

Lamco Investments Ltd.

SUPPLEMENT TO THE FIRST REPORT OF THE RECEIVER

February 22, 2011

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

**IN THE MATTER OF THE PROPOSAL OF LAMCO INVESTMENTS LTD. A
COMPANY CONTINUED PURSUANT TO THE LAWS OF THE PROVINCE OF
ONTARIO WITH A HEAD OFFICE IN THE CITY OF MISSISSAUGA IN THE
PROVINCE OF ONTARIO**

**SUPPLEMENT TO THE
FIRST REPORT OF PRICEWATERHOUSECOOPERS INC.
AS RECEIVER
OF LAMCO INVESTMENTS LTD.**

February 22, 2011

INTRODUCTION

1. PricewaterhouseCoopers Inc., in its capacity as the receiver (the “**Receiver**”) of all of the assets, undertakings and properties (the “**Property**”) of Lamco Investments Ltd. (“**Lamco**” or the “**Company**”), submitted its first report to this Honourable Court dated February 14, 2011 (the “**First Report**”) in conjunction with, among other things, the Receiver’s motion (the “**Motion**”) for an order of this Honourable Court to approve a sale transaction (the “**Sale Approval Order**”) between the Receiver and 1277648 Ontario Ltd. The Receiver has prepared this report as a supplement to the First Report (the “**Supplement to the First Report**”), which should be read in conjunction with the First Report.
2. The Motion, along with the First Report, was served on those parties on the service list on February 15, 2011 by counsel to the Receiver, Miller Thomson LLP (“**Miller Thomson**”). To the best of the Receiver’s knowledge no one has served any materials on the Receiver opposing the Motion for the Sale Approval Order or opposing any other relief sought by the Receiver pursuant to the Motion.

3. Late in the day on February 18, 2001, Miller Thomson was contacted by a representative of Soberman Inc., the Trustee in Bankruptcy of the estate of Lamco (the “**Trustee**”), indicating that, among other things, the Trustee will be seeking an adjournment of the Motion and, specifically, the Sale Approval Order, in order to review the Sale Process on the basis that:
 - (i) The consideration provided for pursuant to the Sale Transaction (as defined in the First Report) will not provide for any recoveries to the Company’s unsecured creditors; and
 - (ii) The Receiver did not deal fairly with a purportedly interested party, Ambiance Capital Corp. (“**Ambiance**”), who had expressed interest in purchasing the Property and had executed an agreement of purchase and sale between it and the Company on November 17, 2010 (the “**Ambiance APA**”).
4. The purpose of this, the Supplement to the First Report, is to provide this Honourable Court with information in respect of the Receiver’s dealings with Ambiance and the concerns raised by the Trustee.
5. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars. Capitalized terms used but not otherwise defined herein are as defined in the First Report.

SALE PROCESS

6. The First Report provides an overview of the Sale Process, including a summary of the Receiver’s marketing efforts, a summary of the Bids and information with respect to the Sale Transaction.
7. As described more fully in paragraphs 56 to 58 of the First Report, the Receiver advised this Honourable Court that, in its view:
 - i) The Sale Process was fair and transparent and that the market for the Property was properly canvassed;

- ii) the Sale Transaction provides an opportunity for the business and its ongoing operations to continue uninterrupted; and
- iii) the Receiver's activities with respect to the sale of the Property were conducted substantially in accordance with the Sale Process approved by the Honourable Madam Justice Morissette of the Ontario Superior Court of Justice (the "**Court**") on October 22, 2010.

AMBIANCE

- 8. Following the appointment of the Receiver, the Trustee advised the Receiver of the existence of interested parties with respect to the Property. On November 22, 2010, the Trustee sent an email (the "**November 22, 2010 Email**") to the Receiver attaching the Ambiance APA and what the Trustee described as a "... separate expression of interest ..." in respect of the Property from a company called Business Finance & Realty Corp. ("**Business Finance**") from its President, Mr. Peter Zivontsis. A copy of the November 22, 2010 Email, with attachments, is attached hereto as **Appendix "A"**.
- 9. The Receiver reviewed the Ambiance APA and notes that the Ambiance APA:
 - i) was in a form apparently drafted by the Trustee in its then capacity as the Proposal Trustee;
 - ii) was executed two days subsequent to the appointment of the Receiver, by Lamco. The Receiver is not aware of how Lamco purported to be capable of executing an agreement of purchase and sale with a purchaser subsequent to the appointment of the Receiver pursuant to an order of this Honourable Court;
 - iii) provided for a purchase price of \$5.8 million; and
 - iv) had an irrevocable date for acceptance by the Company of November 25, 2010, notwithstanding the Sale Process approved by Court, and supported by the Trustee in its capacity at that time as the Proposal Trustee, contemplated a

three-month sale process commencing on October 22, 2010, the date the Sale Process was approved by the Court.

10. After reviewing the November 22, 2010 Email, the Receiver attempted to contact both Ambiance and Business Finance. As set out in paragraph 18.0 of the Ambiance APA, notices pursuant to the Ambiance APA were to be provided to Mr. Domenic Presta (“**Presta**”) of Bianchi Presta L.L.P. Accordingly, the Receiver attempted to contact Presta and exchanged several voicemail messages with Presta between November 22, 2010 and November 25, 2010. Early during the week commencing November 29, 2010, the Receiver spoke with Presta and advised him that the Receiver, rather than the Company, would be continuing the Sale Process with the assistance of CBRE.
11. The Receiver understands from discussions it has had with representatives of CBRE that CBRE also contacted Presta and, on December 29, 2010, sent him a copy of a teaser sent to Prospective Purchasers, outlining the Sale Process and summarizing the opportunity to purchase the Property (the “**Teaser**”) and the Receiver’s form of non-disclosure agreement (the “**NDA**”) which Prospective Purchasers were required to sign in order to obtain access to the Receiver’s Data Room and review non-public, confidential information with respect to the Company and the Property.
12. CBRE has advised the Receiver that Ambiance did not sign back the NDA and on or about January 12, 2011, Presta, on behalf of Ambiance, advised CBRE that Ambiance was not interested in purchasing the Property from the Receiver.

BUSINESS FINANCE

13. On November 22, 2010, the Receiver contacted and spoke with Mr. Zivontsis. Subsequently, on December 29, 2010, CBRE forwarded the Teaser and the NDA to Business Finance. Despite a number of inquiries to Mr. Zivontsis by CBRE, Business Finance did not execute the NDA or otherwise participate in the Sale Process.

CONCLUSION

14. Both Ambiance and Business Finance were aware of the Sale Process as a result of their respective dealings with the Trustee in its then capacity as Proposal Trustee. In

addition, the Receiver spoke with representatives of Ambiance and Business Finance, advising them of the appointment of the Receiver and the need to deal with the Receiver in the Sale Process, to the extent either party was interested in investigating the opportunity to acquire the Property.

15. Both Ambiance and Business Finance were provided with the Teaser and the NDA. In addition to preliminary discussions between these parties and the Receiver, CBRE contacted each of these parties to ensure they were aware of the Sale Process and the required timing for the submission of Bids. Neither Ambiance nor Business Finance executed the NDA and, as a result, neither party was provided with access to the Receiver's Data Room, consistent with the manner in which the Receiver dealt with all parties during the Sale Process.
16. The Receiver has not been served with any materials by the Trustee with respect to the concerns raised by it with Miller Thomson on February 18, 2011 nor is the Receiver aware of any reasonable basis for the Trustee to object to the Motion, the granting of the Sale Approval Order or any other relief being sought by the Receiver pursuant to the Motion.
17. As set out in the First Report, the Receiver respectfully submits that the market for the Property was broadly canvassed and that the Sale Process was conducted substantially in accordance with the order of the Court on October 22, 2010 and that the Sale Process was fair and transparent.

This Supplement to the First Report is respectfully submitted on this 22nd day of February, 2011

PricewaterhouseCoopers Inc.

In its capacity as Receiver of Lamco Investments Ltd.



Greg Prince
Senior Vice President



Aldis Makovskis
Senior Vice President



APPENDIX A



Hans Rizarri
<HRizarri@soberman.com>
11/22/2010 07:25 AM

To Greg N. Prince/CA/FAS/PwC@Americas-CA
cc
bcc

Subject FW: Lamco Ramada London

History: This message has been replied to and forwarded.

Greg, further to our discussion this afternoon, attached are an offer to purchase the property and a separate expression of interest with respect to the property. Both of these documents were provided to Soberman Inc. ("Soberman") in its role as proposal trustee and it is now appropriate that we provide them to PriceWaterhouseCoopers Inc. ("PWC") in its role as court-appointed receiver.

As discussed, in our view, Soberman, in its capacity as trustee, believes it can add value to the process, and therefore would like to stay involved in the sale negotiations with these particular buyers. Soberman has been dealing with these potential purchasers for an extended period of time now and, in our view, the following factors militate in favour of Soberman's continued involvement:

1. These potential buyers expressed their interest in the property to Soberman during the NOI stage;
2. The dollar buy interest was in the \$5MM to \$6MM range;
3. One of the potential purchasers has now provided an offer to purchase the property in the format requested by the proposal trustee for the sum of \$5.8MM;
4. Unfortunately, as you will see in the attachment, one of the buyers has lowered its expression of interest by \$1MM after finding out about the receivership.
5. The trustee and unsecured creditors are very concerned about this erosion of value.

We believe that the continued involvement of the trustee and the presence of the trustee at the negotiating table with the various buyers will have a positive impact on the price, and will also provide added confidence in the process to the unsecured creditors.

We look forward to hearing from you on these points.

Hans Rizarri
Soberman Inc.
2 St Clair Avenue East, Suite 1100
Toronto Ontario M4T 2T5
Direct: 416.963.7175 Toll Free: 1.866.964.7633
Fax: 416.929.2555
hrizarri@soberman.com
www.soberman.com

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AGREEMENT OF PURCHASE AND SALE

THIS AGREEMENT made as of the 17 st day of November, 2010.

BETWEEN:

LAMCO INVESTMENTS LTD.
(hereinafter referred to as the "Vendor")

OF THE FIRST PART

- and -

AMBIANCE CAPITAL CORP.
(hereinafter referred to as the "Purchaser")

OF THE SECOND PART

WHEREAS:

- A. The Vendor has filed a Notice of Intention to file a proposal pursuant to the *Bankruptcy and Insolvency Act* (Canada) (the "Notice of Intention") dated August 27, 2010.
- B. Soberman Inc., a licensed trustee, has consented to act as trustee under the proposal (the "Proposal Trustee").
- C. By Order of the Ontario Superior Court of Justice (the "Court") dated October 22, 2010, the Court approved the "Sale Process" (as defined in the Second Report to the Court of the Proposal Trustee) and authorized the Proposal Trustee and the Vendor to take all steps required to effect the Sale Process.
- D. The Vendor has agreed to sell, and the Purchaser has agreed to purchase, the Property (as defined below) on the terms and conditions hereof.

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the mutual covenants and agreements contained herein, the sufficiency of which is acknowledged by each of the Vendor and Purchaser, the parties hereto hereby agree as follows:

1.0 INTERPRETATION

1.01 Definitions:

In this agreement, the following words or phrases shall have the meanings set out in each case:



- (a) "Adjustments" has the meaning set out in Section 3.01
- (b) "Agreement" means this offer to purchase executed by the Purchaser and accepted by the Vendor, together with the attached schedules.
- (c) "Buildings" means the buildings of every nature and kind situate in, on and/or over the Real Property.
- (d) "Business Day" means any day other than a Saturday or Sunday or a statutory holiday in the province of Ontario.
- (e) "Closing" shall have the meaning ascribed to it in Section 9.0 hereof.
- (f) "Closing Date" shall have the meaning ascribed to it in Section 9.0 hereof.
- (g) "Environmental Law" means any and all applicable international, federal, provincial, state, municipal or local laws, by-laws, statutes, regulations, treaties, orders, judgments, decrees, ordinances, official directives and all authorizations relating to the environment, occupational health and safety, health protection or any Hazardous Materials.
- (h) "Fixtures" means the right, title and interest, if any, of the Vendor to all fixtures, which are owned and incorporated in the Buildings.
- (i) "Government Authority" means any person, body, department, bureau, agency, board, tribunal, commission, branch or office of any federal, provincial or municipal government having or claiming to have jurisdiction over part or all of the Property, the transaction contemplated in this Agreement and/or one or both of the parties hereto and shall include a board or association of insurance underwriters.
- (j) "HST" means the tax imposed under Part IX of the Excise Tax Act of Canada as amended.
- (k) "Hazardous Material" means any contaminants, pollutants, substances or materials that, when released to the natural environment, could cause, at some immediate or future time, harm or degradation to the natural environment or risk to human health, whether or not such contaminants, pollutants, substances or materials are or shall become prohibited, controlled or regulated by any Government Authority and any "contaminants", "dangerous substances", "hazardous materials", "hazardous substances", "hazardous wastes", "industrial wastes", "liquid wastes", "pollutants" and "toxic substances", all as defined in, referred to or contemplated in federal, provincial and/or municipal legislation, regulations, orders and/or ordinances relating to environmental, health and/or safety matters and, not to limit the generality of the foregoing, includes asbestos,



urea formaldehyde foam insulation and mono- or polychlorinated biphenyl wastes.

- (l) "Inspection Condition Waiver" shall have the meaning ascribed thereto in Section 7.0 hereof.
 - (m) "Inspection Period" shall have the meaning ascribed thereto in Section 7.0 hereof.
 - (n) "Permitted Encumbrances" means the encumbrances against the Real Property listed in Schedule "B" hereto.
 - (o) "Property" means the Real Property, the Fixtures and the Rights located or situate on or about the Real Property which are included in the Purchase Price.
 - (p) "Real Property" means the freehold interest in the lands and premises legally described in Schedule "A" hereto, known municipally as 817 Exeter Road, London, Ontario, together with all other fixed improvements, fixed installations and fixtures therein or thereon, but excluding any rented equipment or installations affixed to the real property and any equipment installation belonging to any utility.
 - (q) "Rights" means the right, title and interest, if any, of the Vendor in all benefits, advantages, licences, guarantees, warranties, indemnities, income and options relating to the Property.
 - (r) "Vendor's Agent" means CB Richard Ellis Limited.
 - (s) "Vesting Order" has the meaning set out in Section 14.0 hereof.
- 1.02 Words importing the singular number shall include the plural and vice versa and words importing the, use of any gender shall include all genders.
- 1.03. The division of this agreement into articles, sections and schedules and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation hereof.
- 1.04 The following Schedules are attached to and form part of this agreement.

Schedule "A" – Description of Real Property
Schedule "B" – Permitted Encumbrances

2.0 PURCHASE AND SALE OF PROPERTY

- 2.01 Purchase and Sale: The Vendor agrees to sell and the Purchaser agrees to purchase the Purchased Assets on the terms and the conditions set out in this Agreement.



- 2.02 Purchase Price: The aggregate purchase price (the "Purchase Price") to be paid by the Purchaser to the Vendor for the Property shall be the sum of Five Million and Eight Hundred Thousand Canadian Dollars (\$5,800,000.00).
- 2.03 Payment of Purchase Price: The Purchase Price plus any other amounts payable to the Vendor hereunder shall be paid, accounted for and satisfied as follows:
- (a) First Deposit: By the Purchaser delivering on the date of execution of this Agreement, the sum of Fifty Thousand Canadian Dollars (\$50,000.00), which sum shall be held by the Purchaser's Solicitor, in trust, as a deposit (the "First Deposit") pending closing or termination of this Agreement and, subject only to the terms of this Agreement, to be credited without interest on account of the Purchase Price upon completion of the transaction contemplated in this Agreement, and failing such completion, the First Deposit shall be returned to the Purchaser forthwith, without interest and without deduction, unless the said transaction is not completed as a result of the Purchaser's default, in which case the First Deposit shall be forfeited to the Vendor without prejudice to any claims which the Vendor may have against the Purchaser by reason of such default;
 - (b) Second Deposit: By the Purchaser delivering on the date of waiver of the Inspection Condition, the sum of Two Hundred Fifty Thousand Canadian Dollars (\$250,000.00), which sum shall be held by the Purchaser's Solicitor, in trust, as a deposit (the "Second Deposit") pending Closing or termination of this Agreement and, subject only to the terms of this Agreement, to be credited without interest on account of the Purchase Price upon completion of the transaction contemplated in this Agreement, and failing such completion, the Second Deposit shall be returned to the Purchaser forthwith, without interest and without deduction, unless the said transaction is not completed as a result of the Purchaser's default, in which case the First Deposit shall be forfeited to the Vendor without prejudice to any claims which the Vendor may have against the Purchaser by reason of such default;
 - (c) Balance Due at Closing: The balance of the Purchase Price, subject to the adjustments contained in this Agreement, by payment at Closing to the Vendor or to the order of the Vendor, to arrive at the offices of the Vendor's solicitors not later than 11 am (Toronto Time) on the Closing Date;
 - (d) Method of Payment: The First Deposit, the Second Deposit (collectively, hereinafter referred to as the "Deposit") and the balance due on Closing shall be made by way of certified cheque or bank draft drawn upon one of Canada's five largest chartered banks; and
 - (e) Allocation of Purchase Price: The Vendor and the Purchaser acknowledge and agree that they shall each make their own allocations of the Purchase Price between Real Property, Buildings, Fixtures, personal property and Rights for the



purposes of the *Income Tax Act* (Canada) and any filings in accordance with the provisions thereof.

- 2.04 Land Transfer Taxes and Registration Fees: The Purchaser will be solely responsible for and shall pay any land transfer taxes and registration fees payable on the transfer of the Property or in respect of the registration of the title documents by which title to the Property is transferred on Closing (other than fees for the registration of any discharges or other registrations which are the responsibility of the Vendor in order to comply with its obligations under this Agreement). Each party shall pay its own legal fees with respect to this Agreement and the transactions contemplated hereby.
- 2.05 HST: The parties acknowledge that the Purchase Price does not include HST and that HST, if eligible in connection with this transaction, shall be in addition to the Purchase Price. The Purchaser agrees to self-assess or pay any HST applicable in connection with the within sale transaction. The Purchaser shall indemnify and save harmless the Vendor from and against any and all goods and services tax payable pursuant to the *Excise Tax Act*, together with any penalties, costs and/or interest which may be payable by or assessed against the Vendor in connection with the sale transaction contemplated by this Agreement and the Purchaser agrees to deliver a formal written indemnity to this effect on Closing. The Purchaser shall provide to the Vendor on or before Closing a statutory declaration of its authorized signing officer that the Purchaser is registered under Section D of Division V of Part 9 of the *Excise Tax Act* for the purpose of collecting and remitting HST.
- 2.06 Other Eligible Taxes: The Purchaser shall pay on Closing, in addition to the Purchase Price, all other applicable federal and provincial taxes eligible in connection with the within transaction including, without limiting the generality of the foregoing, sales taxes.

3.0 CLOSING & POST-CLOSING ADJUSTMENTS

- 3.01 Closing Adjustments: Adjustments shall be made, as of 12:01 a.m. on the Closing Date. The Vendor, except as herein otherwise provided, shall be responsible for all expenses and entitled to all revenue accruing from the Property for the period up to and including the day before Closing and the Purchaser shall be responsible for all expenses and entitled to all revenue accruing from the Property from and including the Closing Date. Without restricting the generality of the foregoing, the adjustments (hereinafter referred to as the "Adjustments") shall include without duplication those of the following items that apply: operating costs, realty taxes, local improvement rates and charges, the cost of fuel, water, electricity and any other pre-paid expenses the benefit of which will pass to the Purchaser and any other items to be adjusted pursuant to the provisions of this Agreement or established by usual practice for the purchase and sale of properties similar to the Property in the Province of Ontario.
- 3.02 Metered Utilities: If any utility service is metered, the Vendor shall have meters read on the Closing Date and shall pay all accounts for service to the time of the reading and those items shall not be adjusted. If a Government Authority or utility holds a deposit or

letter of credit to secure the performance of any obligations of the Vendor relating to the Property, the Purchaser will do such things (including without limitation payment or delivery of a new deposit or letter of credit) as may reasonably be required to permit the Vendor to obtain the return of the Vendor's deposit or letter of credit promptly after Closing. Fire and other insurance shall not be transferred or adjusted. Insurance shall remain the responsibility of the vendor until Closing and thereafter the Purchaser shall be responsible for placing its own insurance on the Property.

- 3.03 Adjustment/Re-Adjustment Limitation Period: Notwithstanding any other provision of this Agreement, the parties agree that their respective rights to adjustment and/or re-adjustment of any item or matter in relation to this transaction after Closing, shall be limited to the period of one hundred and twenty (120) days after Closing, and any specific claim for adjustment/re-adjustment not made within such period shall expire and be extinguished on the expiry of such period and neither party shall have any further right to claim for adjustments or re-adjustments of the Purchase Price for any reason whatsoever.

4.0 LIENS, ENCUMBRANCES AND MORTGAGES

The Vendor shall arrange to have discharged, by Vesting Order or otherwise, subject to Section 14.0 hereof (Vendor's Conditions) any outstanding liens, charges or encumbrances registered against the Real Property, except the Permitted Encumbrances.

5.0 DELIVERIES

Unless already made available to the Purchaser by the Vendor prior to the execution of this Agreement, the Vendor shall deliver (unless otherwise specified) to, or make available for inspection by, the Purchaser, within five (5) Business Days after execution of this Agreement, the following items, **if in the Vendor's possession or control**:

- (a) Survey: a survey of the Lands;
- (b) Plans and Specifications: copies of any plans and specifications for and relating to the Buildings;
- (c) Tax Notices: copies of Property assessments and realty tax notices/statements in respect of the current calendar year and the immediately preceding calendar year; and
- (d) Authorizations for Information: authorizations to be provided by the Purchaser and executed by the Vendor and addressed to the appropriate municipal building department, zoning department and fire department and to all other Government Authorities, authorizing the release of any and all information on file in respect of the Property, but specifically prohibiting inspections by any Government Authorities;

(collectively, the Vendor's Deliveries).



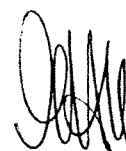
The Purchaser acknowledges and agrees that the Vendor makes no representation and/or warranty as to the accuracy, correctness, fitness for purpose or comprehensiveness of the Vendor's Deliveries, and any information contained therein or as to the Purchaser's entitlement to use or rely on same, and that the Purchaser shall be required to make its own investigations to satisfy itself in this regard. In the event that this transaction does not close for any reason whatsoever, including the default of the Vendor, the Purchaser agrees to return the Vendor's Deliveries, and all copies thereof made by or on behalf of the Purchaser or its agents and representatives, forthwith to the Vendor.

6.0 ACCESS

The Vendor agrees to allow the Purchaser and the Purchaser's authorized representatives reasonable access to the Property during normal business hours from time to time during the Inspection Period and hereby authorizes the Purchaser to carry out, at its sole cost and expense (regardless of results), such reasonable tests and inspections thereof as the Purchaser or its authorized representatives may deem necessary, provided that such inspections shall not unduly interfere (and the Purchaser undertakes to use its best efforts, which the Purchaser represents and warrants shall not be less than reasonable commercial efforts, not to so interfere) with the use, operation and enjoyment of the Property by the Vendor. The Purchaser agrees that such tests and inspections shall not include any tests or inspections by any Government Authority and specifically acknowledges and agrees that it shall not request or, through its actions, prompt or cause any tests or inspections to be made by any Government Authority.

All such inspections will be carried out on reasonable notice in writing to the Vendor and in the presence of a representative of the Vendor (if the Vendor so desires). Where possible, all tests of building systems will be conducted during normal business hours. The Purchaser covenants and agrees to conduct itself all times and to cause its representatives to conduct themselves at all times as would a prudent owner of the Property and to repair or pay the cost of repair of any damage occasioned during and resulting from the inspection of the Property conducted by the Purchaser or its authorized representatives, as outlined above and to return the Property to the condition same was in prior to such inspections. The Purchaser covenants and agrees to indemnify and save the Vendor harmless from and against all losses, costs, claims, third party claims, damages, expenses (including legal costs as between a solicitor and its own client) which the Vendor may suffer as a result of the inspection of the Property conducted by the Purchaser or its authorized representatives, as outlined above or as a result of any unauthorized tests or inspections by Government Authorities.

The provisions of Section 5.0 and this Section 6.0 shall survive Closing or other termination of this Agreement, notwithstanding any other provisions hereof. The Purchaser agrees that the Vendor shall be entitled to deduct from the Deposit the amount of any losses, costs, claims, third party costs, damages and expenses (including legal costs on a complete indemnity basis) which the Vendor may suffer as a result of a breach of Section 5.0 or this Section 6.0 by the Purchaser.



7.0 INSPECTION CONDITION

Notwithstanding any other provision contained in this Agreement, the Purchaser shall have the right to terminate this Agreement by notice, in writing, to the Vendor at any time prior to 5:00 p.m. on the fortyfifth _____ (45th) day following the date of execution of this Agreement ("**Inspection Period**") if the Purchaser, in its sole unfettered discretion, is not satisfied with the physical condition of the Real Property or with the title thereto. In the event that the Purchaser delivers the above-described written notice prior to expiration of the Inspection Period then this Agreement shall be terminated, the parties hereto shall be released from all obligations and liabilities hereunder (except for the obligations of the Purchaser, if any, arising under or as a result of a breach of Section 5.0 or Section 6.0 hereof) and the Deposit without interest or deduction (save as aforesaid) shall be returned to the Purchaser forthwith, without deduction. If the Purchaser shall fail to deliver the said written notice during the Inspection Period it shall be deemed not to have waived its rights (the "**Inspection Condition Waiver**") pursuant to this Section 7.0, and this Agreement shall be terminated, the parties hereto shall be released from all obligations and liabilities hereunder (except for the obligations of the Purchaser, if any, arising under or as a result of a breach of Section 5.0 or Section 6.0 hereof) and the Deposit shall be returned to the Purchaser forthwith, without deduction or interest.

8.0 TERMS OF PURCHASE

8.01 "As, Is, Where Is": The Purchaser acknowledges and agrees that the Vendor is selling and the Purchaser is purchasing the Property on an "as is, where is" and "without recourse" basis subject to whatever defects, conditions, impediments, Hazardous Materials or deficiencies which may exist on the Closing Date, including without limiting the generality of the foregoing, any latent or patent defects in the Property. No representation, warranty or condition is expressed or can be implied as to title, encumbrance, description, fitness for purpose, zoning or lawful use of the Property, the existence or non-existence of Hazardous Materials, compliance with any or all Environmental Laws, merchantability, condition, quantity or quality, or in respect of any other matter or thing whatsoever concerning the Property and, subject to the right of the Purchaser to make requisitions in accordance with Section 8.02 hereof, the Purchaser agrees to accept the Property in an "as is, where is" condition and subject to any outstanding work orders or notices of infractions as of the Closing Date and subject to any existing municipal or other governmental bylaws, restrictions or orders affecting its use, including subdivision agreements and easements and any encroachments by the subject or nearby buildings or by fences located on the subject or adjacent property onto adjoining properties or streets. Without limiting the foregoing, the Purchaser acknowledges that the Vendor makes no representations or warranties whatsoever as to the existence or non-existence of any Hazardous Material. Without limiting the foregoing, any and all conditions, warranties or representations expressed or implied pursuant to the *Sale of Goods Act* (Ontario) do not apply hereto and have been waived by the Purchaser. The descriptions of the Property contained in this Agreement are for the purposes of identification only and no representation, warranty or condition has or will be given by the Vendor concerning the accuracy of such descriptions.



8.02 Title: The Purchaser acknowledges that it shall, during the Inspection Period, at its own expense, examine title to the Real Property and to satisfy itself that the Buildings may be insured against risk of fire. If the Purchaser has any valid objections to title to the Real Property (including, without limitation, that the Vendor does not hold title to the Real Property in fee simple, absolute) or to the fact that the Real Property does not comply with all laws and regulations including, without limitation, zoning laws, by-laws and codes or to any outstanding municipal or governmental work or deficiency notices relating to the Real Property or to the fact that the present use of the Property may not lawfully be continued or that the Buildings or any of them may not be insured against risk of fire, then it shall so advise the Vendor in writing listing any and all such objections in reasonable detail on or before noon on the last day of the Inspection Period. If the Vendor is unable or unwilling to remove, remedy or satisfy any one or more of the said objections and the Purchaser will not waive such objections, then this Agreement, notwithstanding any intermediate acts or negotiations in respect of such objections, shall be at an end. Except for any valid objections so made and except for any objection going to the root of title or for any other matter or thing arising after the Inspection Period, the Purchaser shall be conclusively deemed to have accepted title to the Property and satisfied itself with respect to the other matters referred to in this Section 8.02. The Purchaser agrees to accept title to the Real Property subject to the Permitted Encumbrances.

For greater certainty, the Vendor shall not be required to discharge or obtain discharges of any liens, charges or encumbrances, if and to the extent that the Vesting Order referred to herein provides that the Purchaser shall acquire title to the Property free and clear thereof.

8.03 Zoning: The Purchaser intends to re-zone the property to residential use to allow for the rental of the property to students. The purchase of the property is conditional upon the Purchaser obtaining approval from the appropriate municipal authorities for the zoning required to convert it's use. The Purchaser's condition will also extend to obtaining a lease of the property with the University of Western Ontario for the converted use. This condition exists for the sole benefit of the Purchaser.

9.0 DATE OF CLOSING

Subject to the provisions of Section 14.0 hereof and as set out herein, the transaction contemplated hereunder shall be completed (the moment of completion shall be referred to as "Closing") on the day which is five (5) days after the date upon which the Vendor obtains the Vesting Order (as defined in Section 14.01 hereof) (the "**Closing Date**"). All documents and monies shall be delivered in accordance with the provisions of Section 10.0 of this Agreement. Provided, however, in the event any issue is raised with respect to the exercise of the right to sell by the Vendor, or in the event of any appeal of the Vesting Order, either the Purchaser or the Vendor may at its option on written notice to the other party hereto, extend the Closing Date for a period or periods of time not exceeding sixty (60) days in total. If any such issue is not



resolved to the satisfaction of the parties, acting reasonably, by the expiry of the extension period or periods, the Vendor at its sole option may terminate this Agreement and thereafter this Agreement shall be null and void and neither party shall have any obligation to the other hereunder (except for the obligations of the Purchaser, if any, arising under or as a result of a breach of Section 5.0 or Section 6.0 hereof) and the Deposit shall be returned to the Purchaser forthwith, without deduction or interest.

10.0 ELECTRONIC REGISTRATION

If electronic registration ("E-Reg") is mandatory in the Land Titles Office in which the Real Property is registered, the following provisions shall prevail, namely,

- (a) The Purchaser's solicitor and the Vendor's solicitor shall each be obliged to be authorized E-Reg users in good standing with the Law Society of Upper Canada, and are hereby authorized by the parties hereto to enter into a document registration agreement in the form adopted by the Joint LSUC-CBAO Committee on Electronic Registration of Title Documents on April 15, 2002 or any replacement thereof (hereinafter referred to as the "DRA"), establishing the procedures and timing for completing this transaction, which DRA shall be exchanged between the Vendor's solicitor and the Purchaser's solicitor no later than ten (10) days before the Closing Date;
- (b) The delivery and exchange of all closing deliveries hereunder and the release thereof to the parties hereto shall be governed by the DRA, pursuant to which the solicitor receiving any closing deliveries will be required to hold same in escrow, and will not be entitled to release same except in strict accordance with the provisions of the DRA.

It is expressly understood and agreed by the parties hereto that an effective tender shall be deemed to have been made by either party (the "Tendering Party") upon the other party (the "Receiving Party") when the solicitor for the Tendering Party has completed, in addition to all other requirements to effect a valid tender in accordance with the provisions of this Agreement and the DRA, all steps required by E-Reg in order to complete this transaction that can be performed and undertaken by the Tendering Party's solicitor without the cooperation or participation of the Receiving Party's solicitor, and specifically, when the Tendering Party's solicitor has, wherever possible, electronically "signed" the Transfer/Deed of Land and all other instruments to be registered against title to the Real Property at the time for Closing for completeness and granted "access" to the Receiving Party's solicitor.

11.0 PRE-CLOSING RISK AND POST-DAMAGE ENTITLEMENTS

The Property is and shall remain at the Vendor's risk until Closing and the Vendor shall hold all insurance policies and the proceeds thereunder, in trust, for the parties as their respective interests may appear pending Closing. In the event that the Property shall be damaged prior to Closing then the Vendor shall advise the Purchaser, in writing, within twenty-four (24) hours of the Vendor learning of same and the Vendor shall be entitled, in its sole and absolute discretion,



to elect to terminate this Agreement by notice, in writing, to the Purchaser and in such event the parties hereto shall be released from all obligations and liabilities hereunder (except for the obligations of the Purchaser, if any, arising under or as a result of a breach of Section 5.0 or Section 6.0 hereof) and the Deposit without interest shall be returned to the Purchaser forthwith, without deduction. If the Vendor shall not elect to terminate this Agreement as set out above, then the transaction contemplated hereunder shall be completed and the Vendor shall, at its own expense, repair the damage forthwith in a good and workmanlike manner and the Purchaser shall release its interest in the insurance proceeds, if any, payable in respect thereof, provided that the Closing Date may, in the Vendor's absolute and unfettered discretion, be extended until the date which is five (5) Business Days following the date on which the Vendor shall have completed the repairs.

12.0 VENDOR'S REPRESENTATIONS AND WARRANTIES

The Vendor represents and warrants to the Purchaser that, as at the date hereof, the Vendor is not a non-resident of Canada within the meaning and intended purpose of Section 116 of the *Income Tax Act* (Canada).

13.0 PURCHASER'S REPRESENTATIONS AND WARRANTIES

The Purchaser represents and warrants to the Vendor that, as at the date hereof:

- (a) the Purchaser is a corporation duly incorporated, organized and validly subsisting under the laws of Ontario and has all requisite corporate power, authority and capacity to execute and deliver and to perform each of its obligations pursuant to this Agreement; neither the execution of this Agreement nor the performance (such performance shall include, without limitation, the exercise of any of the Purchaser's rights and compliance with each of the Purchaser's obligations hereunder) by the Purchaser of the transaction contemplated hereunder will violate:
 - (i) the Purchaser's articles of incorporation and by-laws;
 - (ii) any agreement to which the Purchaser is bound;
 - (iii) any judgement or order of a court of competent authority or any Government Authority; or
 - (iv) any applicable law;

and the Purchaser has duly taken, or has caused to be taken, all requisite corporate action required to be taken by it to authorize the execution and delivery of this Agreement and the performance of each of its obligations hereunder; and

- (b) either (i) the Purchaser is not a "non- Canadian", as defined in the *Investment Canada Act* (Canada) ("ICA"); or (ii) if the Purchaser is a "non-Canadian", this transaction is not a reviewable transaction under the ICA, or, if applicable, the Purchaser is a non-Canadian for the purpose of the ICA and will within three (3) Business Days of the execution of this Agreement submit to Investment Canada a fully completed Application for Review



with respect to the transaction contemplated in this Agreement and will use its best efforts to obtain Investment Canada Approval within forty-five (45) days thereafter.

The Purchaser shall promptly deliver to the Vendor written notice specifying the occurrence or likely occurrence of any event which may result in any of the Purchaser's representations and warranties contained in this Agreement not continuing to be true as at Closing.

14.0 CONDITIONS OF CLOSING IN FAVOUR OF THE VENDOR

14.01 The Vendor's obligations contained in this Agreement shall be conditional for a period of 45 days from the expiry of the Inspection Period (the "**Condition Date**") upon the Vendor receiving an Order of the Court ordering that the Property be vested in the Purchaser after satisfaction by the Purchaser of its obligations under this Agreement, free and clear of all charges, mortgages and/or security interests registered against the Property and not being discharged on Closing (save for the Permitted Encumbrances, which will remain on title) and otherwise free and clear of any interests of the applicants in the proceeding in which the Court Order was obtained (the "**Vesting Order**").

The Vendor covenants and agrees to proceed as expeditiously as possible, to work in a diligent manner and to use reasonable commercial efforts to attempt to satisfy this condition. If the Vesting Order is not obtained on or before the Condition Date, this Agreement shall, at the Vendor's discretion:

- (a) be terminated, by notice, in writing, to the Purchaser, without any penalty or liability whatsoever to the Vendor or the Purchaser, other than the return by the Vendor to the Purchaser of the Deposit and except for the obligations of the Purchaser, if any, but without cost or other compensation and each of the Vendor and the Purchaser shall be released from all other obligations hereunder except for the obligations of the Purchaser, if any, arising under or as a result of a breach of the provisions of Section 5.0 or Section 6.0 hereof;
- (b) to be extended for an additional period of ten (10) days, to allow the Vendor to continue to attempt to obtain the Vesting Order by notice to the Purchaser, in writing, of the Vendor's election to extend prior to 5:00 p.m. on the Condition Date.

14.02 The Vendor's obligations contained in this Agreement shall be subject to the fulfillment, at or prior to Closing, of each of the following conditions:

- (a) each of the Purchaser's representations and warranties contained in this Agreement shall be true at and as of the date hereof and each of such representations and warranties shall continue to be true as at Closing;

- (b) the Purchaser shall have complied with each and every covenant/agreement made by it herein and required to be completed at or prior to Closing; and
- (c) all necessary corporate steps and proceedings shall have been taken by the Purchaser to permit the Purchaser's execution of this Agreement and performance of each of the Purchaser's obligations hereunder.

For greater certainty, each of the conditions contained in this Section 14.02 have been inserted for the benefit of the Vendor.

- 14.03 The Vendor covenants to use its best efforts (which the Vendor represents and warrants shall not be less than reasonable commercial efforts) to fulfill or cause to be fulfilled the conditions contained in Subsection 14.01 and the Purchaser covenants to use its best efforts (which the Purchaser represents and warrants shall be no less than reasonable commercial efforts) to fulfill or cause to be fulfilled the conditions contained in Subsection 14.02 hereof prior to Closing.
- 14.04 In the event that any of the foregoing conditions shall not be fulfilled, in whole or in part, at or prior to Closing, the Vendor may, in its absolute and unfettered discretion, terminate this Agreement by written notice to the Purchaser and, in such event, the Vendor and the Purchaser shall be released from their obligations and liabilities hereunder (except for the obligations of the Purchaser, if any, arising under or as a result of a breach of Section 5.0 or Section 6.0 hereof) and the Deposit shall be returned to the Purchaser forthwith, without deduction or interest.
- 14.05 In the event that the sale of the Property is enjoined or the Vesting Order is not obtained, where any part of the Property is removed from the control of the Vendor by any means or process, or legal proceedings are threatened against the Vendor to restrain the sale of the Property, or where the Property is redeemed in whole or in part by any party entitled thereto at law on or prior to Closing, the Vendor at its option may terminate this Agreement, by notice, in writing, to the Purchaser, without any penalty or liability whatsoever to the Vendor or the Purchaser, other than the return by the Vendor to the Purchaser of the Deposit, without deduction or interest, and without cost or other compensation and each of the Vendor and the Purchaser shall be released from all other obligations hereunder, except for the obligations of the Purchaser, if any, arising under or as a result of a breach of the provisions of Section 5.0 or Section 6.0 hereof.

15.0 VENDOR'S CLOSING DELIVERIES

The Vendor covenants to execute, where applicable, and deliver the following to the Purchaser at Closing or on such other date expressly provided herein:

- (a) Vesting Order: An order of the Court vesting the Property in the Purchaser, in accordance with the provisions of this Agreement, including any required Vendor's certificate attesting to the receipt of all of the Purchaser's closing deliveries;



- (b) Statement of Adjustments: a statement of adjustments prepared in accordance with Section 3.01 hereof, to be delivered not less than five (5) Business Days prior to Closing;
- (c) Direction Regarding Funds: a direction from the Vendor designating the party or parties to which the balance of the Purchase Price described in Subsection 2.03(c) hereof shall be paid; in the event that the Vendor designates more than one party then it shall also designate amounts payable to each of the parties;
- (d) Undertaking to Re-Adjust: the Vendor's undertaking to re-adjust any item on or omitted from the statement of adjustments;
- (e) Non-Residence Certificate: the Vendor's certificate setting out that the Vendor is not a "non-resident" of Canada within the meaning and purpose of Section 116 of the *Income Tax Act* (Canada);
- (f) Keys, Security Cards and Combinations: all available master keys and duplicate keys relating to the Property in the Vendor's possession; all security cards relating to the Property in the Vendor's possession;
- (g) Vendor's Certificate: a certificate of the Vendor that: (a) the warranties and representations of the Vendor contained in this Agreement are true and effective at Closing, (ii) it acknowledges that the Purchaser relied upon such warranties and representations in completing this transaction;
- (h) equipment and building warranties, building plans and specifications, operating manuals and any service maintenance contracts, if any, affecting the property which the Purchaser assumes and which are in the possession of the Vendor;
- (i) a good and valid transfer of all licences and permits (including elevator licences and permits), if any; and
- (j) General Deliveries: such further documentation relating to the completion of the transaction contemplated hereunder as shall be:
 - (i) referred to herein; or
 - (ii) required by law and/or any Government Authority;

Provided that such further documentation is in a form satisfactory to the Vendor.

16.0 PURCHASER'S CLOSING DELIVERIES

The Purchaser covenants to execute, where applicable, and deliver the following to the Vendor at or prior to Closing:



- (a) Direction Regarding Title: a direction from the Purchaser designating the transferee(s) in the Vesting Order described in Section 14.01 hereof (required only in the event that the Vesting Order is to be inscribed in favour of a person/entity other than the Purchaser);
- (b) Undertaking To Re-Adjust: the Purchaser's undertaking to re-adjust any item on or omitted from the statement of adjustments;
- (c) Purchaser's Certificate: certificate of the Purchaser that: (a) the warranties and representations of the Purchaser contained in this Agreement are true and effective at Closing, (ii) it acknowledges that the Vendor relied upon such warranties and representations in completing this transaction;
- (d) HST Declaration and Indemnity: the statutory declaration and indemnity provided for under Subsection 2.05 hereof;
- (e) Certificate of Incumbency: a certificate of incumbency setting out the names and specimen signatures of each of the directors and officers of the Purchaser;
- (f) Purchaser's Agents Commissions: evidence of payment by the Purchaser of any commission or other remuneration payable to the Purchaser's agent, if any, in connection with the purchase of the Property, or a certificate from the Purchaser certifying that it has not retained any such agent and that no such commission or other remuneration is payable;
- (g) Balance Due at Closing: the balance of the Purchase Price described in Subsection 2.03(c) hereof; and
- (h) Such further documents and other deliveries as the Vendor or its solicitor may reasonable require.

17.0 PLANNING ACT (ONTARIO)

This Agreement shall be effective to create an interest in the Property for the Purchaser only if the subdivision prohibition sections of the *Planning Act* (Ontario) are complied with prior to Closing.

18.0 NOTICE

Any notice given hereunder shall be in writing and delivered or communicated by facsimile to:

in the case of the Purchaser

Attention: Mr. Domenic Presta
Bianchi Presta L.L.P. Barristers & Solicitors



Fax No.: (905) 738-0528

with a copy to the Purchaser's Solicitors,

and in the case of the Vendor

Attention:

Fax No.:

with a copy to the Vendor's Solicitors:

Such notice shall be deemed to have been delivered upon delivery or communicated upon transmission unless such notice is delivered or transmitted outside of usual business hours, in which event the notice shall be deemed to have been delivered or transmitted on the next Business Day. A party may change its address and/or facsimile number by providing notice in accordance with this Section 18.0.

19.0 WAIVER OF CONDITIONS

Except as otherwise provided in this Agreement, all conditions contained herein have been inserted for the benefit of either the Vendor or the Purchaser, as indicated, and are conditions of the obligations of such party to complete the transaction contemplated hereunder at Closing and are not conditions precedent of this Agreement. Any one or more of the said conditions may be waived, in writing, in whole or in part, by the benefiting party without prejudice to the benefiting party's right of termination in the event of the non-fulfillment of any other condition, and, if so waived, this Agreement shall be read exclusive of the said condition or conditions so waived. For greater certainty, the closing of the transaction contemplated hereunder by a party hereof shall be deemed to be a waiver by such party of compliance with any condition inserted for its benefit and not satisfied at Closing.

20.0 SEVERABILITY

If any provision contained in this Agreement or the application thereof to any person/entity or circumstance is, to any extent, invalid or unenforceable, the remainder of this Agreement and the application of such provision to persons/entities or circumstances other than those to whom/which it is held invalid or unenforceable, shall not be affected thereby and each provision contained in this Agreement shall be separately valid and enforceable to the fullest extent permitted by law.

21.0 ENTIRE AGREEMENT



This Agreement and the schedules attached hereto constitute the entire agreement between the Vendor and the Purchaser in respect of the Property. Each of the parties acknowledges that, except as contained in this Agreement, there is no representation, warranty, collateral agreement or condition (whether a direct or collateral condition or an express or implied condition) which induced it to enter into this Agreement.

22.0 CUMULATIVE REMEDIES

No remedy conferred upon or reserved to one or both of the parties hereto is intended to be exclusive of any other remedy, but each remedy shall be cumulative and in addition to every other remedy conferred upon or reserved hereunder, whether such remedy shall be existing or hereafter existing, and whether such remedy shall become available under common law, equity or statute.

23.0 REFERENCES TO STATUTES

Except as otherwise provided in this Agreement, references to any statute herein shall be deemed to be a reference to such statute and any and all regulations from time to time promulgated thereunder and to such statute and regulations as amended or re-enacted from time to time. Any reference herein to a specific section or sections, paragraph or paragraphs and/or clause or clauses of any statute or regulations promulgated thereunder shall be deemed to include a reference to any corresponding provision of future law.

24.0 TIME OF ESSENCE

Time shall in all respects be of the essence hereof provided that the time for the doing or completing of any matter referred to herein may be extended or abridged by an agreement, in writing, executed by the Vendor and the Purchaser or their respective solicitors who are hereby expressly appointed for that purpose.

25.0 CANADIAN FUNDS

All references to dollar amounts contained in this Agreement shall be deemed to refer to Canadian funds.

26.0 TENDER

Any tender to notices, documents and/or monies hereunder may be made upon the Vendor or the Purchaser or their respective solicitors.

27.0 FURTHER ASSURANCES

Except as otherwise expressed herein to the contrary, each party shall, without receiving additional consideration therefor, co-operate with and take such additional actions as may be requested by the other party, acting reasonably, in order to carry out the purpose and intent of this Agreement.



28.0 CONFIDENTIALITY

The Purchaser and its agents, advisors and authorized representatives shall maintain in strict confidence, until Closing, all information and materials delivered or made available pursuant to this Agreement, except as may reasonably be disclosed by the Purchaser:

- (a) to facilitate the procurement of financing for the Property;
- (b) to enforce any of its rights/remedies hereunder;
- (c) to enforce any of its other rights/remedies, if any, pursuant to common law, equity or statute; or
- (d) to comply with laws requiring disclosure.

In the event that the transaction contemplated in this Agreement is, for any reason whatsoever, not completed, then the Purchaser shall, upon request from the Vendor, promptly return to the Vendor all materials delivered hereunder and deliver to the Vendor all copies of materials made available hereunder.

29.0 NON-BUSINESS DAYS

In the event that any date specified or any date contemplated in this Agreement shall fall upon a day other than a Business Day, then such date shall be deemed to be the next following Business Day.

30.0 INTEREST

Except as otherwise expressed herein to the contrary, all amounts which shall be owing pursuant to this Agreement and not paid when due, shall bear interest, both before and after demand, judgement and default, at the Prime Rate plus 2% calculated daily and compounded semi-annually.

31.0 GOVERNING LAWS

This Agreement has been executed in the Province of Ontario and, for all purposes, shall be construed in accordance with and governed by the laws in effect within the Province of Ontario.

32.0 ASSIGNMENT

The Purchaser shall not assign part or all of its interest under this Agreement without the prior written consent of the Vendor, which consent may be arbitrarily withheld.

33.0 COMMISSION

The Vendor has retained the Vendor's Agent in regard to the sale of the Property to the Purchaser. The Vendor agrees that it shall be responsible for paying any commission or other



remuneration payable to any agent retained by the Vendor in connection with the sale of the Property.

34.0 NON-REGISTRATION OF AGREEMENT

The Purchaser acknowledges that this Agreement is personal to the Purchaser and that this Agreement or any monies paid hereunder do not create an interest in the Property and the Purchaser further acknowledges that upon any breach of this Agreement by the Vendor, the Purchaser has an adequate remedy in damages. The Purchaser agrees that it will not register or cause or permit to be registered this Agreement and that no reference to or notice of it or any caution, certificate of pending litigation or other similar court process in respect thereof shall be registered on title to the Real Property, and the Purchaser shall be deemed to be in default under this Agreement if it makes any registration or causes or permits any registration to be made on title to the Real Property prior to the Closing Date.

35.0 SUCCESSORS AND ASSIGNS

This Agreement shall be binding upon and enure to the benefit of the parties hereto and their respective successors and permitted assigns.

36.0 EXCLUSIVITY

Upon execution of this Agreement of Purchase and Sale, the Vendor agrees to negotiate exclusively and in good faith, without exception, with the Purchaser to complete the transaction proposed herein. In that regard, the Vendor agrees not to enter into, or continue, any negotiations or discussions with any third party in respect of the sale of the Property, and not to give access to any third party to the Property for the purpose of enabling that third party to make a determination as to whether to make an offer to acquire the Property.

37.0 ADVISORY FEE

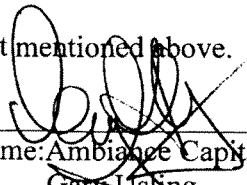
A fee of 4% of the gross purchase price shall be payable to Ambiance Capital Corp. upon the successful completion of the transaction.

38.0 TIME FOR ACCEPTANCE

The offer to purchase comprising this Agreement shall be irrevocable by the Purchaser and open for acceptance by the Vendor until 5:00 p.m. on the 25th day of November, 2010, after which time, if not accepted and notice of such acceptance communicated to the Purchaser, then the said offer to purchase shall be null and void and of no further force and effect.

DATED at Toronto as of the date first mentioned above.

By:


Name: Ambiance Capital Corp.
Gary Using

Title: Director
I have authority to bind the Corporation.

The Vendor hereby accepts the foregoing offer to purchase and its terms and agrees with the Purchaser to duly complete the transaction contemplated thereunder.

DATED at _____, Ontario this _____ day of _____, 20__.

By: _____
Name
Title:
I have authority to bind the Corporation.

SCHEDULE "A"

DESCRIPTION OF REAL PROPERTY

Part of Lot 16, Concession 3, as in Instrument #801684 London/Westminster, municipally known as 817 Exeter Road, London, Ontario, being PIN 08485-0177 (LT).

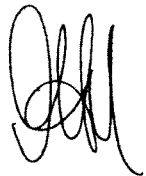


SCHEDULE "B"

PERMITTED ENCUMBRANCES

The following shall be permitted encumbrances for the purpose of this Agreement:

1. inchoate liens for municipal property taxes, local improvement assessments or taxes, or other taxes, assessments or recoveries relating to the Real Property, and public utilities, which are not at the time due;
2. all reservations, limitations, provisos and conditions expressed in the original grant from the Crown;
3. any registered licenses, easements, rights-of-way, rights in the nature of easements and agreements with respect thereto (including, without limitation, agreements, easements, licenses, rights-of-way and interests in the nature of easements for sidewalks, public ways, sewers, drains, gas, steam and water mains or electric light and power, or telephone and telegraphic conduits, poles, wires and cables);
4. applicable municipal by-laws, development agreements, subdivision agreements, site plan agreements and building restrictions, provided, in each case, that the same have been complied with to the date of closing and do not materially interfere with the ordinary operation of the Real Property ;
5. the exceptions, limitations and qualifications of the Land Titles Act and any amendments thereto; and
6. Instruments Nos.: 119427, 224017, 275070, 367526, 476923 and A801684.

A handwritten signature in black ink, consisting of several loops and a long tail, located in the bottom right corner of the page.

[Email from Peter Zivontis Nov 18 2010]

Hans

We are still working on Ramada.

We heard that GE has taken control of the property?

Can we get a copy of the updated appraisal?

We can bring a all cash offer forward but price is low – 4MM range/

Your thoughts?

Regards,

Peter Zivontsis

President

**Business Financial
& Realty Corp.**

**2275 Lakeshore Blvd. West
5th Floor**

Toronto, ON. M8V 3Y3

Tel: (416) 406-2727 x9942

Direct: (416) 406-9942

Fax: (416) 406-6199

Mobile: (416) 617-9586

www.businessfinancial.ca

peter@businessfinancial.ca

IN THE MATTER OF THE PROPOSAL OF LAMCO INVESTMENTS LTD.
A COMPANY CONTINUED PURSUANT TO THE LAWS OF THE PROVINCE
OF ONTARIO WITH A HEAD OFFICE IN THE CITY OF MISSISSAUGA IN
THE PROVINCE OF ONTARIO

Court File No. 31-1175668

**ONTARIO
SUPERIOR COURT OF JUSTICE
IN BANKRUPTCY AND INSOLVENCY
(COMMERCIAL LIST)**

Proceeding commenced at Toronto

**SUPPLEMENT TO THE FIRST REPORT
OF THE RECEIVER**

MILLER THOMSON LLP
SCOTIA PLAZA
40 KING STREET WEST, SUITE 5800
P.O. BOX 1011
TORONTO, ON CANADA M5H 3S1

Craig A. Mills LSUC#: 40947B
Tel: 416-595-8596
Fax: 416-595-8695

Lawyers for PricewaterhouseCoopers Inc., in its capacity as
court-appointed receiver of Lamco Investments Ltd.