

SHARE PURCHASE AGREEMENT

THIS AGREEMENT made effective as of the 4th day of October, 2021.

BETWEEN

SHEACO HOLDINGS INC., a corporation subsisting under the laws of the Province of New Brunswick ("**Sheaco Holdings**")

-and-

SHEACO MANAGEMENT INC., a corporation subsisting under the laws of the Province of New Brunswick ("**Sheaco Management**" and collectively with Sheaco Holdings, the "**Vendors**")

-and-

NEXLIVING COMMUNITIES INC., a corporation subsisting under the laws of Canada (the "**Purchaser**")

-and-

FINDLAY MANAGEMENT INC., a corporation subsisting under the laws of New Brunswick (the "**Corporation**")

WHEREAS:

- A. Sheaco Holdings is the registered and beneficial owner of 100 Class A common shares in the capital of the Corporation (the "**Sheaco Holdings Shares**");
- B. Sheaco Management is the registered and beneficial owner of 10,000 Class C-1.1 preferred shares in the capital of the Corporation (the "**Sheaco Management Shares**", together with the Sheaco Holdings Shares, the "**Purchased Shares**");
- C. The Purchased Shares represent all of the issued and outstanding shares in the capital of the Corporation; and
- D. The Purchaser wishes to purchase and the Vendors wish to sell to the Purchaser the Purchased Shares, upon and subject to the terms and conditions herein contained.

NOW THEREFORE, in consideration of the respective covenants, agreements, representations, warranties and indemnities herein contained and for other good and valuable consideration (the receipt and sufficiency of which are acknowledged by each), the Parties covenant and agree as follows:

ARTICLE 1 - INTERPRETATION

1.1 Defined Terms

In addition to any other terms defined herein, for the purpose of this Agreement, unless the context otherwise requires, the following terms shall have the respective meanings set out below and grammatical variations of such terms shall have corresponding meanings:

- (a) "**Affiliate**", when used in respect of a Person, has the meaning attributed to that term in the Tax Act and where such Person is an individual, means the corporation controlled (within the meaning of the Tax Act) by that Person;
- (b) "**Agreement**" means this agreement together with any and all amendments made pursuant to the provisions hereof and all schedules hereto, and "**hereof**" and "**hereto**" shall have corresponding meanings;
- (c) "**arm's length**" has the meaning as used in the Tax Act;
- (d) "**Building**" means the one building comprising a total of 64 residential apartment units located on the Real Property municipally known as 1009 Cleveland Avenue, Riverview, New Brunswick (PID 5109954), and all fixtures (other than tenant trade fixtures), improvements and installations constructed or installed therein including, without limitation, the plumbing, heating, ventilation, air-conditioning, mechanical, electrical and sprinkler systems and all chattels and equipment and personal property, in each case which is leased or owned by the Corporation and relates to or is necessary to operate, maintain or manage the foregoing, if any;
- (e) "**Business**" means the means the ownership and operation of the Building located at the Real Property;
- (f) "**Business Day**" means any day other than a Saturday or a Sunday or any statutory holiday in the Province of New Brunswick;
- (g) "**Closing**" has the meaning set out in Section 2.4;
- (h) "**Closing Date**" has the meaning set out in Section 2.4;
- (i) "**Closing Date Balance Sheet**" means the unaudited balance sheet of the Corporation as of the Closing Date, prepared in accordance with GAAP applied on a basis consistent with other periods;
- (j) "**Closing Date Balance Sheet Determination Date**" means the date as determined pursuant to Section 2.6;

- (k) **"Closing Date Working Capital"** means the current assets of the Corporation on the Closing Date less the current liabilities (excluding therefrom the current portion of the Mortgage Debt, as defined in Section 2.3) of the Corporation on the Closing Date, calculated in accordance with GAAP;
- (l) **"CMHC"** means the Canada Mortgage and Housing Corporation;
- (m) **"Consent"** includes any approval, consent, ratification, waiver, or other authorization;
- (n) **"Contemplated Transactions"** means all of the transactions and events contemplated by this Agreement, including: (i) the sale of the Purchased Shares by the Vendors to the Purchaser; and (ii) the performance by Purchaser and the Vendors of their respective covenants and obligations under this Agreement.
- (o) **"Contract"** means any agreement, indenture, contract, lease, deed of trust, option, instrument or other commitment or arrangement, whether written or oral;
- (p) **"Corporation"** has the meaning set forth in the recitals, and includes any predecessors to the Corporation;
- (q) **"Due Diligence Date"** means 5:00 p.m. AST on the date which is forty-five (45) days from the signing and delivery of this Agreement;
- (r) **"Encumbrance"** means any encumbrance, lien, charge, hypothec, pledge, mortgage, title retention agreement, security interest of any nature, adverse claim, or other legal right in favour of any Person or any Contract to create any of the foregoing;
- (s) **"Environment"** means soil, land surface or subsurface strata, surface waters (including navigable waters, ocean waters, streams, ponds, drainage basins, and wetlands), groundwaters, stream sediments, ambient air (including indoor air), plant and animal life, and any other environmental medium or natural resource;
- (t) **"Environmental, Health, and Safety Liabilities"** means any cost, damages, expense, liability, obligation, or other responsibility arising from or under Environmental Law or Occupational Safety and Health Law and consisting of or relating to:
 - (i) any environmental, health, or safety matters or conditions (including on-site or off-site contamination, occupational safety and health, and regulation of chemical substances or products);
 - (ii) fines, penalties, judgments, awards, settlements, proceedings, damages, losses, claims, demands and response, investigative, remedial, or inspection costs and expenses arising under Environmental Law or Occupational Safety and Health Law;

- (iii) financial responsibility under Environmental Law or Occupational Safety and Health Law for cleanup costs or corrective action, including any investigation, cleanup, removal, containment, or other remediation or response actions ("**Cleanup**") required by applicable Environmental Law or Occupational Safety and Health Law and for any natural resource damages; or
- (iv) any other compliance, corrective, investigative, or remedial measures required under Environmental Law or Occupational Safety and Health Law;
- (u) "**Environmental Law**" means any Law that requires or relates to:
 - (i) advising appropriate authorities, employees, and the public of intended or actual releases of pollutants or hazardous substances or materials, violations of discharge limits, or other prohibitions;
 - (ii) preventing or reducing to acceptable levels the release of pollutants or hazardous substances or materials into the Environment;
 - (iii) reducing the quantities, preventing the release, or minimizing the hazardous characteristics of wastes that are generated;
 - (iv) protecting resources, species, or ecological amenities;
 - (v) reducing to acceptable levels the risks inherent in the transportation of hazardous substances, pollutants, oil, or other potentially harmful substances;
 - (vi) cleaning up pollutants that have been released, preventing the Threat of Release, or paying the costs of such clean up or prevention; or
 - (vii) making responsible parties pay private parties, or groups of them, for damages done to their health or the Environment, or permitting self-appointed representatives of the public interest to recover for injuries done to public assets;
- (v) "**Financial Statements**" means, collectively, the notice to reader financial statements of the Corporation for all of the fiscal years of the Corporation since its incorporation, consisting of a balance sheet and statement of operations and the retained earnings or deficit, as the case may be, prepared with notes from the Corporation's accountants and in accordance with GAAP;
- (w) "**GAAP**" means, at any time, Accounting Standards for Private Enterprises except as otherwise provided in the notes to the Financial Statements, applied on a basis consistent with the basis on which the Financial Statements were prepared in prior fiscal years;
- (x) "**Governmental Authority**" means any government, regulatory authority, governmental department, agency, commission, bureau, official, minister, court, body, board, tribunal or dispute settlement panel:

- (i) having competent jurisdiction on behalf of any nation, province, territory, state or other geographic or political subdivision thereof; or
- (ii) exercising, or entitled to exercise, any administrative, executive, judicial, legislative, policy, regulatory or taxing authority or power;
- (y) "**Governmental Charges**" means and includes any tax, charge, duty, fee, levies, rates, sales, use, profits, license, withholding, payroll, employment, excise, land transfer, property or custom tax or duty, goods and services tax, or other similar tax (including any periodic installments of tax), assessment, reassessment, interest, penalty, addition to tax, or charge of any kind whatsoever imposed or assessed by a domestic or foreign Governmental Authority, irrespective of the person to which any such taxes, duties, charges, levies, withholdings or amounts are directly or primarily chargeable, together with all interest, fines, penalties, surcharges and charges incidental or relating to any of the foregoing, including, without limitation, accrued taxes or charges for the period from and including the commencement of the current fiscal year of the Corporation to and including the Closing Date;
- (z) "**HST**" means the goods and services tax/harmonized sales tax levied pursuant to Part IX of the HST Act;
- (aa) "**HST Act**" has the meaning ascribed thereto in Subsection 2.8(a);
- (bb) "**Insurance Policies**" has the meaning set out in Section 4.17;
- (cc) "**Intellectual Property**" means all trade or service marks and trade names used by the Corporation (including logos, works of copyright or other intellectual property), whether or not registered;
- (dd) "**Interim Period**" means the period from the date first above written to the Time of Closing;
- (ee) "**Knowledge**" of the Vendors means the actual knowledge of any director or officer of the Vendors, without inquiry;
- (ff) "**Law**" means federal, provincial, state, local, municipal, foreign, international, multinational, or other Order, constitution, law, ordinance, principle of common law, regulation, statute, or treaty;
- (gg) "**Leases**" means all offers to lease, agreements to lease, leases, rental agreements, renewals or amendments thereto, and other rights or licences granted by or on behalf of the Corporation or its predecessor in title to possess or occupy space within the Real Property or any parts thereof, in each case as amended, renewed or otherwise varied, and guarantees, letters of credit and/or indemnities of a tenant's obligations thereunder;
- (hh) "**Lease**" means any one of the Leases;

- (ii) "**Losses**" means, in respect of any matter, all claims, causes of action, demands, Proceedings, losses, damages, liabilities, obligations, deficiencies, Governmental Charges, costs (including costs of cleanup, containment, or other remediation required by law) and reasonable expenses (including, without limitation, all reasonable legal and other reasonable professional fees and disbursements, interest, penalties and amounts paid in settlement) arising directly or indirectly as a consequence of such matter;
- (jj) "**Material Adverse Effect**" means any effect or change that would be materially adverse to the Business or financial position of the Corporation, provided that a "**Material Adverse Effect**" shall be deemed not to include any adverse effect or change arising from or relating to (i) general business or economic conditions, (ii) national or international political or social conditions, and/or (iii) general financial, banking, or securities markets conditions, for the avoidance of doubt, the Parties agree that the terms "**material**", "**materially**" or "**materiality**" as used in this Agreement with an initial lower case "m" shall have their respective customary and ordinary meanings without regard to the meaning ascribed to Material Adverse Effect;
- (kk) "**Order**" means any award, decision, injunction, judgment, order, ruling, subpoena, or verdict entered, issued, made, or rendered by any court, administrative agency, or other Governmental Authority or by any arbitrator;
- (ll) "**Ordinary Course of Business**" means an action taken by a Person only if:
 - (i) such action is consistent with the past practices of such Person or is taken in the ordinary course of the normal day-to-day operations of such Person;and shall include, for greater certainty, construction, pre-leasing, and leasing activities relating to the Building;
- (mm) "**Parties**" means the Corporation, the Purchaser and the Vendors, collectively, and "**Party**" means any one of them;
- (nn) "**Person**" means any individual, partnership, limited partnership, corporation, joint venture, association, joint stock corporation, trust, unincorporated organization or a government or an agency thereof or other entity;
- (oo) "**Proceeding**" means any action, arbitration, audit, hearing, investigation, litigation, or suit (whether civil, criminal, administrative, investigative, or informal) commenced, brought, conducted, or heard by or before, or otherwise involving, any Governmental Authority or arbitrator;
- (pp) "**Purchase Price**" has the meaning set out in Section 2.2;
- (qq) "**Purchased Shares**" has the meaning set forth in the recitals;
- (rr) "**Purchaser**" has the meaning set forth in the recitals;

- (ss) "**Purchaser's Solicitor**" means Sean Glover, of Cox & Palmer, 1100-1959 Upper Water Street, Halifax, Nova Scotia B3J 3N2;
- (tt) "**Real Property**" has the meaning set out in Section 4.13 and includes the Building;
- (uu) "**Release**" means any spilling, leaking, emitting, discharging, depositing, escaping, leaching, dumping, or other releasing into the Environment, whether intentional or unintentional, in violation of Environmental Laws;
- (vv) "**Representative**" means with respect to a particular Person, any director, officer, employee, agent, consultant, advisor, or other representative of such Person, including legal counsel, accountants, and financial advisors;
- (ww) "**Tax Act**" means the *Income Tax Act* (Canada), as amended from time to time, and the regulations issued thereunder;
- (xx) "**Tax Return**" means any return (including any information return), report, statement, schedule, notice, form, or other document or information filed with or submitted to, or required to be filed with or submitted to, any Governmental Authority in connection with the determination, assessment, collection, or payment of any Governmental Charge or in connection with the administration, implementation, or enforcement of or compliance with any Law relating to any Governmental Charge;
- (yy) "**Threatened**" means any demand or statement (in writing or any notice in writing) that a claim, Proceeding, dispute, action, or other matter is likely to be asserted, commenced, taken, or otherwise pursued in the future;
- (zz) "**Threat of Release**" means a substantial likelihood of a Release that may require action in order to prevent or mitigate damage to the Environment that may result from such Release;
- (aaa) "**Time of Closing**" means 2:00 p.m. (Atlantic time) on the Closing Date, or such other time on the Closing Date as the Vendors and the Purchaser may mutually agree to;
- (bbb) "**Vendors**" has the meaning set forth in the recitals;
- (ccc) "**Vendors' Solicitor**" means Frank Hughes, of McInnes Cooper, South Tower, 644 Main Street, Suite 400, Blue Cross Building, Moncton, New Brunswick E1C 1E2, or such other law firm as the Vendors may designate from time to time by notice in writing to the Purchaser; and
- (ddd) "**Work Order**" means any outstanding permit, infraction, order, notice to comply or remedy, work order, directive, active notification or deficiency notice issued by a Governmental Authority.

1.2 Currency

Unless otherwise indicated, all dollar amounts referred to in this Agreement are expressed in Canadian funds.

1.3 Sections and Headings

The division of this Agreement into Articles, Sections, Subsections and the insertion of headings are for convenience of reference only and shall not affect the interpretation of this Agreement. Unless otherwise indicated, any reference in this Agreement to any Article, Section, Subsection or a Schedule refers to the specified Article, Section or Subsection to this Agreement or the specified Schedule annexed hereto.

1.4 Number, Gender and Persons

In this Agreement, words importing the singular number only shall include the plural and *vice versa*, words importing gender shall include all genders and words importing persons shall include individuals, Corporation, partnerships, joint ventures, associations, trusts, unincorporated and all other forms of business organizations, governments, regulatory and governmental agencies, commissions, departments and instrumentalities.

ARTICLE 2 - BUSINESS TERMS OF PURCHASE AND SALE AND CERTAIN CONDITIONS TO CLOSING

2.1 Purchase and Sale of Purchased Shares

Upon and subject to the terms and conditions of this Agreement, the Purchaser hereby agrees to purchase from the Vendors, and the Vendors hereby agree to sell to the Purchaser, the Purchased Shares, free and clear from any Encumbrances.

2.2 Purchase Price

The aggregate purchase price (the "**Purchase Price**") payable by the Purchaser to the Vendors for the Purchased Shares shall be Eleven Million Seven Hundred Thousand Dollars (\$11,700,000.00) less the Closing Date balance of the Mortgage Debt (as defined in Section 2.3), subject to the adjustments ("**Adjustments**") as provided for below in Sections 2.7 and 2.8(b), payable in accordance with Section 2.3.

2.3 Payment of Purchase Price

The Purchase Price shall be payable by the Purchaser to the Vendors, or as the Vendors may otherwise direct, subject to the Adjustments provided for herein, as follows:

- (a) the sum of Fifty Thousand Dollars (\$50,000.00) (the "**Deposit**") by wire transfer, certified cheque, bank draft or solicitor trust cheque, payable to the Vendors' Solicitors in trust within five (5) Business Days of the execution and delivery of this Agreement, to be held as a deposit in accordance with the provisions of Section 2.5 pending the completion or other termination of this Agreement and to be credited on the Closing Date on account of the Purchase Price;

- (b) on Closing, the Purchaser acknowledges the Corporation will remain liable for the existing CMHC insured mortgage in favour of The Toronto-Dominion Bank in the original principal amount of Nine Million Four Hundred Seventy Three Thousand Seven Hundred Twenty Four Dollars (\$9,473,724.00) (the "**Mortgage Debt**") encumbering the Lands; and
- (c) on Closing, the balance of the Purchase Price, subject to the Adjustments, by wire transfer, certified cheque, bank draft, or solicitor trust cheque, payable to the Vendors' Solicitors.

2.4 Closing

The Closing of the transactions contemplated by this Agreement (the "**Closing**") shall be by escrow delivery, at the Time of Closing on the date which is thirty (30) days from the satisfaction or waiver of all of the conditions to the obligations of the Vendors and the Purchaser to consummate the transactions contemplated hereby (other than the conditions with respect to actions the Vendors and the Purchaser will take at the Closing itself) or such other date as the Purchaser and the Vendors may mutually agree (the "**Closing Date**"). Failure to consummate the purchase and sale provided for in this Agreement as determined pursuant to this Section 2.4 will result in the termination of this Agreement and will relieve any Party of any obligation under this Agreement, subject to the Purchaser's forfeiture of the Deposit pursuant to Section 2.5.

2.5 Deposit

The Deposit shall be paid to the Vendors on account of the Purchase Price upon Closing. If the Purchaser terminates this Agreement as provided for herein, the Deposit shall, without deduction, be returned to the Purchaser.

2.6 Closing Date Balance Sheet

Within ninety (90) days following the Closing Date, the Vendors shall submit to the Purchaser a Closing Date Balance Sheet. Within thirty (30) days after receipt of the Closing Date Balance Sheet the Purchaser shall advise the Vendors in writing that the Purchaser either (i) agrees with the Closing Date Balance Sheet or (ii) does not agree with the Closing Date Balance Sheet, in which event the Purchaser shall set forth in reasonable detail the basis for such disagreement. The Vendors shall have access to the books and records of the Corporation for the purposes of assisting in its preparation of the Closing Date Balance Sheet. In the event of a disagreement, the Purchaser and the Vendors agree to use their respective diligent efforts to resolve any disagreements with respect to the Closing Date Balance Sheet; provided, however, that if the Purchaser and the Vendors fail to reach agreement on the Closing Date Balance Sheet within ten (10) days after the date such dispute arose, then such disagreement with the disputed items shall be resolved by an independent chartered professional accountant appointed jointly by the Purchaser and the Vendors, each acting reasonably (the "**Independent Auditor**"). The Independent Auditor shall make his or her determination within two (2) weeks of his engagement. The fees and expenses relating to the Independent Auditor shall be borne equally by both parties. The decision of the Independent Auditor shall be final and binding upon the Purchaser and the Vendors. The "**Closing Date Balance Sheet Determination Date**" is the date

that either the Purchaser agrees with the Closing Date Balance Sheet or that the Independent Arbitrator makes his decision.

2.7 Adjustment

The Vendors and the Purchaser hereby agree that if the Closing Date Working Capital as of the close of business on the Closing Date, as reflected in the Closing Date Balance Sheet or in the decision of the Independent Arbitrator pursuant to Section 2.6, as the case may be, is:

- (a) a negative number, the Vendors shall pay to the Purchaser an amount equal to such deficiency; or
- (b) a positive number, the Purchaser shall pay to the Vendors an amount equal to such excess.

Any such payment shall be made within two (2) Business Days of the Closing Date Balance Sheet Determination Date.

2.8 HST

- (a) The Vendors hereby jointly and severally represent, warrant and certify to the Purchaser that the purchase of the Purchased Shares pursuant to the Contemplated Transactions constitutes an exempt supply pursuant to Section 1 of Part VII of Schedule V of the *Excise Tax Act (Canada)* (the "**HST Act**").
- (b) The Parties hereby acknowledge and agree that:
 - (i) The Vendors represent and warrant that: (A) substantial completion of the Building (within the meaning of the HST Act) was achieved prior to the acquisition of the Building by the Corporation, (B) the acquisition of the Building by the Corporation (as a used multiple unit residential complex) was an exempt supply pursuant to the HST Act, and (C) only minor renovations have been done to the Building since the time of its acquisition by the Corporation.
 - (ii) The Vendors agree to indemnify and save harmless the Purchasers for any GST/HST liability that may arise as a result of a determination by the Canada Revenue Agency (for the purposes of this section, the "**CRA**") that the Corporation is or was required to self-assess and pay HST as a result of a determination by the CRA that the Corporation is or was deemed to have made a self-supply of the Building pursuant to the HST Act. However, it is also agreed that if the CRA makes or proposes to make any such determination, the Purchaser shall notify the Vendors so that adequate submissions can be made to CRA that no GST/HST is payable on self-assessment.

ARTICLE 3 - CONDITIONS AND COVENANTS

3.1 Due Diligence and Financing Conditions of the Purchaser

The Purchaser's obligation to carry out the Contemplated Transactions is subject to fulfilment of each of the following conditions on or by the date specified (each, respectively, a "**Condition Date**") therefor unless waived by the Purchaser:

- (a) The Purchaser shall be allowed until the Due Diligence Date to conduct inspections and make investigations of the Corporation, its assets, and any agreements relating thereto as it deems necessary in its sole, absolute and subjective discretion relating to the physical, financial and contractual aspects of the Corporation;
- (b) Within 120 days of the signing of this Agreement (the "**Mortgage Assumption Condition Date**"), the Purchaser shall be satisfied with (i) its ability to raise sufficient equity for completion of the Transaction, (ii) to obtain satisfactory debt financing for the completion of the Transaction, and (iii) to obtain any consents to transfers as required pursuant to the terms of the existing Mortgage Debt, on terms and conditions acceptable to the Purchaser, acting reasonably, and satisfactory to CMHC and The Toronto-Dominion Bank (the "**Mortgage Assumption Condition**");
- (c) On or before the Due Diligence Date, the Purchaser has obtained approval, if applicable, from its board of directors and from the TSX Venture Exchange, including without limitation, the consideration provided for in Section 2.3(c) hereof;
- (d) On or before the Due Diligence Date, the Vendors shall have provided the Purchaser with review engagement Financial Statements for the most recent year end of the Corporation, following which, the Purchaser shall have five (5) Business Days to review and confirm the same as satisfactory; and
- (e) On or before the Due Diligence Date, the Purchaser shall be satisfied with the terms of the property management agreement governing the Building (the "**Property Management Agreement**").

The Purchaser may, by notice in writing, notify Vendors on or before the applicable Condition Date that the foregoing conditions are satisfied or that it is waiving same. If no such notice is delivered on or before each applicable Condition Date, this Agreement shall be terminated, null and void and the Deposit shall then be promptly returned in full without interest or deduction, subject however to Section 2.5 hereof.

3.2 Conditions of Vendors

It will be a condition of Vendors' obligation to complete this transaction, unless waived either in whole or in part by Vendor in writing (each of which is for the sole benefit of the Vendors), that:

- (a) **Property Management** – On or before the Due Diligence Date, the Vendors shall be satisfied with the terms of the Property Management Agreement.

If Vendors do not notify the Purchaser on or before the relevant timeline set out above, that the foregoing conditions set out in this Section 3.2 are unsatisfied, then such conditions will be deemed to have been satisfied. If Vendors do so notify the Purchaser, this Agreement shall be terminated and the Deposit shall be promptly released and paid to the Purchaser by Vendors' Solicitors who are irrevocably and unconditionally instructed to do so. The conditions in this Sections 3.2 are inserted for the sole benefit of Vendors and may be waived by Vendors in whole or in part at its sole option at any time.

ARTICLE 4 - REPRESENTATIONS AND WARRANTIES OF THE VENDORS

The Vendors jointly and severally represent and warrant to the Purchaser as follows.

4.1 Corporate Status and Authorization of the Vendors

The Vendors are corporations incorporated and validly existing under the Laws of the province of New Brunswick and have not been discontinued or dissolved under such Laws. No steps or proceedings have been taken to authorize or require such discontinuance or dissolution or, to the Vendors' Knowledge, the bankruptcy, insolvency, liquidation or winding up of the Vendors. The Vendors have submitted all notices or returns of corporate information and other filings required by Law to be submitted by it to any Governmental Authority. The Vendors have the corporate power and capacity to enter into this Agreement, to carry out its obligations hereunder, and to consummate the transactions contemplated hereby. The execution and delivery by the Vendors of this Agreement, the performance by the Vendors of their obligations hereunder, and the consummation by the Vendors of the transactions contemplated hereby have been duly authorized by all requisite corporate action on the part of the Vendors. This Agreement has been duly executed and delivered by the Vendors, and (assuming due authorization, execution and delivery by the Purchaser), this Agreement constitutes a legal, valid and binding obligation of the Vendors enforceable against the Vendors in accordance with its terms.

4.2 Status of Corporation

The Corporation is a corporation incorporated and validly existing under the Laws of the province of New Brunswick and has not been discontinued or dissolved under such Laws. The Corporation has all requisite power and authority, and is duly qualified, to carry on its business and to own, lease and operate the properties and assets now owned, leased and operated by it and is in good standing in every jurisdiction in which the character of the business conducted or the nature of the properties owned, leased or operated by it makes such qualification necessary, except for those jurisdictions in which the failure to be so qualified or in good standing, individually or in the aggregate, has not had and would not reasonably be expected to result in a Material Adverse Effect.

4.3 Solvency

The Corporation is not an insolvent person within the meaning of the *Bankruptcy and Insolvency Act (Canada)*, nor has it committed an act of bankruptcy, proposed a compromise or arrangement or made a proposal or filed a notice to make a proposal to its creditors generally, had any petition for a receiving order in bankruptcy filed against it, taken any Proceeding with respect to a compromise or arrangement, taken any Proceeding to have itself declared bankrupt or wound-up, or taken any Proceeding to have a receiver appointed for any part of its assets.

4.4 Enforceability

This Agreement and all agreements, instruments and other documents executed and delivered by the Corporation or Vendors, as applicable, pursuant to this Agreement have been duly authorized by all necessary corporate action on the part of the Corporation and have been duly executed and delivered by the Corporation and the Vendors, and constitute legal, valid and binding obligations of the Corporation and the Vendors, enforceable against the Corporation and the Vendors by the Purchaser in accordance with the respective terms thereof, except as enforcement may be limited by bankruptcy, insolvency and other laws affecting creditors' rights generally and except that equitable remedies may be granted only at the discretion of the court of competent jurisdiction and except for any term which a court of competent jurisdiction may determine to be void by reason of being contrary to public policy.

4.5 Consents, etc.

Except with respect to the Mortgage Debt, the execution and delivery of this Agreement by the Vendors and the Corporation and the consummation by the Vendors and the Corporation of the Contemplated Transactions, and the observance and performance of the terms and provisions of this Agreement on the part of the Vendors and the Corporation to be observed and performed do not require on the part of the Vendors or the Corporation the Consent, authorization or approval of any Person or any notification, registration or filing to be obtained, given or effected by the Vendors or the Corporation.

4.6 No Violation

Except with respect to the Mortgage Debt, the execution and delivery of this Agreement by the Vendors and the Corporation and the completion by them of the Contemplated Transactions, and the observance and performance of the terms and provisions of this Agreement on their part to be observed and performed do not (and, to the Knowledge of the Vendors, will not, with the passage of time or the giving of notice or both, or otherwise): (a) result in the breach or violation of any of the provisions of, or constitute a default under, or conflict with or cause the acceleration of any obligation under any Contract; or (b) result in the creation or imposition of any Encumbrance on any of the Purchased Shares or on any of the business, property, assets and undertaking of the Corporation.

4.7 Minute Books

The minute books of the Corporation contain, in all material respects, complete copies of the constating documents, by-laws and resolutions and other corporate proceedings of the Corporation and all predecessors. There are outstanding no applications or filings which would alter in any way the constating documents or corporate status of the Corporation. There are no unanimous shareholders' agreements or shareholder declarations affecting the Corporation. At the Closing, all of those books and records will be in the possession of the Corporation.

4.8 No Other Agreements to Purchase or Options

No Person has any agreement or option or any right or privilege (whether arising by law, contract or otherwise) for the purchase of any of the Purchased Shares or for the purchase, subscription, allotment or issuance of any shares or other securities of, or interest in, of the Corporation or any of its respective assets or property.

4.9 Ownership of Shares

The authorized capital of the Corporation is an unlimited number of Class A common shares, an unlimited number of Class B common shares, 10,000 Class C-1.1 preferred shares, 10,000 Class C-2.1 preferred shares, 10,000 Class C-2.2 preferred shares, 100 Class D-1 preferred shares, 100 Class D-2 preferred shares, and 1,000 Class E preferred shares. As of the date of this Agreement, Sheaco Holdings is the registered owner of the Sheaco Holdings Shares and Sheaco Management is the registered owner of the Sheaco Management Shares, such shares being all of the issued and outstanding shares in the capital of the Corporation and being fully paid and non-assessable, and free and clear of all encumbrances. Upon completion of the Contemplated Transactions, all of the Purchased Shares will be owned by the Purchaser as the legal and beneficial owner of record, with a good and marketable title thereto.

4.10 Business of the Corporation

The Corporation has carried on, and is now carrying on, the Business, and to the Knowledge of the Vendors has never carried on any other business.

4.11 Location of Business and Condition of Assets

All of the tangible assets and property owned or used by the Corporation in connection with the Business are situate at the Real Property. The tangible assets and personal property owned by the Corporation in connection with the Business are not subject to any representation, warranty or covenant on condition and are held by the Corporation, as is, where is.

Except as specifically set forth herein, no representation, warranty, or covenant is being made with respect to the condition or sufficiency of the property and assets owned or leased by the Corporation to carry on the Business, and the Vendors expressly disclaim any covenant relating to the sufficiency of the assets required to carry out any back office or administrative functions relating to the Business.

4.12 Title to Assets

The Corporation owns all of the property and assets reflected in the Financial Statements and all other property and assets used by it in connection with Business, with good and marketable title thereto and free and clear of all encumbrances, except for the outstanding security with respect to the Mortgage Debt and any leased equipment that has been disclosed to the Purchaser.

4.13 Real Property

- (a) The real property at 1009 Cleveland Avenue, Riverview, NB (PID 5109954) ("**Real Property**") comprises all of the real property now or, to the Knowledge of the Vendors, previously owned or leased by the Corporation, and, the Corporation is not a party to any agreement or option to purchase or lease, any real property or interest therein.
- (b) On the Closing Date the entire interest in the Real Property will be owned by the Corporation free and clear of and from all liens, mortgages, charges and encumbrances save and except for those easements, registered restrictions or covenants that affect the Real Property but do not materially affect the enjoyment of the Real Property, the security with respect to the Mortgage Debt and those which the Vendor's solicitor has undertaken to release subsequent to the Closing Date;
- (c) To the Knowledge of the Vendors, there is no injunction, decree, Order, writ or judgment outstanding, nor any Proceedings, pending or Threatened, relating to the Corporation's ownership, lease, use or occupancy of the Real Property or any portion thereof, or the operation of the Business as currently conducted thereon.
- (d) With respect to the Real Property, to the Knowledge of the Vendors, the use to which such premises has been, and is being, put by the Corporation, and the operation and maintenance by the Corporation of the structures, improvements or appurtenances located therein or thereat, are not, in any material respect, in breach of any Laws or the rights of any Person, and the Corporation has not received any notification alleging any such violations;
- (e) The Vendors have no notice and, to the Knowledge of the Vendors, there is no actual, pending or threatened action or proceedings relating to the condition of the Real Property or to the violation (actual or alleged) of any Environmental Laws, health or safety statutes, regulations or other lawful requirements;
- (f) Other than as disclosed in writing by the Vendors or set out in the materials of which Vendors have provided copies to the Purchaser to Vendors' Knowledge, there are no unregistered agreements affecting title to the Real Property;
- (g) The Real Property is not the subject matter of any other agreement of purchase and sale or any option to purchase, lease, first right of refusal or any other legal or equitable right or claim of possession, interest or title in or to the Real Property;

- (h) To the Vendors' Knowledge the buildings and structures comprising the Real Property are free of any structural defect and all machinery, equipment, tools, furniture, furnishings and materials used in or in connection with the Real Property are in working order, except for normal wear and tear;
- (i) The Corporation has not received any notice of expropriation of the Real Property or any part thereof and to the Vendors' Knowledge there is no proposed expropriation by any authority having jurisdiction in that regard; and
- (j) To the Vendors' Knowledge, there are not now outstanding against the Real Property any capital levies, sewer installation fees, local improvement rates, special assessments, rates or charges, instalment charges of a capital nature or any other similar charges in respect of anything done on or before the Closing Date.

4.14 Intellectual Property

No written notice has been received in respect of any alleged infringement or misappropriation by the Corporation of any industrial or intellectual property rights of any Person and to the Knowledge of the Vendors, the Corporation's use of the Intellectual Property does not infringe upon, or constitute any misappropriation of, any industrial or intellectual property rights or other rights of any Person. To the Knowledge of the Vendors there is no infringement or violation of any of the rights of the Corporation in and to the Intellectual Property.

4.15 Financial Matters and Financial Statements

The books of account and financial records of the Business and the Corporation have been kept on a basis consistent with those of preceding accounting periods and have been maintained in all material respects in accordance with sound business practices and the requirements of Law.

The Financial Statements fairly present the assets, liabilities and financial condition of the Business and Corporation in accordance with GAAP, as the case may be, as at the dates of such Financial Statements and the revenues, expenses, results of operations and retained earnings or deficits, as the case may be, of the Business and the Corporation as at the respective dates of and for the periods referred to in such Financial Statements in accordance with GAAP.

4.16 Liabilities Generally of the Corporation

To the Knowledge of the Vendors, except as provided for herein, the Corporation does not have any liabilities of any kind whatsoever, arising or relating to the period prior to the Closing Date other than liabilities disclosed on, reflected in, or provided for in, the Financial Statements or incurred in the Ordinary Course of Business.

4.17 Insurance

The Corporation's business, property, assets and personnel are insured subject to the deductibles and other terms and conditions of the Insurance Policies and such insurance coverage is in full force and effect until the Closing Date. The Vendors will provide a complete list of all policies of insurance maintained by the Corporation on its business, property, assets

and personnel (collectively, the "**Insurance Policies**"), including, without limitation, to the extent applicable, business interruption insurance, property insurance, professional liability insurance, life insurance (in each case, specifying the insurer and policy number, named insured and loss payee, the beneficiary, the amount of the coverage, the type of insurance and the applicable deductible per occurrence). To the Knowledge of the Vendors the Corporation is not in default with respect to any of the provisions contained in the Insurance Policies and the Corporation has not failed to give any notice or present any claim under any such insurance policy in a due and timely fashion.

4.18 Employment and Labour Matters

- (a) There are no employees, contractors or labourers employed or contracted by the Corporation, and the Corporation is not a party to any written or oral employment, service or consulting agreement relating to any one or more persons, other than a property management agreement.
- (b) The Corporation is not a party to or bound by any collective agreement or employment agreement, nor is it currently conducting negotiations with any labour union or employee association.

4.19 No Adverse Changes

Since the date of the Financial Statements, to the Knowledge of the Vendors there has not been:

- (a) any change in the condition (financial or otherwise), assets, liabilities, prospects, operations, condition or earnings of the Business or the Corporation which could reasonably be expected to result in a Material Adverse Effect;
- (b) any damage, destruction or loss (whether or not covered by insurance) affecting the property, assets of the Business of the Corporation, reasonable wear and tear excepted, which could reasonably be expected to result in a Material Adverse Effect;
- (c) any payment made, or authorized to be paid, by the Corporation, other than payments required to be made under the Contracts disclosed herein and payments in respect of trade accounts and other amounts including salaries and rent payable incurred in the Ordinary Course of Business and at the normal rates and terms applicable thereto;
- (d) any change in the accounting or tax practices in respect of the Business, the Corporation, and/or the assets, except as disclosed in writing to the Purchaser; or
- (e) any change adopted by the Corporation in its depreciation or amortization policies or rates.

4.20 Tax Matters

- (a) The Corporation has duly and timely filed in proper form all Tax Returns, tax elections and reports required to be filed by Law on or prior to the date of this

Agreement. To the Knowledge of the Vendors, all Governmental Charges upon the Corporation or its assets or property which are or were due and payable on or prior to the date of this Agreement have been paid, or have had a charge, accrual or reserve in respect thereof established on the books of the Corporation, any such charge, accrual or reserve to be reflected in the Closing Date Balance Sheet in accordance with GAAP;

- (b) There are no outstanding agreements, waivers or other arrangements extending the statutory period of limitations applicable to the filing of any Tax Return of the Corporation for any period, or extending the period within which any Governmental Authority may issue any assessment or reassessment in respect of Governmental Charges, nor has there been any assessment or reassessment by any Governmental Authority issued or Threatened against the Corporation with respect to the payment of any Governmental Charges, or other charges or deficiencies by the Corporation;
- (c) To the Knowledge of the Vendors, all information set forth in all Tax Returns which have been filed by the Corporation is true and correct and the Corporation has delivered to the Purchaser true copies of all Tax Returns of the Corporation and any assessments or reassessments thereof;
- (d) The Corporation has no liabilities for Governmental Charges that are not recorded in the books of account of the Corporation, and any Governmental Charges of the Corporation shall be shown as charges, accruals or reserves on the Closing Date Balance Sheet in accordance with GAAP and there is no tax sharing agreement in existence as of the date of this Agreement that will require any payment by the Corporation after the date of this Agreement;
- (e) The Corporation has withheld from payments made to all Persons the amount of all Governmental Charges required to be withheld and has paid the same, when due, to the proper tax receiving officers or authorities of a Governmental Authority; and
- (f) There has not been an acquisition or change of control, direct or indirect, of the Corporation for purposes of the Tax Act or any relevant provincial taxing statute that would affect the Corporation, except as a result of the Contemplated Transactions.
- (g) To the Knowledge of the Vendors, the value of the consideration paid or received by the Corporation for the acquisition, sale, transfer or provision of property (including intangibles) or for the provision of services (including financial transactions) from or to any person or partnership with which the Corporation was not dealing at arm's length (within the meaning of the Tax Act) at the relevant time was the fair market value of such property acquired, provided or sold, or services purchased or provided.

4.21 Litigation

To the Knowledge of the Vendors, there are no written demands, actions, suits, claims or other

legal, administrative, arbitration or similar Proceedings or any governmental or other investigations issued or commenced by or against, or, Threatened by or against, or affecting, the Corporation, or any of its assets and property.

4.22 Residency

The Vendors are residents of Canada for the purposes of the Tax Act.

4.23 Work Orders

Other than as disclosed in writing by the Vendors no less than three (3) Business Days prior to the Due Diligence Date or set out in the materials of which the Vendors have made available to the Purchaser pursuant to Section 7.1 hereof, to the Vendors' Knowledge, the Vendors have not received written notice of any breach of any municipal or other governmental requirements relating to the Real Property or any directives or other requirements of any insurers of the Real Property, nor is either aware of any condition at the Real Property that might give rise to a Work Order.

4.24 Leases

All Leases are with arm's length third parties and with respect to the Leases, units and Building:

- (a) the Leases and the rent payable thereunder have not been assigned or otherwise encumbered, save and except as disclosed by registered title;
- (b) the Leases contain the whole agreement relative to the premises leased, and they have not been amended save as disclosed by the Vendors in writing prior to the Due Diligence Date for Leases entered into prior to the Due Diligence Date;
- (c) the tenants under the Leases have not been granted any concessions, rebates, allowances or free rent which would take or be in effect subsequent to the Closing Date, save as disclosed by the Vendors in writing prior to the Due Diligence Date for Leases entered into prior to the Due Diligence Date, and prior to the Closing Date for Leases entered into on or after the Due Diligence Date;
- (d) there has been compliance by the Corporation in all material respects with the *Residential Tenancies Act* (New Brunswick) and all predecessor tenancy and rent control legislation;
- (e) all rents being charged with respect to the Building are legal rents in accordance with applicable laws;
- (f) to the Knowledge of the Vendors, no application or investigation or proceeding by the Residential Tenancy Program (or its predecessor(s)) is pending which could result in a reduction of rents and/or rent rebates;
- (g) each of the tenants has been paid any and all amounts required to be paid to same by way of rebates, with, to the Vendors' Knowledge, none of the tenants being able to validly claim any rights of set-off against the Vendors or the Purchaser;

- (h) interest on prepaid rents is paid or credited to tenants in compliance with applicable laws, so that no tenant (current or former) has any claim on account of unpaid interest against the Vendors, or will have against the Purchaser; and
- (i) to the Vendors' Knowledge, there is no investigation or other proceeding initiated or pending by any Governmental Authority which might prevent rent increases or might require rent decreases, and there is no investigation or other proceeding by any Governmental Authority.

4.25 CMHC Financing

The Vendors will cooperate with the Purchaser, The Toronto-Dominion Bank, and CMHC in facilitating the obtaining of required consents with respect to the Mortgage Debt and the replacement of any guarantees provided to The Toronto-Dominion Bank by any party affiliated with the Vendors.

4.26 Full Disclosure

To the Knowledge of the Vendors, no representation, warranty, or disclosure of the Vendors in this Agreement omits to state a material fact necessary to make the statements herein or therein, in light of the circumstances in which they were made, not misleading.

ARTICLE 5 - REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

The Purchaser represents and warrants to the Vendors as follows and acknowledges and confirms that the Vendors are relying on such representations and warranties in connection with the sale by the Vendors of the Purchased Shares:

5.1 Organization and Good Standing

The Purchaser is a corporation duly organized, validly existing, in good standing and is up to date in all of the filings and registrations required under the laws of Canada.

5.2 Solvency

The Purchaser is not insolvent, has not committed an act of bankruptcy, proposed a compromise or arrangement or made a proposal or filed a notice to make a proposal to its creditors generally, had any petition for a receiving order in bankruptcy filed against it, taken any Proceeding with respect to a compromise or arrangement, taken any Proceeding to have itself declared bankrupt or wound-up, taken any Proceeding to have a receiver appointed of any part of its assets, had any encumbrancer take possession of any of its property, or had any execution or distress become enforceable or become levied upon any of its property.

5.3 Authorization and Enforceability

This Agreement and all agreements, instruments and other documents executed and delivered by the Purchaser pursuant to this Agreement constitute legal, valid and binding obligations of the Purchaser enforceable against the Purchaser by the Vendors in accordance with the respective terms thereof, except as enforcement may be limited by bankruptcy, insolvency and other laws affecting creditors' rights generally and except that equitable remedies may be

granted only at the discretion of the court of competent jurisdiction and except for any term which a court of competent jurisdiction may determine to be void by reason of being contrary to public policy.

5.4 Consents, etc.

The execution and delivery of this Agreement by the Purchaser and the consummation, by the Purchaser, of the Contemplated Transaction, and the observance and performance of the terms and provisions of this Agreement on the part of the Purchaser to be observed and performed do not require the Consent, authorization or approval of any Person or any notification, registration or filing to be obtained, given or effected by the Purchaser (whether pursuant to any Laws, Contract or otherwise), save for those which have been obtained, given or effected.

5.5 No Violation

The Purchaser 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 the Purchaser of this Agreement or the performance by the Purchaser of any of the terms hereof.

5.6 Non-Canadian.

The Purchaser is not a "non-Canadian" within the meaning of the *Investment Canada Act* (Canada).

5.7 Full Disclosure.

To the knowledge of the Purchaser, no representation, warranty, or disclosure of the Purchaser in this Agreement omits to state a material fact necessary to make the statements herein or therein, in light of the circumstances in which they were made, not misleading.

ARTICLE 6 - SURVIVAL OF COVENANTS, REPRESENTATIONS AND WARRANTIES

6.1 Survival of Representations and Warranties of the Vendors and Purchaser

The representations, warranties and covenants of the Parties contained in this Agreement and any agreement, instrument, certificate or other document executed and delivered pursuant hereto shall survive the Closing of the transactions contemplated hereby and, notwithstanding such Closing and notwithstanding any investigation or inquiries made by or on behalf of another Party, shall continue in full force and effect for the benefit of the other Parties until the first (1st) anniversary of the Closing Date, except that:

- (a) the representations and warranties set out in Sections 4.2 (*Status of Corporation, etc.*), 4.5 (*Consents, etc.*), 4.8 (*No Other Agreements to Purchase or Options*), and 4.9 (*Ownership of Shares*), shall survive and continue in full force and effect until the expiration of the maximum applicable statute of limitations;

- (b) the representations and warranties set out in Section 2.8(a) and Section 4.20 (*Tax Matters*) shall survive and continue in full force and effect until the expiration of the period (if any) during which an assessment, reassessment or other form of recognized document assessing liability for tax, interest or penalties in respect of such taxation year under applicable tax legislation could be issued, assuming that the Corporation does not file any waiver or similar document extending such period as otherwise determined; and
- (c) a claim for any breach of any of such representations and warranties involving fraud or fraudulent misrepresentation may be made at any time following the Closing Date, subject only to applicable limitation periods imposed by law.

ARTICLE 7 - COVENANTS OF PARTIES DURING INTERIM PERIOD

7.1 Access and Disclosures to Purchaser

During the Interim Period, the Vendors and the Corporation shall continue to permit the Purchaser (and its authorized Representatives) to conduct all reviews, investigations and inquiries relating to the Corporation, and the Business, assets and property of the Corporation as the Purchaser deems necessary acting reasonably. In furtherance of the foregoing, but without limiting the generality of the foregoing, the Vendors and the Corporation shall, at such times as mutually agreed between the Parties: (a) make available (and cause to be made available) to the Purchaser and its authorized Representatives all information requested by the Purchaser (or its authorized Representatives), including, without limitation, all title documents, Contracts, financial statements, minute books, share certificate books, share registers, plans, reports, licenses, Orders, permits, books of account, accounting records, constating documents and all other documents, information or data relating to the Corporation, the Business, assets and property of the Corporation, and if requested by the Purchaser, deliver copies thereof to the Purchaser or its authorized Representatives at Purchaser's expense; and (b) permit the Purchaser (or its authorized Representatives) free and reasonable access (subject to mutual agreement of the parties) to the premises at which the Business is carried on and the property, assets, undertaking, records and documents of the Corporation and to observe the operations of the Business and to conduct such non-intrusive investigations, reviews, assessments and audits as discussed and agreed between the parties.

7.2 Conduct of Business during Interim Period

Except as otherwise contemplated by this Agreement or required by applicable laws, from the date of this Agreement until the earliest to occur of (i) the Closing or (ii) the date this Agreement is otherwise terminated, the Corporation will:

- (a) conduct the operations of the Corporation only in the Ordinary Course of Business;
- (b) comply in all material respects with all applicable laws affecting the operation of the Corporation; and

- (c) cause the insurance policies of the Corporation not to be amended, cancelled or terminated, or any other coverage thereunder to lapse.

Notwithstanding any other provision herein to the contrary, the Purchaser acknowledges that the Corporation may distribute any cash in the Corporation in excess of estimated current liabilities on the Closing Date to the Vendors as dividends on or prior to the Closing Date.

7.3 Notification

During the Interim Period, any Party will promptly notify the other Parties in writing if such Party becomes aware of any fact or condition that causes or constitutes a breach of any of its representations and warranties as of the date of this Agreement, or if the any Party becomes aware of the occurrence after the date of this Agreement of any fact or condition that would (except as expressly contemplated by this Agreement) cause or constitute a breach of any such representation or warranty had such representation or warranty been made as of the time of the occurrence or discovery of such fact or condition. During the same period, any Party will promptly notify the other Parties of the occurrence of any Breach of any covenant in this Article or of the applicable occurrence of any event that may make the satisfaction of the conditions in Section 8.1 (*Conditions of Closing in Favour of the Purchaser*) impossible or unlikely.

ARTICLE 8 - CONDITIONS OF CLOSING

8.1 Conditions of Closing in Favour of the Purchaser

The obligation of the Purchaser to purchase the Purchased Shares and to take any other actions required to be taken by the Purchaser at the Closing is subject to the satisfaction or performance, at or prior to the Time of Closing, of each of the following terms and conditions for the exclusive benefit of the Purchaser (any of which may be waived by the Purchaser, in whole or in part):

- (a) all of the representations and warranties of the Vendors and the Corporation contained in this Agreement (considered collectively), and each of their representations and warranties contained in this Agreement (considered individually)
 - (i) shall be true and correct in all material respects as of the date of this Agreement; and
 - (ii) shall be true and correct in all material respects at the Time of Closing as if made on the Closing Date.
- (b) the Vendors shall have obtained, from all appropriate Governmental Authorities and other Persons, such licenses, permits, consents, approvals, certificates, registrations and authorizations as are required to be obtained in respect of the Contemplated Transactions, and in particular, the change of control of the Corporation arising from the completion of the transaction of purchase and sale herein contemplated including, without limitation, those described in Section 4.5 (*Consents, etc.*), in each case in form and substance satisfactory to the Purchaser acting reasonably;

- (c) all actions, Proceedings, instruments and documents required to implement the transaction of purchase and sale contemplated by this Agreement, or instrumental thereto, and all legal matters relating to the purchase of the Purchased Shares, including title of the Vendors to the Purchased Shares, shall have been approved as to form, substance and legality by the Purchaser's Solicitors, acting reasonably, including, without limitation, evidence of all conditions to Closing being satisfied, all appropriate conveyances, transfers, registrations and filings being duly effected, recorded or made being in form and substance reasonably satisfactory to the Purchaser's Solicitors;
- (d) any Consents to changes of control under Contracts, all documents and other things required to be obtained from third parties, as referred to in this Agreement, shall have been obtained and delivered by the Vendors at the Time of Closing; and
- (e) all items as listed in Section 9.1 (*Closing Deliveries of the Vendors*) shall have been delivered.

8.2 Conditions of Closing in Favour of the Vendors

The obligation of the Vendors to sell the Purchased Shares and to take any other actions required to be taken by it at the Closing is subject to the satisfaction or performance, at or prior to the Time of Closing, of each of the following terms and conditions for the exclusive benefit of the Vendors (any of which may be waived by the Vendors, in whole or in part):

- (a) all of the representations and warranties of the Purchaser contained in this Agreement:
 - (i) shall be true and correct in all material respects as of the date of this Agreement; and
 - (ii) shall be true and correct in all material respects at the Time of Closing as if made on the Closing Date.
- (b) each of the terms, covenants and conditions of this Agreement to be complied with or performed by the Purchaser at or before the Time of Closing shall have been complied with or performed;
- (c) all actions, Proceedings, instruments and documents required to implement the transaction of purchase and sale contemplated by this Agreement, or instrumental thereto, including consents and releases of guarantees with respect to the Mortgage Debt, shall have been approved as to form, substance and legality by the Vendors' Solicitors, acting reasonably, including, without limitation, evidence of all conditions to Closing being satisfied, all appropriate conveyances, transfers, registrations and filings being duly effected; and
- (d) all items as listed in Section 9.2 (*Closing Deliveries of the Purchaser*) shall have been delivered.

8.3 Termination Events

This Agreement may, by notice given prior to or at the Closing, be terminated:

- (a) by the Purchaser if a material breach of any provision of this Agreement has been committed by the Vendors or the Corporation and such breach has not been waived or cured within the earlier of (i) ten (10) days after written notice thereof from the Purchaser, or (ii) the Closing Date;
- (b) by the Vendors if a material breach of any provision of this Agreement has been committed by the Purchaser and such breach has not been waived or cured within the earlier of (i) ten (10) days after written notice thereof from the Vendors, or (ii) the Closing Date;
- (c) by:
 - (i) the Purchaser if any of the conditions in Section 8.1 (*Conditions of Closing in Favour of the Purchaser*) has not been satisfied as of the Closing Date or if satisfaction of such a condition is or becomes impossible (other than through the failure of the Purchaser to comply with its obligations under this Agreement) and the Purchaser has not waived such condition on or before the Closing Date; or
 - (ii) the Vendors, if any of the conditions in Section 8.2 (*Conditions of Closing in Favour of the Vendors*) has not been satisfied as of the Closing Date or if satisfaction of such a condition is or becomes impossible (other than through the failure of the Vendors to comply with their obligations under this Agreement) and the Vendors have not waived such condition on or before the Closing Date;
- (d) by mutual consent of the Purchaser and the Vendors.

Each Party's right of termination under this Section 8.3 (*Termination Events*) is in addition to any other termination rights it may have under this Agreement or otherwise. In accordance with a termination under this Section 8.3, the only remedy available to the Vendors shall be the forfeiture of the Deposit. If this Agreement is terminated pursuant to Section 8.3 (*Termination Events*), all further obligations of the Parties under this Agreement (including the Corporation) will terminate, except that the obligations in Section 11.4 will survive.

ARTICLE 9 - CLOSING AND POST-CLOSING ARRANGEMENTS

9.1 Closing Deliveries of the Vendors

At the Time of Closing, in addition to any other matters to be provided or delivered by the Vendors hereunder, the Vendors shall execute and/or deliver (or cause to be executed and/or delivered) to the Purchaser the following:

- (a) a copy, certified by the Vendors, of the constating documents of the Corporation and the resolutions of the Corporation authorizing the transfer of the Purchased Shares by the Vendors to the Purchaser;
- (b) a conveyance, transfer and assignment of the Purchased Shares, and certificates representing all of the Purchased Shares or a stock transfer power in respect thereof, all duly endorsed for transfer to the Purchaser (or as it may otherwise direct) and cause transfers of all of the Purchased Shares to be duly and regularly recorded in the name of the Purchaser (or as it may otherwise direct), and shall further take (and cause to be taken) all other necessary steps and proceedings as may reasonably be required by the Purchaser to be taken so that the Purchased Shares may be properly and effectively transferred, assigned and conveyed to the Purchaser at the Time of Closing;
- (c) a certificate executed by the Vendors representing and warranting to the Purchaser that the Vendors' representations and warranties in this Agreement were accurate in all material respects as of the date of this Agreement and are accurate in all material respects as of the Closing Date as if made on the Closing Date;
- (d) a complete release by the Vendors of all claims against the Corporation with respect to any and all matters whatsoever in their capacity as shareholders up to the Closing Date (the "**Vendors Release**");
- (e) the resignation and release by the directors and officers of the Corporation of all claims against the Corporation with respect to any and all matters whatsoever in their capacity as director and or officer up to the Closing Date (the "**Director & Officer Release**");
- (f) the corporate records and registers and all other books, records, data, files and Contracts pertaining to the Corporation, the Business, and the assets, property and undertaking of the Corporation;
- (g) the Property Management Agreement; and
- (h) such other agreements, instruments and other documents or assurances as may be reasonably required by the Purchaser to reflect or give full effect to the terms and provisions hereof,

all such deliveries to be in form and substance reasonably satisfactory to the Purchaser.

9.2 Closing Deliveries of the Purchaser

At the Time of Closing, in addition to any other matters to be provided or delivered by the Purchaser hereunder, the Purchaser shall execute and/or deliver (or cause to be executed and/or delivered) to the Vendors the following:

- (a) the Purchase Price required to be paid by the Purchaser to the Vendors at the Time of Closing by wire transfer, certified cheque, bank draft, or solicitor's trust cheque;
- (b) by the Purchaser representing and warranting to the Vendors that the Purchaser's representations and warranties in this Agreement were accurate in all material respects as of the date of this Agreement and are accurate in all material respects as of the Closing Date as if made on the Closing Date;
- (c) a complete release by the Corporation of all claims against the Vendors and the Corporation's directors and officers with respect to any and all matters whatsoever in their capacity as shareholder, director, officer, or employee, up to the Closing Date (the "**Corporation's Release**");
- (d) the Property Management Agreement; and
- (e) such other agreements, instruments and other documents or assurances as may be reasonably required by the Vendors to reflect or give full effect of the terms and provisions hereof (including, without limitation, certificate of the Purchaser certifying that all representations and warranties of the Purchaser contained herein are true and correct as if made at the Time of Closing,

all such deliveries to be in form and substance reasonably satisfactory to the Vendors.

9.3 Further Assurances

Each Party shall, from time to time during the Interim Period and subsequent to the Closing Date, at the request and expense of the requesting Party, execute and deliver all such documents, including, without limitation, all such additional conveyances, transfers, consents and other assurances and do all such other acts and things as any other Party hereto, acting reasonably, may from time to time request be executed or done in order to better evidence or perfect or effectuate any provision of this Agreement or of any agreement or other document executed pursuant to this Agreement or any of the respective obligations intended to be created hereby or thereby.

ARTICLE 10 - INDEMNIFICATION

10.1 Indemnification by the Vendors

The Vendors jointly and severally covenant and agree to indemnify and save harmless the Purchaser, the Corporation, and their shareholders, directors, officers, and employees (collectively, the "**Indemnified Persons**") from and against any and all Losses which may be suffered or incurred by an Indemnified Person as a result of:

- (a) subject to Section 6.1, any breach of any representation or warranty made by the Vendors in this Agreement or any other certificate or document delivered by the Vendors pursuant to this Agreement;
- (b) any breach of any covenant or obligation of the Vendors contained in this Agreement or in any agreement, certificate or other instrument or document in respect of the transactions herein contemplated;
- (c) litigation disclosed in Section 4.21 (List of Pending and/or Commenced Litigation) hereto, if any, (to the extent not covered by any insurance policy that would otherwise satisfy the Loss arising from such litigation); and
- (d) any and all Governmental Charges payable by the Corporation in respect of any taxation year or period on or prior to the Closing Date,

provided however that

- (i) the Vendors are obligated to make an indemnity payment under this Subsection 10.1(d) only to the extent that the aggregate amount of all Governmental Charges described in Subsection 10.1(d) exceeds the amount accrued as a liability for Governmental Charges on the Closing Date Balance Sheet.

The right to indemnification under this Section 10.1(d) exists notwithstanding Section 6.1 and notwithstanding any representation and warranty in Article 4.

Notwithstanding anything contained herein, the Vendors are obligated to make an indemnity payment under this Section 10.1 only to the extent that the aggregate amount of all indemnified claims is equal to or great than \$25,000.

10.2 Indemnification by the Purchaser

The Purchaser covenants and agrees to indemnify and save harmless the Vendors from and against any and all Losses which may be suffered or incurred by the Vendors as a result of, in consequence of or arising directly or indirectly out of, under or by reason of:

- (a) Subject to Section 6.1, any breach of any representation or warranty made by the Purchaser contained in this Agreement or in any agreement, certificate, declaration or other instrument or document delivered by the Purchaser in connection with the transactions herein contemplated;
- (b) any breach or non-performance by the Purchaser of any covenant to be performed by it that is contained in this Agreement or in any agreement, certificate or other instrument or document delivered by the Purchaser in connection with the Contemplated Transactions; and
- (c) claims for professional liability in respect of projects of the Corporation commenced and completed or substantially completed after the Closing Date.

Notwithstanding anything contained herein, the Purchaser is obligated to make an indemnity payment under this Section 10.1 only to the extent that the aggregate amount of all indemnified claims is equal to or great than \$25,000.

10.3 Notice of Claim.

If a party (the "**Indemnified Party**") shall become aware of any claim (a "**Claim**") in respect of which another party (the "**Indemnifying Party**") agreed to indemnify the Indemnified Party pursuant to this Agreement, the Indemnified Party shall promptly give written notice thereof to the Indemnifying Party. Such notice shall specify whether the Claim arises as a result of a claim by a Person against the Indemnified Party (a "**Third Party Claim**") or whether the Claim does not so arise (a "**Direct Claim**"), and shall also specify with reasonable particularity (to the extent that the information is available) the factual basis for the Claim and the amount of the Claim, if known. If through the fault of the Indemnified Party the Indemnifying Party does not receive notice of any Claim in time to contest effectively the determination of any liability susceptible of being contested, the Indemnifying Party shall be entitled to set off against the amount claimed by the Indemnified Party the amount of any Losses resulting from the Indemnified Party's failure to give such notice on a timely basis.

10.4 Direct Claims.

With respect to any Direct Claim, following receipt of notice from the Indemnified Party of the Claim, the Indemnifying Party shall have sixty (60) days to make such investigation of the Claim as is considered necessary or desirable. For the purpose of such investigation, the Indemnified Party shall make available to the Indemnifying Party the information relied upon by the Indemnified Party to substantiate the Claim, together with all such other information as the Indemnifying Party may reasonably request. If both parties agree at or prior to the expiration of such sixty (60) day period (or any mutually agreed upon extension thereof) to the validity and amount of such Claim, the Indemnifying Party shall promptly pay to the Indemnified Party the full agreed upon amount of the Claim, failing which the matter shall be referred to binding arbitration in such manner as the parties may agree or shall be determined by a court of competent jurisdiction.

10.5 Third Party Claims.

With respect to any Third Party Claim, the Indemnifying Party shall have the right, at its expense, to participate in, or assume control of, the negotiation, settlement or defence of the Claim and the Indemnifying Party shall reimburse the Indemnified Party for all the Indemnified Party's reasonable out-of-pocket expenses and other Losses as a result of such participation or assumption in addition to any other amounts required to be reimbursed pursuant to Section 10.1 or Section 10.2, as applicable. If the Indemnifying Party elects to assume such control, the Indemnifying Party will actively and diligently proceed with the defence, compromise, or settlement of the Third Party Claim at the Indemnifying Party's sole cost and expense. The Indemnified Party may retain separate co-counsel at its sole cost and expense, unless consented to by the Indemnifying Party. The Indemnified Party shall have input and the right to participate

in the defence of the Third Party Claim (provided that the Indemnifying Party shall continue to control the defence). If the Indemnifying Party, having elected to assume such control, thereafter fails to defend the Third Party Claim within a reasonable time, the Indemnified Party shall be entitled to assume such control, and the Indemnifying Party shall be bound by the results obtained by the Indemnified Party with respect to such Third Party Claim. If any Third Party Claim is of a nature such that the Indemnified Party is required by applicable law to make a payment to any Person (a "**Third Party**") with respect to the Third Party Claim before the completion of settlement negotiations or related legal proceedings, the Indemnified Party shall provide the Indemnifying Party with reasonable notice of such payment and after providing such notice, the Indemnified Party may make such payment and the Indemnifying Party shall, forthwith after demand by the Indemnified Party, reimburse the Indemnified Party for such payment. If the amount of any liability of the Indemnified Party under the Third Party Claim in respect of which such payment was made, as finally determined, is less than the amount that was paid by the Indemnifying Party to the Indemnified Party, the Indemnified Party shall, forthwith after receipt of the difference from the Third Party (which difference the Indemnified Party shall diligently pursue from the Third Party), pay the amount of such difference to the Indemnifying Party.

10.6 Settlement of Third Party Claims.

If the Indemnifying Party fails to assume control of the defence of any Third Party Claim, the Indemnified Party shall have the exclusive right to contest, settle or pay the amount claimed. Whether or not the Indemnifying Party assumes control of the negotiation, settlement or defence of any Third Party Claim, the Indemnifying Party shall not settle any Third Party Claim without the written consent of the Indemnified Party, which consent shall not be unreasonably withheld or delayed; provided, however, that the liability of the Indemnifying Party shall be limited to the proposed settlement amount if any such consent is not obtained for any reason.

10.7 Cooperation.

The Indemnified Party and the Indemnifying Party shall co-operate fully with each other with respect to Third Party Claims, and shall keep each other fully advised with respect thereto (including supplying copies of all relevant documentation promptly as it becomes available). The Indemnifying Party will arrange for its counsel to inform the Indemnified Party on a regular basis of the status of the Third Party Claim.

10.8 Claims Involving Taxes.

In the case of any proposed or actual assessment of a tax liability of the Corporation for which the Purchaser is entitled to indemnification from the Vendors as provided herein, the Purchaser shall give notice to the Vendors of such proposed or actual assessments together with a copy of any related correspondence and the Purchaser, at the request and sole expense of the Vendors, shall cause the Corporation to contest such proposed or actual assessment in the manner directed by the Vendors or their authorized representatives (in consultation with the Purchaser) through the administrative procedures or judicial appeal procedures available under the relevant

tax laws and regulations. Pending the outcome of the contest, the Purchaser shall, if required by law, or may (unless the Vendors request the Purchaser not to and provide security acceptable to the Purchaser, acting reasonably) pay the amount of the assessment (and any penalties and interest) and shall be entitled to immediate indemnification from the Vendors. No settlement in respect of such tax liability shall be agreed to by the Purchaser without the consent of the Vendors. If the Corporation subsequently receives a refund of the amount paid in respect of such assessment for which the Vendors have previously funded under their indemnity, the Purchaser shall pay the refund to the Vendors in accordance with the percentage paid by the Vendors plus a corresponding portion of the interest, if any, that is paid by the appropriate taxation authority to the Corporation in respect of the refund.

ARTICLE 11 - OTHER CONTRACT PROVISIONS

11.1 Legal and Other Fees

Unless otherwise herein provided, each Party shall be responsible for its own legal, accounting and all other fees and disbursements relating to the negotiation, execution and delivery of this Agreement and the completion of the transaction herein contemplated and any post-Closing arrangements arising from this agreement. Each Party shall be responsible for all fees and other charges of any broker, agent or other intermediary acting on its behalf in connection with the transactions herein contemplated.

11.2 Notices

- (a) Any notice or other communication required or permitted to be given hereunder shall be in writing and shall be: (i) delivered by courier, or (ii) sent by registered mail (postage prepaid), unless there is a postal strike then in progress; or (iii) transmitted by facsimile or other electronic transmission including email (but only if a fax number is provided below for the Party in question), addressed or sent as follows:

if to the Vendors:

47 Jane Crescent
Riverview, NB
E1B 4Z7

Attention: Jamie Shea, President
Email: ppb@rogers.com

With a copy to:

McInnes Cooper

644 Main St., Suite 400
Blue Cross Building, South Tower

Moncton, NB E1C 1E2

Attention: Frank Hughes
Email: frank.hughes@mcinnescooper.com

if to the Purchaser:

NexLiving Communities Inc.

45 Alderney Drive, Suite 1805
Dartmouth, NS B2Y 2N6

Attention: Mike Anaka, Chief Executive Officer
Email: manaka@nexliving.ca

With a copy to:

Cox & Palmer

1100-1959 Upper Water Street
Purdy's Wharf Tower 1
Halifax, NS B3J 3N2

Attention: Sean Glover
Email: sglover@coxandpalmer.com

- (b) Any such notice or other communication shall be deemed to have been given and received: (i) if delivered by courier, on the day on which it is so delivered; (ii) if sent by registered mail, on the 5th calendar day after posting, but if there shall be any intervening postal strike, then on the 5th calendar day after the end of such postal strike; and (iii) if transmitted by electronic transmission, on the next Business Day after the successful transmission.
- (c) Any Party may at any time change its address for service from time to time by giving notice to the other Parties in accordance with this Section.

11.3 Public Announcements

No press release or other public announcement concerning the transaction contemplated by this Agreement shall be made by any Party to this Agreement without the prior written consent of the others (such consent not to be unreasonably withheld); provided, however, that, upon prior notice to the other Parties hereto, any Party may, without such consent, make such disclosure if the same is required by applicable laws or by any stock exchange on which any of the securities of such Party or any of its Affiliates are listed or by any securities commission or other similar regulatory authority having jurisdiction over such Party or any of its Affiliates.

11.4 Confidentiality

Between the date of this Agreement and the Closing Date, the Purchaser and the Vendors will maintain in confidence, and will cause the directors, officers, employees, agents, and advisors of the Purchaser and the Corporation to maintain in confidence, and not use to the detriment of another Party or the Corporation any written, oral, or other information obtained from another Party or the Corporation in connection with this Agreement or the Contemplated Transactions, unless (a) such information is already known to such Party or to others not bound by a duty of confidentiality or such information becomes publicly available through no fault of such Party, (b) the use of such information is necessary or appropriate in making any filing or obtaining any consent or approval required for the consummation of the Contemplated Transactions, or (c) the furnishing or use of such information is required by or necessary or appropriate in connection with legal proceedings.

11.5 Entire Agreement

This Agreement (including all Schedules hereto) and all agreements and documents delivered pursuant to this Agreement constitute the entire agreement between the Parties with respect to the subject matter hereof and supersedes and replaces all prior agreements, understandings, negotiations and discussions, whether written or oral.

11.6 Amendment and Waivers

No amendment or waiver of any provision of this Agreement shall be binding on any Party unless consented to in writing by such Party. No waiver of any provision of this Agreement shall constitute a waiver of any other provision, nor shall any waiver constitute a continuing waiver unless otherwise expressly provided.

11.7 Governing Law

This Agreement shall be governed by the laws of the Province of New Brunswick and the laws of Canada applicable therein without regard to conflict of law principles.

11.8 Severability

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

11.9 Acknowledgment

Each of (i) the Vendors and the Corporation and (ii) the Purchaser acknowledges that each has been represented by legal counsel separate from and independent of the other in connection with all discussions and negotiations leading to the completion of this transaction. The Parties further acknowledge to each other that they have each entered into the transaction herein contemplated voluntarily, and without duress or undue pressure from any other Party.

11.10 Counterparts

This Agreement may be executed by original signature or via facsimile or email and in counterparts, each of which shall constitute an original and all of which taken together shall constitute one and the same instrument.

11.11 Successors and Assigns

This Agreement shall enure to the benefit of and shall be binding on and enforceable by the Parties and, where the context so permits, their respective heirs, executors, administrators, personal representatives, successors and permitted assigns. No Party may assign any of its rights or obligations hereunder without the prior written consent of the other Parties, but the Purchaser may, before or after the Closing Date, assign its rights and obligations under this Agreement in whole but not in part to any Affiliate of Purchaser incorporated under the laws of Canada or a province thereof upon written notice to the Vendors, whereupon such assignee shall be treated as if it were the original signatory to this Agreement as "Purchaser" hereunder in the place and stead of the Purchaser named in this Agreement.

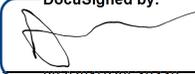
11.12 No Third Party Beneficiaries

This Agreement shall not confer any rights or remedies upon any person other than the Parties and their respective successors and permitted assigns. Nothing in this Agreement, express or implied, shall confer on any Person other than the Parties, and their respective successors and permitted assigns, any rights, remedies, obligations or liabilities under or by reason of this Agreement, including third party beneficiary rights.

[Remainder of page left intentionally blank]

IN WITNESS WHEREOF this Agreement has been executed and delivered by the Vendors, the Corporation and the Purchaser as of the date first written above.

SHEACO HOLDINGS INC.

DocuSigned by:

Per: _____
687D81BC9F40443
Jamie Shea, President

I have authority to bind the Vendor

SHEACO MANAGEMENT INC.

DocuSigned by:

Per: _____
687D81BC9F40443
Jamie Shea, President

I have authority to bind the Vendor

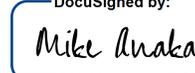
FINDLAY MANAGEMENT INC.

DocuSigned by:

Per: _____
687D81BC9F40443
Jamie Shea, President

I have authority to bind the Corporation

NEXLIVING COMMUNITIES INC.

DocuSigned by:

Per: _____
02AB06BEA79C261
Mike Anaka, Chief Executive Officer

I have authority to bind the Purchaser