareholder of the UB Owner GP is Linda Ching, who is the daughter of Ching; and
- (e) the sole business of the UB Nominee is to hold legal title to the UB Property as bare trustee for the sole benefit of the UB Owner;
- (f) the sole business of the UB Owner is the development of the UB Property, and the sole business of the UB Owner GP is acting as the general partner of the UB Owner.

5.9 Standard Representations

Each of the Obligants, jointly and severally, represents and warrants as follows to the Lender:

- (a) all information, documents, reports, certificates and records provided by or on behalf of the Obligants to the Lenders are accurate and complete in all material respects, and do not omit any material fact that would make the content thereof misleading;
- (b) each of the corporate Obligant is a corporation duly incorporated, validly existing and in good standing under the *Business Corporations Act* (British Columbia), save and except for the UB Nominee which is a Yukon corporation extra-provincially registered in British Columbia, and the UB Owner is a limited partnership formed and validly existing under the *Partnership Act* (British Columbia) of which the UB Owner GP is its sole general partner;
- (c) each of the corporate Obligant has (on its own behalf and, in the case of UB Owner GP, on behalf of UB Owner) all requisite power and authority to own its assets, to carry on its business as now being conducted, to borrow or to provide guarantee and other financial assistance, and to enter into and perform its obligations under the Loan Documents to which it is a party;
- (d) the borrowing of the Loan or the provision of financial assistance (as applicable) by each Obligant and the provision of security therefor, as contemplated by the Loan Documents to which that Obligant is party, and the execution, delivery and performance by that Obligant of the Loan Documents:
 - (1) have been duly authorized by all necessary proceedings of that Obligant (to the extent it is a corporation or a limited partnership);
 - (2) do not and will not conflict with or result in a breach of any of the terms, conditions or provisions of:
 - (A) the constating documents of that Obligant (to the extent it is a corporation or a limited partnership);
 - (B) any law applicable to or binding on or affecting that Obligant or its assets;
 - (C) the ITC-Junior Indebtedness or any ITC-Junior Security;
 - (D) the Senior A Indebtedness or any Senior A Security;
 - (E) the ITC-126 Indebtedness or any ITC-126 Security;
 - (F) the UB-GF Indebtedness or any UB-GF Security;
 - (G) the UB-VTB Indebtedness or any UB-VTB Security;
 - (H) the UB Project Indebtedness or any UB Project Security;
 - (I) the SpaV-Kingdom Indebtedness or any SpaV-Kingdom Security;
 - (J) the SpaV-BDC Indebtedness or any SpaV-BDC Security;
 - (K) the SpaV-Jin Indebtedness or any SpaV-Jin Security;

- (L) the Residence-SL128-Morteq Indebtedness or any Residence-SL128-Morteq Security; or
 - (M) any agreement or other document to which that Obligor is a party;
- and
- (3) do not and will not, result in, or require or permit:
 - (A) the imposition of any encumbrances on or with respect to the Property or any other properties now owned by that Obligor; or
 - (B) the acceleration of the maturity of the Senior A Indebtedness, the ITC-Junior Indebtedness, ITC-126 Indebtedness, the UB-GF Indebtedness, the UB-VTB Indebtedness, the UB Project Indebtedness, the SpaV-Kingdom Indebtedness, the SpaV-BDC Indebtedness, the SpaV-Jin Indebtedness, the Residence-SL128-Morteq Indebtedness or any other debts owing by that Obligor.
 - (e) each of the Obligors has obtained all consents, authorizations and approvals required to carry on its business as now being conducted and to enter into and perform its obligations under the Loan Documents;
 - (f) none of the Obligors is in default, and there occurs no event which would, with notice, lapse of time or both, result in its default, under (i) any indenture, mortgage, deed of trust, or (ii) any agreement or other instrument to which any of the Obligors is a party or by which any Obligor or any of its assets may be bound;
 - (g) each of the Obligors has filed all tax returns which are required to be filed by it and it has paid or remitted when due all taxes, assessments and government charges imposed upon it which if unpaid could result in any charge or other encumbrance on its properties;
 - (h) no Event of Default has occurred or is continuing, and there exists no state of facts or circumstances, which after notice, lapse of time or both, would constitute an Event of Default;
 - (i) each of the Obligors is in compliance with all applicable laws, including, without limitation, all environmental laws in respect of the Property; and
 - (j) there is no action, suit, litigation, attachment, garnishment, charging order, equitable execution, or other proceeding (regulatory or otherwise) commenced or threatened against any of the Obligors or any of its assets (including, without limitation, the Property or any part thereof).

6. CONDITIONS PRECEDENT

6.1 All Tranches

Notwithstanding any other provisions of this Agreement, subject to Section 2.9 above, the Lenders shall not be obligated to advance under any tranche of the Loan unless and until the following conditions have been satisfied to the satisfaction of the Lender (or waived by the Lenders in their sole discretion):

- (a) the Lenders shall have received the following documents, each in form and substance to its satisfaction:

- (1) this Agreement and the Security Documents, duly executed by applicable Obligants;
 - (2) the Priority Agreements, duly executed by the parties thereto;
 - (3) certificate of good standing (or equivalent) with respect of each of the Obligants (to the extent it is a corporation or a limited partnership);
 - (4) certificate of officers or directors of each of the corporate Obligants;
 - (5) an opinion issued by counsel to the Obligants as to their existence (to the extent it is a corporation or a limited partnership), the authorization, execution, delivery by each of the Obligants of the applicable Loan Documents, and such other matters as the Lender or its solicitors may require;
 - (6) payment in immediately available funds:
 - (A) the sum of CAD\$50,000 on account of the Lenders' costs for monitoring the progress of the UB Lot 2 Site Servicing Works;
 - (B) on account of the costs and expenses pursuant to Section 13.2 below;
 - (7) irrevocable and unconditional direction as to the application of the proceeds of the Loan signed by the Borrowers; and
 - (8) appointment of the Obligants' Solicitors, as agent for services on behalf of the Obligants;
- (b) the Lenders shall have received and reviewed to their satisfaction:
- (1) the most recent interim and the annual financial statements (which will include disclosure of any litigation or judgments) for each Obligor (to the extent it is a corporation or a limited partnership);
 - (2) current signed net worth statement (which will include disclosure of any litigation or judgments) and a current credit report for each individual Obligor;
 - (3) confirmation that there is no action, suit, litigation or other proceeding (regulatory or otherwise) commenced against any of the Obligants; and
 - (4) two certified items of government identification for each individual Obligor and each person signing a Loan Document on behalf of each other Obligor, and such other documentation as may be required by the Lenders in order to comply with their obligations under applicable anti-money laundering legislation;
- (c) the Lenders shall have received and reviewed to their satisfaction:
- (in respect of the ITC Property)
- (1) the state of the title to the ITC Property and all encumbrances affecting it;
 - (2) the ITC-126 Agreement and the ITC-126 Security;
 - (3) the most recent stage 1 environmental review for the Hotel Property prepared by an environmental consultant or engineer acceptable to the Lenders, accompanied

- by a transmittal letter from the consultant or engineer addressed to the Lenders and confirming that it may be relied upon by the Lenders for mortgage lending purposes;
- (4) a detailed up-to-date budget for the construction of the Hotel Property (including all hard and soft costs and projected cash flow), construction time schedule (including, without limitation, the estimated completion date), architectural drawings and specifications and the construction management agreement and other material agreements for the construction of the Hotel Property;
 - (5) copies of (i) all drawings of interior furnishing of the Hotel Property (including, without limitation, the hotel suites, lobby, restaurant, bar, swimming pool located therein), and (ii) all supply, procurement and installation contracts in respect of the Hotel Property;
 - (6) a current Progress Report in respect of the construction of the Hotel Property;
 - (7) the appraisal report prepared by an appraiser satisfactory to the Lenders in respect of the "when complete" value of the Hotel Property, accompanied by a transmittal letter from the appraiser addressed to the Lenders and confirming that it may be relied upon by the Lender for mortgage lending purposes;
 - (8) evidence confirming that there are no arrears of property or related taxes levied or assessed in respect of the ITC Property; and
 - (9) title insurance policy for a lender in respect of the ITC Property and the Mortgage issued by a title insurer approved by the Lenders containing such endorsements as the Lenders may require;
- (d) the Lenders shall have received and reviewed to their satisfaction:
- (in respect of the UB Property)
- (1) the state of the title to the UB Property and all encumbrances affecting it;
 - (2) the UB-GF Loan Agreement and the UB-GF Security;
 - (3) the UB-VTB Agreement and the UB-VTB Security;
 - (4) the proof of the full discharge of the UB-Kingdom Security from the UB Property;
 - (5) a copy of the UB Lot 2 Strata Disclosure Statement that has been filed with the applicable authority pursuant to the *Real Estate Development Marketing Act* (British Columbia);
 - (6) the fully signed copies of all UB Lot 2 Unit Sale Agreements (including all amendments and supplements thereto);
 - (7) written confirmation (in form and substance acceptable to the Lenders) from Fasken Martineau DuMoulin LLP, as solicitors for the UB Owners in respect of sale of the UB Lot 2 Units, that they hold in their trust account the UB Lot 2 Unit Sale Deposits in accordance with the terms of the UB Lot 2 Unit Sale Agreements;
 - (8) the most recent stage 1 environmental review for UB Property prepared by an environmental consultant or engineer acceptable to the Lenders, accompanied by

- a transmittal letter from the consultant or engineer addressed to the Lenders and confirming that it may be relied upon by the Lenders for mortgage lending purposes;
- (9) the letters issued by SLR Consulting (Canada) Ltd. regarding the status of the Remediation and the application for the Certificates of Compliance, and all communication to and from the Ministry of Environment (or other applicable governmental authority) in respect thereof;
- (10) the appraisal report prepared by an appraiser satisfactory to the Lenders in respect of the "as-is" value of the UB Property (except UB Lot 2) and the value of UB Lot 2 "as if" fully serviced lots, accompanied by a transmittal letter from the appraiser addressed to the Lenders and confirming that it may be relied upon by the Lenders for mortgage lending purposes; and
- (11) evidence confirming that there are no arrears of property or related taxes levied or assessed in respect of the UB Property;
- (e) the Lender shall have received and reviewed to its satisfaction:
 - (1) a written confirmation issued by the lender in respect of the current balance of each of the SpaV-BDC Indebtedness, and that such indebtedness remains in good standing;
 - (2) a written confirmation issued by the SpaV-Jin Lender in respect of the SpaV-Jin Indebtedness, and that such indebtedness remains in good standing;
 - (3) a written confirmation issued by the SpaV-Kingdom Lender in respect of the SpaV-Kingdom Indebtedness, and that such indebtedness remains in good standing; and
 - (4) a written confirmation issued by the Residence-SL128-Morteq Lender in respect of the Residence-SL128-Morteq Indebtedness, and that such indebtedness remains in good standing;
- (f) the Lenders shall have conducted an inspection of the Property, satisfactory to the Lenders in all respects;
- (g) all registrations and filings in connection with the Security Documents (including, without limitation, the Priority Agreements) have been made to the satisfaction of the Lender; and
- (h) there must be no outstanding Event of Default and no outstanding event, which with the passing of time, the giving of notice or otherwise would constitute an Event of Default.

6.2 Tranche 1 and Tranche 4

Notwithstanding any other provisions of this Agreement, in addition to the conditions set out in Section 6.1 above, Lender A shall not be obligated to advance under Tranche 1 and Tranche 4 unless and until the following conditions have been satisfied to the satisfaction of Lender A (or waived by Lender A in its sole discretion):

- (a) Lender A shall have received and reviewed to its satisfaction the following:
 - (1) written confirmation issued by the City of Richmond that the Hotel Property OP Issuance has been achieved; and

- (2) certificate of insurance (and on Lenders' request, the full policy) in respect of the Property, with the Lenders indicated as the loss payee in the order of its interest therein and additional insured and endorsed with the standard mortgage clause, for full replacement value in such amount as may be approved by the Lenders in their sole discretion, with coverage for fire, earthquake, flood, other water damages and such other coverages as the Lenders may require, and public liability insurance with a minimum of CAD\$2,000,000 coverage per occurrence;
- (b) Lender A shall have received and reviewed to its satisfaction the following:
 - (1) the payout statement in respect of the ITC-Romspen Hotel Indebtedness;
 - (2) there is sufficient arrangement (including, without limitation, undertakings given by the Obligants' Solicitors regarding same) that the outstanding balance of the ITC-Romspen Indebtedness will be repaid in full upon the release of the net proceeds of Tranche 1, together with the advance under the Senior A Loan Agreement, so that the ITC-Romspen Lender will be legally obligated to release and discharge the ITC-Romspen Security within reasonable period of time;
- (c) title searches for the Property (as at the date of such advance), satisfactory to Lender A, evidencing that no encumbrances are registered against the Property, except for Permitted Encumbrances; and
- (d) there must be no outstanding Event of Default and no outstanding event, which with the passing of time, the giving of notice or otherwise would constitute an Event of Default.

6.3 Tranche 2 and Tranche 3

Notwithstanding any other provisions of this Agreement, in addition to the conditions set out in Section 6.1 above, Lender A shall not be obligated to advance under Tranche 2 and Tranche 3, unless and until the following conditions have been satisfied to the satisfaction of Lender A (or waived by those two lenders in their sole discretion):

- (a) Lender A shall have received and reviewed to its satisfaction the following:
 - (1) confirmation by Lender A, in its sole opinion and discretion, based on the inspection by Lender A (or its authorized representative) of the Hotel Property and review of other supporting evidence provided by or on behalf of the Borrowers, that the Hotel Property Commissioning has achieved completion on or before the Hotel Property Commissioning Target Date, all substantially up to or exceed the qualities and standards as specified in the Hotel Property Specifications and otherwise acceptable to Lender A in its sole opinion;
 - (2) certificate(s) of insurance in respect of the Property, with the Lenders indicated as the loss payee and additional insured and endorsed with the standard mortgage clause, for full replacement value (which value, in respect of the Hotel Property, shall not be less than the sum of CAD\$70,000,000 or such other amount as may be approved by the Lenders in their sole discretion), with coverage for fire, earthquake and such other coverage as the Lender may require, and public liability insurance with a minimum of CAD\$2,000,000 coverage per occurrence;
- (b) title searches for the Property (as at the date of such advance), satisfactory to the Lenders, evidencing that no encumbrances are registered against the Property, except for Permitted Encumbrances; and

- (c) there must be no outstanding Event of Default and no outstanding event, which with the passing of time, the giving of notice or otherwise would constitute an Event of Default.

7. COVENANTS

7.1 General

Each of the Obligants covenants and agrees as follows:

- (a) maintain the corporate or partnership existence of each corporate or partnership Obligant, and do or cause to be done all things necessary to keep in full force and effect all licences and qualifications necessary to carry on business in all jurisdictions in which it carries on business;
- (b) keep current of all property or related taxes and levies assessed in respect of the Property, and all other taxes, rates, levies, charges and assessments charged or assessed in relation to the business of each of the Obligants and the Property;
- (c) keep insured, with an insurer acceptable to the Lenders, the Property and the personal property of the Obligants located thereon, for full replacement value not less than such amount as may be approved by the Lenders in their sole discretion, with coverage for fire, earthquake, flood, other water damages and such other coverages as may be acceptable to the Lenders, against such peril as the Lenders may require from time to time.

Specifically, the Borrowers shall deliver to the Lenders the following:

- (1) Within five Business Days after the Hotel Property OP Issuance, and in any case no later than June 30, 2021, a new certificate of insurance (and on Lenders' request, the full policy) in respect of the Hotel Property, reflecting the change in the nature and scope of the insurance as a result of the completion of the construction of the Hotel Property, for full replacement value not less than such amount the sum of CAD\$70,000,000 (or in such other amount as may be approved by the Lenders in their sole discretion), with coverage for fire, earthquake, flood, other water damages and such other coverages as the Lenders may require, and public liability insurance with a minimum of CAD\$2,000,000 coverage per occurrence (such insurance, the "**Post-Completion Hotel Property Insurance**"); and
- (2) within five Business Days after the end of each month, commencing in the month after the policy for the Post-Completion Hotel Property Insurance was issued, a proof of payment of the premium due and payable under the policy, in form and substance acceptable to the Lenders;
- (d) promptly provide the Lenders with the following:
 - (1) upon receipt of the same, all notices and other communication from the ITC-126 Lender, UB-GF Lender, the UB-VTB Lender, the SpaV-BDC Lender, the SpaV-Jin Lender, the SpaV-Kingdom Lender or the Residence-SL128-Morteq Lender;
 - (2) concurrent with the delivery of the same to the ITC-126 Lender, UB-GF Lender, the UB-VTB Lender, the SpaV-BDC Lender, the SpaV-Jin Lender, the SpaV-Kingdom Lender or the Residence-SL128-Morteq Lender:

- (A) copies of all requests for advance, together with the applicable Progress Report and all other documents and information accompanying the same, under the applicable agreements, and
 - (B) copies of all notice and other communication that the Obligants are required to deliver under the applicable agreements;
- and
- (3) all other information reasonably requested by the Lenders from time to time concerning the Obligant's financial condition and property (including, without limitation, the Property), the progress of the construction of the Hotel Property, the Hotel Property OP Issuance, the Hotel Property Commissioning, the sale of the UB Lot 2 Units or the UB Lot 3 (or any part thereof), the UB Lot 2 Site Service Works and the other UB Lot 2 Development Works;
 - (e) no less than monthly, deliver to the Lender a Progress Report in respect of the Hotel Property (including the Hotel Property Commissioning) and the UB Lot 2 Site Service Works and the other UB Lot 2 Development Works;
 - (f) permit and facilitate the Lender and its agents to inspect the Property from time to time upon reasonable notice and during normal business hours;
 - (g) permit the Lenders and their representatives to visit the Property and each of the Borrowers' place of business, to examine its books and records and to make copies and take extracts therefrom, and to discuss its affairs, finances and accounts with its employees, accountants and external advisors, all at reasonable times and as often as the Lenders may reasonably request;
 - (h) comply with all laws applicable to each Obligant and the Property;
 - (i) promptly notify the Lenders on becoming aware of the occurrence of any litigation, dispute, arbitration or other proceeding which would reasonably be expected to have a material adverse effect on any Obligant or the Property if adversely determined, and from time to time provide the Lender with all reasonable information requested by the Lenders concerning the status of any such proceeding;
 - (j) promptly notify the Lenders (and immediately upon request of the Lenders) of all reasonable information concerning the status of the following, together with relevant documentation in relation thereto:
 - (1) any debt or equity refinancing in respect of the Hotel Property and the ITC Property, the UB Property, the Other Property, the Loan, the Senior A Indebtedness, the UB Project Indebtedness or the ITC-Junior Indebtedness or any other material indebtedness owing by the Borrowers or any other Obligants;
 - (2) the marketing and sales efforts of any UB Lot 2 Units, or any other part of UB Lot 2&3; and
 - (3) the marketing and sales efforts of any other Property;
 - (k) continuously and diligently carry out:
 - (1) the construction of the Hotel Property and the Hotel Property Commissioning in accordance with the budget and the Hotel Property Specifications; and

- (2) the UB Lot 2 Site Service Works and the other UB Lot 2 Development Works,
and, after such construction or work has completed, keep the Property in good condition and repair, and not cause or permit any waste, abandonment, demolition or destruction of the Property;
- (l) comply in all material respects with the *Builders' Lien Act* (BC) and maintain sufficient holdbacks as required under that Act, release funds out of the holdbacks as may be permitted under that Act and otherwise carry out all obligations of an "owner" (as defined under that Act);
- (m) promptly notify the Lenders of any event which could result in any cost overrun, material delay or change in the construction of the Hotel Property, the Hotel Property Commissioning, the UB Lot 2 Site Service Works or the other UB Lot 2 Development Works;
- (n) promptly fund in full, to the satisfaction of the Lenders, all costs overruns and change orders related to the Hotel Property, the Hotel Property Commissioning, the UB Lot 2 Site Service Works or the other UB Lot 2 Development Works, as and when they occur or otherwise upon the Lenders' request;
- (o) promptly notify the Lenders if the Hotel Property Commissioning will not be completed by the Hotel Property Commissioning Target Date;
- (p) promptly notify the Lenders when:
 - (1) the Certificates of Compliance for UB Lot 2&3 have been issued and deliver to the Lenders copies of the same;
 - (2) title to the UB Lot 2 Units (or any one or more of them) have been created;
- (q) promptly notify the Lenders if, in respect of any of the UB Lot 2 Unit Sale Agreements:
 - (1) the purchaser thereunder is unwilling or unable to complete the sale thereunder, or claims that the agreement is terminated pursuant to the terms thereof or otherwise under the *Real Estate Development Marketing Act* (British Columbia) or other applicable laws; or
 - (2) the date of completion of the sale thereunder will not occur on or before November 30, 2021;
- (r) when issued, deliver to the Lenders a copy of each of (i) the Certificates of Compliance in respect of UB Lot 2&3, (ii) the certificate of substantial completion issued by the architect of the Hotel Property, and (iii) the occupancy permit (whether provisional or unconditional) of the Hotel Property by the City of Richmond; or
- (s) when issued, deliver to the Lenders a copy of the certificate of substantial completion of the UB Lot 2 Site Servicing Works;
- (t) except with the Lenders' prior written consent, not cause or permit any amendment or supplement to, and not cause or permit any termination of, any of the following agreements:
 - (1) the ITC-Junior Indebtedness or any ITC-Junior Security;
 - (2) the Senior A Indebtedness or any Senior A Security;

- (3) the ITC-126 Indebtedness or any ITC-126 Security;
 - (4) the UB-GF Indebtedness or any UB-GF Security;
 - (5) the UB-VTB Indebtedness or any UB-VTB Security;
 - (6) the UB Project Indebtedness or any UB Project Security;
 - (7) the SpaV-Kingdom Indebtedness or any SpaV-Kingdom Security;
 - (8) the SpaV-BDC Indebtedness or any SpaV-BDC Security;
 - (9) the SpaV-Jin Indebtedness or any SpaV-Jin Security; or
 - (10) the Residence-SL128-Morteq Indebtedness or any Residence-SL128-Morteq Security;
- (u) not apply the loan proceeds under the UB-GF Loan Agreement for any use other than the UB Lot 2 Site Servicing Works or other UB Lot 2 Development Works;
 - (v) except with the Lenders' prior written consent, not apply the UB Lot 2 Unit Net Sale Proceeds for any purposes or in any manner other than as provided under the UB Project Loan Agreement and this Agreement;
 - (w) except with prior written notice to the Lenders, together with a copy of the amendment or filing, not cause or permit any amendment to, or other filing in respect of, the UB Lot 2 Strata Disclosure Statement;
 - (x) except with the Lenders' prior written consent (which consent shall not be unreasonably withheld or delayed), not cause or permit any amendment or supplement to, and not cause or permit any termination of, any of the UB Lot 2 Units Sale Agreements;
 - (y) except with the Lenders' prior written consent (which consent shall not be unreasonably withheld or delayed), not cause or permit any material change to any budget, contracts, plans and specifications in respect of the Hotel Property, the Hotel Property Commissioning, the UB Lot 2 Site Servicing Works or any other UB Lot 2 Development Works;
 - (z) not make any Distributions or make any payments on account of any debt owing by any of the Obligants to their respective shareholders, any other Obligants or any other persons not dealing at an arm's length from any of the Obligants;
 - (aa) except with the Lenders' prior written consent, not create, assume, incur or permit the existence of any security interest, mortgage, lien, charge, or other encumbrance whatsoever upon the Property or any assets of any Obligor, except for Permitted Encumbrances;
 - (bb) except for the sales of UB Lot 2 Units in accordance with the UB Lot 2 Unit Sale Agreements and the Parks & Trails Transfer, not sell, transfer or otherwise dispose of its legal or beneficial interest in the Property or any part thereof; and
 - (cc) except with the Lenders' prior written consent (which consent shall not be unreasonably withheld or delayed), not cause or permit (i) any merger, amalgamation, arrangement, liquidation, dissolution, consolidation or other reorganization of any of the corporate Obligants, (ii) any issuance, transfer or other disposition of any shares or other securities

(whether legal or beneficial interest therein) in the capital of any corporate Obligant, or (iii) other transaction that would result in the change of control in any corporate Obligant, or the combination of any corporate Obligant with or into another person.

7.2 Hotel Commissioning

If the Hotel Property Commissioning has not achieved completion, all substantially up to or exceed the qualities and standards as specified in the Hotel Property Specifications and otherwise acceptable to Lender A in its sole opinion, on or before July 15, 2021 (the "**Hotel Property Commissioning Outside Date**"), then the Borrowers shall pay to the Lenders a fee equal to \$10,000 per each day after the Hotel Property Commissioning Outside Date, up to and including the day when Lender A has confirmed to the Borrowers and the Lenders that, in the sole opinion and discretion of Lender A, the Hotel Property Commissioning has achieved completion, which fee shall be due and payable on the date of such confirmation.

The Borrowers and the other Obligants acknowledge and agree that the foregoing payment is intended to compensate the Lender for the elevated risk profile of the Borrowers, the Hotel Property and the Loan resulting from the events set out above, and are not intended to be a penalty or a payment on account of the outstanding balance of the Loan.

8. DEFAULT

8.1 Event of Default

Each of the following events will constitute an "**Event of Default**" under this Agreement:

- (a) any of the Obligants fail to pay any amount hereunder or under any of the other Loan Documents when due, or is in default of any other obligations hereunder or under any of the other Loan Documents;
- (b) any representation or warranty made by the Obligants herein or in any of the other Loan Documents is misleading or inaccurate when made;
- (c) in the opinion of the Lenders acting reasonably there is a material adverse change in the financial condition, ownership, or operation of any Obligant or the Property;
- (d) the proceeds of the Loan have been applied for any purpose other than as permitted hereunder;
- (e) any encumbrance, mortgage, charge, lien or interest affecting the Property or any other assets of any Obligant that are charged in favour of the Lenders pursuant to any of the Security Documents, is in default or otherwise becomes enforceable;
- (f) any encumbrance, mortgage, charge, lien or interest, whether fixed or floating, is granted upon, or otherwise attaches to, the Property or any other assets of any Obligant charged in favour of the Lenders pursuant to any of the Security Documents, other than Permitted Encumbrances;
- (g) the Property (or any part thereof) is damaged or destroyed in any material respect, in the sole opinion of the Lenders, or becomes the subject of expropriation proceedings;
- (h) there is a default under any Hotel Management and Licence Agreement or Hotel Exclusive Amenities Agreement, or any such agreement has been terminated (or a notice of intention to terminate the same has been issued);

- (i) any litigation, arbitration or administrative proceeding has commenced against any of the Obligants or the Property, which proceeding would, in the sole opinion of the Lenders, have a material adverse effect on that Obligor or the Property if adversely determined;
- (j) any of the Obligants is unable to pay its debts as they generally fall due, or stops or suspends or threatens to stop or suspend payment of its debts, as they generally fall due, or is in default under any agreement by which that Obligor, any of its assets or the Property may be bound;
- (k) a writ of execution, attachment or similar process has been issued or levied against any of the Obligants, any of its assets or the Property;
- (l) any of the Obligants is adjudged or declared bankrupt or insolvent, or any of the Obligants makes an assignment for the general benefit of creditors, or a receiver or trustee in bankruptcy has been appointed for any of the Obligants, any part of its assets or the Property, or any proceedings have been commenced against any of the Obligants under any reorganization, arrangement, relief or readjustment of debt or liquidation law of any jurisdiction whether now or hereafter in effect, or any of the Obligants consents to, approves of, or acquiesces in, any such proceeding;
- (m) in respect of any Obligor that is a corporation or a limited partnership:
 - (1) an order is made, a resolution is passed or a motion is filed for its liquidation, dissolution or winding-up; or
 - (2) there is any issuance of its shares or units or any change in the legal or beneficial ownership of its shares or units, in either case, that would result, in the sole opinion of the Lender, in a change of control of that corporate or partnership Obligor which exists as of the date hereof;
- (n) any Obligor who is an individual dies or is declared to be incompetent by a court of competent jurisdiction;
- (o) any event of default has occurred and is continuing, or a demand has otherwise been issued by under or in connection with:
 - (1) the ITC-Junior Indebtedness or any ITC-Junior Security;
 - (2) the Senior A Indebtedness or any Senior A Security;
 - (3) the ITC-126 Indebtedness or any ITC-126 Security;
 - (4) the UB-GF Indebtedness or any UB-GF Security;
 - (5) the UB-VTB Indebtedness or any UB-VTB Security;
 - (6) the UB Project Indebtedness or any UB Project Security;
 - (7) the SpaV-Kingdom Indebtedness or any SpaV-Kingdom Security;
 - (8) the SpaV-BDC Indebtedness or any SpaV-BDC Security;
 - (9) the SpaV-Jin Indebtedness or any SpaV-Jin Security; or

- (10) the Residence-SL128-Morteq Indebtedness or any Residence-SL128-Morteq Security;

or

- (p) a demand has otherwise been issued by under or in connection with:
 - (1) the ITC-Junior Indebtedness or any ITC-Junior Security;
 - (2) the UB Project Indebtedness or any UB Project Security; or
 - (3) the Senior A Indebtedness or any Senior A Security.

8.2 Remedies

Upon an Event of Default, the Lenders may do all or any of the following:

- (a) declare the then outstanding balance of the Loan Amount to be immediately due and payable;
- (b) suspend or cancel the availability of any unadvanced tranche of the Loan;
- (c) apply the balance of the Interest Reserves or the Repayment Reserve or both against the Loan Amount; and
- (d) exercise any and all rights, powers, remedies and recourses available to the Lender under this Agreement, the Security Documents, at law, in equity or otherwise.

9. RELATIONSHIP BETWEEN PARTIES

The relationship between the Borrowers on one part and the Lenders on the other part is that of debtor and creditor, and not of a partnership, joint venture, co-venture or the like.

10. AMONG THE LENDERS

10.1 Several Obligations of the Lenders

Each of the parties hereto acknowledges and agrees that the obligation of each of the Lenders to the Borrowers or other Obligants hereunder or pursuant hereto is several, and not joint or joint and several. For greater certainty, the obligation of a Lender to advance the applicable tranche of the Loan shall not exceed the amount set out or otherwise determined pursuant to Section 2.1 for that tranche. No Lender shall be responsible for any failure of the other Lender to make available that other Lender's tranche of the Loan pursuant to this Agreement.

10.2 Acknowledgement

Each of the Lenders acknowledges to each other that:

- (a) it has been, and will continue to be, solely responsible for making its own independent assessment of the financial condition, credit-worthiness, affairs, status and nature of the Property, the Borrowers or any other Obligor;
- (b) it has consulted or has been given opportunity to consult its own legal counsel in respect of the Loan, this Agreement and the other Loan Documents; and

- (c) it has received photocopies of this Agreement and each of the Loan Documents and that it is satisfied with the form and substance thereof.

10.3 Collective Action of the Lenders; Majority Lenders

Notwithstanding any of the provisions contained herein or in any other Loan Documents, each of the Lenders hereby agrees that:

- (a) except as otherwise expressly provided for herein, in exercising any right, power or discretion which the Lenders are entitled to exercise pursuant to the terms of this Agreement and the other Loan Documents, each Lender shall consult one another and strive to achieve a consensus in a timely and commercially reasonable manner. To facilitate an orderly and timely consultation, Lender A shall act as a convener and call a meeting of all Lenders (whether a physical meeting or any other format that permits contemporaneous discussion or otherwise acceptable to all Lenders) to consider the course of action. In the absence of a consensus, the Lenders shall adopt the course of action by the decision of the Majority Lenders (except as provided in Section 10.4), which decision shall be binding on all Lenders;
- (b) to the extent permitted by applicable laws, any security and any right, power, discretion, benefit, remedy provided under the Loan Documents to the Lenders are for the ratable benefit of the Lenders collectively and acting together and not severally, and further acknowledges that its rights hereunder and under any other Loan Documents are to be exercised not severally, but collectively upon the decision of the Majority Lenders (except as provided in Section 10.4); and
- (c) each of the Lenders shall not take any action hereunder or under any other Loan Documents, including any declaration of default hereunder or thereunder, but that any such action shall be taken only by the Lenders collectively.

10.4 Unanimous Decision

The following action shall be approved by all Lenders in writing in order to be effective and binding on the Lenders:

- (a) any amendment to the definition of Majority Lenders and any provisions of this Section 10 (other than such amendment that is of administrative nature);
- (b) any release or discharge of any security created under the Security Documents (except in accordance with the terms of this Agreement), and any amendment to the terms hereof in relation to any such release or discharge;
- (c) any change to the principal amount or the interest rate of each tranche of the Loan;
- (d) any change to the Maturity Date of each Tranche, any waiver of the provisions under Sections 2.6 and 2.7(a), and any amendment to such provisions; and
- (e) any amendment to the definition of Event of Default, and any waiver of a material Event of Default; and
- (f) a waiver of any conditions precedent under Section 6, and any amendment to the terms hereof in relation to any such conditions.

In circumstances other than those contemplated in the foregoing, and except as otherwise expressly provided for in this Agreement, an amendment, waiver, discharge or termination consented to or approved by the Majority Lenders shall be binding upon all of the Lenders

10.5 Pari Passu Ranking

Each of the Lenders agrees that:

- (a) other than as specifically provided under Section 2.7(a) above, any payment to be made to or received by the Lenders under this Agreement or any other Loan Documents will be made on a *pro rata, pari passu* basis based on each Lender's Proportion; and
- (b) its respective interest in the Security shall rank at all times *pari passu*, each with the other, on the basis of their respective Lender's Proportions.

10.6 No Partnership

Nothing contained in this Agreement or any other Loan Documents, and no action taken pursuant to any of them, shall be or shall be deemed to constitute the Lenders a partnership, association, joint venture or other such entity.

10.7 Disclaimer

Each Lender agrees that:

- (a) None of the Lenders makes any representation or warranty in respect of the Loan and the Loan Documents, to any other Lenders;
- (b) None of the Lenders assumes any responsibility to any other Lender for the financial condition of the Borrowers or any other Obligor, or for the payment by the Borrowers or any other Obligor of their obligations;
- (c) None of the Lenders assumes any responsibility to any other Lender with respect to the accuracy, authenticity, legality, validity, sufficiency or enforceability of any documents, papers, materials or other information furnished by the Borrowers or any other person to the Lender or any other Lenders in connection with this Agreement or any matter in connection with the Loan.

10.8 Notification

Each of the Lenders will promptly notify the other Lenders of any Event of Default or circumstances, which after notice, lapse of time or both, would constitute an Event of Default, in respect of which it has actual knowledge.

10.9 Expenses

All expenses and other costs, including legal fees, incurred by any Lender in accordance with this Agreement or any other Loan Documents in connection with any enforcement or other proceeding, action or step taken for the purpose of having the Loan Amount repaid to the Lenders (provided that such proceeding, action or step has been approved by the Majority Lenders or otherwise incidental to a decision approved by the Majority Lenders) which are not recoverable or are not recovered from the Borrowers or any other Obligors, will be borne by the Lenders based on their respective Lender's Proportions at the time those expenses are made or incurred.

10.10 Lender A Not a Fiduciary

Each Lender acknowledges and agrees that Lender A:

- (a) has an interest in the ITC-Junior Indebtedness, the UB Project Indebtedness and the Senior A Indebtedness by virtue of being a lender thereunder, which interest may conflict with its interest under the Loan or the interest of the other Lenders;
- (b) shall be entitled to:
 - (1) from time to time make other loans to or have other business relationships with the Borrowers, the other Obligants and any of their respective affiliates; and
 - (2) generally engage with the Borrowers, the other Obligants and any of their respective affiliates, or any corporation or other entity owned or controlled by any of the foregoing persons in respect of the ITC-Junior Indebtedness, the UB Project Indebtedness and the Senior A Indebtedness or in any other kind of business, all as if Lender A were not a party hereto and without any duty to account for any sum or the profit element of any sum received by it for its own account to any other Lender (except as may be specifically provided in the ITC-Junior / Senior B Priority Agreement or Senior A / Senior B Priority Agreement);
- (c) shall not be subject to any fiduciary or other implied duties to any other Lender.

10.11 For the Benefit of the Lenders

The provisions of this Section 10 may be amended or added to from time to time by the Lenders without requiring the approval, consent or the execution of any instrument in writing by the Borrowers, provided that such amendment or addition does not adversely affect the rights or obligations of the Borrowers.

11. CRIMINAL INTEREST RATE

Notwithstanding anything contained in this Agreement or any other Loan Documents, the parties hereto agree that no "interest" shall be paid or payable to the Lenders in connection with the "credit advanced" in respect of the Loan at an annual rate of interest greater than that rate which is one (1%) percent per annum less than the "criminal rate" of interest (the "**Maximum Rate**").

The Obligants will not pay, and the Lenders will not demand from the Obligants, "interest" on the "credit advanced" in respect of the Loan which is in excess of the Maximum Rate (any such excess, "**Excess Interest**").

The parties hereto agree that any "interest" received by the Lenders on the "credit advanced" in respect of the Loan which could, but for this Section, be construed as Excess Interest, will be automatically applied to the Loan Amount as a repayment on account of the principal balance of the Loan then outstanding.

If it is at any time determined that, at the time any Excess Interest was received by the Lenders, and there were no, or insufficient, principal monies owing under the Loan to allow for an automatic reduction of the principal balance of the Loan as contemplated above, then the parties hereto agree to reduce the "interest" paid by the Borrowers on the "credit advanced" in respect of the Loan to the Maximum Rate by either one or a combination of the following:

- (a) if the Loan Amount has not then been repaid in full, by reducing the "interest" payable thereafter on the "credit advanced" in respect of the Loan:

- (1) firstly, by reducing the monies payable thereafter on account of the Processing Fee; and
- (2) secondly if necessary, by reducing the monies payable thereafter on account of interest,

until the Excess Interest is repaid to the Borrowers in full; or

- (b) if the Loan Amount has been repaid in full, or there are insufficient monies due and owing in account of the Loan Amount to allow for a repayment of the Excess Interest in accordance with subparagraph (a) above, by repaying to the Borrowers, on demand, that amount which would repay the outstanding Excess Interest in its entirety.

In this section words or phrases in quotations and which are defined in Section 347 of the *Criminal Code of Canada* have the meaning set out in that section.

12. GENERAL INDEMNITY

In addition to any liability of the Borrowers to the Lenders under any other provision hereof or the other Loan Documents, the Borrowers shall indemnify the Lenders and hold the Lenders harmless against any losses, claims, costs, damages or liabilities (including, without limitation, any loss of profits or fees anticipated hereunder, any expense or cost incurred in the liquidation and re-deployment of funds acquired to fund or maintain any portion of an advance under the Loan and reasonable out of pocket expenses and legal fees on a solicitor-and-his-own-client basis) incurred by the Lenders as a result of or in connection with the Loan or the Loan Documents, including as a result of or in connection with:

- (a) the failure of any Borrower to pay any interest, fee or any other amounts due hereunder on its due date;
- (b) the failure to give any notice required to be given by them or other Obligants to the Lenders hereunder;

provided that this Section 12 shall not apply to any losses, claims, costs, damages or liabilities suffered by a Lender which arise by reason of the wilful misconduct or gross negligence of that Lender. The provisions of this Section 12 shall survive repayment of the Loan Amount and any other obligations in connection herewith.

13. GENERAL

13.1 Evidence of Indebtedness

Each Lender shall maintain its books, accounts and records in respect of its tranche of the Loan, which shall constitute, in the absence of manifest error, conclusive evidence of the indebtedness of the Obligants to that Lender under the Loan, provided that any failure of a Lender to maintain the books, accounts and records under this Section shall not affect the obligations of the Obligants to pay such amounts to the Lenders.

13.2 Lenders' Expenses

The Borrowers shall pay all expenses (including all applicable taxes thereon) incurred by or on behalf of the Lenders in carrying out or attempting to carry out the transaction(s) contemplated hereby to completion (including, without limitations, all legal fees and other costs incurred from time to time for the preparation, completion, registration and enforcement of the Loan Documents and any agreements or instruments among the Lenders and any prospective lenders in respect of the Loan, and otherwise in relation to

administering the co-lending relationship in respect of the Loan), and in collecting the Loan Amount or enforcing its rights and remedies under the Loan Documents.

Each such expense shall accrue interest in accordance with Section 2.4 from the date it is incurred by or on behalf of the Lenders until such expense and the interest thereon are fully paid upon demand.

13.3 Gross-Up; Withholding

All amounts payable by an Obligor under this Commitment Letter and the other Loan Documents shall, unless otherwise required by applicable laws, be made free and clear of, and without deduction for, any amount in respect of withholding taxes. If an Obligor is required to deduct or withhold any amount in respect of taxes from or in respect of any amount payable hereunder or under any of the other Loan Documents, then:

- (a) the Obligor shall pay to the applicable payee an additional amount as may be necessary so that the net amount received by that payee after such deduction or withholding shall not be less than the amount such payee would have received if no such deduction or withholding had been made;
- (b) the Obligor shall make such deductions or withholdings; and
- (c) the Obligor shall remit the full amount deducted or withheld to the relevant taxing authority in accordance with applicable laws, and provide evidence thereof to the Lenders.

13.4 Governing Law

This Agreement shall in all respects be governed by and be construed in accordance with the laws of British Columbia and the laws of Canada applicable therein.

13.5 Currency

All references to money herein and in any other Loan Documents mean the lawful money of Canada.

13.6 Judgment Currency

If, for the purposes of obtaining judgment in any court, it is necessary to convert a sum due hereunder or under any other Loan Documents to the Lenders in one currency (the "**Original Currency**") into another currency (the "**Judgment Currency**"), the parties agree, to the fullest extent that they may effectively do so, that the rate of exchange used shall be that at which in accordance with normal banking procedures Royal Bank of Canada (or such other Canadian chartered banks as the Lenders may designate in their sole discretion) could purchase the Original Currency with the Judgment Currency on the Business Day preceding that on which the judgment is paid or satisfied in full.

The obligations of each Borrower in respect of any sum due in the Original Currency from it to the Lender under any Loan Document shall, notwithstanding any judgment in any Judgment Currency, be discharged only to the extent that, on the Business Day following receipt by the Lenders of any sum adjudged to be so due in such Judgment Currency, the Lenders may in accordance with normal banking procedures purchase the Original Currency with such Judgment Currency. If the amount of the Original Currency so purchased is less than the sum originally due to the Lenders in the Original Currency, each Borrower agrees, as a separate obligation and notwithstanding any such judgment, to indemnify the Lenders against such loss and, if the amount of the Original Currency so purchased exceeds the sum originally due to the Lenders in the Original Currency, the Lenders agree to remit such excess to that Borrower.

13.7 Severability

If any provision of this Agreement is determined to be invalid or unenforceable by a court of competent jurisdiction from which no further appeal lies or is taken, that provision shall be deemed to be severed herefrom, and the remaining provisions of this Agreement shall not be affected thereby and shall remain valid and enforceable.

13.8 Entire Agreement

This Agreement and the other Loan Documents are intended by the Borrowers and the Lenders to be the final, complete, and exclusive expression of the agreement between the Borrowers on one part and the Lenders on the other part relating to the Loan, and they supersede all prior understandings and agreements, whether written or oral, among the parties relating to the same subject matter (including, limitation, the term sheet dated May 25, 2021 (written in Chinese) signed by Mr. Gavin Wang on behalf of the Lenders and Mr. Michael Ching on behalf of the Borrowers).

13.9 Non-Merger

All representations, warranties, covenants and agreements contained in this Agreement shall survive the execution, delivery and the registration of the Security Documents and other Loan Documents and the advance made on account of the Loan.

13.10 Notice

Any notice required or permitted to be given under this Agreement or the Loan Documents shall be in writing and delivered in person, or sent by e-mail transmission, or by mail, as follows:

- (a) in the case of an Obligor:

1205-8400 West Road Richmond, BC V6X 0S7

Attention: Mo Yeung Ching
email: michael@myiegroup.com

with a copy to:

Pryke Lambert Leathley Russell LLP
5811 Cooney Rd Unit 500, Richmond, BC V6X 3M1

Attention: Tom Russell
e-mail: trussell@pllr.com

- (b) in the case of Lender A:

c/o Fox Island Development Ltd.
1800 – 510 West Georgia Street, Vancouver, BC, V6B 0M3

Attention: Gavin Wang
e-mail: wwy031@gmail.com and wwyvip@163.com

with a copy to:

Norton Rose Fulbright Canada LLP
1800 – 510 West Georgia Street, Vancouver, BC, V6B 0M3

Attention: Matthew Choi
e-mail: matthew.choi@nortonrosefulbright.com

Any notice so given will be deemed to have been given and received at the time of delivery in person, or on the next Business Day following the day of fax or e-mail transmission of the same, or on five Business Days after the date of posting. Any party hereto may from time to time by notice in writing change its address or the designated recipient for the purposes of this Section.

13.11 Further Assurance

The Borrowers will perform, execute and deliver, and will cause to be performed, executed and delivered, all such further acts, documents, instruments and matters as the Lenders may reasonably require from time to time to give effect to the purpose and intent of this Agreement and the other Loan Documents.

13.12 Assignment by Obligants

None of the Obligants may assign or transfer its rights, interests in and obligations under this Agreement to another person, without the Lenders' prior written consent.

13.13 Assignment, and Grant of Participation and Security by Lenders

Each Lender may assign, syndicate or grant participations in its tranche of the Loan (together with its proportional interest in the Loan Documents), and grant security interest in or mortgage of its interest therein (including, without limitation, a mortgage of the Mortgage), at any time and from time to time, to any persons, without any notice to or consent from any Obligor.

For greater certainty and without limiting the generality of Section 13.11, but subject to the restriction in the foregoing paragraph of this Section 13.13, each of the Obligants:

- (a) acknowledges that each Lender may grant mortgage charging its rights and interests in or under the Loan Documents and make such registration as may be required or desirable in all applicable registry or public offices, in connection therewith; and
- (b) upon request of each Lender, will execute and deliver all such documents, instruments and agreements as that Lender may reasonably require from time to time to give effect to the foregoing.

13.14 Enurement

This Agreement shall be binding upon and enure to the benefit of the Obligants and the Lenders and their respective personal representatives, successors and permitted assigns.

13.15 Counterparts

This Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and all of which taken together constitute one and the same instrument, and all such counterparts may be delivered by way of facsimile transmission or in PDF by e-mail to the other party.

13.16 Conflict

In the event of any conflict or inconsistency between the provisions of this Agreement and the provisions of any other Loan Document, the provisions of this Agreement will prevail to the extent of such conflict or inconsistency.

[Signature Pages Follow.]

IN WITNESS WHEREOF the parties hereto execute this Agreement on the date first above written.

Lender:

FOX ISLAND DEVELOPMENT LTD.

Per: 

Authorized Signatory

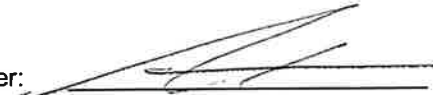
[Obligants' Signature Page Follows]

Borrowers:

**KENSINGTON UNION BAY PROPERTIES
LIMITED PARTNERSHIP**, by its general partner,
**KENSINGTON UNION BAY PROPERTIES GP
LTD.**

Per: 
Mo Yeung Ching
Authorized Signatory

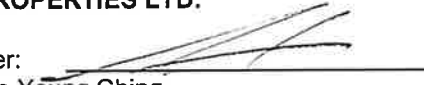
**KENSINGTON UNION BAY PROPERTIES GP
LTD.**

Per: 
Mo Yeung Ching
Authorized Signatory

34083 YUKON INC.

Per: 
Mo Yeung Ching
Authorized Signatory

**INTERNATIONAL TRADE CENTER
PROPERTIES LTD.**

Per: 
Mo Yeung Ching
Authorized Signatory

Guarantors:

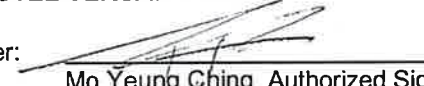
MO YEUNG PROPERTIES LTD.

Per: 
Mo Yeung Ching, Authorized Signatory

SUNWINS ENTERPRISES LTD.

Per: 
Mo Yeung Ching, Authorized Signatory

HOTEL VERSANTE LTD.

Per: 
Mo Yeung Ching, Authorized Signatory

SIGNED, SEALED AND DELIVERED:)

Signature of Witness)

Name of Witness **THOMAS RUSSELL**)
SOLICITOR)

Address **Suite 500 North Tower**)
5511 Gateway North)

Occupation **ROCKVILLE, B.C. V6X 3M1**)
TELEPHONE 604-276-2765)


MO YEUNG CHING (also known as
MICHAEL CHING) 

Schedule A**ITC Property**

(a) 030-795-851

Air Space Parcel 2 Section 21 Block 5 North Range 6 West New Westminster District Air Space Plan EPP73985

("ITC ASP2")

(b) 029-611-598

Lot 1 Section 21 Block 5 North Range 6 West New Westminster District Plan EPP37734 Except Air Space Plan EPP73985

("ITC Remainder")

(c) 030-797-691

Strata Lot 1 Section 21 Block 5 North Range 6 West New Westminster District Strata Plan EPS5802

("ITC Bar")

Schedule B**UB Property**

(a) 028-731-492

Lot 1, District Lot 154, Nanaimo District, Sections 31 and 32 Township 1 and District Lot 28 Nelson District Plan EPP15507 Except Plans EPP56910 and EPP95931

("UB Lot 1")

(b) 028-731-565

Lot 2 District Lot 28 Nelson District Plan EPP15507

("UB Lot 2")

(c) 028-731-531

Lot 3 District Lot 154, Nanaimo District, Section 32 Township 1 and District Lot 28 Nelson District Plan EPP15507

("UB Lot 3")

(d) 028-731-549

Lot 4 Sections 31 and 32 Township 1 and District Lot 28 Nelson District Plan EPP15507 Except Plan EPP78068

("UB Lot 4")

(e) 028-330-633

Lot A District Lot 28, Nelson District Plan EPP9011

("UB Lot A")

Schedule C**Other Property**

(a) 027-609-197

Strata Lot 1 Section 4 Block 4 North Range 6 New Westminster District Strata Plan BCS3043

("SpaV-SL1")

(b) 027-609-219

Strata Lot 3 Section 4 Block 4 North Range 6 New Westminster District Strata Plan BCS3043

("SpaV-SL3")

(c) 031-058-906

Strata Lot 128 Section 5 Block 4 North Range 6 West New Westminster District Strata Plan Eps5391

("Residence SL128")

Schedule D
UB Lot 2 Sales Summary
(see attached)

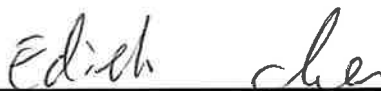
Union Bay CDA 2

Lot No.	Parcel Size (acres)	Parcel Size (sf)	Description	Sold Price / Negotiated Price	Buyer Name	Completion date	Initial Deposit (PAID)	Initial Deposit Note	Second Deposit (Pending)	Second Deposit Due Date
1	0.465	20,247	Waterfront1, end lot		NOT LISTED FOR SALE					
2	0.449	19,537	Waterfront1		NOT LISTED FOR SALE					
3	0.449	19,537		\$ 825,000.00	1039926 B.C. Ltd.	Nov 30, 2021	Unsecured loan	0% of purchase price	n/a	n/a
4	0.449	19,569	Waterfront1		NOT LISTED FOR SALE					
5	0.450	19,623	Waterfront1		NOT LISTED FOR SALE					
6	0.660	28,750	Waterfront1	\$ 850,000.00	Angy Family Holding Ltd.	Nov 30, 2021	Unsecured loan	0% of purchase price	n/a	n/a
7	0.580	25,265	Waterfront1	\$ 850,000.00	Angy Family Holding Ltd.	Nov 30, 2021	Unsecured loan	0% of purchase price	n/a	n/a
8	0.428	18,643	Waterfront2	\$ 825,000.00	Wai Fouw Tsang	Nov 30, 2021	Unsecured loan	0% of purchase price	n/a	n/a
9	0.414	18,040	Waterfront2	\$ 729,000.00	Cameron Contracting Ltd.	Nov 30, 2021		5% of purchase price	n/a	
10	0.411	17,890	Waterfront2	\$ 719,000.00	Cameron Contracting Ltd.	Nov 30, 2021	\$ 235,750.00	5% of purchase price	n/a	
11	0.262	11,410	Waterfront2	\$ 525,000.00	Cameron Contracting Ltd.	Nov 30, 2021		5% of purchase price	n/a	
12	0.269	11,733	Waterfront2	\$ 515,000.00	Kensington Homes Ltd.	Nov 30, 2021	\$ 230,000.00	5% of purchase price	\$ 450,000.00	10% of purchase upon 120 days after acceptance
13	0.268	11,679	Waterfront2	\$ 515,000.00	Kensington Homes Ltd.	Nov 30, 2021		(same as above)		(same as above)
14	0.255	11,087	Waterfront2	\$ 515,000.00	Kensington Homes Ltd.	Nov 30, 2021		(same as above)		(same as above)
15	0.228	9,946	Waterfront2	\$ 515,000.00	Kensington Homes Ltd.	Nov 30, 2021		(same as above)		(same as above)
16	0.205	8,934	Waterfront2	\$ 515,000.00	Kensington Homes Ltd.	Nov 30, 2021		(same as above)		(same as above)
17	0.259	11,302	Waterfront2 end lot	\$ 515,000.00	Kensington Homes Ltd.	Nov 30, 2021		(same as above)		(same as above)
18	0.244	10,624	Larger, corner, less ocean view	\$ 415,000.00	Kensington Homes Ltd.	Nov 30, 2021		(same as above)		(same as above)
19	0.125	5,457	Small, less ocean view	\$ 309,000.00	Kensington Homes Ltd.	Nov 30, 2021		(same as above)		(same as above)
20	0.126	5,490	Small, less ocean view	\$ 309,000.00	Kensington Homes Ltd.	Nov 30, 2021		(same as above)		(same as above)

21	0.139	6,060	Small, less ocean view	\$ 319,000.00	Cameron Contracting Ltd.	Nov 30, 2021	5% of purchase price	n/a	
22	0.181	7,868	Medium, less ocean view	\$ 359,000.00	Cameron Contracting Ltd.	Nov 30, 2021	5% of purchase price	n/a	
23	0.144	6,254	Smaller, with ocean view	\$ 339,000.00	Cameron Contracting Ltd.	Nov 30, 2021	5% of purchase price	n/a	
24	0.154	6,727	Smaller, with ocean view	\$ 339,000.00	Grand Legacy Homes Ltd.	Nov 30, 2021	10% of purchase price	\$ 538,080.00	40% of purchase upon completion
25	0.165	7,201	Smaller, with ocean view	\$ 359,000.00	Grand Legacy Homes Ltd.	Nov 30, 2021	10% of purchase price		40% of purchase upon completion
26	0.164	7,126	Smaller, with ocean view	\$ 359,000.00	Grand Legacy Homes Ltd.	Nov 30, 2021	10% of purchase price		40% of purchase upon completion
27	0.149	6,501	Smaller, with ocean view	\$ 359,000.00	Grand Legacy Homes Ltd.	Nov 30, 2021	10% of purchase price		40% of purchase upon completion
28	0.161	7,018	Smaller, ocean view adj to park, ravine	\$ 369,000.00	Cameron Contracting Ltd.	Nov 30, 2021	5% of purchase price	n/a	
29	0.184	8,030	Larger, adj to park, ravine	\$ 385,000.00	Kensington Homes Ltd.	Nov 30, 2021	5% of purchase price		100% of purchase upon 120 days after acceptance
30	0.151	6,577	Smaller, with ocean view	\$ 339,000.00	Cameron Contracting Ltd.	Nov 30, 2021	5% of purchase price	n/a	
31	0.136	5,931	Small, with ocean view	\$ 339,000.00	Cameron Contracting Ltd.	Nov 30, 2021	5% of purchase price	n/a	
32	0.136	5,931	Small, with ocean view	\$ 339,000.00	Cameron Contracting Ltd.	Nov 30, 2021	5% of purchase price	n/a	
33	0.140	6,103	Small, with ocean view	\$ 339,000.00	Cameron Contracting Ltd.	Nov 30, 2021	5% of purchase price	n/a	
34	0.182	6,200	Small, with ocean view	\$ 359,000.00	Bene				
35	0.182	6,394	Small, with ocean view	\$ 359,000.00	Bene				
36	0.182	6,286	Small, with ocean view	\$ 359,000.00	Bene				
37	0.182	6,458	Small, with ocean view	\$ 349,000.00	Bene				
38	0.182	6,674	Small, with ocean view	\$ 349,000.00	Bene				
39	N/A	7,567	Small, with ocean view	\$ 349,000.00	Bene				
A	1.820	79,279	Apartment Style Condominium Building						
D	4.100	178,596	Town House 50 units	\$ 3,690,000.00	Alder Heights Holdings Ltd.	Jan 10, 2022			

E		0.680	29,621	Town House 8 units	\$ 500,000.00	Grand Legacy Homes Ltd.	Nov 30, 2021	\$ 50,000.00	10% of purchase price		
				Total	\$ 19,613,000.00			\$ 650,270.00		\$	

This is **Exhibit "B"** referred to in the Affidavit of MO
YEUNG (MICHAEL) CHING affirmed before me, at
Vancouver BC, this 15th day of October, 2025

A handwritten signature in cursive script, appearing to read "Edith che", written in black ink.

A Commissioner for taking Affidavits for
British Columbia

FIRST AMENDING AGREEMENT (SENIOR B LOAN)

THIS AGREEMENT dated for reference March 7, 2022

AMONG:

**34083 YUKON INC.,
KENSINGTON UNION BAY PROPERTIES LIMITED PARTNERSHIP, and
KENSINGTON UNION BAY PROPERTIES GP LTD.**

(collectively, "**UB Borrowers**")

AND

INTERNATIONAL TRADE CENTER PROPERTIES LTD.

("ITC Borrower"; together with UB Borrowers, collectively, the "**Borrowers**")

AND

**HOTEL VERSANTE LTD.
AND
SUNWINS ENTERPRISE LTD.
AND
MO YEUNG PROPERTIES LTD.
AND
MO YEUNG CHING**

(collectively, the "**Guarantors**")

AND:

**FOX ISLAND DEVELOPMENT LTD. ("Lender A")
AND
ADVANCED VENTURE HOLDING CO., LTD. ("Lender B")**

(collectively, the "**Lenders**")

WHEREAS:

- (A) The Borrowers, the Guarantors and the Lender A entered into the Senior B Loan Agreement dated for reference June 14, 2021 (the "**Existing Loan Agreement**") whereby (among other things) the Lenders agreed to provide a term loan in the aggregate principal amount of up to CAD\$35,800,000 to the Borrowers;
- (B) Lender B has become a Lender under the Existing Loan Agreement pursuant to the loan transfer agreement dated as of October 1, 2021 between Lender A, as transferor, and Lender B, as transferee, in respect of Tranche 2B;
- (C) On the Borrowers' request, the parties have agreed to amend the Existing Loan Agreement pursuant to the terms and conditions herein, in order to (among other things) modify the Maturity Date of Tranche 2, increase the principal amount thereof, and provide an additional tranche, all on the terms and conditions set forth herein.

NOW THEREFORE in consideration of the mutual premises, covenants and agreements set forth herein and all other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the parties hereto agree as follows:

1. INTERPRETATION

1.1 Definitions

In this Agreement:

- (a) Words with initial capital letters which are not otherwise defined in this Agreement have the meanings set out in the Loan Agreement.
- (b) "**Loan Agreement**" means the Existing Loan Agreement, as amended by this Agreement and as the same may be amended, extended, supplemented, modified, renewed, replaced and restated from time to time.
- (c) "**Effective Date**" means March 7, 2022.
- (d) "**Obligants**" means, collectively, the Borrowers and the Guarantors.

1.2 Amendment Not a Waiver

Except as expressly provided herein, the Lenders reserve all of their rights and remedies at any time and from time to time in connection with any or all breaches, defaults or Events of Default now existing or hereafter arising under any Loan Document, and whether known or not, and this Agreement shall not be construed as a waiver of any such breach, default or Events of Default.

1.3 Advance Date; Deemed Borrowing

The Obligants and the Lenders acknowledge and agree that all outstanding borrowings under the Existing Loan Agreement shall continue to be outstanding and constitute borrowings under the Loan Agreement as of the Effective Date. This Agreement shall not be deemed to evidence or result in a novation of such borrowings or a repayment and reborrowing of such borrowings.

2. ACKNOWLEDGEMENT, REPRESENTATIONS AND WARRANTIES

2.1 Specific Representations

Each of the Obligants, jointly and severally, represents and warrants as follows to the Lenders:

- (a) The original principal amount of each tranche of the Loan, the amount withheld on account of the Interest Reserve for each such tranche, and the net amount advanced to the Borrower, all pursuant to the Existing Loan Agreement as of the applicable date of advance under such tranche, are set out in the table (the "**Senior B Loan Summary Table**") in Section **Error! Reference source not found.** below.
- (b) As of the Effective Date, there is no balance remaining in any of the Interest Reserves.

(in respect of the Hotel)

- (c) The hotel, the restaurant and other facilities within the Hotel Property and all other works and services required for the commissioning of those facilities (except for the bar area on level 12, and the podium pool on level 6) achieved substantially completion on or about June 24, 2021.

- (d) The City of Richmond issued a provisional occupancy permit for the Hotel Property on June 25, 2021, subject to the deficiencies in respect of the bar area on level 12, and the podium pool on level 6. The last of such deficiencies were rectified and approved by the City on October 1, 2021, such that the occupancy permit for the Hotel Property is final and unconditional.

(in respect of other indebtedness)

- (e) Each of the ITC-126 Indebtedness and the ITC-Junior Indebtedness has been repaid in full.

2.2 General Representations

Each of the Obligants, jointly and severally, represents and warrants as follows to the Lenders:

- (a) Except as set out in Section 2.1 above, each of the representations and warranties in Section 5 of the Existing Loan Agreement are true, accurate and complete in all respects on and as of the date hereof and the Effective Date, with the same effect as if such representations and warranties had been made on and as of the date hereof (except for those representations and warranties which speak solely as of an earlier date, in which event those representations and warranties must be true, accurate and complete in all respects as of such earlier date);
- (b) the borrowing of the Loan (as amended herein) or the provision of financial assistance (as applicable) by each Obligor and the provision of security therefor, as contemplated by this Agreement and the other Loan Documents to which that Obligor is party, and the execution, delivery and performance by that Obligor of this Agreement and the other Loan Documents:
 - (1) have been duly authorized by all necessary proceedings of that Obligor (to the extent it is a corporation or a limited partnership);
 - (2) do not and will not conflict with or result in a breach of any of the terms, conditions or provisions of:
 - (A) the constating documents of that Obligor (to the extent it is a corporation or a limited partnership);
 - (B) any law applicable to or binding on or affecting that Obligor or its assets;
 - (C) the Senior A Indebtedness or any Senior A Security;
 - (D) the UB Project Indebtedness or any UB Project Security;
 - (E) the UB-GF Indebtedness or any UB-GF Security; or the UB-VTB Indebtedness or any UB-VTB Security;
 - (F) the Residence-SL128-Morteq Indebtedness or any Residence-SL128-Morteq Security; the SpaV-BDC Indebtedness or any Spa-BDC Security; the SpaV-Jin Indebtedness or any Spa-Jin Security; the SpaV-Kingdom Indebtedness or any Spa-Kingdom Security; or
 - (G) any agreement or other document to which that Obligor is a party;

and

- (3) do not and will not, result in, or require or permit:
 - (A) the imposition of any encumbrances on or with respect to the Property or any other properties now owned by that Obligor; or
 - (B) the acceleration of the maturity of the Senior A Indebtedness, the UB Project Indebtedness, the UB-GF Indebtedness, the UB-VTB Indebtedness, the Residence-SL128-Morteq Indebtedness, the SpaV-BDC Indebtedness, the SpaV-Jin Indebtedness, the SpaV-Kingdom Indebtedness or any other debts owing by that Obligor;
- (c) each of the Obligor has obtained all consents, authorizations and approvals required to carry on its business as now being conducted and to enter into and perform its obligations under this Agreement and the other Loan Documents; and
- (d) all information, documents, reports, certificates and records provided by or on behalf of the Obligors to the Lenders in relation to this Agreement or otherwise in connection with the Loan are accurate and complete in all material respects, and do not omit any material fact that would make the content thereof misleading.

3. AMENDMENT

Subject to Section 4 below, the Existing Loan Agreement is amended, with effect as of the Effective Date, as follows:

- (a) Section 1 of the Existing Loan Agreement is amended by adding the following definitions:

(ddddd) "Amendment Effective Date" means March 7, 2022.

(eeeeee) "Existing Loan Agreement" means the Senior B Loan Agreement dated for reference June 14, 2021 among the Lenders, the Borrowers and the Guarantors.

- (b) Sections 2.1, and 2.3 to 2.5 of the Existing Loan Agreement are deleted in its entirety and replaced with the following:

2.1 Term Loan

Subject to the terms of this Agreement, the Lenders agree to make available to the Borrowers a non-revolving, term loan in the aggregate principal amount of not more than CAD\$39,000,000 (the "Loan") to be divided in such tranches as follows:

- (a) *a tranche ("**Tranche 1**") made available by Lender A in the principal amount of CAD\$5,409,010.08;*
- (b) *a tranche ("**Tranche 2A**") made available by Lender A in the principal amount equal to the sum of the following:*
 - (1) *CAD\$15,338,904.56; plus*
 - (2) *CAD\$1,065,139.29, on account of the applicable amount of the Tranche 2A Initial Interest Reserve pursuant to Section 2.5(b)(1) below; plus*

- (3) the applicable amount of the Tranche 2A Additional Interest Reserve pursuant to Section 2.5(b)(2) below (the **"Tranche 2A Additional Advance"**);
- (c) a tranche (**"Tranche 2B"**; together with Tranche 2A, collectively, **"Tranche 2"**) made available by Lender B:
 - (1) CAD\$8,000,000; plus
 - (2) CAD\$555,523.00, on account of the applicable amount of the Tranche 2B Initial Interest Reserve pursuant to Section 2.5(c)(1) below; plus
 - (3) the applicable amount of the Tranche 2B Additional Interest Reserve pursuant to Section 2.5(c)(2) below (the **"Tranche 2B Additional Advance"**, together with the Tranche 2A Additional Advance, the **"Tranche 2 Additional Advances"**);
- (d) a tranche (**"Tranche 3"**) made available by Lender A in the principal amount equal to the sum of the following:
 - (1) CAD\$3,000,000; plus
 - (2) \$95,406.36, on account of the applicable amount of the Tranche 3 Interest Reserve pursuant to Section 2.5(d) below ; and
- (e) a tranche (**"Tranche 4"**) made available by Lender A in the principal amount of CAD\$1,805,178.22;
- (f) a tranche (**"Tranche 5"**, together with Tranche 1, Tranche 2, Tranche 3 and Tranche 4, collectively, the **"Tranches"**) made available by Lender A in the principal amount of up to CAD\$926,000.00.

Each of Tranche 1 and Tranche 4 was fully funded on June 14, 2021 (the **"First Funding Date"**). Each of Tranche 2 (except for the Tranche 2 Additional Advances), and Tranche 3 was fully funded on October 1, 2021 (the **"Second Funding Date"**).

Each of Tranche 2 (in respect of the Tranche 2 Additional Advances only) and Tranche 5 will be (and are deemed to be) funded on the Amendment Effective Date. Each applicable Lender will deduct (and will be deemed to have deducted) from the proceeds of its tranche the applicable Interest Reserves (as defined in Section 2.5 below) and the applicable fees.

2.3 Term

Subject to the terms hereof,

- (a) the term of Tranche 1 commenced on the First Funding Date;
- (b) the term of Tranche 2 commenced on the Second Funding Date;
- (c) the term of Tranche 3 commenced on the Second Funding Date;
- (d) the term of Tranche 4 commenced on the First Funding Date; and
- (e) the term of Tranche 5 commences on the Amendment Effective Date,

all of which will end on September 14, 2022 (the foregoing end date in respect of each tranche, the "**Maturity Date**").

2.4 Interest

Interest shall accrue on the daily outstanding balance of the Loan at such per annum rates during such period as follows:

- (a) in respect of Tranche 1 and Tranche 4:
 - (1) from the First Funding Date up to and including December 14, 2021, 15% per annum; and
 - (2) from December 15, 2021, 30% per annum;
- (b) in respect of Tranche 2:
 - (1) from (i) the Second Funding Date (except for the Tranche 2 Additional Advances) and Tranche 3) and (ii) from the Amendment Effective Date (in respect of Tranche 2 Additional Advances) up to and including September 7, 2022, 15% per annum; and
 - (2) from September 8, 2022, 30% per annum;
- (c) in respect of Tranche 3:
 - (1) from the Second Funding Date up to and including December 14, 2021, 15% per annum; and
 - (2) from December 15, 2021, 30% per annum;
- (d) in respect of Tranche 5:
 - (1) from the Amendment Effective Date up to and including September 7, 2022, 15% per annum; and
 - (2) from September 8, 2022, 30% per annum;

in all cases, calculated daily and compounded monthly, not in advance, from the First Funding Date (in respect of Tranche 1 and Tranche 4) and the Second Funding Date (in respect of Tranche 2, except for the Tranche 2 Additional Advances) and Tranche 3) and from the Amendment Effective Date (in respect of Tranche 2 Additional Advances and Tranche 5), until and including the date when the Loan Amount is paid in full, both before and after default, demand, maturity and judgment. Interest shall accrue on overdue interest at the same rate and in the same manner.

For greater certainty:

- (a) in respect of each of Tranche 1 and Tranche 4, interest shall accrue on that tranche of the Loan as of the First Funding Date pursuant to the terms hereof, even if (i) that tranche is not advanced to the Borrowers until a later date, because the applicable conditions set out in Section 6 below have not been satisfied (or waived by the applicable Lenders) by the First Funding Date, or (iii) any of the Obligants is otherwise unwilling or unable to complete the transactions contemplated hereunder;

- (b) *in respect of each of Tranche 2 (except for the Tranche 2 Additional Advances) and Tranche 3, interest shall accrue on that tranche as of the Second Funding Date pursuant to the terms hereof, even if (i) that tranche is not advanced to the Borrowers until a later date, because the applicable conditions set out in Section 6 below for that tranche have not been satisfied (or waived by the applicable Lenders) by the Second Funding Date, or (iii) any of the Obligants is otherwise unwilling or unable to complete the transactions contemplated hereunder;*
- (c) *in respect of each of Tranche 2 Additional Advances and Tranche 5, interest shall accrue thereon as of the Amendment Effective Date pursuant to the terms hereof, even if the applicable conditions to the amendment of the Existing Loan Agreement have not been satisfied (or waived by the applicable Lenders) by that date.*

2.5 Interest Reserves

As security for the payment of the Loan Amount and all of the Borrowers' other obligations in respect of the Loan and under this Agreement, the Borrowers will establish interest reserves (the "Interest Reserves"), one for each tranche of the Loan, which shall be funded as follows:

- (a) *for Tranche 1, in the amount of CAD\$409,010.08 (the "Tranche 1 Interest Reserve") on the First Funding Date;*
- (b) *for Tranche 2A, in the amounts as follows (collectively, the "Tranche 2A Interest Reserve"):*
 - (1) *on the Second Funding Date, in the amount equal to the interest accrued on the principal amount of Tranche 2A under the Existing Loan Agreement for the period commencing on the Second Funding Date up to and including the Amendment Effective Date (the "Tranche 2A Initial Interest Reserve"; as more particularly set out in Section 2.1(b)(2)); and*
 - (2) *on the Amendment Effective Date, in the amount equal to the amount of interest that will accrue on the entire principal amount of Tranche 2A for the period commencing on the Amendment Effective Date up to and including September 7, 2022 (the "Tranche 2A Additional Interest Reserve");*
- (c) *for Tranche 2B, in the amount as follows (collectively, the "Tranche 2B Interest Reserve"):*
 - (1) *on the Second Funding Date, in the amount equal to the interest accrued on the principal amount of Tranche 2A under the Existing Loan Agreement for the period commencing on the Second Funding Date up to and including the Amendment Effective Date (the "Tranche 2B Initial Interest Reserve"; as more particularly set out in Section 2.1(c)(2)); and*
 - (2) *on the Amendment Effective Date, in the amount equal to the interest that will accrue on the entire principal amount of Tranche 2A for the period commencing on the Amendment Effective Date up to and including September 7, 2022 (the "Tranche 2B Additional Interest Reserve");*
- (d) *for Tranche 3, in the amount as more particularly set out in Section 2.1(d)(2) (the "Tranche 3 Interest Reserve") on the Second Funding Date;*

- (e) for Tranche 4, in the amount of CAD\$136,501.15 (the "**Tranche 4 Interest Reserve**") on the First Funding Date; and
- (f) for Tranche 5, in the amount of CAD\$70,512.80 (the "**Tranche 5 Interest Reserve**") on the Amendment Effective Date.

The amount of each Interest Reserve shall be deducted from the proceeds of the applicable tranche by the Lender of that tranche and shall be held and administered by that Lender.

- (c) Section 2.2 of the Existing Loan Agreement is amended by adding the following at its end:

Tranche 5 shall be used for the following purposes:

- (m) *finance certain fees due to the lenders in connection with the extension under the Senior A Loan Agreement, and the amendment of the Existing Loan Agreement; and*
- (n) *fund the Tranche 5 Interest Reserve.*

- (d) The following is added immediately after Section 2.6 of the Existing Loan Agreement:

2.6A Prepayment

The Borrowers may prepay the Loan, in full but not in part, at any time, provided that:

- (a) *the Borrowers have provided to the Lenders not less than 60 days' prior written notice of their intention to make a prepayment (the "**Prepayment Notice**") and the notice shall set out the proposed date of prepayment (the "**Proposed Prepayment Date**"); and*
- (b) *the Borrowers will pay all accrued and unpaid interest on the Loan, and all other amounts due and payable under this Agreement or the Security Documents, up to the date of the prepayment.*

Each of the Borrowers agrees and acknowledges that:

- (c) *the Prepayment Notice, once delivered to the Lenders, is irrevocable;*
- (d) *the Lenders are entitled to, and will, rely on the Prepayment Notice, including, without limitation, in managing the Loan and all other loans (whether committed or proposed but not yet committed) within their respective portfolios;*
- (e) *the Lenders may suffer losses (including, without limitation, loss of alternate investment opportunities, loss of profits, increased cost of funds) if the Borrowers do not complete the prepayment in accordance with the Prepayment Notice;*
- (f) *without limiting the generality of Section 12 below, the Borrowers will indemnify the Lenders and hold the Lenders harmless against any losses, claims, costs, damages or liabilities incurred or suffered by the Lenders as a result of or in connection with the Prepayment Notice; and*
- (g) *if the Borrowers do not complete the prepayment in accordance with the Prepayment Notice within 10 days after the Proposed Prepayment Date, they will, at the request of the Lender A in its sole discretion, pay to Lender A an administrative fee in the same*

amount equal to 2% of the Loan Amount then outstanding on the Proposed Payment Date.

- (e) Section 2.7(c) is deleted and replaced with the following:

(4) fourthly, in payment of the principal balance of all other tranches the Loan then outstanding, pro rata among all such tranches.

- (f) Section 4.1 is amended by deleting paragraph (o) and replacing it with "[**Intentionally deleted**]" and by adding the following paragraphs:

*(q) modification granted by the ITC Borrower and the UB Nominee of the ITC Hotel Mortgage, the ITC Bar Mortgage and the UB Mortgage, increasing the principal amount thereof to CAD\$42,000,000 (the "**Modification of Mortgage**");*

*(r) beneficiary authorization and charge agreement relating to the Modification of Mortgage granted by the UB Nominee and the other UB Borrowers in favour of the Lenders (the "**BAC re Modification of Mortgage**");*

*(s) amended and restated priority and standstill agreement between the Lenders and the Senior A Lenders, relating to the Senior A Security and all other security held by the Senior A Lenders from the Obligants (the "**Senior A / Senior B Lenders Priority Agreement**"),*

4. AMENDMENT FEE

The Borrowers shall pay a fee in respect of this Agreement (the "**Amendment Fee**") in the amount of **\$558,385.90** to Lender A.

The Amendment Fee is non-refundable and will be earned by Lender A upon issuance to the Borrowers of this Agreement, and, subject to Section 5 below, the Amendment Fee is deemed to be paid out of the proceeds of Tranche 5 on the Effective Date.

For greater certainty, the Amendment Fee is earned and payable as provided above in this Section 4, even if any of the conditions set out in Section 5 is not satisfied (or waived by the Lenders), or if any of the Obligants is otherwise unwilling or unable to complete the transactions contemplated hereunder.

5. CONDITIONS PRECEDENT

Notwithstanding any other provisions of this Agreement, the amendment to the Existing Loan Agreement pursuant to Section 3 above shall not become effective unless and until the following conditions have been satisfied to the satisfaction of the Lenders (or waived by the Lenders in their sole discretion):

- (a) the Lenders shall have received the following documents, each in form and substance to their satisfaction
- (1) this Agreement, duly executed by the Obligants;
 - (2) the Modification of Mortgage, the BAC re Modification of Mortgage and the Senior A / Senior B Lenders Priority Agreement (as both terms are defined under amendment pursuant to Section 3(f) above), duly executed by the parties thereto; and

- (3) irrevocable and unconditional direction as to the application of the proceeds of Tranche 2 and Tranche 5 signed by the Borrowers;
- (b) all registrations and filings in connection with the Modification of Mortgage and the Senior A / Senior B Lenders Priority Agreement have been made to the satisfaction of the Lenders; and
- (c) there must be no outstanding Event of Default and no outstanding event, which with the passing of time, the giving of notice or otherwise would constitute an Event of Default.

6. ACKNOWLEDGEMENT RE LOAN DOCUMENTS

Each of the Obligants hereby agrees, ratifies, acknowledges and confirms to the Lenders that:

- (a) the term "Loan Agreement", as used in each of the Loan Documents, means the Existing Loan Agreement, as amended by this Agreement, and as may be further amended, extended, supplemented, modified, renewed, replaced and restated from time to time;
- (b) this Agreement constitutes a "Loan Document";

and

- (c) each of the Security Documents previously granted by the Obligants prior to the Effective Date pursuant to the Existing Loan Agreement is held and will continue to be held by the Lenders as collateral security for all of the debts, liabilities and obligations, present and future, direct and indirect, of each of the Obligants to the Lenders pursuant to the Loan Agreement and the other Loan Documents;
- (d) each of the Obligants will continue to be bound by all of the terms, conditions, covenants and obligations applicable to such Obligor under or pursuant to this Agreement, the Loan Agreement and the other Loan Documents to the extent such Obligor is a party, and
- (e) each of the Obligants hereby ratifies, acknowledges and confirms all obligations, covenants, agreements, provisos, stipulations, conditions, powers, matters and things whatsoever contained therein.

7. GENERAL

7.1 Amendment

This Agreement shall be read and construed along with the Existing Loan Agreement and be treated as a part thereof and, for such purposes and so far as may be necessary to effectuate these presents, the Existing Loan Agreement shall be regarded as being hereby amended (subject to Section 5 above), and the Existing Loan Agreement as so amended together with all of the covenants, clauses, agreements, provisos, stipulations, conditions, powers, matters and things whatsoever contained in the Existing Loan Agreement shall continue in full force and effect.

7.2 Expenses

The Borrowers shall pay on demand all costs and expenses incurred by or on behalf of the Lenders in carrying out or attempting to carry out the transaction(s) contemplated under this Agreement.

7.3 Successors and Assigns

This Agreement and the Loan Agreement shall enure to the benefit of and be binding on each of the parties hereto and their respective personal representatives, successors and permitted assigns.

7.4 Applicable Law

This Agreement shall in all respects be governed by and be construed in accordance with the laws of British Columbia and the laws of Canada applicable therein.

7.5 Counterparts

This Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and all of which taken together constitute one and the same instrument, and all such counterparts may be delivered by way of facsimile transmission or in PDF by e-mail to the other party.

[Signature Pages Follow.]

IN WITNESS WHEREOF the parties hereto execute this Agreement on the date first above written.

Lenders:

FOX ISLAND DEVELOPMENT LTD.

Per:



Authorized Signatory

ADVANCED VENTURE HOLDING CO., LTD.

Per:

Authorized Signatory

Per:

Authorized Signatory

[Obligants' Signature Page Follows]

IN WITNESS WHEREOF the parties hereto execute this Agreement on the date first above written.

Lenders:

FOX ISLAND DEVELOPMENT LTD.

Per: _____
Authorized Signatory

ADVANCED VENTURE HOLDING CO., LTD.

Per:  _____
Authorized Signatory

Per:  _____
Authorized Signatory

[Obligants' Signature Page Follows]

Borrowers:

**KENSINGTON UNION BAY PROPERTIES
LIMITED PARTNERSHIP**, by its general partner,
**KENSINGTON UNION BAY PROPERTIES GP
LTD.**

Per: 
Mo Yeung Ching
Authorized Signatory

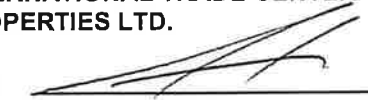
**KENSINGTON UNION BAY PROPERTIES GP
LTD.**

Per: 
Mo Yeung Ching
Authorized Signatory

34083 YUKON INC.

Per: 
Mo Yeung Ching
Authorized Signatory

**INTERNATIONAL TRADE CENTER
PROPERTIES LTD.**

Per: 
Mo Yeung Ching
Authorized Signatory

Guarantors:

MO YEUNG PROPERTIES LTD.

Per: 
Mo Yeung Ching, Authorized Signatory

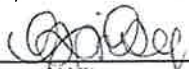
SUNWINS ENTERPRISES LTD.

Per: 
Mo Yeung Ching, Authorized Signatory

HOTEL VERSANTE LTD.

Per: 
Mo Yeung Ching, Authorized Signatory

SIGNED, SEALED AND DELIVERED:



Signature of Witness
KATE MACKAY

Name of Witness AND SOLICITOR
SUITE 500 - North Tower

Address 5811 COONEY ROAD
RICHMOND, BC V6X 3M1

Occupation TEL: 604-276-4765



**MO YEUNG CHING (also known as
MICHAEL CHING)**



This is **Exhibit "C"** referred to in the Affidavit of MO
YEUNG (MICHAEL) CHING affirmed before me, at
Vancouver BC, this 15th day of October, 2025

A handwritten signature in cursive script, appearing to read "Edith Chen", written over a horizontal line.

A Commissioner for taking Affidavits for
British Columbia

SECOND AMENDING AGREEMENT (SENIOR B LOAN)

THIS AGREEMENT dated for reference September 7, 2022

AMONG:

**34083 YUKON INC.,
KENSINGTON UNION BAY PROPERTIES LIMITED PARTNERSHIP, and
KENSINGTON UNION BAY PROPERTIES GP LTD.**

(collectively, "**UB Borrowers**")

AND

INTERNATIONAL TRADE CENTER PROPERTIES LTD.

("ITC Borrower"; together with UB Borrowers, collectively, the "**Borrowers**")

AND

**HOTEL VERSANTE LTD.
AND
SUNWINS ENTERPRISE LTD.
AND
MO YEUNG PROPERTIES LTD.
AND
MO YEUNG CHING**

(collectively, the "**Existing Guarantors**")

AND

**SFT DIGITAL HOLDINGS 30 LTD. ("SFT 30" or the "Additional
Guarantor"; together with the Existing Guarantors, collectively, the
"Guarantors")**

AND:

**FOX ISLAND DEVELOPMENT LTD. ("Lender A")
AND
ADVANCED VENTURE HOLDING CO., LTD. ("Lender B")**

(collectively, the "**Lenders**")

WHEREAS:

- (A) Pursuant to the Senior B Loan Agreement dated for reference June 14, 2021, as amended by an amending agreement dated for reference March 7, 2022 (as amended, the "**Existing Loan Agreement**"), the Lenders agreed to provide a term loan in the aggregate principal amount of not more than CAD\$39,000,000 to the Borrowers;
- (B) The ITC Borrower has entered into an agreement to transfer its beneficial interest in all or part of the Hotel Property to a separate entity (the "**Hotel Property Holdco**"; such agreement, the "**Hotel Property Beneficial Transfer Agreement**"), which transfer (the "**Hotel Property Beneficial**

Transfer") constitutes a material change in the ownership of the Hotel Property and is subject to the Lenders' approval;

- (C) The Lenders have not issued any approval for the Hotel Property Beneficial Transfer, nor have they approved the ITC Borrower's entry into the Hotel Property Beneficial Transfer Agreement in relation to such transfer;
- (D) On the Borrowers' request, the Lenders have agreed to refrain from exercising the rights in under the Loan Agreement and the Loan Documents in relation to the Hotel Property Beneficial Transfer during the Accommodation Period (as defined herein) and to amend the Existing Loan Agreement, all on the terms and conditions set forth herein.

NOW THEREFORE in consideration of the mutual premises, covenants and agreements set forth herein and all other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the parties hereto agree as follows:

1. INTERPRETATION

1.1 Definitions

In this Agreement:

- (a) Words with initial capital letters which are not otherwise defined in this Agreement have the meanings set out in the Loan Agreement.
- (b) **"Accommodation Effective Date"** means September 7, 2022.
- (c) **"Accommodation End Date"** means March 7, 2023.
- (d) **"Accommodation Period"** means the period from the Accommodation Effective Date and up to and including the earlier of:
 - (1) the Accommodation End Date; and
 - (2) the date on which an Event of Accommodation Default has occurred.
- (e) **"Event of Accommodation Default"** has the meaning given to it in Section 9 hereof
- (f) **"Loan Agreement"** means the Existing Loan Agreement, as amended by this Agreement and as the same may be amended, extended, supplemented, modified, renewed, replaced and restated from time to time.
- (g) **"Obligants"** means, collectively, the Borrowers and the Guarantors.

1.2 Amendment Not a Waiver

Except as expressly provided herein, the Lenders reserve all of their rights and remedies at any time and from time to time in connection with any or all breaches, defaults or Events of Default now existing or hereafter arising under any Loan Document, and whether known or not, and this Agreement shall not be construed as a waiver of any such breach, default or Events of Default.

1.3 Advance Date; Deemed Borrowing

The Obligants and the Lenders acknowledge and agree that all outstanding borrowings under the Existing Loan Agreement shall continue to be outstanding and constitute borrowings under the Loan Agreement as

of the Accommodation Effective Date. This Agreement shall not be deemed to evidence or result in a novation of such borrowings or a repayment and reborrowing of such borrowings.

2. ACKNOWLEDGEMENT AND AGREEMENT BY THE OBLIGANTS

2.1 Hotel Property Beneficial Transfer

Each of the Obligants acknowledges to and agrees with the Lenders as follows:

- (a) The statements set out in Recitals (B) and (C) are true and correct, and form an operative part of this Agreement.
- (b) The Hotel Property Beneficial Transfer has not been fully consummated, subject to the satisfaction of certain conditions to be fulfilled by the ITC Borrower, including, without limitation, the refinancing of the Loan under the Loan Agreement (together the Senior A Indebtedness which is secured by a mortgage against the Hotel Property).
- (c) As at the Accommodation Effective Date and the date on which all conditions set out in Section 9 hereof have been satisfied (or otherwise waived by the Lenders), the ITC Borrower remains the sole owner of all of the beneficial interest in the Hotel Property (subject only to its obligation to effect the Hotel Property Beneficial Transfer in favour of Hotel Property Holdco pursuant to the Hotel Property Beneficial Transfer Agreement).
- (d) Notwithstanding that the Hotel Property Beneficial Transfer has not been fully consummated, the Obligants agree that the ITC Borrower's entry into the Hotel Property Beneficial Transfer Agreement and otherwise agreeing to the Hotel Property Beneficial Transfer constitute an Event of Default under the Loan Agreement (the "Existing Default"), and the Lenders are entitled to immediately accelerate and demand full payment of the outstanding Loan Amount as a result of the Existing Default pursuant to the terms of the Loan Agreement.
- (e) The Obligants agree to:
 - (1) promptly and from time to time advise the Lenders of the status of the Hotel Property Beneficial Transfer in sufficient details to the satisfaction of the Lenders; and
 - (2) upon the Lenders' request from time to time, (i) provide confirmation (in form and substance satisfactory to the Lenders) that the ITC Borrower remains the sole owner of all of the beneficial interest in the Hotel Property, and (ii) deliver to the Lenders a certified copy of the Hotel Property Beneficial Transfer Agreement.

2.2 Debt

Each of the Obligants acknowledges to and agrees with the Lenders as follows:

- (a) As at the Accommodation Effective Date (and without taking into account the amendment to the Existing Loan Agreement provided herein):
 - (1) the Borrowers are indebted to the Lenders, on account of the outstanding balance under each tranche of the Loan (including any accrued and unpaid interest thereon, if applicable), in the amounts set out below:

Tranche	Principal Amount owing
1	\$6,718,541.95
2a	\$17,753,820.62
2b	\$9,259,498.58
3	\$3,847,909.25
4	\$2,244,022.65
5	\$9,260,000
Total:	\$40,749,793.05

plus all other fees, costs, expenses and other charges that are payable by the Borrowers to the Lenders in accordance with the Existing Loan Agreement (collectively, the "Debt").

- (2) there is no balance remaining in any of the Interest Reserves, except for the one for Tranche 5 which has a balance of \$1,653.14 remaining.
- (b) As of the Accommodation Effective Date, none of the Obligants has any claim or counterclaims against the Lenders in relation to the Debt, the Loan Amount, the Existing Loan Agreement, the Security Documents and the other Loan Documents.

2.3 Existing Default

Each of the Obligants hereby acknowledges to and agrees with the Lenders as follows:

- (a) The Loan Agreement and the Security Documents are in default pursuant to the terms thereof as a result of the Existing Default and, but for this Agreement, the Lenders are entitled to immediately accelerate and demand full payment of the Debt and the Loan Amount, and take immediate steps to enforce its security under the Security Documents.
- (b) The Lenders have entered into this Agreement with the Obligants at their request and with a view to allowing the Obligants additional time to repay the Debt and the Loan Amount in a lawful, efficient and cost-effective manner.
- (c) Except as expressly provided in this Agreement, the Lenders have not made any promise, nor has any of them taken any action or omitted to take any action, that would constitute a waiver of their rights to pursue any remedies in respect of the Loan, the Loan Agreement, the Security Documents or the other Loan Documents that would prevent them from so doing.
- (d) The Lenders' accommodation as provided in Section 3 below and otherwise under this Agreement is not to be taken as a waiver by the Lenders of any of their rights under any of the Loan Agreement, the Security Documents or any other Loan Documents which may arise from any other default which presently exists or which may in the future occur.
- (e) In the event that the Obligants seek the assistance of a court of competent jurisdiction, or other protection, under any legislation or otherwise to stay the actions or claims of creditors, to the extent permitted by law, the Obligants, in consideration of the accommodation

provided to them by the Lenders under the terms of this Agreement, will not seek any assistance from the court, or other protection, under any legislation, or otherwise, which would in any way stay the actions of the Lenders or otherwise prevent the Lenders from realizing on all or any part of the security under the Security Documents.

2.4 Loan Documents

Each of the Obligants hereby agrees, ratifies, acknowledges and confirms to the Lenders that:

- (a) the term "Loan Agreement", as used in each of the Loan Documents, means the Existing Loan Agreement, as amended by this Agreement, and as may be further amended, extended, supplemented, modified, renewed, replaced and restated from time to time;
- (b) this Agreement constitutes a "Loan Document";
- (c) each of the Security Documents (i) previously granted by the Obligants prior to the Accommodation Effective Date pursuant to the Existing Loan Agreement or (ii) granted pursuant hereto, is held and will continue to be held by the Lenders as collateral security for all of the debts, liabilities and obligations, present and future, direct and indirect, of each of the Obligants to the Lenders pursuant to the Loan Agreement and the other Loan Documents;
- (d) each of the Obligants will continue to be bound by all of the terms, conditions, covenants and obligations applicable to such Obligor under or pursuant to this Agreement, the Loan Agreement and the other Loan Documents to the extent such Obligor is a party, and
- (e) each of the Obligants hereby ratifies, acknowledges and confirms all obligations, covenants, agreements, provisos, stipulations, conditions, powers, matters and things whatsoever contained therein.

2.5 Redemption Period

The Borrowers and the other Obligants will irrevocably consent to an order nisi, stipulating a shortened redemption period of 60 days in any foreclosure proceedings brought by the Lenders in respect of the Property charged by the mortgages granted pursuant to the Loan Agreement (as may be modified, as contemplated under Section 5(g) below) or any other Security Document and an order for conduct of sale in favour of the Lenders effective from the end of the redemption period, such consent order otherwise in form and content acceptable to the Lenders in all other respects. The Borrowers and the other Obligants hereby agree to cooperate with the Lenders in their efforts to achieve a timely sale of the Property (or any part thereof) in any foreclosure proceedings.

3. LENDERS' ACCOMMODATION

Subject to Section 8 below, and provided that there is no outstanding Event of Accommodation Default and no outstanding event, which with the passing of time, the giving of notice or otherwise, would constitute an Event of Accommodation Default, the Lenders hereby agree with the Borrowers and the other Obligants to refrain from making demand on the Loan and enforcing their security under the Security Documents, until the Accommodation Period has expired.

4. REPRESENTATIONS AND WARRANTIES

4.1 General Representations

Each of the Obligants, jointly and severally, represents and warrants as follows to the Lenders:

- (a) Except as set out in Section 2.1 above, each of the representations and warranties in Section 5 of the Existing Loan Agreement are true, accurate and complete in all respects on and as of the date hereof and the Accommodation Effective Date, with the same effect as if such representations and warranties had been made on and as of the date hereof (except for those representations and warranties which speak solely as of an earlier date, in which event those representations and warranties must be true, accurate and complete in all respects as of such earlier date);
 - (b) the borrowing of the Loan (as amended herein) or the provision of financial assistance (as applicable) by each Obligor and the provision of security therefor, as contemplated by this Agreement and the other Loan Documents to which that Obligor is party, and the execution, delivery and performance by that Obligor of this Agreement and the other Loan Documents:
 - (1) have been duly authorized by all necessary proceedings of that Obligor (to the extent it is a corporation or a limited partnership);
 - (2) do not and will not conflict with or result in a breach of any of the terms, conditions or provisions of:
 - (A) the constating documents of that Obligor (to the extent it is a corporation or a limited partnership);
 - (B) any law applicable to or binding on or affecting that Obligor or its assets;
 - (C) the Senior A Indebtedness or any Senior A Security;
 - (D) the UB Project Indebtedness or any UB Project Security;
 - (E) the UB-GF Indebtedness or any UB-GF Security; or the UB-VTB Indebtedness or any UB-VTB Security;
 - (F) the Residence-SL128-Morteq Indebtedness or any Residence-SL128-Morteq Security; the SpaV-BDC Indebtedness or any Spa-BDC Security; the SpaV-Jin Indebtedness or any Spa-Jin Security; the SpaV-Kingdom Indebtedness or any Spa-Kingdom Security; or
 - (G) the Hotel Property Beneficial Transfer Agreement; or
 - (H) any agreement or other document to which that Obligor is a party
- and
- (3) do not and will not, result in, or require or permit:
 - (A) the imposition of any encumbrances on or with respect to the Property or any other properties now owned by that Obligor; or
 - (B) the acceleration of the maturity of the Senior A Indebtedness, the UB Project Indebtedness, the UB-GF Indebtedness, the UB-VTB Indebtedness, the Residence-SL128-Morteq Indebtedness, the SpaV-BDC Indebtedness, the SpaV-Jin Indebtedness, the SpaV-Kingdom Indebtedness or any other debts owing by that Obligor;

- (c) each of the Obligant has obtained all consents, authorizations and approvals required to carry on its business as now being conducted and to enter into and perform its obligations under this Agreement and the other Loan Documents;
- (d) no consent or approval is required from the Hotel Property HoldCo or other entities that are parties to, or have a direct or indirect interest in, the Hotel Property HoldCo or otherwise in relation to the Hotel Property Beneficial Transfer in order for the Borrowers and any other Obligants to enter into and perform its obligations under this Agreement and the other Loan Documents; and
- (e) all information, documents, reports, certificates and records provided by or on behalf of the Obligants to the Lenders in relation to this Agreement or otherwise in connection with the Loan are accurate and complete in all material respects, and do not omit any material fact that would make the content thereof misleading

5. AMENDMENT

Subject to Section 8 below, the Existing Loan Agreement is amended, with effect as of the Accommodation Effective Date, as follows:

- (a) Section 1 of the Existing Loan Agreement is amended by adding SFT 30 into the definition of "Guarantors" as follows:

(j)	"Guarantors" means, collectively:
(1)	<i>Hotel Versante Ltd.;</i>
(2)	<i>MYPCo;</i>
(3)	<i>Sunwins;</i>
(4)	<i>Ching; and</i>
(5)	<i>SFT 30.</i>

- (b) Section 1 of the Existing Loan Agreement is amended by deleting the definitions of "Existing Loan Agreement" and "Extension Effective Date" and adding the following definitions :

(ddddd)	"Accommodation Effective Date" means September 7, 2022.
(eeeeee)	"Existing Loan Agreement" means the Senior B Loan Agreement dated for reference June 14, 2021 among the Lender A, the Borrowers and the Guarantors, as amended by the First Amending Agreement dated for reference March 7, 2022 among the same parties and Lender B.
(fffff)	"Office SL12" means the parcel of lands, together with the improvements thereon, having the legal description as follows: 1115 – 8400 West Road, Richmond, BC

030-797-918

Strata Lot 12 Section 21 Block 5 North Range 6 West New Westminster District Strata Plan
EPS5803

(ggggg) "**SFT 30**" means SFT Digital Holdings 30 Ltd., and its successors and permitted assigns.

- (c) Sections 2.1 to 2.5 of the Existing Loan Agreement are deleted in their entirety and replaced with the following:

2.1 Term Loan

Subject to the terms of this Agreement, the Lenders agree to make available to the Borrowers a non-revolving, term loan in the aggregate principal amount of not more than CAD\$43,000,000 (the "**Loan**") to be divided in such tranches as follows:

- (a) a tranche ("**Tranche 1**") made available by Lender A in the principal amount of CAD\$5,409,010.08;
- (b) a tranche ("**Tranche 2A**") made available by Lender A in the principal amount equal to the sum of the following:
 - (1) \$17,753,820.62; plus
 - (2) \$1,435,236.31, on account of the Tranche 2A Additional Interest Reserve pursuant to Section 2.5(b)(1) below (the "**Tranche 2A Additional Advance**");
- (c) a tranche ("**Tranche 2B**"; together with Tranche 2A, collectively, "**Tranche 2**") made available by Lender B:
 - (1) \$9,259,498.58; plus
 - (2) \$748,546.97, on account of the Tranche 2B Additional Interest Reserve pursuant to Section 2.5(c)(1) below (the "**Tranche 2B Additional Advance**", together with the Tranche 2A Additional Advance, the "**Tranche 2 Additional Advances**");
- (d) a tranche ("**Tranche 3**") made available by Lender A in the principal amount equal to the sum of the following:
 - (1) CAD\$3,000,000; plus
 - (2) \$95,406.36, on account of the applicable amount of the Tranche 3 Interest Reserve pursuant to Section 2.5(d) below; and
- (e) a tranche ("**Tranche 4**") made available by Lender A in the principal amount of CAD\$1,805,178.22;
- (f) a tranche ("**Tranche 5**") made available by Lender A in the principal amount equal to the sum of the following:
 - (1) \$926,000.00; plus
 - (2) \$74,858.75, on account of the Tranche 5 Additional Interest Reserve pursuant to Section 2.5(f) below (the "**Tranche 5 Additional Advance**"); and

- (g) a tranche ("**Tranche 6**", together with Tranche 1, Tranche 2, Tranche 3, Tranche 4 and Tranche 5, collectively, "**Tranches**") made available by Lender A in the principal amount of up to \$1,530,000.

Each of Tranche 1 and Tranche 4 was fully funded on June 14, 2021 (the "**First Funding Date**"). Tranche 3 was fully funded on October 1, 2021 (the "**Second Funding Date**").

Each of Tranche 2, Tranche 5 and Tranche 6 will be (and are deemed to be) funded on the Accommodation Effective Date. Each applicable Lender will deduct (and will be deemed to have deducted) from the proceeds of its tranche the applicable Interest Reserves (as defined in Section 2.5 below) and the applicable fees.

2.2 Purposes

Tranche 1 shall be used for the following purposes:

- (a) together with the Senior A Loan Agreement, finance the repayment of the ITC-Romspen Indebtedness in full;
- (b) fund the Tranche 1 Interest Reserve; and
- (c) pay all fees, legal and other costs incurred by the Lenders in connection with the Loan.

Tranche 2 shall be used for the following purposes:

- (d) refinance the indebtedness owing to the applicable Lenders under Tranche 2A and Tranche 2B of the Existing Loan Agreement as of the Accommodation Effective Date;
- (e) fund the Tranche 2A Additional Interest Reserve and Tranche 2B Additional Interest Reserve; and
- (f) pay all fees, legal and other costs incurred by the Lenders in connection with the Loan.

Tranche 3 shall be used for the following purposes:

- (g) finance the partial repayment of the ITC-126 Indebtedness to reduce the principal amount then owing by CAD\$3,000,000;
- (h) fund the Tranche 3 Interest Reserve; and
- (i) pay all fees, legal and other costs incurred by the Lenders in connection with the Loan.

Tranche 4 shall be used for the following purposes:

- (j) finance the Processing Fee payable by the Borrowers under this Agreement;
- (k) fund the Tranche 4 Interest Reserve; and
- (l) pay all fees, legal and other costs incurred by the Lenders in connection with the Loan.

Tranche 5 shall be used for the following purposes:

- (m) refinance the indebtedness owing to the applicable Lender under Tranche 5 of the Existing Loan Agreement as of the Accommodation Effective Date; and

- (n) fund the Tranche 5 Additional Interest Reserve.

Tranche 6 shall be used for the following purposes:

- (o) finance certain fees due to the Lenders in connection with the amendment and accommodation under the Senior A Loan Agreement, and the Existing Loan Agreement; and
- (p) fund the Tranche 6 Interest Reserve.

2.3 Term

Subject to the terms hereof, the term of each Tranche will end on March 14, 2023 (the "**Maturity Date**").

2.4 Interest

Interest shall accrue on the daily outstanding balance of the Loan at such per annum rates during such period as follows:

- (a) in respect of Tranche 1 and Tranche 4:
- (1) from the First Funding Date up to and including December 14, 2021, 15% per annum, PLUS the then applicable Rate Premium; and
 - (2) from December 15, 2021, 30% per annum;
- (b) in respect of Tranche 2:
- (1) from the Accommodation Effective Date up to and including March 7, 2023, 15% per annum, PLUS the then applicable Rate Premium; and
 - (2) from March 8, 2023, 30% per annum;
- (c) in respect of Tranche 3:
- (1) from the Second Funding Date up to and including December 14, 2021, 15% per annum, PLUS the then applicable Rate Premium; and
 - (2) from December 15, 2021, 30% per annum;
- (d) in respect of Tranche 5:
- (1) from the Accommodation Effective Date up to and including March 7, 2023, 15% per annum, PLUS the then applicable Rate Premium; and
 - (2) from March 8, 2023, 30% per annum;
- (e) in respect of Tranche 6:
- (1) from the Accommodation Effective Date up to and including March 7, 2023, 15% per annum, PLUS the then applicable Rate Premium; and
 - (2) from March 8, 2023, 30% per annum;

in all cases, calculated daily and compounded monthly, not in advance, from the applicable date on which such tranche is advanced, until and including the date when the Loan Amount is paid in full, both before and after default, demand, maturity and judgment. Interest shall accrue on overdue interest at the same rate and in the same manner.

For greater certainty:

- (a) in respect of each of Tranche 1 and Tranche 4, interest shall accrue on that tranche of the Loan as of the First Funding Date pursuant to the terms hereof, even if (i) that tranche is not advanced to the Borrowers until a later date, because the applicable conditions set out in Section 6 below have not been satisfied (or waived by the applicable Lenders) by the First Funding Date, or (iii) any of the Obligants is otherwise unwilling or unable to complete the transactions contemplated hereunder;*
- (b) in respect of Tranche 3, interest shall accrue on that tranche as of the Second Funding Date pursuant to the terms hereof, even if (i) that tranche is not advanced to the Borrowers until a later date, because the applicable conditions set out in Section 6 below for that tranche have not been satisfied (or waived by the applicable Lenders) by the Second Funding Date, or (iii) any of the Obligants is otherwise unwilling or unable to complete the transactions contemplated hereunder;*
- (c) in respect of each of Tranche 2, Tranche 5 and Tranche 6, interest shall accrue thereon as of the Accommodation Effective Date pursuant to the terms hereof, even if the applicable conditions to the amendment of the Existing Loan Agreement have not been satisfied (or waived by the applicable Lenders) by that date.*

In this Section 2.4:

"Rate Premium" means, on any applicable date after the Accommodation Effective Date, the difference (round to one basis point, or 0.01%) resulting from:

- (1) the highest RBC Prime Rate in the period from the Accommodation Effective Date up to and including such applicable date;*

minus:

- (2) the sum of (i) the RBC Prime Rate effective September 8, 2022 (being 5.45% per annum), plus (ii) 100 basis points (or 1.00%),*

provided that such difference shall not be less than zero.

For illustration only, and without limitation, if the RBC Prime Rate is increased to 6.48% per annum effective October 1, 2022, then to 8.00% per annum effective November 1, 2022, and then reduced to 7.00% per annum effective April 1, 2023, then the Rate Premium is as follows:

Applicable Date	RBC Prime on the Applicable Date	Rate Premium	Interest Rate
September 8, 2022	5.45%	0.00%	15.00%
October 1, 2022	6.48%	0.03%	15.03%

November 1, 2022	8.00%	1.55%	16.55%
April 1, 2023	7.00%	1.55%	31.55%

"RBC Prime Rate" means the annual rate of interest announced by Royal Bank of Canada from time to time as its prime rate for purposes of determining rates of interest it will charge on commercial loans in Canada denominated in Canadian dollars.

2.5 Interest Reserves

As security for the payment of the Loan Amount and all of the Borrowers' other obligations in respect of the Loan and under this Agreement, the Borrowers will establish interest reserves (the **"Interest Reserves"**), one for each tranche of the Loan, which shall be funded as follows:

- (a) for Tranche 1, in the amount of CAD\$409,010.08 (the **"Tranche 1 Interest Reserve"**) on the First Funding Date;
- (b) for Tranche 2A, in the amounts as follows (collectively, the **"Tranche 2A Interest Reserve"**):
 - (1) on the Accommodation Effective Date, in the amount equal to the amount of interest that will accrue (assuming the Rate Premium is 0.00%) on the entire principal amount of Tranche 2A for the period commencing on the Accommodation Effective Date up to and including March 7, 2023 (the **"Tranche 2A Additional Interest Reserve"**);
- (c) for Tranche 2B, in the amount as follows (collectively, the **"Tranche 2B Interest Reserve"**):
 - (1) on the Accommodation Effective Date, in the amount equal to the amount of interest that will accrue (assuming the Rate Premium is 0.00%) on the entire principal amount of Tranche 2B for the period commencing on the Accommodation Effective Date up to and including March 7, 2023 (the **"Tranche 2B Additional Interest Reserve"**);
- (d) for Tranche 3, in the amount as more particularly set out in Section 2.1(d)(2) (the **"Tranche 3 Interest Reserve"**) on the Second Funding Date;
- (e) for Tranche 4, in the amount of CAD\$136,501.15 (the **"Tranche 4 Interest Reserve"**) on the First Funding Date; and
- (f) for Tranche 5, in the amount equal to the interest that will accrue (assuming the Rate Premium is 0.00%) on the entire principal amount of Tranche 5 for the period commencing on the Accommodation Effective Date up to and including March 7, 2023 (the **"Tranche 5 Additional Interest Reserve"**);
- (g) for Tranche 6, in the amount of \$116,131.41 (the **"Tranche 6 Interest Reserve"**) on the Accommodation Effective Date.

The amount of each Interest Reserve shall be deducted from the proceeds of the applicable tranche by the Lender of that tranche and shall be held and administered by that Lender.

- (d) Section 2.6(a) of the Existing Loan Agreement is amended by replacing the first paragraph thereof as follows, so that the definition of "Payment Date" is changed to the 7th day of each month.

(a) **Interest.** The Borrowers shall pay interest accrued on the then outstanding balance of the Loan on the 7th day of each month (the "**Payment Date**"), until the Loan Amount is paid in full.

- (e) Section 2.7(a) is deleted and replaced with the following:

(a) **Application of Payments.** *Payments made on account of the Loan Amount will be applied when received in the following order:*

- (1) *firstly, in payment of outstanding fees and costs pursuant hereto or to other Loan Documents which have accrued to the date such payment is received;*
- (2) *secondly, in payment of outstanding interest on Tranche 1, Tranche 3 and Tranche 4 then outstanding, pro rata, among all such tranches which has accrued to the date such payment is received;*
- (3) *thirdly, in payment of outstanding interest on Tranche 2A, Tranche 2B and Tranche 5 then outstanding, pro rata, among all such tranches which has accrued to the date such payment is received;*
- (4) *fourthly, in payment of outstanding interest on Tranche 6 then outstanding which has accrued to the date such payment is received;*
- (5) *fifthly, in payment of the principal balance of Tranche 1, Tranche 3 and Tranche 4 then outstanding, pro rata, among all such tranches; and*
- (6) *fourthly, in payment of the principal balance of Tranche 2A, Tranche 2B and Tranche 5 then outstanding, pro rata among all such tranches; and*
- (7) *fifthly, in payment of the principal balance of Tranche 6 then outstanding.*

Notwithstanding the foregoing, if there is an Event of Default and the Lenders have issued to the Borrowers a demand for the repayment pursuant to Section 8, then any payment received by any of the Lenders on account of the Loan Amount will be applied when received in the following order:

- (8) *firstly, in payment of outstanding fees and costs pursuant hereto or to other Loan Documents which have accrued to the date such payment is received;*
- (9) *secondly, in payment of outstanding interest and principal balance of Tranche 1, Tranche 2A, Tranche 2B, Tranche 3 and Tranche 4 then outstanding, pro rata, among all such tranches;*
- (10) *thirdly, in payment of outstanding interest and principal balance of Tranche 5; and*
- (11) *fourthly, in payment of outstanding interest and principal balance of Tranche 6,*

or otherwise in such order and in such manner as the Lenders, in their sole discretion, may unanimously determine.

- (f) Section 3 of the Existing Loan Agreement is amended by adding immediately after Section 3.5 the following as Sections 3.6 and 3.7.

3.6 UB Lot A Refinancing and Related Transactions

(a) *The Obligants acknowledge to and agree with the Lenders as follows:*

- (1) *The UB Owner intends to sell UB Lot A to an arm's length purchaser (the "**UB Lot A Purchaser**"). The UB Lot A Purchaser will satisfy the purchase price as follows:*

- (A) *in cash, by payment to or to the direction of the UB Owner in the amount of not less than \$5,800,000 (the "**UB Lot A Cash Proceeds**");* and
- (B) *In kind, by transfer of the legal and beneficial interest in the Office SL12 to the UB Owner (or its assign, in either case, the "**Office SL12 Owner**"), free and clear of all financial encumbrances, for a value not less than \$1,950,000;*

*(the foregoing transaction, collectively, the "**UB Lot A Refinancing**");*

- (2) *Upon completion of the UB Lot A, the UB Owner will apply the UB Lot A Cash Proceeds as follows:*

- (A) *\$1,788,317.45 to the UB-VTB Lender, being the net balance equal to the following (the "**UB-VTB Net Paydown Amount**):*

- (I) *\$525,000, on account of the interest accrued on the UB-VTB Indebtedness up to and including September 30, 2022;*

plus

- (II) *\$5,000,000, on account of the paydown by the UB Owner of the UB-VTB Indebtedness in order to reduce the outstanding principal balance thereof from \$14,000,000 to \$9,000,000;*

less

- (III) *\$3,736,682.55, on account of the amount of contribution payable to the UB-Owner by the UB-VTB Lender for its share of the environmental remediation cost incurred for the UB Property,*

provided that the UB Owner will, as a condition to making the payment of the UB-VTB Net Paydown Amount, cause the UB-VTB Lender to immediately upon receipt of such payment (i) release the UB-VTB Security from UB Lot A, and (ii) reduce the principal amount of the UB-VTB Security as registered against UB Lot 1 to \$9,000,000;

- (B) *\$345,000 (or such higher amount pursuant to Section 3.7) to Lender A, on account of the Development Monitoring Charge;*

- (C) *Not less than \$3,000,000 to the contractors and suppliers, on account of the costs for constructing the road connection to UB Lot 2 Development from Highway 19A and other related works, which costs will be due on or before October 30, 2022 (the "**UB Lot 2 Highway Connection Costs**").*

- (3) Upon completion of the UB Lot A Refinancing and concurrently with the transfer of the ownership in Office SL12 to the Office SL12 Owner, the UB Owner will (and will cause the Office SL12 Owner, as applicable) to grant the following to the Lenders (collectively, the "Office SL12 Security Documents"):
- (A) 2nd-ranking mortgage, including the terms of an assignment of rents, in favour of the Lenders charging Office SL12 granted by the Office SL12 Owner (the "Office SL12 Mortgage") in the principal amount of \$1,950,000, subject and subordinate in priority only to the 1-ranking mortgage in the principal amount of \$1,950,000 to be registered as security for the UB Project Indebtedness;
 - (B) (if applicable) general security agreement granted by Office SL12 Owner creating in favour of the Lenders a security interest in all of its present and after-acquired personal property; and
 - (C) (if applicable) unlimited guarantee by Office SL12 Owner to pay the Loan Amount and observe and perform all other obligations and liabilities of the Borrowers hereunder and under the Security Documents.
- (b) As soon as practicable and no later than 10 days prior to the date of completion of the UB Lot A Refinancing, the UB Owner will deliver to the Lenders:
- (1) copies of the constating documents and the central securities registry of Office SL12 Owner, and all information and documents regarding it and its shareholders as the Lenders may require;
 - (2) copies of the purchase and sale agreement for UB Lot A, and the vendor's final statement of adjustments related thereto; and
 - (3) all due diligence and other information regarding Office SL12 as the Lenders may require; and
 - (4) evidence to the satisfaction of the Lenders that the sale of UB Lot A will occur in substantially the manner contemplated in Section 3.6(a) above.
- (c) As soon as practicable and no later than the date of completion of the UB Lot A Refinancing, the UB Owner will grant (and will cause the Office SL12 Owner to grant) to the Lenders the Office SL12 Security Documents.
- Once granted:
- (1) the Office SL12 Security Documents shall be (and deemed to be) part of the Security Documents;
 - (2) all references to "Property" in any of the Loan Documents shall include Office SL12, and exclude UB Lot A.
 - (3) all references to "Security Documents" in any of the Loan Documents shall include the Office SL12 Security Documents; and
 - (4) all references to "Guarantors" and "Obligants" in any of the Loan Documents shall include the Office SL12 Owner.

- (d) As soon as practicable and no later than 10 days after the completion of the UB Lot A Refinancing, the UB Owner will deliver to the Lenders:
- (1) written confirmations (in form and substance satisfactory to the Lenders) that the UB-VTB Paydown has been paid to the UB-VTB Lender, that the UB-VTB Indebtedness has been so reduced to \$9,000,000 in principal amount, and that the UB-VTB Security has been discharge from UB Lot A and its principal amount registered against UB Lot 1 has been reduced to \$9,000,000; and
 - (2) written confirmations (in form and substance satisfactory to the Lenders) that the amount of the UB Lot 2 Highway Connection Costs then due or will become due, and (when paid) evidence of the payments of such costs.
- (e) To facilitate the efficient completion of the UB Lot A Refinancing, the Lenders agree that, subject to (i) the receipt and review to their satisfaction of the documents set out in paragraph (c) above, and (ii) receipt of fully executed copies of the Office SL12 Security Documents (together with legal opinion from the solicitors of Office SL12 Owner and other supporting documents related thereto), the Lenders agree to partially discharge the UB Mortgage from UB Lot A, on the condition that registration of such partial discharge shall be effected after the registration of the Office SL12 Mortgage against Office SL12, and that the Lenders (and their solicitors) are satisfied to the arrangement (including by way of undertaking of the solicitors for Office SL12 Owner) to implement the foregoing registrations.

3.7 Development Monitoring Charge

To compensate the time and enhanced efforts in monitoring the progress of the development on the UB Property, the Borrowers shall pay Lender A the following metered charge (the "**Development Monitoring Charge**") upon completion of the UB Lot A Refinancing, but in any case no later than November 14, 2022:

- (a) \$345,000 (the "**Base Amount**"); plus
- (b) If the Development Monitoring Charge is not paid in full on or before November 6, 2022, an additional amount equal to:
 - (1) 15% per annum on the Base Amount for each day from the Accommodation Effective Date, up to and including November 6, 2022; and
 - (2) 30% per annum on the Base Amount for each day from and including November 7, 2022

until the date when the charge is paid in full.

- (g) Section 4.1 is amended by deleting paragraph (s) and replacing it with "[**Intentionally deleted**]" and by adding the following paragraphs:

- (s) [**Intentionally deleted**]
- (t) general security agreement granted by SFT 30 creating in favour of the Lender a first-ranking security interest in all of its present and after-acquired personal property ("**SFT 30 GSA**");
- (u) unlimited guarantee by SFT 30 to pay the Loan Amount and observe and perform all other obligations and liabilities of the Borrowers hereunder and under the Security Documents;

- (v) *2nd modification granted by the ITC Borrower and the UB Nominee of the ITC Hotel Mortgage, the ITC Bar Mortgage and the UB Mortgage, increasing the principal amount thereof to CAD\$43,500,000 (the "2nd Modification of Mortgage");*
- (w) *beneficiary authorization and charge agreement relating to the 2nd Modification of Mortgage granted by the UB Nominee and the other UB Borrowers in favour of the Lenders (the "BAC re 2nd Modification of Mortgage");*
- (x) *2nd amended and restated priority and standstill agreement between the Lenders and the Senior A Lenders, relating to the Senior A Security and all other security held by the Senior A Lenders from the Obligants (the "Senior A / Senior B Lenders Priority Agreement"),*

6. ACCOMMODATION FEE

The Borrowers shall pay a fee in respect of this Agreement (the "**Accommodation Fee**") in the amount of **\$950,440.50** to Lender A.

The Accommodation Fee is non-refundable and will be earned by Lender A upon issuance to the Borrowers of this Agreement, and, subject to Section 8 below, the Accommodation Fee is deemed to be paid out of the proceeds of Tranche 6 on the Accommodation Effective Date.

For greater certainty, the Accommodation Fee is earned and payable as provided above in this Section 6, even if any of the conditions set out in Section 8 is not satisfied (or waived by the Lenders), or if any of the Obligants is otherwise unwilling or unable to complete the transactions contemplated hereunder.

7. SFT 30

Each of the Obligants, jointly and severally, represents and warrants to the Lenders, and agrees with the Lenders, as follows:

- (a) SFT 30 is an affiliate of the Borrowers.
- (b) SFT 30 is the registered and beneficial owner of 180,000 Class A ordinary shares in the capital of AMTD Digital Inc. (the "**Class A Shares**"), which shares are represented by a share certificate, number 51, issued by AMTD Digital Inc. (the "**Share Certificate**"), free and clear of any security interest, mortgage, lien, charge, or other encumbrance whatsoever.
- (c) The American depository shares ("**ADS**") of AMTD Digital Inc. are listed on the New York Stock Exchange under the ticket symbol "HKD"; and every five ADS represent two Class A Shares.
- (d) The sole business of SFT 30 is for the purpose of owning the 180,000 Class A Shares (the "**SFT 30 Shareholding**").
- (e) SFT 30 has all requisite power and authority, and has obtained all necessary consents, in order to grant SFT 30 GSA and to pledge and otherwise create interest in the SFT 30 Shareholding in favour of the Lenders.
- (f) Upon request of the Lenders, SFT 30 shall (and the other Obligants shall cause SFT 30 to) deliver the Share Certificate, together with a stock power of attorney, endorsed in blank, to or to the direction of the Lenders.

8. CONDITIONS PRECEDENT

Notwithstanding any other provisions of this Agreement, the accommodation of the Lenders' pursuant to Section 3 above and the amendment to the Existing Loan Agreement pursuant to Section 5 above shall not become effective unless and until the following conditions have been satisfied to the satisfaction of the Lenders (or waived by the Lenders in their sole discretion):

- (a) the Lenders shall have received the following documents, each in form and substance to their satisfaction
 - (1) this Agreement, duly executed by the Obligants;
 - (2) the SFT 30 GSA and the SFT 30 Guarantee (as both terms are defined under amendment pursuant to Section 5(g) above), duly executed by the parties thereto;
 - (3) the 2nd Modification of Mortgage, the BAC re 2nd Modification of Mortgage, and the Senior A / Senior B Lenders Priority Agreement (as both terms are defined under amendment pursuant to Section 5(g) above), duly executed by the parties thereto; and
 - (4) irrevocable and unconditional direction as to the application of the proceeds of Tranche 2 and Tranche 5 signed by the Borrowers;
- (b) the Lenders shall have received the following documents, each in form and substance to their satisfaction
 - (1) certificate of good standing (or equivalent) with respect to SFT 30;
 - (2) certificate of officers or directors of SFT 30;
 - (3) an opinion issued by counsel to SFT 30 as to their existence, the authorization, execution, delivery by each of the Obligants of the applicable Loan Documents, and such other matters as the Lenders or their solicitors may require;
 - (4) written confirmation in form and substance satisfactory to the Lenders issued by AMTD Digital Inc. that (i) SFT 30 is the registered owner of 180,000 Class A Shares, (ii) such shares remain certificated, and AMTD Digital Inc. has possession of the Share Certificate, and (iii) AMTD Digital Inc. has not entered into any agreement with any person to deliver the Share Certificate or otherwise comply with the instruction from such person regarding the Share Certificate;
- (c) all registrations and filings in connection with the SFT 30 GSA, the 2nd Modification of Mortgage and the Senior A / Senior B Lenders Priority Agreement have been made to the satisfaction of the Lenders; and
- (d) there must be no outstanding Event of Accommodation Default and no outstanding event, which with the passing of time, the giving of notice or otherwise would constitute an Event of Accommodation Default.

9. EVENTS OF ACCOMMODATION DEFAULT

9.1 Events

Each of the following constitutes an Event of Accommodation Default:

- (a) if at any time there is a default or a breach by an Obligor of any covenant, agreement, term, condition, stipulation or proviso contained in this Agreement;
- (b) if an Event of Default (other than the Existing Default) has occurred under the Loan Agreement or any other Loan Document; or
- (c) if the Lenders, in their sole discretion, believe that (i) the Hotel Property Beneficial Transfer has been fully consummated, or (ii) the Borrower no longer has the sole control to the Hotel Property, or (iii) there is any change in the ownership or management of any Borrower, any of the other Obligors, the Hotel Property or any other Property (or any part thereof) that could have a material adverse effect on the validity and enforceability of the Loan Agreement, the Security Documents, the Lenders' rights, benefits and remedies thereunder, or the validity or priority of the Lenders' security interests created thereunder.

9.2 Remedies

Upon the occurrence of an Event of Accommodation Default, the Accommodation Period will automatically expire and come to an end (unless expressly waived by the Lenders in their sole discretion), and the Lenders may in their sole discretion exercise any and all of the rights, remedies and powers under the Loan Agreement, the Security Documents, the Loan Documents and this Agreement.

It shall constitute an Event of Default under the Loan Agreement, the Security Documents and the other Loan Documents if an Event of Accommodation Default has occurred.

10. GENERAL

10.1 Amendment

This Agreement shall be read and construed along with the Existing Loan Agreement and be treated as a part thereof and, for such purposes and so far as may be necessary to effectuate these presents, the Existing Loan Agreement shall be regarded as being hereby amended (subject to Section 8 above), and the Existing Loan Agreement as so amended together with all of the covenants, clauses, agreements, provisos, stipulations, conditions, powers, matters and things whatsoever contained in the Existing Loan Agreement shall continue in full force and effect.

10.2 Expenses

The Borrowers shall pay on demand all costs and expenses incurred by or on behalf of the Lenders in carrying out or attempting to carry out the transaction(s) contemplated under this Agreement or in implementing or enforcing the terms of this Agreement.

10.3 Successors and Assigns

This Agreement and the Loan Agreement shall enure to the benefit of and be binding on each of the parties hereto and their respective personal representatives, successors and permitted assigns.

10.4 Applicable Law

This Agreement shall in all respects be governed by and be construed in accordance with the laws of British Columbia and the laws of Canada applicable therein.

10.5 Counterparts

This Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and all of which taken together constitute one and the same instrument, and all such counterparts may be delivered by way of facsimile transmission or in PDF by e-mail to the other party.

[Signature Pages Follow.]

IN WITNESS WHEREOF the parties hereto execute this Agreement on the date first above written.

Lenders:

FOX ISLAND DEVELOPMENT LTD.

Per: 
Authorized Signatory

ADVANCED VENTURE HOLDING CO., LTD.

Per: _____
Authorized Signatory

Per: _____
Authorized Signatory

[Obligants' Signature Page Follows]

IN WITNESS WHEREOF the parties hereto execute this Agreement on the date first above written.

Lenders:

FOX ISLAND DEVELOPMENT LTD.

Per: _____
Authorized Signatory

ADVANCED VENTURE HOLDING CO., LTD.

Per:  _____
Authorized Signatory
STANDARD NOMINEES LIMITED

Per:  _____
Authorized Signatory
STANDARD NOMINEES LIMITED

[Obligants' Signature Page Follows]

Borrowers:

**KENSINGTON UNION BAY PROPERTIES
LIMITED PARTNERSHIP**, by its general partner,
**KENSINGTON UNION BAY PROPERTIES GP
LTD.**

Per: _____

Mo Yeung Ching
Authorized Signatory

**KENSINGTON UNION BAY PROPERTIES GP
LTD.**

Per: _____

Mo Yeung Ching
Authorized Signatory

34083 YUKON INC.

Per: _____

Mo Yeung Ching
Authorized Signatory

**INTERNATIONAL TRADE CENTER
PROPERTIES LTD.**

Per: _____

Mo Yeung Ching
Authorized Signatory

Guarantors:

MO YEUNG PROPERTIES LTD.

Per: _____

Mo Yeung Ching, Authorized Signatory

SUNWINS ENTERPRISES LTD.

Per: _____

Mo Yeung Ching, Authorized Signatory

HOTEL VERSANTE LTD.

Per: _____

Mo Yeung Ching, Authorized Signatory

SFT DIGITAL HOLDINGS 30 LTD.

Per: _____

Authorized Signatory

SIGNED, SEALED AND DELIVERED:)

Signature of Witness)

Name of Witness)

THOMAS RUSSELL
SOLICITOR

Address)

SUITE 500 NORTH TOWER

Occupation)

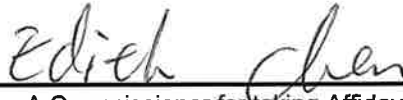
5811 COONEY ROAD

RICHMOND, B.C. V6X 3M1

TELEPHONE 604-276-2765

MO YEUNG CHING (also known as
MICHAEL CHING)

This is **Exhibit "D"** referred to in the Affidavit of MO
YEUNG (MICHAEL) CHING affirmed before me, at
Vancouver BC, this 15th day of October, 2025

A handwritten signature in cursive script, reading "Edith Chen", written in black ink over a horizontal line.

A Commissioner for taking Affidavits for
British Columbia

FORBEARANCE AND THIRD AMENDING AGREEMENT (SENIOR B LOAN)

THIS AGREEMENT dated for reference February 28, 2023

AMONG:

KENSINGTON UNION BAY PROPERTIES NOMINEE LTD., (formerly known as
34083 YUKON INC.),
KENSINGTON UNION BAY PROPERTIES LIMITED PARTNERSHIP, and
KENSINGTON UNION BAY PROPERTIES GP LTD.

(collectively, "**UB Borrowers**")

AND

INTERNATIONAL TRADE CENTER PROPERTIES LTD.

("ITC Borrower"; together with UB Borrowers, collectively, the "**Borrowers**")

AND

HOTEL VERSANTE LTD.

AND

SUNWINS ENTERPRISE LTD.

AND

MO YEUNG PROPERTIES LTD.

AND

MO YEUNG CHING

(collectively, the "**Initial Guarantors**")

AND

SFT DIGITAL HOLDINGS 30 LTD. ("**SFT 30**" or the "**Additional Guarantor**"; together with the Initial Guarantors, collectively, the "**Guarantors**")

AND:

FOX ISLAND DEVELOPMENT LTD. ("**Lender A**")

AND

ADVANCED VENTURE HOLDING CO., LTD. ("**Lender B**")

(collectively, the "**Lenders**")

WHEREAS:

- (A) The Borrowers, the Initial Guarantors and the Lenders entered into the Senior B Loan Agreement dated for reference June 14, 2021, as amended by the First Amending Agreement dated for reference March 7, 2022, whereby (among other things) the Lenders agreed to provide a term loan in the aggregate principal amount of not more than CAD\$39,000,000 to the Borrower
- (B) The ITC Borrower has entered into an agreement to transfer its beneficial interest in all or part of the Hotel Property to a separate entity (the "**Hotel Property Holdco**"; such agreement, the "**Hotel**

Property Beneficial Transfer Agreement”), which transfer (the **“Hotel Property Beneficial Transfer”**) constitutes a material change in the ownership of the Hotel Property and will require the Lenders’ approval;

- (C) The Lenders have not issued any approval for the Hotel Property Beneficial Transfer, nor have they approved the ITC Borrower’s entry into the Hotel Property Beneficial Transfer Agreement in relation to such transfer;
- (D) On the Borrowers’ request, the Lenders agreed to (among other things) refrain from exercising their rights under the Existing Loan Agreement and the other Loan Documents in relation to the Hotel Property Beneficial Transfer during a period of forbearance up to March 7, 2023, pursuant to the terms and conditions set forth in the Second Amending Agreement dated for reference September 7, 2022 (the **“Second Amending Agreement”**), among the Borrowers, the Guarantors and the Lenders;
- (E) On the Borrowers’ further request, the Lenders have agreed to (among other things) extend the period of forbearance to July 31, 2023 and to continue to refrain from exercising their rights under the Existing Loan Agreement and the Loan Documents in relation to the Hotel Property Beneficial Transfer during the extended period of forbearance, to accept partial payments of the Loan and to further amend the Existing Loan Agreement, all on the terms and conditions set forth herein.

NOW THEREFORE in consideration of the mutual premises, covenants and agreements set forth herein and all other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the parties hereto agree as follows:

1. INTERPRETATION

1.1 Definitions

In this Agreement:

- (a) Words with initial capital letters which are not otherwise defined in this Agreement have the meanings set out in the Loan Agreement.
- (b) **“Event of Forbearance Default”** has the meaning given to it in Section 10 hereof.
- (c) **“Existing Loan Agreement”** means the Senior B Loan Agreement dated for reference June 14, 2021 between (among others) the Borrowers and the Lenders, as amended by (i) the First Amending Agreement dated for reference March 7, 2022, and (ii) the Second Amending Agreement dated for reference September 7, 2022.
- (d) **“Forbearance Effective Date”** means March 7, 2023.
- (e) **“Forbearance End Date”** means July 31, 2023.
- (f) **“Forbearance Period”** means the period from the Forbearance Effective Date and up to and including the earlier of:
 - (1) the Forbearance End Date; and
 - (2) the date on which an Event of Forbearance Default has occurred.
- (g) **“Loan Agreement”** means the Existing Loan Agreement, as amended and supplemented by this Agreement and as the same may be amended, extended, supplemented, modified, renewed, replaced and restated from time to time.

- (h) **"Obligants"** means, collectively, the Borrowers and the Guarantors.

1.2 Amendment Not a Waiver

Except as expressly provided herein, the Lenders reserve all of their rights and remedies at any time and from time to time in connection with any or all breaches, defaults or Events of Default now existing or hereafter arising under any Loan Document, and whether known or not, and this Agreement shall not be construed as a waiver of any such breach, default or Events of Default.

1.3 Advance Date; Deemed Borrowing

The Obligants and the Lenders acknowledge and agree that all outstanding borrowings under the Existing Loan Agreement shall continue to be outstanding and constitute borrowings under the Loan Agreement as of the Forbearance Effective Date. This Agreement shall not be deemed to evidence or result in a novation of such borrowings or a repayment and reborrowing of such borrowings.

2. ACKNOWLEDGEMENT AND AGREEMENT BY THE OBLIGANTS

2.1 Hotel Property Beneficial Transfer

Each of the Obligants acknowledges to and agrees with the Lenders as follows:

- (a) The statements set out in Recitals (B) and (C) are true and correct, and form an operative part of this Agreement.
- (b) The Hotel Property Beneficial Transfer has not been fully consummated, subject to the satisfaction of certain conditions to be fulfilled by the ITC Borrower, including, without limitation, the refinancing of the Loan under the Loan Agreement (together with the Senior A Indebtedness which is secured by a mortgage against the Hotel Property).
- (c) As at the Forbearance Effective Date and the date on which all conditions set out in Section 9 hereof have been satisfied (or otherwise waived by the Lenders), the ITC Borrower remains the sole owner of all of the beneficial interest in the Hotel Property (subject only to its obligation to effect the Hotel Property Beneficial Transfer in favour of Hotel Property Holdco pursuant to the Hotel Property Beneficial Transfer Agreement).
- (d) Notwithstanding that the Hotel Property Beneficial Transfer has not been fully consummated, the Obligants agree that the ITC Borrower's entry into the Hotel Property Beneficial Transfer Agreement and otherwise agreeing to the Hotel Property Beneficial Transfer constitute an Event of Default under the Loan Agreement (the **"Existing Default"**), and the Lenders are (but for the Second Amending Agreement and this Agreement) entitled to immediately accelerate and demand full payment of the outstanding Loan Amount as a result of the Existing Default pursuant to the terms of the Loan Agreement.
- (e) The Obligants agree to:
 - (1) promptly and from time to time advise the Lenders of the status of the Hotel Property Beneficial Transfer in sufficient details to the satisfaction of the Lenders; and
 - (2) upon the Lenders' request from time to time, (i) provide confirmation (in form and substance satisfactory to the Lenders) that the ITC Borrower remains the sole owner of all of the beneficial interest in the Hotel Property, and (ii) deliver to the Lenders a certified copy of the Hotel Property Beneficial Transfer Agreement.

2.2 Debt; Existing Loan Agreement

Each of the Obligants acknowledges to and agrees with the Lenders as follows:

- (a) As at March 7, 2023 (without taking into account the amendment to the Existing Loan Agreement provided herein):
- (1) the Borrowers are indebted to the Lenders, on account of the outstanding balance under each tranche of the Loan (including any accrued and unpaid interest thereon, if applicable, assuming that the applicable interest rate remains at 15.25% per annum for Tranche 2A, Tranche 2B, Tranche 5 and Tranche 6 for the period up to and including March 7, 2023), in the amounts set out below:

Tranche	Principal Amount owing
1	\$7,782,064.84
2a	\$19,189,056.93
2b	\$10,008,045.55
3	\$4,457,020.52
4	\$2,599,243.99
5	\$1,000,858.75
6	\$1,530,000.00
Total:	\$46,566,290.58

plus all other fees, costs, expenses and other charges that are payable by the Borrowers to the Lenders in accordance with the Existing Loan Agreement (collectively, the "**Debt**");

- (2) there is no balance remaining in any of the Interest Reserves, except for the following:

Tranche	Interest Reserve Balances
1	\$0.00
2a	\$2,628.64
2b	\$1,370.97
3	\$0.00
4	\$0.00
5	\$1,790.25
6	\$1,905.38

- (b) Pursuant to the Existing Loan Agreement (and without taking into account the amendment to the Existing Loan Agreement and the Lenders' forbearance and other agreements, all as provided herein):
 - (1) the term of the Loan will mature on March 14, 2023;
 - (2) the Borrowers (i) are not entitled to make any partial prepayment of the Loan (or any tranche thereof), and (ii) may only make full prepayment of the Loan Amount, provided that they have provided not less than 60 days' prior written notice to the Lenders (for greater certainty, no such 60 days' notice was provided to the Lenders);
 - (3) interest on Tranche 1, Tranche 3 and Tranche 4 has been accruing at 30% per annum since December 15, 2021; and
 - (4) interest on Tranche 2, Tranche 5 and Tranche 6 has been accruing at 15.25% per annum since January 26, 2023, and will accrue at 30% per annum from March 8, 2023.
- (c) None of the Obligants has any claim or counterclaims against the Lenders in relation to the Debt, the Loan Amount, the Existing Loan Agreement, the Security Documents and the other Loan Documents.

2.3 Existing Default

Each of the Obligants hereby acknowledges to and agrees with the Lenders as follows:

- (a) The Existing Loan Agreement and the Security Documents are in default pursuant to the terms thereof as a result of the Existing Default and, but for the Second Amending Agreement and this Agreement, the Lenders are entitled to immediately accelerate and demand full payment of the Debt and the Loan Amount, and take immediate steps to enforce its security under the Security Documents.
- (b) The Lenders have entered into this Agreement with the Obligants at their request and with a view to allowing the Obligants additional time to repay the Debt and the Loan Amount in a lawful, efficient and cost-effective manner.
- (c) Except as expressly provided in the Second Amending Agreement and this Agreement, the Lenders have not made any promise, nor has any of them taken any action or omitted to take any action, that would constitute a waiver of their rights to pursue any remedies in respect of the Loan, the Loan Agreement, the Security Documents or the other Loan Documents that would prevent them from so doing.
- (d) The Lenders' forbearance as provided in Section 4 below and otherwise under this Agreement or the Second Amending Agreement is not to be taken as a waiver by the Lenders of any of their rights under any of the Loan Agreement, the Security Documents or any other Loan Documents which may arise from any other default which presently exists or which may in the future occur.
- (e) In the event that the Obligants seek the assistance of a court of competent jurisdiction, or other protection, under any legislation or otherwise to stay the actions or claims of creditors, to the extent permitted by law, the Obligants, in consideration of the forbearance provided to them by the Lenders under the terms of this Agreement, will not seek any assistance

from the court, or other protection, under any legislation, or otherwise, which would in any way stay the actions of the Lenders or otherwise prevent the Lenders from realizing on all or any part of the security under the Security Documents.

2.4 Senior A Indebtedness

Each of the Obligants hereby acknowledges to and agrees with the Lenders as follows:

- (a) The ITC Borrower is indebted to certain Senior A Lenders in respect of the Senior A Indebtedness pursuant to the terms of the Senior A Loan Agreement, which indebtedness is secured by (among other things) the Senior A Security charging the Hotel Property, and supported by an unlimited joint and several guarantee granted by the UB Borrowers (among others), as guarantors.
- (b) Concurrent with entering into this Agreement, the Senior A Lenders, the ITC Borrower and the UB Borrowers (together with others) have agreed to enter into a forbearance agreement (the "**Senior A Forbearance Agreement**") in respect of the Existing Default and the Senior A Indebtedness.
- (c) Pursuant to the Senior A Forbearance Agreement:
 - (1) the ITC Borrower will make certain payments to the Senior A Lenders as follows:
 - (A) on or before February 28, 2023, the sum of \$3,568,240.74 (the "**Senior A 1st Forbearance Payment**"), being (i) the amount of \$3,458,240.74 on account of the Tranche 4 Payment (as defined in the Senior A Forbearance Agreement), plus (ii) \$60,000 towards the Forbearance Fees (as defined in the Senior A Forbearance Agreement) then due; and
 - (B) on or before April 30, 2023, the then outstanding balance of the Senior A Indebtedness in full (the "**Senior A Remaining Forbearance Payment**"),
 (collectively, the "**Senior A Forbearance Payments**");
 - (2) the forbearance period (the "**Senior A Forbearance Period**") under the Senior A Forbearance Agreement will expire on April 30, 2023, or at such earlier time if any of the Senior A Forbearance Payments is not made when due, or if there is otherwise any other default under the terms of the Senior A Forbearance Agreement.

2.5 UB Project Indebtedness

Each of the Obligants hereby acknowledges to and agrees with the Lenders as follows:

- (a) The UB Borrowers are indebted to certain UB Project Lenders in respect of the UB Project Indebtedness pursuant to the terms of the UB Project Loan Agreement, which indebtedness is secured by (among other things) the UB Project Security charging the UB Property, and supported by an unlimited guarantee granted by the ITC Borrower (among others), as guarantor.
- (b) Pursuant to the UB Project Loan Agreement, the UB Borrowers must pay 100% of the UB Lot 2 Unit Net Sale Proceeds by wire transfer to the trust account of the Lenders' Solicitors to fund the UB Project Permitted Pay-Down Reserve, until the balance thereof is sufficient to repay in full Tranche 2A, Tranche 2B and Tranche 3A (including the initial aggregate

principal balance of \$7,600,000, plus the accrued and unpaid interest thereon) on account of the UB Indebtedness.

- (c) The total sum of the purchase price under the UB Lot 2 Unit Sale Agreements is not less than \$20,000,000, and the aggregate amount of the UB Lot 2 Unit Net Sale Proceeds is expected to be not less than \$19,000,000 (the "**UB Lot 2 Unit Net Sale Proceed Target Amount**").
- (d) Concurrent with entering into this Agreement, the UB Project Lenders, the ITC Borrower and the UB Borrowers (together with others) have agreed to enter into a forbearance agreement (the "**UB Project Loan Forbearance Agreement**") in respect of the Existing Default and the UB Project Indebtedness.
- (e) Pursuant to the UB Project Loan Forbearance Agreement (among other things):
 - (1) the forbearance period (the "**UB Project Loan Forbearance Period**") under the UB Project Loan Forbearance Agreement will expire on July 15, 2023, or such earlier date if there is any default under the terms of the UB Project Loan Forbearance Agreement.

2.6 Loan Documents

Each of the Obligants hereby agrees, ratifies, acknowledges and confirms to the Lenders that:

- (a) the term "Loan Agreement", as used in each of the Loan Documents, means the Existing Loan Agreement, as amended and supplemented by this Agreement, and as may be further amended, extended, supplemented, modified, renewed, replaced and restated from time to time;
- (b) this Agreement constitutes a "Loan Document";
- (c) each of the Security Documents previously granted by the Obligants prior to the Forbearance Effective Date pursuant to the Existing Loan Agreement, is held and will continue to be held by the Lenders as collateral security for all of the debts, liabilities and obligations, present and future, direct and indirect, of each of the Obligants to the Lenders pursuant to the Loan Agreement and the other Loan Documents;
- (d) each of the Obligants will continue to be bound by all of the terms, conditions, covenants and obligations applicable to such Obligor under or pursuant to this Agreement, the Loan Agreement and the other Loan Documents to the extent such Obligor is a party, and
- (e) each of the Obligants hereby ratifies, acknowledges and confirms all obligations, covenants, agreements, provisos, stipulations, conditions, powers, matters and things whatsoever contained in the Existing Loan Agreement (as may be amended herein) and the other Loan Documents, all of which shall continue in full force and effect.

3. OBLIGANTS' COVENANTS

Each of the Obligants covenants and agrees with the Lenders as follows:

3.1 February 28, 2023

- (a) The Borrowers will make the Senior A 1st Forbearance Payment on or before February 28, 2023 in accordance with the terms of the Senior A Forbearance Agreement.

- (b) The Borrowers will pay to the Lenders, on or before February 28, 2023, the sum of \$6,481,759.26 (the "**1st Forbearance Payment**"), on account of the Loan Amount then owing.

Each of the parties hereto acknowledge and agree that:

- (1) Subject to paragraph (2) below, the 1st Forbearance Payment shall be allocated to Tranche 1, Tranche 3 and Tranche 4, exclusively, as follows:

- (A) to Tranche 1, \$3,399,403.65;
- (B) to Tranche 3, \$1,946,939.80;
- (C) to Tranche 4, \$1,135,415.81,

each such amount shall be applied to the outstanding balance of the Loan Amount owing under the applicable tranche then owing as at March 7, 2023, notwithstanding that the payment (or any part thereof) may have been received prior to that date;

- (2) the 1st Forbearance Payment may be made in one or more instalments, provided that:

- (A) unless the Lenders expressly agree otherwise, each such instalment must be by wire transfer to the Lenders' Solicitors, Norton Rose Fulbright Canada LLP, in trust;
- (B) each such instalment shall be held as reserve and (unless the Lenders in their sole discretion agree otherwise) shall only be credited or otherwise applied towards the then outstanding balance of the Loan Amount on the date when the full amount of the 1st Forbearance Payments is received;

- (3) for greater certainty, if the 1st Forbearance Payment is not made in full on or before February 28, 2023, then the Lenders may in their sole discretion (i) withdraw their permission to such partial prepayment or (ii) vary or impose other conditions for their permission to such partial prepayment.

- (c) If:

- (1) there is no outstanding Event of Forbearance Default and no outstanding event, which with the passing of time, the giving of notice or otherwise, would constitute an Event of Forbearance Default; and
- (2) the Lenders are satisfied that both (i) the Senior A 1st Forbearance Payment pursuant to the Senior A Forbearance Agreement as contemplated in Section 3.1(a) above, and (ii) the 1st Forbearance Payment pursuant to Section 3.1(b) above, have been made,

then the Lenders agree to partially discharge their mortgage and charge under the Security Documents from UB Lot 3 and ITC Bar.

3.2 April 30, 2023

The Borrowers will make the Senior A Remaining Forbearance Payment on or before April 30, 2023 in accordance with the terms of the Senior A Forbearance Agreement.

3.3 July 31, 2023

- (a) The Borrowers will pay to the Lenders, on or before July 31, 2023, \$30,000,000 (the "2nd Forbearance Payment"), on account of the Loan Amount then owing.

Each of the parties hereto acknowledge and agree that:

- (1) Subject to paragraph (2) below, the 2nd Forbearance Payment shall be allocated to each tranche of the Loan, as follows:
 - (A) firstly, in payment of the outstanding interest and principal balance of Tranche 1, Tranche 3 and Tranche 4 then outstanding, pro rata, among all such tranches;
 - (B) secondly, in payment of the outstanding interest and principal balance of Tranche 2A, Tranche 2B and Tranche 5 then outstanding, pro rata, among all such tranches,
 - (C) thirdly, in payment of the outstanding interest and principal balance of Tranche 6; and
 - (D) lastly, in payment of the outstanding interest and principal balance of any other tranches of the Loan.

each such amount shall be applied to the outstanding balance of the Loan Amount owing under the applicable tranche then owing as at July 31, 2023 (or, subject to the conditions for effecting a prepayment under Section 3.6 below have been satisfied, an earlier date when the full amount of the 2nd Forbearance Payment is received), notwithstanding that the payment (or any part thereof) may have been received prior to that date;

- (2) The 2nd Forbearance Payment may be made in one or more instalments, provided that:
 - (A) unless the Lenders expressly agree otherwise, each such instalment must be by wire transfer to the Lenders' Solicitors, Norton Rose Fulbright Canada LLP, in trust; and
 - (B) each such instalment shall be held as reserve and (unless the Lenders in their sole discretion agree otherwise) shall only be credited or otherwise applied towards the then outstanding balance of the Loan Amount on the date when the full amount of the 2nd Forbearance Payment is received;
- (3) the remaining outstanding balance of the Loan Amount then owing, after taking into account the reduction as a result of the 2nd Forbearance Agreement may be refinanced by a further term loan as contemplated in Section 8.2 below; and
- (4) for greater certainty, if the 2nd Forbearance Payment is not made in full on or before July 31, 2023, then the Lenders may in their sole discretion (i) withdraw their permission to such partial prepayment or (ii) vary or impose other conditions for their permission to such partial prepayment.

3.4 During Forbearance Period

During the Forbearance Period, interest shall accrue on the daily outstanding balance of each of Tranche 2A, Tranche 2B, Tranche 5 and Tranche 6 as follows:

- (a) from March 7, 2023 up to and including July 31, 2023, 15% per annum, PLUS the then applicable Rate Premium; and
- (b) from August 1, 2023, 30% per annum.

To the extent that the applicable Interest Reserves for Tranche 2A, Tranche 2B, Tranche 5 and Tranche 6 have been exhausted, on each Payment Date, the interest then due pursuant to the foregoing shall be added to the outstanding principal balance of the applicable tranche of the Loan, and the amount so added shall accrue interest at the same rate and in the same manner as on the rest of that tranche of the Loan from the day immediately after the applicable Payment Date in accordance with the terms hereof.

Provided that the Forbearance Period has not expired or otherwise been terminated, the interest amount calculated and capitalized in accordance with the foregoing terms under this Section 3.4 shall be in substitution for (and not in addition to) the interest on the Loan calculated and payable in accordance with Section 2.4 of the Loan Agreement.

For greater certainty, interest shall continue to accrue on the daily outstanding balance of each of Tranche 1, Tranche 3 and Tranche 4 at 30% per annum, during the Forbearance Period.

3.5 Forbearance End Date

In addition to the 1st Forbearance Payment and the 2nd Forbearance Payment (which shall be paid in full in accordance with Sections 3.1(b) and 3.3(a)), the Borrower will pay to the Lenders:

- (a) if no Event of Forbearance Default has occurred, the Loan Amount then owing on the Forbearance End Date in full (which repayment shall be funded by the refinancing as contemplated in Section 8.2 below); and
- (b) if an Event of Forbearance Default has occurred and the Forbearance Period expires as a result pursuant to Section 10.2:
 - (1) the Loan Amount then owing in full on the date on which the Forbearance Period expires; and
 - (2) the amount of interest that would have accrued on the Loan at the prevailing interest rate then applicable for the period from and including the date on which date on which the Forbearance Period expires, up to and including the Forbearance End Date.

3.6 Prepayment

During the Forbearance Period, the Borrowers may prepay:

- (a) the 2nd Forbearance Payment; or
- (b) the entire Loan Amount then owing,

in each case, in full but not in part, at any time, provided that the Borrowers have provided to the Lenders not less than 60 days' prior written notice of its intention to make a prepayment (the "**Prepayment Notice**")

and the notice shall set out the proposed date of prepayment (the “**Proposed Prepayment Date**”) and the amount to be prepaid.

The Borrowers agree and acknowledge that:

- (c) each Prepayment Notice, once delivered to the Lenders, is irrevocable;
- (d) the Lenders are entitled to, and will, rely on the Prepayment Notice, including, without limitation, in managing the Loan and all other loans (whether committed or proposed but not yet committed) within their respective portfolios;
- (e) the Lenders may suffer losses (including, without limitation, loss of alternate investment opportunities, loss of profits, increased cost of funds) if the Borrowers do not complete the prepayment in accordance with the Prepayment Notice;
- (f) without limiting the generality of Section 12 under the Loan Agreement, the Borrowers agree to indemnify the Lenders and hold the Lenders harmless against any losses, claims, costs, damages or liabilities incurred or suffered by the Lenders as a result of or in connection with each Prepayment Notice; and
- (g) if the Borrowers do not complete the prepayment in accordance with the Prepayment Notice within 5 days after the Proposed Prepayment Date, they will, at the request of the Lenders in their sole discretion, pay to or to the order of the Lenders an additional administrative fee in the amount equal to 2% of the proposed prepayment amount.

3.7 Redemption Period

The Borrowers and the other Obligants will irrevocably consent to an order nisi, stipulating a shortened redemption period of 60 days in any foreclosure proceedings brought by the Lenders in respect of the Property charged by the mortgages granted pursuant to the Loan Agreement or any other Security Document and an order for conduct of sale in favour of the Lenders effective from the end of the redemption period, such consent order otherwise in form and content acceptable to the Lenders in all other respects. The Borrowers and the other Obligants hereby agree to cooperate with the Lenders in their efforts to achieve a timely sale of the Property (or any part thereof) in any foreclosure proceedings.

4. LENDERS’ FORBEARANCE

Subject to Section 9 below, and provided that there is no outstanding Event of Forbearance Default and no outstanding event, which with the passing of time, the giving of notice or otherwise, would constitute an Event of Forbearance Default, the Lenders hereby agree with the Borrowers and the other Obligants as follows:

- (a) the Lenders waive and forgive the difference between the interest that would have accrued on Tranche 2A, Tranche 2B, Tranche 5, Tranche 6 pursuant to Section 2.4 of the Loan Agreement and the interest calculated pursuant to Section 3.4 above, during the Forbearance Period; and
- (b) the Lenders forbear from making demand on the Loan and enforcing their security under the Security Documents, until the Forbearance Period has expired.

5. REPRESENTATIONS AND WARRANTIES

5.1 General Representations

Each of the Obligants, jointly and severally, represents and warrants as follows to the Lenders:

- (a) The UB Nominee, a company incorporated in Yukon with the original name "34083 Yukon Inc.", was continued into British Columbia on March 22, 2023 as a company with the name Kensington Union Bay Properties Nominee Ltd.
 - (b) Except as set out in Section 2 above, each of the representations and warranties in Section 5 of the Existing Loan Agreement are true, accurate and complete in all respects on and as of the date hereof and the Forbearance Effective Date, with the same effect as if such representations and warranties had been made on and as of the date hereof and the Forbearance Effective Date (except for those representations and warranties which speak solely as of an earlier date, in which event those representations and warranties must be true, accurate and complete in all respects as of such earlier date);
 - (c) the borrowing of the Loan (as amended herein) or the provision of financial assistance (as applicable) by each Obligor and the provision of security therefor, as contemplated by this Agreement and the other Loan Documents to which that Obligor is party, and the execution, delivery and performance by that Obligor of this Agreement and the other Loan Documents:
 - (1) have been duly authorized by all necessary proceedings of that Obligor (to the extent it is a corporation or a limited partnership);
 - (2) do not and will not conflict with or result in a breach of any of the terms, conditions or provisions of:
 - (A) the constating documents of that Obligor (to the extent it is a corporation or a limited partnership);
 - (B) any law applicable to or binding on or affecting that Obligor or its assets;
 - (C) the Senior A Indebtedness or any Senior A Security;
 - (D) the UB Project Indebtedness or any UB Project Security;
 - (E) the UB-GF Indebtedness or any UB-GF Security; or the UB-VTB Indebtedness or any UB-VTB Security;
 - (F) the Residence-SL128-Morteq Indebtedness or any Residence-SL128-Morteq Security; the SpaV-BDC Indebtedness or any Spa-BDC Security; the SpaV-Jin Indebtedness or any Spa-Jin Security; the SpaV-Kingdom Indebtedness or any Spa-Kingdom Security; or
 - (G) the Hotel Property Beneficial Transfer Agreement; or
 - (H) any agreement or other document to which that Obligor is a party
- and
- (3) do not and will not, result in, or require or permit:
 - (A) the imposition of any encumbrances on or with respect to the Property or any other properties now owned by that Obligor; or
 - (B) the acceleration of the maturity of the Senior A Indebtedness, the UB Project Indebtedness, the UB-GF Indebtedness, the UB-VTB Indebtedness, the Residence-SL128-Morteq Indebtedness, the SpaV-

BDC Indebtedness, the SpaV-Jin Indebtedness, the SpaV-Kingdom Indebtedness or any other debts owing by that Obligor;

- (d) each of the Obligor has obtained all consents, authorizations and approvals required to carry on its business as now being conducted and to enter into and perform its obligations under this Agreement and the other Loan Documents;
- (e) no consent or approval is required from the Hotel Property HoldCo or other entities that are parties to, or have a direct or indirect interest in, the Hotel Property HoldCo or otherwise in relation to the Hotel Property Beneficial Transfer in order for the Borrowers and any other Obligors to enter into and perform its obligations under this Agreement and the other Loan Documents; and
- (f) all information, documents, reports, certificates and records provided by or on behalf of the Obligors to the Lenders in relation to this Agreement or otherwise in connection with the Loan are accurate and complete in all material respects, and do not omit any material fact that would make the content thereof misleading

6. AMENDMENT

Subject to Section 9 below, the Existing Loan Agreement is amended, with effect as of the Forbearance Effective Date, as follows:

- (a) Section 1 of the Existing Loan Agreement is amended by deleting the definitions of "Existing Loan Agreement" and "UB Project Permitted Pay-Down Reserve" and adding the following definitions :

(eeee) **"Existing Loan Agreement"** means the Senior B Loan Agreement dated for reference June 14, 2021 among Lender A, the Borrowers and the Guarantors, as amended by the First Amending Agreement dated for reference March 7, 2022 and the Second Amending Agreement dated for reference September 7, 2022, among the same parties and Lender B.

(tttt) **"UB Project Permitted Pay-Down Reserve"** means the reserve for repayment in full of the outstanding balance of Tranche 1, Tranche 3 and Tranche 4 of the UB Project Indebtedness, to be funded out of the UB Lot 2 Unit Net Sale Proceeds and held in the trust account of the solicitors of the UB Project Lenders, pursuant to the terms of the UB Project Loan Agreement.

(hhhhh) **"Forbearance Agreement"** means the Forbearance and Third Amending Agreement dated for reference February 28, 2023 among the Lenders, the Borrowers and the Guarantors in respect of the Loan.

(iiii) **"Forbearance Effective Date"** means March 7, 2023.

(iiii) **"Tranche"** means each tranche of the Loan made available to the Borrowers pursuant to Section 2.1.

- (b) Sections 2.1 the Existing Loan Agreement is amended by adding the following at the end of that section:

(2.1 Term Loan)

Subject to the terms of this Agreement, the Lenders agree to make available to the Borrowers the following additional tranches of the Loan as follows:

- (h) a tranche ("**Tranche 7**") made available by Lender A in the principal amount of up to \$940,000;
- (i) a tranche ("**Tranche 8**") made available by Lender A in the principal amount of up to \$450,000;
- (j) a tranche ("**Tranche 9**") made available by the Lenders in the principal amount of up to \$14,200,000, PLUS the amount of Tranche 9 Interest Reserve as may be determined by the Lenders pursuant to Section 2.5 below.

Tranche 7 will be (and deemed to be) funded on the Forbearance Effective Date.

Tranche 8 will be (and deemed to be) funded on April 14, 2023.

Subject to the conditions to the advance having been satisfied (or waived by the Lenders in their sole discretion) as provided under Section 8.2 of the Forbearance Agreement, Tranche 9 will be funded on July 31, 2023.

- (c) Section 2.2 of the Existing Loan Agreement is amended by adding the following at the end of that section:

(2.2 Proposes)

Tranche 7 shall be used for the following purpose:

- (q) *finance certain fees in connection with the forbearance in respect of the Senior A Indebtedness, and*
- (r) *finance certain fees and charges in connection with the amendment and forbearance under this Agreement.*

Tranche 8 shall be used for the following purpose:

- (s) *finance certain fees in connection with the forbearance in respect of the UB Project Indebtedness.*

Tranche 9 shall be used for the following purpose:

- (t) *refinance the outstanding balance of the Loan owing to the applicable Lenders as at July 31, 2023;*
- (u) *fund the Interest Reserve for Tranche 9; and*
- (v) *pay all fees, legal and other costs incurred by the Lenders in connection with Tranche 9 and the Loan.*

- (d) Section 2.3 of the Existing Loan Agreement is amended by adding the following at the end of that section:

(2.3 Term)

In addition to the foregoing:

- (a) *Tranche 7 will end on August 7, 2023 (unless extended to a later date pursuant to Section 8.2 of the Forbearance Agreement);*
- (b) *Tranche 8 will end on August 7, 2023 (unless extended to a later date pursuant to Section 8.2 of the Forbearance Agreement);*
- (c) *Tranche 9 will end on August 7, 2024*

The applicable end date of each Tranche is known as the "Maturity Date".

- (e) Section 2.4 of the Existing Loan Agreement is amended by adding the following at the end of that section:

(2.4 Interest)

In addition, interest shall accrue on the daily outstanding balance of the following tranches of the Loan at such per annum rates during such period as follows:

- (f) *in respect of Tranche 7:*
 - (1) *from March 7, 2023 up to and including July 31, 2023, 15% per annum, PLUS the then applicable Rate Premium; and*
 - (2) *from August 1, 2023, 30% per annum,*
- (g) *in respect of Tranche 8:*
 - (1) *from April 14, 2023, 15% per annum, PLUS the then applicable Rate Premium; and*
 - (2) *from August 1, 2023, 30% per annum,*
- (h) *in respect of Tranche 9:*
 - (1) *from August 1, 2023, 15% per annum, PLUS the then applicable Rate Premium; and*
 - (2) *from August 1, 2024, 30% per annum,*

in all cases, calculated daily and compounded monthly, not in advance, from the applicable date on which such tranche is advanced, until and including the date when the Loan Amount in respect of each such tranche is paid in full, both before and after default, demand, maturity and judgment. Interest shall accrue on overdue interest at the same rate and in the same manner.

For greater certainty:

- (d) *in respect of Tranche 7, interest shall accrue thereon as of March 7, 2023 pursuant to the terms hereof; and*
- (e) *in respect of Tranche 8, interest shall accrue thereon as of April 14, 2023 pursuant to the terms hereof.*

- (f) Section 2.5 of the Existing Loan Agreement is amended by adding immediately after its paragraph (g) the following as its paragraph (h).

(2.5 Interest Reserve)

- (h) *for Tranche 9, in the amount equal to the interest that will accrue on the entire principal amount of Tranche 9 actually advanced, for the period commencing on July 31, 2023 and up to and including July 31, 2024 (the "Tranche 9 Interest Reserve"), at the applicable interest rate at the time of the advance.*

- (g) Section 2.7(a) is deleted and replaced with the following:

- (a) **Application of Payments.** *Payments made on account of the Loan Amount will be applied when received in the following order:*

- (1) *firstly, in payment of outstanding fees and costs pursuant hereto or to other Loan Documents which have accrued to the date such payment is received;*
- (2) *secondly, in payment of outstanding interest and principal balance of Tranche 1, Tranche 3 and Tranche 4 then owing, pro rata, among all such tranches;*
- (3) *thirdly, in payment of outstanding interest and principal balance of Tranche 2A, Tranche 2B and Tranche 5 then owing, pro rata, among all such tranches;*
- (4) *fourthly, in payment of outstanding interest and principal balance of Tranche 6 then owing;*
- (5) *fifthly, in payment of the outstanding interest and principal balance of Tranche 7 then owing; and*
- (6) *sixthly, in payment of the outstanding interest and principal balance of Tranche 8 then owing; and*
- (7) *lastly, in payment of the outstanding interest and principal balance of Tranche 9 then owing.*

Notwithstanding the foregoing, if there is an Event of Default and the Lenders have issued to the Borrowers a demand for the repayment pursuant to Section 8, then any payment received by any of the Lenders on account of the Loan Amount will be applied when received in the following order:

- (8) *firstly, in payment of outstanding fees and costs pursuant hereto or to other Loan Documents which have accrued to the date such payment is received;*
- (9) *secondly, in payment of outstanding interest and principal balance of Tranche 1, Tranche 2A, Tranche 2B, Tranche 3 and Tranche 4 then owing, pro rata, among all such tranches;*
- (10) *thirdly, in payment of outstanding interest and principal balance of Tranche 5 then owing;*
- (11) *fourthly, in payment of outstanding interest and principal balance of Tranche 6 then owing;*
- (12) *fifthly, in payment of the outstanding interest and principal balance of Tranche 7 then owing;*

(13) *sixthly, in payment of the outstanding interest and principal balance of Tranche 8 then owing;*

(14) *lastly, in payment of the outstanding interest and principal balance of Tranche 9 then owing,*

or otherwise in such order and in such manner as the Lenders, in their sole discretion, may unanimously determine.

- (h) Section 2.8 of the Existing Loan Agreement is amended by adding immediately following at the end of that section.

(2.8 Processing Fee)

The Borrowers shall pay to Lender A, in respect of Tranche 9, a processing fee (the “Tranche 9 Processing Fee”) in the sum of \$330,000.

The Tranche 9 Processing Fee is non-refundable and will be earned by Lender A upon the issuance of the Forbearance Agreement to the Borrowers, and due to Lender A on the earlier of (i) the date on which Tranche 9 is advanced, or (ii) July 31, 2023, and such fee will be deemed to be paid out of the proceeds of Tranche 9 on such earlier date.

For greater certainty, the Tranche 9 Processing Fee is earned and payable as provided above in this Section 2.8, even if any of the conditions to the advance under Tranche 9 is not satisfied (or waived by the applicable Lender) and Tranche 9 is not advanced, or if any of the Obligants is otherwise unwilling or unable to complete the transactions contemplated hereunder.

- (i) Section 2.9 of the Existing Loan Agreement is amended by adding immediately following at the end of that section.

(2.9 Commitment Expiry; Commitment Compensation)

Tranche 9 will be cancelled and the Lenders will not be obligated to advance under that tranche of the Loan, if, unless the Lenders in their sole decision agree otherwise, that tranche has not been advanced to the Borrowers by August 1, 2023.

- (j) Section 3.2 and 3.3 of the Existing Loan Agreement is amended by replacing them entirely with the following.

3.2 UB Lot 2 Units – Repayment Reserve; Partial Discharges

Upon the completion of the sale of a UB Lot 2 Unit pursuant to the applicable UB Lot 2 Unit Sale Agreement:

- (a) *the UB Owner shall deliver to the Lenders a signed copy of the vendor's final statements of adjustments relating to that sale;*
- (b) *subject to the UB Owner having funded the UB Project Permitted Pay-Down Reserve, the UB Owner shall promptly pay 100% of the UB Lot 2 Unit Net Sale Proceeds by wire transfer to the trust account of the Lenders' Solicitors, to be held as Repayment Reserve in accordance with Section 3.5; and*
- (c) *provided that there is no Event of Default and no outstanding event which, with the passing of time, the giving of notice or otherwise, would constitute an Event of Default, the Lenders will execute and deliver a partial discharge (prepared by and at the expense of the Borrowers) of the UB Mortgage (as defined in Section 4.1(c) below) and other applicable Security Documents with respect to that UB Lot 2 Unit, subject to the Lenders' Solicitors confirming to the Lenders of their receipt of the amount payable pursuant to Section 3.2(b) above.*

3.3 UB Lot 2 Units – Additional Partial Discharges

Provided that all of the following conditions have been satisfied:

- (a) *the aggregate amount of the UB Lot 2 Unit Net Sale Proceeds paid to the Lenders' Solicitors, in trust, to fund (i) the UB Project Permitted Pay-Down Reserve pursuant to the terms of the UB Project Loan Agreement, and (ii) the Repayment Reserve under this Agreement, has exceeded \$19,000,000; and*
- (b) *there is no Event of Default and no outstanding event which, with the passing of time, the giving of notice or otherwise, would constitute an Event of Default,*

then, upon request of the Borrowers, the Lender will execute and deliver a partial discharge (prepared by and at the expense of the Borrowers) of the UB Mortgage and the other applicable Security Documents with respect to all UB Lot 2 Units (to the extent they have not been discharged pursuant to Section 3.2(c) above).

- (a) Section 3.5 of the Existing Loan Agreement is amended by replacing the portion of that section up to the end of its paragraph (b) with the following.

3.5 Repayment Reserve

*To facilitate the repayment in full of the Loan Amount on their applicable Maturity Dates and otherwise in accordance with the terms hereof, the Borrowers will establish a reserve (the "**Repayment Reserve**"), which shall be held in the trust account of the Lenders' Solicitors and funded by the UB Lot 2 Unit Net Sale Proceeds and the UB Lot 3 Net Sale Proceeds which, in both cases, are paid to the Lenders' Solicitors from time to time in accordance with Section 3.2(b) and Section 3.4(b) above.*

The balance of the Repayment Reserve shall be applied as follows:

- (a) *Subject to the Lenders confirming to the Borrowers and the Lenders' Solicitors that there are sufficient funds in the Repayment Reserve to effect the repayment in full of Tranche 1, Tranche 3 and Tranche 4 in accordance with the terms of this Agreement, the funds so held in the Repayment Reserve shall be withdrawn and paid to the Lenders to repay those Tranches then owing pursuant to the terms of this Agreement and the Forbearance Agreement accordingly, which withdrawal is hereby irrevocably authorized and directed by the Borrowers; and*
- (b) *If Tranche 1, Tranche 3 and Tranche 4 have been repaid in full, then the funds held in the Repayment Reserve shall be withdrawn and paid to the Lenders to repay the other tranches of the Loan then owing pursuant to the terms of this Agreement and the Forbearance Agreement accordingly, which withdrawal is hereby irrevocably authorized and directed by the Borrowers.*

- (b) Section 6 of the Existing Loan Agreement is amended by adding immediately after its Section 6.3 with the following as the new Section 6.4.

6.4 Tranche 9

Notwithstanding any other provisions of this Agreement, in addition to the conditions set out in Section 6.1 above, the applicable Lenders shall not be obligated to advance under Tranche 9, unless and until the following conditions have been satisfied to the satisfaction of the Lenders (or waived by them in their sole discretion):

- (a) *Lender A shall have received and reviewed to its satisfaction the following:*
 - (1) *the 1st Forbearance Payment and the 2nd Forbearance Payment (as both terms are defined in the Forbearance Agreement) have been made in full pursuant to the terms of the Forbearance Agreement;*
 - (2) *the Senior A Indebtedness has been repaid in full; and*
 - (3) *the Loan Amount owing on account of Tranche 1, Tranche 3 and Tranche 4 have been repaid in full;*
- (b) *title searches for the Property (as at the date of such advance), satisfactory to the Lenders, evidencing that no encumbrances are registered against the Property, except for Permitted Encumbrances; and*
- (c) *there must be no outstanding Event of Default or Event of Forbearance Default (as defined in the Forbearance Agreement) and no outstanding event, which with the passing of time, the giving of notice or otherwise would constitute an Event of Default or an Event of Forbearance Default.*

7. FORBEARANCE FEE AND OTHER CHARGE

The Borrowers shall pay to Lender A in respect of this Agreement as follows:

- (a) a fee in the amount of \$699,000.00 (the "**Forbearance Fee**"); and
- (b) to compensate Lender A's time and enhanced efforts in monitoring the progress of the development on the UB Property, a charge in the amount of \$131,000 (the "**Development Monitoring Charge**").

Each of the Forbearance Fee and the Development Monitoring Charge is non-refundable and will be earned by Lender A upon issuance to the Borrowers of this Agreement, and, subject to Section 9 below, each such amount is deemed to be paid out of the proceeds of Tranche 7 on the Forbearance Effective Date.

For greater certainty, each of the Forbearance Fee and the Development Monitoring Charge is earned and payable as provided above in this Section 7, even if any of the conditions set out in Section 9 is not satisfied (or waived by the Lenders), or if any of the Obligants is otherwise unwilling or unable to complete the transactions contemplated hereunder.

8. REFINANCING

8.1 Partial Discharge

So long there is no outstanding Event of Forbearance Default and no outstanding event, which with the passing of time, the giving of notice or otherwise, would constitute an Event of Forbearance Default, and the following conditions have been satisfied on or before the Forbearance End Date:

- (a) the 1st Forbearance Payment and the 2nd Forbearance Payment have been made in full;
- (b) the Senior A Indebtedness has been repaid in full;
- (c) the Loan Amount owing on account of Tranche 1, Tranche 3 and Tranche 4 have been repaid in full;
- (d) the outstanding balance owing under Tranche 2A, Tranche 2B and Tranche 3A under the UB Project Indebtedness have been repaid in full; and
- (e) the aggregate amount of the UB Lot 2 Unit Net Sale Proceeds from the sales of all UB Lot 2 Units pursuant to all subsisting UB Lot 2 Unit Sale Agreements, which have been paid to the Lenders' Solicitors, Norton Rose Fulbright Canada LLP, in trust, pursuant to the terms of the UB Project Loan Agreement and the Loan Agreement (as amended pursuant to Section 6 above), is not less than the UB Lot 2 Unit Net Sale Proceed Target Amount;

then the Lenders agree to partially discharge their mortgage and charge under the Security Documents from the Hotel Property and UB Lot 2 Units (to the extent not previously discharged).

8.2 Extension of Tranche 7 and 8; Refinancing by Tranche 9

So long there is no outstanding Event of Forbearance Default and no outstanding event, which with the passing of time, the giving of notice or otherwise, would constitute an Event of Forbearance Default, and the following conditions have been satisfied on or before the Forbearance End Date:

- (a) the 1st Forbearance Payment and the 2nd Forbearance Payment have been made in full;
- (b) the Senior A Indebtedness has been repaid in full;
- (c) the Loan Amount owing on account of Tranche 1, Tranche 3 and Tranche 4 have been repaid in full,

the Lenders hereby agree to:

- (d) extend the Maturity Date of Tranche 7 and Tranche 8 to August 7, 2024, and adjust the applicable interest rate for those tranches accordingly; and

- (e) refinance all of the then outstanding balance of Tranche 2A, Tranche 2B, Tranche 5 and Tranche 6 of the Loan with a single advance under Tranche 9 (as established pursuant to the amendment under Section 6 above).

The Lenders and the Borrowers will enter into an amendment and restatement of the Loan Agreement to better reflect the intention and give effect to the foregoing, on substantially the same terms as the Loan Agreement.

9. CONDITIONS PRECEDENT

Notwithstanding any other provisions of this Agreement, the forbearance of the Lenders' pursuant to Section 4 above and the amendment to the Existing Loan Agreement pursuant to Section 6 above shall not become effective unless and until the following conditions have been satisfied to the satisfaction of the Lenders (or waived by the Lenders in their sole discretion):

- (a) the Lenders shall have received the following documents, each in form and substance to their satisfaction:
 - (1) this Agreement, duly executed by the Obligants;
 - (2) the Senior A Forbearance Agreement, duly executed by the Obligants which are parties thereto; and
 - (3) the UB Project Loan Forbearance Agreement, duly executed by the Obligants which are parties thereto; and
- (b) there must be no outstanding Event of Forbearance Default and no outstanding event, which with the passing of time, the giving of notice or otherwise would constitute an Event of Forbearance Default.

10. EVENTS OF FORBEARANCE DEFAULT

10.1 Events

Each of the following constitutes an Event of Forbearance Default:

- (a) if at any time there is a default or a breach by an Obligor of any covenant, agreement, term, condition, stipulation or proviso contained in this Agreement;
- (b) if an Event of Default (other than the Existing Default or any other such Event of Default expressly waived or forborne under this Agreement) has occurred under the Loan Agreement or any other Loan Document;
- (c) if the Borrowers have delivered a Prepayment Notice pursuant to Section 3.6 above, and fails to complete the requested prepayment within the time period provided under Section 3.6(g);
- (d) if the Lenders, in their sole discretion, believe that (i) the Hotel Property Beneficial Transfer has been fully consummated, or (ii) the ITC Borrower no longer has the sole control to the Hotel Property, or (iii) there is any change in the ownership or management of any Borrower, any of the other Obligants, the Hotel Property or any other Property (or any part thereof) that could have a material adverse effect on the validity and enforceability of the Loan Agreement, the Security Documents, the Lenders' rights, benefits and remedies thereunder, or the validity or priority of the Lenders' security interests created thereunder;

- (e) if a default has occurred under the Senior A Loan Agreement or otherwise in respect of the Senior A Indebtedness (except as to default specifically waived or forborne under the Senior A Forbearance Agreement), or if the Senior A Indebtedness has not otherwise been repaid in full on or before April 30, 2023;
- (f) if a default has occurred under the UB Project Loan Agreement or otherwise in respect of the UB Project Indebtedness (except as to default specifically waived or forborne under the UB Project Loan Forbearance Agreement);
- (g) if the Senior A 1st Forbearance Payment is not paid when due, or if there is a default or a breach by an Obligor of any covenant, agreement, term, condition, stipulation or proviso contained in the Senior A Forbearance Agreement, or if the Senior A Forbearance Period has expired or otherwise been terminated in accordance with the terms of the Senior A Forbearance Agreement; or
- (h) if there is a default or a breach by an Obligor of any covenant, agreement, term, condition, stipulation or proviso contained in the UB Project Loan Forbearance Agreement, or if the UB Project Loan Forbearance Period has expired or otherwise been terminated in accordance with the terms of the UB Project Loan Forbearance Agreement.

10.2 Remedies

Upon the occurrence of an Event of Forbearance Default, the Forbearance Period will automatically expire and come to an end (unless expressly waived by the Lenders in their sole discretion), and the Lenders may in their sole discretion exercise any and all of the rights, remedies and powers under the Loan Agreement, the Security Documents, the Loan Documents and this Agreement.

For greater certainty, upon the expiry of the Forbearance Period, interest on Tranche 1, Tranche 3 and Tranche 4 shall resume to be calculated and payable in accordance with Section 2.4 of the Loan Agreement.

It shall constitute an Event of Default under the Loan Agreement, the Security Documents and the other Loan Documents if an Event of Forbearance Default has occurred.

11. GENERAL

11.1 Amendment

This Agreement shall be read and construed along with the Existing Loan Agreement and be treated as a part thereof and, for such purposes and so far as may be necessary to effectuate these presents, the Existing Loan Agreement shall be regarded as being hereby amended (subject to Section 9 above), and the Existing Loan Agreement as so amended together with all of the covenants, clauses, agreements, provisos, stipulations, conditions, powers, matters and things whatsoever contained in the Existing Loan Agreement shall continue in full force and effect.

11.2 Expenses

The Borrowers shall pay on demand all costs and expenses incurred by or on behalf of the Lenders in carrying out or attempting to carry out the transaction(s) contemplated under this Agreement or in implementing or enforcing the terms of this Agreement.

11.3 Payments

All payments to be made by or on behalf of the Borrowers pursuant to this Agreement shall be made by wire transfer to Norton Rose Fulbright Canada LLP, in trust. Any payment received after 12 p.m. (Vancouver, B.C. local time) on any Business Day will be deemed to be received on the next Business Day.

11.4 Successors and Assigns

This Agreement and the Loan Agreement shall enure to the benefit of and be binding on each of the parties hereto and their respective personal representatives, successors and permitted assigns.

11.5 Applicable Law

This Agreement shall in all respects be governed by and be construed in accordance with the laws of British Columbia and the laws of Canada applicable therein.

11.6 Counterparts

This Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and all of which taken together constitute one and the same instrument, and all such counterparts may be delivered by way of facsimile transmission or in PDF by e-mail to the other party.

[Signature Pages Follow.]

IN WITNESS WHEREOF the parties hereto execute this Agreement on the date first above written.

Lenders:

FOX ISLAND DEVELOPMENT LTD.

Per:



Authorized Signatory

ADVANCED VENTURE HOLDING CO., LTD.

Per:

Authorized Signatory

Per:

Authorized Signatory

[Obligants' Signature Page Follows]

IN WITNESS WHEREOF the parties hereto execute this Agreement on the date first above written.

Lenders:

FOX ISLAND DEVELOPMENT LTD.

Per: _____
Authorized Signatory

ADVANCED VENTURE HOLDING CO., LTD.

Per: 
Authorized Signatories for and on the
behalf of Standard Nominees Limited and
Director Services (B.V.I.) Limited

Per: 
Authorized Signatories for and on the
behalf of Standard Nominees Limited and
Director Services (B.V.I.) Limited

[Obligants' Signature Page Follows]

Borrowers:

**KENSINGTON UNION BAY PROPERTIES
LIMITED PARTNERSHIP**, by its general partner,
**KENSINGTON UNION BAY PROPERTIES GP
LTD.**

Per: _____

Mo Yeung Ching
Authorized Signatory

**KENSINGTON UNION BAY PROPERTIES GP
LTD.**

Per: _____

Mo Yeung Ching
Authorized Signatory

**KENSINGTON UNION BAY PROPERTIES
NOMINEE LTD.** (formerly known as **34083
YUKON INC.**)

Per: _____

Mo Yeung Ching
Authorized Signatory

**INTERNATIONAL TRADE CENTER
PROPERTIES LTD.**

Per: _____

Mo Yeung Ching
Authorized Signatory

Guarantors:

MO YEUNG PROPERTIES LTD.

Per: _____

Mo Yeung Ching, Authorized Signatory

HOTEL VERSANTE LTD.

Per: _____

Mo Yeung Ching, Authorized Signatory

SUNWINS ENTERPRISES LTD.

Per: _____

Mo Yeung Ching, Authorized Signatory

SFT DIGITAL HOLDINGS 30 LTD.

Per: _____

_____, Authorized Signatory

SIGNED, SEALED AND DELIVERED:)

Signature of Witness)

Name of Witness)

Address)

Occupation)

Shi Wei
1205-8400 West Rd.
Accountant

**MO YEUNG CHING (also known as
MICHAEL CHING)**

(seal)

This is **Exhibit "E"** referred to in the Affidavit of MO
YEUNG (MICHAEL) CHING affirmed before me, at
Vancouver BC, this 15th day of October, 2025

A handwritten signature in cursive script, appearing to read "Edith Chen".

A Commissioner for taking Affidavits for
British Columbia

FORBEARANCE EXTENSION AGREEMENT (SENIOR B LOAN)

THIS AGREEMENT dated for reference July 30, 2023

AMONG:

KENSINGTON UNION BAY PROPERTIES NOMINEE LTD., (formerly known as
34083 YUKON INC.),
KENSINGTON UNION BAY PROPERTIES LIMITED PARTNERSHIP, and
KENSINGTON UNION BAY PROPERTIES GP LTD.

(collectively, "**UB Borrowers**")

AND

INTERNATIONAL TRADE CENTER PROPERTIES LTD.

("ITC Borrower"; together with UB Borrowers, collectively, the "**Borrowers**")

AND

HOTEL VERSANTE LTD.

AND

SUNWINS ENTERPRISE LTD.

AND

MO YEUNG PROPERTIES LTD.

AND

MO YEUNG CHING

(collectively, the "**Initial Guarantors**")

AND

SFT DIGITAL HOLDINGS 30 LTD. ("**SFT 30**" or the "**Additional Guarantor**"; together with the Initial Guarantors, collectively, the "**Guarantors**")

AND:

FOX ISLAND DEVELOPMENT LTD. ("**Lender A**")

AND

ADVANCED VENTURE HOLDING CO., LTD. ("**Lender B**")

(collectively, the "**Lenders**")

WHEREAS:

- (A) The Borrowers, the Initial Guarantors and the Lenders entered into the Senior B Loan Agreement dated for reference June 14, 2021, as amended by the First Amending Agreement dated for reference March 7, 2022, whereby (among other things) the Lenders agreed to provide a term loan in the aggregate principal amount of not more than CAD\$39,000,000 to the Borrower;
- (B) The ITC Borrower has entered into an agreement to transfer its beneficial interest in all or part of the Hotel Property to a separate entity (the "**Hotel Property Holdco**"; such agreement, the "**Hotel**

Property Beneficial Transfer Agreement”), which transfer (the **“Hotel Property Beneficial Transfer”**) constitutes a material change in the ownership of the Hotel Property and requires the Lenders’ approval;

- (C) The Lenders have not issued any approval for the Hotel Property Beneficial Transfer, nor have they approved the ITC Borrower’s entry into the Hotel Property Beneficial Transfer Agreement in relation to such transfer;
- (D) The Lenders agreed to (among other things) refrain from exercising their rights under the Existing Loan Agreement and the other Loan Documents in relation to the Hotel Property Beneficial Transfer during a period of forbearance up to March 7, 2023, pursuant to the terms and conditions set forth in the Second Amending Agreement dated for reference September 7, 2022 (the **“Second Amending Agreement”**), among the Borrowers, the Guarantors and the Lenders;
- (E) The Lenders subsequently agreed to (among other things) extend the period of forbearance to July 31, 2023 and to continue to refrain from exercising their rights under the Existing Loan Agreement and the Loan Documents in relation to the Hotel Property Beneficial Transfer during the extended period of forbearance, to accept the 1st Forbearance Payment (as defined therein) as partial payments under Tranches 1, 3 and 4 of the Loan and to further amend the Existing Loan Agreement, pursuant to the terms and conditions set forth in the Forbearance and Third Amending Agreement dated for reference February 28, 2023 (the **“Previous Forbearance Agreement”**) among the Borrowers, the Guarantors and the Lenders;
- (F) The 1st Forbearance Payment was paid in full on March 29, 2023;
- (G) Concurrent with the parties entering into the Previous Forbearance Agreement, the Senior A Lenders, the ITC Borrower and the UB Borrowers (together with others) entered into a forbearance agreement dated for reference February 28, 2023 (the **“Previous Senior A Forbearance Agreement”**) in respect of the Senior A Indebtedness;
- (H) Under the Previous Forbearance Agreement and with reference to the Previous Senior A Forbearance Agreement, the ITC Borrower is required to make the Senior A 1st Forbearance Payment (as defined in the Previous Forbearance Agreement) on or before February 28, 2023 and the Senior A Remaining Forbearance Payment (as defined in the Previous Forbearance Agreement) on or before April 30, 2023, and thereby repay the Senior A Indebtedness in full;
- (I) The Senior A 1st Forbearance Payment was made and accepted by the Senior A Lenders; however, except for the sum in the aggregate amount of \$3,000,000 (the **“\$3MM Partial Payment”**), which is being held in trust by the Lenders’ Solicitors, the Senior A Remaining Forbearance Payment was not made when due (the **“Existing Senior A Forbearance Default”**);
- (J) The Senior A Lenders issued to ITC Borrower (as borrower under the Senior A Indebtedness) and the UB Borrowers and certain other persons (as guarantors under the Senior A Indebtedness), respectively, demand letters (the **“Senior A Demand Letters”**) and Section 244 Notices (the **“Senior A Section 244 Notices”**), on May 1, 2023, to demand the repayment of the Senior A Indebtedness in full;
- (K) As a result of the Existing Senior A Forbearance Default, an “Event of Forbearance Default” occurred under the Previous Forbearance Agreement (the **“Existing Forbearance Default”**) such that the forbearance period thereunder expired on April 30, 2023, and Tranche 9 under the Existing Loan Agreement is no longer available to be drawn;
- (L) The Lenders issued to the Borrowers and the Guarantors, respectively, demand letters (the **“Existing Demand Letters”**) and Section 244 Notices (the **“Existing Section 244 Notices”**), on May 25, 2023, to demand the repayment of the Loan Amount in full;

- (M) Concurrent with entering into the Previous Forbearance Agreement, the UB Project Lenders, the UB Borrowers (as borrowers under the UB Project Indebtedness) and the ITC Borrower and certain other persons (as guarantors under the UB Project Indebtedness) entered into a forbearance agreement dated for reference April 14, 2023 (the "**Previous UB Project Loan Forbearance Agreement**") in respect of the UB Project Indebtedness;
- (N) As a result of the expiry of the forbearance period under the Previous Forbearance Agreement (as described in Recital (K) above), an "Event of Forbearance Default" occurred under the Previous UB Project Loan Forbearance Agreement (the "**Existing UB Project Loan Forbearance Default**"), and the forbearance period thereunder also expired on April 30, 2023;
- (O) As of the date of this Agreement, each of (i) the Loan Amount under the Existing Agreement, (ii) the Senior A Indebtedness, and (iii) the UB Project Loan Indebtedness, remains unpaid and owing to their respective lenders;
- (P) The Borrowers have informed the Lenders that the Borrowers have been seeking and negotiating with various third parties for certain refinancing and sale proposals in respect of the Hotel Property and the UB Property, including the following:
- (a) A refinancing of UB Lot 2 (the "**New UB Lot 2 Financing**") to be provided by one or more lenders, which is expected to complete on or before August 30, 2023, yielding net loan proceeds in the aggregate amount of not less than \$20,000,000;
 - (b) A first-ranking loan of the Hotel Property (the "**New Senior Hotel Financing**") to be provided by a single lender (the "**New Senior Hotel Lender**"), which is expected to complete on or before October 30, 2023, yielding net loan proceeds in the range of not less than \$30,000,000 and not more than \$35,000,000;
 - (c) A sale of the entire UB Lot 4 (the "**UB Lot 4 Sale**"), which is expected to complete on or before October 30, 2023, generating net sale proceeds in the amount of not less than \$14,500,000; and
 - (d) A refinancing of the indebtedness owing to the UB-GF Lender (the "**UB-GF Refinancing**") whereby the UB-GF Lender will discharge its mortgage and charge from UB Lot 1;
- (Q) The Borrowers have further informed the Lenders that:
- (a) In connection with the Hotel Property Beneficial Transfer (which has not been fully consummated), the ITC Borrower is required to refinance the indebtedness secured by one or more mortgages registered on the Hotel Property so that the total amount of indebtedness so secured must not exceed \$47,000,000;
 - (b) with the successful implementation of the New UB Lot 2 Financing, the New Senior Hotel Financing and the UB Lot 4 Sale, it is expected that there would be sufficient funds raised from those financings to repay in full the Senior A Indebtedness and the UB Project Indebtedness, and pay down in part but not in full the Loan Amount owing under the Existing Loan Agreement; and
 - (c) the Borrowers will need further short-term financing from the Lenders in order to bridge any shortfall in satisfying the Borrowers' indebtedness and obligations in respect of the Loan Amount under the Existing Loan Agreement;
- (R) On the Borrowers' further request, the Lenders have agreed to (among other things) further extend the period of forbearance and to continue to refrain from exercising their rights under the Existing

Loan Agreement and the Loan Documents in relation to the Existing Defaults during such extended period of forbearance, on the terms and conditions set forth herein;

- (S) Concurrent with entering into this Agreement, the UB Project Lenders, the ITC Borrower and the UB Borrowers (together with others) have also agreed to enter into a forbearance extension agreement (the **"UB Project Loan Forbearance Extension Agreement"**) in respect of the UB Project Indebtedness;

NOW THEREFORE in consideration of the mutual premises, covenants and agreements set forth herein and all other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the parties hereto agree as follows:

1. INTERPRETATION

1.1 Definitions

In this Agreement:

- (a) Words with initial capital letters which are not otherwise defined in this Agreement have the meanings set out in the Loan Agreement.
- (b) **"Bridge Refinancing"** means a proposed bridge refinancing to be made available by the Lenders as contemplated in Section 7.2 below.
- (c) **"Event of Forbearance Default"** has the meaning given to it in Section 9 hereof.
- (d) **"Existing Defaults"** means, collectively, the Existing Hotel Property Beneficial Transfer Default (as defined in Section 2.1(d)), the Existing Senior A Forbearance Default (as defined in Recital (I) above), the Existing Forbearance Default (as defined in Recital (K) above) and the Existing UB Project Loan Forbearance Default (as defined in Recital (N) above).
- (e) **"Existing Loan Agreement"** means the Senior B Loan Agreement dated for reference June 14, 2021 between (among others) the Borrowers and the Lenders, as amended by the First Amending Agreement dated for reference March 7, 2022, and the Second Amending Agreement dated for reference September 7, 2022, and as supplemented and amended by the Previous Forbearance Agreement.
- (f) **"Forbearance Extension Effective Date"** means April 30, 2023.
- (g) **"Forbearance Extension End Date"** means October 30, 2023.
- (h) **"Forbearance Extension Period"** means the period from the Forbearance Extension Effective Date and up to and including the earlier of:
 - (1) the Forbearance Extension End Date; and
 - (2) the date on which an Event of Forbearance Default has occurred.
- (i) **"Loan Agreement"** means the Existing Loan Agreement, as supplemented by this Agreement and as the same may be amended, extended, supplemented, modified, renewed, replaced and restated from time to time.
- (j) **"Lenders' Solicitors"** means Norton Rose Fulbright Canada LLP.

- (k) **"Section 244 Notice"** means a notice of intention to enforce security pursuant to section 244 of the *Bankruptcy and Insolvency Act* (Canada).
- (l) **"Obligants"** means, collectively, the Borrowers and the Guarantors.

2. ACKNOWLEDGEMENT AND AGREEMENT BY THE OBLIGANTS

2.1 Hotel Property Beneficial Transfer

Each of the Obligants acknowledges to and agrees with the Lenders as follows:

- (a) The statements set out in Recitals (B) and (C) are true and correct, and form an operative part of this Agreement.
- (b) The Hotel Property Beneficial Transfer has not been fully consummated, subject to the satisfaction of certain conditions to be fulfilled by the ITC Borrower, including, without limitation, the refinancing of the Loan under the Loan Agreement (together with the Senior A Indebtedness which is secured by a mortgage against the Hotel Property).
- (c) As at the Forbearance Extension Effective Date, the date of this Agreement and the date on which all conditions set out in Section 8 hereof have been satisfied (or otherwise waived by the Lenders), the ITC Borrower remains the sole owner of all of the beneficial interest in the Hotel Property (subject only to its obligation to effect the Hotel Property Beneficial Transfer in favour of Hotel Property Holdco pursuant to the Hotel Property Beneficial Transfer Agreement).
- (d) Notwithstanding that the Hotel Property Beneficial Transfer has not been fully consummated, the Obligants agree that the ITC Borrower's entry into the Hotel Property Beneficial Transfer Agreement and otherwise agreeing to the Hotel Property Beneficial Transfer constitute an Event of Default under the Loan Agreement (the **"Existing Hotel Property Beneficial Transfer Default"**), and the Lenders are (but for the Second Amending Agreement, the Previous Forbearance Agreement and this Agreement) entitled to immediately accelerate and demand full payment of the outstanding Loan Amount as a result of the Existing Hotel Property Beneficial Transfer Default and enforce their remedies pursuant to the terms of the Loan Agreement.
- (e) The Obligants agree to:
 - (1) promptly and from time to time advise the Lenders of the status of the Hotel Property Beneficial Transfer in sufficient details to the satisfaction of the Lenders; and
 - (2) upon the Lenders' request from time to time, (i) provide confirmation (in form and substance satisfactory to the Lenders) that the ITC Borrower remains the sole owner of all of the beneficial interest in the Hotel Property, and (ii) deliver to the Lenders a certified copy of the Hotel Property Beneficial Transfer Agreement.

2.2 Debt

Each of the Obligants acknowledges to and agrees with the Lenders as follows:

- (a) As at April 30, 2023, the Borrowers are indebted to the Lenders, on account of the outstanding balance under each tranche of the Loan (including any accrued and unpaid interest thereon), in the amounts set out below:

Tranche	Principal Amount owing
1	\$4,642,981.57
2a	\$19,621,728.05
2b	\$10,233,705.00
3	\$2,659,173.96
4	\$1,550,776.33
5	\$1,021,756.88
6	\$1,562,786.05
7	\$964,136.49
8	\$453,008.22
Total:	\$42,710,052.56

plus all other fees, costs, expenses and other charges that are payable by the Borrowers to the Lenders in accordance with the Existing Loan Agreement (collectively, the "**Debt**").

- (b) There is no balance remaining in any of the Interest Reserves.
- (c) Interest has been accruing on the outstanding balance of each tranche of the Loan at 30% per annum since April 30, 2023.
- (d) None of the Obligants has any claims, counterclaims, damages or other defence on any basis whatsoever against the Lenders in relation to the Debt, the other Loan Amount, the Existing Loan Agreement, the Security Documents and the other Loan Documents. If there are any such claims, counterclaims, damages or other defence, then each Obligant hereby expressly waives and releases them to the fullest extent permitted under applicable law.

2.3 Senior A Indebtedness; UB Indebtedness

Each of the Obligants acknowledges to the Lenders as follows:

- (a) As at August 30, 2023, assuming that the applicable interest rate for the period between July 14, 2023 and August 30, 2023 remains at 10.75% per annum, the ITC Borrower will be indebted to the Senior A Lenders on account of the Senior A Indebtedness (including any accrued and unpaid interest thereon) in the aggregate amount of **\$20,863,748.91**, plus all other fees, costs, expenses and other charges that are payable by the ITC Borrower to the Senior A Lenders in accordance with the Senior A Loan Agreement.
- (b) As at October 30, 2023, the UB Borrowers will be indebted to the UB Project Lenders on account of the UB Project Indebtedness (including any accrued and unpaid interest thereon) in the aggregate amount of **USD\$5,293,785.21** and **\$17,496,680.84**, plus all other fees, costs, expenses and other charges that are payable by the UB Borrowers to the UB Project Lenders in accordance with the UB Project Loan Agreement.

2.4 Existing Defaults

Each of the Obligants hereby acknowledges to and agrees with the Lenders as follows:

- (a) The statements set out in Recitals (F) to (Q) are true and correct, and form an operative part of this Agreement.
- (b) The Existing Defaults have occurred and are continuing.
- (c) The Existing Loan Agreement and the Security Documents are in default pursuant to the terms thereof as a result of the Existing Defaults and, but for the Second Amending Agreement, the Previous Forbearance Agreement and this Agreement, the Lenders are entitled to immediately accelerate and demand full payment of the Debt and the Loan Amount, and take immediate steps to enforce its security under the Security Documents.
- (d) The Lenders have entered into this Agreement with the Obligants at their request and with a view to allowing the Obligants additional time to repay the Debt and the Loan Amount in a lawful, efficient and cost-effective manner.
- (e) Except as expressly provided in the Second Amending Agreement, the Previous Forbearance Agreement and this Agreement, the Lenders have not made any promise, nor has any of them taken any action or omitted to take any action, that would constitute a waiver of their rights to pursue any remedies in respect of the Loan, the Loan Agreement, the Security Documents or the other Loan Documents that would prevent them from so doing.
- (f) The Lenders' forbearance as provided in Section 4 below and otherwise under this Agreement, the Previous Forbearance Agreement or the Second Amending Agreement is not to be taken as a waiver by the Lenders of any of their rights under any of the Loan Agreement, the Security Documents or any other Loan Documents which may arise from any other default (whether the same as or similar to the Existing Defaults or otherwise) which presently exists or which may in the future occur. The Lenders have not waived any of such rights or remedies, and nothing in this Agreement, and no delay on their part in exercising any such rights or remedies, should be construed as a waiver of those rights or remedies.

2.5 Demand and Notice of Intention

Each of the Obligants hereby acknowledges:

- (a) receipt of the Existing Demand Letters, and the Existing Section 244 Notices, on May 25, 2023; and
- (b) all applicable cure periods relating to the Existing Defaults, the Existing Demand Letters and Existing Section 244 Notices have lapsed,

and each of them hereby waives any right or requirement to receive further notice or demand (including, without limitation, any other Section 244 Notices) from the Lenders in respect thereof or the enforcement under the Security Documents.

2.6 Loan Documents

Each of the Obligants hereby agrees, ratifies, acknowledges and confirms to the Lenders that:

- (a) the term "Loan Agreement", as used in each of the Loan Documents, means the Existing Loan Agreement, as supplemented by this Agreement, and as may be further amended, extended, supplemented, modified, renewed, replaced and restated from time to time;
- (b) this Agreement constitutes a "Loan Document";
- (c) each of the Security Documents previously granted by the Obligants prior to the Forbearance Extension Effective Date and the date hereof pursuant to the Existing Loan Agreement and the other Loan Documents, is held and will continue to be held by the Lenders as collateral security for all of the debts, liabilities and obligations, present and future, direct and indirect, of each of the Obligants to the Lenders pursuant to the Loan Agreement and the other Loan Documents;
- (d) each of the Obligants will continue to be bound by all of the terms, conditions, covenants and obligations applicable to such Obligor under or pursuant to this Agreement, the Loan Agreement and the other Loan Documents to the extent such Obligor is a party, and
- (e) each of the Obligants hereby ratifies, acknowledges and confirms all obligations, covenants, agreements, provisos, stipulations, conditions, powers, matters and things whatsoever contained in the Existing Loan Agreement (as may be supplemented herein) and the other Loan Documents, all of which shall continue in full force and effect.

3. OBLIGANTS' COVENANTS

Each of the Obligants covenants and agrees with the Lenders as follows:

3.1 By August 30, 2023; 20MM Payment; Senior A Indebtedness

- (a) The Borrowers will pay to the Lenders' Solicitors, in trust, a sum in the aggregate amount of not less than \$20,000,000 (the "**\$20MM Payment**") on or before August 30, 2023, which shall be applied as follows:
 - (1) Together with the \$3MM Partial Payment, the \$20MM Payment shall be applied to the outstanding balance of the Senior A Indebtedness then owing, in order to repay the Senior A Indebtedness and satisfy all other obligations owing by the ITC Borrower under the Senior A Loan Agreement in full;
 - (2) Subject to the Senior A Indebtedness having been repaid and satisfied in full, the Lenders' Solicitors shall hold the remaining balance (if any), after the payment under subparagraph (1) above, on behalf of the Borrowers, as a reserve (the "**Combined Repayment Reserve**") for the repayment of (i) the UB Project Indebtedness under the UB Project Loan Agreement and (ii) the Debt and the other Loan Amount under the Loan Agreement.
- (b) Each of the parties hereto acknowledges and agrees that:
 - (1) the \$20MM Payment may be made in one or more instalments, provided that:
 - (A) unless the Lenders expressly agree otherwise, each such instalment must be by wire transfer to the Lenders' Solicitors, in trust. Any other form of payment (whether by way of certified trust cheque, bank draft or similar payment instrument) will be subject to an additional hold period until the funds are cleared to the satisfaction of the Lenders' Solicitors, and each such instalment shall not be treated as received or otherwise available for

application pursuant to Section 3.1(a)(1) above until such hold period has elapsed;

- (B) each such instalment shall be held as reserve and (unless the Lenders in their sole discretion agree otherwise) shall only be credited or otherwise applied in accordance with Section 3.1(a)(1) on the later of (i) the date when the full amount of the \$20MM Payment is received, and (ii) August 30, 2023.

For greater certainty, if the full amount of the \$20MM Payment is received before August 30, 2023, the outstanding balance of the Senior A Indebtedness shall be deemed to include the amount of interest that would have accrued thereon up to and including August 30, 2023, and the Borrowers (as applicable) hereby agree to pay such amount to the applicable lenders thereof;

- (2) for greater certainty, if the \$20MM Payment is not made in full on or before August 30, 2023, then an Event of Forbearance Default (as defined herein) has occurred under this Agreement.

3.2 By October 30, 2023; 35MM Payment

- (a) The Borrowers will pay to the Lenders' Solicitors, in trust, a sum in the aggregate amount of not less than \$35,000,000 (the "**\$35MM Payment**") on or before October 30, 2023, which shall be applied as follows:

- (1) Subject to the Senior A Indebtedness having been repaid and satisfied in full, together with the balance (if any) in the Combined Repayment Reserve, the \$35MM Payment shall be applied to the outstanding balance of the UB Project Indebtedness then owing, in order to repay the UB Project Indebtedness and satisfy all other obligations owing by the UB Borrowers under the UB Project Loan Agreement in full;
- (2) Subject to the Senior A Indebtedness and the UB Project Indebtedness having been repaid and satisfied in full, the Lenders' Solicitors shall add the remaining balance (if any), after the payment under subparagraph (1) above, to the Combined Repayment Reserve, as a reserve for the repayment of the Debt and all other Loan Amount under the Loan Agreement.

- (b) Each of the parties hereto acknowledges and agrees that:

- (1) the \$35MM Payment may be made in one or more instalments, provided that:
 - (A) unless the Lenders expressly agree otherwise, each such instalment must be by wire transfer to the Lenders' Solicitors, in trust. Any other form of payment (whether by way of certified trust cheque, bank draft or similar payment instrument) will be subject to an additional hold period until the funds are cleared to the satisfaction of the Lenders' Solicitors, and each such instalment shall not be treated as received or otherwise available for application pursuant to Section 3.2(a) above until such hold period has elapsed;
 - (B) each such instalment shall be held as reserve and (unless the Lenders in their sole discretion agree otherwise) shall only be credited or otherwise applied in accordance with Section 3.2(a) on the later of (i) the date when

the full amount of the \$35MM Payment is received, and (ii) October 30, 2023.

For greater certainty, if the full amount of the \$35MM Payment is received before October 30, 2023, the outstanding balance of the UB Project Indebtedness shall be deemed to include the amount of interest that would have accrued thereon up to and including October 30, 2023, and the Borrowers (as applicable) hereby agree to pay such amount to the applicable lenders thereof;

- (2) for greater certainty, if the \$35MM Payment is not made in full on or before October 30, 2023, then an Event of Forbearance Default (as defined herein) has occurred under this Agreement.

3.3 By October 30, 2023; 14.5MM Payment

- (a) The Borrowers will pay to the Lenders' Solicitors, in trust, a sum in the aggregate amount of not less than \$14,500,000 (the "**\$14.5MM Payment**") arising from the UB Lot 4 Sale on or before October 30, 2023, which payment shall be added to the Combined Repayment Reserve.
- (b) Each of the parties hereto acknowledges and agrees that:
 - (1) the \$14.5MM Payment may be made in one or more instalments, provided that:
 - (A) unless the Lenders expressly agree otherwise, each such instalment must be by wire transfer to the Lenders' Solicitors, in trust. Any other form of payment (whether by way of certified trust cheque, bank draft or similar payment instrument) will be subject to an additional hold period until the funds are cleared to the satisfaction of the Lenders' Solicitors, and each such instalment shall not be treated as received until such hold period has elapsed;
 - (B) each such instalment shall be held as reserve and (unless the Lenders in their sole discretion agree otherwise) shall only be credited or otherwise applied in accordance with Section 3.4 on the later of (i) the date when the full amount of the \$14.5MM Payment is received, and (ii) October 30, 2023.
 - (2) for greater certainty, if the \$14.5MM Payment is not made in full on or before October 30, 2023, then an Event of Forbearance Default (as defined herein) has occurred under this Agreement.

3.4 On October 30, 2023

- (a) Subject to the Senior A Indebtedness and the UB Project Indebtedness having been repaid and satisfied in full, the balance (if any) in the Combined Repayment Reserve shall be applied on October 30, 2023 as follows:
 - (1) firstly, to the Additional Forbearance Fee then owing pursuant to Section 6.1; and
 - (2) secondly, to the remaining outstanding balance of the Loan Amount then owing under the Loan Agreement.

- (b) The remaining balance of the Loan Amount then owing, after taking into account the application pursuant to paragraph (a) above may be refinanced under the Bridge Refinancing as contemplated under Section 7.2 below.

3.5 Interest During Forbearance Extension Period; Interest Waiver and Conditions

The Borrowers acknowledge and agree with the Lenders that, during the Forbearance Extension Period:

- (a) interest shall accrue (and continue to accrue) on the then outstanding balance of each tranche of the Loan at 30% per annum; and
- (b) interest due under each tranche of the Loan on each Payment Date shall be added to the outstanding principal balance thereof and the amount so added shall accrue interest at the same rate and in the same manner as on the rest of that tranche of the Loan,

provided that if all of the following conditions (collectively, the “Interest Waiver Conditions”) are satisfied:

- (c) each of the \$20MM Payment, the \$35MM Payment and the \$14.5MM Payment has been made in full in accordance with Sections 3.1, 3.2 and 3.3, respectively;
- (d) each of the Senior A Indebtedness and the UB Project Indebtedness has been repaid in full on or before the Forbearance Extension End Date; and
- (e) no Event of Forbearance Default has occurred, and the Forbearance Extension Period has not otherwise expired before the Forbearance Extension End Date,

then the amount of interest accrued and capitalized on the Loan during Forbearance Extension Period shall, on the Forbearance Extension End Date, be waived and forgiven by the Lenders.

For greater certainty:

- (f) if any of the Interest Waiver Conditions is not satisfied, then the Borrowers shall continue to be obligated to pay the interest accrued and capitalized on the Loan during Forbearance Extension Period in full;
- (g) regardless of whether the Interest Waiver Conditions have been satisfied or whether interest accrued and capitalized on the Loan during Forbearance Extension Period has been waived by the Lenders in accordance with the foregoing in this Section 3.5 (but in any case, subject to the completion of the Bridge Refinancing pursuant to Section 7.2 below), interest shall accrue (and continue to accrue) on the then outstanding balance of the Loan at 30% per annum as of the Forbearance Extension End Date.

3.6 Forbearance Extension End Date

If no Event of Forbearance Default has occurred and the Forbearance Extension Period has not otherwise expired before the Forbearance Extension End Date, then the Borrower will pay to the Lenders the Loan Amount then owing on the Forbearance Extension End Date in full (subject to the completion of the Bridge Refinancing pursuant to Section 7.2 below).

3.7 Redemption Period; Insolvency Proceedings

Each of the Obligants hereby irrevocably acknowledges and agrees that, in consideration of the forbearance provided to them by the Lenders under the terms of this Agreement:

- (a) it will irrevocably consent to an order nisi, stipulating a shortened redemption period of 10 days in any foreclosure proceedings brought by the Lenders in respect of the Property charged by the mortgages granted pursuant to the Loan Agreement or any other Security Document and an order for conduct of sale in favour of the Lenders effective from the end of the redemption period, such consent order otherwise in form and content acceptable to the Lenders in all other respects; and
- (b) it will cooperate with the Lenders in their efforts to achieve a timely sale of the Property (or any part thereof) in any foreclosure proceedings,

and, except with the prior express written consent of the Lenders:

- (c) it shall not seek any relief under the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Acts* (Canada) or any other comparable insolvency legislation, including by initiating or otherwise becoming subject to any proceedings under any such legislation (each, an "**Insolvency Proceeding**"), which would in any way stay the actions of the Lenders or otherwise prevent the Lenders from realizing on all or any part of the security under the Security Documents;
- (d) in the event any Insolvency Proceeding is commenced in respect of any Obligor, the Lenders shall be treated as "unaffected creditors" in such Insolvency Proceeding and, in particular, none of the rights or remedies of the Lenders shall be stayed or otherwise limited and none of the Debt or any other Loan Amount shall be subject to any compromised or arrangement as part of any such Insolvency Proceeding; and
- (e) in the event any Insolvency Proceeding is commenced in respect of any Obligor, the Lenders shall have the right, in priority to any other person, but not the obligation, to provide interim financing within the meaning of *Bankruptcy and Insolvency Act* (Canada) or the *Companies' Creditors Arrangement Acts* (Canada) ("**Interim Financing**") to each Obligor subject to such Insolvency Proceeding, on the usual terms and conditions, and no actions or steps shall be taken by any Obligor in connection with any Interim Financing.

4. LENDERS' FORBEARANCE

Subject to Section 8 below, and provided that no Event of Forbearance Default has occurred and the Forbearance Extension Period has not otherwise expired, the Lenders hereby agree with the Borrowers and the other Obligors as follows:

- (a) subject to the satisfaction of the Interest Waiver Conditions, the Lenders shall waive and forgive the interest accrued and capitalized on the Loan during Forbearance Extension Period in accordance with the terms and conditions pursuant to Section 3.5 above; and
- (b) the Lenders forbear from making demand on the Loan and enforcing their security under the Security Documents, until the Forbearance Period has expired.

5. REPRESENTATIONS AND WARRANTIES

5.1 General Representations

Each of the Obligors, jointly and severally, represents and warrants as follows to the Lenders:

- (a) The UB Nominee, a company incorporated in Yukon with the original name "34083 Yukon Inc.", was continued into British Columbia on March 22, 2023 as a company with the name Kensington Union Bay Properties Nominee Ltd.

- (b) Except as set out in Section 2 above, each of the representations and warranties in Section 5 of the Existing Loan Agreement and in Section 7 of the Second Amending Agreement are true, accurate and complete in all respects on and as of the date hereof and the Forbearance Extension Effective Date, with the same effect as if such representations and warranties had been made on and as of the date hereof and the Forbearance Extension Effective Date (except for those representations and warranties which speak solely as of an earlier date, in which event those representations and warranties must be true, accurate and complete in all respects as of such earlier date);
- (c) the execution, delivery and performance by that Obligor of this Agreement and the other Loan Documents:
 - (1) have been duly authorized by all necessary proceedings of that Obligor (to the extent it is a corporation or a limited partnership);
 - (2) do not and will not conflict with or result in a breach of any of the terms, conditions or provisions of:
 - (A) the constating documents of that Obligor (to the extent it is a corporation or a limited partnership);
 - (B) any law applicable to or binding on or affecting that Obligor or its assets;
 - (C) the Senior A Indebtedness or any Senior A Security;
 - (D) the UB Project Indebtedness or any UB Project Security;
 - (E) the UB-GF Indebtedness or any UB-GF Security; or the UB-VTB Indebtedness or any UB-VTB Security;
 - (F) the Residence-SL128-Morteq Indebtedness or any Residence-SL128-Morteq Security; the SpaV-BDC Indebtedness or any SpaV-BDC Security; the SpaV-Jin Indebtedness or any SpaV-Jin Security; the SpaV-Kingdom Indebtedness or any SpaV-Kingdom Security; or
 - (G) the Hotel Property Beneficial Transfer Agreement; or
 - (H) any agreement or other document to which that Obligor is a party
- and
- (3) do not and will not, result in, or require or permit:
 - (A) the imposition of any encumbrances on or with respect to the Property or any other properties now owned by that Obligor; or
 - (B) the acceleration of the maturity of the Senior A Indebtedness, the UB Project Indebtedness, the UB-GF Indebtedness, the UB-VTB Indebtedness, the Residence-SL128-Morteq Indebtedness, the SpaV-BDC Indebtedness, the SpaV-Jin Indebtedness, the SpaV-Kingdom Indebtedness or any other debts owing by that Obligor;
- (d) each of the Obligor has obtained all consents, authorizations and approvals required to carry on its business as now being conducted and to enter into and perform its obligations under this Agreement and the other Loan Documents;

- (e) no consent or approval is required from the Hotel Property HoldCo or other entities that are parties to, or have a direct or indirect interest in, the Hotel Property HoldCo or otherwise in relation to the Hotel Property Beneficial Transfer in order for the Borrowers and any other Obligants to enter into and perform its obligations under this Agreement and the other Loan Documents; and
- (f) all information, documents, reports, certificates and records provided by or on behalf of the Obligants to the Lenders in relation to this Agreement or otherwise in connection with the Loan are accurate and complete in all material respects, and do not omit any material fact that would make the content thereof misleading.

6. FEES TO THE LENDER

6.1 Additional Forbearance Fee

To compensate (i) the heightened risk profile of the Borrowers and the Loan as a result of the Existing Defaults which remain uncured, and (ii) the opportunity costs and other economic costs to the Lenders as a result of providing further forbearance to the Borrowers, and in consideration of (X) the Lenders' agreement to waive and forgive interest in accordance with the terms and conditions pursuant to Section 3.5 above, (Y) the time, efforts and costs to the Lenders in relation to this Agreement and the Loan Agreement, and (Z) the Lenders agreeing to making available the Bridge Refinancing on the terms and conditions as contemplated under Section 7.2 below, the Borrowers hereby agree to pay to the Lenders an additional forbearance fee in the amount of \$15,500,000 (the "**Additional Forbearance Fee**").

6.2 Additional Commitment Fee

In further consideration of the Lenders agreeing to making available the Bridge Refinancing as contemplated in Section 7.2 below, the Borrowers hereby agree to pay to the Lenders an additional commitment fee in the amount of \$1,050,000 (the "**Additional Commitment Fee**").

6.3 Fees Non-Refundable

Each of the Additional Forbearance Fee and the Additional Commitment Fee is non-refundable and will be:

- (a) earned by the Lenders upon issuance to the Borrowers of this Agreement;
- (b) immediately payable but in any case no later than the date on which the Forbearance Extension Period expires;
- (c) until paid, added to and form a part of the Loan Amount and secured by the Security Documents.

For greater certainty, each of the Additional Forbearance Fee and the Additional Commitment Fee is earned and payable as provided above in this Section 6, without any reduction or set-off:

- (d) even if any of the conditions set out in Section 8 is not satisfied (or waived by the Lenders), or if any of the Obligants is otherwise unwilling or unable to complete the transactions contemplated hereunder;
- (e) in respect of the Additional Forbearance Fee, even if the Interest Waiver Conditions have not been satisfied, and the interest as a result has not been waived and forgiven by the Lenders pursuant to Section 3.5 above; and
- (f) even if the Bridge Refinancing has not been advanced on or before the Forbearance Extension End Date.

7. REFINANCING

7.1 Partial Discharges

Subject to Section 8 below, provided that no Event of Forbearance Default has occurred and the Forbearance Extension Period has not otherwise expired, the Lenders hereby agree with the Borrowers and the other Obligants as follows:

- (a) In order to facilitate the New UB Lot 2 Financing, if the net proceeds from such new financing are sufficient to fund the \$20MM Payment, then, concurrent with the completion of the New UB Lot 2 Financing, the Lenders agree to execute and deliver a partial discharge (prepared by and at the expense of the Borrowers) of their mortgage and charge under the Security Documents from UB Lot 2, upon and subject to receipt by the Lenders' Solicitors of the \$20MM Payment in accordance with Section 3.1;
- (b) If the UB-GF Refinancing has been completed and the UB-GF Lender's mortgage and charge has been discharged from UB Lot 1 (the "**UB-GF (UB Lot 1) Discharge**") such that the mortgage and charge of the Lenders against UB Lot 1 shall be subject and subordinate ONLY TO the UB-VTB Lender's mortgage and charge registered against UB Lot 1 in the principal amount of not more than \$9,000,000 and the other mortgages and charges of (i) the UB Project Lenders (in respect of the UB Project Loan Indebtedness), and (ii) the Senior A Lenders (in respect of the Senior A Indebtedness), then:
 - (1) In order to facilitate the New Senior Hotel Financing, concurrent with the completion of such financing, the Lenders agree to execute and deliver a partial discharge (prepared by and at the expense of the Borrowers) of their mortgage and charge under the Security Documents from the Hotel Property, upon and subject to the receipt by the Lenders' Solicitors of the \$35MM Payment in accordance with Section 3.2; and
 - (2) In order to facilitate the UB Lot 4 Sale, concurrent with the completion of such sale, the Lenders agree to execute and deliver a partial discharge (prepared by and at the expense of the Borrowers) of their mortgage and charge under the Security Documents from UB Lot 4, upon and subject to the receipt by the Lenders' Solicitors of the \$14.5MM Payment in accordance with Section 3.3.

For greater certainty, the Lenders are not obligated to provide any discharge in respect of the Hotel Property or UB Lot 4, unless the UB-GF Refinancing and the UB-GF (UB Lot 1) Discharge have been completed as provided above.

7.2 Bridge Refinancing

Provided that no Event of Forbearance Default has occurred and the Forbearance Extension Period has not otherwise expired, and the following conditions (collectively, the "**Bridge Refinancing General Conditions**") have been satisfied on or before the Forbearance Extension End Date:

- (a) the Senior A Indebtedness has been repaid in full;
- (b) the UB Project Indebtedness has been repaid in full;
- (c) the Loan Amount owing to the Lenders have been reduced pursuant to Section 3.4, such that the remaining outstanding balance of the Loan Amount on the Forbearance Extension End Date (after such reduction) (such remaining balance, the "**Remaining Loan Amount**") is not more than \$30,600,000;

- (d) the UB-GF (UB Lot 1) Discharge has been completed, and the only mortgage and charge registered against UB Lot 1 (other than the one in favour of the Lenders to secure the Loan Amount pursuant to the Loan Agreement) is the one in favour of UB-VTB Lender in the principal amount of not more than \$9,000,000;
- (e) the only mortgage and charge registered against UB Lot 4 and Office SL12 is the one in favour of the Lenders to secure the Loan Amount;
- (f) the only mortgage and charge registered against the Hotel Property (other than the one in favour of the Lenders to secure the Loan Amount pursuant to the Loan Agreement) is the one in favour of the New Senior Hotel Lender to secure the New Senior Hotel Financing in the principal amount of \$30,000,000 plus an additional amount in the multiples of \$1,000,000, but in any case the total principal amount shall not be more than \$35,000,000;
- (g) the Lenders in their full discretion are satisfied with the then current terms and conditions under the New Senior Hotel Financing, the UB-VTB Indebtedness and the UB-GF Refinancing; and
- (h) the Lenders are satisfied with their due diligence regarding the financial condition, ownership, or operation of the Borrowers, any other Obligor, the Hotel Property, the UB Property, Office SL 12 and the other property mortgaged and charged by the Security Documents under the Loan Agreement (to the extent not discharged pursuant to Section 7.1 above), and that there is no material adverse change regarding any such financial condition, ownership, or operation,

then the Lenders hereby agree to refinance the Remaining Loan Amount then owing on the Forbearance Extension End Date by two separate loans (the "**Bridge Refinancing Loans**") on the terms set out in Sections 7.3 and 7.4, respectively.

7.3 Bridge Refinancing Hotel Loan

Subject to the satisfaction of the Bridge Refinancing General Conditions, the Lenders agree to make available, severally in the proportion based on the then outstanding balance of the Remaining Loan Amount owing to each Lender on the Forbearance Extension End Date, a loan (the "**Bridge Refinancing Hotel Loan**") on terms and conditions acceptable to the Lenders in their sole discretion, which shall include the following:

- (a) The Bridge Refinancing Hotel Loan (together with the Bridge Refinancing UB Loan) shall be used for the sole purpose to refinance the Remaining Loan Amount, and it shall be (and shall be deemed to be) advanced concurrently when the Bridge Refinancing UB Loan is advanced.
- (b) The New Senior Hotel Lender shall be a single commercial bank or other financial institution, acceptable to the Lenders in their sole discretion, and the New Senior Hotel Financing shall be in the principal amount of \$30,000,000 plus an additional amount in the multiples of \$1,000,000, but in any case the total principal amount shall not be more than \$35,000,000.
- (c) Based on the principal amount of the New Senior Hotel Financing, the principal amount of the Bridge Refinancing Hotel Loan shall be as follows:

If <u>Principal amount of</u> <u>the New Senior Hotel Financing</u>	then <u>Principal amount of</u> <u>the Bridge Refinancing Hotel Loan</u>

\$30,000,000	\$17,000,000
\$31,000,000	\$16,000,000
\$32,000,000	\$15,000,000
\$33,000,000	\$14,000,000
\$34,000,000	\$13,000,000
\$35,000,000	\$12,000,000

- (d) The ITC Borrower shall be the sole borrower of the Bridge Refinancing Hotel Loan (such borrower, the **"Bridge Refinancing Hotel Borrower"**).
- (e) UB Borrowers, the Guarantors and such other affiliates thereof as may be required by the Lenders in their sole discretion shall be the guarantors (collectively, the **"Bridge Refinancing Hotel Guarantors"**) of the Bridge Refinancing Hotel Loan, the liability of such guarantors shall be joint and several among themselves, and unlimited in principal amount.
- (f) The obligations of the Bridge Refinancing Hotel Borrower under the Bridge Refinancing Hotel Loan shall be secured by a mortgage (or mortgages) in favour of the Lenders, as follows:
 - (1) a second-ranking mortgage in the principal amount not less than principal amount of the Bridge Refinancing UB Loan on the Hotel Property, subordinate and subject only to the mortgage securing the New Senior Hotel Financing in the principal amount of not more than that set out in paragraph (c) above; and
 - (2) a mortgage in the principal amount not less than principal amount of the Bridge Refinancing Hotel Loan (or otherwise in such other amount as the Lenders may determine in their sole discretion) on UB Lot 1;
- (g) Interest on the Bridge Refinancing Hotel Loan shall accrue at the following rates:
 - (1) from the Forbearance Extension End Date up to and including April 30, 2024, 0% per annum; and
 - (2) from May 1, 2024, 27% per annum, PLUS the then applicable Rate Premium.
- (h) The term of the Bridge Refinancing Hotel Loan shall expire on May 30, 2024, and no prepayment (in full or in part) shall be permitted.
- (i) The Lenders shall enter into a priority agreement with the New Senior Hotel Lender on terms and conditions to the satisfaction of the Lenders in their sole discretion, which shall include the following terms:
 - (1) The priority of the mortgage to be registered on the Hotel Property to secure the New Senior Hotel Financing shall not at any time exceed the principal amount of such financing as provided in Section 7.3(b) above, and shall in any case not be more than \$35,000,000.

- (2) The interest rate on the New Senior Hotel Financing and the calculation and payment of the interest accrued thereon shall be acceptable to the satisfaction of the Lenders, in their sole discretion.
- (3) The right of the Lenders to initiate any enforcement action under the their mortgage registered on the Hotel Property to secure the Bridge Refinancing Hotel Loan shall not be restricted, subject only to the Lenders delivering to the New Senior Hotel Lender a written 30 days' prior notice of its intention to initiate such action.
- (j) The Lenders, the Bridge Refinancing Hotel Borrower and the Bridge Refinancing Hotel Guarantors will enter into a new loan agreement (or an amendment and restatement of the Loan Agreement) to better reflect the intention and give effect to the foregoing in this Section 7.3.

7.4 Bridge Refinancing UB Loan

Subject to the satisfaction of the Bridge Refinancing General Conditions, the Lenders agree to made available, severally, in the proportion based on the then outstanding balance of the Remaining Loan Amount owing to each Lender on the Forbearance Extension End Date, another loan (the "**Bridge Refinancing UB Loan**") on terms and conditions acceptable to the Lenders in their sole discretion, which shall include the following:

- (a) The Bridge Refinancing UB Loan (together with the Bridge Refinancing Hotel Loan) shall be used for the sole purpose to refinance the Remaining Loan Amount, and it shall be (and shall be deemed to be) advanced concurrently when the Bridge Refinancing Hotel Loan is advanced.
- (b) It shall be in the principal amount equal to the difference between the Remaining Loan Amount and the principal amount of the Bridge Refinancing Hotel Loan as determined in Section 7.3(a) above, provided that the sum of (i) the principal amount of the Bridge Refinancing UB Loan, and (ii) that Bridge Refinancing Hotel Loan, shall not exceed \$30,600,000.
- (c) UB Borrowers shall be the sole borrowers of the Bridge Refinancing UB Loan (such borrower, the "**Bridge Refinancing UB Borrowers**").
- (d) The Guarantors and such other affiliates of the UB Borrowers or the Guarantors as may be required by the Lenders in their sole discretion shall be the guarantors (collectively, the "**Bridge Refinancing UB Guarantors**") of the Bridge Refinancing UB Loan, the liability of such guarantors shall be joint and several among themselves, and unlimited in principal amount. For greater certainty, the ITC Borrower shall not be a guarantor for the Bridge Refinancing UB Loan.
- (e) The obligations of the Bridge Refinancing UB Borrowers under the Bridge Refinancing UB Loan shall be secured by a mortgage (or mortgages) in favour of the Lenders in the principal amount not less than principal amount of the Bridge Refinancing UB Loan, to be registered as follows:
 - (1) a second-ranking mortgage on UB Lot 1, ranking subordinate and subject only to the mortgage securing the UB-VTB Indebtedness in the principal amount of not more than \$9,000,000;
 - (2) a first-ranking mortgage on Office SL 12; and
 - (3) a first-ranking charge on present and after-acquired property of SFT 30,

and all other mortgage, charge and security interest against the same properties charged by the Security Documents and otherwise pursuant to the Loan Agreement and this Agreement (excluding the Hotel Property and such other property discharged pursuant to Section 7.1 above).

- (f) Interest on the Bridge Refinancing UB Loan shall accrue at the following rates:
 - (1) from the Forbearance Extension End Date up to and including April 30, 2024, 0% per annum; and
 - (2) from May 1, 2024, 27% per annum, PLUS the then applicable Rate Premium.
- (g) The term of the Bridge Refinancing UB Loan shall expire on May 30, 2024, and no prepayment (in full or in part) shall be permitted.
- (h) The Lenders shall enter into a priority agreement with the UB-VTB Lender on terms and conditions to the satisfaction of the Lenders in their sole discretion, which shall include the following terms:
 - (1) The priority of the mortgage on UB Lot 1 to secure the UB-VTB Indebtedness shall not at any time exceed the \$9,000,000.
 - (2) The interest rate on the UB-VTB Indebtedness and the calculation and payment of the interest accrued thereon shall be acceptable to the satisfaction of the Lenders, in their sole discretion.
 - (3) The right of the Lenders to initiate any enforcement action under their mortgage registered on UB Lot 1 to secure the Bridge Refinancing UB Loan shall not be restricted, subject only to the Lenders delivering to the UB-VTB Lender a written 30 days' prior notice of its intention to initiate such action.

8. CONDITIONS PRECEDENT

Notwithstanding any other provisions of this Agreement, the forbearance and the other agreements of the Lenders pursuant to Section 4 above shall not become effective unless and until the following conditions have been satisfied to the satisfaction of the Lenders (or waived by the Lenders in their sole discretion):

- (a) the Lenders shall have received the following documents, each in form and substance to their satisfaction:
 - (1) this Agreement, duly executed by the Obligants;
 - (2) a mortgage, including the terms of an assignment of rents, in favour of the Lenders charging UB Lot 1 granted by the UB Nominee (the "**UB Mortgage**") in the principal amount of \$16,600,000;
 - (3) beneficiary authorization and charge agreement relating to UB Lot 1 granted by the UB Nominee and the other UB Borrowers in favour of the Lenders;
 - (4) the UB Project Loan Forbearance Extension Agreement, duly executed by the Obligants which are parties thereto; and
- (b) there must be no outstanding Event of Forbearance Default and no outstanding event, which with the passing of time, the giving of notice or otherwise would constitute an Event of Forbearance Default.

9. EVENTS OF FORBEARANCE DEFAULT

9.1 Events

Each of the following constitutes an Event of Forbearance Default:

- (a) if at any time there is a default or a breach by an Obligor of any covenant, agreement, term, condition, stipulation or proviso contained in this Agreement;
- (b) if an Event of Default (other than the Existing Defaults to the extent they have been expressly forborne under this Agreement) has occurred under the Loan Agreement or any other Loan Document;
- (c) if the Lenders, in their sole discretion, believe that (i) the Hotel Property Beneficial Transfer has been fully consummated, or (ii) the ITC Borrower no longer has the sole control to the Hotel Property, or (iii) there is any change in the ownership or management of any Borrower, any of the other Obligors, the Hotel Property or any other Property (or any part thereof) that could have a material adverse effect on the validity and enforceability of the Loan Agreement, the Security Documents, the Lenders' rights, benefits and remedies thereunder, or the validity or priority of the Lenders' security interests created thereunder;
- (d) if the Senior A Indebtedness has not been repaid in full on or before August 30, 2023;
- (e) if any of the \$20MM Payment, the \$35MM Payment and the \$14.5MM Payment has not been made in full in accordance with Sections 3.1, 3.2 and 3.3, respectively; or
- (f) if there is a default or a breach by an Obligor of any covenant, agreement, term, condition, stipulation or proviso contained in the UB Project Loan Forbearance Extension Agreement, or if the forbearance period under the UB Project Loan Forbearance Extension Agreement has expired or otherwise been terminated in accordance with the terms of the UB Project Loan Forbearance Extension Agreement.

9.2 Remedies

Upon the occurrence of an Event of Forbearance Default, the Forbearance Extension Period will automatically expire and come to an end (unless expressly waived by the Lenders in their sole discretion), and the Lenders may in their sole discretion exercise any and all of the rights, remedies and powers under the Loan Agreement, the Security Documents, the Loan Documents and this Agreement.

It shall constitute an Event of Default under the Loan Agreement, the Security Documents and the other Loan Documents if an Event of Forbearance Default has occurred.

10. TOLLING

The parties hereto further agree that:

- (a) upon the expiration or termination of the Forbearance Extension Period, the agreement of the Lenders to forbear shall automatically and without further action terminate and be of no further force and effect, it being expressly agreed that the effect of such termination will be to permit the Lenders to exercise their rights and remedies immediately, including, without limitation, the private appointment of a receiver under the Security Documents held by the Lenders from the Borrowers and the Guarantors and the right to apply to court to enforce any private or other remedies available to the Lenders or to seek the appointment of any permanent or interim receiver or receiver and manager or any trustee in bankruptcy of the Borrowers and the Guarantors;

- (b) as of the date hereof and continuing until the termination of the Forbearance Extension Period and thereafter until the termination of the tolling arrangements hereof in the manner provided for under Section 10(c), and whether or not any demand for payment or notice of intention to enforce security pursuant to *Bankruptcy and Insolvency Act* (Canada) has previously been delivered or has subsequently been delivered by the Lenders, the Lenders and the Obligants hereby agree to toll and suspend the running of the applicable statutes of limitations, laches or other doctrines related to the passage of time in relation to the Debt, the other Loan Amount, the Loan Agreement, the Security Documents, and any entitlements arising therefrom and from any other related matters, including but not limited to, any limitation periods contained in the *Limitation Act* (British Columbia); and
- (c) the tolling provisions of this Agreement will terminate upon a party providing the other parties with 60 days written notice of an intention to terminate the tolling provisions hereof (for greater certainty the tolling provisions shall not automatically expire upon the expiry or termination of the Forbearance Extension Period) and upon termination of the tolling provisions, and the time provided for under any statutes of limitations, laches, or any other doctrines related to the passage of time in relation to the Debt, the other Loan Amount, the Loan Agreement, the Security Documents or any entitlements arising therefrom and from any other related matters, will recommence running as of the effective date of the termination of these tolling provisions, and for greater certainty the time during which the limitation period is suspended pursuant to the tolling provisions of this Agreement shall not be included in the computation of any limitation period.

11. GENERAL

11.1 Release

- (a) In consideration of this Agreement and for other good and valuable consideration, each Obligor, on its own behalf and on behalf of its successors, assigns, personal representatives and other legal representatives, absolutely, unconditionally and irrevocably releases the Lenders, and their present and former affiliates, subsidiaries, predecessors, directors, officers, legal counsel, consultants, employees, agents and other representatives, and their successors and assigns (collectively, the "**Releasees**"), of and from all demands, actions, causes of action, suits, covenants, contracts, controversies, agreements, promises, sums of money, accounts, bills, reckonings, damages and any and all other claims, counterclaims, defences, rights of set-off, demands and liabilities known or unknown, both at law or in equity, that such Obligor or any of its successors, assigns, personal representatives or other legal representatives may now or later have or claim against any of the Releasees by reason of any circumstance, action, cause or thing which arises at any time on or prior to the date of this Agreement, including for or on account of, or in relation to, or in any way in connection with (i) this Agreement, the Loan Agreement or any of the other Loan Documents or any transactions under or related to, this Agreement, the Loan Agreement or any of the other Loan Documents, and (ii) any and all proposed refinancing of any Obligor by the Lenders (past or present), including, without limitation, the Bridge Refinancing and any and all prior proposed offers of finance (whether consummated or not), term sheets, indicative and non-binding term sheets or negotiations for financing, between any of the Lenders and any Obligor.
- (b) Each Obligor understands, acknowledges and agrees that the release set out in Section 11.1(a) may be pleaded as a full and complete defence and may be used as a basis for an injunction against any action, suit or other proceeding which may be instituted, prosecuted or attempted in breach of the provisions of that release.
- (c) Each Obligor agrees that no fact, event, circumstance, evidence or transaction which could now be asserted or which may later be discovered will affect in any manner the final, absolute and unconditional nature of the release set out in Section 11.1(a).

11.2 Reviewed by Legal Counsel

Each Obligant confirms to the Lenders that:

- (a) It understands fully the terms of this Agreement and the consequences of the execution and delivery of this Agreement;
- (b) It has been afforded an opportunity to have this Agreement reviewed by, and to discuss this Agreement and any documents executed in connection herewith with, such lawyers and other persons as such Obligant may wish; and
- (c) It has entered into this Agreement and executed and delivered all documents in connection herewith of its own free will and accord and without threat, duress or other coercion of any kind by any person.

The parties hereto acknowledge and agree that neither this Agreement nor the other documents or instruments executed pursuant hereto will be construed more favourably in favour of one than the other based upon which party drafted the same, it being acknowledged that all parties hereto contributed substantially to the negotiation and preparation of this Agreement and the other documents and instruments executed pursuant hereto or in connection herewith.

11.3 Supplement to Existing Loan Agreement

This Agreement shall be read and construed along with the Existing Loan Agreement and be treated as a part thereof and, for such purposes and so far as may be necessary to effectuate these presents, the Existing Loan Agreement shall be regarded as being hereby supplemented (subject to Section 8 above), and the Existing Loan Agreement as so supplemented together with all of the covenants, clauses, agreements, provisos, stipulations, conditions, powers, matters and things whatsoever contained in the Existing Loan Agreement shall continue in full force and effect.

11.4 Expenses

The Borrowers shall pay on demand all costs and expenses incurred by or on behalf of the Lenders in carrying out or attempting to carry out the transaction(s) contemplated under this Agreement or in implementing or enforcing the terms of this Agreement.

11.5 Payments

All payments to be made by or on behalf of the Borrowers pursuant to this Agreement shall be made by wire transfer to the Lenders' Solicitors, in trust. Any other form of payment (whether by way of certified trust cheque, bank draft or similar payment instrument) will be subject to an additional hold period until the funds are cleared to the satisfaction of the Lenders' Solicitors, and each such instalment shall not be treated as paid or otherwise available for application in connection with this Agreement and the other Loan Documents until such hold period has elapsed. Any payment received after 12 p.m. (Vancouver, B.C. local time) on any Business Day will be deemed to be received on the next Business Day.

11.6 Currency

All references to money herein, unless otherwise stated, mean the lawful money of Canada.

11.7 Successors and Assigns

This Agreement and the Loan Agreement shall enure to the benefit of and be binding on each of the parties hereto and their respective personal representatives, successors and permitted assigns.

11.8 Applicable Law

This Agreement shall in all respects be governed by and be construed in accordance with the laws of British Columbia and the laws of Canada applicable therein.

11.9 Counterparts

This Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and all of which taken together constitute one and the same instrument, and all such counterparts may be delivered by way of facsimile transmission or in PDF by e-mail to the other party.

[Signature Pages Follow.]

IN WITNESS WHEREOF the parties hereto execute this Agreement on the date first above written.

Lenders:

FOX ISLAND DEVELOPMENT LTD.

Per: 
Authorized Signatory

ADVANCED VENTURE HOLDING CO., LTD.

Per: _____
Authorized Signatory

Per: _____
Authorized Signatory

[Obligants' Signature Page Follows]

IN WITNESS WHEREOF the parties hereto execute this Agreement on the date first above written.

Lenders:

FOX ISLAND DEVELOPMENT LTD.

Per: _____
Authorized Signatory

ADVANCED VENTURE HOLDING CO., LTD.

Per:  _____
Authorized Signatory on behalf of
STANDARD NOMINEES LIMITED

Per:  _____
Authorized Signatory on behalf of
STANDARD NOMINEES LIMITED

[Obligants' Signature Page Follows]

Borrowers:

**KENSINGTON UNION BAY PROPERTIES
LIMITED PARTNERSHIP**, by its general partner,
**KENSINGTON UNION BAY PROPERTIES GP
LTD.**

Per: _____

Mo Yeung Ching
Authorized Signatory

**KENSINGTON UNION BAY PROPERTIES GP
LTD.**

Per: _____

Mo Yeung Ching
Authorized Signatory

**KENSINGTON UNION BAY PROPERTIES
NOMINEE LTD.** (formerly known as 34083
YUKON INC.)

Per: _____

Mo Yeung Ching
Authorized Signatory

**INTERNATIONAL TRADE CENTER
PROPERTIES LTD.**

Per: _____

Mo Yeung Ching
Authorized Signatory

Guarantors:

MO YEUNG PROPERTIES LTD.

Per: _____

Mo Yeung Ching, Authorized Signatory

HOTEL VERSANTE LTD.

Per: _____

Mo Yeung Ching, Authorized Signatory

SIGNED, SEALED AND DELIVERED:)

Signature of Witness)

Name of Witness)

Address Suite 500 North Tower)

5811 Cooney Road)

Richmond, B.C. V6X 3M1)

Occupation Telephone 604 276-2765)

SUNWINS ENTERPRISES LTD.

Per: _____

Mo Yeung Ching, Authorized Signatory

SFT DIGITAL HOLDINGS 30 LTD.

Per: _____

_____, Authorized Signatory

MO-YEUNG CHING (also known as
MICHAEL CHING)

This is **Exhibit "F"** referred to in the Affidavit of MO
YEUNG (MICHAEL) CHING affirmed before me, at
Vancouver BC, this 15th day of October, 2025

A handwritten signature in cursive script, reading "Edith Chen", is written over a solid horizontal line.

A Commissioner for taking Affidavits for
British Columbia

FORBEARANCE EXTENSION SUPPLEMENTAL AGREEMENT (SENIOR B LOAN)

THIS AGREEMENT dated for reference September 30, 2023

AMONG:

**KENSINGTON UNION BAY PROPERTIES NOMINEE LTD.,
KENSINGTON UNION BAY PROPERTIES LIMITED PARTNERSHIP, and
KENSINGTON UNION BAY PROPERTIES GP LTD.**

(collectively, "**UB Borrowers**")

AND

INTERNATIONAL TRADE CENTER PROPERTIES LTD.

("ITC Borrower"; together with UB Borrowers, collectively, the "**Borrowers**")

AND

HOTEL VERSANTE LTD.

AND

SUNWINS ENTERPRISE LTD.

AND

MO YEUNG PROPERTIES LTD.

AND

MO YEUNG CHING

(collectively, the "**Initial Guarantors**")

AND

SFT DIGITAL HOLDINGS 30 LTD. ("**SFT 30**" or the "**Additional Guarantor**"; together with the Initial Guarantors, collectively, the "**Guarantors**")

AND:

FOX ISLAND DEVELOPMENT LTD. ("**Lender A**")

AND

ADVANCED VENTURE HOLDING CO., LTD. ("**Lender B**")

(collectively, the "**Lenders**")

WHEREAS:

- (A) The Borrowers, the Initial Guarantors and the Lenders entered into the Senior B Loan Agreement dated for reference June 14, 2021, as amended by the First Amending Agreement dated for reference March 7, 2022, whereby (among other things) the Lenders agreed to provide a term loan in the aggregate principal amount of not more than CAD\$39,000,000 to the Borrowers;
- (B) The ITC Borrower entered into an agreement to transfer its beneficial interest in all or part of the Hotel Property to a separate entity (the "**Hotel Property Holdco**"; such agreement, the "**Hotel Property Beneficial Transfer Agreement**"), which transfer (the "**Hotel Property Beneficial**

Transfer") constitutes a material change in the ownership of the Hotel Property and requires the Lenders' approval;

- (C) The Lenders have not issued any approval for the Hotel Property Beneficial Transfer, nor have they approved the ITC Borrower's entry into the Hotel Property Beneficial Transfer Agreement in relation to such transfer;
- (D) The Lenders agreed to (among other things) refrain from exercising their rights under the Existing Loan Agreement and the other Loan Documents in relation to the Hotel Property Beneficial Transfer during a period of forbearance up to March 7, 2023, pursuant to the terms and conditions set forth in the Second Amending Agreement dated for reference September 7, 2022 (the "**Second Amending Agreement**"), among the Borrowers, the Guarantors and the Lenders;
- (E) The Lenders subsequently agreed to (among other things) extend the period of forbearance to July 31, 2023 and to continue to refrain from exercising their rights under the Existing Loan Agreement and the Loan Documents in relation to the Hotel Property Beneficial Transfer during the extended period of forbearance, to accept the 1st Forbearance Payment (as defined therein) as partial payments under Tranches 1, 3 and 4 of the Loan and to further amend the Existing Loan Agreement, pursuant to the terms and conditions set forth in the Forbearance and Third Amending Agreement dated for reference February 28, 2023 (the "**Previous Forbearance Agreement**") among the Borrowers, the Guarantors and the Lenders;
- (F) The 1st Forbearance Payment was paid in full on March 29, 2023;
- (G) Concurrent with the parties entering into the Previous Forbearance Agreement, the Senior A Lenders, the ITC Borrower and the UB Borrowers (together with others) entered into a forbearance agreement dated for reference February 28, 2023 (the "**Previous Senior A Forbearance Agreement**") in respect of the Senior A Indebtedness;
- (H) Under the Previous Forbearance Agreement and with reference to the Previous Senior A Forbearance Agreement, the ITC Borrower was required to make the Senior A 1st Forbearance Payment (as defined in the Previous Forbearance Agreement) on or before February 28, 2023 and the Senior A Remaining Forbearance Payment (as defined in the Previous Forbearance Agreement) on or before April 30, 2023, and thereby repay the Senior A Indebtedness in full;
- (I) The Senior A 1st Forbearance Payment was made and accepted by the Senior A Lenders; however, except for the sum in the aggregate amount of \$3,000,000 (the "**\$3MM Partial Payment**"), which is being held in trust by the Lenders' Solicitors, the Senior A Remaining Forbearance Payment was not made when due and remains unpaid (the "**Existing Senior A Forbearance Default**");
- (J) The Senior A Lenders issued to ITC Borrower (as borrower under the Senior A Indebtedness) and the UB Borrowers and certain other persons (as guarantors under the Senior A Indebtedness), respectively, demand letters (the "**Senior A Demand Letters**") and Section 244 Notices (the "**Senior A Section 244 Notices**"), on May 1, 2023, to demand the repayment of the Senior A Indebtedness in full;
- (K) As a result of the Existing Senior A Forbearance Default, an "Event of Forbearance Default" occurred under the Previous Forbearance Agreement (the "**Existing Forbearance Default**") such that the forbearance period thereunder expired on April 30, 2023, and Tranche 9 under the Existing Loan Agreement is no longer available to be drawn;
- (L) The Lenders issued to the Borrowers and the Guarantors, respectively, demand letters (the "**Existing Demand Letters**") and Section 244 Notices (the "**Existing Section 244 Notices**"), on May 25, 2023, to demand the repayment of the Loan Amount in full;

- (M) Concurrent with entering into the Previous Forbearance Agreement, the UB Project Lenders, the UB Borrowers (as borrowers under the UB Project Indebtedness) and the ITC Borrower and certain other persons (as guarantors under the UB Project Indebtedness) entered into a forbearance agreement dated for reference April 14, 2023 (the "**Previous UB Project Loan Forbearance Agreement**") in respect of the UB Project Indebtedness;
- (N) As a result of the expiry of the forbearance period under the Previous Forbearance Agreement (as described in Recital (K) above), an "Event of Forbearance Default" occurred under the Previous UB Project Loan Forbearance Agreement (the "**Existing UB Project Loan Forbearance Default**"), and the forbearance period thereunder also expired on April 30, 2023;
- (O) The Borrowers previously informed the Lenders that the Borrowers have been seeking and negotiating with various third parties for certain refinancing and sale proposals in respect of the Hotel Property and the UB Property, including the following:
 - (a) A refinancing of UB Lot 2 (the "**New UB Lot 2 Financing**") to be provided by one or more lenders, which is expected to complete on or before August 30, 2023, yielding net loan proceeds in the aggregate amount of not less than \$20,000,000;
 - (b) A first-ranking loan of the Hotel Property (the "**New Senior Hotel Financing**") to be provided by a single lender (the "**New Senior Hotel Lender**"), which is expected to complete on or before October 30, 2023, yielding net loan proceeds in the range of not less than \$30,000,000 and not more than \$35,000,000;
 - (c) A sale or refinancing of the entire UB Lot 4 (the "**UB Lot 4 Refinancing**"), which is expected to complete on or before October 30, 2023, generating net proceeds in the amount of not less than \$14,500,000; and
 - (d) A refinancing of the indebtedness owing to the UB-GF Lender (the "**UB-GF Refinancing**") whereby the UB-GF Lender will discharge its mortgage and charge from UB Lot 1;
- (P) The Borrowers further informed the Lenders that:
 - (a) In connection with the Hotel Property Beneficial Transfer (which has not been fully consummated), the ITC Borrower is required to refinance the indebtedness secured by one or more mortgages registered on the Hotel Property so that the total amount of indebtedness so secured must not exceed \$47,000,000;
 - (b) with the successful implementation of the New UB Lot 2 Financing, the New Senior Hotel Financing and the UB Lot 4 Sale, it is expected that there would be sufficient funds raised from those financings to repay in full the Senior A Indebtedness and the UB Project Indebtedness, and pay down in part but not in full the Loan Amount owing under the Existing Loan Agreement; and
 - (c) the Borrowers will need further short-term financing from the Lenders in order to bridge any shortfall in satisfying the Borrowers' indebtedness and obligations in respect of the Loan Amount under the Existing Loan Agreement;
- (Q) In reliance of the Borrowers' information and other representations (including those set out in Recitals (O) and (P) above) and other promises made by the Borrowers and other Obligants, the Lenders agreed to (among other things) further extend the period of forbearance to October 30, 2023 and to continue to refrain from exercising their rights under the Existing Loan Agreement and the Loan Documents in relation to the Existing Forbearance Default during such extended period of forbearance, pursuant to the terms and conditions set forth in the Forbearance Extension

Agreement dated for reference July 30, 2023 (the "**Forbearance Extension Agreement**") among the Borrowers, the Guarantors and the Lenders;

- (R) Concurrent with entering into this Agreement, the UB Project Lenders, the ITC Borrower and the UB Borrowers (together with others) also agreed to enter into a forbearance extension agreement (the "**UB Project Loan Forbearance Extension Agreement**") in respect of the UB Project Indebtedness;
- (S) Under the Forbearance Extension Agreement, the Borrowers must make a payment of \$20,000,000 (defined as the "\$20MM Payment" therein) to the Lenders' Solicitors, in trust (which payment was expected to be funded by the New UB Lot 2 Financing), and the Senior A Indebtedness must be repaid in full, in both cases, on or before August 30, 2023;
- (T) As at the date hereof, the 20MM Payment remains unpaid, the New UB Lot 2 Financing has not yet completed, and the Senior A Indebtedness remains due and owing (collectively, the "**Existing Forbearance Extension Default**");
- (U) The Borrowers have since informed the Lenders the following changes in respect of the New UB Lot 2 Financing:
 - (a) the New UB Lot 2 Financing (as defined in the Forbearance Extension Agreement) will be provided by Cameron Stephen Mortgage Capital Ltd. ("**New UB Lot 2 Lender**") in the principal sum of \$13,500,000 pursuant to a commitment letter dated June 7, 2023 (the "**New UB Lot 2 Commitment Letter**"), yielding a net loan proceeds (after deductions for various fees and interest reserve in relation to that financing) in the sum of \$11,870,000;
 - (b) on its own initiative, the Borrowers have paid to the Lenders' Solicitors, in trust, a sum of \$1,000,000, so that a total of \$4,000,000 (the "**\$4MM Reserve Sum**") is now held in trust as a reserve for the purposes of the payments originally contemplated under the Forbearance Extension Agreement;
- (V) The Borrowers have also acknowledged to the Lenders that:
 - (a) the net proceeds from the New UB Lot 2 Financing will in aggregate be less than \$20,000,000; and
 - (b) in any case, such net proceeds, together with the \$4MM Reserve Sum now held in trust, will not be sufficient to repay in full the outstanding balance of the Senior A Indebtedness now owing (the "**New UB Lot 2 Financing Shortfall**");
- (W) The Borrowers have also since informed the Lenders that the New Senior Hotel Financing (as defined in the Forbearance Extension Agreement) continue to be expected to complete on or before October 30, 2023; however, the principal amount of the financing has been increased and as a result, the net loan proceeds are expected to be increased by \$12,000,000, totalling in the sum of not less than \$47,000,000;
- (X) The Borrowers will need a loan in order to address the New UB Lot 2 Financing Shortfall so that the Senior A Indebtedness will be repaid in full concurrent with the completion of the New UB Lot 2 Financing;
- (Y) As at the date of this Agreement, each of (i) the Loan Amount under the Existing Agreement, (ii) the Senior A Indebtedness, and (iii) the UB Project Indebtedness, remains unpaid and owing to their respective lenders;

- (Z) On the Borrowers' further request, the Lenders have agreed to modify and supplement the terms of the Forbearance Extension Agreement on the terms and conditions set forth herein;

NOW THEREFORE in consideration of the mutual premises, covenants and agreements set forth herein and all other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the parties hereto agree as follows:

1. INTERPRETATION

1.1 Definitions

In this Agreement:

- (a) Words with initial capital letters which are not otherwise defined in this Agreement have the meanings set out in the Loan Agreement.
- (b) **"Bridge Refinancing"** means a proposed bridge refinancing to be made available by the Lenders as contemplated in Section 8.2 below.
- (c) **"Event of Forbearance Default"** has the meaning given to it in Section 10 hereof.
- (d) **"Existing Defaults"** means, collectively, the Existing Hotel Property Beneficial Transfer Default (as defined in Section 2.1(d)), the Existing Senior A Forbearance Default (as defined in Recital (I) above), the Existing Forbearance Default (as defined in Recital (K) above), the Existing UB Project Loan Forbearance Default (as defined in Recital (N) above) and the Existing Forbearance Extension Default (as defined in Recital (S) above).
- (e) **"Existing Loan Agreement"** means the Senior B Loan Agreement dated for reference June 14, 2021 between (among others) the Borrowers and the Lenders, as amended by the First Amending Agreement dated for reference March 7, 2022, and the Second Amending Agreement dated for reference September 7, 2022, and as supplemented and amended by the Previous Forbearance Agreement and the Forbearance Extension Agreement.
- (f) **"Forbearance Extension Effective Date"** means April 30, 2023.
- (g) **"Forbearance Extension End Date"** means October 30, 2023.
- (h) **"Forbearance Extension Period"** means the period from the Forbearance Extension Effective Date and up to and including the earlier of:
 - (1) the Forbearance Extension End Date; and
 - (2) the date on which an Event of Forbearance Default has occurred.
- (i) **"Interim Loan"** means the short-term loan to be made available by Lender A as provided in Section 3 below.
- (j) **"Loan Agreement"** means the Existing Loan Agreement, as supplemented and modified by this Agreement and as the same may be amended, extended, supplemented, modified, renewed, replaced and restated from time to time.
- (k) **"Lenders' Solicitors"** means Norton Rose Fulbright Canada LLP.

- (l) **"Section 244 Notice"** means a notice of intention to enforce security pursuant to section 244 of the *Bankruptcy and Insolvency Act* (Canada).
- (m) **"Obligants"** means, collectively, the Borrowers and the Guarantors.

2. ACKNOWLEDGEMENT AND AGREEMENT BY THE OBLIGANTS

2.1 Hotel Property Beneficial Transfer

Each of the Obligants acknowledges to and agrees with the Lenders as follows:

- (a) The statements set out in Recitals (B) and (C) are true and correct, and form an operative part of this Agreement.
- (b) The Hotel Property Beneficial Transfer has not been fully consummated, subject to the satisfaction of certain conditions to be fulfilled by the ITC Borrower, including, without limitation, the refinancing of the Loan under the Loan Agreement (together with the Senior A Indebtedness which is secured by a mortgage against the Hotel Property).
- (c) As at the date of this Agreement and the date on which all conditions set out in Section 9 hereof have been satisfied (or otherwise waived by the Lenders), the ITC Borrower remains the sole owner of all of the beneficial interest in the Hotel Property (subject only to its obligation to effect the Hotel Property Beneficial Transfer in favour of Hotel Property Holdco pursuant to the Hotel Property Beneficial Transfer Agreement).
- (d) Notwithstanding that the Hotel Property Beneficial Transfer has not been fully consummated, the Obligants agree that the ITC Borrower's entry into the Hotel Property Beneficial Transfer Agreement and otherwise agreeing to the Hotel Property Beneficial Transfer constitute an Event of Default under the Loan Agreement (the **"Existing Hotel Property Beneficial Transfer Default"**), and the Lenders are (but for the Second Amending Agreement, the Previous Forbearance Agreement, the Forbearance Extension Agreement and this Agreement) entitled to immediately accelerate and demand full payment of the outstanding Loan Amount as a result of the Existing Hotel Property Beneficial Transfer Default and enforce their remedies pursuant to the terms of the Loan Agreement.
- (e) The Obligants agree to:
 - (1) promptly and from time to time advise the Lenders of the status of the Hotel Property Beneficial Transfer in sufficient details to the satisfaction of the Lenders; and
 - (2) upon the Lenders' request from time to time, (i) provide confirmation (in form and substance satisfactory to the Lenders) that the ITC Borrower remains the sole owner of all of the beneficial interest in the Hotel Property, and (ii) deliver to the Lenders a certified copy of the Hotel Property Beneficial Transfer Agreement.

2.2 Debt

Each of the Obligants acknowledges to and agrees with the Lenders as follows:

- (a) As at April 30, 2023, the Borrowers are indebted to the Lenders, on account of the outstanding balance under each tranche of the Loan (including any accrued and unpaid interest thereon), in the amounts set out below:

<u>Tranche</u>	<u>Principal Amount owing</u>
1	\$4,642,981.57
2a	\$19,621,728.05
2b	\$10,233,705.00
3	\$2,659,173.96
4	\$1,550,776.33
5	\$1,021,756.88
6	\$1,562,786.05
7	\$964,136.49
8	\$453,008.22
Total:	\$42,710,052.56

plus all other fees, costs, expenses and other charges that are payable by the Borrowers to the Lenders in accordance with the Existing Loan Agreement (collectively, the "**Debt**").

- (b) There is no balance remaining in any of the Interest Reserves.
- (c) Interest has been accruing on the outstanding balance of each tranche of the Loan at 30% per annum since April 30, 2023.
- (d) None of the Obligants has any claims, counterclaims, damages or other defence on any basis whatsoever against the Lenders in relation to the Debt, the other Loan Amount, the Existing Loan Agreement, the Security Documents and the other Loan Documents. If there are any such claims, counterclaims, damages or other defence, then each Obligor hereby expressly waives and releases them to the fullest extent permitted under applicable law.

2.3 Senior A Indebtedness; UB Indebtedness

Each of the Obligants acknowledges to the Lenders as follows:

- (a) As at September 30, 2023, the ITC Borrower will be indebted to the Senior A Lenders on account of the Senior A Indebtedness (including any accrued and unpaid interest thereon) in the aggregate amount of \$21,103,065.46, plus all other fees, costs, expenses and other charges that are payable by the ITC Borrower to the Senior A Lenders in accordance with the Senior A Loan Agreement.
- (b) As at October 30, 2023, the UB Borrowers will be indebted to the UB Project Lenders on account of the UB Project Indebtedness (including any accrued and unpaid interest thereon) in the aggregate amount of USD\$5,293,785.21 and \$17,496,680.84, plus all other fees, costs, expenses and other charges that are payable by the UB Borrowers to the UB Project Lenders in accordance with the UB Project Loan Agreement.

2.4 Combined Repayment Reserve

Notwithstanding the terms of Section 4.1 of the Forbearance Extension Agreement, each of the Obligants hereby acknowledges to and agrees with the Lenders that:

- (a) the \$4MM Reserve Sum is (and shall continue to be) held by the Lenders; Solicitors in the Combined Repayment Reserve for the repayment of (i) the Senior A Indebtedness under the Senior A Loan Agreement, (ii) the UB Project Indebtedness under the UB Project Loan Agreement and (iii) the Debt and the other Loan Amount under the Loan Agreement; and
- (b) as of the date hereof, the balance in the Combined Repayment Reserve is \$4,000,000.

2.5 Existing Defaults

Each of the Obligants hereby acknowledges to and agrees with the Lenders as follows:

- (a) The statements set out in Recitals (F) to (Y) are true and correct, and form an operative part of this Agreement.
- (b) The Existing Defaults have occurred and are continuing.
- (c) The Existing Loan Agreement and the Security Documents are in default pursuant to the terms thereof as a result of the Existing Defaults and, but for the Second Amending Agreement, the Previous Forbearance Agreement, the Forbearance Extension Agreement and this Agreement, the Lenders are entitled to take immediate steps to enforce its security under the Security Documents.
- (d) The Lenders have entered into this Agreement with the Obligants at their request and with a view to allowing the Obligants additional time to repay the Debt and the Loan Amount in a lawful, efficient and cost-effective manner.
- (e) Except as expressly provided in the Second Amending Agreement, the Previous Forbearance Agreement, the Forbearance Extension Agreement and this Agreement, the Lenders have not made any promise, nor has any of them taken any action or omitted to take any action, that would constitute a waiver of their rights to pursue any remedies in respect of the Loan, the Loan Agreement, the Security Documents or the other Loan Documents that would prevent them from so doing.
- (f) The Lenders' forbearance as provided in Section 5 below and otherwise under this Agreement, the Forbearance Extension Agreement, the Previous Forbearance Agreement or the Second Amending Agreement is not to be taken as a waiver by the Lenders of any of their rights under any of the Loan Agreement, the Security Documents or any other Loan Documents which may arise from any other default (whether the same as or similar to the Existing Defaults or otherwise) which presently exists or which may in the future occur. Except as expressly provided in Section 4.3(b) below, the Lenders have not waived any of such rights or remedies, and nothing in this Agreement, and no delay on their part in exercising any such rights or remedies, should be construed as a waiver of those rights or remedies.

2.6 Demand and Notice of Intention

Each of the Obligants hereby acknowledges:

- (a) receipt of the Existing Demand Letters, and the Existing Section 244 Notices, on May 25, 2023; and

- (b) all applicable cure periods relating to the Existing Defaults, the Existing Demand Letters and Existing Section 244 Notices have lapsed,

and each of them hereby waives any right or requirement to receive further notice or demand (including, without limitation, any other Section 244 Notices) from the Lenders in respect thereof or the enforcement under the Security Documents.

2.7 Loan Documents

Each of the Obligants hereby agrees, ratifies, acknowledges and confirms to the Lenders that:

- (a) the term "Loan Agreement", as used in each of the Loan Documents, means the Existing Loan Agreement, as supplemented by this Agreement, and as may be further amended, extended, supplemented, modified, renewed, replaced and restated from time to time;
- (b) this Agreement constitutes a "Loan Document" (as defined in the Loan Agreement);
- (c) each of the Security Documents previously granted by the Obligants prior to the date hereof pursuant to the Existing Loan Agreement and the other Loan Documents, is held and will continue to be held by the Lenders as collateral security for all of the debts, liabilities and obligations, present and future, direct and indirect, of each of the Obligants to the Lenders pursuant to the Loan Agreement and the other Loan Documents;
- (d) each of the Obligants will continue to be bound by all of the terms, conditions, covenants and obligations applicable to such Obligor under or pursuant to this Agreement, the Loan Agreement and the other Loan Documents to the extent such Obligor is a party, and
- (e) each of the Obligants hereby ratifies, acknowledges and confirms all obligations, covenants, agreements, provisos, stipulations, conditions, powers, matters and things whatsoever contained in the Existing Loan Agreement (as may be supplemented herein) and the other Loan Documents, all of which shall continue in full force and effect.

3. INTERIM LOAN

3.1 Loan Terms

Each Lender, on a severally basis with the other, agrees to make available to the Borrowers a further non-revolving short-term loan (the "Interim Loan"), on terms and conditions set out below:

- (a) The Interim Loan shall be used for the sole purpose to finance the repayment of the Senior A Indebtedness, and it shall be (and shall be deemed to be) advanced concurrently when the net proceeds from the New UB Lot 2 Financing have been advanced and paid to the Lenders' Solicitors, in trust (as provided in Section 4.1 below).
- (b) The Interim Loan shall be in the principal amount equal to (i) the amount of the Senior A Indebtedness then owing, less (ii) the net proceeds from the New UB Lot 2 Financing paid to the Lenders' Solicitors, in trust (as provided in Section 4.1 below), and (iii) the \$4MM Reserve Sum held in the Combined Repayment Reserve, of which Lender A will fund not more than \$2,750,000 in principal amount, and Lender B will fund not more than the remaining balance of its principal amount (the proportion that the principal amount of Interim Loan funded and owing to each Lender bears to the aggregate principal amount of the Interim Loan is herein known as the "Lender's Interim Loan Proportion").
- (c) The Interim Loan shall consist of a single advance and shall be deemed to be advanced by each Lender based on the applicable Lender's Interim Loan Proportion upon application

of the applicable principal amount of the Interim Loan to repay the amount then owing to that Lender under the Senior A Indebtedness, and such application is hereby irrevocably authorized and directed by the Borrowers.

- (d) The indebtedness of the Borrowers under the Interim Loan shall form a part of the Loan Amount under the Loan Agreement and secured by the Security Documents and the following:

- (1) a mortgage, including the terms of an assignment rents, in favour of the Lenders charging the Hotel Property, granted by the ITC Borrower, in the principal amount of \$5,300,000 (collectively, the **"Interim Loan Hotel Property Mortgage"**), which shall rank subordinate only to the Lenders' existing mortgage securing the Loan Amount and the indebtedness under the Loan Agreement;
- (2) a mortgage, including the terms of an assignment rents, in favour of the Lenders charging UB Lot 1, granted by the UB Nominee, in the principal amount of \$5,250,000, which shall rank subordinate only to the Lenders' existing mortgages securing the Loan Amount and the indebtedness under the Loan Agreement and such other mortgages and charges previously permitted by the Lenders in connection with the Loan Agreement; and
- (3) a beneficiary authorization and charge agreement relating to UB Lot 1 granted by the UB Nominee and the other UB Borrowers in favour of the Lenders,

(all of which shall be in form and substance to the satisfaction of the Lenders, collectively, the **"Additional Interim Loan Security Documents"**).

Each Additional Interim Loan Security Document shall constitute a "Security Document" and a "Loan Document" (as each term is defined in the Loan Agreement).

- (e) Interest on the Interim Loan shall accrue at the following rates:

- (1) from the date of advance up to and including October 30, 2023, 0% per annum; and
- (2) from October 31, 2023, 27% per annum, PLUS the then applicable Rate Premium, until the Interim Loan and the interest thereon have been repaid in full.

Interest on the Interim Loan shall otherwise be calculated and compounded in the same manner as that on the rest of the Loan in accordance with the terms of the Loan Agreement.

- (f) The Interim Loan, and the interest accrued thereon, shall be due in full on the date when the net proceeds from the New Senior Hotel Financing and from the UB Lot 2 Sales have been paid to the Lenders' Solicitors, in trust, in accordance with Section 4.2(a) below, but in any case no later than November 7, 2023 (the **"Interim Loan Outside Due Date"**), and no prepayment (in full or in part) shall be permitted.

- (g) In consideration of the Lenders making available the Interim Loan, the Borrowers hereby agree to pay to the Lenders:

- (1) an additional commitment fee in the amount of \$131,000 (the **"Interim Loan Commitment Fee"**); and
- (2) an usage fee in the amount of \$59,000 (the **"Interim Loan Usage Fee"**).

3.2 Conditions Precedent

The advance of the Interim Loan pursuant to Section 3.1(c) above shall be subject to the following conditions having been fulfilled to the satisfaction of the Lenders (or waived by the Lenders in their sole discretion):

- (a) the New UB Lot 2 Financing shall have been (or concurrently with the completion of the Interim Loan, will be) completed and advanced, and their respective net proceeds shall not be less than the amounts provided in Section 4.1 below; and
- (b) together with the aggregate net proceeds from the New UB Lot 2 Financing and the \$4MM Reserve Sum held in the Combined Repayment Reserve, the advance under the Interim Loan shall be in sufficient amount in order to repay the Senior A Indebtedness in full.

4. OBLIGANTS' COVENANTS

Each of the Obligants covenants and agrees with the Lenders as follows:

4.1 October 16, 2023

- (a) On or before October 16, 2023, the Borrowers will pay (and will cause to be paid) to the Lenders' Solicitors, in trust, the net loan proceeds from the New UB Lot 2 Refinancing in the sum of not less than \$11,870,000, which payment shall be added to the Combined Repayment Reserve.
- (b) On October 16, 2023, the balance in the Combined Repayment Reserve, together with the advance under the Interim Loan, shall be applied to the outstanding balance of the Senior A Indebtedness then owing, in order to repay the Senior A Indebtedness and satisfy all other obligations owing by the ITC Borrower under the Senior A Loan Agreement in full.

4.2 October 30, 2023

- (a) On or before October 30, 2023, the Borrowers will pay (and will cause to be paid) to the Lenders' Solicitors, in trust, (i) the net loan proceeds from the New Senior Hotel Financing in the sum of not less than \$47,000,000, and (ii) the proceeds from the UB Lot 4 Sale in the sum of \$17,000,000, which payments shall be added to the Combined Repayment Reserve.
- (b) On October 30, 2023:
 - (1) subject to (i) the Senior A Indebtedness having been repaid and satisfied in full, and (ii) there are sufficient funds in the Combined Repayment Reserve to do so, the balance in the Combined Repayment Reserve shall be applied to the outstanding balance of the UB Project Indebtedness then owing, in order to repay the UB Project Indebtedness and satisfy all other obligations owing by the UB Borrowers under the UB Project Loan Agreement in full; and
 - (2) subject to the UB Project Indebtedness having been repaid and satisfied in full, the balance (if any) in the Combined Repayment Reserve shall be applied on October 30, 2023 as follows:
 - (A) firstly, to the Additional Forbearance Fee (pursuant to the Forbearance Extension Agreement, and as acknowledged in Section 7.2 below); and
 - (B) secondly, to the Equivalent Interest Payment pursuant to Section 4.3(b);

- (C) thirdly, to the outstanding principal balance of the Interim Loan (excluding the Interim Loan Commitment Fee and the Interim Loan Usage Fee);
 - (D) fourthly, to the Additional Commitment Fee (pursuant to the Forbearance Extension Agreement, and as acknowledged in Section 7.2 below); and
 - (E) fifthly, to the remaining outstanding balance of the Loan Amount then owing under the Loan Agreement.
- (c) The remaining balance of the Loan Amount then owing, after taking into account the application pursuant to Section 4.2(b)(2)(E) above may be refinanced under the Bridge Refinancing as contemplated under Section 8.2 below.
 - (d) On or before the date when the outstanding principal balance of the Interim Loan is repaid pursuant to Section 4.2(b)(2)(C), but in any case no later than the Interim Loan Outside Due Date, the Borrowers shall pay out of its own resource (for greater certainty, such payment shall not be funded out of the Combined Repayment Reserve or any contribution that would have been paid into the Combined Repayment Reserve) the Interim Loan Commitment Fee and the Interim Loan Usage Fee.

4.3 Payment In Lieu of Interest During Forbearance Extension Period

- (a) The Borrowers acknowledge to the Lenders that, as a result of the Existing Forbearance Extension Default, the Interest Waiver Conditions (as defined in the Forbearance Extension Agreement) are not satisfied, and that, but for the Lenders' agreement under Section 4.3(b) below, interest that has continued to accrue during the Forbearance Extension Period on the Loan pursuant to the terms of the Existing Loan Agreement, will not be waived by the Lenders.
- (b) Subject to Section 9 above, as a further accommodation to the Borrowers, the Lenders agree to accept the sum of \$6,400,000 (the "**Equivalent Interest Payment**") on or before the Forbearance Extension End Date and otherwise in accordance with Section 4.2(b)(2) above, in lieu of the interest that has accrued and would have continued to accrue on the Loan up to the Forbearance Extension End Date.

For greater certainty, subject to the completion of the Bridge Refinancing pursuant to Section 8.2 below, interest shall accrue (and continue to accrue) on the then outstanding balance of the Loan at 30% per annum as of the Forbearance Extension End Date.

4.4 Forbearance Extension End Date

If no Event of Forbearance Default (except for the Existing Forbearance Extension Default) has occurred and the Forbearance Extension Period has not otherwise expired before the Forbearance Extension End Date, then the Borrower will pay to the Lenders the Loan Amount then owing on the Forbearance Extension End Date in full (subject to the completion of the Bridge Refinancing pursuant to Section 8.2 below).

4.5 Redemption Period; Insolvency Proceedings

Each of the Obligants hereby irrevocably acknowledges and agrees that, in consideration of continuing the forbearance provided to them by the Lenders under the terms of this Agreement:

- (a) it will irrevocably consent to an order nisi, stipulating a shortened redemption period of 10 days in any foreclosure proceedings brought by the Lenders in respect of the property charged by the mortgages granted pursuant to the Loan Agreement or any other Security Document and an order for conduct of sale in favour of the Lenders effective from the end

of the redemption period, such consent order otherwise in form and content acceptable to the Lenders in all other respects; and

- (b) it will cooperate with the Lenders in their efforts to achieve a timely sale of such property (or any part thereof) in any foreclosure proceedings,

and, except with the prior express written consent of the Lenders:

- (c) it shall not seek any relief under the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Acts* (Canada) or any other comparable insolvency legislation, including by initiating or otherwise becoming subject to any proceedings under any such legislation (each, an "**Insolvency Proceeding**"), which would in any way stay the actions of the Lenders or otherwise prevent the Lenders from realizing on all or any part of the security under the Security Documents;
- (d) in the event any Insolvency Proceeding is commenced in respect of any Obligor, the Lenders shall be treated as "unaffected creditors" in such Insolvency Proceeding and, in particular, none of the rights or remedies of the Lenders shall be stayed or otherwise limited and none of the Debt or any other Loan Amount shall be subject to any compromised or arrangement as part of any such Insolvency Proceeding; and
- (e) in the event any Insolvency Proceeding is commenced in respect of any Obligor, the Lenders shall have the right, in priority to any other person, but not the obligation, to provide interim financing within the meaning of *Bankruptcy and Insolvency Act* (Canada) or the *Companies' Creditors Arrangement Acts* (Canada) to each Obligor subject to such Insolvency Proceeding, on the usual terms and conditions, and no actions or steps shall be taken by any Obligor in connection with any such financing.

5. LENDERS' FORBEARANCE

Subject to Section 9 below, and provided that no Event of Forbearance Default has occurred and the Forbearance Extension Period has not otherwise expired, the Lenders hereby agree with the Borrowers and the other Obligors as follows:

- (a) subject to the receipt of the Equivalent Interest Payment, the Lenders shall accept such payment in lieu of the interest that has accrued and would have continued to accrue on the Loan up to the Forbearance Extension End Date in accordance with Section **Error! Reference source not found.4.3** above; and
- (b) the Lenders continue to forbear from enforcing their security under the Security Documents, until the Forbearance Extension Period has expired.

6. REPRESENTATIONS AND WARRANTIES

6.1 General Representations

Each of the Obligors, jointly and severally, represents and warrants as follows to the Lenders:

- (a) The UB Nominee, a company incorporated in Yukon with the original name "34083 Yukon Inc.", was continued into British Columbia on March 22, 2023 as a company with the name Kensington Union Bay Properties Nominee Ltd.
- (b) Except as set out in Section 2 above, each of the representations and warranties in Section 5 of the Existing Loan Agreement and in Section 7 of the Second Amending Agreement are true, accurate and complete in all respects on and as of the date hereof, with the same

effect as if such representations and warranties had been made on and as of the date hereof (except for those representations and warranties which speak solely as of an earlier date, in which event those representations and warranties must be true, accurate and complete in all respects as of such earlier date);

(c) the execution, delivery and performance by that Obligor of this Agreement and the other Loan Documents:

- (1) have been duly authorized by all necessary proceedings of that Obligor (to the extent it is a corporation or a limited partnership);
- (2) do not and will not conflict with or result in a breach of any of the terms, conditions or provisions of:
 - (A) the constating documents of that Obligor (to the extent it is a corporation or a limited partnership);
 - (B) any law applicable to or binding on or affecting that Obligor or its assets;
 - (C) the Senior A Indebtedness or any Senior A Security;
 - (D) the UB Project Indebtedness or any UB Project Security;
 - (E) the UB-GF Indebtedness or any UB-GF Security; or the UB-VTB Indebtedness or any UB-VTB Security;
 - (F) the Residence-SL128-Morteq Indebtedness or any Residence-SL128-Morteq Security; the SpaV-BDC Indebtedness or any Spa-BDC Security; the SpaV-Jin Indebtedness or any Spa-Jin Security; the SpaV-Kingdom Indebtedness or any Spa-Kingdom Security; or
 - (G) the Hotel Property Beneficial Transfer Agreement; or
 - (H) any agreement or other document to which that Obligor is a party

and

- (3) do not and will not, result in, or require or permit:
 - (A) the imposition of any encumbrances on or with respect to the Property or any other properties now owned by that Obligor; or
 - (B) the acceleration of the maturity of the Senior A Indebtedness, the UB Project Indebtedness, the UB-GF Indebtedness, the UB-VTB Indebtedness, the Residence-SL128-Morteq Indebtedness, the SpaV-BDC Indebtedness, the SpaV-Jin Indebtedness, the SpaV-Kingdom Indebtedness or any other debts owing by that Obligor;
- (d) each of the Obligor has obtained all consents, authorizations and approvals required to carry on its business as now being conducted and to enter into and perform its obligations under this Agreement and the other Loan Documents;
- (e) no consent or approval is required from the Hotel Property HoldCo or other entities that are parties to, or have a direct or indirect interest in, the Hotel Property HoldCo or otherwise in relation to the Hotel Property Beneficial Transfer in order for the Borrowers and any other

Obligants to enter into and perform its obligations under this Agreement and the other Loan Documents; and

- (f) all information, documents, reports, certificates and records provided by or on behalf of the Obligants to the Lenders in relation to this Agreement or otherwise in connection with the Loan are accurate and complete in all material respects, and do not omit any material fact that would make the content thereof misleading.

7. FEES TO THE LENDER

7.1 Fee Non-Refundable

Each of the Interim Loan Commitment Fee and the Interim Loan Usage Fee (pursuant to Section ~~3.1(g)~~~~3.4(h)~~ above) is non-refundable and will be:

- (a) earned by the Lenders upon issuance to the Borrowers of this Agreement; and
- (b) until paid, added to and form a part of the Loan Amount and secured by the Security Documents.

For greater certainty, each such fee is earned and payable in accordance with the terms hereof, without any reduction or set-off:

- (c) even if any of the conditions set out in Section 9 is not satisfied (or waived by the Lenders), or if any of the Obligants is otherwise unwilling or unable to complete the transactions contemplated hereunder;
- (d) even if the conditions to the advance of the Interim Loan have not been satisfied (or waived by the Lender) pursuant to Section 3.2 above; and
- (e) even if the Interim Loan is repaid prior to the Interim Loan Outside Due Date.

7.2 Acknowledgement

For greater certainty, each of the Additional Forbearance Fee and the Additional Commitment Fee (as each is defined in Section 7.1 and 7.2 of the Forbearance Extension Agreement) has been earned by the Lenders, and each shall continue to be due and payable to the Lenders in accordance with the terms thereof.

8. REFINANCING

8.1 Partial Discharges

Subject to Section 9 below, provided that no Event of Forbearance Default (except for the Existing Forbearance Extension Default) has occurred and the Forbearance Extension Period has not otherwise expired, the Lenders hereby agree with the Borrowers and the other Obligants as follows:

- (a) In order to facilitate the New UB Lot 2 Financing, upon and subject to receipt by the Lenders' Solicitors, in trust, of the net proceeds from the New UB Lot 2 Financing in accordance with Section 4.1, the Lenders agree to grant a priority agreement (the "**New UB Lot 2 Priority Agreement**") to subordinate their mortgage and charge under the Security Documents in respect of UB Lot 2 to the mortgage and charge in favour of New UB Lot 2 Lender under the New UB Lot 2 Financing, on terms and conditions set out below and such other terms and conditions acceptable to the Lenders in their sole discretion:

- (1) the Lenders' right to receive any payments on account of the Loan Amount (including the Interim Loan) from the Combined Repayment Reserve, and any other sources whatsoever (other than proceeds from any sale of UB Lot 2 or recovery from any enforcement actions against UB Lot 2) shall not be restricted, whether before or after an Event of Default, Event of Forbearance Default or a demand under the Loan Agreement;
 - (2) the priority of the New UB Lot 2 Financing shall not exceed \$13,500,000 in principal amount plus interest at the rate of the greater of 9.95% per annum and RBC Prime Rate plus 3.00%; and
 - (3) the Lenders' right to initiate any enforcement action under the Security Documents against any property shall not be restricted in any way, provided any enforcement action against UB Lot 2 shall be subject to the Lenders delivering to the New UB Lot 2 Lenders 30 days' prior notice of the Lenders' intention to initiate any such action against UB Lot 2.
- (b) If the UB-GF Refinancing has been completed and the UB-GF Lender's mortgage and charge has been discharged from UB Lot 1 (the "**UB-GF (UB Lot 1) Discharge**") such that the mortgage and charge of the Lenders against UB Lot 1 shall be subject and subordinate ONLY TO the UB-VTB Lender's mortgage and charge registered against UB Lot 1 in the principal amount of not more than \$9,000,000 and, if applicable, the other mortgages and charges of (i) the UB Project Lenders (in respect of the UB Project Indebtedness), and (ii) the Senior A Lenders (in respect of the Senior A Indebtedness), then:
- (1) In order to facilitate the New Senior Hotel Financing, concurrent with the completion of such financing, the Lenders agree to execute and deliver a partial discharge (prepared by and at the expense of the Borrowers) of their mortgage and charge under the Security Documents from the Hotel Property (including the Interim Loan Hotel Property Mortgage), upon and subject to the receipt by the Lenders' Solicitors of the net loan proceeds from the New Senior Hotel Financing in the sum of not less than \$47,000,000 in accordance with Section 4.2(a), provided that:
 - (A) the Senior A Indebtedness has been repaid in full in accordance with Section 4.1 above; and
 - (B) the UB Project Indebtedness has been (or will be, as a result of the receipt by the Lenders' Solicitors of such net loan proceeds) repaid in full in accordance with Section 4.2(b)(1); and
 - (2) In order to facilitate the UB Lot 4 Sale, concurrent with the completion of such sale, the Lenders agree to execute and deliver a partial discharge (prepared by and at the expense of the Borrowers) of their mortgage and charge under the Security Documents from UB Lot 4, upon and subject to the receipt by the Lenders' Solicitors of the proceeds from the UB Lot 4 Sale in the sum of \$17,000,000 in accordance with Section 4.2(a).

For greater certainty, the Lenders are not obligated to provide any discharge in respect of the Hotel Property or UB Lot 4, unless the UB-GF Refinancing and the UB-GF (UB Lot 1) Discharge have been completed as provided above.

8.2 Bridge Refinancing

Provided that no Event of Forbearance Default (except for the Existing Forbearance Extension Default) has occurred and the Forbearance Extension Period has not otherwise expired, and the following conditions (collectively, the "**Bridge Refinancing General Conditions**") have been satisfied on or before the Forbearance Extension End Date:

- (a) the Senior A Indebtedness has been repaid in full;
- (b) the UB Project Indebtedness has been repaid in full;
- (c) the Loan Amount owing to the Lenders have been reduced pursuant to Section 4.2(b)(2)(E), such that the remaining outstanding balance of the Loan Amount on the Forbearance Extension End Date (after such reduction) is not more than \$30,930,000 (such remaining balance, the "**Remaining Loan Amount**");
- (d) the UB-GF (UB Lot 1) Discharge has been completed, and the only mortgage and charge registered against UB Lot 1 (other than the one in favour of the Lenders to secure the Loan Amount pursuant to the Loan Agreement) is the one in favour of UB-VTB Lender in the principal amount of not more than \$9,000,000;
- (e) the only mortgage and charge registered against Office SL12 is the one in favour of the Lenders to secure the Loan Amount;
- (f) the Lenders in their full discretion are satisfied with the then current terms and conditions under the New Senior Hotel Financing, the UB-VTB Indebtedness and the UB-GF Refinancing; and
- (g) the Lenders are satisfied with their due diligence regarding the financial condition, ownership, or operation of the Borrowers, any other Obligor, UB Lot 1, UB Lot 2, Office SL 12 and the other property mortgaged and charged by the Security Documents under the Loan Agreement (to the extent not discharged pursuant to Section 8.1 above), and that there is no material adverse change regarding any such financial condition, ownership, or operation,

then the Lenders hereby agree to refinance the Remaining Loan Amount then owing on the Forbearance Extension End Date by a bridge loan on the terms set out in Section 8.3.

8.3 Bridge Refinancing Loan

Subject to the satisfaction of the Bridge Refinancing General Conditions, the Lenders agree to make available, severally, in the proportion based on the then outstanding balance of the Remaining Loan Amount owing to each Lender on the Forbearance Extension End Date, a loan (the "**Bridge Refinancing Loan**") on terms and conditions acceptable to the Lenders in their sole discretion, which shall include the following:

- (a) The Bridge Refinancing Loan shall be used for the sole purpose to refinance the Remaining Loan Amount.
- (b) It shall be in the principal amount equal to the Remaining Loan Amount, provided that it shall not exceed \$30,930,000.
- (c) UB Borrowers shall be the sole borrowers of the Bridge Refinancing Loan (such borrower, the "**Bridge Refinancing Borrowers**").

- (d) The Guarantors and such other affiliates of the UB Borrowers or the Guarantors as may be required by the Lenders in their sole discretion shall be the guarantors (collectively, the **"Bridge Refinancing Guarantors"**) of the Bridge Refinancing Loan, the liability of such guarantors shall be joint and several among themselves, and unlimited in principal amount. For greater certainty, the ITC Borrower shall not be a guarantor for the Bridge Refinancing Loan.
- (e) The obligations of the Bridge Refinancing Borrowers under the Bridge Refinancing Loan shall be secured by a mortgage (or mortgages) in favour of the Lenders, to be registered as follows:
 - (1) a second-ranking mortgage in the principal amount of \$30,930,000 on UB Lot 1, ranking subordinate and subject only to the mortgage securing the UB-VTB Indebtedness in the principal amount of not more than \$9,000,000;
 - (2) a second-ranking mortgage in the principal amount of \$30,930,000 on UB Lot 2, ranking subordinate and subject only to the mortgage securing the New UB Lot 2 Financing in the principal amount of not more than \$13,500,000;
 - (3) a first-ranking mortgage in such principal amount as may be acceptable to the Lenders in their sole discretion on Office SL 12; and
 - (4) a first-ranking charge on present and after-acquired property of SFT 30,

and all other mortgage, charge and security interest against the same properties charged by the Security Documents and otherwise pursuant to the Loan Agreement and this Agreement (excluding the Hotel Property and such other property discharged pursuant to Section 8.1 above).
- (f) Interest on the Bridge Refinancing Loan shall accrue at the following rates:
 - (1) from the Forbearance Extension End Date up to and including April 30, 2024, 0% per annum; and
 - (2) from May 1, 2024, 27% per annum, PLUS the then applicable Rate Premium, until the Bridge Refinancing Loan and the interest thereon have been repaid in full.
- (g) The term of the Bridge Refinancing Loan shall expire on May 30, 2024, and no prepayment (in full or in part) shall be permitted.
- (h) The Lenders shall have entered into a priority agreement with the UB-VTB Lender on terms and conditions to the satisfaction of the Lenders in their sole discretion, which shall include the following terms:
 - (1) The priority of the mortgage on UB Lot 1 to secure the UB-VTB Indebtedness shall not at any time exceed the \$9,000,000.
 - (2) The interest rate on the UB-VTB Indebtedness and the calculation and payment of the interest accrued thereon shall be acceptable to the satisfaction of the Lenders, in their sole discretion.
 - (3) The right of the Lenders to initiate any enforcement action under their mortgage registered on UB Lot 1 to secure the Bridge Refinancing Loan shall not be restricted, subject only to the Lenders delivering to the UB-VTB Lender a written 30 days' prior notice of its intention to initiate such action.

- (i) The Lenders shall have entered into the New UB Lot 2 Priority Agreement pursuant to Section 8.1(a) above.

9. CONDITIONS PRECEDENT

Notwithstanding any other provisions of this Agreement, the acceptance of the Equivalent Interest Payment in lieu pursuant to Section 4.3(b) above, the forbearance and the other agreements of the Lenders pursuant to Section 5 above and the terms of Section 12.3(a) below shall not become effective unless and until the following conditions have been satisfied to the satisfaction of the Lenders (or waived by the Lenders in their sole discretion):

- (a) the Lenders shall have received this Agreement and the Additional Interim Loan Security Documents, duly executed by the Obligants;
- (b) except for the Existing Forbearance Extension Default, there must be no outstanding Event of Forbearance Default and no outstanding event, which with the passing of time, the giving of notice or otherwise would constitute an Event of Forbearance Default.

10. EVENTS OF FORBEARANCE DEFAULT

10.1 Events

Each of the following constitutes an Event of Forbearance Default:

- (a) if at any time there is a default or a breach by an Obligor of any covenant, agreement, term, condition, stipulation or proviso contained in this Agreement;
- (b) if an Event of Default (other than the Existing Defaults to the extent they have been expressly forborne under this Agreement) has occurred under the Loan Agreement or any other Loan Document;
- (c) if the Lenders, in their sole discretion, believe that (i) the Hotel Property Beneficial Transfer has been fully consummated, or (ii) the ITC Borrower no longer has the sole control to the Hotel Property, or (iii) there is any change in the ownership or management of any Borrower, any of the other Obligants, the Hotel Property or any other Property (or any part thereof) that could have a material adverse effect on the validity and enforceability of the Loan Agreement, the Security Documents, the Lenders' rights, benefits and remedies thereunder, or the validity or priority of the Lenders' security interests created thereunder;
- (d) if the New UB Lot 2 Financing has not been completed on or before October 16, 2023, or its net proceeds are less than the amounts provided in Section 4.1 above;
- (e) if the Senior A Indebtedness has not been repaid in full on or before October 16, 2023;
- (f) if any of the New Senior Hotel Financing or the UB Lot 4 Sale has not been completed on or before October 30, 2023, or their respective net proceeds therefrom are less than the amounts provided in Section 4.2 above; or
- (g) if the UB Project Indebtedness has not been repaid in full on or before October 30, 2023;
- (h) if there is a default or a breach by an Obligor of any covenant, agreement, term, condition, stipulation or proviso contained in the UB Project Loan Forbearance Extension Agreement, or if the forbearance period under the UB Project Loan Forbearance Extension Agreement has expired or otherwise been terminated in accordance with the terms of the UB Project Loan Forbearance Extension Agreement.

10.2 Remedies

Upon the occurrence of an Event of Forbearance Default, the Forbearance Extension Period will automatically expire and come to an end (unless expressly waived by the Lenders in their sole discretion), and the Lenders may in their sole discretion exercise any and all of the rights, remedies and powers under the Loan Agreement, the Security Documents, the Loan Documents and this Agreement.

It shall constitute an Event of Default under the Loan Agreement, the Security Documents and the other Loan Documents if an Event of Forbearance Default has occurred.

11. TOLLING

The parties hereto further agree that:

- (a) upon the expiration or termination of the Forbearance Extension Period, the agreement of the Lenders to forbear shall automatically and without further action terminate and be of no further force and effect, it being expressly agreed that the effect of such termination will be to permit the Lenders to exercise their rights and remedies immediately, including, without limitation, the private appointment of a receiver under the Security Documents held by the Lenders from the Borrowers and the Guarantors and the right to apply to court to enforce any private or other remedies available to the Lenders or to seek the appointment of any permanent or interim receiver or receiver and manager or any trustee in bankruptcy of the Borrowers and the Guarantors;
- (b) as of the date hereof and continuing until the termination of the Forbearance Extension Period and thereafter until the termination of the tolling arrangements hereof in the manner provided for under Section 11(c), and whether or not any demand for payment or notice of intention to enforce security pursuant to *Bankruptcy and Insolvency Act* (Canada) has previously been delivered or has subsequently been delivered by the Lenders, the Lenders and the Obligants hereby agree to toll and suspend the running of the applicable statutes of limitations, laches or other doctrines related to the passage of time in relation to the Debt, the other Loan Amount, the Loan Agreement, the Security Documents, and any entitlements arising therefrom and from any other related matters, including but not limited to, any limitation periods contained in the *Limitation Act* (British Columbia); and
- (c) the tolling provisions of this Agreement will terminate upon a party providing the other parties with 60 days written notice of an intention to terminate the tolling provisions hereof (for greater certainty the tolling provisions shall not automatically expire upon the expiry or termination of the Forbearance Extension Period) and upon termination of the tolling provisions, and the time provided for under any statutes of limitations, laches, or any other doctrines related to the passage of time in relation to the Debt, the other Loan Amount, the Loan Agreement, the Security Documents or any entitlements arising therefrom and from any other related matters, will recommence running as of the effective date of the termination of these tolling provisions, and for greater certainty the time during which the limitation period is suspended pursuant to the tolling provisions of this Agreement shall not be included in the computation of any limitation period.

12. GENERAL

12.1 Release

- (a) In consideration of this Agreement and for other good and valuable consideration, each Obligant, on its own behalf and on behalf of its successors, assigns, personal representatives and other legal representatives, absolutely, unconditionally and irrevocably releases the Lenders, and their present and former affiliates, subsidiaries, predecessors,

directors, officers, legal counsel, consultants, employees, agents and other representatives, and their successors and assigns (collectively, the "**Releasees**"), of and from all demands, actions, causes of action, suits, covenants, contracts, controversies, agreements, promises, sums of money, accounts, bills, reckonings, damages and any and all other claims, counterclaims, defences, rights of set-off, demands and liabilities known or unknown, both at law or in equity, that such Obligor or any of its successors, assigns, personal representatives or other legal representatives may now or later have or claim against any of the Releasees by reason of any circumstance, action, cause or thing which arises at any time on or prior to the date of this Agreement, including for or on account of, or in relation to, or in any way in connection with (i) this Agreement, the Loan Agreement or any of the other Loan Documents or any transactions under or related to, this Agreement, the Loan Agreement or any of the other Loan Documents, and (ii) any and all proposed refinancing of any Obligor by the Lenders (past or present), including, without limitation, the Bridge Refinancing and any and all prior proposed offers of finance (whether consummated or not), term sheets, indicative and non-binding term sheets or negotiations for financing, between any of the Lenders and any Obligor.

- (b) Each Obligor understands, acknowledges and agrees that the release set out in Section 12.1(a) may be pleaded as a full and complete defence and may be used as a basis for an injunction against any action, suit or other proceeding which may be instituted, prosecuted or attempted in breach of the provisions of that release.
- (c) Each Obligor agrees that no fact, event, circumstance, evidence or transaction which could now be asserted or which may later be discovered will affect in any manner the final, absolute and unconditional nature of the release set out in Section 12.1(a).

12.2 Reviewed by Legal Counsel

Each Obligor confirms to the Lenders that:

- (a) It understands fully the terms of this Agreement and the consequences of the execution and delivery of this Agreement;
- (b) It has been afforded an opportunity to have this Agreement reviewed by, and to discuss this Agreement and any documents executed in connection herewith with, such lawyers and other persons as such Obligor may wish; and
- (c) It has entered into this Agreement and executed and delivered all documents in connection herewith of its own free will and accord and without threat, duress or other coercion of any kind by any person.

The parties hereto acknowledge and agree that neither this Agreement nor the other documents or instruments executed pursuant hereto will be construed more favourably in favour of one than the other based upon which party drafted the same, it being acknowledged that all parties hereto contributed substantially to the negotiation and preparation of this Agreement and the other documents and instruments executed pursuant hereto or in connection herewith.

12.3 Supplement to Forbearance Extension Agreement and Existing Loan Agreement

- (a) Subject to Section 9 above, Sections 3.2, 3.3 and 3.4 and Section 7 of the Forbearance Extension Agreement shall be of no further force or effect, and shall be superseded and replaced, respectively, by Sections 4.1 and 4.2 and Section 8 of this Agreement.
- (b) This Agreement shall be read and construed along with the Forbearance Extension Agreement and the Existing Loan Agreement and be treated as a part thereof and, for such

purposes and so far as may be necessary to effectuate these presents, the Forbearance Extension Agreement and the Existing Loan Agreement shall be regarded as being hereby supplemented (subject to Section 9 above), and the Forbearance Extension Agreement and the Existing Loan Agreement as so supplemented together with all of the covenants, clauses, agreements, provisos, stipulations, conditions, powers, matters and things whatsoever contained in the Existing Loan Agreement shall (except as expressly provided in Section 12.3(a) above) continue in full force and effect.

12.4 Expenses

The Borrowers shall pay on demand all costs and expenses incurred by or on behalf of the Lenders in carrying out or attempting to carry out the transaction(s) contemplated under this Agreement or in implementing or enforcing the terms of this Agreement.

12.5 Payments

All payments to be made by or on behalf of the Borrowers pursuant to this Agreement shall be made by wire transfer to the Lenders' Solicitors, in trust. Any other form of payment (whether by way of certified trust cheque, bank draft or similar payment instrument) will be subject to an additional hold period until the funds are cleared to the satisfaction of the Lenders' Solicitors, and each such instalment (once received) shall not be treated as paid or otherwise available for application in connection with this Agreement and the other Loan Documents until such hold period has elapsed. Any payment received after 12 p.m. (Vancouver, B.C. local time) on any Business Day will be deemed to be received on the next Business Day.

12.6 Currency

All references to money herein, unless otherwise stated, mean the lawful money of Canada.

12.7 Successors and Assigns

This Agreement and the Loan Agreement shall enure to the benefit of and be binding on each of the parties hereto and their respective personal representatives, successors and permitted assigns.

12.8 Applicable Law

This Agreement shall in all respects be governed by and be construed in accordance with the laws of British Columbia and the laws of Canada applicable therein.

12.9 Counterparts

This Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and all of which taken together constitute one and the same instrument, and all such counterparts may be delivered by way of facsimile transmission or in PDF by e-mail to the other party.

[Signature Pages Follow.]

IN WITNESS WHEREOF the parties hereto execute this Agreement on the date first above written.

Lenders:

FOX ISLAND DEVELOPMENT LTD.

Per: _____
Authorized Signatory

ADVANCED VENTURE HOLDING CO., LTD.

Per: _____
Authorized Signatory

Per: _____
Authorized Signatory

[Obligants' Signature Page Follows]

Borrowers:

**KENSINGTON UNION BAY PROPERTIES
LIMITED PARTNERSHIP**, by its general partner,
**KENSINGTON UNION BAY PROPERTIES GP
LTD.**

Per: 

Mo Yeung Ching
Authorized Signatory

**KENSINGTON UNION BAY PROPERTIES GP
LTD.**

Per: 

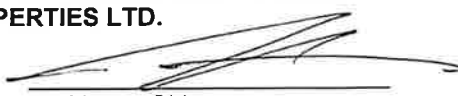
Mo Yeung Ching
Authorized Signatory

**KENSINGTON UNION BAY PROPERTIES
NOMINEE LTD.** (formerly known as **34083
YUKON INC.**)

Per: 

Mo Yeung Ching
Authorized Signatory

**INTERNATIONAL TRADE CENTER
PROPERTIES LTD.**

Per: 

Mo Yeung Ching
Authorized Signatory

Guarantors:

MO YEUNG PROPERTIES LTD.

Per: 

Mo Yeung Ching, Authorized Signatory

SUNWINS ENTERPRISES LTD.

Per: 

Mo Yeung Ching, Authorized Signatory

HOTEL VERSANTE LTD.

Per: 

Mo Yeung Ching, Authorized Signatory

SFT DIGITAL HOLDINGS 30 LTD.

Per: 

Mo Yeung Ching, Authorized Signatory

SIGNED, SEALED AND DELIVERED:)

Signature of Witness)

THOMAS RUSSELL
SOLICITOR

Name of Witness)

Suite 500 North Tower
5811 Cooney Road

Address)

RICHMOND, B.C. V6X 3M1
TELEPHONE 604-276-2765

Occupation)

**MO YEUNG CHING (also known as
MICHAEL CHING)** 

This is **Exhibit "G"** referred to in the Affidavit of
YEUNG (MICHAEL) CHING affirmed before me, at
Vancouver BC, this 15th day of October, 2025

A handwritten signature in cursive script that reads "Edzh chen". The signature is written in black ink and is positioned above a horizontal line.

A Commissioner for taking Affidavits for
British Columbia

DECLARATION(S) ATTACHED



Land Title Act
Mortgage
 Part 1 Province of British Columbia

VICTORIA LAND TITLE OFFICE
 SEP 29 2021 08:34:51.001
CA9394748-CA9394749

1. Application

Norton Rose Fulbright Canada LLP
 1800-510 W Georgia St
 Vancouver BC V6B 0M3

Maria Cheung, Paralegal
 604.641.4543
 file no. 1001088724

2. Description of Land

PID/Plan Number	Legal Description
030-795-851	AIR SPACE PARCEL 2 SECTION 21 BLOCK 5 NORTH RANGE 6 WEST NEW WESTMINSTER DISTRICT AIR SPACE PLAN EPP73985 OWNER: INTERNATIONAL TRADE CENTER PROPERTIES LTD.
029-611-598	LOT 1 SECTION 21 BLOCK 5 NORTH RANGE 6 WEST NEW WESTMINSTER DISTRICT PLAN EPP37734 EXCEPT AIR SPACE PLAN EPP73985 OWNER: INTERNATIONAL TRADE CENTER PROPERTIES LTD.
030-797-691	STRATA LOT 1 SECTION 21 BLOCK 5 NORTH RANGE 6 WEST NEW WESTMINSTER DISTRICT STRATA PLAN EPS5802 OWNER: INTERNATIONAL TRADE CENTER PROPERTIES LTD.
028-731-492	LOT 1 DISTRICT LOT 154 NANAIMO DISTRICT SECTIONS 31 AND 32 TOWNSHIP 1 AND DISTRICT LOT 28 NELSON DISTRICT PLAN EPP15507 EXCEPT PLANS EPP56910 AND EPP95931 OWNER: 34083 YUKON INC.
028-731-565	LOT 2 DISTRICT LOT 28 NELSON DISTRICT PLAN EPP15507 OWNER: 34083 YUKON INC.
028-731-531	LOT 3 DISTRICT LOT 154 NANAIMO DISTRICT, SECTION 32 TOWNSHIP 1 AND DISTRICT LOT 28 NELSON DISTRICT PLAN EPP15507 OWNER: 34083 YUKON INC.
028-731-549	LOT 4 SECTIONS 31 AND 32 TOWNSHIP 1 AND DISTRICT LOT 28 NELSON DISTRICT PLAN EPP15507 EXCEPT PLAN EPP78068 OWNER: 34083 YUKON INC.
028-330-633	LOT A DISTRICT LOT 28 NELSON DISTRICT PLAN EPP9011 OWNER: 34083 YUKON INC.

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

INTERNATIONAL TRADE CENTER PROPERTIES LTD. 1205 - 8400 WEST ROAD RICHMOND BC V6X 0S7	BC0909412
34083 YUKON INC. 1205 - 8400 WEST ROAD RICHMOND BC V6X 0S7	A0056440

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

FOX ISLAND DEVELOPMENT LTD. 1800-510 WEST GEORGIA STREET VANCOUVER BC V6B 0M3	BC1118527

As to an undivided
25100000/33100000 interest



Land Title Act
Mortgage

Part 1 Province of British Columbia

ADVANCED VENTURE HOLDING CO., LTD.
1800 - 510 WEST GEORGIA STREET
VANCOUVER BC V6B 0M3

As to an undivided
8000000/33100000 interest

5. Payment Provisions

Principal Amount	Interest Rate	Interest Adjustment Date
\$37,000,000	30% per annum	N/A
Interest Calculation Period	Payment Dates	First Payment Date
Daily (calculated on the outstanding daily balance)	March 21, 2022	N/A
Amount of each periodic payment	Interest Act (Canada) Statement. The equivalent rate of interest calculated half yearly not in advance is	Last Payment Date
Interest payable on the 14th day of every month of as otherwise specified by the Mortgagee	N/A % per annum	N/A
Assignment of Rents which the applicant wants registered?	Place of payment	Balance Due Date
Yes	Postal address in item 4	March 21, 2022
If yes, page and paragraph number: Page 9, 10, and 11 Paragraph No. 4		

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



Land Title Act
Mortgage

Part 1 Province of British Columbia

12. Execution(s)

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

Witnessing Officer Signature

Execution Date

Borrower Signature(s)

Thomas Russell
Solicitor

Suite 500 North Tower
5811 Cooney Road
Richmond B.C. V6X 3M1

Telephone 604-276-2765

(as to both signatures)

YYYY-MM-DD

2021-09-27

International Trade Center
Properties Ltd.
By their Authorized Signatory

Name: Mo Yeung Ching

34083 Yukon Inc.

By their Authorized Signatory

Name: Mo Yeung Ching

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.

Shui-Yuen Choi
KXZY39

Digitally signed by
Shui-Yuen Choi KXZY39
Date: 2021-09-28
19:35:00 -07:00

MORTGAGE TERMS - PART 2**EXPRESS MORTGAGE TERMS****1. DEFINITIONS**

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

- (a) **"Amount of Each Periodic Payment"** means the amount set out in Item 5(g) of Form B.
- (b) **"Balance Due Date"** means the date or time set out in Item 5(l) of Form B.
- (c) **"Borrowers"** means collectively, 34083 Yukon Inc., Kensington Union Bay Properties Limited Partnership and Kensington Union Bay Properties GP Ltd., and International Trade Center Properties Ltd., and their respective successors and permitted assigns.
- (d) **"business day"** means any day which in Vancouver, British Columbia is a day that:
 - (i) is not a "holiday" as that word is defined in the *Interpretation Act* (British Columbia) as amended or replaced from time to time; and
 - (ii) the Mortgagee is open for business at its Place of Payment.
- (e) **"Encumbrances"** means all security interests, assignments, mortgages, hypothecs, ledges, liens, claims, charges, (whether fixed or floating), or encumbrances whatsoever.
- (f) **"Event of Default"** means an "Event of Default" (as defined in the Loan Agreement).
- (g) **"First Payment Date"** means the date set out in Item 5(f) of Form B.
- (h) **"Fixture(s)" or "fixtures"** means all personal property whatsoever, whether affixed, mobile or stationary, which is now or at any time hereafter owned, held or acquired in whole or in part by the Mortgagor and placed, installed or erected in, on, under or above the Mortgaged Land or any part thereof (including the Improvements or any part thereof), forms part thereof and is at law a fixture, including without limitation, all plant machinery, apparatus, facilities, equipment, goods and other personal property now or hereafter installed, affixed or attached to and forming part of the Improvements forming part of the Mortgaged Land and all present and future additions and attachments thereto and replacements thereof, including without limitation:
 - (i) all pipes, conduits, services and the like installed in or under the Lands for the purposes of providing utilities and other services within the boundaries of the Mortgaged Land or any parcel(s) of land hereafter created out of or forming part of the Mortgaged Land;
 - (ii) all heating, cooling, plumbing, air-conditioning, air-filtering, ventilating, conveyancing, electrical, lighting, telecommunications, security, vacuum, sprinkler, fire-fighting, cooking and refrigeration devices, systems and equipment (including without limitation all furnaces, water heaters, hot water tanks, oil and gas burners, motors, electric fixtures, wiring, escalators, elevators, boilers, pressure vessels, stokers, blowers, tanks, gas pipes, radiators, aerials, television antennae, satellite dishes and built-in furniture) located in, on or under the Improvements or any part thereof;

- (iii) all fixed mirrors, suspended ceiling tiles, doors, windows and window coverings, including without limitation all awnings, shutters, drapes, blinds and valances located in, on or attached to the Improvements or any part thereof; and
- (iv) all carpeting and other floor coverings, including without limitation all carpets and floor coverings in all rooms, halls and stairways located within the Improvements.
- (i) **"Form B"** means the form identified as "Form B" (Mortgage - Part 1) to which these Express Mortgage Terms are annexed.
- (j) **"Guarantors"** means collectively, Hotel Versante Ltd., Sunwins Enterprise Ltd., Mo Yeung Properties Ltd., Mo Yeung Ching, and their respective personal representatives, successors and permitted assigns.
- (k) **"Improvements"** mean each and every building, structure, erection, improvement, fixture and the like now or hereafter erected, placed or installed in, on, under or above the Mortgaged Land or any part thereof and forming part thereof and all additions and attachments thereto and replacements thereof from time to time.
- (l) **"Interest Adjustment Date"** means the date set out in Item 5(c) of Form B.
- (m) **"Interest Calculation Period"** means the interest calculation period set out or referred to in Item 5(d) of Form B.
- (n) **"Interest Rate"** means, subject to the provisions of Section 19 of this Mortgage, the annual interest rate set out or referred to in Item 5(b) of Form B, (or such other rate or rates of interest as may be agreed upon between the Mortgagor and the Mortgagee) calculated and compounded at the end of each Interest Calculation Period not in advance.
- (o) **"ITC ASP2"** means the lands legally described as PID: 030-795-851, Air Space Parcel 2 Section 21 Block 5 North Range 6 West New Westminster District Air Space Plan EPP73985 or the ITC Mortgagor's interest therein described in Part 1 as the lands and premises charged by this Mortgage, together with all benefits, easements, licenses, privileges, rights of way and servitudes appertaining thereto or connected therewith and every other thing referred to in Section 10 of the *Land Transfer Form Act* (British Columbia) together with all Fixtures and Improvements.
- (p) **"ITC Bar"** means the lands legally described as PID: 030-797-691, Strata Lot 1 Section 21 Block 5 North Range 6 West New Westminster District Strata Plan EPS5802 or the ITC Mortgagor's interest therein described in Part 1 as the lands and premises charged by this Mortgage, together with all benefits, easements, licenses, privileges, rights of way and servitudes appertaining thereto or connected therewith and every other thing referred to in Section 10 of the *Land Transfer Form Act* (British Columbia) together with all Fixtures and Improvements.
- (q) **"ITC Lands"** means, collectively, ITC ASP2, ITC Bar and ITC Remainder.
- (r) **"ITC Mortgagor"** means International Trade Center Properties Ltd. (Incorporation Number BC0909412) and its successors and permitted assigns.
- (s) **"ITC Remainder"** means the lands legally described as PID: 029-611-598, Lot 1 Section 21 Block 5 North Range 6 West New Westminster District Plan EPP37734 Except Air Space Plan EPP73985 or the ITC Mortgagor's interest therein described in Part 1 as the lands and premises charged by this Mortgage, together with all benefits, easements,

licenses, privileges, rights of way and servitudes appertaining thereto or connected therewith and every other thing referred to in Section 10 of the *Land Transfer Form Act* (British Columbia) together with all Fixtures and Improvements.

- (t) **"Last Payment Date"** means the last payment date, if any, set out or referred to in Item 5(i) of Form B.
- (u) **"Loan Agreement"** means the loan agreement dated for reference June 14, 2021 between the Mortgagor, as borrower, and the Mortgagee, as lender, with respect to the loan to be made to the Mortgagor, as the same may be amended, extended, renewed, replaced, restated and in effect from time to time.
- (v) **"Loan Documents"** means, collectively, the Loan Agreement, this Mortgage, and all other documents and instruments evidencing or securing the payment of the Secured Obligations in whole or in part, whether provided by or on behalf of an Obligant.
- (w) **"Mortgage"** means the mortgage created by Part 1 and Part 2 together.
- (x) **"Mortgaged Land"** means, collectively, the ITC Lands and the UB Lands.
- (y) **"Mortgagee"** means the party or parties described in Part 1 as the "Lender(s) [Mortgagee(s)]".
- (z) **"Mortgagor"** means, collectively, the ITC Mortgagor and the UB Mortgagor, as described in Part 1 as the "Borrower(s) [Mortgagor(s)]", and except where the context or plain meaning herein may otherwise require, includes each or any one or more of them separately.
- (aa) **"Obligant"** means, collectively, the Mortgagor and all other Persons who are from time to time liable to the Mortgagee for the payment of the whole or any portion of the Secured Obligations, whether directly or indirectly, absolutely or contingently, jointly, severally or jointly and severally and includes all Persons who from time to time otherwise become liable for, or who agree to indemnify the Mortgagee for any loss, costs or damages as a result of the failure of any other Persons to pay the Secured Obligations, in whole or in part.
- (bb) **"Part 1"** means all of the terms, conditions and other information contained in Form B and any schedule or attachment to Form B and which does not form a part of Part 2.
- (cc) **"Part 2"** means these Express Mortgage Terms.
- (dd) **"Payment Dates"** means those dates set out in Item 5(e) of Form B.
- (ee) **"Periodic Payment"** means the amount of each payment, if any, set out or referred to in Item 5(g) of Form B.
- (ff) **"Permitted Encumbrances"** means the prior notations, charges, liens or interests, if any, set out or referred to in Item 11 of Form B and as otherwise permitted by the Loan Agreement.
- (gg) **"Persons"** or **"Person"** means and includes any individual, sole proprietorship, corporation, partnership, bank, joint venture, trust, unincorporated association, association, institution, entity, party or government (whether national, federal, provincial, state, municipal, city, county or otherwise and including any instrumentality, division, agency, body or department thereof).

- (hh) **"Place of Payment"** means the address set out or referred to in Item 5(k) of Form B or as otherwise designated in writing in accordance with the Loan Agreement.
- (ii) **"Principal Amount"** means the amount set out in Item 5(a) of Form B.
- (jj) **"Rents"** means all rents and other payments due or accruing due or at any time hereafter to become due pursuant the Revenue Leases and the benefit of all guarantees of payment and all covenants to pay therein contained.
- (kk) **"Revenue Leases"** means each and every written or unwritten agreement to lease, lease renewal, tenancy agreement, licence and right of occupancy made or to be made, or granted or to be granted, with respect to the Mortgaged Land or any part thereof, now or in the future.
- (ll) **"Secured Obligations"** means all indebtedness and liability of all or any one or more of the Obligants to the Mortgagee under the Loan Documents, whether such indebtedness and liability is present or future, absolute or contingent, joint or several, direct or indirect, matured or not, extended or renewed, wheresoever and howsoever incurred, and any ultimate balance thereof, including all advances on current or running account and all future advances and re advances, under or pursuant to any of the Loan Documents.
- (mm) **"UB Lands"** means, collectively, UB Lot 1, UB Lot 2, UB Lot 3, UB Lot 4 and UB Lot A.
- (nn) **"UB Lot 1"** means the lands legally described as PID: 028-731-492, Lot 1, District Lot 154, Nanaimo District, Sections 31 and 32 Township 1 and District Lot 28 Nelson District Plan EPP15507, Except Part in Plan EPP56910 or the UB Mortgagor's interest therein described in Part 1 as the lands and premises charged by this Mortgage, together with all benefits, easements, licenses, privileges, rights of way and servitudes appertaining thereto or connected therewith and every other thing referred to in Section 10 of the *Land Transfer Form Act* (British Columbia) together with all Fixtures and Improvements.
- (oo) **"UB Lot 2"** means the lands legally described as PID: 028-731-565, Lot 2 District Lot 28 Nelson District Plan EPP15507 or the UB Mortgagor's interest therein described in Part 1 as the lands and premises charged by this Mortgage, together with all benefits, easements, licenses, privileges, rights of way and servitudes appertaining thereto or connected therewith and every other thing referred to in Section 10 of the *Land Transfer Form Act* (British Columbia) together with all Fixtures and Improvements.
- (pp) **"UB Lot 3"** means the lands legally described as PID: 028-731-531, Lot 3 District Lot 154, Nanaimo District, Section 32 Township 1 and District Lot 28 Nelson District Plan EPP15507 or the UB Mortgagor's interest therein described in Part 1 as the lands and premises charged by this Mortgage, together with all benefits, easements, licenses, privileges, rights of way and servitudes appertaining thereto or connected therewith and every other thing referred to in Section 10 of the *Land Transfer Form Act* (British Columbia) together with all Fixtures and Improvements.
- (qq) **"UB Lot 4"** means the lands legally described as PID: 028-731-549, Lot 4 Sections 31 and 32 Township 1 and District Lot 28 Nelson District Plan EPP15507 or the UB Mortgagor's interest therein described in Part 1 as the lands and premises charged by this Mortgage, together with all benefits, easements, licenses, privileges, rights of way and servitudes appertaining thereto or connected therewith and every other thing referred to in Section 10 of the *Land Transfer Form Act* (British Columbia) together with all Fixtures and Improvements.

- (rr) **"UB Lot A"** means the lands legally described as PID: 028-330-633, Lot A District Lot Lot 28 Nelson District Plan EPP9011 or the UB Mortgagor's interest therein described in Part 1 as the lands and premises charged by this Mortgage, together with all benefits, easements, licenses, privileges, rights of way and servitudes appertaining thereto or connected therewith and every other thing referred to in Section 10 of the *Land Transfer Form Act* (British Columbia) together with all Fixtures and Improvements.
- (ss) **"UB Mortgagor"** means 34083 Yukon Inc. (Registration Number A0056440) and its successors and permitted assigns.
- (tt) **"terms"** and **"mortgage terms"** and **"express mortgage terms"** mean, unless the context otherwise requires, all of the covenants, agreements, provisos, terms, conditions and provisions of this Mortgage, and the agreement set out in Item 12 of Form B of the Mortgage to be bound by the mortgage terms referred to in Item 9 of Form B will constitute the agreement of the Mortgagor to be bound by all of the covenants, agreements, provisos, terms, conditions and provisions of this Mortgage.

2. INTERPRETATION

- (a) **Headings.** The Article and Section headings in this Mortgage are inserted for convenience of reference only and will not affect the construction or interpretation of this Mortgage.
- (b) **Hereof, Etc.** All references in this Mortgage to the words **"hereof"**, **"herein"** or **"hereunder"** will be construed to mean and refer to this Mortgage as a whole and will not be construed to refer only to a specific Article, Section or clause of this Mortgage unless the context clearly requires such construction.
- (c) **Joint and Several Liability.** In the event of any party being comprised of two or more Persons, all covenants and agreements of such party herein contained will be and be deemed to be joint and several covenants or agreements of each such Person, and the heirs, executors, administrators, successors and permitted assigns of each such Person will be jointly and severally bound by the covenants, agreements, stipulations and provisos herein stated in addition to those granted or implied by statute.
- (d) **Severability.** If any of the terms of this Mortgage are or are held to be unenforceable or otherwise invalid, such holding will not in any way affect the enforceability or validity of the remaining terms of this Mortgage.
- (e) **Governing Law.** This Mortgage including any covenants and indemnity of the Covenantor (if any) provided for herein will be governed by and construed in accordance with the laws of the Province of British Columbia, and each party hereby submits to the jurisdiction of the courts of the Province of British Columbia and agrees to be bound by any suit, action or proceeding commenced in such courts and by any order or judgment resulting from such suit, action or proceeding; provided that the foregoing will in no way limit the right of the Mortgagee to commence suits, actions or proceedings based on this Mortgage in any other jurisdiction. Without limiting the generality of the foregoing, the Mortgagor agrees that the laws of British Columbia shall govern the application and enforcement of this Mortgage as though this Mortgage were registered under the *Land Title Act*, (British Columbia).
- (f) **Gender.** Wherever the singular or masculine gender is used throughout this Mortgage, the same will be construed as meaning the plural or the feminine or the body corporate or politic where the context or the parties hereto so require.

- (g) **Capacity.** If the Mortgaged Land or any portion thereof is held by the Mortgagor as a partner of a firm, as a trustee, as an agent, or in any other similar capacity, whether fiduciary or otherwise:
- (i) each and every warranty, representation, covenant, agreement, term, condition, proviso and stipulation; and
 - (ii) each and every grant, mortgage and other charge constituted hereby,
- made by or imposed upon the Mortgagor hereunder will be and be deemed to be jointly and severally made by or imposed upon the Mortgagor and the partnership, the beneficiary (or beneficiaries) of the trust, the principal(s) of the agent, or other entity (or entities), as the case may be, and each grant, mortgage and other charge contained in this Mortgage will be deemed to be a grant, mortgage or charge of the estate, right, title and interest of the partnership, the beneficiary (or beneficiaries), the principal(s), or such entity (or entities), as the case may be, in and to the Mortgaged Land as well as being a grant, mortgage or other charge of the estate, interest and title of the Mortgagor in and to the Mortgaged Land, it being the intention of the parties hereto that this Mortgage will constitute a mortgage and charge against both the legal and beneficial estate, right, title and interest of the partnership, the beneficiary (or beneficiaries) of the trust, the principal(s) of the agent, or other entity (or entities), as the case may be (including, without limitation, the Mortgagor), in and to the Mortgaged Land.
- (h) **Binding Effect.** This Mortgage will be binding on the Mortgagor and the respective successors and permitted assigns of each person comprising the Mortgagor and will enure to the benefit of the Mortgagor and its successors and permitted assigns.
- (i) **Time of the Essence.** Time will be of the essence hereof.
- (j) **Reference Date.** This Mortgage will be dated, for reference purposes only September 28, 2021.

3. GRANT OF MORTGAGE

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

- (a) The ITC MORTGAGOR HEREBY grants, mortgages and charges to and in favour of the Mortgagee all right, title and interest of the ITC Mortgagor in and to the ITC Lands; and
- (b) The UB MORTGAGOR HEREBY grants, mortgages and charges to and in favour of the Mortgagee all right, title and interest of the UB Mortgagor in and to UB Lands,

as security for the payment to the Mortgagee of the Principal Amount and the payment, performance or fulfilment of all Secured Obligations upon the terms set out in this Mortgage.

4. ASSIGNMENT OF RENTS

THE MORTGAGOR HEREBY assigns to the Mortgagee all Rents to have and to hold until the Secured Obligations have been fully paid and satisfied, upon the following terms and conditions:

- (a) The Mortgagor will, upon request, promptly deliver to the Mortgagee a true copy of each of the Revenue Leases and give to the Mortgagee full information relating to each of the Revenue Leases;

- (b) The Mortgagor hereby grants to the Mortgagee full power and authority to enter upon the Mortgaged Land to collect the Rents, to serve demands on the holders of the Revenue Leases in respect of payment of the Rents and to demand, collect, sue for, distrain for, recover and give receipts for the Rents, and to enforce payment of the Rents and performance of the said guarantees of payment and covenants to pay, in the Mortgagee's own name or in the name of and as an agent for the Mortgagor, as the Mortgagee may elect, and hereby grants to the Mortgagee irrevocable authority to join the Mortgagor in any such proceedings or actions;
- (c) Although this is a present and absolute assignment, (subject to defeasance on payment of the Secured Obligations), the Mortgagor, as agent for the Mortgagee, will be entitled to collect and retain the Rents as and when they become due and payable according to the terms of the Revenue Leases until there occurs an Event of Default, PROVIDED that this paragraph shall not relieve the Mortgagor from the observance and performance of the Mortgagor's obligations under the Mortgage and the terms of this assignment of rents;
- (d) On the occurrence of an Event of Default, proceedings may, at the option of the Mortgagee, be taken under this Assignment of Rents either independently or in conjunction with the other rights and remedies of the Mortgagee under any of the Security Documents;
- (e) Nothing herein contained shall be deemed to have the effect of making the Mortgagee responsible for the collection of the Rents or for the observance or performance of any of the provisions of the Revenue Leases either by the Mortgagor or by any holders of the Revenue Leases, or of rendering the Mortgagee a mortgagee in possession of the Mortgaged Land or in any way accountable or liable as such, or of imposing any obligation on the Mortgagee to take any action or exercise any remedy in the collection or recovery of the Rents;
- (f) The Mortgagee will be liable to account for only such moneys as it actually receives pursuant to this Assignment of Rents, including such portions thereof as may be expended by the Mortgagee on collection charges, inspection fees, costs as between solicitor and own client, and other expenses to which the Mortgagee may be put in respect thereof, and the balance of such moneys, when so received by the Mortgagee, will be applied on account of the Secured Obligations;
- (g) The giving of this assignment of rents is by way of additional and collateral security for the Secured Obligations and not in substitution for or satisfaction of any other Loan Documents and will not in any way derogate from or delay or prejudice any rights or remedies to which the Mortgagee may be entitled under any Loan Documents and will not in any way prejudice or limit the obligations of the Mortgagor or any other Person party to the Loan Documents;
- (h) The Mortgagor will not at any time during the existence of this Mortgage, without the prior written consent of the Mortgagee:
 - (i) assign, pledge, or otherwise encumber the Revenue Leases or the Rents, or any of them, and will not knowingly do or omit to be done or permit to be done any act which either directly or indirectly has the effect of waiving, releasing, reducing or abating any of the Mortgagor's rights or remedies or the obligations of any other party under or in connection with the Revenue Leases;
 - (ii) terminate, accept a surrender of, or amend the Revenue Leases in any manner, or permit any assignment or extension of any of the Revenue Leases or any subletting thereunder; or

- (iii) receive or permit any prepayment of the Rents under the Revenue Leases;
- (i) The Mortgagor will execute and deliver such further assurances, assignments, notices or other documents as the Mortgagee may reasonably require from time to time to render this Assignment of Rents effective;
- (j) At the request of the Mortgagee from time to time, the Mortgagor will give any other party to any of the Revenue Leases actual written notice of this Assignment of Rents, and will use the Mortgagor's best efforts to obtain from such party an acknowledgement of any such notice; but nothing in this paragraph shall oblige the Mortgagee to make any such request;
- (k) There are to the knowledge of the Mortgagor no existing or future rights of set-off, assignment, commutation or prepayment with respect to the Rents;
- (l) To the knowledge of the Mortgagor, there have been no defaults under any of the now existing Revenue Leases by the Mortgagor or by any of the holders of the Revenue Leases, and there are no outstanding disputes pursuant to such Revenue Leases;
- (m) The Mortgagor will at all times observe and perform all the Mortgagor's obligations under the Revenue Leases; and
- (n) The Mortgagor now has good and sufficient power, authority and right to assign the Rents and other benefits referred to herein in the manner aforesaid according to the true intent and meaning of this Assignment of Rents.

5. ASSIGNMENT

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

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

6. DEFEASANCE

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

- (a) payment to the Mortgagee of the Principal Amount in lawful money of Canada, together with interest thereon at the Interest Rate, calculated as well after as before maturity, default and judgment, as follows:
 - (i) interest calculated as aforesaid on the total of all amounts from time to time advanced or secured hereunder as part of the Principal Amount and computed from the respective dates of such advances, or when such sums become secured, will become due and be paid by Periodic Payments on each and every Payment Date commencing on the First Payment Date and continuing on each and every Payment Date thereafter to and including the date the entire balance of the Secured Obligations is fully paid and satisfied; and
 - (ii) the outstanding balance of the Principal Amount will become due and be paid on the Balance Due Date;
- (b) payment to the Mortgagee of all such other moneys as the Mortgagee may be entitled to with respect to the Secured Obligations, as and when such moneys become due and payable; and
- (c) observance and performance of all covenants, agreements, provisos, terms, conditions and provisions herein contained.

AND taxes and performance of statute labour.

THE MORTGAGOR observing and performing the covenants and conditions herein contained on its part to be observed and performed shall have the right set out in the Loan Agreement to repay the whole balance of the Principal Amount remaining unpaid hereunder, subject to the provisions set out in the Loan Agreement.

7. PAYMENT AND OBSERVANCE

(a) Payment of Secured Obligations

The Mortgagor will pay, observe, perform and satisfy or cause to be paid, observed, performed or satisfied, all of the Secured Obligations as and when the same are required to be paid, observed, performed and satisfied.

(b) 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.

(c) Compound Interest

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

(d) Place of Payment

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

(e) Taxes

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

- (i) the Mortgagor shall pay all taxes as they fall due and will provide the Mortgagee with receipts confirming payment of the same within thirty (30) days after they become due;
- (ii) the Mortgagee may deduct from any advance of the monies secured by this Mortgage an amount sufficient to pay the taxes which have become or will become due and payable on or before the date of such advance;
- (iii) the Mortgagor shall, if directed by the Mortgagee, pay to the Mortgagee in monthly installments on the dates on which installments of principal and/or interest are payable under this Mortgage, sums which in the sole opinion of the Mortgagee will be sufficient to enable the Mortgagee to pay the whole amount of taxes on or before the due date for payment thereof or, if such amount is payable in installments, on or before the due date for payment of the first installment thereof; and the Mortgagor shall also pay to the Mortgagee on demand the amount, if any, by which the annual taxes exceed such estimated amount;
- (iv) The Mortgagee will apply such deduction and payments on the taxes chargeable against the Mortgaged Land so long as no Event of Default has occurred, but nothing herein contained shall obligate the Mortgagee to apply such payments on account of taxes more often than yearly; provided, however, that if, before any sum or sums so paid to the Mortgagee shall have been so applied, there shall be default by the Mortgagor in respect of any payment of principal, interest or other amount as provided in this Mortgage, the Mortgagee may apply such sum or sums in or towards payment of the principal, interest and/or other amount in default. The Mortgagor further covenants and agrees to transmit to the Mortgagee the assessment notices, tax bills and other notices affecting the imposition of taxes forthwith after their receipt by the Mortgagor;
- (v) 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.

(f) Other Charges

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

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

(g) Pre-enforcement Costs

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

(h) Enforcement Costs

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

(i) Other Outlays

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

(j) Discharge

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

8. LAND TRANSFER FORM COVENANTS

The Mortgagor covenants with the Mortgagee as follows:

(a) Good Title

- (i) The ITC Mortgagor has a good title in fee simple to the ITC Lands.
- (ii) The UB Mortgagor has a good title in fee simple to the UB Lands.

(b) Power and Authority to Mortgage Mortgaged Land

- (i) The ITC Mortgagor has full and lawful power and authority and right to convey the ITC Lands; and
- (ii) the UB Mortgagor has full and lawful power and authority and right to convey the UB Lands,

in all cases, to the Mortgagee upon and subject to the terms and conditions set forth herein.

(c) Valid and Enforceable against Mortgaged Land

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

(d) Pay Moneys Due

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

(e) After an Event of Default

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

(f) Further Assurances

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

(g) No Other Encumbrances

Other than Permitted Encumbrances, the Mortgagor has done nothing to encumber the Mortgaged Land.

(h) Releases all Claims

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

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

9. REPRESENTATIONS AND WARRANTIES AND COVENANTS

(a) Increase to Fee Simple or Greater Interest

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

(b) Defend Title

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

(c) No Further Mortgages

In the event the Mortgagor grants any further mortgage or charge or otherwise encumbers the Mortgaged Land save and except for this Mortgage and the Permitted Encumbrances, then, at the sole discretion of the Mortgagee and notwithstanding the other provision of this Mortgage, the Mortgagee may declare the Secured Obligations to be immediately due and payable.

(d) Further Assurances

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

(e) No Builders' Liens

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

10. INSURANCE**(a) General**

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

(b) Liability Insurance

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

(c) Other Insurance

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

(d) Payment of Loss

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

(e) Premiums

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

(f) Assignment

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

(g) 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.

(h) Application of Proceeds

Unless otherwise agreed to by the Mortgagor and the Mortgagee in writing, any insurance moneys received may, at the option of the Mortgagee, be applied to a suspense account or in or towards rebuilding, reinstating or repairing all or any portion of

the Mortgaged Land or be paid to the Mortgagor or any other Person appearing by the registered title to be or to have been the owner of the Mortgaged Land, or be applied or paid partly in one way and partly in another, or such moneys may be applied, in the sole discretion of the Mortgagee, in whole or in part on account of the Secured Obligations, or any part thereof, whether due or not then due.

(i) Waiver

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

11. USE, ALTERATIONS AND REPAIRS

(a) Use of Mortgaged Land

Except as contemplated by the Loan Agreement, the Mortgagor will not, without the express written consent of the Mortgagee first had and obtained:

- (i) change the present use of the Mortgaged Land; nor
- (ii) permit the Mortgaged Land to be unoccupied or unused.

(b) Compliance

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

(c) Repair

The Mortgagor will keep the Mortgaged Land 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 Mortgaged Land.

(d) Demolition, Alterations

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

(e) Inspection

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

12. ADVANCES

(a) Payments Due

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

(b) Permitted Deductions

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

(c) No Obligation to Advance

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

the Mortgaged Land and preparation and registration of this Mortgage are secured by this Mortgage and constitute a charge upon the Mortgaged Land.

(d) Status Certificate

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

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

(a) Payments by Mortgagee

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

(b) Performance by Mortgagee

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

- (i) insure the Mortgaged Land in the buildings on the Mortgaged Land in accordance with the provisions hereof if the Mortgagor neglects to insure or to deliver policies and receipts in accordance herewith;
- (ii) repair and reinstate the buildings and improvements on the Mortgaged Land if the Mortgagor fails to repair in accordance herewith or with the Leases or demolishes or alters such buildings or improvements in contravention hereof or thereof;
- (iii) without any order or direction of the Mortgagor, pay to contractors, sub-contractors, material men, labourers, and other Persons supplying or having a claim for work, services, or materials supplied in and about the construction, repairing, altering or replacing of any buildings, structures, erections or improvements and the like now or hereafter constructed on the Mortgaged Land or any part thereof, any moneys due to them for such work, services or materials; and
- (iv) pay common expenses, assessments, contributions or levies required to be paid in connection with any strata lot comprising part of the Mortgaged Land,

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

(c) Entitlement to Equities

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

(d) Repayment

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

(e) No Prejudice

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

14. ACCELERATION

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

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

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

15. REMEDIES OF MORTGAGEE ON DEFAULT**(a) Power of Sale**

Upon the occurrence of an Event of Default the Mortgagee may, without notice to or the concurrence of the Mortgagor, enter on and lease or sell the Mortgaged Land; and that the Mortgagee may lease or sell as aforesaid without entering into possession of the Mortgaged Land; and that the title of a purchaser or lessee upon a sale or lease made in professed exercise of the above power shall not be liable to be impeached on the ground that no case had arisen to authorize the exercise of such power, or that such power had been improperly or irregularly exercised, or that notice had not been given, but any person damnified by an unauthorized, improper or irregular exercise of the power shall have his remedy against the person exercising the power in damages only; and that the Mortgagee may sell the whole or any part or parts of the Mortgaged Land by public auction or private contract, or partly one and partly the other, on such terms as to credit and otherwise as to the Mortgagee shall appear most advantageous and for such prices as can reasonably be obtained therefor; and that sales may be made from time to time of portions to satisfy interest or parts of the principal overdue, leaving the principal or balance thereof to run at interest, payable as aforesaid; and the Mortgagee may make any stipulations as to title, or evidence, or commencement of title, or otherwise, as the Mortgagee shall deem proper; and the Mortgagee may buy in or rescind or vary any contract for sale of any of the Mortgaged Land and re-sell, without being answerable for loss occasioned thereby; and in the case of a sale on credit the Mortgagee shall only be bound to pay to the Mortgagor such monies as have been actually received from purchasers after the satisfaction of the Mortgagee's claim; and for any of such purposes the Mortgagee may make and execute all agreements and assurances the Mortgagee deems fit; and that the purchaser at any sale hereunder shall not be bound to see to the propriety or regularity thereof; and that no want of notice or of publication, if any, required hereby, shall invalidate any sale hereunder; and the Mortgagee will not be liable for any loss which may arise by any such leasing or sale as aforesaid; provided that, notwithstanding the power of sale or leasing and other powers and provisions of this clause, the Mortgagee will have and be entitled to its right of foreclosure of the equity of redemption of the Mortgagor in the Mortgaged Land and any and all other remedies available to it as fully as if said powers and provisions had not been contained herein or acted upon.

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

(b) Distress

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

(c) No Merger

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

(d) Rents

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

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

(e) Receiver

Notwithstanding anything contained in this Mortgage it is declared and agreed that upon the occurrence of an Event of Default the Mortgagee may, at such time and from time to time and with or without entry into possession of the Mortgaged Land or any part thereof, by instrument in writing appoint, or by application to a court of competent jurisdiction obtain an order for the appointment of, any person, whether an officer or officers or an employee or employees of the Mortgagee or not, as a receiver (which term as used in this paragraph and elsewhere in this Mortgage includes a receiver-manager and receiver and manager and also includes the plural as well as the singular) of the Mortgaged Land or any part thereof and of the rents and profits thereof, and with or without security, and

may, when the appointment of the receiver is by instrument, from time to time by similar writing remove any receiver and appoint another in his stead, and that in making any such appointment or removal, the Mortgagee and any person so appointed shall be deemed to be acting as the agent or attorney for the Mortgagor, but no such appointment shall be revocable by the Mortgagor. Upon the appointment of any receiver from time to time the following provisions shall apply:

- (i) Every receiver shall have unlimited access to the Mortgaged Land as agent and attorney for the Mortgagor (which right of access shall not be revocable by the Mortgagor) and shall have full power and unlimited authority to:
 - (1) collect the rents and profits from tenancies whether created before or after this Mortgage;
 - (2) rent any portion of the Mortgaged Land which may become vacant on such terms and conditions as he considers advisable and enter into and execute leases, accept surrenders and terminate leases;
 - (3) complete the construction of any building or buildings or other erections or improvements on the Mortgaged Land, with respect to the Mortgaged Land left by the Mortgagor in an unfinished state or award the same to others to complete;
 - (4) purchase, repair and maintain any personal property including, without limitation, appliances and equipment necessary or desirable to render the premises operable or rentable and take possession of and use or permit others to use all or any part of the Mortgagor's materials, supplies, plans, tools, equipment (including appliances) and property of every kind and description;
 - (5) manage, operate, repair, alter or extend the Mortgaged Land or any part thereof and carry on the business of the Mortgagor;
 - (6) sell or grant options to purchase the Mortgaged Land, or any part thereof, at public auction, by public or private tender, or by private sale, on terms as to credit or otherwise and with or without security as shall appear most advantageous to the receiver;
 - (7) rescind or vary any contract or agreement of sale or lease;
 - (8) borrow such sum or sums as will in the opinion of the receiver, be required for the purposes of carrying on the receiver's duties and in so doing the receiver may issue receiver certificates; and
 - (9) employ such assistants as the receiver may consider necessary for carrying out the receiver's duties.

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

- (ii) The Mortgagee at its discretion may vest the receiver with all or any of the rights and powers of the Mortgagee.
- (iii) The Mortgagee may from time to time during the currency of the appointment of a receiver fix the reasonable remuneration of the receiver and such remuneration

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

- (iv) All sum or sums of money borrowed by the receiver and secured by receiver certificates shall be a charge on the Mortgaged Land.
- (v) Every receiver shall be deemed the agent or attorney of the Mortgagor for such purposes as the receiver shall deem necessary, including, without limitation, carrying out any sale of all or any part of the Mortgaged Land and affixing the seal of the Mortgagor to any deeds, transfers, conveyances, assignments, assurances and things which the Mortgagor ought to execute to complete any sale of all or any part of the Mortgaged Land or alternatively executing the same under his own seal by conveying in the name of and on behalf of the Mortgagor and under his own seal, and any deed or other instrument signed by him under his seal pursuant hereto shall have the same effect as if it were executed under the common seal of the Mortgagor and in no event shall the receiver be the agent of the Mortgagee and the Mortgagee shall not be responsible for the acts and omissions of the receiver.
- (vi) The appointment of any receiver by the Mortgagee shall not result in or create any liability or obligation on the part of the Mortgagee to the receiver or to the Mortgagor or to any other person and no appointment or removal of a receiver and no actions of a receiver shall constitute the Mortgagee a mortgagee in possession of the Mortgaged Land.
- (vii) No receiver shall be liable to the Mortgagor to account for monies other than monies actually received by him in respect of the Mortgaged Land or any part thereof and out of such monies so received every receiver shall pay in the following order the following amounts:
 - (1) claims of all secured and unsecured creditors ranking in priority to this Mortgage;
 - (2) all remuneration, costs and expenses of every nature and kind incurred by the receiver in connection with the exercise of the receiver's powers and authorities hereby conferred, excluding the receiver's borrowings;
 - (3) to the Mortgagee any sum or sums borrowed by the receiver from the Mortgagee and interest thereon as secured by receiver certificates;
 - (4) to the Mortgagee all interest, principal and other monies due hereunder to be paid in such order as the Mortgagee in its sole discretion shall determine;
 - (5) any sum or sums borrowed by the receiver from any financial institution, corporation or other person other than the Mortgagee and interest thereon as secured by receiver certificates;

- (6) any surplus shall, subject to the rights of other creditors, be paid to the Mortgagor.
 - (viii) Save as to its right to obtain from the receiver an accounting under the foregoing sub-paragraph (vii), the Mortgagor hereby releases and discharges any receiver from every claim of every nature whether sounding in damages or not which may arise or be caused to the Mortgagor or any person claiming through or under him by reason or as a result of anything done by the receiver unless such claim is a direct and proximate result of dishonesty or fraud.
 - (ix) The Mortgagee may at any time and from time to time terminate any appointment of a receiver by instrument, by notice in writing to the Mortgagor and to any receiver.
 - (x) The statutory declaration of an officer of the Mortgagee as to default under the provisions of the Mortgage and as to the due appointment of the receiver pursuant to the terms hereof shall be sufficient proof thereof for the purposes of any person dealing with a receiver who is ostensibly exercising powers herein provided for and such dealing shall be deemed as regards such person to be valid and effectual notwithstanding any contrary assertion by the Mortgagor.
 - (xi) The rights and powers conferred herein in respect of the receiver are in addition to and not in substitution for any other rights and powers which the Mortgagee may have.
- (f) **Remedies Cumulative**
- All remedies available to the Mortgagee herein will be in addition to and not restrictive of the remedies of the Mortgagee at law and in equity and by statute.
- (g) **Enforcement of Remedies**
- Each remedy of the Mortgagee may be enforced in priority to or concurrently with or subsequent to any other remedy or remedies of the Mortgagee.
- (h) **Realization on Securities**
- The Mortgagee may realize on various securities and any parts thereof in any order that the Mortgagee may consider advisable, and any realization, whether by foreclosure or sale, on any security or securities will not bar realization on any other security or securities.

16. PRESERVATION OF MORTGAGE AND OTHER SECURITY

(a) Equity of Redemption

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

(b) No Apportionment

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

(c) Fixtures

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

(d) Partial Release of Mortgage

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

(e) Waiver

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

(f) Additional Security

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

(g) Doctrine of Consolidation

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

17. SALE OR TRANSFER AND FURTHER ENCUMBRANCES

(a) Due on Sale

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

- (i) if the Mortgaged Land or any part thereof is sold, transferred, conveyed or assigned or otherwise disposed of, or the Mortgagor enters into any agreement to effect any of the foregoing, whether by registered or unregistered instrument

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

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

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

(b) Further Encumbrances

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

(c) Meaning of Assigned

The word "assigned" as used in Section 1717 will include any transfer, sale, assignment, bequest, inheritance, encumbrance or other disposition of shares of any body corporate comprising the Mortgagor, in whole or in part, having the result of changing the identity of the Person(s) who during the currency of this Mortgage exercise the effective voting control of such body corporate.

(d) **Servicing Fee**

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

18. STRATA LOT PROVISIONS

(a) **Definitions**

In this Article 18:

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

(b) **Strata Lots**

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

- (i) to observe and perform all the covenants, agreements, conditions and provisos required to be observed and performed under the Act and any by-laws, rules and regulations that may be passed by the strata corporation or any special interest section thereof of which the Mortgagor is a member by virtue of the leasing by the Mortgagor of the strata lot(s) hereby charged;
- (ii) to pay on or before the due dates thereof, the share of common expenses and each and every assessment, contribution or levy made by the strata corporation or any special interest section thereof against the strata lot(s) and interest(s) in the Mortgaged Land and the Mortgagor will not permit a situation under which the strata corporation or any special interest section thereof may register a Certificate of Lien in the land title office;
- (iii) pursuant to Section 115 of the Act, the Mortgagor hereby authorizes any officer of the Mortgagee to from time to time during the term hereof obtain a Certificate of Payment as provided for in the Act certifying that no moneys are owing to the strata corporation by the Mortgagor in respect of any one or more of the strata lots forming part of the Mortgaged Land;
- (iv) that the Mortgagor will not without the prior written consent of the Mortgagee:
 - (1) assign any of the Mortgagor's rights, powers, duties or obligations under the Act or the by-laws created under the Act; or
 - (2) give possession of any strata lot(s) hereby charged to any Person whether on the basis of an agreement providing for the purchase of the

strata lot(s) by the occupier or on the basis of a lease, sublease or assignment of lease;

- (v) to grant and hereby grants to the Mortgagee all rights and powers to vote conferred on the Mortgagor by the Act, but neither this section nor anything done by virtue thereof will render the Mortgagee a mortgagee in possession;
- (vi) that this Mortgage constitutes express written notice to the Mortgagor that the Mortgagee intends to exercise the power to vote on any matters relating to insurance, maintenance, finance or other matters affecting the security for this Mortgage that the Mortgagor is permitted to exercise 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 Mortgagor may, at any duly called meeting of the strata corporation of which the Mortgagee has received written notice, exercise the right to vote on these matters if the Mortgagee is not by its authorized representative, agent or proxy, present at that meeting;
- (vii) that the right and power to vote granted in this Mortgage to the Mortgagee does not impose on the Mortgagee any duty or obligation whatsoever to protect the interest of the Mortgagor, and the Mortgagee will not be responsible for the consequences of any exercise of the right to vote or any failure to exercise the right to vote;
- (viii) pursuant to Section 59 of the Act, the Mortgagor hereby authorizes any officer of the Mortgagee to apply at any time and from time to time during the term hereof to the strata corporation under section 59 of the Act for an Information Certificate, in respect of each strata lot forming part of the Mortgaged Land, to have the by-laws for the time being in force governing the strata lot(s) and interest in the Mortgaged Land hereby charged made available for inspection by an officer of the Mortgagee;
- (ix) that the Mortgagor will cause the Mortgagee to be named as a loss payee as its interest may appear in respect of the strata lot(s) on the policy or policies of insurance effected by the strata corporation, on the buildings, common facilities and the insurable improvements owned by the strata corporation and will cause mortgage clauses in a form approved by the Mortgagee to be included in such insurance policy or policies and will provide evidence of such insurance to the Mortgagee forthwith upon demand;
- (x) that if the insurance effected by the strata corporation on the buildings and common facilities is inadequate in the opinion of the Mortgagee, then the Mortgagor will upon demand effect insurance of the strata lot(s) and the Mortgagor's interest in the common property against such risks or hazards and in an amount as the Mortgagee may require with an insurance company and by a policy satisfactory to the Mortgagee, which policy or policies will contain loss payable provisions and mortgage clauses as aforesaid, and will provide evidence of such insurance to the Mortgagee; and
- (xi) that the Mortgagee is the Mortgagor's agent to examine, inspect and obtain copies of any and all records, minutes, books of account or other documents of any nature and kind whatsoever which the Mortgagor is entitled to examine or inspect.

19. INTEREST RATE ALTERNATIVE AND MAXIMUM RETURN TO MORTGAGEE**(a) Interest Rate Alternative**

Subject to the provisions of Section 19(b), if the Interest Rate would, except for this clause, be a criminal rate, or void for uncertainty, or unenforceable for any other reason, or not capable of being ascertained, or is determined by court to be subject to deemed reinvestment of interest then the Interest Rate will be one percent (1%) per annum less than the minimum rate which would be a criminal rate calculated in accordance with generally accepted actuarial practices and principles.

(b) Maximum Return

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

- (i) the amount of any fees payable in connection therewith will be reduced to the extent necessary to eliminate such excess;
- (ii) any remaining excess that has been paid will be credited towards prepayment of the principal amount; and
- (iii) any overpayment that may remain after such crediting will be returned forthwith upon demand.

In this Section the terms "**Interest**" and "**Credit Advanced**" have the meanings ascribed to them in section 347 of the *Criminal Code of Canada*.

20. LOAN AGREEMENT

The provisions of the Loan Agreement will survive the execution and registration of this Mortgage and the collateral or other security documents to be delivered herewith. Accordingly there will be no merger of such provisions in this Mortgage or the collateral or other security documents, until the parties thereto, by an appropriate instrument in writing so declare. Furthermore, if any conflict at any time exists between any term of the 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.

21. MISCELLANEOUS**(a) 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 Secured Obligations then due hereunder, the date to which interest is paid, that it has no right of set-off against the Secured Obligations or, if it has such a right of set-off, the amount thereof, and that there have been no amendments hereof or, if there has been any such amendment, specifying it.

(b) Modifications to Mortgage

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

(c) Extension, Renewal of Mortgage

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

(d) Notice of Demand

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

(e) Address for Notices

Any demand or notice to be made or given under the provisions of this Mortgage may be effectually made or given in accordance with the provisions of the Loan Agreement.

(f) Currency

Unless otherwise specified, all references to money herein and in any other Loan Documents mean the lawful money of Canada.

(g) Judgment Currency

If, for the purposes of obtaining judgment in any court, it is necessary to convert a sum due hereunder or under any other Loan Documents to the Mortgagee in one currency (the "Original Currency") into another currency (the "Judgment Currency"), the parties agree, to the fullest extent that they may effectively do so, that the rate of exchange used shall be that at which in accordance with normal banking procedures Royal Bank of Canada (or such other Canadian chartered banks as the Mortgagee may designate in its sole discretion) could purchase the Original Currency with the Judgment Currency on the business day preceding that on which the judgment is paid or satisfied in full.

The obligations of the Mortgagor in respect of any sum due in the Original Currency from it to the Mortgagee under any Loan Document shall, notwithstanding any judgment in any Judgment Currency, be discharged only to the extent that, on the business day following receipt by the Mortgagee of any sum adjudged to be so due in such Judgment Currency, the Mortgagee may in accordance with normal banking procedures purchase the Original Currency with such Judgment Currency. If the amount of the Original Currency so purchased is less than the sum originally due to the Mortgagee in the Original Currency, the Mortgagor agrees, as a separate obligation and notwithstanding any such judgment, to indemnify the Mortgagee against such loss and, if the amount of the Original Currency so purchased exceeds the sum originally due to the Mortgagee in the Original Currency, the Mortgagee agrees to remit such excess to the Mortgagor.

END OF DOCUMENT



Attached in support of the Form B Mortgage is a copy of the Certificate of Good Standing relating to the Lender (Mortgagee), Advanced Venture Holding Co., Ltd., BVI Company Number 1407806, issued by the Registrar of Corporate Affairs of the British Virgin Islands on April 7, 2021, pursuant to the BVI Business Companies Act, 2004.

Electronic Signature

Your electronic signature is a representation that

- (a) You are a subscriber under section 168.6 of the *Land Title Act*, RSBC 1996 c.250, and that you are authorized to electronically sign this document by an e-filing direction made under section 168.22(2) of the act, or
- (b) You are a designate authorized to certify this application under section 168.4 of the *Land Title Act*, RSBC 1996, c.250, that you certify this application under section 168.43(3) of the act, and that the supporting document or a true copy of the supporting document, if a true copy is allowed under an e-filing direction, is in your possession, or
- (c) If the purpose of this declaration is to bring to the attention of the registrar an error, omission or misdescription in a previously submitted document under section 168.55 of the act, you certify that, based on your personal knowledge or reasonable belief, this declaration sets out the material facts accurately.

Shui-Yuen Choi
KXZY39Digitally signed by
Shui-Yuen Choi KXZY39
Date: 2021-09-28
19:35:45 -07:00

Note: A Declaration cannot be used to submit a request to the Registrar for the withdrawal of a document.

**TERRITORY OF THE BRITISH VIRGIN ISLANDS
BVI BUSINESS COMPANIES ACT, 2004**

**CERTIFICATE OF GOOD STANDING
(SECTION 235)**



5CE6AF4DE1

The REGISTRAR OF CORPORATE AFFAIRS, of the British Virgin Islands HEREBY CERTIFIES that, pursuant to the BVI Business Companies Act, 2004 at the date of this certificate, the company,

Advanced Venture Holding Co., Ltd.

BVI COMPANY NUMBER: 1407806

1. Is on the Register of Companies;
2. Has paid all fees and penalties due under the Act;
3. Has filed with the Registrar a copy of its register of directors which is complete;
4. Has not filed articles of merger or consolidation that have not become effective;
5. Has not filed articles of arrangement that have not yet become effective;
6. Is not in voluntary liquidation;
7. Is not in liquidation under the Insolvency Act, 2003;
8. Is not in receivership under the Insolvency Act, 2003;
9. Is not in administrative receivership; and
10. Proceedings to strike the name of the company off the Register of Companies have not been instituted.



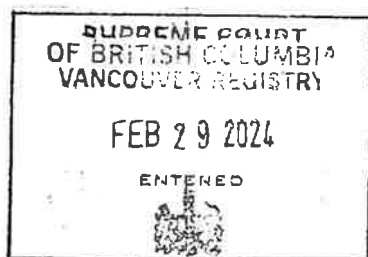
REGISTRAR OF CORPORATE AFFAIRS

7th day of April, 2021

This is **Exhibit "H"** referred to in the Affidavit of MO
YEUNG (MICHAEL) CHING affirmed before me, at
Vancouver BC, this 15th day of October, 2025

A handwritten signature in black ink, reading "Edith Chen". The signature is written in a cursive, flowing style. The first name "Edith" is written with a large, looped 'E' and the last name "Chen" is written with a large, looped 'C'.

A Commissioner for taking Affidavits for
British Columbia



No. S240493
Vancouver Registry

In the Supreme Court of British Columbia

Between

FOX ISLAND DEVELOPMENT LTD. and ADVANCED VENTURE
HOLDING CO., LTD.

Petitioners

and

KENSINGTON UNION BAY PROPERTIES NOMINEE LTD.
(formerly known as 34083 YUKON INC.), KENSINGTON UNION
BAY PROPERTIES LIMITED PARTNERSHIP, KENSINGTON
UNION BAY PROPERTIES GP LTD, INTERNATIONAL TRADE
CENTER PROPERTIES LTD., SUNWINS ENTERPRISE LTD.,
MO YEUNG CHING also known as MICHAEL CHING, MO
YEUNG PROPERTIES LTD., SFT DIGITAL HOLDINGS 30 LTD.,
HOTEL VERSANTE LTD., GULF AND FRASER FISHERMEN'S
CREDIT UNION, GULF AND FRASER FISHERMEN'S CREDIT
UNION (RICHMOND CENTRE BRANCH), MORTEQ LENDING
CORP., CHUN YU LIU, 1307510 B.C. LTD., JEFFREY RAUCH,
and HEUNG KEI SUNG

Respondents

**ORDER MADE AFTER APPLICATION
(ORDER NISI)**

)	)	
)	)	
BEFORE)	ASSOCIATE JUDGE <u><i>Roberta</i></u>	) 29/FEB/2024
)	)	)
)	)	)

ON THE APPLICATION of the petitioners, Fox Island Development Ltd. and Advanced Venture Holding Co., Ltd., coming on for hearing at Vancouver, British Columbia, on February 29, 2024 and on hearing Scott Boucher, lawyer for the petitioners, Scott Stephens, counsel for Gulf and Fraser Fishermen's Credit Union and Gulf and Fraser Fishermen's Credit Union (Richmond Centre Branch), and no one else appearing, although duly served;

THIS COURT ORDERS AND DECLARES THAT:

1. The mortgage granted by the respondents, Kensington Union Bay Properties Nominee Ltd. (formerly known as 34083 Yukon Inc.), Kensington Union Bay Properties Limited Partnership, Kensington Union Bay Properties GP Ltd., and International Trade Center Properties Ltd. (collectively the "**Loan B Borrowers**"), as mortgagors, and registered in the Victoria Land Title Office on September 28, 2021 under numbers CA9394748 and CA9394749 respectively, as extended and modified by the extension of mortgage and assignment of rents and modification of mortgage granted by the mortgagors dated March 7, 2022, registered under Land Title Office Number CB334946 respectively, and the extension of mortgage and assignment of rents and modification of mortgage granted by the Mortgagors dated September 7, 2022 registered under Land Title Office number CB379003 respectively (together, the "**Loan B Mortgage**") is a charge on the following lands and premises located in the cities of Richmond B.C. and Union Bay B.C.:

PID: 030-795-851

Air Space Parcel 2 Section 21 Block 5 North Range 6 West New Westminster District Air Space Plan EPP73985 ("**ITC ASP2**")

PID: 029-611-598

Lot 1 Section 21 Block 5 North Range 6 West New Westminster District Plan EPP37734 Except Air Space Plan EPP73985 ("**ITC Remainder**"; together with ITC ASP2, the "**ITC Property**")

PID: 028-731-492

Lot 1, District Lot 154, Nanaimo District, Sections 31 and 32 Township 1 and District Lot 28 Nelson District Plan EPP15507 Except Plans EPP 56910 and EPP95931 ("**UB Lot 1**")

PID: 028-731-549

Lot 4, Sections 31 and 32 Township 1 and District Lot 28 Nelson District Plan EPP15507 Except Plan EPP78068 ("**UB Lot 4**"; together with UB Lot 1, the "**UB Lands**")

(collectively, the "**Lands**")

in priority to the claims, interests and charges in and to the Lands of the respondents.

2. The general security agreement granted by the respondents, Loan B Borrowers and Hotel Versante Ltd., Sunwins Enterprise Ltd., Mo Yeung Ching also known as Michael Ching, and Mo Yeung Properties Ltd. (collectively, the "**Loan B Guarantors**", and together with the Loan B Borrowers, the "**Loan B Debtors**") in favour of the petitioners, and registered in the BC Personal Property Registry on November 22, 2019 under Base Registration No.

909783L and on June 18, 2021 under Base Registration No. 052177N (the "**Loan B GSAs**"), constitute a first charge on all of the present and after-acquired personal property of the Loan B Debtors (the "**Personal Property**"), in priority to any other claims or charges in respect of the Personal Property, subject only to the claims and charges of any valid and subsisting registered purchase money security interest holder in respect of their priority interest in the specific property set forth in their BC Personal Property Registry registration.

3. The assignment of material contracts dated June 14, 2021 granted by the Loan B Borrowers in favour of the Petitioners (the "**Loan B Assignment of Material Contracts**") constitutes a first charge on the Material Contracts and the Material Contract Rights, as defined in the Assignment of Material Contracts, ranking in priority to any other claims, interests or charges in respect of the Material Contracts and the Material Contract rights.
4. The mortgage and assignment of rents granted by ITC, as mortgagor, and registered in the New Westminster Land Title Office on October 11, 2023 under numbers CB940712 and CA940713 respectively (the "**Hotel Property – 5.3 MM Mortgage**") is a charge on the ITC Property in priority to the claims, interests and charges in and to the ITC Property of the respondents.
5. There has been default as follows:
 - a) The Loan B Borrowers have made default under the Loan B Mortgage;
 - b) The Loan B Debtors have made default under the Loan B GSAs;
 - c) The B Borrowers have made default under the Loan B Assignment of Material Contracts;
 - d) ITC has made default under the Hotel Property – 5.3 MM Mortgage;
 - e) The Loan B Guarantors have made default under the unlimited joint and several guarantee dated June 14, 2021 granted by the Loan B Guarantors in favour of the Petitioners (the "**Loan B Guarantee**");
 - f) The Loan B Debtors have made default under the environmental indemnity agreement dated June 14, 2021 granted by the Loan B Debtors in favour of the

petitioners (the "**Loan B Environmental Indemnity Agreement**") for all environmental losses and liabilities; and

- g) The Loan B Debtors have made default under the debt service, completion and cost overrun agreement dated June 14, 2021 granted by the Loan B Debtors in favour of the petitioners (the "**Loan B Debt Service Deficiency Agreement**"),

(collectively, the "**Loan B Security**").

6. All monies secured by the Loan B Security are due and owing and the last day for redemption, subject to paragraph 15 below, shall be August 29, 2024 (the "**Redemption Date**").

7. The amount of money due and owing to the Petitioners pursuant to the Loan B Security, and the amount of money required to redeem the Lands on this day is \$79,658,326.01 plus interest thereon as follows:

- a) in respect of the interim loan at the rate of 27.75% percent per annum, compounded monthly, which is currently per diem interest at a daily rate of \$4,732.93, from and including February 29, 2024;
- b) in respect of the loan tranches B1-B8 at the rate of 30% percent per annum, compounded monthly, which is currently per diem interest at a daily rate of \$58,730.01 from and including February 29, 2024,

and including the date of payment plus the assessed costs of the petitioners in connection with this proceeding (the "**Amount Required to Redeem**").

8. Upon any of the respondents paying into Court to the credit of this proceeding at the Court Registry, 800 Smithe Street, Vancouver, British Columbia, or to the lawyer for the petitioners, before pronouncement of either an Order Absolute of foreclosure or an Order confirming the sale of any of the Lands or the Personal Property, the petitioners shall re-convey the Lands and the Personal Property free and clear of all encumbrances in favour of it or any person claiming by through or under it, and shall deliver up all documents in its custody, possession, or power relating thereto to the respondent or respondents who make payment.

9. The petitioner recovers judgment against the Loan B Debtors, and each of them, jointly and severally, in the sum of \$79,658,326.01 as of February 29, 2024, plus interest and the petitioners' costs of and in connection with this proceeding at Scale A.
10. The ITC Property and Personal Property be offered for sale immediately by private sale, free and clear of all encumbrances except the reservations and conditions in the original grant thereof from the Crown, if any.
11. The petitioners have exclusive conduct of the sale and be at liberty to list the ITC Property and Personal Property for sale immediately, to expire on further order herein, and shall be at liberty to do all things reasonably incidental thereto including paying to any real estate agent or firm that may arrange a sale commission of not more than 7% of the first \$100,000 of the gross selling price, plus GST, and not more than 2.5% of the balance of the gross selling price, plus GST, that commission to be paid from the proceeds of sale.
12. Any sale of the ITC Property and the Personal Property be subject to the approval of this Honourable Court unless agreed to by the petitioners and the respondents in this proceeding.
13. Any person or persons in possession of the ITC Property and the Personal Property, including any tenant or tenants, do immediately and during the currency of this Order permit any duly authorized agent of the petitioners to inspect or appraise the ITC Property and the Personal Property, including the interior of the ITC Property thereof and show the ITC Property and the interior thereof, and the Personal Property to prospective purchasers between the hours of 9:00 a.m. and 7:00 p.m. on any day, and to post signs on the ITC Property indicating that the ITC Property is offered for sale.
14. The petitioners, or any duly authorized agent of the petitioners, shall be entitled to forced entry to the ITC Property and the interior thereof in the event that they are abandoned or vacated.
15. Notwithstanding paragraph 6 above, the petitioners are at liberty to apply to this Court to approve the sale of the ITC Property and the Personal Property during the period of the Redemption Date.
16. If the Lands and Personal Property are not redeemed prior to the Redemption Date, the petitioners shall then be at liberty to apply for an Order Absolute, and on an Order Absolute

being made, the respondents, and the heirs, executors, administrators, successors and assigns of the respondents, and all persons claiming by, through, or under them, shall stand absolutely debarred and foreclosed of and from all right, title, and interest, and equity of redemption in or to the Lands and the Personal Property, and shall immediately deliver vacant possession of the Lands and the Personal Property to the Petitioners.

17. The petitioners are at liberty to apply to this Court for a further summary accounting of any amounts that are due to the petitioners pursuant to the Loan B Security, for principal, simple, or compound interest, taxes, utilities, insurance premiums, costs, charges, expenses or other amounts recoverable, whether such amounts become due before or after the date this Order is made, and for an Order varying the Indebtedness and the Judgment in this Order, accordingly.

18. All other relief sought in the petition is adjourned generally.

19. The petitioners' costs to and including the date of this Order is made are awarded on a party and party Scale A basis, and the petitioners are at liberty to apply for an Order that any of its costs after the date this Order is made will be assessed on a different basis.

20. *The parties have leave to amend the style of cause to substitute*
THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:



Signature of Scott Boucher
Lawyer for the petitioners



Signature of Scott Stephens *ALAN FRYDENLUND*
Lawyer for Gulf and Fraser Fishermen's
Credit Union and Gulf and Fraser
Fishermen's Credit Union (Richmond Centre
Branch)

*BEEN CREDIT
UNION in place
of Gulf and Fraser
Fishermen's Credit
Union, and
Gulf and Fraser Fishermen
Credit Union (Richmond
Branch) and amend the
Petition accordingly,
enunciate, without
need to state the
amended Petition.*

By the Court.



Registrar



No. S240493
Vancouver Registry

In the Supreme Court of British Columbia

Between

FOX ISLAND DEVELOPMENT LTD. and
ADVANCED VENTURE HOLDING CO., LTD.

Petitioners

and

KENSINGTON UNION BAY PROPERTIES NOMINEE
LTD. (formerly known as 34083 YUKON INC.);
and others

Respondents

**ORDER MADE AFTER APPLICATION
(ORDER NISI)**

NORTON ROSE FULBRIGHT CANADA LLP

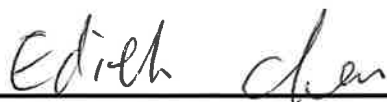
Barristers & Solicitors
1800 – 510 West Georgia Street
Vancouver, BC V6B 0M3
Telephone: (604) 687-6575
Attention: Scott Boucher

FR1

SB/clf/ic

Matter# 1001195914

This is **Exhibit "I"** referred to in the Affidavit of MO
YEUNG (MICHAEL) CHING affirmed before me,
at Vancouver BC, this 15th day of October, 2025

A handwritten signature in cursive script, appearing to read "Edith Chen", written in black ink.

A Commissioner for taking Affidavits for
British Columbia

From: [Scott Boucher \(he/him\)](#)
To: [Kibben Jackson](#); [Edmond C. Luke](#)
Cc: [Candace Formosa \(she/her\)](#); [Matthew Choi](#); [Jayda Mangat](#)
Subject: RE: [EXT] Fox Island Development Ltd. v. Kensington Union Bay Properties Nominee Ltd. et al.
Date: Monday, February 26, 2024 11:57:30 AM

{CAUTION: This email originated from outside of Fasken. Exercise care before clicking links or opening attachments.}

Hi Kibben,

Sorry, you will have seen our notice of hearing, but I neglected to reply to your email below. Yes, the below works from my perspective. We will ensure you are served with all materials in the proceeding. I may be in touch about Alan's email as well.

Thank you,

Scott Boucher

Partner

Norton Rose Fulbright Canada LLP / S.E.N.C.R.L., s.r.l.
 510 West Georgia Street, Suite 1800, Vancouver, BC V6B 0M3 Canada
 T: +1 604.641.4920 | F: +1 604.646.2511
scott.boucher@nortonrosefulbright.com

NORTON ROSE FULBRIGHT

From: Kibben Jackson

Sent: February 23, 2024 6:25 AM

To: Scott Boucher (he/him) ; Edmond C. Luke

Cc: Candace Formosa (she/her) ; Matthew Choi ; Jayda Mangat

Subject: RE: [EXT] Fox Island Development Ltd. v. Kensington Union Bay Properties Nominee Ltd. et al.

Hi Scott.

Our client would prefer that the hearing be as soon as possible (i.e. February 29, 2024). We do not intend to file a Response at this time on the understanding that: (i) barring anything unforeseen arising, Fox Island will first seek to sell the Versante Hotel and lands first; and (ii) we will be served with any materials for further applications (i.e. we will be on the "service list").

Trust that's all okay, but please confirm.

Kibben Jackson*

Partner

T +1 604 631 4786 | kjackson@fasken.com

Fasken Martineau DuMoulin LLP

From: Scott Boucher (he/him) <Scott.Boucher@nortonrosefulbright.com>

Sent: Thursday, February 22, 2024 1:18 PM

To: Kibben Jackson <kjackson@fasken.com>; Edmond C. Luke <eluke@fasken.com>

Cc: Candace Formosa (she/her) <candace.formosa@nortonrosefulbright.com>; Matthew Choi <Matthew.Choi@nortonrosefulbright.com>; Jayda Mangat <jayda.mangat@nortonrosefulbright.com>

Subject: [EXT] Fox Island Development Ltd. v. Kensington Union Bay Properties Nominee Ltd. et al.

Importance: High

{CAUTION: This email originated from outside of Fasken. Exercise care before clicking links or opening attachments.}

Hi Kibben and Edmond,

I hope you are well. We have not received any response to petition from the AMTD group, and are looking to schedule the Order Nisi hearing for February 29th, March 4th or March 7th. Could you confirm if and when you expect your clients will file petition response materials and if you intend on appearing at hearing? And if so, whether you are available on any of the above dates.

Thank you,

Scott Boucher

Partner

Norton Rose Fulbright Canada LLP / S.E.N.C.R.L., s.r.l.

510 West Georgia Street, Suite 1800, Vancouver, BC V6B 0M3 Canada

T: +1 604.641.4920 | F: +1 604.646.2511

scott.boucher@nortonrosefulbright.com

NORTON ROSE FULBRIGHT

Law around the world

nortonrosefulbright.com

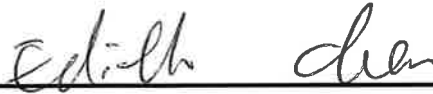
Confidentiality notice

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This is **Exhibit "J"** referred to in the Affidavit of MO
YEUNG (MICHAEL) CHING affirmed before me, at
Vancouver BC, this 15th day of October, 2025

A handwritten signature in cursive script, appearing to read 'Edith Chen', is written over a horizontal line.

A Commissioner for taking Affidavits for
British Columbia

storeys.com

Lenders Concerned About Owner Of Richmond Versante Hotel As Sales Process Stalls

Howard Chai

7–8 minutes

Just over a full year after [foreclosure](#) proceedings were initiated, the boutique [Versante Hotel](#) in Richmond has been placed under [receivership](#) as a result of the lender's concerns regarding the owner-operator, according to filings in the Supreme Court of British Columbia obtained by STOREYS.

The Versante Hotel is a 14-storey hotel with 100 rooms and amenity space that is located at 8499 Bridgeport Road in Richmond and has received much recognition from the hospitality sector since it opened in 2018. The hotel is part of the three-tower [International Trade Centre](#) (ITC), with the other two towers being the 10-storey office tower at 8451 Bridgeport Road and the 12-storey office tower at 8400 West Road, according to [Sunwins](#), the developer.

Owned under International Trade Center Properties Ltd., the ITC is located just south of the Canada Line SkyTrain's Bridgeport Station and is also located near the eastern end of Sea Island Bridge, which leads to Vancouver International Airport.

Only the Versante Hotel, and not either of the ITC's two office towers,

was subject to the foreclosure initiated last year.

The Foreclosure

Foreclosure proceedings were initiated by Fox Island Development Ltd. and Advanced Venture Holdings Co. Ltd. on January 24, 2024 pertaining to a loan agreement the two sides entered into in June 2021, for the principal amount of \$35,849,266.69.

According to the lenders, the borrowers defaulted on the loan when it became due, but the two sides entered into a forbearance agreement in February 2023 that was later extended twice. At the end of the forbearance period, the borrowers were still unable to pay and the borrowers subsequently issued a demand for payment before initiating foreclosure proceedings.

As of December 31, 2023, the outstanding amount had ballooned to \$78,687,149.52, with interest accruing at 30% per annum, compounded monthly.

On February 29, 2024, the Supreme Court granted the order nisi of foreclosure and the Versante Hotel was subsequently [listed for sale](#) by Bob Levine, Michael Emmott, Brendan Hannah, and Jonathan Hallett of Avison Young with an asking price of \$98M, as [first reported](#) by STOREYS.

The Versante Hotel at 8499 Bridgeport Road in Richmond. / Avison Young

Since then, a sale has not been able to be completed, despite a relatively high amount of interest. According to a court filing dated February 25, 2025, a total of 47 parties had signed confidentiality agreements and 14 parties took tours of the property, by mid-September.

That month, an offer to buy the Versante Hotel was received, the first

[deposit](#) was paid, and the bidder had 30 days to do its due diligence. However, after exercising an option to extend the due diligence period, the bidder confirmed it was unable to proceed because they could not secure financing. The offer was terminated and the deposit was returned.

Although the details were not disclosed in case documents, STOREYS has learned that the offer was made by PACM Real Estate Fund II LP, also known as [Pacific Aegis Capital Management](#), a private credit investment management firm based in Hong Kong.

Although the lenders note that, since November, three parties have expressed interest to make an offer in the near future, the lenders nonetheless sought to place the property under receivership, citing several concerns. A foreclosure gives the lender control of a property, while a receivership gives them control over the relevant company, a subtle difference that translates to more control.

The Lenders' Concerns

The concerns of the lenders extend to the hotel manager, its net income, as well as the owner: Mo Yeung Ching, also known as [Michael Ching](#), who is identified in court documents as the sole director and principal of International Trade Center Properties Ltd. and Hotel Versante Ltd. — the entity that owns the hotel and the entity that operates the hotel, respectively. The Versante Hotel was then *managed* by an unrelated third party, [Trilogy Hotel Management](#).

According to the lenders, despite the business performance of the Versante Hotel improving from 2023 to 2024, Ching directed Trilogy to reduce performance bonus pay to management staff, with Trilogy quoted as saying Ching has "contempt for our abilities and the results that we

have achieved for him."

On January 6, the General Manager — [Sanjeet Sadana](#) — tendered his resignation and had made arrangements for an experienced hotel manager to temporarily replace him after his last day. However, Ching told Trilogy that he intended to assume the role of General Manager himself. Trilogy recommended against this, their management agreement with Ching was terminated on January 19, effective immediately, and the lenders say they believe Ching is now acting as the manager.

Amenity space (left) and a hotel suite (right) within the Versante Hotel in Richmond. / Versante Hotel

Regarding the hotel's income, the lenders said the most recent statement they received from Ching was for the period ending November 2024 and indicated a year-to-date net income of over \$2,500,000. However, the lenders say Ching has been less than transparent about how the income is being used.

"Mr. Ching refused to provide any further details about the net income and he specifically refused to apply any of the net income to repay the debts owing to Fox Island," said the lenders in their receivership application. "Mr. Ching made comments to Fox Island to the effect that if it took any steps to compel him to pay the net income to Fox Island or take control of the Hotel away from him, that he would stop providing any information on the Hotel, stop cooperating with Fox Island in the sale of the Hotel, and would attempt to create difficulties with respect to the sale efforts, regardless of whether it would be to the detriment of his own interest or Fox Island's."

The lenders say that they do not object to the hotel's revenue being used for the ordinary business of the hotel, but are concerned that Ching is

now using it for unrelated purposes since he is now refusing to provide transparency. They say Ching has also told them and potential purchasers that any purchaser would have trouble operating the hotel without him. Fox Island does not believe this claim to be true, but say "Mr. Ching's comments have created uncertainty about the Hotel among potential bidders, which may adversely affect marketing efforts." They also claim that one potential bidder has said they would be more willing to make an offer for the hotel if Ching was excluded from the management of the hotel.

Citing the above reasons, Fox Island said that it is concerned that their financial security is at risk and has lost confidence in Ching's ability to protect the operations and value of the Versante Hotel, thus the need for a court-appointed Receiver. On March 4, the Supreme Court granted the receivership application.

This is **Exhibit "K"** referred to in the Affidavit of MO
YEUNG (MICHAEL) CHING affirmed before me, at
Vancouver BC, this 15th day of October, 2025

A handwritten signature in cursive script, appearing to read "Edith Chen", written in black ink.

A Commissioner for taking Affidavits for
British Columbia

Dear Jeff Keeble & Deloitte team

I am writing to formally bring to your attention a matter of serious concern regarding the financial arrangements associated with the VERSANTE HOTEL currently under your receivership. Based on my recent findings, I believe that the petitioners involved in this receivership may have been charging an interest rate that exceeds the legal threshold established under Section 347 of the Criminal Code of Canada. Attached please find the applicable loan agreement.

As you may be aware, Section 347 prohibits charging an effective annual interest rate exceeding 60%, including all associated fees and costs. My preliminary review of the loan agreement and payment records suggest that the petitioners may be in violation of this provision.

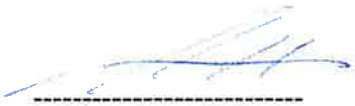
I believe that this issue is highly relevant to the receivership proceedings, as it may impact the enforceability of the securities against the assets currently under your administration. If confirmed, this may require court intervention to determine the validity of the loan and securities made under unlawful terms.

I kindly request that you:

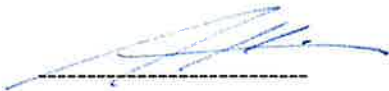
1. Review the financial arrangements and lending terms associated with the petitioner's loan and securities to assess potential violations.
2. If appropriate, inform the court about this potential criminal matter, as it may affect the receivership process.
3. Advise on any actions you may be taking in response to this issue.

Please let me know if you require any supporting documentation or further details. I appreciate your prompt attention to this matter and look forward to your response at your earliest convenience.

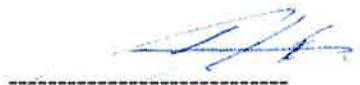
Best regards,

A handwritten signature in blue ink, appearing to read 'MO YEUNG CHING', written over a dashed horizontal line.

MO YEUNG CHING

A handwritten signature in blue ink, written over a dashed horizontal line.

INTERNATIONAL TRADE CENTER PROPERTIES LTD.

A handwritten signature in blue ink, written over a dashed horizontal line.

HOTEL VERSANTE LTD.

1205-8400 West Road Richmond BC Canada

March 21,2025

This is **Exhibit "L"** referred to in the Affidavit of MO
YEUNG (MICHAEL) CHING affirmed before me, at
Vancouver BC, this 15th day of October, 2025

A handwritten signature in black ink, appearing to read "Edieh Chen". The signature is written in a cursive, flowing style.

A Commissioner for taking Affidavits for
British Columbia

From: [Ritchie Clark](#)
To: [Sandrelli, John](#)
Cc: ["avic.arenas@dentons.com"](#); [Roanne Heinecke](#); [Benjamin La Borie](#)
Subject: Hotel Versante et al
Date: Tuesday, March 25, 2025 1:32:03 PM
Attachments: [B Loan Agreement - highlighted.pdf](#)

Hi John

Hope you and yours are well.

I am told you act for the receiver in the above noted matter.

We were asked to review the Forbearance Extension Agreement (senior B loan) dated July 30th 2023 (the “**Agreement**”) among the Kensington Union Bay Properties parties and Fox island Development Ltd. (“**Fox Island**”).and to pass our views on to the receiver for it to consider.

In particular we were asked to review whether the forbearance fee of \$15,500,00 (the “**Fee**”) in section 6.1 of the agreement, along with the commitment fee of \$1,050,000 (the “**Commitment Fee**”) in 6.2 of the agreement would offend section 347(1) of the Criminal Code, which reads as follows:

347(1) Despite any Act of Parliament, every one who enters into an agreement or arrangement to receive interest at a criminal rate, or receives a payment or partial payment of interest at a criminal rate, is

(a) guilty of an indictable offence and is liable to imprisonment for a term not exceeding five years, or

(b) an offence punishable on summary conviction and is liable to a fine not exceeding \$25,000 or to imprisonment for a term not exceeding six months or to both.

(2) In this section,

credit advanced means the aggregate of the money and the monetary value of any goods, services or benefits actually advanced or to be advanced under an agreement or arrangement minus the aggregate of any required deposit balance and any fee, fine, penalty, commission and other similar charge or expense directly or indirectly incurred under the original or any collateral agreement or

arrangement;

criminal rate means an effective annual rate of interest calculated in accordance with generally accepted actuarial practices and principles that exceeds 60% on credit advanced under an agreement or arrangement;

...

interest means the aggregate of all charges and expenses, whether in the form of a fee, fine, penalty, commission or other similar charge or expense or in any other form, paid or payable for the advancing of credit under an agreement or arrangement, by or on behalf of the person to whom the credit is or is to be advanced, irrespective of the person to whom any such charges and expenses are or are to be paid or payable, but does not include any repayment of credit advanced or any insurance charge, official fee, overdraft charge, required deposit balance or, in the case of a mortgage transaction, any amount required to be paid on account of property taxes; ...

Section 347(1)(a) makes it illegal to enter into an agreement or arrangement to receive interest at a criminal rate.

In our view, the key questions are whether the impugned fee or charge is “paid or payable for the advancing of credit.” That has been interpreted by the Supreme Court of Canada as “a deferral of payment... A debt is deferred -- and credit extended -- when an agreement or arrangement permits a debtor to pay later than the time at which payment would otherwise have been due.” See *Garland v. Consumers' Gas Co.*, 1998 CanLII 766 (SCC) at para. 35. In addition, the Agreement provides for the ability of Bridge Financing which would be additional advances to the borrower.

Although we have not located a case directly on point, it would appear that the Fee and/or the Commitment Fee could be construed as “interest” for the purpose of the Criminal Code.

We have not done precise calculations but as the current interest rate is 30%, the Fee and Commitment Fee if due immediately would likely raise the Annual Effective Rate of interest to over 60%.

It is our clients view that the receiver should obtain its own opinion as to the issue, at the least.

We are happy to discuss this issue with you further if you wish.

Ritchie

H.C. Ritchie Clark, K.C.*

Lawyer | rclark@bridgehouselaw.ca | * law corporation

Bridgehouse Law LLP

9th Floor, 900 West Hastings Street

Vancouver, British Columbia Canada V6C 1E5

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Tel: 604.684.2550 ext 214

Fax: 604.684.0916

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FORBEARANCE EXTENSION AGREEMENT (SENIOR B LOAN)

THIS AGREEMENT dated for reference July 30, 2023

AMONG:

KENSINGTON UNION BAY PROPERTIES NOMINEE LTD., (formerly known as
34083 YUKON INC.),
KENSINGTON UNION BAY PROPERTIES LIMITED PARTNERSHIP, and
KENSINGTON UNION BAY PROPERTIES GP LTD.

(collectively, "**UB Borrowers**")

AND

INTERNATIONAL TRADE CENTER PROPERTIES LTD.

("ITC Borrower"; together with UB Borrowers, collectively, the "**Borrowers**")

AND

HOTEL VERSANTE LTD.

AND

SUNWINS ENTERPRISE LTD.

AND

MO YEUNG PROPERTIES LTD.

AND

MO YEUNG CHING

(collectively, the "**Initial Guarantors**")

AND

SFT DIGITAL HOLDINGS 30 LTD. ("**SFT 30**" or the "**Additional Guarantor**"; together with the Initial Guarantors, collectively, the "**Guarantors**")

AND:

FOX ISLAND DEVELOPMENT LTD. ("**Lender A**")

AND

ADVANCED VENTURE HOLDING CO., LTD. ("**Lender B**")

(collectively, the "**Lenders**")

WHEREAS:

- (A) The Borrowers, the Initial Guarantors and the Lenders entered into the Senior B Loan Agreement dated for reference June 14, 2021, as amended by the First Amending Agreement dated for reference March 7, 2022, whereby (among other things) the Lenders agreed to provide a term loan in the aggregate principal amount of not more than CAD\$39,000,000 to the Borrower;
- (B) The ITC Borrower has entered into an agreement to transfer its beneficial interest in all or part of the Hotel Property to a separate entity (the "**Hotel Property Holdco**"; such agreement, the "**Hotel**

Property Beneficial Transfer Agreement”), which transfer (the “**Hotel Property Beneficial Transfer**”) constitutes a material change in the ownership of the Hotel Property and requires the Lenders’ approval;

- (C) The Lenders have not issued any approval for the Hotel Property Beneficial Transfer, nor have they approved the ITC Borrower’s entry into the Hotel Property Beneficial Transfer Agreement in relation to such transfer;
- (D) The Lenders agreed to (among other things) refrain from exercising their rights under the Existing Loan Agreement and the other Loan Documents in relation to the Hotel Property Beneficial Transfer during a period of forbearance up to March 7, 2023, pursuant to the terms and conditions set forth in the Second Amending Agreement dated for reference September 7, 2022 (the “**Second Amending Agreement**”), among the Borrowers, the Guarantors and the Lenders;
- (E) The Lenders subsequently agreed to (among other things) extend the period of forbearance to July 31, 2023 and to continue to refrain from exercising their rights under the Existing Loan Agreement and the Loan Documents in relation to the Hotel Property Beneficial Transfer during the extended period of forbearance, to accept the 1st Forbearance Payment (as defined therein) as partial payments under Tranches 1, 3 and 4 of the Loan and to further amend the Existing Loan Agreement, pursuant to the terms and conditions set forth in the Forbearance and Third Amending Agreement dated for reference February 28, 2023 (the “**Previous Forbearance Agreement**”) among the Borrowers, the Guarantors and the Lenders;
- (F) The 1st Forbearance Payment was paid in full on March 29, 2023;
- (G) Concurrent with the parties entering into the Previous Forbearance Agreement, the Senior A Lenders, the ITC Borrower and the UB Borrowers (together with others) entered into a forbearance agreement dated for reference February 28, 2023 (the “**Previous Senior A Forbearance Agreement**”) in respect of the Senior A Indebtedness;
- (H) Under the Previous Forbearance Agreement and with reference to the Previous Senior A Forbearance Agreement, the ITC Borrower is required to make the Senior A 1st Forbearance Payment (as defined in the Previous Forbearance Agreement) on or before February 28, 2023 and the Senior A Remaining Forbearance Payment (as defined in the Previous Forbearance Agreement) on or before April 30, 2023, and thereby repay the Senior A Indebtedness in full;
- (I) The Senior A 1st Forbearance Payment was made and accepted by the Senior A Lenders; however, except for the sum in the aggregate amount of \$3,000,000 (the “**\$3MM Partial Payment**”), which is being held in trust by the Lenders’ Solicitors, the Senior A Remaining Forbearance Payment was not made when due (the “**Existing Senior A Forbearance Default**”);
- (J) The Senior A Lenders issued to ITC Borrower (as borrower under the Senior A Indebtedness) and the UB Borrowers and certain other persons (as guarantors under the Senior A Indebtedness), respectively, demand letters (the “**Senior A Demand Letters**”) and Section 244 Notices (the “**Senior A Section 244 Notices**”), on May 1, 2023, to demand the repayment of the Senior A Indebtedness in full;
- (K) As a result of the Existing Senior A Forbearance Default, an “Event of Forbearance Default” occurred under the Previous Forbearance Agreement (the “**Existing Forbearance Default**”) such that the forbearance period thereunder expired on April 30, 2023, and Tranche 9 under the Existing Loan Agreement is no longer available to be drawn;
- (L) The Lenders issued to the Borrowers and the Guarantors, respectively, demand letters (the “**Existing Demand Letters**”) and Section 244 Notices (the “**Existing Section 244 Notices**”), on May 25, 2023, to demand the repayment of the Loan Amount in full;

- (M) Concurrent with entering into the Previous Forbearance Agreement, the UB Project Lenders, the UB Borrowers (as borrowers under the UB Project Indebtedness) and the ITC Borrower and certain other persons (as guarantors under the UB Project Indebtedness) entered into a forbearance agreement dated for reference April 14, 2023 (the "**Previous UB Project Loan Forbearance Agreement**") in respect of the UB Project Indebtedness;
- (N) As a result of the expiry of the forbearance period under the Previous Forbearance Agreement (as described in Recital (K) above), an "Event of Forbearance Default" occurred under the Previous UB Project Loan Forbearance Agreement (the "**Existing UB Project Loan Forbearance Default**"), and the forbearance period thereunder also expired on April 30, 2023;
- (O) As of the date of this Agreement, each of (i) the Loan Amount under the Existing Agreement, (ii) the Senior A Indebtedness, and (iii) the UB Project Loan Indebtedness, remains unpaid and owing to their respective lenders;
- (P) The Borrowers have informed the Lenders that the Borrowers have been seeking and negotiating with various third parties for certain refinancing and sale proposals in respect of the Hotel Property and the UB Property, including the following:
 - (a) A refinancing of UB Lot 2 (the "**New UB Lot 2 Financing**") to be provided by one or more lenders, which is expected to complete on or before August 30, 2023, yielding net loan proceeds in the aggregate amount of not less than \$20,000,000;
 - (b) A first-ranking loan of the Hotel Property (the "**New Senior Hotel Financing**") to be provided by a single lender (the "**New Senior Hotel Lender**"), which is expected to complete on or before October 30, 2023, yielding net loan proceeds in the range of not less than \$30,000,000 and not more than \$35,000,000;
 - (c) A sale of the entire UB Lot 4 (the "**UB Lot 4 Sale**"), which is expected to complete on or before October 30, 2023, generating net sale proceeds in the amount of not less than \$14,500,000; and
 - (d) A refinancing of the indebtedness owing to the UB-GF Lender (the "**UB-GF Refinancing**") whereby the UB-GF Lender will discharge its mortgage and charge from UB Lot 1;
- (Q) The Borrowers have further informed the Lenders that:
 - (a) In connection with the Hotel Property Beneficial Transfer (which has not been fully consummated), the ITC Borrower is required to refinance the indebtedness secured by one or more mortgages registered on the Hotel Property so that the total amount of indebtedness so secured must not exceed \$47,000,000;
 - (b) with the successful implementation of the New UB Lot 2 Financing, the New Senior Hotel Financing and the UB Lot 4 Sale, it is expected that there would be sufficient funds raised from those financings to repay in full the Senior A Indebtedness and the UB Project Indebtedness, and pay down in part but not in full the Loan Amount owing under the Existing Loan Agreement; and
 - (c) the Borrowers will need further short-term financing from the Lenders in order to bridge any shortfall in satisfying the Borrowers' indebtedness and obligations in respect of the Loan Amount under the Existing Loan Agreement;
- (R) On the Borrowers' further request, the Lenders have agreed to (among other things) further extend the period of forbearance and to continue to refrain from exercising their rights under the Existing

Loan Agreement and the Loan Documents in relation to the Existing Defaults during such extended period of forbearance, on the terms and conditions set forth herein;

- (S) Concurrent with entering into this Agreement, the UB Project Lenders, the ITC Borrower and the UB Borrowers (together with others) have also agreed to enter into a forbearance extension agreement (the "**UB Project Loan Forbearance Extension Agreement**") in respect of the UB Project Indebtedness;

NOW THEREFORE in consideration of the mutual premises, covenants and agreements set forth herein and all other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the parties hereto agree as follows:

1. INTERPRETATION

1.1 Definitions

In this Agreement:

- (a) Words with initial capital letters which are not otherwise defined in this Agreement have the meanings set out in the Loan Agreement.
- (b) "**Bridge Refinancing**" means a proposed bridge refinancing to be made available by the Lenders as contemplated in Section 7.2 below.
- (c) "**Event of Forbearance Default**" has the meaning given to it in Section 9 hereof.
- (d) "**Existing Defaults**" means, collectively, the Existing Hotel Property Beneficial Transfer Default (as defined in Section 2.1(d)), the Existing Senior A Forbearance Default (as defined in Recital (I) above), the Existing Forbearance Default (as defined in Recital (K) above) and the Existing UB Project Loan Forbearance Default (as defined in Recital (N) above).
- (e) "**Existing Loan Agreement**" means the Senior B Loan Agreement dated for reference June 14, 2021 between (among others) the Borrowers and the Lenders, as amended by the First Amending Agreement dated for reference March 7, 2022, and the Second Amending Agreement dated for reference September 7, 2022, and as supplemented and amended by the Previous Forbearance Agreement.
- (f) "**Forbearance Extension Effective Date**" means April 30, 2023.
- (g) "**Forbearance Extension End Date**" means October 30, 2023.
- (h) "**Forbearance Extension Period**" means the period from the Forbearance Extension Effective Date and up to and including the earlier of:
 - (1) the Forbearance Extension End Date; and
 - (2) the date on which an Event of Forbearance Default has occurred.
- (i) "**Loan Agreement**" means the Existing Loan Agreement, as supplemented by this Agreement and as the same may be amended, extended, supplemented, modified, renewed, replaced and restated from time to time.
- (j) "**Lenders' Solicitors**" means Norton Rose Fulbright Canada LLP.

- (k) **"Section 244 Notice"** means a notice of intention to enforce security pursuant to section 244 of the *Bankruptcy and Insolvency Act* (Canada).
- (l) **"Obligants"** means, collectively, the Borrowers and the Guarantors.

2. ACKNOWLEDGEMENT AND AGREEMENT BY THE OBLIGANTS

2.1 Hotel Property Beneficial Transfer

Each of the Obligants acknowledges to and agrees with the Lenders as follows:

- (a) The statements set out in Recitals (B) and (C) are true and correct, and form an operative part of this Agreement.
- (b) The Hotel Property Beneficial Transfer has not been fully consummated, subject to the satisfaction of certain conditions to be fulfilled by the ITC Borrower, including, without limitation, the refinancing of the Loan under the Loan Agreement (together with the Senior A Indebtedness which is secured by a mortgage against the Hotel Property).
- (c) As at the Forbearance Extension Effective Date, the date of this Agreement and the date on which all conditions set out in Section 8 hereof have been satisfied (or otherwise waived by the Lenders), the ITC Borrower remains the sole owner of all of the beneficial interest in the Hotel Property (subject only to its obligation to effect the Hotel Property Beneficial Transfer in favour of Hotel Property Holdco pursuant to the Hotel Property Beneficial Transfer Agreement).
- (d) Notwithstanding that the Hotel Property Beneficial Transfer has not been fully consummated, the Obligants agree that the ITC Borrower's entry into the Hotel Property Beneficial Transfer Agreement and otherwise agreeing to the Hotel Property Beneficial Transfer constitute an Event of Default under the Loan Agreement (the **"Existing Hotel Property Beneficial Transfer Default"**), and the Lenders are (but for the Second Amending Agreement, the Previous Forbearance Agreement and this Agreement) entitled to immediately accelerate and demand full payment of the outstanding Loan Amount as a result of the Existing Hotel Property Beneficial Transfer Default and enforce their remedies pursuant to the terms of the Loan Agreement.
- (e) The Obligants agree to:
 - (1) promptly and from time to time advise the Lenders of the status of the Hotel Property Beneficial Transfer in sufficient details to the satisfaction of the Lenders; and
 - (2) upon the Lenders' request from time to time, (i) provide confirmation (in form and substance satisfactory to the Lenders) that the ITC Borrower remains the sole owner of all of the beneficial interest in the Hotel Property, and (ii) deliver to the Lenders a certified copy of the Hotel Property Beneficial Transfer Agreement.

2.2 Debt

Each of the Obligants acknowledges to and agrees with the Lenders as follows:

- (a) As at April 30, 2023, the Borrowers are indebted to the Lenders, on account of the outstanding balance under each tranche of the Loan (including any accrued and unpaid interest thereon), in the amounts set out below:

<u>Tranche</u>	<u>Principal Amount owing</u>
1	\$4,642,981.57
2a	\$19,621,728.05
2b	\$10,233,705.00
3	\$2,659,173.96
4	\$1,550,776.33
5	\$1,021,756.88
6	\$1,562,786.05
7	\$964,136.49
8	\$453,008.22
Total:	\$42,710,052.56

plus all other fees, costs, expenses and other charges that are payable by the Borrowers to the Lenders in accordance with the Existing Loan Agreement (collectively, the "**Debt**").

- (b) There is no balance remaining in any of the Interest Reserves.
- (c) Interest has been accruing on the outstanding balance of each tranche of the Loan at 30% per annum since April 30, 2023.
- (d) None of the Obligants has any claims, counterclaims, damages or other defence on any basis whatsoever against the Lenders in relation to the Debt, the other Loan Amount, the Existing Loan Agreement, the Security Documents and the other Loan Documents. If there are any such claims, counterclaims, damages or other defence, then each Obligor hereby expressly waives and releases them to the fullest extent permitted under applicable law.

2.3 Senior A Indebtedness; UB Indebtedness

Each of the Obligants acknowledges to the Lenders as follows:

- (a) As at August 30, 2023, assuming that the applicable interest rate for the period between July 14, 2023 and August 30, 2023 remains at 10.75% per annum, the ITC Borrower will be indebted to the Senior A Lenders on account of the Senior A Indebtedness (including any accrued and unpaid interest thereon) in the aggregate amount of \$20,863,748.91, plus all other fees, costs, expenses and other charges that are payable by the ITC Borrower to the Senior A Lenders in accordance with the Senior A Loan Agreement.
- (b) As at October 30, 2023, the UB Borrowers will be indebted to the UB Project Lenders on account of the UB Project Indebtedness (including any accrued and unpaid interest thereon) in the aggregate amount of USD\$5,293,785.21 and \$17,496,680.84, plus all other fees, costs, expenses and other charges that are payable by the UB Borrowers to the UB Project Lenders in accordance with the UB Project Loan Agreement.

2.4 Existing Defaults

Each of the Obligants hereby acknowledges to and agrees with the Lenders as follows:

- (a) The statements set out in Recitals (F) to (Q) are true and correct, and form an operative part of this Agreement.
- (b) The Existing Defaults have occurred and are continuing.
- (c) The Existing Loan Agreement and the Security Documents are in default pursuant to the terms thereof as a result of the Existing Defaults and, but for the Second Amending Agreement, the Previous Forbearance Agreement and this Agreement, the Lenders are entitled to immediately accelerate and demand full payment of the Debt and the Loan Amount, and take immediate steps to enforce its security under the Security Documents.
- (d) The Lenders have entered into this Agreement with the Obligants at their request and with a view to allowing the Obligants additional time to repay the Debt and the Loan Amount in a lawful, efficient and cost-effective manner.
- (e) Except as expressly provided in the Second Amending Agreement, the Previous Forbearance Agreement and this Agreement, the Lenders have not made any promise, nor has any of them taken any action or omitted to take any action, that would constitute a waiver of their rights to pursue any remedies in respect of the Loan, the Loan Agreement, the Security Documents or the other Loan Documents that would prevent them from so doing.
- (f) The Lenders' forbearance as provided in Section 4 below and otherwise under this Agreement, the Previous Forbearance Agreement or the Second Amending Agreement is not to be taken as a waiver by the Lenders of any of their rights under any of the Loan Agreement, the Security Documents or any other Loan Documents which may arise from any other default (whether the same as or similar to the Existing Defaults or otherwise) which presently exists or which may in the future occur. The Lenders have not waived any of such rights or remedies, and nothing in this Agreement, and no delay on their part in exercising any such rights or remedies, should be construed as a waiver of those rights or remedies.

2.5 Demand and Notice of Intention

Each of the Obligants hereby acknowledges:

- (a) receipt of the Existing Demand Letters, and the Existing Section 244 Notices, on May 25, 2023; and
- (b) all applicable cure periods relating to the Existing Defaults, the Existing Demand Letters and Existing Section 244 Notices have lapsed,

and each of them hereby waives any right or requirement to receive further notice or demand (including, without limitation, any other Section 244 Notices) from the Lenders in respect thereof or the enforcement under the Security Documents.

2.6 Loan Documents

Each of the Obligants hereby agrees, ratifies, acknowledges and confirms to the Lenders that:

- (a) the term "Loan Agreement", as used in each of the Loan Documents, means the Existing Loan Agreement, as supplemented by this Agreement, and as may be further amended, extended, supplemented, modified, renewed, replaced and restated from time to time;
- (b) this Agreement constitutes a "Loan Document";
- (c) each of the Security Documents previously granted by the Obligants prior to the Forbearance Extension Effective Date and the date hereof pursuant to the Existing Loan Agreement and the other Loan Documents, is held and will continue to be held by the Lenders as collateral security for all of the debts, liabilities and obligations, present and future, direct and indirect, of each of the Obligants to the Lenders pursuant to the Loan Agreement and the other Loan Documents;
- (d) each of the Obligants will continue to be bound by all of the terms, conditions, covenants and obligations applicable to such Obligor under or pursuant to this Agreement, the Loan Agreement and the other Loan Documents to the extent such Obligor is a party, and
- (e) each of the Obligants hereby ratifies, acknowledges and confirms all obligations, covenants, agreements, provisos, stipulations, conditions, powers, matters and things whatsoever contained in the Existing Loan Agreement (as may be supplemented herein) and the other Loan Documents, all of which shall continue in full force and effect.

3. OBLIGANTS' COVENANTS

Each of the Obligants covenants and agrees with the Lenders as follows:

3.1 By August 30, 2023; 20MM Payment; Senior A Indebtedness

- (a) The Borrowers will pay to the Lenders' Solicitors, in trust, a sum in the aggregate amount of not less than \$20,000,000 (the "**\$20MM Payment**") on or before August 30, 2023, which shall be applied as follows:
 - (1) Together with the \$3MM Partial Payment, the \$20MM Payment shall be applied to the outstanding balance of the Senior A Indebtedness then owing, in order to repay the Senior A Indebtedness and satisfy all other obligations owing by the ITC Borrower under the Senior A Loan Agreement in full;
 - (2) Subject to the Senior A Indebtedness having been repaid and satisfied in full, the Lenders' Solicitors shall hold the remaining balance (if any), after the payment under subparagraph (1) above, on behalf of the Borrowers, as a reserve (the "**Combined Repayment Reserve**") for the repayment of (i) the UB Project Indebtedness under the UB Project Loan Agreement and (ii) the Debt and the other Loan Amount under the Loan Agreement.
- (b) Each of the parties hereto acknowledges and agrees that:
 - (1) the \$20MM Payment may be made in one or more instalments, provided that:
 - (A) unless the Lenders expressly agree otherwise, each such instalment must be by wire transfer to the Lenders' Solicitors, in trust. Any other form of payment (whether by way of certified trust cheque, bank draft or similar payment instrument) will be subject to an additional hold period until the funds are cleared to the satisfaction of the Lenders' Solicitors, and each such instalment shall not be treated as received or otherwise available for

application pursuant to Section 3.1(a)(1) above until such hold period has elapsed;

- (B) each such instalment shall be held as reserve and (unless the Lenders in their sole discretion agree otherwise) shall only be credited or otherwise applied in accordance with Section 3.1(a)(1) on the later of (i) the date when the full amount of the \$20MM Payment is received, and (ii) August 30, 2023.

For greater certainty, if the full amount of the \$20MM Payment is received before August 30, 2023, the outstanding balance of the Senior A Indebtedness shall be deemed to include the amount of interest that would have accrued thereon up to and including August 30, 2023, and the Borrowers (as applicable) hereby agree to pay such amount to the applicable lenders thereof;

- (2) for greater certainty, if the \$20MM Payment is not made in full on or before August 30, 2023, then an Event of Forbearance Default (as defined herein) has occurred under this Agreement.

3.2 By October 30, 2023; 35MM Payment

- (a) The Borrowers will pay to the Lenders' Solicitors, in trust, a sum in the aggregate amount of not less than \$35,000,000 (the "**\$35MM Payment**") on or before October 30, 2023, which shall be applied as follows:

- (1) Subject to the Senior A Indebtedness having been repaid and satisfied in full, together with the balance (if any) in the Combined Repayment Reserve, the \$35MM Payment shall be applied to the outstanding balance of the UB Project Indebtedness then owing, in order to repay the UB Project Indebtedness and satisfy all other obligations owing by the UB Borrowers under the UB Project Loan Agreement in full;
- (2) Subject to the Senior A Indebtedness and the UB Project Indebtedness having been repaid and satisfied in full, the Lenders' Solicitors shall add the remaining balance (if any), after the payment under subparagraph (1) above, to the Combined Repayment Reserve, as a reserve for the repayment of the Debt and all other Loan Amount under the Loan Agreement.

- (b) Each of the parties hereto acknowledges and agrees that:

- (1) the \$35MM Payment may be made in one or more instalments, provided that:
 - (A) unless the Lenders expressly agree otherwise, each such instalment must be by wire transfer to the Lenders' Solicitors, in trust. Any other form of payment (whether by way of certified trust cheque, bank draft or similar payment instrument) will be subject to an additional hold period until the funds are cleared to the satisfaction of the Lenders' Solicitors, and each such instalment shall not be treated as received or otherwise available for application pursuant to Section 3.2(a) above until such hold period has elapsed;
 - (B) each such instalment shall be held as reserve and (unless the Lenders in their sole discretion agree otherwise) shall only be credited or otherwise applied in accordance with Section 3.2(a) on the later of (i) the date when

the full amount of the \$35MM Payment is received, and (ii) October 30, 2023.

For greater certainty, if the full amount of the \$35MM Payment is received before October 30, 2023, the outstanding balance of the UB Project Indebtedness shall be deemed to include the amount of interest that would have accrued thereon up to and including October 30, 2023, and the Borrowers (as applicable) hereby agree to pay such amount to the applicable lenders thereof;

- (2) for greater certainty, if the \$35MM Payment is not made in full on or before October 30, 2023, then an Event of Forbearance Default (as defined herein) has occurred under this Agreement.

3.3 By October 30, 2023; 14.5MM Payment

- (a) The Borrowers will pay to the Lenders' Solicitors, in trust, a sum in the aggregate amount of not less than \$14,500,000 (the "**\$14.5MM Payment**") arising from the UB Lot 4 Sale on or before October 30, 2023, which payment shall be added to the Combined Repayment Reserve.
- (b) Each of the parties hereto acknowledges and agrees that:
 - (1) the \$14.5MM Payment may be made in one or more instalments, provided that:
 - (A) unless the Lenders expressly agree otherwise, each such instalment must be by wire transfer to the Lenders' Solicitors, in trust. Any other form of payment (whether by way of certified trust cheque, bank draft or similar payment instrument) will be subject to an additional hold period until the funds are cleared to the satisfaction of the Lenders' Solicitors, and each such instalment shall not be treated as received until such hold period has elapsed;
 - (B) each such instalment shall be held as reserve and (unless the Lenders in their sole discretion agree otherwise) shall only be credited or otherwise applied in accordance with Section 3.4 on the later of (i) the date when the full amount of the \$14.5MM Payment is received, and (ii) October 30, 2023.
 - (2) for greater certainty, if the \$14.5MM Payment is not made in full on or before October 30, 2023, then an Event of Forbearance Default (as defined herein) has occurred under this Agreement.

3.4 On October 30, 2023

- (a) Subject to the Senior A Indebtedness and the UB Project Indebtedness having been repaid and satisfied in full, the balance (if any) in the Combined Repayment Reserve shall be applied on October 30, 2023 as follows:
 - (1) firstly, to the Additional Forbearance Fee then owing pursuant to Section 6.1; and
 - (2) secondly, to the remaining outstanding balance of the Loan Amount then owing under the Loan Agreement.

- (b) The remaining balance of the Loan Amount then owing, after taking into account the application pursuant to paragraph (a) above may be refinanced under the Bridge Refinancing as contemplated under Section 7.2 below.

3.5 Interest During Forbearance Extension Period; Interest Waiver and Conditions

The Borrowers acknowledge and agree with the Lenders that, during the Forbearance Extension Period:

- (a) interest shall accrue (and continue to accrue) on the then outstanding balance of each tranche of the Loan at 30% per annum; and
- (b) interest due under each tranche of the Loan on each Payment Date shall be added to the outstanding principal balance thereof and the amount so added shall accrue interest at the same rate and in the same manner as on the rest of that tranche of the Loan,

provided that if all of the following conditions (collectively, the “**Interest Waiver Conditions**”) are satisfied:

- (c) each of the \$20MM Payment, the \$35MM Payment and the \$14.5MM Payment has been made in full in accordance with Sections 3.1, 3.2 and 3.3, respectively;
- (d) each of the Senior A Indebtedness and the UB Project Indebtedness has been repaid in full on or before the Forbearance Extension End Date; and
- (e) no Event of Forbearance Default has occurred, and the Forbearance Extension Period has not otherwise expired before the Forbearance Extension End Date,

then the amount of interest accrued and capitalized on the Loan during Forbearance Extension Period shall, on the Forbearance Extension End Date, be waived and forgiven by the Lenders.

For greater certainty:

- (f) if any of the Interest Wavier Conditions is not satisfied, then the Borrowers shall continue to be obligated to pay the interest accrued and capitalized on the Loan during Forbearance Extension Period in full;
- (g) regardless of whether the Interest Wavier Conditions have been satisfied or whether interest accrued and capitalized on the Loan during Forbearance Extension Period has been waived by the Lenders in accordance with the foregoing in this Section 3.5 (but in any case, subject to the completion of the Bridge Refinancing pursuant to Section 7.2 below), interest shall accrue (and continue to accrue) on the then outstanding balance of the Loan at 30% per annum as of the Forbearance Extension End Date.

3.6 Forbearance Extension End Date

If no Event of Forbearance Default has occurred and the Forbearance Extension Period has not otherwise expired before the Forbearance Extension End Date, then the Borrower will pay to the Lenders the Loan Amount then owing on the Forbearance Extension End Date in full (subject to the completion of the Bridge Refinancing pursuant to Section 7.2 below).

3.7 Redemption Period; Insolvency Proceedings

Each of the Obligants hereby irrevocably acknowledges and agrees that, in consideration of the forbearance provided to them by the Lenders under the terms of this Agreement:

- (a) it will irrevocably consent to an order nisi, stipulating a shortened redemption period of 10 days in any foreclosure proceedings brought by the Lenders in respect of the Property charged by the mortgages granted pursuant to the Loan Agreement or any other Security Document and an order for conduct of sale in favour of the Lenders effective from the end of the redemption period, such consent order otherwise in form and content acceptable to the Lenders in all other respects; and
- (b) it will cooperate with the Lenders in their efforts to achieve a timely sale of the Property (or any part thereof) in any foreclosure proceedings,

and, except with the prior express written consent of the Lenders:

- (c) it shall not seek any relief under the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Acts* (Canada) or any other comparable insolvency legislation, including by initiating or otherwise becoming subject to any proceedings under any such legislation (each, an "**Insolvency Proceeding**"), which would in any way stay the actions of the Lenders or otherwise prevent the Lenders from realizing on all or any part of the security under the Security Documents;
- (d) in the event any Insolvency Proceeding is commenced in respect of any Obligor, the Lenders shall be treated as "unaffected creditors" in such Insolvency Proceeding and, in particular, none of the rights or remedies of the Lenders shall be stayed or otherwise limited and none of the Debt or any other Loan Amount shall be subject to any compromised or arrangement as part of any such Insolvency Proceeding; and
- (e) in the event any Insolvency Proceeding is commenced in respect of any Obligor, the Lenders shall have the right, in priority to any other person, but not the obligation, to provide interim financing within the meaning of *Bankruptcy and Insolvency Act* (Canada) or the *Companies' Creditors Arrangement Acts* (Canada) ("**Interim Financing**") to each Obligor subject to such Insolvency Proceeding, on the usual terms and conditions, and no actions or steps shall be taken by any Obligor in connection with any Interim Financing.

4. LENDERS' FORBEARANCE

Subject to Section 8 below, and provided that no Event of Forbearance Default has occurred and the Forbearance Extension Period has not otherwise expired, the Lenders hereby agree with the Borrowers and the other Obligors as follows:

- (a) subject to the satisfaction of the Interest Waiver Conditions, the Lenders shall waive and forgive the interest accrued and capitalized on the Loan during Forbearance Extension Period in accordance with the terms and conditions pursuant to Section 3.5 above; and
- (b) the Lenders forbear from making demand on the Loan and enforcing their security under the Security Documents, until the Forbearance Period has expired.

5. REPRESENTATIONS AND WARRANTIES

5.1 General Representations

Each of the Obligors, jointly and severally, represents and warrants as follows to the Lenders:

- (a) The UB Nominee, a company incorporated in Yukon with the original name "34083 Yukon Inc.", was continued into British Columbia on March 22, 2023 as a company with the name Kensington Union Bay Properties Nominee Ltd.

- (b) Except as set out in Section 2 above, each of the representations and warranties in Section 5 of the Existing Loan Agreement and in Section 7 of the Second Amending Agreement are true, accurate and complete in all respects on and as of the date hereof and the Forbearance Extension Effective Date, with the same effect as if such representations and warranties had been made on and as of the date hereof and the Forbearance Extension Effective Date (except for those representations and warranties which speak solely as of an earlier date, in which event those representations and warranties must be true, accurate and complete in all respects as of such earlier date);
 - (c) the execution, delivery and performance by that Obligor of this Agreement and the other Loan Documents:
 - (1) have been duly authorized by all necessary proceedings of that Obligor (to the extent it is a corporation or a limited partnership);
 - (2) do not and will not conflict with or result in a breach of any of the terms, conditions or provisions of:
 - (A) the constating documents of that Obligor (to the extent it is a corporation or a limited partnership);
 - (B) any law applicable to or binding on or affecting that Obligor or its assets;
 - (C) the Senior A Indebtedness or any Senior A Security;
 - (D) the UB Project Indebtedness or any UB Project Security;
 - (E) the UB-GF Indebtedness or any UB-GF Security; or the UB-VTB Indebtedness or any UB-VTB Security;
 - (F) the Residence-SL128-Morteq Indebtedness or any Residence-SL128-Morteq Security; the SpaV-BDC Indebtedness or any Spa-BDC Security; the SpaV-Jin Indebtedness or any Spa-Jin Security; the SpaV-Kingdom Indebtedness or any Spa-Kingdom Security; or
 - (G) the Hotel Property Beneficial Transfer Agreement; or
 - (H) any agreement or other document to which that Obligor is a party
- and
- (3) do not and will not, result in, or require or permit:
 - (A) the imposition of any encumbrances on or with respect to the Property or any other properties now owned by that Obligor; or
 - (B) the acceleration of the maturity of the Senior A Indebtedness, the UB Project Indebtedness, the UB-GF Indebtedness, the UB-VTB Indebtedness, the Residence-SL128-Morteq Indebtedness, the SpaV-BDC Indebtedness, the SpaV-Jin Indebtedness, the SpaV-Kingdom Indebtedness or any other debts owing by that Obligor;
 - (d) each of the Obligor has obtained all consents, authorizations and approvals required to carry on its business as now being conducted and to enter into and perform its obligations under this Agreement and the other Loan Documents;

- (e) no consent or approval is required from the Hotel Property HoldCo or other entities that are parties to, or have a direct or indirect interest in, the Hotel Property HoldCo or otherwise in relation to the Hotel Property Beneficial Transfer in order for the Borrowers and any other Obligants to enter into and perform its obligations under this Agreement and the other Loan Documents; and
- (f) all information, documents, reports, certificates and records provided by or on behalf of the Obligants to the Lenders in relation to this Agreement or otherwise in connection with the Loan are accurate and complete in all material respects, and do not omit any material fact that would make the content thereof misleading.

6. FEES TO THE LENDER

6.1 Additional Forbearance Fee

To compensate (i) the heightened risk profile of the Borrowers and the Loan as a result of the Existing Defaults which remain uncured, and (ii) the opportunity costs and other economic costs to the Lenders as a result of providing further forbearance to the Borrowers, and in consideration of (X) the Lenders' agreement to waive and forgive interest in accordance with the terms and conditions pursuant to Section 3.5 above, (Y) the time, efforts and costs to the Lenders in relation to this Agreement and the Loan Agreement, and (Z) the Lenders agreeing to making available the Bridge Refinancing on the terms and conditions as contemplated under Section 7.2 below, the Borrowers hereby agree to pay to the Lenders an additional forbearance fee in the amount of \$15,500,000 (the "Additional Forbearance Fee").

6.2 Additional Commitment Fee

In further consideration of the Lenders agreeing to making available the Bridge Refinancing as contemplated in Section 7.2 below, the Borrowers hereby agree to pay to the Lenders an additional commitment fee in the amount of \$1,050,000 (the "Additional Commitment Fee").

6.3 Fees Non-Refundable

Each of the Additional Forbearance Fee and the Additional Commitment Fee is non-refundable and will be:

- (a) earned by the Lenders upon issuance to the Borrowers of this Agreement;
- (b) immediately payable but in any case no later than the date on which the Forbearance Extension Period expires;
- (c) until paid, added to and form a part of the Loan Amount and secured by the Security Documents.

For greater certainty, each of the Additional Forbearance Fee and the Additional Commitment Fee is earned and payable as provided above in this Section 6, without any reduction or set-off:

- (d) even if any of the conditions set out in Section 8 is not satisfied (or waived by the Lenders), or if any of the Obligants is otherwise unwilling or unable to complete the transactions contemplated hereunder;
- (e) in respect of the Additional Forbearance Fee, even if the Interest Waiver Conditions have not been satisfied, and the interest as a result has not been waived and forgiven by the Lenders pursuant to Section 3.5 above; and
- (f) even if the Bridge Refinancing has not been advanced on or before the Forbearance Extension End Date.

7. REFINANCING

7.1 Partial Discharges

Subject to Section 8 below, provided that no Event of Forbearance Default has occurred and the Forbearance Extension Period has not otherwise expired, the Lenders hereby agree with the Borrowers and the other Obligants as follows:

- (a) In order to facilitate the New UB Lot 2 Financing, if the net proceeds from such new financing are sufficient to fund the \$20MM Payment, then, concurrent with the completion of the New UB Lot 2 Financing, the Lenders agree to execute and deliver a partial discharge (prepared by and at the expense of the Borrowers) of their mortgage and charge under the Security Documents from UB Lot 2, upon and subject to receipt by the Lenders' Solicitors of the \$20MM Payment in accordance with Section 3.1;
- (b) If the UB-GF Refinancing has been completed and the UB-GF Lender's mortgage and charge has been discharged from UB Lot 1 (the "**UB-GF (UB Lot 1) Discharge**") such that the mortgage and charge of the Lenders against UB Lot 1 shall be subject and subordinate ONLY TO the UB-VTB Lender's mortgage and charge registered against UB Lot 1 in the principal amount of not more than \$9,000,000 and the other mortgages and charges of (i) the UB Project Lenders (in respect of the UB Project Loan Indebtedness), and (ii) the Senior A Lenders (in respect of the Senior A Indebtedness), then:
 - (1) In order to facilitate the New Senior Hotel Financing, concurrent with the completion of such financing, the Lenders agree to execute and deliver a partial discharge (prepared by and at the expense of the Borrowers) of their mortgage and charge under the Security Documents from the Hotel Property, upon and subject to the receipt by the Lenders' Solicitors of the \$35MM Payment in accordance with Section 3.2; and
 - (2) In order to facilitate the UB Lot 4 Sale, concurrent with the completion of such sale, the Lenders agree to execute and deliver a partial discharge (prepared by and at the expense of the Borrowers) of their mortgage and charge under the Security Documents from UB Lot 4, upon and subject to the receipt by the Lenders' Solicitors of the \$14.5MM Payment in accordance with Section 3.3.

For greater certainty, the Lenders are not obligated to provide any discharge in respect of the Hotel Property or UB Lot 4, unless the UB-GF Refinancing and the UB-GF (UB Lot 1) Discharge have been completed as provided above.

7.2 Bridge Refinancing

Provided that no Event of Forbearance Default has occurred and the Forbearance Extension Period has not otherwise expired, and the following conditions (collectively, the "**Bridge Refinancing General Conditions**") have been satisfied on or before the Forbearance Extension End Date:

- (a) the Senior A Indebtedness has been repaid in full;
- (b) the UB Project Indebtedness has been repaid in full;
- (c) the Loan Amount owing to the Lenders have been reduced pursuant to Section 3.4, such that the remaining outstanding balance of the Loan Amount on the Forbearance Extension End Date (after such reduction) (such remaining balance, the "**Remaining Loan Amount**") is not more than \$30,600,000;

- (d) the UB-GF (UB Lot 1) Discharge has been completed, and the only mortgage and charge registered against UB Lot 1 (other than the one in favour of the Lenders to secure the Loan Amount pursuant to the Loan Agreement) is the one in favour of UB-VTB Lender in the principal amount of not more than \$9,000,000;
- (e) the only mortgage and charge registered against UB Lot 4 and Office SL12 is the one in favour of the Lenders to secure the Loan Amount;
- (f) the only mortgage and charge registered against the Hotel Property (other than the one in favour of the Lenders to secure the Loan Amount pursuant to the Loan Agreement) is the one in favour of the New Senior Hotel Lender to secure the New Senior Hotel Financing in the principal amount of \$30,000,000 plus an additional amount in the multiples of \$1,000,000, but in any case the total principal amount shall not be more than \$35,000,000;
- (g) the Lenders in their full discretion are satisfied with the then current terms and conditions under the New Senior Hotel Financing, the UB-VTB Indebtedness and the UB-GF Refinancing; and
- (h) the Lenders are satisfied with their due diligence regarding the financial condition, ownership, or operation of the Borrowers, any other Obligor, the Hotel Property, the UB Property, Office SL 12 and the other property mortgaged and charged by the Security Documents under the Loan Agreement (to the extent not discharged pursuant to Section 7.1 above), and that there is no material adverse change regarding any such financial condition, ownership, or operation,

then the Lenders hereby agree to refinance the Remaining Loan Amount then owing on the Forbearance Extension End Date by two separate loans (the "**Bridge Refinancing Loans**") on the terms set out in Sections 7.3 and 7.4, respectively.

7.3 Bridge Refinancing Hotel Loan

Subject to the satisfaction of the Bridge Refinancing General Conditions, the Lenders agree to make available, severally in the proportion based on the then outstanding balance of the Remaining Loan Amount owing to each Lender on the Forbearance Extension End Date, a loan (the "**Bridge Refinancing Hotel Loan**") on terms and conditions acceptable to the Lenders in their sole discretion, which shall include the following:

- (a) The Bridge Refinancing Hotel Loan (together with the Bridge Refinancing UB Loan) shall be used for the sole purpose to refinance the Remaining Loan Amount, and it shall be (and shall be deemed to be) advanced concurrently when the Bridge Refinancing UB Loan is advanced.
- (b) The New Senior Hotel Lender shall be a single commercial bank or other financial institution, acceptable to the Lenders in their sole discretion, and the New Senior Hotel Financing shall be in the principal amount of \$30,000,000 plus an additional amount in the multiples of \$1,000,000, but in any case the total principal amount shall not be more than \$35,000,000.
- (c) Based on the principal amount of the New Senior Hotel Financing, the principal amount of the Bridge Refinancing Hotel Loan shall be as follows:

<u>If Principal amount of the New Senior Hotel Financing</u>	then <u>Principal amount of the Bridge Refinancing Hotel Loan</u>

\$30,000,000	\$17,000,000
\$31,000,000	\$16,000,000
\$32,000,000	\$15,000,000
\$33,000,000	\$14,000,000
\$34,000,000	\$13,000,000
\$35,000,000	\$12,000,000

- (d) The ITC Borrower shall be the sole borrower of the Bridge Refinancing Hotel Loan (such borrower, the **"Bridge Refinancing Hotel Borrower"**).
- (e) UB Borrowers, the Guarantors and such other affiliates thereof as may be required by the Lenders in their sole discretion shall be the guarantors (collectively, the **"Bridge Refinancing Hotel Guarantors"**) of the Bridge Refinancing Hotel Loan, the liability of such guarantors shall be joint and several among themselves, and unlimited in principal amount.
- (f) The obligations of the Bridge Refinancing Hotel Borrower under the Bridge Refinancing Hotel Loan shall be secured by a mortgage (or mortgages) in favour of the Lenders, as follows:
 - (1) a second-ranking mortgage in the principal amount not less than principal amount of the Bridge Refinancing UB Loan on the Hotel Property, subordinate and subject only to the mortgage securing the New Senior Hotel Financing in the principal amount of not more than that set out in paragraph (c) above; and
 - (2) a mortgage in the principal amount not less than principal amount of the Bridge Refinancing Hotel Loan (or otherwise in such other amount as the Lenders may determine in their sole discretion) on UB Lot 1;
- (g) Interest on the Bridge Refinancing Hotel Loan shall accrue at the following rates:
 - (1) from the Forbearance Extension End Date up to and including April 30, 2024, 0% per annum; and
 - (2) from May 1, 2024, 27% per annum, PLUS the then applicable Rate Premium.
- (h) The term of the Bridge Refinancing Hotel Loan shall expire on May 30, 2024, and no prepayment (in full or in part) shall be permitted.
- (i) The Lenders shall enter into a priority agreement with the New Senior Hotel Lender on terms and conditions to the satisfaction of the Lenders in their sole discretion, which shall include the following terms:
 - (1) The priority of the mortgage to be registered on the Hotel Property to secure the New Senior Hotel Financing shall not at any time exceed the principal amount of such financing as provided in Section 7.3(b) above, and shall in any case not be more than \$35,000,000.

- (2) The interest rate on the New Senior Hotel Financing and the calculation and payment of the interest accrued thereon shall be acceptable to the satisfaction of the Lenders, in their sole discretion.
- (3) The right of the Lenders to initiate any enforcement action under the their mortgage registered on the Hotel Property to secure the Bridge Refinancing Hotel Loan shall not be restricted, subject only to the Lenders delivering to the New Senior Hotel Lender a written 30 days' prior notice of its intention to initiate such action.
- (j) The Lenders, the Bridge Refinancing Hotel Borrower and the Bridge Refinancing Hotel Guarantors will enter into a new loan agreement (or an amendment and restatement of the Loan Agreement) to better reflect the intention and give effect to the foregoing in this Section 7.3.

7.4 Bridge Refinancing UB Loan

Subject to the satisfaction of the Bridge Refinancing General Conditions, the Lenders agree to made available, severally, in the proportion based on the then outstanding balance of the Remaining Loan Amount owing to each Lender on the Forbearance Extension End Date, another loan (the "**Bridge Refinancing UB Loan**") on terms and conditions acceptable to the Lenders in their sole discretion, which shall include the following:

- (a) The Bridge Refinancing UB Loan (together with the Bridge Refinancing Hotel Loan) shall be used for the sole purpose to refinance the Remaining Loan Amount, and it shall be (and shall be deemed to be) advanced concurrently when the Bridge Refinancing Hotel Loan is advanced.
- (b) It shall be in the principal amount equal to the difference between the Remaining Loan Amount and the principal amount of the Bridge Refinancing Hotel Loan as determined in Section 7.3(a) above, provided that the sum of (i) the principal amount of the Bridge Refinancing UB Loan, and (ii) that Bridge Refinancing Hotel Loan, shall not exceed \$30,600,000.
- (c) UB Borrowers shall be the sole borrowers of the Bridge Refinancing UB Loan (such borrower, the "**Bridge Refinancing UB Borrowers**").
- (d) The Guarantors and such other affiliates of the UB Borrowers or the Guarantors as may be required by the Lenders in their sole discretion shall be the guarantors (collectively, the "**Bridge Refinancing UB Guarantors**") of the Bridge Refinancing UB Loan, the liability of such guarantors shall be joint and several among themselves, and unlimited in principal amount. For greater certainty, the ITC Borrower shall not be a guarantor for the Bridge Refinancing UB Loan.
- (e) The obligations of the Bridge Refinancing UB Borrowers under the Bridge Refinancing UB Loan shall be secured by a mortgage (or mortgages) in favour of the Lenders in the principal amount not less than principal amount of the Bridge Refinancing UB Loan, to be registered as follows:
 - (1) a second-ranking mortgage on UB Lot 1, ranking subordinate and subject only to the mortgage securing the UB-VTB Indebtedness in the principal amount of not more than \$9,000,000;
 - (2) a first-ranking mortgage on Office SL 12; and
 - (3) a first-ranking charge on present and after-acquired property of SFT 30,

and all other mortgage, charge and security interest against the same properties charged by the Security Documents and otherwise pursuant to the Loan Agreement and this Agreement (excluding the Hotel Property and such other property discharged pursuant to Section 7.1 above).

- (f) Interest on the Bridge Refinancing UB Loan shall accrue at the following rates:
 - (1) from the Forbearance Extension End Date up to and including April 30, 2024, 0% per annum; and
 - (2) from May 1, 2024, 27% per annum, PLUS the then applicable Rate Premium.
- (g) The term of the Bridge Refinancing UB Loan shall expire on May 30, 2024, and no prepayment (in full or in part) shall be permitted.
- (h) The Lenders shall enter into a priority agreement with the UB-VTB Lender on terms and conditions to the satisfaction of the Lenders in their sole discretion, which shall include the following terms:
 - (1) The priority of the mortgage on UB Lot 1 to secure the UB-VTB Indebtedness shall not at any time exceed the \$9,000,000.
 - (2) The interest rate on the UB-VTB Indebtedness and the calculation and payment of the interest accrued thereon shall be acceptable to the satisfaction of the Lenders, in their sole discretion.
 - (3) The right of the Lenders to initiate any enforcement action under their mortgage registered on UB Lot 1 to secure the Bridge Refinancing UB Loan shall not be restricted, subject only to the Lenders delivering to the UB-VTB Lender a written 30 days' prior notice of its intention to initiate such action.

8. CONDITIONS PRECEDENT

Notwithstanding any other provisions of this Agreement, the forbearance and the other agreements of the Lenders pursuant to Section 4 above shall not become effective unless and until the following conditions have been satisfied to the satisfaction of the Lenders (or waived by the Lenders in their sole discretion):

- (a) the Lenders shall have received the following documents, each in form and substance to their satisfaction:
 - (1) this Agreement, duly executed by the Obligants;
 - (2) a mortgage, including the terms of an assignment of rents, in favour of the Lenders charging UB Lot 1 granted by the UB Nominee (the "**UB Mortgage**") in the principal amount of \$16,600,000;
 - (3) beneficiary authorization and charge agreement relating to UB Lot 1 granted by the UB Nominee and the other UB Borrowers in favour of the Lenders;
 - (4) the UB Project Loan Forbearance Extension Agreement, duly executed by the Obligants which are parties thereto; and
- (b) there must be no outstanding Event of Forbearance Default and no outstanding event, which with the passing of time, the giving of notice or otherwise would constitute an Event of Forbearance Default.

9. EVENTS OF FORBEARANCE DEFAULT

9.1 Events

Each of the following constitutes an Event of Forbearance Default:

- (a) if at any time there is a default or a breach by an Obligor of any covenant, agreement, term, condition, stipulation or proviso contained in this Agreement;
- (b) if an Event of Default (other than the Existing Defaults to the extent they have been expressly forbore under this Agreement) has occurred under the Loan Agreement or any other Loan Document;
- (c) if the Lenders, in their sole discretion, believe that (i) the Hotel Property Beneficial Transfer has been fully consummated, or (ii) the ITC Borrower no longer has the sole control to the Hotel Property, or (iii) there is any change in the ownership or management of any Borrower, any of the other Obligors, the Hotel Property or any other Property (or any part thereof) that could have a material adverse effect on the validity and enforceability of the Loan Agreement, the Security Documents, the Lenders' rights, benefits and remedies thereunder, or the validity or priority of the Lenders' security interests created thereunder;
- (d) if the Senior A Indebtedness has not been repaid in full on or before August 30, 2023;
- (e) if any of the \$20MM Payment, the \$35MM Payment and the \$14.5MM Payment has not been made in full in accordance with Sections 3.1, 3.2 and 3.3, respectively; or
- (f) if there is a default or a breach by an Obligor of any covenant, agreement, term, condition, stipulation or proviso contained in the UB Project Loan Forbearance Extension Agreement, or if the forbearance period under the UB Project Loan Forbearance Extension Agreement has expired or otherwise been terminated in accordance with the terms of the UB Project Loan Forbearance Extension Agreement.

9.2 Remedies

Upon the occurrence of an Event of Forbearance Default, the Forbearance Extension Period will automatically expire and come to an end (unless expressly waived by the Lenders in their sole discretion), and the Lenders may in their sole discretion exercise any and all of the rights, remedies and powers under the Loan Agreement, the Security Documents, the Loan Documents and this Agreement.

It shall constitute an Event of Default under the Loan Agreement, the Security Documents and the other Loan Documents if an Event of Forbearance Default has occurred.

10. TOLLING

The parties hereto further agree that:

- (a) upon the expiration or termination of the Forbearance Extension Period, the agreement of the Lenders to forbear shall automatically and without further action terminate and be of no further force and effect, it being expressly agreed that the effect of such termination will be to permit the Lenders to exercise their rights and remedies immediately, including, without limitation, the private appointment of a receiver under the Security Documents held by the Lenders from the Borrowers and the Guarantors and the right to apply to court to enforce any private or other remedies available to the Lenders or to seek the appointment of any permanent or interim receiver or receiver and manager or any trustee in bankruptcy of the Borrowers and the Guarantors;

- (b) as of the date hereof and continuing until the termination of the Forbearance Extension Period and thereafter until the termination of the tolling arrangements hereof in the manner provided for under Section 10(c), and whether or not any demand for payment or notice of intention to enforce security pursuant to *Bankruptcy and Insolvency Act* (Canada) has previously been delivered or has subsequently been delivered by the Lenders, the Lenders and the Obligants hereby agree to toll and suspend the running of the applicable statutes of limitations, laches or other doctrines related to the passage of time in relation to the Debt, the other Loan Amount, the Loan Agreement, the Security Documents, and any entitlements arising therefrom and from any other related matters, including but not limited to, any limitation periods contained in the *Limitation Act* (British Columbia); and
- (c) the tolling provisions of this Agreement will terminate upon a party providing the other parties with 60 days written notice of an intention to terminate the tolling provisions hereof (for greater certainty the tolling provisions shall not automatically expire upon the expiry or termination of the Forbearance Extension Period) and upon termination of the tolling provisions, and the time provided for under any statutes of limitations, laches, or any other doctrines related to the passage of time in relation to the Debt, the other Loan Amount, the Loan Agreement, the Security Documents or any entitlements arising therefrom and from any other related matters, will recommence running as of the effective date of the termination of these tolling provisions, and for greater certainty the time during which the limitation period is suspended pursuant to the tolling provisions of this Agreement shall not be included in the computation of any limitation period.

11. GENERAL

11.1 Release

- (a) In consideration of this Agreement and for other good and valuable consideration, each Obligor, on its own behalf and on behalf of its successors, assigns, personal representatives and other legal representatives, absolutely, unconditionally and irrevocably releases the Lenders, and their present and former affiliates, subsidiaries, predecessors, directors, officers, legal counsel, consultants, employees, agents and other representatives, and their successors and assigns (collectively, the "**Releasees**"), of and from all demands, actions, causes of action, suits, covenants, contracts, controversies, agreements, promises, sums of money, accounts, bills, reckonings, damages and any and all other claims, counterclaims, defences, rights of set-off, demands and liabilities known or unknown, both at law or in equity, that such Obligor or any of its successors, assigns, personal representatives or other legal representatives may now or later have or claim against any of the Releasees by reason of any circumstance, action, cause or thing which arises at any time on or prior to the date of this Agreement, including for or on account of, or in relation to, or in any way in connection with (i) this Agreement, the Loan Agreement or any of the other Loan Documents or any transactions under or related to, this Agreement, the Loan Agreement or any of the other Loan Documents, and (ii) any and all proposed refinancing of any Obligor by the Lenders (past or present), including, without limitation, the Bridge Refinancing and any and all prior proposed offers of finance (whether consummated or not), term sheets, indicative and non-binding term sheets or negotiations for financing, between any of the Lenders and any Obligor.
- (b) Each Obligor understands, acknowledges and agrees that the release set out in Section 11.1(a) may be pleaded as a full and complete defence and may be used as a basis for an injunction against any action, suit or other proceeding which may be instituted, prosecuted or attempted in breach of the provisions of that release.
- (c) Each Obligor agrees that no fact, event, circumstance, evidence or transaction which could now be asserted or which may later be discovered will affect in any manner the final, absolute and unconditional nature of the release set out in Section 11.1(a).

11.2 Reviewed by Legal Counsel

Each Obligant confirms to the Lenders that:

- (a) It understands fully the terms of this Agreement and the consequences of the execution and delivery of this Agreement;
- (b) It has been afforded an opportunity to have this Agreement reviewed by, and to discuss this Agreement and any documents executed in connection herewith with, such lawyers and other persons as such Obligant may wish; and
- (c) It has entered into this Agreement and executed and delivered all documents in connection herewith of its own free will and accord and without threat, duress or other coercion of any kind by any person.

The parties hereto acknowledge and agree that neither this Agreement nor the other documents or instruments executed pursuant hereto will be construed more favourably in favour of one than the other based upon which party drafted the same, it being acknowledged that all parties hereto contributed substantially to the negotiation and preparation of this Agreement and the other documents and instruments executed pursuant hereto or in connection herewith.

11.3 Supplement to Existing Loan Agreement

This Agreement shall be read and construed along with the Existing Loan Agreement and be treated as a part thereof and, for such purposes and so far as may be necessary to effectuate these presents, the Existing Loan Agreement shall be regarded as being hereby supplemented (subject to Section 8 above), and the Existing Loan Agreement as so supplemented together with all of the covenants, clauses, agreements, provisos, stipulations, conditions, powers, matters and things whatsoever contained in the Existing Loan Agreement shall continue in full force and effect.

11.4 Expenses

The Borrowers shall pay on demand all costs and expenses incurred by or on behalf of the Lenders in carrying out or attempting to carry out the transaction(s) contemplated under this Agreement or in implementing or enforcing the terms of this Agreement.

11.5 Payments

All payments to be made by or on behalf of the Borrowers pursuant to this Agreement shall be made by wire transfer to the Lenders' Solicitors, in trust. Any other form of payment (whether by way of certified trust cheque, bank draft or similar payment instrument) will be subject to an additional hold period until the funds are cleared to the satisfaction of the Lenders' Solicitors, and each such instalment shall not be treated as paid or otherwise available for application in connection with this Agreement and the other Loan Documents until such hold period has elapsed. Any payment received after 12 p.m. (Vancouver, B.C. local time) on any Business Day will be deemed to be received on the next Business Day.

11.6 Currency

All references to money herein, unless otherwise stated, mean the lawful money of Canada.

11.7 Successors and Assigns

This Agreement and the Loan Agreement shall enure to the benefit of and be binding on each of the parties hereto and their respective personal representatives, successors and permitted assigns.

11.8 Applicable Law

This Agreement shall in all respects be governed by and be construed in accordance with the laws of British Columbia and the laws of Canada applicable therein.

11.9 Counterparts

This Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and all of which taken together constitute one and the same instrument, and all such counterparts may be delivered by way of facsimile transmission or in PDF by e-mail to the other party.

[Signature Pages Follow.]

IN WITNESS WHEREOF the parties hereto execute this Agreement on the date first above written.

Lenders:

FOX ISLAND DEVELOPMENT LTD.

Per: _____

Authorized Signatory

ADVANCED VENTURE HOLDING CO., LTD.

Per: _____

Authorized Signatory

Per: _____

Authorized Signatory

[Obligants' Signature Page Follows]

IN WITNESS WHEREOF the parties hereto execute this Agreement on the date first above written.

Lenders:

FOX ISLAND DEVELOPMENT LTD.

Per: _____
Authorized Signatory

ADVANCED VENTURE HOLDING CO., LTD.

Per:  _____
Authorized Signatory on behalf of
STANDARD NOMINEES LIMITED

Per:  _____
Authorized Signatory on behalf of
STANDARD NOMINEES LIMITED

[Obligants' Signature Page Follows]

Borrowers:

KENSINGTON UNION BAY PROPERTIES
LIMITED PARTNERSHIP, by its general partner,
KENSINGTON UNION BAY PROPERTIES GP
LTD.

Per: _____

Mo Yeung Ching
Authorized Signatory

KENSINGTON UNION BAY PROPERTIES GP
LTD.

Per: _____

Mo Yeung Ching
Authorized Signatory

KENSINGTON UNION BAY PROPERTIES
NOMINEE LTD. (formerly known as 34083
YUKON INC.)

Per: _____

Mo Yeung Ching
Authorized Signatory

INTERNATIONAL TRADE CENTER
PROPERTIES LTD.

Per: _____

Mo Yeung Ching
Authorized Signatory

Guarantors:

MO YEUNG PROPERTIES LTD.

Per: _____

Mo Yeung Ching, Authorized Signatory

HOTEL VERSANTE LTD.

Per: _____

Mo Yeung Ching, Authorized Signatory

SIGNED, SEALED AND DELIVERED:)

Signature of Witness)

Name of Witness)

Address)

Occupation)

Telephone)

SUNWINS ENTERPRISES LTD.

Per: _____

Mo Yeung Ching, Authorized Signatory

SFT DIGITAL HOLDINGS 30 LTD.

Per: _____

_____, Authorized Signatory

MO YEUNG CHING (also known as
MICHAEL CHING)

This is **Exhibit "M"** referred to in the Affidavit of
YEUNG (MICHAEL) CHING affirmed before me, at
Vancouver BC, this 15th day of October, 2025

A handwritten signature in cursive script, appearing to read "Edith Chan", written in black ink.

A Commissioner for taking Affidavits for
British Columbia

S E 2 5 5 6 5 1

No. _____

Vancouver Registry



IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

KENSINGTON UNION BAY PROPERTIES NOMINEE LTD.,
 KENSINGTON UNION BAY PROPERTIES GP LTD., KENSINGTON
 UNION BAY PROPERTIES LIMITED PARTNERSHIP, HOTEL
 VERSANTE LTD., INTERNATIONAL TRADE CENTER PROPERTIES
 LTD., SUNWINS ENTERPRISE LTD., SFT DIGITAL HOLDINGS 30
 LTD., MO YEUNG PROPERTIES LTD., and MO YEUNG CHING

Plaintiffs

AND:

FOX ISLAND DEVELOPMENT LTD. and ADVANCE VENTURE
 HOLDING CO. LTD.

Defendants

NOTICE OF CIVIL CLAIM

This action has been started by the plaintiff(s) for the relief set out in Part 2 below.

If you intend to respond to this action, you or your lawyer must

- (a) file a response to civil claim in Form 2 in the above-named registry of this court within the time for response to civil claim described below, and
- (b) serve a copy of the filed response to civil claim on the plaintiff.

If you intend to make a counterclaim, you or your lawyer must

- (a) file a response to civil claim in Form 2 and a counterclaim in Form 3 in the above-named registry of this court within the time for response to civil claim described below, and
- (b) serve a copy of the filed response to civil claim and counterclaim on the plaintiff and on any new parties named in the counterclaim.

JUDGMENT MAY BE PRONOUNCED AGAINST YOU IF YOU FAIL to file the response to civil claim within the time for response to civil claim described below.

Time for response to civil claim

A response to civil claim must be filed and served on the plaintiff(s),

- (a) if you were served with the notice of civil claim anywhere in Canada, within 21 days after that service,
- (b) if you were served with the notice of civil claim anywhere in the United States of America, within 35 days after that service,
- (c) if you were served with the notice of civil claim anywhere else, within 49 days after that service, or
- (d) if the time for response to civil claim has been set by order of the court, within that time.

Claim of the Plaintiff(s)

Part 1: STATEMENT OF FACTS

The Parties

1. The plaintiff Kensington Union Bay Properties Nominee Ltd. (formerly known as 34083 Yukon Inc.) is a company incorporated under the laws of British Columbia with its registered and records office at 1205–8400 West Road, Richmond, B.C. V6X 0S7 (“**UB Nominee**”).
2. The plaintiff Kensington Union Bay Properties GP Ltd. is a company incorporated under the laws of British Columbia with its registered and records office at 1205–8400 West Road, Richmond, B.C. V6X 0S7 (“**UB GP**”).
3. The plaintiff Kensington Union Bay Properties Limited Partnership is a limited partnership formed under the laws of British Columbia with its registered and records office at 1205–8400 West Road, Richmond, B.C. V6X 0S7 (“**UG LP**”). UB GP is the general partner of UG LP.
4. The plaintiff Hotel Versante Ltd. is a company incorporated under the laws of British Columbia with its registered and records office at 1205–8400 West Road, Richmond, B.C. V6X 0S7.
5. The plaintiff International Trade Center Properties Ltd. is a company incorporated under the laws of British Columbia with its registered and records office at 1205–8400 West Road, Richmond, B.C. V6X 0S7 (“**TTC Properties**”).

6. The plaintiff Sunwins Enterprise Ltd. is a company incorporated under the laws of British Columbia with its registered and records office at 1205–8400 West Road, Richmond, B.C. V6X 0S7 (“**Sunwins**”).
7. The plaintiff SFT Digital Holdings 30 Ltd. is a company incorporated under the laws of British Columbia with its registered and records office at 1205–8400 West Road, Richmond, B.C. V6X 0S7 (“**SFT30**”).
8. The plaintiff Mo Yeung Properties Ltd. is a company incorporated under the laws of British Columbia with its registered and records office at 1205–8400 West Road, Richmond, B.C. V6X 0S7.
9. Mo Yeung Ching (also known as Michael Ching) is a businessman who resides at 1083 West 51st Avenue, Vancouver, B.C. V6P 1C2.
10. The defendant Fox Island Development Ltd. (“**Fox Island**”) is a company incorporated under the laws of British Columbia with its registered and records office at 1800–510 West Georgia St, Vancouver, B.C. V6B 0M3.
11. The defendant Advance Venture Holding Co. Ltd. (“**Advance Venture**”) is a company organized under the laws of the British Virgin Islands, with a local address for service at 1800–510 West Georgia St, Vancouver, B.C. V6B 0M3.
12. Fox Island and Advance Venture are investment holding companies acting as agents for undisclosed principal investors. To the best of the plaintiffs’ knowledge, the undisclosed principal investors are primarily Chinese nationals.

Senior B Loan Agreement and Security for Loan

13. UB Nominee, UB LP, UB GP, and ITC Properties (collectively, the “**Borrowers**”) borrowed funds from the defendants under a loan agreement dated June 14, 2021, as amended on March 7, 2022 and September 7, 2022 (the “**Loan Agreement**”).

14. The Loan Agreement is guaranteed by Hotel Versante Ltd., Sunwins, Mo Yeung Properties Ltd., SFT 30, and Ching (the “**Guarantors**”), pursuant to various guarantees (the “**Guarantees**”).
15. Under the Loan Agreement, the defendants advanced \$35,850,000 to the Borrowers. Interest is payable on the outstanding balance at 30% per annum.
16. As security for the obligations of the Borrowers under the Loan Agreement, the Borrowers granted various security (the “**Security**”) in favour of the defendants, including a mortgage registered on September 28, 2021 over various lands and premises including the following property located in Richmond, B.C.:

PID: 030-794-851
 Air Space Parcel 2 Section 21 Block 5 North Range 6 West New Westminster
 District Air Space Plan EPP73985

PID: 029-611-598
 Lot 1 Section 21 Block 5 North Range 6 West New Westminster District Air Space
 Plan EPP73985

(together, the “**ITC Property**”).

17. Hotel Versante Ltd. operates a hotel known as the Versante Hotel on the ITC Property, with a civic address of 8499 Bridgeport Road, Richmond, B.C. (the “**Hotel**”).
18. The Borrowers also granted the defendants a mortgage registered on April 30, 2021 over certain lands which are part of a multi-stage real estate development project called the Union Bay Estates Development, located in the Comox Valley on the east coast of Vancouver Island and planned in conjunction with the Comox Valley Regional District:
 - a. a parcel of 583 acres of land for future development, legally described as:

PID: 028-731-492
 Lot 1 District Lot 154 Nanimo District Sections 31 and 32 Township 1 and
 District Lot 28 Nelson District Plan EPP15507 Except Plans EPP56910,
 EPP95931 and EPP103248

- b. a parcel of 136 acres of land intended to be developed primarily into residential developments, legally described as:

PID: 028-731-549

Lot 4, Sections 31 and 32 Township 1 and District Lot 28 Nelson District
Plan EPP15507 Except Plans EPP78068 and EPP103248

(together, the “**Union Bay Property**”).

19. Section 11 of the Loan Agreement concerned criminal interest rate, and provided as follows (the “**Criminal Rate Provision**”):

Notwithstanding anything contained in this Agreement or any other Loan Documents, the parties hereto agree that no “interest” shall be paid or payable to the Lenders in connection with the “credit advanced” in respect of the Loan at an annual rate of interest greater than that rate which is one (1%) percent per annum less than the “criminal rate” of interest (the “**Maximum Rate**”).

The Obligants will not pay, and the Lenders will not demand from the Obligants, “interest” on the “credit advanced” in respect of the Loan which is in excess of the Maximum Rate (any such excess, “**Excess Interest**”).

The parties hereto agree that any “interest” received by the Lenders on the “credit advanced” in respect of the Loan which could, but for this Section, be construed as Excess Interest, will be automatically applied to the Loan Amount as a repayment on account of the principal balance of the Loan then outstanding.

If it is at any time determined that, at the time any Excess Interest was received by the Lenders, and there were no, or insufficient, principal monies owing under the Loan to allow for an automatic reduction of the principal balance of the Loan as contemplated above, then the parties hereto agree to reduce the “interest” paid by the Borrowers on the “credit advanced” in respect of the Loan to the Maximum Rate by either one or a combination of the following:

(a) if the Loan Amount has not then been repaid in full, by reducing the “interest” payable thereafter on the “credit advanced” in respect of the Loan:

(1) firstly, by reducing the monies payable thereafter on account of the Processing Fee; and

(2) secondly if necessary, by reducing the monies payable thereafter on account of interest,

until the Excess Interest is repaid to the Borrowers in full; or

(b) if the Loan Amount has been repaid in full, or there are insufficient monies due and owing in account of the Loan Amount to allow for a repayment of the Excess Interest in accordance with subparagraph (a) above, by repaying to the Borrowers, on demand, that amount which would repay the outstanding Excess Interest in its entirety.

In this section words or phrases in quotations and which are defined in Section 347 of the *Criminal Code of Canada* have the meaning set out in that section.

20. Fox Island routinely included the Criminal Rate Provision in other loan agreements, including in November 15, 2019 and June 10, 2020 loan agreement between ITC Properties and Fox Island.

Forbearance Agreements

21. The Borrowers defaulted under the terms of the Loan Agreement by failing to make payments under the Loan Agreement when due.
22. On or about February 28, 2023, the defendants, the Borrowers, and the Guarantors entered into a forbearance and third amending agreement, pursuant to which certain loan repayments were made to the defendants.
23. In July 2023, the Borrowers had identified and negotiated a potential refinancing and had received from an interested party a firm offer to purchase the Hotel and the ITC Property. However, the Borrowers required additional time to complete the refinancing and potential sale and pay out the funds owed to the defendants under the Loan Agreement.
24. The Borrowers and Guarantors sought an extension from the defendants for this reason. Although the defendants agreed to provide an extension, they proposed terms which (as noted below) included \$16.5 million in fees, in addition to interest.
25. The defendants refused to negotiate the terms of the extension, leaving the Borrowers and Guarantors in a challenging situation: they either agreed to the aggressive extension terms that would give them more time to obtain refinancing and sell the Hotel and ITC Property, or the defendants would initiate foreclosure proceedings.

26. On or about July 30, 2023, the defendants, the Borrowers, and the Guarantors entered into a forbearance extension agreement, pursuant to which certain loan repayments were made to the defendants (the **"Forbearance Agreement"**).
27. Under the Forbearance Agreement, the defendants agreed to further extend the period of forbearance and to continue to refrain from exercising their rights under the Loan Agreement, on certain conditions.
28. The key terms of the Forbearance Agreement included that:
 - a. as of April 30, 2023, the Borrowers were indebted to the defendants in the total amount of \$42,710,052.56 (article 2.2(a));
 - b. since April 30, 2023, interest has been accruing on the outstanding balance of each tranche of the loan at 30% per annum (article 2.2(c));
 - c. the Borrowers agreed to make certain payments by certain dates, with the last payments coming due on October 30, 2023 (articles 3.1 through 3.4);
 - d. during the forbearance extension period (*i.e.*, between April 30, 2023 and October 30, 2034), interest shall continue to accrue on the outstanding balance of each tranche of the loan at 30% per annum, which interest would be waived if certain repayment conditions were met (article 3.5);
 - e. the Borrowers agreed to pay the defendants additional fees which were non-refundable and considered immediately owing and payable (articles 6.1 through 6.3), namely:
 - i. an additional forbearance fee in the amount of \$15,500,000 (the **"Additional Forbearance Fee"**); and
 - ii. an additional commitment fee in the amount of \$1,050,000 (the **"Additional Commitment Fee"**);

- iii. the Forbearance Agreement was to be incorporated as a supplement to the Loan Agreement (article 11.3); and
 - f. the plaintiffs agreed to consent to an order *nisi* and an order for conduct of sale in favour of the defendants (article 3.4). It was an implied term that the defendants would carry out the conduct of sale in good faith and take reasonable care to obtain the true market value of the property.
- 29. The Additional Forbearance Fee and the Additional Commitment Fees were “interest”, within the definition of section 347(2) of the *Criminal Code*, R.S.C. 1985, c. C-46 [*Criminal Code*], as it stood on July 30, 2023.
- 30. As a consequence, the Forbearance Agreement was an agreement or arrangement by which the defendants were to receive interest at a criminal rate, *i.e.*, an effective annual rate of interest exceeding sixty percent of the credit advanced.
- 31. When the parties entered into the Forbearance Agreement, the Borrowers were not aware that the interest rate in the agreement was unlawful. The Borrowers only discovered this fact in March 2025.
- 32. Unlike the Loan Agreement and other lending agreements prepared by Fox Island, the Forbearance Agreement does not include the Criminal Rate Provision.
- 33. The defendants were aware that the interest rate in the Forbearance Agreement was unlawful and knowingly entered into the agreement for an unlawful interest rate as an investment tool, to obtain a high rate of return.
- 34. Unfortunately, the significant increase in indebtedness under the Forbearance Agreement led to the collapse of both the refinancing and sale negotiations, and the Borrowers were unable to obtain refinancing or finalize a sale agreement during the term of the Forbearance Agreement.
- 35. As a consequence, the Borrowers defaulted on the terms of the Forbearance Agreement by failing to make certain payments as required by the agreement.

36. On March 21, 2025, the Borrowers informed the receiver appointed in the foreclosure proceeds (as described below) that the Forbearance Agreement contained a criminal rate of interest.

Foreclosure Proceedings and Defendants' Conduct of Sale

37. On January 24, 2024, the defendants commenced foreclosure proceedings against the plaintiffs, arising from the defaults under the Loan Agreement, in Supreme Court of British Columbia, Vancouver Registry, File No. S-240493.
38. In January 2024, in discussions with the defendants in the lead-up to the foreclosure proceeding being filed, the plaintiffs proposed that a receiver be put in place to sell the Hotel. The defendants rejected this proposal, citing cost concerns and concerns about delays in selling the Hotel, and insisted they would pursue foreclosure proceedings and engage a broker to market the Hotel instead.
39. Also in January 2024, Fox Island sought the plaintiffs' consent to engage Colliers to prepare an appraisal report for the Hotel, which consent the plaintiffs provided.
40. To the best of the plaintiffs' knowledge, Fox Island did not obtain an appraisal of the Hotel. No appraisal report was provided to the plaintiffs.
41. On February 29, 2024, the defendants obtained an order *nisi*. Pursuant to the order *nisi*:
- a. the amount required to redeem the ITC Property and other lands and personal property comprising the security was \$79,658,325.01, plus interest to the date of payment and costs;
 - b. the redemption date was August 29, 2024; and
 - c. the ITC Property and all personal property was to be offered for sale immediately, and the defendants were granted exclusive conduct of sale.

42. On March 13, 2024, Fox Island entered into an exclusive listing agreement with Avison Young to market the Hotel for a term of six months, which term was extended once, ending on November 3, 2024.
43. Despite substantial interest in the Hotel, the defendants failed to sell the Hotel.
44. Instead, a year after the defendants first obtain conduct of sale, the defendants applied for and obtained an order appointing Deloitte Restructuring Inc. (“**Deloitte**”) as a receiver of all property and assets of ITC and Hotel Versante Ltd., including the Hotel and the ITC Property. The receivership order granted Deloitte conduct of sale as of March 4, 2025.
45. While the defendants had conduct of sale of the Hotel, they were obligated to exercise this power honestly and in good faith and they owed the plaintiffs a duty to take reasonable, prudent and business-like steps to market and sell the Hotel.
46. Between February 29, 2024 and March 4, 2025, the defendants failed to carry on conduct of sale honestly and in good faith and failed to take reasonable, prudent, and business-like steps to market and sell the Hotel. In particular, they:
 - a. did not engage in a transparent sale and marketing process, such that the specific efforts made (or not made) by the defendants are unknown to the plaintiffs;
 - b. engaged in a limited marketing campaign, sending marketing materials to only 2,197 recipients;
 - c. purportedly received three letters of intent from prospective purchasers but engaged in negotiations with only one of these parties;
 - d. failed or refused to engage in in negotiations with a prospective purchaser who provided a letter of intent offering to purchase the Hotel for \$66.5 million in June 2024;
 - e. failed to engage in good faith with a prospective purchaser who offered to purchase the Hotel for \$65 million in August 2024, including by refusing to grant the extension of a subject removal date;

- f. failed to respond to an offer to purchase the Hotel for \$55 million made in January 2025; and
 - g. ceased marketing the Hotel in November 2024 and failed to re-engage Avison Young or another broker;
47. The market value of the Hotel declined over the period in which defendants had conduct of sale, by virtue of the passage of time and worsening market conditions.
 48. The defendants have refused to provide the plaintiffs with copies of correspondence between them, Avison Young, and parties interested in the Hotel.
 49. By reason of the defendants' breaches of the duty of good faith and duty of care, the plaintiffs have suffered loss and damage, including the continued accrual of approximately \$2 million in interest per month.

Part 2: RELIEF SOUGHT

50. A declaration that the agreements or arrangements with respect to interest in the Forbearance Agreement contravenes section 347(1) of the *Criminal Code*;
51. A declaration that the Loan Agreement, along with the Forbearance Agreement, the Guarantees, and the Security (together, the "**Loan Documents**") are illegal, void, and unenforceable due to the criminal rate of interest charged under the agreement, contrary to section 347(1) of the *Criminal Code*;
52. A declaration that the defendants have breached their duty of care and their duty of good faith to the plaintiffs in carrying out conduct of sale of the Hotel;
53. A declaration that the defendants have breached the duty of honest performance in carrying out conduct of sale of the Hotel;
54. A declaration that the Loan Documents are unenforceable because of the defendants' breach of duties in exercising conduct of sale;

55. Further, or in the alternative to paragraph 54, general damages for breach of the duty of care, breach of the duty of good faith, and breach of the duty of honest performance;
56. Further to paragraph 55, a declaration that damages arising from the defendants' conduct be set-off against any amounts due and owing under the Loan Documents;
57. Interest; and
58. Costs.

Part 3: LEGAL BASIS

The Forbearance Agreement Charges a Criminal Rate of Interest

59. Agreements to receive a criminal interest are prohibited by section 347(1) the *Criminal Code*, and courts have consistently held that such agreements are void and unenforceable.
60. Section 347(2) of the *Criminal Code* defines "interest" as the aggregate of all charges and expenses paid or payable for the advancing of credit under an agreement, whether in the form of a fee, fine, penalty, commission, or other similar charge or expense.
61. Section 347(2) of the *Criminal Code* (as it read at the material time) defines a "criminal rate" as an effective annual rate of interest that exceeds 60 percent on the credit advanced under the agreement or arrangement.
62. The terms of the Forbearance Agreement required the repayment of debt in amount resulting in an effective annual rate of interest well in excess of 60%. The Forbearance Agreement constitutes an agreement or arrangement to receive interest at a criminal rate, contrary to section 347(1) of the *Criminal Code*.
63. Where a loan agreement is entered into as an investment tool, whose sole purpose is to yield a high rate of return, the agreement is fundamentally illegal and contrary to public policy, and the court will not assist a party in enforcing the agreement.

64. By charging interest at an effective rate well above 60%, the defendants knowingly engaged in a speculative investment on the basis of high gain arising from the interest charged under the Forbearance Agreement, which the defendants knew to be unlawful.
65. The Forbearance Agreement is illegal, void, and unenforceable as it is contrary to section 347(1) of the *Criminal Code*.

The Defendants' Breach of Duties in Exercising the Power of Sale

66. The defendants are under an obligation to exercise conduct of sale under the Forbearance Agreement and the order *nisi* honestly and in good faith, and in a commercially reasonable manner.
67. The obligation to take reasonable, prudent and business-like steps to market and sell the property and to take reasonable care to obtain the true market value of the property.
68. The defendants breached their duty of care, their duty to act honestly and in good faith, and their contractual duty of honest performance in carrying out the conduct of sale, as set out in paragraphs 42–49 above. The actions of the defendants were and continue to be improvident.
69. The plaintiffs have suffered and continue to suffer damages because of the defendants' breaches of duties, including the accrual of approximately \$2 million of interest per month.
70. The defendants' misconduct has materially increased the risk that the plaintiffs will be unable to satisfy any remaining obligations under the Loan Documents, such that the Loan Documents ought to be vitiated.
71. In the alternative, the damages arising from the defendants' breach of the duty of honesty and good faith and the duty of care ought to be set off against any amounts due and owing to them under the Loan Documents.

Plaintiff's address for service:

c/o Hein Poulus, K.C.
Poulus Ensom Smith LLP
One Bentall Centre
505 Burrard Street, Suite 1560

Box 15
Vancouver BC V7X 1M5

Fax number address for service (if any): 778 727 3510

E-mail address for service (if any): hpoulus@peslitigation.com

Place of trial: Vancouver, BC

The address of the registry is: 800 Smithe Street
Vancouver, BC V6Z 2E1

Date: July 29, 2015

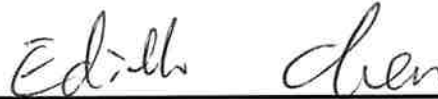
Signature of ☐ Plaintiff *for Hein Poulus*
☒ Lawyer for Plaintiff

Hein Poulus, K.C.

Rule 7-1 (1) of the Supreme Court Civil Rules states:

- (1) Unless all parties of record consent or the Court otherwise orders, each party of record to an action must, within 35 days after the end of the pleading period,
- (a) prepare a List of Documents in Form 22 that lists
 - (i) all documents that are or have been in the party's possession or control and that could, if available, be used by any party at trial to prove or disprove a material fact, and
 - (ii) all other documents to which the party intends to refer at trial, and
 - (b) serve the list on all parties of record.

This is **Exhibit "N"** referred to in the Affidavit of MO
YEUNG (MICHAEL) CHING affirmed before me, at
Vancouver BC, this 15th day of October, 2025

A handwritten signature in cursive script, appearing to read "Edith Chen", written in black ink.

A Commissioner for taking Affidavits for
British Columbia

Amended pursuant to Rule 6-1(1)(a) of the *Supreme Court Civil Rules*
Original Notice of Civil Claim filed on July 29, 2025

No. S-255651
 Vancouver Registry

SUPREME COURT
 OF BRITISH COLUMBIA
 VANCOUVER REG

OCT 09 2025

BETWEEN:



IN THE SUPREME COURT OF BRITISH COLUMBIA

KENSINGTON UNION BAY PROPERTIES NOMINEE LTD.,
 KENSINGTON UNION BAY PROPERTIES GP LTD., KENSINGTON
 UNION BAY PROPERTIES LIMITED PARTNERSHIP, HOTEL
 VERSANTE LTD., INTERNATIONAL TRADE CENTER PROPERTIES
 LTD., SUNWINS ENTERPRISE LTD., SFT DIGITAL HOLDINGS 30
 LTD., MO YEUNG PROPERTIES LTD., and MO YEUNG CHING

Plaintiffs

AND:

FOX ISLAND DEVELOPMENT LTD. and ADVANCE VENTURE
 HOLDING CO. LTD.

Defendants

AMENDED NOTICE OF CIVIL CLAIM

This action has been started by the plaintiff(s) for the relief set out in Part 2 below.

If you intend to respond to this action, you or your lawyer must

- (a) file a response to civil claim in Form 2 in the above-named registry of this court within the time for response to civil claim described below, and
- (b) serve a copy of the filed response to civil claim on the plaintiff.

If you intend to make a counterclaim, you or your lawyer must

- (a) file a response to civil claim in Form 2 and a counterclaim in Form 3 in the above-named registry of this court within the time for response to civil claim described below, and
- (b) serve a copy of the filed response to civil claim and counterclaim on the plaintiff and on any new parties named in the counterclaim.

JUDGMENT MAY BE PRONOUNCED AGAINST YOU IF YOU FAIL to file the response to civil claim within the time for response to civil claim described below.

Time for response to civil claim

A response to civil claim must be filed and served on the plaintiff(s),

- (a) if you were served with the notice of civil claim anywhere in Canada, within 21 days after that service,
- (b) if you were served with the notice of civil claim anywhere in the United States of America, within 35 days after that service,
- (c) if you were served with the notice of civil claim anywhere else, within 49 days after that service, or
- (d) if the time for response to civil claim has been set by order of the court, within that time.

Claim of the Plaintiff(s)

Part 1: STATEMENT OF FACTS

The Parties

1. The plaintiff Kensington Union Bay Properties Nominee Ltd. (formerly known as 34083 Yukon Inc.) is a company incorporated under the laws of British Columbia with its registered and records office at 1205–8400 West Road, Richmond, B.C. V6X 0S7 (“**UB Nominee**”).
2. The plaintiff Kensington Union Bay Properties GP Ltd. is a company incorporated under the laws of British Columbia with its registered and records office at 1205–8400 West Road, Richmond, B.C. V6X 0S7 (“**UB GP**”).
3. The plaintiff Kensington Union Bay Properties Limited Partnership is a limited partnership formed under the laws of British Columbia with its registered and records office at 1205–8400 West Road, Richmond, B.C. V6X 0S7 (“**UG LP**”). UB GP is the general partner of UG LP.
4. The plaintiff Hotel Versante Ltd. is a company incorporated under the laws of British Columbia with its registered and records office at 1205–8400 West Road, Richmond, B.C. V6X 0S7.

5. The plaintiff International Trade Center Properties Ltd. is a company incorporated under the laws of British Columbia with its registered and records office at 1205–8400 West Road, Richmond, B.C. V6X 0S7 (“**ITC Properties**”).
6. The plaintiff Sunwins Enterprise Ltd. is a company incorporated under the laws of British Columbia with its registered and records office at 1205–8400 West Road, Richmond, B.C. V6X 0S7 (“**Sunwins**”).
7. The plaintiff SFT Digital Holdings 30 Ltd. is a company incorporated under the laws of British Columbia with its registered and records office at 1205–8400 West Road, Richmond, B.C. V6X 0S7 (“**SFT30**”).
8. The plaintiff Mo Yeung Properties Ltd. is a company incorporated under the laws of British Columbia with its registered and records office at 1205–8400 West Road, Richmond, B.C. V6X 0S7.
9. Mo Yeung Ching (also known as Michael Ching) is a businessman who resides at 1083 West 51st Avenue, Vancouver, B.C. V6P 1C2.
10. The defendant Fox Island Development Ltd. (“**Fox Island**”) is a company incorporated under the laws of British Columbia with its registered and records office at 1800–510 West Georgia St, Vancouver, B.C. V6B 0M3.
11. The defendant Advance Venture Holding Co. Ltd. (“**Advance Venture**”) is a company organized under the laws of the British Virgin Islands, with a local address for service at 1800–510 West Georgia St, Vancouver, B.C. V6B 0M3.
12. Fox Island and Advance Venture are investment holding companies acting as agents for undisclosed principal investors. To the best of the plaintiffs’ knowledge, the undisclosed principal investors are primarily Chinese nationals.

Senior B Loan Agreement and Security for Loan

13. UB Nominee, UB LP, UB GP, and ITC Properties (collectively, the “**Borrowers**”) borrowed funds from the defendants under a loan agreement dated June 14, 2021, as amended on March 7, 2022 and September 7, 2022 (the “Senior B Loan Agreement”).
14. The Senior B Loan Agreement is guaranteed by Hotel Versante Ltd., Sunwins, Mo Yeung Properties Ltd., SFT 30, and Ching (the “**Guarantors**”), pursuant to various guarantees (the “**Guarantees**”).
15. Under the Senior B Loan Agreement, the defendants advanced \$35,850,000 to the Borrowers. Interest is payable on the outstanding balance at 30% per annum.
16. As security for the obligations of the Borrowers under the Senior B Loan Agreement, the Borrowers granted various security (the “**Security**”) in favour of the defendants, including a mortgage registered on September 28, 2021 over various lands and premises including the following property located in Richmond, B.C.:

PID: 030-794-851
Air Space Parcel 2 Section 21 Block 5 North Range 6 West New Westminster District Air Space Plan EPP73985

PID: 029-611-598
Lot 1 Section 21 Block 5 North Range 6 West New Westminster District Air Space Plan EPP73985

(together, the “**ITC Property**”).
17. Hotel Versante Ltd. operates a hotel known as the Versante Hotel on the ITC Property, with a civic address of 8499 Bridgeport Road, Richmond, B.C. (the “**Hotel**”).
18. The Borrowers also granted the defendants a mortgage registered on April 30, 2021 over certain lands which are part of a multi-stage real estate development project called the Union Bay Estates Development, located in the Comox Valley on the east coast of Vancouver Island and planned in conjunction with the Comox Valley Regional District:
 - a. a parcel of 583 acres of land for future development, legally described as:

PID: 028-731-492

Lot 1 District Lot 154 Nanaimo District Sections 31 and 32 Township 1 and District Lot 28 Nelson District Plan EPP15507 Except Plans EPP56910, EPP95931 and EPP103248

- b. a parcel of 136 acres of land intended to be developed primarily into residential developments, legally described as:

PID: 028-731-549

Lot 4, Sections 31 and 32 Township 1 and District Lot 28 Nelson District Plan EPP15507 Except Plans EPP78068 and EPP103248

(together, the “**Union Bay Property**”).

19. Section 11 of the Senior B Loan Agreement concerned criminal interest rate, and provided as follows (the “**Criminal Rate Provision**”):

Notwithstanding anything contained in this Agreement or any other Loan Documents, the parties hereto agree that no “interest” shall be paid or payable to the Lenders in connection with the “credit advanced” in respect of the Loan at an annual rate of interest greater than that rate which is one (1%) percent per annum less than the “criminal rate” of interest (the “**Maximum Rate**”).

The Obligants will not pay, and the Lenders will not demand from the Obligants, “interest” on the “credit advanced” in respect of the Loan which is in excess of the Maximum Rate (any such excess, “**Excess Interest**”).

The parties hereto agree that any “interest” received by the Lenders on the “credit advanced” in respect of the Loan which could, but for this Section, be construed as Excess Interest, will be automatically applied to the Loan Amount as a repayment on account of the principal balance of the Loan then outstanding.

If it is at any time determined that, at the time any Excess Interest was received by the Lenders, and there were no, or insufficient, principal monies owing under the Loan to allow for an automatic reduction of the principal balance of the Loan as contemplated above, then the parties hereto agree to reduce the “interest” paid by the Borrowers on the “credit advanced” in respect of the Loan to the Maximum Rate by either one or a combination of the following:

- (a) if the Loan Amount has not then been repaid in full, by reducing the “interest” payable thereafter on the “credit advanced” in respect of the Loan:

(1) firstly, by reducing the monies payable thereafter on account of the Processing Fee; and

(2) secondly if necessary, by reducing the monies payable thereafter on account of interest,

until the Excess Interest is repaid to the Borrowers in full; or

(b) if the Loan Amount has been repaid in full, or there are insufficient monies due and owing in account of the Loan Amount to allow for a repayment of the Excess Interest in accordance with subparagraph (a) above, by repaying to the Borrowers, on demand, that amount which would repay the outstanding Excess Interest in its entirety.

In this section words or phrases in quotations and which are defined in Section 347 of the *Criminal Code of Canada* have the meaning set out in that section.

20. Fox Island routinely included the Criminal Rate Provision in other loan agreements, including in November 15, 2019 and June 10, 2020 loan agreement between ITC Properties and Fox Island.

Forbearance Agreements

21. The Borrowers defaulted under the terms of the Senior B Loan Agreement by failing to make payments under the Senior B Loan Agreement when due.
22. On or about February 28, 2023, the defendants, the Borrowers, and the Guarantors entered into a forbearance and third amending agreement, pursuant to which certain loan repayments were made to the defendants.
23. In July 2023, the Borrowers had identified and negotiated a potential refinancing and had received from an interested party—the AMTD Group (“AMTD”)—a firm offer to purchase the Hotel and the ITC Property. However, the Borrowers required additional time to complete the refinancing and potential sale and pay out the funds owed to the defendants under the Senior B Loan Agreement.
24. The Borrowers and Guarantors sought an extension from the defendants for this reason. Although the defendants agreed to provide an extension, they proposed terms which (as noted below) included \$16.5 million in fees, in addition to interest.

25. The defendants refused to negotiate the terms of the extension, leaving the Borrowers and Guarantors in a challenging situation: they either agreed to the aggressive extension terms that would give them more time to obtain refinancing and sell the Hotel and ITC Property, or the defendants would initiate foreclosure proceedings.
26. On or about July 30, 2023, the defendants, the Borrowers, and the Guarantors entered into a forbearance extension agreement, pursuant to which certain loan repayments were made to the defendants (the “**Forbearance Agreement**”).
27. Under the Forbearance Agreement, the defendants agreed to further extend the period of forbearance and to continue to refrain from exercising their rights under the Senior B Loan Agreement, on certain conditions.
28. The key terms of the Forbearance Agreement included that:
 - a. as of April 30, 2023, the Borrowers were indebted to the defendants in the total amount of \$42,710,052.56 (article 2.2(a));
 - b. since April 30, 2023, interest has been accruing on the outstanding balance of each tranche of the loan at 30% per annum (article 2.2(c));
 - c. the Borrowers agreed to make certain payments by certain dates, with the last payments coming due on October 30, 2023 (articles 3.1 through 3.4);
 - d. during the forbearance extension period (*i.e.*, between April 30, 2023 and October 30, 2023), interest shall continue to accrue on the outstanding balance of each tranche of the loan at 30% per annum, which interest would be waived if certain repayment conditions were met (article 3.5);
 - e. the Borrowers agreed to pay the defendants additional fees which were non-refundable and considered immediately owing and payable (articles 6.1 through 6.3), namely:
 - i. an additional forbearance fee in the amount of \$15,500,000 (the “**Additional Forbearance Fee**”); and

- ii. an additional commitment fee in the amount of \$1,050,000 (the “**Additional Commitment Fee**”);
 - iii. the Forbearance Agreement was to be incorporated as a supplement to the Senior B Loan Agreement (article 11.3); and
- f. the plaintiffs agreed to consent to an order *nisi* and an order for conduct of sale in favour of the defendants (article 3.4). It was an implied term that the defendants would carry out the conduct of sale in good faith and take reasonable care to obtain the true market value of the property.
29. The Additional Forbearance Fee and the Additional Commitment Fees were “interest”, within the definition of section 347(2) of the *Criminal Code*, R.S.C. 1985, c. C-46 [*Criminal Code*], as it stood on July 30, 2023.
 30. As a consequence, the Forbearance Agreement was an agreement or arrangement by which the defendants were to receive interest at a criminal rate, *i.e.*, an effective annual rate of interest exceeding sixty percent of the credit advanced.
 31. When the parties entered into the Forbearance Agreement, the Borrowers were not aware that the interest rate in the agreement was unlawful. The Borrowers only discovered this fact in March 2025.
 32. Unlike the Senior B Loan Agreement and other lending agreements prepared by Fox Island, the Forbearance Agreement does not include the Criminal Rate Provision.
 33. The defendants were aware that the interest rate in the Forbearance Agreement was unlawful and knowingly entered into the agreement for an unlawful interest rate as an investment tool, to obtain a high rate of return.
 34. Unfortunately, the significant increase in indebtedness under the Forbearance Agreement led to the collapse of both the refinancing and sale negotiations, and the Borrowers were unable to obtain refinancing or finalize a sale agreement during the term of the Forbearance Agreement, as described in greater detail below.

35. As a consequence, the Borrowers defaulted on the terms of the Forbearance Agreement by failing to make certain payments as required by the agreement.
36. On March 21, 2025, the Borrowers informed the receiver appointed in the foreclosure proceeds (as described below) that the Forbearance Agreement contained a criminal rate of interest.

September 2023 Forbearance Agreement and Interim Loan

37. On about September 30, 2023, the defendants, the Borrowers, and the Guarantors entered into a supplemental forbearance extension agreement, which amended and supplemented the Forbearance Agreement (the “September Forbearance Agreement”).
38. In the September Forbearance Agreement, among other arrangements, the defendants agreed to make available to the borrowers a separate, non-resolving short-term loan (the “Interim Loan”).
39. The key terms of the Interim Loan include:
- a. the Interim Loan was to be used for the sole purpose of financing the repayment of a separate loan arrangement, described as the Senior A Indebtedness (article 3.1(a));
 - b. the principal amount of the Interim Loan was to be calculated based on the amount of Senior A Indebtedness, certain funds already held in trust, and certain reserve funds (article 3.1(b));
 - c. the term of the Interim Loan began on the date of advance and ended no later than November 7, 2023 (articles 3.1(a), (c), (e), and (f));
 - d. the Interim Loan was to be secured by the Security, plus additional security (article 3.1(d));
 - e. interest on the Interim Loan was to accrue at the following rates, calculated daily and compounded monthly (article 3.1(e)):

i. 0% per annum from the date of advance up to and including October 30, 2023; and

ii. 27% per annum plus the then applicable Rate Premium (i.e., 0.75%) from October 31, 2023 until the Interim Loan and interest thereon have been repaid in full; and

f. the Borrowers agreed to pay the defendants additional fees in consideration for the Interim Loan, (article 3.1(g):

i. an additional commitment fee in the amount of \$131,000 (the “Interim Loan Commitment Fee”); and

ii. an usage fee in the amount of \$59,000 (the “Interim Loan Usage Fee”);

which fees were non-refundable and considered immediately earned and payable as of the date of the agreement.

40. On November 1, 2023, the defendants advanced the Interim Loan in the principal amount of \$5,592,887.84. As such, the term of the Interim Loan was November 1–November 7, 2023.

41. The Interim Loan Commitment Fee and Interim Loan Usage Fee were “interest”, within the definition of section 347(2) of the *Criminal Code*, R.S.C. 1985, c. C-46 [*Criminal Code*], as it stood on September 30, 2023.

42. As a consequence, the Interim Loan was an agreement or arrangement by which the defendants were to receive interest at a criminal rate, i.e., an effective annual rate of interest exceeding sixty percent of the credit advanced.

43. As with the Forbearance Agreement, the Borrowers were not aware that the interest rate in the Interim Loan was unlawful at the time of the September Forbearance Agreement.

44. The defendants were aware that the interest rate in the Forbearance Agreement was unlawful and knowingly entered into the agreement for an unlawful interest rate as an investment tool, to obtain a high rate of return.
45. The Interim Loan was applied to the Senior A Indebtedness, pursuant to which a third party—Jing Ocean—had a first mortgage over the ITC Property. As a consequence of the Interim Loan being used to repay Jing Ocean and retire Jing Ocean’s mortgage, the defendants became the first mortgagee on the ITC Property.

Collapse of Negotiations with AMTD

46. Between July and October 2023, the plaintiffs continued to negotiate the sale of the ITC Property and Hotel with AMTD. These ongoing negotiations—and the prospect of the plaintiffs being able to obtain sufficient funds to repay the defendants through this process—led to the Forbearance Agreement and the September Agreement. The plaintiffs kept the defendants advised on the progress of these negotiations. In these negotiations, the contemplated purchase price for the ITC Property and Hotel was \$73,000,000.
47. In mid-September 2023, AMTD offered to purchase the ITC Property and Hotel for \$73,000,000, which purchase price was to be funded through a combination of cash and third-party financing (the “\$73M Offer”). By this point, AMTD had already received commitment for this financing from the third-party.
48. On or about October 8, 2023, Mr. Ching and Wen Yong (Gavin) Wang—the defendants’ principal—met with two representatives of AMTD (Xiao Chuan (Raymond) Qu and AMTD’s President, Calvin Choi) at the Hotel. At this meeting:
- a. AMTD confirmed its commitment to proceed with the transaction for the purchase of the ITC Property and Hotel and refinancing of the plaintiffs’ debt if the \$73M Offer was accepted; and
 - b. while the \$73M Offer would have been sufficient to repay all amounts outstanding under the Senior B Loan Agreement, Mr. Wang advised that the defendants would not agree to discharge its mortgage on the ITC Property until all amounts owing

under a separate loan arrangement related to the Union Bay Estates Development (the “UB Loan”) were repaid.

49. By virtue of the substantial increase in amounts owing to the defendants as a result of the Forbearance Agreement and the Interim Loan, the proceeds of the \$73M Offer would not have been sufficient to repay all amounts owing under the Senior B Loan, the Interim Loan, the Senior A Indebtedness, and UB Loan.
50. But for the unlawful rate of interest charged by the defendants under the Forbearance Agreement and the Interim Loan, the \$73M Offer—together with \$4,000,000 in funds from Mr. Ching already held in trust by the defendants and funds in the amount of approximately \$11,650,000 available from a refinancing of the UB Loan—would have enabled the plaintiffs to repay all amounts owing to the defendants.
51. The defendants were not entitled to refuse to discharge the mortgage in the circumstances. In doing so, they anticipatorily breached the Senior B Loan Agreement, as amended and supplemented.
52. The defendants’ refusal to agree to discharge its mortgage on the ITC Property was not acceptable to AMTD and prevented the plaintiffs from pursuing the \$73M Offer, despite AMTD’s willingness to proceed with the transaction.
53. Between October and December 2023, the plaintiffs and defendants continued to engage in negotiations with AMTD for the purchase of the Hotel and ITC Property at the \$73,000,000 purchase price.
54. On or around December 18, 2023, the defendants provided the plaintiffs and AMTD with a letter of intent, in respect of the purchase of the ITC Property and the repayment of amounts owed by the plaintiffs to the defendants. The structure of the proposed deal was not acceptable to AMTD and, as a consequence, the negotiations collapsed.

Foreclosure Proceedings and Defendants' Conduct of Sale

37.55. On January 24, 2024, the defendants commenced foreclosure proceedings against the plaintiffs, arising from the defaults under the Senior B Loan Agreement and the Interim Loan, in Supreme Court of British Columbia, Vancouver Registry, File No. S-240493.

38.56. In January 2024, in discussions with the defendants in the lead-up to the foreclosure proceeding being filed, the plaintiffs proposed that a receiver be put in place to sell the Hotel. The defendants rejected this proposal, citing cost concerns and concerns about delays in selling the Hotel, and insisted they would pursue foreclosure proceedings and engage a broker to market the Hotel instead.

39.57. Also in January 2024, Fox Island sought the plaintiffs' consent to engage Colliers to prepare an appraisal report for the Hotel, which consent the plaintiffs provided.

40.58. To the best of the plaintiffs' knowledge, Fox Island did not obtain an appraisal of the Hotel. No appraisal report was provided to the plaintiffs.

41.59. On February 29, 2024, the defendants obtained an order *nisi*. Pursuant to the order *nisi*:

a. the amount required to redeem the ITC Property and other lands and personal property comprising the security was \$79,658,325.01, plus interest to the date of payment and costs as follows:

i. in respect of the Interim Loan, at the rate of 27.75% per annum, compounded monthly; and

a.ii. in respect of each tranche under the Senior B Loan Agreement, at the rate of 30% per annum, compounded monthly;

b. the redemption date was August 29, 2024; and

c. the ITC Property and all personal property was to be offered for sale immediately, and the defendants were granted exclusive conduct of sale.

42.60. On March 13, 2024, Fox Island entered into an exclusive listing agreement with Avison Young to market the Hotel for a term of six months, which term was extended once, ending on November 3, 2024.

43.61. Despite substantial interest in the Hotel, the defendants failed to sell the Hotel.

44.62. Instead, a year after the defendants first obtain conduct of sale, the defendants applied for and obtained an order appointing Deloitte Restructuring Inc. (“**Deloitte**”) as a receiver of all property and assets of ITC and Hotel Versante Ltd., including the Hotel and the ITC Property. The receivership order granted Deloitte conduct of sale as of March 4, 2025.

45.63. While the defendants had conduct of sale of the Hotel, they were obligated to exercise this power honestly and in good faith and they owed the plaintiffs a duty to take reasonable, prudent and business-like steps to market and sell the Hotel.

46.64. Between February 29, 2024 and March 4, 2025, the defendants failed to carry on conduct of sale honestly and in good faith and failed to take reasonable, prudent, and business-like steps to market and sell the Hotel. In particular, they:

- a. did not engage in a transparent sale and marketing process, such that the specific efforts made (or not made) by the defendants are unknown to the plaintiffs;
- b. engaged in a limited marketing campaign, sending marketing materials to only 2,197 recipients;
- c. purportedly received three letters of intent from prospective purchasers but engaged in negotiations with only one of these parties;
- d. failed or refused to engage in in negotiations with a prospective purchaser who provided a letter of intent offering to purchase the Hotel for \$66.5 million in June 2024;
- e. failed to engage in good faith with a prospective purchaser who offered to purchase the Hotel for \$65 million in August 2024, including by refusing to grant the extension of a subject removal date;

- f. failed to respond to an offer to purchase the Hotel for \$55 million made in January 2025; and
- g. ceased marketing the Hotel in November 2024 and failed to re-engage Avison Young or another broker;

47.65. The market value of the Hotel declined over the period in which defendants had conduct of sale, by virtue of the passage of time and worsening market conditions.

48.66. The defendants have refused to provide the plaintiffs with copies of correspondence between them, Avison Young, and parties interested in the Hotel.

49.67. By reason of the defendants' breaches of the duty of good faith and duty of care, the plaintiffs have suffered loss and damage, including the continued accrual of approximately \$2 million in interest per month.

Part 2: RELIEF SOUGHT

50.68. A declaration that the agreements or arrangements with respect to interest in the Forbearance Agreement and the Interim Loan contravenes section 347(1) of the *Criminal Code*;

51.69. A declaration that the Senior B Loan Agreement, along with the Forbearance Agreement, the September Forbearance Agreement, the Guarantees, and the Security (together, the "Loan Documents") are illegal, void, and unenforceable due to the criminal rate of interest charged under the agreement, contrary to section 347(1) of the *Criminal Code*;

52.70. A declaration that the defendants have breached their duty of care and their duty of good faith to the plaintiffs in carrying out conduct of sale of the Hotel;

53.71. A declaration that the defendants have breached the duty of honest performance in carrying out conduct of sale of the Hotel;

72. A declaration that the Loan Documents are unenforceable because of the defendants' breach of duties in exercising conduct of sale;

~~54.~~73. General damages for anticipatory breach of the Senior B Loan Agreement:

~~74.~~ Further, or in the alternative to paragraphs ~~72 and 73~~⁵⁴, general damages for breach of the duty of care, breach of the duty of good faith, and breach of the duty of honest performance;

~~55.~~ —

~~56.~~75. Further to paragraphs ~~73 and 74~~⁵⁵, a declaration that damages arising from the defendants' conduct be set-off against any amounts due and owing under the Loan Documents;

~~57.~~76. Interest; and

~~58.~~77. Costs.

Part 3: LEGAL BASIS

The Forbearance Agreement Charges a Criminal Rate of Interest

~~59.~~78. Agreements to receive a criminal interest are prohibited by section 347(1) the *Criminal Code*, and courts have consistently held that such agreements are void and unenforceable.

~~60.~~79. Section 347(2) of the *Criminal Code* defines “interest” as the aggregate of all charges and expenses paid or payable for the advancing of credit under an agreement, whether in the form of a fee, fine, penalty, commission, or other similar charge or expense.

~~61.~~80. Section 347(2) of the *Criminal Code* (as it read at the material time) defines a “criminal rate” as an effective annual rate of interest that exceeds 60 percent on the credit advanced under the agreement or arrangement.

~~62.~~81. The terms of both the Forbearance Agreement and the Interim Loan required the repayment of debt in amount resulting in an effective annual rate of interest well in excess of 60%. The Forbearance Agreement and the Interim Loan constitutes an agreement or arrangement to receive interest at a criminal rate, contrary to section 347(1) of the *Criminal Code*.

~~63:82.~~ Where a loan agreement is entered into as an investment tool, whose sole purpose is to yield a high rate of return, the agreement is fundamentally illegal and contrary to public policy, and the court will not assist a party in enforcing the agreement.

~~64:83.~~ By charging interest at an effective rate well above 60%, the defendants knowingly engaged in a speculative investment on the basis of high gain arising from the interest charged under the Forbearance Agreement and Interim Loan, which the defendants knew to be unlawful.

84. The Forbearance Agreement and Interim Loan ~~is-are~~ illegal, void, and unenforceable as it they are ~~is~~ contrary to section 347(1) of the *Criminal Code*.

The Defendants Anticipatorily Breached the Senior B Loan Agreement and Failed to Perform their Contractual Obligations Honestly

85. The defendants anticipatorily breached the Senior B Loan Agreement when they advised that they would refuse to discharge their mortgage on the ITC Property, as set out in paragraphs 46–52 above.

86. Further, or in the alternative, the defendants breached the duty of honest performance.

87. The plaintiffs have suffered and continue to suffer loss and damages because of the defendants' anticipatory breach and/or failure to perform their contractual obligations honestly and in good faith, including damages arising from the collapse of the AMTD negotiations.

65. —

The Defendants' Breach of Duties in Exercising the Power of Sale

~~66:88.~~ The defendants are under an obligation to exercise conduct of sale under the Forbearance Agreement and the order *nisi* honestly and in good faith, and in a commercially reasonable manner.

~~67:89.~~ The obligation to take reasonable, prudent and business-like steps to market and sell the property and to take reasonable care to obtain the true market value of the property.

~~68~~90. The defendants breached their duty of care, their duty to act honestly and in good faith, and their contractual duty of honest performance in carrying out the conduct of sale, as set out in paragraphs ~~42~~60–~~49~~67 above. The actions of the defendants were and continue to be improvident.

~~69~~91. The plaintiffs have suffered and continue to suffer damages because of the defendants' breaches of duties, including the accrual of approximately \$2 million of interest per month.

~~70~~92. The defendants' misconduct has materially increased the risk that the plaintiffs will be unable to satisfy any remaining obligations under the Loan Documents, such that the Loan Documents ought to be vitiated.

~~71~~93. In the alternative, the damages arising from the defendants' breach of the duty of honesty and good faith and the duty of care ought to be set off against any amounts due and owing to them under the Loan Documents.

Plaintiff's address for service:

c/o Hein Poulus, K.C., Saheli Sodhi, and Edith Chen
Poulus Ensom Smith LLP
One Bentall Centre
505 Burrard Street, Suite 1560
Box 15
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Fax number address for service (if any):

778 727 3510

E-mail address for service (if any):

hpoulus@peslitigation.com
ssodhi@peslitigation.com
echen@peslitigation.com

Place of trial:

Vancouver, BC

The address of the registry is:

800 Smithe Street
Vancouver, BC V6Z 2E1

Date: October 9, 2025



Signature of ☐ Plaintiff
☒ Lawyer for Plaintiff

Hein Poulus, K.C. / Saheli Sodhi

Rule 7-1 (1) of the Supreme Court Civil Rules states:

- (1) Unless all parties of record consent or the Court otherwise orders, each party of record to an action must, within 35 days after the end of the pleading period,
 - (a) prepare a List of Documents in Form 22 that lists
 - (i) all documents that are or have been in the party's possession or control and that could, if available, be used by any party at trial to prove or disprove a material fact, and
 - (ii) all other documents to which the party intends to refer at trial, and
 - (b) serve the list on all parties of record.

This is **Exhibit "O"** referred to in the Affidavit of
YEUNG (MICHAEL) CHING affirmed before me, at
Vancouver BC, this 15th day of October, 2025

A handwritten signature in cursive script, reading "Edith Chen", written in black ink.

A Commissioner for taking Affidavits for
British Columbia



No. S-255651
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

KENSINGTON UNION BAY PROPERTIES NOMINEE LTD.,
KENSINGTON UNION BAY PROPERTIES GP LTD.,
KENSINGTON UNION BAY PROPERTIES LIMITED
PARTNERSHIP, HOTEL VERSANTE LTD.,
INTERNATIONAL TRADE CENTER PROPERTIES LTD.,
SUNWINS ENTERPRISE LTD., SFT DIGITAL HOLDINGS
30 LTD., MO YEUNG PROPERTIES LTD., and MO YEUNG
CHING

Plaintiffs

AND:

FOX ISLAND DEVELOPMENT LTD. and ADVANCE
VENTURE HOLDING CO. LTD.

Defendants

RESPONSE TO NOTICE OF CIVIL CLAIM

Filed by: Fox Island Development Ltd. ("**Fox Island**") and Advance Venture Holding Co. Ltd. ("**Advance**") (collectively, the "**Defendants**")

Part 1: RESPONSE TO NOTICE OF CIVIL CLAIM FACTS

Division 1 – Defendants' Response to Facts

1. The facts alleged in paragraphs 1-11, 13-16, 18, 19, 21, 22, 26, 27, 37, 41 and 42 of Part 1 of the notice of civil claim are admitted.
2. The facts alleged in paragraphs 12, 17, 20, 23—25, 28 – 35, 38-40, 43-46, 48 and 49 of Part1 of the notice of civil claim are denied.

3. The facts alleged in paragraphs 36 and 47, of Part 1 of the notice of civil claim are outside the knowledge of the Defendants.

Division 2 – Defendants' Version of Facts

4. Capitalized terms used herein have the same meaning as in the notice of civil claim unless otherwise defined.

The Loan Documents are valid and enforceable

5. The Borrowers and Guarantors entered into the Loan Agreement, Guarantees and Forbearance Agreement, as applicable, and as described at paragraphs 13, 14 and 26 of the notice of civil claim.
6. The amounts owing under the Loan Agreement were secured by various security, including a mortgage registered against the ITC Property and the Union Bay Property (the "**Mortgage**").
7. The Borrowers defaulted on their obligations owing under the Loan Agreement, Guarantees and Forbearance Agreement. Accordingly, the Defendants commenced foreclosure proceedings in the Supreme Court of British Columbia (the "**Court**"), Vancouver Registry, File No. S-240493 (the "**Foreclosure Proceeding**").
8. On February 29, 2024, the Court granted an Order Nisi in the Foreclosure Proceeding. The Order Nisi provides, among other things, that:
 - (a) The Mortgage is a charge on the ITC Property and the Union Bay Property;
 - (b) The Borrowers had made default under the Mortgage;
 - (c) The amount of money due and owing to the Defendants pursuant to the security granted, which includes the Mortgage, was \$79,658,326.01 as at February 29, 2024, with interest continuing to accrue thereon;

- (d) The Defendants were granted judgment against the Borrowers and Guarantors, and each of them jointly and severally, in the sum of \$79,658,326.01 as at February 29, 2024 plus interest and costs in connection with the Foreclosure Proceeding at Scale A; and
 - (e) The Defendants were granted conduct of sale in respect of the Hotel.
9. The Loan Agreement, Guarantees, Mortgage and Forbearance Agreements were exhibited to the 1st Affidavit of Wen Yong Wang, dated January 22, 2024 (the "**Wang Affidavit**") in the Foreclosure Proceeding, and were therefore before the Court when the Order Nisi was granted.
10. The Plaintiffs were duly served with the Defendants' application materials in the Foreclosure Proceeding, and were served with the Wang Affidavit prior to the application on February 29, 2024 where the Order Nisi was granted.

The conduct of sale was performed in good faith

11. As set out at paragraph 42 of the Notice of Civil Claim, the Defendants entered into an exclusive listing agreement with Avison Young to market the Hotel and the ITC Property for six months, which term was extended once, with the term ending on November 3, 2024 (the "**Avison Young Listing Period**").
12. During the Avison Young Listing Period, Avison Young received various letters of intent ("**LOI**") expressing interest in the Hotel and ITC property. Two of the LOIs contemplated similar purchase prices that were significantly higher than the others that had been received. Both of the parties that had submitted those LOIs were introduced to the sale process for the Hotel and the ITC property by Mr. Ching, and Mr. Ching was the contact person through which the Defendants corresponded in respect of those LOIs. These two LOIs are referred to herein as the "**Ching LOIs**".
13. Of the two Ching LOIs, one contemplated that the purchaser would not be required to pay any deposit prior to the closing of the sale transaction (the "**First Ching**").

LOI", and such purchaser being the "**First Ching Purchaser**"). The Defendants viewed this as being an unreasonable term, and as a result, the Defendants began negotiating terms for a binding purchase agreement with the purchaser under that had submitted the other Ching LOI (the "**Second Ching LOI**" and such purchaser being the "**Second Ching Purchaser**").

14. Over the course of the following months, the Defendants negotiated the terms of the final binding purchaser agreement in good faith with the Second Ching Purchaser; however, when negotiations reached the final stages and execution of the binding purchase agreement was imminent, the Second Ching Purchaser refused to pay the deposit contemplated under the Second Ching LOI, which was also a requirement under the binding purchase agreement.
15. Ultimately, the Second Ching Purchaser refused to move forward with the transaction and abandoned the deal altogether. As a result, the Defendants returned to First Ching Purchaser to attempt to resurrect the sale transaction contemplated under the First Ching LOI.
16. The First Ching Purchaser had previously conducted due diligence with respect to the Hotel and the ITC Property in respect of a potential financing of the hotel in 2022. As a result, the Defendants understood that the First Ching Purchaser was already familiar with the Hotel's assets and operations as well as the ITC Property.
17. The Defendants negotiated the terms of a binding purchase agreement for the Hotel and ITC Property, in good faith with the First Ching Purchaser, throughout the summer of 2024, which culminated in the execution of a binding purchase agreement in September of 2024 (the "**First Ching APA**"), which provided that a condition removal date for the First Ching Purchaser of October 4, 2024 (the "**Condition Removal Date**").
18. However, as October 4, 2024 approached, the First Ching Purchaser requested a 30-day extension to the Condition Removal Date to conduct further due diligence.

The Defendants agreed to extend the Condition Removal Date until November 3, 2024.

19. As the extended Condition Removal Date approached, the First Ching Purchaser requested a further extension to the Condition Removal Date. The Defendants refused to further extend the Condition Removal Date. By this time, the Avison Young Listing Period was set to expire on the Condition Removal Date, and as a result, any further extension would require an extension or renewal of the listing agreement with Avison Young. In addition, given the First Ching Purchaser's long history with the Hotel and the ITC Property, a further extension to continue due diligence was not reasonable.
20. The Defendants continued discussions with the First Ching Purchaser, through Mr. Ching, in late 2024, following the expiry of the Condition Removal Date and the Avison Young Listing Period, in order to negotiate a sale of the Hotel and the ITC Property; however, those discussions did not yield a binding offer for purchase and sale.
21. The Defendants were, at that time, prepared to seek the appointment of a receiver over all property and assets of ITC and Hotel Versante Ltd; however, they delayed seeking such appointment because Mr. Ching repeatedly advised the Defendants that the First Ching Purchaser was ready and willing to move forward with a purchase and sale of the Hotel and ITC Property. On the basis of Mr. Ching's representations, the Defendants continued to negotiate in good faith for such purchase and sale with the First Ching Purchaser, through Mr. Ching.
22. Throughout the negotiations that took place following the expiry of the Condition Removal Date and the Avison Young Listing Period, the proposals advanced by the First Ching Purchaser consistently contained unreasonable terms or conditions that prevented the Defendants from entering into another agreement for the sale of the Hotel and the ITC Property. After having spent many months negotiating in good faith with the First Ching Purchaser for the sale Hotel and the ITC Property without being able to successfully complete a sale transaction, the Defendants

determined the most prudent approach to realize upon the Hotel and the ITC Property was to appoint a receiver.

23. On March 4, 2025, Deloitte Restructuring Inc. ("**Deloitte**") was appointed as receiver over all property and assets of ITC and Hotel Versante Ltd., pursuant to the application of the Defendants. Deloitte was granted conduct of sale in respect of the Hotel and the ITC Property.
24. Since being appointed, Deloitte has run a sales process for the sale of the Hotel and the ITC Property, which remains underway as of the filing of this Response.

Division 3 – Additional Facts

25. Following the expiry of the Avison Young Listing Period, the Defendants remained in contact with Avison Young, and contacted other listing agents, regarding the marketing and sale of the Hotel and ITC Property, for advice regarding maximizing the proceeds of any sale thereof.
26. Mr. Ching interfered with the marketing and sale of the Hotel and ITC Property, and disseminated false allegations regarding the Hotel and the ITC Property to potential buyers, which impaired the sale process of the Hotel and the ITC Property while the Defendants had conduct of sale.
27. Mr. Ching's conduct and involvement with the First Ching Purchaser and the Second Ching Purchaser throughout the Avison Young Listing Period imposed a chill on the market for the sale of the Hotel and the ITC Property, and caused potential purchasers of the Hotel and ITC Property to withdraw from any pursuit of the purchase of thereof, to the detriment of the Defendants.

Part 2: RESPONSE TO RELIEF SOUGHT

1. The Defendants oppose the granting of the relief sought in all of Part 2 of the notice of civil claim.

2. Specifically, the Defendants state that the relief sought by the Plaintiffs at paragraphs 50, 51 and 54 are *res judicata*, and the claims relating thereto are frivolous and vexatious and therefore should be struck.

Part 3: LEGAL BASIS

The Loan Documents are valid and enforceable

1. The Defendants deny that the Additional Forbearance Fee and the Additional Commitment Fees are "interest" within the definition of section 347(2) of the *Criminal Code*.
2. In the alternative, if the Additional Forbearance Fee and the Additional Commitment Fees are "interest" within the definition of section 347(2) of the *Criminal Code*, which is expressly denied, then the Defendants deny that it received interest at an unlawful rate.
3. In the further alternative, if the Defendants did receive interest at a criminal rate, which is expressly denied, the Forbearance Agreement provides that all obligations, covenants, agreements, provisos, stipulations, conditions, powers and matters and things whatsoever that are contained in the Loan Agreement continue to be in full force and effect. As a result, the Criminal Rate Provision (as defined in the notice of civil claim) applies to the Forbearance Agreement, and in accordance therewith, any interest collected by the Defendants that is in excess of the Maximum Rate (as defined in the Criminal Rate Provision) is automatically applied to the indebtedness owing under the Loan Agreement and was deemed to not have been collected as interest.
4. In addition and in the alternative, the Defendants rely on the principle of issue estoppel and *res judicata*. The Loan Agreement, Guarantees and Forbearance Agreement were all submitted in evidence before the court in the Foreclosure Proceeding, and were relied upon in granting the Order Nisi. The Plaintiffs were served with the Defendants' application materials, which included such evidence, prior to the Order Nisi being granted.

5. The Plaintiffs had the opportunity to address any issues with the interest and fees claimed under the Loan Agreement, Guarantees and Forbearance Agreement, but chose not to. The Plaintiffs also did not appeal the Order Nisi. The Plaintiffs cannot now seek to challenge the interest and fees claimed under the Loan Agreement, Guarantees and Forbearance Agreement in a separate Action.
6. The Order Nisi is determinative that that Loan Agreement, Guarantees, Forbearance Agreement and the Security, and the judgment amount awarded thereby, are valid and enforceable. The relief sought by the Plaintiffs regarding the enforceability of the Loan Documents constitutes a collateral attack on the Order Nisi, and is therefore an abuse of process.

The conduct of sale was performed properly and in good faith

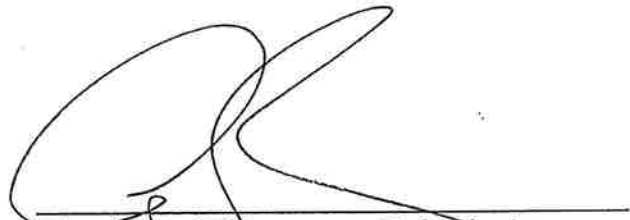
7. The Defendants deny that they owe the Plaintiffs any duty of care or duty of good faith with respect to its conduct of sale of the Lands.
8. If the Defendants owe any duty of care to the Plaintiffs in respect of its conduct of sale of the Lands, the Defendants satisfied the standard of care required.
9. If the Defendants owe a duty of good faith to the Plaintiffs with respect to its conduct of sale of the Lands, the Defendants, at all times, acted in good faith and satisfied such duty.
10. If the Defendants owed a duty of care and/or duty of good faith to the Plaintiffs with respect to the conduct of sale of the Lands and failed to satisfy such duties, which is expressly denied, such failure did not cause the Plaintiffs to suffer any loss.
11. If the actions of the Defendants caused the Plaintiffs to suffer a loss, which is expressly denied, then the Plaintiffs' own actions and conduct contributed to such loss.

Defendants' address for service: Jeffrey Bradshaw / Anthony Mersich
DLA Piper (Canada) LLP
Barristers & Solicitors
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250 – 2nd Street SW
Calgary, AB T2P 0C1

Fax number address for service (if any): 403.296.4474

E-mail address for service (if any): jeffrey.bradshaw@ca.dlapiper.com /
anthony.mersich@ca.dlapiper.com

September 8, 2025



Signature of ☒ lawyer for Defendants
DLA Piper (Canada) LLP (Jeffrey Bradshaw)

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