

# Meadowlark Park Matters

## Review of Babych Group Option and Proposal

Following is a summary evaluation of the proposal by Babych Group to buy Meadowlark Park.

### 1. Terms of the Option to Purchase

Here are the basic terms and restrictions of the Option Contract:

- For \$1 Babych Group has a restrictive Option on your property and your house;
- The restrictions of the Option Contract are enforced by a Caveat registered against the title to your property;
- Through the Zoning Consent Waiver, you surrender all rights to object to any zoning changes agreed to by Babych Group and the City of Calgary through an application process;
- The Option Contract extends to 31 March 2026. If the Option is bought and actually exercised by a Developer, the Closing Date is 240 days from the Option Exercise date;
- You will get the Purchase Price if the deal closes successfully. There are numerous scenarios where this transaction may not be accomplished successfully;
- The Purchase Price is to be paid to you by the Developer, not by Babych Group;
- All city taxes, mortgage fees, and utilities must be paid by you as of the Closing Date;
- The Purchase Price is based on the highest City assessment from 2015-2020 on your property plus \$500,000 + recent negotiated renovation costs. The Babych Group cannot guarantee this Purchase Price as they will not be the entity paying the money.

### 2. Evaluation

The Buyer of this Option Contract is Chinook Village Land Corp., formerly 2222200 Alberta Ltd., and owned by Babych Group.

Developers will buy and exercise the Option only if it is to their advantage.

Here are some comments and risks in signing the Option Contract:

- Babych Group has never completed a project and was formed only in 2018;
- Babych Group has not disclosed if it has any assets and it is only speculation as to how they will value the Option Contracts that will be sold to Pod-Holding Companies;
- It is unclear whether Babych Group or the Pod-Holding Companies will have any assets or “value” so it may be difficult to pursue legal action against them if they have no value;

- You only get paid the Purchase Price if a Developer buys the Option Contract from Babych Group, then makes the decision to exercise the Option within the time allowed, and finally only if the deal closes successfully;
- If you have signed the Option Contract and want to sell your house during the Option Contract period, you must advise any buyer that there is a Caveat registered against the title of your property;
- If Direct Control zoning is applied for, and granted by the City, Meadowlark Park will no longer be a purely “residential area”;
- Zoning changes will likely change the value of your property and you will have “zero” control over what is built beside you. Depending on the pod layout, structures could range from a pub or tattoo parlour to a 25-story apartment building;
- If the City assessment of your property increases between 2020 and 2026, you will not get more money for your house;
- Redevelopment of even part of Meadowlark Park will dramatically change the community and diminish, if not destroy, the community spirit;
- Babych Group will use “Best Efforts” to sell the Option Contracts because that is how they will make money. “Best Efforts” means they will make their best attempt to accomplish a goal but there is no guarantee that the deal will be completed;
- After the Option is sold to a Developer, Babych Group is no longer responsible for the Option Contract;
- Babych Group takes on **LITTLE OR NO** liability and you carry **ALL THE RISK**;
- There are many possible points of failure over the 5½ years of the Option Contract;
- Three statements made by Babych Group to market their proposal are:
  - “This is inevitable”,
  - “You’ll never get this opportunity again”, and
  - “Better us, who you can trust, rather than being picked apart one block at a time”.

Remember that this is part of Babych Group marketing strategy and does not necessarily reflect what will happen in Meadowlark Park;

- If Babych Group sells the Option Contract but the Developer does not exercise the Option on your house by 31 March 2026 you can keep the \$1.

***Never trust anyone who does not have as much to lose as you do when things go wrong.***

Please be advised that this communication is not legal advice, nor is it intended to be, and that you should not in any way understand it to contain legal advice.

Date: August 2020