

OFFER TO PURCHASE

To: Element Lifestyle (Vic Harbour West) Inc.
Element Lifestyle Retirement Inc.

This Offer to Purchase (the "**Offer**") is dated for reference April 6, 2018.

Aquara Limited Partnership (the "**Purchaser**"), having an office at 1147 Homer Street, Vancouver, BC V6B 2Y1, hereby offers to purchase from **Element Lifestyle (Vic Harbour West) Inc.** (the "**Vendor**"), having an office at 1147 Homer Street, Vancouver, BC V6B 2Y1, all of the Vendor's beneficial right, title and interest in and to the lands and premises described as:

Civic Address: 90 Saghalie Road,
Victoria, B.C.

Legal Description: Lot A District Lot 119
Esquimalt District Plan EPP8033

Parcel Identifier: 029-843-677

(the "**Property**")

for a purchase price of **SEVEN MILLION NINE HUNDRED SIXTY THOUSAND DOLLARS (\$7,960,000)**, (the "**Purchase Price**"), payable in lawful money of Canada, subject to and on the terms and conditions contained herein.

1. INTERPRETATION

1.1 In this Agreement:

- (a) "**Agreement**" means this Offer to Purchase and all Schedules;
- (b) "**Approval Condition**" has the meaning given to it in Section 3.1(a);
- (c) "**Business Day**" means any day, other than a Saturday, Sunday or statutory holiday in British Columbia;
- (d) "**Closing**" means the completion of the sale to and purchase by the Purchaser of the Property and the completion of all other transactions contemplated by this Agreement that are to occur on the Closing Date;
- (e) "**Closing Date**" means that day which is 30 (thirty) days following the waiver or satisfaction of the conditions contained in Section 3, provided that if such day falls on a day which is not a Business Day, the Closing Date shall be the next Business Day;
- (f) "**Deposit**" has the meaning given to it in Section 2.1(a);

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- (g) **"Escrow Agreement"** means the Holdback Escrow Agreement dated for reference August 29, 2017 and made among Bayview Place LP, by its general partner, Focus Northern GP Inc., the Vendor and Clark Wilson LLP;
- (h) **"Excavation Agreement"** means the fixed price contract made between the Vendor, as owner, and Bayview Place Limited Partnership, as contractor, in respect of the Excavation Work;
- (i) **"Excavation Work"** means the rough grading and excavation of the Property and disposal of materials, which is defined as the "work" under the Excavation Agreement;
- (j) **"Existing Mortgage Loan"** means a loan from Addenda Capital Inc. to the Vendor in the approximate amount on Closing of THREE MILLION FIVE HUNDRED THOUSAND DOLLARS (\$3,500,000);
- (k) **"Existing Mortgage Security"** means the mortgage of the Property registered in the Victoria Land Title Office under No. CA6255663 in favour of Addenda Capital Inc. and any security agreement and other security granted to the Addenda Capital Inc. as additional security to such mortgage;
- (l) **"Financing Condition"** has the meaning given to it in Section 3.1(b);
- (m) **"Governmental Authority"** means any domestic or foreign government, whether federal, provincial, state, territorial or municipal; and any governmental agency, ministry, department, Tribunal, commission, bureau, board or other instrumentality exercising legislative, judicial, regulatory or administrative functions of, or pertaining to, government;
- (n) **"Limited Partnership Agreement"** means the limited partnership agreement dated as of April 6, 2018 in respect of the Purchaser;
- (o) **"Purchaser's Solicitor"** means McMillan LLP, attention: Ernie Hee;
- (p) **"Tax"** or, collectively, **"Taxes"** means any and all forms of present and future taxes, assessments, reassessments, premiums, charges, dues, duties, rates, fees, imposts, levies, contributions, withholdings, liabilities and similar charges of any kind lawfully levied, assessed, reassessed, charged, collected, withheld or imposed by any Governmental Authority under any Applicable Law, including any Canadian federal, provincial, territorial, municipal and local, foreign or other income, profits, gross receipts, capital, paid-up capital (including large corporations), goods and services, sales, use, consumption, excise, ad valorem, value-added, net worth, stamp, registration, education, local improvement, business, real property, personal property, transfer, franchise, withholding, payroll, employee health taxes, health insurance, customs, import, anti-dumping or countervailing duties, and any interest, penalties fines, additions to tax or other additional amounts imposed by any Governmental Authority in respect thereof;
- (q) **"Transaction"** means the sale and purchase of the Property contemplated by this Agreement and all ancillary matters; and
- (r) **"Vendor's Solicitors"** means Clark Wilson LLP, attention: James Speakman.

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2. PRICE, DEPOSIT AND PAYMENT

2.1 The Purchaser will pay the Purchase Price for the Property as follows:

- (a) Within two (2) Business Days following the execution of this Agreement, the Purchaser will pay the sum of ONE THOUSAND DOLLARS (\$1,000) (the "**Deposit**") by way of certified cheque or bank draft to the Purchaser's Solicitor in trust;
- (b) by the assumption of the Existing Mortgage Loan;
- (c) ONE MILLION DOLLARS (\$1,000,000) by the issuance of one thousand (1,000) limited partnership units in the Purchaser at a price of ONE THOUSAND DOLLARS (\$1,000); and
- (d) on Closing, by payment by wire transfer, certified cheque or bank draft to the Vendor's Solicitors of the Deposit and the balance of the Purchase Price due in accordance with the Statement of Adjustments.

The Vendor and Purchaser hereby irrevocably authorize and direct the Purchaser's Solicitors to invest the Deposit in an interest bearing trust account or certificates of deposit and to pay the Deposit as set out in this Agreement, without the necessity of further notice to, or consent of either the Vendor or the Purchaser. Interest earned on the Deposit is for the account of the Purchaser.

The Deposit will be:

- (a) paid to the Vendor:
 - (i) on account of the Purchase Price on Closing, in accordance herewith; or
 - (ii) together with interest thereon, if the transaction is not completed as a result of the default of the Purchaser, and the Deposit so paid will absolutely forfeit to the Vendor on account of damages and as the Vendor's sole remedy;
- (e) paid to the Purchaser, together with interest thereon:
 - (i) if the Approval Condition is not satisfied within the time provided herein;
 - (ii) if the Financing Condition is not satisfied within the time provided herein; or
 - (iii) if the transaction is not completed for any reason except the default of the Purchaser and without prejudice to any other right or remedy of the Purchaser.

3. CONDITIONS

3.1 This completion of the Transaction is subject to the following conditions being satisfied:

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- (a) the Vendor obtaining the necessary approval of the Transaction by the shareholders of its parent on or before 6:00 p.m. Vancouver time on May 31, 2018 (the "**Approval Condition**");
- (b) the Purchaser accepting subscriptions committing to not less than THIRTY MILLION DOLLARS (\$30,000,000) in limited partnership units of the Purchaser on or before December 31, 2018 (the "**Financing Condition**").

The foregoing are conditions in favour of the Vendor and may be waived by the Vendor in its sole discretion.

3.2 Without derogating from any party's rights or obligations under this Agreement, it is agreed that the Vendor shall act in good faith and use reasonable commercial efforts (without the expenditure of money other than reasonable legal fees and disbursements, and any other amounts payable by the Vendor pursuant to the express provisions hereof) to satisfy, or cause to be satisfied, the condition set forth in Section 3.1(a) and the Purchaser shall act in good faith and use reasonable commercial efforts (without the expenditure of money other than reasonable legal fees and disbursements, and any other amounts payable by the Vendor pursuant to the express provisions hereof) to satisfy, or cause to be satisfied, the condition set forth in Section 3.1(b). Each party shall fully cooperate with the other party and provide the other party with information in its possession, and not otherwise available to the other party, necessary to seek the approvals referred to in Section 3.1.

4. DOCUMENTS

4.1 Within five (5) Business Days following acceptance of this Offer, the Vendor will deliver to the Purchaser all written information in the Vendor's possession relating to the Property (the "**Vendor's Materials**").

5. REPRESENTATIONS AND WARRANTIES OF THE VENDOR

5.1 The sale here is made expressly on an "as is" basis and with no representations or warranties made by the Vendor, except as set forth herein.

5.2 The Vendor hereby represents and warrants to the Purchaser as at the date of this Agreement and at the Closing Date as follows:

- (a) the Vendor is the sole legal and beneficial owner of the Property, free and clear of all encumbrances, charges, claims, judgments and liens except for the legal notations, charges, liens and interests shown on the title search print of the Property attached hereto at Schedule "A" (collectively, the "**Permitted Encumbrances**"), and has the absolute right, power and authority to transfer beneficial ownership of the Property to the Purchaser in the manner and according to the true intent and meaning of this Agreement;
- (b) subject to shareholder approval, the Vendor has the full right, power and authority to enter into this Agreement and to observe and perform all of its obligations hereunder;
- (c) the Vendor is not a "non-resident" of Canada for the purposes of the Income Tax Act (Canada);

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- (d) there are no employees of the Vendor or contractors employed in connection with the Property in respect of which the Purchaser will incur any liabilities as a result of this Agreement;
- (e) other than the Excavation Works referred to in the Excavation Agreement and to the best of the Vendor's knowledge, on the Closing Date, there will have been no improvements to or other work done on the Property by or at the request of the Vendor for which a claim of builders lien may be lawfully filed against the Property or any part thereof;
- (f) with respect to the Excavation Agreement:
 - (i) the Excavation Agreement is valid and subsisting and enforceable against the respective parties thereto;
 - (ii) neither the Vendor nor Bayview Place Limited Partnership is in default of any of its respective obligations thereunder and there are no existing disputes thereunder;
 - (iii) the Vendor has the right to assign the benefit of the Excavation Agreement to the Purchaser;
- (g) with respect to the Escrow Agreement:
 - (i) the Escrow Agreement is valid and subsisting and enforceable against the respective parties thereto;
 - (ii) neither the Vendor nor the respective parties thereto are in default of any of their respective obligations thereunder and there are no existing disputes thereunder;
 - (iii) the Vendor has the right to assign the benefit of the Escrow Agreement to the Purchaser;
- (h) to the best of the Vendor's knowledge, there are no outstanding claims or orders from the Fire Marshall and/or BC Safety Authority and/or the municipal, provincial and/or federal authorities concerning the Property or any part thereof, except as otherwise disclosed to the Purchaser;
- (i) to the best of the Vendor's knowledge, there are no actions or proceedings by way of expropriation, condemnation, judgment, execution or otherwise by which title to the Property or any part thereof may be affected and the Vendor will immediately give written notice to the Purchaser of any, pending or threatened, claim or litigation or proceeding by or before any court, government agency, commission, department, board, officer or other authority, of which the Vendor becomes aware before the completion, that pertains in any manner to the Property or to the occupancy or use of the Property or the right of the Purchaser to own the Property or to receive benefits therefrom.

5.3 The representations and warranties contained in Section 5.2 of this Agreement shall survive Closing for a period of twelve (12) months.

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6. REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE PURCHASER

6.1 The Purchaser hereby represents and warrants to the Vendor as at the date of this Agreement and at the Closing Date as follows that:

- (a) the Purchaser is a limited partnership existing under the laws of British Columbia and has the necessary authority, power and capacity to enter in this Agreement and to carry out the Transaction on the terms and conditions herein contained;
- (b) the Transaction has been authorized by all requisite corporate proceedings and this Agreement constitutes legal, valid and binding obligations of the Purchaser; and
- (c) the Purchaser is or will be a registrant for the purposes of Part IX of the *Excise Tax Act* (Canada).

6.2 The representations and warranties contained in Section 6.1 of this Agreement shall survive Closing for a period of 12 months.

6.3 The Purchaser covenants and agrees as follows:

- (d) the Purchaser will not issue any limited partnership units of the Purchaser at a price less than the price at which limited partnership units are issued to the Vendor pursuant to Section 2.1(c);
- (e) the Limited Partnership Agreement will include a pre-emptive right in favour of all limited partners to acquire limited partnership units issued by the Purchaser;
- (f) the Limited Partnership Agreement may not be amended without the consent of the Purchaser.

7. INSPECTION

7.1 Following acceptance of this Offer, the Purchaser and its representatives may enter the Property to inspect the Property, conduct surveys, appraisals, soils surveys or tests thereon; provided that the Purchaser agrees to enter the Property for such inspections and tests only after forty-eight (48) hours prior written notice to the Vendor. The Purchaser covenants and agrees with the Vendor to restore the Property to the condition in which it existed at the date of this Offer and to indemnify the Vendor for any loss or damage incurred, if the Purchaser does not complete the purchase of the Property on the Closing Date.

7.2 The Purchaser and its representatives, consultants and agents may meet with or correspond with the appropriate statutory or governmental authorities for the purpose of verifying the accuracy of the warranties and representations of the Vendor contained in this Agreement, including without limitation, compliance with laws, regulations, bylaws and assessments. The Vendor shall promptly at the Purchaser's request execute and deliver any authorizations reasonably required by the Purchaser to authorize the statutory or governmental authority to release such information to the Purchaser, provided that no such authorizations shall authorize or

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request any such authority to conduct any inspections or investigations with respect to the Property.

8. RISK, POSSESSION AND ADJUSTMENT

8.1 On the Closing Date, the Vendor will transfer ownership and possession of the Property to the Purchaser, subject only to the Permitted Encumbrances. The Property shall be at the risk of the Vendor until 12:01 a.m. on the Closing Date and shall thereafter be at the risk of the Purchaser.

8.2 Adjustments for the Property will be made as of the Closing Date. Except as otherwise provided in this Agreement, the Vendor will be responsible for all expenses and will be entitled to all revenues accrued with respect to the Property for the period ending on the day before the Closing Date. For the period from and including the Closing Date, the Purchaser will be responsible for all expenses and will be entitled to all revenues accruing with respect to the Property. Adjustments will be made for insurance premiums, property taxes, local improvement charges, utilities, rents, interest thereon (if any) and all other charges and costs relating to the Property.

9. EXCAVATION WORKS

9.1 The Purchaser agrees that at the Closing Date in addition to the payment of the Purchase Price to the Vendor, it will assume all of the Vendor's obligations pursuant to the Excavation Agreement and reimburse to the Vendor any and all payments made by the Vendor to Bayview Place Limited Partnership pursuant to the Excavation Agreement.

10. CLOSING DATE AND PROCEDURES

10.1 The Transaction will be completed on the Closing Date.

10.2 The Purchaser will prepare at the expense of the Purchaser and deliver the Vendor's Solicitor for the Vendor's execution, no later than three (3) Business Days prior to the Closing Date, and the Vendor will deliver to the Purchaser's Solicitor not later than one (1) Business Day prior to the Closing Date, duly executed as required:

- (g) a transfer to the Purchaser of the Vendor's beneficial interest in the Property;
- (h) a statement of adjustments,
- (i) an assignment by the Vendor of the Excavation Agreement and assumption by the Purchaser of all of the obligations of the Vendor under or in respect of the Excavation Agreement (the "**Assignment of Excavation Agreement**");
- (j) an assignment by the Vendor of the Escrow Agreement and assumption by the Purchaser of all of the obligations of the Vendor under or in respect of the Escrow Agreement (the "**Assignment of Escrow Agreement**");
- (k) an option agreement in the form attached hereto as Schedule "B" (the "**Option**"); and

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- (l) other documents reasonably required by the Purchaser necessary to transfer and convey all the Vendor's interest in the Property to the Purchaser.
- 10.3 On or before Closing, the Purchaser will deliver or cause to be delivered to the Purchaser's Solicitors the following, duly executed as required:
- (a) a unit certificate evidencing the limited partnership units issued to the Vendor pursuant to Section 2.1(c);
 - (b) an assumption agreement with respect to the Existing Mortgage Loan and Existing Mortgage Security;
 - (c) the balance of the Purchase Price, less the anticipated net proceeds of any new mortgage used by the Purchaser to finance the Purchase Price;
 - (d) the Statement of Adjustments;
 - (e) the Assignment of Excavation Agreement;
 - (f) the Assignment of Escrow Agreement;
 - (g) the Option; and
 - (h) other documents reasonably required by the Purchaser necessary to transfer and convey all the Vendor's interest in the Property to the Purchaser.
- 10.4 If the Purchaser is relying upon a new mortgage to finance the Purchase Price, the Purchaser, while still required to pay the Purchase Price on the Closing Date, may wait to pay the Purchase Price to the Vendor until after any new mortgage documents have been lodged for registration in the appropriate Land Title Office, but only if, before such lodging, the Purchaser has made available for tender to the Vendor that portion of the Purchase Price not secured by the new mortgage, fulfilled all the new mortgagee's conditions for funding except lodging the mortgage for registration; and made available to the Vendor, the Purchaser's lawyer's undertaking to pay the Purchase Price upon the lodging of the new mortgage documents and the advance by the mortgagee of the mortgage proceeds.
- 10.5 The Purchaser's solicitors will disburse funds in accordance with the approved Vendor's statement of adjustments to the Vendor's solicitor upon acceptance for registration of any mortgage security documentation granted by the Purchaser and receipt by the Purchaser's solicitors of post-filing index search indicating that, in the normal course of Land Title Office routine, title to the Property is issued in the name of the Purchaser, subject only to the Permitted Encumbrances and any new mortgage financing documentation granted by the Purchaser, and upon receipt by the Purchaser's solicitors of the net mortgage proceeds, if any.
- 10.6 If the Vendor has existing financial charges to be cleared from title that are non-Permitted Encumbrances, the Vendor, while still required to clear such charges, may wait to pay and discharge existing financial charges until immediately after receipt of the Purchase Price, but in this event, the Purchaser may pay the Purchase Price to the Vendor's lawyer in trust, on undertakings to pay an amount sufficient to legally obligate the charge-holder(s) to provide a discharge of the applicable financial

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charges and to submit such discharge(s) for registration within a reasonable period of time, and remit the balance, if any, to the Vendor.

11. TAX INDEMNIFICATION

11.1 From and after the Closing, the Purchaser shall be indemnified and held harmless by the Vendor from and against any liability for Taxes of the Vendor. This indemnity shall survive Closing.

12. MISCELLANEOUS

12.1 This Offer constitutes the entire agreement between the parties and there are no representations, warranties or agreements other than as expressly set forth herein.

12.2 Time is of the essence of this Offer.

12.3 This Offer to Purchase cannot be assigned by the Purchaser without the prior written consent of the Vendor, which consent may be unreasonably withheld. In connection with any such assignment of this Offer to Purchase, the Purchaser must deliver to the Vendor, prior to such assignment becoming effective, a written agreement executed by the assignee agreeing to observe and perform all of the Purchaser's obligations under this Offer to Purchase and the Purchaser acknowledges that the assignment does not release the Purchaser from its obligations under this Offer to Purchase.

12.4 Any notice required to be given pursuant to this Offer may be given to either party at their addresses as appearing on Page 1 hereof or at such other address as each party may from time to time advise the other party in writing.

12.5 This Offer may be executed in counterparts and delivered by facsimile transmission or by email with scanned signatures.

12.6 This Offer enures to the benefit of and is binding upon the successors and permitted assigns of the parties hereto.

13. ACCEPTANCE

13.1 This Offer will be open for acceptance by the Vendor in writing **until 5:00 pm on April 6, 2018** and if this Offer is not accepted by such time, this Offer will be null and void.

13.2 If the Vendor accepts this Offer, there will be a binding agreement between the Purchaser and Vendor, effective the date of such acceptance, for the sale and purchase of the Property on the terms and conditions herein set out.

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DATED this 6th day of April, 2018.

AQUARA LIMITED PARTNERSHIP,
by its General Partner,
ELEMENT LIFESTYLE (VIC HARBOUR WEST) INC.

Per: "Don Ho"

(Authorized Signatory)

THE VENDOR HEREBY accepts this Offer and agrees to be bound by the terms and conditions contained herein.

DATED this 6th day of April, 2018.

ELEMENT LIFESTYLE (VIC HARBOUR WEST) INC.

Per: "Don Ho"

(Authorized Signatory)

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SCHEDULE A

TITLE

(SEE ATTACHED)

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TITLE SEARCH PRINT

File Reference: 255060
Declared Value \$6700000

2017-12-15, 10:03:33
Requestor: Krystal Lim

CURRENT INFORMATION ONLY - NO CANCELLED INFORMATION SHOWN

Land Title District VICTORIA
Land Title Office VICTORIA

Title Number CA6255662
From Title Number CA5195765

Application Received 2017-08-29

Application Entered 2017-09-06

Registered Owner in Fee Simple
Registered Owner/Mailing Address: ELEMENT LIFESTYLE (VIC HARBOUR WEST) INC., INC.NO.
BC1128541
1147 HOMER STREET
VANCOUVER, BC
V6B 2Y1

Taxation Authority Capital Assessment Area
Victoria, The Corporation of the City of

Description of Land
Parcel Identifier: 029-843-677
Legal Description:
LOT A DISTRICT LOT 119 ESQUIMALT DISTRICT PLAN EPP58033

Legal Notations
HERETO IS ANNEXED EASEMENT CA3741572 OVER LOT 2, PLAN VIP74716 AS SHOWN ON PLAN EPP38829

THIS TITLE MAY BE AFFECTED BY A PERMIT UNDER PART 26 OF THE LOCAL GOVERNMENT ACT, SEE CA4687624

HERETO IS ANNEXED EASEMENT CA5195770 OVER PART OF LOT B PLAN EPP58033 SHOWN AS AREA 3 ON PLAN EPP58034

NOTICE OF INTEREST, BUILDERS LIEN ACT (S.3(2)), SEE CA6265875 FILED 2017-08-31

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TITLE SEARCH PRINT

File Reference: 255060
Declared Value \$6700000

2017-12-15, 10:03:33
Requestor: Krystel Lim

SUBJECT TO EXCEPTIONS AND RESERVATIONS CONTAINED WITHIN THE CROWN FIAT DD P101001 AS TO PART FORMERLY INCLUDED WITHIN PLAN 43079

FOR PROVISO, SEE CROWN GRANT R80505

SUBJECT TO EXCEPTIONS AND RESERVATIONS INCLUDED IN CROWN GRANT DD 384181 (AS TO PART FORMERLY PART OF LOT 1 PLAN 3279)

SUBJECT TO EXCEPTIONS AND RESERVATIONS CONTAINED WITHIN THE CROWN FIAT DD P101001 AS TO PART FORMERLY INCLUDED WITHIN PLAN 43079

THIS TITLE MAY BE AFFECTED BY A PERMIT UNDER PART 26 OF THE MUNICIPAL ACT, SEE EN4834

THIS TITLE MAY BE AFFECTED BY A PERMIT UNDER PART 26 OF THE MUNICIPAL ACT, SEE EN4835

HERETO IS ANNEXED EASEMENT FB245151 OVER LOT 3, PLAN VIP74716

HOUSING AGREEMENT NOTICE, LOCAL GOVERNMENT ACT, S. 905, SEE FB478539

SUBJECT TO PROVISO, FOR RAILWAY PURPOSES ONLY, CONTAINED IN CROWN GRANT 384181 (AS TO PART FORMERLY PART OF LOT 1 PLAN 3279) PROVISO CANCELLED BY R42280, 1986.05.29

Charges, Liens and Interests

Nature:	UNDERSURFACE AND OTHER EXC & RES
Registration Number:	R81023
Registration Date and Time:	1986-09-15 10:04
Registered Owner:	HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF BRITISH COLUMBIA
Remarks:	INTER ALIA; S.47 LAND ACT

Nature:	STATUTORY BUILDING SCHEME
Registration Number:	S105293
Registration Date and Time:	1987-09-30 14:46
Remarks:	INTER ALIA SECTION 216, LAND TITLE ACT

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TITLE SEARCH PRINT

File Reference: 255060
Declared Value \$6700000

2017-12-15, 10:03:33
Requestor: Krystal Lim

Nature: STATUTORY RIGHT OF WAY
Registration Number: EV2693
Registration Date and Time: 2003-01-10 09:49
Registered Owner: THE CORPORATION OF THE CITY OF VICTORIA
Remarks: INTER ALIA
PART IN PLAN VIP74717

Nature: UNDERSURFACE AND OTHER EXC & RES
Registration Number: FB149802
Registration Date and Time: 2008-02-28 14:59
Registered Owner: THE CROWN IN RIGHT OF BRITISH COLUMBIA
Remarks: INTER ALIA
SECTION 50 LAND ACT

Nature: COVENANT
Registration Number: CA3357571
Registration Date and Time: 2013-09-19 11:04
Registered Owner: THE CORPORATION OF THE CITY OF VICTORIA
Remarks: INTER ALIA

Nature: COVENANT
Registration Number: CA3357573
Registration Date and Time: 2013-09-19 11:04
Registered Owner: THE CORPORATION OF THE CITY OF VICTORIA
Remarks: INTER ALIA

Nature: STATUTORY RIGHT OF WAY
Registration Number: CA3357575
Registration Date and Time: 2013-09-19 11:04
Registered Owner: THE CORPORATION OF THE CITY OF VICTORIA
Remarks: INTER ALIA

Nature: COVENANT
Registration Number: CA4606981
Registration Date and Time: 2015-08-14 10:57
Registered Owner: THE CORPORATION OF THE CITY OF VICTORIA
Remarks: INTER ALIA

Nature: EASEMENT
Registration Number: CA5045324
Registration Date and Time: 2016-03-15 14:45
Remarks: INTER ALIA
APPURTENANT TO LOT 5 PLAN VIP74716

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TITLE SEARCH PRINT

File Reference: 255060
Declared Value \$6700000

2017-12-15, 10:03:33
Requestor: Krystal Lim

Nature: COVENANT
Registration Number: CA5195763
Registration Date and Time: 2016-05-19 15:21
Registered Owner: THE CORPORATION OF THE CITY OF VICTORIA
Remarks: INTER ALIA

Nature: EASEMENT
Registration Number: CA5195768
Registration Date and Time: 2016-05-19 15:21
Remarks: PART SHOWN AS AREA 1 ON PLAN EPP58034; APPURTENANT TO LOT B PLAN EPP58033

Nature: COVENANT
Registration Number: CA5195772
Registration Date and Time: 2016-05-19 15:21
Registered Owner: THE CORPORATION OF THE CITY OF VICTORIA

Nature: MORTGAGE
Registration Number: CA6255663
Registration Date and Time: 2017-08-29 11:00
Registered Owner: ADDENDA CAPITAL INC.
INCORPORATION NO. A0074948

Nature: ASSIGNMENT OF RENTS
Registration Number: CA6255664
Registration Date and Time: 2017-08-29 11:00
Registered Owner: ADDENDA CAPITAL INC.
INCORPORATION NO. A0074948

Duplicate Indefeasible Title NONE OUTSTANDING

Transfers NONE

Pending Applications NONE

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SCHEDULE B

OPTION

THIS AGREEMENT is dated as of the ____ day of _____, 2018

BETWEEN:

AQUARA LIMITED PARTNERSHIP

(the "**Grantor**")

AND:

ELEMENT LIFESTYLE (VIC HARBOUR WEST) INC.

(the "**Grantee**")

WHEREAS the Grantor has agreed to grant to the Grantee an option to purchase the Rental Complex;

AND WHEREAS the parties hereto have entered into this Agreement to set forth the terms and conditions upon which the Grantee may exercise its option and right of first offer.

NOW THEREFORE, in consideration of the mutual covenants and agreements set forth in this Agreement and for the sum of ten (\$10.00) dollars and for other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged by the Grantor and the Grantee), the Grantor and the Grantee covenant and agree as follows:

**ARTICLE ONE
INTERPRETATION**

1.01 Definitions

The terms defined in this Section 1.01 shall have, for all purposes of this Agreement, the following meanings unless the contexts expressly or by necessary implementation otherwise require.

"Affiliated Party" means any affiliate of the Grantor.

"Agreement" means this Option, as same may be amended, restated, modified, supplemented, assigned and/or assumed from time to time.

"Business Day" means any day other than a Saturday, Sunday or statutory holiday in the Province of British Columbia.

"Lands" means the lands more particularly described in Schedule "A" hereto.

"Partnership Agreement" means the limited partnership agreement of the Grantor made as of _____, 2018.

"Permitted Encumbrances" means:

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- (a) those permitted encumbrances set out in the purchase agreement in virtue of which the Grantor acquired the property of which the Rental Complex forms a part (the "**Acquisition Agreement**");
- (b) all encumbrances other than financial encumbrances approved by the Grantor from time to time.

"**Person**" means an individual, partnership, corporation, trust, unincorporated organization, government, or any department or agency thereof, and the successors and assigns thereof or the heirs, executors, administrators or other legal representatives of an individual.

"**Rental Complex**" means any and all component(s) of and premises in a building hereinafter to be constructed on the Lands that are leased or leasable for residential use, and all ancillary premises thereto or any portion thereof intended by the Grantor to be sold;

**ARTICLE TWO
RESTRICTIONS ON TRANSFER**

2.01 General Prohibition on Transfer

So long as the Grantor (which for the purposes of this Section 2.01 shall include any Affiliated Party) is the owner of the Lands or any portion thereof, the Grantor shall not sell, convey or otherwise voluntarily dispose of its interest in the Rental Complex or any part thereof to any Person or suffer any third party to do the same, and any attempt to do so shall be void unless the Grantor has complied with the provisions of this Agreement (and, in particular, Article Three).

**ARTICLE THREE
OPTION TO PURCHASE**

3.01 Grant of Option

The Grantor hereby grants to the Grantee or its Nominee an irrevocable option to purchase (the "**Option**") one hundred percent (100%) of the Grantor's legal and beneficial right, title, interest and estate in and to the Rental Complex together with all rights and benefits appurtenant thereto, free and clear of all liens, charges, and encumbrances except those in existence on the date of this Agreement (the "**Permitted Charges**") for the Option Price.

3.02 Exercise of Option

The Grantee may exercise the Option at any time commencing on the date the Rental Complex achieves an average of ninety percent (90%) occupancy for a period of six (6) months and expiring one hundred and twenty (120) days thereafter (the "**Expiry Date**"). The Option may be exercised by written notice from the Grantee to the Grantor delivered on or before the Expiry Date. The Option and its rights may be assigned by the Grantee without the approval of the Grantor.

3.03 Closing Date

If the Grantee exercises the Option, the purchase and sale of the Rental Complex shall complete on that day (the "**Closing Date**") which is thirty (30) days after the exercise of the Option by the Grantee.

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3.04 Option Price

The purchase price for the Rental Complex pursuant to the Option (the “**Option Price**”) shall be equal to the Fair Market Value of the Rental Complex, as determined pursuant to Section 3.05.

3.05 Fair Market Value

Upon the delivery by the Grantee to the Grantor of a notice exercising the Option:

- (a) each of the Grantee and the Grantor will retain an appraiser who is a member of the Appraisal Institute of Canada, British Columbia (or a successor organization) and have at least five years’ experience valuing properties similar to the Rental Complex to conduct independent valuations of the fair market value of the Rental Complex;
- (b) if the fair market value of the Rental Complex, as set out in the two valuations, are within ten percent (10%) of each other, then the Fair Market Value of the Rental Complex will be the average of the fair market values set out in such two valuations;
- (c) if the fair market value of the Rental Complex, as set out in the two valuations, are not within ten percent (10%) of each other, then the two appraisers shall:
 - (i) use reasonable commercial efforts to settle upon a mutually agreed fair market value of the Rental Complex within fourteen (14) days after the delivery of the last of the two valuations to be delivered; and
 - (ii) if unable to so agree, appoint a third appraiser to conduct an appraisal of the Rental Complex and the Fair Market Value of the Rental Complex for the purposes of this Agreement will be the median of such three appraisals.

3.06 Payment of Option Price by Assumption of Financing

The parties acknowledge that to the extent allowed by the lender under any mortgage financing of the Rental Complex, the Option Price may be paid in part by the assumption by the Grantee of such mortgage financing, provided that the Grantor receives a full release and discharges of any guarantees provided for by it in respect of such mortgage financing.

3.07 Option Terms

Upon the Option being exercised, this Option will become a binding contract of purchase and sale of the Rental Complex to be completed in accordance with the customary terms and practices for the completion of the purchase and sale of properties similar to the Rental Complex in Vancouver, British Columbia.

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ARTICLE FOUR GENERAL

4.01 Interpretation

Unless the context otherwise requires: (i) "or" is not exclusive; (ii) "this Agreement", "hereof", "herein", "hereto" and similar expressions mean this Agreement and all amendments and supplements that may be made to this Agreement from time to time in writing; and (iii) references to Articles and Sections are references to Articles and Sections of this Agreement.

4.02 Gender and Number

Words importing the singular include the plural and vice versa. Words importing gender include all genders.

4.03 Captions

The caption, headings and table of contents contained herein are for reference only and in no way affect this Agreement or its interpretation.

4.04 Obligations as Covenants

Each agreement and obligation of any of the Parties to this Agreement, even though not expressed as a covenant, is considered for all purposes to be a covenant.

4.05 Applicable Law

This Agreement shall be construed and enforced in accordance with the laws of the Province of Ontario and the laws of Canada applicable thereto and shall be treated in all respects as an Ontario contract.

4.06 Currency

All references to currency in this Agreement shall be deemed to be references to Canadian dollars.

4.07 Invalidity

If any immaterial covenant, obligation, agreement or part thereof or the application thereof to any Person or circumstance, to any extent, shall be invalid or unenforceable, the remainder of this Agreement or the application of such covenant, obligation or agreement or part thereof to any Person, party or circumstance other than those to which it is held invalid or unenforceable shall not be affected thereby. Each covenant, obligation and agreement in this Agreement shall be separately valid and enforceable to the fullest extent permitted by law.

4.08 Amendment of Agreement

No supplement, modification, waiver or termination (other than an automatic termination pursuant to the terms of this Agreement) of this Agreement shall be binding unless executed in writing by the Parties in the same manner as the execution of this Agreement.

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4.09 Time

Time shall be of the essence of this Agreement. If anything herein is to be done on a day which is not a Business Day, the same shall be done on the next succeeding Business Day. Unless otherwise provided, all references to time shall mean Toronto time. Where in this Agreement a number of days is prescribed, the number shall be computed by excluding the first day and including the last day.

4.10 Further Assurances

Each of the Parties shall from time to time hereafter and upon any reasonable request of the other, execute and deliver, make or cause to be made all such further acts, deeds, assurances and things as may be required or necessary to more effectually implement and carry out the true intent and meaning of this Agreement.

4.11 Entire Agreement

This Agreement and any agreements, instruments and other documents herein contemplated to be entered into between, by or including the Parties constitute the entire agreement between the Parties with respect to the subject matter herein contained and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, with respect thereto, between the Grantor and the Grantee, and there are no other warranties or representations and no other agreements between the parties with respect to the subject matter herein contained except as specifically set forth in this Agreement.

4.12 Waiver

No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provision (whether or not similar) nor shall any waiver constitute a continuing waiver unless otherwise expressed or provided.

4.13 Solicitors as Agents and Tender

Any notice, waiver, agreement, instrument or document permitted, required or contemplated in this Agreement may be given or delivered and accepted or received by the Grantee's solicitors on behalf of the Grantee and by the Grantor's solicitors on behalf of the Grantor and any tender of closing documents contemplated by the Purchase Agreement and the Purchase Price may be made upon the Grantor's solicitors and the Grantee's solicitors, as the case may be.

4.14 Successors and Assigns

All of the covenants and agreements in this Agreement shall be binding upon the Parties and their respective successors and assigns and shall enure to the benefit of and be enforceable by the Parties and their respective successors and permitted assigns pursuant to the terms and conditions of this Agreement.

4.15 Assignment

The Grantee shall be entitled to assign this Agreement, in whole or in part, or the benefit of any covenants contained in this Agreement upon notice to (and without the consent of) the Grantor to any Person not at arms length to the Grantee, or by way of

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security to its lender, and forthwith thereupon such assignee shall have such benefit of this agreement, and the Grantee may direct that the transfer and assignments of this Agreement or the Rental Complex be made in favour of a nominee provided that notwithstanding the same, the Grantee shall remain liable for all terms, conditions and obligations hereunder.

4.16 Notice

Any notice, demand, approval, consent, information, agreement, offer, payment, request or other communication (hereinafter in this Section 4.16 referred to as a "**Notice**") to be given under or in connection with this Agreement shall be in writing and shall be given by personal delivery, electronic transmission or by telecopier, addressed or sent as set out below or to such other address, electronic mail address or telecopy number as may from time to time be the subject of a Notice:

Grantor:

with a copy to:

Grantor:

with a copy to:

Any Notice, if personally delivered, shall be deemed to have been validly and effectively given and received on the date of such delivery and if sent by fax or electronic transmission with confirmation of transmission, shall be deemed to have been validly and effectively given and received on the Business Day next following the day it was sent.

4.17 Counterparts

This Agreement may be executed in counterparts, each of which shall be an original and all counterparts shall constitute a single document. The fact of execution of this Agreement may be communicated to the other Parties by facsimile or electronic transmission of the signature page of this Agreement.

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IN WITNESS WHEREOF the Parties have executed this Agreement as of the day and year first above written.

AQUARA LIMITED PARTNERSHIP,
by its General Partner, **ELEMENT**
LIFESTYLE (VIC HARBOUR WEST)
INC.

By: _____
Name: Don Ho
Title: President

ELEMENT LIFESTYLE (VIC HARBOUR
WEST) INC.

By: _____
Name: Don Ho
Title: President

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SCHEDULE "A"
LANDS

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