

and countered on July 4, 2018 ^mg

This Letter of Intent submitted June 25th, 2018. and amended on July 3, 2018 - MSK

TO: Rainy Chief Investments Ltd.
C/O Cushman & Wakefield ULC, Calgary
Attn: Brad Kroeker, Marc Rosso
Suncor Energy Centre
111 - 5th Avenue SW, Suite 1730
Calgary, Alberta T2P 3Y6

Re: Letter of Intent to Purchase 806 10th Street NW, Calgary, Alberta - legally described as Plan Calgary 24480, Block Five (5), Lot One (1) to Five (5) and the South Half of Lot Six (6) (the "Property")

Dear Brad Kroeker & Marc Rosso:

Norfolk Housing Association is an independent non-profit providing mixed-income housing in the community of Hillhurst and Sunnyside for over 35 years. Our mission is to create communities where everyone feels at home and is empowered to live the best version of themselves.

By providing safe, stable, and affordable places for people to call home we ensure that everyone, regardless of income or ability, can integrate into community and lift themselves and their families out of poverty.

We are a fully self-sustainable organization utilizing a unique model whereby market rents and commercial activity support lower rents for those who are on a fixed income or are struggling to afford market rents. We provide a service that is rooted in values of relationships, quality homes, neighbors, and sustainability.

We believe that for a city to be truly great, it must be great for everyone and that we all have a right to a safe place to call home. Because of these beliefs, we are embarking on a growth strategy that includes acquisition and preservation of purpose-built rental properties in Hillhurst/Sunnyside.

Hillhurst/Sunnyside is unique in many ways because it offers fantastic amenities, opportunities to participate in community, and it has a diverse population of residents from all walks of life. We strongly feel it is critical to preserve this diversity in the community and allow families and individuals, regardless of what they can pay for rent, an opportunity to reap those community benefits and build their lives.

Norfolk is interested in the property located at 806 10 Street NW because it meets many of our criteria for a new acquisition. Given our mandate and financial limitations as a non-profit we are seeking a property that is within our constrained budget but will also meet requirements of financing through our partnership with CMHC. Our proposed price for this building reflects anticipated required capital repairs to the property that would be satisfactory to CMHC because as a non-profit without shareholders we must pursue the route of a non-recourse loan.

The purpose of this letter is to introduce you to and express the interest of Norfolk Housing Association (the "Purchaser") in negotiating an agreement to acquire a 100% fee simple interest in the Property. This letter sets forth the major business terms under which we are prepared to enter into an agreement:

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1. Purchase Price: The purchase price shall be four million ~~two hundred thousand~~ ^{two hundred fifty thousand} Dollars *NPK*

~~\$4,200,000~~ ~~\$4,200,000~~ ~~\$4,250,000~~ *\$4,280,000*

2. Deposits: The Purchaser shall provide, *NPK*

- a) A First Deposit of \$42,000 within five (5) business days of the execution and delivery of the Purchase and Sale Agreement; *\$250,000 NPK*
- b) A Second Deposit of \$42,000 within five (5) business days of the satisfaction or waiver of all conditions as set out in section 5; and *NPK*
- c) The remaining balance due on the Closing Date

The First Deposit and the Second Deposit shall be paid to the Purchaser's solicitors in trust and invested with a Schedule 1 bank in an interest bearing account, interest bearing investment certificate or similar investment vehicle, with all interest earned to follow the deposits. The First Deposit and Second Deposit, along with all interest, shall be refundable to the Purchaser if the transaction does not proceed for any reason, other than a default by the Purchaser to perform its obligations under the Agreement, or other than a decision by the Purchaser not to proceed with the transaction after it has waived the conditions set out herein.

No interest shall be payable on the deposits. NPK

3. Closing Date: The Closing Date shall occur forty five (45) calendar days from the removal of the Conditional Period. *Closing Date shall not be before August 31, 2018*

4. Purchase & Sale Agreement: The Vendor shall deliver to the Purchaser within ten (10) business days of the date of execution of this Letter of Intent by the Vendor, the proposed format of Purchase and Sale Agreement. The Vendor and the Purchaser covenant to negotiate in good faith toward the completion of the Purchase and Sale Agreement following delivery to the Vendor of the proposed form of Purchase and Sale Agreement. *NPK*

5. Conditional Period: The Purchaser's obligations to complete the transaction contemplated herein shall be conditional upon the satisfaction or waiver of the Purchaser's conditions described in this section 5 (as subsequently more fully described in the Purchase and Sale Agreement). The Purchaser shall have until the expiry of the Conditional Period to satisfy or waive such conditions. The Purchaser's conditions shall include, without limitation, the approval of the following matters in its sole and absolute discretion, failing which the Purchase and Sale Agreement shall terminate, and the Initial Deposit and all interest earned thereon shall be returned to the Purchaser.

The Purchaser acknowledges that Vendor's lawyer is away July 5 - 23, 2018 and therefore negotiation and anticipated signing of Purchase and Sale Agreement shall occur after July 23, 2018.

NPK

Vendor agrees to a \$100,000 holdback from sale proceeds held by Vendor's solicitor to be applied to payment of elevator repair. Vendor has received quote from Hayes Elevator of \$47,000 to repair elevator and estimated repair completion date of October 1, 2018

e) Vendor agrees to conduct the repair work required to the building elevator, and provide proof of and inspection of the work completed. ~~prior to expiration of condition period.~~

- a) Approval of the Board of Directors of Norfolk Housing Association and
- b) All other required regulatory or third party consents and approvals for the transaction obtained and
- c) The Purchaser having negotiated financing on terms and conditions satisfactory to the Purchaser in its sole and absolute discretion and
- d) Physical inspection of the exterior and interior of the Property, including all units occupied and vacant, the title, and financial and related due diligence items to the Purchaser's sole satisfaction.

The transaction contemplated herein shall be conditional for a period (the "Conditional Period") of thirty (30) calendar days following the later of execution of the Purchase and Sale Agreement and delivery of the Due Diligence Materials.

6. Due Diligence Materials:

The Vendor shall, on or before the 5th business day after the execution and delivery of the Agreement by all parties ("Delivery Date"), deliver to the Purchaser's offices in Calgary true copies of all, leases, contracts, physical and financial information and shall make available all other documents in its possession or control that are deemed reasonably necessary for a thorough inspection and understanding of all aspects of the Property including legal, physical, financial, environmental and design/development matters, including but not limited to:

- a) current, itemized rent roll (suite numbers, tenant's names, rents, and security deposits) for the Property
- b) copies of all leases, and other rental agreements affecting the Property
- c) copies of Financial Statements for the current year to date, plus the last two (2) fiscal years of the Vendor
- d) utility bills for the last two years
- e) copies of all operating contracts affecting the Property, such as but not limited to building management contracts, waste removal, landscaping, alarm, elevator, and pest control contracts
- f) summary of capital improvements made
- g) summary of any current litigation or legal proceedings related to the property

- h) parking stall count and any assignments to existing units
- i) copies of any Environmental Assessments or Reports in the Vendor's possession
- j) any fire and building inspections completed in the last 3 years
- k) any backflow testing, and boiler inspection certificates
- l) any building, structural, mechanical, electrical, roof or other reports, inspections or studies relating to the Property, in the Vendor's possession
- m) a Real Property Report with compliance from the City of Calgary
- n) a permission letter authorizing the Purchaser or the Purchaser's agent to obtain information relating to the Property on file with the City of Calgary, including building plans, documents relating to the Property, fire safety inspections, life safety, health department, and the fire prevention bureau
- o) any building plans of the Property in the Vendor's possession
- p) a copy of the most recent tax assessment and Property Tax bill for the Property

The Purchaser shall be entitled to make copies or cause copies to be made of all such documents. The Vendor shall also grant its consultants, if any, in respect of the Property, authorization to speak with the Purchaser and/ or its representatives.

- 7. **Non-Binding:** This letter shall only constitute a letter of understanding and is not contractual in nature and shall not bind any party hereto or create any legal or other obligations relating to the Property or otherwise. No binding agreement of purchase and sale of the Property shall exist between the parties unless and until the parties are satisfied in their respective sole and absolute discretions with all of the terms and conditions of the Purchase and Sale Agreement and the Purchase and Sale Agreement has been executed.
- 8. **Acceptance:** If this letter accurately sets forth the understanding of the parties, we would ask that you sign and return a duplicate copy of this letter to the Vendor. This Letter of Intent is open for acceptance by the Vendor

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until 4:00 pm (MST) on ^{July 6} ~~June 28th~~, 2018 after which it shall become null and void.

9. **Commissions:** The Vendor shall be solely responsible for the payment of all Commissions or fees payable to any real estate agent or broker in connection with this transaction and shall indemnify the Purchaser in connection herewith. The Purchaser warrants and represents that only Cushman & Wakefield has been contacted by it in respect of this transaction.
10. **Non – Solicitation:** The Vendor promises and undertakes that so long as the Vendor and the Purchaser continue to negotiate in respect of a sale of the Property, the Vendor shall not solicit, either directly or indirectly, entertain or accept any other letter of intent, offers to purchase, agreements of purchase and sale or any other inquiries whatsoever in respect of the Property.
11. **Confidentiality:** This letter and the terms outline herein are strictly confidential and shall not be disclosed to any party, with the exception of professional advisors employed by the Purchaser or Vendor for the purpose of this proposed transaction.

Yours truly,



Per: Norfolk Housing Association

1118 Kensington Road NW

Calgary Alberta T2N 3P1

Name and Title: Maya Kambelitz, Executive Director

Acknowledged and agreed this _____ day of June, 2018.

Rainy Chief Investments Ltd.

Per: 

Name and Title: Melissa Therp.

I have authority to bind this Company

SCHEDULE A

THE PROPERTY

Legal Description

Plan Calgary 24480
Block Five (5)
Lots One (1) to Five (5) Inclusive and
The South Half of Lot Six (6)

Municipal Description

806 – 10th Street NW, Calgary, Alberta