

APPENDIX C

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

**IN THE MATTER OF
TWIN RINKS LIMITED PARTNERSHIP
of the Town of Oakville
in the Province of Ontario**

**FIRST REPORT TO THE COURT
SUBMITTED BY KPMG INC.
INTERIM RECEIVER AND RECEIVER AND MANAGER**

March 26, 2007

Table of Contents

	<u>Page</u>
1.0 Introduction and Purpose of Report	2
1.1 Introduction	2
1.2 Purpose of Receiver's First Report.....	3
2.0 Initial Receiver Activities.....	4
2.1 Background	4
2.2 Management	4
2.3 Employees	4
2.4 Contractors	4
2.5 Insurance	5
2.6 Cash and Banking.....	5
2.7 Notice	5
2.8 Equipment Lessors	5
2.9 2035829 Ontario Inc. O/A The Gondola Bar & Grill (the "Gondola").....	5
2.10 Sponsorship Agreement	6
2.11 Independent Counsel	6
3.0 Marketing and Sale of Twin Rinks' Assets	7
4.0 Statement of Receipts and Disbursements	8
5.0 Order Sought	9

Listing of Appendices

- Appendix A - Initial Order dated March 7, 2007
- Appendix B - Sample Letter to Employees
- Appendix C - Sample Letter to Contractors
- Appendix D - March 6, 2007 Financial Statement
- Appendix E - Invitation for Proposals
- Appendix F - Information Package
- Appendix G - Confidentiality Agreement
- Appendix H - Data Room Contents List
- Appendix I - Statement of Receipts & Disbursements – March 7, 2007 to March 22, 2007

1.0 Introduction and Purpose of Report

1.1 Introduction

- 1.1.1 Twin Rinks Limited Partnership (“Twin Rinks” or the “Company”) is a limited partnership pursuant to the laws of the Province of Ontario. Twin Rinks was registered on July 15, 2002 as a limited partnership for the purpose of constructing and operating a twin rink ice complex in Oakville, Ontario. Twin Rinks operates the twin pad ice rink facility at 1663 North Service Road, Oakville, Ontario.
- 1.1.2 On or around October 1, 2004 the construction process was substantially complete and the facility began its operation of the ice rinks. The facility includes 2 ice rinks, 2 shooting pads, concession stand, retail pro shop and restaurant. 2035829 Ontario Inc. operates the restaurant under the name of the Gondola Bar and Grill (the “Gondola”) and is a wholly owned subsidiary of the Twin Rinks.
- 1.1.3 MIB Holdings Inc. was the former general partner until being replaced on October 23, 2006 by 2115579 Ontario Inc. (“the Interim General Partner”) as a result of a shareholder dispute among the limited partners.
- 1.1.4 The Company’s secured creditors include Credit Union Central of Ontario Limited (“CUCO”) which represents a syndicate of 7 other credit unions; and, Giffels Build Design Inc. (“Giffels”). The secured creditors are owed approximately \$7.8 million collectively.
- 1.1.5 As a result of various defaults in its loan agreements, its continuing losses and cashflow difficulties, and the litigation in process within the partnership group, the first secured creditor brought forward a motion to enforce its rights upon its security.
- 1.1.6 The Honourable Madam Justice Papell of the Ontario Superior Court of Justice appointed KPMG Inc. as Interim Receiver and Receiver and Manager of Twin Rinks (the “Receiver”) on March 7, 2007. A copy of the order of the Honourable Madam Justice Papell appointing the Receiver is attached as **Appendix A** (the “Initial Order”).
- 1.1.7 The Initial Order authorized the Receiver, among other things, to do the following:
- take possession and control of the property of Twin Rinks and any and all proceeds and receipts arising out of its property;
 - to manage, operate and carry on the business of Twin Rinks;
 - to market any or all of the property of Twin Rinks on such terms and conditions of sale as the Receiver deems appropriate; and,
 - to sell, convey, transfer, lease or assign the property of Twin Rinks.
- 1.1.8 In addition to the standard terms and conditions typically found in the “Model Order”, specific amendments were requested by counsel for the Interim General Partner and certain of the shareholders with respect to the ongoing management of the Twin Rinks operations. Specifically, Paragraph 30 of the Initial Order, which was added at the request of counsel for Twin Rinks ‘Orders that 2115579 Ontario Inc. may remain in place as the operator and manager of the property until the completion of this receivership or further order of the Court’.

1.2 Purpose of Receiver's First Report

1.2.1 This constitutes the Receiver's **First Report** to the Court in this matter and it is filed to:

- report on the Receiver's activities since the appointment and seek the Court's approval for the Receiver's activities to date;
- obtain an Order placing 2035829 Ontario Inc. O/A the Gondola Bar and Grill (the "Gondola") in receivership and consolidating it into the administration of the receivership of Twin Rinks;
- report to the Court the realization strategy and process being undertaken by the Receiver; and
- obtain approval of the Receiver's Statement of Receipts and Disbursements for the period March 7, 2007 to March 22, 2007.

2.0 *Initial Receiver Activities*

2.1 **Background**

- 2.1.1 Upon being appointed as Receiver, KPMG Inc. attended at Twin Rinks' premises and arranged to secure all the Company's assets, books and records and cash in the corporate bank accounts. The Receiver met with management and employees to advise them of the Initial Order, the Receiver's powers and duties therein, and the Receiver's intention to carry on the Twin Rinks operations during a marketing/sale process to complete a sale of the Twin Rinks on a going concern basis. The Receiver posted notice of the Initial Order on its website address (www.kpmg.ca/twinrinks).

2.2 **Management**

- 2.2.1 Representatives of the Receiver, met with the Interim General Partner, a current member of the Limited Partnership and the Interim General Manager (collectively "Management") upon the Receiver's appointment. The Receiver advised Management of its appointment, and its powers and duties pursuant to the Initial Order.
- 2.2.2 Consistent with the intent of paragraph 30 of the Initial Order, the Receiver had discussions with the Interim General Partner ("IGP") and Management, to clarify the normal duties and responsibilities of the IGP prior to the Receiver's appointment. Based on these discussions it was agreed that the role of the IGP would not be required during the receivership period as the duties described by the IGP would be duplicated by the Receiver.
- 2.2.3 In respect of the Interim General Manager (the "GM"), the Receiver wanted to assess the cost/benefit of retaining his services on a continuing basis prior to entering into a services contract. Based on discussions with the GM and the Receiver's role in a receivership, it was not clearly apparent to the Receiver that his services would be required, at least on a full time basis. The Receiver determined that it was prepared to enter into a services contract with the GM, however, on Monday March 12, 2007 the GM advised the Receiver that as he was providing services to a prospective purchaser, he felt that he should resign his position. The Receiver accepted the resignation. The Receiver is satisfied that the remaining department heads retained by the Receiver are sufficiently qualified to continue the Twin Rinks operations, reporting directly to the Receiver.

2.3 **Employees**

- 2.3.1 On March 8, 2007, the Receiver prepared and issued term and task letters to the employees of the Twin Rinks informing them of the terms of their employment on a day-to-day basis with the Receiver during the receivership proceedings. A sample copy of the letter issued to employees is attached as **Appendix B**.
- 2.3.2 The Receiver offered and entered into letters of employment with 31 full time and part time Twin Rinks employees.

2.4 **Contractors**

- 2.4.1 The Receiver prepared and issued contract service agreements for the Twin Rinks contract employees including on-ice instructors, a program manager and the bookkeeper. A sample copy of the letter issued to the contractors is attached as **Appendix C**.

2.5 Insurance

2.5.1 The Receiver obtained copies of the Company's insurance policies and made arrangements for the coverage to continue and for the Receiver to be added as an additional name insured on the policies.

2.6 Cash and Banking

2.6.1 After its appointment on March 7, 2007, the Receiver notified the Company's bank of its appointment and requested that all accounts be frozen except to remain open for deposit only.

2.6.2 The Receiver immediately made arrangements for a separate Court-appointed Receiver's trust account to facilitate all future receipts and disbursements with respect to the Receivership administration. The funds on hand in the Company's accounts were transferred to the Receiver's trust account. Any deposits in transit to the old account will be deposited to the Receiver's trust account.

2.7 Notice

2.7.1 The Receiver notified all utility and service providers of its appointment and how to access the Initial Order on the Receiver's website and requested that accounts be opened in the name of the Receiver. The Receiver also issued the notice pursuant to Section 245 of the *Bankruptcy and Insolvency Act* to all known secured and unsecured creditors of the Company.

2.7.2 The Receiver discovered that the Company had been operating without a WSIB account. The Receiver has contacted WSIB to apply for an account while the Receiver continues to operate.

2.8 Equipment Lessors

2.8.1 In respect of the Company's various leased assets, the Receiver has sent notice to the leasing company's requesting their lease and security documentation in order for counsel to provide an opinion as to whether or not their security is valid and enforceable.

2.9 2035829 Ontario Inc. O/A The Gondola Bar & Grill (the "Gondola")

2.9.1 The Gondola is the restaurant facility at the Twin Rinks. It presents very well and is an attractive and valuable part of the Twin Rinks operations. It is a wholly owned subsidiary of the Twin Rinks and is not currently in receivership. It has not always generated sufficient cash flow to pay a reasonable rent to Twin Rinks. Accordingly, as the shareholder, the Receiver has made arrangements to co-sign all post March 7, 2007 cheques of the Gondola and to monitor the daily sales and collection reports and operating expenses. The Receiver intended to offer the Gondola shares for sale together with the arena assets. Purchasers would be asked to allocate a portion of the purchase price to the Gondola shares.

2.9.2 BMO Bank of Montreal ("BMO") is a secured creditor of the Gondola and is owed approximately \$200,000. The Receiver has contacted BMO to advise of its appointment and the strategy to sell the Twin Rinks facility together with the Gondola shares. BMO was satisfied with the strategy and the Receiver agreed to keep BMO advised of the sale process as it related to the Gondola.

2.9.3 The Gondola's unaudited financial statements as at March 6, 2007 reflect negative equity of approximately \$21,000 and negative retained earnings of approximately \$86,000. A copy of the March 6, 2007 financial statement is attached as **Appendix D**. The Gondola has not been able to

pay rent to the Twin Rinks on a consistent basis and in fact did not pay the first \$253,000 in rent during the period October 2004 to December 31, 2005 as it was forgiven by Twin Rinks. Additionally, we understand that there is potential litigation against Twin Rinks and the Gondola by its former accountant for unpaid services totalling approximately \$165,000.

- 2.9.4 In our discussion with certain purchasers, some have expressed a concern regarding acquiring the Gondola shares as all known and unknown liabilities would also be assumed. The Receiver is already aware of the threat of potential litigation from the former accountant.
- 2.9.5 The Gondola's shares are owned 100% by MIB Holdings Inc., ("MIB") the former general partner of the Twin Rinks, which we understand is involved in litigation with certain of the limited partners. Since the Gondola is an integral part of the Twin Rinks operations and is important to the sale process of the Twin Rinks, the Receiver believes that the assets of the Gondola should be included in the administration of this receivership to facilitate the Receiver's sale process and to protect them from any claims arising from current or pending litigation.
- 2.9.6 Accordingly, the Receiver respectfully requests that this Honourable Court make an order placing the Gondola in receivership and consolidating the Gondola assets into the receivership of the Twin Rinks.
- 2.9.7 The Receiver has advised BMO and its counsel of its intention. They will receive service of this motion.

2.10 Sponsorship Agreement

- 2.10.1 Prior to the resignation of the interim general manager, he had been negotiating a sponsorship agreement for the upcoming summer 3 on 3 youth hockey league at the Twin Rinks. As it is important to preserve the ongoing operations for any prospective purchaser and maintain the goodwill of the Twin Rinks, the Receiver has agreed to enter into a sponsorship contract with Oakville Entertainment Holdings Inc. operating as the Oakville Centrum. The Oakville Centrum will sponsor the 3 on 3 Youth Hockey League that operates at the Twin Rinks beginning April 27, 2007. In exchange for the sponsorship payment, the Oakville Centrum will have its name added to the back of the jerseys of the approximate 1,400 youth players, have access to the facility during certain key weekends of the league to handout gift certificates, etc. and sponsor the player of the game award for each game through the 12 week season. The Receiver and Oakville Centrum will also enter into a letter agreement to provide for a refund of the sponsorship payment if the party who acquires the Twin Rinks from the Receiver does not honour the contract.

2.11 Independent Counsel

- 2.11.1 The Receiver has retained Scarfone Hawkins LLP as independent counsel to provide an opinion to the Receiver on the validity and enforceability of CUCO's security and to advise the Receiver on other receivership matters.

3.0 Marketing and Sale of Twin Rinks' Assets

- 3.1 Pursuant to the Initial Order, the Receiver is authorized to market any or all of the assets and operations of Twin Rinks, including advertising and soliciting offers and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate.
- 3.2 The Twin Rinks facility is clearly a special purpose facility with limited alternative utility. Accordingly, the Receiver concluded that it was necessary to continue to operate the facility in order to preserve its value and complete a going concern sale.
- 3.3 The Receiver also concluded that although the asset is primarily real estate, given its special purpose, there was no value in obtaining MLS listing proposals from the brokerage community. The Receiver concluded that it would commence a focused marketing program designed to identify and contact as many targeted buyers as possible, and to advertise publicly in the national edition of the Globe and Mail.
- 3.4 In that regard, the Receiver's Corporate Finance Group conducted internet and data base searches to identify direct targets. The Receiver contacted additional targeted parties that were identified from searches of private or municipally operated ice hockey arenas in the local area to advise them of the acquisition opportunity. In addition, the Receiver advertised an Invitation For Proposals for the sale of the Company's assets and operations in the financial section of the national edition of the Globe & Mail on Friday March 9, 2007 and Tuesday March 13, 2007. A copy of the Invitation For Proposals is attached as **Appendix E**.
- 3.5 The deadline date to submit offers has been established as 10:00 a.m. Wednesday March 28, 2007. The Receiver recognizes that this is a relatively short time frame. However, given that the Twin Rinks programs for March and April have been to a great extent prepaid there is little to no cash receipts expected for ongoing ice rentals. Operating expenses however, continue as the Receiver, the limited and general partners and CUCO agree that it is important to maintain a going-concern in order to preserve the value of the assets and operations.
- 3.6 To date, as a result of contacting the potential interested parties and the advertised Invitation for Proposals, approximately 40 parties have contacted the Receiver to request a copy of the information package (the "Information Package") that was prepared by the Receiver. The Information Package provides a brief overview of the operations, the facility and the Receiver's terms and conditions of sale. A copy of the Information Package is attached as **Appendix F**.
- 3.7 In addition to the Information Package, interested parties were provided with a confidentiality agreement that must be executed in order to obtain more detailed information. A sample copy of the confidentiality agreement is attached as **Appendix G**. Upon receipt of the executed confidentiality agreement and payment of a non-refundable data room access fee of \$500 the potential purchasers are provided with access to a data room that will provide further details relating to the Company's current and historical financial position and specifics about the building. **Appendix H**, attached provides a list of the contents included in the data room.
- 3.8 To date, 9 parties have signed the confidentiality agreement and accessed the data room. The Receiver is satisfied with the level of interest in the Twin Rinks assets.

4.0 Statement of Receipts and Disbursements

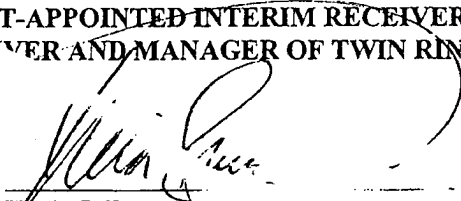
- 4.1 **Appendix I** attached, presents a summary of the Receiver's Statement of Receipts and Disbursements for the period March 7, 2007 to March 22, 2007. As is illustrated, the Receiver has generated cash receipts of approximately \$227,000, primarily related to the opening cash on deposit and deposits for ice rental programs.
- 4.2 The Receiver has made disbursements of approximately \$84,000 primarily for salary/wages and subcontractor related payments. Accordingly, the Receiver has generated a net excess of receipts and disbursements of approximately \$143,000.
- 4.3 It is important to note that although there have been significant cash receipts over a short period of time, this level of receipts is not expected to continue. The majority of the receipts represent pre-payments for summer hockey leagues and are unearned. The Receiver will advise prospective purchasers of the unearned revenues and if not honoured by the prospective purchasers, the Receiver may have to refund the pre-payments.
- 4.4 After considering the professional and operating costs of the receivership, it is expected that the operations will generate a cash deficiency during the receivership period.

5.0 Order Sought

- 5.1 We submit this **First Report** to this Honourable Court in support of our Motion respectfully requesting this Honourable Court to:
- i. Approve the Receiver's activities as outlined in this First Report;
 - ii. Make an Order placing 2035829 Ontario Inc. O/A the Gondola Bar and Grill (the "Gondola") in receivership and consolidating it into the administration of the receivership of Twin Rinks; and
 - iii. Approve the Receiver's Statement of Receipts and Disbursements for the period March 7, 2007 to March 22, 2007.

All of which is respectfully submitted this 26th day of March, 2007.

KPMG INC.
COURT-APPOINTED INTERIM RECEIVER AND
RECEIVER AND MANAGER OF TWIN RINKS LIMITED PARTNERSHIP


Per: Kevin J. Treacy
Senior Vice President

APPENDIX D

TWIN RINKS
INFORMATION PACKAGE

March 8, 2007

Table of Contents

	<u>Page</u>
1.0 Introduction.....	1
2.0 Disclaimer.....	2
3.0 Corporate Overview.....	3
3.1 Operation.....	3
3.2 Revenue.....	3
4.0 Facility & Gondola.....	4
4.1 Land & building.....	4
4.2 The Gondola.....	5
5.0 Terms and Conditions of Sale.....	6

1.0 Introduction

KPMG Inc. was appointed Interim Receiver and Receiver and Manager over the assets and undertakings of Twin Rinks Limited Partnership (“Twin Rinks” or the “Company”) pursuant to an order of the Ontario Superior Court of Justice on March 7, 2007.

Twin Rinks Limited Partnership was registered on July 15, 2002 as a limited partnership for the purpose of constructing and operating a twin rink ice complex in Oakville, Ontario. On or around October 1, 2004 the construction process was substantially complete and the facility began its operation of the ice rinks.

This information memorandum provides an introduction to, and brief description of, the assets and operations of Twin Rinks. Any prospective purchaser is encouraged to review and inspect the assets and operations, and perform its own due diligence, before submitting an offer, proposal or letter of intent to purchase any or all of the assets and operations.

2.0 Disclaimer

This Information Memorandum ("the Document") has been compiled by KPMG Inc. ("KPMG") solely for information purposes from information supplied to KPMG by the management of Twin Rinks. The Document is not, and under no circumstances is it to be construed to be, an offering of securities. It is provided solely for use by prospective purchasers in considering their interest in purchasing the business, assets, and operations of Twin Rinks.

The information contained herein has been prepared to assist interested parties in making their own evaluation of the Company and does not purport to contain all of the information that prospective purchasers/investors may require. Prospective purchasers/investors should conduct their own investigation and analysis of the Company and of the information contained in this Document.

KPMG has not independently verified any of the information, contained herein. KPMG and other member firms of KPMG, the Company, their directors, their shareholders, and their management, do not make any representation or warranty as to the accuracy or completeness of this Document and shall have no liability for any representations (expressed or implied) contained in, or for any omissions from, this Document or for any other written or oral communications transmitted to prospective purchasers/investors in the course of their evaluation of the Company.

3.0 Corporate Overview

3.1 Operation

3.1.1 Construction of the facility began in late 2002 and was completed in 2004. The total land and building construction costs was approximately \$12.5 million. October 1, 2004 Twin Rinks began its operation of the ice complex in the Town of Oakville, Ontario. The ice rinks are home to a number of youth hockey teams such as the Oakville Blades Boys Hockey and Oakville Hornets Girls Hockey. The facility includes 2 ice rinks, 2 shooting pads, concession stand, retail pro shop and restaurant. The restaurant 2035829 Ontario Inc. operates under the name of the Gondola Restaurant Bar and Grill (the "Gondola") and is a wholly owned subsidiary of the Twin Rinks. The Twin Rinks facility operates with approximately 17 full time and 21 part time employees. Twin Rinks programs are scheduled and run by their respective managers.

3.2 Revenue

3.2.1 The Twin Rinks revenue is generated from a variety of ice rental and program fees such as the Men's Adult Hockey League, 3 on 3 Tournament, Hockey Academy Programs and Ready Set Skate. Other sources of revenue include concessions, advertising, the retail pro shop and other rents (Gondola & Hornets).

- (i) Men's Adult Hockey League ("MAHL") – the MAHL runs in the winter from September to April and in the summer from April to August. The winter and summer seasons operate with approximately 60 teams each season. Additional details including fees can be obtained from the Twin Rinks web site (www.twinrinks.ca).
- (ii) 3 on 3 League – the 3 on 3 youth hockey league runs from April to July with approximately 5 divisions for each the boys and girls leagues. The league is run by Adam Bennett and consists of 12 games with no playoffs. Additional details including fees can be obtained from the Twin Rinks web site.
- (iii) Hockey Academy Programs – the Hockey Academy offers a number of different programs and camps. The Academy is operated by Dick Decloe, a former NCAA and OHL player who spent a portion of his career playing and coaching in European Pro Hockey. Mr. Decloe offers hockey camps for various skill levels, private skating and shooting lessons, a summer golf and hockey school, House League development classes and a number of other programs for all skill levels. Additional details including fees can be obtained from the Twin Rinks web site.
- (iv) Ready Set Skate ("RSS") – RSS is a skating instruction program for beginner to advanced skaters which operates during the day geared towards children and parents. Additional details including fees can be obtained from the Twin Rinks web site.
- (v) 2035829 Ontario Inc. o/a The Gondola Bar and Grill (the "Gondola") – The Gondola is a wholly owned subsidiary of Twin Rinks. The Gondola is a licensed restaurant located on the upper level of the facility where the patrons can sit and view the action on either of the two rinks. For further discussion please see below.
- (vi) Sponsorship revenue is generated in association with signage both on the outside and inside of the building.

4.0 Facility & Gondola

4.1 Land & building

- 4.1.1 The property is located at 1663 North Service Road East, Town of Oakville on approximately 5.26 acres of land with a frontage of approximately 584 feet.
- 4.1.2 Legal description: Part of Lot 6, Concession 2, S.D.S., Being all of Part 4; Reference Plan 20R-14762, Town of Oakville, Regional Municipality of Halton.
- 4.1.3 Roll Number: 24 010 402 501 29 01 0000
- 4.1.4 Site size: Irregularly configured parcel of land, triangulary configured (see Figure-1 below)

Figure-1



- 4.1.5 The facility has an asphalt paved parking lot which is reported to accommodate approximately 300 vehicles. The actual building is constructed of concrete block with steel structure, housing two NHL size ice surfaces.
- 4.1.6 The buildings total floor area is 74,721 square feet, consisting of the main floor – 61,442 square feet and the second floor - 13,279 square feet.
- 4.1.7 The main floor consists of two NHL size ice surfaces, viewing area for patrons, two ice shooting pads, change rooms for teams and referees, designated space for offices and retail (concessions and pro-shop), electrical and mechanical facilities.
- 4.1.8 Twin Rinks includes seating for approximately 450 patrons at each rink, a licensed restaurant (The Gondola) with a view to both ice rinks, private viewing areas, administrative offices and private meeting rooms.
- 4.2 The Gondola**
- 4.2.1 The Gondola is a licensed restaurant which operates as a separate entity from Twin Rinks. Additional details and pictures can be viewed on the Twin Rinks web site. The Gondola maintains its own payroll, suppliers and bank account.
- 4.2.2 The Gondola seats approximately 250 patrons and operates from 4:00 p.m. to 11:00 p.m. Monday to Thursday and 11:00 a.m. to 11:00 p.m. Friday to Sunday.

5.0 Terms and Conditions of Sale

Vendor

5.1 The vendor is KPMG Inc., in its capacity as Court Appointed Interim Receiver and Receiver and Manager of Twin Rinks Limited Partnership (hereinafter referred to as the "Vendor").

Property Description

5.2 The assets which are subject to the proposal for disposition (hereinafter referred to as the ("Assets")) are identified as follows:

- Lot 1 Real estate including building and ancillary equipment (not including leased items segregated below) located at 1663 North Service Road East, Oakville, Ontario
- Lot 2 Furniture and computer equipment
- Lot 3 Lease No. MIB001 – Signage – Logo
Lessor: Central Technology Services
- Lot 4 Lease No. MIB002 – Aluma-Zorb Low "E" Ceilings
Lessor: Central Technology Services
- Lot 5 Lease No. NA – Digital signage system
Lessor: Northstar Leasing Corporation
- Lot 6 Lease No. MI446194 – Digital telephone system
Lessor: Varia Administrative Services Corp.
- Lot 7 Lease No. 11044 – Zamboni
Lessor: Aureus Financial Corporation
- Lot 8 Lease No.'s YV120409 & ZB260506 – Sound systems, lighting and video equipment
Lessor: Equirex Leasing Corporation
- Lot 9 Lease No. M10628-10628 – Surveillance system and Skate sharpening machine
Lessor: Leasebank Capital Corporation
- Lot 10 Shares of 2035829 Ontario Inc. o/a The Gondola Bar and Grill

Proposals

5.3 Proposals must be sealed and marked "CONFIDENTIAL" and addressed to:

KPMG Inc.
21 King Street West, Suite 510
Hamilton, Ontario
L8N 3R1

Attention: Angelo Consoli

All proposals must be submitted by no later than 10:00 a.m. (EST) on Wednesday, March 28, 2007. All proposals must be accompanied by a refundable deposit of 15% of the purchase price offered by certified cheque, bank draft or money order. Nothing contained in this information package precludes the Vendor from entering into an agreement to sell any or all assets prior to Wednesday, March 28, 2007 and furthermore, nothing herein shall prevent the Vendor from withdrawing this invitation for proposal at any time and for any reason without liability to Vendor.

- 5.4 Each proposal shall be submitted in accordance with these Terms and Conditions which shall be deemed to form part of such proposal and shall be in the form of offer attached hereto at **Appendix A**.
- 5.5 Each Lot shall be proposed on separately, and unless otherwise specified, the Vendor may accept the proposal for one or more Lots, independent of proposals submitted for other Lots. En bloc offers for all Lots will be given special consideration.
- 5.6 The highest or any proposal shall not necessarily be accepted. Upon receipt by the Vendor of any proposal, no person shall be entitled to retract, withdraw, vary or countermand their proposal prior to acceptance or rejection thereof. The party submitting the proposal acknowledges that any offer accepted by the Vendor is subject to Court approval. Any transaction shall close within 10 days of Court approval (the "Closing Date").
- 5.7 If a proposal is accepted, in whole or in part, the Vendor shall notify the successful party (hereinafter referred to as the "Proposer") of its acceptance by notice in writing delivered to the successful Proposer, subject to Court approval.
- 5.8 The Proposer acknowledges that KPMG Inc. shall have no personal or corporate liability under the Terms and Conditions. In the event that the sale of any Lot(s) is enjoined by Order of a Court of competent jurisdiction or where any Lot(s) of assets subject to a proposal or any part thereof is removed from the control of the Vendor by any means or process, or where any Lot(s) of assets subject to a proposal or any part thereof is redeemed by a party entitled thereto at law, on or prior to the Closing Date, the Agreement shall be terminated at the option of the Vendor without any penalty or liability whatsoever to the Vendor or Proposer.

As is, Where is

- 5.9 The Proposer acknowledges that, the property descriptions contained in the Lots, equipment lists and any other material provided by the Vendor describing the property which are the subject matter of this call for Proposals, have been prepared solely for the convenience of prospective Proposers and are not warranted to be complete or accurate or correct and that the same are not a part of these Terms and Conditions. Proposals will be accepted and sales completed only on the basis that the Proposer has inspected the Assets and unless otherwise specifically stated herein, no representation, warranty or condition is expressed nor can be implied as to title, outstanding liens, description, fitness for purpose, merchantability, quantity, condition or quality thereof or in respect of any other matter or thing whatsoever and each Proposer shall be deemed to have relied entirely on his own inspection and investigation. No adjustment shall be allowed to the Proposer for changes in the condition of the Assets described in the Appendices herein from the date hereof to the Closing Date.

General

- 5.10 The notification by the Vendor of acceptance of a proposal by the Court shall constitute a binding Agreement of Purchase and Sale between the Vendor and Proposer in accordance with the terms of the proposal and these Terms and Conditions shall be deemed to be a part of the resulting Agreement of Purchase and Sale.

5.11 All stipulations herein as to time shall be of the essence.

5.12 The Assets and operations shall be and remain at the risk of the Vendor as its interest may appear until closing. Pending completion of the sale, the Vendor shall hold all insurance policies or proceeds thereof in trust for itself, the Proposer and others as their respective interests may appear. In the event of loss or theft or of substantial damage to the Assets subject to a Proposal, then the Vendor, at its option, may elect, by giving notice in writing to the Proposer, that it intends to take the proceeds payable under the existing insurance policies on the Assets and terminate the Agreement. In this event, the Agreement shall be automatically terminated and deemed null and void and the deposit returned without interest or deduction and the Proposer shall have no other claim or cause of action against the Vendor or its principals.

If the Vendor does not exercise the above noted option, the Proposer may either have the proceeds of the insurance, if any, and complete the purchase and sale, or may cancel the Agreement and have all moneys paid returned without interest, but shall have no other claim or cause of action against the Vendor or its principals.

5.13 After Court approval, if the successful Proposer defaults in completing the transaction, all payments made to the Vendor shall be forfeited, and the Assets may be sold or resold by the Vendor in such manner and on such Terms and Conditions as the Vendor, in its sole discretion, determines, and the deficiency, if any, on such sale or resale, together with all charges attending the same or occasioned by the defaulting Proposer, shall be the responsibility of such Proposer and shall be paid forthwith by such Proposer to the Vendor.

5.14 The Vendor shall remain in possession of the Assets and operations until the purchase is completed and title to any parcel shall not pass to the Proposer, nor shall it be entitled to possession of the same, until the purchase price and taxes, respectively, have been paid in full.

5.15 From and after the time of closing on the Closing Date, the Assets purchased shall be at the risk of the Proposer.

5.16 Upon completion of the Agreement, the Proposer shall be entitled to a Vesting Order and such other usual customary closing documents in respect of the Assets and operations being purchased.

5.17 Any notices, requests, demands or other communications to be given under this Agreement (herein referred to as "Notice") shall be in writing and shall be either hand delivered, faxed or mailed (prepaid registered mail) and addressed as follows:

As to the Proposer: at the address set forth in its Proposal.

As to the Vendor:

KPMG Inc.

21 King Street West, Suite 510

Hamilton, Ontario, L8N 3R1.

Fax number: (905) 523-2200

Attention: Mr. Angelo Consoli

Notice shall be effective upon personal delivery or, if mailed, on the date of deposit with the post office.

- 5.18 Each Proposer, if so requested by the Vendor prior to closing, will represent and warrant to the Vendor that it is not a “non-resident person” as defined in the Investment Canada Act, nor is it a “non-resident person” of Canada within the meaning of S. 116 of the Income Tax Act (Canada).
- 5.19 Any term and condition herein which the Vendor might otherwise insist upon may be waived at the sole discretion of the Vendor, in whole or in part, and a Proposer will be bound by any such waiver.
- 5.20 Unless otherwise specifically stated herein, all obligations of the parties contained in these Terms and Conditions shall survive the completion of the sales.
- 5.21 The validity and interpretation of these Terms and Conditions, and of each provision and part thereof, and the Agreement shall be governed by the laws of the Province of Ontario.
- 5.22 All applicable federal and provincial taxes in connection with the sale including sales tax and goods and services tax, if any, shall be over and above the tendered purchase price and shall be in all cases the responsibility of the Proposer.

FORM OF OFFER
PURSUANT TO TERMS AND CONDITIONS OF SALE OF THE
OPERATIONS AND ASSETS OF
TWIN RINKS LIMITED PARTNERSHIP

TO: KPMG INC, in its capacity as
Court Appointed Interim Receiver and
Receiver and Manager of
Twin Rinks Limited Partnership
21 King Street West, Suite 510
Hamilton, Ontario L8N 3R1

Attention: Angelo Consoli

1. _____
(Name of offerer)

2. _____
(Address of offerer)

3. _____
(Telephone number)

4. _____
(Name and address of offerer's solicitor)

5. The offerer hereby offers to purchase the following assets subject to the Terms and Conditions of Sale pursuant to which this offer is being submitted (as identified by Lot number).

Lot #	Purchase Price Allocation
1	
2	
3	
4	
5	
6	
7	
8	
9	
10	
Total	

6. The purchase price payable by the purchaser for the assets shall be the sum of _____ (\$ _____), Canadian dollars payable as follows:

(a) The sum of _____ (\$ _____) by certified cheque/bank draft/ money order payable to "KPMG Inc. - in Trust", as a deposit being 15% of the amount tendered pending completion of the purchase agreement arising from the acceptance hereof by the vendor, (to be returned to the purchaser if the offer is not accepted), to be released as credit against the purchase price upon completion of the purchase agreement, or returned to the purchaser in the event of termination in accordance with the terms hereof for any reason not attributable to the default of the purchaser:

(b) The sum of _____ (\$ _____) more or less, and subject to adjustments by certified cheque/bank draft/money order on the closing date:

Full purchase price: \$ _____

8. The undersigned agrees its offer is subject to the Terms and Conditions of Sale issued by Vendor in connection with this transaction, a copy of which the undersigned acknowledges having received and reviewed. The Purchaser represents to the Vendor it is not, a non-Canadian person as defined in The Investment Canada Act nor is it a "non-resident person" of Canada within the meaning of s.116 of the

Income Tax Act (Canada). The foregoing representations shall survive closing.

Dated: _____

Witness _____

Offeror Name

By: _____
authorized officer or person

APPENDIX E

**Twin Rinks Limited Partnership
Summary of Offers Received for the Purchase of the Assets and Operations by Lot**

Proposals listed in order of delivery to the Receiver
See NOTE below re: Price Allocation

Proposals	Lot 1	Lot 2	Lot 3	Lot 4	Lot 5	Lot 6	Lot 7	Lot 8	Lot 9	Lot 10 Shares	Lot 10 Assets	Total Offer	Deposit Received
1 McGlynn / Tune in trust for a new corporation			ASSUMED 85,000	ASSUMED 60,000	ASSUMED 27,200	ASSUMED 26,000	ASSUMED 64,500	ASSUMED 48,500	ASSUMED 20,000	Incl. in Lot 1 300,000		6,131,200	900,000
2 Endure Sports Management Inc.	7,500,000	50,000	ASSUMED 85,000	ASSUMED 60,000	ASSUMED 27,200	ASSUMED 26,000	ASSUMED 64,500	ASSUMED 48,500	ASSUMED 20,000	NOTE 300,000		8,181,200	NO DEPOSIT
NOTE: Proposal offers \$1,000 for the shares of the Gondola. See Note 1 below re: price allocation.													
3 Corporation of the Town of Oakville	7,350,000	Incl in Lot 1	25,000	30,000	10,000	Not Incl.	Not Incl.	15,000	10,000		60,000	7,500,000	1,125,000
4 1685987 Ontario Inc.	4,010,000	5,000	33,600	24,600	10,800	10,400	38,700	46,000	10,477		10,223	4,199,800	630,000
5 Buckingham Sports Properties Company	6,500,000	Incl in Lot 1	Not Incl.	Not Incl.	ASSUMED 27,200	ASSUMED 26,000	Not Incl.	Not Incl.	ASSUMED 20,000		Incl. in Lot 1	6,573,200	975,000
6 Canlan ICE Sports Corp.	4,099,993	100,000	ASSUMED 85,000	ASSUMED 60,000	ASSUMED 27,200	ASSUMED 26,000	ASSUMED 64,500	ASSUMED 48,500	ASSUMED 20,000		0	4,531,193	630,000

APPENDIX F

Twin Rinks Limited Partnership
Receiver's Statement of Receipts and Disbursements
for the period March 7, 2007 to April 10, 2007

Receipts	Twin Rinks	Gondola	Total
Cash on hand	\$ 75,744	\$ 27,167	\$ 102,911
Accounts receivable collections	16,751	1,091	17,842
Program deposits	110,887	-	110,887
Receiver ice rentals	26,445	-	26,445
Sponsorship revenue	15,000	-	15,000
Sale of inventory	3,448	-	3,448
Data room access fee	4,245	-	4,245
GST Collected	10,204	-	10,204
PST Collected	276	-	276
Miscellaneous	4,166	-	4,166
Total Receipts	267,166	28,258	295,424
 Disbursements			
Wages and source deductions	(51,036)	(13,727)	(64,763)
Sub-contractor	(29,019)	-	(29,019)
3 on 3 League Jerseys	(21,257)	-	(21,257)
Referees and timekeepers	(9,300)	-	(9,300)
GST input tax credits/remittances	(3,337)	(3,760)	(7,097)
Repairs & maintenance	(7,234)	-	(7,234)
Pro Shop supplies	(1,493)	-	(1,493)
Bank and credit card charges	(1,835)	(59)	(1,894)
Locksmith	(645)	-	(645)
Telephone and communications	(568)	-	(568)
Office supplies	(440)	-	(440)
Utilities	(3,991)	-	(3,991)
Group Insurance	(2,839)	-	(2,839)
Bldg Insurance	(5,135)	-	(5,135)
PST paid/remittances	(316)	(6,737)	(7,053)
GST Paid	(8,766)	-	(8,766)
Program supplies	(4,521)	-	(4,521)
Total Disbursements	(151,731)	(24,283)	(176,014)
 Net cash receipts before professional fees	 \$ 115,435	 \$ 3,975	 \$ 119,410

Note:

(1) USD amounts converted at 1.15.