

No. 173713
Victoria Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

PACIFIC SHORES OWNER ENTERPRISES LTD.

PETITIONER

AND:

**Each of the individuals set out in Appendix "A", Appendix "B"
and Appendix "C" to this Petition, and
TRANSTIDE INVESTMENTS LIMITED PARTNERSHIP by its general partner
TRANSTIDE INVESTMENTS LTD.**

RESPONDENTS

**ORDER MADE AFTER APPLICATION
(ORDER APPROVING SALE)**

BEFORE)) WEDNESDAY, THE 19th
) Master Bouck))
)) DAY OF DECEMBER, 2018

THE APPLICATION of PACIFIC SHORES OWNER ENTERPRISES LTD. coming on for hearing on this day at Victoria, British Columbia, and upon hearing, JAMES A. HALL and W. CRAIG VAUGHAN solicitors for the Petitioner, ALAN A. FRYDENLUND, Q.C., solicitor for the Respondent, TRANSTIDE INVESTMENTS LIMITED PARTNERSHIP by its general partner TRANSTIDE INVESTMENTS LTD., and no-one else appearing, although given notice in accordance with the Rules of the Court, and on reading the materials filed:

Jessica Kliman for Jim Pearson and no-one else

THIS COURT ORDERS THAT:

1. The sale of the lands and premises known and described as:

Strata lots 1, 3-5, 9-10, 15, 16, 19-22, 25-29, 31-69, 71-73, 75-76 of, District Lot 22, Nanoose District and District lot 2000, Nanaimo District, Strata Plan VIS 2036 (hereinafter the "**Lands**"), together with all personal property related to the Lands, to 1025326 BC Ltd. of 3378 Douglas Street, Victoria, British Columbia (the "**Purchaser**") for the sum of \$3,631,875.00 on the terms and conditions set out in the Contract of Purchase and Sale dated September 15, 2018 (the "**Offer**"), a copy of which is attached hereto as Appendix "**A**", be approved.

2. The registered owners of the Lands, as more fully particularized in Appendices "B" and "D" to the Amended Petition (the "**Existing Owners**") are bound by the terms of the Offer and any and all other documents executed or to be executed by the Petitioner in respect of the completion of the sale and conveyance of the Lands to the Purchaser as contemplated by the Offer.

3. Upon presentation for registration in the Land Title Office for the Land Title District of Victoria of a certified copy of this Order, together with a letter from the Petitioner's solicitor authorizing such registration and subject to the terms of this Order, the Lands, all right, title and interest in the Lands of the Existing Owners be conveyed to and vest in the Purchaser in fee simple, free and clear of any estate, right, title, interest, equity of redemption, and other claims of the parties hereto, except as to the Respondent, TRANSTIDE INVESTMENTS LIMITED PARTNERSHIP by its general partner TRANSTIDE INVESTMENTS LTD., and the reservations, provisos, exceptions, and conditions expressed in the original grant(s) thereof from the Crown, and the British Columbia Registrar of Land Titles (the "**Registrar**") is hereby directed to:

- a. enter the Purchaser as the owner of the Lands, together with all buildings and other structures, facilities and improvements located

thereon and fixtures, systems, interests, licenses, rights, covenants, restrictive covenants, commons, ways, profits, privileges, rights, easements and appurtenances to the said hereditaments belonging, or with the same or any part thereof, held or enjoyed or appurtenant thereto, in fee simple in respect of the Lands, and this Court declares that it has been proved to the satisfaction of the Court on investigation that the title for the Purchaser in and to the Lands is a good, safe holding and marketable title and directs the Registrar to register indefeasible title in favour of the Purchaser as aforesaid;


- b. to discharge, release, delete and expunge from title to the Lands all of the registered financial encumbrances, charges, liens, caveats, mortgages, judgments and certificates of pending litigation with the exception with respect to the Respondent, TRANSTIDE INVESTMENTS LIMITED PARTNERSHIP by its general partner TRANSTIDE INVESTMENTS LTD., to which any of the Existing Owners are parties.
4. The dates for completion, adjustment and possession be set at on or before TWENTY FIVE (25) business days from Court approval or so soon before or so soon thereafter as the Petitioner and the Purchaser, shall agree.
5. The proceeds from the sale of the Lands shall stand in place of the Lands.
6. The net purchase price after adjustments shall be paid to REED POPE LAW CORPORATION, in trust, and shall be paid out in accordance with the following priorities without further order:
 - a. in payment of any outstanding property taxes, strata fees and levies, utilities, water and sewer rates, and interest and penalties thereon;

- b. GST, if payable;
- c. the Petitioner's reasonable legal costs, including the cost of obtaining and reviewing state of title certificates with respect to the Lands;
- d. 25% of the net proceeds after taking into consideration, subparagraphs a – c, and on account of an uncertain Income Tax liability, to be held in the Purchaser's lawyer's trust account subject to the agreement of the Petitioner and Purchaser or by further order of the Court;
- e. the balance of the net sales proceeds shall be divided, pro rata, amongst the number of weekly deeded interests within the Property owned by Respondents, more fully particularized in Appendix "D" to the Amended Petition (the "**Members**"). Each share shall be referred to as a "**Member Share**". The Member Shares shall be paid as follows:
 - i) into Court by way of interpleader those Member Shares attributable to those weekly interests against which the charges set out in Appendix "**B**" hereto (the "**Charges**") have been registered, with the exception of those Charges that in the course of the vesting of title contemplated by this Order are discharged by reason of effluxion of time, which proceeds will stand in the place of each respective Member Share's (the "**Encumbered Member Share**") interest in the Lands;
 - ii) the balance to the Petitioner to be distributed to the Members except for the Encumbered Member Share, in satisfaction of their interests in the Lands after the deduction of an amount determined by the Petitioner to provide for the administrative costs of the distribution of such proceeds and the wind-up of the Petitioner. For clarity, the Petitioner shall have the discretion to utilize or to distribute to the Members the net sale proceeds in its full discretion.

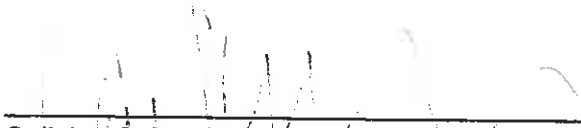
7. The Petitioner with the consent of the Purchaser shall be at liberty to extend the closing date as set out in paragraph 4 herein, to such later date as those parties may agree without the necessity of a further Order of this Court.
8. The Existing Owners and all persons claiming possession of the Lands or any portion thereof shall forthwith deliver vacant possession to the Petitioner, their agents, successors or assigns, and shall remove all personal property from the Lands on or before noon on the Closing Date as set out in paragraph 4 herein, and if vacant possession is not provided by any Existing Owner, the Petitioners or Purchaser shall have liberty to apply to the Court for a Writ of Possession pursuant to Rule 13-2 (13) without further court order or notice, and all personal property shall vest in the Purchaser.
9. This court further orders that upon transfer of the Lands as contemplated by this vesting order that the interests of the Respondents in the in the Lands, including any right of occupation, is hereby extinguished, the net sale proceeds being in full satisfaction of the Respondents' rights in the Lands.
10. This court further orders that the sale process contemplated by this Petition is hereby confirmed. Upon distribution of the net sale proceeds as contemplated herein the Petitioner, its directors, officers and employees are hereby released of all claims, suits and demands arising from these proceedings and the sale process arising therefrom.
11. The parties may apply for such further direction as may be necessary to carry out this Order without further notice to the Respondents.

12. Paragraphs 9 of the Notice of Application dated December 17, 2018 is adjourned generally.

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:

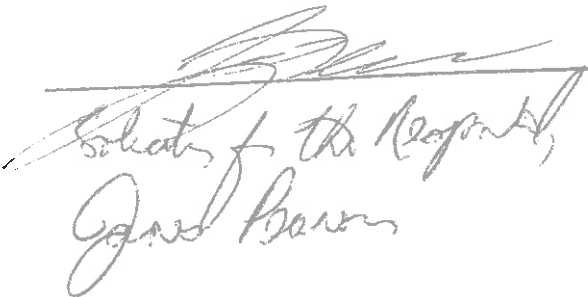


Solicitor for the Petitioner, PACIFIC SHORES
OWNER ENTERPRISES LTD.,
JAMES A. HALL



Solicitor for the Respondent, TRANSTIDE
INVESTMENTS LIMITED PARTNERSHIP by its
general partner TRANSTIDE INVESTMENTS LTD.,
ALAN A. FRYDENLUND Q.C.


BY THE COURT.



Solicitor for the Respondent,
Gerald Brown



Registrar

Certified this day to be a true copy of the instrument of which it purports to be a copy according to the records of this court.

DEC 20 2018


Deputy District Registrar



Appendix "A"

OFFER TO PURCHASE

TO: Pacific Shores Owners Enterprises Ltd.

202 – 1007 Fort Street
Victoria, BC V8V 3K5

The undersigned, **1025326 B.C. Ltd.** (hereinafter referred to as the "Buyer"), hereby offers to purchase from **Pacific Shores Owners Enterprises Ltd., Incorporation No. BC0405603 ("PSOE")** (hereinafter referred to as the "Seller") a portion of those lands and premises known as the **Pacific Shores Resort & Spa, 1600 Stroulger Road, Nanoose Bay, British Columbia**, more particularly described in Schedule "A" annexed hereto (the "Lands"), together with all improvements thereon, personal property therein and all other property and assets related thereto, and all machinery, equipment, furnishings and fixtures used in connection with the Property and presently located on the Property, and all plans, files, records, intellectual property, URL, data, software and computers relating to the Property in the possession of or under the control of the Seller (hereinafter collectively referred to as the "Property").

THIS OFFER TO PURCHASE IS MADE ON THE FOLLOWING TERMS AND CONDITIONS:

1. PURCHASE PRICE

1.1 The full purchase price shall be **Three Million Six Hundred Thirty One Thousand Eight Hundred and Seventy Five Dollars (\$3,631,875)** in lawful money of Canada payable as follows:

- a) **Fifty Thousand Dollars (\$50,000)** as a deposit within two (2) business days of acceptance of the Offer to Purchase, to be held in trust by **Owen Bird Law Corporation ("OBLC")** as stakeholder in accordance with the provisions of the *Real Estate Services Act*;
- b) the balance of the purchase price by way of a certified cheque, solicitor's trust cheque or bank draft payable to the Seller's solicitor, in trust, subject to adjustments on the Closing Date as hereinafter provided; and
- c) the Deposit shall become non-refundable upon court approval of the Offer, subject only to sections 1.2(b) and 6.2.

1.2 The Seller and the Buyer agree that the deposit described in Paragraph 1.1(a) and any interest as may be paid thereon shall be paid as follows:

- a) the deposit shall be paid to the Seller on the Closing Date as part of the completion of the sale and purchase of the Property and shall be credited against the purchase price;

- b) the deposit shall be paid to the Buyer if (i) the Buyer does not waive or declare satisfied the Buyer's condition precedent contained in section 6; or (ii) the Buyer is not in default of any of its obligations under this Agreement and the Seller fails to complete the sale of the Property in accordance with this Agreement or otherwise repudiates this Agreement, whereupon this Agreement shall be null and void and neither the Seller nor the Buyer shall have any further rights of any nature hereunder; and
 - c) if the Buyer fails to complete the purchase of the Property or otherwise repudiates the Agreement and is thereby in breach of this Agreement, and if the Seller is not in default of any of its obligations under this Agreement, then the deposit shall be forfeited to the Seller as liquidated damages and not as a penalty, whereupon this Agreement shall be null and void and neither the Seller nor the Buyer shall have any further rights of any nature hereunder; and
 - d) the deposit shall be paid to the Buyer if the Buyer elects not to purchase the Property under section 6.2.
- 1.3 The Purchase Price shall exclude PST on all personal property located on or used with the Lands. PST shall be allocated by the Buyer in the Buyer's reasonable discretion and the Buyer shall be solely responsible to account for, remit and make filings and returns in respect of any PST that may be owing in connection with this transaction.

2. COURT APPROVED SALE

- 2.1 The purchase of the Property will be subject to approval by Vesting Order (the "Vesting Order") by the Supreme Court of British Columbia pursuant to the order of the Honourable Justice Johnston made November 24, 2017 in the Victoria Registry, C. 173713 and the provisions of this Offer.
- 2.2 In the event the Buyer declares satisfied or waives its conditions precedent contained in section 6.1, the Seller will diligently pursue and use all reasonable efforts to obtain the Vesting Order in order to convey title to the Property to the Buyer on the Closing Date subject to the Permitted Encumbrances.
- 2.3 For clarity, it shall be a true condition precedent for the completion of the sale of the Property to the Buyer, that the Seller to obtain a Vesting Order conveying title to the Property to the Buyer by December 31, 2018, or such other date that the parties may agree upon.

3. SELLER REPRESENTATIONS, WARRANTIES, AND COVENANTS

- 3.1 The Seller represents, warrants, and covenants that:
 - a) the Seller is a corporation duly incorporated and existing under the laws of the Province of British Columbia and has filed all annual reports required to maintain



its existence, and has obtained the Order for Conduct of Sale necessary to approve this Agreement and the transactions contemplated hereunder;

- b) to the best of the Seller's knowledge, there are no actions, suits or proceedings before any court, arbitrator, or administrative tribunal against or affecting the Seller that would affect the ability of the Seller or the Buyer to perform its obligations under this Agreement, nor, to the best of the Seller's knowledge, are any such actions, suits or proceedings contemplated or threatened;
- c) the Seller has not received any nor is the Seller aware of any threatened expropriation orders or orders condemning the Property or any part thereof;
- d) the Seller is not and shall not at the Closing Date be a non-resident of Canada within the meaning of the *Income Tax Act (Canada)* and the Seller makes no representations or warranties regarding the residency of the owners of the Property;
- e) to the best of the Seller's knowledge without independent inquiry, there are no local improvement or capital charges, special levies, assessments or other rates or charges of a similar nature associated in connection with the Property (other than outstanding strata assessments and realty taxes accruing from day to day), the Seller has received no written notice in connection therewith and no agreement has been entered into by the Seller with the municipality or with any other governmental authority which would have the effect of making all or part of the Property subject to or assessed for any such charges, levies or assessments other than as disclosed to the Buyer in writing;
- f) the Seller will not, from the date of this Agreement until the Closing Date, enter into any agreements or undertakings with any municipalities or other governmental authorities other than as required by law or with the prior consent of the Buyer (which may not be unreasonably withheld or delayed);
- g) to the best of the Seller's knowledge without independent inquiry, other than the Buyer, no person or entity has any agreement, option, understanding or commitments or any right or privilege capable of becoming an agreement, for the purchase of the Property or any interest therein;
- h) on the Closing Date, the Seller shall not have any indebtedness to any person, firm, corporation or governmental authority which might now or hereafter by operation of law or otherwise constitute a lien, charge or encumbrance on the Property or any part thereof or which could affect the right of the Buyer to own, occupy and obtain revenue from the Property or any part thereof; and
- i) the representations and warranties contained in section 3.1 shall survive the Closing Date and shall continue in full force and effect for the benefit of the Buyer after the Closing Date for a period of one (1) year notwithstanding any independent inquiry or investigation by the Buyer or the waiver by the Buyer of any conditions set out in section 6.



4. TITLE

- 4.1 The Buyer acknowledges that it is purchasing the Property on an as-is where-as basis from the Seller and that title to the Property will be subject to all encumbrances that may be registered against title to the Property on the Closing Date (the "Permitted Encumbrances").

5. COVENANTS

- 5.1 The Seller covenants with the Buyer, from the date of signing this Agreement to the Closing Date or earlier termination of this Agreement, to:

- a) permit the Buyer and its representatives and advisors to enter onto the Property on not less than 48 hours' notice and carry out such inspections, tests, studies, appraisals, surveys and investigations of the Property as the Buyer may reasonably require and the Buyer will indemnify and save the Seller harmless from any damage caused by such investigations; in no case will the Buyer be permitted to interrupt any guest stays in the Property to conduct such investigations;
- b) deliver originals or true copies of all permits, licences, plans, records, and other documents relating to the operation of the Property which are in the possession of the Seller;
- c) provide the Buyer with continuing access to all records and other documents relating to the operation of the Property in the possession of the Seller which were not delivered to the Buyer on or before the Closing Date;
- d) not modify, amend, or cancel any of the Permitted Encumbrances without the prior written approval of the Buyer;
- e) at the request of the Buyer, withdraw any applications to Court to approve the sale as contemplated herein in the event that any person, not approved by the Buyer in writing, attends the Court hearing to bid to purchase the Property or any portion thereof, it being recognized by the Seller that the Buyer will suffer irreparable harm if a person not approved by the Buyer owns the Property, or any portion thereof as the Property is inextricably related to assets of the Buyer or its related entities.;
- f) after the Buyer's removal of the conditions precedent of section 6 herein refer rental and leasing enquires to the Buyer and coordinate with the Buyer leasing, rental and use of the Property or portions thereof for periods post-closing; and
- g) pay all of the Buyer's costs of obtaining the initial State of Title Certificates ("STCs") in respect of the Property and grant a security interest in the STC's.

- 5.2 The Seller covenants with the Buyer to provide copies of the STCs together with any related summary of encumbrances prepared on behalf of the Buyer (the "Title Report"). The Seller hereby covenants that it shall not use the Title Report for any purposes whatsoever except with respect to the completion of the sale of the Property to the Buyer as set out herein.
- 5.3 Following delivery of the STCs and the Title Report from the Buyer to the Seller, the parties covenant and agree to negotiate in good faith with respect to any reasonable reduction in the Purchase Price that may be required to account for the Buyer's cost of clearing financial encumbrances from title to the Property, it being understood that such costs would ordinarily be for the account of the Seller but that the Buyer has agreed to accept title as-is and to assume all such costs should it decide to declare satisfied or waive its conditions precedent contained in section 6.1 below and should the Seller obtain the Vesting Order, subject to the aforementioned reduction in Purchase Price.
- 5.4 Notwithstanding the expiry of the Memorandum of Understanding between Transtide Investments Limited Partnership (an affiliate of the Buyer) and the Seller, made the 1st day of June, 2017 (the "Memorandum of Understanding") the Seller will continue to co-operate with the Buyer to facilitate the sale of the Property pursuant to the terms and conditions of the Memorandum of Understanding, notwithstanding the expiry date of the Memorandum of Understanding of May 31, 2018. The Buyer will cause its affiliate Transtide Investments Limited Partnership to continue to co-operate with the Seller to facilitate the sale of the Property and to extend the balance of the line of credit contemplated therein.
- 5.5 The covenants contained in sections 5.1-5.3 shall survive the Closing Date and shall continue in full force and effect for the benefit of the related party, notwithstanding cancellation of the agreement by the Buyer pursuant to this Offer.
- 5.6 Upon acceptance of this Offer;
- a) until removal of the Buyer's conditions precedent in section 6.1 of this Offer the Seller will neither solicit nor accept any offers to purchase the Property, or any interest therein, unless the offer is unconditional, subject only to Court approval, for all of the "Combined Pacific Shores Assets" (as defined in the Memorandum of Understanding between the Seller and Transtide Investments Limited Partnership, an affiliate of the Buyer made the first day of June, 2017) for not less than seventeen million, five hundred thousand (\$17,500,000) dollars; and
 - b) following removal of the Buyer's conditions precedent in section 6.1 of this Offer the Seller will neither solicit, nor accept any offers to purchase the Property any interest therein or permit Court approval any offers to purchase the Property, or any interest therein.

6. CONDITIONS PRECEDENT

6.1 The Buyer shall have a period of thirty (30) days from the acceptance of this Offer by the Seller to conduct such investigations and inspections, and consider such analysis and reports from its advisors to satisfy itself in its sole and absolute discretion as to the economic viability of proceeding with the proposed operation and/or development of the Property planned by the Buyer.

6.2 In consideration of ten (\$10) dollars non-refundable to be paid by the Buyer to the Seller upon acceptance of this Offer and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Seller, the Seller agrees not to revoke its acceptance of the Buyer's Offer contained herein while the agreement resulting from acceptance of this Offer remains subject to any of the foregoing conditions precedent. The parties agree that this Agreement will become an unconditional contract for the sale and purchase of the Property forthwith upon satisfaction or waiver of the foregoing conditions precedent in section 6.1, subject to the provisions of this Agreement. All of the conditions precedent set forth in section 6.1 are for the Buyer's sole benefit and each may be waived unilaterally by the Buyer, at the Buyer's election. If the Buyer does not give the Seller notice of the satisfaction or waiver of all of such conditions precedent within the time therein provided then the Buyer's obligation to purchase the Property will be at an end.

7. RISK/POSSESSION

7.1 The Property shall be at the sole risk of the Seller until completion of the Closing under section 9.1.

8. BUYER'S CONDITIONS PRECEDENT TO CLOSING

8.1 The Buyer shall not be required to complete the purchase of the Property on the Closing Date unless the following conditions are satisfied on the Closing Date:

- a) the warranties and representations of the Seller as set out in section 3.1 herein shall be true and correct in all material respects as of the Closing Date;
- b) the Seller shall have performed and complied in all material respects with the covenants and provisions of this Offer required to be performed or complied with by the Seller; and
- c) the Seller shall have obtained a Court Order approving the sale of the Property pursuant to this Offer.

Handwritten initials/signature

9. CLOSING PROCEDURES

- 9.1 Not later than five (5) business days prior to the Closing Date, the Buyer, at its expense, will prepare and deliver the following documents to the Seller:
- a) a Statement of Adjustments; and
 - b) such other documents and assurances as may be reasonably required by the Buyer to give full effect to the intent and meaning of this Offer.
- 9.2 At least two (2) business days prior to the Closing Date, the Seller agrees to deliver to the Buyer's solicitor, in trust, together with any other closing documents that may be reasonably required, the following:
- a) a Court certified copy of the Vesting Order in registrable and executed form approving the sale of the Property to the Buyer, pursuant to this Offer in the name designated by the Buyer; and
 - b) the other documents and assurances as described in section 9.1 above in executed form.
- 9.3 On the Closing Date, the Seller shall deliver to the Buyer a certificate of a duly authorized officer of the Seller confirming that the Buyer's conditions precedent to closing as set out in Section 8.1 hereof are satisfied as of the Closing Date, and the Buyer shall deliver to the Seller such other documents and assurances as may be reasonably required by the Seller to give full effect to the intent and meaning of this Offer.
- 9.4 All of the matters of payment and delivery of documents by the Seller and the Buyer, pursuant to the terms hereof, shall be in accordance with such reasonable trust conditions as are established between the Seller's solicitors and the Buyer's solicitors.
- 9.5 Concurrent with the completion of the purchase of the Property, the Buyer will register a Court certified copy of the Vesting Order approving the sale.

10. ADJUSTMENTS

- 10.1 All adjustments with respect to taxes, utilities and licences, and all other items normally adjusted between a Seller and Buyer on the sale of similar Properties shall be made with respect to the Property to and including the Closing Date, including all adjustments provided for in the Memorandum of Understanding.

11. MISCELLANEOUS

- 11.1 It is agreed that there is no representation, warranty, collateral agreement or condition affecting this Offer or the Property other than as expressed herein in writing.

11.2 The Buyer reserves the sole right to provide a new incorporated company used as a bare trustee holding company to be put on the subject property's title on Closing.

12. REAL ESTATE COMMISSION

12.1 The Buyer and the Seller acknowledge and agree that there is no real estate commission payable by either the Buyer or the Seller, and neither party has an agency representation.

13. NOTICE

13.1 Any notice required or permitted to be given hereunder or any tender of delivery of documents may be sufficiently given by personal or courier delivery or by facsimile or electronic transmission

a) to the Seller at the following address, facsimile number or email:

Pacific Shores Owners Enterprises Ltd.
202 - 1007 Fort Street
Victoria, BC V8V 3K5
Attention: Jamie Hall

Email: jhall@reedpopc.ca

b) to the Buyer at the following address, fax or email:

1025326 B.C. Ltd.
c/o Owen Bird Law Corporation
2900-595 Burrard Street
Vancouver, BC V7X 1J5
Attention: Robin C. Macfarlane

Email: rmacfarlane@owenbird.com

14. TIME

14.1 This Offer, when duly accepted by the Seller (and not until then), shall constitute a binding contract of purchase and sale (the "Agreement") and time shall be in all respects of the essence thereof.

15. TAXES

15.1 Notwithstanding any provision contained in this Offer, it is expressly agreed to by the Buyer that all taxes or assessments in the nature of sales tax, goods and services taxes, property transfer tax or value added taxes (the "Tax") which may be charged, levied or assessed as a result of the sale of the Property contemplated herein shall be the responsibility of the Buyer. The Buyer hereby indemnifies the Seller against any and all obligations of the Seller to Tax. The Buyer further agrees, represents and warrants that it

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is a registrant within the meaning of Part IX of the *Excise Tax Act* (Canada) and will account for any GST payable in respect of this transaction excluding any withholding tax arising as a result of the Sellers or any registered owners of the Property being non-residents of Canada pursuant to the *Income Tax Act* (Canada).

- 15.2 The date for the completion, possession and adjustments of the purchase and sale transaction (the "Closing Date") provided for in this Agreement, unless otherwise agreed by the parties, shall be the 20th business day after the grant of a final Vesting Order approving the sale to the Buyer pursuant to this Offer, or if that day is a holiday the next business day.

16. RISK/POSSESSION

- 16.1 The Property will be and remain at the risk of the Seller until the purchase and sale of the Property has been completed in accordance with section 9.1 herein. After that time, the Property will be at the risk of the Buyer.

17. INSURANCE AND MAINTENANCE

- 17.1 The Seller shall maintain the existing insurance coverage with respect to the Property in full force and effect until the Closing Date. The Seller shall, until the Closing Date, maintain the Property in substantially the same condition as existed at the date of this Offer to Purchase.

18. GOVERNING LAW

- 18.1 This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein and the parties irrevocably attorn to the jurisdiction of the courts in the Province of British Columbia.

19. FURTHER ASSURANCES

- 19.1 Each of the parties hereto will, from time to time and at all times hereafter, but without further consideration, do such further acts and deliver all such further assurances, deeds and documents as shall be reasonably required in order to fully perform and carry out the terms of this Agreement.

20. SEVERABILITY

- 20.1 If any provision of this Agreement, or the application of such provision to any person or in any circumstance, shall be held to be invalid, the remaining provisions of this Agreement, and the application of such provision to any persons or in any circumstances other than those as to which it is held invalid, shall not be affected thereby.

21. COUNTERPARTS

21.1 This Agreement may be executed in one or more counterparts, including facsimile or electronic transmission thereof, each of which shall be deemed an original and when so executed each such counterpart shall form one Agreement and shall be valid and binding on all parties hereto as every other counterpart.

22. AS IS, WHERE IS

22.1 Except for the representations and warranties expressly set out in this Agreement, the Buyer agrees that it is purchasing the Property on an "as is, where is" condition and basis.

22.2 The Buyer hereby waives and releases the Seller from any obligation to deliver a site profile as contemplated by and defined in the *Environmental Management Act* (British Columbia) with respect to the Property.

23. ASSIGNMENT

23.1 This Agreement shall extend to and be binding upon and enure to the benefit of the parties hereto and their respective successors and assigns. The Buyer shall have the right to assign this Agreement to an affiliate of the Buyer without consent provided however that upon such assignment being made it is understood and agreed that the Buyer shall not be relieved of any covenants, obligations and/or liabilities herein contained and the Seller agrees to complete the transaction herein with the said assignee as if the assignee were the original Buyer. No other assignments will be permitted without the Seller's prior written consent.

24. PUBLIC ANNOUNCEMENTS AND CONFIDENTIALITY

24.1 Until the sale and purchase of the Property is completed as contemplated in this Agreement, the parties will not disclose to any third party the existence, contents or effect of this Agreement or any documents, materials or information (including the results of any due diligence tests, assessments or searches) provided pursuant to or obtained in relation to this Agreement, without the prior written consent of the other party, except that each party may disclose that same to its shareholders, employees, inspectors, lenders, agents, advisors, consultants and such other persons as may reasonably be required and except that each party may disclose the same as required by law, in connection with any regulatory disclosure requirements.

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This Offer to Purchase is open for acceptance until 4:00 P.M. Pacific Standard Time on the ~~23rd~~ day of September, 2018 and, if the Offer is not then accepted, shall be terminated and of no further force and effect.

25th (25)

25th (25)

DATED at the City of Victoria, in the Province of British Columbia, on the ~~23rd~~ day of September, 2018.

1025326 B.C. LTD. (BUYER)

Per: [Signature]
Authorized Signatory

SELLER'S ACCEPTANCE

The Seller hereby accepts this Offer to Purchase and agrees to be bound by the terms and conditions contained herein.

DATED at the City Victoria, in the Province British Columbia, this _____ day of September, 2018.

PACIFIC SHORES OWNERS ENTERPRISES LTD. (SELLER)

Per: [Signature]
Authorized Signatory
PSOE Chair

**SCHEDULE "A"
LEGAL DESCRIPTION**

Strata Lots 1, 3-5, 9-10, 15,16, 19-22, 25-29, 31-69, 70-74, 75-76 (and any other Strata Lots owned or controlled by PSOE) of

District Lot 22

Nanosec District, and

District Lot 2000

Nanaimo District

Strata Plan VIS2036

including all improvements thereon, personal property therein and all other property and assets related thereto, and all machinery, equipment, furnishings and fixtures used in connection with the Property and presently located on the Property, and all plans, files, records, intellectual property, URL, data, software and computers relating to the Property in the possession of or under the control of the Seller (collectively, "the Property").

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APPENDIX "B"

Chargeholder	Charge Type	Charge #
Acklands Limited	Judgment	EJ98539
Amex Bank of Canada	Judgment	CA5444392
Amy Maass	Caveat	FB472088
Archipelago Marine Research Ltd. c/o Credit Recovery Centre	Judgment	CA2032553
Attorney General of Canada	Judgment	EW14367
Attorney General of Canada	Judgment	FA59679
Attorney General of Canada	Judgment	FB174380
Attorney General of Canada	Judgment	BB1469665
Attorney General of Canada	Judgment	FB453506
Attorney General of Canada	Judgment	CA3626662
Attorney General of Canada	Judgment	CA5032986
Bank of Montreal	Judgment	CA3620651
Barry Keith Jenner & Janet Edith Louise Jenner	Mortgage	ES13102
Barry Keith Jenner and Janet Edith Louise Jenner as Joint Tenants	Mortgage	EN20485
BCC Mortgage Investment Corp. Incorporation No. 0737838	Mortgage	FB299970
BCC Mortgage Investment Corp. Incorporation No. 0737838	Assignment of Rents	FB299971
BCIMC Construction Fund Corporation -and- Fisgard Capital Corporation	Mortgage	CA2330467
BCIMC Construction Fund Corporation -and- Fisgard Capital Corporation	Assignment of Rents	CA2330468
Benny Haarsma & Lise Haarsma	Mortgage	EP100578
Benny Haarsma and Gilles Ethier as Joint Tenants	Mortgage	ET109242
Benny Haarsma and Lise Haarsma as Joint Tenants	Mortgage	EN106328
Benny Haarsma Gilles Either	Mortgage	EP69055
Betty Lou Creaser	Court Order	EX32718
Brenda Jean Mickleburge	Mortgage	ES2407
Brent L. Hird, carrying on business as Andreychuk, Hird	Judgment	ET7103
Buy-Low Foods Ltd.	Judgment	CA5365197
Buy-Low Foods Ltd.	Judgment	CA3887195

Chargeholder	Charge Type	Charge #
Canada Customs and Revenue Agency Collections Section	Judgment	ES98782
Canada Mortgage and Housing Corporation	Judgment	FB359720
Canadian Imperial Bank of Commerce	Judgment	CA4016122
Canadian Imperial Bank of Commerce	Judgment	CA4109405
Canadian Imperial Bank of Commerce	Judgment	CA5667155
Canadian Tire Bank	Judgment	CA6886995
Canadian Tire Bank	Judgment	CA6886995
Canadian Tire Bank	Judgment	CA6886995
Canadian Western Trust Company	Judgment	CA4866443
Canadian Western Trust Company	Judgment	CA6378930 (renewal of CA4866443)
Canadian Western Trust Company	Judgment	FB396509
Canadian Western Trust Company	Judgment	CA2857345 (renewal of FB396509)
Capital One Bank	Judgment	FB44606
Capital One Bank	Judgment	FB395867
Capital One Bank (Canada Branch)	Judgment As to the interest of Donald James Rogers in fee simple and in sublease EP85731	CA3004991
Capital One Bank (Canada Branch)	Judgment	CA2939261
Capital One Bank (Canada Branch)	Judgment	CA4149511
Capital One Bank (Canada Branch)	Judgment	CA5693460
Capital One Bank (Canada Branch)	Judgment	CA5825720
Capital One Bank (Canada Branch) formerly Capital One Bank	Judgment	CA2943273 <i>Renewal of FB395867</i>
Capital One Bank (Canada Branch) formerly Capital One Bank	Judgment	CA4156681 <i>Renewal of FB395867 & CA2943273</i>
Capital One Bank (Canada Branch), Formerly Capital One Bank	Judgment	CA4731571
Capital One Bank (Canada Branch), Formerly Capital One Bank	Certificate of Pending Litigation	CA2960798
Capital One Bank (Canada Branch), Formerly Capital One Bank	Judgment	CA3455500
Channel Island Surfboards	Judgment	FB404570
CIBC Trust Corporation	Mortgage	EL18042 (EV41982 transferred charge ownership to current listed owner)
Director of Employment Standards	Judgment As to the interest of Donald James Rogers in sublease EP85731	CA5862638

Chargeholder	Charge Type	Charge #
Donald Frost	Mortgage	EK133532
Donald Gordon Finkbeiner & Florence Annie Finkbeiner	Mortgage	ES051213
Donald Gordon Finkbeiner & Florence Annie Finkbeiner	Mortgage	EK16042
Donald Gordon Finkbeiner Florence Annie Finkbeiner As Joint Tenants	Mortgage	ES22005
Donald Michael Leslie Shorting	Mortgage	EN14402
Edward Muster	Mortgage	EV6934
Edward Muster	Mortgage	EV006937
Edward Ralph Sauve and Ida Sauve	Mortgage	EP63453
Edward Ralph Sauve and Ida Sauve as Joint Tenants	Mortgage	EP106007
Edward Ralph Sauve Ida Sauve as joint tenants	Mortgage	EN31164
Edward Ralph Sauve Ida Sauve	Mortgage	EP10905
Edward Ralph Sauve Ida Sauve Patricia Anne Sauve	Mortgage	EP22693 (FB151328 transferred charge ownership to current listed owners)
Edward Walters and Sylvia Margerite Walters as Joint Tenants	Mortgage	EP20637
Edwin Johnson Ethel Johnson as Joint Tenants	Mortgage	EN41975
Evcon Management Ltd.	Mortgage	EP099174
Evcon Management Ltd.	Mortgage	EP3205
Gerald Melvin Cousins	Mortgage	EL72860
Her Majesty the Queen in Right of British Columbia	Crown Debt	WX2074928
Her Majesty the Queen in Right of Canada	Judgment As to the interest of Brian James Frankcombe in sublease FA115050	CA5812569
Her Majesty The Queen in Right of Canada	Crown Debt	FB500501
Her Majesty The Queen in Right of Canada	Judgment	ET12561
Her Majesty The Queen in Right of Canada	Judgment	EV1394
Her Majesty The Queen in Right of Canada	Judgment	EW90914
Her Majesty The Queen in Right of Canada	Judgment	FB356032
Her Majesty The Queen in Right of Canada	Judgment	FB455836 (renewal of FB356032)
Her Majesty The Queen in Right of Canada	Judgment	FB249385

Chargeholder	Charge Type	Charge #
Her Majesty The Queen in Right of Canada	Judgment	FB399360 <i>(renewal of FB249385)</i>
Her Majesty The Queen in Right of Canada	Judgment	FB465458 <i>(renewal of FB399360 & FB249385)</i>
Her Majesty The Queen in Right of Canada	Judgment	CA4398931
Her Majesty The Queen in Right of Canada	Judgment	CA5929706 <i>(renewal of CA4398931)</i>
Her Majesty The Queen in Right of Canada	Judgment	FB316472
Her Majesty The Queen in Right of Canada	Judgment	FB4436385 <i>(renewal of FB316472)</i>
Her Majesty The Queen in Right of Canada	Judgment	CA4398644
Her Majesty The Queen in Right of Canada	Judgment	CA592630 <i>(renewal of CA4398644)</i>
Her Majesty The Queen in Right of Canada	Judgment	FB350391
Her Majesty The Queen in Right of Canada	Judgment	FB455761 <i>(renewal of FB350391)</i>
Her Majesty the Queen in Right of Canada	Judgment	ET133279
Her Majesty the Queen in Right of Canada	Judgment	FB281088
Her Majesty the Queen in Right of Canada	Judgment	CA7005229
Her Majesty the Queen in Right of Canada	Judgment	FB97767
Her Majesty the Queen in Right of Canada	Judgment	FB180275
Her Majesty the Queen in Right of Canada	Judgment	FB190596
Her Majesty the Queen in Right of Canada	Judgment	FB358488
Her Majesty the Queen in Right of Canada	Judgment	CA4789923
Her Majesty the Queen in Right of Canada	Judgment	CA6440143
Her Majesty the Queen in Right of Canada	Judgment	FA30886
Her Majesty the Queen in Right of Canada	Judgment	FB135599
Her Majesty the Queen in Right of Canada	Judgment	BB1234976
Her Majesty the Queen in Right of Canada	Judgment	BB2003280
Her Majesty the Queen in Right of Canada	Judgment	FB474941
Her Majesty the Queen in Right of Canada	Judgment	EX5592
Her Majesty the Queen in Right of Canada	Judgment	FA97360
Her Majesty the Queen in Right of Canada	Judgment	EW129886
Her Majesty the Queen in Right of Canada	Judgment	EP72465
Her Majesty the Queen in Right of Canada	Judgment	ET74584 <i>renewal of judgment EP72465</i>
Her Majesty the Queen in Right of Canada	Judgment	EW116751
Her Majesty the Queen in Right of Canada in the matter of the Excise Tax Act of Canada	Judgment	CA6092884 (as to the interest of Brent Michael Ehnes)

Chargeholder	Charge Type	Charge #
Her Majesty the Queen in right of Canada in the matter of the Income Tax Act of Canada	Judgment	CA6079739 (as interest of Brent Michael Ehnes)
Her Majesty The Queen in Right of Canada (In the matter of the Excise Tax Act of Canada) (Note: This charge is registered on SL25 and SL26)	Judgment	CA6092884
Her Majesty The Queen in Right of Canada (In the matter of the Excise Tax Act of Canada)	Judgment	EV7772
Her Majesty The Queen in Right of Canada (In the matter of the Excise Tax Act of Canada)	Judgment	ET104050
Her Majesty The Queen in Right of Canada (In the matter of the Excise Tax Act of Canada)	Judgment	ET104051
Her Majesty The Queen in Right of Canada (In the matter of the Income Tax Act of Canada) (Note: This charge is registered on SL25 and SL26)	Judgment	CA6079739
Her Majesty The Queen in Right of Canada (In the matter of the Income Tax Act of Canada)	Judgment	CA5818462 (renewal of CA4342719) Original and other renewal charges are EX8006, FB108873, FB289831, FB423183, FB470327 and CA4342719
Her Majesty the Queen in Right of the Province of British Columbia	Crown Debt	FB506290
Her Majesty the Queen in Right of the Province of British Columbia	Property Transfer Tax Act Lien	WX2048424
Household Trust Company	Judgment	EJ75143
Isla Evans	Mortgage	EM31164
Isla Kathleen Evans	Mortgage	EK135438
Jacqueline Joyce White	Mortgage	EN93120
James Spence Schiach & The Bank of Nova Scotia Trust Company, Executors of the Will of Sheila Margaret Jackson, Deceased	Legal Notation: Subject to Wills Variation Act	EV110628
Jane Elizabeth Gjertsen	Certificate of Pending Litigation	FA93481
Karen Sue Cxyz	Court Order	FB441877
Katharine Margaret Ellen Ellis	Mortgage	EJ064856
Mel Star & Kelly Star	Judgment	CA5277360
Mel Star Kelly Star	Judgment	CA5277360
Michael James Hill	Mortgage	EP28245

Chargeholder	Charge Type	Charge #
Mid Island Consumer Services Cooperative	Judgment As to the interest of James Brian Sieg	CA4494650
Montreal Trust Company of Canada	Mortgage	EL87126
Montreal Trust Company of Canada, In Trust, EL18039	Mortgage	EL91634
Montreal Trust Company of Canada, Trustee for RRSP #836321S of Douglas Edward Hill	Mortgage	EL56334
Montreal Trust Company of Canada, Trustee for RRSP #836321S of Douglas Edward Hill	Mortgage	EL18039
North Shore Credit Union	Mortgage	EN84966
North Shore Credit Union	Mortgage	EN80319
North Shore Credit Union in Trust, EN84966	Mortgage	ES92861
North Shore Credit Union in Trust, See EN54221	Mortgage	EN54224
North Shore Credit Union, In Trust, for Self- Directed Retirement Savings Plan No. 1604552	Mortgage	EP70500
Ocean Place Holdings Ltd.	Mortgage	EP070503
Paul Michael Connor and Gillian Margaret Connor as joint tenants	Mortgage	EN103049
Peers William Davidson Janice Lorraine Davidson	Mortgage	EN108920
PS Morgage Investment Corporation Incorporation No. 601679	Mortgage	EM120570
Public Guardian and Trustee of BC	Caveat	CA6913721
Rashpal Kaur Sall	Mortgage	CA1099107
Rashpal Kaur Sall	Assignment of Rents	CA1099108
Razor Capital LLC	Judgment	CA3597874
Razor Capital LLC	Judgment	CA4979167 <i>(renewal of CA3597874)</i>
Razor Capital LLC	Judgment	CA6610076 <i>(renewal of CA4979167)</i>
Roger Alexander Kronquist & Rita Ann Kronquist	Mortgage	EJ58352
Roger Alexander Kronqvist Rita Ann Kronqvist As Joint Tenants	Mortgage	EP70488
Royal Bank of Canada	Judgment As to the interest of James Campbell Rogers in sublease EP85731	FB452562 renewed by CA3628736 and CA5037312 and CA6669717
Royal Bank of Canada	Judgment	CA3344098
Royal Bank of Canada	Judgment	FB296639

Chargeholder	Charge Type	Charge #
Royal Bank of Canada	Mortgage	EH060003
Royal Bank of Canada	Mortgage	EK140397
Royal Bank of Canada	Judgment	EV4628
Royal Bank of Canada	Judgment	BB1100042
Royal Bank of Canada	Judgment	CA5158951
Royal Bank of Canada	Judgment	CA6725973
Royal Bank of Canada	Judgment	CA3789539
Royal Bank of Canada	Judgment	CA3539088
Royal Bank of Canada	Judgment	CA4816584
Royal Bank of Canada	Judgment	CA5963091
Royal Bank of Canada	Judgment	CA5963095
Royal Bank of Canada	Judgment	CA3230713
Royal Bank of Canada	Judgment	CA4405474
Royal Bank of Canada (Note: This charge is registered against SL22, SL37 and Lot 2)	Judgment	EV4628
Shell Canada Products Limited	Judgment	EP51896
Tanya Leanne Ross	Court Order	FB396969
Terry Odeneal	Certificate of Pending Litigation	EV45954
The Bank of Nova Scotia	Judgment	ES21277
The Bank of Nova Scotia	Judgment	FB98081
The Bank of Nova Scotia	Judgment	FB442756
The Crown in Right of British Columbia	Judgment As to the interest of Donald James Rogers in sublease EP85731	FB462524
The Crown in Right of British Columbia	Judgment As to the interest of Donald James Rogers in sublease EP85731	FB462525
The Crown in Right of British Columbia	Judgment As to the interest of Donald James Rogers in sublease EP85731	FB466261 renewed by CA4186557
The Crown in Right of British Columbia	Crown Debt	WX2089126
The Crown in Right of British Columbia	Crown Debt	FB478293
The Crown in Right of British Columbia	Crown Debt	WX2089138
The Crown in Right of British Columbia	Crown Debt	EW76267
The Crown In Right Of British Columbia	Judgment	FB271962
The Crown in Right of British Columbia	Crown Debt	FB500502

Chargeholder	Charge Type	Charge #
The Crown in Right of British Columbia (see Medicare Protection Act)	Crown Debt As to the interest of Darlene Janice Reynolds	FB489289
The Crown in Right of Canada	Judgment	FB227633
The Crown in Right of Canada	Judgment	EX33853
The Crown in Right of Canada	Judgment	FB136152
The Crown in Right of Canada	Judgment	EW3877
The Crown in Right of Canada	Judgment	EX32030
The Crown in Right of Canada	Judgment	EX32031
The Crown in Right of Canada	Judgment	EX29322
The Crown in Right of Canada	Judgment	FB134751
The Crown In Right Of Canada	Judgment	FB183374
The Crown In Right Of Canada	Judgment	FB271958
The Crown In Right Of Canada	Judgment	EX104231
The Crown In Right Of Canada	Judgment	FB66462
The Crown in the Right of British Columbia	Crown Debt	FB479256
The Crown of Canada	Judgment	EP99670
Thereza Mackenzie	Court Order	EW64265
Trailer Wizards Ltd.	Judgment As to the interest of James Brian Sieg in sublease ET14975	CA4842900
Trenholme, Jackson and Eade a Partnership	Judgment	EV46410
Trustees of the IWA – Forest Industry Pension Plan and Trustees of the IWA – Forest Industry Ltd Plan	Judgment	CA5912500
Trustees of the IWA – Forest Industry Pension Plan and Trustees of the IWA – Forest Industry Ltd Plan	Judgment	CA6783635
V.W.R. Capital Corp.	Judgment	CA3018914
V.W.R. Capital Corp.	Judgment	CA4243126
Vancouver City Savings Credit Union	Judgment	FB396237
Vancouver City Savings Credit Union	Judgment	BB257137
Vancouver City Savings Credit Union	Judgment	BB922281
Wendy Melissa Mahoney	Court Order – Family Maintenance Enforcement Act	CA4864537
Wesely Westby	Judgment	CA2822065
Workers' Compensation Board	Judgment	FB72428
Workers' Compensation Board	Judgment	FB201693
Workers' Compensation Board	Judgment	FB385160