

Court File No. CV-23-00700694-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

B E T W E E N:

FIERA FP REAL ESTATE FINANCING FUND, L.P.

Applicant

- and -

CHANCERY (OSHAWA) THE BARTLETT LIMITED PARTNERSHIP and CHANCERY  
(OSHAWA) THE BARLTETT GP INC.

Respondents

**AFFIDAVIT OF STEPHEN SUSKE**

I, Stephen Suske, of the Town of Oakville, in the Region of Halton, AFFIRM AND  
SAY:

**Background**

1. I am the Chairman of Chancery Seniors Housing Investments Inc. ("**Chancery**") and, as such, have knowledge of the matters contained in this affidavit.
2. In addition to my direct experience as Chairman of Chancery, I have 39 years of experience investing in and operating companies in the North American seniors housing sector. I am a Chair and Director of numerous companies active in the seniors housing sector, including:

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- (a) I am the founder and a former director and CEO of Chartwell Retirement Residences, the largest seniors housing provider in Canada;
- (b) I am the founder and a former director of Spectrum Seniors Housing Development Corporation. In this the role, I oversaw the development of over sixty seniors living spaces over a ten-year period; and
- (c) I am Chair of Points West Living Limited Partnership, MTCO Holdings Inc., Chancery Seniors Housing Investments Inc., 103 Street Developments Inc. and Help for Mom, all of which are companies involved in or adjacent to the development of seniors housing and living projects.

A copy of my resume is attached to this affidavit as **Exhibit "A"**.

### **The Parties**

- 3. Chancery is a private real-estate investment firm that invests in seniors housing developments throughout North America. To date, the principals of Chancery have (through Chancery or other companies) invested and hold equity interests in the following five seniors housing projects: The Bartlett Seniors Housing Complex, The Middleton Seniors Apartments, Surprise Behavioral Hospital, Grandview Retirement Community, and Lindsay Retirement Residence.
- 4. In August of 2017, Chancery and Hillsport Developments Inc. ("**Hillsport**") incorporated Chancery (Oshawa) The Bartlett GP Inc. (the "**GP**") for the sole purpose of acting as the general partner of Chancery (Oshawa) The Bartlett

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Limited Partnership (the “**LP**”). Chancery and Hillsport each hold 50% of the common shares of the GP.

5. On August 18, 2017, the GP, Hillsport, Chancery, Cathrae Consulting Inc. (“**Cathrae**”) and several limited partners entered a limited partnership agreement (the “**Limited Partnership Agreement**”) to create the LP. The purpose of the LP was to develop land located at 550 Bond Street West, Oshawa Ontario by building and then operating a 129 suite seniors apartment building (the “**Project**”). The LP intended to develop the Project and subsequently refinance or sell the Project. The Limited Partnership Agreement is attached to this affidavit as **Exhibit “B”**.
6. On August 21, 2017:
  - (a) the GP, Chancery, and Hillsport executed a unanimous shareholders agreement in respect of the Project and the LP (the “**USA**”). The USA is attached to this affidavit as **Exhibit “C”**; and
  - (b) the GP and Hillsport executed a property management agreement in respect of the Project and the LP (the “**PMA**”). Pursuant to the PMA, Hillsport was appointed as the property manager of the Project. The PMA is attached to this affidavit as **Exhibit “D”**.
7. The Project has been fully operational since September 2021 and operates as “The Bartlett.” The Project is a fully constructed 129-unit apartment building that functions as a seniors apartment building. The Project also contains approximately 11,000 square feet of retail space on the ground floor. The Project occupancy,

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including residents who have paid deposits but have not yet moved in, is currently 97%.

8. The Project is rare in the seniors housing sector because it is positioned between traditional retirement homes and ordinary apartment buildings. The Project provides a living space for seniors and offers bespoke seniors' services to certain residents that one might find in a typical retirement home but does not have the typical full service package found in retirement residences such as a meal plan, nursing, medication assistance or housekeeping. The non-uniform services offered by the Project materially increase the complexity of the due diligence required by a potential purchaser.
9. Further, the ground floor retail space is currently occupied by two commercial entities that have non-arms' length relationships with Hillsport – a bistro and a clinic. Chancery's understanding, based on financial information provided by Hillsport, is that these entities have not paid rent to the LP for as long as they have operated. The additional complexity of determining how to address these tenancies will also require additional due diligence by any potential purchaser.
10. Pursuant to the PMA, Hillsport manages the day-to-day affairs of the Project including receiving all financial information.

## **The Fiera Loan and Default**

11. The LP as borrower and Fiera FP Real Estate Financing Fund, L.P. ("**Fiera**"), as lender, entered into financing arrangements pursuant to a commitment letter dated November 25, 2020 (the "**Commitment Letter**").
12. On or about April 6, 2023, Hillsport caused the LP to make a payment in the approximate amount of \$474,411.38 to pay certain tax liabilities. Hillsport made this payment outside the ordinary course of business, without Chancery's prior approval, and in breach of the USA (the "**April 6 Payment**"). In particular, section 3.1 of the USA provides that

### **3.1 Major Decisions**

...no action will be taken or permitted to be taken by or on behalf of the Company, directly or indirectly, in respect of or within the scope of any of the following matters ("Major Decisions") enumerated below, unless such action is specifically permitted or required by this Agreement or is first Approved by the Shareholders:

...

(21) declaring or paying any dividend or making any distribution of funds or any payment of funds in each case of the Company or the Partnership, or transferring any Asset to any Shareholder, Partner or any Person, other than as set out in this Agreement or the Partnership Agreement; [emphasis added]

13. Due to the April 6 Payment, the LP was left with insufficient funds to make a regular loan payment to Fiera for the month of April 2023. Consequently, the LP's cheque to Fiera was dishonoured by the LP's bank.

14. On April 17, 2023, Fiera sent a demand letter and notice of intention to enforce its security against the LP under section 244 of the *Bankruptcy and Insolvency Act*. Fiera's demand letter stated that the LP had until April 27, 2023 to repay the total outstanding indebtedness under the Commitment Letter.
15. The LP was unable to repay the total outstanding indebtedness by April 27, 2023.

### **The May Letter of Intent**

16. Following the LP's default, Chancery took steps obtain a reasonable offer for the LP's assets that would allow the LP to sell its assets and pay the outstanding indebtedness to Fiera.
17. On May 25, 2023, Chancery received a letter of intent to purchase the Project at a price that would be more than sufficient to pay off the Fiera loan in full (the "**May LOI**"). A redacted version of the May LOI is attached as Exhibit "II" to the Affidavit of Ralph Doerr sworn June 8, 2023. I understand that an unredacted version of the May LOI has been provided to the Court on a confidential basis.
18. Chancery sought Hillsport's agreement to sign back the LOI but Hillsport refused. Chancery could not cause the LP to execute the LOI without Hillsport agreeing and consequently, the LOI expired without acceptance by the LP.
19. At the time, Hillsport indicated that it was working on its own offer in respect of the Project but has never produced any such offer. In their correspondence, Hillsport specifically refers to the time it takes to "[work through] all of the complexities specifical [sic] the legal issues." Attached as **Exhibit "E"** to this affidavit is email

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correspondence between Jessica Zhang of Chancery and Samuel Schuster of Hillsport dated June 17, 2023.

### **The Receivership Application and Potential Sale Process**

20. On June 8, 2023, Fiera served an application record for an order to appoint KSV Restructuring Inc. ("**KSV**") as receiver of the assets, property and undertakings of the LP and the GP (the "**Receivership**"). The notice of application and the draft Receivership Order attached to the application record do not include any relief in respect of the approval of a sale process for the assets of the LP.
21. On July 13, 2023, KSV served and filed a report to the court in its capacity as proposed receiver setting out the background of the proceeding and providing a proposed sale process for the LP's assets (the "**Sale Process**").
22. On the same day, July 13, 2023, Fiera served a revised draft Receivership Order including provisions for the approval of the Sale Process.
23. Given my extensive experience in the seniors housing sector and the unique qualities of the Project set out above, I have a number of concerns with respect to the proposed Sale Process. On July 17, 2023, Chancery wrote to KSV setting out these concerns (the "**July 17 Letter**"). Of particular relevance to this application is that the 34-39 days allotted in the Sale Process for Phase 2 is inadequate to attract potential bidders who would have to sign the Confidentiality Agreement, access the data room, perform due diligence, obtain financing and submit an offer during that period. The July 17 Letter is attached to this Affidavit as **Exhibit "F"**.

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24. KSV, counsel to Fiera and counsel to Chancery spoke *via* telephone on July 19, 2023 regarding the Sale Process, but were unable to reach an agreement about Chancery's concerns regarding the Sale Process.
25. In particular, I continue to believe that providing potential bidders with less than 60 days to review the Project and submit a PSA (as defined in the Report) is not only too brief for the process to have any efficacy, but also is unfair because it provides a significant advantage to Hillsport, who do not require the same due diligence as other potential bidders due to their familiarity with the Project.
26. I make this Affidavit in support of Chancery's position on the motion to place the LP and GP into receivership, and for no other or improper purpose.

**AFFIRMED BY** Stephen Suske at the  
Town of Oakville, in the Region of Halton,  
before me at the City of Toronto, Ontario  
on July 19, 2023 in accordance with O.  
Reg. 431/20, Administering Oath or  
Declaration Remotely.

DocuSigned by:

T. Luke Sabourin

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Commissioner for Taking Affidavits  
(or as may be)

DocuSigned by:

Stephen Suske

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**STEPHEN SUSKE**



This is Exhibit "A" referred to in the Affidavit of Stephen Suske affirmed by Stephen Suske at the Town of Oakville in the Region of Halton before me on July 19, 2023 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

DocuSigned by:

*T. Luke Sabourin*

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*Commissioner for Taking Affidavits (or as may be)*

**T. LUKE SABOURIN**



## STEVE SUSKE

President & CEO  
Suske Capital Inc.

**Steve is currently Chair of each of Suske Capital's portfolio companies including:**

- Points West Living Limited Partnership
- MTCO Holdings Inc.
- Chancery Seniors Housing Investments Inc.
- 103 Street Developments
- Help for Mom
- Canoe Bay Development Inc.

**Additional Directorships:**

- 103 Street Developments Inc.
- Garvilla Chesterville Ltd.
- Nanaimo Memory Care Inc.
- Sussex Surprise MC General Partnership

**Former Directorships:**

- Chartwell Retirement Residences
- Spectrum Seniors Housing Development Corp.
- Devonshire Financial Group Limited
- BerQ RNG Inc.

**CONTACT:**

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Suite 400  
Oakville, ON, L6H 0C3

Steve Suske is President and CEO of Suske Capital Inc., a leading private equity firm based in Oakville, Ontario with a focus on investing in real estate, finance, emerging technology, alternative energy, and healthcare.

A proven entrepreneur with over 40 years of professional experience in developing and managing businesses, Steve has overseen, led and advised over \$5 billion in business transactions across a variety of sectors and has established himself as a leading authority in the North American seniors housing sector.

Steve is the founder of Chartwell Retirement Residences, the cornerstone of Canadian seniors housing with a current market capitalization of \$2.8 billion and listed on the TSX, as well as Regal Lifestyle Communities Inc. which was privatized by Health Care REIT, Inc. and Revera Inc. in October 2015.

As founder of Spectrum Seniors Housing Development Corporation, Steve oversaw the development of over 60 seniors residences over a 10-year period.

Steve graduated from the MBA program at the Richard Ivey School of Business in 1977 and maintains close ties with the business school. He has acted as an Entrepreneur-In-Residence since 2009 and as a member of the Western Entrepreneurship Advisory Board (formerly the Pierre L. Morrisette Institute for Entrepreneurship Advisory Council) since 2008.

In 2017, Steve was honoured with the Ivey Distinguished Service Award, an award for alumni who have provided extraordinary service to the Ivey Business School over an extended period of time.

In 2018, Ivey Business School announced the establishment of the Stephen Suske Ivey New Venture Project (INVP) Award and the Stephen Suske Entrepreneurs-in-Residence (EIR) Program.


**Chair and Director: Points West Living Partnership June 2015-Present**

Points West Living is a portfolio of over 580 suites across seven properties in Alberta. In addition to the portfolio, Points West Living owns Connecting Care, a seniors housing operator of 30 residences, with a total of 2,900 suites under management.


**Chair and Director: MTCO Holdings Inc. January 2013-Present**

Suske Capital invests with MTCO in the development of state-of-the-art retirement homes throughout Ontario. In addition to co-investing in projects, Suske Capital assists in all aspects of the pre-development, including the arranging of financing and raising of equity, financial modeling, and creation of marketing materials. MTCO currently has three operating retirement communities in Bowmanville, Collingwood, and Barrie, ON, that offer independent and assisted living and seniors apartments; a 159-suite retirement residence in Stoney Creek, ON under construction; and several other projects under development.


**Chair: Chancery Seniors Housing Investments Inc. September 2016-Present**

Suske Capital Inc., together with strategic partner LD Capital Corp., launched Chancery Seniors Housing Investments Inc., a private real-estate investment firm that invests in seniors housing development projects throughout North America. Since its inception, Chancery has successfully raised over \$24 million in funds for four development projects.


**Chair: 103 Street Developments Inc. January 2017-Present**

103 Street Developments is an Alberta-based company that builds communities and creative living spaces. Their Active Adult Lifestyle Communities combine the independence of a traditional apartment complex with the safety and security of a Supportive Living Community. 103 Street opened Three Robins Active Living Community Red Deer in December 2019 and Three Robins Active Living Community Stony Plain in early 2021 and currently has five projects underway in Alberta.

In 2018, 103 Street won six projects in an RFP bid from Alberta Health Services. Two of these projects, a hotel conversion and an expansion on an existing property, are operational. The four new developments are under construction and will open in 2022.


**Shareholder: BerQ RNG Inc. March 2019-Present**

BerQ RNG develops renewable natural gas from biogas, landfill, and wastewater treatment facilities. On September 7, 2021, BerQ announced that it had entered into an investment partnership with Starwood Energy Group Global, LLC, a private equity investment firm based in Greenwich, CT that specializes in energy infrastructure investments. This partnership will develop and acquire RNG projects in all stages, ranging from early development to operating projects.


**Chair: Help for Mom January 2014-Present**

Help for Mom is a trusted Canadian ElderCare Advisor created to help families save time and provide guidance when navigating options and services for senior living and care. HFM does this by providing the client with referrals and resources to local senior living providers that best match their loved ones' individual needs and preferences. Help for Mom's number one goal is to remain impartial. The advisors are not paid commission, nor do they have sales targets.


**Chair: Canoe Bay Development Inc. April 2016-Present**

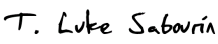
Canoe Bay is a \$175 million real estate development project designed with a focus on a mature active living lifestyle. With facilities geared towards active living, Canoe Bay will attract residents who are ready to downsize and simplify their lives in a beautiful setting. Canoe Bay will have a 247-suite seniors apartment building and 265-suite seniors residence located across from Mooney's Bay in Ottawa, ON.


**Development Partner: Avenir Senior Living January 2014-Present**

Avenir Senior Living offers world-class care for seniors who are able to live independently, as well as those requiring greater care due to Alzheimer's, dementia, and other memory impairments. Suske Capital has partnered in seven projects with Avenir Senior Living since 2014, directly and together with Chancery Seniors Housing Investments Inc.

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This is Exhibit "B" referred to in the Affidavit of Stephen Suske affirmed by Stephen Suske at the Town of Oakville in the Region of Halton before me on July 19, 2023 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

DocuSigned by:  
  
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*Commissioner for Taking Affidavits (or as may be)*

**T. LUKE SABOURIN**

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**CHANCERY (OSHAWA) THE BARTLETT LIMITED  
PARTNERSHIP  
LIMITED PARTNERSHIP AGREEMENT**

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## **CHANCERY (OSHAWA) THE BARTLETT LIMITED PARTNERSHIP**

### **LIMITED PARTNERSHIP AGREEMENT**

**THIS AGREEMENT** made effective as at and from the 18<sup>h</sup> day of August, 2017.

#### **B E T W E E N:**

**CHANCERY (OSHAWA) THE BARTLETT GP INC.**, a corporation existing under the laws of the Province of Ontario,  
(the “**General Partner**”)

And

**HILLSPORT DEVELOPMENTS INC.**, a corporation existing under the laws of the Province of Ontario,  
(“**Hillspport**”)

And

**CHANCERY SENIORS HOUSING INVESTMENTS INC.**, a corporation existing under the laws of the Province of Ontario,  
(“**Chancery**”)

And

**CATHRAE CONSULTING INC.**, a corporation existing under the laws of the Province of Ontario,  
(“**Cathrae**”)

And

**EACH PERSON WHO IS ADMITTED AS A LIMITED PARTNER IN THE PARTNERSHIP** and listed from time to time in the register of the Partnership;  
(collectively, the “**Limited Partners**”)

#### **RECITALS**

A. The General Partner and the Limited Partners have agreed to form a Limited Partnership, under the name Chancery (Oshawa) The Bartlett Limited Partnership (the “**Partnership**”) to develop 2.38 acres of development land located at 550 Bond Street West, Oshawa, Ontario and to develop, build and stabilize a 129 suite seniors apartment building (the “**Project**”), and the ultimate lease-up and refinance or sale of the Project.

B. The parties hereto wish to enter into this Agreement for the purposes of recording the relationship among the Partners and their respective rights and duties in the Partnership.

**NOW THEREFORE THIS AGREEMENT WITNESSES** that in consideration of the mutual covenants and agreements herein contained, the parties hereto covenant and agree as follows:

## **ARTICLE 1 – INTERPRETATION**

### **1.1 Definitions**

In this Agreement, unless the context otherwise requires, the following words and phrases have the meanings set out below:

- (a) **“Act”** means the *Limited Partnerships Act* (Ontario), as the same may be amended, from time to time;
- (b) **“Additional LP Units”** has the meaning ascribed thereto in Section 3.2;
- (c) **“Admission Date”** has the meaning ascribed thereto in Section 5.6;
- (d) **“Affiliate”** of a person means any person that directly or indirectly Controls, is Controlled by, or is under common Control with, that person;
- (e) **“Agreement”** shall mean this limited partnership agreement among the parties hereto, including all appendices and schedules attached hereto, as the same may be further amended, changed or supplemented from time to time; the expressions “herein”, “hereof”, “hereunder” and similar expressions shall mean and refer to this Agreement and not to any particular Article or Section, unless a particular Article or Section is specifically referenced; and “Article”, “Section”, “Schedule” and “Appendix” shall mean and refer to the specified article, section, schedule and appendix, respectively, of or to this Agreement;
- (f) **“Allocated Income”** has the meaning ascribed thereto in Section 5.5;
- (g) **“Assigning Partner”** has the meaning ascribed thereto in Section 5.5;
- (h) **“Asset Management Agreement”** means the Asset Management Agreement made as of the date hereof between the Partnership and Hillsport;
- (i) **“Asset Management Services”** has the meaning ascribed to the term “Services” in the Asset Management Agreement;
- (j) **“Asset Management Termination Date”** has the meaning ascribed to the term “Termination Date” in the Asset Management Agreement;
- (k) **“Asset Manager”** means Chancery or its successor;
- (l) **“Asset Manager Fee”** has the meaning ascribed thereto in Section 7.5;
- (m) **“Board”** has the meaning ascribed thereto in Section 7.2;

- (n) **“Business”** has the meaning ascribed thereto in Section 2.6;
- (o) **“Business Day”** means a day other than a Saturday, Sunday or statutory holiday in the Province of Ontario and *Rosh Hashana* (two days), *Yom Kippur*, the first two days of *Sukkoth*, *Shemini Azereth*, *Simchath Torah*, the first, second, seventh and eighth days of *Passover* and *Shavuoth* (two days);
- (p) **“Capital”** means, in the case of each Partner, the amount of cash or other property contributed by such Partner (or any prior holder of such interest in the Partnership) to the capital of the Partnership from time to time less any distributions of capital by the Partnership to the Partner (or any prior holder of such interest in the Partnership), if any;
- (q) **“Capital Accounts”** means the Capital Accounts established and determined pursuant to Section 4.1 and a **“Capital Account”** means the Capital Account of one of the Partners;
- (r) **“Capital Contribution”** means, in the case of each Partner, the amount of cash or other property contributed by such Partner (or any prior holder of such interest in the Partnership) to the capital of the Partnership;
- (s) **“Class A Subordinated Preferred Units”** has the meaning ascribed thereto in Section 3.2;
- (t) **“Class A Subordinated Preferred Unit Issue Price”** means One Thousand Dollars (\$1,000.00) per Class A Subordinated Preferred Unit;
- (u) **“Class A Subordinated Preferred Unit Redemption”** has the meaning ascribed thereto in Section 3.16;
- (v) **“Class A Subordinated Preferred Unit Redemption Amount”** means, per Class A Subordinated Preferred Unit, the Class A Subordinated Preferred Unit Issue Price plus all accrued and unpaid distributions on each Class A Subordinated Preferred Unit, less the aggregate of all distributions paid on each Class A Subordinated Preferred Unit;
- (w) **“Class B Subordinated Preferred Units”** has the meaning ascribed thereto in Section 3.2;
- (x) **“Class B Subordinated Preferred Unit Issue Price”** means One Thousand Dollars (\$1,000.00) per Class B Subordinated Preferred Unit;
- (y) **“Class B Subordinated Preferred Unit Redemption”** has the meaning ascribed thereto in Section 3.17;
- (z) **“Class B Subordinated Preferred Unit Redemption Amount”** means the Class B Subordinated Preferred Unit Issue Price;
- (aa) **“Closing Date”** has the meaning ascribed thereto in Section 16.2;

- (bb) **“Common LP Units”** has the meaning ascribed thereto in Section 3.2;
- (cc) **“Construction Period”** has the meaning ascribed thereto in the Development Management Agreement;
- (dd) **“Control”** means, in relation to any person, the ownership, directly or indirectly, of voting securities or other interests in such person entitling the holder to exercise control and direction in fact over the activities of such person; and the terms “Controlled” and “Controlling” have the meaning correlative to the foregoing;
- (ee) **“Declaration”** means the declaration of limited partnership and any subsequent declaration filed and registered in respect of the Partnership pursuant to the Act;
- (ff) **“Development Management Agreement”** means the Development Management Agreement made as of the date hereof between the Partnership and Hillspport Management Inc.;
- (gg) **“Development Management Fee”** has the meaning ascribed thereto in Section 7.3;
- (hh) **“Development Manager”** means Hillspport Management Inc. or its successor;
- (ii) **“Development Services”** has the meaning ascribed to the term “Services” in the Development Management Agreement;
- (jj) **“Extension Provision of the Preferred Units”** has the meaning ascribed thereto in Section 3.11;
- (kk) **“General Partner”** means Chancery (Oshawa) the Bartlett GP Inc., or such other person as becomes the general partner of the Partnership in accordance with the terms of this Agreement;
- (ll) **“GP Units”** has the meaning ascribed thereto it in Section 3.2;
- (mm) **“ITA”** means the *Income Tax Act* (Canada) and the regulations promulgated thereunder, as the same may be amended from time to time;
- (nn) **“Land”** means 2.38 acres of development land located at 550 Bond Street West, Oshawa, Ontario PINs 16301-0432, 16301-0236, 16301-0235;
- (oo) **“Limited Partner”** means a holder of one or more LP Units reflected on the register of the Partnership or any other person which, after the date of this Agreement and in accordance with the provisions of this Agreement and the Act, is admitted as a limited partner of the Partnership. **“Limited Partners”** shall have a corresponding meaning in respect of all such parties, collectively or some of them as the context requires;

- (pp) **“LP Units”** means the Preferred Units, the Class A Subordinated Preferred Units, the Class B Subordinated Preferred Units, the Common LP Units and the Additional LP Units;
- (qq) **“Management Services”** has the meaning ascribed to the term “Services” in the Property Management Agreement;
- (rr) **“Negative Covenant”** has the meaning ascribed thereto in Section 6.1;
- (ss) **“Net Income”** or **“Net Loss”** means the net income or net loss of the Partnership as determined from time to time by the General Partner in accordance with Canadian accounting standards for private enterprises which is part of Canadian generally accepted accounting principles;
- (tt) **“Notes”** means the 10% subordinated secured notes due October 3, 2020 of the Partnership, subject to an optional extension by the Partnership to October 3, 2021;
- (uu) **“Operations Management Fee”** has the meaning ascribed thereto in Section 7.4;
- (vv) **“Partner”** may be used to refer to any one of the Limited Partners or the General Partner, and **“Partners”** shall have a corresponding meaning in respect of all such parties, collectively or some of them, as the context requires;
- (ww) **“Partnership”** means Chancery (Oshawa) The Bartlett Limited Partnership, the limited partnership formed upon the filing of the Declaration;
- (xx) **“Partnership Interest”** refers to the interest in the Partnership belonging to any one of the Limited Partners and the General Partner and **“Partnership Interests”** shall have a corresponding meaning in respect of their interests, collectively or some of them as the context requires, and may be evidenced by Partnership Units;
- (yy) **“Partnership’s Optional Redemption of the Preferred Units”** has the meaning ascribed thereto in Section 3.13;
- (zz) **“Partnership Units”** means the Preferred Units, the Class A Subordinated Preferred Units, the Class B Subordinated Preferred Units, the Common LP Units, the Additional Units and the GP Units;
- (aaa) **“Percentage Limited Partner Interest”** means, with respect to any Limited Partner, that percentage of all the LP Units which have been issued and are then outstanding that is from time to time owned by such Limited Partner, as the same may be increased or decreased from time to time in accordance with the provisions hereof;

- (bbb) **“person”** includes an individual, limited partnership, general partnership, corporation, limited liability company, unlimited company, unincorporated association or organization, joint venture, trust, governmental or quasi-governmental authority or any judicial or administrative authority or other entity;
- (ccc) **“Preferred Limited Partners”** means those Limited Partners who hold Preferred Units;
- (ddd) **“Preferred Units”** has the meaning ascribed thereto in Section 3.2;
- (eee) **“Preferred Unit Extended Maturity Date”** means October 3, 2021;
- (fff) **“Preferred Unit Issue Price”** One Thousand Dollars (\$1,000.00) per Preferred Unit;
- (ggg) **“Preferred Unit Maturity Date”** means October 3, 2020;
- (hhh) **“Preferred Unit Redemption”** has the meaning ascribed thereto in Section 3.14;
- (iii) **“Preferred Unit Redemption Amount”** means, for each series of Preferred Units, per Preferred Unit, the Preferred Unit Issue Price plus all accrued and unpaid distributions on each Preferred Unit, less the aggregate of all distributions paid on each series Preferred Unit, if any;
- (jjj) **“Project”** has the meaning ascribed thereto in the Recitals;
- (kkk) **“Property Management Agreement”** means the property management agreement made as of the date hereof between the Partnership and the Property Manager;
- (lll) **“Property Manager”** means Hillsport Management Inc. or its successor;
- (mmm) **“Purchase Agreement”** means the purchase agreement made as of the date hereof between the Partnership and Hillsport in respect of the Land;
- (nnn) **“Receiver”** has the meaning ascribed thereto in Section 12.4;
- (ooo) **“Register”** has the meaning ascribed thereto in Section 3.1;
- (ppp) **“Related Party”** means, with reference to the General Partner, any of the following:
  - (i) any person who participates in the management of the General Partner;
  - (ii) any person who participates in the management of the Project or the Business;

- (iii) an Affiliate of the General Partner;
  - (iv) an Affiliate of a person mentioned in (i), (ii) or (iii), including limited partnerships or other real estate entities set up by any such persons;
  - (v) any director or officer of a person mentioned in (i), (ii), (iii) or (iv);or
  - (vi) an Affiliate of a person mentioned in (v) above;
- (qqq) **“Sale”** has the meaning ascribed thereto in Section 16.2;
- (rrr) **“Special Resolution”** means a resolution approved by at least 66 2/3% of the Limited Partners (including the holders of Preferred Units and Subordinated Preferred Units, to the extent they have the right pursuant to this Agreement to vote in respect of such Special Resolution) cast in person or by proxy, at a duly convened meeting of the Partners or at any adjournment thereof, called in accordance with this Agreement, or a written resolution signed by a Limited Partner (including the holders of Preferred Units and Subordinated Preferred Units, to the extent they have the right pursuant to this Agreement to vote in respect of such Special Resolution) holding, in the aggregate, at least 66 2/3% of all of the issued and outstanding LP Units at such time;
- (sss) **“Stabilization” means** an average of 95% occupancy in the Project over six (6) calendar months;
- (ttt) **“Subject Units”** has the meaning ascribed thereto in Section 16.1;
- (uuu) **“Subject Units Purchaser”** has the meaning ascribed thereto in Section 16.2;
- (vvv) **“Subordinated Preferred Units”** means the Class A Subordinated Preferred Units and the Class B Subordinated Preferred Units;
- (www) **“Taxable Income” or “Tax Loss”** means, in respect of any fiscal year, the amount of income or loss (including capital gains and capital losses) of the Partnership, respectively, for such fiscal year as determined by the General Partner in accordance with this Agreement, the ITA and any applicable provincial income tax legislation;
- (xxx) **“Tax Distribution”** means a distribution to holders of the LP Units of the Tax Distribution Amount;
- (yyy) **“Tax Distribution Amount”** means an amount per LP Unit, as applicable, equal to any tax attributable to a holder of such LP Units (as applicable) as a result of holding such LP Units, as determined by the General Partner;

(zzz) “**Termination Date**” has the meaning ascribed thereto in Section 12.1;

(aaaa) “**Time of Closing**” has the meaning ascribed thereto in Section 16.2;

(bbbb) “**Unit Certificate**” has the meaning ascribed thereto in Section 3.16;

(cccc) “**Unitholder**” means a holder of units of the Partnership; and

(dddd) “**Vendor**” has the meaning ascribed thereto in Section 16.1.

## **1.2 Headings**

The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

## **1.3 Number and Gender**

In this Agreement, words importing the singular number only shall include the plural and *vice versa*, and words importing the masculine gender shall include the feminine and neuter genders and *vice versa*. Terms defined in the singular shall have the corresponding meaning when stated in the plural and *vice versa*.

## **1.4 Calculation of Time**

Unless otherwise specifically provided herein, in calculating the period of time within which or following which any act is to be done or step has to be taken pursuant to this Agreement, the date which is the reference date in calculating such period shall be excluded.

## **1.5 Performance on Non-Business Days**

If any act or thing is required to be done or any step is required to be taken hereunder on or by a specified day which is not a Business Day, then such act or thing shall be validly done and such step shall be validly taken if done or taken on or by the next succeeding day that is a Business Day.

# **ARTICLE 2 – THE PARTNERSHIP**

## **2.1 Formation of Partnership**

The parties agree that the Partnership shall become a limited partnership upon the filing of the Declaration in accordance with the Act, and shall continue until the date on which the Partnership is dissolved in accordance with this Agreement and the Act. The rights and obligations of the Limited Partners shall be as provided in the Act except as herein otherwise expressly provided.

## **2.2 Name**

The Partnership shall carry on business under the name “**Chancery (Oshawa) The Bartlett Limited Partnership**” or such other name or names as the General Partner may



determine from time to time, provided that the General Partner amends the Declaration to reflect any such name change and immediately notifies the Limited Partners of any such change of name.

### **2.3 Maintaining Status of the Partnership**

The General Partner shall forthwith cause to be executed and filed the Declaration to form the Partnership as a limited partnership under the laws of the Province of Ontario. The General Partner shall file, on a timely basis whenever required, any amendment to the Declaration and shall do all things and cause to be executed and filed such certificates, declarations, instruments and documents as may be required under the laws of the Province of Ontario and the laws of any other province having jurisdiction in which the Partnership may carry on business to reflect the constitution of the Partnership. The General Partner and each Limited Partner shall execute and deliver as promptly as possible any documents that may be necessary or desirable to accomplish the purposes of this Agreement or to give effect to the formation and continuance of the Partnership under any and all applicable laws. The General Partner shall take all necessary actions on the basis of the information available to it in order to maintain the status of the Partnership as a limited partnership under the Act. The General Partner shall take every reasonable action necessary to preserve the limited liability of the Limited Partners and shall not take any action which, or omit to take any action the omission of which, could reasonably be expected to jeopardize the limited liability of the Limited Partners.

### **2.4 Principal Place of Business**

The principal place of business of the Partnership shall be 2275 Upper Middle Road East, Suite 100, Oakville, Ontario, L6H 0C3, or such other place as the General Partner may determine from time to time.

### **2.5 Fiscal Year**

The fiscal year of the Partnership shall end on December 31 in each year, or such other date as the General Partner in its discretion shall determine from time to time.

### **2.6 Business of the Partnership**

The business of the Partnership is to own and develop the Project, including acquiring the Land, and then refinance or sell the Project (the “**Business**”). For greater certainty, nothing contained herein shall prevent the Partnership from owning and operating the Project following its completion. The Partnership shall not carry on any business other than the Business, unless approval therefor is given by the General Partner and by Special Resolution of each class of Limited Partners, voting separately as a class.

### **2.7 Term**

The term of the Partnership shall commence upon the filing of the Declaration and shall continue until termination of the Partnership pursuant to the terms of this Agreement.

## 2.8 Status of Limited Partners

Each of the Limited Partners represents and warrants to and covenants with the General Partner and the remaining Limited Partners that such Limited Partner:

- (a) is not and shall not become a “non-resident” of Canada within the meaning of the ITA;
- (b) is not acquiring LP Units as a “tax shelter investment” (as defined for the purposes of the ITA), and is not a person an interest in which would be a “tax shelter investment” for the purposes of the ITA;
- (c) is not and shall not be a “financial institution” for the purposes of the ITA;
- (d) is not and shall not become a “non-Canadian” within the meaning of the *Investment Canada Act* (Canada) unless the General Partner has waived this requirement after it has determined, on the advice of legal counsel, that the Partnership is and will remain a Canadian-controlled entity within the meaning of such statute notwithstanding such waiver and that neither the Partnership nor any Limited Partner will suffer any negative consequences, tax or otherwise, as a result of such waiver; and
- (e) has the power and capacity to enter into and be bound by this Agreement,

and shall from time to time at the request of the General Partner or the remaining Limited Partners provide such evidence of compliance with such representations, warranties and covenants as the General Partner or the remaining Limited Partners may reasonably request.

## 2.9 Status of General Partner

The General Partner represents and warrants to and covenants with the Limited Partners that it:

- (a) will ensure that the Partnership is and shall remain a “Canadian partnership” within the meaning of the ITA;
- (b) is not and shall not become a “non-Canadian” within the meaning of the *Investment Canada Act* (Canada);
- (c) is not and shall not become a “non-resident” of Canada within the meaning of the ITA;
- (d) is not acquiring LP Units as a “tax shelter investment” (as defined for the purposes of the ITA), and is not a person an interest in which would be a “tax shelter investment” for the purposes of the ITA;
- (e) has and shall continue to have, so long as it is the General Partner of the Partnership, the power and capacity to act as the General Partner of the Partnership and to enter into, be bound by and perform its obligations under this Agreement,

and shall from time to time at the request of any of the Limited Partners provide such evidence of compliance with such representations, warranties and covenants as any of the Limited Partners may reasonably request.

### ARTICLE 3 – PARTNERSHIP UNITS

#### 3.1 Register

The General Partner shall at all times maintain a current record of the Partners (the “**Register**”) in accordance with the provisions of the Act in which there shall be recorded the names and addresses of the Partners, their Partnership Units, their Partnership Interests and such other matters as may be required under the Act.

#### 3.2 Partnership Units

The Partnership is authorized under this Agreement to issue: (i) up to 3,500 Deferred Non-Compounding Preferred Limited Partnership Units, issuable in series (collectively, the “**Preferred Units**”), which are non-voting units; (ii) 2,500 Class A Subordinated Preferred Limited Partnership Units (the “**Class A Subordinated Preferred Units**”); (iii) 1,500 Class B Subordinated Preferred Limited Partnership Units (the “**Class B Subordinated Preferred Units**”); (iv) an unlimited number of common limited partnership units (the “**Common LP Units**”) which are voting units, each Common LP Unit conferring the right to one vote at any meeting of Unitholders; (v) an unlimited number of any other class of limited partnership units that may be authorized for issuance by the General Partner in accordance with this Agreement (the “**Additional LP Units**”) and (vi) an unlimited number of GP Units (the “**GP Units**”), all of which will be held by the General Partner.

#### 3.3 GP Units

The GP Units shall have the following terms, conditions, rights and privileges:

- (a) Voting Rights: The holder of the GP Units shall be entitled to receive notice of and to attend all meetings of Partners called pursuant to the terms hereof, but shall have no voting rights at such meetings in respect of the GP Units held by such holder;
- (b) Income, Losses and Distributions: The holder of the GP Units shall be entitled to receive a portion of the Net Income, and may be allocated a portion of any Net Loss, as allocated and distributed, from time to time, by the General Partner in accordance with Article 5; and
- (c) Distributions of Assets on Sale, Liquidation or Dissolution: After making provision for the payment of debts, liabilities and obligations of the Partnership as described in Section 12.5 and as otherwise required by law, the General Partner shall be entitled to receive a distribution in the manner contemplated by Section 12.5.

#### 3.4 Preferred Units

The Preferred Units shall have the following terms, conditions, rights and privileges:

- (a) Voting Rights: The Preferred Units shall be non-voting other than with respect to the matters described in Sections 2.6, 3.9, 7.14, 11.2 and 15.2;
- (b) Redemption: The holders of Preferred Units shall only be entitled to, on a per unit basis, the Preferred Unit Redemption Amount, as described in Section 3.14; and
- (c) Series: All series of Preferred Units will rank *pari passu* with each other series and will mature on the same date. Distributions will accrue on each series of Preferred Units from the applicable date of issuance or date determined by the General Partner not to be later than the applicable date of issuance or earlier than 60 days prior to the applicable date of issuance.
- (d) Distributions: The Preferred Units will be entitled, on a deferred non-compounding basis, to an annual distribution in an amount equal to 15% of the Preferred Unit Issue Price, such amount to be calculated from the date of issuance and payable at the earlier of: (i) the Preferred Unit Maturity Date or, if extended by the Issuer, the Preferred Unit Extended Maturity Date, and (ii) the date that the Preferred Units are redeemed by the Issuer.

### **3.5 Class A Subordinated Preferred Units**

The Class A Subordinated Preferred Units shall have the following terms, conditions, rights and privileges:

- (a) Voting Rights: The Class A Subordinated Non-Compounding Preferred Units shall be non-voting other than with respect to the matters described in Sections 2.6, 3.9 and 15.2;
- (b) Distributions: The Class A Subordinated Preferred Units will be entitled, on a deferred non-compounding basis, to an annual distribution in an amount equal to 15% of the Class A Subordinated Preferred Unit Issue Price, such amount to be from the date of issuance, until such units are redeemed by the Partnership for the Class A Subordinated Preferred Unit Redemption Amount; provided that the 15% per annum return shall cease and no longer accrue on the date that the Preferred Units are redeemed by the Partnership. For greater certainty, the distribution applicable to the Class A Subordinated Preferred Units will only be paid when the Class A Subordinated Preferred Units are redeemed by the Partnership.

### **3.6 Class B Subordinated Preferred Units**

The Class B Subordinated Preferred Units shall have the following terms, conditions, rights and privileges:

- (a) Voting Rights: The Class B Subordinated Preferred Units shall be non-voting other than with respect to the matters described in Sections 2.6, 3.9 and 15.2;

- (b) Distributions: Subject to the Negative Covenant, the Preferred Unit Redemption, and the Class A Subordinated Preferred Unit Redemption, the Class B Subordinated Preferred Units shall only be entitled to a distribution in amount per unit equal to the Class B Subordinated Preferred Unit Redemption Amount as provided in Section 6.3.

### 3.7 Common LP Units

- (a) Voting Rights: The holder of the Common LP Units shall be entitled to receive notice of and to attend all meetings of Partners called pursuant to the terms hereof, and shall have voting rights. Each Common LP Unit confers the right to one vote, per Common LP Unit, at any meeting of Unitholders; and
- (b) Distributions: Subject to the Negative Covenant, the Preferred Unit Redemption, the Class A Subordinated Preferred Unit Redemption and the Class B Subordinated Preferred Unit Redemption, distributions on the Common LP Units, if any, shall be determined by the General Partner as provided in Section 6.3.

### 3.8 Issuance of the GP Units

The parties to this Agreement acknowledge and agree that one GP Unit has been issued to and in the name of the General Partner. The Partnership acknowledges receipt of \$1.00 from the General Partner as full payment of the subscription price for the GP Unit issued hereby.

### 3.9 Additional Issues of LP Units

In addition to the Preferred Units, the Subordinated Preferred Units, the Common LP Units and the GP Units, the General Partner is authorized to issue an unlimited number of Additional LP Units. The General Partner shall determine the consideration and terms and conditions with respect to any future issuance of Additional LP Units in a manner that it, in good faith, determines to be in the best interests of the Partnership, which Additional LP Units, if any, shall have such designation, rights, privileges, restrictions and conditions as shall be fixed by the General Partner; provided that any Additional LP Units so issued shall be subordinate to the Preferred Units, the Subordinated Preferred Units, the Common LP Units, and the GP Units and any previously issued Units, unless approved by the holders of the any affected LP Units by Special Resolution, each voting separately as class.

### 3.10 Issued Common LP Units and GP Units

The number of Common LP Units that have been issued as of the date hereof to each of the initial holders of Common LP Units is as follows:

Partner	Number and Type of Units
Chancery	45 Common LP Units
Cathrae	5 Common LP Units
Hillspport	50 Common LP Units

The number of GP Units that have been issued to the General Partner is as follows:

<b>Partner</b>	<b>Number and Type of Units</b>
General Partner	One (1) GP Unit

### **3.11 Subordinated Preferred Units to be Issued in exchange for the Land**

In exchange for the Land and the expenses relating to the Project incurred to date, Hillsport will be issued the 2,500 Class A Subordinated Preferred Units and 1,500 Class B Subordinated Preferred Units in accordance with the Purchase Agreement.

### **3.12 Optional Extension of the Preferred Units**

Within 60 days of the Preferred Unit Maturity Date, the General Partner may extend the maturity date of the Preferred Units to the Preferred Unit Extended Maturity Date (the “**Extension Provision of the Preferred Units**”).

### **3.13 Optional Redemption of the Preferred Units by the Partnership**

Provided the Notes have been repaid and are no longer outstanding obligations of the Partnership, and the Preferred Unit Maturity Date has been extended pursuant to Section 3.11, from the Preferred Unit Maturity Date to the Preferred Unit Extended Maturity Date, the Partnership will have the right to redeem the Preferred Units, on 60 days’ prior written notice to the Preferred Limited Partners for an amount per unit equal to the Preferred Unit Redemption Amount (the “**Partnership’s Optional Redemption of the Preferred Units**”).

### **3.14 Redemption of Preferred Units**

Subject to the Negative Covenant and provided the Notes have been repaid and are no longer outstanding obligations of the Partnership, the Partnership will be required to redeem (the “**Preferred Unit Redemption**”) each Preferred Unit on the Preferred Unit Maturity Date, provided that the if the Extension Provision of the Preferred Units is exercised by the Partnership, the Preferred Unit Redemption must occur on the earlier of: (i) the Preferred Unit Extended Maturity Date and (ii) the effective date of the Partnership’s Optional Redemption of Preferred Units, in each case for an amount per unit equal to the Preferred Unit Redemption Amount.

### **3.15 Pro Rata and Pari Passu Redemption**

Any redemption of Preferred Units will be made pro rata across all series of Preferred Units on a pari passu basis.

### **3.16 Redemption of the Class A Subordinated Preferred Units**

Subject to the Negative Covenant and provided the Notes and the Preferred Units have been redeemed and are no longer outstanding obligations of the Partnership, the Partnership may redeem each Class A Subordinated Preferred Unit (the “**Class A Subordinated Preferred Unit Redemption**”) at any time for an amount per unit equal to the Class A Subordinated Preferred Redemption Amount .

### **3.17 Redemption of the Class B Subordinated Preferred Units**

Subject to the Negative Covenant and provided the Notes, Preferred Units and Class A Subordinated Preferred Units have been redeemed and are no longer outstanding obligations of the Partnership, the Partnership may redeem each Class B Subordinated Preferred Unit (the “**Class B Subordinated Preferred Unit Redemption**”) at any time for an amount per unit equal to the Class B Subordinated Preferred Redemption Amount.

### **3.18 Certificates**

The Partnership does not intend to issue certificates to represent the LP Units. The Partnership may, but shall not be obligated to, issue to the Limited Partners and to any new Limited Partner certificates representing the LP Units (in each case, a “**Unit Certificate**”) subscribed for from time to time indicating that the holder thereof is the owner of the number and class of LP Units set out thereon. Every Unit Certificate must be signed by at least one officer or director of the General Partner. Each Unit Certificate shall be registered as directed by the Limited Partner or an agent thereof. The validity of a Unit Certificate will not be affected by the circumstance that a person whose signature is so affixed thereon is deceased or no longer holds the office which he or she held when his or her signature in that office was authorized. If any Unit Certificate is lost, mutilated, stolen or destroyed, the Partnership may issue a replacement Unit Certificate to the Limited Partner upon receipt of evidence satisfactory to the Partnership of such loss, mutilation, theft or destruction, and upon receiving such indemnification (including an indemnity bond provided at the expense of the Limited Partner) as it deems appropriate in the circumstances.

## **ARTICLE 4 – ACCOUNTS**

### **4.1 Capital Accounts**

There shall be established and maintained for each Limited Partner on the books of the Partnership a Capital Account showing the Capital of each Limited Partner to which shall initially be credited the amount equal to the issue price per LP Unit multiplied by the number of LP Units held by such Limited Partner and thereafter there shall be credited or charged to each such account any additional Capital Contributions or return of Capital. There shall be established and maintained for the General Partner on the books of the Partnership a Capital Account showing the Capital of the General Partner to which shall initially be credited an amount equal to the Capital Contribution of the General Partner and thereafter there shall be credited or charged to such account any additional Capital Contributions or return of Capital.

### **4.2 Acknowledgement of Subordinate Preferred Unit Initial Capital Contribution**

It is acknowledged by the Partnership that upon the acquisition of the Land (including the expenses relating to the Project incurred to date), the Partnership will have received from Hillsport, in exchange for the issuance and delivery by the Partnership to Hillsport of 2,500 Class A Subordinated Preferred Units and 1,500 Class B Subordinated Preferred Units, a Capital Contribution valued at \$4,000,000, \$2,500,000 of which will be applied to the Capital Account of the Class A Subordinate Preferred Units and \$1,500,000 of which will be applied to the Capital Account of the Class B Subordinate Preferred Units.

### **4.3 Restriction on Withdrawal, Etc.**

No interest shall be paid to any Partner on any amount in its Capital Account except as expressly provided for in this Agreement. A Partner shall not have the right to withdraw any amount or receive any distribution or draw from the Partnership except as expressly provided for in this Agreement.

### **4.4 Bank Financing**

All funds required by the Partnership in addition to its internally generated funds may, to the extent appropriate in the circumstances and possible in a practical, cost effective, efficient and timely manner, all as determined by the General Partner in its sole and unfettered discretion, be borrowed from the Partnership's bank or other lending institutions. No Limited Partners shall be required to guarantee, personally or otherwise, the payment of the Partnership's indebtedness.

### **4.5 Project Financing**

The Partners agree that any and all other amounts required, from time to time, for or in respect of the Project that would not be covered by the aggregate Capital Contribution of all Partners and all of the debt financing raised by the Partnership from third party lenders or through the sale of debt securities of the Partnership shall be obtained, to the maximum extent possible, by way of equity or mortgage financing of the Land ("**Project Financing**"). Chancery shall be responsible for arranging for any Project Financing either by way of an offering of Preferred Units or Additional Units, offering debt securities of the Partnership or a third party loan, or any combination thereof. The Partners agree that so long as Chancery is continuing to make diligent and good faith, commercially reasonable efforts to arrange for any such Project Financing on the terms set out herein, including by working expeditiously and in good faith to close any such financing once such a financing commitment has been obtained, Chancery shall be deemed to be in compliance with its obligations under this Section 4.5. Nothing contained herein shall create any obligation on Chancery to fund Project Financing.

The decisions as to whether or not Project Financing is required, the amounts thereof, from whom the same shall be borrowed, and the terms and conditions of such borrowing shall each be determined by the General Partner.

## **ARTICLE 5 – ALLOCATION OF NET INCOME OR NET LOSS**

### **5.1 Allocation of Net Income and Net Loss**

Net Income and Net Loss for any fiscal year shall be allocated in the same manner as Taxable Income and Tax Loss is allocated in 5.2.

### **5.2 Allocation of Taxable Income and Tax Loss**

- (i) Taxable Income for any fiscal year shall be allocated to each Partner in the same proportion as distributions are paid or made payable to such Partner in such Fiscal Year.



- (ii) Tax Loss for any fiscal year shall be allocated entirely to each of the Limited Partners *pro rata* in accordance with each Limited Partner's **Percentage Limited Partner Interest** as at the end of the fiscal year.
- (iii) Notwithstanding any other provision of this Agreement, the General Partner may allocate Taxable Income or Tax Loss to Partners in a fiscal year in such a manner as is reasonable, in the sole opinion of the General Partner, so as to account for:
  - (A) Partnership Units which are transferred or redeemed during the fiscal year;
  - (B) the timing of receipt of income or loss or the realization of any gain or loss by the Partnership during any fiscal year;
  - (C) any distributions made in any fiscal year; and
  - (D) any allocations of Taxable Income or Tax Loss in any previous fiscal year.

For greater certainty, Taxable Income or Tax Loss may be allocated to a former Partner who is not a Partner at the end of a fiscal year.

### 5.3 No Interest Payable

Notwithstanding any other provision hereof, no Partner shall be entitled to receive interest on the amount of its Capital from the Partnership. No Partner shall be liable to pay interest to the Partnership on any negative balance of its Capital.

### 5.4 Limitations Prescribed by Statute

Notwithstanding any other provision of this Agreement, neither the Partnership nor the General Partner shall be liable to any Partner for any failure to make any distribution contemplated by this Agreement if failure to make such distribution arises by reason of any statutory prohibition thereof, including the provisions of the Act.

### 5.5 Assignment of Partnership Interests

If at any time during a fiscal period of the Partnership, a Partner (the “**Assigning Partner**”) shall withdraw or transfer its Partnership Interest in accordance with the provisions of this Agreement, the Assigning Partner's share of the Net Income or Net Loss in respect of such fiscal period, determined as at the end of such fiscal period (or at such other time stipulated by the General Partner), shall be allocated to the Assigning Partner based upon the number of days in such fiscal period between the last fiscal period end of the Partnership and the effective date of such Assigning Partner's withdrawal or transfer, as applicable (the “**Allocated Income**”). For purposes solely of federal and provincial taxation, the Allocated Income shall be allocated, for both federal and provincial purposes, in accordance with section 96 of the ITA such that:

- (a) the Allocated Income shall be included in the Assigning Partner's income for the year as if it were a member of the Partnership at the end of the fiscal period in which the Assigning Partner withdrew from the Partnership; and
- (b) the Assigning Partner shall be deemed to be a Partner of the Partnership at the end of such fiscal period.

## **5.6 Acquisition of Partnership Interests**

If at any time during a fiscal period of the Partnership, a Partner shall be admitted to the Partnership in accordance with the provisions of this Agreement, such Partner's share of the Net Income or Net Loss in respect of such fiscal period, determined as at the end of such fiscal period (or at such other time stipulated by the General Partner), shall be allocated to such Partner based upon the number of days in such fiscal period between the date that such Partner was admitted to the Partnership (the "**Admission Date**") and the end of such fiscal period that such Partner was a Partner of the Partnership and otherwise in accordance with the provisions of this Agreement. In the case of any Partner who is admitted as a Partner pursuant to a subscription for LP Units, unless otherwise agreed to in writing between such Partner and the General Partner, and notwithstanding the actual date that such Partner was admitted to the Partnership, for the purposes of this Section, the Admission Date for such Partner shall be deemed to be the date that the subscription price for such LP Units shall have been paid in full.

## **5.7 Partner Filings**

Each Partner shall prepare and file on a timely basis such tax returns required to be filed under the ITA or other applicable law, and shall include in its computation of income its share of the income or loss of the Partnership as may be determined and allocated to it pursuant to this Article 5. The General Partner will file, on behalf of itself and the Limited Partners, annual partnership information returns required to be filed under the ITA and any other applicable tax legislation in respect of the Partnership.

## **5.8 Withholdings**

The General Partner may deduct or withhold from distributions payable to any Partner all amounts required by applicable law to be withheld from such distributions. To the extent that an amount is so deducted or withheld, such amount shall be treated for all purposes as having been paid to the Partner in respect of which such deduction and withholding was made.

# **ARTICLE 6 – DISTRIBUTIONS**

## **6.1 Restriction on Distributions**

So long as any obligation remains outstanding under the Notes, the Partnership will not make any distribution to the Limited Partners or the General Partner or make any redemption of LP Units, other than a Tax Distribution. For greater certainty, the payment of salaries, bonuses and commissions from time to time to the officers and employees of the Partnership or the General Partner, in each case in the ordinary course of business and at reasonable levels, and the payment of the Asset Management Fee, the Development Management Fee and the Operations

Management Fee, and the reasonable expenses of the General Partner in connection with the Project, shall not constitute distributions (the “**Negative Covenant**”).

## **6.2 Limitation on Distributions**

Except as otherwise expressly set out herein, the Partnership shall not make any distributions to any Partner if the making of such distribution would render the Partnership in breach of either (i) any agreements to which the Partnership may be a party with any of its lenders, or (ii) the Act.

## **6.3 Distribution Waterfall**

Subject to the Negative Covenant and the payment of the Asset Management Fee, the Development Management Fee and the Operations Management Fee, and the payment of any other expenses of the General Partner and the Partnership, including in connection with the Project, the General Partner may distribute surplus cash of the Partnership to the Partners as and when the General Partner determines that the Partnership has surplus cash available to distribute, in accordance with the following order of priority:

- A.** first, the Tax Distribution to the holders of the applicable Partnership Units;
- B.** Provided the Notes have been redeemed and are no longer outstanding obligations of the Partnership
  - (i) second, to the holders of Preferred Units in an amount equal to the Preferred Unit Redemption Amount;
  - (ii) third, provided the Preferred Units have been redeemed and are no longer outstanding obligations of the Partnership, to the holders of Class A Subordinated Preferred Units in amount per unit equal to the Class A Subordinated Preferred Unit Redemption Amount, following which the Class A Subordinated Preferred Units will be automatically redeemed;
  - (iii) fourth, provided the Preferred Units and Class A Subordinated Preferred Units have been redeemed and are no longer outstanding obligations of the Partnership, to the holders of Class B Subordinated Preferred Units in amount per unit equal to the Class B Subordinated Preferred Unit Redemption Amount, following which the Class B Subordinated Preferred Units will be automatically redeemed; and
  - (iv) fifth, provided the Preferred Units, the Class A Subordinated Preferred Units and the Class B Subordinated Preferred Units have been redeemed and are no longer outstanding obligations of the Partnership, to the holders of

Common LP Units and to the General Partner pro rata based on the number of outstanding Common LP Units and GP Units taken as a whole.

#### **6.4 Repayment**

If, as determined by the General Partner, any Partner has received by way of distribution an amount which is in excess of his or her entitlement, such Partner shall forthwith reimburse the Partnership the excess amount upon receipt of a notice from the General Partner setting out the excess amount received by the Partner. If the excess amount is not repaid to the Partnership within ten days of the Partner's receipt of such notice, the Partner shall, in addition to his obligation to repay the excess amount, pay interest on the excess amount at a rate equal to the prime lending rate of the Royal Bank of Canada plus 5% per annum, compounded monthly, from the date the Partner received the notice from the General Partner until the excess amount is repaid.

#### **6.5 Refinancing**

Upon any refinancing of the debt obligations of the Partnership which results, in the sole determination of the General Partner, in surplus cash becoming available for distribution among the Limited Partners, such surplus shall, to the extent determined to be distributable by the General Partner, be used to repay the senior debt of the Partnership and the remainder to redeem the Notes and the Preferred Units, subject only to any Tax Distribution; and then any remainder in accordance with section 6.3.

### **ARTICLE 7 – MANAGEMENT OF THE PARTNERSHIP**

#### **7.1 General Partner**

- (a) The General Partner is hereby given full, complete and exclusive authority, and has the obligation, to control, manage, administer, conduct and operate or cease operations of the Business and to represent the Partnership and shall have all power and authority to do any act, take any proceeding, make any decision and execute and deliver any instrument, deed, agreement or other document necessary for or incidental to such purpose for and on behalf of and in the name of the Partnership. Without limiting the generality of the foregoing, the General Partner shall have the authority:
  - (i) to retain managers, including a Related Party, to manage the Business, at commercially reasonable remuneration and upon such commercially reasonable terms and conditions as may be determined by the General Partner;
  - (ii) to arrange credit lines with bankers;
  - (iii) to retain accountants for the Partnership;

- (iv) to engage such arm's length professional advisors as the General Partner reasonably considers advisable in order to perform its duties hereunder;
  - (v) to execute and carry out all other agreements which require execution by or on behalf of the Partnership;
  - (vi) to defend on behalf of the Partnership any and all actions and other proceedings brought against the Partnership or with respect to the Business and to settle on such terms as it deems advisable all such actions;
  - (vii) to hold assets of the Partnership in the name of the General Partner or such other nominee as may be determined by the General Partner from time to time as trustee for and on behalf of the Partnership;
  - (viii) to invest funds not immediately required for the Business in short-term securities of or guaranteed by the Government of Canada, the government of any Canadian province or a Canadian chartered bank;
  - (ix) issuing Partnership Units and any other securities of the Partnership;
  - (x) to purchase Partnership Units for cancellation by agreement with any Partner, where deemed appropriate by the General Partner;
  - (xi) to sell, lease, exchange or dispose of any or all of the property and assets of the Partnership, including the Project;
  - (xii) to execute any and all other deeds, documents and instruments and to perform all acts as may be necessary or desirable to carry out the intent and purpose of this Agreement, including, without limitation, retaining any qualified agents to carry out any of the foregoing; and
  - (xiii) to borrow money upon the credit of the Partnership or the credit of the General Partner on behalf of the Partnership or otherwise; to issue, reissue, sell or pledge debt obligations of the Partnership or the General Partner on behalf of the Partnership; to give a guarantee of the Partnership or the General Partner on behalf of the Partnership; to mortgage, hypothecate, pledge or otherwise create a security interest in all or any of the property and assets of the Partnership, provided that any such borrowings, debt obligations and security interests shall relate to the Business.
- (b) The General Partner's sole remuneration for the services provided hereunder shall be limited to its entitlement to an allocation of Net Income

or Net Loss as provided for in Article 5 and to distributions as provided for in Article 6; provided, however, the Partnership shall be required to reimburse the General Partner for any expenses or disbursements which are incurred by the General Partner in the performance of its duties.

- (c) The powers of the General Partner to represent the Partnership with third parties are unrestricted and no person dealing with the Partnership shall be required to inquire into the authority of the General Partner to take any act or proceeding, to make any decision or to execute and deliver any instrument, deed, agreement or other document for or on behalf of or in the name of the Partnership.

## 7.2 Board of Directors

The General Partner confirms that its board of directors (the “**Board**”) will initially be comprised of four directors, two of whom will be nominees of Chancery and initially be Steve Suske and Jessica Zhang and two of whom will be nominees of Hillsport and initially be Josh Skaist and Samuel Schuster. The Chair of the Board will be Steve Suske so long as he is a director of the Board. The Chair will not have a casting vote.

Each of the nomination rights conferred in the Limited Partnership Agreement, will survive for so long as each of Chancery and Hillsport (each a “**Nominating Entity**”), as applicable, have an interest in the Partnership as a Limited Partner, and any nominees of such Nominating Entity shall resign immediately upon such Nominating Entity ceasing to, directly or indirectly, have an interest in the Limited Partnership as a Limited Partner.

## 7.3 Development Management Fee

In accordance with the terms and provisions of the Development Management Agreement, the Limited Partnership shall pay the Development Manager, in consideration of the performance by the Development Manager of the Development Services during the Construction Period, a fee equal to \$1,000,000 plus applicable taxes (the “**Development Management Fee**”). The Development Management Fee will be earned and due in 36 equal monthly payments during the first 36 months of the Construction Period, provided that if construction and lease-up of the Project is completed prior to the expiry of such 36-month period then the full amount of the outstanding unpaid balance of the Development Management Fee will become immediately due and payable. The Development Management Fee will accrue and be payable upon each draw of hard costs funding. To the extent the Partnership’s cash on hand is insufficient to pay the Development Management Fee payable on such date, then such fee shall accrue and remain an outstanding liability of the Partnership until paid.

The Partnership shall also pay to the Development Manager all amounts properly payable as goods and services taxes, calculated in accordance with applicable legislation. The Partnership shall reimburse the Development Manager for all reasonable out-of-pocket expenses incurred in connection with the performance of the Services; however, expenses in excess of \$10,000 require prior approval by the General Partner, acting reasonably, with the exclusion of any fees paid or payable to third party subcontractors.

#### 7.4 Operations Management Fee

In accordance with the terms and provisions of the Property Management Agreement, the Limited Partnership shall pay the Property Manager, in consideration of the performance by the Property Manager of the Management Services during the term of the Property Management Agreement, a fee equal to the greater of (i) ) 4% of Gross Receipts of the Project for the immediately preceding calendar month, where Gross Receipts means the aggregate of all rent, parking rents, rent for storage space, laundry and cable revenues, collected chargebacks and ancillary expense payments and all other sums required to be paid by the occupants of the Project and any other revenues and monies received in connection with or incidental to the operations of the Project; and (ii) \$10,000 per month, in each case payable in equal monthly installments in arrears on the first day of each month for the period in question (the “**Operations Management Fee**”). The Operations Management Fee will accrue and be payable monthly on the first day of each month. To the extent the Limited Partnership’s cash on hand is insufficient to pay the Operations Management Fee payable on such date, then such fee shall accrue and remain outstanding liabilities of the Limited Partnership until paid.

The Limited Partnership shall reimburse the Property Manager for all reasonable out-of-pocket expenses incurred in connection with the performance of services associated with the operations of the Project.

#### 7.5 Asset Management Fee

In accordance with the terms and provisions of the Asset Management Agreement, the Partnership shall pay the Asset Manager, in consideration of the performance by the Asset Manager of the Asset Management Services during the term of the Asset Management Agreement, (i) an upfront consulting fee of \$200,000.00, and (ii) an annual fee equal to 2% of the Capital Contribution of all Limited Partners, plus applicable taxes (the “**Asset Management Fee**”). The Asset Management Fee will be payable monthly, with the first monthly installment expected to occurring one month following the date of the Asset Management Agreement and continue until the latter of receipt of an occupancy permit or first resident admission. To the extent cash flow is insufficient to pay the Asset Management Fee payable in any monthly period, then such fee shall accrue and remain an outstanding liability of the Partnership until paid. The Asset Management Fee will be an expense of the Limited Partnership and payable prior to any distributions.

For purposes of calculating the Asset Management Fee hereunder, the capital contribution of all Limited Partners and the aggregate principal amount of the Notes outstanding shall be determined quarterly, in advance by the Partnership. Throughout the term of this Agreement, the Partnership shall also pay to the Asset Manager all amounts properly payable as Goods and Services Taxes/Harmonized Sales Tax, calculated in accordance with applicable legislation. The Partnership shall reimburse the Asset Manager for all reasonable out-of-pocket expenses incurred in connection with the performance of the Services, provided that any expense in excess of \$10,000.00 (excluding any fees paid or payable to third party subcontractors) shall require prior approval of the Partnership, acting reasonably.

## **7.6 Transactions Including Related Parties**

The validity of any transaction, agreement or payment involving the Partnership and any Related Party of the General Partner shall not be invalidated or otherwise affected by reason of the relationship between the General Partner and such Related Party or by reason of the approval of the said transaction, agreement or payment by the directors of the General Partner, all or some of whom may be officers, directors or Limited Partners of or otherwise interested in or related to such Related Party, provided that the terms of such transaction, agreement or payment are commercially reasonable.

## **7.7 Partnership Opportunities**

Except as may be required by law, the General Partner will not be required to devote the efforts of its directors, officers or agents, or employees exclusively to or for the benefit of the Partnership and each may, directly or indirectly (either alone or with others, including through a Related Party), acquire, carry on or engage in such other businesses, ventures and activities as it considers appropriate whether or not similar to or competitive with the Business and, except as may exist at law, neither the Partnership nor any Partner will have any right, by virtue of this Agreement or the partnership relation created hereby, in or in relation to such other businesses, ventures or activities or to any income, proceeds or profits derived therefrom. Except as may be required by law, neither the General Partner nor its directors, officers, or Related Parties will be required to offer or make available to the Partnership any property or asset or business or investment opportunity which it may determine to acquire, carry on or engage in for its separate account.

## **7.8 Sale of the Business**

- (a) Notwithstanding anything in this Agreement to the contrary, the General Partner has the power and authority for and on behalf of the Partnership to sell all or substantially all of the property and assets of the Partnership, provided that until the expiry of two (2) years following Stabilization no sale of the Project or any part thereof may be effected without the prior written consent of Hillsport. Notwithstanding the foregoing, in the event the Partnership has insufficient funds to repay and/or redeem the Notes when due or redeem the Preferred Units when required as outlined in Section 3.14, the consent of Hillsport will not be required if the sale of the property and/or assets of the Partnership is the only viable option in order to fund the such obligations. The terms of any sale, including purchase price, and the identity of the purchaser, provided that the purchaser shall not be a Related Party of the General Partner unless the purchase price is supported by an independent valuation, shall be determined by the General Partner at its sole and absolute discretion.
- (b) Nothing in Section 7.8(a) shall restrict Hillsport in the exercise of its rights as a shareholder of the General Partner.

## **7.9 Resignation of the General Partner**

The General Partner shall not sell, assign or otherwise dispose of its rights and obligations under this Agreement (other than to an Affiliate as provided in Section 7.12). The



General Partner may resign as general partner of the Partnership on not less than ninety (90) days' prior written notice thereof to the Limited Partners and such resignation shall become effective upon the expiration of the 90-day notice period.

#### **7.10 Deemed Resignation of the General Partner**

The General Partner shall, on the effective date determined in accordance with Section 7.11, be deemed to resign as general partner of the Partnership in the event of:

- (a) the bankruptcy, involuntary dissolution, liquidation or winding-up of the General Partner (or the commencement of any act or proceeding in connection therewith which is not contested in good faith by the General Partner);
- (b) the appointment of a trustee, receiver or receiver and manager of the affairs or properties of the General Partner; or
- (c) if a mortgagee or other encumbrancer shall take possession of the property or assets of the General Partner or a substantial part thereof, or if a writ of execution, attachment or similar process is issued or levied against all or substantially all of the property or assets of the General Partner (and such writ of execution, attachment or similar process is not released, satisfied, discharged, vacated or stayed within thirty (30) days after its entry, commencement or levy, as the case may be).

The General Partner shall forthwith advise the Limited Partners by written notice of the occurrence of any event referred to in this Section 7.10.

#### **7.11 Effective Date of Deemed Resignation of the General Partner**

In the event of the deemed resignation of the General Partner as the general partner of the Partnership by virtue of the provisions of Section 7.10, the General Partner shall be deemed to have resigned and shall cease to be the general partner of the Partnership upon the expiration of ninety (90) days from the date of the giving of the notice of an occurrence of an event referred to in Section 7.10.

#### **7.12 Effect of Resignation**

- (a) Effective upon the resignation of the General Partner as contemplated in Sections 7.9 and 7.10, the holders of Common LP Units will appoint by a Special Resolution of the holders of the Common LP Units a new the general partner of the Partnership.
- (b) If the holders of Common LP Units fail to appoint a new general partner as contemplated pursuant to Section 7.12(a), the holders of Preferred Units will appoint by a Special Resolution of the holders of the Preferred Units a new the general partner of the Partnership.
- (c) Upon the resignation of the General Partner pursuant to Sections 7.9 and 7.10, the Partnership shall release and hold harmless the General Partner

then resigning, from all claims, actions, costs, demands, losses, damages and expenses with respect to events which occur in relation to the Partnership after the effective date of such resignation.

### **7.13 Assignment by the General Partner**

The General Partner may assign its rights and obligations under this Agreement to an Affiliate upon ninety (90) days' prior written notice to the Limited Partners, provided that (i) the Affiliate complies with all requirements hereof relating to the General Partner, (ii) the interests of the Limited Partners are not impaired by such assignment, and (iii) the General Partner shall remain jointly and severally liable with such assignee for the obligations of the general partner of the Partnership.

### **7.14 Removal of General Partner**

- (a) The General Partner may be removed or replaced by a Special Resolution of the holders of Preferred Units if the General Partner is guilty of fraud, wilful misconduct or gross negligence as determined by a court of competent jurisdiction by final and non-appealable judgement.
- (b) Any removal of the General Partner pursuant to Section 7.14(a) must also provide for the election and admission of a new general partner of the Partnership approved by a Special Resolution of the holders of Preferred Units. Any removal under Section 7.14(a) will be effective concurrently with the election and admission of the successor general partner to the Partnership.

### **7.15 Restrictions Upon the General Partner**

The General Partner will not:

- (a) cause the Partnership to guarantee the obligations or liabilities of any person or make loans to the General Partner, or any Affiliate of the General Partner, provided that the General Partner may cause the Partnership to grant a guarantee, make loans or otherwise provide financial assistance to the General Partner, a subsidiary of the general Partner or an Affiliate of the General Partner where such guarantee, loan or financial assistance is given in connection with or in furtherance of the Business;
- (b) commingle the funds of the Partnership with the funds of the General Partner or any other person; and
- (c) cause the Partnership to extend a loan or loans to a Related Party.

### **7.16 Safekeeping of Assets; Title to Assets**

The General Partner shall have a fiduciary responsibility for the safekeeping and use of all funds and assets of the Partnership, whether or not in its immediate possession or control, and

will not employ or permit another person to employ such funds or assets except for the exclusive benefit of the Partnership and in trust therefor. The General Partner hereby declares that title to all Partnership assets now or hereafter held by it or by its nominee is held in trust for the benefit of the Partnership. The General Partner will execute additional declarations of trust in favour of the Partnership and cause such declarations to be delivered, filed or registered whenever and wherever the General Partner considers the same advisable or necessary for the protection of the interests of the Partnership.

### **7.17 Commissions and Expenses**

As part of the expenses of the Partnership, the General Partner may pay or cause to be paid out of the Partnership's property and assets, the reasonable fees, costs and expenses incurred in connection with the issuance of LP Units, including (without limitation) brokerage commissions, fees of accountants, lawyers and other agents, consultants and professional advisors employed by or on behalf of the Partnership.

## **ARTICLE 8 – RELATIONS BETWEEN THE PARTNERS**

### **8.1 Limitations on the Authority of the Limited Partner**

None of the Limited Partners shall be entitled to:

- (a) take part in the control or the management of the business of the Partnership;
- (b) execute any document which binds or purports to bind the Partnership or any of the Partners as such;
- (c) purport to have the power or authority to bind the Partnership or any of the Partners as such; and
- (d) undertake any obligation or responsibility on behalf of the Partnership.

### **8.2 Liability of General Partner**

The General Partner shall be liable to third parties for the debts, liabilities and obligations of the Partnership.

### **8.3 Exercise of Powers and Discharge of Duties by General Partner**

The General Partner shall exercise its powers and discharge its duties under this Agreement honestly, in good faith and in the best interests of the Partnership, and of the Limited Partners and in connection therewith shall exercise the degree of care, diligence and skill that a reasonably prudent person providing services of a similar nature would exercise in comparable circumstances.

### **8.4 Limitation of Liability of General Partner**

The General Partner shall not be liable to the Limited Partners and/or the Partnership for any acts, omissions or errors in judgment, except those resulting from the fraud, gross negligence

or wilful misconduct of the General Partner or the material breach of its obligations or duties hereunder.

### **8.5 Limited Liability of the Limited Partners**

None of the Limited Partners shall be liable for any of the debts, liabilities and obligations of the Partnership except to the extent of the value of money and other property or assets contributed or to be contributed by such Limited Partner, as the case may be, as reflected in the Register from time to time or such other amount as would have been the limit of liability of such Limited Partner had such record been amended in accordance with the Act.

### **8.6 Indemnity of the Limited Partners by General Partner**

The General Partner shall indemnify and hold harmless each Limited Partner for such debts, liabilities and obligations of the Partnership if such Limited Partner's liability is not limited in the manner provided for in this Agreement due to an act or omission by the General Partner which causes such Limited Partner, as the case may be, to lose the protection of limited liability afforded by the Act.

### **8.7 Indemnity**

The General Partner will indemnify and save harmless the Partnership from and against any and all costs, damages, liabilities and expenses incurred by the Partnership as a result of any breach by the General Partner of its duties under this Agreement, including reasonable legal expenses incurred by the Partnership in defending an action based in whole or in part upon an allegation that the General Partner has been guilty of such breach if such defence is substantially unsuccessful.

## **ARTICLE 9 – BOOKS, RECORDS AND FINANCIAL INFORMATION**

### **9.1 Books of Account**

The General Partner shall cause to be kept or maintained, complete books of account and records of the Partnership and its business and operations and financial affairs at the principal place of business of the Partnership.

### **9.2 Reporting**

Within 90 days following the expiry of every fiscal year of the Partnership, the General Partner shall deliver or cause to be delivered to the Limited Partners annual review engagement financial statements.

## **ARTICLE 10 – MEETINGS OF PARTNERS AND POWERS EXERCISABLE THEREAT**

### **10.1 Meetings**

The Partnership will not be required to hold annual general meetings, but the General Partner may at any time call a meeting of Limited Partners to obtain approval of the matters in 2.6, 3.9, 7.14, 11.2 and 15.2 that require a Special Resolution. Except for Sections 2.6, 3.9, 7.14,

11.2 and 15.2, the Limited Partners shall have no right to vote on any other matters unless specifically provided for by the General Partner. Such meetings of Limited Partners will be held at a place in Canada designated by the General Partner.

## **10.2 Notice of Meeting**

Notice of any meeting shall be given to each Limited Partner entitled to vote at such meeting by prepaid registered mail or by personal delivery not less than 10 days prior to such meeting, and shall state:

- (a) the time, date and place of such meeting; and
- (b) in general terms, the nature of the business to be transacted at the meeting,

which notice shall be accompanied by a form of proxy.

## **10.3 Chairman**

An officer or director of the General Partner, as determined by the General Partner, shall be the Chairman of all meetings of Partners.

## **10.4 Quorum**

A quorum at any meeting of Partners shall consist of not less than one representative of the Limited Partners entitled to vote at such meeting, present in person and holding or representing by proxy, in the aggregate, not less than 51% of the total number of votes entitled to be cast at such meeting.

## **10.5 Voting Rights**

Neither the Preferred Units nor the Subordinated Preferred Units shall be entitled to vote at any meeting of Partners other than in respect of the matters described in Sections 2.6, 3.9, 7.14, 11.2 and 15.2, as applicable. In such circumstances, each holder of a Preferred Unit and Subordinated Preferred Units shall have one vote at such meeting for every Preferred Unit and Subordinated Preferred Units held, as applicable.

## **10.6 Appointment of Proxy**

Any Partner entitled to vote at a meeting of Partners may attend any meeting of Partners personally or may be represented by proxy, and any such proxy may be, but is not required to be, a Partner.

## **10.7 Validity**

The Chairman of the meeting shall determine the validity of all instruments of proxy to be utilized at such meeting.

## **10.8 Right to Attend Meetings**

Officers and directors of the General Partner shall have the right to attend any meeting of Partners.

## **10.9 Conduct of Meetings**

To the extent that the rules and procedures for the conduct of a meeting of the Partners are not described in this Agreement, such rules and procedures shall be determined by the Chairman of the meeting, acting reasonably and in accordance with customary practice.

## **10.10 Resolutions Binding**

Any resolution passed in accordance with this Agreement shall be binding on all Partners and their respective heirs, executors, administrators, other personal legal representatives, successors and assigns, whether or not such Partner is present or represented by proxy at the meeting at which such resolution is passed and whether or not such Partner voted against such resolution.

# **ARTICLE 11 – TRANSFER OR ENCUMBRANCE OF INTEREST**

## **11.1 Transfer or Encumbrance of Partnership Interest**

Except as otherwise expressly permitted herein, none of a Partner's Partnership Interest shall be either directly or indirectly (including by way of corporate reorganization, amalgamation or otherwise), in whole or in part, transferred, sold, assigned, exchanged or in any manner disposed of or pledged or in any manner encumbered (other than in favour of the General Partner) without the prior written consent of the General Partner and upon such reasonable terms as the General Partner may require, provided that such consent may be withheld for any reason. Nothing in this Article 11 shall prohibit a Limited Partner from transferring its Partnership Interest to an Affiliate of the Limited Partner where there is no change in beneficial ownership of the Partnership Interest and provided the representations and warranties in Section 2.8 are true with respect to such entity.

## **11.2 Transfer by General Partner**

Except as expressly provided for in this Agreement and Section 11.1, the General Partner shall not be entitled to either directly or indirectly (including by way of corporate reorganization, amalgamation or otherwise) transfer, sell, assign, exchange or in any manner dispose of its interest in the Partnership as the General Partner unless the General Partner has received the approval of the holders of Preferred Units given by Special Resolution or such disposition is to an Affiliate of the General Partner.

## **ARTICLE 12 – DISSOLUTION AND/OR TERMINATION OF PARTNERSHIP**

### **12.1 Events of Dissolution**

The affairs of the Partnership shall be wound-up, its assets liquidated and the Partnership shall thereafter be dissolved, as soon as practicable, upon the earliest of (the “**Termination Date**”):

- (a) the date selected by the General Partner following the disposition of substantially all of the assets of the Partnership; and
- (b) the dissolution of the Partnership by operation of law.

### **12.2 Death or Withdrawal of a Limited Partner**

For greater certainty, the death or withdrawal of any Limited Partner will not be deemed to dissolve the Partnership as between the General Partner and the remaining Partners.

### **12.3 Events not Causing Dissolution**

Subject to Section 12.1, the Partnership shall not be dissolved or terminated by it ceasing to carry on the Business or by the resignation, removal, bankruptcy, insolvency, amalgamation, dissolution, liquidation, winding-up or receivership of the General Partner (except in the circumstances as provided for herein) or of any Limited Partner.

### **12.4 Receiver**

On dissolution of the Partnership, the General Partner shall act as the receiver (the “**Receiver**”) of the Partnership. The Receiver shall prepare a statement of financial position of the Partnership and a copy of such statement shall be forwarded to each Partner. The Receiver shall proceed diligently to wind-up the business of the Partnership, and to distribute the net proceeds from the sale of property and assets thereof in accordance with Section 12.5. During the course of such liquidation, the Receiver shall, if it sees fit so to do, operate the Business and in doing so shall be vested with all the powers and authorities of the General Partner in relation to the Partnership under the terms of this Agreement. The Receiver shall be paid its reasonable fees and disbursements incurred in carrying out its duties as such.

### **12.5 Distribution of Assets on Sale, Liquidation or Dissolution**

All property and assets of the Partnership available for distribution on a sale, liquidation or dissolution of the Partnership shall be distributed in the following order of priority:

- (a) to pay the expenses of liquidation and the debts and liabilities of the Partnership to its creditors, including without limitation the holders of the Notes;
- (b) in the case of a liquidation or dissolution, to provide for reserves which the Receiver considers reasonably necessary for any contingent or unforeseen liability or obligation of the Partnership provided, however, that any such reserve shall be paid over by the Receiver to an escrow agent to be held by

such escrow agent for the purpose of the payment of such liabilities or obligations of the Partnership and any balance remaining shall be distributed at such time as the Receiver reasonably determines in the manner hereinafter provided;

- (c) to repay the Notes;
- (d) to fund, on a *pro rata* basis, the Preferred Unit Redemption;
- (e) to fund, on a *pro rata* basis, the Class A Subordinated Preferred Unit Redemption;
- (f) to fund, on a *pro rata* basis, the Class B Subordinated Preferred Unit Redemption; and
- (g) to distribute the balance, if any, to the holders of Common LP Units and to the General Partner pro rata based on the number of outstanding Common LP Units and GP Units taken as a whole.

## **ARTICLE 13 – POWER OF ATTORNEY**

### **13.1 Grant of Power of Attorney**

Each Limited Partner hereby agrees to be bound by the terms of this Agreement, as from time to time amended and in effect, and expressly ratifies and confirms the power of attorney given to the General Partner therein and each Limited Partner hereby irrevocably nominates, constitutes and appoints the General Partner, with full power of substitution, as his or her or its true and lawful attorney and agent, with full power and authority in his or her or its name, place and stead to execute, swear to, acknowledge, deliver, make, record and file, and perform the Partnership's obligations when, as and where required or appropriate, any and all of the following:

- (a) this Agreement and counterparts thereof, and all documents and instruments necessary or appropriate to form, qualify or continue the qualification of the Partnership as a valid and subsisting limited partnership in any jurisdiction where the Partnership may carry on business or own or lease property in order to establish or maintain the limited liability of the Limited Partners and to comply with the applicable laws of any such jurisdiction;
- (b) all documents, instruments and certificates necessary to reflect any amendments to this Agreement which are approved pursuant to Article 15 hereof;
- (c) all conveyances, agreements, documents and other instruments necessary to facilitate and implement the dissolution and termination of the Partnership, if such dissolution and termination of the Partnership is authorized pursuant to this Agreement, including the cancellation of any securities and the distribution of the property and assets of the Partnership;



- (d) all instruments, deeds, agreements or documents executed by the General Partner in carrying on the business of the Partnership as authorized in this Agreement, including those necessary to purchase, sell, or hold the Partnership's property and assets;
- (e) all applications, elections, determinations or designations under the ITA or any other taxation or other legislation or similar laws of Canada or of any other jurisdiction in respect of the affairs of the Partnership or of a Limited Partner's interest in the Partnership, including all applications, elections, determinations or designations under the ITA or other legislation or similar laws of Canada or of any other jurisdiction;
- (f) any instrument or document which may be required to effect the continuation of the Partnership, or the admission of an additional or substitute Limited Partner or General Partner; and
- (g) any instrument or document required or appropriate to be filed with any governmental body or respecting the business, property and assets of the Partnership or this Agreement,

but the foregoing grant of authority shall not include the authority to take any action that would reasonably be expected to prejudice the rights of any Limited Partner other than as may be expressly permitted under this Agreement, including, but not limited to the following: modifying in any manner the terms of the LP Units or the rights and obligations of Limited Partner; imposing additional restrictions on the LP Units or making the rights of the LP Unit holders subject to the rights of holders of any other class of securities; executing any proxy on behalf of such Limited Partner or voting in respect of any Special Resolution on behalf of such Limited Partner.

The General Partner, by executing this Agreement, shall be deemed to have executed it on its own behalf and, by virtue of the power of attorney granted hereunder, on behalf of each of the Limited Partners reflected on the Register which includes for greater certainty all the holders of Preferred Units.

### **13.2 Survival of Power of Attorney**

The power of attorney granted herein is intended to be and is hereby deemed to have been made in accordance with the *Powers of Attorney Act* (Ontario), is granted for value received and coupled with an interest, is irrevocable and will survive the death, disability, legal incapacity, mental infirmity or incompetence, or bankruptcy of a Limited Partner or the transfer or assignment by such Limited Partner of all or part of his or her or its interest in the Partnership and binds the heirs, executors, administrators, and other legal representatives and successors and assigns of such Limited Partner, and may be exercised by the General Partner on behalf of such Limited Partner in executing any instrument or document by listing all the Limited Partners thereon and executing such instrument or document with a single signature as attorney and agent for all of them. Each Limited Partner agrees to be bound by any representations and actions made or taken by the General Partner pursuant to this power of attorney permitted by this Agreement and hereby waives any and all defences which may be available to contest, negate or disaffirm any such action of the General Partner taken in good faith under this power of attorney. Each Limited Partner declares that this power of attorney shall survive and may be exercised

during any legal incapacity, mental infirmity, incompetence, or bankruptcy on the Limited Partner's part. This power of attorney shall continue on as long as the attorney and agent is the General Partner of the Partnership, and shall terminate thereafter with respect to that attorney or agent upon substitution therefor of a substitute general partner but shall continue in respect of the substitute general partner.

## **ARTICLE 14 – RESTRICTIONS**

### **14.1 No Winding-Up**

In recognition of the fact that this Agreement sets out the complete understanding of the Partners as to their rights and remedies as between themselves and that any action taken by a Partner to dissolve the Partnership would render securities which the Partnership intends to issue unenforceable, each Partner hereby agrees that under no circumstances will it initiate any proceedings to dissolve the Partnership under the provisions of the Act or otherwise except as expressly provided herein and instead will look solely to its rights as provided hereunder.

### **14.2 Compliance with Lender Requirements**

The parties hereto acknowledge and agree that no provision of this Agreement is to be effective, in any event or circumstance, if giving effect thereto would render the Partnership in breach of any of its covenants or obligations to any of its lenders.

## **ARTICLE 15 – AMENDMENTS**

### **15.1 Amendments by the General Partner**

The General Partner may make the following amendments to this Agreement in its sole discretion and without the approval of the Limited Partners:

- (a) amendments aimed at ensuring continuing compliance with applicable laws, regulations, requirements or policies of any governmental authority having jurisdiction over the General Partner or over the Partnership;
- (b) amendments which, in the reasonable opinion of the General Partner, provide additional protection for Limited Partners and are not prejudicial to the Limited Partners;
- (c) amendments to remove any conflicts or inconsistencies in this Agreement or to make minor corrections which are, in the opinion of the General Partner, necessary or desirable and not prejudicial to the Limited Partners;
- (d) amendments of a minor or clerical nature or to correct typographical mistakes, ambiguities or manifest omissions or errors, which amendments, in the opinion of the General Partner, are necessary or desirable and not prejudicial to the Limited Partners;
- (e) amendments which, in the opinion of the General Partner,
  - (i) are necessary, or

- (ii) desirable and not prejudicial to the Limited Partners,  
as a result of changes in taxation or other laws;
- (f) subject to maintaining the priority of the Preferred Units and the Class A Subordinated Preferred Units; and
- (g) amendments for any purpose (except one in respect of which Limited Partner approval is specifically otherwise required) which, in the opinion of the General Partner, are not prejudicial to the Limited Partners and are necessary or desirable,

but notwithstanding the foregoing, no such amendment shall modify the right to vote attached to any LP Unit or reduce the equal undivided interest in the property and assets of the Partnership or the entitlement to distributions from the Partnership provided hereunder represented by any LP Unit without the consent of the Limited Partners pursuant to this Agreement.

## **15.2 Matters requiring a Special Resolution**

Subject to Section 10.5, none of the following shall be effected by the General Partner unless the same has been duly approved by Special Resolution:

- (a) any amendment to this Section 15.2;
- (b) any amendment to this Agreement that would negatively alter the specific rights or business terms of a class of LP Units in which case such Special Resolution must be approved by the holders of the affected Class of LP Units; or
- (c) any matter required to be passed by a Special Resolution under this Agreement, as may be amended and restated from time to time.

## **ARTICLE 16 – GENERAL SALE PROVISIONS**

### **16.1 No Encumbrances**

Any Partner who is transferring its LP Units pursuant to any of the provisions hereof permitting or requiring the transfer of such LP Units (the “**Vendor**”), shall do all things necessary to transfer the LP Units to be sold or transferred pursuant to this Agreement (the “**Subject Units**”) free and clear of any claims, liens, encumbrances and security interests of whatsoever nature. The Vendor hereby warrants to the Partner or Partners acquiring the Subject Units (the “**Subject Units Purchaser**”) that, at closing of the transaction of purchase and sale, the Subject Units Purchaser will acquire good and marketable title to the Subject Units, free and clear of any claims, liens, encumbrances and security interests of whatsoever nature. The Vendor hereby agrees to indemnify and save harmless the Subject Units Purchaser from and against any and all claims, actions, demands, costs, expenses, damages and losses suffered or incurred by the Subject Units Purchaser as a result of there being any lien, claim, encumbrance or security interest upon or any defect in the title of the Vendor to the Subject Units. Provided that if, at the Time of Closing (as hereinafter defined), the Subject Units are not free and clear of all claims, liens, security interests and encumbrances whatsoever, the Subject Units Purchaser may, at its

sole and unfettered discretion and without prejudice to any other rights which he may have, purchase the Subject Units subject to such claims, liens, security interests and encumbrances. In that event, the Subject Units Purchaser shall, at the Time of Closing, assume all obligations and liabilities with respect to such claims, liens, security interests and encumbrances and the purchase price payable by the Subject Units Purchaser for the Subject Units shall be satisfied, in whole or in part, as the case may be, by such assumption. The amount so assumed shall reduce that portion of the purchase price payable at the Time of Closing and thereafter shall reduce payments on account of the said purchase price in order of maturity.

## 16.2 Closing Date

Each sale of LP Units pursuant to the provisions of this Agreement (which sale is hereinafter called a **“Sale”**) shall be closed at the offices of the solicitors of the Subject Units Purchaser commencing at 10:00 a.m. (Toronto time) (the **“Time of Closing”**) on a date (the **“Closing Date”**) designated by the Subject Units Purchaser by written notice to the Vendor (except where the Closing Date has been expressly hereinbefore provided for, in which case such date shall be the Closing Date) and which shall not be less than thirty-five (35) days and not more than forty-five (45) days after the last of the following events to occur with respect to the applicable Sale:

- (a) the execution of a binding obligation pursuant to this Agreement for the Subject Units Purchaser to purchase and the Vendor to sell the Subject Units; and
- (b) if required, the purchase price of the Subject Units being determined in accordance with this Agreement.

## 16.3 Conditions of Closing

At the closing of any Sale on the Closing Date, the Vendor shall deliver to the Subject Units Purchaser:

- (a) a certificate or certificates representing the Subject Units, if any, being the subject matter of the Sale duly endorsed for transfer with signature guaranteed, together with such other documents as the solicitor for the Subject Units Purchaser, acting reasonably, may advise or if no certificates were issued for the Subject Units, other evidence of the transfer of the Subject Units;
- (b) evidence reasonably satisfactory to the Subject Units Purchaser that the Vendor is not then a “non-resident” of Canada within the meaning of the ITA or provide the Subject Units Purchaser with a certificate issued pursuant to subsection 116(2) of the ITA with a certificate limit in an amount not less than the purchase price for the Subject Units; provided that if such evidence or certificate is not forthcoming, the Subject Units Purchaser shall be entitled to make the payment of tax required under section 116 of the ITA and to deduct such payment from the purchase price for the Subject Units, the amount deducted to reduce that part of the

purchase price payable at the Time of Closing and thereafter to reduce payments on account of the said purchase price in order of maturity; and

- (c) a release, in form satisfactory to counsel for the Subject Units Purchaser, acting reasonably, in favour of the Subject Units Purchaser, all of the remaining Partners and the Partnership by the Vendor, releasing such releasees from all claims with respect to any matter or thing arising up to and including the Time of Closing.

#### **16.4 Failure to Close**

If, at the Time of Closing, the Vendor fails to complete the subject transaction of purchase and sale, the Subject Units Purchaser shall have the right, without prejudice to any other rights which it may have, upon payment of that part of the purchase price payable to the Vendor at the Time of Closing (for greater certainty, after deducting the amount of any adjustments or set-offs contemplated hereunder) to the credit of the Vendor in the main branch of the Partnership's bankers in the City of Toronto, and to execute and deliver, on behalf of and in the name of the Vendor, such deeds, transfers, Unit Certificates, resignations or other documents that may be necessary or desirable to complete the subject transaction and the Vendor hereby irrevocably appoints the Subject Units Purchaser its attorney in that behalf in accordance with the *Powers of Attorney Act* (Ontario), as amended, consolidated or superseded.

#### **16.5 Settlement of Indebtedness**

At or before the closing of any Sale on the Closing Date:

- (a) the Vendor shall pay and satisfy all indebtedness which the Vendor or any Affiliate of the Vendor, owes to the Partnership or the Subject Units Purchaser or any Affiliate thereof, as the case may be; and
- (b) the Partnership and the Subject Units Purchaser shall pay and satisfy all indebtedness which it owes to the Vendor or any Affiliate of the Vendor.

The Subject Units Purchaser may set off from the purchase price payable at the Time of Closing any amounts owing from the Vendor to the Subject Units Purchaser or from the Vendor to the Partnership and thereafter shall reduce payments on account of the said purchase price in order of maturity by any amounts remaining owing by the Vendor to the Subject Units Purchaser or the Partnership.

### **ARTICLE 17 – NOTICE**

#### **17.1 Notice**

Any notice, certificate, request or the like to be given hereunder to any of the parties hereto shall be in writing delivered personally, sent by facsimile or by courier service or if postal services and deliveries are then operating, mailed by registered mail to the said parties at their respective addresses set forth hereunder, namely:

Limited Partners - at the addresses to be listed opposite each such Limited

Partner's name in the Register

General Partner - 2275 Upper Middle Road East, Suite 100  
Oakville, Ontario, L6H 0C3

Attention: Steve Suske

or at such other address as the party to whom such notice, certificate or request is to be given may have designated by notice so given to the other parties hereto. Any notice, certificate or request so delivered or sent by facsimile shall be deemed to have been received by the other party on the day of delivery or sending, or if not a Business Day or if after 5:00 p.m. on a Business Day, on the next Business Day following the day of delivery or sending, if sent by courier shall be deemed to have been received the next Business Day after it is given to such courier service for delivery and if sent by registered mail shall be deemed to have been received on the third Business Day following the postmarked date of the mailing of the same if postal service and deliveries are then operating. Any notice, certificate or request so given addressed to any party hereto shall, in the event of the death of such party, or if such party is dead, be deemed to be given to his personal representative.

## **ARTICLE 18 – GENERAL**

### **18.1 Severability; Entire Agreement**

Every provision of this Agreement is intended to be severable. If any term or provision hereof is illegal or invalid for any reason, such illegality or invalidity shall not affect the validity of the remainder hereof.

This Agreement constitutes the entire agreement between the parties pertaining to the subject matter hereof. There are no representations (including negligent misrepresentations), warranties or conditions (including any that may be implied by statute), and there are no promises, covenants or agreements (including collateral contracts) in connection with such subject matter, except as are specifically set forth in this Agreement.

### **18.2 Independent Legal Advice**

Each of the Limited Partners hereby acknowledges that McMillan LLP (the “**Counsel**”) has prepared this Agreement on the instructions of the General Partner only and that the Counsel has not acted as legal counsel to the Limited Partners. Each Limited Partner hereby further acknowledges that they may obtain their own independent legal advice concerning the advisability of entering into this Agreement and the subscription agreement for the purchase of LP Units (as applicable) before executing it and each of the Limited Partners confirms that it has either reviewed the agreements with independent legal counsel or has waived the right to such independent legal advice.

### **18.3 Enurement**

This Agreement shall be binding upon and shall, except as herein otherwise provided, enure to the benefit of the parties hereto and their respective heirs, executors, administrators, successors and assigns.

### **18.4 Counterparts etc.**

This Agreement may be executed in one or more counterparts, each of which when so executed and delivered shall be deemed to be an original and such counterparts together shall constitute one and the same Agreement. Delivery of this Agreement may be made by facsimile transmission or other electronic means.

### **18.5 Governing Law**

This Agreement shall be governed by and shall be performed, construed and enforced exclusively in accordance with the laws of the Province of Ontario. Any action or proceeding contemplated by any of the parties hereto for the purpose of enforcing this Agreement shall be commenced and continued only in Ontario before the appropriate tribunal having jurisdiction and each of the parties hereto hereby attorn to such jurisdiction.

### **18.6 Saving Provision Regarding Limited Liability**

If any provision of this Agreement has the effect of imposing upon any Limited Partner any of the liabilities or obligations of the General Partner, such provision shall be of no force and effect and shall not be considered a part of this Agreement, but the remainder of this Agreement shall continue in effect.

**IN WITNESS WHEREOF** the parties hereto have executed this Agreement as of the date first written above.

**CHANCERY (OSHAWA) THE BARTLETT  
GP INC.**

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

Name: Sarah Cathrae

Title: Secretary and Managing Director

**HILLSPORT DEVELOPMENTS INC.**

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

Name: Josh Skaist

Title: President

**CHANCERY SENIORS HOUSING  
INVESTMENTS INC.**

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

Name: SARAH CATHRAE

Title: President OFFICER

**CATHRAE CONSULTING INC.**

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

Name: Sarah Cathrae

Title: President

*[Signature Page to the Limited Partnership Agreement]*

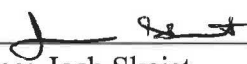


**IN WITNESS WHEREOF** the parties hereto have executed this Agreement as of the date first written above.

**CHANCERY (OSHAWA) THE BARTLETT  
GP INC.**

By: \_\_\_\_\_  
Name: Sarah Cathrae  
Title: Managing Director

**HILLSPORT DEVELOPMENTS INC.**

By:  \_\_\_\_\_  
Name: Josh Skaist  
Title: President

**CHANCERY SENIORS HOUSING  
INVESTMENTS INC.**

By: \_\_\_\_\_  
Name:  
Title: President

**CATHRAE CONSULTING INC.**

By: \_\_\_\_\_  
Name: Sarah Cathrae  
Title: President

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This is Exhibit "C" referred to in the Affidavit of Stephen Suske affirmed by Stephen Suske at the Town of Oakville in the Region of Halton before me on July 19, 2023 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

DocuSigned by:

T. Luke Sabourin

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*Commissioner for Taking Affidavits (or as may be)*

**T. LUKE SABOURIN**

**UNANIMOUS SHAREHOLDERS' AGREEMENT**

**BETWEEN**

**CHANCERY (OSHAWA) THE BARTLETT GP INC.**

**and**

**CHANCERY SENIORS HOUSING INVESTMENTS INC.**

**and**

**HILLSPORT DEVELOPMENTS INC.**

**August 21, 2017**

## SHAREHOLDERS' AGREEMENT

This Agreement made as of the 21<sup>st</sup> of August, 2017

AMONG:

**CHANCERY (OSHAWA) THE BARTLETT GP INC.**, a corporation incorporated pursuant to the laws of the Province of Ontario (hereinafter referred to as the "**Company**")

-and-

**CHANCERY SENIORS HOUSING INVESTMENTS INC.**, a corporation incorporated pursuant to the laws of the Province of Ontario (hereinafter referred to as the "**Chancery**")

-and-

**HILLSPORT DEVELOPMENTS INC.**, a corporation incorporated pursuant to the laws of the Province of Ontario (hereinafter referred to as the "**Hillspport**")

**RECITALS**The Company was incorporated under the laws of the Province of Ontario by articles of incorporation dated July 31, 2017 and has authorized capital consisting of an unlimited number of common shares;

- A. The Company was incorporated for the sole purpose of acting as the general partner of Chancery (Oshawa) The Bartlett Limited Partnership (the "**Partnership**"), a limited partnership formed under the laws of Ontario;
- B. Chancery and Hillspport are holders of common shares in the capital of the Company have entered into this Agreement to set forth their respective rights and obligations with respect to the Company;
- C. For good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Parties (defined below) hereby agree as follows:

### ARTICLE 1 INTERPRETATION

- 1.1 **Definitions.** In this Agreement, the following terms shall have the meanings set out below unless the context requires otherwise:

"**Act**" means the *Business Corporations Act* (Ontario), as amended from time to time.

"**Affiliate**" means, in relation to a person, another person that directly, or indirectly through one or more intermediaries, controls or owns, is controlled or owned by, or is under common control or ownership with, such first-mentioned person, where, for purposes of this definition, (i) "control" means the power to direct the management or affairs of a person, (ii) "person" means any partnership, corporation (with or without share capital), limited partnership or individual and (iii) "ownership" and "own" mean the beneficial ownership of more than 50% of the voting interests in a person.

"**Agreement**" and similar expressions mean or refer to this Agreement, including the Schedules to this Agreement, as it or they may be amended or supplemented from time to time, and the expressions "**Article**", "**Section**", and "**Subsection**" followed by a reference (numeric or otherwise) mean and refer to the specified article, section, or subsection of this Agreement.

**“Approved by the Shareholders”** or **“Approval of the Shareholders”** means either:

- a) approval in writing by each Shareholder, provided that approval in writing by all of the directors nominated by each Shareholder shall be considered to be approval in writing by such Shareholder; or
- b) approval at a meeting of the Shareholders by a vote cast in person or by proxy by holders of 100% of the aggregate number of issued and outstanding Shares at a duly constituted meeting of the Shareholders who are entitled to vote thereat or at any adjournment of that meeting, called in accordance with this Agreement.

**“Arm’s Length”** has the meaning given to it in the *Income Tax Act* (Canada).

**“Assets”** means the assets of the Partnership and the Company, including the Land, leases under which the Partnership is lessor or lessee, any personal property used in connection therewith that is owned by the Partnership and any cash on hand, accounts receivable or bank accounts of the Partnership or the Company.

**“Asset Management Agreement”** means the asset management agreement between the Partnership and Chancery dated August 21, 2017.

**“Asset Manager”** means Chancery, or such other Person as may replace an incumbent asset manager from time to time as determined by the Company in accordance with the Asset Management Agreement.

**“Accountants”** has the meaning ascribed to the term in Section 4.4.

**“Bankruptcy Act”** means the *Bankruptcy and Insolvency Act*, R.S.C. 1992, c. B-3, as amended from time to time.

**“Board”** means the board of directors of the Company.

**“Business Day”** means any day of the week except for Saturday, Sunday or any statutory holiday in the Province of Ontario or any day on which the Schedule I Canadian chartered banks located in the City of Toronto are not open for business during normal banking hours, and *Rosh Hashana* (two days), *Yom Kippur*, the first two days of *Sukkoth*, *Shemini Azereth*, *Simchath Torah*, the first, second, seventh and eighth days of *Passover* and *Shavuoth* (two days);.

**“Canadian Dollars”** means the lawful currency of Canada.

**“Chancery”** means Chancery Seniors Housing Investments Inc.

**“Common LP Unit”** has the meaning ascribed to it in the Partnership Agreement.

**“Company”** means Chancery (Oshawa) The Bartlett GP Inc., a corporation incorporated under the laws of the Province of Ontario and a general partner of the Partnership.

**“Defaulting Shareholder”** has the meaning attributed to it in Section 6.1.

**“Development Management Agreement”** means the development management agreement between the Partnership and Hillspport Management Inc. dated August 21, 2017.

**“Development Manager”** means Hillspport Management Inc., or such other Person as may replace an incumbent development manager from time to time as determined by the Company in accordance the Development Management Agreement.

**“Development Plan”** the development, construction and stabilization, on 2.38 acres of development land located at 550 Bond Street West, Oshawa, Ontario, of a 129 suite seniors apartment building and the ultimate lease-up and refinance or sale thereof.

**“Encumbered”** or **“Encumbrance”** means any mortgage, charge, pledge, hypothecation, security interest, assignment, encumbrance, lien (statutory or otherwise), title retention agreement or arrangement, and any other encumbrances of any nature or any other arrangement or condition that in substance secures payment or performance of an obligation, but does not include any easement, right in the nature of an easement, license or restrictive covenant granted in connection with the Project.

**“Encumbrancer”** means any Person in whose favour an Encumbrance exists or is made.

**“Finder’s Fee”** means a finder’s fee of up to 8% of the aggregate gross proceeds of the sale of Preferred Units sold to Persons who were referred to the Partnership in consideration of the introduction of such subscribers.

**“Fiscal Year”** means the fiscal year of the Company.

**“Force Majeure”** means a strike, lockout, shortage of materials, power failures, riot, insurrection, war, act of God or any other event or occurrence beyond the control of Hillspport or the Development Manager, save and except for financial inability.

**“GAAP”** means generally accepted accounting principles as set out in the Chartered Professional Accountants of Canada Handbook, as amended from time to time.

**“Hillspport”** means Hillspport Developments Inc.

**“including”** means “including, without limitation”, and **“includes”** means “includes, without limitation”.

**“Initial Budget”** means the project budget attached to this Agreement as “Exhibit A”.

**“Instruments”** has the meaning ascribed to it in Section 2.8.

**“Interest Rate”** means the prime lending rate at Royal Bank of Canada plus [3%].

**“Land”** has the meaning ascribed to it in the Partnership Agreement.

**“Major Decisions”** has the meaning ascribed to it in Section 3.1.

**“Material Change”** means any change or amendment to the Development Plan that is, or could reasonably be expected to be, material to the results of operations, condition (financial or otherwise), properties, assets, business, prospects, liabilities (contingent or otherwise) or cash flow of the Project.

**“Mutual Appointment Period”** has the meaning ascribed to it in Section 9.1(2).

**“Notice”** has the meaning ascribed to it in Section 8.4(1).

**“Non-Defaulting Shareholder”** has the meaning ascribed to it in Section 6.3.

**“Non-Major Decision”** has the meaning ascribed to it in Section 3.2.

**“Operations Management Agreement”** means the operations management agreement between the Partnership and Hillspport Management Inc. dated August 21, 2017.

**“Operation Manager”** means Hillsport Management Inc., or such other Person as may replace an incumbent operations manager from time to time as determined by the Company in accordance with the Operations Management Agreement.

**“Partner”** and **“Partners”** each has the respective meaning ascribed to it in the Partnership Agreement.

**“Partnership”** has the meaning ascribed to it in Recital B.

**“Partnership Agreement”** means the limited partnership agreement dated August 21, 2017 in respect of the Partnership, as amended from time to time.

**“Partnership Interest”** has the meaning ascribed to it in the Partnership Agreement.

**“Partnership Units”** has the meaning ascribed to it in the Partnership Agreement.

**“Party”** means a party to this Agreement, and any reference to a Party includes its successors and permitted assigns; **“Parties”** means all of the parties.

**“Permitted Transferee”** means:

- a) in relation to a corporation, an Affiliate;
- b) in relation to a limited partnership, to the limited partners thereof, to an Affiliate of the general partner thereof or another limited partnership, the general partner of which is an Affiliate of the general partner of the Permitted Transferee; and
- c) in relation to a natural person (an **“Individual”**), any one or more of (A) a trust controlled by the Individual and whose sole beneficiaries are any one or more of the Individual, the Individual’s spouse, the Individual’s children (natural or adopted), and any other direct lineal descendant of the Individual, and (B) a corporation controlled by the Individual and whose sole shareholders are any one or more of the Individual, the Individual’s spouse, the Individual’s children (natural or adopted), and any other direct lineal descendant of the Individual;

**“Person”** means an individual, partnership, limited partnership, corporation, trust, unincorporated organization, government or any department or agency or political subdivision thereof.

**“Preferred Unit”** has the meaning ascribed to it in the Partnership Agreement.

**“Project”** means the 2.38 acres of land, located at the north-west corner of Stevenson Road and Bond Street in the City of Oshawa, and the development, management, construction, marketing and operating, for and on behalf of the Partnership, pursuant to the terms of the Partnership Agreement, of a five storey, 129 suite rental apartment building that will allow seniors to live in a secure environment while providing access to a host of services, on an a-la-carte basis, that is available on premises, and such activities and services as are necessary, incidental or appropriate in connection therewith.

**“Project Budget”** means the Initial Budget, as amended from time to time in accordance with this Agreement.

**“Shares”** means the shares in the capital of the Company at the date hereof of all classes and series, together with any other class or classes of shares in the capital of the Company which are hereafter created and includes (a) any shares or securities into which such shares may be converted or changed or which result from a consolidation, subdivision, reclassification or redesignation of shares, (b) any shares in the capital of, or securities of, the Company which are received as a stock dividend or distribution, (c) any shares in the capital of the Company received

on the exercise of any option, warrant or other similar right, (d) any shares or securities which may be received by a shareholder of the Company as a result of an amalgamation, merger, arrangement or other reorganization of or involving the Company, and (e) any right, warrant, option or other instrument of the Company that is convertible or exchangeable into shares in the capital of the Company or evidences the right to acquire shares in the capital of the Company; and “Share” means any such share.

“Shareholder” means each of Chancery and Hillspoint and any assignee of a Shareholder’s Interest from time to time pursuant to this Agreement but does not include any Person after it has sold all its Shareholder’s Interest pursuant to this Agreement; and “Shareholders” means all of the Shareholders collectively.

“Shareholder’s Interest” means, with respect to a Shareholder, the respective interest of such Shareholder from time to time in the Company, including the Shares held by such Shareholder and any and all loans outstanding between such Shareholder and the Company; and “Shareholder’s Interests” means the Shareholder’s Interests of all the Shareholders collectively.

“Shareholder’s Proportion” means the number of common shares in the capital of the Company that is beneficially owned by a Shareholder, expressed as a percentage of the total number of common shares in the capital of the Company then issued and outstanding.

“Stabilization” means an average of 95% occupancy in the Project over six (6) calendar months.

“Subordinate Preferred Unit” has the meaning ascribed to in the Partnership Agreement.

## **1.2 Number and Gender.**

Unless the context requires otherwise words importing the singular include the plural and vice versa, and words importing gender include all genders.

## **1.3 Interpretation Not Affected by Heading, etc.**

The division of this Agreement into separate Articles, Sections and Subsections, and the insertion of headings are for convenience of reference only and will not affect the construction or interpretation of this Agreement. Grammatical variations of any terms defined herein have similar meanings.

## **1.4 Currency.**

Except as otherwise expressly provided in this Agreement, all dollar amounts referred to in this Agreement are stated in Canadian Dollars, and any payment contemplated by this Agreement shall be made by cash, certified cheque or any other method that provides immediately available funds.

## **1.5 Statute References.**

Any reference in this Agreement to any statute or any section thereof shall, unless otherwise expressly stated, be deemed to be a reference to such statute or section as amended, restated or re-enacted from time to time.

# **ARTICLE 2 THE COMPANY AND THE MANAGEMENT THEREOF**

## **2.1 Articles of Incorporation, By-Laws, and Authorized and Issued Capital.**

Until changed with the Approval of the Shareholders, the articles of incorporation and by-laws of the Company shall be in the form set out in Schedule 2.1 hereto. The authorized capital of the Company shall be an unlimited number of common shares without nominal or par value. As of the date hereof, the following Shares have been subscribed for, paid for and issued as follows:



Shareholder	No. of Shares	% of Shares	Subscription Price
Chancery	100	50%	\$100
Hillsport	100	50%	\$100

No additional Shares shall be subscribed for, paid for or issued without the Approval of the Shareholders.

## 2.2 Directors.

The board of directors of the Company shall, at all times, consist of four (4) directors, two (2) of whom shall be appointed by Chancery and the remaining two (2) of whom shall be appointed by Hillsport. Subject to Section 6.4, three directors shall constitute a quorum for meetings of directors, provided that any resolution to be passed or action to be taken by the board at a meeting or otherwise must, subject to Section 6.4, have received the affirmative vote at the meeting or written consent of at least three (3) directors or otherwise have been Approved by the Shareholders. All voting rights in respect of the Shares shall be exercised for the election and maintenance in office as directors of the Company two (2) nominees of Chancery and two (2) nominees of Hillsport. Each Shareholder shall be permitted to replace any of its nominee directors at any time. In the event of any vacancy occurring in the board of directors, such vacancy shall be filled by an individual nominated by the Shareholder, the removal, resignation, retirement or death of whose nominee created the vacancy. Subject to Section 6.4, each director shall have one vote and the chair of any meeting of the directors shall not have a second or casting vote. Any deadlocked vote of the directors will be resolved by arbitration in accordance with Section 9.1.

## 2.3 Offices.

The following individuals shall hold the offices of the Company shown below opposite their respective names:

Offices	Name
Chair	Stephen Suske
Chief Executive Officer and President	Josh Skaist
Vice President	Samuel Schuster
Managing Director and Secretary	Sarah Cathrae
Authorized Signing Officer	Any of the officers

By Approval of the Shareholders, the Shareholders may from time to time appoint additional officers in accordance with the by-laws or replace any individual holding any office.

## 2.4 Meetings.

Any officer of the Company shall call for a meeting of the Shareholders or directors, as applicable, or for a vote without a meeting following receipt of a written request therefor from any of the Shareholders or directors. Within five (5) days after the date on which an officer of the Company is obligated to call a meeting of the Shareholders or directors, as applicable, or to call for a vote without a meeting, the Secretary of the Company shall notify all directors or Shareholders of record, as applicable, of the following:

- (1) the time and place of the meeting, if called, and the general nature of the business to be transacted at such meeting; or

- (2) if no such meeting has been called, the matter or matters to be voted upon and the date upon which votes cast without a meeting will be counted.

Any meeting or the date upon which votes cast without a meeting will be counted shall be held not less than five (5) nor more than sixty (60) days following mailing of the notice thereof by the Secretary or any director of the Company. Any shareholders or directors meeting shall be held in person at the registered office of the Company or at a location agreed upon by the Shareholders or the directors, as applicable, or by telephone conference. Any Shareholder or director that is unable to attend any meeting in person shall be permitted to fully participate at such meeting by telephone conference. Any vote of the Shareholders or directors which is to be cast without a meeting may be cast by all of the Shareholders or directors, as applicable, in writing, in electronic form or by facsimile transmission, and any such vote shall be binding upon the Shareholders or directors, as applicable, so long as all of the Shareholders or directors, as applicable, shall have been notified of such vote, in advance, in accordance with this Section 2.4. All reasonable expenses of a meeting of the Shareholders or directors, as applicable (including any reasonable travel expenses incurred by any Shareholder representative or director attending a meeting), or a vote without a meeting and of a notice to the Shareholders and directors shall be borne by the Company to the extent it is reimbursed by the Partnership.

## **2.5 Fiscal Year.**

The Fiscal Year shall end on December 31 in each and every year, and any change to the Fiscal Year must be Approved by the Shareholders.

## **2.6 Unanimous Shareholders' Agreement.**

This Agreement is and shall be deemed to be a "unanimous shareholders agreement" within the meaning of the Act and the by-laws of the Company. The provisions of this Agreement will, at the request of any Shareholder be embodied in the articles or by-laws of the Company in the place and to the extent appropriate. Each Shareholder shall, at all times, deal with its Shares and use its voting powers (whether exercised by way of vote or written consent) in accordance with the provisions of this Agreement and for the purpose of effectuating and as may be required to effectuate the same and to ensure that the board of directors acts and exercises its powers consistently with the provisions of this Agreement and for the purposes of effectuating and as may be required to effectuate the same. If any director shall act otherwise, the Shareholders will vote in favour of a resolution, that may be moved by any Shareholder, for the removal of such director. The board of directors shall see to it that the Company's officers carry out all duties which they are required to perform under this Agreement or which are necessary to carry out its purpose and intent, and each Shareholder hereby guarantees to the other Shareholder the performance of all duties by any officer of the Company who is a nominee of such Shareholder or an officer, director or shareholder of such Shareholder and hereby agrees to indemnify the Company and the other Shareholder against any loss or damages sustained by the Company or such other Shareholder arising out of or resulting from any acts of such officer that is not Approved by the Shareholders or approved or sanctioned by the board of directors.

## **2.7 Share Certificate.**

Reference to and notice of this Agreement shall be endorsed on all certificates issued by the Company representing Shares.

## **2.8 Execution of Instruments.**

Subject to 6.4, all cheques and other banking documents, deeds, transfers, contracts, agreements, transfers of title to individual purchasers of Partnership Units and any other document or instrument to be executed for and on behalf of the Company, regardless of whether it relates to a Major Decision or a Non-Major Decision (collectively, "**Instruments**"), shall be executed by any **[one/two]** of the Authorized Signing Officers.

## ARTICLE 3 COMPANY DECISIONS AND OTHER MATTERS

### 3.1 Major Decisions.

Subject to Section 6.4, each of the Shareholders and the Company agrees that no action will be taken or permitted to be taken by or on behalf of the Company, directly or indirectly, in respect of or within the scope of any of the following matters (“**Major Decisions**”) enumerated below, unless such action is specifically permitted or required by this Agreement or is first Approved by the Shareholders:

- (1) making any change or amendment to the articles or by-laws of the Company;
- (2) commencing any proceedings to wind-up, dissolve or liquidate the Company or the Partnership or making any assignment for the benefit of the creditors of the Company or the Partnership or making any application for a receiving order against the Company or the Partnership;
- (3) consolidating or merging the Company or the Partnership with or into any other Person or reorganizing the Company or the Partnership in any manner;
- (4) creating or investing in any subsidiary company or entering into any partnership or joint venture, other than the Partnership;
- (5) continuing the Company under the laws of any other jurisdiction;
- (6) making any change in the authorized or issued capital of the Company or the Partnership, allotting, issuing or creating any additional Shares, Partnership Units, or Partnership Interests, as applicable, or purchasing, selling or accepting a gift of any Shares, Partnership Units or Partnership Interests, as applicable, or making any option, agreement or obligation to do so;
- (7) other than as contemplated in the Partnership Agreement, redeeming, purchasing for cancellation or otherwise retiring or paying off any of the outstanding Shares or Partnership Units, as applicable, or reducing or increasing the stated capital of any Shares or Partnership Units, as applicable;
- (8) entering into any contract, agreement or commitment out of the scope of the Project;
- (9) engaging in any activity or business other than the Project;
- (10) appointing or removing the officers of the Company;
- (11) changing the Accountants of the Company or the Partnership’s Accountants ;
- (12) any Material Change to the Development Plan;
- (13) any increase in the total amount of the Project Budget which, alone or once aggregated with all previous increases and decreases made to the Project Budget, would cause the total amount of the Project Budget to exceed the total amount of the Initial Budget by amount that is equal to 10% of the total amount of the Initial Budget;
- (14) any stoppage, suspension, abandonment or termination of the Project or a substantial part thereof for a period of more than 60 days and, in the case of any stoppage, suspension, abandonment or termination of the Project or a substantial part thereof due to the occurrence of Force Majeure that continues to exist for more than 60 days, provided that Hillspport, as the Development Manager, delivers written notice to Chancery of such Force Majeure within a reasonable period of time following its occurrence;
- (15) except as set out in the Partnership Agreement, any sale, transfer, Encumbering or financing of the Land or any interest therein (including any financing for the Project) by the Company, for and on behalf of the Partnership, in any manner whatsoever other than: (i) the granting of any easements

reasonably required for the completion of the Project; and/or (ii) the transfer of any part of the Land to any Governmental Authority, provided such transfer is reasonably required for the completion of the Project;

- (16) approving any interim or long-term financing secured by a charge/mortgage of the Land, or any part thereof, or affecting a Partnership Interest;
- (17) the Transfer or Encumbrance of any Shares, Partnership Units or Partnership Interests, as applicable, other than as set out in this Agreement or the Partnership Agreement and other than by way of assignment or pledge to a third party lender to secure financing for the Project in accordance with this Agreement and the Partnership Agreement;
- (18) subject to any restrictions in the Partnership Agreement, decision regarding the determination or distribution of surplus cash of the Partnership;
- (19) any decision regarding the material amendment of the Development Management Agreement, the Asset Management Agreement or the Operations Management Agreement;
- (20) a holder of Common LP Units or Subordinate Preferred Units or any of its Affiliates entering into an agreement with the Company or the Partnership for the provision of materials or services for the Project other than in connection with or pursuant to the provisions of the Development Management Agreement, the Asset Management Agreement or the Operations Management Agreement;
- (21) declaring or paying any dividend or making any distribution of funds or any payment of funds in each case of the Company or the Partnership, or transferring any Asset to any Shareholder, Partner or any Person, other than as set out in this Agreement or the Partnership Agreement;
- (22) agreeing to any material modification of or amendment to any instrument or document evidencing or securing any loan Approved by the Shareholders;
- (23) paying management, consulting or other fees to any of the Shareholders or Partners, or their respective Affiliates, or their respective direct or indirect shareholders or unitholders, or any of the directors, officers or employees of any of the aforementioned Persons other than the Finder's Fee or pursuant to the Development Management Agreement, the Asset Management Agreement or the Operations Management Agreement;
- (24) hiring any employees of the Company or the Partnership;
- (25) making on behalf of the Partnership any distribution other than distributions specifically mandated by the Partnership Agreement;
- (26) agreeing to a Closing Date other than the date specified in the Partnership Agreement;
- (27) approving of any amendments and/or waivers to any nominee agreement between the Company and the Partnership, pursuant to which the Company holds a registered interest in the Land, as nominee and bare trustee for the Partnership; and
- (28) any other matter which according to the specific terms and provisions of this Agreement requires the Approval of the Shareholders or that it be Approved by the Shareholders.

Each Shareholder agrees that Major Decisions and all other decisions concerning the Company and the Partnership shall be made by it in good faith and strictly upon the merits of the proposed action, and the making of such decisions shall not be unreasonably delayed. Approval by the Shareholders of any Major Decision in connection with the Company or the Partnership also constitutes Approval by the Shareholders of any steps reasonably necessary for the Company or the Partnership, as applicable, to take in order to implement, perform or carry out such Major Decisions, and the Shareholders shall do all things

and execute any and all deeds, transfers, agreements, leases and other documents reasonably required to carry out any such Major Decision.

Notwithstanding this Section 3.1, each Shareholder shall not unreasonably withhold or delay its consent to conventional, *bona fide* institutional financing that is at and on current fair market interest rates and terms and that is in accordance with the Project Budget.

### **3.2 Non-Major Decisions relating to the Development of the Project.**

Subject to Section 6.4 and the Act or as otherwise provided for in this Agreement, any decision relating to the development of the Project that is not a Major Decision shall be made by Hillspport, its nominated directors and/or nominated officers (a “**Non-Major Decision**”).

### **3.3 Development Management Agreement.**

Upon the occurrence of an event giving rise to a right of the Partnership to terminate the Development Management Agreement, subject to the provisions below, Chancery shall be entitled to terminate the Development Management Agreement and the appointment of the Development Manager, and the replacement of the Development Manager shall be effected as follows:

- (1) Chancery shall provide Hillspport, within five Business Days after the date of termination of the Development Manager, with a list of not less than three replacement managers satisfactory to Chancery, that are willing to assume all the obligations and duties of the Development Manager on terms and conditions that are reasonable and consistent with prevailing residential development industry standards, taking into account, among other things, the location, size and complexity of the Project;
- (2) within 10 days after receipt by Hillspport of the list referred to in Subsection (1) above, Hillspport shall give notice to Chancery of which one of the replacement managers set out on such list is acceptable to Hillspport and, upon the giving of such notice within such 10-day period, the replacement manager accepted by Hillspport shall become the Development Manager; and
- (3) if Hillspport fails to give the notice referred to in Subsection (2) above within such 10-day period, Chancery shall select the replacement manager from the list referred to in Subsection (1) above and such replacement manager shall become the Development Manager.

### **3.4 Operations Management Agreement.**

Upon the occurrence of an event giving rise to a right of the Partnership to terminate the Operations Management Agreement, subject to the provisions below, Chancery shall be entitled to terminate the Operations Management Agreement and the appointment of the Operations Manager, and the replacement of the Operations Manager shall be effected as follows:

- (1) Chancery shall provide Hillspport, within five Business Days after the date of termination of the Operations Manager, with a list of not less than three replacement managers satisfactory to Chancery, that are willing to assume all the obligations and duties of the Operations Manager on terms and conditions that are reasonable and consistent with prevailing residential development industry standards, taking into account, among other things, the location, size and complexity of the Project;
- (2) within 10 days after receipt by Hillspport of the list referred to in Subsection (1) above, Hillspport shall give notice to Chancery of which one of the replacement managers set out on such list is acceptable to Hillspport and, upon the giving of such notice within such 10-day period, the replacement manager accepted by Hillspport shall become the Operations Manager; and

- (3) if Hillsport fails to give the notice referred to in Subsection (2) above within such 10-day period, Chancery shall select the replacement manager from the list referred to in Subsection (1) above and such replacement manager shall become the Operations Manager.

### **3.5 Asset Management Agreement.**

Upon the occurrence of an event giving rise to a right of the Partnership to terminate the Asset Management Agreement, subject to the provisions below, Hillsport shall be entitled to terminate the Asset Management Agreement and the appointment of the Asset Manager, and the replacement of the Asset Manager shall be effected as follows:

- (1) Hillsport shall provide Chancery, within five Business Days after the date of termination of the Asset Manager, with a list of not less than three replacement managers satisfactory to Hillsport, that are willing to assume all the obligations and duties of the Asset Manager on terms and conditions that are reasonable and consistent with prevailing residential development industry standards, taking into account, among other things, the location, size and complexity of the Project;
- (2) within 10 days after receipt by Chancery of the list referred to in Subsection (1) above, Chancery shall give notice to Hillsport of which one of the replacement managers set out on such list is acceptable to Chancery and, upon the giving of such notice within such 10-day period, the replacement manager accepted by Chancery shall become the Asset Manager; and
- (3) if Chancery fails to give the notice referred to in Subsection (2) above within such 10-day period, Hillsport shall select the replacement manager from the list referred to in Subsection (1) above and such replacement manager shall become the Asset Manager.

### **3.6 Periodic Statements – Partnership.**

The Company shall prepare and furnish or cause to be prepared and furnished, to each Shareholder and each partner of the Partnership the periodic budgets, plans, reports and financial statements contemplated by the Partnership Agreement.

### **3.7 Partnership Agreement.**

Each Shareholder covenants with each other Shareholder that it, or any Affiliate of it which is a partner of the Partnership, shall comply in all respects with all of its obligations under the Partnership Agreement. The Shareholders shall cause the Company to, and the Company shall, comply with and punctually perform, all of its obligations under the Partnership Agreement.

## **ARTICLE 4 FINANCIAL RECORDS AND REPORTING**

### **4.1 Books and Records.**

The books of account of the Company and the Partnership shall be kept and maintained at all times at a location and in a form Approved by the Shareholders. The books of account of the Company and the Partnership shall be maintained in accordance with GAAP.

### **4.2 Financial Reporting.**

Not later than 90 days after the end of each Fiscal Year, the Company shall furnish (or shall cause to be furnished) to each Shareholder an annual report of the business and operations of the Company (including the Partnership) during such year, which report shall constitute the accounting of the Company for such year. Such report shall contain a copy of the annual review engagement financial statements of the Company showing the Company's gross receipts and expenses and the Company's profit or loss for the year, which statements shall be in accordance with GAAP.

#### **4.3 Financial and Other Information.**

At the end of each Fiscal Year, the Company shall provide to the accountants or Accountants retained by any of the Shareholders full access to all financial information relating to the Company's most recently completed Fiscal Year, including, for greater certainty, all of the books and records relating thereto, and to cause the Accountants to work cooperatively with the Shareholder's accountants or auditors to facilitate the preparation of the tax returns of and for the Shareholders. The Company shall also prepare and furnish, or cause to be prepared and furnished, to each Shareholder upon request from time to time any additional information about the Company's or the Partnership's affairs, including the Land, as may be reasonably requested or required by such Shareholder, including any information available to the Company pursuant to the Development Management Agreement.

#### **4.4 Accountants.**

The Accountants shall initially be PricewaterhouseCoopers LLP until changed in accordance with Section 3.1(11) (the "**Accountants**").

#### **4.5 Access to Records.**

Each Shareholder shall have the right, at all reasonable times and at its expense, during usual business hours, to audit, examine and make copies of or extracts from the books of account and other books and records of the Company and of the Partnership. Such right may be exercised through any agent or employee of such Shareholder designated by it or by an outside independent chartered accountant designated by such Shareholder.

### **ARTICLE 5 TRANSFER RESTRICTIONS**

#### **5.1 General Prohibition on Transfer.**

Save as otherwise specifically provided in this Agreement and the Partnership Agreement to the contrary, no Shareholder shall transfer or Encumber (whether directly or indirectly) its Shareholder's Interest or make any agreement to do so, without the prior written consent of the other Shareholder, which consent may be arbitrarily or unreasonably withheld. Any transaction made or purported to be made in contravention of this Section 5.1 shall be null and void, *ab initio*. The foregoing shall not, however, prohibit or prevent the Company from transferring the Assets to, or Encumbering the Assets in favour of, any lender providing financing to the Project as a whole, in accordance with this Agreement and the Partnership Agreement.

#### **5.2 Approval of Share Transfers.**

The Shareholders shall grant the necessary approval under the Company's articles and by-laws for all transfers of Shares to be made in accordance with the provisions of this Agreement or the Partnership Agreement, provided that all of the provisions hereof have been complied with and shall withhold such approval in cases where all of the provisions hereof have not been complied with.

#### **5.3 Prohibition on Transfer.**

No Shareholder will sell, transfer, convey or assign all or any portion of its Shares except in accordance with the terms of this Agreement. For the purposes of this Agreement, a corporate Shareholder will be deemed to have sold, transferred, conveyed and assigned its Shares upon any Change in Control of that corporate Shareholder occurring from the date of this Agreement.

#### **5.4 Permitted Transfers.**

A Share may be assigned, transferred, conveyed, gifted or otherwise disposed of by a Shareholder or its agent duly authorized in writing if the following conditions are satisfied:

- (1) other than a transfer to a Permitted Transferee (for which no consent of the Board shall be required), the Board has consented in writing to the transfer from the transferor to the transferee, which consent may be unreasonably withheld;
- (2) the transferor has delivered to the Company an executed transfer of the Shares in such form as is acceptable to the Board, acting reasonably;
- (3) the transferee has agreed in writing to be bound by the terms of this Agreement and executes a joinder agreement;
- (4) the transferee pays such costs, expenses and disbursements, including legal fees, as are reasonably incurred by the Company by reason of the transfer; and
- (5) such other requirements as may be required by law or may reasonably be required by the Board.

## ARTICLE 6 DEFAULT

### 6.1 Default.

If any of the following occurs with respect to a Shareholder, then such Shareholder shall be deemed to be a “**Defaulting Shareholder**”:

- (1) such Shareholder violates the provisions of Section 5.1, 5.2, or 5.3; or
- (2) other than in connection with a *bona fide* corporate reorganization which does not contravene Section 3.1, such Shareholder is wound up, dissolved, liquidated, or has its existence terminated (unless such existence is immediately reinstated) or has any resolution passed therefor or makes a general assignment for the benefit of its creditors or a proposal under the *Bankruptcy Act*, or is adjudged bankrupt or insolvent; or if it proposes a compromise or arrangement under the *Companies’ Creditors Arrangement Act* (Canada), or files any petition or answer seeking any reorganization, arrangement, composition, re-adjustment, liquidation, or similar relief for itself under any present or future law relating to bankruptcy, insolvency or other relief for or against debtors generally; or
- (3) if a court of competent jurisdiction enters an order, judgment or decree against such Shareholder seeking any reorganization, arrangement, composition, re-adjustment, liquidation, dissolution, winding-up, termination of existence, declaration of bankruptcy or insolvency or similar relief under any present or future law relating to bankruptcy, insolvency or other relief for or against debtors generally, and such order, judgment or decree remains unvacated and unstayed for an aggregate of thirty (30) days (whether or not consecutive) from the day of entry thereof; or if any trustee in bankruptcy, receiver, receiver and manager, liquidator or any other officer with similar powers is appointed for such Shareholder or any part of a Shareholder’s Interest with the consent or acquiescence of such Shareholder and such appointment remains unvacated and unstayed for an aggregate of thirty (30) days (whether or not consecutive); or
- (4) if the ability of such Shareholder to perform its obligations hereunder has been materially adversely affected by an Encumbrancer taking possession of all or any part of the property of such Shareholder and such Encumbrancer remains in possession of such property for an aggregate of thirty (30) days (whether or not consecutive); or
- (5) if an Event of Default (as such term is defined in the Partnership Agreement) occurs in relation to a Shareholder under the terms of the Partnership Agreement; or



- (6) such Shareholder breaches any covenant or obligation contained in this Agreement in any material respect and (i) if such breach can with due diligence be cured within 30 days, such Shareholder does not cure such breach within 30 days after receipt of a notice from any other Shareholder asking it to cure such breach, or (ii) if such breach cannot with due diligence be cured within 30 days, such Shareholder (A) does not promptly commence and proceed with due diligence to cure such breach continuously to completion after receipt of the notice referred to in this Section 6.1(6), and (B) having promptly so commenced such rectification, does not cure such breach within 45 days after receipt of such notice.

## **6.2 Non-Complaining Shareholder's Rights Retained Until Breach is Determined.**

Unless and until a Shareholder is determined to be a Defaulting Shareholder hereunder pursuant to the provisions of this Article 6, such Shareholder shall not be a Defaulting Shareholder hereunder and such Shareholder shall maintain all of the rights granted to a Non-Defaulting Shareholder hereunder, provided, however, once a determination is made that a Shareholder has become a Defaulting Shareholder, then such Shareholder shall be deemed for all purposes hereunder to have become a Defaulting Shareholder as of the date of the expiration of the applicable cure period, if any.

## **6.3 Rights Upon Breach.**

If a Shareholder becomes a Defaulting Shareholder; the other Shareholder (the “**Non-Defaulting Shareholder**”) shall have the right, in respect of any Defaulting Shareholder:

- (1) to bring any proceedings in the nature of specific performance, injunction or other equitable remedy, it being acknowledged by the Shareholders that damages at law may be an inadequate remedy for a default, breach or threatened breach of this Agreement;
- (2) pursuant to the terms of this Agreement, to remedy the default and bring any action at law or otherwise to be reimbursed by the Defaulting Shareholder for any monies expended to remedy such default, including any expenses incurred by the Non-Defaulting Shareholder in connection therewith, together with interest thereon at the Interest Rate;
- (3) to bring any action at law that may be necessary or advisable in order to recover damages; and/or
- (4) the Defaulting Shareholder's right (and/or the right of its nominee directors), notwithstanding anything herein to the contrary, to approve any decision or vote on any resolution of the board of directors of the Company and/or the Shareholders, provided for or required by this Agreement, is suspended until such time as the Defaulting Shareholder is no longer a Defaulting Shareholder.

## **6.4 Suspension of Voting and Decision-Making Rights.**

In the event that a Defaulting Shareholder's voting rights are suspended pursuant to Section 6.3(4), (i) any matter, decision or action (including all Major Decisions and Non-Major Decisions) shall be decided solely by the Non-Defaulting Shareholder and (ii) any matter, decision or action requiring the approval of the board of directors of the Company shall be decided solely by the Non-Defaulting Shareholder's nominee on the board of directors. Notwithstanding the articles or by-laws of the Company or the other provisions of this Agreement: (i) where a Defaulting Shareholder's voting rights have been suspended pursuant to Section 6.3(4), the quorum for any (A) meeting of the Shareholders shall be the Non-Defaulting Shareholder (or one individual holding a proxy to represent the Non-Defaulting Shareholder) and (B) meeting of directors shall be one director, which director shall be a nominee of the Non-Defaulting Shareholder; and (ii) any Instrument shall be executed by one or more officers of the Non-Defaulting Shareholder.

## 6.5 Non-exclusive Rights.

The rights of a Non-Defaulting Shareholder pursuant to this Article 6 and at law or in equity are separate and are not dependent on one another, and each such right is complete in itself and not by reference to any other such right, and any of such rights or any combination of such rights may be exercised by a Non-Defaulting Shareholder from time to time, and no such exercise shall exhaust such rights or preclude such Non-Defaulting Shareholder from exercising any other rights or any combination of such rights from time to time thereafter or simultaneously.

## ARTICLE 7 ARM'S LENGTH SALE AND THE RIGHT OF FIRST OFFER

### 7.1 Right of First Offer.

- (1) If at any time following the fifth anniversary of the date that the Project reaches Stabilization, a Shareholder (a "**Selling Shareholder**") desires that the Company cause the Project to be sold to a third party (the "**Third Party**") with whom the Selling Shareholder deals at Arm's Length, the Selling Shareholder must first offer to sell its entire direct and indirect interest in the Project (the "**Offer**") to the other Shareholder (the "**Non-Selling Shareholder**"). The Offer must be for 100% of the Selling Shareholder's direct and indirect interest in the Project (the "**Offered Interest**") and be made by written notice to the Non-Selling Shareholder (the "**Offer Notice**") specifying the consideration for the Offered Interest. The Offer may not be revocable.
- (2) Within 10 Business Days of the receipt by the Non-Selling Shareholder of the Offer Notice, the Non-Selling Shareholder shall have the right to purchase the Offered Interest for a price equal to that contained in the Offer (the "**Purchase Price**") and on the terms contained in the Offer and described in the Offer Notice (the "**Offer Terms**") by notice in writing to the Selling Shareholder delivered to the Selling Shareholder within such 10 Business Days (a "**ROFO Acceptance Notice**").
- (3) Within 60 days of the delivery by the Non-Selling Shareholder to the Selling Shareholder of the ROFO Acceptance Notice, the Non-Selling Shareholder shall complete the purchase of the Offered Interest from the Selling Shareholder at the Purchase Price and on the Offer Terms, and both the Selling Shareholder and the Non-Selling Shareholder shall take all necessary action, steps and proceedings to effect such sale within such time period.
- (4) If the Non-Selling Shareholder does not provide the ROFO Acceptance Notice within the time period specified in Section 7.1(2) or if the Non-Selling Shareholder provides the ROFO Acceptance Notice within the required time period, but fails to complete the purchase of the Offered Interest as contemplated in Section 7.1(3) within the time period contemplated by Section 7.1(3) (as applicable, the "**Deadline**"), then notwithstanding anything in this Agreement the Selling Shareholder may cause the Company to sell the Project, and the Company, in its capacity and pursuant to its authority as general partner of the Partnership, shall sell the Project to an Arm's Length Third Party, at a price which is not less than the price implied by the Purchase Price for 100% of the Project and on terms no less favourable to the Partnership than the Offer Terms, within 120 days of the Deadline, and both the Non-Selling Shareholder and the Selling Shareholder shall take all necessary action, steps and proceedings to effect such sale within such time period.
- (5) Each of the Selling Shareholder and Non-Selling Shareholder shall execute any further instruments and take further action as reasonably required to effect the purposes of this Article 7.

## **ARTICLE 8 GENERAL PROVISIONS**

### **8.1 Term of the Agreement.**

This Agreement shall commence as of the date hereof and shall continue until the occurrence of any of the following events: (i) the Shareholders unanimously agree in writing to terminate this Agreement, or (ii) the winding-up or dissolution of the Company or the Partnership or (iii) there being only one Shareholder. The Shareholders agree to wind-up and dissolve the Company within a reasonable period of time following either the dissolution of the Partnership or the termination or resignation of the Company as the managing general partner of the Partnership.

### **8.2 Restated Agreement.**

The Shareholders agree that on receipt of written notice making demand therefor from time to time by any Party to any other Party, the Company and the then shareholders of the Company will enter into a new agreement superseding this Agreement, which agreement shall be the same as this Agreement in all respects except that it shall be dated as of its execution date and shall reflect the then shareholders of the Company as the parties thereto and their Shareholder's Proportions: In particular, such new agreement shall contain a provision identical to this Section 8.2.

### **8.3 Accounting Principles.**

Except as specifically provided otherwise in this Agreement, all calculations referred to herein and all financial statements, projections and reports shall be made or prepared in accordance with IFRS and practices applicable in the real estate development industry and applied on a consistent basis.

### **8.4 Notices.**

- (1) All notices, demands, approvals, consents, agreements, offers, payments or requests (a "**Notice**") provided for in this Agreement shall be in writing and shall be given by personal delivery or written telegraphic or electronic communication which results in a written or printed notice being given to the applicable address set forth below:

- (a) and to the **Company** as follows:

Chancery (Oshawa) The Bartlett GP Inc.  
2275 Upper Middle Road East  
Suite 100  
Oakville, ON L6H 0C3  
Attention: Steve Suske  
Email Address: ssuske@suskecapital.com

in each case, with a copy to each of the Shareholders,

- (b) to **Hillsport** as follows:

Hillsport Developments Inc.  
63 Invermay Avenue  
Toronto, ON M3H 1Z6  
Attention: Joshua Skaist  
Email Address: Joshskaist@gmail.com

with a copy to:

Goldman, Spring, Kichler & Sanders LLP  
Attention: Joseph Maierovits  
Email Address: jbm@goldmanspring.com

(c) to **Chancery** as follows:

Chancery Seniors Housing Investments Inc.  
2275 Upper Middle Road East  
Suite 100  
Oakville, ON L6H 0C3  
Attention: Steve Suske  
Email Address: ssuske@suskecapital.com

with a copy to:

McMillan LLP  
Brookfield Place, Suite 4400  
Bay Wellington Tower  
181 Bay Street  
Toronto, ON M5J 2T3  
Attention: Adam Kline  
Email Address: adam.kline@mcmillan.ca

- (2) Any Notice, if delivered, shall be deemed to have been validly and effectively given and received on the date of delivery and any Notice, if sent by telegraphic or electronic communication; shall be deemed to have been validly and effectively given and received on the date of transmission, provided that such day in either event is a Business Day and the Notice is so delivered or sent by telegraphic or other electronic communication prior to 5:00 p.m. (Toronto time) on such day. Otherwise, such Notice shall be deemed to have been given and made and to have been received on the next following Business Day.
- (3) Any party may at any time and from time to time change its address for delivery or communication for purposes of this Section 8.4 by Notice to the other party given in the manner provided by this Section 8.4.

### **8.5 Time of Essence.**

Time shall be of the essence of this Agreement in all respects.

### **8.6 Further Assurances.**

Each Party shall promptly do, execute and deliver, or cause to be done, executed and delivered, all further acts, documents and things in connection with this Agreement that any other Party may reasonably require, for the purposes of giving effect to this Agreement.

### **8.7 Successors and Assigns.**

This Agreement shall enure to the benefit of, and be binding on the Parties and their respective successors and permitted assigns. None of the Parties may assign or transfer, whether absolutely, by way of security or otherwise, all or any part of its respective rights or obligations under this Agreement without the prior consent of the other Parties except as herein expressly permitted.

### **8.8 Amendment.**

No amendment of this Agreement will be effective unless made in writing and signed by the Parties.

### **8.9 Waiver.**

A waiver of any default, breach or non-compliance under this Agreement is not effective unless in writing and signed by the Party to be bound by the waiver. No waiver shall be inferred from or implied by any failure to act or delay in acting by a Party in respect of any default, breach or non-observance or by anything, done or omitted to be done by the other Party. The waiver by a Party of any default, breach or non-compliance under this Agreement shall not operate as a waiver of that Party's rights under this Agreement in respect of any continuing or subsequent default, breach or non-observance (whether of the same or any other nature).

### **8.10 Severability.**

If any term or provision of this Agreement or portion thereof or the application thereof to any Person or circumstance shall to any extent be invalid or unenforceable, the remainder of this Agreement or the application of such term or provision or portion thereof to Persons or circumstances other than those as to which it is invalid or unenforceable shall not be affected thereby, and each term and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law. If any payments required to be made under this Agreement shall be in excess of the amounts allowed by law, the amounts of such payments shall be reduced to the maximum amounts allowable by law.

### **8.11 Governing Law.**

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

## **ARTICLE 9 DISPUTES**

### **9.1 Disputes.**

All disputes arising out of or in connection with this Agreement, or in respect of any legal relationship associated with or derived from this Agreement, shall be arbitrated and finally resolved, as follows:

- (1) Initiation of Arbitration Proceedings. If any Party wishes to have any matter arbitrated in accordance with the provisions of this Agreement, it must give written notice to the other Parties in accordance with the provisions of this Agreement specifying the particulars of the matter in dispute;
- (2) Selection of the Arbitrator. Subject to the balance of the provisions of this Section 9.1(2), the arbitration must be conducted by a single arbitrator agreed upon by Chancery and Hillsport. If, within five Business Days after notice of the matter has been given by one Party to the other Parties, Chancery and Hillsport cannot agree upon a single arbitrator, then each of Chancery and Hillsport shall appoint an arbitrator within five Business Days after the date of failure to agree upon a single arbitrator (the "**Mutual Appointment Period**"), and the two arbitrators so appointed shall appoint a third arbitrator as soon as possible and in any event within five Business Days after the second arbitrator has been appointed. The three parties so appointed shall determine the matter in dispute by majority decision. If any Party fails to appoint an arbitrator within the Mutual Appointment Period, the decision of the arbitrator who has been appointed shall be final and binding on the Parties;
- (3) Arbitration Hearings. Meeting and hearings of the arbitration must take place in the Greater Toronto Area, and a party to the arbitration may be represented at any meetings or hearings by legal counsel;

- (4) The Decision. The decision of the arbitrator or the arbitration panel, as the case may be, shall be final and binding upon the parties to the arbitration with no right to appeal or review procedure provided, even on questions of law;
- (5) Costs. The arbitrator or the arbitration panel, as the case may be, may make any order it sees fit as to the costs of the arbitration and the party to bear such costs; and
- (6) Arbitration Act. The rules and procedures of the *Arbitration Act, 1991* (Ontario), as amended from time to time, shall apply to any arbitration conducted hereunder, except to the extent that they are modified by the express provisions of the rules set out herein.

## **ARTICLE 10 EXECUTION**

### **10.1 Counterparts and Formal Date.**

This Agreement may be executed in several counterparts, each of which when so executed shall be deemed to be an original, and such counterparts together shall constitute one and the same instrument and, notwithstanding the date of execution, shall be deemed to bear the date written at the beginning of this Agreement. For the purpose of this Section 10.1, the delivery of a facsimile or electronic copy of an executed counterpart of this Agreement shall be deemed to be valid execution and delivery of this Agreement.

*(INTENTIONALLY LEFT BLANK — SIGNATURE PAGE FOLLOWS)*

**IN WITNESS WHEREOF**, the parties hereto have caused this Agreement to be executed by their respective duly authorized officers the day and year first above written.

**CHANCERY SENIORS HOUSING  
INVESTMENTS INC.**

By:   
Name: SARAH CATHLAM  
Title: OFFICER

I have authority to bind the corporation

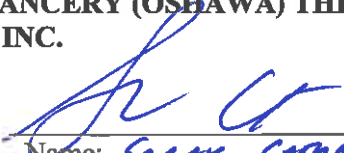
**HILLSPORT DEVELOPMENTS INC.**

By: \_\_\_\_\_  
Name:  
Title:

By: \_\_\_\_\_  
Name:  
Title:

I/We have authority to bind the corporation

**CHANCERY (OSHAWA) THE BARTLETT  
GP INC.**

By:   
Name: SARAH CATHLAM  
Title: OFFICER

By: \_\_\_\_\_  
Name:  
Title:

I/We have authority to bind the corporation

**IN WITNESS WHEREOF**, the parties hereto have caused this Agreement to be executed by their respective duly authorized officers the day and year first above written.

**CHANCERY SENIORS HOUSING  
INVESTMENTS INC.**

By: \_\_\_\_\_  
Name:  
Title:

I have authority to bind the corporation

**HILLSPORT DEVELOPMENTS INC.**

By: \_\_\_\_\_  
Name:  
Title:

By: \_\_\_\_\_  
Name:  
Title:

I/We have authority to bind the corporation

**CHANCERY (OSHAWA) THE BARTLETT  
GP INC.**

By: \_\_\_\_\_  
Name:  
Title:

By: \_\_\_\_\_  
Name:  
Title:

I/We have authority to bind the corporation



**EXHIBIT “A”**  
**INITIAL BUDGET**

**BOND AND STEVENSON, OSHAWA, ONTARIO****SENIORS COMPLEX****FINANCING ANALYSIS BASED ON CONVENTIONAL APARTMENT COMPLEX**

<b>STABILIZED VALUE</b>	<b>4.50%</b>	<b>59,290,682</b>	note #1
Project Cost		<b>41,038,405</b>	
Revised Cost		<b>41,038,405</b>	
Increase in value over construction cost		<b>18,252,277</b>	

<b>CONSTRUCTION FINANCING ANALYSIS</b>	% of <u>Cost</u>	
Equity Required	25.0%	10,259,601
Conventional Construction Loan	75.0%	30,778,804
	100.0%	<b>41,038,406</b>

<b>OPERATIONS</b>		
Gross Revenue		3,561,086
Operating Expenses		<u>(750,562)</u>
Subtotal		2,810,524
Management Fee	4%	<u>(142,443)</u>
<b>Net Operating Revenue (NOI)</b>		<b>2,668,081</b>

note 2

<b>TAKEOUT FINANCING ANALYSIS</b>		
Mortgage Financing	63%	37,353,130
Plus cash flow after break even until refinancing		313,409
Less repayment of construction loan		<u>(30,778,804)</u>
Equity available (required) after repayment of construction loan	67%	6,887,735
Equity per above		<u>(10,259,601)</u>
Equity available (required) after repayment of equity		<b>(3,371,867)</b>

**STABILIZED CASH FLOW AND RETURNS**

NOI per above		2,668,081
Mortgage Interest	4.5%	<u>(1,648,473)</u>
<b>Available cash flow</b>		<b>1,019,608</b>
Sustaining CAPEX	1%	<u>(35,611)</u>
Principal		<u>(832,401)</u>
NOI after capex and principal		<b>151,596</b>

Other Capitalization rates for comparative purposes	3.50%	76,230,877
	4.00%	66,702,018
	4.50%	59,290,682
	5.00%	53,361,614
	5.50%	48,510,558

**Notes:**

- 1 Stabilization is defined as 97% occupancy and is projected within one year of construction completion.
- 2 NOI is projected based on revenue in subsequent 12 months after stabilization.

**BOND AND STEVENSON, OSHAWA, ONTARIO  
SENIORS COMPLEX  
PROJECT COSTS PAGE**

**1) LAND COSTS**

		<b>Total Costs</b>
Land Purchase		3,500,000
Realty Taxes	1,301 days at: 50,000 per year	178,219
Land Transfer Taxes		52,500
Land Legal Fees		15,000
<b>TOTAL LAND COSTS</b>		<b>3,745,719</b>

**2) HARD COSTS**

Budget Estimate	Including parking garage	26,296,100
Parking Garage Allocation		-
Demolition		25,000
LEED Premium		
Contingency	5.0%	1,316,055
<b>TOTAL HARD COSTS</b>		<b>27,637,155</b>

**3) SOFT COSTS****Off Site Costs for Construction**

Municipal Development Levies & Fees	2,759,229
Building Permit	-
Site Servicing	1,000,000
Additional Municipal Charges	30,000
Utility hook-up charges	25,000
	<b>3,814,229</b>

**Design & Construction Soft Costs**

Architect's Fees	350,000
Structural Engineer	60,000
Mechanical and Electrical Engineer	60,000
Landscape Architect	20,000
Planning Consultant	30,000
GeoTech and Phase One Engineers	30,000
Civil Engineer & Inspections	30,000
Quantity Surveyor	20,000
Code Consultant	10,000
Testing and Inspections	50,000
Interior design	50,000
Kitchen Consultant	5,000
Surveys	15,000
Disbursements & Printing Budget	30,000
Other Consultants/Contingency	40,000
	<b>800,000</b>

**Project Administration Soft Costs**

Development Management Fee	1,000,000
Legal Fees (for all Agreements)	50,000
Insurance	200,000
Bonding	
Letters of credit	15,000
	<b>1,265,000</b>

**Financing Soft Costs & Lease-Up Losses**

Appraisal & Market Studies for Financing	20,000
Financing Fees	1,000,000
Stand by fee	20,000
Bank's Quantity Surveyor & Legal for Draws	15,000
	<b>1,055,000</b>

HST	Per attached schedule that incorporates new housing rebate	1,156,168
Contingency	5% of above soft costs	404,520

<b>TOTAL SOFT COSTS</b>	<b>8,494,917</b>
-------------------------	------------------

**4) DEFERRED COSTS**

Furniture, Fixtures & Equipment	50,000
Marketing Expenses (Includes presentation center)	36,000
Interest During Construction Period	684,202
Loss during start-up period including interest	390,412
Start Up Expenses	-
<b>TOTAL DEFERRED COSTS</b>	<b>1,160,614</b>

<b>TOTAL PROJECT COSTS</b>	<b>\$ 41,038,405</b>
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**Budget****Variances****1) LAND COSTS****Total Costs**

Land Purchase				3,500,000	
Realty Taxes	1,301	days at:	50,000	per year	178,219
Land Transfer Taxes					52,500
Land Legal Fees					15,000

<b>TOTAL LAND COSTS</b>	<b>3,745,719</b>
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**2) HARD COSTS**

Budget Estimate	Including parking garage	26,296,100
Parking Garage Allocation		-
Demolition		25,000
LEED Premium		
Contingency	5.0%	1,316,055

<b>TOTAL HARD COSTS</b>	<b>27,637,155</b>
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**3) SOFT COSTS****Off Site Costs for Construction**

Municipal Development Levies & Fees	2,759,229
Building Permit	-
Site Servicing	1,000,000
Additional Municipal Charges	30,000
Utility hook-up charges	25,000
	<u>3,814,229</u>

**Design & Construction Soft Costs**

Architect's Fees	350,000
Structural Engineer	60,000
Mechanical and Electrical Engineer	60,000
Landscape Architect	20,000
Planning Consultant	30,000
GeoTech and Phase One Engineers	30,000
Civil Engineer & Inspections	30,000
Quantity Surveyor	20,000
Code Consultant	10,000
Testing and Inspections	50,000
Interior design	50,000
Kitchen Consultant	5,000
Surveys	15,000
Disbursements & Printing Budget	30,000
Other Consultants/Contingency	40,000
	<u>800,000</u>

**Project Administration Soft Costs**

Development Management Fee	1,000,000
Legal Fees (for all Agreements)	50,000
Insurance	200,000
Bonding	
Letters of credit	15,000

1,265,000

**Financing Soft Costs & Lease-Up Losses**

Appraisal & Market Studies for Financing	20,000
Financing Fees	1,000,000
Stand by fee	20,000
Bank's Quantity Surveyor & Legal for Draws	15,000
	<u>1,055,000</u>

HST	Per attached schedule that incorporates new housing rel	1,156,168
Contingency	5% of above soft costs	404,520

<b>TOTAL SOFT COSTS</b>	<b>8,494,917</b>
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**4) DEFERRED COSTS**

Furniture, Fixtures & Equipment	50,000
Marketing Expenses (Includes presentation center)	36,000
Interest During Construction Period	684,202
Loss during start-up period including interest	390,412
Start Up Expenses	-
<b>TOTAL DEFERRED COSTS</b>	<b>1,160,614</b>

<b>TOTAL PROJECT COSTS</b>	<b>\$ 41,038,405</b>
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BOND AND STEVENSON, OSHAWA, ONTARIO  
SENIORS COMPLEX  
SUITE SIZE AND REVENUE

Location	Type	sq ft	Total sq ft	studio	1 bedrm	plus den	2 bedrm	Monthly Revenue	2019 6%	Current Rent
	one bedroom	750	67,500			90		162,000	171,700	1,800
	two bedroom	950	37,050				39	85,800	90,900	2,200
				0	0	90	39	247,800	262,600	

Summary:				Suite Rent				262,600		
Residential sq ft per above		104,550		Parking Revenue		90	\$50	4,500		
Additional residential gross		30,311		Concierge		129	\$50	6,450		
Commercial sq ft		5,295		Medical Referral Revenue		65	\$25	1,613		
Medical sq ft		7,804		Total Residential Revenue						275,163
Total Square Footage		147,960		Bistro Lease				5,186		
Residential		91%		Clinic Lease				12,475		
Other space		9%		Fitness Center Lease				2,879		
				Pharmacy Lease				531		
				Salon Lease				759		
Room Type		number of rooms		Total Commercial Revenue						21,831
one bedroom plus den		90		Total Monthly Revenue						296,994
two bedroom		39		Total Annual Revenue						3,563,922
		129								

BOND AND STEVENSON, OSHAWA, ONTARIO  
 SENIORS COMPLEX  
 Commercial Area Leases

	Bistro	Fitness	Salon	Pharmacy	Clinic
sq m	206.80	63.60	42.30	29.60	695.40
sq m	82.30	96.90			
subtotal	289.10	160.50	42.30	29.60	695.40
conversion	10.764	10.764	10.764	10.764	10.764
sq ft	3,111.85	1,727.61	455.31	318.61	7,485.22
sq ft \$	20.00	20.00	20.00	20.00	20.00
yearly lease \$	62,236.93	34,552.15	9,106.27	6,372.23	149,704.47
monthly lease \$	5,186.41	2,879.35	758.86	531.02	12,475.37

Note:

Revenue is based on NET lease.

SENIORS COMPLEX  
PROFIT AND LOSS STATEMENT  
LEASE UP THROUGH STABILIZATION

YEAR ONE	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Occupancy	10.00%	17.91%	25.82%	33.73%	41.64%	49.55%	57.45%	65.36%	73.27%	81.18%	89.09%	97.00%
Revenue												
Residential Revenue	26,260	47,029	67,799	88,568	109,337	130,106	150,876	171,645	192,414	213,183	233,953	254,722
Commercial Revenue	34,394	34,394	34,394	34,394	34,394	34,394	34,394	34,394	34,394	34,394	34,394	34,394
	60,654	81,423	102,192	122,961	143,731	164,500	185,269	206,038	226,808	247,577	268,346	289,116
Expenses												
Wages	17,255	17,255	17,255	17,255	17,255	17,255	17,255	17,255	16,392	16,392	17,255	17,255
Maintenance	3,905	3,905	4,165	4,165	4,425	4,425	4,686	4,686	4,946	4,946	5,206	5,206
General & administrative	2,320	2,320	2,474	2,474	2,629	2,629	2,784	2,784	2,938	2,938	3,093	3,093
Utilities	12,361	12,361	12,361	12,361	12,361	12,361	12,361	12,361	13,048	13,048	13,735	13,735
Advertising	650	650	650	650	650	650	650	650	650	650	650	650
Property taxes	21,500	21,500	21,500	21,500	21,500	21,500	21,500	21,500	21,500	21,500	21,500	21,500
Management Fee (4%)	2,426	3,257	4,088	4,918	5,749	6,580	7,411	8,242	9,072	9,903	10,734	11,565
	60,416	61,247	62,493	63,324	64,569	65,400	66,646	67,477	68,546	69,377	72,172	73,003
Income before debt service	237	20,176	39,699	59,638	79,161	99,100	118,623	138,562	158,261	178,200	196,174	216,112
Interest during start-up	113,872	114,315	114,685	114,983	115,207	115,360	115,421	115,421	115,421	115,421	115,421	115,421
Net income (loss)	(113,635)	(94,140)	(74,986)	(55,345)	(36,046)	(16,260)	3,203	23,141	42,841	62,779	80,753	100,692
							Breakeven after debt					
Cumulative start-up loss	(113,635)	(207,775)	(282,761)	(338,106)	(374,152)	(390,412)	(387,210)	(364,068)	(321,228)	(258,449)	(177,695)	(77,003)



SENIORS COMPLEX  
PROFIT AND LOSS STATEMENT  
LEASE UP THROUGH STABILIZATION

YEAR TWO	Month 13	Month 14	Month 15	Month 16	Month 17	Month 18	Month 19	Month 20	Month 21	Month 22	Month 23	Month 24	Annualized Month 13
Occupancy	97.00%	97.00%	97.00%	97.00%	97.00%	97.00%	97.00%	97.00%	97.00%	97.00%	97.00%	97.00%	
Revenue													
Residential Revenue	262,364	262,364	262,364	262,364	262,364	262,364	262,364	262,364	262,364	262,364	262,364	262,364	3,148,364
Commercial Revenue	34,394	34,394	34,394	34,394	34,394	34,394	34,394	34,394	34,394	34,394	34,394	34,394	412,722
	296,757	296,757	296,757	296,757	296,757	296,757	296,757	296,757	296,757	296,757	296,757	296,757	3,561,086
Expenses													
Wages	17,600	17,600	17,600	17,600	17,600	17,600	17,600	17,600	17,600	17,600	17,600	17,600	211,201
Maintenance	5,310	5,310	5,310	5,310	5,310	5,310	5,310	5,310	5,310	5,310	5,310	5,310	63,724
General & administrative	3,155	3,155	3,155	3,155	3,155	3,155	3,155	3,155	3,155	3,155	3,155	3,155	37,856
Utilities	14,009	14,009	14,009	14,009	14,009	14,009	14,009	14,009	14,009	14,009	14,009	14,009	168,112
Advertising	650	650	650	650	650	650	650	650	650	650	650	650	7,800
Property taxes	21,823	21,823	21,823	21,823	21,823	21,823	21,823	21,823	21,823	21,823	21,823	21,823	261,870
Management Fee (4%)	11,870	11,870	11,870	11,870	11,870	11,870	11,870	11,870	11,870	11,870	11,870	11,870	142,443
	74,417	74,417	74,417	74,417	74,417	74,417	74,417	74,417	74,417	74,417	74,417	74,417	893,005
Income before debt service	222,340	222,340	222,340	222,340	222,340	222,340	222,340	222,340	222,340	222,340	222,340	222,340	2,668,081
Interest during start-up	115,421	115,421	115,421	115,421	115,421	115,421	115,421	115,421	115,421	115,421	115,421	115,421	
Net income (loss)	106,920	106,920	106,920	106,920	106,920	106,920	106,920	106,920	106,920	106,920	106,920	106,920	
Cumulative start-up loss	29,916	136,836	243,755	350,675	457,594	564,514	671,433	778,353	885,273	992,192	1,099,112	1,206,031	

SENIORS COMPLEX  
PROFIT AND LOSS STATEMENT  
LEASE UP THROUGH STABILIZATION

YEAR THREE	Month 25	Month 26	Month 27	Month 28	Month 29	Month 30	Month 31	Month 32	Month 33	Month 34	Month 35	Month 36	Annualized Month 36
Occupancy	97.00%	97.00%	97.00%	97.00%	97.00%	97.00%	97.00%	97.00%	97.00%	97.00%	97.00%	97.00%	
Revenue													
Residential Revenue	270,235	270,235	270,235	270,235	270,235	270,235	270,235	270,235	270,235	270,235	270,235	270,235	3,242,815
Commercial Revenue	34,394	34,394	34,394	34,394	34,394	34,394	34,394	34,394	34,394	34,394	34,394	34,394	412,722
	304,628	304,628	304,628	304,628	304,628	304,628	304,628	304,628	304,628	304,628	304,628	304,628	3,655,537
Expenses													
Wages	17,945	17,945	17,945	17,945	17,945	17,945	17,945	17,945	17,945	17,945	17,945	17,945	215,342
Maintenance	5,414	5,414	5,414	5,414	5,414	5,414	5,414	5,414	5,414	5,414	5,414	5,414	64,973
General & administrative	3,216	3,216	3,216	3,216	3,216	3,216	3,216	3,216	3,216	3,216	3,216	3,216	38,598
Utilities	14,284	14,284	14,284	14,284	14,284	14,284	14,284	14,284	14,284	14,284	14,284	14,284	171,408
Advertising	650	650	650	650	650	650	650	650	650	650	650	650	7,800
Property taxes	22,150	22,150	22,150	22,150	22,150	22,150	22,150	22,150	22,150	22,150	22,150	22,150	265,798
Management Fee (4%)	12,185	12,185	12,185	12,185	12,185	12,185	12,185	12,185	12,185	12,185	12,185	12,185	146,221
	75,845	75,845	75,845	75,845	75,845	75,845	75,845	75,845	75,845	75,845	75,845	75,845	910,141
Income before debt service	228,783	228,783	228,783	228,783	228,783	228,783	228,783	228,783	228,783	228,783	228,783	228,783	2,745,396
Interest during start-up	115,421	115,421	115,421	115,421	115,421	115,421	115,421	115,421	115,421	115,421	115,421	115,421	
Net income (loss)	113,363	113,363	113,363	113,363	113,363	113,363	113,363	113,363	113,363	113,363	113,363	113,363	
Cumulative start-up loss	1,319,394	1,432,756	1,546,119	1,659,481	1,772,844	1,886,206	1,999,569	2,112,931	2,226,294	2,339,656	2,453,019	2,566,381	

**BOND AND STEVENSON, OSHAWA, ONTARIO****SENIORS COMPLEX****Monthly Budget**

	<b>Budget</b>
<b>ADMINISTRATION</b>	
5100 · Accounting Fees	500.00
5101 · Bank charges	50.00
5102 · Cable Charges	0.00
5103 · Consulting	0.00
5104 · Computer supplies & services	0.00
5105 · Donations & Flowers	0.00
5106 · Insurance - property	1,500.00
5108 · Insurance - Van	0.00
5110 · Legal Fees	0.00
5111 · Membership & Subscriptions	500.00
5112 · Office Supplies	200.00
5113 · Payroll service fees	0.00
5114 · Photocopier	0.00
5115 · Postage and Delivery	0.00
5116 · Staff Engagement	0.00
5117 · Travel & Vehicle	0.00
5118 · Van lease	
5119 · Telephone Charges	250.00
5120 · Internet	0.00
5121 · Uniforms	0.00
<b>Total ADMINISTRATION</b>	<b>3,000.00</b>
<b>MAINTENANCE</b>	
5401 · Repairs & Maintenance	500.00
5402 · Equipment Repairs	500.00
5403 · Carpet and Flooring	200.00
5404 · Elevators	1,000.00
5405 · H.V.A.C.	500.00
5406 · Landscaping & Grounds	1,200.00
5407 · Pest Control	150.00
5408 · Pool Expenses	0.00
5409 · Supplies	200.00
5410 · Vehicle repairs	0.00
5411 · Waste Removal	600.00
5412 · Suite Renovations	200.00
<b>Total MAINTENANCE</b>	<b>5,050.00</b>
<b>MARKETING</b>	
5500 · Advertising - directories	150.00

5501 · Advertising - newspapers	500.00
5502 · Advertising - other	0.00
5503 · Supplies	0.00
5504 · Special Events	0.00
5505 · Printing and Reproduction	0.00
5506 · Referral & Incentives	0.00
<b>Total MARKETING</b>	<b>650.00</b>

**UTILITIES**

5700 · Electricity	14,000.00
5701 · Natural Gas	5,000.00
5702 · Water & sewer	1,000.00
<b>Total UTILITIES</b>	<b>20,000.00</b>

**WAGES & BENEFITS****WAGES**

5807 · Maintenance Manager	5,000.00
5809 · Gross Concierge	10,000.00
<b>Total WAGES</b>	<b>15,000.00</b>

**EMPLOYEE BENEFITS**

5850 · Overtime	0.00
5851 · Sick time expense	0.00
5852 · Statutory Holiday expense	0.00
5853 · Vacation expense	600.00
5854 · Staff Bonus	0.00
5855 · Longevity Bonus	0.00
<b>Total EMPLOYEE BENEFITS</b>	<b>600.00</b>

**BENEFITS**

5870 · C.P.P expenses	742.50
5871 · E.I. expense	394.80
5872 · EHT expense	0.00
5873 · Group Benefits	0.00
5875 · Accident Insurance	0.00
<b>Total BENEFITS</b>	<b>1,137.30</b>

<b>Total WAGES &amp; BENEFITS</b>	<b>16,737.30</b>
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5900 · MANAGEMENT FEES	15,579.00
5910 · Property Taxes	19,553.00
<b>Total Expense</b>	<b>80,569.30</b>

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**SCHEDULE 2.1**  
**Articles of Incorporation and By-Laws of the Company**

Request ID: 020528637

Demande n°:

Transaction ID: 065161617

Transaction n°:

Category ID: CT

Catégorie:

Province of Ontario

Province de l'Ontario

Ministry of Government Services

Ministère des Services gouvernementaux

Date Report Produced: 2017/07/25

Document produit le:

Time Report Produced: 15:23:46

Imprimé à:

# Certificate of Incorporation

## Certificat de constitution

This is to certify that

Ceci certifie que

**CHANCERY (OSHAWA) THE BARLETT GP INC.**

Ontario Corporation No.

Numéro matricule de la personne morale en  
Ontario

**002589172**

is a corporation incorporated,  
under the laws of the Province of Ontario.

est une société constituée aux termes  
des lois de la province de l'Ontario.

These articles of incorporation  
are effective on

Les présents statuts constitutifs  
entrent en vigueur le

**JULY 25 JUILLET, 2017**



Director/Directeur  
Business Corporations Act/Loi sur les sociétés par actions

Request ID / Demande n°	Ontario Corporation Number Numéro de la compagnie en Ontario
20528637	2589172

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FORM 1

FORMULE NUMÉRO 1

BUSINESS CORPORATIONS ACT

/

LOI SUR LES SOCIÉTÉS PAR ACTIONS

**ARTICLES OF INCORPORATION  
STATUTS CONSTITUTIFS**

1. The name of the corporation is: *Dénomination sociale de la compagnie:*  
**CHANCERY (OSHAWA) THE BARLETT GP INC.**

2. The address of the registered office is: *Adresse du siège social:*

**2275                    UPPER MIDDLE ROAD EAST                    Suite 100**

(Street & Number, or R.R. Number & if Multi-Office Building give Room No.)

(Rue et numéro, ou numéro de la R.R. et, s'il s'agit édifice à bureau, numéro du bureau)

**OAKVILLE  
CANADA**

(Name of Municipality or Post Office)

(Nom de la municipalité ou du bureau de poste)

**ONTARIO  
L6H 0C3**

(Postal Code/Code postal)

3. Number (or minimum and maximum  
number) of directors is:  
Minimum        1

*Nombre (ou nombres minimal et maximal)  
d'administrateurs:*  
Maximum        10

4. The first director(s) is/are:

*Premier(s) administrateur(s):*

First name, initials and surname  
*Prénom, initiales et nom de famille*

Resident Canadian        State Yes or No  
*Résident Canadien        Oui/Non*

Address for service, giving Street & No.  
or R.R. No., Municipality and Postal Code

*Domicile élu, y compris la rue et le  
numéro, le numéro de la R.R., ou le nom  
de la municipalité et le code postal*

\* **STEVEN  
SUSKE**

**YES**

**2275 UPPER MIDDLE ROAD EAST        Suite 100**

**OAKVILLE ONTARIO  
CANADA L6H 0C3**

Request ID / Demande n°	Ontario Corporation Number Numéro de la compagnie en Ontario
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\* SARAH  
CATHRAE  
  
2275 UPPER MIDDLE ROAD EAST Suite 100  
  
OAKVILLE ONTARIO  
CANADA L6H 0C3  
  
YES



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5. Restrictions, if any, on business the corporation may carry on or on powers the corporation may exercise.  
*Limites, s'il y a lieu, imposées aux activités commerciales ou aux pouvoirs de la compagnie.*

NONE

6. The classes and any maximum number of shares that the corporation is authorized to issue:  
*Catégories et nombre maximal, s'il y a lieu, d'actions que la compagnie est autorisée à émettre:*

The Corporation is authorized to issue an unlimited number of common shares.

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7. Rights, privileges, restrictions and conditions (if any) attaching to each class of shares and directors authority with respect to any class of shares which may be issued in series: *Droits, privilèges, restrictions et conditions, s'il y a lieu, rattachés à chaque catégorie d'actions et pouvoirs des administrateurs relatifs à chaque catégorie d'actions que peut être émise en série:*

**Common Shares**

(1) Dividends- The holders of the Common Shares shall be entitled to receive, as and when declared by the directors out of the moneys of the Corporation any dividend declared by the Corporation.

(2) Voting Rights -The holders of the Common Shares shall be entitled to receive notice of and to attend all meetings of the shareholders of the Corporation and to receive one (1) vote in respect of each Common Share held by the holder at all such meetings.

(3) Dissolution- In the event of the liquidation, dissolution or winding-up of the Corporation or other distribution of assets of the Corporation among its shareholders for the purpose of winding-up its affairs, the holders of the Common Shares shall, subject to the rights of the holders of any other class of shares of the Corporation entitled to receive the assets of the corporation upon such a distribution in priority to or rateably with the holders of the Common Shares, be entitled to participate rateably in any distribution of the assets of the Corporation.

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8. The issue, transfer or ownership of shares is/is not restricted and the restrictions (if any) are as follows:

*L'émission, le transfert ou la propriété d'actions est/n'est pas restreinte. Les restrictions, s'il y a lieu, sont les suivantes:*

No share in the capital of the Corporation shall be transferred without either:

- (1) The consent of the directors of the Corporation expressed by resolution passed by the directors or by an instrument or instruments in writing signed by a majority of the directors; or
- (2) The consent of the shareholders of at least 51% of the shares of the Corporation for the time being outstanding and entitled to vote, as expressed by resolution passed by such shareholder or by an instrument or instruments in writing by such shareholders.

Request ID / Demande n°

Ontario Corporation Number  
Numéro de la compagnie en Ontario

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## 9. Other provisions, (if any, are):

*Autres dispositions, s'il y a lieu:*

(1) The board of directors may from time to time, in such amounts and on such terms as it deems expedient:

(a) borrow money on the credit of the Corporation;

(b) issue, reissue, sell or pledge debt obligations (including bonds, debentures, notes or other similar obligations, secured or unsecured) of the Corporation;

(c) to the extent permitted by law, give a guarantee on behalf of the Corporation to secure performance of any present or future indebtedness, liability or obligation or any person; and

(d) charge, mortgage hypothecate, pledge or otherwise create a security interest in all or any of the currently owned or subsequently acquired real or personal, moveable or immovable property of the Corporation, including book debts, rights, powers, franchises and undertakings, to secure any debt obligation or any money borrowed or other debt or liability of the Corporation.

(2) The board of directors may from time to time delegate to such one or more of the directors or officers of the Corporation, as may be designated by the board, all or any of the powers conferred on the board above, to such extent and in such manner as the board shall determine at the time of such delegation.

(3) That the number of shareholders of the Corporation, exclusive of persons who are in the employment of the Corporation and exclusive of persons who, having been formerly in the employment of the Corporation, were, while in that employment, and have continued to be, after termination of that employment, shareholders of the Corporation, is limited to no more than fifty (50), two (2) or more persons who are the joint registered owners of one (1) or more shares being counted as one (1) shareholder.

(4) That any invitation to the public to subscribe for any shares or securities of the Corporation is hereby prohibited.

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10. The names and addresses of the incorporators are

*Nom et adresse des fondateurs*

First name, initials and last name  
or corporate name

*Prénom, initiale et nom de  
famille ou dénomination sociale*

Full address for service or address of registered office or of principal place of business  
giving street & No. or R.R. No., municipality and postal code

*Domicile élu, adresse du siège social au adresse de l'établissement principal, y compris  
la rue et le numéro, le numéro de la R.R., le nom de la municipalité et le code postal*

\* Sarath Cathrae

2275 UPPER MIDDLE ROAD EAST Suite 100

OAKVILLE ONTARIO  
CANADA L6H 0C3

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## **BY-LAW NO. 1**

**A BY-LAW RELATING GENERALLY TO THE CONDUCT  
OF THE BUSINESS AND AFFAIRS OF**

**CHANCERY (OSHAWA) THE BARTLETT GP INC.**

**A CORPORATION SUBJECT TO THE  
*BUSINESS CORPORATIONS ACT* (ONTARIO)**

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## **BY-LAW NO. 1**

### **A BY-LAW RELATING GENERALLY TO THE CONDUCT OF THE BUSINESS AND AFFAIRS OF**

### **CHANCERY (OSHAWA) THE BARTLETT GP INC.**

### **A CORPORATION SUBJECT TO THE *BUSINESS CORPORATIONS ACT* (ONTARIO)**

#### **SECTION 1 – INTERPRETATION**

##### **1.1 Definitions**

In the By-laws of the Corporation, unless the context otherwise requires:

- (1) **“Act”** means the *Business Corporations Act*, R.S.O. 1990, c. B.16, or any statute that may be substituted for it, as from time to time amended.
- (2) **“Board”** means the board of directors of the Corporation.
- (3) **“By-laws”** means these by-laws and all other by-laws of the Corporation from time to time in force and effect.
- (4) **“Corporation”** means Chancery (Oshawa) The Bartlett GP Inc..
- (5) **“Defaulting Shareholder”** means a shareholder of the Corporation who defaults in the payment of any Shareholder Debt when the same becomes due and payable.
- (6) **“Director”** means a member of the Board.
- (7) **“Liened Shares”** means the whole or any part of the shares registered in the name of a Defaulting Shareholder.
- (8) **“non-business day”** means Saturday, Sunday and any other day that is a holiday as defined in the *Legislation Act, 2006* (Ontario) as from time to time amended.
- (9) **“Shareholder Debt”** means any principal or interest due to the Corporation in respect of any indebtedness owing by the holder of any class or series of shares in the Corporation, including an amount unpaid in respect of a share issued by a body corporate on the date it was continued under the Act.

(10) **“Unanimous Shareholder Agreement”** means a lawful written agreement among all of the shareholders of the Corporation or among all such shareholders and one or more persons who are not shareholders, or a written declaration of the registered holder of all of the issued shares of the Corporation, that restricts in whole or in part the powers of the Board to manage or supervise the management of the business and affairs of the Corporation, as from time to time amended.

## **1.2 Other Definitions**

Other than as specified above, words and expressions defined in the Act have the same meanings when used herein. Words importing the singular number include the plural and *vice versa*; words importing gender include the masculine, feminine and neuter genders; and “including” means including, without limitation.

## **SECTION 2 – GENERAL BUSINESS**

### **2.1 Corporate Seal**

The Corporation may but need not have a corporate seal and, if one is adopted, it may be changed from time to time by resolution of the Board.

### **2.2 Financial Year**

The Board may, by resolution, fix the financial year end of the Corporation and may from time to time, by resolution, change the financial year end of the Corporation.

### **2.3 Execution of Instruments**

(1) Deeds, transfers, assignments, contracts, obligations, certificates and other instruments may be signed on behalf of the Corporation by any one director or officer of the Corporation.

(2) In addition, the Board may from time to time authorize any other person or persons to sign any particular instruments.

(3) Any signing officer may affix the corporate seal to any instrument requiring the same.

## **SECTION 3 – DIRECTORS AND BOARD MEETINGS**

### **3.1 Election of Directors**

The election of Directors shall be by resolution or, if demanded by a shareholder or a proxyholder, by ballot.

### **3.2 Place of Meetings**

Board meetings may be held at the registered office of the Corporation or at any other place within or outside Ontario. In any financial year of the Corporation, a majority of the Board meetings need not be held in Canada.

### **3.3 Calling of Meetings**

Board meetings shall be held from time to time at such time and at such place as the Board, the chair of the Board, the managing director, the president or any two Directors may determine.

### **3.4 Notice of Meeting**

Notice of the time and place of each Board meeting shall be sent to each Director:

- (a) not less than seven days before the time when the meeting is to be held if the notice is mailed; or
- (b) not less than 48 hours before the time the meeting is to be held if the notice is given personally, is delivered or is communicated by telephone or electronic means.

### **3.5 First Meeting of New Board**

As long as a quorum of Directors is present, each newly elected Board may without notice hold its first meeting immediately following the meeting of shareholders at which such Board is elected.

### **3.6 Chair and Secretary**

The chair of any Board meeting shall be the first mentioned of such of the following officers as have been appointed and who is a Director and is present at the meeting: chair of the Board; managing director; or president. If no such officer is present, the Directors present shall choose one of their number to be chair. The secretary of the Corporation shall act as secretary of any Board meeting, and, if the secretary of the Corporation is absent, the chair of the meeting shall appoint a person who need not be a Director to act as secretary of the meeting.

### **3.7 Quorum**

Subject to any Unanimous Shareholder Agreement, a majority of the Directors constitutes a quorum at a Board meeting.

### **3.8 Votes to Govern**

Subject to any Unanimous Shareholder Agreement, at all Board meetings, every question shall be decided by a majority of the votes cast on the question.

### **3.9 Casting Vote**

Subject to any Unanimous Shareholder Agreement, in case of an equality of votes at a Board meeting, the chair of the meeting shall not be entitled to a second or casting vote.

## **SECTION 4 – OFFICERS**

### **4.1 Appointment**

Subject to any Unanimous Shareholder Agreement, the Board may from time to time designate the offices of the Corporation and from time to time appoint a chair of the Board, managing director, president, one or more vice-presidents (to which title may be added words indicating seniority or function), a secretary, a treasurer and such other officers as the Board may determine, including one or more assistants to any of the officers so appointed. One person may hold more than one office. The Board may specify the duties of and, in accordance with these By-laws and subject to the Act, delegate to such officers powers to manage the business and affairs of the Corporation. Except for the chair of the Board and the managing director, an officer may but need not be a Director.

### **4.2 Chair of the Board**

The Board may from time to time appoint a chair of the Board who shall be a Director. If appointed, the Board may assign to the chair of the Board any of the powers and duties that are by any provisions of these By-laws assigned to the president. The chair shall have such other powers and duties as the Board may specify.

### **4.3 President**

If appointed, in the absence of a specific appointment of a chief executive officer, the president shall be the chief executive officer and, subject to the authority of the Board, shall have general supervision of the business of the Corporation. The president shall have such other powers and duties as the Board may specify.

### **4.4 Secretary**

Unless otherwise determined by the Board, the secretary shall attend and be the secretary of all meetings of the Board, shareholders and committees of the Board that he or she attends. The secretary shall enter or cause to be entered in records kept for that purpose minutes of all proceedings at meetings of the Board, shareholders and committees of the Board, whether or not he or she attends such meetings. The secretary shall give or cause to be given, as and when instructed, all notices to shareholders, Directors, officers, auditors and members of committees of the Board. The secretary shall be the custodian of the seal of the Corporation and of all books, records and instruments belonging to the Corporation, except when some other officer or agent has been appointed for that purpose. The secretary shall have such other powers and duties as otherwise may be specified.

### **4.5 Treasurer**

The treasurer shall keep proper accounting records in compliance with the Act and shall be responsible for the deposit of money, the safekeeping of securities and the disbursement of the funds of the Corporation. The treasurer shall render to the Board whenever required an account of all his or her transactions as treasurer and of the financial position of the Corporation. The treasurer shall have such other powers and duties as otherwise may be specified.

#### **4.6 Powers and Duties of Officers**

The powers and duties of all officers shall be such as the terms of their engagement call for or as the Board or (except for those whose powers and duties are to be specified only by the Board) the chief executive officer may specify. The Board and (except as aforesaid) the chief executive officer may, from time to time and subject to the provisions of the Act and any Unanimous Shareholder Agreement, vary, add to or limit the powers and duties of any officer. Any of the powers and duties of an officer to whom an assistant has been appointed may be exercised and performed by such assistant, unless the Board or the chief executive officer otherwise directs.

### **SECTION 5 – PROTECTION OF DIRECTORS, OFFICERS AND OTHERS**

#### **5.1 Limitation of Liability**

Every Director and officer of the Corporation in exercising his or her powers and discharging his or her duties to the Corporation shall act honestly and in good faith with a view to the best interests of the Corporation and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Subject to the foregoing, no Director or officer shall be liable for the acts, omissions, failures, neglects or defaults of any other Director, officer or employee, or for joining in any act for conformity, or for any loss, damage or expense suffered or incurred by the Corporation through the insufficiency or deficiency of title to any property acquired by the Corporation or for or on behalf of the Corporation, or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Corporation shall be invested, or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person with whom any of the moneys, securities or effects of the Corporation shall be deposited, or for any loss occasioned by any error of judgment or oversight on his or her part, or for any other loss, damage or misfortune which shall happen in the execution of the duties of his or her office or in relation thereto. Nothing herein shall relieve any Director or officer from the duty to act in accordance with the Act and the regulations thereunder or from liability for any breach thereof.

#### **5.2 Indemnity**

(1) The Corporation shall indemnify a Director or officer of the Corporation, a former Director or officer or a person who acts or acted at the Corporation's request or another individual who acts or acted at the Corporation's request as a Director or officer (or an individual acting in similar capacity) of another entity, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by the individual in respect of any civil, criminal, administrative, investigative or other proceeding in which the individual is involved because of that association with the Corporation or other entity.

(2) The Corporation shall advance moneys to a Director, officer or other individual for the costs, charges and expenses of a proceeding referred to in Section 5.2(1). The individual shall repay the moneys if he or she does not fulfil the conditions of Section 5.2(3).

(3) The Corporation shall not indemnify an individual under Sections 5.2(1) or (2) unless he or she:

- (a) acted honestly and in good faith with a view to the best interests of the Corporation or, as the case may be, to the best interests of the other entity for which he or she acted as a director or officer in a similar capacity at the Corporation's request; and
- (b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, he or she had reasonable grounds for believing that his or her conduct was lawful.

(4) The Corporation shall also indemnify the individual referred to in Section 5.2(1) in such other circumstances as the Act or law permits or requires. Nothing in these By-laws shall limit the right of any person entitled to indemnity to claim indemnity apart from the provisions of these By-laws.

### **5.3 Insurance**

Subject to the Act, the Corporation may purchase and maintain such insurance for the benefit of any individual referred to in Section 5.2(1) as the Board may from time to time determine.

## **SECTION 6 – SECURITIES**

### **6.1 Options or Rights**

Subject to the Act, the Articles and any Unanimous Shareholder Agreement, the Board may from time to time issue or grant options to purchase the whole or any part of the authorized and unissued shares of the Corporation at such times and to such persons and for such consideration as the Board shall determine, except that no share shall be issued until it is fully paid as provided by the Act.

### **6.2 Registration of Transfers**

Subject to the *Securities Transfer Act, 2006* (Ontario), no transfer of a share shall be registered in a securities register except on presentation of the certificate, if any issued by the Corporation, representing the share with an endorsement which complies with the *Securities Transfer Act, 2006* (Ontario) made on or delivered with it duly executed by an appropriate person as provided by the *Securities Transfer Act, 2006* (Ontario) together with such reasonable assurance that the endorsement is genuine and effective as the Board may from time to time prescribe, on payment of all applicable taxes and any reasonable fees prescribed by the Board, on compliance with the restrictions on issue, transfer or ownership authorized by the Articles or any Unanimous Shareholder Agreement and on satisfaction of any lien referred to in Section 6.4(1).

### 6.3 Security Certificates

(1) Subject to Section 6.3(2) every holder of one or more securities of the Corporation shall be entitled, at his or her option, to a security certificate, stating the number and class or series of securities held by him or her as shown in the securities register. Such certificates shall be in such form as the Board may from time to time approve and need not be under the corporate seal. Unless otherwise ordered by the Board, any such certificate shall be signed manually by at least one of the Directors or officers of the Corporation.

(2) Unless otherwise provided in the Articles, the Board may provide by resolution that any or all classes and series of shares or other securities shall be uncertificated securities, provided that such resolution shall not apply to securities represented by a certificate until such certificate is surrendered to the Corporation.

### 6.4 Lien for Indebtedness

(1) Except with respect to any class or series of shares listed and posted for trading on any stock exchange in or outside Canada, the Corporation shall have a lien on shares registered in the name of a Defaulting Shareholder for any Shareholder Debt.

(2) If any Defaulting Shareholder defaults in the payment due in respect of any Shareholder Debt when the same becomes due and payable and continues in default for a period of 15 days after the Corporation has given notice in writing of such default to the Defaulting Shareholder:

- (a) the Corporation may sell all or any part of the Liened Shares at a *bona fide* public or private sale or auction;
- (b) the terms and manner of the auction or sale shall be in the sole discretion of the Corporation;
- (c) the Corporation may accept any offer that it in its absolute discretion considers advisable upon such terms, whether for cash or credit or partly cash and partly credit, as it in its discretion considers advisable;
- (d) notice of any public or private sale or auction shall be given to the Defaulting Shareholder at least 15 days prior to the date on which such sale is held;
- (e) the proceeds of such sale shall be used and applied in descending order as follows:
  - (i) first, to the cost and expense of such sale incurred by the Corporation, including legal fees, disbursements and charges;
  - (ii) second, to reimburse the Corporation for out-of-pocket expenses incurred in connection with the sale;
  - (iii) third, for the payment in full of the Shareholder Debt and all other sums due to the Corporation by the Defaulting Shareholder; and

- (iv) the balance, if any, to the Defaulting Shareholder;
  - (f) if the proceeds of the sale are insufficient to pay the Shareholder Debt, the Defaulting Shareholder shall remain liable for any such deficiency;
  - (g) the Corporation may apply any dividends or other distributions paid or payable on or in respect of the Liened Shares in repayment of the Shareholder Debt;
  - (h) where the Liened Shares are redeemable pursuant to the Articles or may be repurchased at a price determined pursuant to the terms of any Unanimous Shareholder Agreement, the Corporation may redeem or repurchase all or any part of the Liened Shares and apply the redemption or repurchase price to the Shareholder Debt; and
  - (i) the Corporation may refuse to register a transfer of all or part of the Liened Shares until the Shareholder Debt is paid.
- (3) In exercising one or more of the rights granted in Section 6.4(2), the Corporation shall not thereby prejudice or surrender any other rights of enforcement of its lien which may by law be available to it, or any other remedy available to the Corporation for collection of the Shareholder Debt, and the Defaulting Shareholder shall remain liable for any deficiency remaining.

## **SECTION 7 – MEETINGS OF SHAREHOLDERS**

### **7.1 Chair and Secretary**

The chair of any meeting of shareholders shall be the first mentioned of such of the following officers as have been appointed and who is present at the meeting: chair of the Board; managing director; president; or a vice-president who is a shareholder. If no such officer is present within 15 minutes from the time fixed for holding the meeting, the persons present and entitled to vote shall choose one of their number to be chair. If the secretary of the Corporation is absent, the chair shall appoint some person, who need not be a shareholder, to act as secretary of the meeting. If desired, one or more scrutineers, who need not be shareholders, may be appointed by a resolution or by the chair with the consent of the meeting.

### **7.2 Persons Entitled to be Present**

The only persons entitled to be present at a meeting of the shareholders shall be those entitled to attend or vote at the meeting, the Directors, auditor, legal counsel of the Corporation and others who, although not entitled to attend or vote, are entitled or required under any provision of the Act, the Articles, By-laws or Unanimous Shareholder Agreement to be present at the meeting. Any other person may be admitted only on the invitation of the chair of the meeting or with the consent of the meeting.



### **7.3 Quorum**

Subject to any Unanimous Shareholder Agreement, a quorum of shareholders is present at a meeting of shareholders irrespective of the number of persons actually present at the meeting, if, in the case of an offering corporation, two or more holders of shares carrying not less in aggregate than 10% of the votes entitled to be voted at the meeting are present in person or represented by proxy and, in the case of any other corporation, the holders of a majority of the shares entitled to vote at the meeting are present in person or represented by proxy. A quorum need not be present throughout the meeting provided that a quorum is present at the opening of the meeting. If a quorum is not present at the time appointed for the meeting or within a reasonable time after that the shareholders may determine, the shareholders present or represented may adjourn the meeting to a fixed time and place but may not transact any other business.

### **7.4 Votes to Govern**

At any meeting of shareholders, every question shall, unless otherwise required by the Articles, By-laws, any Unanimous Shareholder Agreement or by law, be determined by a majority of the votes cast on the question.

### **7.5 Casting Vote**

Subject to any Unanimous Shareholder Agreement, in case of an equality of votes at any meeting of shareholders either on a show of hands or on a poll, the chair of the meeting shall not be entitled to a second or casting vote.

### **7.6 Show of Hands**

Subject to the Act, any question at a meeting of shareholders shall be decided by a show of hands, unless a ballot is required or demanded as provided. On a show of hands, every person who is present and entitled to vote shall have one vote. Whenever a vote by show of hands has been taken on a question, unless a ballot is required or demanded, a declaration by the chair of the meeting that the vote on the question has been carried or carried by a particular majority or not carried and an entry to that effect in the minutes of the meeting shall be *prima facie* evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against any resolution or other proceeding in respect of the question, and the result of the vote so taken shall be the decision of the shareholders on the question.

### **7.7 Ballots**

On any question proposed for consideration at a meeting of shareholders, and whether or not a show of hands has been taken on it, the chair may require a ballot or any person who is present and entitled to vote on the question at the meeting may demand a ballot. A ballot so required or demanded shall be taken in such manner as the chair shall direct. A requirement or demand for a ballot may be withdrawn at any time before the ballot is taken. If a ballot is taken, each person present shall be entitled, in respect of the shares which he or she is entitled to vote at the meeting on the question, to that number of votes provided by the Act or the Articles, and the result of the ballot so taken shall be the decision of the shareholders on the question.

## **7.8 Only One Shareholder**

Where the Corporation has only one shareholder or only one holder of any class or series of shares, the shareholder present in person or duly represented constitutes a meeting.

## **SECTION 8 – EFFECTIVE DATE**

### **8.1 Effective Date**

These By-laws shall come into force when made by the Board in accordance with the Act.


### **8.2 Paramountcy**

In the event of any conflict between any provision of these By-laws and any provision of any Unanimous Shareholder Agreement, the provision of the Unanimous Shareholder Agreement shall prevail to the extent of the conflict, and the Directors and the shareholders shall amend these By-laws accordingly.

### **8.3 Repeal**


All previous By-laws of the Corporation are repealed as of the coming into force of these By-laws. The repeal shall not affect the previous operation of any By-laws so repealed or affect the validity of any act done or right, privilege, obligation or liability acquired or incurred under, or the validity of any contract or agreement made pursuant to, or the validity of any Articles or predecessor charter documents of the Corporation obtained pursuant to, any such By-laws before their repeal. All officers and persons acting under any By-laws so repealed shall continue to act as if appointed under the provisions of these By-laws, and all resolutions of the shareholders or the Board or a committee of the Board with continuing effect passed under any repealed By-laws shall continue to be good and valid except to the extent inconsistent with these By-laws and until amended or repealed.

**MADE** by the Board the 25<sup>th</sup> day of July, 2017.

  
\_\_\_\_\_  
Secretary,

-12-

This is Exhibit "D" referred to in the Affidavit of Stephen Suske affirmed by Stephen Suske at the Town of Oakville in the Region of Halton before me on July 19, 2023 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

DocuSigned by:  
  
4F0CC73A15964AD...

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*Commissioner for Taking Affidavits (or as may be)*

**T. LUKE SABOURIN**

## **PROPERTY MANAGEMENT AGREEMENT**

THIS AGREEMENT made as of the 21<sup>st</sup> day of August, 2017.

B E T W E E N :

**HILLSPORT MANAGEMENT INC.,**  
a corporation existing under the laws of Ontario,

(hereinafter called the "Manager")

and

**CHANCERY (OSHAWA) THE BARTLETT  
LIMITED PARTNERSHIP,**  
a limited partnership constituted under the laws of Ontario, by its general  
partner, Chancery (Oshawa) The Bartlett GP Inc.

(hereinafter called the "Partnership")

**WHEREAS** the Partnership intends to construct, establish, stabilize and operate, on 2.38 acres of development land located at 550 Bond Street West, Oshawa, Ontario, a 129 unit seniors apartment building (the "Project");

**AND WHEREAS** the Manager is a company owned and operated by Josh Skaist (hereinafter "Josh"), and is in the business of providing property management services;

**AND WHEREAS** the Partnership wishes to engage the services of the Manager for the seven-year period ending December 31, 2024, as property manager of the Project upon and subject to the terms and conditions of this Agreement;

**NOW THEREFORE THIS AGREEMENT WITNESSES** that in consideration of the covenants and agreements hereinafter contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto covenant and agree as follows:

### **ARTICLE I INTERPRETATION**

1.1 **Heading and Interpretation.** The division of this Agreement into articles, sections, subsections and paragraphs and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. Unless otherwise indicated, any reference in this Agreement to an article, section, subsection or paragraph refers to the specified article, section, subsection or paragraph of this Agreement. The terms "this Agreement", "hereof", "herein", "hereunder" and similar expressions refer to this Agreement and not to any particular article, section, subsection, paragraph or portion hereof and include any agreement or instrument supplementary or ancillary hereto. The parties hereto

acknowledge that their respective legal counsel have reviewed and participated in settling the terms of this Agreement, and the parties agree that any rule of construction to the effect that any ambiguity is to be resolved against the drafting party shall not be applicable in the interpretation of this Agreement.

**1.2 Number and Gender.** In this Agreement, unless there is something in the subject matter or context inconsistent therewith:

- (a) words importing the singular number include the plural and such words shall be construed as if the plural had been used;
- (b) words importing the plural include the singular and such words shall be construed as if the singular had been used; and
- (c) words importing the use of any gender shall include all genders where the context or party referred to so requires, and the rest of the sentence shall be construed as if the necessary grammatical and terminological changes had been made.

**1.3 Applicable Law.** This Agreement shall be construed, interpreted and enforced in accordance with, and the respective rights and obligations of the parties shall be governed by, the laws of the Province of Ontario and the laws of Canada applicable therein and shall be treated, in all respects, as an Ontario contract.

**1.4 Severability.** If any provision of this Agreement is determined by a court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, such determination shall not impair or affect the validity, legality or enforceability of the remaining provisions hereof, and each provision is hereby declared to be separate, severable and distinct.

**1.5 Entire Agreement.** This Agreement and the schedules referred to herein constitute the entire agreement between the parties hereto relating to the subject matter hereof and supersede all prior agreements, representations, warranties, statements, promises, information, arrangements, understandings, negotiations and discussions, whether written or oral, express or implied, of the parties hereto pertaining to the subject matter hereof. No amendment, waiver or termination of this Agreement shall be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement shall be deemed or shall constitute a waiver of any other provision nor shall any such waiver constitute a continuing waiver unless otherwise expressly provided.

**1.6 Successors and Assigns.** Neither party shall assign this Agreement or any portion hereof, without the prior written consent of the other party, which consent shall not be unreasonably withheld or delayed. Subject to the foregoing, this Agreement shall enure to the benefit of and shall be binding upon and enforceable by the parties hereto and, where the context so permits, their respective successors and permitted assigns. Nothing herein, express or implied, is intended to confer upon any person other than the parties hereto and their respective successors and permitted assigns, any rights, remedies, obligations or liabilities under or by reason of this Agreement.

**1.7 Currency.** Unless otherwise indicated, all dollar amounts referred to in this Agreement are expressed in lawful money of Canada.

## **ARTICLE II**

### **APPOINTMENT AS MANAGER**

2.1           **Appointment of the Manager as Property Manager.** The Partnership hereby appoints the Manager as exclusive manager of all aspects of the operation of the Project to be effective on the date that the Project receives an occupancy permit. The Manager, as independent contractor, accepts such appointment and agrees to carry out its obligations hereunder in a competent, efficient and diligent manner and in accordance with the standards of first-class property management. When the Project is sold, this Agreement shall cease to apply to the Project from and after the time of such sale.

2.2           **Initial and Renewal Terms.** The appointment of the Manager shall be for an initial term commencing on the date that is six (6) months prior to scheduled opening of the Project, as such date is determined by mutual agreement of the Partnership and the Manager, and ending on the fifth anniversary of such date (the "Initial Term") and thereafter shall automatically continue in full force and effect for further terms of five (5) years unless terminated by either of the parties. Each of such five year periods hereinafter will be referred to as a "Renewal Term".

2.3           **Termination of this Agreement.**

- (a)       This Agreement may be terminated at the option of the Partnership upon written notice given to the Manager upon and only upon the occurrence of any of the following:
  - (i)       upon the failure of the Manager to perform the Property Management and Project Management Services (as defined in the schedules B and C) and notice of such failure is provided to the Manager, with particulars thereof, and such failure is not remedied within 15 days after notice has been so given;
  - (ii)      if the performance of the Property Management and Project Management Services by the Manager is undertaken in a grossly negligent manner and the standard of performance is not remedied within 15 days after the receipt by the Manager of notice specifying the deficiency;
  - (iii)     upon the occurrence of the bankruptcy or insolvency of the Manager or the appointment of a receiver over the assets of the Manager, which appointment is not being contested in good faith by the Manager;
  - (iv)     upon the sale of the Project (a "Project Sale"), provided that in the event of a Project Sale the Partnership shall be required to pay to the Manager, concurrent with the completion of such Project Sale (and the termination of this Agreement pursuant to this Section 2.3(iv) shall take effect only upon the Manager's receipt from the Partnership of such payment), of the aggregate amount of the fees which would have been payable under Section 2.4 hereof (the "Additional Fees") in respect of the three (3) months immediately following the closing of such Project Sale (the "Post-

Sale Period”), such Remaining Fees for each month of the Post-Sale Period to be calculated as 4% of Gross Receipts of the Project for the month immediately prior to the month in which the Project Sale is completed; or

- (v) provided a party has giving at least 60 days written notice of termination, immediately prior to the beginning of any Renewal Term.
- (b) This Agreement may be terminated at the option of the Manager by written notice given to the Partnership:
  - (i) in the event that the Partnership fails to pay any fees within 30 days of the presentation of an invoice and the Partnership fails to remedy such default within 15 days after notice has been given of such intended termination; or
  - (ii) upon the occurrence of the bankruptcy or insolvency of the Partnership or the appointment of a receiver over the assets of the Partnership, which appointment is not being contested in good faith by the Partnership.

**2.4 Fees.** The Partnership hereby agrees to pay to the Manager, commencing on the date that is six (6) months prior to scheduled opening of the Project, as such date is determined by mutual agreement of the Partnership and the Manager:

- (a) as compensation for providing the Property Management Services, a fee equal to the greater of: (i) 4% of Gross Receipts of the Project for the immediately preceding calendar month where Gross Receipts means the aggregate of all rent, parking rents, rent for storage space, laundry and cable revenues, collected chargebacks and ancillary expense payments and all other sums required to be paid by the occupants of the Project and any other revenues and monies received in connection with or incidental to the operations of the Project; and (ii) \$10,000 per month, in each case payable in equal monthly installments in arrears on the first day of each month for the period in question; and
- (b) apart from the Property Management fees referred to in Section 2.04(a), the Partnership agrees be responsible for, and pay directly or to reimburse the Manager for all reasonable out-of-pocket expenses incurred by it in respect of the management of the Project. The Manager agrees to furnish the Partnership with invoices evidencing such expenses, and, upon request, the supporting receipts.

**2.5 GST/HST.** All fee payments in respect of Services to which goods and services or harmonized sales taxes will be exigible shall include the applicable tax.

### **ARTICLE III**

### **REPRESENTATIONS AND WARRANTIES**

**3.1 Representations, Warranties and Covenants by the Manager.** the Manager hereby represents, warrants and covenants to the Partnership that:

- (a) it is a corporation duly incorporated or otherwise constituted, organized, validly existing and in good standing under the laws of Ontario, and has all necessary

corporate power, authority and capacity to carry on its business and to perform its obligations hereunder;

- (b) it is not a party to, bound by or subject to any indenture, mortgage, lease, agreement, instrument, charter or by-law provision, statute, regulation, order, judgment, decree or law which would be violated, contravened or breached by, or under which any default would occur as a result of the execution and delivery by it of this Agreement or the performance by it of any of the terms hereof; and
- (c) the execution and delivery of this Agreement has been duly authorized by all corporate action or other action necessary on its part and this Agreement constitutes a valid and binding obligation upon it enforceable against it in accordance with its terms, subject to bankruptcy, insolvency, moratorium, reorganization and other laws relating to or affecting the enforcement of creditors' rights generally, and the fact that equitable remedies, including the remedies of specific performance and injunction, may only be granted in the discretion of a court.

**3.2 Representations, Warranties and Covenants by the Partnership.** The Partnership hereby represents, warrants and covenants to the Manager that:

- (a) it is a trust duly constituted, organized, validly existing and in good standing under the laws of Ontario, and has all necessary power, authority and capacity to enter into this Agreement and to perform its obligations hereunder;
- (b) it is not a party to, bound by or subject to any indenture, mortgage, lease, agreement, instrument, charter or by-law provision, statute, regulation, order, judgment, decree or law which would be violated, contravened or breached by, or under which any default would occur as a result of the execution and delivery by it of this Agreement or the performance by it of any of the terms hereof;
- (c) the execution and delivery of this Agreement has been duly authorized by all action necessary on its part and this Agreement constitutes a valid and binding obligation upon it enforceable against it, in accordance with its terms, subject to bankruptcy, insolvency, moratorium, reorganization and other laws relating to or affecting the enforcement of creditors' rights generally, and the fact that equitable remedies, including the remedies of specific performance and injunction, may only be granted in the discretion of a court; and
- (d) so long as the Manager has in good faith performed its duties and has not been grossly negligent in managing the Project for the Partnership, that the Partnership will save and protect the Manager from all liabilities, actions and costs, including but not limited to the cost of legal defense that arise as a result of the management of the Project for the Partnership by the Manager.



**ARTICLE IV**  
**DUTIES OF THE MANAGER**

4.1           **Scope of Authority.** The Manager shall have the powers and obligations set forth on schedule "A".

4.2           **Services.** The Manager shall perform the services set forth on schedule "B" and schedule "C".

4.3           **Budgets.**

(a)       At least sixty (60) days prior to the commencement of each calendar year, Manager will prepare and submit to the Partnership for approval:

(A)       a proposed operating budget for the next calendar year setting forth both anticipated Revenues and Operating Expenses (as defined below) on an accrual basis, as well as management fees which budget shall be updated and/or revised each year;

(B)       an annual capital expenditure budget for the calendar year within a five-year rolling capital expenditure budget; and

(C)       an annual leasing budget.

Notwithstanding the foregoing, the Partnership shall have the final approval with respect to the budgets on an annual basis.

(b)       For the purpose of this Agreement:

(A)       "Operating Expenses" means the aggregate of all expenses incurred by the Partnership, (or Manager on its behalf) to operate, lease, insure, repair and maintain the Project and otherwise carry on the business of operating the Project, determined on a cash basis, including, without limitation and duplication, the following:

(i)       debt service payable pursuant to any mortgage on the Project;

(ii)       fees paid to the Manager pursuant to this Agreement;

(iii)       accounting fees;

(iv)       business taxes and realty taxes including any other assessments, but not including any tax imposed on the capital invested therein;

(v)       HST, and any other goods and services or harmonized sales taxes, value added taxes, business transfer taxes, sales taxes, federal excise taxes and any taxes similar to the foregoing;

- (vi) the cost of all utilities and services and amounts due and payable under the contracts;
  - (vii) the cost of the operation, maintenance and repair of the systems for heating, ventilating and air-conditioning and servicing and maintaining all of the machinery and equipment of the Project;
  - (viii) the cost of liability, Project damage, boiler and machinery, rental or business interruption insurance and all other insurance maintained by Manager in respect of the Project; and
  - (ix) the cost of security, cleaning, snow and garbage removal, servicing, maintaining, operating, repairing, replacing, supervising and policing and the cost of all supplies, labour wages and other employment costs and all amounts owing to independent contractors relating thereto paid by Manager in respect of the Project, provided that Operating Expenses shall not include charges for depreciation or income taxes of Manager, the Partnership; and
- (B) “Revenue” for the period in question means the aggregate of all revenues actually received from all sources from the operation of the Project before deducting any cost or expense including, without limitation, all revenue received from or on behalf of any person occupying space at the Project, security deposits or damage deposits received from the tenants (to the extent forfeited), interest on such deposits belonging to the Partnership.

**4.4 Financial Reports.** Not more than thirty (30) days after the end of each month, the Manager shall prepare and submit to the Partnership the following reports:

- (a) balance sheet and statement of income and expense for the previous month showing on a monthly basis the approved budget items in comparison with the actual amounts thereof, as well as the year-to-date totals thereof;
- (b) a leasing and operating report; and
- (c) such other reports as may be reasonably required from time to time.

Not more than ninety (90) days after the end of each calendar year, the Manager shall prepare and provide to the Partnership, at the expense of the Partnership, financial statements for the Project prepared in accordance with generally accepted accounting principles, including a balance sheet, a profit and loss statement and a statement of changes in financial position for such calendar year.

**4.5 GST/HST Reports.** Within fifteen (15) calendar days after the last day of each month, the Manager shall deliver a statement setting forth in reasonable detail the particulars of GST/HST that became collectable and that was collected in respect of the Project for such month and the particulars of GST/HST that became payable or was paid in respect of the Project for

such month, together with all documents required to support its claim of GST/HST credits in respect of such GST/HST that became payable or was paid.

4.6 **Banking.** The Manager shall maintain segregated bank accounts with its banker from time to time pertaining to the Project.

4.7 **Access to Records.** The Manager shall maintain appropriate books of account and records with respect to all aspects of the services performed under this Agreement. the Partnership, or its authorized agents on twenty-four (24) hours written notice may cause inspections and audits of the books and records relating to the Project maintained by the Manager pursuant to this Agreement and may take copies or extracts of such books and records.

## **ARTICLE V**

### **CONFIDENTIALITY**

5.1 **Confidentiality.** It is essential that any information gathered by the Manager or provided to the Manager or by the Partnership in performance of the Services, directly or indirectly, to a third party other than a governmental or other authority to which disclosure is required by law and where there is no reasonable means to avoid disclosure, to a court determining the rights of the parties, or as agreed to by the parties. However, the Manager shall not incur any liability for disclosure of information to a third party (the "Recipient") of the nature aforesaid which

- (a) was already known to the Recipient at the time of its receipt
- (b) has been public or is otherwise within the public domain within the time of its disclosure to the Recipient;
- (c) comes into the public domain without any breach of this Agreement; or
- (d) becomes known or available to the Recipient without any breach of this Agreement by any party.

## **ARTICLE VI**

### **INDEPENDENT CONTRACTOR**

6.1 **Independent Contractor.** The Manager shall for all purposes be treated as an independent contractor engaged by the Partnership strictly to provide the Services, and for no other purpose. The Partnership acknowledges that the Manager may have other business interests and may engage in other activities similar, or in addition, to those relating to the Services to be performed by it for the Partnership under the terms of this Agreement. Subject to its confidentiality obligations under section 5.1, the Manager shall not, as a result of performing all or any of the Services, be in any way be limited or affected in its right to carry on other business venture for its own account.

## **ARTICLE VII**

### **DISPUTE RESOLUTION**

#### 7.1 **Dispute Resolution.**

- (a) In the event of any disputes arising out of or relating to this Agreement, such dispute shall be referred to final and binding arbitration, before a single arbitrator, under the commercial arbitration rules of the *Arbitrations Act, 1991* (Ontario). The arbitrator shall be selected by the parties and if the parties are unable to reach agreement on selection of the arbitrator, one will be selected by a Judge of the Ontario Court (General Division). Judgment upon the award rendered by the arbitrator shall be final, binding and conclusive upon the parties and their respective successors and permitted assigns, and may be entered in any court of competent jurisdiction.

- (b) If any civil action, arbitration or other legal proceeding is brought for the enforcement of this Agreement or because of an alleged dispute, breach, default or misrepresentation in connection with any provision of this Agreement, the successful or prevailing party or parties shall be entitled to recover reasonable solicitor's fees, sales taxes, court costs and all expenses even if not taxable as court costs (including, without limitation, all such fees, taxes, costs and expenses incidental to arbitration, appellate, bankruptcy and post-judgment proceedings), incurred in that civil action, arbitration or legal proceeding, in addition to any other relief to which such party or parties may be entitled. Solicitor's fees shall include, without limitation, paralegal fees, investigative fees, administrative costs, sales and use taxes and all other charges billed by counsel to the prevailing party.

## **ARTICLE VIII**

### **GENERAL**

8.1 **Further Assurances.** The parties do agree to sign all such documents and do all such things as may be necessary or desirable to more completely and effectively carry out the terms and intentions of this Agreement.

8.2 **Consent or Waiver.** No consent or waiver, expressed or implied, by any party hereto of any breach or default by any other party hereto in the performance of its obligations hereunder shall be deemed or construed to be a consent to or waiver of any other breach or default in the performance by such other party of the same or any other obligations of such party hereunder. Failure on the part of any party to complain of any act or failure to act of any other party or to declare the other party in default, irrespective of how long such failure continues, shall not constitute a waiver by the first mentioned party of such party's rights hereunder.

8.3 **Time of the Essence.** Time shall be of the essence of this Agreement and any party hereof.

8.4 **Notices.** Any demand or notice to be given by any party hereto to the other party shall be in writing and may be given by personal delivery or except during any period when postal service is interrupted, by prepaid registered mail or by telex, telecopy or by other means of instantaneous transmission that produces a permanent copy ("other communication") addressed as follows:

the Partnership at:

Chancery (Oshawa) The Bartlett Limited Partnership  
2275 Upper Middle Road East  
Suite 100  
Oakville, ON L6H 0C3  
Attention: Steve Suske  
Email Address: ssuske@suskecapital.com

the Manager at:

Hillspport Management Inc.  
63 Invermay Avenue  
Toronto, ON M3H 1Z6  
Attention: Joshua Skaist  
Email Address: Joshskaist@gmail.com

and any notice given by registered mail shall be deemed to have been received by the party to whom it was addressed on the date falling two (2) business days following the date upon which such notice sent by registered mail has been deposited in the post office with postage and cost of registration prepaid and if personally delivered to an adult during normal business hours, when so delivered, and if given by such other communication during normal business hours on a business day, on the date of transmission, and if not given during normal business hours, on the next business day, provided that any of the above-named parties may change the address designated from time to time, by notice in writing to the other party hereto.

8.5 **Counterparts.** This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which together constitute one and the same document.

8.6 **Property of the Partnership.** The Manager acknowledges that any and all items of any and every nature and kind created or used by the Manager pursuant to the Manager's retention under this Agreement or furnished by the Partnership to the Manager and all equipment, credit cards, books, records, reports, files, manuals, literature, confidential information or other material shall remain and be considered the exclusive property of the Partnership at all times and shall be surrendered to the Partnership in good condition, promptly on the termination of this Agreement irrespective of time, manner or cause of termination.

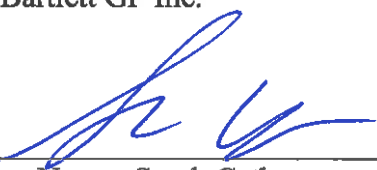
**IN WITNESS WHEREOF** the parties hereto have executed this Property Management Agreement as of the date first above written.

**HILLSPORT MANAGEMENT INC.**

Per: \_\_\_\_\_  
Name: Josh Skaist  
Title: President

I have the authority to bind the Corporation


**CHANCERY (OSHAWA) THE BARTLETT  
LIMITED PARTNERSHIP,**  
by its general partner, Chancery (Oshawa)  
The Bartlett GP Inc.

Per:  \_\_\_\_\_  
Name: Sarah Cathrae  
Title: Secretary and Managing Director

I have the authority to bind the Corporation

**IN WITNESS WHEREOF** the parties hereto have executed this Property Management Agreement as of the date first above written.

**HILLSPORT MANAGEMENT INC.**

Per:   
Name: Josh Skaist  
Title: President

I have the authority to bind the Corporation

**CHANCERY (OSHAWA) THE BARTLETT  
LIMITED PARTNERSHIP,**  
by its general partner, Chancery (Oshawa)  
The Bartlett GP Inc.

Per: \_\_\_\_\_  
Name: Sarah Cathrae  
Title: Secretary and Managing Director

I have the authority to bind the Corporation



## **SCHEDULE "A"**

### **POWERS AND OBLIGATIONS**

The powers and obligations conferred on the Manager by the Partnership under the terms of this Agreement include the following:

- (a) to negotiate, settle and execute, as agent for the Partnership, all occupancy agreements, renewals thereof and amendments thereto;
- (b) to negotiate, settle and execute, as agent for the Partnership, all contracts which the Manager determines, acting reasonably, are advisable for the management, operation, maintenance and repair of the Project, provided that such contracts are not inconsistent with the then current approved budget;
- (c) to incur and to pay on behalf of the Partnership all expenses whether or not of a capital nature, provided for in the current approved budget or otherwise approved by the Partnership, with respect to the item or category of expense therein provided;
- (d) to settle any claim made against the Partnership provided that the amount claimed does not exceed \$10,000.00;
- (e) in the event of an emergency, to take such actions as in its discretion are deemed necessary for the safety of residents of the Project, and for the protection or preservation of the Project, the Partnership, or the Manager, as the case may be, provided that the Manager shall forthwith give the Partnership notice of such actions;
- (f) unless otherwise directed by the Partnership, keep the Project free from construction liens registered against the Project pursuant to the *Construction Lien Act* (Ontario);
- (g) during each calendar year to apply the Revenue which is collected by the Manager and any other monies made available by to the Manager to satisfy, as they become due, Operating Expenses and any other amounts payable pursuant to this Agreement;
- (h) the Manager shall hire, in its own name but at the Partnership's expense, supervise and dismiss as may be necessary from time to time, all persons required (subject to any budgetary limitation agreed upon with the Partnership) for the proper operation and maintenance of the Project and its equipment;
- (i) the Manager shall arrange for the payment (subject to the availability of funds to the credit of the Partnership in the Manager's trust account(s)) of such debt service and municipal tax obligations as may be requested by the Partnership, and shall co-operate with the Partnership and its legal or other appointed representatives in connection with the entering and processing of any appeals regarding municipal

tax assessments levied against the Project. If such appeals require the services of persons not engaged solely on-site, all additional costs incurred by the Manager shall be at the expense of the Partnership, subject to the Partnership's prior approval being obtained by the Manager;

- (j) approval for an appearance by the Manager before any tribunal shall be made by the Partnership; and upon such approval being given or at the request of the Partnership, the Manager shall attend to all such appearances and arrange such personnel, documents and presentations required for such appearances; counsel and consultants required for such appearance shall be at the sole expense of the Partnership;
- (k) the Manager shall have the right to place signs relating to the rental and/or management of the Project on or about the Project, subject always to the Partnership's right to approve the content, location and method of affixing such signs; and
- (l) the Manager shall arrange for the leasing and releasing of the Project and in connection with so doing may retain, with the prior approval of, and at the expense of the Partnership, third party leasing agents. Leases may be in the name of the Manager but the execution of any such Leases by the Manager shall be by the Manager in its capacity as agent for the Partnership and the Manager is hereby appointed and constituted the Partnership's attorney for so doing;
- (m) the Manager shall have the right to hire a subcontractor to sub-manage any of the Project, if in the opinion of the Manager, this would be in the best interest of the property in question. The Manager will disclose to the Partnership any property that it has subcontracted or wishes to subcontract.

**SCHEDULE "B"**  
**PROPERTY MANAGEMENT SERVICES**

The Property Management Services to be rendered by the Manager to the Partnership under the terms of this Agreement include the following:

- (a) The Project: manage the Project so as a seniors rental building;
- (b) Reports: prepared and file all government reports;
- (c) Payroll: process or cause to be processed payroll input data and attend to the production of payroll cheques and T4 slips;
- (d) Inventory: purchase or arrange for purchase of all inventories, provisions, supplies and operating equipment which in the normal course of business are necessary and proper to maintain and operate the Project;
- (e) Leasing: use all reasonable commercial efforts:
  - (i) to obtain tenants who will lease premises in the Project, or to cause such premises to be leased under its general supervision and direction, as may be required during the Initial Term or any Renewal Term;
  - (ii) to encourage existing suitable tenants to remain in the Project on appropriate terms by, in particular, ascertaining such tenant's future plans and requirements and promoting the goodwill of the Project and the Partnership;
  - (iii) to prepare when required by the Partnership, and to revise from time to time, both at the expense of the Partnership, standard forms of occupancy agreements and occupancy applications for use in the leasing of premises in the Project;
  - (iv) to investigate prospective tenants, and negotiate such occupancy agreements, occupancy applications and renewals, as may be appropriate; and
  - (v) to develop and produce annually a leasing policy and leasing strategy for the approval of the Partnership which shall include, without limitation, a schedule of proposed occupancy rates and a marketing program, when the vacancy factor for the Project exceeds ten (10%) percent;
- (f) Privacy: comply with all applicable privacy legislation in effect from time to time;
- (g) Administration of Occupancy Agreements: ensure that the tenants comply with their occupancy agreements, including, the timely payment of rent, additional rent and other charges. Exercise the rights of the Partnership under the occupancy

agreements in the best interests of the Partnership and in conformance at all times with the applicable legislation governing residential occupancy;

- (h) Notices to Tenants: be responsible for the giving of all notices and statements required to be given to tenants under the terms of the respective occupancy agreements and giving of all other notices necessary to accomplish efficient management of the Project;
- (i) Receive Fees: for and on behalf of, and for the account of the Partnership, receive all rents, fees and other amounts paid by the tenants;
- (j) Collection of Arrears: endeavour to collect any amounts which are in arrears from any of the tenants with all possible dispatch, including, instituting legal proceedings when appropriate;
- (k) Instituting Legal Proceedings: on behalf of and in the name and expense of the Partnership, commence and prosecute any legal action which are available by law to the Partnership for the protection of the Partnership's rights, and for the recovery of any amounts owing and unpaid, and the Manager shall have the right to settle or discontinue any such proceedings without the approval of the Partnership where the amount claimed is equal to or less than \$10,000; the Manager shall have the right as agent of the Partnership, and the Partnership hereby appoints the Manager as its agent for such purpose, to execute any and all documents which the Manager may consider necessary or desirable to enable it to fully carry out the powers granted to it in this paragraph, and the Manager shall inform the Partnership of all actions taken pursuant to this provision; the Partnership at all times shall have the right to direct the course of any action, proceedings or remedies taken under this paragraph, provided that in such event the Manager shall have no responsibility for any prejudicial effect of such directions on the Partnership or the Manager;
- (l) Selection of Counsel: select the solicitors to be retained by the Manager for the purpose of any proceedings or other action provided for herein, provided that such solicitors and counsel shall at all times be acceptable to the Partnership; the Partnership shall be responsible for the payment of all legal fees, costs and other monies payable by reason of proper exercise of the responsibilities of the Manager arising under the provisions of this Agreement;
- (m) Rules and Regulations: consider and advise the Partnership from time to time as to rules and regulations required to be made under the occupancy agreements with tenants for the better or more efficient operation of the Project and cause the same to be honoured by residents;
- (n) Marketing: carry out, at the expense of the Partnership, the co-ordination and execution of any leasing strategy approved by the Partnership;
- (o) Submit Invoices and Bills, etc.: submit on a timely basis for payment by the Partnership all bills and invoices for expenses relating to the operation of the

Project, including, without limitation, realty taxes, water rates, light and power rates, wages, fuel costs and insurance premiums;

- (p) Review Taxes: review Project taxes and assessments, and when directed by the Partnership and at the Partnership's expense, take steps to contest or appeal such taxes or assessments;
- (q) Pay Bills, etc.: upon receiving the necessary funds from the Partnership, and at the expense of the Partnership, pay all Operating Expenses which are set out in the approved budget;
- (r) Maintenance of Equipment: The Manager shall direct and supervise the persons employed pursuant to this Agreement for the operation and maintenance of any heating, ventilating, air-conditioning and other equipment which the Partnership desires or is obligated to operate and maintain in the Project, and shall arrange for reasonable technical instruction of the persons employed at the Project which may be required for the proper operation and maintenance of such equipment;
- (s) Supervision of Work: The Manager shall specify duties and arrange for the preparation of all work at the Project, and shall provide such supervision as may be reasonably necessary in the Manager's opinion to verify the adequacy with which any such duties and work are being performed;
- (t) Supply of Utilities: The Manager shall arrange for the supply as may be available and required of electricity, gas, steam, fuel, water, telephone and other services and shall arrange security services, as may be required, through the use of the Manager's employees and/or independent contractors. In addition, through the use of Project employees and/or independent contractors, as in each instance may seem desirable to the Manager, the Manager shall arrange for the effective and economical operation, maintenance and repair of the Project and its equipment (including without limitation, any heating, ventilating, air-conditioning, plumbing, electrical and elevator equipment) as may be required by the Partnership or deemed desirable by the Manager or so as to comply with the enforcement of any regulations and requirements of which the Manager is notified by the local board of health, police and fire departments and any other municipal, provincial and federal authorities having jurisdiction which affect the Project, and including (where applicable to the Project) those for janitor service and any other cleaning including windows, removal of litter and disposal of waste and snow and ice removal;
- (u) Safeguard and Protect: The Manager shall safeguard and protect the interests and title of the Partnership and its nominees to the Project and shall keep the Partnership informed of all matters materially affecting the Project;
- (v) Liaison with Tenants: The Manager shall establish and maintain on behalf of the Partnership, liaison between each tenant and the Partnership;
- (w) Security: As directed by the Partnership from time to time in writing, the Manager shall arrange for and supervise adequate security for the physical protection of the

Project and its tenants including (but not limited to) protection against fire and in this connection shall ensure, from time to time, that all fire protection equipment and devices are in first class working order and that all other reasonable steps have been made and are taken to reduce the risk of fire and the extent of possible damage and injury therefrom; and

- (x) General: such other duties as are normally carried out by a the Manager in connection with the management of a project of the size, type and location of the Project, to the intent that the Manager shall use its reasonable best efforts to manage the improvements in conformity with the requirements of applicable statutes, laws, by-laws, and ordinances and in keeping with the standards of the industry for comparable projects.

## **SCHEDULE “C”**


### **PROJECT MANAGEMENT SERVICES**

The Project Management Services to be rendered by the Manager to the Partnership under the terms of this Agreement include the following:

- (a) **In-Unit Renovations:** The Manager shall be responsible for the scheduling, coordination, construction management and quality control of all In-Unit renovations in accordance with the approved annual capital expenditure budget. The Manager shall issue and pay all purchase orders, handle all communication with Tenants and liaise with the Partnership to minimize the impact of In-Unit renovations on building operations and leasing during any improvement period;
- (b) **Other Capital Expenditures:** The Manager shall conduct and effect any capital repairs and improvements and be responsible for all capital expenditures (subject to reimbursement by the Partnership as described in the approved annual capital expenditures budget). The Manager shall be responsible for the design, engineering specifications, estimating, tendering and awarding of contracts, scheduling, coordinating, construction management and quality control for all common area and major building replacement or upgrade projects. The Manager shall issue and pay all purchase orders, handle all communication with Tenants and liaise with the Partnership to minimize the impact of capital projects on building operations and leasing during any improvement period.

-13-

This is Exhibit "E" referred to in the Affidavit of Stephen Suske affirmed by Stephen Suske at the Town of Oakville in the Region of Halton before me on July 19, 2023 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

DocuSigned by:  
  
4F0CC73A15964AD...

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*Commissioner for Taking Affidavits (or as may be)*

**T. LUKE SABOURIN**



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**Subject:** Offer

**From:** Samuel Schuster <[sam@hillsportdevelopments.com](mailto:sam@hillsportdevelopments.com)>

**Date:** June 17, 2023 at 12:38:23 AM GMT+8

**To:** Jessica Zhang <[jessica\\_j\\_zhang@hotmail.com](mailto:jessica_j_zhang@hotmail.com)>

**Cc:** Josh Skaist <[joshskaist@gmail.com](mailto:joshskaist@gmail.com)>, Steve Suske <[ssuske@suskecapital.com](mailto:ssuske@suskecapital.com)>, Sarah Cathrae <[sarah.cathrae@gmail.com](mailto:sarah.cathrae@gmail.com)>, Joe Levy <[joelevy@seniorshousinggroup.ca](mailto:joelevy@seniorshousinggroup.ca)>, Jessica Zhang <[jessica@chanceryseniors.com](mailto:jessica@chanceryseniors.com)>

**Subject: Re: Offer**

I have been very clear to you and Joe on my position of the Non-Binding LOI from Corwood. To date you have not provided an appropriate response to **any** of my concerns.

In all honesty I am fed up with you constantly making believe and insinuating that I have not answered you, by either just ignoring parts of my email or just rehashing the same old points.

I am aware that this is a time sensitive situation. I am currently working through all of the complexities specific to the legal issues. When I have a completed offer, that I can present, you can be sure I will be in contact with you.

Sam

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**From:** Jessica Zhang <[jessica\\_j\\_zhang@hotmail.com](mailto:jessica_j_zhang@hotmail.com)>

**Sent:** Friday, June 16, 2023, 8:02 a.m.

**To:** Samuel Schuster <[sam@hillsportdevelopments.com](mailto:sam@hillsportdevelopments.com)>

**Cc:** Josh Skaist <[joshskaist@gmail.com](mailto:joshskaist@gmail.com)>; Steve Suske <[ssuske@suskecapital.com](mailto:ssuske@suskecapital.com)>; Sarah Cathrae <[sarah.cathrae@gmail.com](mailto:sarah.cathrae@gmail.com)>; Joe Levy <[joelevy@seniorshousinggroup.ca](mailto:joelevy@seniorshousinggroup.ca)>; Jessica Zhang <[jessica@chanceryseniors.com](mailto:jessica@chanceryseniors.com)>

**Subject: Re: Offer**

Hi Sam,

Could you please give more clarification on “something”? Does it mean that you are working on an offer or your feedback on the LOI? We need to communicate such updates to Fiera and Corwood as it is almost 2 weeks since we received Corwood’s LOI.

Thanks a lot!

Jessica

Sent from my iPad

On Jun 15, 2023, at 10:18 PM, Samuel Schuster  
<[sam@hillsportdevelopments.com](mailto:sam@hillsportdevelopments.com)> wrote:

I am aware that this is a time sensitive situation, when I have something further,  
you can be sure I will be in contact with you.  
Sam

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**From:** Jessica Zhang <[jessica\\_j\\_zhang@hotmail.com](mailto:jessica_j_zhang@hotmail.com)>  
**Sent:** Wednesday, June 14, 2023, 9:19 p.m.  
**To:** Josh Skaist <[joshskaist@gmail.com](mailto:joshskaist@gmail.com)>; Samuel Schuster  
<[sam@hillsportdevelopments.com](mailto:sam@hillsportdevelopments.com)>; Steve Suske <[ssuske@suskecapital.com](mailto:ssuske@suskecapital.com)>  
**Cc:** Sarah Cathrae <[sarah.cathrae@gmail.com](mailto:sarah.cathrae@gmail.com)>; Joe Levy  
<[joelevy@seniorshousinggroup.ca](mailto:joelevy@seniorshousinggroup.ca)>; Jessica Zhang <[jessica@chanceryseniors.com](mailto:jessica@chanceryseniors.com)>  
**Subject:** Offer

Hi Josh and Sam,

I haven't heard any feedback from you since my last email to you on June 9th.

I was advised by Sarah that you are working on an offer but, despite making  
numerous requests, you have not provided me with any offer or even confirmed  
that you will provide an offer. Please advise and provide details if you intend to  
make an offer. Otherwise, please confirm that you are not.

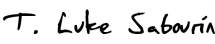
I am asking Joe to keep the communication going with Corwood but we need to  
provide him with a clear instruction, upon your consent to sign back to their LOI.

Thanks,

Jessica

-14-

This is Exhibit "F" referred to in the Affidavit of Stephen Suske affirmed by Stephen Suske at the Town of Oakville in the Region of Halton before me on July 19, 2023 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

DocuSigned by:  
  
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*Commissioner for Taking Affidavits (or as may be)*

**T. LUKE SABOURIN**



July 17, 2023

**BY EMAIL -**

Bobby Kaufman  
KSV Restructuring Inc.  
220 Bay Street, 13th Floor, PO Box 20,  
Toronto, Ontario, M5J 2W4

**Haddon Murray**  
Direct +1 416 862 3604  
haddon.murray@gowlingwlg.com

Dear Bobby:

**Re: Chancery (Oshawa) The Bartlett Limited Partnership and Chancery (Oshawa) the Bartlett GP Inc. (collectively, "The Bartlett") Receivership Application (the "Application")**

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As you know, I am counsel to Chancery Seniors Housing Investments Inc. ("**Chancery**"). We are writing in connection the Report to the Court of KSV Restructuring Inc. ("**KSV**") in its capacity as proposed receiver of the Bartlett (the "**Report**").

In particular, Chancery has a number of concerns with respect to the proposed sale process as set out in paragraph 4 of the Report that it would like to address.

- 1) At paragraph 4.1, KSV indicates that he has spoken with five realtors to act as potential listing agents in connection with assets of The Bartlett (the "**Property**"). In Chancery's view there is a limited number of realtors with the appropriate experience and expertise to properly market and sell the Property. Chancery believes that Newmark Canada is the most qualified realtor for marketing and selling seniors' residences. Chancery also believes that CBRE Limited is an acceptable option.
- 2) Paragraph 4.2 of the Report sets out the anticipated timeline for the sale process. Chancery has two concerns with respect to the proposed process.
  - a. Chancery had understood that KSV was considering obtaining a stalking horse bidder prior to launching the sale process. Footnote 1 of the Report alludes to the possibility that a stalking horse may provide an offer but does not suggest that KSV intends to have any sort of process for sourcing and picking a stalking horse bidder. While Chancery generally supports the use of a stalking horse bidder, if available and subject to reasonable terms, it suggests that this should be open to any interested party.
  - b. The timeline for Phase 2 of the process – where parties are given access to the data room and ultimately determine whether they will submit an offer – is only 34 to 39 days. In Chancery's view, this is not enough time for potential purchasers who do not have prior knowledge of The Bartlett or the Assets to complete their due diligence and obtain financing for the transaction. Chancery suggests that a minimum of 60 days would be required for the sale process to properly canvass the market.



In addition to whether the current process will be sufficient to obtain the best price for the Assets, Chancery is further concerned that the sale process, as it is currently proposed, will provide an unfair advantage to Hillsport Developments Inc. ("**Hillsport**"). As you know, Hillsport currently manage The Bartlett and consequently have little requirement for due diligence. They are in a position to provide a bid immediately, while other potential purchasers will not have time to conduct the necessary due diligence and submit an offer with no financing condition in the short period contemplated by the offer. Of course, if potential purchasers believe that Hillsport is being unfairly advantaged through the process it is likely to have a chilling effect on their willingness to perform the due diligence and other work necessary to bid in the process, undermining its efficacy.

For these reasons we request the KSV choose a listing agent from among the list of qualified agents set out above and amend the proposed sale process to (a) include more transparency and outreach with respect to the process to identify a potential stalking horse bidder and (b) extend Phase 2 of the process to 60 days.

Regards,

Gowling WLG (Canada) LLP

A handwritten signature in blue ink, appearing to read "Haddon Murray", with a stylized, flowing script.

Haddon Murray

cc: Steve Graff, *Aird & Berlis LLP*

**FIERA FP REAL ESTATE FINANCING FUND, LP**  
Applicant

-and-

**CHANCERY (OSHAWA) THE BARTLETT  
LIMITED PARTNERSHIP et al**  
Respondents

Court File No. CV-23-00700694-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

PROCEEDING COMMENCED AT  
TORONTO

**AFFIDAVIT OF STEVEN SUSKE  
AFFIRMED JULY 19, 2023**

**GOWLING WLG (CANADA) LLP**

Barristers & Solicitors  
1 First Canadian Place  
100 King Street West, Suite 1600  
Toronto ON M5X 1G5

**C. Haddon Murray (61640P)**  
haddon.murray@gowlingwlg.com  
Tel: 416-862-3604

Lawyers for Chancery Seniors Housing Investments Inc.