

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

THE HONOURABLE MR. ) TUESDAY, THE 13TH DAY  
 )  
JUSTICE PENNY ) OF MAY, 2014

IN THE MATTER OF THE PROPOSAL OF  
BOGDON & GROSS FURNITURE COMPANY LIMITED  
OF THE TOWN OF WALKERTON  
IN THE PROVINCE OF ONTARIO

**APPROVAL AND VESTING ORDER**

**THIS MOTION**, made by Zeifman Partners Inc., in its capacity as the proposal trustee (the “**Proposal Trustee**”) of the undertaking, property and assets of Bogdon & Gross Furniture Company Limited (“**B&G**”) for an order approving the sale transaction (the “**Transaction**”) contemplated by an agreement of purchase and sale (the “**Sale Agreement**”) between B&G and BG Furniture Ltd. (the “**Purchaser**”) dated April 14, 2014 and appended to the Second Report of the Proposal Trustee dated May 8, 2014 (the “**Proposal Trustee’s Second Report**”), and vesting in the Purchaser B&G’s right, title and interest in and to the assets described in the Sale Agreement (the “**Purchased Assets**”), was heard this day at 330 University Avenue, Toronto, Ontario.

**ON READING** the Notice of Motion dated May 8, 2014 (the “**Notice of Motion**”), the Proposal Trustee’s Second Report, the Fee Affidavit of Leanne Williams sworn on May 7, 2014

and the Fee Affidavit of Allan Rutman sworn on May 7, 2014 (collectively, the “**Fee Affidavits**”) and on hearing the submissions of counsel for the Proposal Trustee and B&G and those other parties as appearing on the Counsel Slip, no one appearing for any other party on the service list although duly served as appears from the affidavit of service of Bobbie-Jo Brinkman sworn on May 9, 2014, filed:

**Service**

1. **THIS COURT ORDERS** that the service of the Notice of Motion, the Proposal Trustee’s Second Report and the Fee Affidavits was appropriate and directing that no further service of the Notice of Motion, the Proposal Trustee’s Second Report and the Fee Affidavits is required such that this motion is properly returnable on May 13, 2014.

**Approval of Sale Agreement**

2. **THIS COURT ORDERS AND DECLARES** that the Transaction is hereby approved, and the execution of the Sale Agreement by B&G is hereby authorized and approved, with such minor amendments as B&G and the Proposal Trustee may deem necessary or advisable. B&G and the Proposal Trustee are hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Assets to the Purchaser.

**Vesting of Purchased Assets**

3. **THIS COURT ORDERS AND DECLARES** that upon the delivery of a Proposal Trustee’s certificate to the Purchaser substantially in the form attached as Schedule “**A**” hereto (the “**Proposal Trustee’s Certificate**”), all of B&G’s right, title and interest in and to the Purchased Assets described in the Sale Agreement and listed on Schedule “**B**” hereto shall vest absolutely in the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether

contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the “**Claims**”) including, without limiting the generality of the foregoing: (i) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system; and (ii) those Claims listed on Schedule “**C**” hereto (all of which are collectively referred to as the “**Encumbrances**”, which term shall not include: (i) any encumbrances or charges created by the Order of the Honourable Madam Justice Thorburn dated March 7, 2014; (ii) the permitted encumbrances, easements and restrictive covenants listed on Schedule “**D**”); and (iii) any and all statutory deemed trust claims under the *Income Tax Act (Canada)*, *Canada Pension Plan (Canada)*, *Employment Insurance Act (Canada)* and *Excise Tax Act (Canada)* and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

4. **THIS COURT ORDERS** that upon the registration in the Land Registry Office for the Land Titles Division of Bruce of an Application for Vesting Order in the form prescribed by the *Land Titles Act* and/or the *Land Registration Reform Act*, the Land Registrar is hereby directed to enter the Purchaser as the owner of the subject real property identified in Schedule “**B**” hereto (the “**Real Property**”) in fee simple, and is hereby directed to delete and expunge from title to the Real Property all of the Claims listed in Schedule “**C**” hereto.

5. **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims, the net proceeds, if any, from the sale of the Purchased Assets shall stand in the place and stead of the Purchased Assets, and that from and after the delivery of the Proposal Trustee’s

Certificate all Claims and Encumbrances shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

6. **THIS COURT ORDERS AND DIRECTS** the Proposal Trustee to file with the Court a copy of the Proposal Trustee's Certificate, forthwith after delivery thereof.

7. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act* ("**PIPEDA**"), B&G is authorized and permitted to disclose and transfer to the Purchaser all human resources and payroll information in the company's records pertaining to B&G's past and current employees. The Purchaser shall maintain and protect the privacy of such information to the extent required by PIPEDA and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by B&G or is otherwise consistent with PIPEDA.

8. **THIS COURT ORDERS** that, notwithstanding:

- (a) the pendency of these proceedings;
- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of B&G and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy or deemed bankruptcy made in respect of B&G;

the vesting of the Purchased Assets in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of B&G and shall not be void or voidable by creditors of B&G, nor shall it constitute nor be deemed to be a settlement, fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

9. **THIS COURT ORDERS AND DECLARES** that the Transaction is exempt from the application of the *Bulk Sales Act* (Ontario).

**Aid and Recognition**

10. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada to give effect to this Order and to assist the Proposal Trustee and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Proposal Trustee, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Proposal Trustee and its agents in carrying out the terms of this Order.



ENTERED AT / INSCRIT À TORONTO  
ON / QUÉBEC NO.:  
LE / DANS LE REGISTRE NO.:



MAY 13 2014

**Schedule A – Form of Proposal Trustee’s Certificate**

Court File No. 35-1844150  
Estate No. 35-1844150

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SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

IN THE MATTER OF THE PROPOSAL OF  
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**PROPOSAL TRUSTEE’S CERTIFICATE**

**RECITALS**

A. On March 4, 2014, Bogdon & Gross Furniture Company Limited (“**B&G**”) filed a Notice of Intention to Make a Proposal pursuant to the *Bankruptcy and Insolvency Act* (Canada) and named Zeifman Partners Inc. as proposal trustee (the “**Proposal Trustee**”) of B&G.

B. Pursuant to an Order of Madam Justice Thorburn of the Ontario Superior Court of Justice (the “**Court**”) dated March 6, 2014 as amended by the Order of Madam Justice Leitch of the Court dated March 14, 2014, the Proposal Trustee was authorized to carry out a sale and investment solicitation process.

C. Pursuant to an Order of the Court dated May 13, 2014, the Court approved the agreement of purchase and sale made as of April 14, 2014 (the “**Sale Agreement**”) between B&G and BG Furniture Ltd. (the “**Purchaser**”) and provided for the vesting in the Purchaser of B&G’s right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Proposal Trustee to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing as set out in Article IV of the Sale Agreement have been satisfied

or waived by B&G and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the Proposal Trustee.

D. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Sale Agreement.

**THE PROPOSAL TRUSTEE CERTIFIES** the following:

1. The Purchaser has paid and the Proposal Trustee has received the cash portion of the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Sale Agreement;
2. The Proposal Trustee has received confirmation from each of RPG Receivables Purchase Group Inc., TCE Capital Corporation, Saugeen Economic Development Corporation and Bruce Futures Community Development Corporation that the Purchaser has assumed B&G's liabilities to such secured creditor on terms and conditions satisfactory to such secured creditor.
3. The conditions precedent to Closing as set out in Article IV of the Sale Agreement have been satisfied or waived by the Proposal Trustee and the Purchaser; and
4. The Transaction has been completed to the satisfaction of the Proposal Trustee.
5. This Certificate was delivered by the Proposal Trustee at \_\_\_\_\_ on May \_\_\_\_\_, 2014.

**ZEIFMAN PARTNERS INC., in its capacity  
as Proposal Trustee of Bogdon & Gross  
Furniture Company Limited, and not in its  
personal capacity**

Per: \_\_\_\_\_  
Name:  
Title:

### Schedule B – Purchased Assets

The Purchased Assets are comprised of the following:

1. The “**Equipment**”, being all machinery, equipment, vehicles and other tangible personal property of the Vendor wheresoever situate;
2. The “**Assumed Contracts**”, being the Assumed Contracts listed at Schedule “B” of the Sale Agreement;
3. The “**Real Property**”, being municipally known as 75 Ridout St., Walkerton (land and building) and identified in Land Registry Office #3 as Property Identifier Number 33198-0287 (LT) (the “**Real Property**”);
4. Accounts Receivable of the Vendor that have not previously been sold by the Vendor;
5. The inventory, work-in-progress, raw materials, and finished goods (collectively, the “**Inventory**”) of the Vendor, including the Vendor’s Inventory located at Future Fine Chair, 34 Millwick Drive, Toronto ON;
6. The Licences and Permits relating to the Vendor;
7. The Prepaid Amounts relating to the Vendor;
8. The Vendor’s Intellectual Property;
9. The Books and Records of the Vendor; and
10. All goodwill related to the Business of the Vendor.

And for greater certainty does not include the Excluded Assets.



**Schedule C – Claims to be deleted and expunged from title to Real Property**

<b>Reg. Number</b>	<b>Date</b>	<b>Instrument Type</b>
R28616	1962/09/19	Transfer
R28617	1962/09/19	Transfer
R54132	1967/02/07	Transfer
R54212	1967/02/15	Transfer
R54809	1967/04/05	Transfer
BR122	2006/11/30	Charge
BR246	2006/12/01	Charge
BR257	2006/12/01	Postponement
BR21326	2008/10/29	Charge
BR61641	2012/01/20	Discharge of Charge
BR62571	2012/02/24	Charge
BR62572	2012/02/24	Postponement
BR78161	2013/07/25	Lien

**Schedule D – Permitted Encumbrances, Easements and Restrictive Covenants  
related to the Real Property**

**(unaffected by the Vesting Order)**

<b>Reg. Number</b>	<b>Date</b>	<b>Instrument Type</b>
S/T R233229		Transfer/Quitclaim containing right of way
WK13381	1944/12/05	Transfer, containing right of way
WK14045	1948/01/13	Transfer, containing right of way
R55876	1967/05/06	Transfer, containing reservation of mineral rights
3R4068	1987/03/10	Plan Reference

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Court File No. 35-1844150  
Estate No. 35-1844150

*ONTARIO*  
SUPERIOR COURT OF JUSTICE  
(IN BANKRUPTCY AND INSOLVENCY)

Proceedings commenced at **Toronto**

APPROVAL AND VESTING ORDER  
(MAY 13, 2014)

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