Asset Purchase Agreement

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This document is an Asset Purchase Agreement (the “Agreement”) and is effective [DATE],

**BETWEEN: [YOUR COMPANY NAME]** (the "Purchaser"), a company organised and existing under the laws of the [State/Province] of [STATE/PROVINCE], with its head office located at:

[YOUR COMPLETE ADDRESS]

**AND: [COMPANY NAME]** (the "Seller"), a company operating under the laws of the [State/Province] of [STATE/PROVINCE], with its head office located at:

[COMPLETE ADDRESS]

WHEREAS the Seller carries on the business of, *inter alia*, providing automotive services at locations, *inter alia*, throughout the Province of [STATE/PROVINCE] (the “[STATE/PROVINCE] Business”);

WHEREAS the Seller has agreed to sell and the Purchaser has agreed to purchase all the assets of the [STATE/PROVINCE] Business upon the terms and conditions set forth in this Agreement.

NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL COVENANTS AND AGREEMENTS HEREIN CONTAINED AND OTHER GOOD AND VALUABLE CONSIDERATION, THE [COMPANY NAME] HERETO AGREE AS FOLLOWS:

1. **INTERPRETATION**
   1. **Definitions**

Unless the subject matter or context otherwise requires:

“Affiliate” has the meaning ascribed to the term “affiliated bodies corporate” in the [COUNTRY BUSINESS CORPORATIONS ACT/LAW/RULE].

“Associate” has the meaning ascribed to the term “associate” in the [COUNTRY BUSINESS CORPORATIONS ACT/LAW/RULE].

“Assumed Liabilities” means liabilities accruing due as of and from the Effective Time under the Equipment Contracts, Real Estate Leases, Warranties and other Contracts.

“Books and Records” means any books and records (originals or copies thereof) of the Seller relating exclusively to the [STATE/PROVINCE] Business including, without limitation, books and records relating to the purchase of materials and supplies, the manufacture, assembly and processing of products, sales of products, dealings with customers and franchises, invoices, customer lists, mailing lists, suppliers lists, trademarks and trade names, financial records, personnel records (to the extent permitted by [YOUR COUNTRY LAW]) and taxes (excluding the Seller’s income tax and other tax records unrelated to the [COUNTRY/STATE/PROVINCE] Business).

“Business Day” means any day excluding Saturday, Sunday and any other day which in [STATE/PROVINCE] [COUNTRY] is a legal holiday or a day on which financial institutions are authorised by [YOUR COUNTRY LAW] or by local proclamation to close.

“[[COUNTRY BUSINESS CORPORATIONS ACT/LAW/RULE].” means a [ACT/LAW/RULE] respecting [SPECIFY].

“Claims” means any demand, action, cause of action, damage, loss, cost, liability, expense or requirements, governmental or otherwise, including the cost of legal representation *in re*spect thereof and any interest or penalty arising in connection therewith.

“Closing” means the completion of all transactions contemplated herein, including without limitation the sale to and purchase by the Purchaser of the Purchased Assets under this Agreement by the transfer and delivery of documents of title thereto, the payment of the Purchase Price therefore, and the execution of the licence Agreement, the whole in accordance with this Agreement.

“Closing Date” has the meaning ascribed thereto in Section 4.1.

“Collective Agreements” has the meaning ascribed thereto in Subsection 5.1.15, and

“Collective Agreement” shall mean any one of them.

“Contaminants” means any of the following: (i) any substance, waste, solid, liquid or gaseous matter, fuel (including, without limitation, petroleum products, crude oil, natural gas, natural gas liquid, liquefied natural gas, synthetic fuel or any combination of the above), micro-organism, sound, vibration, ray, heat, odour, radiation, energy vector, plasma, organic or inorganic matter, whether animate or inanimate, container, transient reaction intermediate or any combination of the above deemed hazardous, hazardous waste, solid waste, toxic, a pollutant, a deleterious substance, a contaminant or a source of pollution or contamination under any Environmental [YOUR COUNTRY LAW], including, without limitation, the Environmental Quality [ACT/LAW/RULE] ([STATE/PROVINCE]), the [COUNTRY] Environmental Protection [ACT/LAW/RULE] ([COUNTRY]), the Clean Air [ACT/LAW/RULE] ([COUNTRY]), the Transportation of Dangerous Goods [ACT/LAW/RULE] ([COUNTRY]), the Hazardous Materials Information Review [ACT/LAW/RULE] ([COUNTRY]), the [ACT/LAW/RULE] Respecting Pesticides ([STATE/PROVINCE]), the [ACT/LAW/RULE] Respecting Ecological Reserves ([STATE/PROVINCE]), the [ACT/LAW/RULE] Respecting Occupational Health and Safety ([STATE/PROVINCE]), the Use of Petroleum Products [ACT/LAW/RULE] ([STATE/PROVINCE]), Regulation no. [NUMBER] ([STATE/PROVINCE] Urban Community), Regulation no. [NUMBER] ([STATE/PROVINCE] Urban Community);

or (ii) any substance, waste, solid, liquid or gaseous matter, fuel (including, without limitation, petroleum products, crude oil, natural gas, natural gas liquid, liquefied natural gas, synthetic fuel or any combination of the above), micro-organism, sound, vibration, ray, heat, odor, radiation, energy vector, plasma, organic or inorganic matter, whether animate or inanimate, container, transient reaction intermediate or any combination of the above deemed hazardous, hazardous waste, solid waste, toxic, a pollutant, a deleterious substance, a contaminant or a course of pollution or contamination by any National, Provincial, municipal or local government, government agency, minister, deputy-minister, governor-in-council, lieutenant governor-in-council, any tribunal, board or authority.

“Contracts” means those contracts, agreements, instruments, commitments, entitlements and engagements of the Seller relating to the [STATE/PROVINCE] Business and the Purchased Assets (and, for greater certainty, not including Equipment Contracts and Real Estate Leases) whether with suppliers, customers or otherwise and including all quotations, orders or tenders for contracts which remain open for acceptance, including, without limitation, those listed in Appendix [SPECIFY] hereto.

“Effective Time” means [SPECIFY] hours on the Closing Date or such other time on such date as the [COMPANY NAME] may agree as the time at which the Closing shall take place.

“Employees” has the meaning ascribed thereto in Section 6.1.

“Environment” means all components of the earth including, without limitation, all layers of the atmosphere, air, land (including, without limitation, all underground spaces and cavities and all land submerged under water), soil, water, (including, without limitation, surface and underground water), all organic and inorganic matter, living organisms, animal life, vegetation and property and the interacting natural systems that include components referred to above in this section.

“Environmental Laws” means all [YOUR COUNTRY LAW] applicable in the Province of [STATE/PROVINCE] relating in whole or in part to the Environment or its protection including, without limitation, any [YOUR COUNTRY LAW] relating to: (i) the natural or accidental release, emission, discharge, deposit, issuance, spraying, injection, inoculation, abandonment, burial, spilling, incineration, disposal, leaking, seeping, pouring, emptying, throwing, dumping, placing or exhausting of any Contaminant into the Environment or affecting or likely to affect the Environment

or any threat to do any of the above in connection with any Contaminant or likely to adversely affect the life, health, safety, welfare or comfort of human beings, to inflict damage or otherwise prejudice the Environment; (ii) preventive or remedial measures in connection with any event or occurrence referred to in (i) above; (iii) the storage, disposal, destruction, incineration, burial, recycling, handling, transportation, use, manufacture, processing, advertising, display, packaging, labelling or sale of any Contaminant, or any solicitation or offer to do any activity referred to in (iii) in connection with any Contaminant, or any solicitation or offer to do any activity referred to in (iii) in connection with any Contaminant; or (iv) any nuisance or abuse of right in connection with the Environment.

“Equipment” means all machinery, equipment, moulds, dies, tools, small tools and parts used or required for purposes of the [STATE/PROVINCE] Business including, without limitation, (i) maintenance items, in-store materials, handling equipment, accessories and supplies; (ii) all machinery, equipment, and tools listed in Appendix 2.2 (a) hereto; (iii) all machinery, equipment, moulds, dyes and tools in the possession of sub-contractors or other third parties; (iv) all machinery and equipment which may fall into the category of immovables by destination including, without limitation [l]; (v) all cranes, lift trucks, cars and other vehicles of all kinds of the Seller used by the [STATE/PROVINCE] Business; and (vi) all furniture, furnishings, fixtures and office equipment used by the [STATE/PROVINCE] Business.

“Equipment Contracts” means those equipment leases, conditional sales contracts, title retention agreements and other agreements between the Seller and third parties relating to Equipment used by the Seller in connection with the [STATE/PROVINCE] Business as set forth in Appendix 2.2 (b) hereto.

“Excluded Assets” has the meaning ascribed thereto in Section 2.4.

“Goodwill” has the meaning ascribed thereto in Subsection 2.1.6.

“[CITY] Lease” means the lease for premises occupied by the [STATE/PROVINCE] Business situate at, [CITY], [STATE/PROVINCE].

“Inventories” means any product held for sale by the Seller in connection with the [STATE/PROVINCE] Business and any materials (including components, spare parts, raw materials, work-in-process, finished products, packaging), held by the Seller in connection with the sale and installation of products *in re*spect of the [STATE/PROVINCE] Business, whether or not located on the Seller’s premises, on consignment to a third party or in possession of sub-contractors, in transit or in storage.

“Laws” means all constitutions, treaties, [YOUR COUNTRY LAW], statutes, codes, ordinances, decrees, rules, regulations, municipal by-laws, judicial, arbitral or administrative judgments, orders, decisions, rulings or awards, policies, voluntary restraints, guidelines, or any provisions of such [YOUR COUNTRY LAW], including, without limitation, general principles of common and civil [YOUR COUNTRY LAW], binding on or affecting the Person referred to in the context in which such words are used; and “[YOUR COUNTRY LAW]” shall mean any one of them.

“Leasehold Improvements” means the leasehold improvements in the Locations.

“Liabilities” means all the liabilities, debts or obligations of the Seller whether present or future, whether pertaining to the [STATE/PROVINCE] Business, the Purchased Assets, the Equipment Contracts or the Leases or otherwise, including, without limiting the generality of the foregoing:

* 1. liabilities under any service, management or other contract entered into by the Seller (other than the Warranties);
  2. liabilities under any plans, programmes or arrangements of any kind with respect to the benefits provided to each person employed by the Seller at the Effective Time;
  3. any liabilities for any accidents, breach of contract, unjust enrichment, delict and *quasi*-delict, occupational health and safety violations, and all other types of claims and lawsuits connected with or arising out of any matter, incident, occurrence or set of facts or circumstances prior to the Effective Time;
  4. liabilities relating to defects of any product sold at any time by the Seller prior to the Effective Time;
  5. any liabilities under Environmental [YOUR COUNTRY LAW] to the extent that any such incident, occurrence or set of facts or circumstances arose prior to the Effective Time;
  6. any liabilities due to facts or circumstances occurring prior to the Effective Time, constituting a violation of national, provincial, local or foreign [YOUR COUNTRY LAW], or any regulation of requirement of any governmental body, other than those described in (v);
  7. any liabilities of the Seller or related to the Purchased Assets, the Equipment Contracts or the Real Estate Leases arising prior to the Effective Time for any national, provincial, local or foreign taxes (including interest and penalties);
  8. any other liabilities of the Seller not expressly assumed by the Purchaser in this Agreement.

“Lien” means any interest in property or the income or profits therefrom securing an obligation owed to, or a claim by, a Person other than the owner (which for the purposes hereof shall include a possessor under a title retention agreement and a lessee under a lease hereinbelow described) of such property, whether such interest is based on common [YOUR COUNTRY LAW], civil [YOUR COUNTRY LAW], statute or contract, and including but not limited to any security interest, hypothec, mortgage, pledge, lien, claim, charge, cession, transfer, assignment, encumbrance, title retention agreement, lessor’s interest under a lease which would be capitalised on a balance sheet of the owner of such property or analogous interest in, of or on any property or the income or profits therefrom of a Person.

“Locations” means those locations of the Seller set out in Appendix A hereto.

“Material Adverse Change” means an event, which is materially adverse to the business, assets, liabilities, financial condition, results of operations or prospects of the [STATE/PROVINCE] Business taken as a whole.

“Person” or “persons” means any individual, company, corporation, partnership, firm, trust, sole proprietorship, government or entity howsoever designated or constituted.

“Prepaid Expenses” means the prepaid expenses of the [STATE/PROVINCE] Business paid by the Seller in the ordinary course of the [STATE/PROVINCE] Business but excluding any and all [COMPANY NAME] pre-payments, as detailed in Appendix 2.4.2.

“Purchase Price” has the meaning ascribed thereto in Section 3.1.

“Purchased Assets” has the meaning ascribed thereto in Section 2.1.

“[STATE/PROVINCE] Business” means the business described in the preamble hereto;

“[STATE/PROVINCE] Proprietary Rights” means all intellectual property currently existing in connection with the [STATE/PROVINCE] Business, whether or not same may be subject to patent, trademark and/or copyright or other form of registration or protection, as well as any industrial designs, know-how and trade secrets, including, without limiting the generality of the foregoing, the name [SPECIFY], the [SPECIFY] trademark, and all documentation with respect thereto.

“Real Estate Leases” means the [NUMBER] leases and agreements to lease *in re*spect of the properties listed in Appendix 2.2 and specifically excludes the [CITY] Lease.

“Receivables” means all accounts receivable, trade accounts receivable, notes receivable book debts and other debts due or accruing to the Seller in connection with the [STATE/PROVINCE] Business.

“This Agreement”, the “Agreement”, “hereto”, “hereof”, “herein”, “hereby”, “hereunder” and similar expressions mean or refer to this Agreement as amended from time to time and any indenture, agreement or instrument supplemental or ancillary hereto or in implementation hereof, and the expressions “Section”, “Subsection” and “Clause” followed by a number or letter mean and refer to the specific section, subsection or paragraph of this Agreement.

“Time of Closing” has the meaning ascribed thereto in Section 4.1.

“Warranties” means all warranties issued by the [STATE/PROVINCE] Business to its customers in connection with products sold and services provided by the [STATE/PROVINCE] Business to such customers.

* 1. **Extended Meanings**

Words importing the singular number include the plural and *vice versa* and words importing the masculine gender include the feminine and neuter genders.

* 1. **Interpretation Not Affected by Headings**

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

* 1. **Governing Law**

This Agreement shall be governed by, and construed and enforced in accordance with, the [YOUR COUNTRY LAW] of the Province of [STATE/PROVINCE] without regard to its conflicts of [YOUR COUNTRY ACT/LAW/RULE]. In the event that this Agreement is sought to be enforced in any jurisdiction other than the Province of [STATE/PROVINCE], the [COMPANY NAME] intend that the court of such jurisdiction shall apply [STATE/PROVINCE] [YOUR COUNTRY ACT/LAW/RULE]. Where actions or proceedings are instituted in a court of a jurisdiction other than [STATE/PROVINCE], the rules of procedure and process of such claims shall be those of said jurisdiction other than [STATE/PROVINCE] notwithstanding that the Agreement shall be interpreted in accordance with the [YOUR COUNTRY ACT/LAW/RULE] of [STATE/PROVINCE] without regard to its conflict of [YOUR COUNTRY ACT/LAW/RULE].

Any legal action or proceeding with respect to this Agreement and any action for enforcement of any judgement  *in re*spect thereof may be brought in the courts of the Province of [STATE/PROVINCE] or of any other province of [COUNTRY] and, by execution and delivery of this Agreement, each of the [COMPANY NAME] hereto hereby accepts for itself and *in re*spect of its property, generally and unconditionally, the non-exclusive jurisdiction of the aforesaid courts. Each of the [COMPANY NAME] hereto irrevocably consents to the service of process out of any of the aforementioned courts in any action or proceeding by the mailing of copies thereof by registered or certified mail, postage prepaid, to the parties hereto at their respective addresses set forth in Section [SPECIFY] hereof.

Each of the parties hereto hereby irrevocably waives any objection which it may now or hereafter have to the laying of venue of any of the aforesaid actions or proceedings arising out of or in connection with this Agreement brought in the courts referred to above and hereby further irrevocably waives and agrees not to plead or claim in any such court that any such action or proceeding brought in any such court has been brought in an inconvenient forum.

* 1. **Fund**

All amounts referred to in this Agreement are in the lawful money of [COUNTRY], unless otherwise stated.

* 1. **Financial Documents**

All calculations and financial documents required to be made or produced under or pursuant to this Agreement shall be made or produced in accordance with generally accepted accounting principles which are from time to time approved by the [COUNTRY] Institute of Chartered Accountants as set forth in the publication known as the [SPECIFY COUNTRY PUBLICATION] and applicable as at the date on which any calculation or financial document is required to be made or produced, save and except as may be specifically provided herein.

* 1. **Severability**

If any provision of this Agreement shall be held invalid or unenforceable in any jurisdiction, such invalidity or unenforceability shall attach only to such provision in such jurisdiction and shall not in any manner affect or render invalid or unenforceable such provision in any other jurisdiction or any other provision of this Agreement in any jurisdiction.

* 1. **Business Day**

In the event that any action to be taken hereunder falls on a day which is not a Business Day, then such action shall be taken on the next succeeding Business Day.

* 1. **Preamble**

The preamble forms an integral part of this Agreement.

1. **PURCHASED ASSETS**
   1. **Purchased Assets**

Subject to the terms and conditions hereof, the Seller agrees to sell, assign, convey and transfer to the Purchaser on the Closing Date and with effect from the Effective Time, as a going concern, the undertaking and all of the property and assets of the [STATE/PROVINCE] Business, both tangible and intangible, moveable and immovable, of every kind and description and wheresoever situate (the “Purchased Assets”), other than the Excluded Assets, said Purchased Assets including, without limiting the generality of the foregoing:

* + 1. all Inventories (other than [SPECIFY]), Land, Buildings, Leasehold Improvements and Equipment;
    2. all licences and permits of the [STATE/PROVINCE] Business and all licences and permits required by government or regulatory authorities, to the extent transferable, and all rights of the [STATE/PROVINCE] Business against third parties (including all rights in connection with third-party guarantees, warranties and representations);
    3. all contracts in connection with the [STATE/PROVINCE] Business listed in Appendix 2.1.3;
    4. all Books and Records and other documentation of the [STATE/PROVINCE] Business, including without limitation lists of customers, employees, and suppliers, sales reports, other historical records, and listings of Receivables;
    5. all prepaid expenses and deposits actually advanced as at the Closing Date by the Seller; and
    6. the goodwill and intangibles of the [STATE/PROVINCE] Business, together with the exclusive right to the Purchaser to represent itself as carrying on the [STATE/PROVINCE] Business in continuation of and in succession to the Seller, and, subject to the approval of the applicable authorities, the right to use the existing telephone numbers *in re*spect of each Location (the “Goodwill”).
  1. **Equipment Contracts and Real Estate Leases**

Subject to the terms and conditions hereof, the Purchaser shall assume, to the complete exoneration of the Seller, who agrees to cede, assign and transfer same to the Purchaser on the Closing Date and with effect from the Effective Time all the Seller’s rights, titles, interests and obligations in all Equipment Contracts and Real Estate Leases in connection with the [STATE/PROVINCE] Business, a list of which is attached as Appendix 2.2.

The Purchaser and its agent, [INDIVIDUAL NAME], personally and individually (“[INDIVIDUAL NAME]”), shall offer to each co-contracting party under the Equipment Contracts and Real Estate Leases the guarantee of the Guarantor hereto as a condition of releasing the Seller from all liability thereunder for all matters arising after the Effective Time; provided however that should any co-contracting party refuse to release Seller from all liability under their contract, then [COMPANY NAME]’s personal guarantee shall extend to Seller’s liability which is not released and Purchaser and [COMPANY NAME] shall jointly and severally, waiving all benefits of division and discussion, indemnify and hold harmless Seller for any and all such liabilities.

The Purchaser shall have the option to assume the Seller’s lease of premises in [STATE/PROVINCE], [STATE/PROVINCE] as at the Effective Time upon the same terms and conditions, save that the rental thereunder shall be (i) free of charge for the first [NUMBER] months immediately following the Closing Date, (ii) thereafter until [DATE], [AMOUNT] per square foot, and (iii) thereafter until [DATE], [AMOUNT] per square foot.

* 1. **Warranties**

The Purchaser shall assume all obligations of the Seller pursuant to the Warranties, to its complete exoneration, and shall perform all obligations of the Seller thereunder with a view to protecting the goodwill attaching to the [SPECIFY] name.

* 1. **Excluded Assets**

Notwithstanding anything to the contrary contained herein, the parties acknowledge and agree that the following property and assets of the [STATE/PROVINCE] Business (the “Excluded Assets”) are excluded from the sale, assignment, conveyance, and transfer by the Seller to the Purchaser herein contemplated:

* + 1. cash and securities;
    2. all prepaid items including, without limitation, insurance, taxes and other similar items;
    3. all Equipment Contracts listed in Appendix 2.4.3;
    4. all Real Estate Leases listed in Appendix 2.4.4;
    5. any rights (including indemnification) and claims and recoveries under litigation of Seller against third parties arising out of or relating to events prior to the Effective Time;
    6. any rights or interests in any employee benefit plan maintained by the Seller and any policy of insurance on or relating to Seller’s properties, products or business and all claims or rights thereunder; and
    7. All tyres which form part of the Seller’s inventory at Closing.
  1. **Leases and Title Retention Agreements**

Attached as Appendix 2.4 hereto is a copy of all leases of property and other title retention agreements with respect to moveable property used in connection with the [STATE/PROVINCE] Business. The Purchaser shall assume all rights, title, interest and obligations of the Seller, to its complete exoneration, under any such document accruing due as of and from the Effective Time.

* 1. **Forward Commitments**

Attached as Appendix 2.5 hereto are true, exact and complete copies of all forward commitments by the Seller for supplies or materials for the [STATE/PROVINCE] Business. The Purchaser shall have the full benefit of all such forward commitments and shall assume all obligations of the Seller thereunder accruing due as of and from the Effective Time, to its complete exoneration.

* 1. **Assets Used in the [STATE/PROVINCE] Business**

Except as set forth in Appendix 2.6, all assets which individually or in the aggregate are material to the conduct of the [STATE/PROVINCE] Business as presently conducted are included in the Purchased Assets and the Equipment Contracts or are listed in Appendix 2.4.3 and all Real Estate Leases which individually or in the aggregate are material to the conduct of the [STATE/PROVINCE] Business as presently conducted are listed in Appendices 2.2 or 2.4.4.

* 1. **Liabilities Not Assumed**

The Purchaser shall assume and discharge, to the Seller’s exoneration, as and when due, all of the Assumed Liabilities and all Liabilities arising post-Closing. Other than the Assumed Liabilities and the said other Liabilities arising post-Closing, the Purchaser is not assuming and shall not be responsible for any of the liabilities, debts or obligations of the Seller, whether present or future and whether or not relating to the [STATE/PROVINCE] Business and the Seller shall indemnify and save harmless the Purchaser from and against all such liabilities, debts and obligations.

1. **PURCHASE AND SALE**
   1. **Purchase Price**

The aggregate purchase price for the Purchased Assets, the Equipment Contracts and the Real Estate Leases (the “Purchase Price”) shall be calculated and paid by the Purchaser to the Seller as set out below.

* 1. **Payment for Inventories**

The parties shall conduct a physical count of the Inventories after the close of business on [DATE]. The cost of the Inventories shall be established using Seller’s current accounting methods (the “Cost”). A reserve to take account of obsolete or surplus stocks, damaged goods, and products which have been deleted by their manufacturers and/or suppliers, shall be jointly determined by the parties respective auditors after consultation with the suppliers of the Inventories (the “Reserve”). An amount equal to the Cost, after deduction of the Reserve, shall be paid by the Purchaser to the Seller by certified check, bank draught or cash at Closing. Alternatively, at Closing, the Purchaser shall pay to the Seller an amount equal to Seller’s book value cost of the Inventory as of [DATE] with post-closing adjustments related to the physical count and Cost to be completed within [NUMBER] days following Closing.

* 1. **Payment for Receivables**

The Purchaser shall purchase all the Receivables of the [STATE/PROVINCE] Business on the Closing Date for a consideration equal to [PERCENTAGE %] percent of their aggregate book value as at the Effective Time, which amount shall be paid by the Purchaser to the Seller by certified check, bank draught or cash at Closing. The Seller shall in no way guarantee the collectibility of the Receivables by the Purchaser but shall provide the Purchaser with access to the Seller’s Books and Records *in re*spect of the Receivables so that the Purchaser and its representative may verify same.

* 1. **Payment for Land, Buildings, and Leasehold Improvements**

Purchaser shall purchase the Seller’s Land, Buildings and Leasehold Improvements on an “as is, where is” basis at Closing for the aggregate amount of [AMOUNT]. The Purchaser shall deliver to the Seller at Closing a certified check, bank draught or cash in the amount of [AMOUNT]. In addition, the Purchaser shall issue to the Seller at Closing a promissory note in the principal amount of [AMOUNT] in the form attached hereto as Appendix 3.4 (the “Note”), which Note shall provide for the payment by the Purchaser to the Seller of [NUMBER] equal, consecutive, monthly instalments in the amount of [AMOUNT] each, commencing on the [NUMBER]th monthly anniversary of the Closing Date and falling due on the same day of each month thereafter until payment in full, the whole with interest only in the event of a default in any monthly payment.

The Seller shall provide to the Purchaser with the legal description of each item of Real Estate, as well as all title documents in connection therewith in its possession not less than l days prior to Closing. The Purchaser shall be solely responsible for the payment of all transfer taxes resulting from the sale of the Real Estate to it. The non-refundable deposit in the amount of [AMOUNT] payable by the Purchaser to the Seller upon the execution of this Agreement shall be credited to the cash purchase price *in re*spect of the Real Estate at Closing.

* 1. **License Agreement**

The parties shall enter into a licence agreement appointing the Purchaser as the user of the [COMPANY NAME] in the Province of [STATE/PROVINCE] for a period of [NUMBER] years from the Closing Date in the form of Appendix 3.5 hereto. The licence agreement will permit the Purchaser to use the [SPECIFY] name jointly with its [COMPANY NAME] brand name on all Locations and all the Purchaser’s [COMPANY NAME] locations. The Purchaser shall pay the Seller a monthly royalty based on the sales at each of the present and future Locations and [COMPANY NAME] locations calculated as more fully set out therein, without any limit on the amount of royalties payable thereunder. The Purchaser shall have the option to renew the licence agreement upon its expiry upon the same terms and conditions.

* 1. **Allocation of the Purchase Price**

The Purchase Price shall be allocated in the manner set forth in Appendix 3.6 hereto provided that if any additional consideration not specifically otherwise allocated is paid hereunder, the allocation shall be adjusted to include same on account of Goodwill.

* 1. **No Assumption of Liabilities**

The Purchaser shall not assume and shall not be deemed to assume any Liabilities save and except the Assumed Liabilities accruing due as of and from the Effective Time under the Equipment Contracts, the Real Estate Leases, the Warranties and the Collective Agreements. The Seller undertakes to pay all its obligations and Liabilities as same become due and payable and to indemnify and save harmless the Purchaser should any claim be made against the Purchaser in connection therewith.

* 1. **Payment of Taxes**

The Purchaser shall be liable for and shall pay all land transfer taxes, national taxes, goods and services tax, and provincial sales taxes, excise taxes and all other taxes, duties or other like charges properly payable upon and in connection with the conveyance and transfer of the Purchased Assets by the Seller to the Purchaser and the licence Agreement, provided that the Seller shall do or shall cause to be done such things as are reasonably requested to enable the Purchaser to comply with such obligations in an efficient manner.

The Seller represents and warrants to the Purchaser that it is duly registered for purposes of the goods and services [TAX/LAW/RULE] (“[TAX NUMBER]”) under subdivision (d) of Part [SPECIFY] of the Excise Tax [ACT/LAW/RULE] ([COUNTRY]) under the number [SPECIFY] and that it is duly registered for purposes of the [STATE/PROVINCE] sales tax (“[TAX NUMBER]”) under the [ACT/LAW/RULE] respecting the [STATE/PROVINCE] sales tax and amending various fiscal legislation (“[TAX NUMBER] Act”) under the number [SPECIFY]. The Purchaser represents and warrants to the Seller that it is duly registered for the purposes of the [TAX NUMBER] under subdivision (d) of Part [SPECIFY] under the number [SPECIFY] and that it is duly registered for purposes of the [TAX NUMBER] under the [TAX NUMBER] [ACT/LAW/RULE] under the number [SPECIFY].

The Seller and the Purchaser agree and covenant to each other that they shall jointly elect, in accordance with subsection [SPECIFY] of the [SPECIFY] and section [SPECIFY] of the [TAX NUMBER] [ACT/LAW/RULE], by completing at or prior to the Closing Date all prescribed forms and documents so that no [TAX NUMBER] or [TAX NUMBER] shall be payable in connection with the transactions contemplated hereby.

1. **CLOSING ARRANGEMENTS AND CONDITIONS PRECEDENT TO THE SALE**
   1. **Closing Date**

The purchase herein contemplated shall take place at the offices of [INDIVIDUAL NAME], [FULL ADDRESS], [STATE/PROVINCE], at [HOUR] hours (the “Time of Closing”) on [DATE] or such other Business Day as is agreed to by the parties in writing. [A pre-closing shall take place at the same location [NUMBER] Business Day prior thereto] Notwithstanding the Time of Closing, the sale and transfer of the Purchased Assets, the Equipment Contracts and the Real Estate Leases shall be deemed to take effect as of and from the Effective Time.

* 1. **Conditions Precedent to Closing in favour of the Purchaser**

The obligation of the Purchaser to purchase the Purchased Assets, to assume the Equipment Contracts, the Real Estate Leases and the Warranties, to execute the licence Agreement, and to perform its obligations hereunder and thereunder, is subject to the fulfilment of the following conditions precedent to its satisfaction on or before the Closing Date, it being understood that the said conditions are included for the exclusive benefit of the Purchaser and may be waived, in writing by the Purchaser, either in whole or in part at any time:

* + 1. Corporate Authorisation

The Purchaser shall have received from the Seller a certified copy of the certificate and articles of incorporation of the Seller and any certificate and articles of amendment issued to the Seller, a certified copy of a resolution of the board of directors and of the shareholders of the Seller authorising the execution and delivery of this Agreement and approving the transactions identified above, an incumbency certificate listing all of the officers and the directors of the Seller who sign any documents in connection with this Agreement, and authorising the issuance of the certificates and other documents required to be issued by the Seller hereunder.

* + 1. Truth of Representations and Warranties

The representations and warranties of the Seller to the Purchaser contained in this Agreement and the Appendices hereto shall be true, correct and complete in every detail at the Time of Closing on the Closing Date with the same force and effect as if such representations and warranties were made at and as of such time with respect to the state of facts then existing and the Seller shall deliver to the Purchaser the solemn declaration of its President to such effect; provided that the closing of the transaction of purchase and sale herein provided for shall not be nor be deemed to be a waiver of the representations and warranties contained in this Agreement and Appendices, which representations and warranties shall continue in full force and effect for the benefit of the Purchaser.

* + 1. Compliance with Terms and Conditions

All the terms, covenants and conditions of this Agreement to be complied with or performed by the Seller on or before the Time of Closing on the Closing Date shall have been complied with or performed.

* + 1. Approval of Counsel

All actions, proceedings, instruments and documents required to implement this Agreement, or instrumental thereto, and all other legal matters relating to the purchase of the Purchased Assets, including title of the Seller to the Purchased Assets, shall have been approved as to form and legality by counsel for the Purchaser.

* + 1. Prohibitive Actions

No action or proceeding at [YOUR COUNTRY LAW] or in equity, shall be pending or threatened by any person, firm, company, government, governmental authority, regulatory body or agency to enjoin, restrict or prohibit the transactions herein contemplated or the right of the Purchaser to conduct the [STATE/PROVINCE] Business.

* + 1. Delivery of Documents and Title Deeds

The Seller shall have delivered to the Purchaser all documents or copies thereof required to be delivered, all title documents, deeds, leases, contracts and agreements and other documents in its possession or under its control relating to any of the Purchased Assets the Equipment Contracts and the Real Estate Leases or the [STATE/PROVINCE] Business, including all Books and Records, which documents, Books and Records shall become the property of the Purchaser.

* + 1. Legal Opinion

The Purchaser and its counsel shall have received a legal opinion of [INDIVIDUAL NAME], General Partnership, counsel to the Seller, substantially in the form attached as Appendix 4.2.7 hereto.

* + 1. Non-Competition Agreements

The Seller shall enter into a non-competition agreement in the form of Appendix 4.2.8 hereof providing for non-solicitation and non-competition covenants with respect to the [STATE/PROVINCE] Business, for a term of [NUMBER] years from the Closing Date within the Province of [STATE/PROVINCE].

* + 1. Residence

The Seller shall have furnished the Purchaser with evidence in the form of a statutory declaration of a duly authorised officer of the Seller, that the Seller is a resident of [COUNTRY] within the meaning of the Income Tax [ACT/LAW/RULE] [COUNTRY].

* + 1. Tax Election Form

The Seller and Purchaser shall each execute tax form [NUMBER] and [NUMBER] with respect to the sale of the debts receivable as contemplated by Section [SPECIFY] of the Income Tax [ACT/LAW/RULE] [COUNTRY]) and section [SPECIFY] of the Taxation [ACT/LAW/RULE] [STATE/PROVINCE].

* + 1. Powers of Attorney

The Seller shall deliver by hand to the Purchaser at Closing a list showing the name of each person, firm or company or business organisation holding a general or special power of attorney from the Seller and a summary of the terms thereof.

* + 1. Consents

All consents of third parties, including without limitation any banker or other lender to the Seller, necessary to permit the transfer and assignment of any of the Purchased Assets, Equipment Contracts and Real Estate Leases shall have been obtained, provided however that Seller shall not be required to pay any amount to any third party to obtain such consent nor to remain solidarity liable thereunder to such third party with the Purchaser.

* + 1. Due Diligence

The Purchaser and its legal counsel shall have conducted a due diligence review of the [STATE/PROVINCE] Business, including its books and records, and shall have verified such information as the Purchaser and its legal counsel shall deem necessary, all of which shall be satisfactory to the Purchaser in all respects, including without limitation as to the segregation of the Excluded Assets.

* + 1. No Substantial Damage or Adverse Change

Subject to section 4.4, no substantial damage to the Purchased Assets or the property under the Equipment Contracts and the Real Estate Leases shall have occurred prior to the Effective Time and no material adverse change in the Purchased Assets or the property under the Equipment Contracts and the Real Estate Leases or the financial condition or prospects of the [STATE/PROVINCE] Business shall have occurred prior to the Effective Time.

* + 1. Delivery of Documents

The Seller shall execute and deliver to the Purchaser all such bills of sale, assignments, instruments of transfer, assurances, consents and other documents as shall be necessary effectively to transfer to the Purchaser all the Seller’s rights, title and interest in, to and under, or *in re*spect of, the Purchased Assets, the Equipment Contracts and the Real Estate Leases and shall deliver up to Purchaser possession of the Purchased Assets and the property under the Equipment Contracts and the Real Estate Leases, free and clear of any liens, charges or encumbrances or rights of third Persons.

* 1. **Conditions Precedent to Closing in favour of the Seller**

The purchase and sale of the Purchased Assets, the Equipment Contracts and the Real Estate Leases is subject to the satisfaction on or before the Time of Closing on the Closing Date, of the following terms and conditions which are included herein for the exclusive benefit of the Seller and which may be waived in whole or in part, only by the Seller:

* + 1. Corporate Authorisation of Purchaser

The Seller shall have received from the Purchaser a certified copy of the certificate and articles of incorporation of the Purchaser, any certificate and articles of amendment issued to the Purchaser, a certified copy of a resolution of the board of directors of the Purchaser authorising the execution and delivery of this Agreement and approving the transactions herein contemplated, an incumbency certificate listing all of the officers and the directors of the Purchaser who sign any documents in connection with this Agreement, and authorising the issuance of the certificates and other documents required to be issued by the Purchaser hereunder.

* + 1. Corporate Authorisation of Guarantor

The Seller shall have received from the Purchaser a certified copy of the certificate and articles of incorporation of each corporate Guarantor, any certificate and articles of amendment issued to each such Guarantor, a certified copy of a resolution of the board of directors of each such Guarantor authorising the execution and delivery of this Agreement and approving the guarantee herein contemplated, an incumbency certificate listing all of the officers and the directors of each such Guarantor who sign any documents in connection with this Agreement, and authorising the issuance of the certificates and other documents required to be issued by such Guarantor hereunder.

* + 1. Truth of Representations and Warranties

The representations and warranties of the Purchaser to the Seller contained in this Agreement and Appendices hereto shall be true, correct and complete in every detail at the Time of Closing on the Closing Date with the same force and effect as if such representations and warranties were made at and as of such time and the Purchaser shall deliver to the Seller the solemn declaration of its President to such effect; provided that the closing of the transaction of purchase and sale herein provided for shall not be contained in this Agreement and Appendices, which representations and warranties shall continue in full force and effect for the benefit of the Seller as provided in Article [NUMBER].

* + 1. Compliance with Terms and Conditions

All of the terms, covenants and conditions of this Agreement to be complied with or performed by the Purchaser at or before the Time of Closing on the Closing Date shall have been complied with or performed.

* + 1. Legal Opinion

The Seller and its counsel shall have received a legal opinion of counsel to the Purchaser, substantially in the form attached as Appendix 4.3.5 hereto.

* 1. **Risk of Loss**

If prior to the Effective Time any part of the Purchased Assets or the property under the Equipment Contracts and the Real Estate Leases shall be destroyed or damaged by any cause whatsoever, including fortuitous events, or shall be expropriated or seized by governmental authority, the Purchaser and the Seller shall enter into negotiations to determine the amount by which the Purchase Price shall be reduced to compensate for such loss or damage. Negotiations shall continue for a period of [NUMBER] days. If the parties have not reached agreement on the amount by which the Purchase Price shall be reduced within such period, the Seller shall give the Purchaser within a further period of [NUMBER] days, a written notice stipulating the amount by which the Seller considers the Purchase Price should be reduced.

The Purchaser shall have a period of [NUMBER] days from the giving of the Seller’s notice, to give written notice to the Seller of its acceptance or refusal of the amount of the reduction in the Purchase Price. Should the Purchaser accept the amount of the reduction, it shall proceed to purchase the Purchased Assets, the Equipment Contracts and the Real Estate Leases for the agreed upon reduced Purchase Price and upon the other terms and conditions herein, save and except that the Closing Date shall be extended by a period equal to the period of the delay to reach agreement on the reduced Purchase Price.

* 1. **Notification**

If the Purchaser becomes aware that any of the foregoing conditions are not likely to be fulfilled at or before the Closing Date, it shall so notify the Seller with a view to permitting it to take such action as may be necessary to enable it to cause such conditions to be fulfilled at or before the Closing Date. In case any of the foregoing conditions shall not be fulfilled on or before the Closing Date to the reasonable satisfaction of the Purchaser, the Purchaser may rescind this Agreement by notice to the Seller and in such event the Purchaser shall be released from all obligations hereunder and, unless the condition for the non-performance of which the Purchaser has rescinded this agreement is reasonably capable of being performed or caused to be performed by the Seller, the Seller shall also be released from all obligations hereunder; provided that any such conditions, to the extent that it is for the benefit of the Purchaser, may be waived in whole or in part by the Purchaser without prejudice to its rights of rescission in the event of the non-fulfilment of any other condition or conditions, any such waiver to be binding on the Purchaser only if the same is in writing.

1. **REPRESENTATIONS AND WARRANTIES OF THE SELLER AND THE PURCHASER**
   1. **Representations and Warranties of the Seller**

The Seller hereby represents and warrants to the Purchaser and acknowledges and confirms that the Purchaser is relying upon such representations and warranties in connection with the transactions herein contemplated:

* + 1. Due Incorporation and Qualification to Carry on Business

The Seller is a company duly incorporated and organised and is validly subsisting under the [YOUR COUNTRY LAW] of [COUNTRY]. The Seller has all the necessary right, power and authority to enter into, execute and deliver this Agreement and to perform its obligations hereunder. The entry into, execution and delivery of this Agreement and the performance by the Seller of its obligations hereunder have been duly authorised and approved by all necessary corporate action of the board of directors of the Seller. The Seller has the corporate power to own its property and to carry on the [STATE/PROVINCE] Business as now being conducted by it.

The Seller is duly qualified (and has all required permits, licenses, certificates and authorisations necessary) to transact and carry on the [STATE/PROVINCE] Business in the manner and to the extent currently carried on in all jurisdictions in which it presently carries on business and is so duly licenced or qualified in each jurisdiction whereby by virtue of the nature of the [STATE/PROVINCE] Business, such licencing and qualification is necessary except for such failures to be so qualified or licensed, if any, which, in the aggregate, would not have a Material Adverse Effect. The only locations in which the Seller carries on business or owns or leases property are the Locations.

* + 1. Binding Nature

This Agreement constitutes a legal, valid and binding obligation of the Seller enforceable in accordance with its terms.

* + 1. Title to Assets

The Purchased Assets are owned by the Seller by good and marketable title thereto, free and clear of all Liens or of any rights or privileges capable of becoming Liens, except statutory liens, if any, none of which prevent in any material way the use of any of the Purchased Assets. The Seller represents and warrants to the Purchaser that, to the best of its knowledge, there are no such Liens. The Seller further undertakes, at its sole cost and expense, to free all of the Purchased Assets of all such Liens within a period of [NUMBER] days of becoming aware thereof.

* + 1. Options, Commitments

No person, firm or company has any written or oral agreement, option, understanding or commitment, or any right or privilege capable of becoming an agreement, for the purchase from the Seller of any of the Purchased Assets, the Equipment Contracts and the Real Estate Leases, other than the Purchaser pursuant to this Agreement.

* + 1. No Violation

The entering into of this Agreement and the transactions contemplated hereby will not result in the violation of, or default under, any [YOUR COUNTRY LAW] or any of the terms and provisions of the constating documents or by-laws of the Seller or of any resolutions of the directors or shareholders of the Seller or of any indenture or other agreement, written or oral, to which the Seller may be a party or by which it is bound or in the creation of any lien or other encumbrance on any of the Purchased Assets, the Equipment Contracts and the Real Estate Leases.

* + 1. Ordinary Course

The [STATE/PROVINCE] Business has been carried on in the ordinary and normal course and will be carried on in the ordinary and normal course after the date hereof and up to the Closing Date. The Seller undertakes that, after the date hereof, it shall refer all such persons as well as all inquiries with respect to products sold or services provided by the [STATE/PROVINCE] Business to the Purchaser. Seller will use commercially reasonable efforts to preserve intact the present organisation and reputation of the [STATE/PROVINCE] Business, and to maintain the goodwill of customers, suppliers, lenders and other persons to whom it sells goods or provides services or with whom it otherwise has significant business relationships.

* + 1. Leases and Title Retention Agreements

The Seller is not a party, as lessee, to any lease or agreement in the nature of any lease or a conditional sale agreement, capitalised lease or other title retention agreement with respect to moveable property in connection with the [STATE/PROVINCE] Business except for those leases and other title retention agreements set forth and described in Appendix 2.4.

Subject to obtaining the lessor consents, such leases are enforceable in accordance with their terms and the Seller is not in default under any such lease, which default would reasonably be expected to lead to cancellation of such lease, the eviction of the Seller or the payment of any additional amounts, excluding interest. Each lease is in good standing and in full force and effect without amendment thereto and, to the best of its knowledge, the Seller is not in breach of any of the covenants, conditions or agreements contained in each such lease, except for breaches which are not material to the particular lease in question.

* + 1. Uses

To the best of the Seller’s knowledge, the conduct of the operations of the [STATE/PROVINCE] Business and the uses to which the leased property referred to in Subsection 5.1.7 above have been put are not in breach of any [YOUR COUNTRY LAW], covenant, restriction or plans except for breaches with respect to any particular property which are not material.

* + 1. Work Orders

To the best of the Seller’s knowledge, there are no outstanding work orders relating to any of the Purchased Assets from or required by any police or fire department, sanitation, health or factory authorities or from any other national, provincial, or municipal authority or any matters under discussion with any such departments or authorities relating to work orders.

* + 1. Litigation

Except as described in Appendix 5.1.10 (a) there are no actions, suits or proceedings (whether or not purportedly on behalf of the [STATE/PROVINCE] Business), pending or threatened against or affecting the Seller at [YOUR COUNTRY LAW] or in equity or before or by any national, provincial, municipal or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign relating to the [STATE/PROVINCE] Business or any of the Purchased Assets, the Equipment Contracts and the Real Estate Leases, which actions, suits or proceedings involve the possibility of any judgement  against or liability of the Seller or the [STATE/PROVINCE] Business for an amount not covered by insurance in excess of [AMOUNT] *in re*spect of any individual matter or group of related matters arising out of the same occurrence.

Except as disclosed in Appendix 5.1.10 (b), to the best of the Seller’s knowledge, there is no existing ground on which any such action, suit or proceeding, involving the possibility of a judgement  against or liability of the Seller or the [STATE/PROVINCE] Business for an amount not covered by insurance in excess of [AMOUNT] *in re*spect of any individual matter or group of related matters arising out of the same occurrence, might be commenced against the Seller, the [STATE/PROVINCE] Business or the Purchased Assets, the Equipment Contracts and the Real Estate Leases, with any reasonable likelihood of success in whole or in part. The Seller shall be entitled but not obliged to consult with the Purchaser with respect to any action proposed to be taken or omitted by it and if the Purchaser consents to or acquiesces in such action or omission then it shall be deemed to have waived its right to rescind this Agreement with respect to such action or omission.

* + 1. [STATE/PROVINCE] Proprietary Rights

The Seller owns by good and marketable title, free and clear of all Liens, all [STATE/PROVINCE] Proprietary Rights, which are necessary or desirable for the conduct of the [STATE/PROVINCE] Business as presently conducted and as proposed to be conducted. All [STATE/PROVINCE] Proprietary Rights are in full force and effect and the Seller has taken all necessary action to protect its rights therein. To the best of the Seller’s knowledge, none of the [STATE/PROVINCE] Proprietary Rights is now being challenged or threatened with a challenge. The Seller has not granted any licence or other permission to any third party to use any [STATE/PROVINCE] Proprietary Rights and, to the best of the Seller’s knowledge, no third party has infringed upon or misappropriated any [STATE/PROVINCE] Proprietary Right.

* + 1. Infringement of Proprietary Rights

To the best of the Seller’s knowledge, none of the Purchased Assets nor the use thereof by the Seller materially infringes or conflicts with any proprietary rights, confidential information or trade secrets of any third party in the Province of [STATE/PROVINCE].

* + 1. Compliance with [YOUR COUNTRY LAW]

The Seller is conducting the [STATE/PROVINCE] Business in material compliance with all applicable [YOUR COUNTRY LAW], rules and regulations, judgments and decrees of each jurisdiction in which the [STATE/PROVINCE] Business is carried on, is not in breach of any such [YOUR COUNTRY LAW], rules or regulations, judgments or decrees, except for breaches which are not material, and is duly licensed, registered or qualified in each jurisdiction in which the Seller owns or leases property or carries on the [STATE/PROVINCE] Business to enable the [STATE/PROVINCE] Business to be carried on as now conducted and its property and assets to be owned, leased and operated. All such licenses, registrations and qualifications are valid and subsisting and in good standing.

* + 1. Labour Unions

The Seller has not made any agreements with any labour union or employee association in connection with the [STATE/PROVINCE] Business nor made commitments to or conducted negotiations with any labour union or employee association with respect to any future agreement in connection with the [STATE/PROVINCE] Business other than as set out in the Collective Agreements, and the Seller is not aware of any current attempts to organise or establish any labour union or employee association in connection with the [STATE/PROVINCE] Business.

* + 1. Collective Agreements

The only collective agreements to which the Seller is a party and which relate to the [STATE/PROVINCE] Business are those annexed as Appendix 5.1.15 (the “Collective Agreements”). No Collective Agreement restricts the relocation or closing of any part of the [STATE/PROVINCE] Business. Except as described in Appendix 5.1.15, no trade union, council of trade unions, employee bargaining agency or affiliated bargaining agent holds bargaining rights with respect to any of the [STATE/PROVINCE] Business’s employees by way of certification, interim certification, voluntary recognition, or successor rights, or has applied or threatened to apply to be certified as the bargaining agent of any of such employees.

To the best of the Seller’s knowledge, no material work stoppage or other material labour dispute *in re*spect of the Seller or the [STATE/PROVINCE] Business is pending or threatened. There are no outstanding arbitration awards, labour grievances, arbitration proceedings or other proceedings under such Collective Agreements; to the best of the Seller’s knowledge, it has committed no breaches of such Collective Agreements and is not aware of any grievances or arbitration proceedings under such Collective Agreements. Except as mentioned above, there are no written or verbal agreements or courses of conduct which modify such Collective Agreements.

* + 1. Workers’ Compensation

There are no notices of assessment, provisional assessment, reassessment, supplementary assessment, penalty assessment or increased assessment relating to the [STATE/PROVINCE] Business (collectively, “Assessments”) or any other communications related thereto which the Seller has received from any workers’ compensation board or similar authorities in any jurisdictions where the [STATE/PROVINCE] Business is carried on and there are no Assessments which are unpaid on the date hereof or which will be unpaid at the Effective Time and, to the best of the Seller’s knowledge, there are no facts or circumstances which may result in a material increase in liability to the Purchaser from any applicable workers’ compensation legislation, regulations or rules after the Effective Time.

* + 1. Labour Practices

No unfair labour practise complaint against the Seller in connection with the [STATE/PROVINCE] Business is pending before any labour relations board or similar government tribunal or agency. There are no disputes with labour unions, grievances, claims, demands, suits, actions, arbitration procedures or any other litigious matters generally relating to or emanating from, directly or indirectly, any labour agreement, petition to secure certification or any union certification applying to the employees of the Seller. There are no complaints of unfair labour practises pending against the Seller under the Labour Code ([STATE/PROVINCE]) nor any civil action or complaint under the Act respecting Labour Standards ([STATE/PROVINCE]), or any other applicable legislation in any relevant jurisdiction existing or pending against the Seller concerning its employees.

* + 1. Pension Plans

The only pension plans for the Employees are disclosed in Appendix 5.1.20; such plans are duly registered where required by, and are in good standing and in compliance with, all applicable taxation and pension legislation; all required employee contributions thereunder as of the date hereof have been made and no past service funding liabilities exist thereunder. The Seller does not maintain or contribute to any other retirement plans, profit sharing, option or incentive plans, or insurance disability, medical, surgical, dental or other employee benefit plans for Employees except as set forth in Appendix 5.1.20.

* + 1. Restrictive Documents

The Seller is not subject to, or a party to, any charter or by-law provision, mortgage, demand, lien, lease, license, permit, agreement, contract, conditional sales contract, hire-purchase agreement, security interest agreement or other title retention agreement or lease of personal property, instrument, [YOUR COUNTRY LAW], rule, ordinance, regulation, order, judgement  or decree or any other restriction of any kind or character which would prevent consummation of the transactions contemplated by this Agreement or which would affect the continued operation of the [STATE/PROVINCE] Business after the Effective Time on substantially the same basis as heretofore operated.

* + 1. Insurance

The Seller has been and is insured by financially sound and reputable insurers unaffiliated with the Seller in such amounts and against such risks as are sufficient for compliance with [YOUR COUNTRY LAW] and as are adequate in the judgement  of the Seller to protect the properties and businesses of the Seller, which relate to the [STATE/PROVINCE] Business. All such policies and contracts of insurance are in full force and effect, and the Seller is in good standing with respect to such policy or contract to which it is a party.

The Seller has not been refused any insurance with respect to the Purchased Assets or the property under the Equipment Contracts and the Real Estate Leases nor has its coverage been limited by any insurance carrier to which it has applied for any such insurance or with which it has carried insurance.

The Seller is not *in re*ceipt of any notice of default under such insurance policies, and it has no knowledge of any facts, conditions, or circumstances which would likely result in a default under any of such insurance policies or in an increase in the premiums payable under any of such policies.

* + 1. Tax Matters

The Seller is not liable for any taxes of any nature whatsoever due and unpaid which might result in a lien or Encumbrance affecting any of the Purchased Assets. The Seller has charged, collected and remitted on a timely basis all amounts as required by Applicable [YOUR COUNTRY LAW] on any sale, supply or delivery whatsoever, made by the Seller *in re*spect of the [STATE/PROVINCE] Business including, without limitation, sales and goods and services taxes.

* + 1. Withholdings

The Seller has withheld from each payment made to any of its shareholders, officers, directors, former directors, non-resident creditors and employees the amount of all taxes, including but not limited to income tax, and other deductions required to be withheld therefrom and has paid the same to the proper tax or other receiving officers within the time required under any applicable legislation and, if not due and payable, has accrued the same on its books.

* + 1. Vacation Pay

All vacation pay, fringe benefits, source deductions, sick days, bonuses, furlough, travel, commissions and other emoluments in connection with the [STATE/PROVINCE] Business are, or will be on the Closing Date reflected and have been, or will be on the Closing Date, accrued in the books of account of the Seller.

* + 1. Residence

The Seller is resident in [COUNTRY] within the meaning of the Income Tax [YOUR COUNTRY ACT/LAW/RULE]

* + 1. Environmental Matters

To the best of its knowledge, the Seller and its officers, directors, agents and employees or any predecessor thereof are conducting its business in compliance with all Environmental [YOUR COUNTRY LAW] of each jurisdiction in which the [STATE/PROVINCE] Business is carried on. The Seller is not in material breach of or in material default under any Environmental [YOUR COUNTRY LAW] to which the Seller, the [STATE/PROVINCE] Business or the Purchased Assets or the property under the Equipment Contracts and the Real Estate Leases may be or are subject. Neither the Seller nor its officers, directors, agents and employees nor any predecessor thereof has conducted any evaluation, assessment, study or test relating to the presence of any Contaminant at the request or on behalf of any governmental authority.

The Seller has no knowledge of any prior or current storage, release or threatened release of any hazardous substance, toxic materials or other pollutants on or from any immovable property owned or leased by the Seller. The Purchaser may, at its sole expense, conduct soil tests at the Locations to be purchased by it. In the event that [NUMBER] or more of the said Locations are found as a result of such soil tests to contain Contaminants in excess of the quantities or concentrations provided for by regulation of the Government or the presence of which in the environment is prohibited or is likely to affect the life, health, safety, welfare or comfort of human beings or to cause any damages to or otherwise impair the quality of the soil, vegetation, wildlife or property, then the Purchaser may terminate this Agreement without further liability on its part. In the event that fewer than [NUMBER] of the Locations are so contaminated, then the Purchaser may refuse to purchase only such contaminated Locations or may elect to lease same from Seller for an initial term of [NUMBER] years, with up to [NUMBER] consecutive renewal terms of [NUMBER] years each, but in any event terminable by the Seller once they are no longer so contaminated, upon payment of an annual rental equal to [PERCENTAGE %] per cent of the Seller’s book value for such Land and Buildings as at [DATE] and payable in advance in equal, consecutive, monthly instalments.

* 1. **Representations and Warranties of the Purchaser and Guarantors**

Each of the Purchaser and the Guarantors hereby solidarity represents and warrants to the Seller and acknowledges and confirms that the Seller is relying upon such representations and warranties in connection with the transactions herein contemplated:

* + 1. Due Incorporation

Each of the Purchaser and the corporate Guarantors is a company duly incorporated and organised and is validly subsisting under the [YOUR COUNTRY LAW] of the Province of [STATE/PROVINCE]. Each of the Purchaser and the corporate Guarantors has all the necessary right, power and authority to enter into, execute and deliver this Agreement and to perform its obligations hereunder. The entry, execution and delivery of this Agreement and the performance by the Purchaser and each corporate Guarantor of its obligations hereunder have been duly authorised and approved by all necessary corporate action on the part of the Purchaser or corporate Guarantor, as the case may be.

* + 1. Binding Nature

This Agreement constitutes a legal, valid and binding obligation of the Purchaser and the Guarantors enforceable against each of them in accordance with its terms.

* + 1. No Violation

The entering into of this Agreement and the transactions contemplated hereby will not result in the violation of any terms and provisions of the constating documents or by-laws of the Purchaser or any corporate Guarantor or of any resolutions of the directors or shareholders of the Purchaser or any corporate Guarantor or of any indenture or other agreement, written or oral, to which any of them may be a party or by which any of them is bound.

* 1. **Survival**

The representations and warranties of the Seller and the Purchaser contained in this Agreement and in any certificates or documents delivered pursuant to or in connection with the transactions herein provided for shall survive the closing of the transactions herein provided for and, notwithstanding such closing, and regardless of any investigation by or on behalf of the Purchaser with respect thereto.

* 1. **Indemnification of the Purchaser**

The Seller shall indemnify the Purchaser and hold the Purchaser harmless against any Claims made upon, brought against, suffered or incurred by the Purchaser by reason of or arising from any incorrectness in, breach of or default under any representation, warranty or covenant contained herein or made by the Seller in connection herewith, provided that each such Claim is made upon, brought against, suffered or incurred by the Purchaser within [NUMBER] years of the Closing Date or in the case of the representations and warranties contained in Subsection 5.1.10, such Claim is made upon, brought against, suffered or incurred by the Purchaser no later than [NUMBER] year after final judgement  in any such suit, action, litigation or proceeding.

* 1. **Indemnification of the Seller**

The Purchaser shall indemnify the Seller and hold the Seller harmless against any Claims made upon, brought against, suffered or incurred by the Seller by reason of or arising from any incorrectness in, breach of or default under any representation, warranty or covenant contained herein or made by the Purchaser in connection herewith, provided that each such Claim is made upon, brought against, suffered or incurred by the Seller within [NUMBER] years of the Closing Date or in the case of the claim contemplated in Section 4.3.5, such Claim is made upon, brought against, suffered or incurred by the Seller no later than [NUMBER] year after final judgement  in any such suit, action, litigation or proceeding.

* 1. **No Set-Off by the Purchaser**

The Seller shall have no right to, and shall not, set-off or operate compensation *in re*spect of any amount claimed by the Purchaser to be owing by the Seller pursuant to the indemnification provisions hereof against any amount owing by the Purchaser to the Seller hereunder or under any other agreement herein contemplated, including without limitation the Note and the licence Agreement.

1. **EMPLOYEES**
   1. **List of Employees**

Attached as Appendix 6.1 is a list of all employees of the [STATE/PROVINCE] Business (the “Employees”), together with their respective position and title, age, base salary or hourly rate, benefits, bonus and years of service. Each Employee who is subject to the Collective Agreements has been identified, as has each Employee on long term or short term disability or presenting receiving payments under any occupational health and safety legislation.

* 1. **Offer of Employment**

Prior to the Closing Date, but conditional upon the completion of the Closing, the Purchaser shall offer to continue the employment to all Employees listed on Appendix 6.2 hereto, being all the non-unionised Employees, including those who are absent from work on the day after the Closing Date due to short-term disability, maternity, parental or pregnancy leave, sick leave, workers’ compensation leave, vacation or other reasonable cause, provided that they return to work within [NUMBER] months after the Closing Date. These offers of continued employment shall be on terms and conditions which substantially reflect the Purchaser’s current pay and benefit scale for its employees performing similar functions and having similar lengths of service to that of the Employees and shall be in form and substance satisfactory to the Purchaser and the Seller, acting reasonably.

Any Employee to whom the aforesaid offer of employment has been made and who reports for work on the day after the Closing Date, and any Employee who is absent as contemplated above and who returns to work within the period set out above, shall be deemed to have accepted such offer of employment of the Purchaser. Those Employees who accept or are deemed to have accepted such offer are referred to herein as the “Hired Employees”.

* 1. **Employment Process**

Until the Effective Time, the Seller shall be responsible for and shall pay on or prior to the Closing Date to the Employees all wages, bonuses, earned vacations or vacation pay, sick leave and other remuneration benefits earned or accrued up to the Closing, and shall pay severance pay or pay in lieu of notice (if the Employee is not offered employment pursuant to Section 6.2 or refuses employment) when due. From and after the Effective Time, the Purchaser shall be responsible for all wages, bonuses, earned vacations, sick leave, severance pay or pay in lieu of notice, and other remuneration benefits for all of the Hired Employees. The Purchaser shall recognise the service of the Hired Employees with the Seller for purposes of employee benefits as if the Hired Employees had been employed by the Purchaser since their individual dates of hire by the Seller.

* 1. **Claims Re: Employment Prior to Closing**

The Seller shall be responsible for all actions, causes of action, suits, claims, including without limitation, a claim for reinstatement (which indemnity shall not exceed an amount equal to [NUMBER] months salary and benefits), demands and any costs whatsoever which may be asserted by any Employee or former employee and which arise by reason of the employment of such Employee or former employee by the Seller or the termination of the employment of such Employee or former employee by the Seller (including any wage adjustments for any period prior to the Closing imposed pursuant to any applicable pay equity or equal pay legislation), the whole for or *in re*spect of any period prior to Closing.

* 1. **Claims Re: Employment Following Closing**

The Purchaser shall be responsible for all actions, causes of action, suits, claims, including without limitation, a claim for reinstatement, demands and any costs whatsoever which may be asserted by any Employee and which arise by reason of the employment of such Employee by the Purchaser or the termination of the employment of such Employee by the Purchaser (including any wage adjustments for any period following Closing imposed pursuant to any applicable pay equity or equal pay legislation), the whole for or *in re*spect of any period following Closing.

* 1. **Termination after Time of Closing**

The Purchaser shall indemnify and save the Seller harmless of and from all actions, causes of action, suits, claims, demands, grievances, arbitration awards and any costs whatsoever which may be asserted by any Hired Employee against the Seller *in re*spect of any and all obligations and liabilities to the Hired Employees arising after the Closing Date and *in re*spect of any termination of employment or constructive termination of employment of such Hired Employee by the Purchaser after the Time of Closing.

* 1. **Assumption of Collective Agreement**

The Purchaser shall assume as of and from the Effective Time the obligations of the Seller under the Collective Agreements save and except as hereinafter provided and shall continue to employ the unionised Employees thereunder. The Seller represents and warrants to the Purchaser that, to the best of the Seller’s knowledge, there are no pending grievances by any unionised employee of the [STATE/PROVINCE] Business. The parties acknowledge that the Collective Agreements terminate on [DATE] and [DATE] respectively.

After the Closing Date, should any unionised employee who has accepted employment with the Purchaser exercise any right pursuant to the Collective Agreements to early retirement, the Purchaser shall be responsible for paying as and when due to each such employee all amounts to which he is entitled or becomes entitled pursuant to the Collective Agreements. The Purchaser shall indemnify the Seller with respect to any Claims made by any such employee against the Seller with respect to all payments of amounts due or falling due to such employee pursuant to the Collective Agreements other than with respect to wages owing to him for the period prior to the Closing Date.

* 1. **Benefit Plans**

The Seller has not implemented any bonus, profit sharing, pension, retirement, hospitalisation or other employee benefit arrangements or plans for unionised employees except as described in Appendix 6.9 hereto.

1. **MUTUAL COOPERATION**
   1. **Access to Books and Records Following Closing**

The Seller and the Purchaser hereby agree that, so long as the Books and Records delivered to the Purchaser hereunder remain in existence and are available, the Seller shall have the right to inspect and, at its expense, to make copies of same at any time during business hours for any proper purpose. The Purchaser will not destroy, without first having offered in writing to deliver to the Seller, any of the Books and Records delivered to the Purchaser hereunder for a period of [NUMBER] years following the Closing Date. Each party agrees that it shall make available to the other party, and to any accountants or attorneys or tax agents authorised by such other party, at the expense of the party requesting same, any such records or information needed in connection with any tax, accounting, litigation or similar matters.

* 1. **Actions to Satisfy Closing Conditions**

Each of the Seller and the Purchaser hereby agrees to take all such actions as are within its power to control and to use all reasonable efforts to cause other actions to be taken which are not within its power to control so as to ensure compliance with any conditions set forth herein which are for the benefit of the other party.

The Purchaser will use its reasonable best efforts to cooperate with the Seller in obtaining, prior to the Closing Date, the required consents and such lessor consents as the Purchaser reasonably believes are desirable; provided, however, the Seller shall not be required to make any other payment of any kind whatsoever to any third party in connection with obtaining any such required consent or lessor consent.

* 1. **Transfer of Purchased Assets**

The Seller shall take all necessary steps and such proceedings as may be approved by counsel for the Purchaser, acting reasonably, to permit the Purchased Assets, the Equipment Contracts and the Real Estate Leases to be duly and validly transferred to the Purchaser, provided however that Seller shall not be required to pay any amount to any co-contracting party to obtain such transfer nor to remain solidarity liable thereunder to the co-contracting party with the Purchaser.

* 1. **Accounting System**

The Seller shall permit the Purchaser to use the Seller’s accounting system for purposes of the [STATE/PROVINCE] Business without charge until [DATE] inclusively. The Purchaser shall assume all leases of relevant accounting hardware at Closing to the complete exoneration of the Seller.

* 1. **Assistance in Judicial Claims**

The Purchaser shall reasonably cooperate with and assist the Seller with respect to the Seller’s involvement in any judicial claims or proceedings relating to the [STATE/PROVINCE] Business, its Employees or the Purchased Assets, the Equipment Contracts and the Real Estate Leases.

1. **GUARANTEE**
   1. **Intervention of the Guarantor**

[INDIVIDUAL NAME] (the “Guarantor”) hereby acknowledges having taken cognisance of the present Agreement and hereby guarantees to the Seller, solidarity with the Purchaser, waiving all benefits of division and discussion, the prompt payment when due of the

* + 1. obligations under the Real Estate Leases,
    2. the payments provided for in the Note,
    3. the payment of all royalties under the licence Agreement, and
    4. the prompt and complete observance and performance by the Purchaser of all the terms, covenants, agreements, obligations and indemnities to be observed or performed by the Purchaser hereunder (collectively, the “Purchaser’s Obligations”).
  1. **Indulgence**

This guarantee shall not be affected by any indulgence, whether of time for payment or performance or otherwise, on the part of the Seller and shall remain in full force and effect notwithstanding any act or omission by the Seller that otherwise would, by operation of [YOUR COUNTRY LAW], partially or wholly relieve the Guarantor from his liability under this guarantee. Without limiting the generality of the foregoing, the Seller shall not be obliged to make any demand against, pursue any action against or exhaust its remedies against the Purchaser before making any demand upon or taking action against the Guarantor with respect to this guarantee and may take and give up guarantees of, or security for, the performance by the Purchaser of the Purchaser’s Obligations and may accept compositions from and may otherwise deal with the Purchaser and others without relieving the Guarantor from his liability under this guarantee or otherwise modifying such liability.

* 1. **Disability of Purchaser**

The Guarantor shall remain liable under this guarantee notwithstanding any disability or lack of status or power of the Purchaser or any impediment whatsoever to obtaining payment or performance from the Purchaser. In the event that any demand is made upon the Guarantor with respect to this guarantee, the Guarantor shall be bound to the Seller with respect to the payment of the sums or performance of the covenants and obligations hereby guaranteed as if the Guarantor had been principal and not a surety. No person other than the Seller, its successors and permitted assigns shall have or acquire any right under or by virtue of the provisions of this Article [NUMBER], whether as a third-party beneficiary or otherwise.

1. **MISCELLANEOUS**
   1. **Successors and Assigns**

The provisions of this Agreement shall, except as otherwise provided herein, ensure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns and each and every person so bound shall make, execute and deliver all documents necessary to carry out this Agreement.

* 1. **Brokers**

The parties acknowledge that [SPECIFY] introduced the acquisition opportunity to the Purchaser, and that the Seller shall pay [SPECIFY] fee at Closing. The Seller represents and warrants to the Purchaser and the Purchaser represents and warrants to the Seller that no other broker, agent or other intermediary acted for the Seller or the Purchaser, as the case may, in connection with the sale of the Purchased Assets, the Equipment Contracts and the Real Estate Leases and the Seller and the Purchaser, as the case may be, agree to indemnify and save harmless the other party from and against any claims whatsoever for any commission or other remuneration payable or alleged to be payable to any such other broker, agent or other intermediary. The Seller and the Purchaser shall each bear and be responsible for all of its own costs and expenses, including legal fees, incurred in connection with this Agreement and the transactions hereby contemplated.

* 1. **Public Announcement**

Except as required by [YOUR COUNTRY LAW], no press release related to this Agreement or the transaction contemplated herein shall be issued without the jointly written approval of the Seller and the Purchaser, such approval not to be unreasonably withheld.

* 1. **Entire Agreement**

This Agreement and the Appendices hereto constitute the entire agreement between the parties with respect to the subject matter hereof and the transactions herein contemplated and replaces all previous agreements and understandings, if any, between the parties with respect to the subject matter hereof and the transaction contemplated herein.

* 1. **Notices**

Any notice to be given under this Agreement shall be in writing and delivered or, except in the event of disruption of postal service, mailed by prepaid registered mail addressed to the party to whom it is to be given at the address as shown below and such notice shall be deemed to have been given on the day of delivery or on the [NUMBER] business day after mailing as aforesaid, as the case may be.

if to the Seller:

[COMPANY NAME]

[FULL ADDRESS]

[STATE/PROVINCE]

Attention: [INDIVIDUAL NAME]

Facsimile no.: [FAX NUMBER]

with a copy to:

[COMPANY NAME]

[FULL ADDRESS]

[STATE/PROVINCE]

[COUNTRY]

Attention: [INDIVIDUAL NAME], Corporate Vice-President and Legal Counsel

Facsimile no.: [FAX NUMBER]

and with a second copy to:

[INDIVIDUAL NAME], General Partnership

[FULL ADDRESS]

[STATE/PROVINCE]

Attention: [INDIVIDUAL NAME]

Facsimile no.: [FAX NUMBER]

if to the Purchaser:

[COMPANY NAME]

Attention: Claude [INDIVIDUAL NAME], President

if to the Guarantor:

[INDIVIDUAL NAME]

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in both cases with a copy to:

[COMPANY NAME]

[FULL ADDRESS]

[STATE/PROVINCE]

Attention: [INDIVIDUAL NAME]

Executive Vice-President and General Manager

Facsimile No.: [FAX NUMBER]

Notice of change of address may be given by any party in the same manner.

* 1. **Time of Essence**

Time shall be of the essence of this Agreement.

* 1. **Counterparts**

This Agreement may be executed in one or more counterparts each of which when so executed shall be deemed to be an original and such counterparts together shall constitute but one of the same instrument.

* 1. **No Waiver**

The waiver of any of the provisions, terms or conditions contained in this Agreement shall not be considered as a waiver of any of the other provisions, terms and conditions hereof. The failure of any party to seek redress for violation of or to insist upon the strict performance of any provision of this Agreement shall not prevent a subsequent act, which would have originally constituted a violation, from having the effect of an original violation.

* 1. **Further Assurances**

Each party to this Agreement shall do such acts and shall execute such further documents, conveyances, deeds, assignments, transfers and the like, and will cause the doing of such acts and will cause the execution of such further documents as are within its power as any other party may in writing at any time and from time to time reasonably request be done or executed, in order to give full effect to the provisions of this Agreement.

IN WITNESS WHEREOF, each party to this agreement has caused it to be executed at [PLACE OF EXECUTION] on the date indicated above.

PURCHASER SELLER

Authorised Signature Authorised Signature

Print Name and Title Print Name and Title

# LIST OF APPENDICES

Appendix 2.1.1: Inventories

Appendix 2.1.3: Contracts

Appendix 2.2 (a): Equipment

Appendix 2.2(b): Equipment Contracts and Real Estate Leases

Appendix 2.4.2: Prepaid Expenses

Appendix 2.4.3: Excluded Equipment Contracts

Appendix 2.4.4: Excluded Real Estate Leases

Appendix 2.4: Title Retention Agreements

Appendix 2.5: Forward Commitments

Appendix 2.6: Assets used in the [STATE/PROVINCE] Business but excluded

Appendix 3.4: Note

Appendix 3.5: License Agreement

Appendix 3.6 Allocation of Purchase Price

Appendix 4.2.7: Opinion of [SPECIFY], General Partnership, counsel to the Seller

Appendix 4.2.8: Form of Non-Compete Agreement

Appendix 4.3.5: Opinion of legal counsel to the Purchaser

Appendix 5.1.10 (a): Litigation

Appendix 5.1.10 (b): Causes of action

Appendix 5.1.15: Collective Agreements

Appendix 5.1.20: Pension Plans

Appendix 5.1.24: Insurance Policies and Claims

Appendix 5.1.35: Non-Compete Agreements of Seller

Appendix 5.1.40: Environmental Permits

Appendix 6.1: Employees

Appendix 6.2: Employees Offered Employment by Purchaser

Appendix 6.9: Benefit Plans