



NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

AND

MANAGEMENT INFORMATION CIRCULAR

**ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS
TO BE HELD ON MAY 21, 2014**

April 16, 2014



NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that an annual and special meeting (the “**Meeting**”) of the holders of common shares of Leisureworld Senior Care Corporation (the “**Company**”) will be held on Wednesday, May 21, 2014 at the hour of 10:00 a.m. (Toronto time) at Toronto Region Board of Trade, First Canadian Place, 77 Adelaide Street West, 4th Floor, Rooms A-C, Toronto, Ontario for the following purposes:

1. **TO RECEIVE** the financial statements of the Company for the period ended December 31, 2013, together with the report of the auditors thereon;
2. **TO ELECT** the directors of the Company for the ensuing year;
3. **TO APPOINT** auditors of the Company and authorize the board of directors of the Company to fix the remuneration of the auditors;
4. **TO CONSIDER** and, if deemed advisable, to pass a resolution, the full text of which is attached as Appendix A to the Management Information Circular, with or without variation, to amend the Company’s articles (the “**Articles**”) to require advance notice for director nominations; and
5. **TO TRANSACT** such further or other business as may properly come before the Meeting or any adjournment or adjournments thereof.

The accompanying management information circular provides additional information relating to the matters to be dealt with at the Meeting and forms part of this notice.

DATED at Toronto, Ontario this 16th day of April, 2014.

BY ORDER OF THE BOARD OF DIRECTORS

“Lois Cormack

Director, President and Chief Executive Officer

Leisureworld Senior Care Corporation

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INFORMATION CIRCULAR

Unless otherwise indicated, or the context otherwise requires, “**Company**” or “**Leisureworld**” refers to Leisureworld Senior Care Corporation and its direct and indirect subsidiaries. Unless otherwise indicated, all dollar amounts are expressed in Canadian dollars and references to “\$” are to Canadian dollars.

This information circular (the “**Information Circular**”) is furnished in connection with the solicitation of proxies by or on behalf of management of Leisureworld, for use at the annual and special meeting (the “**Meeting**”) of holders (“**Shareholders**”) of common shares (“**Common Shares**”) of the Company to be held on Wednesday, May 21, 2014 at the hour of 10:00 a.m. (Toronto time) at Toronto Region Board of Trade, First Canadian Place, 77 Adelaide Street West, 4th Floor, Rooms A-C, Toronto, Ontario, and at all postponements or adjournments thereof, for the purposes set forth in the accompanying notice of the Meeting (the “**Notice of Meeting**”).

PROXY SOLICITATION AND VOTING

Solicitation of Proxies

The solicitation of proxies for the Meeting will be made primarily by mail, but proxies may also be solicited personally, in writing or by telephone by employees of the Company, at nominal cost. The Company will bear the cost in respect of the solicitation of proxies for the Meeting and will bear the legal, printing and other costs associated with the preparation of the Information Circular.

Appointment and Revocation of Proxies

Together with the Information Circular, the Shareholders will also be sent a form of proxy (a “**Form of Proxy**”). The persons named in such proxy are directors of the Company. **A Shareholder who wishes to appoint some other person to represent him, her or it at the Meeting may do so by crossing out the persons named in the enclosed Form of Proxy and inserting such person’s name in the blank space provided in the Form of Proxy or by completing another proper Form of Proxy. Such other person need not be a Shareholder of the Company.**

To be valid, proxies or instructions must be deposited at the offices of Computershare Trust Company of Canada (the “**Agent**”), 9th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1, so as not to arrive later than 10:00 a.m. (Toronto time) on May 16, 2014, or be deposited with the chair of the Meeting (the “**Chair of the Meeting**”) prior to the commencement of the Meeting. If the Meeting is adjourned, proxies or instructions to the Agent must be deposited 48 hours (excluding Saturdays, Sundays and holidays) before the time set for any reconvened meeting at which the proxy or instructions are to be used, or be deposited with the Chair of the Meeting prior to the commencement of the Meeting or any reconvened meeting.

The document appointing a proxy must be in writing and completed and signed by a Shareholder or his or her attorney authorized in writing or, if the Shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized. Instructions provided to the Agent by a Shareholder must be in writing and completed and signed by the Shareholder or his or her attorney authorized in writing or, if the Shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized. Persons signing as officers, attorneys, executors, administrators, and trustees or similarly otherwise should so indicate and provide satisfactory evidence of such authority.

A Shareholder that has given a proxy may revoke the proxy: (a) by completing and signing a proxy bearing a later date and depositing it as aforesaid; (b) by depositing an instrument in writing executed by the Shareholder or by his or her attorney authorized in writing: (i) at the registered office of the Company at any time up to and including the last business day preceding the day of the applicable Meeting, or any adjournment thereof, at which the proxy is to be used, or (ii) with the Chair of the Meeting prior to the commencement of such Meeting on the day of such

Meeting or any adjournment thereof; or (c) in any other manner permitted by law. A Shareholder that has given instructions to their nominee with respect to the voting of the Common Shares may revoke the instructions: (a) by completing and signing instructions bearing a later date and depositing them as aforesaid; (b) by depositing an instrument in writing executed by the Shareholder or by his or her attorney authorized in writing: (i) at the registered office of the Agent at any time up to and including the last business day preceding the day of the applicable Meeting, or any adjournment thereof, at which the instructions are to be relied on, or (ii) with the Chair of the Meeting prior to the commencement of such Meeting on the day of such Meeting or any adjournment thereof; or (c) in any other manner permitted by law.

Voting of Proxies

The persons named in the accompanying Form of Proxy will vote the Common Shares in respect of which they are appointed, on any ballot that may be called for, in accordance with the instructions of the Shareholder as indicated on the proxy. In the absence of such specification, such Common Shares will be voted at the Meeting as follows:

- **FOR the election of each of the nominees to the board of directors listed under the heading “Matters to be Considered at the Meeting – Election of Directors”;**
- **FOR the appointment of PricewaterhouseCoopers LLP, Chartered Accountants, as auditors of the Company and to authorize the board of directors to fix the auditor’s remuneration; and**
- **FOR the passing of a resolution, the text of which is included at Appendix A to the Information Circular, to amend the Company’s Articles to require advance notice for the nomination of directors.**

For more information on these issues, please see the section entitled “Matters to be Considered at the Meeting” in this Information Circular.

The persons appointed under the Form of Proxy are conferred with discretionary authority with respect to amendments to or variations of matters identified in the Form of Proxy and the Notice of Meeting and with respect to other matters which may properly come before the Meeting. In the event that amendments or variations to matters identified in the Notice of Meeting are properly brought before the Meeting, it is the intention of the persons designated in the enclosed Form of Proxy to vote in accordance with their best judgment on such matter or business. At the time of printing the Information Circular, the directors of the Company (the “**Directors**”, the “**Board**” or the “**Board of Directors**”) know of no such amendments, variations or other matters.

INFORMATION FOR BENEFICIAL HOLDERS OF SECURITIES

Information set forth in this section is very important to persons who hold Common Shares otherwise than in their own names. A non-registered securityholder of the Company (a “**Beneficial Holder**”) who beneficially owns Common Shares, but whose Common Shares are registered in the name of an intermediary (such as a securities broker, financial institution, trustee, custodian or other nominee who holds securities on behalf of the Beneficial Holder or in the name of a clearing agency in which the intermediary is a participant) should note that only proxies or instructions deposited by securityholders whose names are on the records of the Company as the registered holders of Common Shares can be recognized and acted upon at the Meeting.

Common Shares that are listed in an account statement provided to a Beneficial Holder by a broker are likely not registered in the Beneficial Holder’s own name on the records of the Company and such Common Shares are more likely registered in the name of CDS Clearing and Depository Services Inc. (“**CDS**”) or its nominee.

Applicable regulatory policy in Canada requires brokers and other intermediaries to seek voting instructions from Beneficial Holders in advance of securityholders’ meetings. Every broker or other intermediary has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Holders in order to ensure that their Common Shares are voted at the Meeting. Often, the form of proxy supplied to a Beneficial Holder by its broker is identical to that provided to registered securityholders. However, its purpose is limited to instructing the registered securityholder how to vote on behalf of the Beneficial Holder. Most brokers now delegate responsibility for obtaining instructions from clients to Broadridge Investor Communications Solutions (“**Broadridge**”). Broadridge typically prepares a machine-readable voting instruction form, mails those forms to the Beneficial Holders and asks Beneficial Holders to return the proxy forms to Broadridge. Broadridge then tabulates the results of all instructions received and provides appropriate instructions representing the voting of the securities to be represented at the Meeting. A Beneficial Holder receiving a Broadridge voting instruction form cannot use that voting instruction form to vote Common Shares directly at the Meeting. The voting instruction form must be returned to Broadridge well in advance of the Meeting in order to have the Common Shares voted.

Although Beneficial Holders may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of CDS or their broker or other intermediary, a Beneficial Holder may attend at the Meeting as proxy holder for the registered holder and vote their Common Shares in that capacity. Beneficial Holders who wish to attend the Meeting and indirectly vote their own Common Shares as proxy holder for the registered holder should enter their own names in the blank space on the Form of Proxy or voting instruction form provided to them and return the same to their broker or other intermediary (or the agent of such broker or other intermediary) in accordance with the instructions provided by such broker, intermediary or agent well in advance of the Meeting.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

No Director or executive officer of the Company, no proposed nominee for election as a Director of the Company, and no associate or affiliate of any such person has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting other than the election of Directors or the reappointment of an auditor.

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

The Company is authorized to issue an unlimited number of Common Shares. As of the date of this Information Circular, there were 36,264,822 Common Shares outstanding.

At the Meeting, each Shareholder of record at the close of business on April 15, 2014, the record date established for the Notice of Meeting (the “**Record Date**”), will be entitled to one vote for each Common Share held on all matters proposed to come before the Meeting, except to the extent such Shareholder has transferred any such Common Shares after the Record Date and the transferee of such Common Shares establishes ownership thereof and makes a written demand to the Corporate Secretary of the Company, not later than 10 days before the date of the Meeting, to be included in the list of Shareholders entitled to vote at the Meeting, in which case the transferee will be entitled to vote such Common Shares.

To the knowledge of the Directors, there are no persons that beneficially own or exercise control or direction over Common Shares carrying 10% or more of the votes attached to the issued and outstanding Common Shares.

MATTERS TO BE CONSIDERED AT THE MEETING

Financial Statements

The financial statements of the Company for the fiscal year ended December 31, 2013 (“**Fiscal 2013**”) and the auditors’ report thereon, that were filed by the Company and made available on www.sedar.com and mailed to those Shareholders who requested a paper copy, will be placed before the Shareholders at the Meeting. No formal action will be taken at the Meeting to approve the financial statements. If any Shareholder has questions regarding such financial statements, such questions may be brought forward at the Meeting.

Election of Directors

The number of Directors to be elected at the Meeting has been fixed at six. **The persons named in the enclosed Form of Proxy, if not expressly directed to the contrary in such Form of Proxy, intend to vote for the election, as Directors, of the proposed nominees whose names are set out below.** It is not contemplated that any of the proposed nominees will be unable to serve as a Director but, if that should occur for any reason prior to the Meeting, the persons named in the enclosed Form of Proxy reserve the right to vote for another nominee at their discretion. Each nominee elected as a Director will hold office until the next annual meeting of the Shareholders or until his or her successor is elected or appointed. The individuals proposed to be nominated for election as Directors are:

Dino Chiesa

Lois Cormack

Janet Graham

Paula Jourdain Coleman

Jack MacDonald

John McLaughlin

The following tables set forth certain information for the individuals proposed to be nominated for election as Directors. The nominees make up the current Board of Directors of the Company. Biographies for each nominee, which include a summary of each nominee’s principal occupation and employment within the five preceding years, as well as a discussion of each proposed nominee’s independence, are set out in the Company’s annual information form dated March 24, 2014 (the “**AIF**”) and such information is incorporated by reference herein. The AIF can be found under the Company’s profile at www.sedar.com. Upon request, the Company will promptly provide a copy of the AIF free of charge to a Shareholder of the Company.

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| Dino Chiesa , Board Chair Toronto, Ontario, Canada | | Director Since: 2010 Independent | |
|  | | <p>Mr. Chiesa served as the immediate past chair of Canada Mortgage and Housing Corporation, one of Canada's largest financial institutions, and is principal of Chiesa Group, a commercial real estate developer. He is a member of the Board of Trustees of Morguard North American Residential REIT. He is a former Trustee and Vice-Chair of Canadian Apartment Properties Real Estate Investment Trust and former CEO of its predecessor, a former director of Dynacare Laboratories Inc, and a former member of the Board of Trustees of Sunrise Senior Living Real Estate Investment Trust.</p> <p>Mr. Chiesa has held several positions within the Government of Ontario, including Assistant Deputy Minister, Municipal Affairs and Housing and Chief Executive Officer of each of Ontario Housing Corporation and Ontario Mortgage Corporation.</p> | |
| Equity Ownership/Control (as of April 1, 2014) | | Committee Membership | |
| Common Shares | Deferred Share Units | Audit Committee Compensation, Governance & Nominating Committee | |
| 18,500 | 93,217 | | |
| Public Board Membership | | | |
| Morguard North American Residential REIT (TSX: MRG.UN) | | | |
| 2013 Meeting Attendance | | | |
| Board Meetings Attended | | Applicable Committee Meetings Attended | |
| 16 of 16 Meetings | | 9 of 9 Meetings | |

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| Lois Cormack Bradford, Ontario, Canada | | Director Since: 2013 Non-Independent | |
|  | | <p>Ms. Cormack is the President and Chief Executive Officer of the Company. She has a history as a leader in the management of efficient, high quality long term care, retirement living and health care services, most recently as President of Specialty Care Inc.</p> <p>Ms. Cormack was a member of the Board of Directors of the Ontario Long-Term Care Association (OLTCA) for a number of years and also served a term as OLTCA President. She has served on a number of provincial and national committees including Health Quality Ontario, Canadian Alliance for Long Term Care and the Ontario Expert Panel on Innovation in Long Term Care. She currently sits on the Advisory Council, Health Services Management Division, at Ryerson University.</p> | |
| Equity Ownership/Control (as of April 1, 2014) | | Committee Membership | |
| Common Shares | Deferred Share Units | None | |
| 49,968 | nil | | |
| Public Board Membership | | | |
| None | | | |
| 2013 Meeting Attendance | | | |
| Board Meetings Attended | | Applicable Committee Meetings Attended | |
| 1 of 1 Meeting Following Appointment | | N/A | |

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| Janet Graham , Audit Committee Chair Toronto, Ontario, Canada | | Director Since: 2010 Independent |
|  | | <p>Ms. Graham is a Managing Director of IQ Alliance Incorporated, a Toronto-based real estate advisory services firm. Prior to joining IQ Alliance Incorporated, Ms. Graham was an independent consultant for a number of years, delivering real estate related financial advisory services to major corporate clients. She has held several senior positions at a Canadian chartered bank, specializing in corporate finance and lending.</p> <p>Ms. Graham is a member of the Board of Trustees and Chair of the Audit Committee of Milestone Apartments Real Estate Investment Trust, a member of the Board of Directors and Chair of the Audit Committee of Toronto Waterfront Revitalization Corporation, and a former member of the Boards, and Chair of the Audit Committee, of a number of public corporations and trusts.</p> |
| Equity Ownership/Control (as of April 1, 2014) | | Committee Membership |
| Common Shares | Deferred Share Units | Audit Committee (Chair) Compensation, Governance & Nominating Committee |
| 10,000 | 12,541 | |
| Public Board Membership | | |
| Milestone Apartments Real Estate Investment Trust (TSX: MST.UN) | | |
| 2013 Meeting Attendance | | |
| Board Meetings Attended | | Applicable Committee Meetings Attended |
| 16 of 16 Meetings | | 9 of 9 Meetings |

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| Paula Jourdain Coleman Oakville, Ontario, Canada | | Director Since: 2014 Independent |
|  | | <p>Ms. Jourdain Coleman is the owner and President of Lakebridge Investments Inc., a privately-held investment company. She joined Leisureworld's board of directors in February 2014, following Leisureworld's 2013 acquisition of a portfolio of Specialty Care properties as well as its management business. Ms. Jourdain Coleman previously served as Chairman and CEO of Specialty Care Inc.</p> <p>Ms. Jourdain Coleman currently serves on the Board of Directors of George Brown College Foundation and is a member of the International Women's Forum. She previously served on the board of directors of St. Joseph's Health Care Centre and is also a past President of the Ontario Long Term Care Association (OLTCA) and the Ontario Retirement Communities Association (ORCA).</p> |
| Equity Ownership/Control (as of April 1, 2014) | | Committee Membership |
| Common Shares | Deferred Share Units | None |
| 567,544 | 627 | |
| Public Board Membership | | |
| None | | |
| 2013 Meeting Attendance | | |
| Board Meetings Attended | | Applicable Committee Meetings Attended |
| N/A | | N/A |

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| Jack MacDonald Burlington, Ontario, Canada | | Director Since: 2010 Independent | |
|  | | <p>Mr. MacDonald served as Chair of Compass Group Canada & ESS North America until September, 2012. Prior to this role he was Chief Executive Officer of the company for the period 1996 to 2010.</p> <p>Mr. MacDonald's previous board roles include Honourary Chair, Toronto Zoo Campaign – "Wild for Life"; Chair, Canadian Aboriginal Business Hall of Fame; member of the Province of Ontario Investment and Trade Advisory Council; Chair, Canadian Foundation for Dietetic Research; Chair, President's Advisory Council for Humber College; Director of the Colorectal Cancer Screening Initiative Foundation; and Director of the Canadian Physiotherapy Association.</p> | |
| Equity Ownership/Control (as of April 1, 2014) | | Committee Membership | |
| Common Shares | Deferred Share Units | Audit Committee Compensation, Governance & Nominating Committee | |
| 11,000 | 8,958 | | |
| Public Board Membership | | | |
| None | | | |
| 2013 Meeting Attendance | | | |
| Board Meetings Attended | | Applicable Committee Meetings Attended | |
| 16 of 16 Meetings | | 9 of 9 Meetings | |

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| John McLaughlin , Chair of Compensation, Governance & Nominating Committee Oakville, Ontario, Canada | | Director Since: 2010 Independent | |
|  | | <p>Mr. McLaughlin is President of Tall Oak Management Inc., a privately-held management consulting and investment company. Mr. McLaughlin is a former director of Futuremed Healthcare Products Corporation, serving as Chairman from 2006 to March 2012. He is also a former director of Aim Health Group, where he was Chair of the Audit Committee. Currently, he is a Director of Medical Pharmacies Group Inc.</p> <p>Mr. McLaughlin has served as Chief Executive Officer of a number of Canadian hospitals. He has served on the Board of the Ontario Long Term Care Association in several posts including Chair. He is a graduate of St. Mary's University and of the University of Western Ontario's Executive Development Program.</p> | |
| Equity Ownership/Control (as of April 1, 2014) | | Committee Membership | |
| Common Shares | Deferred Share Units | Audit Committee Compensation, Governance & Nominating Committee (Chair) | |
| 20,000 | 23,834 | | |
| Public Board Membership | | | |
| None | | | |
| 2013 Meeting Attendance | | | |
| Board Meetings Attended | | Applicable Committee Meetings Attended | |
| 15 of 16 Meetings | | 9 of 9 Meetings | |

Majority Voting

Effective March 15, 2011, the Board adopted, on a voluntary basis, majority voting principles for the election of Directors at an annual Shareholders' meeting. This includes the practice of ensuring that the proxy forms used for the election of Directors by Shareholders enable Shareholders to vote in favour of, or withhold their vote for, each Director nominee separately. In an uncontested election, any Director nominee who receives a greater number of votes "withheld" than votes "for" shall promptly submit to the Board his or her resignation, which shall take effect only upon the acceptance by the Board.

The Board, upon recommendation of the Compensation, Governance and Nominating Committee, shall within 90 days following the date of the applicable meeting determine either to accept or not accept the Director's resignation, and the Board shall promptly disclose, via press release, the determination, including, in cases where the Board has determined not to accept a resignation, the reasons therefor. It is generally expected that the Compensation, Governance and Nominating Committee will recommend that the Board accept such resignation except in extraordinary circumstances. If a resignation is accepted, the Board may appoint a new Director to fill any vacancy, or may reduce the size of the Board.

Diversity in the Board and Management

The Company is committed to fostering an open and inclusive workplace culture. The Company's code of business conduct and ethics (described under "Ethical Business Conduct", below) underscores a commitment to diversity and recognizes it as a tremendous asset. The code of business conduct and ethics explicitly states that the Company and its affiliates are firmly committed to providing equal opportunity in all aspects of employment. Women have been, and will continue to be, considered by the Company, the Board and the Compensation, Governance and Nominating Committee in the making of executive officer appointments and Director nominations.

Three of the six current members of the Board, and two of the six current executive officers of the Company, are women. The Company has not established formal policies or targets regarding the representation of women on the Board or in executive officer positions. However, the Company will continue to focus on the diversity of its workforce while hiring and promoting the best candidates for senior management roles.

Appointment of Auditors

The audit committee of the Company (the "**Audit Committee**") recommends to the Shareholders that PricewaterhouseCoopers LLP, Chartered Accountants, ("**PWC**"), be appointed as the independent auditor of the Company, to hold office until the next annual meeting of the Shareholders or until their successor is appointed, and that the Directors be authorized to fix the remuneration of the auditors.

PWC has been the auditor of the Company since its inception. Specifically, PWC was first appointed on October 18, 2005 and continued to be the auditor of the Company following its initial public offering in March 2010.

The persons named in the enclosed Form of Proxy, if not expressly directed to the contrary in such Form of Proxy, will vote such proxies in favour of a resolution to appoint PWC as auditors of the Company and to authorize the Directors to fix their remuneration.

Audit Committee Information

Reference is made to the AIF for information relating to the Audit Committee as required under Form 52-110F1. The AIF can be found under the Company's profile at www.sedar.com. Upon request to the Corporate Secretary, the Company will promptly provide a copy of the AIF free of charge to a securityholder of the Company.

Approval of Amendment of the Company's Articles

At the Meeting, Shareholders will be asked to consider and, if deemed advisable, to pass a resolution (the "**Advance Notice Resolution**") approving an amendment to the Articles of the Company to include provisions that require advance notice for the nomination of Directors (the "**Advance Notice Provisions**"). The full text of the Advance Notice Resolution is attached hereto as Appendix A, and the full text of the proposed amendment to the Articles of

the Company adding the Advance Notice Provisions is attached hereto as Exhibit 1 to Appendix A. **The persons named in the enclosed Form of Proxy, if not expressly directed to the contrary in such Form of Proxy, will vote such proxies in favour of the Advance Notice Resolution.**

The summary below is qualified in its entirety by the full text of the Advance Notice Provisions.

Purpose of the Advance Notice Provisions

The Directors of the Company are committed to: (i) facilitating an orderly and efficient annual general meeting or, where the need arises, special meeting, process; (ii) ensuring that Shareholders receive adequate notice of the Director nominations and sufficient information with respect to all nominees; and (iii) allowing Shareholders to register an informed vote having been afforded reasonable time for appropriate deliberation. The purpose of amending the Company's Articles to include the Advance Notice Provisions is to provide Shareholders, Directors and management of the Company with a clear framework for nominating Directors.

The Advance Notice Provisions fix a deadline by which holders of record of Common Shares must submit Director nominations to the Company prior to any annual or special meeting of Shareholders. The Advance Notice Provisions also set forth the information that a Shareholder must include in the written notice to the Company for that notice to be in proper form to make a Director nominee eligible for election at an annual or special meeting of Shareholders.

Terms of the Advance Notice Provisions

The Advance Notice Provisions provide that advance notice to the Company must be made and the procedures set out in the Articles must be followed for a prospective nominee to be eligible for election to the Board of Directors. Nomination of persons for election to the Board may only be made at an annual meeting of Shareholders or at a special meeting of Shareholders called for any purpose which includes the election of Directors to the Board.

Among other things, the Advance Notice Provisions fix a deadline by which holders of record of Common Shares must submit Director nominations to the Corporate Secretary of the Company prior to any annual or special meeting of Shareholders and sets forth the specific information that a Shareholder must include in the written notice to the Corporate Secretary of the Company for an effective nomination to occur. No person will be eligible for election as a Director of the Company unless nominated in accordance with the provisions of the Advance Notice Provisions.

In the case of an annual meeting of Shareholders, notice to the Company must be made not less than thirty (30) nor more than sixty-five (65) days prior to the date of the annual meeting; provided, however, that in the event that the annual meeting is to be held on a date that is less than forty (40) days after the date on which the first public announcement of the date of the annual meeting was made, notice may be made not later than the close of business on the 10th day following such public announcement. In the case of a special meeting of Shareholders (which is not also an annual meeting), notice to the Company must be made not later than the close of business on the 15th day following the day on which the first public announcement of the date of the special meeting was made.

The Board of Directors may, in its sole discretion, waive any requirement of the Advance Notice Provisions.

STATEMENT OF EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

This Compensation Discussion and Analysis provides information regarding all significant elements of compensation paid, payable, awarded, granted, given or otherwise provided by the Company to (i) the President and Chief Executive Officer, (ii) the Executive Vice-President and Chief Financial Officer, (iii) the Executive Vice-President, Operations, Long Term Care, (iv) the Vice-President, Corporate Finance and External Reporting, and (v) the Vice-President, General Counsel and Corporate Secretary (collectively, the "**Named Executive Officers**" or "**NEOs**").

For Fiscal 2013, the Named Executive Officers are: Lois Cormack, President and Chief Executive Officer from April 22, 2013 (the "**CEO**"); Dino Chiesa, Acting President and Chief Executive Officer until April 22, 2013; Manny DiFilippo, former Executive Vice-President and Chief Financial Officer (the "**CFO**"); Paul Rushforth,

Executive Vice-President, Operations, Long Term Care (the “**EVP Operations**”); Stephen Piunno, Vice-President, Corporate Finance and External Reporting (the “**VP Finance**”); and David Veneziano, Vice-President, General Counsel and Corporate Secretary (the “**General Counsel**”). Mr. DiFilippo resigned from the Company on January 8, 2014. Timothy McSorley was appointed as Executive Vice-President and Chief Financial Officer (Interim) on January 8, 2014.

Compensation Objectives and Strategy

Compensation plays an important role in recognizing the achievement of the Company’s short-term and long-term business objectives. The objectives of the Company’s compensation program are to:

- attract, retain and motivate highly qualified employees with a history of proven success;
- align the interests of the employees with Shareholders’ interests and with the successful execution of the Company’s business strategy;
- establish performance goals that, if met, are expected to improve long-term Shareholder value; and
- tie compensation to those performance goals and provide meaningful rewards for achieving them.

Role of the Compensation, Governance and Nominating Committee

The Company’s Compensation, Governance and Nominating Committee (the “**CGNC**”) consists of four Directors, being Mr. John McLaughlin, as chairman, Mr. Jack MacDonald, Ms. Janet Graham and Mr. Dino Chiesa. All members of the CGNC are independent Directors of the Company. Among other things, the CGNC:

- reviews and makes recommendations to the Board of the Company concerning the appointment of officers of the Company;
- annually reviews and makes recommendations to the Board of the Company concerning compensation of executive officers of the Company;
- annually reviews the Chief Executive Officer’s goals and objectives for the upcoming year, provides an appraisal of the Chief Executive Officer’s performance and reviews and makes recommendations to the Board regarding his or her compensation;
- reviews and makes recommendations to the Board concerning the remuneration of Directors and nomination of new Directors; and
- administers and makes recommendations regarding the operation of employee incentive plans.

Compensation Risk Management

The Company has designed its compensation programs in a standardized and balanced manner to appropriately align management with Shareholders’ interests by providing incentives to achieve both short-term and long-term performance objectives. The Company’s executive compensation program has the following characteristics which mitigate the risks typically associated with compensation programs.

- Total compensation is benchmarked against the company’s peer group by the CGNC. Total compensation is benchmarked and balanced between base salary, short-term and long-term incentives. The compensation plans are relatively consistent between executives, with increasing emphasis on long-term incentives for executives with higher levels of responsibility.
- The Board reviews the performance objectives linked to compensation plans for executive officers. Financial objectives support the Company’s approved annual budget, and individual objectives support approved business strategies and priorities.

- The CGNC can use its discretion to ensure payouts are not overly influenced by an unusual result in a particular performance objective.
- Short-term performance is measured using several financial, business and individual performance objectives to determine incentive payouts. This balances the risks associated with relying on any one performance objective. The incentive opportunity is capped and payouts are generally determined based on audited financial statements.
- Restricted Share Units (described below) are designed to encourage a longer-term focus on Shareholder value and are not fully vested immediately.
- The Company's Long-Term Incentive Plan (described below) supports executives' personal long-term Common Share ownership, directly aligning their interests and Shareholders'.

Engagement of Compensation Consultant

The CGNC, on behalf of the Company, has in the past engaged Chrysalis Group Inc., an independent consulting firm, to advise on the design, testing and implementation of senior executive compensation programs and emerging trends and best practices in both the long-term care and retirement residence sector, as well as Canadian companies of similar scope, size and complexity. The CGNC has worked with Chrysalis Group Inc. to establish a compensation framework with the goal of attracting, retaining and motivating talented senior management. An amount of \$19,743 was paid to Chrysalis Group Inc. during Fiscal 2013, and \$22,978 was paid in Fiscal 2012.

Benchmarking

The Company's compensation program is benchmarked relative to a peer group of companies whose Canadian operations are similar in terms of revenues, complexity and focus and are broadly representative of the talent market for the Company. In designing the Company's compensation program, the CGNC focuses on remaining competitive in the market with respect to total compensation for each executive. However, the CGNC does review each element of compensation for market competitiveness and may weigh a particular element more heavily based on the executive's role within the Company.

The CGNC worked with an external consultant to identify an appropriate comparator or peer group which was used for executive compensation benchmarking purposes for Fiscal 2012 and Fiscal 2013. The general comparator group consists of organizations with Canadian operations in the for-profit sector that were selected based on their strong customer, member, or client service orientation and ability both to manage complex supply chains and to distinguish their brands in a competitive marketplace. The peer group includes amongst others, ADP Canada, Cadillac Fairview Corporation, Cineplex Entertainment LP, Gamma Dynacare Medical Labs, Lifelabs Inc., Starbucks Corporation and Symcor Inc. The industry comparator group consists of 3 publicly-traded long term care and retirement residence industry organizations with Canadian operations: Amica Mature Lifestyles Inc., Chartwell Retirement Residences and Extencare Inc. Not all companies have suitable matches for each position. The ongoing appropriateness of the comparator group is reviewed every two years and is currently under review by the Company and the CGNC.

Competitive data from the peer group, in addition to general trends from third party surveys, are used as guidelines to formulate compensation strategy. The Company targets base salary levels for all NEOs at the 50th percentile of the peer group. Overall compensation (salary, short-term and the expected value of long-term incentives) is targeted at the 50th percentile of the peer group, provided that all performance targets are met.

Elements of NEO Compensation

The Company's compensation for the Company's Named Executive Officers for Fiscal 2013 consisted primarily of two elements: base salary and short-term incentives. In addition, Ms. Cormack and Messrs. DiFilippo, Rushforth and Veneziano participated in one or both of the two long-term incentive plans described below.

Base Salary

Competitive base salary enables the attraction and retention of talented executives who will contribute to the success of the Company. Salaries are determined following an analysis of peer group benchmarks, general compensation trends and individual performance, including contributions to financial and business results. Salary is reviewed annually by the CGNC.

Short-Term Incentive Program (“STIP”)

The STIP is designed to motivate improvement in financial and operating performance on an annual basis. STIP awards are based on performance achieved relative to pre-determined financial, business and individual performance targets. Awards are approved by the CGNC and earned awards are granted annually in cash.

The performance metrics include: absolute growth in Adjusted Funds from Operations (“**AFFO**”), absolute return to Shareholders, relative return to Shareholders against the TSX REIT sector and industry competitors, and individual goals related to the executive’s specific areas of accountabilities. Minimum performance thresholds for each performance metric must be accomplished before a payout or partial payout under the STIP is made.

Long Term Incentive Plan and Restricted Share Unit Plan

The Shareholders of the Company approved the adoption of the Long Term Incentive Plan (the “**LTIP**”) and the Restricted Share Unit Plan (the “**RSUP**”) at the Company’s annual and special meeting of Shareholders held on April 18, 2012.

The LTIP and the RSUP are intended to reward senior management for their sustained contributions to the Company and provide an incentive to enhance long-term performance and maximize Shareholder value. From the date of inception of the LTIP and RSUP to the date of this Information Circular, there have been (i) Incentive Amounts (as defined below) awarded in connection with eligible participants’ annual performance aggregating \$475,907, entitling eligible participants to acquire 39,083 Award Shares (as defined below) under the LTIP; and (ii) RSU Awards (as defined below) aggregating \$705,907 in respect of which eligible participants have been credited 57,967 RSUs (each of which is redeemable upon vesting for, at the option of the participant, one Common Share or cash equal to the market value of one Common Share) under the RSUP.

(i) Long Term Incentive Plan

Under the LTIP, the CGNC may grant an award opportunity (each, an “**Incentive Amount**”) annually in respect of the prior fiscal year to eligible participants as it, in its sole discretion, determines. Eligible participants under the LTIP include all of the executive officers of the Company and such other officers or employees of the Company as the CGNC may determine from time to time. Each eligible participant is entitled to purchase, subject to the terms of the LTIP, that number of Common Shares (rounded down to the nearest whole number) (the “**Award Shares**”) equal to the quotient obtained by dividing such participant’s Incentive Amount by the volume weighted average closing price of the Common Shares on the Toronto Stock Exchange (the “**TSX**”) for the five trading days immediately preceding the award date. The required number of Award Shares will be issued from treasury pursuant to the terms of the LTIP.

Each participant may borrow from the Company, at the prime rate of interest per annum established by the Company’s bank at the time the Award Shares are issued or at such other interest rate as determined by the CGNC at the time the Award Shares are issued, an amount not greater than 95% of the aggregate purchase price for the Award Shares (the “**Participant Loan**”) in order to acquire such Award Shares. The Participant Loan is due and payable on the date which is ten years from the date the related Award Shares are issued. Until the Participant Loan has been repaid in full, the related Award Shares are pledged to the Company as security against the outstanding balance of the Participant Loan, any cash dividends declared on such Award Shares will be applied against the outstanding balance of the Participant Loan and the holder thereof shall not be entitled to assign, or exercise any voting rights attached to, such Award Shares. No Participant Loan, or portion thereof, shall be granted to any participant if such grant could result in the amounts then owing under all Participant Loans of such participant exceeding two times such participant’s then base salary.

On February 25, 2014, the LTIP was amended to remove references to specific executive officers of the Company as eligible participants under the LTIP in favour of a reference to all executive officers of the Company and to extend the Participant Loan repayment period from 5 years to 10 years in order to encourage long-term Common Share ownership by participants.

(ii) Restricted Share Unit Plan

Under the RSUP, the CGNC may grant an award in the form of RSUs (each, an “**RSU Award**”) annually in respect of the prior fiscal year to eligible participants as it, in its sole discretion, determines. Eligible participants under the RSUP include all of the executive officers of the Company and such other officers or employees of the Company as the CGNC may determine from time to time. In respect of each RSU Award, the eligible participant is credited that number of restricted share units (rounded down to the nearest whole number) (“**RSUs**”) equal to the quotient obtained by dividing the value of such participant’s award by the volume weighted average closing price of the Common Shares on the TSX for the five trading days immediately preceding the date of the award. An “RSU Account” will be maintained by the Company for each participant and will show the RSUs credited to such participant from time to time.

Subject to the discretion of the CGNC to accelerate vesting, one-third of a participant’s RSU Award will vest on each of the first three anniversaries of the date upon which the RSUs are granted (each, a “**Vesting Date**”). RSUP participants are notionally entitled to receive distributions per RSU equal to the amount of dividends paid per Common Share. Such distributions will be credited to the participant’s RSU Account in the form of additional RSUs. The number of RSUs to be credited for each dividend will be equal to the aggregate amount of such dividend divided by the volume weighted average closing price of the Common Shares on the TSX for the five trading days immediately preceding the date such dividend was declared. For purposes of vesting, all such RSUs shall be deemed to have the same grant date as those RSUs for which the applicable dividends were notionally declared. Participants are not entitled to transfer, assign, charge, pledge or hypothecate or otherwise alienate RSUs other than for normal estate settlement purposes.

Effective as of a given Vesting Date, subject to a participant’s option to redeem all or a portion of vested RSUs in cash, the Company will redeem each vested RSU by issuing one Common Share for each RSU so redeemed. Any lump sum payment in cash will be calculated by multiplying the number of RSUs to be redeemed for cash by the volume weighted average closing price of the Common Shares on the TSX for the five trading days immediately preceding the applicable Vesting Date.

On February 25, 2014, the RSUP was amended to remove references to specific executive officers of the Company as eligible participants under the RSUP in favour of a reference to all executive officers of the Company.

Copies of the LTIP and the RSUP are available upon written request from the Corporate Secretary of the Company, 302 Town Centre Blvd., Suite 200, Markham, Ontario, L3R 0E8 or may also be found on SEDAR at www.sedar.com and on the Company’s website at www.leisureworld.ca.

Fiscal 2013 Performance Goals and Metrics

Dino Chiesa was not entitled to a performance bonus in Fiscal 2013 for performing the functions of the Acting President and Chief Executive Officer. Accordingly, performance metrics were not applicable in determining his compensation in Fiscal 2013.

The performance goals and metrics for the Company’s other NEOs in Fiscal 2013 were as follows:

Chief Executive Officer

Upon the achievement of specific performance goals established by the Company, the CEO is awarded an annual performance bonus of up to 75% of her base salary payable in cash in accordance with the Company’s STIP and up to 37.5% of her base salary as a grant of RSUs pursuant to the Company’s RSUP, and is also eligible to be awarded up to 37.5% of her base salary as an incentive opportunity pursuant to the Company’s LTIP. The performance categories and weightings used in determining the CEO’s Fiscal 2013 annual performance bonus are as follows:

| Performance Area | Performance Weighting % | Performance Achievement % |
|--|--------------------------------|----------------------------------|
| Absolute Growth in AFFO | 15% | 100% |
| Payout Ratio Target of 76% | 20% | 100% |
| Return to Shareholders exceeding the median return of TSX REIT sector and comparator group | 20% | 100% |
| Successful completion of acquisitions, integration, and organizational design | 25% | 88% |
| Successful management of ongoing transactions and strategic planning | 15% | 80% |
| Establish plan for growth in retirement home occupancy | 5% | 80% |
| Total | 100% | 93% |

Executive Vice President and Chief Financial Officer

Manny DiFilippo resigned from the Company on January 8, 2014. Mr. DiFilippo's annual performance bonus earned for Fiscal 2013 was paid to him in cash in connection with the cessation of his employment. The performance categories and weightings used in determining the CFO's Fiscal 2013 annual performance bonus were as follows:

| Performance Area | Performance Weighting % | Performance Achievement % |
|--|--------------------------------|----------------------------------|
| Absolute Growth in AFFO | 30% | 100% |
| Return to Shareholders exceeding the median return of TSX REIT sector and comparator group | 20% | 100% |
| Strategic Financial Planning | 30% | 50% |
| Successful completion and integration of acquisitions | 20% | 50% |
| Total | 100% | 75% |

Executive Vice President, Operations, Long Term Care

Upon the achievement of certain performance goals established by the Company, the EVP Operations is awarded an annual performance bonus of up to 50% of his base salary payable in cash in accordance with the Company's STIP and up to 25% of his base salary as a grant of RSUs pursuant to the Company's RSUP, and is also eligible to be awarded up to 25% of his base salary as an incentive opportunity pursuant to the Company's LTIP. The performance categories and weightings used in determining the EVP Operations' Fiscal 2013 annual performance bonus are as follows:

| Performance Area | Performance Weighting % | Performance Achievement % |
|--|--------------------------------|----------------------------------|
| Absolute Growth in AFFO | 30% | 100% |
| Return to Shareholders exceeding the median return of TSX REIT sector and comparator group | 20% | 100% |
| Retirement Home Performance | 20% | 0% |
| Strategic growth and seamless integration of acquisitions | 15% | 67% |
| Home Care Performance | 10% | 50% |
| Long-Term Care Profitability | 5% | 80% |
| Total | 100% | 69% |

Vice-President, Corporate Finance and External Reporting

The VP Finance is awarded an annual performance bonus of up to 25% of his base salary, payable in cash in accordance with the Company's STIP, upon the achievement of certain performance goals established by the Company. The performance categories and weightings used in determining the VP Finance's Fiscal 2013 annual performance bonus, and the performance achieved, are as follows:

| Performance Area | Performance Weighting % | Performance Achievement % |
|--|--------------------------------|----------------------------------|
| Enhancing finance department processes and service level, successful integration of acquisitions | 45% | 100% |
| Achievement of Company AFFO Target | 30% | 100% |
| Meet cost budget targets for finance department | 15% | 100% |
| Delivery of high quality financial plan | 10% | 100% |
| Total | 100% | 100% |

Vice-President, General Counsel & Corporate Secretary

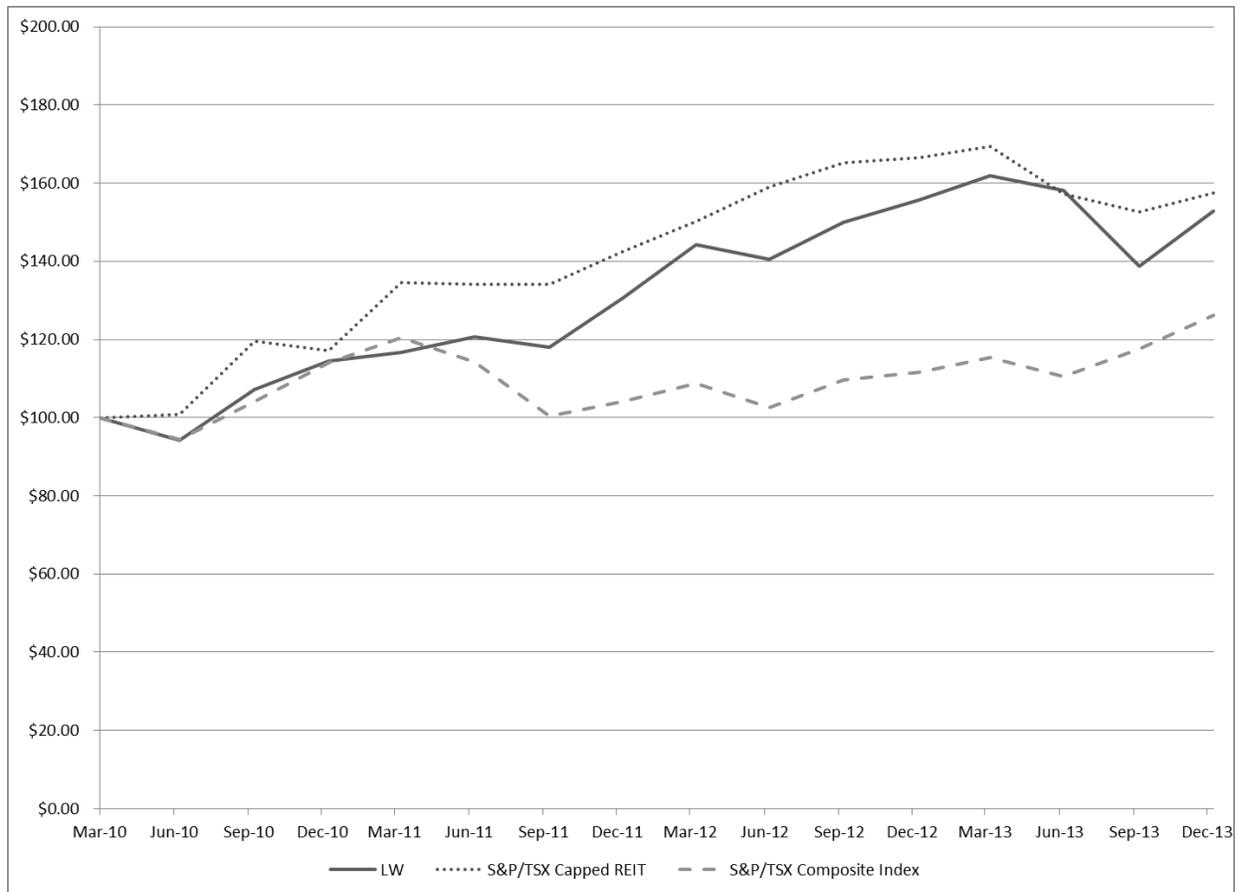
Upon the achievement of certain performance goals established by the Company, the General Counsel is awarded an annual performance bonus of up to 25% of his base salary payable in cash in accordance with the Company's STIP. An additional discretionary bonus of up to 25% of his base salary, payable as a grant of RSUs pursuant to the Company's RSUP, is payable upon achievement of special project-based contributions to the Company and is not specifically linked to the performance metrics listed below. Mr. Veneziano was awarded 100% of this discretionary bonus for Fiscal 2013. The performance categories and weightings used in determining the General Counsel's Fiscal 2013 annual performance bonus, and the performance achieved, are as follows:

| Performance Area | Performance Weighting % | Performance Achievement % |
|--|--------------------------------|----------------------------------|
| Strategic growth and seamless integration of acquisitions | 50% | 100% |
| Efficient management and successful completion of ongoing transactions | 25% | 88% |
| Excellence in Corporate Governance | 25% | 92% |
| Total | 100% | 95% |

Performance Graph

The following graph compares the total cumulative return for an investor of \$100 on March 23, 2010 (the date of the Company’s initial public offering) in each of (i) Common Shares; (ii) the S&P/TSX Capped REIT Index and (iii) the S&P/TSX Composite Index. During the period, the total cumulative return for \$100 invested in Common Shares was \$152.87 as compared to \$157.43 for the S&P/TSX Capped REIT Index and \$126.08 for the S&P/TSX Composite Index.

**Cumulative Total Return on \$100 Investment Assuming Distributions are Re-Invested
March 23, 2010 – December 31, 2013**



| Date | 03/23/10 | 12/31/10 | 12/31/11 | 12/31/12 | 12/31/13 |
|---------------------------|----------|----------|----------|----------|----------|
| Leisureworld | \$100 | \$114.44 | \$130.54 | \$155.80 | \$152.87 |
| S&P/TSX Capped REIT Index | \$100 | \$117.12 | \$142.51 | \$166.60 | \$157.43 |
| S&P/TSX Composite Index | \$100 | \$114.06 | \$104.11 | \$111.59 | \$126.08 |

The compensation paid to the NEOs is not directly tied to the total return to Shareholders during the period shown in the chart above. However, one of the factors used to determine the annual incentive awards for the CEO, CFO and the EVP Operations (three of the NEOs) is the total return to Shareholders for the fiscal year just completed relative to the returns on a broad market index. Part of the total compensation payable to four of the NEOs is paid in RSUs, and this type of compensation provides a direct alignment of management and Shareholder interests.

Summary Compensation Table

For each of the Company's NEOs in Fiscal 2013, the following table provides a summary of the compensation for the Company's three most recently completed financial years.

| Name and Principal Position | Year | Salary (\$) | Share-Based Awards ⁽¹⁾ (\$) | Option-Based Awards (\$) | Non-Equity Incentive Plan Compensation (\$) | | Pension Value (\$) | All Other Compensation ⁽³⁾ (\$) | Total Compensation (\$) |
|--|------|-------------|--|--------------------------|---|---------------------------|--------------------|--|-------------------------|
| | | | | | Short-Term Incentive Plans ⁽²⁾ | Long-Term Incentive Plans | | | |
| LOIS CORMACK ⁽⁴⁾ <i>President and Chief Executive Officer</i> | 2013 | 244,061 | 184,942 | N/A | 169,884 | N/A | N/A | 19,936 | 618,823 |
| DINO CHIESA ⁽⁵⁾ <i>Former Acting President and Chief Executive Officer</i> | 2013 | N/A | 639,444 ⁽⁶⁾ | N/A | N/A | N/A | N/A | 35,500 | 674,944 |
| | 2012 | N/A | 420,277 ⁽⁷⁾ | N/A | N/A | N/A | N/A | 73,750 | 494,027 |
| MANNY DiFILIPPO ⁽⁸⁾ <i>Former Executive Vice-President and Chief Financial Officer</i> | 2013 | 244,420 | 70,000 | N/A | 137,520 ⁽⁹⁾ | N/A | N/A | 18,070 | 470,010 |
| | 2012 | 244,420 | 59,883 | N/A | 119,766 | N/A | N/A | 14,533 | 438,602 |
| | 2011 | 114,945 | 28,736 | N/A | 57,470 | N/A | N/A | 7,247 | 208,398 |
| PAUL RUSHFORTH <i>Executive Vice-President, Operations, Long-Term Care</i> | 2013 | 249,720 | 57,952 | N/A | 85,905 | N/A | N/A | 20,644 | 414,221 |
| | 2012 | 244,820 | 59,370 | N/A | 118,740 | N/A | N/A | 16,993 | 439,923 |
| | 2011 | 242,500 | 50,015 | N/A | 100,031 | N/A | N/A | 16,900 | 409,446 |
| STEPHEN PIUNNO <i>Vice-President, Corporate Finance & External Reporting</i> | 2013 | 185,250 | N/A | N/A | 81,313 | N/A | N/A | 11,564 | 278,127 |
| | 2012 | 182,500 | N/A | N/A | 45,625 | N/A | N/A | 10,900 | 239,025 |
| | 2011 | 160,000 | N/A | N/A | 40,000 | N/A | N/A | 10,000 | 210,000 |
| DAVID VENEZIANO ⁽¹⁰⁾ <i>Vice-President, General Counsel & Corporate Secretary</i> | 2013 | 145,498 | 58,750 | N/A | 61,563 | N/A | N/A | 6,435 | 272,246 |

Notes:

(1) Share-based awards include the RSU Awards granted pursuant to the RSUP or, in the case of Mr. Chiesa, DSUs granted pursuant to the DSU Plan (see definitions below under "Equity Compensation Plans and Incentive Plan Awards"). In addition to the RSU Awards, certain

of the Company's NEOs were awarded Incentive Amounts pursuant to the LTIP. In the case of Messrs. DiFilippo, Rushforth and Veneziano, share based awards include RSU Awards (of \$70,000, \$15,000, and \$15,000, respectively) granted in Fiscal 2013 as special bonuses in connection with the successful completion of a large acquisition, and in the case of Ms. Cormack, an RSU Award in the amount of \$100,000 granted in February 2014 in respect of special contributions made in Fiscal 2013. Remaining RSU Awards in respect of Fiscal 2013 were granted in February 2014 in satisfaction of performance bonuses.

- (2) In the case of Messrs. Piunno and Veneziano, short term incentive plan awards include cash bonuses (of \$35,000 and \$20,000, respectively) paid in Fiscal 2013 as special bonuses in connection with the successful completion of a large acquisition. Remaining awards were granted in February 2014 in satisfaction of performance bonuses. See, however, note 9, below.
- (3) Includes, except in the case of Mr. Chiesa, a car allowance and, except in the case of Messrs. Chiesa and Veneziano, matching contributions by the Company to a registered retirement savings plan. In Mr. Chiesa's case, "all other compensation" consists of director fees paid to him in cash.
- (4) Ms. Cormack was appointed to her position on April 22, 2013.
- (5) Mr. Chiesa assumed the role of Acting President and Chief Executive Officer from September 4, 2012 until April 22, 2013.
- (6) Mr. Chiesa earned director fees of \$45,000 which he elected to receive in the form of DSUs plus a matched amount by the Company of \$45,000 pursuant to the DSU Plan, and additional director fees of \$549,444 (including a one-time discretionary award of \$300,000 in connection with the successful completion of a large acquisition), which he elected to receive in the form of DSUs as compensation received in his capacity as Director for performing the additional functions required to assume the role of Acting President and Chief Executive Officer. The Company did not match the DSUs received by Mr. Chiesa on account of these additional fees.
- (7) Mr. Chiesa earned director fees of \$33,750 which he elected to receive in the form of DSUs plus a matched amount by the Company of \$33,750 pursuant to the DSU Plan, and additional director fees of \$352,777, which he elected to receive in the form of DSUs as compensation received in his capacity as Director for performing the additional functions required to assume the role of Acting President and Chief Executive Officer. The Company did not match the DSUs received by Mr. Chiesa on account of these additional fees.
- (8) Mr. DiFilippo was appointed to the position of CFO effective July 11, 2011. Mr. DiFilippo resigned from his position on January 8, 2014.
- (9) Cash bonus earned for Fiscal 2013 paid in connection with the cessation of Mr. DiFilippo's employment in January, 2014. Other payments made to Mr. DiFilippo in connection with the cessation of his employment but not in respect of Fiscal 2013 are summarized below in the table under the heading "Termination and Change of Control Benefits".
- (10) Mr. Veneziano was appointed to his position on March 4, 2013.

Equity Compensation Plans and Incentive Plan Awards

The following table sets out all outstanding Common Share-based awards for each NEO as at December 31, 2013. With the exception of Mr. Chiesa's awards, all such awards are RSUs held under the RSUP. Mr. Chiesa's awards are deferred share units ("DSUs") under the Deferred Share Unit Plan (the "DSU Plan") (See "Director Compensation – Deferred Share Unit Plan", below).

| Name and Principal Position | Option-Based Awards | | | | Share-Based Awards | | |
|--|--|----------------------------|------------------------|--|---|---|--|
| | Number of Common Shares Underlying Unexercised Options (#) | Option Exercise Price (\$) | Option Expiration Date | Value of Unexercised "In-The-Money" Options (\$) | Number of Common Shares That Have Not Vested ⁽¹⁾ (#) | Market or Payout Value Of Share-Based Awards That Have Not Vested ⁽²⁾ (\$) | Market or Payout value of vested share-based awards not paid out or distributed (\$) |
| LOIS CORMACK <i>President and Chief Executive Officer</i> | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| DINO CHIESA <i>Former Acting President and Chief Executive Officer</i> | N/A | N/A | N/A | N/A | 89,675 | 1,024,093 | N/A |
| MANNY DIFILIPPO ⁽³⁾ <i>Former Executive Vice-President and Chief Financial Officer</i> | N/A | N/A | N/A | N/A | 12,790 | 146,057 | N/A |

| Name and Principal Position | Option-Based Awards | | | | Share-Based Awards | | |
|---|--|----------------------------|------------------------|--|---|---|--|
| | Number of Common Shares Underlying Unexercised Options (#) | Option Exercise Price (\$) | Option Expiration Date | Value of Unexercised "In-The-Money" Options (\$) | Number of Common Shares That Have Not Vested ⁽¹⁾ (#) | Market or Payout Value Of Share-Based Awards That Have Not Vested ⁽²⁾ (\$) | Market or Payout value of vested share-based awards not paid out or distributed (\$) |
| PAUL RUSHFORTH <i>Executive Vice-President, Operations, Long Term Care</i> | N/A | N/A | N/A | N/A | 9,490 | 108,384 | N/A |
| STEPHEN PIUNNO <i>Vice-President, Corporate Finance & External Reporting</i> | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| DAVID VENEZIANO <i>Vice-President, General Counsel & Corporate Secretary</i> | N/A | N/A | N/A | N/A | 1,291 | 14,743 | N/A |

Notes:

- (1) The number of Common Shares that have not vested includes additional RSUs and DSUs that have been credited in respect of the payment of dividends on Common Shares, pursuant to the terms of the RSUP and the DSU Plan.
- (2) Estimates of fair market value based on the \$11.42 closing price of Common Shares on the TSX on December 31, 2013.
- (3) All of Mr. DiFilippo's outstanding RSUs vested following his resignation and were redeemed for 12,875 Common Shares on January 23, 2014.

The following table sets out the value of incentive plan awards vested or earned for each NEO during Fiscal 2013.

| Name and Principal Position | Option-Based Awards – Value Vested During the Year (\$) | Share-Based Awards ⁽¹⁾ – Value Vested During the Year (\$) | Non-Equity Incentive Plan Compensation – Value Earned During the Year (\$) |
|---|---|---|--|
| LOIS CORMACK <i>President and Chief Executive Officer⁽²⁾</i> | N/A | N/A | 169,884 |
| DINO CHIESA <i>Former Acting President and Chief Executive Officer⁽³⁾</i> | N/A | N/A | N/A |
| MANNY DiFILIPPO <i>Former Executive Vice-President and Chief Financial Officer</i> | N/A | 11,170 | 137,520 |
| PAUL RUSHFORTH <i>Executive Vice-President, Operations, Long-Term Care</i> | N/A | 19,444 | 85,905 |
| STEPHEN PIUNNO <i>Vice-President, Corporate Finance & External Reporting</i> | N/A | N/A | 81,313 |

| Name and Principal Position | Option-Based Awards – Value Vested During the Year (\$) | Share-Based Awards ⁽¹⁾ – Value Vested During the Year (\$) | Non-Equity Incentive Plan Compensation – Value Earned During the Year (\$) |
|---|---|---|--|
| DAVID VENEZIANO <i>Vice-President, General Counsel & Corporate Secretary</i> | N/A | N/A | 61,562 |

Notes:

(1) Represents the redemption of vested RSUs by Mr. DiFilippo (865 RSUs) and Mr. Rushforth (1,505 RSUs) at an applicable market price under the RSUP of \$12.92 on February 22, 2013. All vested RSUs were redeemed for cash.

Employment Agreements

Dino Chiesa, Former Acting President and Chief Executive Officer

Dino Chiesa assumed the role of Acting President and Chief Executive Officer from September 4, 2012 until April 22, 2013. He did not enter into an employment agreement with Leisureworld.

Lois Cormack, President and Chief Executive Officer

Pursuant to the terms of an employment agreement with Leisureworld, Ms. Cormack serves as Leisureworld's President and Chief Executive Officer for an indefinite term. The agreement provides for an annual base salary, which for Fiscal 2013 was \$350,000 (which amount is subject to annual review) and an annual performance bonus of up to 75% of her base salary payable in cash in accordance with the Company's STIP and up to 37.5% of her base salary granted as RSUs pursuant to the Company's RSUP, as well as eligibility to be awarded up to 37.5% of her base salary as an Incentive Amount pursuant to the Company's LTIP, upon the achievement of annual performance objectives. In addition, Ms. Cormack is entitled to customary benefits including a monthly travel allowance. The Company may terminate the agreement without cause upon making a lump sum payment in lieu of notice equal to the equivalent of 18 months' total compensation (which includes base salary for the year of termination and average annual STIP awards and average annual RRSP matching contributions during her tenure). The agreement may also be terminated by the Company for cause without giving notice.

Manny DiFilippo, Former Executive Vice-President and Chief Financial Officer

Mr. DiFilippo served as Leisureworld's Executive Vice-President and Chief Financial Officer pursuant to the terms of an employment agreement with Leisureworld. He resigned from his position on January 8, 2014. His employment agreement with the Company provided for an annual base salary, which for Fiscal 2013 was \$244,420 and an annual performance bonus of up to 50% of his base salary payable in cash in accordance with the Company's STIP and up to 25% of his base salary granted as RSUs pursuant to the Company's RSUP, as well as eligibility to be awarded up to 25% of his base salary as an Incentive Amount pursuant to the Company's LTIP, upon the achievement of annual performance objectives. In addition, Mr. DiFilippo was entitled to customary benefits including a monthly travel allowance.

Paul Rushforth, Executive Vice-President, Operations, Long Term Care

Pursuant to the terms of an employment agreement with Leisureworld, Mr. Rushforth serves as Leisureworld's Executive Vice-President, Operations, Long Term Care for an indefinite term. The agreement provides for an annual base salary, which for Fiscal 2013 was \$249,720 (which amount is subject to annual review) and an annual performance bonus of up to 50% of his base salary payable in cash in accordance with the Company's STIP and up to 25% of his base salary granted as RSUs pursuant to the Company's RSUP, as well as eligibility to be awarded up to 25% of his base salary as an Incentive Amount pursuant to the Company's LTIP, upon the achievement of annual performance objectives. In addition, Mr. Rushforth is entitled to customary benefits including a monthly travel allowance. The Company may terminate the agreement without cause upon providing written notice or pay in lieu

of notice in accordance with the provisions of the *Employment Standards Act* (Ontario) plus three additional weeks per year of service to a maximum of 40 additional weeks and severance pay in accordance with the *Employment Standards Act* (Ontario). No other early termination fee is payable to Mr. Rushforth upon such termination. The agreement may also be terminated by the Company for cause without giving notice.

Stephen Piunno, Vice-President, Corporate Finance and External Reporting

Pursuant to the terms of an employment agreement with Leisureworld, Mr. Piunno serves as Leisureworld's Vice-President, Corporate Finance and External Reporting for an indefinite term. The agreement provides for an annual base salary, which for Fiscal 2013 was \$185,250 (which amount is subject to review annually). Mr. Piunno is also entitled to an annual performance bonus of up to 25% of his base salary payable in cash in accordance with the Company's STIP upon the achievement of annual performance objectives. In addition, Mr. Piunno is entitled to customary benefits including a monthly travel allowance. Leisureworld may terminate the agreement without cause upon providing written notice or pay in lieu of notice in accordance with the provisions of the *Employment Standards Act* (Ontario). No other early termination fee is payable to Mr. Piunno upon such termination. The agreement may also be terminated by Leisureworld for cause without giving notice.

David Veneziano, Vice-President, General Counsel and Corporate Secretary

Pursuant to the terms of an employment agreement with Leisureworld, Mr. Veneziano serves as Leisureworld's Vice-President, General Counsel and Corporate Secretary for an indefinite term. The agreement provides for an annual base salary, which for Fiscal 2013 was \$175,000 (which amount is subject to review annually). Mr. Veneziano is also entitled to an annual performance bonus of up to 25% of his base salary payable in cash in accordance with the Company's STIP upon the achievement of annual performance objectives and an additional discretionary bonus of up to 25% of his annual base salary, payable in grants under the RSUP, for special project-based contributions made to the Company. Mr. Veneziano is entitled to customary benefits including a monthly travel allowance. The Company may terminate the agreement without cause upon providing written notice or pay in lieu of notice equal to the greater of: (i) 6 months' base salary for the year of termination and (ii) the pay required in accordance with the provisions of the *Employment Standards Act* (Ontario) plus three additional weeks per year of service to a maximum of 40 additional weeks plus severance pay in accordance with the *Employment Standards Act* (Ontario). The agreement may also be terminated by Leisureworld for cause without giving notice.

Termination and Change of Control Benefits

Pursuant to the employment agreements outlined in greater detail above, the following table provides, for each of the foregoing NEOs, an estimate of the payments payable by the Company (or its subsidiaries), assuming a termination for any reason other than cause, or in connection with a change of control, taking place on December 31, 2013:

| Name and Principal Position | Termination Payment (\$) | Fiscal 2013 Bonus (\$) | Vesting of Stock Based Compensation⁽¹⁾ (\$) | Employee Benefits (\$) | Total (\$) |
|--|---------------------------------|-------------------------------|---|-------------------------------|-------------------|
| LOIS CORMACK <i>President and Chief Executive Officer</i> | 939,750 | 254,826 | 0 | 0 | 1,194,576 |
| DINO CHIESA ⁽²⁾ <i>Former Acting President and Chief Executive Officer</i> | N/A | N/A | N/A | N/A | N/A |
| MANNY DiFILIPPO ⁽³⁾ <i>Former Executive Vice-President and Chief Financial Officer</i> | 191,079 | 137,520 | 154,329 | 0 | 482,929 |
| PAUL RUSHFORTH <i>Executive Vice-President, Operations, Long-Term Care</i> | 120,058 | 128,857 | 14,092 | 0 | 263,007 |

| Name and Principal Position | Termination Payment (\$) | Fiscal 2013 Bonus (\$) | Vesting of Stock Based Compensation⁽¹⁾ (\$) | Employee Benefits (\$) | Total (\$) |
|---|---------------------------------|-------------------------------|---|-------------------------------|-------------------|
| STEPHEN PIUNNO <i>Vice-President, Corporate Finance & External Reporting</i> | 14,250 | 46,312 | 0 | 0 | 60,562 |
| DAVID VENEZIANO <i>Vice-President, General Counsel & Corporate Secretary</i> | 87,500 | 85,312 | 14,743 | 0 | 187,556 |

Notes:

- (1) Stock based compensation includes the RSU Awards granted pursuant to the RSUP or (in the case of Mr. Chiesa) DSUs granted pursuant to the DSU Plan. On termination or change of control, RSUs generally vest only at the discretion of the CGNC or else are forfeited or continue on the 3-year vesting schedule described above under "Elements of NEO Compensation - Long Term Incentive Plan and Restricted Share Unit Plan". Notwithstanding this, the RSU Awards made to Messrs. DiFilippo, Rushforth and Veneziano in Fiscal 2013 as special bonuses in connection with the successful completion of a large acquisition vest upon termination for any reason pursuant to the terms of the specific award grants. Except in the case of Mr. DiFilippo (see note 3, below), the value of vesting RSUs is determined based on the \$11.42 closing price of Common Shares on the TSX on December 31, 2013.
- (2) Dino Chiesa assumed the role of Acting President and Chief Executive Officer from September 4, 2012 until April 22, 2013. Mr. Chiesa's DSUs only vest and are payable upon his resignation as a Director of the Company and did not vest not on his ceasing to perform the functions of the Acting President and Chief Executive Officer.
- (3) Mr. DiFilippo resigned from the Company on January 8, 2014. The amounts reflected are amounts actually paid or issued in connection with the cessation of his employment. At the exercise of the discretion of the CGNC, all of Mr. DiFilippo's outstanding RSUs vested following his resignation and were redeemed for 12,875 Common Shares on January 23, 2014.

Director Compensation

Director Fees

Each of the non-employee Directors of the Company is entitled to receive an annual retainer of \$25,000. The Chairman of the Board is entitled to an additional annual retainer of \$20,000. The chair of the Audit Committee is entitled to receive an additional annual retainer of \$10,000. The chair of the CGNC is entitled to receive an additional annual retainer of \$7,500. Each of the non-employee Directors of the Company is entitled to receive a fee of \$2,000 for each Board or committee meeting which such Director attends in person and \$500 per meeting for attending by telephone. In addition, non-employee Directors who, at the request of the Board or management of the Company, attend to business matters or affairs of the Company that are unrelated to Board or Committee meetings are entitled to receive a fee of \$2,000 per diem while attending to such business matters or affairs. Non-employee Directors are also reimbursed for all reasonable travel and ancillary expenses.

Deferred Share Unit Plan

On February 22, 2012, the Board of Directors established a deferred share unit plan (the "**DSU Plan**") for Directors. The DSU Plan is intended to allow participants to participate in the long-term success of Leisureworld and promote a greater alignment of interests between the participants and Shareholders of the Company, while reducing the cash requirements of Leisureworld, to the extent that participants elect to receive their fees in the form of notional Common Shares (deferred share units or "**DSUs**"). Each member of the Board that is not also an employee of the Company, at his or her discretion, is eligible to participate in the DSU Plan. Under the DSU Plan, each such Director is entitled to elect to have up to 100% of his or her annual retainer fees in respect of his or her services as a Director and/or committee chair contributed to the DSU Plan. In satisfaction of such fees, the participant is credited that number of DSUs equal to the quotient obtained by dividing the fees payable by the volume weighted average closing price of the Common Shares on the TSX for the five trading days immediately preceding the date of payment. In addition, the Company matches all DSUs so credited, such that the number of DSUs credited to such Director is equal in value to two times the contributed fees.

Participants are notionally entitled to receive distributions per DSU equal to the amount of dividends paid per Common Share. Such distributions are credited to the participant as additional DSUs. The number of DSUs so

credited for each dividend is equal to the aggregate amount of such dividend divided by the volume weighted average closing price of the Common Shares on the TSX for the five trading days immediately preceding the date such dividend was paid.

DSUs vest and may be redeemed only when a participant no longer serves on the Board of Directors for any reason (and is not otherwise employed by the Company). Redemptions are paid out in cash. Each Director is required to elect annually the amount of his or her fees that will be contributed to the DSU Plan for the upcoming year. Directors may change their election from year to year. Fees payable to a Director in respect of his or her attendance at meetings are not eligible for purposes of the DSU Plan. Effective July 23, 2012, the DSU Plan was amended to permit the issuance of DSUs at such time and in such amounts as the Board of Directors may determine rather than annually.

The following table describes Director compensation for the year ended December 31, 2013.

| Name⁽¹⁾ | Fees Earned⁽²⁾ (\$) | Share-based award⁽³⁾ (\$) | Option-based Award (\$) | Non-equity Incentive Plan Compensation (\$) | Pension Value (\$) | All Other Compensation (\$) | Total Fees Earned (\$) |
|-----------------------------|---|---|--|--|-------------------------------------|--|---|
| JANET GRAHAM | 35,500 | 70,000 | N/A | N/A | N/A | N/A | 105,500 |
| JOHN McLAUGHLIN | 32,000 | 65,000 | N/A | N/A | N/A | N/A | 97,000 |
| JACK MacDONALD | 29,500 | 50,000 | N/A | N/A | N/A | N/A | 79,500 |
| DAVID CUTLER ⁽⁴⁾ | 15,500 | 50,000 | N/A | N/A | N/A | N/A | 65,500 |
| TOTAL | 112,500 | 235,000 | N/A | N/A | N/A | N/A | 347,500 |

Notes:

- (1) Dino Chiesa's Director compensation for the year ended December 31, 2013 is summarized above under the heading "Statement of Executive Compensation – Summary Compensation Table". As CEO of the Company, Lois Cormack receives no compensation for serving as a Director.
- (2) Includes only those fees that were paid in cash. See note 3, below.
- (3) Share-based awards consist of the annual retainer fees which Directors elected to receive in the form of DSUs, plus the Company's matching contribution, pursuant to the DSU Plan.
- (4) David Cutler resigned from the Board on January 31, 2014. All of his outstanding DSUs were redeemed for cash in connection with his resignation.

Minimum Share Ownership Guidelines

The Board has adopted a policy requiring each Director to hold, within two years of becoming a Director, Common Shares and/or DSUs equal in value to three times the annual retainer received by such Director. All of the current Directors meet this minimum requirement.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table shows, as of December 31, 2013, compensation plans under which Common Shares are authorized to be issued from treasury both for plans previously approved by Shareholders and plans not previously approved by Shareholders (of which there are none).

| Plan Category | (a) Number of securities to be issued upon exercise of outstanding rights (#) | (b) Weighted average exercise price of outstanding rights (\$) | (c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a) (#) |
|---------------------------------|--|---|---|
| RSUP (Approved by Shareholders) | 26,095 ⁽¹⁾ | N/A | 586,158 |

| Plan Category | (a) Number of securities to be issued upon exercise of outstanding rights (#) | (b) Weighted average exercise price of outstanding rights (\$) | (c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a) (#) |
|---|---|--|---|
| LTIP (Approved by Shareholders) | nil | N/A | 544,504 |
| Equity compensation plans not approved by Shareholders | N/A | N/A | N/A |

Notes:

- (1) Vested RSUs granted under the RSUP may be redeemed for Common Shares or cash at the participant's option. See "Elements of NEO Compensation - Long Term Incentive Plan and Restricted Share Unit Plan".

DIRECTORS' AND OFFICERS' INSURANCE AND INDEMNIFICATION

The Company has obtained a directors' and officers' liability insurance policy, which covers corporate indemnification of Directors and officers and individual Directors and officers of the Company in certain circumstances. In addition, the Company has entered into indemnification agreements with its Directors and officers for liabilities and costs in respect of any action or suit against them in connection with the execution of their duties, subject to customary limitations prescribed by applicable law.

INDEBTEDNESS OF DIRECTORS AND OFFICERS

As of the date hereof, except as described below, no individual who is a Director or executive officer of the Company, or at any time during the most recently completed financial year of the Company, was a Director or executive officer of the Company or any of its subsidiaries, no individual proposed as a nominee for election as a Director of the Company and no associates of any such Director, executive officer or proposed nominee, is indebted to the Company.

Aggregate Indebtedness

The aggregate indebtedness to Leisureworld for the purchase of securities of the Company as at April 1, 2014 of all executive officers, Directors, employees and former executive officers, Directors and employees of the Company, excluding "routine indebtedness" (as defined under applicable securities laws), was approximately \$781,122. The table below represents the approximate aggregate indebtedness, excluding routine indebtedness, outstanding as at April 1, 2014 entered into in connection with a purchase of securities and all other indebtedness.

| Purpose | Aggregate Indebtedness to the Company or its subsidiaries (\$) | To Another Entity |
|-----------------|---|-------------------|
| Share purchases | 781,122 | N/A |
| Other | N/A | N/A |

Indebtedness of Directors and Executive Officers under Securities Purchase and Other Programs

The table below represents amounts outstanding for each individual who is, or at any time during the year ended December 31, 2013 was, a Director or executive officer of Leisureworld, each proposed nominee for election as Director of Leisureworld, and each associate of any such Director, executive officer or proposed nominee.

| Name and Principal Position | Involvement of Company or Subsidiary | Largest Amount Outstanding During the Year Ended December 31, 2013 (\$) | Amount Outstanding as at April 1, 2014 (\$) | Financially Assisted Securities Purchases during the Year Ended December 31, 2013 (#) | Security for Indebtedness | Amount Forgiven During the Year Ended December 31, 2013 (\$) |
|---|---|--|--|--|----------------------------------|---|
| Securities Purchase Programs ⁽¹⁾ | | | | | | |
| Lois Cormack <i>President & Chief Executive Officer</i> | Lender | 500,000 | 564,027 | 1 Purchase (39,063 Shares) | Common Shares | nil |
| Manny DiFilippo <i>Former Executive Vice President & Chief Financial Officer</i> | Lender | 83,130 | 79,169 | 1 Purchase (4,738 Shares) | Common Shares | nil |
| Paul Rushforth <i>Executive Vice President, Operations, Long-Term Care</i> | Lender | 102,066 | 137,926 | 1 Purchase (4,697 Shares) | Common Shares | nil |

Other Programs – N/A

Notes:

- (1) Under the LTIP, each participant may borrow from the Company, at the prime rate of interest per annum established by the Company's bank at the time Award Shares are issued or at such other interest rate as determined by the CGNC at the time such Award Shares are issued, an amount not greater than 95% of the aggregate purchase price for the Award Shares in order to acquire such Award Shares. Each such loan is due and payable on the date which is ten years from the date the related Award Shares are issued. Until such loan has been repaid in full, the related Award Shares are pledged to the Company as security against the outstanding balance of such loan, any cash dividends declared on such Award Shares will be applied against the outstanding balance of such loan and the holder thereof shall not be entitled to assign, or exercise any voting rights attached to, such Award Shares. In April, 2013, the Company loaned the CEO \$500,000 to effect the purchase of Common Shares. The loan bears interest at prime rate and is due on demand. The Common Shares have been pledged as security against the loan which is personally guaranteed by the CEO.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

To the knowledge of the Directors of the Company, no informed person (as defined in National Instrument 51-102 – *Continuous Disclosure Obligations*) of the Company, no proposed Director of the Company and no known associate or affiliate of any such informed person or proposed Director, during Fiscal 2013, has or has had any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any transaction which has or would materially affect Leisureworld or any of its subsidiaries, except as set forth in the AIF, which is incorporated by reference in this Information Circular and can be accessed on SEDAR at www.sedar.com.

CORPORATE GOVERNANCE DISCLOSURE

The Board believes that good corporate governance improves corporate performance and benefits all Shareholders. Additionally, National Instrument 58-101 – *Disclosure of Corporate Governance Practices* prescribes certain disclosure by the Company of its corporate governance practices. This disclosure is presented below.

Board of Directors

- (a) The independent members of the Board are Dino Chiesa, Paula Jourdain Coleman, Janet Graham, Jack MacDonald and John McLaughlin.
- (b) Lois Cormack is the CEO of Leisureworld and is, therefore, not considered independent under National Instrument 51-110 – *Audit Committees*.
- (c) Five of the six members of the Board are independent.
- (d) Janet Graham is a member of the Board of Trustees of Milestone Apartments Real Estate Investment Trust. Dino Chiesa is a member of the Board of Trustees of Morguard North American Residential REIT.
- (e) The independent Directors functioned independently of the non-independent Directors by holding *in camera* meetings after each regularly-scheduled Board meeting and informally conferring on Board matters as such members determined necessary or desirable. The opinions of independent Directors are also actively solicited by the Chair of the Board at each meeting of the Board of Directors.
- (f) The Chair of the Board, Dino Chiesa, is an independent Director. Mr. Chiesa's responsibilities include establishing, in consultation with the Chief Executive Officer of the Company, the Directors and appropriate members of management, the agendas for each meeting of the Board. The agenda for each committee meeting is established by the Chair of that committee in consultation with appropriate members of the committee and management. In the period during which Mr. Chiesa assumed the role of Acting President and Chief Executive Officer of the Company (September 2012 to April 2013), Janet Graham facilitated open and candid discussion among the Company's independent Directors.
- (g) The following table summarizes the number of Board of Directors and Committee meetings held and attendance by Directors for Fiscal 2013:

| <i>Director</i> | <i>Board Meetings Attended (in person or by telephone)</i> | <i>Committee Meetings Attended (in person or by telephone)</i> |
|-----------------------------|--|--|
| DINO CHIESA | 16 of 16 | 9 of 9 |
| JANET GRAHAM | 16 of 16 | 9 of 9 |
| JACK MACDONALD | 16 of 16 | 9 of 9 |
| JOHN MCLAUGHLIN | 15 of 16 | 9 of 9 |
| DAVID CUTLER ⁽¹⁾ | 15 of 16 | N/A |
| LOIS CORMACK ⁽²⁾ | 1 of 1 | N/A |

Notes:

- (1) David Cutler resigned from the Board on January 31, 2014. He was not a member of any committees of the Board.
- (2) Lois Cormack was appointed to the Board on November 13, 2013. She is not a member of any committees of the Board.

Mandate of the Board of Directors

The mandate of the Board of Directors is attached to this Information Circular as Appendix B.

Position Descriptions

The Chair of the Board of Directors and Committee Chairs

The Board of Directors has adopted a written position description for the Chair of the Board which sets out the Chair's key responsibilities, including duties relating to setting Board meeting agendas, chairing Board and Shareholder meetings, ensuring Directors are apprised of matters which are material to Directors and providing advice, counsel and mentorship to the Company's management team. The Board has also adopted written position descriptions for the chair of the Audit Committee and for the chair of the CGNC, which position descriptions set out each of the committee chair's key responsibilities, including duties relating to setting committee meeting agendas, chairing committee meetings and working with the respective committee members and management to ensure, to the greatest extent possible, the effective functioning of the committee. These descriptions are considered by the Board for approval annually.

The Chief Executive Officer

The primary functions of the Chief Executive Officer are to lead the management of the business and affairs of the Company and to lead the implementation of the resolutions and the policies of the Board. The Board has developed a written position description and mandate for the Chief Executive Officer which sets out the Chief Executive Officer's key responsibilities, including duties relating to strategic planning and oversight of the Company's business. The Chief Executive Officer mandate is considered by the Board for approval annually.

Orientation and Continuing Education

The Board encourages the Directors to take relevant training programs to expand their knowledge about best practices in corporate governance, the nature and operations of the Company, and broader industry issues affecting the Company. It is within the mandate of the CGNC to recommend to the Board continuing education activities or programs for Directors. The Company arranges for guest speakers to attend Board or committee meetings to provide information and education to Directors on a variety of subjects relevant to the Company and the role of its Directors.

The Company has an orientation program for new Directors under which a new Director meets separately with members of the executive team to discuss the role of the Board, its committees and its Directors, as well as the nature and operation of Leisureworld's business. In addition, a new Director is presented with a Director manual that contains reference information to assist in the new Director's orientation to the Company and his or her role, including key Company policies and procedures, the Company's current strategic plan, the most recent annual and quarterly reports of the Company, and materials relating to key business issues.

Ethical Business Conduct

The Board of Directors has adopted a code of business conduct and ethics (the "**Code**") that sets out the principles that should guide the behaviour of Directors, officers and employees of Leisureworld. The Code addresses, among others, the following issues:

- conflicts of interest;
- protection and proper use of corporate assets and opportunities;
- confidentiality of corporate information;
- fair dealing with the Company's competitors and persons with whom Leisureworld has a business relationship;
- compliance with laws, rules and regulations; and
- reporting of any illegal or unethical behaviour.

Through the Company's whistleblower policy, the Board has established procedures that allow employees of the Company to confidentially and anonymously submit concerns to the chair of the Audit Committee (who is independent of management of Leisureworld) regarding any accounting or auditing matter or any other matter of a financial nature which such employee believes to be in violation of the Code. Any complaints received are acknowledged and promptly investigated, and a log of all complaints that are received is maintained, tracking their receipt, investigation and resolution. Any complaints that relate to a questionable accounting or auditing matter will be immediately brought to the attention, and reviewed under the direction, of the Audit Committee.

The Board of Directors (or any committee to which that authority has been delegated) can grant waivers of compliance with the Code. No such waiver has been granted since the adoption of the Code and consequently, the Company filed no material change report during the last fiscal year pertaining to any conduct of a Director or executive officer of the Company that constitutes a departure from the Code.

A copy of the Code is available upon written request from the Corporate Secretary of the Company, 302 Town Centre Blvd., Suite 200, Markham, Ontario, L3R 0E8 or may also be found on SEDAR at www.sedar.com and on the Company's website at www.leisureworld.ca.

To ensure the Directors exercise independent judgment, in considering transactions, agreements or decisions in respect of which a Director or executive officer has a material interest, the Director or executive officer is required to recuse himself or herself from the Board meeting at the time such transaction, agreement or decision is considered by the Board and such individual will not be permitted to cast a vote on the matter.

Recognizing that "related party transactions" can present perceived or actual conflicts of interest and may raise questions about whether such transactions are consistent with the Company's and its Shareholders' best interests, the Company has adopted a Related Party Transaction policy. That policy sets out defined criteria and procedures for the review, approval or ratification by the CGNC of any potential Related Party Transactions involving the Company.

Nomination of Directors

The CGNC has carefully reviewed and assessed the professional skills and abilities, the personality and other qualifications of each proposed nominee for election to the Board, including the time and energy that the nominee is able to devote to the task as well as the specific contribution that he or she can make to the Board. The CGNC is comprised entirely of independent Directors.

Compensation

The CGNC approves the compensation of the Company's Directors and executive officers. In doing so, the committee reviews, as appropriate, industry data published by compensation consultants for comparable positions. The CGNC reviews performance annually. The CGNC is comprised entirely of independent Directors.

Compensation, Governance and Nominating Committee

The CGNC consists of four Directors, each of whom is an independent Director of the Company. In addition to the role it plays in compensation matters discussed above under the heading "Statement of Executive Compensation", the CGNC is also responsible for developing the Company's approach to governance issues, monitoring and overseeing the quality and effectiveness of the corporate governance practices and policies of the Company, making recommendations to the Board with respect to new members of the Board and reviewing the effectiveness of the Directors and the contribution of individual Directors.

Other Board Committees

Other than the Audit Committee and the CGNC, the Board does not have (and does not currently intend to have) any other standing committees.

Director Assessment

The Board, its committees and individual Directors are regularly assessed through surveys of their effectiveness and contribution in order for the Board to satisfy itself that the Board, its committees, and its individual Directors are performing effectively.

OTHER BUSINESS

The Directors are not aware of any matters intended to come before the Meeting other than those items of business set forth in the attached Notice of Meeting accompanying this Information Circular. If any other matters properly come before the Meeting, it is the intention of the persons named in the Form of Proxy to vote in respect of those matters in accordance with their judgment.

ADDITIONAL INFORMATION

Financial information is provided in the Company's comparative financial statements and the Company's management's discussion and analysis for Fiscal 2013 (the "MD&A"). Copies of the Company's financial statements for Fiscal 2013, together with the auditors' report thereon, the MD&A, the AIF (together with any document incorporated therein by reference) and this Information Circular are available upon written request from the Corporate Secretary of the Company, 302 Town Centre Blvd., Suite 200, Markham, Ontario, L3R 0E8. The Company may require payment of a reasonable charge if the request is made by a person who is not a Shareholder. These documents and additional information relating to the Company may also be found on SEDAR at www.sedar.com and on the Company's website at www.leisureworld.ca.

APPROVAL OF DIRECTORS

The contents and the sending of this Information Circular to the Shareholders have been approved by the Board of Directors.

BY ORDER OF THE BOARD OF DIRECTORS

Dated: April 16, 2014

"Lois Cormack"

Director, President and Chief Executive Officer

Leisureworld Senior Care Corporation

APPENDIX A

SHAREHOLDERS RESOLUTION

AMENDMENT OF COMPANY'S ARTICLES TO REQUIRE ADVANCE NOTICE OF DIRECTOR NOMINATIONS

Be it resolved as an ordinary resolution of the shareholders that:

1. Subject to any applicable regulatory approval, the articles of the Company (the "**Articles**") be amended by adding thereto, immediately following Article 10.3 thereof, the provisions attached hereto as Exhibit 1 (the "**Advance Notice Provisions**") as Article 10.31;
2. The board of directors of the Company be and is hereby authorized in its absolute discretion to administer the Advance Notice Provisions and to make such minor revisions to the Advance Notice Provisions as may be required by securities regulatory authorities or stock exchanges;
3. The Company be authorized to replace the existing Articles with amended and restated Articles which include the Advance Notice Provisions as aforesaid; and
4. Any one director or officer of the Company is hereby authorized, for and on behalf of the Company, to execute and, if appropriate, deliver all other documents and instruments and do all other things as in the opinion of such director or officer may be necessary or advisable to implement this resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such document or instrument, and the taking of any such action.

EXHIBIT 1

ADVANCE NOTICE PROVISIONS

Nomination of Directors

- 10.31 Subject only to the *Business Corporations Act* and the articles of the Company, only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Company.
- (a) Nominations of persons for election to the board may only be made at any annual meeting of shareholders, or at any special meeting of shareholders called for any purpose which includes the election of directors to the board:
 - (i) by or at the direction of the board or an authorized officer of the Company, including pursuant to a notice of meeting;
 - (ii) by or at the direction or request of one or more shareholders pursuant to a proposal made in accordance with the provisions of the *Business Corporations Act* or a requisition of the shareholders made in accordance with the provisions of the *Business Corporations Act*; or
 - (iii) by any person (a “**Nominating Shareholder**”) who (A) at the close of business on the date of the giving of the notice provided for below in this Article 10.31 and on the record date for notice of such meeting, is entered in the securities register as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting, and (B) complies with the notice procedures set forth in this Section 10.31.
 - (b) In addition to any other applicable requirements, for a nomination to be made by a Nominating Shareholder, the Nominating Shareholder must have given timely notice thereof in proper written form to the secretary of the Company at the principal executive offices of the Company in accordance with this Section 10.31.
 - (c) To be timely, a Nominating Shareholder’s notice to the secretary of the Company must be made:
 - (i) in the case of an annual meeting of shareholders (which may also be an annual and special meeting of shareholders), not less than thirty (30) nor more than sixty-five (65) days prior to the date of the annual meeting of shareholders, provided, however, that in the event that the annual meeting of shareholders is called for a date that is less than forty (40) days after the date (the “**Notice Date**”) on which the first public announcement of the date of the annual meeting was made, notice by the Nominating Shareholder may be made not later than the close of business on the tenth (10th) day following the Notice Date; and
 - (ii) in the case of a special meeting (which is not also an annual meeting) of shareholders called for the purpose of electing directors (whether or not called for other purposes), not later than the close of business on the fifteenth (15th) day following the day on which the first public announcement of the date of the special meeting of shareholders was made.
 - (d) To be in proper written form, a Nominating Shareholder’s notice to the secretary of the Company must set forth as to each person whom the Nominating Shareholder proposes to nominate for election as a director:
 - (i) the name, age, business address and residence address of the person;
 - (ii) the principal occupation or employment of the person for the past five (5) years;

- (iii) the class or series and number of any securities of the Company which are, directly or indirectly, owned beneficially or of record by, or under the control or direction of, the person as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice, and the date(s) on which such securities were acquired;
- (iv) the citizenship of the person;
- (v) any relationships, agreements or arrangements, including financial, compensation and indemnity related relationships, agreements or arrangements, between the person or any affiliates or associates of, or any person or entity acting jointly or in concert with, the person or the Nominating Shareholder; and
- (vi) any other information relating to the person that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the *Business Corporations Act* and Applicable Securities Laws (as defined below);

and must set forth as to the Nominating Shareholder giving the notice:

- (vii) the Nominating Shareholder's name, business and residential address, direct or indirect beneficial ownership in, or control or direction over, any class or series of securities of the Company, including the number or principal amount and the date(s) on which such securities were acquired;
 - (viii) the Nominating Shareholder's interests in, or rights or obligations associated with, an agreement, arrangement or understanding, the purpose or effect of which is to alter, directly or indirectly, the person's economic interest in a security of the Company or the Nominating Shareholder's economic exposure to the Company;
 - (ix) any proxy, contract, arrangement, understanding or relationship pursuant to which such Nominating Shareholder, or any of its affiliates or associates, or any person acting jointly or in concert with such person, has any interests, rights or obligations relating to the voting of any securities of the Company or the nomination of directors to the board;
 - (x) a representation that the Nominating Shareholder is a holder of record of securities of the Company, or a beneficial owner, entitled to vote at the meeting (and in the case of a beneficial owner has provided the Company with evidence of such ownership acceptable to the Company in its sole discretion acting reasonably);
 - (xi) a representation as to whether such person intends to deliver a proxy circular and/or form of proxy to any shareholder of the Company in connection with such nomination or otherwise solicit proxies or votes from shareholders of the Company in support of such nomination; and
 - (xii) any other information relating to such Nominating Shareholder that would be required to be made in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the *Business Corporations Act* and Applicable Securities Laws (as defined below).
- (e) The Company may require any proposed nominee to furnish such other information as may reasonably be required by the Company to determine the eligibility of such proposed nominee to serve as an independent director of the Company or that could be material to a reasonable shareholder's understanding of the independence, or lack thereof, of such proposed nominee.

- (f) The Nominating Shareholder's notice must be accompanied by a written consent of the proposed nominee to being named as a nominee as to serve as a director if elected.
- (g) No person shall be eligible for election as a director of the Company unless nominated in accordance with the provisions of this Section 10.31; provided, however, that nothing in this Section 10.31 shall be deemed to preclude discussion by a shareholder (as distinct from the nomination of directors) at a meeting of shareholders of any matter in respect of which it would have been entitled to submit a proposal pursuant to the provisions of the *Business Corporations Act*. The chairperson of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded.
- (h) For purposes of this Section 10.31:
 - (i) "**public announcement**" shall mean disclosure in a press release reported by a national news service in Canada, or in a document publicly filed by or on behalf of the Company under its profile on the System of Electronic Document Analysis and Retrieval at www.sedar.com; and
 - (ii) "**Applicable Securities Laws**" means the applicable *Securities Act*, or equivalent legislation, of each relevant province and territory of Canada, as amended from time to time, the rules, regulations and forms made or promulgated under any such statute and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities commission and similar regulatory authority of each province and territory of Canada.
- (i) Notwithstanding any other provision of the articles of the Company, notice given to the secretary of the Company pursuant to this Section 10.31 may only be given by personal delivery, courier or facsimile transmission (but not be email), at the address of the principal executive offices of the Company, and shall be deemed to have been given and made:
 - (i) if sent by personal delivery or courier, on the date of delivery if it is a business day and the delivery was made prior to 5:00pm (Toronto time) and otherwise on the next business day; or
 - (ii) if sent by facsimile transmission (provided that receipt of confirmation of such transmission has been received), on the business day following the date of confirmation of transmission by the originating facsimile
- (j) In no event shall any adjournment or postponement of a meeting of shareholders or the announcement thereof commence a new time period for the giving of a Nominating Shareholder's notice as described above.
- (k) Notwithstanding the foregoing, the board may, in its sole discretion, waive any requirement in this Section 10.31.

APPENDIX B
LEISUREWORLD SENIOR CARE CORPORATION
CHARTER OF THE BOARD OF DIRECTORS

The purpose of this mandate is to set out the mandate and responsibilities of the board of directors (the “**Board**”) of Leisureworld Senior Care Corporation (the “**Company**”), subject to the provisions of applicable statutes.

1. Composition

The Board shall be constituted with a majority of individuals who qualify as “independent” as defined in National Instrument 58-201 – *Corporate Governance Guidelines*.

2. Responsibilities of the Board of Directors

The Board is responsible for the stewardship of the Company and in that regard shall be specifically responsible for:

- (a) adopting a strategic planning process and approving, on at least an annual basis, a budget, and evaluating and discussing a strategic plan for the upcoming year which takes into account, among other things, the opportunities and risks of the Company’s business and investments;
- (b) supervising the activities and managing the investments and affairs of the Company;
- (c) approving major decisions regarding the Company;
- (d) defining the roles and responsibilities of management;
- (e) reviewing and approving the business and investment objectives to be met by management;
- (f) assessing the performance of and overseeing management;
- (g) reviewing the Company’s debt strategy;
- (h) identifying and managing risk exposure;
- (i) ensuring the integrity and adequacy of the Company’s internal controls and management information systems;
- (j) succession planning;
- (k) establishing committees of the Board, where required or prudent, and defining their mandate;
- (l) maintaining records and providing reports to Shareholders;
- (m) ensuring effective and adequate communication with Shareholders, other stakeholders and the public;
- (n) determining the amount and timing of distributions to Shareholders; and
- (o) acting for, voting on behalf of and representing the Company as the holder of limited partnership interests in Leisureworld Senior Care LP.

It is recognized that every director in exercising powers and discharging duties must act honestly and in good faith with a view to the best interest of the Company. Directors must exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. In this regard, they will comply with their duties of honesty, loyalty, care, diligence, skill and prudence.

In addition, directors are expected to carry out their duties in accordance with policies adopted by the board of directors from time to time.

It is expected that Management will co-operate in all ways to facilitate compliance by the Board with its legal duties by causing the Company and its subsidiaries to take such actions as may be necessary in that regard and by promptly reporting any data or information to the Board that may affect such compliance.

3. Meetings

The Board will meet not less than four times per year: three meetings to review quarterly results; and one prior to the issuance of the annual financial results of the Company. The Board shall function with a non-management chair and shall meet periodically without management present to ensure that the Board functions independently of management. At each Board meeting, unless otherwise determined by the Board, an in-camera meeting of independent directors will take place. The Board shall maintain a policy which permits individual directors to engage outside advisors at the cost of the Company.

The Board appreciates having certain members of senior management attend each Board meeting to provide information and opinion to assist the directors in their deliberations. Management attendees will be excused for any agenda items which are reserved for discussion among directors only.

4. Board Meeting Agendas and Information

The Chair, in consultation with management of the Company, will develop the agenda for each Board meeting. Agendas will be distributed to the directors before each meeting, and all Board members shall be free to suggest additions to the agenda in advance of the meeting

Whenever practicable, information and reports pertaining to Board meeting agenda items will be circulated to the directors in advance of the meeting. Reports may be presented during the meeting by members of the Board, management and/or staff, or by invited outside advisors. It is recognized that under some circumstances, due to the confidential nature of matters to be discussed at a meeting, it will not be prudent or appropriate to distribute written materials in advance.

5. Measures for Receiving Shareholder Feedback

All publicly disseminated materials of the Company shall provide for a mechanism for feedback of Shareholders.

6. Telephone Board Meetings

A director may participate in a meeting of the directors or in a committee meeting by means of telephone, electronic or such other communications facilities as permit all persons participating in the meeting to communicate with each other and a director participating in such a meeting by such means is deemed to be present at the meeting.

While it is the intent of the Board to follow an agreed meeting schedule as closely as possible, it is felt that, from time to time, with respect to time sensitive matters telephone board meetings may be required to be called in order for directors to be in a position to better fulfill their legal obligations. Alternatively, management may request the directors to approve certain matters by unanimous consent.

7. Expectations of Management

Management shall be required to report to the Board at the request of the Board on the performance of the Company, new and proposed initiatives, the Company's business and investments, management concerns and any other matter the Board or its Chair may deem appropriate. In addition, the Board expects Management to promptly report to the Chair any significant developments, changes, transactions or proposals respecting the Company or its subsidiaries.

8. Communications Policy

The Board approves the content of the Company's major communications to Shareholders and the investing public including the Annual Report, Management Information Circular, the Annual Information Form and any prospectuses which may be issued. The Audit Committee shall review and recommend to the Board the approval of the quarterly and annual financial statements (including the Management Discussion & Analysis) and press releases relating to financial matters. The Board also has responsibility for monitoring all of the Company's external communications. However, the Board believes that it is the function of management to speak for the Company in its communications with the investment community, the media, customers, suppliers, employees, governments and the general public.

The Board shall have responsibility for reviewing the Company's policies and practices with respect to disclosure of financial and other information including insider reporting and trading. The Board shall approve and monitor the disclosure policies designed to assist the Company in meeting its objective of providing timely, consistent and credible dissemination of information, consistent with disclosure requirements under applicable securities law. The Board shall review the Company's policies relating to communication and disclosure on an annual basis.

Generally, communications from Shareholders and the investment community will be directed to the Chief Financial Officer, who will coordinate an appropriate response depending on the nature of the communication. It is expected, if communications from stakeholders are made to the Chair or to other individual directors, management will be informed and consulted to determine any appropriate response.

9. Internal Control and Management Information Systems

The Board has responsibility for the integrity of the Company's internal control and management information systems. All material matters relating to the Company and its business require the prior approval of the Board. Management is authorized to act, without Board approval, on all ordinary course matters relating to the Company's business.

The Audit Committee has responsibility for ensuring internal controls are appropriately designed, implemented and monitored and for ensuring that management and financial reporting is complete and accurate, even though management may be charged with developing and implementing the necessary procedures



Leisureworld

SENIOR CARE CORPORATION