

## Headnote

National Policy 11-203 – *Process for Exemptive Relief Applications in Multiple Jurisdictions* – Filer granted exemption from the prospectus and registration requirements in connection with trades by applicants or licensed real estate agents in condo hotel units included in a rental program provided that purchasers receive certain disclosure prior to entering into an agreement of purchase and sale – Relief granted subject to conditions.

## Applicable Legislative Provisions

*Securities Act*, R.S.N.S. 1989, c. 418 and *Securities Act*, R.S.O 1990, c. S.5

### IN THE MATTER OF THE SECURITIES LEGISLATION OF NOVA SCOTIA AND ONTARIO (the “Jurisdictions”)

AND

### IN THE MATTER OF THE PROCESS FOR EXEMPTIVE RELIEF APPLICATIONS IN MULTIPLE JURISDICTIONS

AND

### IN THE MATTER OF CAPE SMOKEY PENINSULA LTD. (the “Filer”)

### DECISION

The securities regulatory authority or regulator in each of the Jurisdictions (the “**Decision Maker**”) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the “**Legislation**”) for an exemption from the Registration Requirements (as defined below) and the Prospectus Requirement (as defined below) in connection with the initial sale by the Filer, agents of the Filer (the “**Filer Agents**”) licensed under the *Real Estate Trading Act* (Nova Scotia), as amended (the “**RET Act**”), Project Entities (as defined in paragraph 3 below) and Project Entity Agents (as defined in paragraph 27 below) of Condo Units (as defined in paragraph 5 below) within certain Developments (as defined in paragraph 3 below) built or to be built by the Filer or a Project Entity on the land located next to the Cape Smokey Ski Resort in Ingonish Beach, Nova Scotia (the “**Lands**”).

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions (for a dual application):

- (a) the Nova Scotia Securities Commission is the principal regulator for this application;

- (b) the Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (“**MI 11-102**”) is intended to be relied on in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Prince Edward Island, Newfoundland and Labrador, Northwest Territories, Yukon and Nunavut, and
- (c) the decision is the decision of the principal regulator and evidences the decision of the securities regulatory authority or regulator in Ontario.

## Interpretation

Terms defined in National Instrument 14-101 *Definitions* and MI 11-102 have the same meaning if used in this decision, unless otherwise defined.

“**Act**” means the *Securities Act* (Nova Scotia).

“**Registration Requirements**” means, collectively, Section 31 of the Act and the similar or equivalent provisions of the Legislation as applicable.

“**Prospectus Requirement**” means, collectively, Section 58 of the Act and the similar or equivalent provisions of the Legislation as applicable.

## Representations

This decision is based on the following facts represented by the Filer:

1. The Filer and Holding (defined in paragraph 3 below) are the owners of the Lands located next to Cape Smokey Ski Resort (the “**Resort**”) in Ingonish Beach, Nova Scotia and their head and registered offices are located in Nova Scotia.
2. The Filer and each of the Project Entities are not in default of securities legislation in any jurisdiction. The Filer and each of the Project Entities are not a reporting issuer under the Act or under any other securities legislation in Canada and have no present intention of becoming a reporting issuer under the Act or any other securities legislation in Canada.
3. The Filer is developing part of the Lands by constructing, in phases, either directly or through project limited partnerships, affiliated companies (including sister companies, subsidiaries, Cape Smokey Holding Ltd. (“**Holding**”) or 4715747 Nova Scotia Limited (“**CS Resort**”)) or special project entities (collectively, the “**Project Entities**” or, individually, a “**Project Entity**”), dwelling units to be constructed as villa style residential condominium units in a duplex or triplex configuration (individually, a “**Villa Condo**” and collectively, “**Villa Condos**”) or in an apartment style condohotel configuration (individually, an “**Apartment Condo**” and collectively, “**Apartment Condos**”; the Villa Condos and the Apartment Condos are collectively referred to as “**Condos**”) within certain condominium corporations to be formed (each such condominium project being a “**Development**” and collectively, the “**Developments**”) which will function as short-term rental

accommodations, in accordance with applicable Nova Scotia provincial and municipal laws. Limited portions of the Developments may be freehold (and therefore excluded from condominium registration) to provide flexibility of access and use of non-residential areas such as parking or ancillary retail spaces. The retail spaces may be constructed as either a part of a Development, their own separate condominium or freehold. The Developments and the Condos will further support and enhance the Resort's village environment to be developed around the ski operations and other recreational activities that will be attractive to both frequent and infrequent users of the Resort's facilities.

4. The Project Entities will be used to develop the Lands in phases and each phase may contain one or more Developments. The Filer or affiliates of the Filer will supervise the development, construction and marketing of each Project Entity's Development, and will also provide administrative services to each Project Entity. The Filer and/or Project Entity may elect directly or through an affiliate to retain some of the Condos in order to participate in the Rental Program described in paragraph 16 below.
5. The Filer is proposing to offer to purchasers investment contracts comprising Condos and mandatory participation in a leasing program described in paragraph 16 below (collectively, a "**Condo Unit**"). Each owner of a Villa Condo will participate in pooled profits from rentals of all Condos of the same Class (as defined below) participating in the rental pool (the "**Rental Program**"). Villa Condos will initially be classed as "waterfront" and "non-waterfront", and Apartment Condos may be classed to include all Apartment Condos in a Development or all Apartment Condos in the Developments (each such class being a "**Class**"). There will be several rental pools in the Developments, one among the waterfront Class Condo owners, one among the non-waterfront Class Condo owners and one or more among the owners of the Apartment Condos. The Filer expects that the waterfront Class Condos will attract a higher rental fee than non-waterfront Class Condos or Apartment Condos due to their proximity to the water and better views of the surrounding areas. Revenues and expenses of a Class in connection with its rental pool will not be intermingled with those of a different Class.
6. A Development is a condominium complex which consists of a number of self-contained dwelling units and common areas and common facilities that are available for use by the owners and other occupants of such dwelling units.
7. It is expected that each Condo will have a living area, a kitchen and at least one bathroom and at least one sleeping area/bedroom and will be sold with the option of being fully furnished.
8. The common areas and common facilities of a Development will generally consist of amenities to support the Condos as well as shared facilities for utilities, parking, recreation, and additional space that may be required to support the rental management operation of the Development as more particularly described in paragraph 16 below.

9. In addition to his or her own Condo, each owner of a Condo will be entitled to a proportionate share of the relevant Development's common property, common facilities and other common assets of the condominium corporation (the "**Condo Corporation**") that will be created pursuant to the *Condominium Act* (Nova Scotia), as amended (the "**Condominium Act**") for each Development.
10. Each owner of a Condo will be responsible for expenses, such as heat, light, power, cable television (which may be offered by the property manager or the Rental Pool Manager (as defined in paragraph 16 below), telephone line charges and real property taxes, that are directly attributable to their Condo, and will also be responsible for his or her proportionate share of certain utilities and other expenses related to the common property of the Development in which the Condo is situated.
11. Common expenses and repair reserve funds in respect of the common areas will be determined by the relevant Condo Corporation and will be payable by each owner of a Condo.
12. The Filer or a Project Entity, as the case may be, will cause the relevant Condo Corporation to enter into a property management agreement with a qualified property manager, which may be any of the following: (i) a qualified third party not affiliated with the Filer, Holding or CS Resort; or (ii) a qualified third party affiliate of the Filer such as Holding and CS Resort, or other affiliates of the Filer, Holding, or CS Resort. The property manager shall manage and administer a Development's common property and shall be paid a management fee for its services. It is expected that any property management agreement will be on market terms and be subject to termination provisions typical for agreements with condominium corporations. Depending on the ownership structure, a separate property manager may be retained to manage the retail spaces and will be paid a management fee for its services.
13. Holding is a related party to the Filer and operates the Resort, including the ski operations and associated buildings. It is also the limited partner of CS Resort Management Limited Partnership.
14. CS Resort is a related party to the Filer and to Holding. It was formed for the purposes of acting as the general partner of CS Resort Management Limited Partnership.
15. Holding and CS Resort have formed a limited partnership under the laws of Nova Scotia called CS Resort Management Limited Partnership to act as the Rental Pool Manager (as defined below) (the "**Limited Partnership**"). CS Resort is the general partner, and Holding is the limited partner, of the Limited Partnership.
16. Pursuant to restrictive covenants to be registered against each Development (the "**Restrictive Covenants**"), every owner of a Condo Unit ("**Rental Program Participant**") will be required to enter into a lease (the "**Rental Agreement**") with any of the following: the Filer, Holding, CS Resort, the Limited Partnership, an affiliate of the Filer or Holding or CS

Resort or the Limited Partnership or a qualified third party, as the case may be (the “**Rental Pool Manager**”), in order to (i) permit the establishment and operation of a Rental Program by way of a rental pooling arrangement in accordance with the Rental Agreements; and (ii) ensure that the terms of any ruling and order granted by the Commission are complied with by the Filer and the Project Entities. The Rental Pool Manager will be the exclusive agent for the rental of each Rental Program Participant’s Condo.

17. The Rental Agreement will require a Rental Program Participant to participate in an arrangement whereby revenues derived from, and/or expenses relating to, the rental of the Rental Program Participant’s Condo by the Rental Pool Manager would be pooled with revenues derived from, and/or expenses relating to, the rental of all other Condos of the same Class and all such pooled revenues and expenses would be proportionately shared by the Rental Program Participants in such Class on the basis of the number of Condos owned by a Rental Program Participant that are available under the Rental Program for the Class for the relevant time period and the number of Condos available under the Rental Program for the Class for that time period, all as more particularly set out in the Rental Agreement (a “**Rental Pool**”). The Filer anticipates that the form of Rental Agreement will be the same for each Class and that the Class of the participating Condo will be specified in the Rental Agreement to designate such Condo to the appropriate Class.
18. The Rental Pool Manager, will (i) determine the rental rates for the Condos, including any differentials to be applied between Classes; (ii) coordinate the marketing, advertisement and rental of Condos; (iii) collect all rental payments and charges; (iv) deposit the rent revenues and pooling revenues of the Rental Program into operating accounts for each Class under the exclusive control of the Rental Pool Manager pursuant to the terms of the Rental Agreement; (v) pay aggregate revenue distribution to Condo owners in accordance with the Rental Agreement; and (vi) operate, supervise, manage, clean and maintain the Condos.
19. Maintenance fees and repair costs for each Condo that participates in the Rental Program, including charges for annual deep cleaning, furniture and appliance repair and normal “wear-and-tear”, will be payable by the owner of the Condo. If a Condo is damaged by a guest who rents such Condo, the owner will be ultimately responsible for the repair costs relating to such damage (to the extent such cost cannot be recovered from the guest). The Rental Pool Manager and the owner will co-operate in recovering such costs from any guest which may have caused such damage.
20. Individual expenses incurred in connection with an owner’s personal use of his/her Condo, including items such as room service charges and telephone bills, shall be paid after each period of personal use by the owner in accordance with the Rental Agreement. The Rental Pool Manager may deduct any unpaid individual expenses incurred by an owner from that owner’s aggregate revenue distribution. Each owner of a Condo will be responsible to the Rental Pool Manager for any shortfall between the owner’s aggregate

revenue distribution and any of the costs associated with such owner's Condo. If the Rental Pool Manager elects to deduct any unpaid individual expenses incurred by an owner from that owner's aggregate revenue distribution, a penalty charge may also be applied by the Rental Pool Manager. The owner of a Condo will not be responsible for personal use charges incurred by guests of the Rental Pool Manager.

21. The Rental Pool Manager will be responsible for all operating costs of the Condo other than certain fees, charges and expenses listed in the Rental Agreement (the "**Fees, Charges and Expenses**") that are to be paid by the owners of each Condo in connection with the earning of revenues for the Developments. The Rental Agreement will include a description of how such costs associated with the operation and maintenance of the Condos will be allocated between the Rental Pool Manager and the owners of the Condos. The Rental Pool Manager will be entitled to deduct the Fees, Charges and Expenses from each Condo owner's aggregate revenue distribution. If the aggregate revenues from the Rental Program do not cover the full amount of the Fees, Charges and Expenses, then the owners of the Condos will be responsible for such shortfall.
22. The Rental Pool Manager will be entitled to receive a fee for managing the Rental Program that is based upon an allocation of rental revenue between the Rental Program Participants and the Rental Pool Manager generated by the Rental Program. Distributions, applicable expenses, and fees will be calculated and paid in accordance with and as set out in the Rental Agreement, as applicable, anticipated to be on a monthly or quarterly basis.
23. Additional revenues from the Rental Program may be derived from various services provided to, and various amenities available to, Rental Program Participants and guests who rent Condos in the Rental Program.
24. It is expected that the Rental Agreement may provide for the lease of a Condo, for the purposes of the Rental Program, by the Rental Pool Manager for portions of a calendar year comprising the period from December 15 of one year to April 30 of the following year and the period from June 1 to October 31 of a year, as amended from time to time by the Rental Pool Manager in its sole discretion to reflect the resort operating season (a "**Rental Year**").
25. It is expected that any Rental Agreement would have an initial term of not more than five (5) years and three (3) subsequent terms of not more than five (5) years each. It would renew automatically at the end of each term unless terminated in accordance with its terms by (i) the Rental Program Participant which will require termination by a Rental Program Participant only with the approval of a prescribed majority of the Condo owners within the Developments as set out in the Rental Agreement, (ii) or the Rental Pool Manager in accordance with the provisions of the Rental Agreement. On the resale of a Condo Unit, the Rental Agreement will be assigned by the seller of the Condo Unit and assumed by the purchaser.

26. Rental Program Participants' right to occupy their Condos will be restricted in accordance with the Rental Pool Agreement. Such restrictions would limit a Rental Program Participant's occupancy to 10% of any Rental Year, with a further restriction of no more than 10% during designated peak periods, all as more particularly set out in the Rental Agreement.
27. Condo Units will initially be offered for sale in Nova Scotia through one or more of the Filer, a Filer Agent, a Project Entity or an agent of a Project Entity licensed under the RET Act (a "**Project Entity Agent**").
28. As the Condos are located in Nova Scotia, the Filer Agents and Project Entity Agents selling the Condos are subject to Nova Scotia legal requirements, regardless of where the marketing of the real property is undertaken and of the home jurisdiction of the purchaser. The protections available to purchasers of real estate, including Condos, in Nova Scotia where a person licensed under the RET Act is engaged in the selling process stem primarily from the RET Act (where the Nova Scotia Real Estate Commission ("**NSREC**") is incorporated by statute) and NSREC's By-laws. The combination of the RET Act and NSREC's By-laws establish licensing, conduct, insurance, trust account, and disclosure obligations for real estate professionals that resembles those for registrants under securities legislation as well as many other regulated professions.
29. The offering of Condo Units by the Filer, the Filer Agents, the Project Entities and the Project Entity Agents will be made in compliance with the Condominium Act.
30. Some Condo Unit owners may wish to sell their Condo Units in the future, with or without the assistance of an agent licensed under the RET Act. The resale of Condo Units may be subject to a right of first refusal in favour of one of the Filer Parties (as defined below), or its assignee, whereby if such owner receives a bona fide written offer of purchase and sale that it is willing to accept (the "**Offer**"), it must notify the relevant Filer Party (as defined below) and such Filer Party (as defined below) shall have the right (but not the obligation) to purchase the Condo Unit on the same terms and conditions as the prospective purchaser under the Offer (such right, the "**ROFR**") prior to the owner accepting the Offer. One or more of the Filer Parties (as defined below) may wish to purchase Condo Units from Condo Unit owners, either through the exercise of the ROFR or from the Condo Unit owner with or without the assistance of a Nova Scotia licensed real estate broker/agent engaged to market and sell the Condo Unit.

### **Initial Sales**

31. The Filer, a Filer Agent, a Project Entity or a Project Entity Agent, as applicable, will deliver to an initial purchaser of a Condo Unit, before an agreement of purchase and sale is entered into, an offering memorandum (the "**Disclosure Document**") in the form of a disclosure statement required under the Condominium Act (together with the condominium documents, site plan and initial condominium budget) which will also include additional information in the body of the disclosure statement relating to the real estate securities

aspects of the offering prepared substantially in accordance with the form and content requirements of B.C. Form 45-512F under the *Securities Act* (British Columbia) R.S.B.C. 1996, c. 418, as amended (**Form 45-512F**), including, but not limited to:

- (a) a description of the Developments and the offering of Condo Units;
- (b) a summary of the material features of the Rental Agreement;
- (c) a description of the continuous reporting obligations of the Condo Corporation (if any pursuant to the Condominium Act) and the Rental Pool Manager to owners of Condo Units as more particularly described in paragraph 36 below;
- (d) a description of the risk factors that make the offering of Condo Units a risk or speculation;
- (e) a description of the contractual right of action available to purchasers of Condo Units as more particularly described in paragraph 33 below; and
- (f) a certificate signed by the president or chief executive officer and chief financial officer (or equivalent) of either: (i) the Filer; (ii) the Project Entity or if the Project Entity is a project limited partnership, the general partner of the Project Entity; (iii) CS Resort as the general partner of the Rental Pool Manager; or (iv) their successors, as the case may be, in the following form:

“The foregoing contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in the circumstances in which it was made”.

- 32. An initial purchaser of a Condo Unit will have a statutory right under the Condominium Act to rescind an agreement to purchase a Condo Unit within ten days of receiving the Disclosure Document or a material amendment to the Disclosure Document.
- 33. Purchasers of Condo Units will be provided with a contractual right of action identical to that as set out in section 138 of the Act. The Disclosure Document will describe the contractual right of action, including any defences available to the Filer or a Project Entity, or the Rental Pool Manager, as the case may be, the limitation periods applicable to the exercise of the contractual right of action, and will indicate that the rights are in addition to any other right or remedy available to the purchaser.
- 34. Prospective purchasers of Condo Units will not be provided with rental or cash flow guarantees or any other form of financial projection or commitment on the part of the Filer, the Project Entity or the Rental Pool Manager, as the case may be, save and except for (i) the budget that must be delivered to an initial purchaser of a Condo Unit pursuant to the Condominium Act, and (ii) examples of financial calculations solely for the purpose of better explaining to prospective purchasers of Condo Units how the rental revenue is



calculated and allocated or revenue pooling proceeds are calculated and allocated, as the case may be, which sample calculations will be included in the Disclosure Document.

35. The economic value of a Condo Unit will be attributable primarily to its real estate component because Condo Units will be advertised and marketed as resort properties and will not be advertised or marketed with reference to the expected economic benefits of the Rental Agreement. Notwithstanding the foregoing, the existence of the Rental Program will be disclosed to prospective purchasers, and the form of Rental Agreement will be provided to prospective purchasers of Condo Units, each for the purpose of disclosing the encumbrances placed upon a Condo and as disclosure regarding the operation of the Rental Program.
36. The Rental Agreement will impose an irrevocable obligation on the Rental Pool Manager to send to each owner of a Condo Unit and to the board of directors for the Development in which the Condo Unit is located:
  - (a) audited annual financial statements for the Rental Pool in which such owner participates that have been prepared and delivered in accordance with sections 4.1 and 4.2 of National Instrument 51-102 Continuous Disclosure Obligations (NI 51-102) as if the Rental Pool was a reporting issuer for purposes of the Act; and
  - (b) interim unaudited financial statements for the Rental Pool in which such owner participates that have been prepared and delivered in accordance with sections 4.3 and 4.4 of NI 51-102 as if the Rental Pool was a reporting issuer for purposes of the Act.
37. The Rental Agreement will impose an irrevocable obligation on the Rental Pool Manager to send to each Rental Program Participant and to the board of directors for the Development in which the Rental Program Participant's Condo Unit is located, statements of revenues and expenses for his, her or its Condo Unit for each quarter or such shorter period as may be stated in the Rental Agreement, on or before the 30th day after the date to which they are made up.
38. The by-laws for a Development shall contain provisions to require its board of directors to provide copies of the financial statements described in paragraph 36 upon the request for the same by a prospective purchaser of a Condo Unit, provided that the board of directors has received such financial statements from the Rental Pool Manager.

#### **Subsequent Resales**

39. The Rental Agreement will impose an irrevocable obligation on the Rental Pool Manager to deliver to a subsequent prospective purchaser of a Condo Unit (unless such subsequent prospective purchaser is the Filer, a Project Entity or an affiliate of the Filer or Project Entity (each a "**Filer Party**", and collectively, the "**Filer Parties**")), upon reasonable notice

of an intended sale by the owner of a Condo Unit (collectively, such sales being referred to as a “**Condo Resale**”), and before an agreement of purchase and sale is entered into:

- (a) the most recent audited annual financial statements (which include financial statements for the prior comparative year) and, if applicable, interim unaudited financial statements for the Rental Pool prepared in accordance with paragraph 36 hereof (collectively “**Financial Statements**”); and
- (b) either (i) quarterly statements of revenues and expenses for the Condo for the two-year period preceding the entering into of the agreement of purchase and sale for the Condo Unit but only to the extent that the Condo was subject to the Rental Agreement during such two-year period; or (ii) to the extent that the Condo was subject to the Rental Agreement for less than two-years, the quarterly statements of revenues and expenses for the Condo for such period preceding the entering into of the agreement of purchase and sale for the Condo Unit that the Condo was subject to the Rental Agreement, prepared in accordance with paragraph 36 hereof (the “**Quarterly Statements**”, and collectively with the Financial Statements, the “**Financial Information**”).

40. The Rental Agreement will impose an irrevocable obligation on:

- (a) the Rental Pool Manager to deliver the Disclosure Document to a subsequent prospective purchaser in a Condo Resale (other than where such purchaser is a Filer Party) upon receiving reasonable notice of a proposed Condo Resale that is to take place either prior to, or within 12 months of, the issuance of permission to occupy the relevant Condo; and
- (b) the Rental Pool Manager to deliver a summary of the Disclosure Document (the “**Disclosure Document Summary**”) to a subsequent prospective purchaser in a Condo Resale (other than where such purchaser is a Filer Party) upon receiving reasonable notice of a proposed Condo Resale that is to take place any time following the expiration of a period of 12 months from the date of issuance of permission to occupy the relevant Condo.

41. A Disclosure Document Summary that is delivered to a prospective purchaser in a Condo Resale (other than where such purchaser is a Filer Party) in which a Condo Unit is subject to a Rental Agreement will include:

- (a) items 1, 2(1), 4, 5, 6, 8(1), (2), (3) and (4), 9(b) and 15 of Form 45-512F with respect to the proposed sale, modified as necessary to reflect the operation of the Rental Pool and the form of disclosure, and
- (b) items 11(2), (3) and (4) of Form 45-512F with respect to the Rental Pool Manager under the Rental Agreement modified so that the period of disclosure runs from the date of the certificate attached to the Disclosure Document Summary,

and will be certified by the Rental Pool Manager in the form of the certificate required pursuant to item 17 of Form 45-512F.

42. The Rental Agreement will impose an irrevocable obligation on each owner of a Condo Unit to provide:
- (a) the Rental Pool Manager with reasonable notice of a proposed Condo Resale; and
  - (b) a subsequent prospective purchaser in a Condo Resale (other than where such purchaser is a Filer Party) with notice of his, her or its right to obtain from the Rental Pool Manager, Financial Information and the Disclosure Document or Disclosure Document Summary, as the case may be.
43. A Rental Agreement will not require purchasers of Condo Units to give any person any assignment of their right to vote in accordance with the Condominium Act or condominium bylaws, or to waive notice of meetings of the condominium corporation in respect of a Development.
44. Where the seller in a subsequent trade is a Filer Party and the sale is to a purchaser that is not a Filer Party, such purchaser will be provided with (a) a right to rescind the agreement to purchase the Condo Unit within ten days of receiving the Disclosure Document or a material amendment to the Disclosure Document, and (b) a contractual right of action as described in paragraph 33.

## **Decision**

Each of the Decision Makers is satisfied that the decision meets the test set out under the Legislation for the Decision Maker to make the decision.

The decision of the Decision Makers under the Legislation is that that the distribution of a Condo Unit by the Filer, the Filer Agents, the Project Entities and the Project Entity Agents is exempt from the Prospectus Requirement and the Registration Requirement, provided that:

- (a) each of the Filer and the Project Entities deal fairly, honestly and in good faith with potential purchasers and purchasers;
- (b) the Filer Agents and the Project Entity Agents are each licensed under the RET Act and deal with potential purchasers and purchasers according to the requirements of its license under the RET Act and NSREC's By-laws;
- (c) the Filer, Filer Agents, Project Entities, and Project Entity Agents will only advertise and market the Condo Units and the Development as resort properties and will not advertise or market the Condo Units or the Development with reference to the expected economic benefits of the Rental Agreement;

- (d) every initial purchaser of a Condo Unit receives all of the documents and information referred to in paragraph 31 above, and a copy of this ruling, prior to entering into an agreement of purchase and sale;
- (e) every initial purchaser of a Condo Unit receives the ten-day period for rescission described in paragraph 32 above;
- (f) every initial purchaser of a Condo Unit is provided with a contractual right of action as described in paragraph 33 above;
- (g) any subsequent trade of a Condo Unit, shall be a “distribution” for the purposes of the Legislation, unless:
  - (i) the seller of the subject Condo Unit is not a developer (other than a Filer Party) or an agent acting on such developer’s behalf;
  - (ii) the seller of the subject Condo Unit provides written notice to the Rental Pool Manager of his, her or its intention to sell his, her or its Condo Unit;
  - (iii) the prospective purchaser of such Condo Unit (other than where such purchaser is a Filer Party) receives, prior to entering into an agreement of purchase and sale, all of the documents and information referred to in paragraphs 39 and 40, as the case may be;
  - (iv) the seller, or an agent acting on the seller’s behalf, does not advertise, market, promise or otherwise represent any projected economic benefits of the Rental Program to any prospective purchaser; and
  - (v) if the seller is a Filer Party, the subsequent purchaser is provided with (a) a right to rescind the agreement to purchase the Condo Unit within ten days of receiving the Disclosure Document or a material amendment to the Disclosure Document, and (b) a contractual right of action as described in paragraph 33.

**DATED** this 14<sup>th</sup> day of January, 2026.

**NOVA SCOTIA SECURITIES COMMISSION**

(signed) “Valerie Seager”  
Valerie Seager  
Chair

(signed) “Heidi Walsh-Sampson”  
Heidi Walsh Sampson, K.C.  
Vice Chair