MEMORANDUM OF UNDERSTANDING

PUBLIC PRIVATE PARTNERSHIP AGREEMENT MEMORANDUM made as of the 5th day of October 2011.

BETWEEN:

CITY OF WINNIPEG
(hereinafter referred to as "CofW")

-and-

LONGBOAT DEVELOPMENT CORPORATION
(hereinafter referred to as "LDC")

WHEREAS LDC desires to develop a parking structure (hereinafter referred to as "Structure") in conjunction with a new Mixed Use Project containing office, retail and restaurant space, a 154-room hotel and a future Development Site. Further, the CofW, as part of their Downtown Parking Strategy desires to initiate the construction and ongoing operation of a new parking structure in the downtown area. It is further understood that CofW will contribute $5,000,000 towards the total cost of the project and further to and amending the Memorandum of Understanding of August 27, 2011;

NOW THEREFORE, the parties hereby agree to the following;

1. LDC shall develop at an estimated cost of $20,000,000, a multi-level Structure of approximately 464 stalls on 309 and 323 Hargrave Street commonly known as the Norlyn Building, the adjoining northerly parking lot as well as a portion of the Alabama Building property.

2. LDC and CofW shall enter into an agreement that will encompass the following;

   A. CofW shall contribute $5,000,000 to the cost of the Structure.

   B. LDC shall be responsible for obtaining the balance of the $15,000,000 funding required by way of debt or equity. Ratio of debt financing is at the sole discretion of LDC. Security for any debt financing shall be a first charge on the Structure.

   C. Parkade management is at the sole discretion of LDC.

   D. Subject to 2 (B) above, the CofW shall have a registerable interest in

the Structure equal to $5,000,000.

E. LDC commits to repayment of the CofW contribution of $5,000,000, based on repayment term of 0% interest for Years 1 to 5. If the financial performance of the Structure is not sufficient to allow repayment of the CofW contribution in full at the completion of the first five years, LDC commits to repayment of the CofW contribution of $5,000,000 at the earliest possible date. Commencing in the sixth year interest shall accrue at a rate of 2% per annum on any outstanding balance/principal for Years 6 to 15.

F. LDC can repay the CofW contribution or any portion of outstanding balance at any time without penalty, with the commitment to repay in full by no later than end of Year 15.

G. Once the Structure has been completed LDC shall have the right to sell or transfer all or a portion of its ownership of the Structure.

LONGBOAT DEVELOPMENT CORPORATION

Per: _____
Jeoffrey Chipman

I have authority to bind the Corporation.

CITY OF WINNIPEG

Per: _____

Name: _____

Title: _____

I have authority to bind the Corporation.
(Conditional on approval by City Council)