

LETTER OF INTENT

Non-binding proposal — Province of British Columbia, Canada

Date

LOI Reference No. (optional)

This Letter of Intent (the "**LOI**") sets out the principal terms upon which the Buyer named below proposes to purchase, and the Seller named below proposes to sell, the Property and/or Business described in Section 2. Except for the provisions expressly stated to be binding in Section 15, this LOI is non-binding and is intended solely as a framework for the negotiation of a definitive written agreement.

1. PARTIES

Buyer

Legal Name

Company Name (if applicable)

Address

City

Province

Postal Code

Contact Person

Phone

Email

Seller

Legal Name

Company Name (if applicable)

Address

City

Province

Postal Code

Contact Person

Phone

Email

2. PROPERTY / BUSINESS / ASSET DESCRIPTION

The Buyer expresses interest in purchasing the following (collectively, the "**Subject**"):

Municipal Address (if real estate)

Legal Description (PID / Lot / Block / Plan, if applicable)

Business Name (if applicable)

Included Assets (equipment, inventory, IP, contracts, goodwill, etc.)

Excluded Assets / Excluded Liabilities

3. PURCHASE PRICE

Proposed Purchase Price (CAD \$)

Price treatment

☐ Price is exclusive of GST/PST (taxes added)

☐ Price is inclusive of all applicable taxes

Allocation of Purchase Price. The parties intend to allocate the Purchase Price as set out below for tax and accounting purposes and agree to file all returns consistently with this allocation. Allocation is subject to confirmation in the definitive agreement.

Real Estate (CAD \$)

Equipment (CAD \$)

Inventory (CAD \$)

Goodwill (CAD \$)

Intangibles (CAD \$)

Other (CAD \$)

Notes on allocation / Other

4. DEPOSIT

Deposit Amount (CAD \$)

Deposit Holder (lawyer's trust / brokerage)

Deposit payable:

☐ Upon acceptance of this LOI

☐ Upon execution of definitive agreement

☐ Upon removal of subjects/conditions

☐ Other (specify in Additional Terms)

Deposit terms:

☐ Refundable if Buyer's conditions not satisfied

☐ Non-refundable after subject removal

☐ Held in interest-bearing trust (interest to Buyer)

☐ Credited toward Purchase Price on closing

5. TERMS OF PAYMENT

☐ All cash on closing

☐ New third-party financing

☐ Assumption of existing financing

☐ Vendor take-back financing (VTB)

☐ Earn-out / contingent consideration

☐ Combination (specify below)

Additional payment terms (interest rate, amortization, security, earn-out formula, etc.)

6. DUE DILIGENCE PERIOD

This LOI and the definitive agreement shall be subject to the Buyer obtaining and approving, in the Buyer's sole and absolute discretion, the matters listed below. The Seller shall provide the Buyer and its advisors with reasonable access during normal business hours to all information, premises, books, records, personnel and advisors reasonably required to conduct due diligence.

- | | |
|--|--|
| ☐ Financial review | ☐ Legal review |
| ☐ Tax review (CRA / provincial) | ☐ Inspection(s) of premises |
| ☐ Environmental review (Phase I/II) | ☐ Lease and landlord review |
| ☐ Corporate / minute book review | ☐ Zoning and land use review |
| ☐ Property condition / building review | ☐ Franchise approval (if applicable) |
| ☐ Financing approval | ☐ Insurance and risk review |
| ☐ Regulatory and licensing review | ☐ IT systems and cybersecurity review |
| ☐ Customer and supplier contract review | ☐ Employee / HR matters review |

Due diligence period (business days from acceptance)

7. CONDITIONS / SUBJECTS

This proposal and the Buyer's obligation to enter into the definitive agreement are subject to, but not limited to, the satisfaction (or waiver by the Buyer) of the following conditions:

- | | |
|---|---|
| ☐ Financing approval | ☐ Buyer's lawyer approval |
| ☐ Buyer's accountant approval | ☐ Inspection approval |
| ☐ Environmental approval | ☐ Lease assignment / new lease approval |
| ☐ Landlord consent | ☐ Franchisor approval |
| ☐ Corporate / shareholder approval | ☐ Board of directors approval |
| ☐ Review of material contracts | ☐ Review of licenses, permits, registrations |
| ☐ Review of employee matters | ☐ Verification of revenues and expenses |
| ☐ Satisfactory review of books and records | ☐ Regulatory / Competition Act approvals |

Other conditions

8. DEFINITIVE AGREEMENT — KEY TERMS

(a) Working Capital / Inventory Adjustment. The Purchase Price assumes delivery of normalized working capital at closing. A target working capital amount will be agreed in the definitive agreement, with a customary post-closing true-up.

Target working capital (CAD \$)

True-up period (days post-closing)

(b) Employees. The treatment of employees on closing shall be addressed in the definitive agreement and may include offers of continued employment, recognition of service, transfer of accrued vacation and benefits, and allocation of severance responsibility.

- ☐ Buyer to offer employment to all active employees
 ☐ Buyer to offer employment to selected employees
☐ Seller responsible for pre-closing severance
 ☐ Key-employee retention agreements required

(c) Representations, Warranties and Indemnities. The definitive agreement will contain customary representations, warranties, covenants, indemnities and a survival period appropriate to a transaction of this nature, together with customary limitations on liability (caps, baskets, deductibles).

- ☐ Indemnity holdback / escrow contemplated
 ☐ Representation and warranty insurance contemplated

Holdback amount (CAD \$ or % of price)

Holdback period (months)

9. CONFIDENTIALITY (BINDING)

Each party agrees that it shall, and shall cause its representatives, employees, agents and advisors to, treat as strictly confidential all non-public information of the other party disclosed in connection with the transaction contemplated by this LOI ("**Confidential Information**"), and shall not use such information for any purpose other than evaluating the transaction. Confidential Information does not include information that (i) is or becomes publicly available other than through breach of this LOI, (ii) was lawfully known prior to disclosure, (iii) is independently developed without use of Confidential Information, or (iv) is required to be disclosed by law, regulation, court order, or to professional advisors bound by comparable obligations of confidence. Upon written request following termination of discussions, each party shall return or destroy Confidential Information in its possession. This Section shall survive for two (2) years from the date of this LOI and is intended to be legally binding.

10. CLOSING AND ADJUSTMENTS

Proposed Closing Date

Possession Date

Customary adjustments shall be made as of the closing date, including without limitation: property taxes, utilities, rents and security deposits, inventory, prepaid expenses, accounts receivable/payable (if applicable), and any other adjustments customary for transactions of this nature in British Columbia.

11. EXCLUSIVITY (BINDING IF SELECTED)

- ☐ Exclusivity applies
 ☐ Exclusivity does not apply

Exclusivity period (days from acceptance)

If exclusivity is selected, the Seller shall not, directly or indirectly, solicit, initiate, encourage, negotiate, or enter into any agreement, arrangement or understanding with any third party regarding the sale, transfer or other disposition of the Subject during the exclusivity period. This Section is intended to be legally binding when exclusivity is selected.

12. BROKERAGE / COMMISSION DISCLOSURE

The parties acknowledge that licensed real estate professionals and/or business brokers may be involved in this transaction. Commissions, if any, shall be addressed in separate written agreements between the applicable party and its representative.

Buyer's brokerage / agent

Seller's brokerage / agent

13. GOVERNING LAW AND DISPUTE RESOLUTION

This LOI shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein. The parties attorn to the exclusive jurisdiction of the courts of British Columbia. The parties shall first attempt to resolve any dispute arising from this LOI by good-faith negotiation, failing which the dispute may be referred to mediation in Vancouver, British Columbia before resort to litigation.

14. GENERAL PROVISIONS

(a) Notices. Notices under this LOI shall be delivered to the addresses and email addresses set out in Section 1 and shall be effective when received. **(b) Counterparts and Electronic Signatures.** This LOI may be executed in counterparts and delivered by electronic means (including PDF and recognized e-signature platforms), each of which shall be deemed an original. **(c) Severability.** If any provision of this LOI is held to be unenforceable, the remaining provisions shall continue in full force and effect. **(d) Entire Understanding.** This LOI represents the entire understanding of the parties with respect to its subject matter and supersedes all prior discussions and writings. **(e) Assignment.** Neither party may assign this LOI without the prior written consent of the other, except that the Buyer may assign to an affiliate or a newly-incorporated acquisition vehicle. **(f) Privacy.** The parties shall handle personal information disclosed in due diligence in compliance with the *Personal Information Protection Act* (BC) and PIPEDA, as applicable.

15. NON-BINDING NATURE

Except for Sections 9 (Confidentiality), 11 (Exclusivity, if selected), 13 (Governing Law and Dispute Resolution), 14 (General Provisions), and this Section 15, which are intended to be legally binding, this LOI is non-binding and is intended only as an outline of the principal terms upon which the parties are willing to negotiate a definitive written agreement. No legally binding obligation to complete the transaction shall exist between the parties unless and until a definitive written agreement has been negotiated, executed and delivered by all parties. Neither party shall have any liability to the other for any failure or refusal to enter into a definitive agreement, and each party shall bear its own costs incurred in connection with this LOI and the proposed transaction.

16. EXPIRY OF OFFER

This LOI shall expire and be of no effect unless accepted in writing by the Seller on or before:

Expiry Date

Time

Time Zone

17. ADDITIONAL TERMS

Use this space to add or modify any terms of this LOI

18. BUYER SIGNATURE

Buyer

Name

Witness Name

Signature

Witness Signature

Date

19. SELLER ACKNOWLEDGEMENT AND ACCEPTANCE

The Seller acknowledges receipt of this LOI and, by signing below, accepts the terms set out above as the basis for further negotiation toward a definitive agreement, subject to the non-binding nature stated in Section 15.

Seller

Name

Witness Name

Signature

Witness Signature

Date

Important Notice

This Letter of Intent is provided as a general template for use in the Province of British Columbia and does not constitute legal, tax, accounting, or financial advice. Every transaction is unique. Before signing, both parties should obtain independent advice from qualified professionals familiar with the specific circumstances of the proposed transaction, including a BC-licensed lawyer, a chartered professional accountant, and (where applicable) a licensed real estate professional or business broker.

Particular attention should be given to: tax structuring (asset vs. share sale), GST/PST and provincial property transfer tax treatment, employee transition obligations under the BC *Employment Standards Act*, landlord consent requirements under any commercial lease, environmental liability, regulatory approvals, and the scope of representations, warranties and indemnities to be included in the definitive agreement.