

Form 51-102F3
MATERIAL CHANGE REPORT

1. Full name and address of the Company.

Gulf & Pacific Equities Corp. (the “**Issuer**”)
1300 Bay Street, Suite 300
Toronto, Ontario M5R 3K8

2. Date of Material Change.

December 8, 2006

3. News Release.

News releases dated March 30, 2006 and December 11, 2006, which were transmitted by Canada Newswire and subsequently filed on SEDAR.

4. Summary of Material Change.

On December 8, 2006, the Issuer announced that it has completed its previously announced acquisition (the “**Acquisition**”) of the Tri-City Mall in Cold Lake, Alberta. In connection with the Acquisition, the Issuer entered into first mortgage with First National Financial LP and several bridge financing arrangements, more fully described below.

5. Full Description of Material Change.

The Issuer completed the Acquisition pursuant to an acquisition agreement (the “**Acquisition Agreement**”) dated December 8, 2006 among the Issuer, Rick Holdings Ltd. and 575842 Alberta Ltd. The total purchase price for the Acquisition was approximately \$13.3 million, excluding closing costs and subject to standard adjustments, of which \$1.5 million is a vendor take-back mortgage pursuant to Acquisition Agreement the payable over the 2 years at an interest rate of 8.5%.

The acquisition was financed, in part, with a \$9 million first mortgage with First National Financial LP bearing interest at 5.32% and expiring in December 2011. The Issuer also obtained a \$1 million bridge loan (the “**Bridge Loan**”) bearing interest at 15% and maturing in December 2007 pursuant to a letter agreement dated December 4, 2006 between the Issuer and RIC New Brunswick Inc. In connection with the Bridge Loan, the Issuer paid a cash fee equal to 4% of the principal amount to the lender and granted the lender a general security interest (subject to certain pre-existing security interests and those to be created as part of the Acquisition) and blanket second mortgages (subject to pre-existing security interests) on two of its properties.

The Issuer obtained additional financing via two short-term unsecured loans, each in the amount of \$500,000, having a term of one year and bearing an interest rate of 6%, pursuant to loan agreements dated November 26, 2006 between the Issuer and each of Ceyx Properties Ltd.

("Ceyx") and Jana Holdings Ltd. ("Jana"). Ceyx and Jana are controlled by parties related to an officer and director of the Issuer.

A copy of the Acquisition Agreement is attached hereto as Schedule "A", but does not form part of this Material Change Report.

6. Reliance on subsection 7.1(2) or (3) of National Instrument 51-102.

Neither subsection 7.1(2) nor (3) is being relied upon.

7. Omitted Information.

No Information has been omitted on the basis that it is confidential information.

8. Executive Officer.

Mr. Anthony Cohen, President and Chief Executive Officer, Telephone: (416) 968-3337.

9. Date of Report.

DATED at Toronto, Ontario, this 13th day of December, 2006.

"Greg K W Wong" (signed)

Greg K W Wong
Chief Financial Officer

Schedule “A”

(Please See Attached)

AGREEMENT OF PURCHASE AND SALE

THIS AGREEMENT dated for reference this 8th day of December, 2006.

BETWEEN:

RICK HOLDINGS LTD., a body corporate having an office at
[REDACTED]

(hereinafter called the “**Holdings**”)

OF THE FIRST PART

- and -

575842 ALBERTA LTD., a body corporate having an address at
[REDACTED]

(hereinafter called the “**575842**”)

OF THE SECOND PART

(Holdings and 575842 are hereinafter collectively called the “**Vendors**”)

- and -

GULF & PACIFIC EQUITIES CORP., a body corporate having
a Executive Head Office in Toronto, Ontario

(hereinafter called the “**Purchaser**”)

OF THE THIRD PART

WHEREAS:

- A. The Vendors own the Lands and the Purchased Assets;
- B. The Vendors wish to sell and the Purchaser wishes to buy the Lands and the Purchased Assets for the sum of \$13,300,000.00 on the terms and conditions set forth herein;

NOW THEREFORE in consideration of the covenants, agreements, warranties and payments herein set forth and provided for, the parties agree as follows:

1 SECTION - INTERPRETATION

DEFINITIONS

1.1 In this Agreement, including the preamble paragraphs of this Agreement, the following words and phrases shall, unless otherwise stated, have the following respective meanings:

- (a) “**Adjustment Date**” shall be the 8th day of December, 2006;
- (b) “**Assigned Contracts**” has the meaning set forth in Section 8.1 hereto;

- (c) “**Chattels**” means all chattels and tangible personal property of every nature and kind owned or leased by the Vendors and affixed to, incorporated in or situate at the Improvements or otherwise upon the Lands, including without limitation, the equipment, machinery, inventory, supplies and other chattels (including computer equipment and software) used exclusively in the maintenance, repair or ownership of the Property;
- (d) “**Closing**” means the closing of the purchase and sale of the Purchased Assets at the time and in the manner provided for in Section 9;
- (e) “**Closing Date**” shall be the 8th day of December, 2006;
- (f) “**Closing Documents**” has the meaning set forth in Section 9.2 hereto;
- (g) “**Contracts**” means all written contracts and agreements to enter into contracts together with all modifications, extensions, renewals, and assignments thereof, made by or on behalf of the Vendors relating to the management, servicing, repair and cleaning of the Lands, Improvements or Chattels or the furnishing of supplies or services thereto;
- (h) “**Final Adjustment Date**” has the meaning set forth in Section 5.1(b) hereto;
- (i) “**Financial Statements**” means the books and records, and unaudited and audited balance sheets, income and expense statements and other relevant financial information pertaining to the operation of the Property. Audited balance sheets if required will be provided by the Vendors at the sole expense of the Purchaser;
- (j) “**Improvements**” means all buildings, structures and fixed improvements located on, in or under the Lands, including the parking facilities, and all fixed equipment, improvements and fixtures contained in or on such improvements, including all heating, ventilation, air condition, electrical, mechanical and all other systems or services in or on such improvements used in the operation of the Improvements, but excluding systems and services not owned by the Vendors and used by any Tenant exclusively in carrying on its business, and those systems and services which are removable by any Tenant pursuant to its Lease;
- (k) “**Lands**” means property having a legal description of:
- Plan 9222480
Block 1
Lot 4
Excepting thereout all Mines and Minerals
Title No. 972 395 208
- and -
- Plan 9222480
Block 1
Lot 5
Excepting thereout all Mines and Minerals
Title No. 972 395 206 +1
- and -

Plan 9222480
Block 1
Lot 3
Excepting thereout all Mines and Minerals
Title No. 972 395 206

- (l) **“Leases”** means all accepted offers to lease, leases, renewals of leases, options with respect to leases, assignments thereof and other rights or licenses granted by or on behalf of the Vendors or its predecessors in title to the Lands to possess, occupy or use any portion of the Lands or any premises in any Improvements or any part thereof, now or hereafter, together with all security, guarantees and indemnities of the tenants’, licensees’ or occupants’ obligations thereunder, in each case as amended, renewed or otherwise varied, and including, without limitation, any parking and storage space leases with respect to space on or under the Lands or within the Improvements and as set out in Schedule “B” hereto;
- (m) **“LTO”** means the applicable Alberta Land Titles Office;
- (n) **“Mechanical Systems”** means all systems within the Property of a mechanical nature owned by the Vendors, including without limitation all heating, plumbing, electrical, ventilation, drainage, elevators or other mechanical lifting devices, air condition systems and communication systems;
- (o) **“Other Term”** means any charges encumbering the Lands other than the Permitted Encumbrances;
- (p) **“Permitted Encumbrances”** means:
 - (i) the encumbrances described in Schedule “C” hereto;
 - (ii) the Leases; and
 - (iii) any other liens, charges or encumbrances expressly permitted in writing by the Purchaser;
- (q) **“Post Closing Adjustments”** has the meaning set forth in Section 5.1(b) hereto;
- (r) **“Prepaid Expenses”** means the various common area maintenance costs and realty taxes which are incurred by the Vendors but proportionately payable in advance as additional rent by the Tenants under the Leases, as applicable;
- (s) **“Project Documents”** means:
 - (i) a true and complete copy of each of the Leases (including any assignments and subleases);
 - (ii) a current tenancy schedule specifying the proper legal name and trading name, if any, of the Tenant (or if applicable any assignee or sublessee) and its suite number, the commencement and expiration dates of the term of the Lease, the amounts of monthly rent and additional rent currently paid,

the current amount of any rent arrears, the amount of any security deposits, damage deposits, Prepaid Expenses and prepaid rents held by the Vendors and any renewal rights; (including any assignments and subleases);

- (iii) a true and complete copy of the Financial Statements;
 - (iv) a true and complete copy of all Contracts;
 - (v) a list describing all Chattels and Mechanical Systems;
 - (vi) a set of all plans and specifications relating to the construction of the Improvements and other improvements, all as-built drawings and all plans for leasehold improvements in the Property, which are in the possession of the Vendors;
 - (vii) a true and complete copy of the operating budget for each Property for the current fiscal operating year of the Property; and
 - (viii) copies of all existing insurance policies and/or certificates in respect of the Purchased Assets;
- (t) **“Property”** means the Lands and Improvements;
 - (u) **“Purchase Price”** means the sum of Thirteen Million Three Hundred Thousand (\$13,300,000.00) Dollars of lawful money of Canada;
 - (v) **“Purchased Assets”** means:
 - (i) the Lands and the Improvements;
 - (ii) the Chattels;
 - (iii) the Mechanical Systems;
 - (iv) the benefits of the Leases; and
 - (v) the Assigned Contracts;
 - (w) **“Purchaser’s Conditions”** has the meaning set forth in Section 7.1 hereto;
 - (x) **“Purchaser’s Condition Notice”** means the applicable notice in writing specified in Section 7.1 hereof;
 - (y) **“Purchaser’s Condition Date”** means 5:00 pm (Alberta time) on November 29th 2006;
 - (z) **“Purchaser’s Solicitors”** means [REDACTED];

- (aa) “**Tenants**” means the tenants under the Leases and “**Tenant**” means any one of them; and
- (bb) “**Transfer**” has the meaning set forth in Section 9.2(a) hereto.

CURRENCY

1.2 All dollar amounts referred to in this Agreement are Canadian dollars.

REFERENCES

1.3 Wherever the singular or masculine is used in this Agreement the same will be deemed to include references to the plural, feminine or body corporate as the context may require. The word “including”, when following a general statement, term or matter, is not to be construed to limit such general statement, term or matter to the specific item or matter set forth immediately following such word or to similar items or matters whether or not non-limiting language (such as “without limitation” or “but not limited to” or words of similar import) is used with reference thereto, but rather is to be construed to refer to all other items or matters that could reasonably fall within the scope of such general statement, term or matter.

CONSTRUCTION

1.4 The division of this Agreement into articles and the insertion of headings are for convenience of reference only and are not to affect the construction or interpretation of this Agreement.

GOVERNING LAW

1.5 This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta and of Canada applicable in the Province of Alberta and the courts of the Province of Alberta shall be the proper forum for the resolution of any disputes arising under and by virtue of this Agreement.

SCHEDULES

1.6 The following schedules shall be attached to and form part of this Agreement.

Schedule “A”	Allocation of Purchase Price
Schedule “B”	Leases
Schedule “C”	Permitted Encumbrances
Schedule “D”	Form of Assignment of Leases
Schedule “E”	Form of Assignment of Contracts
Schedule “F”	Disclosed Litigation

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SECTION - PURCHASE AND SALE

AGREEMENT OF PURCHASE AND SALE

2.1 Subject to the terms and conditions of this Agreement, and based on the warranties and representations herein contained, the Vendors agree to sell and the Purchaser agrees to purchase the Purchased Assets on the Closing Date for the Purchase Price, subject to Section 5 hereof.

PAYMENT OF PURCHASE PRICE

2.2 The Purchase Price for the Purchased Assets shall be paid by the Purchaser as follows:

- (a) A deposit in the amount of \$100,000.00 to be tendered to the Solicitor of the Vendor, Holdings, forthwith upon execution hereof to be held in trust by such Solicitor pursuant to the terms hereof and upon closing or other termination of this Agreement to be tendered in partial satisfaction of the Purchase Price or covenants given below. In the event that this transaction of purchase and sale fails to close for any reason, other than the failure of the Vendors to close in accordance with the terms set out herein, such deposit shall not be refunded to the Purchaser but shall be provided to the Vendors in the circumstance to the extent that they have incurred expenses in relation to defeasance as referenced in s.2.4(a) hereof and shall be accepted as full liquidated damages for all claims hereunder in this regard.
- (b) secondly, utilizing the proceeds of a new first mortgage with such lender as may be acceptable to the Purchaser, in the amount of approximately Nine Million (\$9,000,000.00) Dollars. All payments, interest, costs and charges of such security shall be the responsibility of the Purchaser.
- (c) the balance, estimated to be Four Million, Two Hundred Thousand (\$4,200,000.00) Dollars, plus or minus any Closing cash adjustments required to be made shall be paid in cash on Closing.

ALLOCATION OF PURCHASE PRICE

2.3 The Purchase Price shall be allocated between the Lands as set out on Schedule "A" hereto.

RESPONSIBILITY FOR DEFEASANCE COSTS

2.4 The Vendor, Holdings, shall be responsible for all costs of defeasance payout and/or early discharge associated with the mortgage security to [REDACTED] in the Alberta Land Titles Registry and associated collateral security. These costs are as follows:

- (a) Legal accounting and finance charges (estimated at a maximum of \$ [REDACTED]);
- (b) Financing costs associated with defeasance (estimated as \$ [REDACTED]);

and such costs to be deducted from the net proceeds otherwise payable to Holdings ("Defeasance Costs").

In consideration of the Vendor, Holdings agreeing to incur the Defeasance Costs, the Purchaser agrees that upon successful Closing of the transaction of Purchase and Sale described herein, it will enter into a repayment agreement with Holdings where it will agree to pay an amount equal to such Defeasance Costs upon rental space in the Lands as they currently exist becoming fully leased upon current market terms, provided that the Lands shall be so leased within the term of such Agreement. Such sums shall bear interest at the rate of seven (7%) per centum per annum from the time of such condition shall have occurred until payment is made to the Vendor Holdings.

CONDITIONS PRECEDENT TO THE OBLIGATIONS OF THE PURCHASER

2.5 Notwithstanding any other provisions herein contained, the obligation of the Purchaser to complete the transaction provided for herein will be subject to the following conditions:

- (a) The representations and warranties of the Vendors contained in this Agreement or any documents delivered in order to carry out the transaction contemplated hereby shall be true and accurate hereof and at the Closing Date with the same force and effect as though such representations and warranties have been made as of the Closing Date regardless of the date at which this information in this Agreement or any Schedule or other document made pursuant hereto is given. In addition, the Vendors shall have complied with all covenants in Agreements herein agreed to be performed or caused to be performed by them at the Closing Date.
- (b) During the period from the date of execution of this Agreement to the Closing Date, there will have been no adverse material change in the business or in the condition of the property which have not occurred in the ordinary course of business.

CONDITIONS PRECEDENT TO THE OBLIGATIONS OF THE VENDORS

2.6 Notwithstanding any other provisions herein contained, the obligation of the Vendors to complete the transaction provided for herein will be subject to the following conditions:

- (a) The representations and warranties of the Purchaser contained in this Agreement or any documents delivered in order to carry out the transaction contemplated hereby shall be true and accurate hereof and at the Closing Date with the same force and effect as though such representations and warranties have been made as of the Closing Date regardless of the date at which this information in this Agreement or any Schedule or other document made pursuant hereto is given. In addition, the Purchaser shall have complied with all covenants in Agreements herein agreed to be performed or caused to be performed by them at the Closing Date.

3 SECTION - DOCUMENTS AND CONFIDENTIALITY

PROJECT DOCUMENTS

3.1 As of the date of this Agreement, the Vendors have made all Project Documents, or true and complete copies thereof, available to the Purchaser for inspection and photocopying. Thereafter, the Vendors shall forthwith make available to the Purchaser all such further information respecting the Project Documents as may be reasonably required by the Purchaser.

CONFIDENTIALITY - PURCHASER

3.2 The Purchaser agrees to cause its representative directors, officers, employees, agents and advisors to keep in strict confidence all information with respect to the Project Documents until such time as the purchase and sale of the Purchased Assets is completed, unless otherwise required by law. If the purchase and sale of the Purchased Assets is not completed for any reason, this obligation of the Purchaser shall continue and all materials so delivered shall, upon request, forthwith be returned to the Vendors by the Purchaser. The Purchaser, without limiting its obligations hereunder, may disclose this information to the Purchaser's professional advisors and any lenders proposing to finance the acquisition of the Purchased Assets.

CONFIDENTIALITY - VENDORS

3.3 The Vendors agree to cause their directors, officers, employees, agents and advisors to keep this Agreement in strict confidence until such time as the purchase and sale of the Purchased Assets is completed, unless otherwise required by law.

AUTHORIZATION

3.4 The Vendors hereby expressly authorize the Purchaser and its agents, consultants and advisors to meet with or correspond with the appropriate statutory or governmental authorities for the purpose of conducting its own independent investigation of the Lands, Improvements, Chattels and Mechanical Systems and verifying the accuracy of the warranties and representations of the Vendors contained in this Agreement, but not limited to compliance with laws, by-laws, regulations and assessments. The Vendors will promptly at the Purchaser's request execute and deliver any authorizations reasonably required by the Purchaser to authorize the statutory or governmental authorities to release such information to the Purchaser.

4 SECTION - GENERAL COVENANTS

COVENANTS OF THE VENDORS

4.1 The Vendors shall:

- (a) from and after the date of this Agreement to the Closing Date, maintain the Property in its present condition and do or cause to be done all necessary repairs, maintenance, replacements and reconstructions as required to effect same, take all reasonable care to protect and safeguard the Property and operate and otherwise deal with the Property as a careful and prudent owner would do and in such a manner that, except as contemplated herein, the warranties and representations in Section 6 remain true and correct;

- (b) maintain or cause to be maintained, in full force and effect the existing insurance coverage in respect of the Property and rental insurance in connection with the Leases until completion of the Closing pursuant to Section 9;
- (c) not, from the date of this Agreement to the Closing Date, enter into any agreement, contract or lease or any modification of any of the Leases, Permitted Encumbrances or any charge relating to the Property or the Purchased Assets without the prior written approval of the Purchaser which written approval will not be unreasonably withheld;
- (d) observe and perform all of its obligations under the Leases and the Assigned Contracts and diligently enforce all of its rights and remedies thereunder;
- (e) take or cause to be taken all proper steps and actions and corporate proceedings to enable the Vendors to vest in the Purchaser a good and marketable title to the Purchased Assets, free and clear of all liens, encumbrances, defects in title, equities or claims of every nature and kind except for Permitted Encumbrances and to enable the Vendors to carry out the sale of the Purchased Assets and to execute and deliver this Agreement as valid and binding obligations of the Vendors;
- (f) maintain present levels of consumable supplies and spare parts in the Improvements until the Closing Date;
- (g) comply, at the Vendors' expense, with any work order or orders relating to the Property which are the responsibility of the owner of the Property from any governmental authority including police or fire departments, sanitation or health authorities or any other federal, provincial or municipal authority having jurisdiction relating to the work orders which are the responsibility of the owner of the Property, issued prior to the Closing Date, with such compliance to be completed as soon as possible and if not by Closing then the cost of same shall be shown as an adjustment on the statement of adjustments prepared for the Closing;
- (h) for a four-year period following the Closing Date, the Vendors shall both provide the Purchaser with access to such of the historical financial information respecting the Property as may be required to assist the Purchaser in complying with the ongoing financial reporting requirements of the regulatory authorities by which it is governed; and
- (i) as of the Closing Date, transfer or terminate the employment of, or cause the transfer or termination of employment of, all employees employed in respect of the management, operation, maintenance, repair, development servicing or ownership of the Purchased Assets. The Vendors shall be responsible for all wages, bonuses, earned vacations, sick leave, pensions, source deductions and other remuneration benefits for all employees accruing up to the Closing Date. The Purchaser shall only be responsible for the payment of all legal obligations relating to the termination of any employee whose employment has been specifically transferred to the Purchaser. Legal obligations relating to termination shall include all amounts required to be paid pursuant to statute or at common law for pay in lieu of notice, termination pay, severance pay, vacation pay and all

other outstanding amounts. Purchaser shall only assume the employment obligations of those employees which it specifically agrees in writing to assume.

4.2 If, prior to the Closing, all or any part of the Purchased Assets are destroyed or damaged by fire or any other casualty or shall be appropriated, expropriated or seized by any governmental entity or other lawful authority, the Purchaser shall have the option, exercisable by notice in writing given within four business days of the Purchaser receiving notice in writing from the Vendors of such destruction, damage, expropriation or seizure:

- (a) to elect to complete the purchase and sale subject to the Purchase Price being reduced to reflect such damage or expropriation, such reduction in the Purchase Price to be mutually agreed upon by the parties hereto. If the parties can not come to an agreement on the reduction amount within 15 days of the Vendors receiving the Purchaser's notice to proceed with the purchase and sale, then the reduction in the Purchase price required hereby shall be determined by arbitration pursuant to the *Arbitration Act* (Alberta); or
- (b) to complete the purchase without reduction of the Purchase Price, in which event all proceeds of an insurance or compensation for expropriation or seizure shall be payable to the Purchaser and any right and claim of the Vendors to any such amounts not paid by the Closing Date shall be assigned to the Purchaser; or
- (c) if the destruction, damage, or expropriation is to a significant part of the Purchased Assets, of terminating this Agreement and not completing the purchase, in which case all obligations of the Purchaser shall terminate forthwith upon the provision of notice to the Vendors regarding same.

5 SECTION - ADJUSTMENTS AND RELATED MATTERS

ADJUSTMENTS

5.1 Adjustments will be made in accordance with the following provisions:

- (a) General

Except as otherwise provided herein, all adjustments for basic rent, additional rents, parking income, damage and/or security deposits and interest thereon, if any, prepaid rents and interest thereon, if any, Prepaid Expenses and other income and operating expenses, utilities, taxes (including local improvement charges and assessments and business taxes) and other adjustments in accordance with the usual commercial real estate practice in the City of Edmonton shall be made as of the Adjustment Date and shall be paid on the Closing Date pursuant to a statement of adjustments to be prepared by the Vendors and approved by the Purchaser, each acting reasonably.

- (b) Readjustment

If the final cost or amount of any item which is to be adjusted under Section 5.1(a) hereof has not yet been determined at Closing (the "**Post Closing Adjustments**"), then an initial adjustment for such item shall be made at Closing,

such amount to be estimated by the Vendors, acting reasonably, as at the date immediately preceding the Adjustment Date. In each case when a Post Closing Adjustment is determined, the Vendors or Purchaser, as the case may be, shall within thirty (30) days of determination, provide a complete statement thereof to the other and within thirty (30) days thereafter, if the party receiving such statement does not dispute same, the parties hereto shall make a final adjustment as of the date immediately preceding the Adjustment Date for the Post Closing Adjustment in question, provided that in any event such final adjustment and all payments associated therewith, shall be made between the parties no later than twelve (12) months from the Closing Date (the “**Final Adjustment Date**”) and no claim for any readjustment may be made by either party thereafter. In the absence of agreement by the parties hereby within twelve (12) months of the Closing Date, the Post-Closing Adjustments shall be determined by a mutually acceptable independent auditing firm or, failing agreement on the selection of such firm, by an independent auditing firm selected on application by either party to the Court of Queen’s Bench of Alberta, following which payment for such adjustments shall be immediately made. The cost of all such auditors’ determinations shall be shared equally between the parties hereto. The Vendors and the Purchaser agree to execute and deliver on the Closing Date an undertaking to readjust and pay the amount of any Post Closing Adjustments as may be owing pursuant to the provisions of this Agreement. It is agreed that no adjustments shall be made with respect to insurance premiums and that the Purchaser shall not assume or take an assignment of the Vendors’ insurance policies.

(c) Arrears

All rental arrears, receivables and recoveries in respect of the Property outstanding as at the Adjustment Date (other than rent and recoveries occurring between the Adjustment Date and the Closing Date including recoveries for the month in which the Closing occurs) will not be adjusted, but will remain the property of the Vendors. The Purchaser shall cooperate with the Vendors after Closing and, at the expense of the Vendors, use commercially reasonable efforts to assist the Vendors in collecting such amounts in accordance with the terms of the Leases, provided that the Purchaser shall not be required to take legal action against a Tenant in regard of a Lease, and provided that the Purchaser shall not be required to terminate any Lease. Any such amounts recovered and specifically designated and paid in respect of receivables accruing prior to Closing will be received by the Purchaser in trust for the Vendors and shall be paid to the Vendors within ten (10) days after receipt. The unamortized amounts of any recoverable operating expense incurred by the Vendors or their predecessors in title and the outstanding balance, including both principal and accrued interest, under loans (if any) made by the Vendors or their predecessors in title under the Leases shall be quantified and substantiated by the Vendors by the Purchaser’s Condition Date and shall form an adjustment at Closing. The Vendors shall not be obliged to pay out any local improvement charges, except in respect of any which may have accrued and were required to be paid prior to the Closing Date, but which were not paid.

(d) Cooperation

The Vendors and Purchaser agree to make all records, documents and information available to each other for the purpose of preparation of any statements or readjustments pursuant to this Section 5.1.

(e) Tenant Obligations

The Purchaser shall be responsible for all real estate leasing commissions, lease takeover costs, tenant allowances and tenant inducements, including free rent and abatement of rent payable under or otherwise applicable to the Leases after the Adjustment Date. The Vendors shall be responsible for all real estate leasing commissions, lease take-over costs, tenant allowances and tenant inducements, including free rent and abatement of rent, payable under or otherwise applicable to the Leases for the period prior to the Adjustment Date.

5.2 If any dispute arises with regard to the adjustments referred to in Section 5.1 either before or after the Closing Date, the matter in dispute will be referred in the first instance to the auditors of the Purchaser and the Vendors for determination. If such auditors cannot agree on a determination of the matter in dispute within ten (10) days next after the reference of to them, the matter in dispute will be referred to a single arbitrator under the *Arbitration Act* or any successor legislation then in effect in Alberta. The Vendors and Purchaser will make any references mentioned herein expeditiously and will share all arbitration costs equally.

6 SECTION - REPRESENTATIONS AND WARRANTIES

VENDOR'S REPRESENTATIONS AND WARRANTIES

6.1 The Vendors hereby severally, (except when specifically indicated therein) represent and warrant to the Purchaser on their own behalf and not on behalf of the other, regardless of any independent investigations that the Purchaser may cause to be made, that:

(a) Corporate Existence

The Vendors are corporations duly incorporated and validly existing under the laws of their jurisdiction of incorporation and duly qualified to carry on business in Alberta and have the power, authority and capacity to own their interest in the Purchased Assets and operate the Property, to enter into and to carry out the transaction contemplated by this Agreement.

(b) Corporate Authority

The completion of the transactions contemplated by this Agreement will have been, by the Closing Date, duly authorized by all necessary corporate action on the part of the Vendors.

(c) Indebtedness

The Vendors have no indebtedness to any person, firm or corporation which might now or hereafter constitute a lien, charge or encumbrance on the Purchased Assets or which would affect the Purchaser's right from and after the Closing

Date, to own and occupy (subject to the Leases) and to obtain revenue from, the Property other than the Permitted Encumbrances.

(d) Residency

The Vendors are not non-residents of Canada within the meaning of the *Income Tax Act* of Canada.

(e) No Conflicts

Neither the execution of this Agreement nor the completion of the transactions contemplated hereby will conflict with or result in a breach of the constating documents of the Vendors or constitute a breach of, default under, or acceleration of any obligation under, or constitute any event which, with the giving of notice or lapse of time or otherwise, would constitute a breach of default under, or acceleration of any obligation under, any indenture, mortgage, deed of trust or any other agreement to which the Vendors are party or by which either of them is bound or to which any of their assets is subject.

(f) Proceedings

Except for the litigation specifically disclosed in writing to the Purchaser on Schedule "F" hereto, each Vendor covenants as to its own status, that there is no basis for, nor is there any action, claim, arbitration, suit, judgment, investigation or proceeding outstanding or pending, or to the knowledge of the Vendors, threatened, against or affecting the Vendors at law or in equity or before or by any federal, provincial, municipal or other governmental department, commission, board, bureau, agency or authority that would affect the Vendors title to the Purchased assets or its ability to make and carry out the representations, covenants or warranties set out herein.

(g) Ownership of the Property

The Vendors are the sole beneficial and legal owners of and have good right, full power and absolute authority to transfer legal title to the Property, subject only to the Permitted Encumbrances and other encumbrances which will be discharged from title to the Property (including any such encumbrances affecting the Property registered against the Vendors pursuant to personal property security or moveable property legislation) by the Vendors immediately prior to the Closing and those encumbrances for which the Purchaser's Solicitors have agreed in writing to accept the Vendors' solicitors undertaking to discharge within a reasonable period of time after Closing.

(h) Taxes

All municipal taxes, local improvement taxes, rates, levies and assessments of every nature and kind with respect to the Property for the 2006 calendar year and all preceding calendar years, have been paid in full and the Vendors do not have any present or future obligation to pay monies to any statutory authority in connection with off-site roads, services, utilities or similar services nor do the

Vendors have any present or future obligation to construct or provide, off-site roads, services, utilities or similar services in connection with the Property.

(i) Unions

The Vendors are not party to or bound by any collective bargaining agreements or ay agreements with a trade union by which the Purchaser will be bound by virtue of acquiring the Purchased Assets.

(j) Improvements

With respect to the Improvements:

- (i) the Improvements were built and installed in a good and workmanlike manner in accordance with the lawful requirements of all applicable statutory authorities. Each of the Vendors confirm, to the best of their knowledge, that the Purchased Assets are free of defect other than that occasioned by normal wear and tear, and are not subject to any outstanding work order or notice of defect or non-compliance from any provincial or municipal board or official or like authority;
- (ii) the Improvements are situated wholly within the boundaries of the Lands; and
- (iii) the location and existence of the Improvements does not infringe the provisions of any easement, right-of-way, charge or encumbrance registered against or otherwise affecting the Lands.

(k) Mechanical Systems

Limited in each case to that period of time where each Vendor was the owner of the Property, the Mechanical Systems have been maintained in a manner recommended by their manufacturers and installers and consistent with that of a prudent owner and are fully operational and free of defect.

(l) Permits/Licenses

The Vendors represent and confirm that the business of operating the Property is:

- (i) carried on pursuant to all required licenses and permits; and
- (ii) carried on entirely in accordance with all applicable federal, provincial or municipal laws, by-laws or regulations and in compliance with the limitational requirements of all Permitted Encumbrances.

(m) Chattels

The Vendors represent that the Chattels were purchased new, are, to the best of their knowledge, fully operational and free of defect and are free and clear of all liens, charges and encumbrances of any nature and kind whatsoever.

(n) Expropriation

The Vendors have not received any notice nor have they any knowledge of any intention of any statutory authority to expropriate all or any part of the Property.

(o) Zoning

All of the Improvements comply with all applicable building, zoning and city planning by-laws and regulations and the zoning permits the current use of the Lands. The Vendors have not received any notice nor do they have any knowledge of any intention of the applicable municipal authority to alter its zoning by-law or official community plan, if any, so as to affect or potentially affect the Property or the present or future operation thereof.

(p) Ingress/Egress

All means of ingress to and egress from the Property were constructed and are used in accordance with all applicable laws, by-laws or other regulations in connection therewith.

(q) Litigation

The Vendors warrant that except for the litigation disclosed on Schedule "F" hereof, if any, there are no claims, actions or proceedings pending, or to its knowledge, threatened in law or in equity that would materially interfere with the use and enjoyment of the Property or the occupancy or use of all or any part of any of the Property or with respect to the Vendors, which if decided adversely could materially affect their ability to comply with their obligations hereunder.

(r) Leases

The Vendors represent that, with respect to the Leases:

- (i) the Leases constitute all leases, agreements to lease, and other rights in existence on the date of this Agreement, either written or oral, under which any person, firm or corporation has any right to lease, use or occupy any portion of the Property in the nature of a tenancy or licence and all Tenants are at arm's length from the Vendors;
- (ii) save for the current month's rent Prepaid Expenses and deposits, prepaid rents and other prepared payments reflected in the adjustments of this purchase and sale transaction, there are no deposits, prepaid rents or other prepaid payments which have been received from any Tenants;
- (iii) the copies of the Leases which the Vendors have provided or will be providing to the Purchaser for review are true and complete copies thereof;
- (iv) no notice has been received from any Tenant indicating an intention to vacate their premises in the Property or a part thereof prior to the proper date for expiration of its Lease;

- (v) the Leases are good, valid and subsisting and enforceable against the Tenants, except as disclosed in writing to the Purchaser within 10 days of the execution of this agreement. Such Leases are in good standing, there are no existing disputes thereunder, the Vendors have not received any notice from any Tenant alleging any default by the Vendors or requiring the Vendors to take any action not taken, they have not been modified, extended, renewed or to the knowledge of the Vendors, assigned by any Tenant and they constitute the whole of the respective agreements between the Vendors and the Tenants;
- (vi) the only parking commitments to any Tenant are those contained in the Leases;
- (vii) to the best of the knowledge of the Vendors, no Tenant has any right of set-off or counterclaim against the landlord except as set out in the Leases;
- (viii) the Vendors have substantially observed and performed all of the landlord's covenants set forth in the Leases;
- (ix) neither the Leases nor the rents payable under them have been assigned by the Vendors and none of the Tenants have any presently enforceable rights or claims to set off or abatement with respect to future rents except as set forth in the Leases;
- (x) none of the Tenants is entitled to any capital contributions, tenant allowances, inducements, or concessions which have not been fully paid or satisfied by the Vendors and the Vendors are not obliged to pay any Tenants for improvements, fixtures or equipment during or on termination of any term or renewal thereof except as set forth in the Leases;
- (xi) the premises have been completed in accordance with all agreements between the landlord under the Leases and the Tenants, and the Tenants have accepted the premises;
- (xii) the Tenants have each taken possession of the premises demised by their respective Leases and are paying regular instalments of monthly rent in accordance with the terms of their Lease;
- (xiii) the Vendors have received no notice indicating that the Tenants do not operate their premises and their businesses within the Property pursuant to all validly issued and required licences and entirely in accordance with all lawful requirements of all applicable statutory authorities;
- (xiv) to the best of the knowledge of the Vendors, after due and proper inquiry, the use of the premises by the Tenants does not conflict with any restrictive covenants regarding use granted by the Vendors;

- (xv) neither the execution of this Agreement nor its performance by the Vendors will result in a breach by the Vendors of any term or provision of any of the Leases; and
- (xvi) each of the Leases provides for basic annual rent net to the Vendors with taxes, insurance premiums, maintenance, repair and other operating expenses being paid by the Tenants except as set forth in the Leases.

(s) Contracts

With respect to the Contracts:

- (i) the Contracts which the Vendors have delivered to the Purchaser pursuant to Section 3.1 constitute all of the Contracts respecting the Property and set forth the whole of the agreements between the Vendors and the other parties thereto, there is no default thereunder.;
- (ii) neither the Vendors nor any other person acting on behalf of the Vendors have received a written notice of default with respect to any obligation required to be observed or performed by the Vendors (or by any predecessor in interest to the Vendors under the Contracts) under the Contracts;
- (iii) neither the Vendors nor any other person acting on behalf of the Vendors have received any written notice that any party to a Contract intends to breach or terminate the Contract;
- (iv) the Vendors have performed all obligations required to be observed and performed by them under the Contracts; and
- (v) each of the Contracts is in full force and effect and in good standing.

(t) Financial Statements

The Vendors warrant that the Financial Statements have been prepared in accordance with generally accepted accounting principles consistently applied and present fairly the revenue and expenses relating to the Property for the period reported on.

(u) Remittances

The Vendors represent and confirm that all workers' compensation assessments, Canada pension plan payments, unemployment insurance assessments and income tax deductions with respect to all persons employed at or in connection with the operation of the Property have now and will on the Closing Date have been paid to the appropriate agencies.

(v) Permitted Encumbrances

The Permitted Encumbrances are in full force and effect and have not been further amended, the Vendors are not in default thereunder, no other party is, to the best of the Vendors' knowledge after due enquiry, in default thereunder and there are no existing disputes thereunder.

(w) Outstanding Orders

No written notice has been received by the Vendors which remains outstanding at Closing from any governmental or quasi-governmental authority advising of any defects in the construction of the Improvements of any installations therein, or relating to any work order, deficiency or non-compliance with any building restrictions, zoning bylaws, fire codes, environmental protection legislation, or other regulations, in each case in respect of the Property.

(x) Environmental Matters

To the knowledge of the Vendors:

- (i) the Lands have never been used by any person as a waste disposal site, or as a licensed landfill;
- (ii) the Lands and Improvements have never contained asbestos containing materials, PCB's, radioactive substances or above-ground or underground storage systems, active or abandoned on the Lands located on, at or under them; and
- (iii) there are no contaminants located in the ground or in ground water under the Lands, other than seepage of gasoline from underground tanks at the Petro Canada station on the Lands.

For the purpose of this provision "knowledge", shall not include constructive or implied knowledge.

(y) Structural Deficiencies

The Vendors have not concealed any structural deficiencies with respect to the Improvements from the Purchaser or any of the Purchaser's consultants, advisors, employees or agents.

- (z) All of the information contained in the items delivered to the Purchaser hereunder or made available for inspection by the Purchaser is, to the best of the Vendors' knowledge after due enquiry, complete, true and accurate.

6.2 The Vendors have made available to the Purchaser all information and documentation in their possession, under their control or of which they have knowledge in respect of the Lands, Improvements, Chattels and Mechanical Systems including, without limiting the generality of the foregoing, all information with respect to any toxic or hazardous substances in or upon the Lands, Improvements, Chattels and Mechanical Systems or leakage from adjacent land.

PURCHASER'S REPRESENTATIONS AND WARRANTIES

6.3 The Purchaser hereby represents and warrants to the Vendors, regardless of any independent investigation that the Vendors may cause to be made that:

- (a) the Purchaser is a corporation duly incorporated and organized and validly existing under the laws of the Province of Alberta; and
- (b) the Purchaser has the corporate power and capacity to enter into this Agreement and to perform its obligations hereunder.
- (c) this Agreement has been duly authorized by all necessary corporate action on the part of the Purchaser and has been duly executed and delivered by the Purchaser. This Agreement constitutes a valid and binding obligation of the Purchaser and is enforceable against it in accordance with its terms.
- (d) the Purchaser is not a non-resident of Canada with the meaning of the *Investment Canada Act*.
- (e) the Purchaser is a registrant for the purposes of GST and its registration number is [REDACTED].

7

SECTION - CONDITIONS PRECEDENT

PURCHASER'S CONDITIONS

7.1 Notwithstanding anything to the contrary herein contained, the Purchaser's obligations to complete the purchase of the Purchased Assets in accordance with the terms and conditions of this Agreement is subject to the Purchaser, on or before the Purchaser's Condition Date delivering to the Vendors a notice in writing (each one being a "**Purchaser's Condition Notice**") confirming that the Purchaser has completed, to the sole satisfaction of the Purchaser, the following (the "**Purchaser's Conditions**"):

- (a) the Purchaser having conducted and completed to its satisfaction, acting reasonably, due diligence investigations of the Project Documents;
- (b) the Purchaser having received from the Vendors, written confirmation that any and all rights of first refusal, shotgun clauses and other pre-emptive acquisitions rights have been waived by the appropriate parties;
- (c) all consents to any mortgages to be assumed by the Purchaser having been obtained on terms and conditions satisfactory to the Purchaser, acting reasonably;
- (d) the Purchaser having secured mortgage and equity financing on terms and conditions satisfactory to the Purchaser, acting reasonably;
- (e) the Purchaser being satisfied, acting reasonably, that the Purchased Assets have been operated by the Vendors in the ordinary course of business since the commencement of due diligence by the Purchaser, and that no new material Leases have been entered into or existing Leases terminated, and no new material

Contracts have been entered into or existing material Contracts terminated, between:

- (i) the commencement of due diligence by the Purchaser and the entering into of this Agreement, unless written notice thereof has been forthwith given to the Purchaser; and
 - (ii) the entering into of this Agreement and Closing, without the prior written consent of the Purchaser, such consent not to be unreasonably withheld;
- (f) the Vendors having delivered estoppel certificates, in a form approved by the Purchaser acting reasonably, from the Tenants of the Lands, and having delivered certificates or other confirmations in respect of the status and good standing of any mortgages or other agreements respecting the Lands and which are to be assumed by the Purchaser, in form and content satisfactory to the Purchaser, acting reasonably;
- (g) the Purchaser being satisfied that all applicable laws have been complied with;
- (h) the Vendors having duly delivered all documents required to be delivered by the Vendors on or before Closing, all obligations to be satisfied by the Vendors by Closing have been satisfied and the representations and warranties of the Vendors set forth in this Agreement being true and correct;
- (i) all asset management and property management agreements relating to the Purchased Assets being terminated at Closing unless otherwise agreed to by the Purchaser in writing;
- (j) no action or proceedings having been commenced or threatened by any person to enjoin, restrict or prohibit the purchase and sale of the Purchased Assets pursuant to this Agreement; and
- (k) the Purchaser having arranged for financing of the Purchase Price of the Purchased Assets and related acquisition costs, the terms of which are acceptable to the Purchaser in its absolute discretion.

7.2 The conditions specified in Section 7.1 hereof are for the sole benefit of the Purchaser (and/or its assignee) and the Purchaser (and/or its assignee), in its sole discretion, may, notwithstanding that the conditions (or any one of them) set out in Section 7.1 hereof, have not been met or determined to the satisfaction of the Purchaser, waive the said condition(s) by the Purchaser delivering to the Vendors, on or before the Purchaser's Condition Date, the Purchaser's Condition Notice confirming the waiver of such of the matters specified in Section 7.1 hereof.

TERMINATION BY PURCHASER

7.3 Notwithstanding anything herein contained, if on or before any of the Purchaser's Condition Date, the Purchaser does not deliver to the Vendors the appropriate Purchaser's Condition Notice or if the Purchaser delivers to the Vendors the appropriate Purchaser's Condition Notice but in that appropriate Purchaser's Condition Notice does not confirm or waive

the applicable matters deal with in Section 7.1 hereof then, in such event, this Agreement shall be null and void and no longer be binding upon the Purchaser and the Vendors.

NATURE OF CONDITIONS

7.4 The parties acknowledge and agree that although the Purchaser's obligation to complete the sale and purchase contemplated by this Agreement is subject to fulfillment or waiver of the conditions set forth in Section 7.1:

- (a) those conditions are not conditions to there being a binding agreement of purchase and sale between the parties respecting the Purchased Assets; and
- (b) this Agreement is not void, voidable, revocable or, except for default, otherwise capable of being terminated by any of the parties until the time limited for the fulfillment or waiver of such conditions has expired.

8 SECTION - ASSIGNED CONTRACTS

8.1 The Purchaser shall have the option, exercisable in its sole discretion by written notice to the Vendors within five (5) business days after the Purchaser's Condition Date, to require that all or any of the Contracts which are assignable be assigned to the Purchaser on Closing (the Contracts to be assigned to the Purchaser on Closing at the option of the Purchaser being herein called the "**Assigned Contracts**"). If the Purchaser elects to require such Contracts (or any of them) to be assigned to the Purchaser on Closing, all usual adjustments with respect to the Assigned Contracts shall be made at Closing and the Vendors shall execute and deliver at Closing all such assignments and documents as are necessary or reasonably required in order to effectively assign the Assigned Contracts to the Purchaser. The Vendors shall on Closing, at the Vendors' sole cost and expense, terminate all Contracts which are not Assigned Contracts.

9 SECTION - CLOSING

CLOSING

9.1 The completion of the transactions contemplated by this Agreement shall take place via exchange of documents and funds between the respective parties solicitors on or before the Closing Date provided that in the absence of agreement by such respective solicitors, closing of the purchase and sale of the Purchased Assets shall commence at 2:00 pm (local time) on the Closing Date in the offices of the Purchaser's Solicitors.

VENDOR'S CLOSING DOCUMENTS

9.2 The Vendors will execute and deliver, as may be applicable, to the Purchaser, at least five (5) business days prior to the Closing Date, such delivery to be a condition precedent to each of the parties' obligations to complete the transactions contemplated hereby, the following documents, duly executed by the Vendors (collectively with the Purchaser's documents set forth in Section 9.3 hereto, the "**Closing Documents**"):

- (a) a deed or transfer of the fee simple interest in the Lands in registrable form in favour of the Purchaser or such other party as the Purchaser may direct pursuant to the provisions hereof (the "**Transfer**");

- (b) a statement of adjustments reflecting the apportionments contemplated by Section 5;
- (c) duly executed registrable discharges of all instruments and encumbrances which are not Permitted Encumbrances or undertakings to provide the same forthwith following Closing;
- (d) a bill of sale of the Chattels, if any;
- (e) a general assignment of the Leases together with specific assignments of any Lease requiring such specific assignments substantially in the form attached as Schedule "D" hereto;
- (f) assignments of the Assigned Contracts substantially in the form attached as Schedule "E" hereto;
- (g) an assignment and transfer of all non-cash security from the Tenants and the amendment in favour of the Purchaser or the reissuance of any letters of credit posted as security by the Tenants duly executed by the Vendors;
- (h) an assignment of all of the Vendor's rights under any and all warranties, guarantees or contractual obligations, which entitles the Vendors to any rights against a contractor or supplier engaged in the construction, repair, maintenance, renovation, and modification of the Property or any part thereto insofar as such rights can be assigned, together with the right to use the Vendor's name to enforce any such unassignable warranties, guarantees or contractual obligations, and to obtain all benefits from any legal proceedings initiated by it in the names of the Vendors with respect thereto;
- (i) an estoppel certificate executed by each of the Tenants under the Leases to the extent the same are available to the Vendors using its best efforts to obtain the same;
- (j) a master key to each door in the buildings situated on the Lands in the possession or control of the Vendors;
- (k) registrable discharges of all filings under personal property security or moveable property legislation affecting the Property, together with a certificate by the Vendors certifying that none of the other personal property security or equivalent filings against the Vendors affect the Property or undertakings to provide the same forthwith upon Closing;
- (l) all third party consents, waivers from or notifications to any third party referred under the terms of the Assigned Contracts or any other agreement affecting the Property or otherwise in connection with the conveyance, transfer and assignment of the Property by the Purchaser;
- (m) a certificate dated the Closing Date of responsible officers of the Vendors, having knowledge of the facts, certifying that the sale of the Purchased Assets does not

constitute a sale of all or substantially all of the undertakings of the Vendors a certified copy of a shareholder's and director's resolution confirming approval of the sale in the event that the sale of the Purchased Assets does constitute a sale of all or substantially all of the undertakings of each of the Vendors, as the case may be, and that the Vendors' covenants and agreements to be observed or performed on or before the Closing Date pursuant to the terms of this Agreement have been duly observed and performed with particulars of any applicable exceptions;

- (n) certified copy of the resolutions of the directors of the Vendors approving the sale of the Purchased Assets as contemplated by this Agreement and the execution and delivery of all documents required to be delivered by them pursuant hereto;
- (o) certificates or other confirmations in respect of the status and good standing of any Assigned Contracts;
- (p) particulars of operating expenses and Prepaid Expenses during the current operating year and containing such information as the Purchaser would reasonably require to calculate each Tenant's proportionate share of operating expenses and Prepaid Expenses both payable and paid in advance to its Lease for the current year;
- (q) satisfactory evidence, in the form of a statutory declaration of a senior officer of the Vendors, that the Vendors are not non-residents of Canada within the meaning and for the purpose of Section 116 of the *Income Tax Act* or, if the Vendors are non-residents of Canada, a clearance certificate issued pursuant to Section 116 to protect the Purchaser against paying any tax;
- (r) separate notices and directions to each of the Tenants under the Leases advising them of the sale of the Property and directing payment or rent as required by the Purchaser;
- (s) such evidence of corporate status of any authority to sell the Property by the Vendors upon the terms and conditions hereof as Purchaser's legal counsel shall reasonably require;
- (t) an undertaking to readjust as contemplated by Section 5.1(b) hereof;
- (u) opinion of the Vendors' solicitor regarding the due execution and corporate authority of the Closing Documents to which the Vendors are party;
- (v) all of the records and documents which any of the Leases requires to be maintained by the landlord or owner thereunder or to be available for inspection, audit or copying by the Tenant and all of the records and documents which the landlord or owner thereunder requires in order to settle any account or dispute with any such Tenant which is outstanding on the Closing Date; and
- (w) such further and other documents as the Purchaser may reasonably request and as may be required to give effect to the terms of this Agreement.

PURCHASER'S CLOSING DOCUMENTS

9.3 On or before the Closing Date the Purchaser shall execute and/or cause to be delivered the following documents:

- (a) a certified cheque or solicitor's trust cheque for the balance of the purchase price as set out in Section 2.2(c);
- (b) assignments of Assigned Contracts and the Vendor's interest in such warranties, guarantees and indemnities to the Property as may be in existence and in the Vendors' possession or subject to its reasonable control and which are then assignable;
- (c) an undertaking to readjust as contemplated by Section 5.1(b) hereof;
- (d) an assignment and transfer of all non-cash security from the Tenants;
- (e) such evidence of corporate status of and authorizing to purchase the Property by the Purchaser upon the terms and conditions hereof as the Vendors' legal counsel shall reasonably require which shall consist of an opinion of the Purchaser's Solicitor regarding the due execution and corporate authority of this Agreement and all other agreements to which the Purchaser is a party;
- (f) certified copy of the resolutions of the directors of the Purchaser approving the sale of the Purchased Assets as contemplated by this Agreement and the execution and delivery of all documents required to be delivered by it pursuant hereto; and
- (g) such further and other documents as the Vendors may reasonably request and as may be required to give effect to the terms of this Agreement.

FORM OF DOCUMENTS

9.4 All certified copies of resolutions and other documents referred to in Sections 9.2 and 9.3 shall be in form and substance reasonably satisfactory to the solicitors for the party entitled to delivery thereof.

GST

9.5 The Purchaser confirms that the Purchase Price does not include Goods and Services Tax under the *Excise Tax Act* of Canada. On the Closing Date, the Purchaser shall deliver to the Vendors a declaration on terms required by the Vendor's solicitor, acting reasonably confirming that the Purchaser is registered under the *Excise Tax Act* of Canada with respect to the collection of Goods and Services Tax and that the Purchaser will report and pay all applicable Goods and Services Tax and indemnify the Vendors with respect to the same.

TERMS OF TENDER

9.6 The documents and other instruments to be delivered by the Vendors to the Purchaser's Solicitors in accordance with Section 9.2 and the documents and other instruments to be delivered in trust on such reasonable trust conditions as would customarily be imposed in a

similar transaction in the jurisdiction in which the Lands are situate and which shall include the following conditions:

- (a) the manner in which the Transfer of the Lands and any other documents which may be registered hereunder are to be submitted to the LTO for registration; and
- (b) that the Purchase Price shall not be released to the Vendors until fee simple title to the Lands has been issued in the name of the Purchaser, free and clear of all encumbrances, liens, or interests, except the Permitted Encumbrances relating to the Lands and those encumbrances for which the Vendors' solicitors have provided an undertaking to discharge within a reasonable period of time after Closing. If the Purchaser elects to fund any portion of the Purchase Price through any financing relating to the Lands which is to close and fund in conjunction with the Closing, the trust conditions referred to above shall be amended appropriately in order to contemplate and facilitate such financing.

9.7 It is a condition of Closing that all matters of payment, execution and delivery of documents by each party to the other and the registration of the appropriate documents in the appropriate offices of public record shall be deemed to be concurrent requirements, and it is specifically agreed that nothing shall be complete at Closing until everything required as a condition of Closing has been paid, executed and delivered and until all documents required to be registered have been registered.

DISCHARGING OTHER CHARGES AND OBTAINING TITLE TO LANDS

9.8 As of the Closing Date, the Vendors shall cause the Lands to be transferred and conveyed to the Purchaser free and clear of all charges and encumbrances save and except for the Permitted Encumbrances.

DELIVERY OF PROJECT DOCUMENTS

9.9 The Vendors will forthwith, after the closing on the Closing Date, deliver the original Project Documents (to the extent that they are in the Vendors' possession) to the Purchaser or as the Purchaser may direct, to the extent not previously delivered.

9.10 Interest at the Alberta Treasury Branches prime rate of interest plus 3 % calculated daily from and including the Closing Date shall be paid by the Purchaser on the balance due on Closing to the day that such funds are tendered to the Vendors' solicitors in an unconditionally releaseable manner, other than any undertaking to discharge encumbrances or other undertaking given by the Vendors' solicitors, and they are so advised. Funds not releaseable by 2:00 pm on any particular day, including the Closing Date, shall bear interest to the next regular banking day. Regular banking day means a day that the [REDACTED] is open for business to the general public but excluding Saturday, Sunday and Statutory Holiday.

If the transfer and closing documents set out in 9.2 above are provided to the Purchaser less than eighteen Land Titles Office working days prior to the Closing Date, the Purchaser will have eighteen Land Titles working days from its receipt of the transfer to register the Transfer before the interest set out above becomes payable. The interest payable during the eighteen day period will instead be:

(a) Interest at the new first mortgage rate on the amount of the mortgage(s) and the cash difference will be forwarded to the Solicitor for the Vendor, Holdings, to hold and invest for the benefit of the Vendors until confirmation of registration; or

(b) If there is no new first mortgage, or if the entire balance to Close is forwarded to the solicitor for the Vendor, Holdings, by the solicitor for the Purchaser, upon Closing, no interest will be payable, provided that the such solicitor may hold and invest such sum for the benefit of the Vendor until the Purchaser can confirm registration or such earlier date as the funds are otherwise releasable to the Vendors.

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SECTION - GENERAL

FURTHER ASSURANCES

10.1 Each of the parties shall execute and deliver all such further documents and do such further acts and things as may be reasonably required from time to time to give effect to this Agreement.

SURVIVAL

10.2 All of the representatives, warranties, covenants and agreements of the Vendors and the Purchaser contained in this Agreement will survive the closing of the purchase and sale of the Purchased Assets contemplated by this Agreement.

ENTIRE AGREEMENT

10.3 This Agreement constitutes the entire agreement between the Vendors and the Purchaser pertaining to the purchase and sale of the Purchased Assets and supersedes all prior agreements and undertakings, negotiations and discussions, whether oral or written, of the Vendors and the Purchaser and there are no warranties, representations, covenants or agreements between the Vendors and the Purchaser except as set forth herein.

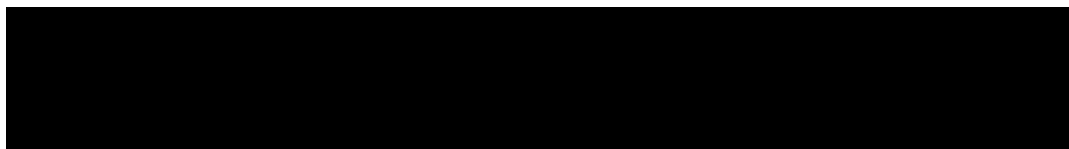
NOTICES

10.4 Any notice, document or communication required or permitted to be given hereunder shall be in writing and delivered by hand or facsimile to the party to which it is to be given as follows:

To the Purchaser:
Gulf & Pacific Equities Corp.
1300 Bay Street, Suite 300
Toronto, ON M5R 3K8

Attention: Anthony Cohen
Facsimile No.: (416) 968-3339

with a copy to:



To Holdings:



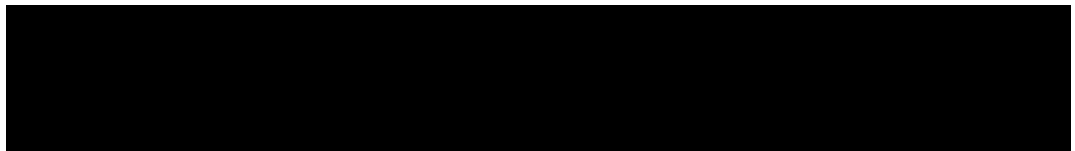
with a copy to:



To 575842:



with a copy to:



or to such other address as either party may in writing advise. Any notice, document or communication will be deemed to have been given when delivered, if deliverable, and on the next following business day after transmission if by facsimile.

FEES

10.5 The Vendors and the Purchaser shall pay their own legal fees and disbursements. The Purchaser shall pay all registration fees payable in connection with its purchase of the Purchased Assets and the Vendors will pay all costs incurred in clearing title thereto as required herein.

TIME

10.6 Time shall be of the essence of this Agreement.

TENDER

10.7 Any tender of documents or money may be made upon the party being tendered or upon its solicitors and money may be tendered by solicitor's certified cheque or bank draft.

ASSIGNMENT

10.8 It is understood and agreed that the Purchaser shall have the right to direct conveyance of the Purchased Assets to a parent, subsidiary or corporation affiliated with the Purchaser but no other party. Any such direction shall not affect the liability of the Purchaser and the Purchaser shall notwithstanding such direction or the completion of the sale/transfer of the Purchased Assets to the aforesaid parent, subsidiary or corporation affiliated with the Purchaser, continue to be bound by the terms and conditions of this Agreement. The term “**affiliated**” shall have the same meaning as is ascribed thereto under the *Alberta Business Corporations Act*.

ENUREMENT

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

VENDORS’ OPPORTUNITY TO RETAIN COUNSEL

10.10 The Vendors acknowledge and agree that this Agreement creates important obligations that are binding on the Vendors, that they have had an opportunity to carefully read the Agreement and that they have had the opportunity to consult with their own legal counsel regarding their rights and obligations under the Agreement prior to signing it.

COUNTERPART EXECUTION

10.11 This Agreement may be executed in counterpart and when so executed a copy of such counterpart execution delivered by facsimile to each party shall suffice as due and proper execution hereof.

IN WITNESS WHEREOF this Agreement has been executed by the Vendors and the Purchaser on the date first set out above.

RICK HOLDINGS LTD.

Per: “Amerigo Filanti” (Signed)
Authorized Signatory

575842 ALBERTA LTD.

Per: “Ron Reinhart” (Signed)
Authorized Signatory

GULF & PACIFIC EQUITIES CORP.

Per: “Greg K. W. Wong” (Signed)
Authorized Signatory