

AGREEMENT OF PURCHASE AND SALE AND REDEVELOPMENT

VENDOR: THE CORPORATION OF THE CITY OF LONDON

PURCHASER: MEDALLION DEVELOPMENTS (VICTORIA) LIMITED

REAL PROPERTY:

Address none assigned

Location southwest corner of South Street East and Colborne Street

Measurements approx. 98 m x 101.3 m x irregular – ~0.94 ha (2.32 acres)

Legal Description: Part of Lots 8, 9 and 10 South Side of South Street East and Part of Lots 8, 9 and 10 North Side of Nelson Street, in the City of London, County of Middlesex, as shown on Schedule "A" (Subject Site).

1. **OFFER TO PURCHASE:** The Purchaser agrees to purchase the Property from the Vendor in accordance with the terms and conditions as set out in this Agreement.
2. **SALE PRICE:** The purchase price shall be TWO MILLION DOLLARS CDN (\$2,000,000.00) payable as follows:
 - a) a deposit of TWO HUNDRED THOUSAND DOLLARS (\$200,000.00) (10 % of Sale Price) by cash or cheque within two business days following the acceptance of this Agreement as a deposit; and
 - b) the balance of the sale price, subject to adjustments, in cash or by certified cheque on completion of this Agreement.
3. **ADJUSTMENTS:** Any unearned fire insurance premiums, rents, mortgage interest, realty taxes including local improvements rates and unmetered public or private utility charges and unmetered cost of fuel, as applicable, shall be apportioned and allowed to the day of completion, the day of completion itself to be apportioned to the Purchaser.
4. **SCHEDULE(S):** The following Schedule(s) form(s) part of this Agreement:
 - Schedule "A" Description of the Property
 - Schedule "B" Additional Terms and Conditions
 - Schedule "C" Future Sale Lands
5. **IRREVOCABILITY:** This Offer shall be irrevocable by the Vendor until considered by council of the Corporation of the City of London at a meeting to be held no later than June 2, 2017 after which date, if not accepted, this Offer shall be null and void and the deposit shall be returned to the Purchaser in full without interest or deduction.
6. **TITLE SEARCH:** The Purchaser shall be allowed until 30 days prior to completion date (Requisition Date) to examine the title to the Property and at its own expense and to satisfy itself that there are no outstanding work orders or deficiency notices affecting the Property, that its present use may be lawfully continued.
7. **COMPLETION DATE:** This Agreement shall be completed by no later than 30 days after completion of the Additional Terms and Conditions as stipulated within Schedule "B" in this Agreement.
8. Upon completion, vacant possession of the Property shall be given to the Purchaser unless otherwise provided for in this Agreement.
9. **NOTICES:** Any notice relating to or provided for in this Agreement shall be in writing.
10. **HST:** If this transaction is subject to Harmonized Sales Tax (HST) then such HST shall be in addition to and not included in the sale price, and HST shall be collected and remitted in accordance with applicable legislation. If this transaction is not subject to HST, the Vendor agrees to provide, on or before completion, to the Purchaser's solicitor, a certificate in a form satisfactory to the Purchaser's solicitor certifying that the transaction is not subject to HST.
11. **FUTURE USE:** Vendor and the Purchaser agree that there is no representation or warranty of any kind that the future intended use of the Property by the Purchaser is or will be lawful except as may be specifically provided for in this Agreement.
12. **TITLE:** Provided that the title to the Property is good and free from all encumbrances. If within the specified times referred to in paragraph 6 any valid objection to title or to any outstanding work order or deficiency notice, or to the fact the said present use may not lawfully be continued is made in writing to the Vendor and which Vendor is unable or unwilling to remove, remedy or satisfy and which the Purchaser will not waive, this Agreement notwithstanding any intermediate acts or negotiations in respect of such objections, shall be at an end and any deposit paid shall be returned without interest or deduction and Vendor shall not be liable for any costs or damages. Save as to any valid objection so made by such day and except for any objection going to the root of the title or in connection with any registration made after such day, the Purchaser shall be conclusively deemed to have accepted Vendor's title to the Property .
13. **DOCUMENTS AND DISCHARGE:** The Purchaser shall not call for the production of any title deed, abstract, survey or other evidence of title to the Property except such as are in the possession or control of Vendor. If requested by the Purchaser, Vendor will deliver any sketch or survey of the Property within Vendor's control to the Purchaser as soon as possible and prior to the Requisition Date. If a discharge of any Charge/Mortgage held by a corporation incorporated pursuant to the Loan Companies Act (Canada), Chartered Bank, Trust Company, Credit Union, Caisse Populaire or Insurance Company and which is not to be assumed by the Purchaser on completion, is not available in registerable form on completion, the Purchaser agrees to accept

SCHEDULE "B"

Additional Terms and Conditions

1. **SOIL, GEOTECHNICAL AND ENVIRONMENTAL TESTS:** The site has been remediated by the London Health Sciences Centre (LHSC) and has been deemed ready for redevelopment. A Record of Site Condition has been issued and registered with the Province of Ontario. As part of the Purchaser's due diligence a period of 90 days from the date of acceptance of this Agreement shall be provided to satisfy itself in its sole and absolute discretion as to the soil and environmental condition of the Property. The Purchaser may enter on the Property and have soil and environmental tests conducted using qualified agents or servants. The Purchaser agrees that all such tests shall be conducted using reasonable care and that the Property shall be restored to a condition as close as reasonably possible to its condition prior to entry at the Purchaser's expense failing which the Vendor may restore at the Purchaser's expense. The Purchaser agrees to indemnify and save harmless the Vendor from and against all claims, demands, costs, including reasonable legal costs, damages, expenses and liabilities whatsoever arising out of its entry on the Property and the conducting of such test.

If the results of the Record of Site Condition or any soil or environmental tests are not satisfactory to the Purchaser, it shall within the time limited deliver written notice to that effect to the Vendor and the Agreement shall be terminated and the deposit immediately returned to the Purchaser without interest or deduction; failing delivery of written notice, the condition shall be deemed to have not been waived or satisfied. This condition is inserted for the benefit of the Purchaser and may be waived by it at any time during the time limited period.

2. **ENVIRONMENTAL CLAUSE:** The Purchaser acknowledges that the Property is being purchased on an "as is" basis. The Purchaser acknowledges that the Vendor has not made, did not make and shall not be required to provide any representations or warranties of any kind with respect to whether the Property and processes and undertakings performed thereon have been and are in compliance with all applicable environmental laws, regulations and orders and whether the Property is suitable for any specific use including and without limitation to any construction or development. The Purchaser acknowledges and agrees that the Vendor shall not be liable for any damages of loss whatsoever arising out of or pursuant to any claims in respect to the foregoing.

This condition shall not merge on but shall survive the completion of this transaction.

3. **ZONING:** The Vendor shall have a period of 180 days from the date of acceptance of this Agreement to obtain, at the Vendor's own expense, the appropriate amendments to the Zoning By-Law consistent with the Old Victoria Hospital Lands Secondary Plan. The Four Corners area which is the primary focal point for the neighbourhood and is to include the renovated Colborne Building (Block 5) is proposed to be zoned with an h-#*R8-4(*)*B-# Zone; the balance of the Site (Part of Block 6) is proposed to be zoned with an h-#*R9-3()*B-## Zone. The holding provision within these zones is to ensure that any development is consistent with the vision and objectives of the Old Victoria Hospital Secondary Plan.

And provided however that if an appeal against the Zoning By-law amendment is made to the Ontario Municipal Board then this Agreement, its terms and provisions, shall remain in force and effect and the completion date for this Agreement shall be automatically extended until 5:00pm on the 30th day following the release of the Ontario Municipal Board's final decision and Order regarding all such appeals within its jurisdiction. In the event that the Ontario Municipal Board modifies or amends the Zoning By-law Amendment in any manner which is unacceptable to the Purchaser, in its sole discretion, the Purchaser shall within 10 days of the release of the Board decision or order advise the Vendor to that effect and this Agreement shall be terminated and no further force and effect and the deposit returned to the Purchaser without interest or deduction.

If the Vendor is unable to obtain the aforesaid Zoning By-Law amendments, it shall within the time limited deliver written notice to the effect to the Purchaser and the Agreement shall be terminated and the deposit immediately returned to the Purchaser without interest or deduction; failing delivery of written notice, the condition shall be deemed not to have been waived. For clarity, the Vendor shall be obliged to advise the Purchaser in writing as to whether it is able or not able to obtain the aforesaid Zoning By-Law amendments.

4. **REFERENCE PLAN:** The Vendor agrees to prepare and deposit on title, on or before closing and at its expense, a reference plan describing the Property.
5. **EASEMENTS:** The Purchaser agrees to accept the title to the Property subject to any easements in favour of utilities required to supply services including gas, telephone, water, steam energy, storm and sanitary sewers, provided same do not negatively impact on the Purchaser's development of the Property or otherwise negatively impact on its value.
6. **SITE PLAN APPROVAL:** The completion of this Agreement shall be conditional for a period of 180 days from the date the proposed zoning comes into effect upon the Purchaser satisfying itself that it will be able to obtain, on terms satisfactory to the Purchaser, site plan approval, necessary or desirable in connection with the Purchaser's intended development and use of the property consistent with the Purchaser's submission in response to RFP 16-06 issued by the Vendor.

If the Purchaser is unable to obtain the aforesaid Site Plan Approval, it shall within the time limited deliver written notice to that effect to the Vendor and the Agreement shall be terminated and the deposit immediately returned to the Purchaser without interest or deduction; failing delivery of written notice, the condition shall be deemed to have not been satisfied or waived.

7. **DEVELOPMENT AGREEMENT:** The Purchaser acknowledges that it will be required to obtain a Development Agreement and Site Plan Approval, consistent with the Old Victoria Hospital Secondary Plan, and which will include, but not be limited to, conditions and requirements for site access, servicing, grading, drainage, landscaping, municipal easements, building height, setbacks, orientation, exterior building design, and obtaining if necessary any permits or approvals from the Upper Thames River Conservation Authority and any other approvals deemed necessary by the City of London.

The Purchaser acknowledges that the property is in an 'as is' condition with the site considered developable. As part of the Purchaser's due diligence, the Purchaser shall satisfy itself for a period of 180 days from the date the proposed zoning comes into effect at its sole risk and cost as to the contents of the Development Agreement and the total developable area of the Property.

8. **COLBORNE BUILDING:** The completion of the transaction contemplated pursuant to this Agreement is conditional upon the Colborne Building located within the boundaries of the site, being retained in its entirety. The Purchaser acknowledges that the Colborne building is being purchased in an "As-Is" condition and with the full intention of restoring the entire structure as part of the community's vision as further described in Principle 3 of the Old Victoria Hospital Lands Secondary Plan.
9. **CONSTRUCTION COMMENCEMENT:**
- a. Subject to paragraph 9 (c) below, the Purchaser shall commence: (i) development of the Site by working on plans, approvals or permits; and (ii) restoration of the Colborne Building, within one year of the registration of the deed or transfer and thereafter shall diligently, as would a prudent developer, complete construction of the building(s) or structure(s) and restoration of the Colborne Building. If the Purchaser does not commence development of the Site within the said one (1) year period (as may be extended pursuant to paragraph 9 (c) below) or does not thereafter diligently complete construction of the building(s) or structure(s) and restoration of the Colborne Building, it shall in the sole discretion of the Vendor re-convey the property to the Vendor free and clear of all encumbrances, easements, buildings and improvements, restrictions or covenants except as to those originally assumed by the Purchaser from the Vendor at 90 % of the original purchase price.
 - b. The purchaser shall not within 5 years of the registration of the deed or transfer convey any vacant part of the land by deed, transfer, grant, assignment, or appointment, without first notifying the Vendor and, where it has been so notified, the Vendor may either grant its consent to the conveyance or application or may in its sole discretion require the Purchaser to re-convey the vacant part to the Vendor free and clear of all encumbrances, easements, restrictions or covenants except as to those originally assumed by the Purchaser from the Vendor at a purchase price equal to the rate per acre originally paid by the Purchaser.
 - c. The Vendor shall grant one or more extensions as requested by the Purchaser from time to time (which in total shall not exceed two years) of the time set out in paragraph 9 (a) of this Agreement within which construction of a building(s) or structure(s) and restoration of the Colborne Building is to be commenced provided the purchaser has filed a written request(s) with the City Planner or solicitor for the extension, and provided the Purchaser can demonstrate that necessary steps have been implemented to stabilize and protect the heritage attributes of the Colborne Building during the period of such extensions .
 - d. This condition shall not merge on but shall survive the completion of this transaction.
10. **LOCAL IMPROVEMENTS:** The Purchaser shall pay local improvement charges and any other special levies assessed at any time against the land on and after completion of the purchase.
11. **HERITAGE DESIGNATION:** The Vendor shall have a period of 180 days from the date of acceptance of this Agreement to obtain, at its expense, the appropriate heritage designation for the Colborne building or portion thereof. The Vendor will include the Purchaser in the Designation Process in keeping with any relevant Acts.
12. **PURCHASER CONTRIBUTION TO MID-BLOCK ACCESS TO THE SITE AND AUTOMOBILE PORTION OF THE RIVERFRONT PROMENADE:** The Purchaser agrees to contribute \$850,000.00 in aggregate towards the costs of the construction of: i) the Mid-Block access to be constructed adjacent to the subject lands and ii) the automobile portion of the riverfront promenade to be constructed along the southern boundary of the subject lands in the general location shown on Schedule "C". The Purchaser agrees to make payment of the \$850,000.00 to the City of London within 15 days of the completion of these works by the City of London.
13. **HERITAGE COMMUNITY IMPROVEMENT PLAN:** The Site is located within London's *Heritage Community Improvement Plan Area*, which offers incentives for the rehabilitation of designated heritage properties. Heritage designation of relevant properties is a prerequisite to accessing funds under the *Heritage Community Improvement Plan*. As discussed in the *Heritage Community Improvement Plan*, total financial incentives may not exceed the costs of rehabilitating the heritage resources. Incentives under the *Heritage Community Improvement Plan* include a Tax Increment Grant and a Development Charge Equivalent Grant. Only works deemed as qualifying by the City may be considered as eligible for funding under the *Heritage Community Improvement Plan*. Despite any other guideline in the *Heritage Community Improvement Plan*, the City's total grants to conserve heritage resources on the Site shall be capped at the cost to conserve the heritage resource or \$2 million, whichever is less. Notwithstanding this cap, the purchaser will be eligible to apply to other Community Improvement Programs that may be available to the subject lands in the future; subject to all of the eligibility criteria associated with any such future programs which will be applicable.
14. **DEVELOPMENT CHARGES DEMOLITION AND CONVERSION CREDITS:** The City's Development Charges By-law provides demolition and conversion credits (sections 17 and 14 respectively) applicable to the subject property. The City will provide the Purchaser with the total demolition value of the former Old Victoria Hospital buildings that were located at 391 South St. for Development Charges credit purposes in the construction of new buildings at that address (or successor property). The estimated Development Charges conversion and demolition credits for the proposed development are \$3.6 million. This value will be refined upon review of drawings submitted as part of the building permit process. A final determination of Development Charges credits and Development Charges payable will be in accordance with the Development Charges By-law.

15. **OPTION – FUTURE SALE LANDS:** The Vendor hereby grants an exclusive and irrevocable right of first option to purchase the lands shown on Schedule "C" as the Future Sale Lands (the "Property") to the Purchaser upon the following terms and conditions (the "First Option"):

The consideration for this First Option shall be Ten Dollars (\$10.00) payable by the Purchaser to the Vendor upon execution of this Agreement.

This First Option may be exercised by the Purchaser within forty-five (45) business days after notification by the Vendor that the Vendor desires to sell the Property. The Vendor agrees to provide written notice to the Purchaser prior to offering the Property for sale to a third party, or listing the Property for sale (the "Notice"). Alternatively, the First Option may be exercised by the Purchaser upon the Purchaser completing the restoration and adaptive reuse of the Colborne Building and the substantial completion of the construction of one of the residential apartment buildings of Phase 1 of the development.

Following the exercise of the First Option, the Purchaser shall submit an offer to the Vendor, at a purchase price per acre of EIGHT HUNDRED AND SIXTY TWO THOUSAND SIXTY NINE DOLLARS (\$862,069.00). The Purchaser and Vendor will conclude an Agreement of Purchase and Sale ("APS") upon usual commercial terms and providing for a deposit equal to Five Percent (5%) of the Purchase Price and providing for a closing within Ninety (90) days after acceptance of the APS by the City. The APS will be subject to a Purchaser's Environmental Condition, providing that the Purchaser must be satisfied, in the Purchaser's sole and absolute discretion, with the environmental condition of the Property. Such condition to be for a period of Forty-Five (45) days following execution of the APS. The APS shall also include the following terms:

a) The Purchaser shall commence development of the Property by working on plans, approvals or permits within one year of the registration of the deed or transfer and thereafter shall diligently, as would a prudent developer, complete construction of the building(s) or structure(s). If the Purchaser does not commence development of the Property within the said one (1) year period or does not thereafter diligently complete construction of the building(s) or structure(s), it shall in the sole discretion of the Vendor re-convey the Property to the Vendor free and clear of all encumbrances, easements, buildings and improvements, restrictions or covenants except as to those originally assumed by the Purchaser from the Vendor at 90 % of the original purchase price; and

b) The Purchaser shall not within 5 years of the registration of the deed or transfer convey any vacant part of the Property by deed, transfer, grant, assignment, or appointment, without first notifying the Vendor and, where it has been so notified, the Vendor may either grant its consent to the conveyance or application or may in its sole discretion require the Purchaser to re-convey the vacant part of the Property to the Vendor free and clear of all encumbrances, easements, restrictions or covenants except as to those originally assumed by the Purchaser from the Vendor at a purchase price equal to the rate per acre originally paid by the Purchaser.

The term of this First Option shall be for a period of Seven (7) years from the date of closing of the transaction contemplated in this Agreement.

16. **RIGHT OF FIRST REFUSAL – FUTURE SALE LANDS:** The Vendor hereby also grants to the Purchaser for a period of five (5) years following the expiration of the seven (7) year option period, provided for in paragraph 15 above (which for clarity commences on the seventh (7th) anniversary and expires on the twelfth (12th) anniversary of the closing of the transaction contemplated in this Agreement) (the "ROFR Term") a right of first refusal to purchase the Lands shown on Schedule "C" as the Future Sale Lands on the following terms and conditions:

a. If at any time during the ROFR Term, the Vendor makes or receives a bona fide offer (in each case an "Offer") to or from any person which the Vendor wishes to accept, pursuant to which such person is to purchase or otherwise acquire the Lands or any part or parts thereof, then the Vendor shall promptly provide the Purchaser with written notice that the Vendor desires to sell the Property or the applicable part or parts thereof in accordance with the provisions of the Offer (the "Offer Notice"). A true copy of the Offer shall accompany such Offer Notice.

b. Purchaser shall have twenty (20) business days following receipt of the Offer Notice within which to deliver to Vendor an offer to purchase the Property on the terms and conditions contained in the Offer, without material amendment (the "ROFR Offer"). In the event the Purchaser so issues the ROFR Offer, Vendor shall countersign such offer whereupon a binding agreement to purchase, on terms as set out in therein, shall have been entered into between Vendor and Purchaser in respect of the Property.

c. If Purchaser has not delivered the ROFR Offer as aforesaid to Vendor within the aforementioned 20 business day period, Purchaser shall be deemed not to have exercised the right of first refusal herein and Vendor may proceed to dispose of the Property in accordance with the original Offer, without material amendment, provided that the provisions of Paragraph 16 of Schedule B of this agreement shall survive the sale and continue to apply.

d. If Vendor does not sell or transfer the Property on the terms and conditions set out in the Offer without material amendment, or if Vendor proposes to make a material amendment to the Offer, then the provisions of Paragraph 16 of Schedule B shall continue to apply.

17. **HST:** Notwithstanding paragraph 10 on the first page of the Agreement to which this Schedule is attached, the following paragraph shall apply with respect to HST. The Purchaser covenants and agrees that it will on or prior to Closing provide the Vendor with a certificate of an officer of the Purchaser confirming its registration number relating to the federal government's goods and services tax under the Excise Tax Act (Canada). The Purchaser further agrees to self-assess and remit the required amount (if any) in accordance with the applicable statutory requirements in connection with HST. The Purchaser further agrees to indemnify and save harmless the Vendor from and against such HST together with any penalties and interest thereon which may arise as a result of any failure by the Purchaser to pay such HST as aforesaid. The Purchaser shall deliver on Closing an undertaking and indemnity with respect to the foregoing.

