OPTION TO PURCHASE

THIS AGREEMENT dated the _____ day of February, 2023.

BETWEEN:

TRUE NORTH REAL ESTATE DEVELOPMENT LIMITED
(hereinafter referred to as the "**Optionee**")

-and-

NORTH PORTAGE DEVELOPMENT CORPORATION
(hereinafter referred to as the "**Owner**")

WHEREAS the Owner is the registered and beneficial owner of a freehold interest in the lands located at 393 Portage Avenue, Winnipeg, Manitoba (the "**Lands**"), as well as a subleasehold interest in the air space rights located above a portion of the Lands (the "**Air Space Interest**") and the subleasehold interest in a below grade parkade located on the Lands (the "**Parkade Interest**"), each as more particularly described in Schedule "A" hereto.

AND WHEREAS the Owner has agreed to grant to the Optionee the option to purchase the Lands, the Air Space Interest and the Parkade Interest (collectively, the "**Purchased Assets**") pursuant to the terms and conditions set forth in this Agreement.

NOW THEREFORE, in consideration of Ten ($10.00) Dollars and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the parties hereto, and the terms and conditions set out herein the parties agree as follows:

Grant of Option to Purchase

1. The Owner hereby grants to the Optionee the sole, exclusive and irrevocable option to purchase the Purchased Assets (the "**Option**") commencing on the date first written above for the purchase price referenced in paragraph 7 hereof, which Option may be exercised in writing at any time after the parties' execution of this Option to Purchase and before 11:59 p.m. (Central Standard Time) on the 31st day of December, 2023 (the "**Option Period**"), and which Option is subject to the terms and conditions of this Option to Purchase and the Definitive Agreement (as defined herein).

Option Period

2. The Owner agrees that, in consideration of the Optionee incurring all costs and expenses in proceeding with its due diligence investigations, from the date of this Option to Purchase and until: (a) if the Optionee does not proceed with the Option, the earlier of the expiry of the Option Period and the date that this Option to Purchase is terminated, and (b) if the Option is exercised by the Optionee during the Option Period in accordance with this Option Agreement, the 90th day following the exercise of the Option (or such longer period agreed to by the parties pursuant to section 9 hereof to settle the Definitive Agreement), the Owner shall not directly or indirectly, initiate, market, encourage or solicit any inquiries or the making of any proposal or offer, engage in any discussions or negotiations with, provide any information, or enter into any agreement with respect to a purchase, offer, acquisition, merger, reorganization, share exchange, consolidation, redevelopment or similar transaction involving, or any purchase of, or tender offer for, all or any portion of the Purchased Assets other than the transactions contemplated herein (the "**Prohibited Discussions**"). Subject to the foregoing, the Optionee acknowledges that the Owner is a community development corporation with a mandate to act as a catalyst in revitalization strategies for downtown Winnipeg and, accordingly, provided that they do not included any Prohibited Discussions the Owner will be permitted throughout the Option Period to discuss generally with third parties the make-up and structure of the leased properties within the North Portage development area (including the Purchased Assets and Portage Place), provided that it confirms to any such third party that the Purchased Assets are subject to the provisions of an agreement in favour of a third party and not available for sale, offer, redevelopment or negotiation relating to any other transaction.

3. During the Option Period, the Optionee shall engage in a stakeholder and community engagement and review process as determined by the Optionee in its sole and absolute discretion with respect to its proposed redevelopment of the Purchased Assets.

4. If, during the Option Period, the Optionee reasonably believes that it does not intend to exercise the Option, the Optionee shall provide written notice of termination of this Option to Purchase to the Owner.

Exercise of Option

5. In order to exercise the Option, the Optionee shall deliver a notice (the "**Option Notice**") in writing to the Owner specifying the Closing Date.

6. In the event that the Optionee does not exercise the Option during the Option Period, this Option to Purchase shall become null and void and of no further force or affect whatsoever.

Purchase Price

7. In the event that the Optionee exercises the Option during the Option Period and in accordance with this Option to Purchase, the purchase price for the Purchased Assets shall be Thirty-Four Million Five Hundred Thousand ($34,500,000.00) Dollars (the "**Purchase Price**"), subject to adjustments in accordance with the Definitive Agreement. The Definitive Agreement shall provide that the Purchase Price will be payable by way of a deposit of FIVE HUNDRED THOUSAND ($500,000.00) Dollars (the "**Deposit**") to be paid to the solicitors for the Owner within three (3) business days of the date that the Definitive Agreement is executed by the Owner and the Optionee, with the balance of the Purchase Price to be paid on the Closing Date. Notwithstanding the foregoing, if part of the balance of the Purchase Price is to be paid from the proceeds of a new mortgage, payment of that amount may be delayed by the time necessarily required for registration of the mortgage to be completed at the Winnipeg Land Titles Office and reported on to the Optionee's mortgagee and such part shall bear interest payable to the Owner at the same rate as the mortgage until paid. Further, the Definitive Agreement shall provide that the Deposit (together with interest earned thereon) shall be fully refundable to the Optionee in the event of a termination of the Definitive Agreement as a result of (a) failure to close caused by the acts or omissions of the Owner or (b) any condition precedent to closing is not satisfied or waived; the Deposit (together with interest earned thereon) shall otherwise be non-refundable to the Optionee and shall be payable to the Owner as liquidated damages, as full and final settlement of any claim that the Owner may have again the Optionee existing at law or equity.

8. The Definitive Agreement shall provide that the Owner shall not collect goods and services tax (**"GST"**) payable pursuant to the *Excise Tax Act* Canada (the **"ETA"**) from the Optionee on the Closing Date (as defined herein) in this transaction provided that the Optionee is registered under the ETA and provides a statutory declaration on closing confirming its GST registration number under the ETA and confirming that it shall self assess with respect to any GST payable and shall indemnify the Owner and hold it harmless from any liability under the ETA arising because of the breach of the obligations of the Optionee set out in this Section or from a breach of the obligations of the Optionee arising under the ETA, together with all loss, costs and expenses resulting from such breach.

Terms of Definitive Agreement

9. Upon the exercise of the Option, the Optionee and the Owner agree to expeditiously negotiate in good faith a binding agreement (the "**Definitive Agreement**") of sale and purchase of the Purchased Assets, acceptable to each party, in its sole discretion, which Definitive Agreement shall contain customary terms, conditions and knowledge-based representations and warranties of the parties for a transaction of this nature. Except for such knowledge-based representations and warranties that

are customary for a transaction of this nature, the Optionee acknowledges that the Owner will make no representations or warranties with respect to the condition of the Purchased Assets. If the parties cannot agree on acceptable terms of the Definitive Agreement within ninety (90) days following the exercise of the Option, or such longer period as the parties may agree upon, neither party shall, expect as expressly set out herein, thereafter have any liability or obligations to the other with respect to the subject matter of the Option Agreement and the Option shall be at an end.

10. Without limiting the generality of section 9, the Definitive Agreement shall contain the following conditions of closing in favour of the Owner unless satisfied or waived by the Owner prior to entering into the Definitive Agreement:

    a. within fourteen (14) days of execution of the Definitive Agreement (or such longer period as the Owner and Optionee shall mutually agree), the Owner shall have obtained the consent of its shareholders to the transactions contemplated under the Definitive Agreement;

    b. concurrent with the execution of the Definitive Agreement, the Owner shall have obtained the consent of its board of directors to the transactions contemplated under the Definitive Agreement; and

    c. the Optionee shall have engaged in a stakeholder and community engagement and review process as determined by the Optionee with respect to its proposed redevelopment of the Purchased Assets in its sole and absolute discretion.

    If any of the conditions in the Definitive Agreement, including the foregoing conditions, have not been satisfied or waived within the time set out in the Definitive Agreement for their satisfaction or waiver, or such longer period as may be agreed to by the parties, the Definitive Agreement shall be at an end.

11. Without limiting the generality of section 9, the Definitive Agreement shall contain the following conditions of closing in favour of both the Owner and the Optionee unless satisfied or waived by the parties prior to entering into the Definitive Agreement

    a. the transactions contemplated under the Definitive Agreement shall be completed concurrently with the Optionee's purchase from Spruceland Mall Limited Partnership of the leasehold interest in the Lands as well as the buildings located thereon and commonly known as Portage Place Shopping Centre, the leasehold interest in the Parkade and the freehold interest in the land and building located at 354 Portage Avenue, Winnipeg, Manitoba; and

    b. the parties hereto shall have entered into a mutually acceptable agreement to operate and maintain access to the public in and to the above ground enclosed bridges connecting the Purchased Assets to the downtown Winnipeg enclosed skywalk system.

12. The Definitive Agreement will further include, without limitation, the following terms:

    a. a covenant of the Optionee to honour all parking agreements for spaces in the underground parking garage forming part of the Purchased Assets;

    b. a right of the Owner to continue to manage and operate the portion of the public road known as The Promenade (and, for certainty, situated upon those portions of the Lands described as Parcels J, K, X and Y Plan 19745, Parcel D Plan 29028 and Parcel F Plan 37555) and an obligation of the Optionee to contribute its share of the cost to operate and manage such road on terms acceptable to the Owner and the Optionee, each in their sole discretion; and

    c. a covenant of the Optionee to maintain an ownership interest in the Purchased Assets as a whole until the date upon which it has completed the initial phase of redevelopment of the building commonly known as Portage Place Shopping Centre.

Closing

13. In the event that the Option is exercised, the closing date (the "**Closing Date**") for the purchase and sale of the Purchased Assets shall be as specified in the Option Notice which Closing Date shall be not more than the later of (a) ninety (90) days from the date of execution of the Definitive Agreement or (b) thirty (30) days from the waiver/satisfaction of the last of the conditions to closing as contained in the Definitive Agreement, or such other date as may be agreed upon by the Owner and the Optionee.

14. The Closing Date shall also be the date of possession and adjustments, which shall include all customary adjustments for a transaction of this nature. The Owner will be responsible for all expenses and will be entitled to all revenues accrued with respect to the Purchased Assets for the period ending on the day before the Closing Date and, for the period from and including the Closing Date, the Optionee will be responsible for all expenses and will be entitled to all revenues accruing with respect to the Purchased Assets. All rent, real property taxes and the annual portion of any local improvement levies shall be adjusted as at the Closing Date for the calendar year of sale.

Maintenance of Purchased Assets Until Closing

15. From and after the date of this Option to Purchase and until the earlier of the date on which this Option to Purchase is terminated, or the Closing Date, the Owner:

    a. agrees to, in good faith, operate, maintain and use the Purchased Assets as they are currently being operated, maintained and used, including the payment of any and all expenditures;

b. shall not, to the extent that it is within the control of the Owner, permit any liens, encumbrances, registration and obligations arising by or through the Owner to be registered on the title to the Purchased Assets without the prior consent in writing of the Optionee, which consent shall not be unreasonably withheld or delayed;

c. agrees and acknowledges that the Purchased Assets shall remain at the risk and responsibility of the Owner until the Closing Date;

d. agrees that it shall not, except in the ordinary course of business, enter into any new material obligations, leases, agreements or contracts with respect to the Purchased Assets without the prior written consent of the Optionee, which consent shall not be unreasonably withheld or delayed.

Access and Due Diligence

16. Upon the granting of the Option herein, the Optionee, its employees, agents, contractors, and sub-contractors may (upon providing the Owner with notice) enter upon the Lands at the sole risk of the Optionee and make all surveys, soil tests, environmental and geotechnical investigations, and such other examinations as the Optionee deems appropriate, provided that the Optionee shall indemnify and save harmless the Owner from any and all loss, costs or damages suffered as a result of the Optionee exercising its right pursuant to this Section 16 and the Optionee shall immediately restore or pay for the restoration of any damage resulting from such activities. The Owner shall deliver to the Optionee within five (5) business days after the date of this Option to Purchase an authorization to permit the Optionee to search the status of the Purchased Assets, but not request an inspection of the Purchased Assets, with any other governmental body as reasonably required by the Optionee. Further, the Owner shall make available to the Optionee within five (5) business days of the execution of this Option to purchase, to the extent it is in the Owner's possession:

a. all building / structure reports including roof, HVAC and other capital equipment; environmental reports, management reports and records and any other documents that may be available to the Owner that relate to the Purchased Assets;

b. all leases, licenses, permits, management contracts, service contracts having to do with the Purchased Assets;

c. copies of any architectural drawings, as-built plans and drawings with respect to the Purchased Assets, a current legal survey, and any engineering documents;

d. copies of any existing or drafts of proposed declarations of easement, covenants and restrictions which pertain to the Purchased Assets and that are not otherwise available through an up-to-date title search;

e. copies of existing work orders, directions, or letters of non-compliance issued by any government or other authority affecting the Purchased Assets; and

f. financial statements for the operation of the property for 2021, 2022, and year to date statements for the current fiscal period.

Following the date hereof, if the Owner should receive during the Option Period any notice from a government authority or any other documents concerning the Purchased Assets or the Owner's ownership of the Purchased Assets, it will promptly provide a copy of same to the Optionee.

Miscellaneous

17. Except in the ordinary course of business, the Owner agrees not to remove any items from the Lands that it owns while this Option to Purchase remains in effect, or otherwise alter the Purchased Assets or any part thereof, or the use of the Purchased Assets, which may result in a material adverse impact on the Purchased Assets, or the use of the Purchased Assets by the Optionee.

18. The Owner and the Optionee shall execute all further deeds, documents and assurances, and shall do all such further things as may be reasonably required for the purpose of carrying out this agreement according to its true meaning and intent.

19. Any notice, demand, approval, consent, information, agreement, offer, payment, request or other communication to be given under or in connection with this Agreement shall be in writing and shall be given by personal delivery or other electronic communication which results in a written or printed notice being given, addressed or sent as set out below or to such other address as may from time to time be the subject of a notice:

Owner: North Portage Development Corporation
130 - 123 Main Street, Winnipeg, MB R3C 1A3
Attention: Sara Stasiuk
Email: sara.stasiuk@theforks.com

Optionee: 600 – 223 Carlton Street, Winnipeg MB, R3C 0V4
Attention: James C. R. Ludlow
Email: jludlow@tnse.com

Any notice, if personally delivered, shall be deemed to have been validly and effectively given and received on the date of such delivery and if sent by electronic communication with confirmation of transmission, shall be deemed to have been validly and effectively given and received on the day next following the day it was received.

20. The Owner and the Optionee acknowledge that the terms and conditions contained herein are to be kept strictly confidential and that they will not disclose any terms and conditions of this Agreement and/or transaction to any third party, except where the Optionee is required to advise its contractors and other third parties of the existence of the Option in order that the Optionee is able to undertake its required due diligence. However, the Owner (and its shareholders) and the Optionee may each disclose the terms and conditions of this Agreement to their respective legal counsel and financial or tax advisors or as may be required law to be disclosed pursuant to *The Freedom of Information and Protection of Privacy Act* (Manitoba) and the *Access to Information Act* (Canada); actions taken in compliance with such obligations shall not be deemed to be a breach of the provisions of this section 20 provided that the party being requested to provide such disclosure believes it is required to disclose such information pursuant to such statue and allows the other party a reasonable period of time, if permitted to do so by law, to contest the disclosure of such information or seek a protective order. The provisions of this section 20 shall survive the exercise of the option or the termination of this Option to Purchase.

21. The Owner acknowledges and agrees that, without the consent of but upon prior written notice to the Owner, this Option to Purchase and any rights hereunder are assignable by the Optionee to any other person, firm, corporation or other entity owned and controlled by the Optionee and its investment partners, provided that such assignment shall not relieve the Optionee of its obligations hereunder or under the Definitive Agreement. The Optionee shall provide such evidence reasonably requested by the Owner to substantiate the Optionee's ownership of any assignee.

22. Each and every term, condition and provision of this Agreement is and shall be severable one from the other, and in the event that any term, condition or provision of this Agreement is at any time declared by a court of competent jurisdiction to be void, invalid or unenforceable, that event shall not extend to make void, invalid or unenforceable any other term, condition or provision of this Agreement.

23. Each of the Owner and the Optionee acknowledges that if it fails to comply with this Agreement that damages will not be an adequate remedy and the other party shall be entitled to a claim of specific performance in any court of law.

24. Any modification or waiver of any provision of this Agreement, or any consent to any departure by any party therefrom, shall not be effective unless such modification, waiver or consent is in writing and signed by the other party (or parties), and then such modification, waiver or consent shall be effective only in the specific instance and for the specific purpose given. Any notice to or demand on any party not specifically required of the other party (or parties) under this Agreement shall not entitle that party to any other or further notice or demand in the same, similar or other circumstances.

25. Each party shall be responsible to pay its own costs associated with this transaction.

26. This Agreement shall be governed by and construed in accordance with the laws of the Province of Manitoba.

27. This Agreement shall be binding upon and enure to the benefit of the heirs, executors, administrators, successors and permitted assigns of the Owner and Optionee, respectively.

28. This Agreement may be signed in any number of counterparts. Each such counterpart shall, for all purposes, be deemed an original. All such counterparts together shall constitute but one and the same agreement. A facsimile transmission or other electronic transmission capable of producing a printed copy hereof signed by any person named below will be sufficient to establish the signature of that person to constitute the consent in writing of that person to the foregoing agreement and, notwithstanding the date of execution, shall be deemed to be executed as of the date set forth above.

[*Signature page follows*]

IN WITNESS WHEREOF the parties hereto have duly executed this Agreement by their respective hands and seals as of the day and year first above written.

NORTH PORTAGE DEVELOPMENT CORPORATION

Per: _____

TRUE NORTH REAL ESTATE DEVELOPMENT LIMITED

Per: _____

SCHEDULE "A"
Purchased Assets

1. The freehold interest of NPDC in the lands legally described as follows:

   FIRSTLY: PARCEL D PLAN 29028 WLTO IN RL 1 PARISH OF ST JOHN

   SECONDLY: PARCELS J, K, L, M, N, P, Q, R, S, T, V, W, X, Y AND DD PLAN 19745 WLTO IN RL 1 PARISH OF ST JOHN

   THIRDLY: PARCEL F PLAN 37555 WLTO IN RL 1 PARISH OF ST JOHN

2. The subleasehold interest of NPDC in the East Tower Air Rights Pad legally described as follows:

   A SUBLEASEHOLD ESTATE FOR 42 YEARS, 3 MONTHS AND 0 DAYS FROM THE 14TH DAY OF AUGUST, 1992 SUBJECT TO SUCH ENTRIES RECORDED HEREON, IN THE FOLLOWING DESCRIBED LAND:

   AIR SPACE PARCEL "A" PLAN 28678 WLTO IN RL 1 PARISH OF ST JOHN

   SUBJECT TO THE CONDITIONS PROVISOES AND AGREEMENTS CONTAINED IN SUB LEASE NO. 1581326 WLTO OF LEASE NO. 86-25550 WLTO.

3. An assignment of the leasehold interest of NPDC in the Parking Structure Sublease dated November 15, 1985 between Spruceland Mall Limited Partnership (as successor in interest to The Cadillac Fairview Corporation Limited) and NPDC.