

PURCHASE AGREEMENT

THIS PURCHASE AGREEMENT ("Agreement") is made and entered into as of the Effective Date, as defined below, between CAPITOL THEATRE BUILDING, LLC, a Michigan limited liability company, formerly known as Jerusalem Capitol Theatre Building, LLC ("Seller"), whose address is 140 E. Second Street, Flint, MI 48502, and FRIENDS OF THE CAPITOL THEATRE, LLC, a Michigan limited liability company ("Purchaser"), whose address is 503 S. Saginaw Street, Suite 1500, Flint, MI 48502.

In consideration of the promises hereinafter contained, the purchase price stated in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **Time Limit on Acceptance; Effective Date.** Purchaser's execution and delivery of this Agreement to Seller shall constitute Purchaser's offer to the Seller to acquire the Property upon the terms and conditions herein set forth. Upon the execution of this Agreement by Seller and delivery to Purchaser, the later of the execution dates set forth next to the signatures below shall be referred to herein as the "Effective Date". Unless Seller executes and delivers this Agreement to Purchaser prior to 5:00 pm Eastern Standard Time on March _____, 2015, Purchaser's offer shall be revoked automatically and without any requirement of notice.

2. **Purchase and Sale of the Property.** Subject to the terms, covenants and conditions of this Agreement, Seller agrees to sell and convey to Purchaser, and Purchaser agrees to buy from Seller, the following (hereafter referred to collectively as the "Property"):

(a) Land. Land located in the City of Flint, County of Genesee and State of Michigan, commonly known as 140 E. Second Street, Flint, Michigan, which is legally described as follows:

Lots 2, 4 and 6 of Block 3 of the Village of Flint River.
Tax Parcel #41-18-129-001

(b) Improvements. All buildings, fixtures, structures and improvements of every kind, nature and description now situated on the Land (collectively, "Improvements").

(c) Other Rights. All right, title and interest of Seller in and to (i) any strips and gores adjoining or adjacent to the Land and in and to any land lying in the bed of any street, road, avenue, way or boulevard, open or proposed, in front of or adjoining the Land, whether or not legally described above; (ii) any award for damage to the Land or the Improvements by reason of any change of grade in any street, road, avenue, way or boulevard; (iii) any pending or future award made in condemnation or in lieu thereof; and (iv) all rights, easements and interests, water, air and mineral rights, streets, public ways or rights-of-way, privileges, tenements, hereditaments, improvements, licenses, appurtenances and other rights and benefits belonging or in any way related or appurtenant to the Land or Improvements.

- (d) **Personal Property.** To the extent accepted by Purchaser at or prior to Closing, all right, title and interest of Seller in and to all personal property, and all other tangible items of personalty of any kind, nature or description, if any, located upon and used or useful in the operation of the Land and/or Improvements or used in the maintenance and operation of the Land and Improvements, including furniture and trade fixtures, and specifically, but without limitation, including personal property, if any, listed on Exhibit A attached hereto (collectively, the "Personal Property").
- (e) **[Reserved]**
- (f) **Contracts.** All right, title and interest of Seller in and to (i) any assignable contracts or agreements with contractors, suppliers, engineers, architects and other parties relating to the provision of goods or services affecting the development, construction, operation and use of the Property, including, without limitation, service contracts, maintenance agreements, utility agreements or equipment leases affecting the Property or which will be binding upon the Property or Purchaser following the Closing, all as amended as of the date of submission (collectively, the "Contracts") to the extent Purchaser agrees to assume such Contracts, but specifically excluding employment contracts between Seller and its employees, if any, but no other liabilities or obligations of Seller.
- (g) **Approvals.** All transferable occupancy certificates, consents, authorizations, variances, waivers, licenses, permits, franchises and approvals from or issued by any governmental or quasi-governmental agency, department, board, commission, bureau and any guarantees thereof or other entity or instrumentality in respect of the Property and/or relating to the use, development, maintenance or operation of the Property (collectively, the "Approvals") heretofore or hereafter held by or granted to Seller.
- (h) **Plans.** All development, construction, architectural or engineering plans, blueprints, specifications, drawings, survey materials, engineering studies, environmental audits and assessments, site plans, soil reports, mineral searches or other materials pertaining to the condition, planning, development, construction and operation, use and enjoyment of the Property, including all "working drawings" and "as built" drawings and surveys (the "Plans").
- (i) **Warranties.** All unexpired transferable guarantees and warranties given, made or issued by any contractors, subcontractors, suppliers, manufacturers and installers relating to the construction of the Improvements and the materials and equipment installed or located in the Property ("Warranties").
- (j) **Leases.** All of the Leases of space within the Property that are listed on Exhibit B attached to this Agreement (the "Leases") and all of Seller's rights thereunder to the extent Purchaser agrees, in its discretion, to assume the same at Closing.

3. **Purchase Price.** The purchase price (the "Purchase Price") to be paid by Purchaser to Seller for the Property shall be Two Million Nine Hundred Seventy Five Thousand and 00/100 Dollars (\$2,975,000.00), as adjusted for the Closing prorations and other adjustments described in this Agreement (including \$971,553.00 of incurred theatre renovation and restoration costs previously expended by Seller which shall be recovered by Seller from the gross purchase price payable if the Closing occurs, and the balance being the net sale price of \$2,003,447.00). Payments at Closing will

be made by wire transfer of immediately available funds or delivery of cashier's or bank checks. No earnest money deposit is being required or paid in connection with the execution of this Agreement.

4. **Seller's Deliveries.** Within thirty (30) days after the Effective Date, Seller shall furnish to Purchaser copies of all (i) Plans; (ii) other reports or studies (including, but not limited to, inspection reports of governmental authorities or insurance carriers) in Seller's possession or control in respect to the physical condition or operation of the Property or recommended improvements thereto; and (iii) the Approvals.

5. **Survey.** Purchaser, at Purchaser's cost and expense, shall have the right to obtain a survey of the Land and Property (the "Survey") of such type and detail as Purchaser may specify, including, if so ordered by Purchaser, a depiction of the location of all easements, Improvements and other visible matters, and, if Purchaser so elects, in form and substance adequate to permit the removal of the survey exceptions from the title insurance policy to be obtained by Seller.

6. **Title Commitment.** Within thirty (30) days after the Effective Date, Seller shall obtain from CapFund Title Services, LLC or such other title agency and underwriter as Purchaser may specify (the "Title Company") and deliver to Purchaser a title commitment for an owner's policy of title insurance ("Owner's Policy") dated no earlier than the Effective Date and in the amount of the Purchase Price, together with copies of all documents reflected therein as exceptions to title ("Commitment"). The Commitment shall show fee simple title to the Property in Seller subject only to the Permitted Exceptions (as later defined) and shall state the requirements, if any, which, when satisfied, shall obligate the Title Company to issue the Owner's Policy insuring Purchaser as being vested, as of the Closing Date (as later defined), with good and marketable fee simple to the Property, subject only to the Permitted Exceptions (as later defined), and, provided that Purchaser's obtain a survey of the Property, without excepting from such insurance coverage the pre-printed so-called "standard" or "general exceptions", all without any undertakings, agreements or indemnifications between Seller and the Title Company. All charges and premiums for the Owner's Policy shall be paid by Seller.

7. **Objections to Commitment or Survey.** Purchaser shall have until the expiration of the Inspection Period (hereinafter defined) to deliver written notice to Seller of Purchaser's objections to any unpermitted claims, liens, exceptions, conditions, defects of title or any other matters unacceptable to Purchaser in its sole and absolute discretion (hereinafter referred to as "Defects") which may be shown by the Commitment or Survey (said Commitment and Survey are hereinafter referred to collectively as the "Title Evidence"), or to request such endorsements or further assurances as may be required by Purchaser. In the event Purchaser so notifies Seller of any Defects (the "Defect Notice"), Seller shall have thirty (30) days from the date of such Defect Notice within which to exercise its best efforts to cure and remove same or, with Purchaser's approval, obtain title insurance over such Defects. If Seller is unable to effect a cure or obtain title insurance acceptable to Purchaser over such Defects within said 30-day period, Purchaser may either (a) terminate this Agreement by written notice to Seller, in which event Purchaser shall have no further liability hereunder; (b) waive such objections and proceed to acquire and take title to the Property subject to such waived objections; or (c) proceed to close and cure any Defects to which it has objected by deducting from the Purchase Price and/or escrowing with the Title Company the sums necessary to cure the Defects and/or cause the Title Company to insure and/or endorse over such Defects in a manner satisfactory to Purchaser in its discretion. If Purchaser has not affirmatively exercised any of the options set forth above, Purchaser shall be deemed to have elected the option set forth in subsection (a). Notwithstanding anything contained herein to the contrary, Seller covenants and agrees that it shall cure (or procure title insurance in form and substance acceptable to Purchaser) any Defects which consist of (i) liens of a liquidated nature and an ascertainable monetary amount; (ii) liens or encumbrances created by the act

or omission of Seller or any agent or contractor of Seller; or (iii) matters which arise subsequent to the date of and are not referenced in the Commitment which have not been approved by Purchaser (collectively, the "Unpermitted Exceptions").

8. **Inspection Period.** (a) Purchaser shall have three hundred sixty-five (365) days from and after the Effective Date of this Agreement (the "Inspection Period"), to conduct such tests, studies and examinations of the Property as Purchaser deems advisable, to investigate applicable laws, ordinances and codes, to obtain permits, licenses, authorization and approvals for Purchaser's intended use, to review the Leases, Plans and Contracts, and to do all other things as Purchaser deems necessary, in its sole discretion, to satisfy itself that the Property is suitable for Purchaser's intended use (collectively, all of the foregoing shall be referred to herein as the "Inspections"). If Purchaser, in its sole discretion, is not satisfied for any reason with its Inspections, Purchaser may terminate this Agreement within the Inspection Period, whereupon neither party shall have any further obligation or liability to the other, except for Purchaser's obligations expressly set forth in the last sentence of this clause (a) and in paragraph 13(a) (relating to the MSHDA grant). The foregoing right to terminate shall be in addition to and independent of any other termination rights set forth in this Agreement. Purchaser agrees to restore the Property if it is harmed by any Inspections. Purchaser also agrees to indemnify and defend Seller from any loss, liability or damage, arising from the actions of Purchaser or its agents, employees or contractors on the Property. All information gained by Purchaser as a result of any inspections hereunder shall remain strictly confidential, except for disclosure thereof to Purchaser's agents and employees, lenders or investors, and counsel or other representatives, to the extent necessary or advisable in evaluating this transaction, or as otherwise may be required by applicable law, regulatory supervision or legal process. If the Closing does not occur, regardless of the reason therefor (other than Seller's violation of this Agreement), this confidentiality provision shall remain in effect indefinitely, and any documents or information supplied to Purchaser by Seller in connection with this transaction shall be immediately returned to Seller.

(b) Seller represents that the Class C liquor license(s) and permit(s) (collectively, the "Liquor Licenses and Permits") issued by the Michigan Liquor Control Commission ("MLCC") for the sale of alcoholic beverages on the Property are owned by Capitol Entertainment, LLC ("Capitol Entertainment"), an affiliate of (and controlled by) Seller. Capitol Entertainment shall be required, prior to the expiration of the Inspection Period, to enter into a purchase agreement in form and substance satisfactory to the Purchaser covering the purchase and sale of the Liquor Licenses and Permits by Purchaser for a cash sale price of \$25,000. If such purchase agreement has not been entered into by Capitol Entertainment at least 10 days prior to the expiration of the Inspection Period, Purchaser shall be entitled, in its sole discretion, to terminate this Agreement in accordance with clause (a) of this paragraph

9. **Seller's Representations and Warranties.** In addition to any other covenants, representations and warranties contained in this Agreement, Seller covenants, represents and warrants to Purchaser the following as of the date hereof and as of the Closing Date and Seller acknowledges and agrees that Purchaser is relying upon such covenants, representations and warranties in purchasing the Property and that same are true and correct. Seller shall indemnify and hold harmless Purchaser from and against any claims, losses, costs or damages, including reasonable attorneys' fees and other costs of defense, incurred or arising by reason of any breach of any of the following representations and warranties and such representations and warranties shall be continuing and be deemed remade by Seller as of the Closing Date with the same force and effect as if in fact remade at that time. Seller represents and warrants to Purchaser as follows:



- (a) Title. Seller has good, marketable and insurable fee simple title to the Property, free and clear of all mortgages, liens, encumbrances, leases, tenancies, security interests, covenants, conditions, restrictions, rights of way, easements, judgments, or other matters affecting title except for the Leases and the Permitted Exceptions and Seller will not cause any modification thereof through, to and including the Closing Date.
- (b) Authority. Seller and Gisele Farah, as Trustee, each has taken all action, corporate, trust or otherwise, required to authorize its or her execution, delivery and performance of this Agreement. Seller has the right, power and authority to sell the Property to Purchaser in accordance with the terms and conditions hereof, and to execute, deliver and perform its obligations under this Agreement and all other instruments, conveyances and documents to be executed and delivered in connection with the transactions contemplated herein. This Agreement and all other documents executed and delivered, or to be executed and delivered, by Seller in connection with the transactions contemplated herein have been, or at the appropriate time will be, duly executed and delivered and constitute, or upon such execution and delivery will constitute, the legal, valid and binding obligations of Seller, enforceable in accordance with their respective terms. Seller has entered into no agreements and is subject to no judgment or decree of any court which would limit or restrict Seller's right to enter into this Agreement and fulfill its obligations hereunder.
- (c) [Reserved]
- (d) Leases. There are no Leases or other agreements, written or oral, entitling anyone to occupancy or possession of the Property or portions thereof, except the Leases identified on Exhibit B attached to this Agreement and, except as otherwise noted on Exhibit B, all of said Leases may be terminated by Seller (or its assignee or successor) as set forth in their corresponding leases, if any. Upon the reasonable request of Purchaser, Seller shall (but without obligation to incur any costs or expenses on account thereof) exercise good faith, diligent efforts to assist Purchaser with the termination of such Leases after Closing. Each of the Leases is legal, valid, binding, enforceable, and in full force and effect; no party thereto is in breach or default, and no event has occurred which, with notice or lapse of time, would constitute a breach or default or permit termination, modification, or acceleration thereunder; no party thereto has repudiated any provision thereof; there are no disputes, oral agreements, or forbearance programs in effect in any way related thereto; Seller has not assigned, transferred, conveyed, mortgaged, or encumbered any interest therein; no rent has been paid in advance, no tenant has any claim against the Seller which might be offset or credited against future accruing rents; no tenant is entitled to any concession or other abatement of rent; all of the terms, conditions and provisions of its respective Lease on the part of the Seller to be performed have been duly performed and complied with to the satisfaction of said tenant; the consummation of the purchase and sale of the Property under this Agreement does not require the consent or approval of any tenant or other party with an interest in any Lease.
- (e) Claims; Litigation. There are no claims, causes of action or other litigation or proceedings pending or, to the best of Seller's knowledge, threatened with respect to the ownership, operation or environmental condition of the Property or any part thereof (including disputes with mortgagees, governmental authorities, utilities, contractors, adjoining land owners or suppliers of goods or services). Without limiting the foregoing,

there are no administrative holds imposed by the MLCC nor any outstanding violations of the Liquor Control Code of 1998 as amended ("Code"), nor any liens for any unpaid taxes payable to the State of Michigan treasury that would provide the MLCC with the right to deny or withhold consent for the transfer of ownership of the Liquor Licenses and Permits.

- (f) Violations. Seller has not received any notice that the Property or any portion thereof is situated, used, or operated in violation of and, to the best of Seller's knowledge the Property is not situated, used, or operated in violation of, any law, court order, regulation, ordinance or requirement of any city, county, state or federal governmental authority, including without limitation, those with respect to health, safety, pollution, environment, zoning and land use. All Approvals which are necessary for the use and operation of the Property have been obtained, are current, and, to the best of Seller's knowledge, shall be available to Purchaser without extraordinary cost.
- (g) No Violation of Other Agreements. Neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated hereby will: (i) conflict with, or result in a breach of, the terms, conditions or provisions of, or constitute a default under, any agreement or instrument to which Seller is a party, or (ii) violate any restriction to which Seller is subject, or (iii) result in the acceleration of any encumbrance pertaining to the Property that will not be paid off or discharged at Closing, or (iv) result in the creation of any lien, charge or encumbrance upon the Property. No consent or approval of any person, firm, corporation or governmental authority is required to be obtained by Seller in order for Seller to enter into this Agreement or any such other document or to perform fully all of Seller's obligations under this Agreement or under any such other document except those that have been obtained and are in full force and effect. No agreement concerning or restricting the sale of the Property is in effect, and no person or entity has any right or option to acquire the Property other than Purchaser.
- (h) Material Adverse Facts. There are no facts or circumstances not disclosed to Purchaser of which Seller has actual knowledge which have or could have a material adverse effect upon the Property. Seller agrees to notify Purchaser promptly of such facts or circumstances if it becomes aware of the same.
- (i) Zoning. The Property is within the corporate boundary of the City of Flint and is currently zoned under City of Flint ordinances. The use and operation of the Property are in compliance with all applicable zoning requirements and there are no violations nor has Seller received any notice of any violations of any laws, zoning restrictions, regulations or ordinances affecting the Property.
- (j) Condition of Property. To Seller's knowledge (but without any obligation whatsoever for future inquiry), there are no patent or latent defects or adverse facts or dangerous conditions that exist upon the Property, the Improvements and every part thereof and all appurtenances thereto. The physical condition of the Property at Closing will be substantially in the same condition as of the date hereof.
- (k) Environmental. To Seller's knowledge (but without any obligation whatsoever for future inquiry), there are no underground storage tanks, land fill, hazardous or toxic substances, hazardous or toxic waste, pollutants or contaminants which have been or are presently generated, released into, stored or deposited over, upon or below the

Property or into any water systems on or below the surface of the Property, or in any structures located on the Property. To Seller's knowledge (but without any obligation whatsoever for future inquiry), no spills or disposal of hazardous or toxic substances have occurred as a result of any construction on, or operation and use of the Property (while owned by Seller) and the Property is in compliance with all applicable local, state and federal environmental laws, regulations, ordinances and administrative and judicial orders. Except for the limited representations contained in this Agreement, Purchaser shall rely upon its own inspections and reports as to the condition of the Property and Improvements.

- (l) Contracts. There are no Contracts except those which are identified on Exhibit C attached hereto, all of which will be terminated by Seller prior to Closing unless Purchaser otherwise directs Seller. Seller is not in default under any of the Contracts. All of the Contracts may be terminated without penalty or other payment by Seller (or its assignee or successor) upon not more than thirty (30) days' notice.

Except as otherwise provided herein or in the documents to be executed at Closing, Purchaser acknowledges and agrees that the Purchaser is purchasing the Property on an "AS IS," "WHERE IS" basis and without any other representation or warranty of any kind or nature whatsoever. PURCHASER ACKNOWLEDGES AND AGREES THAT, EXCEPT AS MAY BE EXPRESSLY SET FORTH IN THIS AGREEMENT OR IN THE DOCUMENTS TO BE EXECUTED AT CLOSING, NEITHER SELLER NOR ITS AGENTS, CONTRACTORS, OR REPRESENTATIVES HAVE MADE ANY REPRESENTATIONS, WARRANTIES, PROMISES, COVENANTS, AGREEMENTS OR GUARANTIES OF ANY KIND OR CHARACTER WHATSOEVER, WHETHER EXPRESS OR IMPLIED, ORAL OR WRITTEN, PAST, PRESENT OR FUTURE, OF, AS TO, CONCERNING OR WITH RESPECT TO THE NATURE, QUALITY OR CONDITION OF THE PROPERTY, ENVIRONMENTAL CONTAMINATION, BUILDABLE SOILS OR ANY OTHER MATTER WITH RESPECT TO OR AFFECTING THE PROPERTY. Seller shall notify Purchaser promptly if Seller obtains actual knowledge of any transaction or occurrence which would make any of the representations or warranties of Seller untrue or materially misleading. The continuing truth and correctness of the foregoing representations and warranties also shall be conditions precedent to Purchaser's obligation to close the transaction under this Agreement. All representations, warranties and covenants made or given in this Agreement, or pursuant to it, shall be true and correct in all material respects as of the date of this Agreement and as of the Closing Date, and shall survive the Closing, the execution and delivery of the deed, the bill(s) of sale, the assignments and all other instruments of conveyance with respect to the Property and any investigation by or on behalf of Purchaser.

10. **Operation of Property Prior to Closing.** Until the earlier of the Closing or the termination of this Agreement, Seller shall operate the Property in the same manner as before this Agreement was executed, and shall cause the Property to be maintained in good order, operating condition and repair, normal wear and tear excepted. Without limitation of the foregoing, Seller shall:

- (a) Not take any action outside the ordinary course of business or create or allow to be created any easement, mortgage, lien, security interest, encumbrance or other interest in the Property or take any action which may adversely affect the Property, Seller's title to the Property, Seller's ability to comply with the terms of this Agreement or cause any material change in the Property;
- (b) Maintain and insure the Property in the ordinary course of business;

- (c) Promptly comply and furnish Purchaser with a copy of any and all notices of violation of laws or municipal ordinances, regulations, orders or requirements of departments of housing, building, fire, labor, health, or other state, or municipal departments or other governmental authorities having jurisdiction over the Property or the use or operation thereof;
- (d) Promptly disclose in writing to Purchaser any change in any facts or circumstances which would make any of the Representations (hereinafter defined) inaccurate, incomplete, false or misleading to the detriment of Purchaser;
- (e) Pay and perform all of its obligations under the Permitted Exceptions, the Leases and the Contracts, pay, or cause to be paid, all contractors, laborers, suppliers and all others involved in the construction of the Property, and cause all liens arising out of such work to be discharged by payment, bond or otherwise, in a manner satisfactory to the Purchaser, promptly after the filing of any such liens;
- (f) Maintain the Contracts, the Leases and the Approvals in full force and effect;
- (g) Not amend or modify, or waive any term or requirement of any Lease in any material respect, absent Purchaser's prior written approval; and
- (h) Not request, apply for, permit or suffer any change in the present zoning classification of the Land.

11. **Tax Deferred Exchange (I.R.C. §1031).** Purchaser shall cooperate with Seller to the extent that Seller elects to make this transaction part of a tax deferred exchange pursuant to §1031 of the Internal Revenue Code for Seller; provided, however, that Purchaser shall not be required to incur any additional cost, expense, risk, delay or potential liability whatsoever on account thereof, nor shall any such transaction be determined by Purchaser (in its sole discretion) to have potential adverse impact on any tax credit, grant or other financing support to be obtained by Purchaser.

12. **Closing.** The consummation of the transactions herein contemplated (the "Closing") shall take place at the offices of Purchaser's counsel or the Title Company within thirty (30) days following the expiration of the Inspection Period or such other date to be mutually agreed upon in writing by Purchaser and Seller (the "Closing Date"), provided that Purchaser shall not be obligated to close unless title can be conveyed in the condition required herein and all conditions to Purchaser's obligations have been satisfied or waived. Seller shall deliver exclusive possession of the Property to Purchaser at Closing, subject only to Leases that Purchaser, in its discretion, shall have agreed to assume.

13. **Conditions Precedent.** Each and every obligation of Purchaser to be performed at the Closing shall be subject to the satisfaction of the following conditions prior to, or concurrently with, the Closing and if such conditions are not satisfied, then unless Purchaser waives the fulfillment of such condition, in writing, then, at Purchaser's option, this Agreement shall be null and void:

- (a) Purchaser shall have received grants, funding commitments, and/or commitments for financing that, in Purchaser's sole judgment, are sufficient in amount to fully fund the renovation of the Property and such other related activities as Purchaser contemplates and originate from sources, in forms and on terms and conditions as are acceptable to Purchaser in its sole discretion.

Furthermore, during the term of this Agreement, Seller agrees to cooperate fully with Purchaser (but without any obligation to incur additional cost, expense, risk or potential liability whatsoever on account thereof) to obtain (for Purchaser's benefit) not less than \$500,000 in grant funds from the Michigan State Housing Development Authority ("MSHDA"); provided, however, that in the event this Agreement is terminated by Purchaser (other than as a result of Seller's breach), Purchaser shall cooperate fully with Seller for a period of 90 days following such termination (but without any obligation to incur additional cost, expense, risk or potential liability whatsoever on account thereof) to attempt to secure the funding of a similar grant for the benefit of Seller.

- (b) Seller shall have performed and complied with all agreements, covenants and obligations which under this Agreement are required to be performed or complied with by Seller prior to or at the Closing. Each representation and warranty shall be accurate, complete and true on the Closing Date. There shall be no material error or misstatement in, or omission from, or any breach of, any representation, warranty or covenant made by Seller. There shall be no defaults under any of the Contracts to be assumed by Purchaser, or the Approvals.
- (c) There shall be no material adverse change in the environmental condition of the Property, and the physical condition of the Property shall be substantially the same on the Closing Date as on the Effective Date, reasonable wear and tear excepted.
- (d) On the Closing Date, no moratorium or proceeding shall be pending or threatened affecting the availability at regular rates and fees of sewer, water, electric, gas, telephone or other utilities or services servicing the Property, and there shall be no pending or threatened environmental, administrative, litigation or other investigation, violation or proceeding which, in Purchaser's sole discretion, materially adversely affect the value or marketability of the Property or Purchaser's ability to operate it in the manner operated on the Effective Date.
- (e) The transfer of the Licenses and Permits by Capitol Entertainment to Purchaser shall have been approved by MLCC and the closing on such transfer shall have occurred (or such closing shall occur concurrently with the Closing), provided that the Purchaser may waive such condition to Closing if a conditional liquor license for the sale of alcoholic beverages on the Property (on terms reasonably satisfactory to Purchaser) has been approved and issued by MLCC to the Purchaser, or is approved and issued on the Closing Date.

Each of the foregoing conditions precedent is for the sole benefit of Purchaser and may be waived at any time by written notice thereof from Purchaser to Seller. The waiver of any particular condition shall not constitute a waiver of any other.

14. **Delivery of Documents.** Seller shall deliver to Purchaser at the Closing the following documents and other items, dated as of the Closing Date, the delivery of which shall be a condition to Purchaser's obligation to consummate the purchase and sale herein contemplated: (a) a warranty deed in recordable form duly executed by Seller and conveying to Purchaser good, marketable and insurable fee simple title to the Property subject only to the specific recorded exceptions to title set forth in the Commitment approved by Purchaser, excluding the Unpermitted Exceptions which shall be paid and

discharged in full from the proceeds of sale at Closing (such exceptions are referred to herein as the "Permitted Exceptions"); (b) a warranty bill of sale for the Personal Property in form satisfactory to Purchaser conveying all of Seller's right, title and interest thereto to Purchaser; (c) an assignment of the Leases, if any, assumed by Purchaser, in form satisfactory to Purchaser; (d) an assignment (or, at Purchaser's option, assignments) of Seller's right, title and interest in the Contracts (to the extent approved by Purchaser for assumption), Plans, Warranties, Approvals, and such other rights, properties, powers and privileges constituting or relating to the Property as Purchaser may reasonably request; (e) certified copies of the articles of organization, operating agreement and incumbency certificate of Seller, and a resolution of all members and managers of Seller authorizing the sale of the Property and the execution and delivery of the closing documents to be executed on behalf of Seller; (f) a certificate confirming Seller's non-foreign status under Section 1445 of the Code and Treas. Reg. Section 1.1445-2T (or any successor regulation); (g) an affidavit executed by Seller stating that the representations, warranties and covenants of Seller contained in this Agreement including all materials furnished in the Seller's Deliveries were true and correct as of the Effective Date (or the date submitted, as the case may be) and are true and correct as of the Closing Date; (h) all keys to the Property; (i) a marked commitment for an Owner's Policy dated as of the Closing Date and issued by the Title Company in the amount of the Purchase Price, with the requirements to issuance and standard exceptions deleted, and otherwise in conformance with the Commitment, together with a comprehensive endorsement and such additional endorsements as the Purchaser may reasonably require, together with all certificates, affidavits, indemnifications, undertakings and other evidence as may reasonably be required to induce the Title Company to issue the Owner's Policy required by this Agreement; (j) estoppel certificate from the tenant under each Lease being assumed by Purchaser in its discretion confirming the representations and warranties of Seller set forth in Section 9(d) hereof and otherwise in form and substance acceptable to Purchaser; (k) any security deposit under any Lease being assumed by Purchaser in its discretion; and (l) any and all other documentation reasonably required by Purchaser or the Title Company to consummate the transactions described herein and to cause the Title Company to issue the Owner's Policy.

15. **Taxes and Adjustments.** All property taxes for prior years, all assessments and all real estate transfer taxes shall be paid for by the Seller at or before the Closing. All real estate taxes on the Property paid or to be paid in the year of Closing shall be prorated as of the Closing Date using the due-date method, as customarily applied in Genesee County. Any other revenue or expense items shall be prorated as of the Closing Date. All utilities shall be apportioned based on final meter readings and final invoices. Rents under Leases, if any, assumed by Purchaser in its option shall be prorated as of the Closing Date.

16. **Closing Expenses.** Seller shall pay its own attorneys' fees, and all state and local documentary stamps, transfer taxes, title premiums for the Owner's Policy, the costs of recording any curative instruments and all State and County transfer taxes incurred or payable with respect to the transfer of the Property to Purchaser. Purchaser shall pay its own attorneys' fees, the costs of the Survey, if any is obtained by Purchaser, and the recording fees for the warranty deed. All costs or expenses of performance of obligations hereunder and of the consummation of the transactions contemplated herein that have not been specifically assumed by either party under the terms hereof shall be borne by the party incurring such cost or expense.

17. **Default.** In the event of any breach or default by Purchaser, Seller shall have the right, upon 30 days' written notice by Seller, unless cured by Purchaser, to terminate this Agreement and/or obtain any other remedy available at law or in equity for Purchaser's breach or default. If Seller elects to terminate this Agreement as its sole remedy, Purchaser shall have no further obligation or liability to Seller and this Agreement shall, in its entirety, be deemed null, void and of no further force and effect.

Seller shall have no other remedy for Purchaser's default. In the event of any breach or default by Seller, or if any of Seller's Representations shall not be true and correct on the Effective Date and continuing thereafter through and including the Closing Date then Purchaser, by written notice to the Escrow Agent, may (i) give Seller a notice of termination, in which event this Agreement shall, in its entirety, be deemed null, void and of no further force and effect; or (ii) seek to enforce and obtain specific performance of Seller's obligations under this Agreement, without in either case waiving Purchaser's right to seek damages as a result of Seller's default; and/or (iii) obtain any other remedies available at law or in equity for Seller's breach.

18. **Condemnation.** If prior to Closing the Property or any portion thereof is condemned or taken by exercise of the power of eminent domain, or in the event of the institution or pendency of proceedings therefor, in whole or in part, temporarily or permanently, Seller shall promptly notify Purchaser in writing of such event. Purchaser shall then have the right, upon notice in writing to Seller, to terminate this Agreement, whereupon the parties shall be released and discharged from any further obligations to each other, and this Agreement shall become null and void. If Purchaser does not elect to so terminate this Agreement, the Purchase Price shall not be reduced, and at Closing Seller shall assign to Purchaser all rights to any condemnation award.

19. **Damage or Destruction.** If prior to Closing there is damage to or destruction by fire or other casualty of all or any part of the Property, Seller shall so notify Purchaser and Purchaser shall have the option to terminate this Agreement upon notice given to Seller not later than thirty (30) days after the date of Seller's notice. If this Agreement is terminated as aforesaid, neither party hereto shall have any further rights or obligations hereunder. If Purchaser does not elect to terminate this Agreement as aforesaid, then Seller shall, upon notice from Purchaser, at Purchaser's sole option, either (i) proceed to repair the damage prior to Closing, in which event Seller shall be entitled to adjourn Closing for up to ninety (90) additional days (or such longer period as Purchaser may specify), or (ii) turn over to Purchaser on Closing an amount equal to any casualty insurance proceeds collected by Seller on account of said physical damage or destruction, plus Seller's deductible and to the extent not so collected, assign to Purchaser the right to receive and settle same, allowing Purchaser prior to Closing to participate in negotiating any settlement of Seller's insurance claim.

20. **Indemnification.** Seller hereby indemnifies and agrees to defend (using counsel acceptable to Purchaser) and hold harmless Purchaser and its successors and assigns from and against any and all claims, expenses, costs, damages, losses and liabilities, including reasonable attorneys' fees, suffered by any of them, whether before or after the Closing Date, as a result of, on account of or arising from (a) any breach of any covenant, representation, warranty or agreement on the part of Seller to Purchaser made herein or in any instrument or document delivered pursuant to this Agreement, or (b) any obligation, claim, suit, liability, contract, agreement, debt or encumbrance created, arising or accruing prior to Closing or asserted on or after the Closing Date and related to the Property or its operations prior to Closing except for the Contracts, the Permitted Exceptions and any other matter subject to which Purchaser, pursuant to the terms of this Agreement, is purchasing the Property.

21. **Third Floor Lease.** Purchaser shall be obligated, at Closing, to enter into a lease ("Third Floor Lease") with WSSA, LLC or the Gisele Farah Living Trust dated December 12, 1995 ("Farah Trust") or another party owned or controlled by them (or either of them), provided that such party and its business or other operations on the Property shall be compatible with Purchaser's use of and operations on the Property, which shall include office use. Such lease shall be on a "triple net basis" and shall have an initial lease term of five (5) years, shall provide for base annual rent in the amount of \$1 per year and shall otherwise be on terms mutually satisfactory to Purchaser and such

tenant. Furthermore, the tenant under such lease shall have three five (5) year renewal options, with base rent for each such renewal period in the amount of \$1 per year. Such lease shall also contain a provision to the effect that Purchaser will not elect, during the term of the lease (including any renewal terms), to demolish the Improvements on the Premises, except as a result of condemnation, acts of God or other circumstances beyond the reasonable control of Purchaser. The space will be accepted by tenant in its as-is condition. The Lease shall be negotiated and entered into by the parties prior to the end of the Inspection Period, but with the effectiveness of such lease conditioned on the Closing.

Purchaser and Seller shall (as an additional condition to Closing) enter into a similar agreement to remain in effect during the term of the Third Floor Lease, providing that certain significant antique parts, pieces, light fixtures, sound boards, signs and other artifacts (as reasonably identified on a list to be prepared by Seller and approved by Purchaser, and attached to such agreement) will not be discarded or destroyed by Purchaser, normal wear and tear, acts of God, condemnation and other circumstances beyond the reasonable control of Purchaser excepted.

22. **Tickets/Passes.** As an additional condition to Closing, the Seller and Purchaser shall enter into a written agreement mutually satisfactory to such parties under which the Seller, the Farah Trust, or members of the Farah Family and their descendants or other related parties ("**Farah Family**") shall be entitled, on a no cost basis for such access (but subject to non-discriminatory charges or required reimbursement for food and beverages and other items provided or sold at such events), to receive four (4) perpetual center aisle front row seats and two (2) perpetual all area access passes to the theatre on the Property, provided that the foregoing tickets and access passes shall be limited to public events being conducted by or through the Purchaser and shall not apply to private events or other private parties. Such agreement shall be subject to such additional conditions and limitations as may be approved by such parties, including, without limitation, the requirement that any exhibitor, artist or performer approve such access by the Farah Family.

23. **Miscellaneous.**

- (a) **Entire Agreement.** This Agreement constitutes the entire contemplated agreement between the parties hereto with respect to the transactions contemplated herein, and it supersedes all prior oral and written understandings or agreements between the parties.
- (b) **Successors and Assigns.** This Agreement shall be binding upon and inure to the benefit of the parties hereto, and their respective heirs, devisees, personal representatives, successors and permitted assigns. Purchaser shall not assign this Agreement without Seller's prior written consent.
- (c) **Waiver; Modifications.** Failure by Purchaser or Seller to insist upon or enforce any of its rights shall not constitute a waiver thereof. Either party hereto may waive the benefit of any provision or condition for its benefit contained in this Agreement. No oral modification hereof shall be binding upon the parties, and any modification shall be in writing and signed by the parties.
- (d) **Time is of the Essence.** Time is of the essence with respect to the performance of the parties' obligations hereunder.
- (e) **Drafting.** Each party hereto hereby acknowledges that all parties hereto participated equally in the drafting of this Agreement and that, accordingly, no court construing this Agreement shall construe it more stringently against one party than the other.



- (f) Governing Law. This Agreement is executed in and shall be governed by, and construed under, the laws of the State of Michigan.
- (g) Notices. Any notice or consent required to be given pursuant to this Agreement or otherwise desired to be delivered by one party to the other, shall be effective only if in writing which is either (a) personally delivered to such party at its address set forth below (or to such other place as the party to receive such notice shall have specified by notice in advance thereof); (b) sent by certified mail with postage prepaid, return receipt requested to such party at such address; or (c) by Federal Express or other similar air courier. Notice shall be deemed given upon personal delivery or one (1) business day following mailing or deposit with an air courier. Notices shall be deemed properly addressed if given at the following addresses:

If to Seller: Capitol Theatre Building, LLC
Attn: Ms. Gisele Farah, Trustee
140 E. Second Street
Flint, MI 48502

With a required copy (which shall not constitute notice) to:

Giarmarco, Mullins & Horton, P.C.
Attn: Robin E. Yono, Esq.
101 W. Big Beaver, Suite 1000
Troy, MI 48084

If to Purchaser: Friends of the Capitol Theatre, LLC
Attn: _____
503 S. Saginaw Street, Suite 1500
Flint, MI 48502

With a required copy (which shall not constitute notice) to:

Bodman PLC
Attn: Michael A. Stack
229 Court St, PO Box 405
Cheboygan, MI 49721

- (h) Performance. Whenever this Agreement requires that something be done within a period of days, such period shall (i) not include the day from which such period commences, (ii) include the day upon which such period expires, (iii) expire at 5:00 p.m. Eastern Standard Time on the date by which such thing is to be done, and (iv) be construed to mean calendar days; provided that if the final day of such period falls on a Saturday, Sunday or legal holiday in the State of Michigan, such period shall extend to the first business day thereafter.
- (i) Counterparts. It is understood and agreed that this Agreement may be executed in several counterparts, each of which, for all purposes, shall be deemed to constitute an original and all of which counterparts, when taken together, shall be deemed to constitute one and the same agreement, even though all of the parties hereto may not have executed the same counterpart.

- (j) Use of Headings. The use of headings within this Agreement are for ease of reference and convenience only and shall not be used or construed to limit or enlarge the interpretation of the language hereof or the enforcement of this Agreement.
- (k) Attorney Fees. If a dispute arises out of this Agreement, then the prevailing party will be entitled to recover its actual attorney fees and costs from the other party.
- (l) No Offer. This Agreement does not constitute an offer and shall not be binding on the parties unless and until executed by both of them.

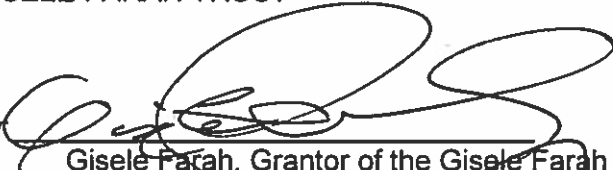
SIGNATURE PAGE TO FOLLOW



24. **Effective Date.** For the purposes of the transaction contemplated by this Agreement, the "Effective Date" of this Agreement is the date of acknowledgment of the signature of the last party to sign this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year set forth underneath their signatures, below.

"Seller"
GISELE FARAH TRUST

By: 
Gisele Farah, Grantor of the Gisele Farah Living Trust,
u/a/d December 12, 1995

Witness:

George Farah, Jr.

Witness:

Said Farah

CAPITOL THEATRE BUILDING, LLC,
a Michigan limited liability company,

By: 
Troy S. Farah
Its: Manager

Dated: 3/27, 2015

"Purchaser"
FRIENDS OF THE CAPITOL THEATRE LLC,
a Michigan limited liability company,

By: 
Timothy Herman
Its: Manager

Dated: _____, 2015

EXHIBIT A

SCHEDULE OF PERSONAL PROPERTY



EXHIBIT B

Attached hereto are the following leases:

1. H & R Block Lease originally dated April 16, 2001 and Amendment #4 dated March 13, 2012.
2. Justin Green / BLG Holdings Lease originally dated February 23, 2010 and amended October 16, 2012.
3. Josh Spencer / Spencer Agency Lease originally dated July 8, 2009
4. Capitol Entertainment, LLC lease dated October 1, 2011.

All of the above leases may be terminated at any time except for the H&R Block Lease which has been extended until April 30, 2017.

The Capitol Entertainment lease may be terminated at any time but it should remain in full force and effect until the liquor license is transferred, at which time it will be terminated.

West Second Street Associates (WSSA) currently occupies approximately 4,000 Sq. Ft. on the Second Floor and pays monthly rent of \$2,000.00 and any operating costs associated with it the leased premises. WSSA shall continue to occupy its Second Floor office for a period of 12 months after closing or until the 3rd floor renovation is completed, whichever is sooner.

There are no Leases or other agreements, written or oral, entitling anyone to occupancy or possession of the Property or portions thereof, except the Leases identified above.

EXHIBIT C
COPIES OF CONTRACTS

