



**CHARTER OF THE COMPENSATION COMMITTEE OF
BOARD OF DIRECTORS OF CHESSWOOD GROUP LIMITED**

I. Adoption

This Compensation Committee Charter (this “**Charter**”) has been adopted by the board of directors (the “**Board**”) of Chesswood Group Limited (the “**Corporation**”) as of January 1, 2011.

II. Background

The Corporation is a corporation incorporated under the laws of the Province of Ontario and has succeeded to the various ownership interests of Chesswood Income Fund as a result of the conversion of such fund into a corporate structure through a plan of arrangement.

The Corporation is the sole limited partner of Chesswood Holding Limited Partnership (the “**Holding LP**”). The Holding LP is the holding entity through which the Corporation has its ownership interests in various operating entities. As at the date of this Charter, these operating entities are comprised of Lease-Win Limited, Sherway Limited Partnership (“**Sherway LP**”) and Pawnee Leasing Corporation (the Corporation’s direct and indirect subsidiary entities referred to herein as the “**Corporation Entities**”).

III. Purpose

The Compensation Committee of the Board of the Corporation (the “**Compensation Committee**”) is a committee of the directors of the Corporation (the “**Directors**”) and appointed by the Directors to assist the Board in fulfilling its oversight responsibilities relating to (i) the compensation of the Directors and senior management of the Corporation, (ii) the administration of the compensation plans for senior management of the Corporation Entities, including stock/unit option plans, long-term incentive plans and such other compensation plans as are adopted by the Corporation Entities from time to time and (iii) policies for management benefits and perquisites.

The Compensation Committee will primarily fulfill its responsibilities by carrying out the activities enumerated in Part VI (“Responsibilities and Duties”) of this Charter. The primary function of the Compensation Committee is to assist the Directors in fulfilling their legal and fiduciary obligations and responsibilities.

IV. Composition and Meetings

The Compensation Committee will be composed of three or more Directors as shall be determined by the Directors from time to time, a majority of whom must be Independent (as defined below). In accordance with National Instrument 58-101, a Director is considered “**Independent**” to the Corporation if he or she has no direct or indirect “material relationship” with any of the Corporation Entities which could, in the view of the Directors, reasonably interfere with the exercise of his or her independent judgment. Notwithstanding the foregoing, a Director will be deemed to have a “material relationship” with the Corporation (and therefore be considered as not Independent) if he or she falls in one of the categories listed in Schedule “A” attached hereto.

The members of the Compensation Committee will be elected by the Directors at the annual organizational meeting of the Directors or until their successors are duly elected and qualified. Unless a Chairman is elected by the Directors, the members of the Compensation Committee may designate a Chairman by majority vote of the full Compensation Committee membership.

The Compensation Committee is to meet as frequently as circumstances require (but at least semi-annually).

Quorum for the transaction of business at any meeting of the Compensation Committee is the presence in person or by telephone or other communication equipment of a majority of the number of members of the Compensation Committee or such greater number as the Compensation Committee shall by resolution determine. Further, a quorum will not be considered present unless a majority of the members participating in the meeting are Independent Directors.

If within one hour of the time appointed for a meeting of the Compensation Committee a quorum is not present, the meeting shall stand adjourned to the same hour on the second business day following the date of such meeting at the same place. If at the adjourned meeting a quorum as hereinbefore specified is not present within one hour of the time appointed for such adjourned meeting, the quorum for the adjourned meeting will consist of the members then present (provided again that a majority of the members participating are Independent Directors).

If and whenever a vacancy exists, the remaining members of the Compensation Committee may exercise all of its powers and responsibilities so long as a quorum remains in office.

Notice of a meeting of the Compensation Committee may be given verbally, in writing or by telephone, fax or other means of communication, and need not specify the purposes of the meeting.

Minutes are to be kept of meetings of the Compensation Committee which are to be submitted to the Directors. The Compensation Committee may, from time to time, appoint any person, who need not be a member, to act as secretary at any meeting.

All decisions of the Compensation Committee will require the vote of a majority of its members present at a meeting at which a quorum is present.

V. Authority of the Compensation Committee

The Compensation Committee has the authority to (a) engage independent counsel and other advisors (including, without limitation, outside compensation specialists) as it determines necessary to carry out its duties; (b) to set and pay the compensation for any advisors employed by it; and (c) to communicate directly with the Corporation's internal and external auditors.

The Compensation Committee also has the authority to conduct or authorize investigations into any matters within the scope of its responsibilities.

The Compensation Committee may request the external auditors as well as any Director or member of management of the Corporation, outside counsel of the Corporation or others, to attend a Compensation Committee meeting or to meet with members of, or advisors to, the Compensation Committee and to provide pertinent information as necessary. For purposes of performing their oversight related duties, members of the Compensation Committee are to have full access to the books and records of the Corporation Entities and are to be permitted to discuss such information and any other matters relating to the financial position of the Corporation Entities with senior employees, management and external auditors and advisors of the Corporation Entities.

VI. Responsibilities and Duties

To fulfill their responsibilities and duties, the Compensation Committee is expected to:

General Responsibilities

1. Review and assess this Charter at least annually, as conditions dictate, and submit any proposed revisions to the Board for approval.

2. Create an agenda for each meeting and for the ensuing year.
3. Report periodically (but no less frequently than annually) to the Board.

Compensation Responsibilities

4. Review and recommend to the Board the compensation of the Directors, including annual retainer, meeting fees, option grants and other benefits conferred.
5. Review and recommend to the Board the compensation (including long term incentive compensation, option grants, perquisites and other benefits) for senior management of the Corporation.
6. Review compensation disclosure relating to the Directors and the executive compensation relating to the senior management of the Corporation Entities before the Corporation publicly discloses this information.
7. Approve any changes from time to time to such compensation policies.
8. Assessing insurance coverage for Directors, and officers of the Corporation and making recommendations for its renewal, amendment or replacement.
9. Reviewing the policies and practices with respect to the indemnification of Directors and officers of the Corporation, and for approving any payments to be made pursuant to such policies and practices.

VII. Other Responsibilities

While the Compensation Committee has the responsibilities and duties as set out in this Charter, it shall perform any other activities consistent with this Charter, the *Business Corporations Act* (Ontario), the constating documents of the Corporation and all applicable legal, regulatory and listing requirements (including, without limitation, those of the Ontario Securities Commission and the Toronto Stock Exchange), as they or the Board deem necessary or appropriate.

SCHEDULE "A"

Meaning of "material relationship"

A "material relationship" is a relationship that could, in the view of the issuer's board of directors, be reasonably expected to interfere with the exercise of a member's independent judgment. The following individuals are considered to have a material relationship with the issuer:

- A. an individual who is, or has been within the last three years, an employee or executive officer of the issuer;
- B. an individual whose immediate family member is, or has been within the last three years, an executive officer of the issuer;
- C. an individual who: (i) is a partner of a firm that is the issuer's internal or external auditor, (ii) is an employee of that firm, or (iii) was within the last three years a partner or employee of that firm and personally worked on the issuer's audit within that time;
- D. an individual whose spouse, minor child or stepchild, or child or stepchild who shares a home with the individual: (i) is a partner of a firm that is the issuer's internal or external auditor; (ii) is an employee of that firm and participates in its audit, assurance or tax compliance (but not tax planning) practice, or (iii) was within the last three years a partner or employee of that firm and personally worked on the issuer's audit within that time;
- E. an individual who, or whose immediate family member, is or has been within the last three years, an executive officer of an entity if any of the issuer's current executive officers serves or served at that same time on the entity's compensation committee; and
- F. an individual who received, or whose immediate family member who is employed as an executive officer of the issuer received, more than \$75,000 in direct compensation from the issuer during any 12 month period within the last three years.

An individual will not be considered to have a material relationship with the issuer solely because (a) he or she had a relationship identified above if that relationship ended before March 30, 2004; or (b) he or she had a relationship identified above by virtue of such relationship being with a subsidiary entity or a parent of that issuer, if that relationship ended before June 30, 2005.

An individual will not be considered to have a material relationship with the issuer solely because the individual or his or her immediate family member (a) has previously acted as an interim chief executive officer of the issuer, or (b) acts, or has previously acted, as a chair or vice-chair of the board of directors or of any board committee of the issuer on a part-time basis.

For the purposes of "C" and "D" above, a partner does not include a fixed income partner whose interest in the firm that is the internal or external auditor is limited to the receipt of fixed amounts of compensation (including deferred compensation) for prior service with that firm if the compensation is not contingent in any way on continued service.

For the purposes of "F" above, direct compensation does not include: (a) remuneration for acting as a member of the board of directors or of any board committee of the issuer, and (b) the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the issuer if the compensation is not contingent in any way on continued service.

Despite any determination made whether an individual has a material relationship with an issuer, an individual who (a) accepts directly or indirectly, any consulting, advisory or other compensatory fee from the issuer or any subsidiary entity of the issuer, other than as remuneration for acting in his or her capacity as a member of the board of directors or any board committee, or as a part-time chair or vice-chair of the board or any board committee; or (b) is an affiliated entity of the issuer or any of its subsidiary entities, is considered to have a material relationship with

the issuer. The indirect acceptance by an individual of any such consulting, advisory or other compensatory fee includes acceptance of a fee by (a) an individual's spouse, minor child or stepchild, or a child or stepchild who shares the individual's home; or (b) an entity in which such individual is a partner, member, an officer such as a managing director occupying a comparable position or executive officer, or occupies a similar position (except limited partners, non-managing members and those occupying similar positions who, in each case, have no active role in providing services to the entity) and which provides accounting, consulting, legal, investment banking or financial advisory services to the issuer or any subsidiary entity of the issuer. Compensatory fees do not include the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the issuer if the compensation is not contingent in any way on continued service.

“company” - any corporation, incorporated association, incorporated syndicate or other incorporated organization;

“control” - the direct or indirect power to direct or cause the direction of the management and policies of a person or company, whether through ownership of voting securities or otherwise;

“executive officer” of an entity – means an individual who is (a) a chair of the entity; (b) a vice-chair of the entity; (c) the president of the entity; (d) a vice-president of the entity in charge of a principal business unit, division or function including sales, finance or production; (e) an officer of the entity or any of its subsidiary entities who performs a policy-making function in respect of the entity; or (f) any other individual who performs a policy-making function in respect of the entity;

“issuer” includes a subsidiary entity of the issuer and a parent of the issuer;

“person” - an individual partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, trustee, executor, administrator, or other legal representative; and

“subsidiary entity” - a person or company is considered to be a subsidiary entity of another person or company if (a) it is controlled by (i) that other, or (ii) that other and one or more persons or companies each of which is controlled by that other, or (iii) two or more persons or companies, each of which is controlled by that other; or (b) it is a subsidiary entity of a person or company that is the other's subsidiary entity.