

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

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

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

**MOTION RECORD**

**(VOLUME II of II)**

March 5, 2014

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Lawyers for Bogdon & Gross Furniture Company  
Limited

**TO: ATTACHED SERVICE LIST**

**Service List**  
**as of March 5, 2014**

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Proposal Trustee

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Proposed DIP Lender

AND TO: **R&M NELSON HOLDINGS LTD.**  
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N2Z 2Y7

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**AND TO: CAPITAL UNDERWRITERS INC.**

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Secured Creditor

**AND TO: WELLS FARGO EQUIPMENT FINANCE COMPANY**

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M2J 5A9

Secured Creditor

AND TO: **2110785 ONTARIO INC.**  
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Walkerton, ON  
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Secured Creditor

AND TO: **XEROX CANADA LTD.**  
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Secured Creditor

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Secured Creditor

AND TO: **RCAP LEASING INC.**  
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AND TO: **CNH CAPITAL CANADA LTD.**  
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Burlington, Ontario  
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Secured Creditor

# INDEX

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

I N D E X

Tab	Description
1.	Notice of Motion, returnable March 6, 2014
2.	Affidavit of Adam Hofmann sworn March 5, 2014
	<u>Exhibits:</u>
A.	Corporation Profile Report of Bogdon & Gross Furniture Company Limited
B.	Corporation Profile Report of 2110785 Ontario Inc.
C.	Parcel Register dated January 20, 2014
D.	PPSA Search of Bogdon & Gross Furniture Company Limited, dated February 4, 2014
E.	Discharge Letters
F.	Discharge Notices
G.	Examiner's Statement of Account dated February 20, 2014
H.	Loan Agreement between TCE Capital Corporation, Bogdon & Gross Furniture Company Limited and Adam Hofmann dated February 21, 2012
I.	General Security Agreement dated February 21, 2012
J.	TCE Capital Corporation's Collateral Charge
K.	Loan Agreement between Saugeen Economic Development Corporation and Bruce Community Futures Development Corporation for \$300,000.00 dated November 30, 2006
L.	Loan Agreement between Saugeen Economic Development Corporation and Bruce Community Futures Development Corporation for

	\$200,000.00 dated February 24, 2012
M.	Loan Agreement between Saugeen Economic Development Corporation and Bruce Community Futures Development Corporation and 2110785 Ontario Inc. and guaranteed by Bogdon & Gross Furniture Company Limited, Adam Hofmann and Dirk Nielsen dated July 25, 2012
N.	General Security Agreement between Bogdon & Gross Furniture Company Limited and Saugeen Economic Development Corporation and Bruce Community Futures Development Corporation dated February 27, 2012
O.	Saugeen Economic Development Corporation and Bruce Community Futures Development Corporation Collateral Charge bearing instrument number BR 246
P.	Credit Agreement between 2110785 Ontario Inc. and Bogdon & Gross Furniture Company Limited dated September 1, 2008
Q.	General Security Agreement between Bogdon & Gross Furniture Company Limited and 2110785 Ontario Inc., dated September 1, 2008
R.	Collateral Charge registered as Instrument Number BR21326 dated October 29, 2008
S.	Amended and Restated Priorities Agreement, dated August 3, 2012
T.	Postponement, Assignment & Subordination Agreements, dated February 27, 2012
U.	Ministry of Finance Employer Health Tax Act Charge, dated July 25, 2013
V.	Town of Brockton Municipal Tax Statement
W.	Promissory Note dated January 6, 2009
X.	PPSA Search of Bogdon & Gross Furniture Company Limited, dated February 27, 2014
Y.	Bogdon & Gross Furniture Company Limited's financial statements for 2010 and 2012
Z.	Letter from TCE Capital Corporation to Bogdon & Gross Furniture Company Limited, dated February 13, 2014
AA.	Statement of Claim, issued January 15, 2014
BB.	Xerox Canada Ltd's demand letter and notice to Bogdon & Gross Furniture Company Limited dated January 16, 2014
CC.	Notice of Intention to Make a Proposal, dated March 4, 2014
DD.	Approving a Sale and Investment Solicitation Process
EE.	Cash Flow Forecast
FF.	DIP Term Sheet
3.	Draft Order, , together with Schedule "A" and Schedule "B"



This is Exhibit "M" referred to in the Affidavit of ADAM  
HOFMANN sworn March 5, 2014

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*Commissioner for Taking Affidavits (or as may be)*

# TAB M

## LOAN AGREEMENT

This Loan Agreement is made between the parties hereto on this 25<sup>th</sup> day of July, 2012.

BETWEEN:

**SAUGEEN ECONOMIC DEVELOPMENT CORPORATION and  
BRUCE COMMUNITY FUTURES DEVELOPMENT CORPORATION**  
(Hereinafter referred to as the 'LENDER')

**PARTY OF THE FIRST PART**  
(Lender / Secured Party)

-and-

**2110785 ONTARIO INC.**  
(Hereinafter referred to as the 'BORROWER')

**PARTY OF THE SECOND PART**  
(Borrower)

### ARTICLE 1 - OFFER OF LOAN & ACKNOWLEDGEMENT OF OBLIGATIONS

- 1.1 **OFFER OF LOAN:** The Lender, under the auspices of Industry Canada's Community Futures Development Program, hereby offers to provide Business Loan Financing to the Borrower in accordance with the terms and conditions set forth herein this LOAN AGREEMENT, which shall include all Schedules, Security Instruments and other Documents executed by each Borrower in relation to completion of the within proposed transaction.
- 1.2 **CONSIDERATION:** The within Business Loan Financing is hereby proposed and granted by the Lender and accepted by the Borrower in consideration of the payment of **ONE ---- 00/100 DOLLAR (\$1.00)** to each other together with other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by each party.
- 1.3 **DISCLOSURE OF FINANCIAL & OTHER INFORMATION:** Each Borrower hereby states that the financial and other information disclosed to the Lender for the purposes of completing the within Business Loan Financing transaction is true, complete and accurate.
- 1.4 **BENEFIT RECEIVED BY EACH BORROWER:** Each Borrower hereby acknowledges and agrees that he has or will receive a direct or indirect benefit, or both, as a result of the within Business Loan Financing transaction. Specifically, each Borrower acknowledges and agrees that such benefit will result from the financial, personal and emotional satisfaction and/or other gain that he anticipates to receive as a result of completion of the within Business Loan Financing transaction.
- 1.5 **JOINT & SEVERAL LIABILITY:** Each Borrower hereby acknowledges and agrees that he shall be personally responsible to perform all obligations owed to the Lender in accordance with the terms and conditions of the within LOAN AGREEMENT. Further, each Borrower hereby acknowledges and specifically agrees to be **jointly, severally & separately liable and responsible** to fulfill all repayment obligations owed to the Lender in accordance herewith.

- 1.6 **VOLUNTARY AGREEMENT:** Each Borrower hereby acknowledges that he has entered in to the within Business Loan Financing transaction and LOAN AGREEMENT voluntarily in an exercise of free will.
- 1.7 **TERMS & CONDITIONS:** Each Borrower hereby acknowledges that he has acquired complete understanding of all repayment and other obligations that may be owed to the Lender in accordance with the terms and conditions of the within LOAN AGREEMENT.
- 1.8 **ENFORCEMENT RIGHTS:** Each Borrower hereby acknowledges that he has acquired complete understanding of the manner in which the repayment and other obligations owed under the terms and conditions of the within LOAN AGREEMENT may be enforced against him personally and in absence of any enforcement actions being contemplated, taken or required to be taken against any other Borrower, Guarantor (*if applicable*) or person obligated to the Lender under the terms and conditions of the within LOAN AGREEMENT.
- 1.9 **ABSENCE OF UNDUE INFLUENCE:** Each Borrower hereby acknowledges that he has executed the within LOAN AGREEMENT, Schedules, Security Instruments and other related Documents as a result of his absolute free will in absence of any psychological or physical pressure or undue influence exercised against him by any other Borrower, the Lender or any other person.

#### **ARTICLE 2 - LOAN ADVANCE & REPAYMENT PROVISIONS**

- 2.1 **PRINCIPAL LOAN -** \$160,000.00  
**INTEREST RATE -** 10.0%, calculated Monthly  
**INSTALMENTS -** \$1,333.34 Interest Only  
**FREQUENCY -** Monthly  
**TERM -** 12 MONTHS  
**AMORTIZATION -** Not Applicable
- 2.2 **DISBURSEMENT OF LOAN FUNDS:** Each Borrower and Guarantor (*if applicable*) shall execute and deliver a ***Direction for Disbursement of Funds*** authorizing the Lender to disburse the LOAN funds directly to the Borrower's Solicitor and/or Creditors, Vendors or other persons identified by the Lender as being entitled to receive such funds. The ***Direction for Disbursement of Funds*** shall be drafted in a form and approved by the Lender.
- 2.3 **PAYMENT OF EXISTING CREDIT OR OTHER ACCOUNTS:** Each Borrower hereby acknowledges that the Lender reserves the right to advance any portion of the LOAN funds directly to one or more Third Party Vendors, Suppliers or other persons identified by the Lender as lawful Creditors of the Borrower. For clarity, but not to limit the generality, the foregoing payments to Third Party Creditors may include any existing Credit Account, Debt, Liability or other Account owed or payable by the Borrower, Guarantor (*if applicable*) or any other person closely related or associated with the Borrower.

Further, the Lender shall be entitled to exercise its discretion at any time prior or subsequent to advancing any part of the LOAN funds by requiring the Borrower to deliver any Payment Histories, Account Statements, Payout Statements or other information, instruments or documents an ongoing Authorization permitting the Lender to obtain such Items from any existing or future Creditor of the Borrower, Guarantor (*if applicable*) or any other person closely related or associated with the Borrower. Should the Borrower refuse to comply with any demand for information or documentation made by the Lender upon having received reasonable notice, then the Lender shall be entitled to cancel this Business Loan Financing transaction before its completion or otherwise declare that such

failure or refusal constitutes an Act of Default under the terms and conditions of the within LOAN AGREEMENT.

The Lender shall be entitled to demand the Borrower and Guarantor (*if applicable*) affect immediate repayment of all monies owed under the terms and conditions of the within LOAN AGREEMENT in circumstances where the Lender has exercised its discretion by means of making such declaration of Default in accordance with this Article.

Each Borrower hereby acknowledges and agrees that the Lender shall be entitled to require him or any Guarantor (*if applicable*) to execute any **Authorizations & Directions** that the Lender may require in order to ensure that any existing or future Accounts, Debts or Liabilities of the Borrower or Guarantor (*if applicable*) shall be Paid-Out, Discharged, Released and/or Closed upon completion of the within Business Loan Financing transaction or as otherwise determined in the discretion of the Lender. For clarity, such Accounts, Debts or Liabilities may include, but are not limited to, any Suppliers, Banks, Contractors, Credit Card Companies, Government Ministries or Departments or any other person who is or may be a Creditor of the Borrower and/or Guarantor (*if applicable*).

### **ARTICLE 3 - TERMS OF REPAYMENT**

- 3.1 **PROMISE TO REPAY DEBT:** Each Borrower hereby agrees to repay, or cause to be repaid, the Business Loan Financing advanced to us on the basis of our individual credit worthiness. Each Borrower acknowledges that such Business Loan Financing forms a debt in the principal sum of \$160,000.00 owed to the Lender. Each Borrower further agrees to repay the foregoing debt in accordance with the terms and conditions of the within LOAN AGREEMENT.
- 3.2 **INSTALMENT PAYMENTS:** Each Borrower hereby promises to repay, or cause to be repaid, the debt referred to at Article 3.1, together with accrued interest, charges and penalties (*if applicable*), by means of MONTHLY INSTALMENT PAYMENTS fixed in the amount of:

**ONE THOUSAND, THREE HUNDRED THIRTY-THREE -----  
33/100 DOLLARS (\$1,333.34) comprised of INTEREST ONLY  
PAYMENTS with the aggregate of the foregoing amount divided  
into TWO (2) equal Payments of SIX HUNDRED SIXTY-SIX ----  
67/100 DOLLARS (\$666.67) to be made and submitted to  
SAUGEEN ECONOMIC DEVELOPMENT CORPORATION and  
BRUCE COMMUNITY FUTURES DEVELOPMENT  
CORPORATION respectively.**

Each Borrower further agrees to pay, or cause to be paid, the MONTHLY INSTALMENT PAYMENTS commencing on **September 1<sup>st</sup> 2012** and continuing on the 1<sup>st</sup> day of each and every month thereafter until the full amount of the outstanding debt then owed to the Lender shall fall due and be payable on **August 1<sup>st</sup> 2013**. However, the Lender shall reserve the right to renew and extend this LOAN AGREEMENT on terms and conditions agreed to with the Borrower in writing from time to time.

The MONTHLY INSTALMENT PAYMENTS shall be paid by negotiation of TWELVE (12) POST-DATED CHEQUES delivered to each of SAUGEEN ECONOMIC DEVELOPMENT CORPORATION and BRUCE COMMUNITY FUTURES DEVELOPMENT CORPORATION respectively and concurrently with the completion of this Business Loan Financing transaction. The Borrower further agrees to deliver a further TWELVE (12) POST-DATED CHEQUES to the Lender on the ANNIVERSARY DATE of the completion of this Business Loan Financing transaction and in each year thereafter for the entire TERM of this LOAN AGREEMENT or any

renewal hereof.

- 3.3 **PRINCIPAL DUE FORTHWITH ON RECEIPT OF SRED TAX REBATE:** Notwithstanding the foregoing terms contained within this Article 3.2, in the event that prior to August 1<sup>st</sup> 2013, BOGDON & GROSS FURNITURE COMPANY LIMITED (*an Ontario Corporation related to the Borrower*) receives payment of its Refundable Tax Credits relating to the Tax Year Ending December 31<sup>st</sup> 2012 under the SCIENTIFIC RESEARCH AND EXPERIMENTAL DEVELOPMENT PROGRAM administered by the Federal Government of Canada and/or the INNOVATION TAX CREDIT PROGRAM administered by the Ontario Government (collectively '**SRED TAX REBATE**'), then the entire balance of the Indebtedness owed hereunder, including any accrued Interest, Penalties and Fees, shall immediately become due and payable at the sole and unfettered option and discretion of the Lender.
- 3.4 **CALCULATION OF INTEREST:** INTEREST shall be computed and accrue against the PRINCIPAL LOAN on the earlier date of the Initial advance of any part of the PRINCIPAL LOAN or commencing on and from **August 1<sup>st</sup> 2012**. INTEREST shall continue to accrue and be applied against the outstanding debt owing from time to time until the amount of debt owed by the Borrower to the Lender has been repaid in full.
- 3.5 **AMOUNTS TO BE ADDED TO THE PRINCIPAL:** Each Borrower hereby acknowledges and agrees that all accrued INTEREST, FEES, PENALTIES, COSTS and other amounts charged in accordance with the terms and conditions stated herein shall be added to the debt owed by the Borrower to the Lender. Such amounts shall be added to the said debt regardless of whether such amounts accrue or become payable before, after or as a result of any *Act of Default* committed by the Borrower or upon maturity of the TERM or any renewal of the within LOAN AGREEMENT.
- 3.6 **APPLICATION OF PAYMENTS:** All payments received by the Lender in accordance with the terms of this LOAN AGREEMENT shall be applied firstly toward FEES, PENALTIES and COSTS properly charged or incurred by the Lender. The remaining amount of any payment made by the Borrower shall then be applied to the payment of accrued and outstanding INTEREST before being applied to reduction of the PRINCIPAL LOAN or debt amount then owed by the Borrower to the Lender in accordance herewith the terms of this LOAN AGREEMENT.

#### **ARTICLE 4 – PURPOSE OF BUSINESS LOAN FINANCING TRANSACTION**

- 4.1 **PURPOSE OF LOAN FINANCING:** The Borrower hereby confirms that the funds to be advanced under the terms of this LOAN AGREEMENT shall be utilized and employed for the following purposes:
- (1) To assist in meeting the PAYROLL obligations of BOGDON & GROSS FURNITURE COMPANY LIMITED to be paid on August 7<sup>th</sup> 2012;
  - (2) To bring into good standing, if required, the HST REMITTANCE ACCOUNT owed by BOGDON & GROSS FURNITURE COMPANY LIMITED to REVENUE CANADA;
  - (3) To bring into good standing, if required, the EMPLOYEE SOURCE DEDUCTIONS REMITTANCE ACCOUNT owed by BOGDON & GROSS FURNITURE COMPANY LIMITED to REVENUE CANADA;
  - (4) To bring into good standing, if required, the EMPLOYER HEALTH TAX REMITTANCE ACCOUNT owed by BOGDON & GROSS

FURNITURE COMPANY LIMITED to the MINISTER OF FINANCE (Ontario);

- (5) To bring into good standing, if required, the settlement of arrears in payment the WORKERS COMPENSATION INSURANCE PREMIUMS owed by BOGDON & GROSS FURNITURE COMPANY LIMITED to the WORKPLACE SAFETY & INSURANCE BOARD (Ontario);
- (6) To hire CENTIMARK LTD. to install a new ROOF at the Manufacturing and Office facilities of BOGDON & GROSS FURNITURE COMPANY LIMITED; which such facilities are located at 75 Ridout Street, Walkerton, Ontario; and
- (7) The remainder, if any, for cash flow and operating purposes.

4.2 **LOAN CONDITIONAL ON USE OF FUNDS:** The Borrower hereby acknowledges and agrees that the within Business Loan Financing transaction is being proposed by the Lender on the basis of, and conditional upon, all of the PRINCIPAL LOAN funds to be advanced are utilized and employed by the Borrower for the SPECIFIC PURPOSES or PURPOSES stated at Article 4.1 herein.

4.3 **CREATION OF EMPLOYMENT:** The Borrower further acknowledges and agrees that by virtue of the Lender having agreed to extend the within Business Loan Financing, the Borrower will endeavour to maintain and/or create SEVENTY-SIX (76) FULL TIME and PART-TIME employment positions within the TWELVE (12) MONTH period following the completion of the within Business Loan Financing transaction and maintain such levels of employment throughout the TERM and any renewal of the within LOAN AGREEMENT.

#### **ARTICLE 5 - PRE-FINANCING CONDITIONS & PLEDGE OF SECURITY**

5.1 **CREDIT ADVANCE CONDITIONAL:** Each Borrower hereby acknowledges and agrees that the Lender shall not be obligated to advance any part of the PRINCIPAL LOAN unless the Borrower and/or Guarantor (*if applicable*), as the case may be, has pledged all SECURITY and fulfilled all of the PRE-FINANCING CONDITIONS stated as follows:

- (i) **AUTHORIZATIONS & DIRECTIONS:** Each Borrower, Guarantor (*if applicable*) and other Interested persons not dealing at arms length with the Borrower, as determined in the discretion of the Lender, shall execute and deliver all ***Authorizations & Directions*** required by the Lender to complete all of its due diligence searches and procedures. Such ***Authorizations & Directions*** may include, but are not limited to, Credit History Investigations; Real Property Mortgage Statements; Real Property Title & Off-Title Searches; Personal Property Security Interest Searches & Information in the possession or control of any existing or future Secured Party; Property Damage & Loss Insurance Policies; Credit Card and other Unsecured Debt Account Statements, Payment History & current Balances of Debt owed, Life Insurance Information, all levels of Government Tax obligations, Remittances, and other Accounts or currency of required Licenses or Permits or any other matter or information that in the sole discretion of the Lender may be required to determine the Credit Worthiness of each Borrower and Guarantor (*if applicable*) or the sufficiency or validity of the Security Interests pledged and created in accordance with the terms and conditions of the within LOAN AGREEMENT.
- (ii) **PROMISSORY NOTE:** Each Borrower shall execute and deliver to the Lender a ***Promissory Note*** in a form acceptable to the Lender.

- (iii) **GUARANTEE OF DEBT REPAYMENT & POSTPONEMENT OF CLAIMS:** The following Individuals, Corporations or other Legal entities shall execute and deliver to the Lender a **Guarantee of Debt Repayment** and **Postponement of Claims** in a form acceptable to the Lender:

**BOGDON & GROSS FURNITURE COMPANY LIMITED;**  
**ADAM HOFMANN;** and  
**DIRK NIELSEN.**

- (iv) **ASSIGNMENT OF SRED TAX REBATE (2012) & POWER OF ATTORNEY:** The Guarantor, BOGDON & GROSS FURNITURE COMPANY LIMITED, shall execute a valid **Assignment of SRED Tax Rebate**, as hereinbefore defined, and a corresponding **Irrevocable Power of Attorney** naming the Lender SEDC as its Attorney with respect to receipt of the said SRED Tax Rebate, both of which shall be in a form approved by the Lender. The said **Assignment of SRED Tax Rebate** shall evidence, grant, pledge and create a FIRST PRIORITY SECURITY INTEREST & CHARGE against receipt of the title to the said SRED Tax Rebate.

The Lender shall be entitled to satisfy itself as to the sufficiency of the security pledged and register one or more *Financing Statements* in the PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM maintained in accordance with the provisions of the Personal Property Security Act (Ontario).

Any proceeds received by the Lender as a result of the enforcement of the **Assignment of SRED Tax Rebate** shall be applied firstly to the payment of all debts owed to the Lender under the terms and conditions of the within LOAN AGREEMENT. The Lender shall then deliver and pay over any surplus Benefits or other Proceeds to the Named Insured or as he may otherwise direct in writing.

The Lender hereby agrees to deliver a **RELEASE** in respect of the **Assignment of SRED Tax Rebate** and **Irrevocable Power of Attorney** forthwith upon the Borrower having fulfilled all of its repayment and other obligations owed in accordance with the terms and conditions of the within LOAN AGREEMENT.

- (v) **LEGAL STATUS OF BORROWER & GUARANTOR:** The Borrower and BOGDON & GROSS FURNITURE COMPANY LIMITED shall each deliver a **Corporate Profile Report** issued by the Ministry of Consumer & Commercial Relations or other documentary evidence satisfactory to the Lender to evidence that each such entity is an existing and active Corporation pursuant to the Laws of Ontario or Canada, as applicable.

Each Individual, whether acting in his personal capacity or as an authorized representative of a Corporation, who is executing the within LOAN AGREEMENT or any other Document or Instrument related hereto shall deliver a true copy of his **Birth Certificate**, **Canadian Citizenship** or **Canadian Passport** together with a true copy of his **Social Insurance Card** and **Photo Identification Card** or current **Photo Driver's License** to the Lender for its review, verification and approval of the legal identity of each such Individual.

- (vi) **AUTHORITY TO BORROW & PLEDGE SECURITY:** The Borrower and BOGDON & GROSS FURNITURE COMPANY LIMITED shall each deliver a **Resolution of the Board of Directors**, which shall be **Ratified & Consented** to by all of the



Shareholders of the Corporation. Such **Resolution** shall be in a form approved by the Lender and shall specifically state that the Borrower Corporation is authorized to enter in to the within LOAN AGREEMENT and grant or pledge all Security described herein and that BOGDON & GROSS FURNITURE COMPANY LIMITED is authorized to pledge the **Guarantee of Debt Repayment** and **Postponement of Claims** described at Article 5.1(iii) and the **Assignment of SRED Tax Rebate** and corresponding **Irrevocable Power of Attorney** described at Article 5.1(iv) herein.

- (vii) **CERTIFICATE OF INCUMBENCY:** The Borrower and BOGDON & GROSS FURNITURE COMPANY LIMITED shall each deliver a **Certificate of Incumbency** together with true copy of its current **Shareholder Ledger**.
  
- (viii) **DISCLOSURE OF FINANCIAL RECORDS:** Each Borrower and Guarantor (*if applicable*) shall deliver true and accurate copies of all **Financial Records** and other Documents required by the Lender to investigate the Business affairs and credit worthiness of the Borrower. Such **Financial Records** may include, without limiting the generality of the foregoing, the following items:
  - (a) Aged List of Accounts Payable,
  - (b) Aged List of Accounts Receivable,
  - (c) Profit & Loss (Income) Statements,
  - (d) Balance Sheets,
  - (e) Accounting Books & Ledgers,
  - (f) Bank Statements & Records,
  - (g) Income Tax Returns & Notices of Assessment or Re-Assessment,
  - (h) Goods & Services Tax Returns & Remittance Statements,
  - (i) Provincial Retail Sales Tax Returns & Remittance Statements,
  - (j) Employee Deduction Remittance Statements,
  - (k) Loan Agreements & Security Instruments (both given and received), and
  - (l) Any other Document, Instrument or Record required by the Lender.

Each Borrower hereby acknowledges and agrees to deliver the foregoing items as requested by the Lender in respect of any one or more Borrowers or Guarantors (*if applicable*) for the period being up to and including the **SIX (6) YEARS** immediately preceding the date of the approval of the Borrower's application in relation to the within Business Loan Financing transaction.

The Lender is hereby authorized and entitled to take whatever actions, including requiring any Borrower or Guarantor (*if applicable*) to execute Third Party **Authorizations & Directions** to release Information or Documentation directly to the Lender, as means to review, update, verify and approve the financial status and credit-worthiness of each Borrower and Guarantor (*if applicable*) prior to making any advance of funds under the terms of the within LOAN AGREEMENT.

- (ix) **CLEARANCE CERTIFICATES:** The Lender shall be entitled at any time to require the Borrower to deliver any **Clearance Certificates** issued by the responsible Provincial or Federal government, Professional Association or other entity in relation to **Corporate Income Tax, Harmonized Sales Tax, Employee Deduction Remittances** and/or similar Taxes, Levies, Fees or Charges. Alternatively, the Lender may agree to accept any other evidence approved by the Lender or an ongoing and **Irrevocable**

**Authorization & Direction** executed by the Borrower to permit the relevant Provincial or Federal government, Professional Association or other entity to provide such **Clearance Certificates** or other documented evidence or any other related information directly to the Lender.

- (x) **BORROWER'S INDEPENDENT LEGAL REPRESENTATION:** The Borrower shall be required to arrange for and receive **Independent Legal Representation** with respect to the negotiation and completion of the within Business Loan Financing Transaction and his agreement to be bound by the terms of this LOAN AGREEMENT and Security Instruments Identified herein.

Alternatively, the Lender may consent to the Borrower's request to **Waive** his right to receive **Independent Legal Representation**. The Lender's agreement to any **Request for Consent to Waive Independent Legal Representation** shall only be granted on condition that the particular Borrower executes a **Waiver of Independent Legal Representation** in a form satisfactory to the Lender.

- (xi) **GUARANTOR'S INDEPENDENT LEGAL ADVICE:** Each Guarantor shall be required to arrange for and to receive **Independent Legal Advice** with respect to his agreement to be bound by the terms of the **Guarantee of Debt Repayment** and **Postponement of Claims** identified at Article 5.1(iii) and the **Assignment of SRED Tax Rebate** and corresponding **Irrevocable Power of Attorney** described at Article 5.1(iv) herein. Further, each Guarantor shall execute and deliver to the Lender an **Acknowledgment of Independent Legal Advice**, supported by a **Solicitor's Certificate** in a form acceptable to the Lender.

Alternatively, the Lender may consent to the Guarantor's request to **Waive** his right to receive **Independent Legal Advice**. The Lender's agreement to any **Request for Consent to Waive Independent Legal Advice** shall only be granted on condition that the particular Guarantor executes a **Waiver of Independent Legal Advice** in a form satisfactory to the Lender.

- 5.2 **TERMINATION OF TRANSACTION FOR NON-COMPLIANCE WITH CONDITIONS:** Should the Borrower fail to fulfill any of the PRE-FINANCING CONDITIONS stated herein this Article on or before **August 7<sup>th</sup> 2012**, the Lender shall be entitled at any time thereafter to terminate the within Business Loan Financing transaction by notice given to the Borrower. Should the Lender elect to terminate the within Business Loan Financing transaction in accordance herewith this Article, the Borrower shall remain responsible to pay all of the Lender's expenses, including the Application Fee, Administrative costs, Credit investigation expenses and Legal costs incurred by the Lender in relation hereto.

## **ARTICLE 6 – POST-FINANCING TERMS & CONDITIONS**

- 6.1 **EXECUTION OF ADDITIONAL DOCUMENTS:** Each Borrower hereby agrees to execute and deliver to the Lender such additional Agreements, Security Instruments or other documents as may be required from time to time to give effect to the within Business Loan Financing transaction.
- 6.2 **LATE PAYMENTS & NON-PAYMENTS:** The Lender shall be entitled to charge a FIFTY --- 00/100 DOLLAR (\$50.00) **Service Charge** should any payment owed in accordance with the terms of the within LOAN AGREEMENT be delivered or paid after its Due Date or the payment is not made, delivered or is returned to the Lender from the Financial Institution upon which such payment was drawn and is marked non-negotiable

because of *Insufficient Funds on Deposit (NSF)*, *Stop Payment* or for any other reason.

- 6.3 **ANNUAL FINANCIAL DOCUMENTATION:** The Borrower shall deliver *Annual Financial Statements* prepared by an Accountant approved by the Lender. The said *Annual Financial Statements* shall be delivered to the Lender within NINETY (90) DAYS following the end of the financial year of the Borrower.

In the event that the Borrower fails to deliver any *Annual Financial Statements* within the prescribed period, the Lender shall be entitled to charge a TWO HUNDRED ----- 00/100 DOLLAR (\$200.00) **Administration Fee** to review the credit position of the Borrower. Furthermore, the Lender shall remain entitled to receive the *Annual Financial Statements* as required herein.

- 6.4 **BUSINESS INFORMATION & ACCESS TO RECORDS:** The Borrower shall provide the Lender with access to any Information related to his business operations as may be required from time to time. Such information may include, but is not limited to, the Lender having free and uninhibited access to the Borrower's place of business for the purpose of inspecting the operation and its Accounting and other records.

The Borrower shall also execute all ***Authorizations & Directions*** or other documents required by the Lender in order to gain unrestricted access to all available Information, financial documentation and records in the possession or control of the Borrower's Banker, Accountant, Bookkeeper or any other Individual, Corporation, person, organization or entity. For clarity, the Lender may rely upon this clause as a deemed ***Acknowledgment & Direction*** given by the Borrower and as may be required by any person as a condition to disclose any information concerning the Borrower's business affairs, finances and accounts.

- 6.5 **MONTHLY FINANCIAL DOCUMENTATION:** The Borrower and BOGDON & GROSS FURNITURE COMPANY LIMITED shall deliver an **Aged List of Accounts Receivable, Accounts Payable, Income Statement, and Balance Sheet** in relation to its business affairs for each Month during the term of the within LOAN AGREEMENT. The foregoing information and documentation is to be delivered to the Lender within **THIRTY (30) CALENDAR DAYS** following the end of the relevant Fiscal Month.

- 6.6 **DISCLOSURE OF INFORMATION TO INDUSTRY CANADA:** The Borrower acknowledges that the Federal Government of Canada is permitted access to the Lender's client files. Such access is permitted for the purposes of reporting, monitoring and evaluation of the Lender's operations. The Lender's clients may therefore be contacted from time to time by representatives of the Federal Government of Canada in order to effectively evaluate the performance of the Lender. The Lender's clients are encouraged to cooperate with Industry Canada representatives by delivering any Information that may be requested in regard to the services and assistance provided by the Lender to the Borrower. All information and documentation provided by the Borrower to the Lender and the Federal Government of Canada will be held in strict confidence and privacy.

- 6.7 **COMPLIANCE WITH LAWS:** The Borrower shall comply with all laws, regulations, by-laws, ordinances, decrees and other requirements of the federal, provincial, territorial, municipal governments and other authoritative bodies that may govern or regulate the Borrower's business operations. The foregoing requirements include adherence to any Provisions or Regulations relating to the ***Environmental Protection Act*** (Ontario) and the protection of the environment in general.

6.8 **SPECIAL CONDITIONS:**

- (i) **MISREPRESENTATION OF ASSETS:** This LOAN AGREEMENT becomes void and the Principal Debt owed hereunder shall become immediately due and payable, together with all present and future Interest, Penalties, Fees and Costs, if at any time the Lender determines in its sole discretion that the Borrower has purposely or mistakenly misrepresented his title and interest in respect of any part of the Real Property and/or Personal Property secured under the terms of the within LOAN AGREEMENT or any related Agreements, Security Instruments or other Documents completed and executed in relation hereto.
- (ii) **LEGAL COSTS:** The Borrower shall be responsible for all costs incurred by the Lender in relation to the processing of this Business Loan Financing transaction, which such costs shall include, but are not limited to, all Legal Services and Disbursements required to give effect to the within LOAN AGREEMENT and Security Interests pledged by the Borrower and/or Guarantor (*if applicable*) in relation hereto. The payment of the Lender's Costs by the Borrower shall be applicable regardless of whether the within Business Loan Financing transaction is completed and regardless of whether any part of the LOAN funds have been advanced to or for the benefit of the Borrower.
- (iii) **CREDIT INVESTIGATION & SECURITY REGISTRATIONS:** Each Borrower and Guarantor (*if applicable*) shall authorize, grant and direct the Lender to undertake and complete any investigations that it deems necessary for the purpose of determining the financial affairs and credit worthiness of the Borrower and Guarantor (*if applicable*) and for the purposes of enforcing the Repayment and other obligations owed to the Lender in accordance with the terms and conditions of the within LOAN AGREEMENT.

For clarity, the Lender is hereby authorized and directed by the Borrower to conduct any Credit Investigations it deems necessary to determine the present or future credit worthiness of the Borrower and Guarantor (*if applicable*). Such Credit Investigations may include the obtaining of present or future **Credit Bureau Reports** or **Credit History Reports** with respect to each Borrower and Guarantor (*if applicable*) as maintained by any **Credit Reporting Service** in Canada.

The Borrower agrees to pay or reimburse the Lender for its Loan Application and Administration costs and fees, including any fees incurred by the Lender with respect to completing any present or future Credit Investigations in relation to the within Business Loan Financing transaction.

The Borrower further agrees to pay or reimburse the Lender for all fees incurred by it with respect to any **Personal Property Security Registration System Searches, Security Interest Registration Fees, Land Registry Searches, Land Registry Registration Fees, Appraisals, Letters of Opinion** and any and all other fees, expenses and costs associated with the undertaking, processing, completion and/or enforcement of this LOAN AGREEMENT.

- (v) **PREPAYMENT PRIVILEGES:** The Borrower shall be entitled to make any Prepayment of the whole or part of the Principal Debt at any time or times **WITHOUT PENALTY OR INTEREST BONUS APPLIED**.

- 6.9 **ONGOING COVENANTS (Positive & Negative):** Each Borrower agrees that he shall not in any way participate or authorize any of the following

actions to be taken in absence of the written consent of the Lender:

- (i) Increase Salaries or Draws of any Officers, Directors, or Shareholders of the Borrower Corporation;
- (ii) Change the location of the principal place of business of the Borrower or BOGDON & GROSS FURNITURE COMPANY LIMITED;
- (iii) Sell, Convey, Transfer or otherwise Dispose of any Capital Assets pledged as Security to the Lender hereunder;
- (iv) Disburse or enter in to any agreements with respect to the making of any Capital Expenditures are Individually or collectively in excess of FIFTY THOUSAND -----00/100 DOLLARS (\$50,000.00) in any calendar, except as contemplated under the specific terms of the within LOAN AGREEMENT;
- (v) Hire any employee who resides outside of the area of Operation of the Lender;
- (vi) Create or pledge any subsequent Security Interests or other encumbrances or liabilities in relation to the Real Property and/or Personal Property pledged as Security to the Lender hereunder;
- (vii) Create, issue, transfer, convey or otherwise assign any Shares, Classes of Shares or other ownership interests in relation to the Borrower or its Business enterprise;
- (viii) Pay out Dividends, Bonuses or other Distribution of Profits or Capital to any Owner, Partner, Shareholder, Officer, Director, Employee or other person not dealing at arms length with the Borrower, as defined by the *Income Tax Act* (Canada).

#### **ARTICLE 7 – ACCELERATION OF DEBT REPAYMENT**

- 7.1 **DEMAND FOR ACCELERATED REPAYMENT UPON DEFAULT:** The Lender reserves the right to accelerate and demand Immediate payment of the Principal, Interest and other amounts owed hereunder in any circumstance where there has been an *Act of Default* committed by the Borrower as hereinafter defined in this Article.
- 7.2 **PROMISE TO EFFECT ACCELERATED REPAYMENT UPON DEMAND:** Each Borrower hereby promises and agrees to effect immediate repayment of the outstanding debt owed in accordance with the terms of the within LOAN AGREEMENT if at any time the Lender makes demand for accelerated payment by written notice upon or following of one or more *Acts of Default* hereinafter defined in this Article.
- 7.3 **ACTS OF DEFAULT:** Each Borrower hereby acknowledges and agrees that the occurrence of any of the following circumstances as determined in the sole discretion and opinion of the Lender shall constitute an *Act of Default* of the Borrower's obligations hereunder:
- (i) The Borrower has committed any Default of its repayment or other obligations owed to the Lender in accordance with the terms of the within LOAN AGREEMENT or any Agreement, Security Instrument or other Document executed in relation thereto; or
  - (ii) There is a material adverse change in risk of default in respect of the Borrower's repayment or other obligations under the terms of this LOAN AGREEMENT which may occur due to the Borrower's and/or Guarantor's (*if applicable*) ability or willingness to fulfill the

repayment and other obligations owed to the Lender, or

- (iii) The Borrower has not drawn the entire loan advance within NINETY (90) DAYS of the date the Borrower is advised in writing of the Lender's Offer and Commitment to complete the within Business Loan Financing transaction; or
- (iv) The Borrower or BOGDON & GROSS FURNITURE COMPANY LIMITED fails to comply with any term, condition or provision of this LOAN AGREEMENT other than for the repayment of money (including if it is discovered that any information, representations or warranties provided by the Borrower are incorrect) and that such event of default is not cured by the Borrower within THIRTY (30) DAYS of having received Written Notice from the Lender; or
- (v) The Borrower or BOGDON & GROSS FURNITURE COMPANY LIMITED is in default with respect to any liability for the payment of money to any of its Creditors, other than the Lender; which such default of payment includes, but is not limited to, any Government Tax, Levy or Charge, Insurance Premiums, Business Premises Rent, Supplier Accounts, General Accounts Payable, Equipment or Vehicle Lease Payments or obligations related to any Loan Financing or Credit Facility with any other Creditor; or
- (vi) The Borrower or BOGDON & GROSS FURNITURE COMPANY LIMITED amalgamates or conveys any part of its Business Enterprise and Operations to any other Business, Corporation, Partnership, Individual or other entity without the written consent of the Lender;
- (vii) The Borrower or BOGDON & GROSS FURNITURE COMPANY LIMITED relocates its ~~the~~ Business Premises or a substantial portion of its business operations and enterprise outside the geographic area serviced by the Lender; or
- (viii) The Borrower or BOGDON & GROSS FURNITURE COMPANY LIMITED ceases to carry on business, or if the principal place of business of the Borrower fails to open for business for a period of FIFTEEN (15) DAYS in any TWENTY (20) DAY period or becomes vacant or unoccupied; or
- (ix) The holder of any Mortgage, Charge, Encumbrance or Security Interest with respect to any of the Borrower's or BOGDON & GROSS FURNITURE COMPANY LIMITED'S Real Property or Personal Property (*Business Assets*) or Business Enterprise takes any steps or actions to enforce or realize against the Security pledge under any such Mortgage, Charge, Encumbrance or Security Interest; or
- (x) A Petition in Bankruptcy is filed against the Borrower or BOGDON & GROSS FURNITURE COMPANY LIMITED; which is not dismissed within SIXTY (60) DAYS of such filing, or the Borrower makes an Assignment of all of its property under the terms of the *Bankruptcy & Insolvency Act (Canada)* or an Agent or Receiver is Appointed to take possession over any portion of the assets of the Borrower, or the Borrower permits its property to be seized or taken in exercise of any *Writ of Execution*, or the Borrower or BOGDON & GROSS FURNITURE COMPANY LIMITED makes an Assignment for the benefit of its Creditors or is adjudicated to be Insolvent or Bankrupt or the Borrower makes its own Petition or Application to any Court or Tribunal of Competent Jurisdiction with respect to the appointment of any Receiver, Receiver Manager, Trustee, Liquidator or Sequestator of or for the Borrower or BOGDON & GROSS FURNITURE COMPANY LIMITED or the

Borrower's or BOGDON & GROSS FURNITURE COMPANY LIMITED'S property.

**ARTICLE 8 - INTERPRETATION**

8.1 **NOTICES:** Any Request, Notice or Demand made or given in connection with the terms of the within LOAN AGREEMENT may be made or given by Facsimile Transmission or by Pre-Paid Regular Letter Mail, Courier or Hand Delivered to the receiving party as set out below:

To the Borrower:                   **2110785 ONTARIO INC. &  
BOGDON & GROSS  
FURNITURE COMPANY LIMITED**  
75 Ridout Street  
Box 1240  
WALKERTON, Ontario N0G 2V0

Phone:           (519) 881-0600  
Fax:             (519) 881-1068

To the Lender:                   **SAUGEEN ECONOMIC  
DEVELOPMENT CORPORATION**  
515 Mill Street  
P.O. Box 177  
NEUSTADT, Ontario N0G 2M0

Phone:           (519) 799-5750  
Fax:             (519) 799-5752

And to:                           **BRUCE COMMUNITY FUTURES  
DEVELOPMENT CORPORATION**  
281 Durham Street  
P.O. Box 208  
KINCARDINE, Ontario N2Z 2Y7

Phone:           (519) 396-8141  
Fax:             (519) 396-8346

provided, however, that either party may change its contact information for the purposes of receipt of any notices or communications by delivery of **Written Notice** provided TEN (10) DAYS prior to such change to the other party in the manner described herein this clause.

In addition to being entitled to serve the opposing party with such notices and communications at the address or facsimile contact information provided above, either party may serve any Request, Notice or Demand in respect to of the within LOAN AGREEMENT upon any other party by delivering such communications in the manner set out above, but to the Solicitor representing the receiving party, unless such party has provided Notice in writing confirming that he is no longer represented by a Solicitor or is represented by a different Solicitor who is unauthorized to accept delivery of such notices and communications.

For clarity, any communication served by Facsimile Transmission shall be deemed to have been received by the receiving party at 9:00 a.m. on the first Business Day following the successful transmission of such communications provided that the delivering party has retained and is able to produce a copy of the successful Facsimile Transmission Report.

For further clarity, any communication served by Regular Letter Mail shall be deemed to have been received by the receiving party on the FIFTH

(5<sup>th</sup>) DAY following the day in which such communication was deposited with Canada Postal Services. However, no party shall be entitled to serve any written communications by Regular Letter Mail at a time that there is an actual or threatened stoppage of Postal Services.

- 8.2 **WAIVER:** Any party to this LOAN AGREEMENT may (a) WAIVE, in whole or in part, any of the Rights accruing to such party by reason of any term stated herein; and/or (b) WAIVE, in whole or in part, any Act of Default under any clause stated herein which is to the benefit of such party. However, any such WAIVER by either party shall not constitute WAIVER of any such term thereafter or any other clause or any subsequent Act of Default, as circumstances may so dictate.
- 8.3 **APPLICABLE LAW:** The within LOAN AGREEMENT is hereby made and shall be construed, governed and enforced in accordance with the laws of the Province of Ontario and Canada, where applicable.
- 8.4 **HEIRS & ASSIGNS:** The within LOAN AGREEMENT shall be binding upon and enure to the benefit of the parties hereto, their respective successors, administrators and assigns, except that the Borrower shall be prohibited from making any Assignment of its rights or obligations stated and set out hereunder unless the Borrower has received the prior written consent of the Lender with respect to such Assignment.
- 8.5 **INDEMNITY:** The Borrower shall Indemnify and save the Lender, its Officers, Directors and Employees harmless against all Liabilities, Claims, Damages or Expenses due to or arising out of any act or omission or neglect committed by the Borrower or its Servants, Employees, Agents, Invitees or Licensees in any way related to the operation of the Borrower's Business Enterprise or arising out of any Breach committed by the Borrower of any of the Covenants or Warranties given hereunder or in any other document provided in connection to the Application, Approval or Processing of the within Business Loan Financing transaction, including this LOAN AGREEMENT and any Security Interests granted, pledged or taken in relation thereto.
- 8.6 **EXECUTION IN COUNTERPARTS:** This LOAN AGREEMENT may be executed in several counterparts, each of which so executed shall be deemed to be an original hereof, and such counterparts together shall constitute but one and the same Instrument or Agreement so long as either an original or reproduction copy of each parties signed LOAN AGREEMENT has been delivered and received by each party in the manner as provided for at Article 8.1 herein.
- 8.7 **ARTICLES & HEADINGS:** The division of this document into ARTICLES and SUB-ARTICLES and the insertion of HEADINGS are for the convenience of reference only and shall not affect the construction or interpretation of this LOAN AGREEMENT. The terms stated as 'LOAN AGREEMENT', 'hereof', 'hereunder', 'herein' and similar expressions refer to the terms of this document and not to any particular ARTICLE, SUB-ARTICLE or any other specific portion of this document or any ancillary or supplemental instrument unless specifically stated as such. Unless something in the subject matter or context is inconsistent therewith, references herein to any ARTICLE are meant to be references to the ARTICLES and SUB-ARTICLES as stated herein.
- 8.8 **NUMBER & GENDER:** Words importing the singular number shall include the plural and *vice versa*. Words importing the masculine gender shall include the feminine and neuter genders and *vice versa*. Words importing or referring to persons shall include individuals, partnerships, associations, trusts, unincorporated organizations, corporations and any other legal entity.



**ARTICLE 9 - LENDER'S LEGAL REPRESENTATIVE**

- 9.1 **LENDER'S SOLICITOR:** The Lender will instruct its Solicitor to perform all Legal Services that it requires in relation to the processing and completion of the within Business Loan Financing transaction. Specifically, the Lender's solicitor shall prepare all necessary documentation and complete all investigations and searches on their behalf. However, the costs incurred by the Lender in relation to such Legal Services shall be borne by and are the responsibility of the Borrower. Payment of such costs shall be deducted from the initial or any subsequent advance of funds to be provided in accordance with the terms of this LOAN AGREEMENT.

The Lender Solicitor for the purposes of the within Business Loan Financing transaction shall be as follows:

**KEVIN W. McMEEKEN LAW OFFICE**  
207 – 10<sup>th</sup> Street  
HANOVER, Ontario N4N 1N8

Phone: (519) 364-5505  
Fax: (519) 364-0165

**[SIGNATURES ON THE NEXT PAGE FOLLOWING]**

IN WITNESS WHEREOF, the Parties have executed this LOAN AGREEMENT on the date referred to herein and as follows:

The Lender hereby advances the within proposal for Business Loan Financing to the Borrower on the terms and conditions stated herein this LOAN AGREEMENT and such offer is open for acceptance by the Borrower until 5:00 p.m. on July 31<sup>st</sup> 2012.

**PARTY OF THE FIRST PART (Lender / Secured Party)  
SIGNED, SEALED AND DELIVERED**

*Kwano  
to obtain copies  
of 5600  
BCFOC endorsement*

**SAUGEEN ECONOMIC  
DEVELOPMENT CORPORATION**

Per:

ROSE AUSTIN  
(General Manager)

Date: July 25<sup>th</sup> 2012

I have authority to bind the Corporation

**BRUCE COMMUNITY FUTURES  
DEVELOPMENT CORPORATION**

Per:

BARBARA FISCHER  
(General Manager)

DIANNE HEINISCH  
(Secretary-Treasurer)

Date: July 25<sup>th</sup> 2012

We have authority to  
bind the Corporation

Each of the undersigned hereby accepts the above Business Loan Financing proposal on the terms, conditions, obligations and provisions stated herein.

**PARTY OF THE SECOND PART (Borrower)  
SIGNED, SEALED AND DELIVERED**

**2110785 ONTARIO INC**

Per:



ADAM HOFMANN  
(President)

Dated: July 31 2012

I have authority to bind the Corporation

One executed copy of this proposal must be returned to the Lender prior to the initial advancement of funds under the terms of the within LOAN AGREEMENT

PROMISSORY NOTE

CREDITOR: SAUGEEN ECONOMIC DEVELOPMENT CORPORATION &  
BRUCE COMMUNITY FUTURES DEVELOPMENT CORPORATION  
DEBTOR: 2110785 ONTARIO INC.  
PRINCIPAL DEBT: \$160,000.00

FOR VALUABLE CONSIDERATION RECEIVED & ACKNOWLEDGED, the undersigned promises to pay to SAUGEEN ECONOMIC DEVELOPMENT CORPORATION and BRUCE COMMUNITY FUTURES DEVELOPMENT CORPORATION ("SEDC & BCFDC") the sum of ONE HUNDRED SIXTY THOUSAND --- 00/100 DOLLARS (\$160,000.00) (hereinafter referred as the "*Principal*") with interest computed and accrued thereon at the rate of TEN PERCENT (10.00%) per annum, calculated MONTHLY both before, as well after as, after maturity, and both before and after default. Interest shall be computed on the outstanding Principal from the earlier of the date of advance or August 1<sup>st</sup> 2012 and shall be added to the Principal as such interest accrues and is calculated from time to time. Further, the undersigned hereby acknowledges and agrees that his, her or its obligation to pay the Principal shall include and be together with all accrued Interest, Bonuses, Penalties, Fees, other Charges and Costs provided for within the terms of a certain LOAN AGREEMENT made with SEDC & BCFDC and executed by the undersigned on July 31<sup>st</sup> 2012 (all of which is hereinafter referred to as the "*Debt*").


THE UNDERSIGNED further acknowledges and agrees that my obligations to repay the Debt to SEDC & BCFDC shall be joint, several and separate of all other Individuals, persons, Corporations or other entities obligated to repay the said Principal and other monies that may be owed to SEDC & BCFDC in respect thereof from time to time.

THE UNDERSIGNED further promises to repay the Debt in equal Monthly Installments of ONE THOUSAND, THREE HUNDRED THIRTY-THREE --- 34/100 DOLLARS (\$1,333.34), being INTEREST ONLY, commencing on September 1<sup>st</sup> 2012 to and including August 1<sup>st</sup> 2013 when the remaining balance of the Debt, if any, shall become due. Alternatively, the undersigned hereby agrees to pay the entire Debt then owing to SEDC & BCFDC hereunder forthwith upon having received its 2012 Tax Rebate/Tax Refund under the SCIENTIFIC RESEARCH AND EXPERIMENTAL DEVELOPMENT PROGRAM administered by the Federal Government of Canada and/or the INNOVATION TAX CREDIT PROGRAM administered by the Ontario Government if such funds are received prior to August 1<sup>st</sup> 2013.

THE UNDERSIGNED hereby reserves the right to repay all, or any, of the Principal outstanding at any time or times without Notice, Penalty or Interest Bonus. Provided however that any partial Prepayment of the Debt shall be applied firstly to the reduction of any outstanding Bonuses, Penalties, Fees, other Charges and Costs provided for within the terms of the said LOAN AGREEMENT before reduction of any accrued Interest and lastly to the reduction of Principal in inverse order of maturity of this *Promissory Note*. Notwithstanding any Prepayment on account of the Principal hereby secured the aforesaid Monthly Installment payments shall continue to fall due and become payable for so long as any part of the Debt hereby secured remains unpaid.

THE UNDERSIGNED hereby acknowledges and agrees that should he, she or it fail to pay any Monthly Installment on the date such payment falls due or otherwise commits any *Act of Default*, as such term is defined within the said LOAN AGREEMENT, the current balance of the Debt then owed shall become due and payable at the option of SEDC & BCFDC. For clarity, the undersigned acknowledges and agrees that the Debt shall then include all Collection Costs, Legal Expenses, Disbursements or Fees Incurred by SEDC & BCFDC for any reason regardless of whether being as a result of making Demand or delivery of Notice or for the institution of any measures or actions taken to enforce the repayment and other obligations and liabilities of the undersigned in accordance with the terms of this *Promissory Note*.

SIGNED & DATED at HANOVER, Ontario this 3<sup>rd</sup> day of August, 2012.

)  
) 2110785 ONTARIO INC.  
) Per:   
) \_\_\_\_\_  
) ADAM HOFMANN  
) (President)  
)  
) I have authority to bind the Corporation.  
)

## ASSIGNMENT OF SRED TAX REBATE

WHEREAS BOGDON & GROSS FURNITURE COMPANY LIMITED (the "**CORPORATION**") is entitled to receive certain Investment Tax Credits pursuant to the SCIENTIFIC RESEARCH & EXPERIMENTAL DEVELOPMENT PROGRAM administered by the Federal Government of Canada and the INVESTMENT TAX CREDIT PROGRAM administered by the Government of the Province of Ontario (such credits and all related rights are hereinafter referred to as the "**SRED TAX REBATE**");

AND WHEREAS SAUGEEN ECONOMIC DEVELOPMENT CORPORATION & BRUCE COMMUNITY FUTURES DEVELOPMENT CORPORATION ("**SEDC & BCFDC**") have made certain credits available to the CORPORATION;

AND WHEREAS a portion of the liabilities, indebtedness and obligations owing by the CORPORATION to SEDC & BCFDC is evidenced by, *inter alia*, a GUARANTEE OF DEBT REPAYMENT (*dated on or about the date hereof*) issued by the CORPORATION to, and in favour of, SEDC & BCFDC, as same may be amended, restated or replaced from time to time to covenant and guarantee the due performance of the repayment and other obligations owed by 2110785 ONTARIO INC., being an Ontario Corporation related to the CORPORATION, to SEDC & BCFDC under the terms of a certain LOAN AGREEMENT (*dated July 25<sup>th</sup> 2012*) in the Principal Amount of ONE HUNDRED SIXTY THOUSAND ---- 00/100 DOLLARS (\$160,000.00) (collectively the "**INDEBTEDNESS**");

AND WHEREAS it is anticipated that, upon receipt by SEDC & BCFDC of the proceeds of the SRED TAX REBATE (the "**SRED PROCEEDS**"), such funds shall be applied to the repayment of the Indebtedness;

AND WHEREAS as further security for the due performance of the repayment and other obligations owed by 2110785 ONTARIO INC. under the terms of the said LOAN AGREEMENT (*dated July 25<sup>th</sup> 2012*), SEDC & BCFDC require the CORPORATION, and the CORPORATION agrees, to irrevocably and unconditionally assign all of its rights, title and interest in and to the SRED TAX REBATE and SRED PROCEEDS to SEDC & BCFDC, subject to the terms and conditions contained in this Agreement;

NOW THEREFORE IN CONSIDERATION of the payment of TWO ---- 00/100 DOLLARS (\$2.00) and for other good and valuable consideration including, without limitation, the credit made available by SEDC & BCFDC in favour of 2110785 ONTARIO INC., the receipt and sufficiency of which is hereby acknowledged, the CORPORATION hereby agrees as follows:

### ARTICLE 1: ASSIGNMENT

#### 1.1 Assignment

Throughout the term of this Agreement, the CORPORATION hereby irrevocably and unconditionally assigns, transfers and sets over by way of a fixed and specific assignment (*without recourse*) and grants to SEDC & BCFDC a continuing security interest in and to the SRED PROCEEDS and additionally grants to, and in favour of, SEDC & BCFDC absolutely all of the CORPORATION'S right, title and interest in, and to, all credits, refunds, proceeds and/or accrued interest payable thereon together with all other monies that may become due and payable in respect of all past, present and future SRED TAX REBATES of the CORPORATION and the full benefit of all powers and covenants to which the CORPORATION is entitled under any of the SRED TAX REBATES.

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### 1.2 Attorney of Corporation

To facilitate the foregoing assignment and the other purposes of this Agreement, the CORPORATION hereby irrevocably and unconditionally appoints SEDC as its lawful attorney and expressly authorizes SEDC to exercise any of the rights, entitlements, privileges, powers, benefits, advantages, authorities and discretions which could otherwise be exercised by the CORPORATION with respect to any of the SRED TAX REBATES. As attorney or agent of the CORPORATION, SEDC may collect and otherwise realize upon (including converting same into cash for the sole and exclusive benefit and use of SEDC & BCFDC) any credits, refunds, proceeds, accrued interest or other monies that may become due and payable in respect of any of the SRED TAX REBATES, and SEDC may appropriate such proceeds thereof in its absolute discretion on account of such parts of the Indebtedness as may seem best to SEDC & BCFDC; and SEDC before appropriating the same as aforesaid may deduct all reasonable costs, charges and expenses of realization including reasonable commissions for collection and all legal costs on a solicitor and his own client basis.

### 1.3 Payments to Corporation

If any of the SRED PROCEEDS are received or held by the CORPORATION, the CORPORATION hereby agrees to forthwith remit such SRED PROCEEDS in full to SEDC & BCFDC without set-off, deduction or counterclaim and, pending such delivery and/or remittance by the CORPORATION, all such SRED PROCEEDS shall be received and held in trust by the CORPORATION for the sole and exclusive benefit of SEDC & BCFDC. Any such SRED PROCEEDS received from time to time by the CORPORATION shall at all times remain segregated and not co-mingled with the CORPORATION'S own funds.

## ARTICLE 2; INDEMNITY

### 2.1 Indemnity

Nothing contained in this Agreement shall render SEDC & BCFDC, or any of its agents, employees, directors, officers, partners or any other persons for whom SEDC & BCFDC is in law responsible (such persons, the "*RELATED PERSONS*"), liable to any person or government body (including Canada Revenue Agency) for any obligation or liability of the CORPORATION in respect of any SRED TAX REBATES. In this regard, the CORPORATION hereby indemnifies and agrees to hold harmless SEDC & BCFDC and all of the RELATED PERSONS from and against any and all amounts, claims, demands, payments, charges, actions, causes of action, losses, suits, damages and costs whatsoever suffered or incurred by SEDC & BCFDC, or any of the RELATED PERSONS arising directly or indirectly from any SRED TAX REBATE, including, without limitation, any amounts that may be required to be refunded to any governmental body. Notwithstanding the foregoing, SEDC & BCFDC may, at its option, assume or perform any obligations which SEDC & BCFDC considers necessary or desirable to maintain the benefit of any SRED TAX REBATE free of any set-off, deduction or abatement and any monies expended by SEDC & BCFDC in this regard shall form part of the INDEBTEDNESS owing by the CORPORATION to SEDC & BCFDC, as the case may be, and shall bear interest at the highest rate applicable to such INDEBTEDNESS.

## ARTICLE 3: REPRESENTATIONS, WARRANTIES AND COVENANTS

### 3.1 Representations of the Corporation

The CORPORATION hereby represents and warrants to and in favour of SEDC & BCFDC as follows:

- (a) it is a duly incorporated, organized and subsisting corporation, and has all requisite powers, capacities, licenses, permissions and has taken all requisite action and proceedings under its Statutes of Incorporation and all other laws applicable to it, and under its Articles of Incorporation, By-Laws and governing Resolutions to:
    - (i) own the assets which the CORPORATION has represented as belonging to the CORPORATION in any financial statement or representation made by the CORPORATION to SEDC & BCFDC;
    - (ii) carry on all business in which the CORPORATION is currently engaged; and
    - (iii) enter into, exercise its rights and perform and comply with its obligations under this Agreement.
  - (b) it is not a party to any agreement under the terms of which the CORPORATION is prohibited or restricted in any way from entering into any of the obligations assumed, liabilities imposed, or restrictions accepted by the CORPORATION under this Agreement, except as previously expressly disclosed in writing to SEDC & BCFDC;
  - (c) no litigation, arbitration or administrative proceeding is currently underway or pending, so far as the CORPORATION is aware, in respect of the CORPORATION which may reasonably be expected to have a material adverse effect on the CORPORATION, its business as currently conducted or its financial condition;
  - (d) no event of default under any material agreement entered into by the CORPORATION with any other person, including, without limitation, SEDC & BCFDC, appears reasonably likely to occur as of the date of this Agreement;
  - (e) it is the sole legal and beneficial owner of, and has good and marketable title to, the SRED TAX REBATES, free and clear of all encumbrances except for those created in favour of SEDC & BCFDC under the terms of this Agreement or any other agreement and except for those certain permitted encumbrances, if any, listed in *Schedule "A"* attached hereto (collectively, the "PERMITTED ENCUMBRANCES");
  - (f) it has paid or remitted all *Potential Preferred Claims* ("*Potential Preferred Claims*" means any amounts due and owing from time to time for Wages, Employee Source Deductions, Sales Tax, Excise Tax, Value Added Tax, Income Tax, Worker's Compensation Insurance Premiums, Government Royalties, Pension Fund Contributions, overdue Rents or Taxes of any kind and other Claims which would effectively rank in priority to the claim in favour of SEDC & BCFDC under this Agreement).
-

### 3.2 Covenants of the Corporation

The CORPORATION hereby irrevocably and unconditionally covenants to, and in favour of, SEDC & BCFDC that during the term of this Agreement, it shall:

- (a) ensure that the Representations and Warranties given in ARTICLE 3.1 (*other than possible third party litigation claims beyond the control of the CORPORATION*) remain true throughout the term of this Agreement;
- (b) pay forthwith to SEDC & BCFDC, or their agent, any remittance, rebate or proceeds received by the CORPORATION in payment of, or on account of, any SRED TAX REBATE in accordance with the provisions of ARTICLE 1.3 herein;
- (c) observe and conform to all laws and all valid requirements of any governmental authority with respect to all, or any particular part, of its business as may be required;
- (d) promptly notify SEDC & BCFDC, or their agent, of any Notice of Assessment or Notice of Re-assessment that it receives from the federal government of Canada concerning any matters relating to any SRED TAX REBATE;
- (e) without undue delay, deliver to SEDC & BCFDC, or their agent, any and all correspondence, accounts, Notices of Assessment and/or Notices of Re-assessment, SRED PROCEEDS (*including any Refund Cheques*) or any other information relating to any and all SRED TAX REBATES as may be received from time to time by the CORPORATION from the Ministry of Finance (*Ontario*), the Canada Revenue Agency or any other governmental agency or body;
- (f) vigorously defend any Tax Assessments or Re-assessments levied against the CORPORATION by the federal government of Canada or provincial government of Ontario;
- (g) refrain from selling, assigning, pledging, charging, mortgaging or otherwise disposing of or dealing with any of the SRED TAX REBATES, or any part thereof, other than as expressly permitted by this Agreement or any other agreement between the CORPORATION with SEDC & BCFDC;
- (h) keep proper Books of Financial Account and maintain therein true and faithful entries of all dealings and transactions with respect to the SRED TAX REBATES in accordance with *Generally Accepted Accounting Principles*; and
- (i) pay or remit, in a timely manner, with accompanying requisite documentation, all amounts that are or may become *Potential Preferred Claims*.

### ARTICLE 4: MISCELLANEOUS

#### 4.1 Severability

If any provision of this Agreement is deemed by a Court, having competent jurisdiction, to be wholly or partially invalid, illegal or unenforceable in any respect, the validity, legality or enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

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#### 4.2 Further Assurances

The CORPORATION shall duly execute and deliver, or cause to be executed and delivered, all such further agreements, documents or instruments and do, or cause to be done, such further acts, deeds, mortgages, transfers and other assurances in law as may be reasonably requested by SEDC & BCFDC from time to time to evidence, perfect, maintain and enforce the security interests created herein, and the priority thereof, and to otherwise give effect to the terms and intentions of this Agreement or related agreements. Where permitted by law, the CORPORATION hereby authorizes SEDC & BCFDC, or their agent, to file one or more **Financing Statements** in accordance with the provisions of the Personal Property Security Act (Ontario) or other similar legislation.

#### 4.3 Notices

Any notice, consent or other writing required or permitted to be given to any party hereunder for the purposes hereof (each a "NOTICE") shall be sufficiently given if such NOTICE is delivered by personal delivery to such party, or mailed by prepaid registered mail, or sent by facsimile, addressed to such party, at the following address:

To SEDC &  
BCFDC: SAUGEEN ECONOMIC DEVELOPMENT CORPORATION  
515 Mill Street  
Box 177  
NEUSTADT, Ontario  
N0G 2M0

Fax: (519) 799-5752

Attention: ROSE AUSTIN (*General Manager*)

To the  
CORPORATION: BOGDON & GROSS FURNITURE COMPANY LIMITED  
75 Ridout Street  
Box 1240  
WALKERTON, Ontario  
N0G 2V0

Fax: (519) 881-1068

Attention: ADAM HOFMANN (*President*)

or at such other address as the party to whom such NOTICE is to be given shall have last notified in writing to the other party hereto by *Change of Address* for the purposes of this provision. Any NOTICE personally delivered to the party to whom such NOTICE is to be given shall be deemed to have been given and received by the party to whom it is addressed on the day it is personally delivered or sent by facsimile. Any NOTICE mailed, as aforesaid provided, shall be deemed to have been given and received by the party to whom it is addressed on the Third (3<sup>rd</sup>) Business Day following the date of its mailing. In the event of a postal disruption of the Canada Postal Service, NOTICES given hereunder must be personally delivered or delivered by facsimile transmission evidenced by a Transmission Report confirming the delivery and receipt of such NOTICE.

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#### 4.4 Entire Agreement

This Agreement expresses the final agreement among the parties hereto with respect to all matters herein and no representations, inducements, promises or agreements or otherwise among the parties not embodied herein shall be of any force and effect. This Agreement shall not be altered, amended or qualified except by a memorandum in writing, signed by all of the parties hereto, and any alteration, amendment or qualification thereof shall be deemed to be void and shall not be binding upon any such party unless made and recorded as aforesaid.

#### 4.5 No Waiver

No waiver by any party of a breach of any of the covenants, conditions and provisions herein contained shall be effective or binding upon such party unless the same shall be expressed in writing and any waiver so expressed shall not limit or affect such party's rights with respect to any other breach of the terms stated herein or future breach of the particular term.

#### 4.6 Assignment

This Agreement is personal to the CORPORATION and no right or obligation of the CORPORATION under this Agreement may be assigned by the CORPORATION without the written consent of SEDC & BCFDC. This Agreement may be assigned, deposited, pledged or hypothecated by SEDC & BCFDC absolutely or as collateral security for its present and future primary or contingent indebtedness and liabilities, and in the event of any such assignment, deposit or pledge, the person to whom the Agreement is assigned, deposited, pledged or hypothecated shall take it free and clear of any right of set-off, counterclaim or other contra claim that may exist between SEDC & BCFDC with the CORPORATION other than such of those rights set out in this Agreement. This Agreement shall *enure* to the benefit of, and be binding upon, the parties and their respective successors and permitted assigns.

#### 4.7 Copies of Correspondence

SEDC & BCFDC covenants to notify the CORPORATION of, and deliver to the CORPORATION, copies of all correspondence, Notices of Assessment and/or Notices of Re-assessment and other written communications received by, or delivered to either SEDC or BCFDC on behalf of the CORPORATION, in connection with any of the SRED TAX REBATES, and to notify the CORPORATION of any and all payments for credits, refunds, proceeds, interest and other monies that may become due or payable and that are paid directly to SEDC or BCFDC in respect of all SRED TAX REBATES.

#### 4.8 Application of SR&ED Proceeds

Any amounts received by SEDC or BCFDC (*or any assignee of SEDC & BCFDC pursuant to this Agreement*) on account of the SRED PROCEEDS shall be deemed to be received on account of, and shall be applied to, the repayment of all, or a portion of, the INDEBTEDNESS, up to the full amount of the INDEBTEDNESS owed by the CORPORATION and 2110785 ONTARIO INC. to SEDC & BCFDC from time to time when any part of the SRED PROCEEDS are received.

#### 4.9 Termination of Agreement

Upon repayment in full of the INDEBTEDNESS, SEDC & BCFDC shall forthwith deliver to the CORPORATION all of the SRED PROCEEDS received, or held by, SEDC & BCFDC in excess of the amount required to repay and satisfy the full amount of the INDEBTEDNESS.

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**4.10 Governing Law**

This Agreement shall be construed in accordance with, and be governed by, the laws of the Province of Ontario and the federal laws of Canada applicable therein. For the purposes of legal proceedings, this Agreement shall be deemed to have been made in the said Province and to be performed within its boundaries and the Courts of that Province shall have sole jurisdiction over all disputes which may arise under this Agreement. The CORPORATION and SEDC & BCFDC hereby irrevocably and unconditionally submits to the non-exclusive jurisdiction of the Courts of Ontario with respect to any issues that may arise under the terms of this Agreement.

**4.11 Time of the Essence**

Time shall be of the essence with respect to this Agreement and of every part thereof.

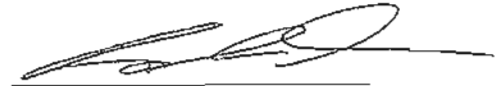
**4.12 Counterparts**

This Agreement may be executed in any number of facsimile counterparts, each of which shall be deemed to be an original and together will constitute one and the same agreement.

IN WITNESS WHEREOF the CORPORATION has executed and delivered this Agreement as of the 3<sup>rd</sup> day of August, 2012.

**BOGDON & GROSS  
FURNITURE COMPANY LIMITED**

*Per:*



**ADAM HOFMANN** (*President*)

I have the authority to bind the Corporation.

---

**SCHEDULE "A"**

**PERMITTED ENCUMBRANCES**

**Personal Property Security Registration System**  
*(Search Results as of July 30<sup>th</sup> 2012)*

**BOGDON & GROSS FURNITURE COMPANY LIMITED**

<b>SECURED PARTY</b>	<b>REGISTRATION NUMBER</b>	<b>FILE NO.</b>	<b>EXPIRY DATE</b>	<b>TYPE OF SECURITY</b>

**Financing Change Statement / Change Statement**  
**État de modification du financement / État de modification**

2012/08/03 216 01757  
 1590A201208031

Registration No. (for office use only) / N° d'enregistrement (usage interne)  
 YYYY/AAA MM/MM DD/XX Time/Heure Branch/Bureau Séquence/Séquence



Ministry of Consumer and Business Services / Ministère des Services aux Consommateurs et aux Entreprises

Form **Formule 3C**

10553(04/95)

Registered Under (office use only) / Enregistré aux termes de (usage interne) **PPSA**

Reference File Number / N° de dossier de référence **680475375** Renewal (B) OR Discharge (C) / Rensouvement (B) OU Décharge (C) Enter Number of Additional Years if Renewal (see reverse) / Indiquer le nombre d'années supplémentaires s'il s'agit d'un renouvellement (voir au verso)

Individual Debtor (as recorded) / Débiteur particulier (tel qu'enregistré) First Given Name / Premier prénom

Business Debtor (as recorded) / Débiteur commercial (tel qu'enregistré) **BOGDON & GROSS FURNITURE COMPANY LIMITED** Ontario Corporation No. / N° matricule de la personne morale en Ontario

Secured Party / Lien / Collateral / Registering Agent / Mandataire / Garant / Ontario / Agent of Registration

Address / Adresse City, etc / Ville, etc Prov./Prov. Postal Code / Code postal

**KEVIN W. MCMEEKEN LAW OFFICE**  
**207 10TH STREET**  
**HANOVER ON N4N 1N8**

**Authorized Signature / Signature autorisée**  
 Name and Signature of Secured Party / Lien Debtor OR Name of Secured Party / Lien Debtor AND Name and Signature of Agent of Secured Party / Lien Debtor / Nom et signature du créancier garanti / Nom et signature de l'agent du créancier garanti / Nom et signature de l'agent du créancier garanti / Nom et signature de l'agent du créancier garanti

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**Verification Statement / État de vérification**

Form Type / Type de formule	Page	Line / Ligne	* The expiry date calculated by the system may exceed the date on which the registration ceases to be effective. / * La date d'expiration établie en vertu du système peut être postérieure à la date à laquelle l'enregistrement cesse d'être en vigueur.	Page / Page	OF / DE	Total Pages / Nombre de pages	Expiry Date / Date d'expiration
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1C	1	00	680475375				
1C	1	01	CAUTION FILING / AVERTIS: PAGE: 1 OF / DE: 2 MV SCHEDULE				
1C	1	01	ATTACHED / LISTE VA: REG NUM / NO ENREGIST: 20120803 1629 1590 5629				
1C	1	01	REG UNDER / T. ENREG: P REG PERIOD / PERIODE: 5				
1C	1	03	BOGDON & GROSS FURNITURE COMPANY LIMITED				
1C	1	04	75 RIDOUT STREET				
1C	1	04	WALKERTON ON NOG 2V0				
1C	1	08	SAUGEEN ECONOMIC DEVELOPMENT CORPORATION				
1C	1	09	515 MILL STREET, BOX 177				
1C	1	09	NEUSTADT ON NOG 2M0				
1C	1	10	CONS GOODS / BIENS CONS: INVTRY / STOCK: EQUIP / MATER:				
1C	1	10	ACCTS / COMPT: X OTHER / AUTRE: X MV INCL / VA INCLUS:				
1C	1	10	AMOUNT / MONTANT: DATE OF MATURITY / DATE ECHEANCE:				
1C	1	10	NO FIXED MAT DATE / D ECHE PAS DET:				
1C	1	13	SPECIFIC ASSIGNMENT OF SCIENTIFIC RESEARCH & EXPERIMENTAL DEVELOPMENT				
1C	1	14	TAX CREDITS GRANTED BY THE GOVERNMENT OF CANADA AND THE PROVINCE OF				
1C	1	15	ONTARIO				
1C	1	16	KEVIN W. MCMEEKEN LAW OFFICE				
1C	1	17	207 10TH STREET				
1C	1	17	HANOVER ON N4N 1N8				

\*\*\* VERIFY IMMEDIATELY UPON RECEIPT / VERIFIEZ IMMEDIATEMENT VOTRE AVIS \*\*\*

16040000

**Financing Change Statement/Change Statement** 2012/08/03 216 01758  
**État de modification du financement/État de modification** 1590A201208031

Registration No. (for office use only) / N° d'enregistrement (usage interne)  
 YYYY/AAAA MM/MM DD/JJ Time/Heure Branch/Bureau Séquence/Séquence



Registered Under (office use only) / Enregistré aux termes de (usage interne)

31 Reference File Number / N° de dossier de référence: **680475375** Renewal (B) OR Discharge (C) / Renouvellement (B) OU Mainlevée (C) Enter Number of Additional Years if Renewed (see reverse) / Indiquer le nombre d'années supplémentaires si l'on a opté pour un renouvellement (voir le verso)

32 Individual Debtor (as recorded) / Débiteur particulier (tel qu'enregistré) First Given Name / Premier prénom Initial/Initiale Surname / Nom de famille

33 Business Debtor (as recorded) / Débiteur commercial (tel qu'enregistré) **BOGDON & GROSS FURNITURE COMPANY LIMITED** Ontario Corporation No. / N° matricule de la personne morale en Ontario

34 Secured Party/ Lien Claimant / Registering Agent / Créancier garanti / Créancier privilégié / Agent d'enregistrement

35 Address / Adresse City / Ville / P.S. / etc. Prov. / P. / C. Postal Code / Code postal

KEVIN W. MCMEEKEN LAW OFFICE  
 207 10TH STREET  
 HANOVER ON N4N 1N8

**Authorized Signature/Signature autorisée**  
 Name and Signature of Secured Party/Lien Claimant OR Name of Secured Party/Lien Claimant AND Name and Signature of Agent of Secured Party/Lien Claimant / Nom et signature du créancier garanti/ créancier privilégié OU Nom et signature de l'agent du créancier garanti/ créancier privilégié

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**Verification Statement / État de vérification**

Sheet / Feuille	Page	Line / Ligne	*The expiry date calculated by the system may exceed the date on which the registration ceases to be effective. * La date d'expiration établie au vu du système peut être postérieure à la date à laquelle l'enregistrement cesse d'être en vigueur.	Page / Page	OF / DE	Total Pages / Nombre de pages	Expiry Date / Date d'expiration YYYY/AAAA MM/MM DD/JJ
				2		2	2017/08/03
1C	2	00	680475375				
1C	2	01	CAUTION FILING/AVERTIS: PAGE: 2 OF/DE: 2 MV SCHEDULE				
1C	2	01	ATTACHED/LISTE VA: REG NUM/NO ENREGIST: 20120803 1629 1590 5629				
1C	2	01	REG UNDER/T. ENREG: REG PERIOD/PERIODE:				
1C	2	08	BRUCE COMMUNITY FUTURES DEVELOPMENT CORPORATION				
1C	2	09	281 DURHAM STREET, BOX 208				
1C	2	09	KINCARDINE ON N2Z 2Y7				
			*** VERIFY IMMEDIATELY UPON RECEIPT / VERIFIEZ IMMEDIATEMENT VOTRE AVIS ***				

GUARANTEE OF DEBT REPAYMENT

TO: SAUGEEN ECONOMIC DEVELOPMENT CORPORATION and  
BRUCE COMMUNITY FUTURES DEVELOPMENT CORPORATION

---

WHEREAS you have agreed to enter into a *Loan Agreement* with 2110785 ONTARIO INC. (*hereinafter referred to as the 'BORROWER'*).

AND WHEREAS a condition of lending the funds as provided for within the said *Loan Agreement*, you have demanded security as hereunder written.

NOW THEREFORE In consideration of you lending funds to the *BORROWER*, either continuously or intermittently, so long as you may see fit and of such past, present or future advances as you may make to the *BORROWER*, I, THE UNDERSIGNED, HEREBY GUARANTEE THE DUE PAYMENT AND DISCHARGE OF ALL DEBTS AND OTHER LIABILITIES OWED TO YOU BY THE *BORROWER* howsoever incurred including without limitation with respect to the repayment of all money or other consideration advanced or which may be advanced by you to the *BORROWER* and all liabilities, whether direct or indirect, to which you may become subject as a result of making advances to, or otherwise dealing with, the *BORROWER*.

AND WITHOUT LIMITING THE GENERALITY OF THE FOREGOING GUARANTEE, I PROMISE AND COVENANT TO YOU THAT I, THE UNDERSIGNED, HEREBY GUARANTEE THE DUE PAYMENT AND DISCHARGE of all debts, money or liabilities now owing by the *BORROWER* to you, or which shall at any time, or from time to time, hereafter become liable or owing by the *BORROWER* to you, whether directly or indirectly incurred, or whether matured or not, or whether alone or jointly with others, or whether as principal or surety, or whether absolute or contingent, and such amounts shall be paid by the undersigned together with all interest, commissions, costs, charges and expenses which may be incurred in respect of such advances or liabilities owed to you by the *BORROWER* or relating to any securities granted or pledged to you in respect thereof.

AND I, THE UNDERSIGNED, FURTHER ACKNOWLEDGE, AGREE AND ACCEPT THAT MY GUARANTEE HEREIN shall evidence the fact that I, the undersigned, have taken responsibility for fulfillment of all obligations owed to you by the *BORROWER* regardless of how or when such obligations were or will be incurred by the *BORROWER*.

AND I, THE UNDERSIGNED, HEREBY ACKNOWLEDGE AND AGREE to be *jointly, severally & separately liable* and responsible to fulfill all repayment and other obligations owed to you by the *BORROWER* regardless of whether you have taken, intend to take or exhausted any or all steps or actions in exercise your rights of enforcement against the *BORROWER* or any other person responsible to perform the *BORROWER'S* repayment and other obligations owed to you and regardless of whether you have taken, intend to take or exhausted any or all steps or actions in exercise of your rights to enforce or realize upon any or all security pledged to you with respect to the performance of the *BORROWER'S* repayment or other obligations owed to you.

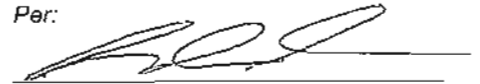
AND I, THE UNDERSIGNED, HEREBY ACKNOWLEDGE AND AGREE that the amounts Guaranteed by me hereunder shall include any Penalties, Charges, Fees or Costs applicable to the **BORROWER** in respect of the foregoing amounts and shall be as equally payable by, and recoverable from, the undersigned either jointly, severally and separately with the **BORROWER** and any other person responsible to you in respect of such repayment and other obligations owed to you by the **BORROWER**.

IN WITNESS WHEREOF the undersigned has hereto set my hand and seal this 3<sup>rd</sup> day of August, 2012.

SIGNED, SEALED and DELIVERED In the presence of:

**BOGDON & GROSS  
FURNITURE COMPANY LIMITED**

Per:

A handwritten signature in black ink, appearing to read 'A. Hofmann', is written over a horizontal line.

**ADAM HOFMANN**  
(President)

I have authority to bind the Corporation.

GUARANTEE OF DEBT REPAYMENT

TO: SAUGEE ECONOMIC DEVELOPMENT CORPORATION and  
BRUCE COMMUNITY FUTURES DEVELOPMENT CORPORATION

---

WHEREAS you have agreed to enter into a *Loan Agreement* with 2110785 ONTARIO INC. (*hereinafter referred to as the 'BORROWER'*).

AND WHEREAS a condition of lending the funds as provided for within the said *Loan Agreement*, you have demanded security as hereunder written.

NOW THEREFORE in consideration of you lending funds to the **BORROWER**, either continuously or intermittently, so long as you may see fit and of such past, present or future advances as you may make to the **BORROWER**, I, THE UNDERSIGNED, HEREBY GUARANTEE THE DUE PAYMENT AND DISCHARGE OF ALL DEBTS AND OTHER LIABILITIES OWED TO YOU BY THE **BORROWER** howsoever incurred including without limitation with respect to the repayment of all money or other consideration advanced or which may be advanced by you to the **BORROWER** and all liabilities, whether direct or indirect, to which you may become subject as a result of making advances to, or otherwise dealing with, the **BORROWER**.

AND WITHOUT LIMITING THE GENERALITY OF THE FOREGOING GUARANTEE, I PROMISE AND COVENANT TO YOU THAT I, THE UNDERSIGNED, HEREBY GUARANTEE THE DUE PAYMENT AND DISCHARGE of all debts, money or liabilities now owing by the **BORROWER** to you, or which shall at any time, or from time to time, hereafter become liable or owing by the **BORROWER** to you, whether directly or indirectly incurred, or whether matured or not, or whether alone or jointly with others, or whether as principal or surety, or whether absolute or contingent, and such amounts shall be paid by the undersigned together with all interest, commissions, costs, charges and expenses which may be incurred in respect of such advances or liabilities owed to you by the **BORROWER** or relating to any securities granted or pledged to you in respect thereof.

AND I, THE UNDERSIGNED, FURTHER ACKNOWLEDGE, AGREE AND ACCEPT THAT MY GUARANTEE HEREIN shall evidence the fact that I, the undersigned, have taken responsibility for fulfillment of all obligations owed to you by the **BORROWER** regardless of how or when such obligations were or will be incurred by the **BORROWER**.

AND I, THE UNDERSIGNED, HEREBY ACKNOWLEDGE AND AGREE to be *jointly, severally & separately liable* and responsible to fulfill all repayment and other obligations owed to you by the **BORROWER** regardless of whether you have taken, intend to take or exhausted any or all steps or actions in exercise your rights of enforcement against the **BORROWER** or any other person responsible to perform the **BORROWER'S** repayment and other obligations owed to you and regardless of whether you have taken, intend to take or exhausted any or all steps or actions in exercise of your rights to enforce or realize upon any or all security pledged to you with respect to the performance of the **BORROWER'S** repayment or other obligations owed to you.



**AND I, THE UNDERSIGNED, HEREBY ACKNOWLEDGE AND AGREE** that the amounts Guaranteed by me hereunder shall include any Penalties, Charges, Fees or Costs applicable to the **BORROWER** in respect of the foregoing amounts and shall be as equally payable by, and recoverable from, the undersigned either jointly, severally and separately with the **BORROWER** and any other person responsible to you in respect of such repayment and other obligations owed to you by the **BORROWER**.

**IN WITNESS WHEREOF** the undersigned has hereto set my hand and seal this 3<sup>rd</sup> day of August, 2012.

**SIGNED, SEALED and DELIVERED** in the presence of:

\_\_\_\_\_  
**KEVIN McMEEKEN**  
(Witness)

  
\_\_\_\_\_  
**ADAM HOFMANN**  
(Personally)

**GUARANTEE OF DEBT REPAYMENT**

**TO: SAUGEEN ECONOMIC DEVELOPMENT CORPORATION and  
BRUCE COMMUNITY FUTURES DEVELOPMENT CORPORATION**

---

**WHEREAS** you have agreed to enter into a *Loan Agreement* with 2110785 ONTARIO INC. (*hereinafter referred to as the 'BORROWER'*).

**AND WHEREAS** a condition of lending the funds as provided for within the said *Loan Agreement*, you have demanded security as hereunder written.

**NOW THEREFORE** in consideration of you lending funds to the **BORROWER**, either continuously or intermittently, so long as you may see fit and of such past, present or future advances as you may make to the **BORROWER**, I, THE UNDERSIGNED, HEREBY GUARANTEE THE DUE PAYMENT AND DISCHARGE OF ALL DEBTS AND OTHER LIABILITIES OWED TO YOU BY THE **BORROWER** howsoever incurred including without limitation with respect to the repayment of all money or other consideration advanced or which may be advanced by you to the **BORROWER** and all liabilities, whether direct or indirect, to which you may become subject as a result of making advances to, or otherwise dealing with, the **BORROWER**.

**AND WITHOUT LIMITING THE GENERALITY OF THE FOREGOING GUARANTEE, I PROMISE AND COVENANT TO YOU THAT I, THE UNDERSIGNED, HEREBY GUARANTEE THE DUE PAYMENT AND DISCHARGE** of all debts, money or liabilities now owing by the **BORROWER** to you, or which shall at any time, or from time to time, hereafter become liable or owing by the **BORROWER** to you, whether directly or indirectly incurred, or whether matured or not, or whether alone or jointly with others, or whether as principal or surety, or whether absolute or contingent, and such amounts shall be paid by the undersigned together with all interest, commissions, costs, charges and expenses which may be incurred in respect of such advances or liabilities owed to you by the **BORROWER** or relating to any securities granted or pledged to you in respect thereof.

**AND I, THE UNDERSIGNED, FURTHER ACKNOWLEDGE, AGREE AND ACCEPT THAT MY GUARANTEE HEREIN** shall evidence the fact that I, the undersigned, have taken responsibility for fulfillment of all obligations owed to you by the **BORROWER** regardless of how or when such obligations were or will be incurred by the **BORROWER**.

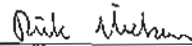
**AND I, THE UNDERSIGNED, HEREBY ACKNOWLEDGE AND AGREE** to be *jointly, severally & separately liable* and responsible to fulfill all repayment and other obligations owed to you by the **BORROWER** regardless of whether you have taken, intend to take or exhausted any or all steps or actions in exercise your rights of enforcement against the **BORROWER** or any other person responsible to perform the **BORROWER'S** repayment and other obligations owed to you and regardless of whether you have taken, intend to take or exhausted any or all steps or actions in exercise of your rights to enforce or realize upon any or all security pledged to you with respect to the performance of the **BORROWER'S** repayment or other obligations owed to you.

**AND I, THE UNDERSIGNED, HEREBY ACKNOWLEDGE AND AGREE** that the amounts Guaranteed by me hereunder shall include any Penalties, Charges, Fees or Costs applicable to the **BORROWER** in respect of the foregoing amounts and shall be as equally payable by, and recoverable from, the undersigned either jointly, severally and separately with the **BORROWER** and any other person responsible to you in respect of such repayment and other obligations owed to you by the **BORROWER**.

**IN WITNESS WHEREOF** the undersigned has hereto set my hand and seal this 3<sup>rd</sup> day of August, 2012.

**SIGNED, SEALED and DELIVERED** in the presence of:

\_\_\_\_\_  
**KEVIN McMEEKEN**  
(Witness)

  
\_\_\_\_\_  
**DIRK NIELSEN**  
(Personally)

**POSTPONEMENT, ASSIGNMENT & SUBORDINATION AGREEMENT**

**TO: SAUGEEN ECONOMIC DEVELOPMENT CORPORATION and  
BRUCE COMMUNITY FUTURES DEVELOPMENT CORPORATION**

---

WHEREAS SAUGEEN ECONOMIC DEVELOPMENT CORPORATION and BRUCE COMMUNITY FUTURES DEVELOPMENT CORPORATION (the "**LENDER**") have agreed to provide certain credit facilities to 2110785 ONTARIO INC. (the "**BORROWER**") on the terms and conditions set out in a *Loan Agreement*, dated on or about the 25<sup>th</sup> day of July, 2012.

AND WHEREAS BOGDON & GROSS FURNITURE COMPANY LIMITED is a related Corporation to the **BORROWER**.

AND WHEREAS THE UNDERSIGNED HEREBY ACKNOWLEDGES that the **LENDER** has required that I execute and deliver this **POSTPONEMENT, ASSIGNMENT & SUBORDINATION AGREEMENT** as a condition precedent to **LENDER** agreeing to extend credit to the **BORROWER** under the terms of the *Loan Agreement*.

NOW THEREFORE, in consideration of **LENDER** having agreed to grant the said Loan to the **BORROWER** and for the payment of ONE ----- 00/100 DOLLAR (\$1.00) and other VALUABLE CONSIDERATION, the receipt and sufficiency of which is hereby acknowledged, the undersigned, namely BOGDON & GROSS FURNITURE COMPANY LIMITED (hereinafter referred to as the "**SUBORDINATOR**"), hereby agrees and undertakes as follows:

**POSTPONEMENT, ASSIGNMENT & SUBORDINATION:**

From the date hereof and until such time as all indebtedness, obligations and other liabilities owed by the **BORROWER** to the **LENDER** under the terms of the *Loan Agreement* or arising under any other agreement made between the **LENDER** and the **BORROWER** are entirely repaid and fulfilled, the **SUBORDINATOR** agrees to comply with and abide by all of the following terms, conditions and restrictions:

- (a) To postpone the payment and satisfaction of all **SHAREHOLDER LOANS, DIVIDENDS, BONUSES**, or any part thereof, and other rights to withdraw **CAPITAL** now or hereafter due and owing by the **BORROWER** to the **SUBORDINATOR**, including all interest accruing thereof (the "**Subordinated Obligations**") in favour of the **LENDER** and to subordinate the **Subordinated Obligations** to all **INDEBTEDNESS, LIABILITIES** and other **OBLIGATIONS** owed by the **BORROWER** to the **LENDER**;
- (b) To assign and transfer to the **LENDER** (as security for the **Subordinated Obligations** and all liabilities of the **BORROWER** owed to the **LENDER**) all debts, demands and liabilities which are now due, owing; or accruing due; or may hereafter become due, owing or accruing due to the **SUBORDINATOR** by or from the **BORROWER**.
- (c) To assign and transfer to the **LENDER** (as security for the **Subordinated Obligations** and all liabilities of the **BORROWER** owed to the **LENDER**) all securities, including any **CHARGES, MORTGAGES, SECURITY AGREEMENTS, FINANCING STATEMENTS** or other **SECURITY INSTRUMENTS** whether unregistered or registered in a **LAND REGISTRY OFFICE** or the **PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM** or filed with any **SHERIFF** in any County within the Province of Ontario or elsewhere and including any rights of any nature which are now held, or may hereafter be held, by the **SUBORDINATOR** as security or collateral for the performance of the **BORROWER'S** obligations to the **SUBORDINATOR** and the same shall be deemed to be security granted and pledged by the **BORROWER** to the **LENDER** in the stead of the **SUBORDINATOR**;
- (d) That except with the prior written consent of the **Lender**, any monies owing, or which may become owing, by or from the **BORROWER** to the **SUBORDINATOR** and which constitutes the **Subordinated Obligations**, shall not be withdrawn, transferred, pledged, encumbered, assigned or otherwise dealt with by the **SUBORDINATOR**, but shall remain as an

obligation, debt and liability within the Financial Books and other Records of the **BORROWER** at all times for so long as any amount of money, debts liabilities or other obligations remain owing by the **BORROWER** to the **LENDER** under the terms of the **Loan Agreement** or otherwise; and

- (e) Not to demand or accept payment of all, or any part, of the debt owed by or from the **BORROWER** to the **SUBORDINATOR** in respect of the **Subordinated Obligations**.

#### **BANKRUPTCY OR OTHER INSOLVENCY**

In the event of the **BANKRUPTCY** or **WINDING-UP** of the affairs of the **BORROWER**, or of any **DISTRIBUTION OF ASSETS** of the **BORROWER**, or **DISTRIBUTION OF THE PROCEEDS** thereof among its creditors or Shareholders in any manner whatsoever, the **LENDER** shall be entitled to receive the **DIVIDENDS** or **PROCEEDS**, if any, payable in respect of the **Subordinated Obligations**. Such **DIVIDENDS** or **PROCEEDS** shall be applied against or in satisfaction of such part, or parts, of the **BORROWER'S** indebtedness then owed to the **LENDER** in such manner as the **LENDER** shall deem fit and proper until the whole of such indebtedness has been paid in full, and thereafter, the **SUBORDINATOR** shall be entitled to demand and receive such **DIVIDENDS** or **PROCEEDS**.

#### **CONSENT TO REGISTRATIONS**

The **SUBORDINATOR** hereby consents to the **LENDER** registering or filing evidence of this **POSTPONEMENT, ASSIGNMENT & SUBORDINATION AGREEMENT** or any other **Caution, Notice, Instrument** or **Document** that may be desirable or required to evidence the existence and pledges or undertakings granted hereunder. Such registration may be made by means of a **Notice** or other instrument that is properly registerable in any **LAND REGISTRY OFFICE** in the Province of Ontario or elsewhere. Further, such registrations may be made by means of the filing of one or more **Financing Statements, Financing Change Statements**, or any similar **Registrations, Deposits** or **Filings** within the **PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM** for the Province of Ontario or any other Jurisdiction. The **SUBORDINATOR** hereby agrees and shall, upon receipt of a written request from the **LENDER**, undertake such **Registrations, Deposits** or **Filings** in any relevant or Prescribed Form, if applicable. Further, to facilitate the filing of any **Caution, Notice, Instrument** or any other **Document**, including any **Financing Statements, Financing Change Statements** or any similar **Registrations, Deposits** or **Filings** that the **LENDER** may require, the **SUBORDINATOR** hereby authorizes the **LENDER**, or its Solicitors or Agents, to prepare, execute and file such documents as agent of the **SUBORDINATOR**. The **SUBORDINATOR** hereby **WAIVES** all rights to receive a copy of any such **Caution, Notice, Instrument** or other **Document**, including any **Financing Statement, Verification Statement** and any **Financing Change Statement** relating thereto.

#### **RECEIPTS FROM BORROWER AS TRUSTEE**

In the event that any payments are made by the **BORROWER** to the **SUBORDINATOR** in contravention of this **POSTPONEMENT, ASSIGNMENT & SUBORDINATION AGREEMENT**, the **SUBORDINATOR** agrees to, and shall, hold such payments, money, assets or other valuables **IN TRUST FOR THE LENDER** and the **SUBORDINATOR** hereby agrees to forthwith pay and deliver such payments, money, assets or other valuables to the **LENDER** regardless of whether any demand has or will be made by the **LENDER** upon the **BORROWER** or **SUBORDINATOR**.

#### **GENERAL PROVISIONS**

- (a) The **SUBORDINATOR** shall, from time to time, and at all times hereafter, do all things and execute all documents that the **LENDER** may deem necessary or desirable in order to give full effect to this **POSTPONEMENT, ASSIGNMENT & SUBORDINATION AGREEMENT**.
- (b) The **SUBORDINATOR** acknowledges that he or she has or will receive a direct or indirect benefit as a result of the **LENDER** having extended the above referenced Loan and credit facility to the **BORROWER**.

#### **NUMBER, GENDER & EXPRESSIONS**

Words importing the singular number shall include the plural and *vice versa*. Words importing the use of any gender shall include the masculine, feminine and neuter genders. Words importing natural persons shall include an individual, a trust, a

partnership, a body corporate, an association or other incorporated or unincorporated organization or entity.

**GOVERNING LAW & ATTORNMENT**

This POSTPONEMENT, ASSIGNMENT & SUBORDINATION AGREEMENT shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of CANADA applicable therein. The parties agree that any action under or for the enforcement of this POSTPONEMENT, ASSIGNMENT & SUBORDINATION AGREEMENT may only be commenced in the Courts of the Province of Ontario and the parties attorn to the exclusive jurisdiction of those Courts.

**HEIRS, SUCCESSORS & ASSIGNS**

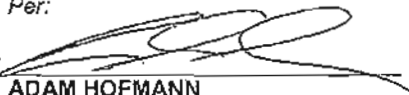
This POSTPONEMENT, ASSIGNMENT & SUBORDINATION AGREEMENT shall extend and enure to the benefit of and be binding upon the *LENDER*, the *SUBORDINATOR* and the *BORROWER* (where applicable) and each of their respective heirs, legal representatives, successors and assigns.

**RIGHTS HELD BY THE LENDER**

THE *BORROWER* & *SUBORDINATOR* HEREBY ACKNOWLEDGES, UNDERSTANDS AND AGREES that this POSTPONEMENT, ASSIGNMENT & SUBORDINATION AGREEMENT shall not suspend or otherwise affect the present or future rights or remedies held by the *LENDER* with respect to the present or future indebtedness or liability of the *BORROWER* to the *LENDER*, or the securities that the *LENDER* now holds, or may hereafter receive, against and from the *BORROWER* as collateral to the said indebtedness and other liability.

IN WITNESS WHEREOF the parties hereto have executed this POSTPONEMENT, ASSIGNMENT & SUBORDINATION AGREEMENT at the Town of WALKERTON, County of Bruce in the Province of Ontario on this 3<sup>rd</sup> day of August, 2012.

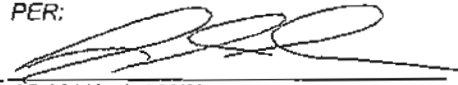
SIGNED, SEALED & DELIVERED

BOGDON & GROSS  
FURNITURE COMPANY LIMITED  
Per:   
ADAM HOFMANN  
(President)  
I have authority to bind the Corporation.

**BORROWER'S ACKNOWLEDGEMENT & CONSENT**

I, ADAM HOFMANN (President), on behalf of 2110785 ONTARIO INC., hereby acknowledge and consent to and shall abide by the terms and conditions of this POSTPONEMENT, ASSIGNMENT & SUBORDINATION AGREEMENT. Further, I hereby acknowledge and agree personally and on behalf of 2110785 ONTARIO INC. to refrain from engaging or undertaking any actions that result in or otherwise facilitates a breach of the terms of this POSTPONEMENT, ASSIGNMENT & SUBORDINATION AGREEMENT to be committed by BOGDON & GROSS FURNITURE COMPANY LIMITED or any other person.

SIGNED, SEALED & DELIVERED

2110785 ONTARIO INC.  
PER:   
ADAM HOFMANN  
(President)  
I have authority to bind the Corporation.

Registration No. (for office use only) / N° d'enregistrement (usage interne)  
 YYYY/MM/ MM/AM DD/BJ    Time/Heure    Branch/Bureau    Sequence/Séquence



Registered Uncle / Enregistré aux termes de l'usage interne

31 Reference File Number / N° de dossier de référence: **648512829**      Renewal (R) OR Discharge (C) / Renouvellement (R) OU Mainlevée (C)      Enter Number of Additional Years of Renewal (see reverse) / Indiquer le nombre d'années supplémentaires si il s'agit d'un renouvellement (voir au verso)

32 Individual Debtor (as recorded) / Débiteur particulier (tel qu'enregistré): **BOGDON & GROSS FURNITURE COMPANY LIMITED**

33 Business Debtor (as recorded) / Débiteur commercial (tel qu'enregistré): **BOGDON & GROSS FURNITURE COMPANY LIMITED**

34 Secured Party/ Lien Claimant/ Registering Agent / Créancier garanti/ Créancier privilégié/ Agent d'enregistrement

35 Address/Adresse      City, etc./Ville, etc.      Prov./Prov.      Postal Code/Code postal

KEVIN W. MCMEEKEN LAW OFFICE  
 207 10TH STREET  
 HANOVER ON N4N 1N8

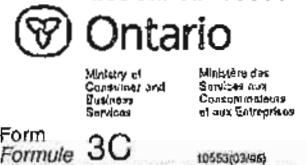
**Authorized Signature/Signature autorisée**  
 Name and Signature of Secured Party/Lien Claimant OR Name of Secured Party/Lien Claimant AND Name and Signature of Agent of Secured Party/Lien Claimant / Nom et signature du créancier garanti/ créancier privilégié OU Nom du créancier garanti/ créancier privilégié ET Nom et signature de l'agent du créancier garanti/ créancier privilégié

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**Verification Statement/État de vérification**

Form Type / Type de Formule	Page	Line / Ligne	*The expiry date calculated by the system may exceed the date on which the registration ceases to be effective. / *La date d'expiration émise en vertu du système peut être postérieure à la date à laquelle l'enregistrement cesse d'être en vigueur	Page / Page	OF / DE	Total Pages / Nombre de pages	Expiry Date / Date d'expiration YYYY/MM/AM/DO/BJ
				1	2		2023/09/15
2C	1	01	CAUTION FILING/AVERTIS:      PAGE: 1 OF/DE: 2      MV SCHEDULE				
2C	1	01	ATTACHED/LISTE VA:      REG NUM/NO ENREGIST: 20120803 1613 1590 5625				
2C	1	01	REG UNDER/T. ENREG;				
2C	1	21	648512829				
2C	1	22	AMEND-PAGE/CORR PAGE:      NO PAGE/AUCUNE: X      CHANGE/MODIF: A				
2C	1	22	REN YEARS/REN ANNEES:      CORR PER/PER EXAC:				
2C	1	24	BOGDON & GROSS FURNITURE COMPANY LIMITED				
2C	1	26	SECURITY INTERESTS OF THE SECURED PARTY ARE SUBJECT TO THE				
2C	1	27	PROVISIONS OF A SUBORDINATION AGREEMENT, DATED FEBRUARY 21ST 2012,				
2C	1	28	GIVEN IN FAVOUR OF SAUGEEN ECONOMIC DEVELOPMENT CORPORATION & BRUCE				
2C	1	30	CONS GOODS/BIENS CONS:      INVTRY/STOCK:      EQUIP/MATER:				
2C	1	10	ACCTS/COMPT:      OTHER/AUTRE: X      MV INCL/VA INCLUS:				
2C	1	10	AMOUNT/MONTANT:      DATE OF MATURITY/DATE ECHEANCE:				
2C	1	10	NO FIXED MAT DATE/D ECHE PAS DET:				
2C	1	16	KEVIN W. MCMEEKEN LAW OFFICE				
2C	1	17	207 10TH STREET				
2C	1	17	HANOVER      ON      N4N 1N8				
*** VERIFY IMMEDIATELY UPON RECEIPT / VERIFIEZ IMMEDIATEMENT VOTRE AVIS ***							

Registration No. (for office use only) / N° d'enregistrement (usage interne)  
 YYYY/MM MM/AM DD/JJ Time/Heure Branch/Bureau Sequence/Séquence



Registered Under (office use only) / Enregistré aux termes de (usage interne)

31 Reference File Number / N° de dossier de référence: 648512829  
 Renewal (B) OR Discharge (C) / Renouvellement (B) OU Mandat (C)  
 Enter Number of Additional Years if Renewal (see reverse) / Indiquer le nombre d'années supplémentaires s'il s'agit d'un renouvellement (voir le verso)

32 Individual Debtor (as recorded) / Débiteur particulier (tel qu'enregistré)  
 First Given Name/Prénom polonais Initials/Initiales Surname/Nom de famille

33 Business Debtor (as recorded) / Débiteur commercial (tel qu'enregistré): **BOGDON & GROSS FURNITURE COMPANY LIMITED**  
 Ontario Corporation No. / N° d'incorporation de la personne morale en Ontario

34 Secured Party/Lien/Claimant/Registered Agent / Créancier garanti/Créancier privilégié/Agent d'enregistrement  
 Address/Adresse City, etc./Ville, etc. Prov./Prov. Postal Code/Code postal

KEVIN W. MCMEEKEN LAW OFFICE  
 207 10TH STREET  
 HANOVER ON N4N 1N8

Authorized Signature/Signature autorisée  
 Name and Signature of Secured Party/Lien/Claimant OR Name of Secured Party/Lien/Claimant / Nom et signature de créancier garanti ou créancier privilégié OU Nom du créancier garanti/privilégié ET nom et signature de l'agent d'enregistrement/garant/privilégié

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Verification Statement/État de vérification

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2C	2	01	REG UNDER/T. ENREG:				
2C	2	21	648512829				
2C	2	26	COMMUNITY FUTURES DEVELOPMENT CORPORATION.				
			*** VERIFY IMMEDIATELY UPON RECEIPT / VERIFIEZ IMMEDIATEMENT VOTRE AVIS ***				

10553(03/06)



**POSTPONEMENT, ASSIGNMENT & SUBORDINATION AGREEMENT**

**TO: SAUGEEN ECONOMIC DEVELOPMENT CORPORATION and  
BRUCE COMMUNITY FUTURES DEVELOPMENT CORPORATION**

---

WHEREAS SAUGEEN ECONOMIC DEVELOPMENT CORPORATION and BRUCE COMMUNITY FUTURES DEVELOPMENT CORPORATION (the "**LENDER**") have agreed to provide certain credit facilities to 2110785 ONTARIO INC. (the "**BORROWER**") on the terms and conditions set out in a *Loan Agreement*, dated on or about the 25<sup>th</sup> day of July, 2012.

AND WHEREAS ADAM HOFMANN and DIRK NIELSEN are the only Shareholders of the Capital Stock in the *Borrower*.

AND WHEREAS ADAM HOFMANN and DIRK NIELSEN are the only Directors of the *Borrower*.

AND WHEREAS THE UNDERSIGNED HEREBY ACKNOWLEDGES that the **LENDER** has required that I execute and deliver this **POSTPONEMENT, ASSIGNMENT & SUBORDINATION AGREEMENT** as a condition precedent to **LENDER** agreeing to extend credit to the **BORROWER** under the terms of the *Loan Agreement*.

NOW, THEREFORE, in consideration of **LENDER** having agreed to grant the said Loan to the **BORROWER** and for the payment of ONE ----- 00/100 DOLLAR (\$1.00) and other VALUABLE CONSIDERATION, the receipt and sufficiency of which is hereby acknowledged, the undersigned, namely ADAM HOFMANN (hereinafter referred to as the "**SUBORDINATOR**"), hereby agrees and undertakes as follows:

**POSTPONEMENT, ASSIGNMENT & SUBORDINATION:**

From the date hereof and until such time as all indebtedness, obligations and other liabilities owed by the **BORROWER** to the **LENDER** under the terms of the *Loan Agreement* or arising under any other agreement made between the **LENDER** and the **BORROWER** are entirely repaid and fulfilled, the **SUBORDINATOR** agrees to comply with and abide by all of the following terms, conditions and restrictions:

- (a) To postpone the payment and satisfaction of all **SHAREHOLDER LOANS, DIVIDENDS, BONUSES**, or any part thereof, and other rights to withdraw **CAPITAL** now or hereafter due and owing by the **BORROWER** or **BOGDON & GROSS FURNITURE COMPANY LIMITED** to the **SUBORDINATOR**, including all interest accruing thereof (the "**Subordinated Obligations**") in favour of the **LENDER** and to subordinate the **Subordinated Obligations** to all **INDEBTEDNESS, LIABILITIES** and other **OBLIGATIONS** owed by the **BORROWER** to the **LENDER**;
- (b) To assign and transfer to the **LENDER** (as security for the **Subordinated Obligations** and all liabilities of the **BORROWER** and **BOGDON & GROSS FURNITURE COMPANY LIMITED** owed to the **LENDER**) all debts, demands and liabilities which are now due, owing; or accruing due; or may hereafter become due, owing or accruing due to the **SUBORDINATOR** by or from the **BORROWER** or **BOGDON & GROSS FURNITURE COMPANY LIMITED**.
- (c) To assign and transfer to the **LENDER** (as security for the **Subordinated Obligations** and all liabilities of the **BORROWER** and **BOGDON & GROSS FURNITURE COMPANY LIMITED** owed to the **LENDER**) all securities, including any **CHARGES, MORTGAGES, SECURITY AGREEMENTS, FINANCING STATEMENTS** or other **SECURITY INSTRUMENTS** whether unregistered or registered in a **LAND REGISTRY OFFICE** or the **PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM** or filed with any **SHERIFF** in any County within the Province of Ontario or elsewhere and including any rights of any nature which are now held, or may hereafter be held, by the **SUBORDINATOR** as security or collateral for the performance of the **BORROWER'S** or **BOGDON & GROSS FURNITURE COMPANY LIMITED'S** obligations to the **SUBORDINATOR** and the same shall be deemed to be security granted and pledged by the **BORROWER** or **BOGDON & GROSS FURNITURE COMPANY LIMITED** to the **LENDER** in the stead of the **SUBORDINATOR**;
- (d) That except with the prior written consent of the **Lender**, any monies owing, or which may become owing, by or from the **BORROWER** or **2110785** to the **SUBORDINATOR** and which constitutes the **Subordinated Obligations**, shall not be withdrawn, transferred, pledged, encumbered, assigned or otherwise dealt

with by the **SUBORDINATOR**, but shall remain as an obligation, debt and liability within the Financial Books and other Records of the **BORROWER** or **BOGDON & GROSS FURNITURE COMPANY LIMITED** at all times for so long as any amount of money, debts liabilities or other obligations remain owing by the **BORROWER** or **BOGDON & GROSS FURNITURE COMPANY LIMITED** to the **LENDER** under the terms of the *Loan Agreement* or otherwise; and

- (e) Not to demand or accept payment of all, or any part, of the debt owed by or from the **BORROWER** or **BOGDON & GROSS FURNITURE COMPANY LIMITED** to the **SUBORDINATOR** in respect of the *Subordinated Obligations*.

#### **BANKRUPTCY OR OTHER INSOLVENCY**

In the event of the **BANKRUPTCY** or **WINDING-UP** of the affairs of the **BORROWER** or **BOGDON & GROSS FURNITURE COMPANY LIMITED**, or of any **DISTRIBUTION OF ASSETS** of the **BORROWER** or **BOGDON & GROSS FURNITURE COMPANY LIMITED**, or **DISTRIBUTION OF THE PROCEEDS** thereof among its creditors or Shareholders in any manner whatsoever, the **LENDER** shall be entitled to receive the **DIVIDENDS** or **PROCEEDS**, if any, payable in respect of the *Subordinated Obligations*. Such **DIVIDENDS** or **PROCEEDS** shall be applied against or in satisfaction of such part, or parts, of the **BORROWER'S** and/or **BOGDON & GROSS FURNITURE COMPANY LIMITED'S** indebtedness then owed to the **LENDER** in such manner as the **LENDER** shall deem fit and proper until the whole of such indebtedness has been paid in full, and thereafter, the **SUBORDINATOR** shall be entitled to demand and receive such **DIVIDENDS** or **PROCEEDS**.

#### **CONSENT TO REGISTRATIONS**

The **SUBORDINATOR** hereby consents to the **LENDER** registering or filing evidence of this **POSTPONEMENT, ASSIGNMENT & SUBORDINATION AGREEMENT** or any other *Caution, Notice, Instrument* or *Document* that may be desirable or required to evidence the existence and pledges or undertakings granted hereunder. Such registration may be made by means of a Notice or other Instrument that is properly registrable in any **LAND REGISTRY OFFICE** in the Province of Ontario or elsewhere. Further, such registrations may be made by means of the filing of one or more *Financing Statements, Financing Change Statements*, or any similar *Registrations, Deposits* or *Filings* within the **PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM** for the Province of Ontario or any other jurisdiction. The **SUBORDINATOR** hereby agrees and shall, upon receipt of a written request from the **LENDER**, undertake such *Registrations, Deposits* or *Filings* in any relevant or Prescribed Form, if applicable. Further, to facilitate the filing of any *Caution, Notice, Instrument* or any other *Document*, including any *Financing Statements, Financing Change Statements* or any similar *Registrations, Deposits* or *Filings* that the **LENDER** may require, the **SUBORDINATOR** hereby authorizes the **LENDER**, or its Solicitors or Agents, to prepare, execute and file such documents as agent of the **SUBORDINATOR**. The **SUBORDINATOR** hereby **WAIVES** all rights to receive a copy of any such *Caution, Notice, Instrument* or other *Document*, including any *Financing Statement, Verification Statement* and any *Financing Change Statement* relating thereto.

#### **RECEIPTS FROM BORROWER OR 2110785 AS TRUSTEE**

In the event that any payments are made by the **BORROWER** or **BOGDON & GROSS FURNITURE COMPANY LIMITED** to the **SUBORDINATOR** in contravention of this **POSTPONEMENT, ASSIGNMENT & SUBORDINATION AGREEMENT**, the **SUBORDINATOR** agrees to, and shall, hold such payments, money, assets or other valuables **IN TRUST FOR THE LENDER** and the **SUBORDINATOR** hereby agrees to forthwith pay and deliver such payments, money, assets or other valuables to the **LENDER** regardless of whether any demand has or will be made by the **LENDER** upon the **BORROWER, BOGDON & GROSS FURNITURE COMPANY LIMITED** or **SUBORDINATOR**.

#### **GENERAL PROVISIONS**

- (a) The **SUBORDINATOR** shall, from time to time, and at all times hereafter, do all things and execute all documents that the **LENDER** may deem necessary or desirable in order to give full effect to this **POSTPONEMENT, ASSIGNMENT & SUBORDINATION AGREEMENT**.
- (b) The **SUBORDINATOR** acknowledges that he or she has or will receive a direct or indirect benefit as a result of the **LENDER** having extended the above referenced Loan and credit facility to the **BORROWER**.

#### **NUMBER, GENDER & EXPRESSIONS**

Words importing the singular number shall include the plural and *vice versa*. Words importing the use of any gender shall include the masculine, feminine and neuter

genders. Words importing natural persons shall include an individual, a trust, a partnership, a body corporate, an association or other incorporated or unincorporated organization or entity.

**GOVERNING LAW & ATTORNMENT**

This POSTPONEMENT, ASSIGNMENT & SUBORDINATION AGREEMENT shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of CANADA applicable therein. The parties agree that any action under or for the enforcement of this POSTPONEMENT, ASSIGNMENT & SUBORDINATION AGREEMENT may only be commenced in the Courts of the Province of Ontario and the parties attorn to the exclusive jurisdiction of those Courts.

**HEIRS, SUCCESSORS & ASSIGNS**

This POSTPONEMENT, ASSIGNMENT & SUBORDINATION AGREEMENT shall extend and enure to the benefit of and be binding upon the *LENDER*, the *SUBORDINATOR* and the *BORROWER* or *BOGDON & GROSS FURNITURE COMPANY LIMITED* (where applicable) and each of their respective heirs, legal representatives, successors and assigns.

**RIGHTS HELD BY THE LENDER**

*THE BORROWER, BOGDON & GROSS FURNITURE COMPANY LIMITED & SUBORDINATOR* HEREBY ACKNOWLEDGES, UNDERSTANDS AND AGREES that this POSTPONEMENT, ASSIGNMENT & SUBORDINATION AGREEMENT shall not suspend or otherwise affect the present or future rights or remedies held by the *LENDER* with respect to the present or future indebtedness or liability of the *BORROWER* and/or *BOGDON & GROSS FURNITURE COMPANY LIMITED* to the *LENDER*, or the securities that the *LENDER* now holds, or may hereafter receive, against and from the *BORROWER* and/or *BOGDON & GROSS FURNITURE COMPANY LIMITED* as collateral to the said indebtedness and other liability.

IN WITNESS WHEREOF the parties hereto have executed this POSTPONEMENT, ASSIGNMENT & SUBORDINATION AGREEMENT at the Town of WALKERTON, County of Bruce in the Province of Ontario on this 3<sup>rd</sup> day of August, 2012.

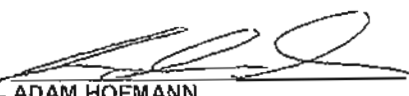
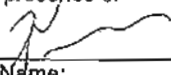
**SIGNED, SEALED & DELIVERED**

In the presence of

Print Name:

Address:

Phone Number:  
(Witness)



ADAM HOFMANN  
(Shareholder & Director of the Borrower  
& Director of Bogdon & Gross Furniture  
Company Limited)

**BORROWER'S ACKNOWLEDGEMENT & CONSENT**

I, ADAM HOFMANN (*President*), on behalf of 2110785 ONTARIO INC. and *BOGDON & GROSS FURNITURE COMPANY LIMITED* hereby acknowledge and consent to and shall abide by the terms and conditions of this POSTPONEMENT, ASSIGNMENT & SUBORDINATION AGREEMENT. Further, I hereby acknowledge and agree personally and on behalf of 2110785 ONTARIO INC. and *BOGDON & GROSS FURNITURE COMPANY LIMITED* to refrain from engaging or undertaking any actions that result in or otherwise facilitates a breach of the terms of this POSTPONEMENT, ASSIGNMENT & SUBORDINATION AGREEMENT to be committed by ADAM HOFMANN or any other person.

**SIGNED, SEALED & DELIVERED**

2110785 ONTARIO INC. and  
BOGDON & GROSS  
FURNITURE COMPANY LIMITED  
PER:



ADAM HOFMANN  
(President of each of the foregoing  
Corporations)

I have authority to bind each of the Corporations.

**POSTPONEMENT, ASSIGNMENT & SUBORDINATION AGREEMENT**

TO: SAUGEEN ECONOMIC DEVELOPMENT CORPORATION and  
BRUCE COMMUNITY FUTURES DEVELOPMENT CORPORATION

---

WHEREAS SAUGEEN ECONOMIC DEVELOPMENT CORPORATION and BRUCE COMMUNITY FUTURES DEVELOPMENT CORPORATION (the "LENDER") have agreed to provide certain credit facilities to 2110785 ONTARIO INC. (the "BORROWER") on the terms and conditions set out in a *Loan Agreement*, dated on or about the 25<sup>th</sup> day of July, 2012.

AND WHEREAS ADAM HOFMANN and DIRK NIELSEN are the only Shareholders of the Capital Stock in the *Borrower*.

AND WHEREAS ADAM HOFMANN and DIRK NIELSEN are the only Directors of the *Borrower*.

AND WHEREAS THE UNDERSIGNED HEREBY ACKNOWLEDGES that the LENDER has required that I execute and deliver this POSTPONEMENT, ASSIGNMENT & SUBORDINATION AGREEMENT as a condition precedent to LENDER agreeing to extend credit to the BORROWER under the terms of the *Loan Agreement*.

NOW, THEREFORE, In consideration of LENDER having agreed to grant the said Loan to the BORROWER and for the payment of ONE ----- 00/100 DOLLAR (\$1.00) and other VALUABLE CONSIDERATION, the receipt and sufficiency of which is hereby acknowledged, the undersigned, namely DIRK NIELSEN (hereinafter referred to as the "SUBORDINATOR"), hereby agrees and undertakes as follows:

**POSTPONEMENT, ASSIGNMENT & SUBORDINATION:**

From the date hereof and until such time as all indebtedness, obligations and other liabilities owed by the BORROWER to the LENDER under the terms of the *Loan Agreement* or arising under any other agreement made between the LENDER and the BORROWER are entirely repaid and fulfilled, the SUBORDINATOR agrees to comply with and abide by all of the following terms, conditions and restrictions:

- (a) To postpone the payment and satisfaction of all SHAREHOLDER LOANS, DIVIDENDS, BONUSES, or any part thereof, and other rights to withdraw CAPITAL now or hereafter due and owing by the BORROWER or BOGDON & GROSS FURNITURE COMPANY LIMITED to the SUBORDINATOR, including all interest accruing thereof (the "Subordinated Obligations") in favour of the LENDER and to subordinate the Subordinated Obligations to all INDEBTEDNESS, LIABILITIES and other OBLIGATIONS owed by the BORROWER to the LENDER;
- (b) To assign and transfer to the LENDER (as security for the Subordinated Obligations and all liabilities of the BORROWER and BOGDON & GROSS FURNITURE COMPANY LIMITED owed to the LENDER) all debts, demands and liabilities which are now due, owing; or accruing due; or may hereafter become due, owing or accruing due to the SUBORDINATOR by or from the BORROWER or BOGDON & GROSS FURNITURE COMPANY LIMITED.
- (c) To assign and transfer to the LENDER (as security for the Subordinated Obligations and all liabilities of the BORROWER and BOGDON & GROSS FURNITURE COMPANY LIMITED owed to the LENDER) all securities, including any CHARGES, MORTGAGES, SECURITY AGREEMENTS, FINANCING STATEMENTS or other SECURITY INSTRUMENTS whether unregistered or registered in a LAND REGISTRY OFFICE or the PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM or filed with any SHERIFF in any County within the Province of Ontario or elsewhere and including any rights of any nature which are now held, or may hereafter be held, by the SUBORDINATOR as security or collateral for the performance of the BORROWER'S or BOGDON & GROSS FURNITURE COMPANY LIMITED'S obligations to the SUBORDINATOR and the same shall be deemed to be security granted and pledged by the BORROWER or BOGDON & GROSS FURNITURE COMPANY LIMITED to the LENDER in the stead of the SUBORDINATOR;
- (d) That except with the prior written consent of the Lender, any monies owing, or which may become owing, by or from the BORROWER or 2110785 to the SUBORDINATOR and which constitutes the Subordinated Obligations, shall not be withdrawn, transferred, pledged, encumbered, assigned or otherwise dealt

with by the **SUBORDINATOR**, but shall remain as an obligation, debt and liability within the Financial Books and other Records of the **BORROWER** or **BOGDON & GROSS FURNITURE COMPANY LIMITED** at all times for so long as any amount of money, debts, liabilities or other obligations remain owing by the **BORROWER** or **BOGDON & GROSS FURNITURE COMPANY LIMITED** to the **LENDER** under the terms of the *Loan Agreement* or otherwise; and

- (e) Not to demand or accept payment of all, or any part, of the debt owed by or from the **BORROWER** or **BOGDON & GROSS FURNITURE COMPANY LIMITED** to the **SUBORDINATOR** in respect of the *Subordinated Obligations*.

#### **BANKRUPTCY OR OTHER INSOLVENCY**

In the event of the **BANKRUPTCY** or **WINDING-UP** of the affairs of the **BORROWER** or **BOGDON & GROSS FURNITURE COMPANY LIMITED**, or any **DISTRIBUTION OF ASSETS** of the **BORROWER** or **BOGDON & GROSS FURNITURE COMPANY LIMITED**, or **DISTRIBUTION OF THE PROCEEDS** thereof among its creditors or Shareholders in any manner whatsoever, the **LENDER** shall be entitled to receive the **DIVIDENDS** or **PROCEEDS**, if any, payable in respect of the *Subordinated Obligations*. Such **DIVIDENDS** or **PROCEEDS** shall be applied against or in satisfaction of such part, or parts, of the **BORROWER'S** and/or **BOGDON & GROSS FURNITURE COMPANY LIMITED'S** indebtedness then owed to the **LENDER** in such manner as the **LENDER** shall deem fit and proper until the whole of such indebtedness has been paid in full, and thereafter, the **SUBORDINATOR** shall be entitled to demand and receive such **DIVIDENDS** or **PROCEEDS**.

#### **CONSENT TO REGISTRATIONS**

The **SUBORDINATOR** hereby consents to the **LENDER** registering or filing evidence of this **POSTPONEMENT, ASSIGNMENT & SUBORDINATION AGREEMENT** or any other *Caution, Notice, Instrument or Document* that may be desirable or required to evidence the existence and pledges or undertakings granted hereunder. Such registration may be made by means of a Notice or other instrument that is properly registerable in any **LAND REGISTRY OFFICE** in the Province of Ontario or elsewhere. Further, such registrations may be made by means of the filing of one or more *Financing Statements, Financing Change Statements*, or any similar *Registrations, Deposits or Filings* within the **PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM** for the Province of Ontario or any other jurisdiction. The **SUBORDINATOR** hereby agrees and shall, upon receipt of a written request from the **LENDER**, undertake such *Registrations, Deposits or Filings* in any relevant or Prescribed Form, if applicable. Further, to facilitate the filing of any *Caution, Notice, Instrument* or any other *Document*, including any *Financing Statements, Financing Change Statements* or any similar *Registrations, Deposits or Filings* that the **LENDER** may require, the **SUBORDINATOR** hereby authorizes the **LENDER**, or its Solicitors or Agents, to prepare, execute and file such documents as agent of the **SUBORDINATOR**. The **SUBORDINATOR** hereby **WAIVES** all rights to receive a copy of any such *Caution, Notice, Instrument* or other *Document*, including any *Financing Statement, Verification Statement* and any *Financing Change Statement* relating thereto.

#### **RECEIPTS FROM BORROWER OR 2110785 AS TRUSTEE**

In the event that any payments are made by the **BORROWER** or **BOGDON & GROSS FURNITURE COMPANY LIMITED** to the **SUBORDINATOR** in contravention of this **POSTPONEMENT, ASSIGNMENT & SUBORDINATION AGREEMENT**, the **SUBORDINATOR** agrees to, and shall, hold such payments, money, assets or other valuables **IN TRUST FOR THE LENDER** and the **SUBORDINATOR** hereby agrees to forthwith pay and deliver such payments, money, assets or other valuables to the **LENDER** regardless of whether any demand has or will be made by the **LENDER** upon the **BORROWER, BOGDON & GROSS FURNITURE COMPANY LIMITED** or **SUBORDINATOR**.

#### **GENERAL PROVISIONS**

- (a) The **SUBORDINATOR** shall, from time to time, and at all times hereafter, do all things and execute all documents that the **LENDER** may deem necessary or desirable in order to give full effect to this **POSTPONEMENT, ASSIGNMENT & SUBORDINATION AGREEMENT**.
- (b) The **SUBORDINATOR** acknowledges that he or she has or will receive a direct or indirect benefit as a result of the **LENDER** having extended the above referenced Loan and credit facility to the **BORROWER**.

#### **NUMBER, GENDER & EXPRESSIONS**

Words importing the singular number shall include the plural and *vice versa*. Words importing the use of any gender shall include the masculine, feminine and neuter

genders. Words importing natural persons shall include an individual, a trust, a partnership, a body corporate, an association or other incorporated or unincorporated organization or entity.

**GOVERNING LAW & ATTORNMENT**

This **POSTPONEMENT, ASSIGNMENT & SUBORDINATION AGREEMENT** shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of CANADA applicable therein. The parties agree that any action under or for the enforcement of this **POSTPONEMENT, ASSIGNMENT & SUBORDINATION AGREEMENT** may only be commenced in the Courts of the Province of Ontario and the parties attorn to the exclusive jurisdiction of those Courts.

**HEIRS, SUCCESSORS & ASSIGNS**

This **POSTPONEMENT, ASSIGNMENT & SUBORDINATION AGREEMENT** shall extend and enure to the benefit of and be binding upon the **LENDER**, the **SUBORDINATOR** and the **BORROWER** or **BOGDON & GROSS FURNITURE COMPANY LIMITED** (where applicable) and each of their respective heirs, legal representatives, successors and assigns.

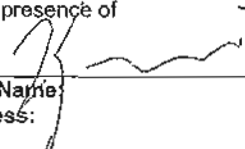
**RIGHTS HELD BY THE LENDER**

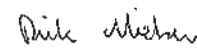
**THE BORROWER, BOGDON & GROSS FURNITURE COMPANY LIMITED & SUBORDINATOR** HEREBY ACKNOWLEDGES, UNDERSTANDS AND AGREES that this **POSTPONEMENT, ASSIGNMENT & SUBORDINATION AGREEMENT** shall not suspend or otherwise affect the present or future rights or remedies held by the **LENDER** with respect to the present or future indebtedness or liability of the **BORROWER** and/or **BOGDON & GROSS FURNITURE COMPANY LIMITED** to the **LENDER**, or the securities that the **LENDER** now holds, or may hereafter receive, against and from the **BORROWER** and/or **BOGDON & GROSS FURNITURE COMPANY LIMITED** as collateral to the said indebtedness and other liability.

IN WITNESS WHEREOF the parties hereto have executed this **POSTPONEMENT, ASSIGNMENT & SUBORDINATION AGREEMENT** at the Town of WALKERTON, County of Bruce in the Province of Ontario on this 3<sup>rd</sup> day of August, 2012.

**SIGNED, SEALED & DELIVERED**

In the presence of

  
\_\_\_\_\_  
Print Name:  
Address:  
Phone Number:  
(Witness)

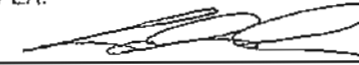
  
\_\_\_\_\_  
DIRK NIELSEN  
(Shareholder & Director of the Borrower & Director of Bogdon & Gross Furniture Company Limited)

**BORROWER'S ACKNOWLEDGEMENT & CONSENT**

I, ADAM HOFMANN (President), on behalf of 2110785 ONTARIO INC. and **BOGDON & GROSS FURNITURE COMPANY LIMITED** hereby acknowledge and consent to and shall abide by the terms and conditions of this **POSTPONEMENT, ASSIGNMENT & SUBORDINATION AGREEMENT**. Further, I hereby acknowledge and agree personally and on behalf of 2110785 ONTARIO INC. and **BOGDON & GROSS FURNITURE COMPANY LIMITED** to refrain from engaging or undertaking any actions that result in or otherwise facilitates a breach of the terms of this **POSTPONEMENT, ASSIGNMENT & SUBORDINATION AGREEMENT** to be committed by **DIRK NIELSEN** or any other person.

**SIGNED, SEALED & DELIVERED**

2110785 ONTARIO INC. and  
**BOGDON & GROSS  
FURNITURE COMPANY LIMITED**  
PER:

  
\_\_\_\_\_  
ADAM HOFMANN  
(President of each of the foregoing  
Corporations)

I have authority to bind each of the Corporations

**Financing Change Statement/Change Statement**  
**État de modification du financement/État de modification**

2012/08/03    216    01759  
 1590A201208032

Registration No. (for office use only) / N<sup>o</sup> d'enregistrement (usage interne)  
 YYYY/AAA MM/AM DD/JJ    Time/Heure    Branch/Bureau    Sequence/Séquence



Registered Under (office use only) / Enregistré aux termes de (usage interne)

91 Reference File Number / N<sup>o</sup> de dossier de référence: **648512784**      Renewal (R) OR Discharge (D) / Renouvellement (R) OU Achevement (D)      Enter Number of Additional Years if Renewal (see reverse) / Insérer le nombre d'années supplémentaires à l'état d'un renouvellement (voir au verso)

92 Individual Debtor (as recorded) / Débiteur particulier (tel qu'enregistré): **KEVIN HANNOY PREMIER PRINCE**      Initial/Prénoms      Surname/Nom de famille

93 Business Debtor (as recorded) / Débiteur commercial (tel qu'enregistré): **2110785 ONTARIO INC.**      Ontario Corporate R.N. / Numéro de la personne morale en Ontario

95 Secured Party/Lien Claimant/Registered Agent / Créancier garanti/Créancier privilégié/Agent d'enregistrement

96 Address/Adresse      City, etc./Villes, etc.      Prov./Pays; Postal Code/Code postal

KEVIN W. MCMEEKEN LAW OFFICE  
 207 10TH STREET  
 HANOVER ON N4N 1N8

**Authorized Signature/Signature autorisée**  
 Name and Signature of Secured Party/Lien Claimant OR Name of Secured Party/Lien Claimant AND Name and Signature of Agent or Secured Party/Lien Claimant / Nom et signature de créancier garanti ou de créancier privilégié OU Nom du créancier garanti/privilégié, du nom et signature de l'agent du créancier ou du créancier privilégié

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 (Cet avertissement doit être imprimé à la ligne pointillée)

**Verification Statement/État de vérification**

Form Type/Type de formulaire	Page	Line/Ligne	The expiry date calculated by the system may exceed the date on which the registration ceases to be effective. * La date d'expiration établie en vertu du système peut être postérieure à la date à laquelle l'enregistrement cesse d'être en vigueur.	Page/ Page	OF/ DE	Total Pages/ Nombre de pages	Expiry Date/ Date d'expiration
	1	2		1	2		2023/09/15
2C	1	01	CAUTION FILING/AVERTIS:      PAGE:    1 OF/DE:    2      MV SCHEDULE				
2C	1	01	ATTACHED/LISTE VA:      REG NUM/NO ENREGIST: 20120803 1636 1590 5630				
2C	1	01	REG UNDER/T. ENREG:				
2C	1	21	648512784				
2C	1	22	AMEND-PAGE/CORR PAGE:      NO PAGE/AUCUNE: X      CHANGE/MODIF: A				
2C	1	22	REN YEARS/REN ANNEES:      CORR PER/PER EXAC:				
2C	1	24	2110785 ONTARIO INC.				
2C	1	26	SECURITY INTERESTS OF THE SECURED PARTY ARE SUBJECT TO THE				
2C	1	27	PROVISIONS OF A SUBORDINATION AGREEMENT, DATED FEBRUARY 27TH 2012,				
2C	1	28	GVERN IN FAVOUR OF SAUGREEN ECONOMIC DEVELOPMENT CORPORATION & BRUCE				
2C	1	10	CONS GOODS/BIENS CONS:      INVTRY/STOCK:      EQUIP/MATER:				
2C	1	10	ACCTS/COMPT:      OTHER/AUTRE: X      MV INCL/VA INCLUS:				
2C	1	10	AMOUNT/MONTANT:      DATE OF MATURITY/DATE ECHEANCE:				
2C	1	10	NO FIXED MAT DATE/D ECHE PAS DET:				
2C	1	16	KEVIN W. MCMEEKEN LAW OFFICE				
2C	1	17	207 10TH STREET				
2C	1	17	HANOVER      ON    N4N 1N8				
			*** VERIFY IMMEDIATELY UPON RECEIPT / VERIFIEZ IMMEDIATEMENT VOTRE AVIS ***				

10533(03/06)



**Financing Change Statement / Change Statement**      2012/08/03      216      01760  
**État de modification du financement / État de modification**      1590A201208032

Registration No. (for office use only) / N° d'enregistrement (usage interne)  
 YYYY/AAAA MM/AM DD/JJ      Time/Heure      Branch/Bureau      Sequence/Séquence



Form **3C**      10853(03/09)

Registered Under (office use only) / Enregistré aux termes de (usage interne)

31 Reference File Number / N° de dossier de référence: **648512784**      Renewal (R) OR Discharge (D) / Rénouvellement (R) OU Mainlevée (D):      Enter Number of Additional Years of Renewal (see reverse) / Indiquez le nombre d'années supplémentaires à l'ajout d'un renouvellement (voir au verso):

32 Individual Debtor (as recorded) / Débiteurs particuliers (tel qu'enregistré):      First Given Name / Prénom personnel      Initial/Initiale      Surname / Nom de famille

33 Business Debtor (as recorded) / Débiteurs commerciaux (tel qu'enregistré): **2110785 ONTARIO INC.**      Ontario Corporation No. / N° matricule de la personne morale en Ontario:

06-18 Secured Party / Lien Claimant / Registered Agent / Créancier garanti / Créancier privilégié / Agent d'enregistrement

09-12 Address / Adresse      City, etc. / Ville, etc.      Prov. / Prov.      Postal Code / Code postal

KEVIN W. MCMEEKEN LAW OFFICE  
 207 10TH STREET  
 HANOVER ON N4N 1N8

**Authorized Signature / Signature autorisée**  
 Name and Signature of Secured Party / Lien Claimant OR Name of Secured Party / Lien Claimant AND Name and Signature of Agent of Secured Party / Lien Claimant / Nom et signature du créancier garanti / Créancier privilégié OU Nom du créancier privilégié autorisé ET nom et signature de l'agent du créancier garanti / Créancier privilégié

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 (On along dotted line / Démarquez à la ligne pointillée)  
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**Verification Statement / État de vérification**

Form Type / Type de formule	Page / Page	Line / Ligne	*The expiry date calculated by the system may exceed the date on which the registration ceases to be effective. / * La date d'expiration établie en vertu du système peut être postérieure à la date à laquelle l'enregistrement cesse d'être en vigueur.	Page / Page	OR / OU	Total Pages / Nombre de pages	Expiry Date / Date d'expiration
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2C	2	01	CAUTION FILING / AVERTIS:	PAGE:	2 OF / DE:	2	MV SCHEDULE
2C	2	01	ATTACHED / LISTE VA:	REG NUM / NO ENREGIST:	20120803	1636	1590 5630
2C	2	01	REG UNDER / T. ENREG:				
2C	2	21	648512784				
2C	2	26	COMMUNITY FUTURES DEVELOPMENT CORPORATION.				
*** VERIFY IMMEDIATELY UPON RECEIPT / VERIFIEZ IMMEDIATEMENT VOTRE AVIS ***							

10853(03/09)



AMENDED AND RESTATED PRIORITIES AGREEMENT

THIS AGREEMENT dated as of the 3rd day of August, 2012.

B E T W E E N:

SAUGEEN ECONOMIC DEVELOPMENT CORPORATION  
and BRUCE COMMUNITY FUTURES DEVELOPMENT  
CORPORATION, each being a corporation incorporated under the  
laws of the Province of Ontario,

(collectively, "SEDC & BCFDC" and separately, "SEDC" and "BCFDC"  
respectively)

OF THE FIRST PART

- and -

TCE CAPITAL CORPORATION, a corporation incorporated  
under the laws of the Province of Ontario,

("TCE")

OF THE SECOND PART

- and -

BOGDON & GROSS FURNITURE COMPANY LIMITED, a  
corporation incorporated under the laws of the Province of Ontario,

(the "Company")

OF THE THIRD PART

WHEREAS SEDC & BCFDC, TCE and the Company are parties to a certain priorities agreement dated February 21, 2012 (the "Original Priorities Agreement") and have agreed to enter into this Agreement with the intent that this Agreement shall amend, update, restate and supercede the Original Priorities Agreement.

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the mutual agreements contained herein, and other good and valuable consideration acknowledged to have been received, the parties agree as follows:

ARTICLE 1 - DEFINITIONS

1.01 In this Agreement, the following terms have the following meanings:

- (a) **"Accounts"** means any and all accounts receivable now or hereafter arising under contracts between any person (i.e., an account debtor) and the Company for the supply by the Company of goods or other materials, services, or a combination of goods or other materials and services, together with all rights under or in relation to the contracts to which such accounts receivable relate, including all liens or other rights in any good, material, or product or any service that is to be supplied, all instruments (including, for greater certainty, negotiable instruments, bills of exchange, cheques and post-dated cheques), guarantees and security interests taken or held by the Company to secure the performance of any or all of the obligations of the account debtors and the right of the Company to rescind or terminate such contracts or to accept a return of any goods or other materials supplied under such contracts; provided, however, that for purposes of this Agreement, "Accounts" shall not include any proceeds from the sale, disposition or realization of any Equipment or real property of the Company;
- (b) **"Creditors"** means, collectively, TCE and SEDC & BCFDC and **"Creditor"** means either TCE or SEDC & BCFDC;
- (c) **"Inventory"** means any and all goods that are held by the Company for sale or that are to be furnished or have been furnished by the Company under a contract of service or sale or a combination of service and sale, or that are work in process or materials used or consumed in any business of the Company;
- (d) **"Manufacturing Machinery & Equipment"** means goods that are not Inventory;
- (e) **"proceeds"** shall have the meaning ascribed to such term in the *Personal Property Security Act* (Ontario);
- (f) **"Real Property"** shall mean the Lands & Premises located at Municipal Address known as 75 Ridout Street, WALKERTON, Ontario and as otherwise described within PIN 33198-0289(LT) situate within the County of Bruce, Ontario;
- (g) **"SEDC & BCFDC Security"** shall mean any security interest held by SEDC & BCFDC, now or in the future, in any assets of the Company, including the charge/mortgage registered against title to the Real Property in the principal amount of THREE HUNDRED THOUSAND-----00/100 DOLLARS (\$300,000.00) as evidenced by Instrument Number BR246;
- (h) **"TCE Security"** shall mean any security interest held by TCE, now or in the future, in any assets of the Company including a charge/mortgage to be registered in its favour against title to the Real Property in the principal amount of FIVE HUNDRED

THOUSAND-----00/100 DOLLARS (\$500,000.00); and

- (i) "2012 Tax Credit Entitlements" means, collectively, (i) the Company's Scientific Research and Experimental Development (SR&ED) refundable tax credits and resulting federal tax refunds as claimed by the Company pursuant to the *Income Tax Act* (Canada) in respect of the Company's tax year from January 1, 2012 to December 31, 2012, and (ii) the Company's Ontario Innovation Tax Credit (OITC) entitlement and resulting tax refund arising out of approval by Canada Revenue Agency of the foregoing claim for a federal tax refund in respect of the Company's tax year from January 1, 2012 to December 31, 2012.

For greater certainty, the expression "SEDC & BCFDC" is used in this Agreement to identify SEDC & BCFDC as a unit, reflecting that loans to the Company and security in the assets of the Company are made and held by SEDC & BCFDC jointly. Any loans or other financial accommodations to the Company now or hereafter made by either of them separately shall be deemed for purposes of this Agreement to be indebtedness and obligations of the Company to "SEDC & BCFDC" and any security held by either of them separately shall be deemed to be included in the "SEDC & BCFDC Security".

#### ARTICLE 2 – ACKNOWLEDGMENTS & CONSENTS

- 2.01 SEDC & BCFDC consents to the creation and issue by the Company to TCE of the TCE Security, agrees that the said creation and issuance shall not constitute an event of default under the SEDC & BCFDC Security and consents to the incurring by the Company of the indebtedness and obligations secured by the TCE Security.
- 2.02 SEDC & BCFDC further consents to the absolute assignment from time to time by the Company to TCE of any Accounts and all proceeds thereof, free and clear of the SEDC & BCFDC Security.
- 2.03 TCE consents to the creation and issue by the Company to SEDC & BCFDC of the SEDC & BCFDC Security, agrees that the said creation and issuance shall not constitute an event of default under the TCE Security and consents to the incurring by the Company of the indebtedness and obligations secured by the SEDC & BCFDC Security.
- 2.04 TCE acknowledges being advised that SEDC & BCFDC is currently in the process of granting a loan to 2110785 Ontario Inc., an affiliate of the Company, in the principal amount of ONE HUNDRED AND SIXTY THOUSAND ----- 00/100 DOLLARS (\$160,000.00) (the "2012 SR&ED Loan") to be secured by a Guarantee of Debt Repayment and an Assignment of SRED Tax Rebate by the Company.

ARTICLE 3 - SUBORDINATION

- 3.01 The SEDC & BCFDC Security and the TCE Security, subject to Section 3.04, shall have the following priorities as against one another and are hereby subordinated and postponed to give effect to such priorities:
- (a) The SEDC & BCFDC Security shall have priority over the TCE Security in respect of any and all Manufacturing Machinery and Equipment and all proceeds thereof, to the extent of the Company's indebtedness and obligations to SEDC & BCFDC from time to time to the aggregate maximum principal amount of TWO HUNDRED THOUSAND-----00/100 DOLLARS (\$200,000.00) together with all accrued interest thereon and all costs, charges and expenses incurred by SEDC & BCFDC in connection therewith;
  - (b) The SEDC & BCFDC Security shall have priority over the TCE Security in respect of the Real Property to the extent of the Company's indebtedness and obligations to SEDC & BCFDC from time to time to the aggregate maximum principal amount of THREE HUNDRED THOUSAND-----00/100 DOLLARS (\$300,000.00) together with all accrued interest thereon and all costs, charges and expenses incurred by SEDC & BCFDC in connection therewith;
  - (c) The SEDC & BCFDC Security shall have priority over the TCE Security in respect of the 2012 Tax Credit Entitlements to the extent of the 2012 SR&ED Loan to the aggregate maximum principal amount of ONE HUNDRED AND SIXTY THOUSAND-----00/100 DOLLARS (\$160,000.00) together with all accrued interest thereon and all costs, charges and expenses incurred by SEDC & BCFDC in connection therewith; and
  - (d) The TCE Security shall have priority over the SEDC & BCFDC Security, except as set out in paragraphs 3.01(a), 3.01(b) and 3.01(c) above.
- 3.02 Subject to Section 3.04, the subordination and postponements contained herein shall apply in all events and circumstances regardless of:
- (a) The date of execution, attachment, registration or perfection of any security interest held by SEDC & BCFDC or TCE;
  - (b) The date of any advance or advances made to the Company by SEDC & BCFDC or TCE;
  - (c) The date of default by the Company under any of the SEDC & BCFDC Security or the TCE Security or the dates of crystallization of any floating charges held by SEDC & BCFDC or TCE;
-

- (d) The date of any notice to or demand upon the Company (*or the failure to give any notice or demand*); or
  - (e) Any priority granted by any principle of law or any statute, including any personal property security, corporation securities registration or like statute.
- 3.03 Any proceeds of insurance or expropriation received by the Company, SEDC & BCFDC or TCE in respect of the collateral charged by the SEDC & BCFDC Security or the TCE Security shall be dealt with as though such proceeds of insurance or expropriation were paid or payable as proceeds of realization of the collateral for which they compensate.
- 3.04 If any of the SEDC & BCFDC Security or the TCE Security is found to be unenforceable, invalid, unregistered or unperfected against any party other than SEDC & BCFDC or TCE by a court of competent jurisdiction and all appeals from any such finding have been heard and determined or the period for making any such appeal has expired without an appeal being made, the foregoing provisions of this Article 3 shall not apply to such security. If any third party shall have a valid claim to the proceeds of any of the property or assets of the Company in priority to or on a parity with one of the Creditors but not in priority to or on a parity with the other Creditor, then this Agreement shall not apply so as to diminish the rights (*as such rights would have been but for the provisions of this Agreement*) of such other Creditor against any such other third party to the proceeds of disposition of such property or assets. None of the parties hereto shall take any steps or do any act or thing whereby the priorities provided for herein may be defeated or impaired.
- 3.05 The Creditors shall allow each other, and their respective agents, access at all reasonable times to any property and assets of the Company upon which such other Creditor has a charge or security interest to view the same, and access to, so as to make copies of or extracts from, any books of account and all records, ledgers, reports, documents and other writings relating to such property and assets, and to permit such other Creditor at all reasonable times to remove any property and assets of the Company upon which its charge or security interest has priority under this Agreement from the premises of the Company, without interference, provided that such other Creditor shall promptly repair any damage caused to the premises by the removal of any such property or assets and the Company waives any right to require security for the costs of such repair or compensation.

#### ARTICLE 4 - COVENANTS OF THE COMPANY

- 4.01 The Company hereby confirms to and agrees with the Creditors that so long as the Company remains obligated or indebted to the Creditors, it shall hold and deal with its assets for the Creditors in accordance with their respective interests and priorities under this Agreement.
-

ARTICLE 5 - GENERAL

- 5.01 Each Creditor shall provide to the other Creditor from time to time upon request full information and particulars as to the amounts owing by the Company to that Creditor, the performance by the Company of its obligations to that Creditor and any other information which the party requesting the same deems material. The Company consents to such disclosure.
- 5.02 The Creditors and the Company shall do, perform, execute and deliver all acts, deeds and documents at the reasonable request of either Creditor and at the expense of the Company as may be necessary from time to time to give full force and effect to the intent of this Agreement.
- 5.03 Neither SEDC & BCFDC nor TCE shall transfer or assign any of the SEDC & BCFDC Security or the TCE Security without obtaining from the assignee or transferee an agreement to be bound by the provisions of this Agreement to the same extent as the Creditor assigning same.
- 5.04 Any notice or written communication given pursuant to or in connection with this Agreement shall be in writing and shall be given by delivering the same personally or by prepaid courier, pre-paid registered mail or telecopier, addressed to the party to be notified, at the address of such party set out below, or at such other address of which such party has given notice to the other parties hereto. Any such notice shall be conclusively deemed to have been given and received on the actual date of receipt by the addressee if given by personal delivery, prepaid courier or telecopier, or, if given by pre-paid registered mail, on the fifth day following the mailing date (*absent a general disruption in postal service*).

To SEDC & BCFDC at:

515 Mill Street  
P. O. Box 177  
Neustadt, Ontario  
N0G 2M0

Fax: 519-799-5752

Attention: ROSE AUSTIN (*General Manager*)

To TCE at:

505 Consumers Road  
Suite 707  
Toronto, Ontario  
M2J 4V8

Fax: 416-497-3139

Attention: President

To the Company at:

75 Ridout Street,  
Walkerton, Ontario N0G 2V0

Fax: 519-881-1068

Attention: President

- 5.05 This Agreement may be executed in several counterparts, each of which when so executed shall be deemed to be an original and such counterparts together shall constitute one and the same instrument and shall be effective as of the formal date hereof.
- 5.06 Neither SEDC & BCFDC nor TCE shall transfer or assign their respective rights or obligations under this Agreement, except in connection with a transfer or assignment of the SEDC & BCFDC Security or the TCE Security as provided in Section 5.03. Subject to the foregoing, this Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.
- 5.07 This Agreement shall be governed by the laws of Ontario.
- 5.08 This Agreement shall constitute a continuing agreement, notwithstanding that the Company may not be indebted or obligated to a Creditor at any time, and each Creditor may, without notice to the other Creditor, purchase receivables, lend money, extend credit and make other financial accommodations to or for the account of the Company on the faith hereof. Nothing herein shall restrict any Creditor from revising, replacing, amending or supplementing the security in its favour, or acquiring additional encumbrances upon any property or assets of the Company (*now or hereafter acquired*), provided that all such securities and encumbrances shall be held and dealt with in accordance with the provisions herein. This Agreement shall continue in force until terminated by the mutual consent in writing of the Creditors or until either of the Creditors has discharged all of the security in its favour granted by the Company.
- 5.9 Neither this Agreement nor any provision hereof may be changed, waived, discharged or terminated except by instrument in writing, signed by the parties or by the party against whom enforcement of the change, waiver, discharge or termination is sought. Notwithstanding the foregoing, no consent of the Company shall be necessary to any amendment to the terms hereof by the Creditors unless the interests of the Company are directly affected hereby.
- 5.10 Nothing contained in this Agreement shall be construed as conferring any rights or benefits of any kind whatsoever upon the Company, or any person who is not a party to this Agreement, or as modifying an other agreement between the Creditors or any of them and the Company, and the Company shall not be entitled to enforce any
-

provision of this Agreement.

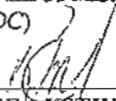
- 5.11 Any provision of this Agreement which is invalid or unenforceable under the laws of any jurisdiction in which this Agreement is sought to be enforced shall, as to such jurisdiction, and to the extent such provision is invalid or unenforceable, be deemed severable and shall not affect any other provision of this Agreement.
- 5.12 This Agreement contains the entire understanding of the parties with respect to the priority of the SEDC & BCFDC Security and the TCE Security and supersedes any prior agreements, undertakings, declarations, representations and understandings, both written and verbal, in respect of the priority of the SEDC & BCFDC Security and the TCE Security including, without limitation, the Original Priorities Agreement. There are no restrictions, agreements, promises, warranties, covenants or undertakings relating to the priority of the SEDC & BCFDC Security and the TCE Security other than those set forth in this Agreement.

*[NEXT PAGE IS SIGNING PAGE.]*

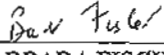


IN WITNESS WHEREOF the parties hereto have executed this Agreement under the hands of their duly authorized officers.

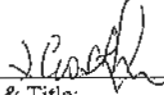
**SAUGEEN ECONOMIC  
DEVELOPMENT CORPORATION  
(SEDC)**

Per:   
**ROSE/AUSTIN (General Manager)**  
I have authority to bind the Corporation.

**BRUCE COMMUNITY FUTURES  
DEVELOPMENT CORPORATION  
(BCFDC)**

Per:   
**BARBARA FISCHER (General Manager)**  
I have authority to bind the Corporation.

**TCE CAPITAL CORPORATION  
(TCE)**

Per:   
Name & Title:  
(Authorized Signing Officer) **Ian C. Foskell**  
Vice President Finance and Administration

**BOGDON & GROSS  
FURNITURE COMPANY LIMITED  
(the Company)**

Per:   
**ADAM HOFMANN (President)**  
(Authorized Signing Officer)

DATED August 3, 2012.

BETWEEN:

SAUGEEN ECONOMIC  
DEVELOPMENT CORPORATION and  
BRUCE COMMUNITY  
FUTURES DEVELOPMENT CORPORATION

- and -

TCE CAPITAL CORPORATION

- and -

BOGDON & GROSS  
FURNITURE COMPANY LIMITED

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AMENDED AND RESTATED  
PRIORITIES AGREEMENT

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This is Exhibit "N" referred to in the Affidavit of ADAM  
HOFMANN sworn March 5, 2014

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*Commissioner for Taking Affidavits (or as may be)*

# TAB N

GENERAL SECURITY AGREEMENT

THIS GENERAL SECURITY AGREEMENT is hereby made on this 27<sup>th</sup> day of February, 2012:

BETWEEN:

BOGDON & GROSS FURNITURE COMPANY LIMITED  
(the "Debtor")

- and -

SAUQEEN ECONOMIC DEVELOPMENT CORPORATION &  
BRUCE COMMUNITY FUTURES DEVELOPMENT CORPORATION  
(the "Secured Party")

1. LOCATION OF THE COLLATERAL:

Each of the undersigned hereby promises and covenants to the Secured Party to continuously maintain ownership and possession of the Collateral (as such term is defined herein) at the following location for so long as this General Security Agreement is in effect:

Address: 75 Ridout Street, WALKERSTON, Ontario

2. CREATION OF THE SECURITY INTEREST:

- (i) **CONSIDERATION** - In exchange for the payment of ONE (1) ——— 00/100 DOLLAR (\$1.00) and other good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged, the undersigned hereby acknowledges his, her, its or their obligation for the repayment of the Indebtedness (as defined below), including any ultimate unpaid balance thereof, owed to the Secured Party.
- (ii) **PLEDGE OF SECURITY INTEREST** - As means to secure the performance of his, her, its or their obligations for repayment of the Indebtedness the undersigned hereby grant and pledge this General Security Agreement as a General and Continuing Collateral Security for his, her, its or their ongoing performance of the obligations owed by the Debtor to the Secured Party. For clarity, it is understood that each of the undersigned has the authority to grant and hereby grants to the Secured Party a Security Interest in all the Debtor's Personal Property as defined in the *Personal Property Security Act*, R.S.O. 1990, c. P.10 (hereinafter referred to as the "PPSA"), and in the undertaking of the Debtor, which shall constitute Collateral, whether now owned or hereafter acquired directly or indirectly by the Debtor and whether now existing or hereafter arising.
- (iii) **DEFINITION OF SECURED COLLATERAL** - Without limiting the generality of the foregoing, but for greater certainty, Collateral includes all of the following:
  - (a) All Assets described in Schedule 'A' attached hereto or as otherwise incorporated by reference in to the provisions of this General Security Agreement.
  - (b) All Patents, Trademarks, Copyrights and other Industrial and Intellectual property of the Debtor; and
  - (c) All Statutory Licenses, Quotas and other transferable rights.
- (iv) **REFERENCES TO COLLATERAL** - Any reference to Collateral shall, unless the context requires otherwise, be deemed to be a reference to the Collateral or any part thereof.
- (v) **LEASES & AGREEMENTS** - The Security Interest created herein shall not apply to, and the Collateral shall not include, the last day of the term of any Lease or Agreement, but upon the enforcement of the Security Interest granted and pledged hereby, the Debtor shall stand possessed of such Lease or Agreement IN TRUST for the benefit of the Secured Party with full entitlement to assign the rights and benefits thereunder to any person.

3. DEFINITION OF TERMS:

- (i) **GENERALLY** - All phrases which are defined in the PPSA and not otherwise defined in this General Security Agreement, shall have the meaning ascribed to them within the PPSA, provided always that the term "goods" shall never include "consumer goods" of the Debtor as that term is defined in the PPSA.
- (ii) **'INDEBTEDNESS'** shall mean all liabilities of every kind and description owed by the Debtor to the Secured Party and whether such liabilities are now or hereafter due or owed or any future advance of money, assets or other benefits (regardless of whether such is direct, indirect, realized or contingent) and regardless of whether the Debtor is bound to the Secured Party alone or with others and whether as principal or surety.
- (iii) **'RELATED DOCUMENTS'** shall mean the Promissory Notes, Loan Agreements, Account Agreements, Guarantees, Trust Deeds, Mortgages, other Security Agreements or any other documents executed in connection with this General Security Agreement or the underlying Indebtedness secured hereby or other instruments evidencing such Indebtedness or as otherwise related to the operation or administration of this General Security Agreement or executed in connection herewith regardless of whether such document or instrument is already existing or executed concurrently with or subsequent to the execution of this General Security Agreement.

4. RIGHTS & OBLIGATIONS OF THE DEBTOR:

- (i) **TITLE TO THE COLLATERAL** - Each of the undersigned warrants and covenants to the Secured Party that the Debtor holds absolute title or has rights in the Collateral sufficient for a Security Interest to attach to the Collateral and that there are no encumbrances, liens or other Security Interests now existing in respect of the Collateral, except as may otherwise be acknowledged and accepted by the Secured Party in writing.
- (ii) **POSSESSION & USE OF COLLATERAL** - The Debtor shall be entitled to deal with the Collateral in the ordinary course of the Debtor's business and in any manner that is consistent with the provisions of this General Security Agreement until an Event of Default (as defined at Paragraph 5(f) herein) has been committed by the Debtor or unless otherwise consented to in writing by the Secured Party. However, the foregoing entitlement to possession and use of the Collateral by the Debtor shall be and is subject to the provisions stated at Paragraph 5(i).
- (iii) **PROHIBITION ON TRANSFER OF COLLATERAL** - Except for Inventory sold or Accounts collected in the ordinary course of the Debtor's Business/operation, each of the undersigned promises and covenants to the Secured Party that the Debtor shall not sell or otherwise transfer the Collateral to any other person.
- (iv) **PROHIBITION AGAINST FUTURE ENCUMBRANCES** - Each of the undersigned hereby promises and covenants to the Secured Party that the Debtor shall not encumber or permit the Collateral to be encumbered without the prior written consent of the Secured Party unless otherwise authorized in accordance with the terms of this General Security Agreement.
- (v) **PROHIBITION ON REMOVAL OF COLLATERAL FROM ITS PRESENT LOCATION** - The Collateral (or to the extent the Collateral consists of intangible property such as Accounts or the Records concerning the Collateral) is located at the premises described herein above. Except as required in the ordinary course of the Debtor's Business, each of the undersigned promises and covenants to the Secured Party that the Debtor shall not remove, or permit any other person to remove, the Collateral from its current location without the prior written consent of the Secured Party, which shall not be unreasonably withheld.
- (vi) **TRANSFER SECURITIES AS COLLATERAL** - Each of the undersigned acknowledges that where the Collateral includes Securities or other Intellectual Property evidenced by instruments in writing, the Secured Party shall be entitled to require the Debtor to transfer such Securities to the name of the Secured Party so that the Secured Party may appear on record as the sole owner of the Securities. However, unless the repayment or other obligations owed by the Debtor to the Secured Party have fallen and remain in default, the Debtor may retain, by means of Proxy, the voting rights attached to any such Securities and the Secured Party

with legitimate exercise of such Voting rights.

- (vii) **PRESERVATION OF RIGHTS IN THE COLLATERAL** - The Debtor shall defend its own rights, and the rights of the Secured Party, in the Collateral against any claims or demands made by any and all other persons in respect of the Collateral.
- (viii) **PRESERVATION OF VALUE OF THE COLLATERAL** - The Debtor shall maintain the Collateral in a condition and state of repair that preserves the value of the Collateral, with the exception of reasonable wear and tear through normal use. The Debtor will not commit or permit damage to, or destruction of, the Collateral. Each of the undersigned, promises and covenants with the Secured Party to forthwith notify the Secured Party in writing should any of the Collateral become destroyed or damaged beyond reasonable repair. Further, each of the undersigned also promises and covenants to the Secured Party that the Debtor will undertake and will effect repair promptly if damage occurs to the Collateral.
- (ix) **INSURANCE PROTECTION RESPECTING THE COLLATERAL** - Each of the undersigned promises and covenants to the Secured Party that the Debtor shall procure and maintain an Insurance Policy, or Insurance Policies, that protect against loss of value of the Collateral due to, or caused, by Fire and other Casualty or Perils on the basis of, and in at least the amount described within the Loan Agreement entered in to by the Debtor with the Secured Party. Such Insurance Policy, or Insurance Policies, shall be on terms satisfactory to and with loss payable to the Secured Party and Debtor jointly.
- (x) **MATERIAL CHANGES IN THE DEBTOR'S INFORMATION** - Each of the undersigned promises and covenants to the Secured Party that the Debtor shall forthwith notify the Secured Party in writing with respect to the occurrence of any of the following circumstances:
  - (a) Details of any material change in the information contained in this General Security Agreement, which includes the Schedules attached hereto, relating to the Debtor, the Debtor's Business operation, or the Collateral.
  - (b) Details of any change in the name or legal status of the Debtor.
  - (c) Details of any significant acquisition of Collateral by the Debtor or any person dealing with the Debtor at 'non-arm's length' (as such term is defined within the Income Tax Act (Canada)) and which such Collateral shall be associated with the Debtor's Business operation.
  - (d) Details of any claims, or potential claims, or litigation, or potential litigation, which has or may adversely affect the Debtor or the Collateral.
  - (e) Details of any loss or damage to the Collateral.
  - (f) Details of any default by any of the Debtor's Account Debtors in respect to the Collateral.
  - (g) Details of any default by the Debtor on any Credit or other Account of the Debtor.
- (xi) **DEBTOR'S BUSINESS CONDUCT** - Each of the undersigned promises and covenants to the Secured Party that the Debtor will conduct its business and affairs in a proper and efficient manner that is in accordance with all applicable Laws, Statutes, By-Laws, Regulations, Ordinances and similar governmental imposed obligations.
- (xii) **MAINTENANCE OF FINANCIAL RECORDS** - Each of the undersigned hereby promises and covenants to the Secured Party that the Debtor shall maintain its Financial Records in accordance with Generally Accepted Accounting Principles and that the Debtor shall pay all legitimate and valid charges, such as Taxes, Assessments, Claims, Liens and Encumbrances as relating to the Collateral or the Debtor's Business operation and affairs when the same become due. The Debtor will promptly deliver to the Secured Party such information as the Secured Party may reasonably request in relation to the Collateral of the Debtor and the Debtor's Business operation and affairs.

- (xii) **WAIVER OF PROTEST** - Each of the undersigned hereby promises and covenants to the Secured Party that the Debtor WAIVES any rights to protest against any instrument constituting Collateral at any time held by the Secured Party on which the Debtor is in any way liable and, subject to the notice requirements of the PPSA, notice of any other action taken by the Secured Party.
- (xvi) **JOINT & SEVERAL LIABILITY OF MULTIPLE DEBTORS** - Each of the undersigned has executed this General Security Agreement as a Debtor in the context of the terms of this General Security Agreement would provide, and hereby promises and covenants to the Secured Party to perform the repayment and other obligations of the Debtor to the Secured Party under the terms hereof shall be joint, several and separate with respect to each of them.

**5. EVENTS OF DEFAULT BY THE DEBTOR:**

- (i) The Debtor shall be in default under the terms of this General Security Agreement and any of its Related Documents or Instruments upon occurrence of any of the following circumstances:
- (a) The Debtor fails to effect payment of any instalment or other financial obligation owed to the Secured Party in relation to the indebtedness when such payment or payments become due, whether by acceleration or otherwise.
- (b) Failure by the undersigned to comply with any provision contained in this General Security Agreement or any of its Related Documents within SEVEN (7) DAYS after the Secured Party has delivered Written Notice to the Debtor demanding compliance with any such provision therein, and if compliance is not practically possible, failure to take steps that will produce compliance as soon as is reasonably practical.
- (c) Where any Warranty, Representation or Statement made or furnished to the Secured Party by, or on behalf of, the Debtor proves in any material respect to have been false when made or furnished.
- (d) The Bankruptcy or Insolvency of the Debtor; the filing against the Debtor of a Petition in Bankruptcy; the making of an authorized Assignment for the Benefit of Creditors by the Debtor; the Appointment of a Receiver, Trustee, or Liquidator for the Debtor, or over the Collateral or any other Assets of the Debtor; or the institution by or against the Debtor of any type of Insolvency proceeding or Creditor reorganization.
- (e) The Death or Declaration of Incompetency of the Debtor (if the Debtor is an individual) or cessation of the Debtor's liability as a going Business concern, or legal status as a person, within the meaning of the Laws of Canada (if the Debtor is not an individual).
- (f) On the occurrence of such other events where the Secured Party considers, in good faith and on commercially reasonable grounds, that the Collateral is in jeopardy or at risk of loss or that the Secured Party's Security Interest or financial position in respect of the indebtedness or Collateral or both is insecure.

**6. SECURED PARTY'S RIGHTS & OBLIGATIONS:**

- (i) **GENERAL RIGHTS** - In addition to the rights granted herein, the Secured Party may enforce any other rights and remedies available at Law or in Equity. Specifically the Secured Party shall be entitled to exercise all rights and remedies of a Secured Party as same are provided for in accordance with the provisions of the PPSA and any Regulations thereto. All rights and remedies of the Secured Party as provided for within the PPSA or herein this General Security Agreement or otherwise available by operation of any Statute, Law, Code, Ordinance, By-Law, the Common Law or in Equity shall be cumulative.
- (ii) **COLLECTION OF DEBTS FORMING PART OF THE COLLATERAL** - The Secured Party may direct any Account Debtors of the Debtor to make all payments owing to the Debtor directly to the Secured Party, by notifying such Account Debtors of the Secured Party's Security Interest in the Collateral, which is hereby acknowledged by the undersigned to include and Book Debts or other liabilities owed



to the Debtor and whether such Notice is delivered either before or after default.

- (iii) **INSPECTION OF THE COLLATERAL & RIGHT OF ACCESS BY THE SECURED PARTY** - The Secured Party shall have the right at any time, which is carried out in any manner that the Secured Party may consider appropriate, to confirm the existence and state of the Collateral and each of the undersigned hereby promises and covenants to the Secured Party that the Debtor shall furnish all assistance as the Secured Party may reasonably require or request in connection therewith. The Debtor hereby grants access to the Secured Party with respect to all places where the Collateral may be located and to all premises occupied by the Debtor so that the Secured Party may inspect or obtain possession of the Collateral.
- (iv) **RECEIVERS & OTHER AGENTS OF THE SECURED PARTY** - The Secured Party may appoint a Receiver (Receiver includes a Receiver-Manager) or other person to act on its behalf, regardless of whether such appointment occurs before or after default or in any insolvency or like proceeding. Any such Receiver or other Appointee shall have all the powers of the Secured Party under the terms of this General Security Agreement; in addition, on instructions from the Secured Party, the Receiver or other Appointee shall be entitled to carry on the business of the Debtor with all the powers that the Debtor would have to operate its business for such time as the Receiver or other Appointee determines it advisable and in the best interest of the Secured Party.
- (v) **ACCELERATION OF PAYMENT OF THE INDEBTEDNESS** - The Secured Party may declare that all or any part of indebtedness, which is, or is by its terms payable on demand, to be immediately due and payable on the occurrence of any Event of Default as defined at Paragraph 5(f) herein.
- (vi) **POSSESSION OF THE COLLATERAL BY THE SECURED PARTY** - The Secured Party may at any time take possession of, collect, demand, sue on, enforce, recover and receive the Collateral and give binding receipts and discharges therefore.
- (vii) **USE OF THE COLLATERAL BY THE SECURED PARTY** - When in possession of the Collateral, the Secured Party may use the Collateral as it sees fit, provided that any income from use of the Collateral is applied to the reduction of the indebtedness.
- (viii) **SALE OR LEASE OF THE COLLATERAL BY THE SECURED PARTY** - The Secured Party may Sell, Lease or otherwise dispose of the Collateral in any commercially reasonable manner provided that any income from such Sale, Lease or other disposition of the Collateral is applied to the reduction of the indebtedness.
- (ix) **PREPARATION, ADMINISTRATION & ENFORCEMENT COSTS** - Each of the undersigned hereby promises and covenants to the Secured Party that the Debtor agrees to pay all charges rendered to the Secured Party by any person (including Solicitors, Auditors, Receivers or like persons) with respect to any amounts owing for Costs, Disbursements, Fees, Remuneration and/or other similar Expenses reasonably incurred by the Secured Party, or any other person appointed as a Receiver by, or as agent for, the Secured Party, in operating the Debtor's Business or administering the Debtor's Accounts or as otherwise required in the discretion of the Secured Party to prepare or take steps to enforce its rights in accordance with the terms of this General Security Agreement. Such sums shall be deemed to constitute future advances and thereby increasing the indebtedness hereunder.
- (x) **DEFICIENCIES** - Inability or failure by the Secured Party to receive full payment or satisfaction of indebtedness through the exercise, or failure to exercise, any of its rights and remedies herein provided shall not in any way release the Debtor in whole or in part from the obligation to satisfy any deficiency, including any Costs of realization upon the Collateral or collection of the indebtedness by the Secured Party.
- (xi) **VARIATIONS, AMENDMENTS & WAIVERS** - The following provisions shall apply to all claims or allegations of a Variation or Amendment or Waiver of the Terms or Conditions of this General Security Agreement.
- (a) No Variation, Amendment or Waiver of any provision of this General Security Agreement shall be effective, unless made by Written Agreement

8  
executed by all parties hereto and consented to in writing by the *Secured Party*.

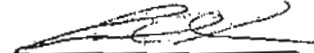
- (b) No delay or omission by the *Secured Party* in exercising any right or remedy with respect to any part of the Indebtedness secured hereunder shall operate as a Waiver of that right or remedy and no single or partial exercise of any right or remedy shall preclude any other exercise of the cumulative rights and remedies of the *Secured Party*.
- (c) The *Secured Party* may remedy any default or perform any duty of the *Debtor* in accordance with the terms of this *General Security Agreement*, or with respect to any part of the Indebtedness, by means of taking any actions on behalf of the *Debtor* without waiving any other rights or remedies available to the *Secured Party* hereunder and without waiving any other prior or subsequent default by the *Debtor*.

7. **GENERAL PROVISIONS & INTERPRETATION:**

- (i) **SUBORDINATION OF THE SECURITY INTEREST** - No action taken by the *Secured Party* shall constitute a Subordination of its Security Interest to any other interest in the Collateral, unless such Subordination is effected by an Agreement in Writing, which is entitled "*Postponement Agreement*", or "*Subordination Agreement*" or some other similar Title, and which such Agreement has been signed and dated by the *Secured Party*.
- (ii) **HEIRS, SUCCESSORS & ASSIGNS** - This *General Security Agreement* shall equip to the benefit of, and be binding upon, the parties hereto and their respective Heirs, Executors, Administrators, Successors and lawful Assigns.
- (iii) **APPLICABLE LAW** - This *General Security Agreement* and its Related Documents shall be governed by the Laws of the Province of Ontario and Canada, where applicable.
- (iv) **TERMINATION** - This *General Security Agreement* shall remain in full force and effect until the entire Indebtedness has been paid and Written Notice of Discharge is delivered by the *Secured Party* and received by the *Debtor*.
- (v) **DEBTOR'S ACKNOWLEDGMENTS** - Each of the undersigned hereby acknowledges having received, reviewed, understood and approved an original true copy of this *General Security Agreement*.

IN WITNESS WHEREOF each of the undersigned has executed this *General Security Agreement* as a *Debtor* at the TOWN OF WALKERTON, in the County of Bruce, Province of Ontario this 27<sup>th</sup> day of February, 2012.

BOGDON & GROSS  
FURNITURE COMPANY LIMITED  
Per:



ADAM HOFFMANN  
(President)

I have authority to bind the Corporation.

## SCHEDULE "A"

DESCRIPTION OF PERSONAL PROPERTY ASSETS PLEDGED AS SECURITY

- (i) **VEHICLES** - All of the *Debtor's* present, specifically those Vehicles identified in the Schedule attached hereto, and future interest in any and all currently owned or subsequently acquired automobiles, trailers, boats, and all other commercial, passenger and recreational vehicles.
- (ii) **INTANGIBLES & INTELLECTUAL PROPERTY** - All of the *Debtor's* present and future interest in any intangible property, including any proceeds there from, and without limiting the generality of the foregoing, all of the *Debtor's* present and future book debts, accounts receivable, chattel paper, contract rights and other *chooses in action* of every kind or nature now due or hereafter to become due.
- CAPITAL ASSETS** - All of the *Debtor's* present, specifically those pieces of Equipment, Tools, Furniture and other Chattels identified in the Schedule attached hereto, and future interest in equipment, including any proceeds there from, and without limiting the generality of the foregoing, all fixtures, machinery, tools and furniture now or hereafter owned or acquired by the *Debtor*.
- (iii) **INVENTORY** - All of the *Debtor's* interest in present and future inventory and any proceeds therefrom including, without limiting the generality of the foregoing, all raw materials, goods in process, finished goods and packaging material and all goods acquired or held for sale or furnished or to be furnished under contracts of rental or service made with the *Debtor* or any person not dealing at *arms-length* with the *Debtor* (as such term is defined by the provisions of the Income Tax Act) in respect of the Collateral.
- (iv) **LEASES** - All of the *Debtor's* interest in present and future Leases or Leasehold Title or any Agreement therefore, now owned or hereafter acquired or occupied by the *Debtor*, together with all of the *Debtor's* structures, erections, improvements and fixtures situate thereupon or made in relation thereto or used in connection therewith, provided, however, that the last day of any term of any such Lease or Lease Agreement or other similar Agreement, whether verbal or written, or any Agreement that would otherwise be excepted out of the Collateral by any Security Agreement, but the *Debtor* shall stand possessed of any such reversion, upon trust to assign and dispose thereof as the *Secured Party* hereunder may see fit and so direct.
- (v) **PROCEEDS** - All of the *Debtor's* interest in present and future sums of money or property in any form derived directly or indirectly from any dealings with the Collateral, undertakings, property and assets described herein this *General Security Agreement*, including this Schedule or any other Schedule attached hereto, or that shall indemnify or compensate the *Debtor* in respect of such Collateral which may become damaged, destroyed, lost or otherwise legally or illegally taken from the possession of the *Debtor*.

This is Exhibit "O" referred to in the Affidavit of ADAM  
HOFMANN sworn March 5, 2014

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*Commissioner for Taking Affidavits (or as may be)*

# TAB O



# Charge/Mortgage of Land

5013002 © Words necessary for form

Form 2 — Land Registration Reform Act

**B**

**BR 246**

**CERTIFICATE OF RECEIPT**  
BRUCE (S) WALKERTON

DEC 01 2006 16:25

*J. Arnold*  
LAND REGISTRAR

New Property Identifiers \_\_\_\_\_ Additional See Schedule

Executions \_\_\_\_\_ Additional See Schedule

(1) Registry  Land Titles  (2) Page 1 of 2 pages

(3) Property Identifier(s) Block 33198-0029 (LT) Property \_\_\_\_\_ Additional See Schedule

(4) Principal Amount Three Hundred Thousand ----- 00/100 Dollars \$300,000.00

(5) Description  
Lot 2 - 12, Plan 140; Dorland Street, Shield Street, Plan 140, Closed by WK4779; Lot 2-6, 12-13, 7-8, Block B, Plan 106; Part Lot 1, Plan 140, as in R54132 & R28616; Part Lot 21-22, Conc. 2, S.D.R. Brant as in R55876, WK13381; Part Lot 9-11, Block B, Plan 106; Part St. Joseph Street, Plan 106, Closed by WK4779 as in WK14045, except Part 2, 3R-4068; S/T R233229; Brockton, County of Bruce  
Being the whole of the PIN.

(6) This Document Contains \_\_\_\_\_ (a) Redescription New Easement Plan/Sketch  (b) Schedule for: Description  Additional Partes  Other  (7) Interest/Estate Charged Fee Simple

(8) Standard Charge Terms — The parties agree to be bound by the provisions in Standard Charge Terms filed as number 9320 and the Charge(s) hereby acknowledge(s) receipt of a copy of these terms.

(9) Payment Provisions

(a) Principal Amount	3,300,000.00	(b) Interest Rate	8.50% per annum	(c) Calculation Period	Semi-annually, not in advance
(d) Interest Adjustment Date	2006 11 30	(e) Payment Date and Period	Last day, Monthly	(f) First Payment Date	2006 12 30
(g) Last Payment Date	2011 11 30	(h) Amount of Each Payment	Three Thousand, Six Hundred and Ninety-Six	(i) Due Date	08/100 Dollars \$3,696.08
(j) Balance Due Date	2011 11 30	(k) Insurance	Full Insurable Value		Dollars \$XXXXXX

(10) Additional Provisions \_\_\_\_\_

Controlled on Schedule

(11) Charge(s) The chargee hereby charges the land to the chargee and certifies that he/she is not a minor, bankrupt, or otherwise disabled.

The chargee(s) acknowledge(s) receipt of a true copy of this charge.

Name(s) **BOGDON & GROSS FURNITURE COMPANY LIMITED** Signature(s) *[Signature]* Date of Signature Y M D 2006 11 30  
Per: Adam Hofmann, President  
I have authority to bind the Corporation.

(12) Spouse(s) of Chargee(s) (hereby consent to this transaction.)  
Name(s) **GUARANTOR** Signature(s) *[Signature]* Date of Signature Y M D 2006 11 30  
**2110785.ONTARIO.INC.** Per: Adam Hofmann, President  
I have authority to bind the Corporation.

(13) Chargee(s) Address for Service **75 Ridout Street Walkerton, Ontario N0G 2V0**

(14) Chargee(s)  
**SAUGEEB ECONOMIC DEVELOPMENT CORPORATION (as to a 50% interest)**  
**BRUCE COMMUNITY FUTURES DEVELOPMENT CORPORATION (as to a 50% interest)**

(15) Chargee(s) Address for Service **554 7<sup>th</sup> Avenue, Hanover, Ontario N4N 2J7  
281 Durham Street, Box 208, Kincardine, Ontario N2Z 2Y7**

(16) Assessment Roll Number of Property \_\_\_\_\_ City \_\_\_\_\_ Muni. \_\_\_\_\_ Map \_\_\_\_\_ Sub. \_\_\_\_\_ Parc. \_\_\_\_\_ Multiple \_\_\_\_\_ Fees

Registration Fee	70.00
Total	70.00

(17) Municipal Address of Property **75 Ridout Street Walkerton, Ontario N0G 2V0**

(18) Document Prepared by: **HALPIN & MCMEKEN Law Office 478 Tenth Street Hanover, Ontario N4N 1R1 File # 06-318**

ADDITIONAL PROVISIONS

PROVIDED THAT in the event of the Borrower selling or agreeing to sell or otherwise disposing of the aforesaid lands and premises or part thereof, the whole of the principal sum then remaining unpaid together with interest shall, notwithstanding the other provisions of the Charge, forthwith become due and payable at the option of the Lender.

PROVIDED THAT when not in default hereunder, the Borrower shall have the right to repay all or any of the principal then outstanding at any time on ninety (90) days' written notice delivered to the Lender, or with ninety (90) days' interest penalty if written notice is less than ninety (90) days, provided that any partial prepayments shall be applied in inverse order of maturity.

PROVIDED THAT in the event of any Charge/Mortgage of Land payment being returned from the Borrower's Financial Institution marked "Non Sufficient Funds" or for any other reason, the Lender shall be entitled to charge an administration fee in the amount of \$30.00.

This is Exhibit "P" referred to in the Affidavit of ADAM  
HOFMANN sworn March 5, 2014

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*Commissioner for Taking Affidavits (or as may be)*



# TAB P

**THIS CREDIT AGREEMENT** dated as of the 1<sup>st</sup> day of September, 2008.

**BETWEEN:**

**BOGDON & GROSS FURNITURE COMPANY LIMITED**

(hereinafter called the "Borrower")

- and -

**2110785 ONTARIO INC.**

(hereinafter called the "Lender")

**WHEREAS** the Borrower has requested that the Lender extend certain credit facilities in favour of the Borrower upon the terms and conditions set forth herein;

**AND WHEREAS**, at the Borrower's request, the Lender has agreed to provide to the Borrower a revolving credit of up to Five Hundred Thousand Dollars (\$500,000);

**NOW THEREFORE THIS AGREEMENT WITNESSES** that in consideration of the covenants and agreements contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby mutually acknowledged, the parties hereto agree as follows:

## **ARTICLE 1 INTERPRETATION**

### **1.1 Definitions:**

In this Agreement, unless the context otherwise requires, the following terms shall have the meaning set out below:

**"Business Day"** means any day except a Saturday, Sunday or public holiday.

**"Event of Default"** has the meaning specified in Article 7.

**"Person"** includes an individual, a partnership, a joint venture, a trust, a company, a corporation, an association, a government or any department or agency thereof, and any other incorporated or unincorporated entity.

**"Security"** means any security granted to the Lender by the Borrower from time to time hereunder and includes the security specified in Article 6.

### **1.2 Headings:**

The headings of all articles, sections and paragraphs herein are inserted for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

**1.3 Governing Law:**

This Agreement has been made in Ontario and shall be construed, interpreted and performed in accordance with the laws of Ontario and the laws of Canada applicable therein, and each party hereby irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of Ontario.

**ARTICLE 2  
CREDIT FACILITIES**

**2.1 Credit Facility:**

Subject to the terms and conditions hereof, the Lender hereby makes available to the Borrower a revolving credit (the "**Revolving Credit**") to finance general corporate requirements of the Borrower.

**2.2 Amount**

The maximum amount of the Revolving Credit is Five Hundred Thousand Dollars (\$500,000).

**2.3 Availability:**

The Borrower may borrow, repay, and reborrow up to the aggregate of the limit of the Revolving Credit. The Revolving Credit shall be repayable in full within five (5) Business Days of demand being made by the Lender.

**2.4 Interest Rates, Repayment, Fees:**

At the time of each advance under the Revolving Credit, the Lender and the Borrower shall determine the applicable interest rate for the particular advance.

**2.5 Payment of Interest**

Interest shall be computed on the daily principal amount outstanding, at the rate determined in accordance with Section 2.4, based on the actual number of days elapsed divided by 365 or 366 days, as the case may be, and shall be payable in arrears on the last Business Day of each month or such other payment day as may be stipulated by the Lender.

## 2.6 Evidence of Indebtedness:

The Lender shall maintain at its office, accounts and records evidencing the loans made available to the Borrower by the Lender under this Agreement. The Lender shall record the principal amount of such loans, the payment of principal, interest and fees on account of the loans, and all other amounts becoming due to the Lender under this Agreement.

The Lender's accounts and records constitute, in the absence of manifest error, *prima facie* evidence of the indebtedness of the Borrower to the Lender pursuant to this Agreement. The Lender may from time to time require the Borrower to execute and delivery promissory notes evidencing the Revolving Credit.

## ARTICLE 3 CONDITIONS PRECEDENT

### 3.1 Conditions Precedent

The ability of the Borrower to request advances hereunder is subject to and conditional upon receipt by the Lender of, or confirmation of, or the Lender being satisfied that:

- (a) the security referred to in Article 6 hereof shall be executed and delivered to the Lender and shall be in full force and effect and all necessary registrations in respect thereof shall be made;
- (b) a properly executed copy of this Agreement;
- (c) no Event of Default shall have occurred and shall be continuing;
- (d) that there has been no material adverse change in the financial condition, business, operations or otherwise of the Borrower;
- (e) all consents and approvals necessary or desirable in connection with this Agreement shall have been obtained; and
- (f) such further agreements, instruments and other documents as the Lender may reasonably require.

## ARTICLE 4 REPRESENTATIONS AND WARRANTIES

### 4.1 Representations and Warranties:

The Borrower makes and gives the following representations and warranties to the Lender, upon each of which representation and warranty the Lender has relied in entering into this Agreement:

- (a) Incorporation and Corporate Power: The Borrower is an existing corporation under the laws of Ontario and is duly qualified to carry on business under the laws

of Ontario. The Borrower has all necessary power and authority to own or lease its properties and assets and to carry on its business as now being conducted and as presently proposed to be conducted, and to authorize, create, execute, deliver and perform all of its obligations under this Agreement and the Security.

- (b) Due Authorization and No Conflict: The Borrower has taken or has caused to be taken all necessary action to authorize the creation, execution, delivery and performance of this Agreement, the Security and all documents required hereby, and no such action requires the consent or approval of any governmental authority or any other Person, nor is any such action in contravention of or in conflict with any applicable law, rule or regulation, or the articles, by-laws or resolutions of directors or shareholders of the Borrower.
- (c) Enforceability: Each of this Agreement and the Security constitutes a legal, valid and binding obligations of the Borrower and shall be enforceable against the Borrower in accordance with its terms except as may be limited by:
  - (i) applicable laws relating to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting generally creditors' rights; and
  - (ii) orders for specific performance, injunctions and other equitable remedies subject to the discretion of courts.
- (d) Adverse Changes: There has been no material adverse change in the position, financial or otherwise, consolidated or unconsolidated, of the Borrower from that set forth in the financial statements furnished to the Lender. There is no fact known to the Borrower which materially adversely affects the financial condition, property, assets, operations or business of the Borrower or the ability of the Borrower to perform its obligations hereunder.
- (e) Title: The Borrower has good and marketable title to all of its property and assets.
- (f) Insolvency Proceedings: The Borrower has not made any assignment for the benefit of creditors, made a proposal for the benefit of its creditors, nor has any receiving order been made against it under the provisions of the *Bankruptcy and Insolvency Act* (Canada) or other similar laws of any jurisdiction, nor has any petition for such an order been served upon the Borrower, nor has any similar action been taken by or against the Borrower.
- (g) Insurance: The Borrower has insured adequately its properties, assets and business against all customary risks of loss and damage.

#### 4.2 **Survival of Representations and Warranties:**

All representations and warranties of the Borrower as set forth herein shall survive the advance of funds by the Lender and shall continue until this Agreement has been fully performed and all indebtedness and obligations of the Borrower to the Lender under this Agreement has

been satisfied in full, but if any such representations and warranties are given as of a specific point in time, they shall continue to speak as of that point in time.

## ARTICLE 5 COVENANTS OF THE BORROWER

### 5.1 Covenants:

The Borrower covenants and agrees with the Lender that, until this Agreement is terminated:

- (a) to pay all sums of money when due under this Agreement;
- (b) to use the funds received from the Lender solely for the purposes set forth herein;
- (c) to maintain and preserve its qualification to do business where such qualification is necessary and diligently preserve and at all times renew or cause to be preserved and renewed all the rights, powers, privileges, franchises and goodwill owned by it and at all times comply with all laws applicable to it, if failure to do so would result in a material adverse effect on it;
- (d) to conduct its business in the ordinary course and not make any material changes thereto and maintain and operate its properties and assets in a prudent manner and, subject to the terms hereof, take all necessary steps to maintain and preserve its assets and properties and its title thereto;
- (e) to maintain or cause to be maintained with reputable insurers, coverage against risks of loss of or damage to its properties, assets and business, of such types as are customary in the case of Persons with established reputation engaged in the same or similar businesses, to the full replacement value of such properties and assets.
- (f) to give the Lender prompt notice of any Event of Default or any event which, with notice or lapse of time or both, would constitute an Event of Default; and
- (g) to comply with all applicable environmental laws and regulations.

## ARTICLE 6 SECURITY

### 6.1 Security

As continuing collateral security for payment and satisfaction of all indebtedness of the Borrower to the Lender arising under this Agreement or any document given pursuant to this Agreement, the Borrower shall execute and deliver to the Lender a collateral mortgage for its real property at Walkerton, Ontario and a general security agreement in favour of the Lender (the "Security").

## 6.2 Charges Effective

The charges created pursuant to the general security agreement shall have effect whether or not monies secured or to be secured hereunder, or any part thereof, shall be advanced at any time, and shall continue in full force and effect notwithstanding that from time to time all advances hereunder are repaid, until this Agreement is terminated.

## ARTICLE 7 EVENTS OF DEFAULT

### 7.1 Events of Default:

If any one or more of the following events (an "Event of Default") has occurred and is continuing:

- (a) the non-payment when due of principal, or interest or any other amounts due under this Agreement;
- (b) the breach by the Borrower of any provision of this Agreement or any other agreement with the Lender;
- (c) if any representation or warranty made herein shall be false or inaccurate in any material respect;
- (d) if in the opinion of the Lender there is material adverse change in the financial condition, ownership, or corporate status of the Borrower or any of its material affiliates;
- (e) if the Borrower defaults under any obligation to repay any material debt or interest thereon;
- (f) if a receiver, liquidator, trustee or similar official shall be appointed with respect to any of the properties or assets of the Borrower or if proceedings are commenced for the dissolution, liquidation or winding-up of the Borrower, unless such proceedings are being actively and diligently contested in good faith or in the event of the bankruptcy, liquidation, or general insolvency of the Borrower or if the Borrower files a proposal or notice of intention to file a proposal under any statute;
- (g) if any material action, suit or proceeding shall be commenced or threatened or if any material execution or similar process shall become enforceable against the Borrower;
- (h) if the Lender, in good faith, believes and has commercially reasonable grounds to believe that the prospect of payment or performance of the Revolving Credit is or is about to be placed in jeopardy;

then the Lender may, by written notice to the Borrower, declare the indebtedness under this Agreement to be immediately due and payable without further notice or demand.

Upon receipt of such notice, the Borrower shall immediately pay to the Lender all amounts outstanding under this Agreement.

**7.2 Remedies:**

After default and acceleration pursuant to Section 7.1 hereof, the Lender may, in addition to any remedy set forth in any Security, realize upon all or any part of the Security and commence such legal action or proceedings against the Borrower or its properties and assets as may be permitted hereunder or under the terms of any Security or at law or in equity all at such times and in such manner as the Lender in its sole discretion may deem expedient and all without any additional notice, presentment, demand, or any other similar proceeding, all of which are hereby expressly waived. From and after the occurrence of an Event of Default, the Lender shall, subject to any prior encumbrances and applicable law, be lawfully entitled to peaceably and quietly enter into, have, hold, use, occupy, possess and enjoy any of the property or assets subject to the Security without suit, hindrance, interruption or denial by the Borrower or any other Person.

**ARTICLE 8  
MISCELLANEOUS**

**8.1 Rights and Waivers:**

The rights and remedies of the Lender under this Agreement and any security given in connection herewith:

- (a) are cumulative,
- (b) may be exercised as often and in such order as the Lender consider appropriate, and
- (c) are in addition to its rights and remedies under general law.

**8.2 Severability:**

The invalidity, for any reason, of any term or provision of this Agreement or of any documents delivered in connection herewith shall not in any manner invalidate any other term or provision hereof or thereof but the same shall be deemed to have been severed therefrom so that the validity, legality and enforceability of the remaining terms and provisions shall not be affected, prejudiced or impaired thereby.

**8.3 Further Assurances:**

The Borrower shall from time to time and at all times hereafter, upon every reasonable request of the Lender, make, do, execute, and deliver or cause to be made, done, executed and delivered all such further acts, deeds, assurances and things as may be necessary in the opinion of the Lender, acting reasonably, for more effectually implementing and carrying out the intent and meaning of this Agreement.



**8.4 Subordination:**

The Lender agrees that it shall enter into any reasonable subordination, postponement or inter-creditor agreement with the Borrower's principal bankers.

**BOGDON & GROSS FURNITURE COMPANY  
LIMITED**

By: Dirk Nielsen  
**Dirk Nielsen**  
Director

**2110785 ONTARIO INC.**

By: Adam Hofmann  
**Adam Hofmann**  
Director



**Loan Agreement between**

**2110785 ONTARIO Inc.**

**and**

**Bogdon & Gross Furniture Company Limited**

**Dated Wednesday, September 3, 2008  
at 75 Ridout Street in Walkerton Ontario**

A loan from 2110785 ONTARIO Inc. in the amount of \$100,000 is being made to Bogdon & Gross Furniture Company Limited on September 3, 2008. The loan agreement is as follows but is subject to change at the request of 2110785 ONTARIO Inc. without notice at any time.

- Interest only payable monthly at an annualized interest rate of 7%

The undersigned, being all the directors of Bogdon & Gross Furniture Company Limited and 2110785 ONTARIO Inc. hereby sign the agreement on September 3, 2008.



Adam Hofmann  
President, Bogdon & Gross Furniture Company Limited  
Director, 2110785 ONTARIO Inc.



Dirk Nielsen  
Vice President, Bogdon & Gross Furniture Company Limited  
Director, 2110785 ONTARIO Inc.



**Loan Agreement between**

**2110785 ONTARIO Inc.**

and

**Bogdon & Gross Furniture Company Limited**

**Dated Wednesday, September 3, 2008  
at 75 Ridout Street in Walkerton Ontario**

A loan from 2110785 ONTARIO Inc. in the amount of \$50,000 is being made to Bogdon & Gross Furniture Company Limited on September 12, 2008. The loan agreement is as follows but is subject to change at the request of 2110785 ONTARIO Inc. without notice at any time.

- Interest only payable monthly at an annualized interest rate of 7%

The undersigned, being all the directors of Bogdon & Gross Furniture Company Limited and 2110785 ONTARIO Inc. hereby sign the agreement on September 3, 2008.

  
\_\_\_\_\_  
Adam Hofmann  
President, Bogdon & Gross Furniture Company Limited  
Director, 2110785 ONTARIO Inc.

  
\_\_\_\_\_  
Dirk Nielsen  
Vice President, Bogdon & Gross Furniture Company Limited  
Director, 2110785 ONTARIO Inc.



**Loan Agreement between**

**2110785 ONTARIO Inc.**

**and**

**Bogdon & Gross Furniture Company Limited**

**Dated March 1, 2011**

**at 75 Ridout Street in Walkerton Ontario**

A loan from 2110785 ONTARIO Inc. in the amount of \$90,000 is being made to Bogdon & Gross Furniture Company Limited on March 1, 2011. The loan agreement is as follows but is subject to change at the request of 2110785 ONTARIO Inc. without notice at any time.

- Interest only payable monthly at an annualized interest rate of 7%

The undersigned, being all the directors of Bogdon & Gross Furniture Company Limited and 2110785 ONTARIO Inc. hereby sign the agreement on March 1, 2011.

  
\_\_\_\_\_  
Adam Hofmann  
President, Bogdon & Gross Furniture Company Limited  
Director, 2110785 ONTARIO Inc.

  
\_\_\_\_\_  
Dirk Nielsen  
Vice President, Bogdon & Gross Furniture Company Limited  
Director, 2110785 ONTARIO Inc.





**Loan Agreement between**

**2110785 ONTARIO Inc.**

**and**

**Bogdon & Gross Furniture Company Limited**

**Dated March 1, 2011**

**at 75 Ridout Street in Walkerton Ontario**

A loan from 2110785 ONTARIO Inc. in the amount of \$50,000 is being made to Bogdon & Gross Furniture Company Limited on March 1, 2011. The loan agreement is as follows but is subject to change at the request of 2110785 ONTARIO Inc. without notice at any time.

- Interest only payable monthly at an annualized interest rate of 7%

The undersigned, being all the directors of Bogdon & Gross Furniture Company Limited and 2110785 ONTARIO Inc. hereby sign the agreement on March 1, 2011.



Adam Hofmann  
President, Bogdon & Gross Furniture Company Limited  
Director, 2110785 ONTARIO Inc.



Dirk Nielsen  
Vice President, Bogdon & Gross Furniture Company Limited  
Director, 2110785 ONTARIO Inc.



**Loan Agreement between**

**2110785 ONTARIO Inc.**

**and**

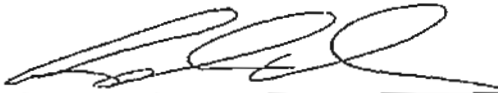
**Bogdon & Gross Furniture Company Limited**

**Dated December 31, 2013  
at 75 Ridout Street in Walkerton Ontario**

A loan from 2110785 ONTARIO Inc. in the amount of \$110,000 is being made to Bogdon & Gross Furniture Company Limited on December 31, 2013. The loan agreement is as follows but is subject to change at the request of 2110785 ONTARIO Inc. without notice at any time.

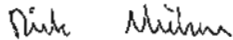
- Interest only payable monthly at an annualized interest rate of 7%

The undersigned, being all the directors of Bogdon & Gross Furniture Company Limited and 2110785 ONTARIO Inc. hereby sign the agreement on December 31, 2013.



---

Adam Hofmann  
President, Bogdon & Gross Furniture Company Limited  
Director, 2110785 ONTARIO Inc.



---

Dirk Nielsen  
Vice President, Bogdon & Gross Furniture Company Limited  
Director, 2110785 ONTARIO Inc.



**Loan Agreement between**

**2110785 ONTARIO Inc.**

**and**

**Bogdon & Gross Furniture Company Limited**

**Dated December 31, 2013  
at 75 Ridout Street in Walkerton Ontario**

A loan from 2110785 ONTARIO Inc. in the amount of \$100,000 is being made to Bogdon & Gross Furniture Company Limited on December 31, 2013. The loan agreement is as follows but is subject to change at the request of 2110785 ONTARIO Inc. without notice at any time.

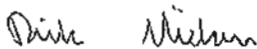
- Interest only payable monthly at an annualized interest rate of 7%

The undersigned, being all the directors of Bogdon & Gross Furniture Company Limited and 2110785 ONTARIO Inc. hereby sign the agreement on December 31, 2013.



---

Adam Hofmann  
President, Bogdon & Gross Furniture Company Limited  
Director, 2110785 ONTARIO Inc.



---

Dirk Nielsen  
Vice President, Bogdon & Gross Furniture Company Limited  
Director, 2110785 ONTARIO Inc.

This is Exhibit "Q" referred to in the Affidavit of ADAM  
HOFMANN sworn March 5, 2014

---

*Commissioner for Taking Affidavits (or as may be)*

# TAB Q

**GENERAL SECURITY AGREEMENT**

THIS AGREEMENT made as of the 1st day of September, 2008.

**B E T W E E N:**

2110785 ONTARIO INC.,

(the "Creditor")

- and -

BOGDON & GROSS FURNITURE COMPANY LIMITED,

(the "Debtor")

THIS AGREEMENT WITNESSES that, in consideration of the sum of \$1.00 in lawful money of Canada now paid by the Creditor to the Debtor and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Debtor agrees with the Creditor as follows:

**ARTICLE 1  
INTERPRETATION**

1.1 In this agreement and in any amendments hereto, unless the context otherwise requires:

- (a) "Act" means the *Personal Property Security Act* (Ontario), as the same may be amended from time to time, and any regulations thereo;
- (b) "Business Day" means a day other than a Saturday, Sunday or public holiday;
- (c) "Collateral" means all of the undertaking and personal property now owned or hereafter acquired by the Debtor wherever located;
- (d) "Credit Agreement" means the credit agreement made as of the date hereof between the Debtor and the Creditor;
- (e) "Event of Default" has the meaning specified in Article 4;
- (f) "Obligations" means the aggregate of all indebtedness, obligations and liabilities of the Debtor to the Creditor under the Credit Agreement; and
- (g) "Permitted Encumbrances" means any encumbrances, liens, charges and mortgages approved in writing by the Creditor.

1.2 The terms "account", "equipment", "goods", "inventory", "personal property" and "proceeds" shall have the meanings ascribed thereto respectively by the Act, provided always that the term "goods" when used herein shall not include "consumer goods", as that term is defined in the Act, of the Debtor.



1.3 If any provision herein is determined to be void, voidable or unenforceable, in whole or in part, such determination shall not affect or impair the validity of any other provision hereof and all the provisions hereof are hereby declared to be separate, severable and distinct.

1.4 The insertion of headings in this agreement is for convenience of reference only and shall not affect the construction or interpretation of this agreement.

1.5 Any reference in this agreement to any person, firm or corporation in the singular shall, where the context permits, include a reference to more than one of such person, firm or corporation, and the use of any gender shall be applicable to all genders.

1.6 This agreement is governed by and shall be construed in accordance with the laws of the Province of Ontario, and the parties hereby attorn to the non-exclusive jurisdiction of the courts of such province.

## ARTICLE 2 SECURITY INTEREST

2.1 As continuing collateral security for the due and timely payment and performance by the Debtor of the Obligations, the Debtor grants to the Creditor a security interest (the "Security Interest") in the Collateral.

2.2 The Security Interest shall extend to all proceeds of the Collateral.

2.3 The Creditor and the Debtor hereby acknowledge and agree that value has been given for the granting of the Security Interest, that the Debtor has rights in the Collateral (except future Collateral), and that the parties have agreed not to postpone the time for attachment of the Security Interest.

2.4 The last day of the term of any lease, sublease or agreement therefor is specifically excepted from the Security Interest, but the Debtor agrees to stand possessed of such last day in trust for such person as the Creditor may direct and the Debtor shall assign and dispose thereof in accordance with such direction.

2.5 To the extent that the Security Interest would constitute a breach or cause the acceleration of any agreement, contractual right, license or permit to which the Debtor is a party, the Security Interest shall not attach thereto but the Debtor shall hold its interest therein in trust for the Creditor, shall use its best efforts to obtain the appropriate consents to the attachment of said security interest and shall grant a security interest in such agreement, contractual right, license or permit to the Creditor forthwith upon obtaining the appropriate consents to the creation of such security interest.

## ARTICLE 3 RESTRICTIONS ON COLLATERAL

3.1 Except as herein provided, the Debtor shall not, without the prior written consent of the Creditor:

4.1 The occurrence of any of the following events shall constitute an "Event of Default" hereunder:

- (a) create, allow to be created or suffer to exist any security interest, assignment, pledge, hypothec, charge, lien or encumbrance upon the Collateral, other than Permitted Encumbrances;
  - (b) sell, lease or otherwise dispose of the Collateral or any part thereof other than in the ordinary course of business;
  - (c) release, surrender or abandon possession of the Collateral or any part thereof; or
  - (d) move or transfer the Collateral or any part thereof from its present location.
- ARTICLE 4  
EVENTS OF DEFAULT**
- (a) if the Debtor defaults in payment of the Obligations or any part thereof;
  - (b) if the Debtor defaults in the performance or observance of any covenant or condition contained herein or in the Credit Agreement, and such default shall continue for fifteen (15) days after notice of such default is given by the Creditor to the Debtor;
  - (c) if an order is made or a resolution passed for the winding-up of the Debtor or notice of intention to make a proposal is filed or a proposal is made by the Debtor to its creditors under the *Bankruptcy and Insolvency Act* (Canada) (the "BIA") or a petition is filed by or against the Debtor or an authorized assignment is made by the Debtor under the BIA or a receiver or agent is appointed in respect of the Debtor under any bankruptcy or insolvency legislation or by or on behalf of a secured creditor of the Debtor or an application is made under the *Companies' Creditors' Arrangement Act* (Canada) or any successor or similar legislation;
  - (d) if an encumbrancer or encumbrancers, whether permitted or otherwise, takes possession of any part of the property of the Debtor or any execution, distress or other process of any court becomes enforceable against any part of the property of the Debtor;
  - (e) if the Debtor makes a bulk sale of its assets or ceases or threatens to cease carrying on business;
  - (f) if an order is made or the Debtor takes any corporate proceedings for its dissolution or liquidation or if the corporate existence of the Debtor shall be terminated or dissolved by expiration, forfeiture or otherwise; or
  - (g) if the Debtor defaults in payment of any obligation or obligations (including any indebtedness payable on demand where such demand has been made) and such

obligation or obligations is or are declared by the creditor thereunder to be due and payable prior to the stated maturity thereof.

## ARTICLE 5 REMEDIES

5.1 Upon the occurrence of an Event of Default, the Security Interest shall immediately become enforceable and the Creditor may, forthwith or at any time thereafter and without notice to the Debtor except as required by the Act or by this agreement:

- (a) commence legal action to enforce payment or performance of any or all of the Obligations;
- (b) make payments to parties having prior charges or encumbrances on properties on which either the Debtor or the Creditor may hold charges or encumbrances;
- (c) enter onto any premises where the Collateral may be located;
- (d) take possession of all or any part of the Collateral with power to exclude the Debtor, its agents and its servants therefrom;
- (e) appoint any person to be an agent or any person to be a receiver, manager or receiver and manager (herein called a "Receiver") of the Collateral and to remove any Receiver so appointed and to appoint another if the Creditor so desires; it being agreed that any Receiver so appointed shall have all of the powers of the Creditor hereunder, and in addition, shall have the power to carry on the business of the Debtor; it being further agreed that any such Receiver shall be deemed to be the agent of the Debtor for the purpose of establishing liability for the acts or omissions of the Receiver and the Creditor shall not be liable for such acts or omissions and, without restricting the generality of the foregoing, the Debtor hereby irrevocably authorizes the Creditor to give instructions to the Receiver relating to the performance of the Receiver's duties;
- (f) notify the account debtors or obligors under any accounts of the assignment of such accounts to the Creditor and direct such account debtors or obligors to make payment of all amounts due or to become due to the Debtor thereunder directly to the Creditor and give valid and binding receipts and discharges therefor and in respect thereof and, upon such notification and at the expense of the Debtor, enforce collection of any accounts, and adjust, settle or compromise the amount or payment thereof, in the same manner and to the same extent as the Debtor might have done;
- (g) enjoy and exercise all of the rights and remedies of a secured party under the Act;
- (h) file such proofs of claim or other documents as may be necessary or desirable to have its claim lodged in any bankruptcy, winding-up, liquidation, dissolution or other proceedings (voluntary or involuntary) relating to the Debtor;

(1) preserve, protect and maintain the Collateral and make such replacements thereof and additions thereto as the Creditor shall deem advisable;

(i) sell, lease or dispose of all or any part of the Collateral whether by public or private sale or lease or otherwise and on any terms so long as every aspect of the disposition is commercially reasonable, including, without limitation, terms that provide time for payment on credit; provided that:

(i) neither the Creditor nor any Receiver will be required to sell, lease or dispose of the Collateral, but may peaceably and quietly take, hold, use, occupy, possess and enjoy the Collateral without molestation, eviction, hindrance or interruption by the Debtor or any other person or persons, whomsoever for such period of time as is commercially reasonable,

(ii) the Creditor or any Receiver may convey, transfer and assign to a purchaser or purchasers the title to any of the Collateral so sold, and

(iii) the Debtor will be entitled to be credited with the actual proceeds of any such sale, lease or other disposition only when such proceeds are received by the Creditor or any Receiver in cash; and

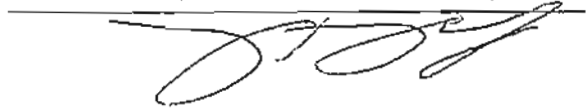
(iv) dispose of all or any part of the Collateral in the condition in which it was on the date possession of it was taken, or after any commercially reasonable repair, processing or preparation for disposition;

provided, however, that the Creditor shall act in a commercially reasonable manner in exercising any rights under this agreement.

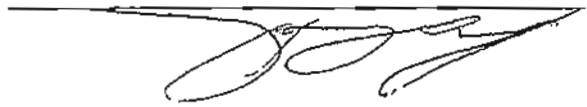
5.2 The remedies provided in section 5.1 are cumulative and in addition to all other remedies existing at law or in equity or by statute.

5.3 The Debtor agrees to indemnify and reimburse the Creditor for all costs and expenses of the Creditor, its agents, advisors and consultants (including without limitation legal fees and disbursements on a solicitor-and-client basis) incurred with respect to the exercise by the Creditor of any of its rights, remedies and powers under this agreement (including without limitation costs and expenses related to the custody, preservation and realization of the Collateral, the remuneration of the Receiver, and all costs and expenses incurred by the Receiver in performing its functions under its appointment), or with respect to dealing with other creditors of the Debtor in connection with the establishment, confirmation, amendment or preservation of the priority of the Security Interest, and such costs and expenses shall be added to and shall form part of the Obligations.

5.4 Where the Collateral has been disposed of by the Creditor as provided herein, any amount of the obligations not paid by the proceeds thereof shall be paid by the Debtor to the Creditor forthwith upon receipt by the Debtor of written demand for payment therefor.

By:   
Name: *Adam Hoffmann*  
Title: *Director*

**BOGDON & GROSS FURNITURE COMPANY LIMITED**

By:   
Adam Hoffmann  
Director

**2110785 ONTARIO INC.**

date first above written.

**IN WITNESS WHEREOF** the parties hereto have executed this agreement as of the

their respective successors and assigns.

6.3 This agreement shall enure to the benefit of and be binding upon the parties hereto and

registration under the Act of the Security Interest.

6.2 The Debtor hereby acknowledges receipt of an executed copy hereof and waives any right to receive a copy of any financing statement or verification statement evidencing

waiving party.

6.1 No delay or omission to exercise any right or remedy accruing to the Creditor upon any breach or default by the Debtor hereunder shall impair any such right or remedy by the Creditor not be construed as a waiver of any such breach or default or of any similar breach or default thereafter occurring, nor shall any waiver of a single breach or default be deemed a waiver of any subsequent breach or default. All waivers hereunder must be in writing and signed by the

**ARTICLE 6  
GENERAL**

This is Exhibit "R" referred to in the Affidavit of ADAM  
HOFMANN sworn March 5, 2014

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*Commissioner for Taking Affidavits (or as may be)*

# TAB R

**Properties**

*PIN* 33198 - 0285 LT *Interest/Estate* Fee Simple  
*Description* LT 2-12 PL 140; DORLAND ST, SHIELDS ST PL 140 CLOSED BY WK4779; LT 2-6,  
 12-13, 7-8 BLK B PL 106; PT LT 1 PL 140 AS IN R54132 & R28816; PT LT 21-22 CON 2  
 SDR BRANT AS IN R55876, WK13381; PT LT 9-11 BLK B PL 106; PT ST. JOSEPH ST PL  
 106 CLOSED BY WK4779 AS IN WK14045 EXCEPT PT 2, 3R4068 EXCEPT LT 7-8 BLK  
 B PL 106; S/T R233229; BROCKTON  
*Address* 75 RIDOUT STREET  
 WALKERTON

**Chargor(s)**

The chargor(s) hereby charges the land to the chargee(s). The chargor(s) acknowledges the receipt of the charge and the standard charge terms, if any.

*Name* BOGDON & GROSS FURNITURE COMPANY LIMITED  
*Address for Service* 75 Ridout Street  
 P.O. Box 120  
 Walkerton, Ontario  
 L0G 2V0

I, Adam Hofmann, Authorized Signing Officer, have the authority to bind the corporation.

This document is not authorized under Power of Attorney by this party.

**Chargee(s)***Capacity**Share*

*Name* 2110785 ONTARIO INC.  
*Address for Service* 75 Ridout Street  
 P.O. Box 120  
 Walkerton, ON L0G 2V0

**Provisions**

*Principal* \$500,000.00 *Currency* CDN  
*Calculation Period* half yearly not in advance  
*Balance Due Date* ON DEMAND  
*Interest Rate*  
*Payments*  
*Interest Adjustment Date*  
*Payment Date*  
*First Payment Date*  
*Last Payment Date*  
*Standard Charge Terms*  
*Insurance Amount* full insurable value  
*Guarantor*

**Additional Provisions**

This Charge/Mortgage of Land is collateral to a Credit Agreement dated September 1, 2008, between Bogdon & Gross Furniture Company Limited and 2110785 Ontario Inc.

**Signed By**

Andrea Lee White 2600-200 Bay St., PO Box 185, acting for Chargor Signed 2008 10 29  
 Royal Bank Plaza, (s)  
 Toronto  
 M5J 2J4

Tel 4163606336  
 Fax 4163608425



**Submitted By**

HEENAN BLAIKIE LLP

2600-200 Bay St., PO Box 186,  
Royal Bank Plaza,  
Toronto  
M5J 2J4

2008 10 29

Tel 4163606336

Fax 4163608425

**Fees/Taxes/Payment**

Statutory Registration Fee \$60.00

Total Paid \$60.00

**File Number**

Chargor Client File Number : 0449830001

Charges Client File Number : 0449830001

This is Exhibit "S" referred to in the Affidavit of ADAM  
HOFMANN sworn March 5, 2014

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*Commissioner for Taking Affidavits (or as may be)*

# TAB S

ATTN: KEVIN  
MEMBER  
FROM: ADAM HOFFMAN

**AMENDED AND RESTATED PRIORITIES AGREEMENT**

THIS AGREEMENT dated as of the 3rd day of August, 2012.

**BETWEEN:**

**SAUGEEN ECONOMIC DEVELOPMENT CORPORATION**  
and **BRUCE COMMUNITY FUTURES DEVELOPMENT CORPORATION**, each being a corporation incorporated under the laws of the Province of Ontario,

(collectively, "SEDC & BCFDC" and separately, "SEDC" and "BCFDC" respectively)

OF THE FIRST PART

- and -

**TCE CAPITAL CORPORATION**, a corporation incorporated under the laws of the Province of Ontario,

("TCE")

OF THE SECOND PART

- and -

**BOGDON & GROSS FURNITURE COMPANY LIMITED**, a corporation incorporated under the laws of the Province of Ontario,

(the "Company")

OF THE THIRD PART

**WHEREAS** SEDC & BCFDC, TCE and the Company are parties to a certain priorities agreement dated February 21, 2012 (the "**Original Priorities Agreement**") and have agreed to enter into this Agreement with the intent that this Agreement shall amend, update, restate and supercede the Original Priorities Agreement.

**NOW THEREFORE THIS AGREEMENT WITNESSES** that in consideration of the mutual agreements contained herein, and other good and valuable consideration acknowledged to have been received, the parties agree as follows:

ARTICLE 1 - DEFINITIONS

- 1.01 In this Agreement, the following terms have the following meanings:
- (a) **"Accounts"** means any and all accounts receivable now or hereafter arising under contracts between any person (*i.e.*, an account debtor) and the Company for the supply by the Company of goods or other materials, services, or a combination of goods or other materials and services, together with all rights under or in relation to the contracts to which such accounts receivable relate, including all liens or other rights in any good, material, or product or any service that is to be supplied, all instruments (*including, for greater certainty, negotiable instruments, bills of exchange, cheques and post-dated cheques*), guarantees and security interests taken or held by the Company to secure the performance of any or all of the obligations of the account debtors and the right of the Company to rescind or terminate such contracts or to accept a return of any goods or other materials supplied under such contracts; provided, however, that for purposes of this Agreement, "Accounts" shall not include any proceeds from the sale, disposition or realization of any Equipment or real property of the Company;
  - (b) **"Creditors"** means, collectively, TCE and SEDC & BCFDC and **"Creditor"** means either TCE or SEDC & BCFDC;
  - (c) **"Inventory"** means any and all goods that are held by the Company for sale or that are to be furnished or have been furnished by the Company under a contract of service or sale or a combination of service and sale, or that are work in process or materials used or consumed in any business of the Company;
  - (d) **"Manufacturing Machinery & Equipment"** means goods that are not Inventory;
  - (e) **"proceeds"** shall have the meaning ascribed to such term in the *Personal Property Security Act* (Ontario);
  - (f) **"Real Property"** shall mean the Lands & Premises located at Municipal Address known as 75 Ridout Street, WALKERTON, Ontario and as otherwise described within PIN 33198-0289(L1) situate within the County of Bruce, Ontario;
  - (g) **"SEDC & BCFDC Security"** shall mean any security interest held by SEDC & BCFDC, now or in the future, in any assets of the Company, including the charge/mortgage registered against title to the Real Property in the principal amount of THREE HUNDRED THOUSAND-----00/100 DOLLARS (\$300,000 00) as evidenced by Instrument Number BR246;
  - (h) **"TCE Security"** shall mean any security interest held by TCE, now or in the future, in any assets of the Company including a charge/mortgage to be registered in its favour against title to the Real Property in the principal amount of FIVE HUNDRED

THOUSAND)-----00/100 DOLLARS (\$500,000.00); and

- (i) "2012 Tax Credit Entitlements" means, collectively, (i) the Company's Scientific Research and Experimental Development (SR&ED) refundable tax credits and resulting federal tax refunds as claimed by the Company pursuant to the *Income Tax Act* (Canada) in respect of the Company's tax year from January 1, 2012 to December 31, 2012, and (ii) the Company's Ontario Innovation Tax Credit (OITC) entitlement and resulting tax refund arising out of approval by Canada Revenue Agency of the foregoing claim for a federal tax refund in respect of the Company's tax year from January 1, 2012 to December 31, 2012.

For greater certainty, the expression "SEDC & BCFDC" is used in this Agreement to identify SEDC & BCFDC as a unit, reflecting that loans to the Company and security in the assets of the Company are made and held by SEDC & BCFDC jointly. Any loans or other financial accommodations to the Company now or hereafter made by either of them separately shall be deemed for purposes of this Agreement to be indebtedness and obligations of the Company to "SEDC & BCFDC" and any security held by either of them separately shall be deemed to be included in the "SEDC & BCFDC Security".

#### ARTICLE 2 – ACKNOWLEDGMENTS & CONSENTS

- 2.01 SEDC & BCFDC consents to the creation and issue by the Company to TCE of the TCE Security, agrees that the said creation and issuance shall not constitute an event of default under the SEDC & BCFDC Security and consents to the incurring by the Company of the indebtedness and obligations secured by the TCE Security.
- 2.02 SEDC & BCFDC further consents to the absolute assignment from time to time by the Company to TCE of any Accounts and all proceeds thereof, free and clear of the SEDC & BCFDC Security.
- 2.03 TCE consents to the creation and issue by the Company to SEDC & BCFDC of the SEDC & BCFDC Security, agrees that the said creation and issuance shall not constitute an event of default under the TCE Security and consents to the incurring by the Company of the indebtedness and obligations secured by the SEDC & BCFDC Security.
- 2.04 TCE acknowledges being advised that SEDC & BCFDC is currently in the process of granting a loan to 2110785 Ontario Inc., an affiliate of the Company, in the principal amount of ONE HUNDRED AND SIXTY THOUSAND ----- 00/100 DOLLARS (\$160,000.00) (the "2012 SR&ED Loan") to be secured by a Guarantee of Debt Repayment and an Assignment of SRED Tax Rebate by the Company.

**ARTICLE 3 - SUBORDINATION**

- 3.01 The SEDC & BCFDC Security and the TCE Security, subject to Section 3.04, shall have the following priorities as against one another and are hereby subordinated and postponed to give effect to such priorities:
- (a) The SEDC & BCFDC Security shall have priority over the TCE Security in respect of any and all Manufacturing Machinery and Equipment and all proceeds thereof, to the extent of the Company's indebtedness and obligations to SEDC & BCFDC from time to time to the aggregate maximum principal amount of TWO HUNDRED THOUSAND-----00/100 DOLLARS (\$200,000.00) together with all accrued interest thereon and all costs, charges and expenses incurred by SEDC & BCFDC in connection therewith;
  - (b) The SEDC & BCFDC Security shall have priority over the TCE Security in respect of the Real Property to the extent of the Company's indebtedness and obligations to SEDC & BCFDC from time to time to the aggregate maximum principal amount of THREE HUNDRED THOUSAND-----00/100 DOLLARS (\$300,000.00) together with all accrued interest thereon and all costs, charges and expenses incurred by SEDC & BCFDC in connection therewith;
  - (c) The SEDC & BCFDC Security shall have priority over the TCE Security in respect of the 2012 Tax Credit Entitlements to the extent of the 2012 SR&ED Loan to the aggregate maximum principal amount of ONE HUNDRED AND SIXTY THOUSAND-----00/100 DOLLARS (\$160,000.00) together with all accrued interest thereon and all costs, charges and expenses incurred by SEDC & BCFDC in connection therewith; and
  - (d) The TCE Security shall have priority over the SEDC & BCFDC Security, except as set out in paragraphs 3.01(a), 3.01(b) and 3.01(c) above.
- 3.02 Subject to Section 3.04, the subordination and postponements contained herein shall apply in all events and circumstances regardless of:
- (a) The date of execution, attachment, registration or perfection of any security interest held by SEDC & BCFDC or TCE;
  - (b) The date of any advance or advances made to the Company by SEDC & BCFDC or TCE;
  - (c) The date of default by the Company under any of the SEDC & BCFDC Security or the TCE Security or the dates of crystallization of any floating charges held by SEDC & BCFDC or TCE;

- (d) The date of any notice to or demand upon the Company (*or the failure to give any notice or demand*); or
  - (e) Any priority granted by any principle of law or any statute, including any personal property security, corporation securities registration or like statute.
- 3.03 Any proceeds of insurance or expropriation received by the Company, SEDC & BCFDC or TCE in respect of the collateral charged by the SEDC & BCFDC Security or the TCE Security shall be dealt with as though such proceeds of insurance or expropriation were paid or payable as proceeds of realization of the collateral for which they compensate.
- 3.04 If any of the SEDC & BCFDC Security or the TCE Security is found to be unenforceable, invalid, unregistered or unperfected against any party other than SEDC & BCFDC or TCE by a court of competent jurisdiction and all appeals from any such finding have been heard and determined or the period for making any such appeal has expired without an appeal being made, the foregoing provisions of this Article 3 shall not apply to such security. If any third party shall have a valid claim to the proceeds of any of the property or assets of the Company in priority to or on a parity with one of the Creditors but not in priority to or on a parity with the other Creditor, then this Agreement shall not apply so as to diminish the rights (*as such rights would have been but for the provisions of this Agreement*) of such other Creditor against any such other third party to the proceeds of disposition of such property or assets. None of the parties hereto shall take any steps or do any act or thing whereby the priorities provided for herein may be defeated or impaired.
- 3.05 The Creditors shall allow each other, and their respective agents, access at all reasonable times to any property and assets of the Company upon which such other Creditor has a charge or security interest to view the same, and access to, so as to make copies of or extracts from, any books of account and all records, ledgers, reports, documents and other writings relating to such property and assets, and to permit such other Creditor at all reasonable times to remove any property and assets of the Company upon which its charge or security interest has priority under this Agreement from the premises of the Company, without interference, provided that such other Creditor shall promptly repair any damage caused to the premises by the removal of any such property or assets and the Company waives any right to require security for the costs of such repair or compensation.

#### ARTICLE 4 - COVENANTS OF THE COMPANY

- 4.01 The Company hereby confirms to and agrees with the Creditors that so long as the Company remains obligated or indebted to the Creditors, it shall hold and deal with its assets for the Creditors in accordance with their respective interests and priorities under this Agreement.



**ARTICLE 5 - GENERAL**

- 5.01 Each Creditor shall provide to the other Creditor from time to time upon request full information and particulars as to the amounts owing by the Company to that Creditor, the performance by the Company of its obligations to that Creditor and any other information which the party requesting the same deems material. The Company consents to such disclosure.
- 5.02 The Creditors and the Company shall do, perform, execute and deliver all acts, deeds and documents at the reasonable request of either Creditor and at the expense of the Company as may be necessary from time to time to give full force and effect to the intent of this Agreement.
- 5.03 Neither SEDC & BCFDC nor TCE shall transfer or assign any of the SEDC & BCFDC Security or the TCE Security without obtaining from the assignee or transferee an agreement to be bound by the provisions of this Agreement to the same extent as the Creditor assigning same.
- 5.04 Any notice or written communication given pursuant to or in connection with this Agreement shall be in writing and shall be given by delivering the same personally or by prepaid courier, pre-paid registered mail or telecopier, addressed to the party to be notified, at the address of such party set out below, or at such other address of which such party has given notice to the other parties hereto. Any such notice shall be conclusively deemed to have been given and received on the actual date of receipt by the addressee if given by personal delivery, prepaid courier or telecopier, or, if given by pre-paid registered mail, on the fifth day following the mailing date (*absent a general disruption in postal service*).

**To SEDC & BCFDC at:**

515 Mill Street  
P. O. Box 177  
Neustadt, Ontario  
N0G 2M0

Fax: 519-799-5752

Attention: ROSE AUSTIN (*General Manager*)

**To TCE at:**

505 Consumers Road  
Suite 707  
Toronto, Ontario  
M2J 4V8

Fax: 416-497-3139

Attention: President

**To the Company at:**

75 Ridout Street,  
Walkerton, Ontario N0G 2V0

Fax: 519-881-1068

Attention: President

- 5.05 This Agreement may be executed in several counterparts, each of which when so executed shall be deemed to be an original and such counterparts together shall constitute one and the same instrument and shall be effective as of the formal date hereof.
- 5.06 Neither SEDC & BCFDC nor TCE shall transfer or assign their respective rights or obligations under this Agreement, except in connection with a transfer or assignment of the SEDC & BCFDC Security or the TCE Security as provided in Section 5.03. Subject to the foregoing, this Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.
- 5.07 This Agreement shall be governed by the laws of Ontario.
- 5.08 This Agreement shall constitute a continuing agreement, notwithstanding that the Company may not be indebted or obligated to a Creditor at any time, and each Creditor may, without notice to the other Creditor, purchase receivables, lend money, extend credit and make other financial accommodations to or for the account of the Company on the faith hereof. Nothing herein shall restrict any Creditor from revising, replacing, amending or supplementing the security in its favour, or acquiring additional encumbrances upon any property or assets of the Company (*now or hereafter acquired*), provided that all such securities and encumbrances shall be held and dealt with in accordance with the provisions herein. This Agreement shall continue in force until terminated by the mutual consent in writing of the Creditors or until either of the Creditors has discharged all of the security in its favour granted by the Company.
- 5.9 Neither this Agreement nor any provision hereof may be changed, waived, discharged or terminated except by instrument in writing, signed by the parties or by the party against whom enforcement of the change, waiver, discharge or termination is sought. Notwithstanding the foregoing, no consent of the Company shall be necessary to any amendment to the terms hereof by the Creditors unless the interests of the Company are directly affected hereby.
- 5.10 Nothing contained in this Agreement shall be construed as conferring any rights or benefits of any kind whatsoever upon the Company, or any person who is not a party to this Agreement, or as modifying an other agreement between the Creditors or any of them and the Company, and the Company shall not be entitled to enforce any

provision of this Agreement.

- 5.11 Any provision of this Agreement which is invalid or unenforceable under the laws of any jurisdiction in which this Agreement is sought to be enforced shall, as to such jurisdiction, and to the extent such provision is invalid or unenforceable, be deemed severable and shall not affect any other provision of this Agreement.
- 5.12 This Agreement contains the entire understanding of the parties with respect to the priority of the SEDC & BCFDC Security and the TCE Security and supersedes any prior agreements, undertakings, declarations, representations and understandings, both written and verbal, in respect of the priority of the SEDC & BCFDC Security and the TCE Security including, without limitation, the Original Priorities Agreement. There are no restrictions, agreements, promises, warranties, covenants or undertakings relating to the priority of the SEDC & BCFDC Security and the TCE Security other than those set forth in this Agreement.

*[NEXT PAGE IS SIGNING PAGE.]*

**IN WITNESS WHEREOF** the parties hereto have executed this Agreement under the hands of their duly authorized officers.

**SAUGEEN ECONOMIC  
DEVELOPMENT CORPORATION  
(SEDC)**

Per: \_\_\_\_\_  
**ROSE AUSTIN** (*General Manager*)  
I have authority to bind the Corporation.

**BRUCE COMMUNITY FUTURES  
DEVELOPMENT CORPORATION  
(BCFDC)**

Per: \_\_\_\_\_  
**BARBARA FISCHER** (*General Manager*)  
I have authority to bind the Corporation.

**TCE CAPITAL CORPORATION  
(TCE)**

Per: \_\_\_\_\_  
Name & Title:  
(Authorized Signing Officer)  
**Jan Crosskell**  
*President Finance and Administration*

**BOGDON & GROSS  
FURNITURE COMPANY LIMITED  
(the Company)**

Per: \_\_\_\_\_  
**ADAM HOFNMANN** (*President*)  
(Authorized Signing Officer)

**DATED August 3, 2012.**

**BETWEEN:**

**SAUGEEN ECONOMIC  
DEVELOPMENT CORPORATION and  
BRUCE COMMUNITY  
FUTURES DEVELOPMENT CORPORATION**

- and -

**TCE CAPITAL CORPORATION**

- and -

**BOGDON & GROSS  
FURNITURE COMPANY LIMITED**

---

**AMENDED AND RESTATED  
PRIORITIES AGREEMENT**

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This is Exhibit "T" referred to in the Affidavit of ADAM  
HOFMANN sworn March 5, 2014

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*Commissioner for Taking Affidavits (or as may be)*

# TAB T

POSTPONEMENT, ASSIGNMENT & SUBORDINATION AGREEMENT

TO: SAUGEEN ECONOMIC DEVELOPMENT CORPORATION and  
BRUCE COMMUNITY FUTURES DEVELOPMENT CORPORATION

---

WHEREAS SAUGEEN ECONOMIC DEVELOPMENT CORPORATION and BRUCE COMMUNITY FUTURES DEVELOPMENT CORPORATION (the "LENDER") have agreed to provide certain credit facilities to BOGDON & GROSS FURNITURE COMPANY LIMITED (the "BORROWER") on the terms and conditions set out in a *Loan Agreement*, dated on or about the 24<sup>th</sup> day of February, 2012.

AND WHEREAS 2110785 ONTARIO INC. ("2110785") is the sole Shareholder of the Capital Stock in the *Borrower*.

AND WHEREAS THE UNDERSIGNED HEREBY ACKNOWLEDGES that the *LENDER* has required that I execute and deliver this **POSTPONEMENT, ASSIGNMENT & SUBORDINATION AGREEMENT** as a condition precedent to *LENDER* agreeing to extend credit to the *BORROWER* under the terms of the *Loan Agreement*.

NOW, THEREFORE, in consideration of *LENDER* having agreed to grant the said Loan to the *BORROWER* and for the payment of ONE ----- 00/100 DOLLAR (\$1.00) and other VALUABLE CONSIDERATION, the receipt and sufficiency of which is hereby acknowledged, the undersigned, namely 2110785 ONTARIO INC. (hereinafter referred to as the "*SUBORDINATOR*"), hereby agrees and undertakes as follows:

**POSTPONEMENT, ASSIGNMENT & SUBORDINATION:**

From the date hereof and until such time as all indebtedness, obligations and other liabilities owed by the *BORROWER* to the *LENDER* under the terms of the *Loan Agreement* or arising under any other agreement made between the *LENDER* and the *BORROWER* are entirely repaid and fulfilled, the *SUBORDINATOR* agrees to comply with and abide by all of the following terms, conditions and restrictions:

- (a) To postpone the payment and satisfaction of all **SHAREHOLDER LOANS, DIVIDENDS, BONUSES**, or any part thereof, and other rights to withdraw **CAPITAL** now or hereafter due and owing by the *BORROWER* to the *SUBORDINATOR*, including all interest accruing thereof (the "*Subordinated Obligations*") in favour of the *LENDER* and to subordinate the *Subordinated Obligations* to all **INDEBTEDNESS, LIABILITIES** and other **OBLIGATIONS** owed by the *BORROWER* to the *LENDER*;
- (b) To assign and transfer to the *LENDER* (as security for the *Subordinated Obligations* and all liabilities of the *BORROWER* owed to the *LENDER*) all debts, demands and liabilities which are now due, owing; or accruing due; or may hereafter become due, owing or accruing due to the *SUBORDINATOR* by or from the *BORROWER*.
- (c) To assign and transfer to the *LENDER* (as security for the *Subordinated Obligations* and all liabilities of the *BORROWER* owed to the *LENDER*) all securities, including any **CHARGES, MORTGAGES, SECURITY AGREEMENTS, FINANCING STATEMENTS** or other **SECURITY INSTRUMENTS** whether unregistered or registered in a **LAND REGISTRY OFFICE** or the **PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM** or filed with any **SHERIFF** in any County within the Province of Ontario or elsewhere and including any rights of any nature which are now held, or may hereafter be held, by the *SUBORDINATOR* as security or collateral for the performance of the *BORROWER'S* obligations to the *SUBORDINATOR* and the same shall be deemed to be security granted and pledged by the *BORROWER* to the *LENDER* in the stead of the *SUBORDINATOR*;
- (d) That except with the prior written consent of the *Lender*, any monies owing, or which may become owing, by or from the *BORROWER* to the *SUBORDINATOR* and which constitutes the *Subordinated Obligations*, shall not be withdrawn, transferred, pledged, encumbered, assigned or otherwise dealt with by the *SUBORDINATOR*, but shall remain as an



obligation, debt and liability within the Financial Books and other Records of the **BORROWER** at all times for so long as any amount of money, debts liabilities or other obligations remain owing by the **BORROWER** to the **LENDER** under the terms of the *Loan Agreement* or otherwise; and

- (a) Not to demand or accept payment of all, or any part, of the debt owed by or from the **BORROWER** to the **SUBORDINATOR** in respect of the *Subordinated Obligations*.

#### **BANKRUPTCY OR OTHER INSOLVENCY**

In the event of the BANKRUPTCY or WINDING-UP of the affairs of the **BORROWER**, or of any DISTRIBUTION OF ASSETS of the **BORROWER**, or DISTRIBUTION OF THE PROCEEDS thereof among its creditors or Shareholders in any manner whatsoever, the **LENDER** shall be entitled to receive the DIVIDENDS or PROCEEDS, if any, payable in respect of the *Subordinated Obligations*. Such DIVIDENDS or PROCEEDS shall be applied against or in satisfaction of such part, or parts, of the **BORROWER'S** indebtedness then owed to the **LENDER** in such manner as the **LENDER** shall deem fit and proper until the whole of such indebtedness has been paid in full, and thereafter, the **SUBORDINATOR** shall be entitled to demand and receive such DIVIDENDS or PROCEEDS.

#### **CONSENT TO REGISTRATIONS**

The **SUBORDINATOR** hereby consents to the **LENDER** registering or filing evidence of this **POSTPONEMENT, ASSIGNMENT & SUBORDINATION AGREEMENT** or any other *Caution, Notice, Instrument or Document* that may be desirable or required to evidence the existence and pledges or undertakings granted hereunder. Such registration may be made by means of a Notice or other instrument that is properly registerable in any LAND REGISTRY OFFICE in the Province of Ontario or elsewhere. Further, such registrations may be made by means of the filing of one or more *Financing Statements, Financing Change Statements*, or any similar *Registrations, Deposits or Filings* within the PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM for the Province of Ontario or any other jurisdiction. The **SUBORDINATOR** hereby agrees and shall, upon receipt of a written request from the **LENDER**, undertake such *Registrations, Deposits or Filings* in any relevant or Prescribed Form, if applicable. Further, to facilitate the filing of any *Caution, Notice, Instrument* or any other *Document*, including any *Financing Statements, Financing Change Statements* or any similar *Registrations, Deposits or Filings* that the **LENDER** may require, the **SUBORDINATOR** hereby authorizes the **LENDER**, or its Solicitors or Agents, to prepare, execute and file such documents as agent of the **SUBORDINATOR**. The **SUBORDINATOR** hereby **WAIVES** all rights to receive a copy of any such *Caution, Notice, Instrument* or other *Document*, including any *Financing Statement, Verification Statement* and any *Financing Change Statement* relating thereto.

#### **RECEIPTS FROM BORROWER AS TRUSTEE**

In the event that any payments are made by the **BORROWER** to the **SUBORDINATOR** in contravention of this **POSTPONEMENT, ASSIGNMENT & SUBORDINATION AGREEMENT**, the **SUBORDINATOR** agrees to, and shall, hold such payments, money, assets or other valuables **IN TRUST FOR THE LENDER** and the **SUBORDINATOR** hereby agrees to forthwith pay and deliver such payments, money, assets or other valuables to the **LENDER** regardless of whether any demand has or will be made by the **LENDER** upon the **BORROWER** or **SUBORDINATOR**.

#### **GENERAL PROVISIONS**

- (a) The **SUBORDINATOR** shall, from time to time, and at all times hereafter, do all things and execute all documents that the **LENDER** may deem necessary or desirable in order to give full effect to this **POSTPONEMENT, ASSIGNMENT & SUBORDINATION AGREEMENT**.
- (b) The **SUBORDINATOR** acknowledges that he or she has or will receive a direct or indirect benefit as a result of the **LENDER** having extended the above referenced Loan and credit facility to the **BORROWER**.

#### **NUMBER, GENDER & EXPRESSIONS**

Words importing the singular number shall include the plural and *vice versa*. Words importing the use of any gender shall include the masculine, feminine and neuter genders. Words importing natural persons shall include an individual, a trust, a

partnership, a body corporate, an association or other incorporated or unincorporated organization or entity.

**GOVERNING LAW & ATTORNMENT**

This **POSTPONEMENT, ASSIGNMENT & SUBORDINATION AGREEMENT** shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of CANADA applicable therein. The parties agree that any action under or for the enforcement of this **POSTPONEMENT, ASSIGNMENT & SUBORDINATION AGREEMENT** may only be commenced in the Courts of the Province of Ontario and the parties attorn to the exclusive jurisdiction of those Courts.

**HEIRS, SUCCESSORS & ASSIGNS**


This **POSTPONEMENT, ASSIGNMENT & SUBORDINATION AGREEMENT** shall extend and enure to the benefit of and be binding upon the **LENDER**, the **SUBORDINATOR** and the **BORROWER** (where applicable) and each of their respective heirs, legal representatives, successors and assigns.

**RIGHTS HELD BY THE LENDER**

**THE BORROWER & SUBORDINATOR** HEREBY ACKNOWLEDGES, UNDERSTANDS AND AGREES that this **POSTPONEMENT, ASSIGNMENT & SUBORDINATION AGREEMENT** shall not suspend or otherwise affect the present or future rights or remedies held by the **LENDER** with respect to the present or future indebtedness or liability of the **BORROWER** to the **LENDER**, or the securities that the **LENDER** now holds, or may hereafter receive, against and from the **BORROWER** as collateral to the said indebtedness and other liability.

IN WITNESS WHEREOF the parties hereto have executed this **POSTPONEMENT, ASSIGNMENT & SUBORDINATION AGREEMENT** at the Town of WALKERTON, County of Bruce in the Province of Ontario on this 27<sup>th</sup> day of February, 2012.

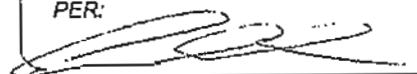
**SIGNED, SEALED & DELIVERED**

2110785 ONTARIO INC.  
Per:   
ADAM HOFMANN  
(President)  
I have authority to bind the Corporation.

**BORROWER'S ACKNOWLEDGEMENT & CONSENT**

I, ADAM HOFMANN (President), on behalf of BOGDON & GROSS FURNITURE COMPANY LIMITED, hereby acknowledge and consent to and shall abide by the terms and conditions of this **POSTPONEMENT, ASSIGNMENT & SUBORDINATION AGREEMENT**. Further, I hereby acknowledge and agree personally and on behalf of BOGDON & GROSS FURNITURE COMPANY LIMITED to refrain from engaging or undertaking any actions that result in or otherwise facilitates a breach of the terms of this **POSTPONEMENT, ASSIGNMENT & SUBORDINATION AGREEMENT** to be committed by 2110785 ONTARIO INC. or any other person.

**SIGNED, SEALED & DELIVERED**

BOGDON & GROSS FURNITURE  
COMPANY LIMITED  
PER:   
ADAM HOFMANN  
(President)  
I have authority to bind the Corporation.

This is Exhibit "U" referred to in the Affidavit of ADAM  
HOFMANN sworn March 5, 2014

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*Commissioner for Taking Affidavits (or as may be)*

# TAB U

**Properties**

**Pin** 33198 - 0287 LT  
**Description** LT 2-12 PL 140; DORLAND ST, SHIELDS ST PL 140 CLOSED BY WK4779; LT 2-6,  
12-13, 7-6 BLK B PL 108; PT LT 1 PL 140 AS IN R54132 & R26616; PT LT 21-22  
CON 2 SDR BRANT AS IN R55876, WK13381; PT LT 9-11 BLK B PL 108; PT ST.  
JOSEPH ST PL 106 CLOSED BY WK4779 AS IN WK14045 EXCEPT PT 2, 3R4068,  
EXCEPT LT 7-8 BLK B PL 108 & EXCEPT PT 1 3R8588; S/T R233229; MUNICIPALITY  
OF BROCKTON  
**Address** WALKERTON

**Claimant(s)**

**Name** HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO AS REPRESENTED BY THE MINISTER OF FINANCE  
**Address for Service** MINISTRY OF FINANCE  
Collections Branch  
33 King Street West  
6th Floor  
Oshawa ON L1H 8H5

This document is not authorized under Power of Attorney by this party.  
This document is being authorized by a representative of the Crown.

**Statements**

Schedule: See Schedules

**Signed By**

Beverly Gail Scott 33 King St. West, 3rd Floor acting for Signed 2013 07 25  
Oshawa Applicant(s)  
L1H 8H5

Tel 9054336465  
Fax 9054336760

I have the authority to sign and register the document on behalf of the Applicant(s).

**Submitted By**

MINISTRY OF FINANCE 33 King St. West, 3rd Floor 2013 07 25  
Oshawa  
L1H 8H5

Tel 9054336465  
Fax 9054336760

**Fees/Taxes/Payment**

Statutory Registration Fee \$60.00  
Total Paid \$60.00

**File Number**

Claimant Client File Number : BOGDON & GROSS FURNITURE COMPANY LIMITED

WHEREAS pursuant to subsection 23 (1) of the Employer Health Tax Act, R.S.O. 1990, c.E. 11, as amended (the Act), any tax payable or required to be remitted by any taxpayer is, upon registration of a notice claiming a lien and charge conferred by section 23, a lien and charge on any interest the taxpayer liable to pay or remit has in the real property described in the notice:

WHEREAS Bogdon & Gross Furniture Company Limited is indebted to the Minister of Finance for taxes and other amounts under the Act in the amount of \$23,395.46 as at July 24, 2013, with all amounts for which the taxpayer afterwards becomes liable while this notice remains registered, including interest at such rate or rates as determined from time to time under regulations made pursuant to the Act, which rate is currently 6 per cent per year compounded daily;

AND WHEREAS, Bogdon & Gross Furniture Company Limited has an interest in the lands described by virtue of being the registered owner;

NOW THEREFORE TAKE NOTICE that HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO AS REPRESENTED BY THE MINISTER OF FINANCE claims a lien and charge against the interest of Bogdon & Gross Furniture Company Limited in the lands described;

SRT# 112-622-451

BN# 100569102

This is Exhibit "V" referred to in the Affidavit of ADAM  
HOFMANN sworn March 5, 2014

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*Commissioner for Taking Affidavits (or as may be)*

## TAB V



JAN 7 2014

### STATEMENT OF UNPAID TAXES

Treasurer's Office: THE MUNICIPALITY OF BROCKTON  
100 Scott St  
PO Box 68  
Walkerton  
N0G 2V0

Telephone: (877) 885-8084  
Fax:  
Statement Date: 01/07/14

BOGDON & GROSS FURNITURE  
COMPANY LIMITED  
75 RIDOUT ST  
PO BOX 1240  
WALKERTON, ON N0G 2V0

#### PROPERTY DESCRIPTION

41-04-360-006-18800-0000  
FRONTAGE: 0.00 DEPTH: 0.00  
ACREAGE: 16.22  
75 RIDOUT ST  
WALKERTON CON 2 PT LOTS 21  
AND 22 PLAN 106 PT BLK B  
LOTS 2 TO 6 AND 12 PT LOTS

#### STATEMENT OF ACCOUNT

TAX YEAR	2014	2013	2012	2011 and Prior	TOTAL
TAXES/OTHER CHARGES	0.00	20,480.95	20,196.25	80,502.70	121,179.90
PENALTY/INTEREST	0.00	1,270.65	1,767.15	3,044.02	6,081.82
					127,261.72

#### Account Activity From 12/08/13

Date	Type	Description	Amount	Balance
12/08/13		BALANCE FORWARD	123,701.98	123,701.98
12/09/13	Reverse Payment	Pymt rev 11/29/13-36000618800	2,000.00	125,701.98
12/10/13	Payment by Cheque	BOGDON & GROSS FURNITURE Payme	-2,000.00	123,701.98
12/19/13	Reverse Payment	Pymt rev 12/10/13-36000618800	2,000.00	125,701.98
12/19/13	Adjustment	NSF CHARGE CODE	45.00	125,746.98
01/07/14	Interest	Interest on Arrears	1,514.74	127,261.72

IF YOU HAVE ANY QUESTIONS REGARDING YOUR  
ACCOUNT, DO NOT HESITATE TO CALL  
(519) 881-2223 OR 1-877-885-8084 EXT. 32 OR 22

Current Balance: 127,261.72  
Post-Dated Payments: 0.00

E & OE

DETACH HERE AND RETURN THIS PORTION WITH YOUR PAYMENT

### UNPAID TAXES

If a receipt is required, return notice without detaching stub.  
(Include a stamped self-addressed return envelope)

Please Return This Stub With Your Payment to:

THE MUNICIPALITY OF BROCKTON  
100 Scott St  
PO Box 68  
Walkerton  
N0G 2V0

Receipt is not valid until the cheque has cleared

Statement Date: 01/07/14  
Roll Number: 41-04-360-006-18800-0000  
Owner Name: BOGDON & GROSS FURNITURE  
COMPANY LIMITED

Total Amount Due: 127,261.72



This is Exhibit "W" referred to in the Affidavit of ADAM  
HOFMANN sworn March 5, 2014

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*Commissioner for Taking Affidavits (or as may be)*



# TAB W

**PROMISSORY NOTE**

**CREDITOR:** R & M NELSON HOLDINGS LTD.  
**DEBTOR:** BOGDON & GROSS FURNITURE COMPANY LIMITED  
& ADAM HOFMANN (Jointly & Severally)  
**PRINCIPAL DEBT:** \$325,000.00  
**TERM:** FIVE YEARS  
**DATED:** January 6, 2009

FOR VALUABLE CONSIDERATION RECEIVED & ACKNOWLEDGED, the undersigned (the "Payor") hereby jointly and severally covenant and agree and promise to pay to the order of R & M NELSON HOLDINGS LTD. (the "Payee") the sum of THREE HUNDRED & TWENTY FIVE THOUSAND DOLLARS (\$325,000.00) of lawful money of Canada (the "Principal") together with interest computed and accrued thereon at the rate of PRIME RESIDENTIAL LENDING RATE OF TD CANADA TRUST (as hereinafter defined) plus 3% calculated and payable monthly both before, as well as after maturity and both before and after default (the "Interest").

Principal and Interest shall be payable as follows:


-  (i) monthly Interest only Instalments shall be made on the 7<sup>th</sup> day of February, 2009 and on the 7<sup>th</sup> day of each month thereafter up to and including the 7<sup>th</sup> day of January, 2010; and
-  (ii) payments of Principal in the amount of SIX THOUSAND SEVEN HUNDRED AND SEVENTY 83/100 DOLLARS (\$6,770.83) together with Interest thereon (as provided for herein) shall be due and payable on the 7<sup>th</sup> day of February, 2010 and thereafter on the 7<sup>th</sup> day of each month thereafter up to and including the 7<sup>th</sup> day of January, 2013.


Interest to be charged shall be determined by reference to and in accordance with the PRIME RESIDENTIAL LENDING RATE as advertised at [www.tdcanadatrust.com](http://www.tdcanadatrust.com) plus 3% and determined by TD Canada Trust at 6:00 PM (Eastern Standard Time) on the last Friday of each month immediately preceding the date in which the next monthly instalment of Interest or of Interest and Principal shall fall due and be payable.


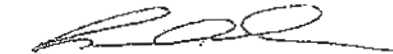
Provided the Payor is not in default hereunder, the Payor shall have the right and privilege of prepaying the Principal or any part thereof at any time or times without notice or bonus, provided however, any such prepayment of Principal shall be in whole multiples of One Thousand Dollars (\$1,000.00). Notwithstanding any prepayment on account of Principal, the aforesaid monthly instalment of Principal shall continue to fall due and become payable for so long as any part of the Principal remains unpaid.

In the event the Payor fails to pay any payment hereunder on the date such payment falls due, then the current balance of Principal plus any accrued Interest plus any and all other costs or charges (including collection or legal fees and disbursements on a solicitor and his own client basis) incurred by the Payee by reason of such default of payment by the Payor, shall immediately become due and payable.

DATED at Hanover, Ontario this 6 day of January, 2009.

  
\_\_\_\_\_  
KEVIN W. McMEEKEN  
as to the signature of:  
ADAM HOFMANN

  
\_\_\_\_\_  
KEVIN W. McMEEKEN  
as to the signature of:  
ADAM HOFMANN

) **BOGDON & GROSS FURNITURE**  
) **COMPANY LIMITED**  
) *PER:*  
)   
) **ADAM HOFMANN**  
) (President)  
) *I have authority to bind the Corporation.*  
)   
) **ADAM HOFMANN**  
) Personally  
) (Jointly & severally with Bogdon & Gross  
) Furniture Company Limited)  
)  
)  
)

## GENERAL SECURITY AGREEMENT

THIS GENERAL SECURITY AGREEMENT is hereby made on this 6<sup>th</sup> day of January, 2009.

BETWEEN:

**BOGDON & GROSS FURNITURE COMPANY  
LIMITED**  
(the "*Debtor*")

Address of Debtor: 75 Ridout Street  
Walkerton, Ontario  
N0G 2V0

- and -

**R & M NELSON HOLDINGS LTD.**

(the "*Secured Party*")

Address of  
Secured Party: 80 Midair Court  
Brampton, Ontario  
L6T 5V1

**1. LOCATION OF THE COLLATERAL:**

- (i) Each of the undersigned hereby promises and covenants to the *Secured Party* to continuously maintain ownership and possession of the *Collateral* (as such term is defined herein) at the following location for so long as this *General Security Agreement* is in effect:

See Schedule "C" herein.

**2. CREATION OF THE SECURITY INTEREST:**

- (i) **CONSIDERATION** - In exchange for the payment of ONE ----- 00/100 DOLLAR (\$1.00) and other good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged, the undersigned hereby acknowledges his, her, its or their obligation for the repayment of the *Indebtedness* (as defined below), including any ultimate unpaid balance thereof, owed to the *Secured Party*.
- (ii) **PLEDGE OF SECURITY INTEREST** - As means to secure the performance of his, her, its or their obligations for repayment of the *Indebtedness* the undersigned hereby grant and pledge this *General Security Agreement* as a General and Continuing Collateral Security for his, her, its or their ongoing performance of the obligations owed by the *Debtor* to the *Secured Party*. For clarity, it is understood that each of the undersigned has the authority and hereby grants to the *Secured Party* a Security Interest in all the *Debtor's* Personal Property as defined in the *Personal Property Security Act, R.S.O. 1990, c. P.10* (hereinafter referred to as the "*PPSA*"), and in the undertaking of the *Debtor*, which shall constitute *Collateral*, whether now owned or hereafter acquired directly or indirectly by the *Debtor* and whether now existing or hereafter arising.
- (iii) **DEFINITION OF SECURED COLLATERAL** - Without limiting the foregoing, but for greater certainty, *Collateral* includes all of the following:
- (a) All Assets described in *Schedule 'A'* attached hereto or as incorporated by reference in to the provisions of this *General Security Agreement*;
- (b) All Patents, Trademarks, Copyrights and other industrial and intellectual

property of the *Debtor*, and

- (c) All Statutory Licenses, Quotas and other transferable rights.
- (iv) **REFERENCES TO COLLATERAL** - Any reference to 'Collateral' shall, unless the context requires otherwise, be deemed to be a reference to the Collateral or any part thereof.
- (v) **LEASES & AGREEMENTS** - The Security Interest created herein shall not apply to, and Collateral shall not include, the last day of the term of any Lease or Agreement, but upon the enforcement of the Security Interest granted and pledged hereby, the *Debtor* shall stand possessed of such Lease or Agreement IN TRUST with full entitlement to assign the rights and benefits thereunder to any person.

### 3. **DEFINITION OF TERMS:**

- (i) **GENERALLY** - All phrases which are defined in the *PPSA*, and not otherwise defined in this *General Security Agreement*, shall have the meaning ascribed to them within the *PPSA*, provided always that the term "goods" shall never include "consumer goods" of the *Debtor* as that term is defined in the *PPSA*.
- (ii) **'INDEBTEDNESS'** shall mean all liabilities of every kind and description owed by the *Debtor* to the *Secured Party*, including but not limited to those repayment and other obligations as stated in a certain *DEMAND PROMISSORY NOTE* in the PRINCIPAL AMOUNT of THREE HUNDRED TWENTY FIVE THOUSAND ----- 00/100 DOLLARS (\$325,000.00) and so entered into by the *Debtor* with the *Secured Party* on or about the same date as the *Debtor* has executed this *General Security Agreement*, and whether such liabilities are now or hereafter due or owed or any future advance of money, assets or other benefits (whether such is direct, indirect or contingent) and regardless of whether the *Debtor* is bound to the *Secured Party* alone or with others and whether as principal or surety.
- (iii) **'RELATED DOCUMENTS'** shall mean the Promissory Notes, Account Agreements, Guarantees, Trust Deeds, Mortgages, other Security Agreements or any other documents executed in connection with this *General Security Agreement* or the underlying *Indebtedness* secured hereby or other instruments evidencing such *Indebtedness* or as otherwise related to the operation or administration of this *General Security Agreement* or executed in connection herewith regardless of whether such document or instrument is already existing or executed concurrently with or subsequent to the execution of this *General Security Agreement*.

### 4. **RIGHTS & OBLIGATIONS OF THE DEBTOR:**

- (i) **TITLE TO THE COLLATERAL** - Each of the undersigned warrants and covenants to the *Secured Party* that the *Debtor* holds absolute title or has rights in the Collateral sufficient for a Security Interest to attach to the Collateral in favour of the *Secured Party* and that there are no existing encumbrances, liens or other Security Interests now existing in respect of the Collateral, except as may otherwise be acknowledged and accepted by the *Secured Party* as stated within the Terms and Conditions of the Promissory Note signed by the *Debtor* on or about the same date as the undersigned is granting and pledging this *General Security Agreement* as security for the performance of the *Debtors* repayment and other obligations owed to the *Secured Party* in accordance with the said Promissory Note.

- (ii) **POSSESSION & USE OF COLLATERAL** - The *Debtor* shall be entitled to deal with the Collateral in the ordinary course of the Debtor's business in any manner that is consistent with the provisions of this *General Security Agreement*. However, the foregoing entitlement is subject to the provisions stated at Paragraph 6(ii) herein and until an Event of Default has been committed by the *Debtor* unless otherwise consented to in writing by the *Secured Party*.
- (iii) **PROHIBITION ON TRANSFER OF COLLATERAL** - Except for Inventory sold or Accounts collected in the ordinary course of the Debtor's Business operation, each of the undersigned promises and covenants to the *Secured Party* that the *Debtor* shall not sell or otherwise transfer the Collateral to any other person.
- (iv) **PROHIBITION AGAINST FUTURE ENCUMBRANCES** - Each of the undersigned hereby promises and covenants to the *Secured Party* that the *Debtor* shall not encumber, or permit, the Collateral to be encumbered without the prior written consent of the *Secured Party* unless otherwise authorized in accordance with the terms of this *General Security Agreement*.
- (v) **PROHIBITION ON REMOVAL OF COLLATERAL FROM ITS PRESENT LOCATION** - The Collateral (or to the extent the Collateral consists of intangible property such as Accounts or the Records concerning the Collateral) is located at the premises described herein above. Except as required in the ordinary course of the Debtor's Business, each of the undersigned promises and covenants to the *Secured Party* that the *Debtor* shall not remove, or permit any other person to remove, the Collateral from its current location without the prior written consent of the *Secured Party*, which shall not be unreasonably withheld.
- (vi) **TRANSFER SECURITIES AS COLLATERAL** - Each of the undersigned acknowledges that where the Collateral includes Securities or other Intellectual Property evidence by instruments in writing, the *Secured Party* shall be entitled to require the *Debtor* to transfer such Securities to the name of the *Secured Party* so that the *Secured Party* may appear on record as the sole owner of the Securities. However, unless the repayment or other obligations owed by the *Debtor* to the *Secured Party* have fallen and remain in default, the *Debtor* may retain, by means of Proxy, the Voting rights attached to any such Securities and the *Secured Party* will facilitate exercise of such Voting rights.
- (vii) **PRESERVATION OF RIGHTS IN THE COLLATERAL** - The *Debtor* shall defend its own and the rights of the *Secured Party* in the Collateral against any claims or demands made by any and all other persons' in respect of the Collateral.
- (viii) **PRESERVATION OF VALUE OF THE COLLATERAL** - The *Debtor* shall maintain the Collateral in a condition and state of repair that preserves the value of the Collateral, with the exception of reasonable wear and tear through normal use excluded. The *Debtor* will not commit or permit damage to, or destruction of, the Collateral. Each of the undersigned promises and covenants with the *Secured Party* to forthwith notify the *Secured Party* in writing should any of the Collateral become destroyed or damaged beyond reasonable repair. Further, each of the undersigned also promises and covenants to the *Secured Party* that the *Debtor* will undertake and will affect repair promptly if damages occurs to the Collateral.
- (ix) **INSURANCE PROTECTION RESPECTING THE COLLATERAL** - Each of the undersigned promises and covenants to the *Secured Party* that the *Debtor* shall procure and maintain an Insurance Policy, or Insurance Policies, that protects against loss of value of the Collateral due to, or caused, by *Fire* and other *Casualty* or *Perils* on the basis of, and in at least the amount described within the Promissory Note entered in to by the *Debtor* with the *Secured Party* on or about the same date as this *General Security Agreement* has been executed by

the undersigned. Such Insurance Policy, or Insurance Policies, as stated herein above, shall be on terms satisfactory to and in the sole discretion of the **Secured Party** with loss payable to the **Secured Party** and **Debtor** jointly.

- (x) **MATERIAL CHANGES IN THE DEBTOR'S INFORMATION** – Each of the undersigned promises and covenants to the **Secured Party** that the **Debtor** shall forthwith notify the **Secured Party** in writing with respect to the occurrence of any of the following circumstances:
- (a) Details of any material change in the information contained in this **General Security Agreement**, which includes the **Schedules** attached hereto, relating to the **Debtor**, the **Debtor's Business** operation or the **Collateral**.
  - (b) Details of any change in the name or legal status of the **Debtor**.
  - (c) Details of any significant acquisition of **Collateral** by the **Debtor** or any person dealing with the **Debtor** at '**non-arms length**' [as such term is defined within the **Income Tax Act (Canada)**] and which such **Collateral** shall be associated with the **Debtor's Business** operation.
  - (d) Details of any claims, or potential claims, or litigation, or potential litigation, which has or may be adversely affecting the **Debtor** or the **Collateral**.
  - (e) Details of any loss of or damage to the **Collateral**.
  - (f) Details of any default by any of the **Debtor's** Account Debtors in respect to the **Collateral**.
  - (g) Details of any default by the **Debtor** on any Credit or other Account of the **Debtor**.
- (xi) **DEBTOR'S BUSINESS CONDUCT** – Each of the undersigned promises and covenants to the **Secured Party** that the **Debtor** will conduct its business and affairs in a proper and efficient manner that is in accordance with all applicable Laws, Statutes, By-Laws, Regulations, Ordinances and similar governmental imposed obligations.
- (xii) **WAIVER OF PROTEST** – Each of the undersigned hereby promises and covenants to the **Secured Party** that the **Debtor** **WAIVES** any rights to protest against any instrument constituting **Collateral** at any time held by the **Secured Party** on which the **Debtor** is in any way liable and, subject to the notice requirements of the **PPSA**, notice of any other action taken by the **Secured Party**.
- (xiii) **JOINT & SEVERAL LIABILITY OF MULTIPLE DEBTORS** – Each of the undersigned has executed this **General Security Agreement** as a **Debtor**, in the context of the terms of this **General Security Agreement** would provide, and hereby promises and covenants to the **Secured Party** that the obligations of all such **Debtors** as owed to the **Secured Party** under the terms hereof shall be joint, several and separate with respect to each of them.

#### 5. **EVENTS OF DEFAULT BY THE DEBTOR:**

- (i) The **Debtor** shall be in default under the terms of this **General Security Agreement** and any of its **Related Documents** or instruments upon occurrence of any of the following circumstances:
- (a) The **Debtor** fails to effect payment of any instalment or other financial obligation owed to the **Secured Party** in relation to the **Indebtedness**



when such payment or payments become due, whether by acceleration or otherwise.

- (b) Failure by the undersigned to comply with any provision contained in this *General Security Agreement* or any of its *Related Documents* within **SEVEN (7) DAYS** after the *Secured Party* has delivered Written Notice to the *Debtor* demanding compliance with any such provision therein, and if compliance is not practically possible, failure to take steps that will produce compliance as soon as is reasonably practical.
- (c) Where any Warranty, Representation or Statement made or furnished to the *Secured Party* by, or on behalf of, the *Debtor* proves in any material respect to have been false when made or furnished.
- (d) The Bankruptcy or Insolvency of the *Debtor*; the filing against the *Debtor* of a Petition in Bankruptcy; the making of an authorized Assignment for the Benefit of Creditors by the *Debtor*; the Appointment of a Receiver, Trustee, or Liquidator for the *Debtor* or for any Assets of the *Debtor*; or the institution by or against the *Debtor* of any type of Insolvency proceeding or Creditor rearrangement.
- (e) The Death or Declaration of Incompetency of the *Debtor* (*if the Debtor is an Individual*) or cessation of the *Debtor's* viability as a going Business concern, or legal status as a person, within the meaning of the Laws of Canada (*if the Debtor is not an individual*).
- (f) On the occurrence of such other events where the *Secured Party* considers, in good faith and on commercially reasonable grounds, that the *Collateral* is in jeopardy or at risk of loss or that the *Secured Party's* Security Interest or financial position in respect of the *Indebtedness* or *Collateral* or both is insecure.

#### 6. SECURED PARTY'S RIGHTS & OBLIGATIONS:

- (i) **GENERAL RIGHTS** - In addition to the rights granted herein, the *Secured Party* may enforce any other rights and remedies available at Law or in Equity. Specifically the *Secured Party* shall be entitled to exercise all rights and remedies of a *Secured Party* as same are provided for in accordance with the provisions of the *PPSA* and any *Regulations* thereto. All rights and remedies of the *Secured Party* as provided for within the *PPSA* or herein this *General Security Agreement* or otherwise available by operation of any other Statute, Law, Code, Ordinance, By-Law, the Common Law or in Equity shall be cumulative.
- (ii) **COLLECTION OF DEBTS FORMING PART OF THE COLLATERAL** - The *Secured Party* may direct any Account Debtors of the *Debtor* to make all payments owing to the *Debtor* in respect of, or forming part of, the *Collateral*, which is subject to the Security Interest created herein, directly to the *Secured Party*, by notifying such Account Debtors of the *Secured Party's* interest therein and whether such Notice is delivered either before or after default.
- (iii) **INSPECTION OF THE COLLATERAL & RIGHT OF ACCESS BY THE SECURED PARTY** - The *Secured Party* shall have the right at any time, which is carried out in any manner that the *Secured Party* may consider appropriate, to confirm the existence and state of the *Collateral* and each of the undersigned hereby promises and covenants to the *Secured Party* that the *Debtor* shall furnish all assistance as the *Secured Party* may reasonably require or request in connection therewith. The *Debtor* grants access to the *Secured Party* with respect to all places where the *Collateral* may be located and to all premises occupied by the *Debtor* so that the *Secured Party* may inspect or obtain possession of the *Collateral*.

- (iv) **RECEIVERS & OTHER AGENTS OF THE SECURED PARTY** - The **Secured Party** may appoint a Receiver (*Receiver includes a Receiver-Manager*) or other person to act on its behalf, regardless of whether such appointment occurs before or after default or in any insolvency or like proceeding. Any such Receiver or other Appointee shall have all the powers of the **Secured Party** under the terms of this **General Security Agreement**. In addition, on instructions from the **Secured Party**, the Receiver or other Appointee shall be entitled to carry on the business of the **Debtor** with all the powers that the **Debtor** would have to operate its business for such time as the Receiver or other Appointee determines it advisable and in the best interest of the **Secured Party**.
- (v) **ACCELERATION OF PAYMENT OF THE INDEBTEDNESS** - The **Secured Party** may declare that all or any part of **Indebtedness**, which is not by its terms payable on demand, to be immediately due and payable on the occurrence of any **Event of Default** as defined at Paragraph 5(i) herein.
- (vi) **POSSESSION OF THE COLLATERAL BY THE SECURED PARTY** - The **Secured Party** may at any time take possession of, collect, demand, sue on, enforce, recover and receive the **Collateral** and give binding receipts and discharges therefore.
- (vii) **USE OF THE COLLATERAL BY THE SECURED PARTY** - The **Secured Party** may use the **Collateral** as it sees fit, providing that any income from use of the **Collateral** is applied to the reduction of the **Indebtedness**.
- (viii) **SALE OR LEASE OF THE COLLATERAL BY THE SECURED PARTY** - The **Secured Party** may Sell, Lease or otherwise dispose of the **Collateral** in any commercially reasonable manner providing that any income from such Sale, Lease or other disposition of the **Collateral** is applied to the reduction of the **Indebtedness**.
- (ix) **PREPARATION, ADMINISTRATION & ENFORCEMENT COSTS** – Each of the undersigned hereby promises and covenants to the **Secured Party** that the **Debtor** agrees to pay all charges incurred by the **Secured Party** as rendered by any person, including Solicitors, Auditors, Receivers or like persons' with respect to any amounts owing for Costs, Disbursements, Fees, Remuneration and/or other similar Expenses reasonably incurred by the **Secured Party**, or any other person appointed as a Receiver by, or as agent for, the **Secured Party**, in operating the **Debtor's Business** or administering the **Debtor's Accounts** or as otherwise required in the discretion of the **Secured Party** as means to prepare or take steps to enforce its rights in accordance with the terms of this **General Security Agreement**. Such sums shall be deemed to constitute a future advance and thereby increasing the **Indebtedness** hereunder.
- (x) **DEFICIENCIES** – Inability or failure by the **Secured Party** to receive full payment or satisfaction of **Indebtedness** through the exercise, or failure to exercise, any of its rights and remedies herein provided shall not in any way release the **Debtor** in whole or in part from the obligation to satisfy any deficiency, including any Costs of realization upon the **Collateral** or collection of the **Indebtedness** by the **Secured Party**.
- (xi) **VARIATIONS, AMENDMENTS & WAIVERS** - The following provisions shall apply to all claims or allegations of a Variation or Amendment or Waiver of the Terms or Conditions of this **General Security Agreement**:
- (a) No Variation, Amendment or Waiver of any provision of this **General Security Agreement** shall be effective unless made by Written Agreement executed by all parties hereto.
- (b) No delay or omission by the **Secured Party** in exercising any right or

remedy with respect to any part of the **Indebtedness** secured hereunder shall operate as a Waiver of that right or remedy and no single or partial exercise of any right or remedy shall preclude any other exercise of the cumulative rights and remedies of the **Secured Party**.

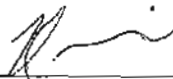
- (c) The **Secured Party** may remedy any default or perform any duty of the **Debtor** in accordance with the terms of this **General Security Agreement**, or with respect to any part of the **Indebtedness**, by means of taking any actions in any reasonable manner without waiving any other rights or remedies available to the **Secured Party** hereunder and without waiving any other prior or subsequent default by the **Debtor**.


**7. GENERAL PROVISIONS & INTERPRETATION:**

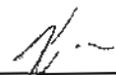
- (i) **SUBORDINATION OF THE SECURITY INTEREST** - No action taken by the **Secured Party** shall constitute a Subordination of its Security Interest to any other interest in the Collateral, unless such Subordination is effected by an Agreement in Writing, which is entitled "**Postponement Agreement**", or "**Subordination Agreement**" or some other similar Title, and which such Agreement has been signed and dated by the **Secured Party**.
- (ii) **HEIRS, SUCCESSORS & ASSIGNS** - This **General Security Agreement** shall enure to the benefit of, and be binding upon, the parties hereto and their respective Heirs, Executors, Administrators, Successors and lawful Assigns.
- (iii) **APPLICABLE LAW** - This **General Security Agreement** and its **Related Documents** shall be governed by the Laws of the Province of Ontario and Canada, where applicable.
- (iv) **TERMINATION** - This **General Security Agreement** shall remain in full force and effect until the entire **Indebtedness** has been paid and Written Notice of Discharge is delivered by the **Secured Party** and received by the **Debtor**.
- (v) **DEBTOR'S ACKNOWLEDGMENTS** - Each of the undersigned hereby acknowledges having received, reviewed, understood and approved an original true copy of this **General Security Agreement**.

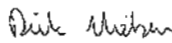
IN WITNESS WHEREOF each of the undersigned has executed this **General Security Agreement** as a **Debtor** at the Town of Hanover, in the County of Grey, Ontario this 6<sup>th</sup> day of December, 2008.

*January 2009*

  
 \_\_\_\_\_  
 Kevin W. McMeeken  
 Witness as to the Signature of:  
 Adam Hofmann

BOGDON & GROSS FURNITURE COMPANY LIMITED  
 Per:   
 \_\_\_\_\_  
 ADAM HOFMANN  
 (President)

  
 \_\_\_\_\_  
 Kevin W. McMeeken  
 Witness as to the Signature of:  
 Dirk Nielsen

  
 \_\_\_\_\_  
 DIRK NIELSEN  
 (Vice-President)

## SCHEDULE "A"

DESCRIPTION OF SECURED COLLATERAL(a) Accounts:

All debts, accounts, claims, monies and choses in action which now are or which may at any time hereafter be due or owing to or owned by the Debtor, and also all securities, bills, notes and other documents now held or owned or which may be hereafter taken, held or owned by the Debtor or anyone on behalf of the Debtor in respect of the said debts, claims, monies and choses in action or any part thereof, and also all books and papers recording, evidencing or relating to such debts, accounts, claims, monies and choses in action or any part thereof (all of the foregoing hereinafter called the "accounts");

(b) Inventory:

All inventory of whatever kind and wherever situated now owned or hereafter acquired or reacquired by the Debtor including all goods, merchandise, raw materials, goods in process, finished goods and other tangible personal property held for sale, lease or resale or furnished or to be furnished under contracts for service or used or consumed in the business of the Debtor, goods used in or procured for packing, emblements, industrial growing crops, oil, gas and other minerals to be extracted and timber to be cut (all of the foregoing hereinafter called the "inventory");

(c) Equipment:

All machinery, equipment, goods and other tangible personal property now owned or hereafter acquired or reacquired by the Debtor and not included in subparagraphs (a) and (b) above including, without limiting the generality of the foregoing, machinery, fixtures, furniture, plant, vehicles of any sort or description and all spare parts and accessories installed in or affixed or attached or appertaining to any of the foregoing and which are not consumer goods as defined in the Personal Property Security Act of the Province of Ontario (the "PPSA"), and all drawings, specifications, plans and manuals relating thereto (all of the foregoing hereinafter called the "equipment");

(d) Chattel Paper, Instruments, etc.:

All present and future agreements made between the Debtor as secured party and others which evidence both a monetary obligation and a security interest in or a lease of specific goods (all of the foregoing hereinafter called the "chattel paper");

(e) Instruments:

All present and future bills, notes and cheques (as such are defined pursuant to the Bills of Exchange Act (Canada)), and all other writings that evidence a right to the payment of money and are of a type that in the ordinary course of business are transferred by delivery without necessary endorsement or assignment (all of the foregoing hereinafter called "instruments");

(g) Leases:

All of the Debtor's right and interest in and to all leases, leasehold interests, tenancies and rights of occupation or possession of real estate or personal property now owned or hereafter held and owned by the Debtor, including all such rights and interests in respect of which the Debtor is landlord or lessor together with the benefit of the covenants, agreements, privileges and rights of the Debtor pertaining to such interests, (all of the foregoing hereinafter called the "leases"); provided, however, that the last day of term of any lease is specifically excepted from the security interest created hereby, but the Debtor agrees to stand possessed of such last day in trust for any person acquiring such interest of the Debtor;

(h) Money:

All present and future money of the Debtor, whether authorized or adopted by the Parliament of Canada as part of its currency or any, foreign government as part of its currency (all of the foregoing hereinafter called the "money");

(i) Documents of Title:

All warehouse receipts, bills of lading and other documents of title, whether negotiable or otherwise, now or hereafter owned by the Debtor (all of the foregoing hereinafter called the "documents of title");

(j) Books, Records, etc.:

All books and papers regarding, evidencing or relating to the above mentioned accounts, chattel paper or documents of title, and all securities, bills, notes, instruments, writings and other documents now or hereafter held or owned by the Debtor or anyone on behalf of the Debtor with respect to the above mentioned accounts, chattel paper or documents of title (all of the foregoing hereinafter called the "records");

(k) Securities:

All shares, stocks, warrants, bonds, debentures, debenture stock or other securities now or hereafter owned by the Debtor together with renewals thereof, substitutions therefor, accretions thereto and all rights and claims in respect thereof (all of the foregoing hereinafter called the "securities");

(l) Undertaking:

All present and future personal property, business and undertaking of the Debtor not being accounts, inventory, equipment, chattel paper, instruments, intangibles, leases, money, documents of title, records and securities (all of the foregoing hereinafter called the "undertaking");

(m) Scheduled Property:

All property specifically described in Schedule "B" hereto.

(n) Proceeds:

Identifiable or traceable personal property in any form derived directly or indirectly from any dealing with the property described in (a), (b), (c), (d), (e), (f), (g), (h), (i), (k), (l), (m) and (n).

For greater certainty, the security interest created hereby shall be operative as a present, attached, fixed and specific assignment, mortgage and charge of and security interest in any and all of the Collateral now owned by the Debtor and, with respect to any and all of the Collateral acquired by the Debtor after the date hereof, shall be operative as a present, specific assignment, mortgage and charge of and security interest in such Collateral which shall attach as a fixed and specific mortgage and charge of and security interest in such Collateral as of the moment the Debtor acquires any rights or interests therein. The security interest created hereby shall not be interpreted or construed as a floating charge and the Debtor's rights to deal with the Collateral without the consent of the Creditor are restricted to those rights specifically granted by paragraph 4(ii) (which paragraph is intended solely as an incorporation and elaboration of Subsection 28(1) of the PPSA) and paragraph 4(iii) hereof.

Without limiting the generality of the description of Collateral set out above, the Collateral shall include all present and future personal property of the Debtor located on or about or in transit to or from the address of the Debtor and the location set out in any Schedule "C" attached hereto and all present and future personal property of the Debtor of the nature or type described in any Schedule "B" attached hereto. The Debtor agrees to promptly inform the Lender in writing of the acquisition by the Debtor of any personal property which is not of the nature or type described herein, and the Debtor agrees to execute and deliver at its own expense from time to time amendments to this agreement or additional security agreements as may be reasonably required by the Lender in order that the security interest created hereunder shall attach to such personal property.

The parties acknowledge that value has been given, that the Debtor has rights in the Collateral, and the parties have not agreed to postpone the time for attachment of the security interest created herein

**SCHEDULE "B"**

**DESCRIPTION OF PERSONAL PROPERTY ASSETS PLEDGED AS SECURITY**

**1) GENERAL & CONTINUING COLLATERAL SECURITY INTEREST:**

- (i) **UNSPECIFIED VEHICLES** - All of the *Debtor's* present and future interest in any and all currently owned or subsequently acquired automobiles, trailers, boats, and all other commercial, passenger and recreational vehicles.
- (ii) **INTANGIBLES & INTELLECTUAL PROPERTY** - All of the *Debtor's* present and future interest in any intangible property, including any proceeds there from, and without limiting the generality of the foregoing, all of the *Debtor's* present and future book debts, accounts receivable, chattel paper, contract rights and other choses *in action* of every kind or nature now due or hereafter to become due.

**UNSPECIFIED CAPITAL ASSETS** - All of the *Debtor's* present and future interest in equipment, including any proceeds there from, and without limiting the generality of the foregoing, all fixtures, machinery, tools and furniture now or hereafter owned or acquired by the *Debtor* and which shall be located at *Lot 2 to 12, Plan 140, Dorland Street, Shields St. Plan 140, Lot 2 to 6, 12 - 13, 7-8, Block B, Plan 106, Part Lot 1, Plan 140, Part Lot 21 - 22, Con. 2, SDR, Brant, Part Lot 9 to 11, Block B., Plan St. Joseph St. Plan 106, now in the Municipality of Brockton, County of Bruce [PIN: 331980029 (LT)]*

and Municipally known as *75 Ridout Street, Walkerton, Ontario, N0G 2V0* or at any other place.

- (iii) **INVENTORY** - All of the *Debtor's* interest in present and future inventory and any proceeds therefrom including, without limiting the generality of the foregoing, all raw materials, goods in process, finished goods and packaging material and all goods acquired or held for sale or furnished or to be furnished under contracts of rental or service made with the *Debtor* or any person not dealing at *arms-length* with the *Debtor* (as such term is defined by the provisions of the *Income Tax Act*) in respect of the *Collateral*.
- (iv) **LEASES** - All of the *Debtor's* interest in present and future Leases or Leasehold Title or any Agreement therefore, now owned or hereafter acquired or occupied by the *Debtor*, together with all of the *Debtor's* structures, erections, improvements and fixtures situate thereupon or made in relation thereto or used in connection therewith, provided, however, that the last day of any term of any such Lease or Lease Agreement or other similar Agreement, whether verbal or written, or any Agreement that would otherwise be excepted out of the *Collateral* by any Security Agreement, but the *Debtor* shall stand possessed of any such reversion, upon trust to assign and dispose thereof as the *Secured Party* hereunder may see fit and so direct.
- (v) **PROCEEDS** - All of the *Debtor's* interest in present and future sums of money or property in any form derived directly or indirectly from any dealings with the *Collateral*, undertakings, property and assets described herein this *General Security Agreement*, including this Schedule or any other Schedule attached hereto, or that shall indemnify or compensate the *Debtor* in respect of such *Collateral* which may become damaged, destroyed, lost or otherwise legally or illegally taken from the possession of the *Debtor*.

**SCHEDULE "C"**

**LOCATION OF PERSONAL PROPERTY ASSETS PLEDGED AS SECURITY**

Lot 2 to 12, Plan 140, Dorland Street, Shields St. Plan 140, Lot 2 to 6, 12 – 13, 7-8, Block B, Plan 106, Part Lot 1, Plan 140, Part Lot 21 – 22, Con. 2, SDR, Brant, Part Lot 9 to 11, Block B., Plan, St. Joseph St. Plan 106, now in the Municipality of Brockton, County of Bruce  
[PIN: 331980029 (LT)]

and Municipally known as 75 Ridout Street, Walkerton, Ontario, N0G 2V0 or at any other place.

**Financing Change Statement/Change Statement** 2009/01/06 006 00880  
**État de modification du financement/État de modification** 1590A200901060

Registration No. (for office use only) / N° d'enregistrement (usage interne)  
 YYYY/MM MM/WW DD/JJ Time/Heure Branch/Bureau Sequence/Séquence



01  
 Security Interest from  
 B:G Furniture of R.M. Nelson

Form  
 Formule 3C 10553(03/08)

Registered Under (office use only) / Enregistré aux termes de (usage interne) **PPSA**

31 Reference File Number / N° de dossier de référence: **650872224** Renewal (B) OR Discharge (C) / Renouvellement (B) OU Mainlevée (C)  Enter Number of Additional Years to Renewal (see reverse) / Indiquez le nombre d'années supplémentaires si vous avez dû renouvellement (voir au verso)

32 Individual Debtor (see remarks) / Débiteur particulier (voir remarques): \_\_\_\_\_ Initial/Initials: \_\_\_\_\_ Surname/Nom de famille: \_\_\_\_\_

33 Business Debtor (see remarks) / Débiteur commercial (voir remarques): **BOGDON & GROSS FURNITURE COMPANY LIMITED** Ontario Corporation No. / N° matricule de la personne morale en Ontario: \_\_\_\_\_

Secured Party/Lien Claimant/Registration Agent / Créancier garanti/Créancier privilégié/Agent d'enregistrement: \_\_\_\_\_

Address/Adresse: \_\_\_\_\_ City, etc./Ville, etc.: \_\_\_\_\_ Prov./Prov., Postal Code/Code postal: \_\_\_\_\_

KEVIN W. MCMEEKEN LAW OFFICE  
 207 10TH STREET  
 HANOVER ON N4N 1N8

**Authorized Signature/Signature autorisée**  
 Name and Signature of Secured Party/Lien Claimant OR Name and Signature of Agent of Secured Party/Lien Claimant / Nom et signature du créancier garanti/créancier privilégié OU Nom et signature de l'agent du créancier garanti/créancier privilégié

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**Verification Statement/État de vérification**

Form Type / Type de formule	Page/ Page	Used/ Utilisé	*The expiry date calculated by this system may exceed the date on which the registration ceases to be effective. * La date d'expiration calculée en vertu de ce système peut être postérieure à la date à laquelle l'enregistrement cesse d'être en vigueur.	Page/ Page	OF/ DE	Total Pages/ Nombre de pages	*Expiry Date / Date d'expiration YYYYMMDD MM/WW DD/JJ
				1	1	1	2014/01/06
1C	1	00	650872224				
1C	1	01	CAUTION FILING/AVERTIS: PAGE: 1 OF/DE: 1 MV SCHEDULE				
1C	1	01	ATTACHED/LISTE VA: REG NUM/NO ENREGIST: 20090106 1605 1590 0321				
1C	1	01	REG UNDER/T. ENREG: P REG PERIOD/PERIODE: 5				
1C	1	03	BOGDON & GROSS FURNITURE COMPANY LIMITED				
1C	1	04	75 RIDOUT STREET				
1C	1	04	WALKERTON ON N0G 2V0				
1C	1	05	10MAR1964 ADAM HOFMANN				
1C	1	07	257 4TH STREET, CRESCENT				
1C	1	07	HANOVER ON N4N 3B9				
1C	1	08	R & M NELSON HOLDINGS LTD.				
1C	1	09	80 MIDAIR COURT				
1C	1	09	BRAMPTON ON L6T 5V1				
1C	1	10	CONS GOODS/BIENS CONS: INVTRY/STOCK: X EQUIP/MATER: X				
1C	1	10	ACCTS/COMPT: X OTHER/AUTRE: X MV INCL/VA INCLUS:				
1C	1	10	AMOUNT/MONTANT: DATE OF MATURITY/DATE ECHEANCE:				
1C	1	10	NO FIXED MAT DATE/D ECHE PAS DET:				
1C	1	13	THE DEBTOR HAS PLEDGED ASSETS TO R & M NELSON HOLDINGS LTD. BY WAY OF				
1C	1	14	A GENERAL SECURITY AGREEMENT. FOR SPECIFIC INFORMATION WITH RESPECT				
1C	1	15	TO THE ASSETS PLEDGED, PLEASE CONTACT THE SECURED PARTY DIRECTLY.				
1C	1	16	KEVIN W. MCMEEKEN LAW OFFICE				
1C	1	17	207 10TH STREET				
1C	1	17	HANOVER ON N4N 1N8				
			*** VERIFY IMMEDIATELY UPON RECEIPT / VERIFIEZ IMMEDIATEMENT VOTRE AVIS ***				



**Financing Change Statement / Change Statement**      2009/01/26    026    01133  
**État de modification du financement / État de modification**      1590A20090126D

Registration No. (for office use only) / N° d'enregistrement (usage interne)  
 YYY/AAA MM/ DD/JJ    Time/Heure    Branch/Bureau    Sequence/Séquence

**Ontario**  
 Ministry of Consumer and Business Services / Ministère des Services aux Consommateurs et aux Entreprises  
 Form **30**      10659(02/05)

Postponement of 2110785 Ont. Inc. Sec Int in Big Furniture Co

Registered Under (office use only) / Enregistré aux termes de (usage interne)    The Sec Int Pledged to RIM Nelson

39 Reference File Number / N° de dossier de référence: **648512829**      Renewal (B) OR Discharge (C) / Renouvellement (B) OU Libération (C)

22 Individual Debtor (as recorded) / Débiteur particulier (tel qu'inscrit)

23 Business Debtor (as recorded) / Débiteur commercial (tel qu'inscrit): **BOGDON & GROSS FURNITURE COMPANY LIMITED**

08-16 Secured Party/Lien Claimant/Registration Agent / Créancier garanti/Créancier privilégié/Agent d'enregistrement

09-17 Address/Adresse      City, etc./Ville, etc.      Fax/Prot. Postal Code/Code postal

KEVIN W. MCMEEKEN LAW OFFICE  
 207 10TH STREET  
 HANOVER ON N4N 1N8

**Authorized Signature/Signature autorisée**  
 Name and Signature of Secured Party/Lien Claimant OR Name of Secured Party/Lien Claimant AND Name and Signature of Agent of Secured Party/Lien Claimant / Nom et signature du créancier garanti/ créancier privilégié OU Nom du créancier garanti/ créancier privilégié ET nom et signature de l'agent du créancier garanti/ créancier privilégié

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**Verification Statement / État de vérification**

Form Type / Type de formulaire	Page / Page	Line / Ligne	The expiry date calculated by the system may exceed the date on which the registration ceases to be effective. / La date d'expiration établie en vertu du système peut être postérieure à la date à laquelle l'enregistrement cesse d'être en vigueur.	Page / Page	OF / DE	Total Pages / Nombre de pages	Expiry Date / Date d'expiration
				1	2		2023/09/15
2C	1	01	CAUTION FILING/AVERTIS: PAGE: 1 OF/DE: 2 MV SCHEDULE				
2C	1	01	ATTACHED/LISTE VA; REG NUM/NO ENREGIST: 20090126 1033 1590 1271				
2C	1	01	REG UNDER/T. ENREG;				
2C	1	21	648512829				
2C	1	22	AMEND - PAGE/CORR PAGE: NO PAGE/AUCUNE: X CHANGE/MODIF: A				
2C	1	22	REN YEARS/REN ANNEES: CORR PER/PER EXAC:				
2C	1	24	BOGDON & GROSS FURNITURE COMPANY LIMITED				
2C	1	26	TO REGISTER THE POSTPONEMENT OF SECURITY INTEREST AND FINANCING				
2C	1	27	STATEMENT IN FAVOUR OF 2110785 ONTARIO INC. AS FILE NUMBER 648512829				
2C	1	28	TO SECURITY INTEREST AND FINANCING STATEMENT REGISTERED AS FILE				
2C	1	16	KEVIN W. MCMEEKEN LAW OFFICE				
2C	1	17	207 10TH STREET				
2C	1	17	HANOVER ON N4N 1N8				

\*\*\* VERIFY IMMEDIATELY UPON RECEIPT / VERIFIEZ IMMEDIATEMENT VOTRE AVIS \*\*\*

Account No. (if applicable) / N° de compte (si pertinent)      Registration Account Code / Code du compte d'enregistrement

**Financing Change Statement / Change Statement**      2009/01/26      026      01134  
**État de modification du financement / État de modification**      1590A20090126D

Registration No. (for office use only) / N° d'enregistrement (usage interne)  
 YYYYAAA MM/MM DD/LL      Time/Heure      Branch/Bureau      Sequence/Séquence

**Ontario**  
 Ministry of Consumer and Business Services / Ministère des Services aux Consommateurs et aux Entreprises  
 Form **3C**      10663(03/09)

Registered Under (office use only) / Enregistré aux termes de (usage interne)

31 Reference File Number / N° de dossier de référence: **648512829**      Renewal (B) OR Discharge (C) / Renouvellement (B) OU Mainlevée (C)      Enter Number of Additional Years if Renewal (see reverse) / Indiquer le nombre d'années supplémentaires s'il s'agit d'un renouvellement (voir au verso)

32 Individual Debtor (as recorded) / Débiteur particulier (tel qu'inscrit): **First Given Name / Prénom: [Redacted]      Initial / Initiale: [Redacted]      Surname / Nom de famille: [Redacted]**

33 Business Debtor (as recorded) / Débiteur commercial (tel qu'inscrit): **BOGDON & GROSS FURNITURE COMPANY LIMITED**

Ontario Corporation No. / N° matricule de la personne morale en Ontario: [Redacted]

08/15 Secured Party / Lien Claimant / Registering Agent / Créancier garanti / Cédantier privilégié / Agent d'enregistrement: [Redacted]

09/17 Address / Adresse: [Redacted]      City, etc / Ville, etc: [Redacted]      Prov. / Prov.: [Redacted]      Postal Code / Code postal: [Redacted]

KEVIN W. MCMEEKEN LAW OFFICE  
 207 10TH STREET  
 HANOVER ON N4N 1N8

**Authorized Signature / Signature autorisée**  
 Name and Signature of Secured Party / Lien Claimant OR Name and Signature of Secured Party / Lien Claimant AND Name and Signature of Agent of Secured Party / Lien Claimant, / Nom et signature du créancier garanti / cédantier privilégié OU Nom du cédantier garanti / cédantier privilégié ET nom et signature de l'agent du créancier garanti / cédantier privilégié.

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**Verification Statement / État de vérification**

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	2			2		2	2023/09/15
2C	2	01	CAUTION FILING / AVERTIS:      PAGE:      2 OF / DE:      2      MV SCHEDULE				
2C	2	01	ATTACHED / LISTE VA:      REG NUM / NO ENREGIST:      20090126 1033 1590 1271				
2C	2	01	REG UNDER / T. ENREG:				
2C	2	21	648512829				
2C	2	26	NUMBER 650872224 IN FAVOUR OF R & M NELSON HOLDINGS LTD.				
		***	VERIFY IMMEDIATELY UPON RECEIPT / VERIFIEZ IMMEDIATEMENT VOTRE AVIS      ***				

10582(03/09)

## **POSTPONEMENT, ASSIGNMENT & SUBORDINATION AGREEMENT**

**TO: R & M NELSON HOLDINGS LTD.**

---

WHEREAS R & M NELSON HOLDINGS (the "**COMPANY**") has agreed to provide certain credit facilities to **BOGDON & GROSS FURNITURE COMPANY LIMITED** (the "**BORROWER**") on the terms and conditions set out in a Promissory Note, dated and signed on or about the \_\_\_ day of December, 2008.

**AND WHEREAS THE UNDERSIGNED HEREBY ACKNOWLEDGES** that the **COMPANY** has required that I execute and deliver this **POSTPONEMENT, ASSIGNMENT & SUBORDINATION AGREEMENT** as a condition precedent to **COMPANY** agreeing to extend credit to the **BORROWER** under the terms of the **Loan Agreement**.

NOW, THEREFORE, in consideration of **COMPANY** having agreed to grant the said Loan to the **BORROWER** and for the payment of ONE ----- 00/100 DOLLAR (\$1.00) and other **VALUABLE CONSIDERATION**, the receipt and sufficiency of which is hereby acknowledged the undersigned, namely **2110785 ONTARIO INC.** (hereinafter referred to as the "**SUBORDINATOR**"), hereby agrees and undertakes as follows:

### **POSTPONEMENT, ASSIGNMENT & SUBORDINATION:**

From the date hereof and until such time as all indebtedness, obligations and other liabilities owed by the **BORROWER** to the **COMPANY** under the terms of the **Loan Agreement** or arising under any other agreement made between the **COMPANY** and the **BORROWER** are entirely repaid and fulfilled, the **SUBORDINATOR** agrees to comply with and abide by all of the following terms, conditions and restrictions:

- (a) To postpone the payment and satisfaction of all **SHAREHOLDER LOANS, DIVIDENDS, BONUSES**, or any part thereof, and other rights to withdraw **CAPITAL** now or hereafter due and owing by the **BORROWER** to the **SUBORDINATOR**, including all interest accruing thereof (the "**Subordinated Obligations**") in favour of **COMPANY** and to subordinate the **Subordinated Obligations** to all **INDEBTEDNESS, LIABILITIES** and other **OBLIGATIONS** owed by the **BORROWER** to the **COMPANY**;
- (b) To assign and transfer to the **COMPANY** (as security for the **Subordinated Obligations** and all liabilities of the **BORROWER** owed to the **COMPANY**) all debts, demands and liabilities which are now due, owing; or accruing due; or may hereafter become due, owing or accruing due to the **SUBORDINATOR** by or from the **BORROWER**.
- (c) To assign and transfer to the **COMPANY** (as security for the **Subordinated Obligations** and all liabilities of the **BORROWER** owed to the **COMPANY**) all securities, including any **CHARGES, MORTGAGES, SECURITY AGREEMENTS, FINANCING STATEMENTS** or other **SECURITY INSTRUMENTS** whether unregistered or registered in a **LAND REGISTRY OFFICE** or the **PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM** or filed with any **SHERIFF** in any County within the Province of Ontario or elsewhere and including any rights of any nature which are now held, or may hereafter be held, by the **SUBORDINATOR** as security or collateral for the performance of the **BORROWER'S** obligations to the **SUBORDINATOR** and the same shall be deemed to be security granted and pledged by the **BORROWER** to the **COMPANY** in the stead of the **SUBORDINATOR**;
- (d) That except with the prior written consent of the **COMPANY**, any monies owing, or which may become owing, by or from the **BORROWER** to the **SUBORDINATOR** and which constitutes the **Subordinated Obligations**, shall not be withdrawn, transferred, pledged, encumbered, assigned or otherwise dealt with by the **SUBORDINATOR**, but shall remain as an obligation, debt and liability within the Financial Books and other Records of the **BORROWER** at all times for so long as any amount of money, debts liabilities or other obligations remain owing by the **BORROWER** to the **COMPANY** under the terms of the **Loan Agreement** or otherwise; and

- (e) Not to demand or accept payment of all, or any part, of the debt owed by or from the **BORROWER** to the **SUBORDINATOR** in respect of the **Subordinated Obligations**.

#### **BANKRUPTCY OR OTHER INSOLVENCY**

In the event of the BANKRUPTCY or WINDING-UP of the affairs of the **BORROWER**, or of any DISTRIBUTION OF ASSETS of the **BORROWER**, or DISTRIBUTION OF THE PROCEEDS thereof among its creditors or Shareholders in any manner whatsoever, the **COMPANY** shall be entitled to receive the DIVIDENDS or PROCEEDS, if any, payable in respect of the **Subordinated Obligations**. Such DIVIDENDS or PROCEEDS shall be applied against or in satisfaction of such part, or parts, of the **BORROWER'S** indebtedness then owed to the **COMPANY** in such manner as the **COMPANY** shall deem fit and proper until the whole of such indebtedness has been paid in full, and thereafter, the **SUBORDINATOR** shall be entitled to demand and receive such DIVIDENDS or PROCEEDS.

#### **CONSENT TO REGISTRATIONS**

The **SUBORDINATOR** hereby consents to the **COMPANY** registering or filing evidence of this **POSTPONEMENT, ASSIGNMENT & SUBORDINATION AGREEMENT** or any other *Caution, Notice, Instrument or Document* that may be desirable or required to evidence the existence and pledges or undertakings granted hereunder. Such registration may be made by means of a Notice or other Instrument that is properly registerable in any LAND REGISTRY OFFICE in the Province of Ontario or elsewhere. Further, such registrations may be made by means of the filing of one or more *Financing Statements, Financing Change Statements*, or any similar *Registrations, Deposits or Filings* within the PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM for the Province of Ontario or any other jurisdiction. The **SUBORDINATOR** hereby agrees and shall, upon receipt of a written request from the **COMPANY**, undertake such *Registrations, Deposits or Filings* in any relevant or Prescribed Form, if applicable. Further, to facilitate the filing of any *Caution, Notice, Instrument* or any other *Document*, including any *Financing Statements, Financing Change Statements* or any similar *Registrations, Deposits or Filings* that the **COMPANY** may require, the **SUBORDINATOR** hereby authorizes the **COMPANY**, or its Solicitors or Agents, to prepare, execute and file such documents as agent of the **SUBORDINATOR**. The **SUBORDINATOR** hereby **WAIVES** all rights to receive a copy of any such *Caution, Notice, Instrument* or other *Document*, including any *Financing Statement, Verification Statement* and any *Financing Change Statement* relating thereto.

#### **RECEIPTS FROM BORROWER AS TRUSTEE**

In the event that any payments are made by the **BORROWER** to the **SUBORDINATOR** in contravention of this **POSTPONEMENT, ASSIGNMENT & SUBORDINATION AGREEMENT**, the **SUBORDINATOR** agrees to, and shall, hold such payments, money, assets or other valuables **IN TRUST FOR THE COMPANY** and the **SUBORDINATOR** hereby agrees to forthwith pay and deliver such payments, money, assets or other valuables to the **COMPANY** regardless of whether any demand has or will be made by the **COMPANY** upon the **BORROWER** or **SUBORDINATOR**.

#### **GENERAL PROVISIONS**

- (a) The **SUBORDINATOR** shall, from time to time, and at all times hereafter, do all things and execute all documents that the **COMPANY** may deem necessary or desirable in order to give full effect to this **POSTPONEMENT, ASSIGNMENT & SUBORDINATION AGREEMENT**.
- (b) The **SUBORDINATOR** acknowledges that he or she has or will receive a direct or indirect benefit as a result of the **COMPANY** having extended the above referenced Loan and credit facility to the **BORROWER**.

#### **NUMBER, GENDER & EXPRESSIONS**

Words importing the singular number shall include the plural and *vice versa*. Words importing the use of any gender shall include the masculine, feminine and neuter genders. Words importing natural persons shall include an individual, a trust, a partnership, a body corporate, an association or other incorporated or unincorporated organization or entity.

**GOVERNING LAW & ATTORNMENT**

This POSTPONEMENT, ASSIGNMENT & SUBORDINATION AGREEMENT shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of CANADA applicable therein. The parties agree that any action under or for the enforcement of this POSTPONEMENT, ASSIGNMENT & SUBORDINATION AGREEMENT may only be commenced in the Courts of the Province of Ontario and the parties attorn to the exclusive jurisdiction of those Courts.

**HEIRS, SUCCESSORS & ASSIGNS**

This POSTPONEMENT, ASSIGNMENT & SUBORDINATION AGREEMENT shall extend and enure to the benefit of and be binding upon the *COMPANY*, the *SUBORDINATOR* and the *BORROWER* (where applicable) and each of their respective heirs, legal representatives, successors and assigns.

**RIGHTS HELD BY THE COMPANY**

THE *BORROWER & SUBORDINATOR* HEREBY ACKNOWLEDGES, UNDERSTANDS AND AGREES that this POSTPONEMENT, ASSIGNMENT & SUBORDINATION AGREEMENT shall not suspend or otherwise affect the present or future rights or remedies held by the *COMPANY* with respect to the present or future indebtedness or liability of the *BORROWER* to the *COMPANY*, or the securities that the *COMPANY* now holds, or may hereafter receive, against and from the *BORROWER* as collateral to the said indebtedness and other liability.

IN WITNESS WHEREOF the parties hereto have executed this POSTPONEMENT, ASSIGNMENT & SUBORDINATION AGREEMENT at the Town of Hanover in the Province of Ontario on this 6<sup>th</sup> day of ~~December, 2008~~ *January 2009*.

SIGNED, SEALED & DELIVERED  
In the presence of

  
\_\_\_\_\_  
KEVIN W. MCMEEKEN:  
Witness

2110785 ONTARIO INC.  
PER:

  
\_\_\_\_\_  
ADAM HOFMANN - President


**BORROWER'S ACKNOWLEDGEMENT & CONSENT**

I, ADAM HOFMANN, on behalf of BOGDON & GROSS FURNITURE COMPANY LIMITED hereby acknowledge and consent to and shall abide by the terms and conditions of this POSTPONEMENT, ASSIGNMENT & SUBORDINATION AGREEMENT. Further, I hereby acknowledge and agree personally and on behalf of BOGDON & GROSS FURNITURE COMPANY to refrain from engaging or undertaking any actions that result in or otherwise facilitates a breach of the terms of this POSTPONEMENT, ASSIGNMENT & SUBORDINATION AGREEMENT to be committed by 212110785 ONTARIO INC. or any other person.

SIGNED, SEALED & DELIVERED  
In the presence of

  
\_\_\_\_\_  
KEVIN W. MCMEEKEN  
Witness

BOGDON & GROSS FURNITURE  
COMPANY LIMITED  
PER:

  
\_\_\_\_\_  
ADAM HOFMANN  
(President)

*I have authority to bind the Corporation.*

## **POSTPONEMENT, ASSIGNMENT & SUBORDINATION AGREEMENT**

TO: R & M NELSON HOLDINGS LTD.

WHEREAS R & M NELSON HOLDINGS (the "**COMPANY**") has agreed to provide certain credit facilities to **BOGDON & GROSS FURNITURE COMPANY LIMITED** (the "**BORROWER**") on the terms and conditions set out in a **Promissory Note**, dated and signed on or about the \_\_\_ day of December, 2008.

AND WHEREAS THE UNDERSIGNED HEREBY ACKNOWLEDGES that the **COMPANY** has required that I execute and deliver this **POSTPONEMENT, ASSIGNMENT & SUBORDINATION AGREEMENT** as a condition precedent to **COMPANY** agreeing to extend credit to the **BORROWER** under the terms of the **Loan Agreement**.

NOW, THEREFORE, in consideration of **COMPANY** having agreed to grant the said Loan to the **BORROWER** and for the payment of **ONE** ----- **00/100 DOLLAR** (\$1.00) and other **VALUABLE CONSIDERATION**, the receipt and sufficiency of which is hereby acknowledged the undersigned, namely **ADAM HOFMANN**. (hereinafter referred to as the "**SUBORDINATOR**"), hereby agrees and undertakes as follows:

### **POSTPONEMENT, ASSIGNMENT & SUBORDINATION:**

From the date hereof and until such time as all indebtedness, obligations and other liabilities owed by the **BORROWER** to the **COMPANY** under the terms of the **Loan Agreement** or arising under any other agreement made between the **COMPANY** and the **BORROWER** are entirely repaid and fulfilled, the **SUBORDINATOR** agrees to comply with and abide by all of the following terms, conditions and restrictions:

- (a) To postpone the payment and satisfaction of all **SHAREHOLDER LOANS, DIVIDENDS, BONUSES**, or any part thereof, and other rights to withdraw **CAPITAL** now or hereafter due and owing by the **BORROWER** to the **SUBORDINATOR**, including all interest accruing thereof (the "**Subordinated Obligations**") in favour of **COMPANY** and to subordinate the **Subordinated Obligations** to all **INDEBTEDNESS, LIABILITIES** and other **OBLIGATIONS** owed by the **BORROWER** to the **COMPANY**;
- (b) To assign and transfer to the **COMPANY** (as security for the **Subordinated Obligations** and all liabilities of the **BORROWER** owed to the **COMPANY**) all debts, demands and liabilities which are now due, owing; or accruing due; or may hereafter become due, owing or accruing due to the **SUBORDINATOR** by or from the **BORROWER**.
- (c) To assign and transfer to the **COMPANY** (as security for the **Subordinated Obligations** and all liabilities of the **BORROWER** owed to the **COMPANY**) all securities, including any **CHARGES, MORTGAGES, SECURITY AGREEMENTS, FINANCING STATEMENTS** or other **SECURITY INSTRUMENTS** whether unregistered or registered in a **LAND REGISTRY OFFICE** or the **PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM** or filed with any **SHERIFF** in any County within the Province of Ontario or elsewhere and including any rights of any nature which are now held, or may hereafter be held, by the **SUBORDINATOR** as security or collateral for the performance of the **BORROWER'S** obligations to the **SUBORDINATOR** and the same shall be deemed to be security granted and pledged by the **BORROWER** to the **COMPANY** in the stead of the **SUBORDINATOR**;
- (d) That except with the prior written consent of the **COMPANY**, any monies owing, or which may become owing, by or from the **BORROWER** to the **SUBORDINATOR** and which constitutes the **Subordinated Obligations**, shall not be withdrawn, transferred, pledged, encumbered, assigned or otherwise dealt with by the **SUBORDINATOR**, but shall remain as an obligation, debt and liability within the Financial Books and other Records of the **BORROWER** at all times for so long as any amount of money, debts liabilities or other obligations remain owing by the **BORROWER** to the **COMPANY** under the terms of the **Loan Agreement** or otherwise; and

- (e) Not to demand or accept payment of all, or any part, of the debt owed by or from the **BORROWER** to the **SUBORDINATOR** in respect of the **Subordinated Obligations**.

#### **BANKRUPTCY OR OTHER INSOLVENCY**

In the event of the **BANKRUPTCY** or **WINDING-UP** of the affairs of the **BORROWER**, or of any **DISTRIBUTION OF ASSETS** of the **BORROWER**, or **DISTRIBUTION OF THE PROCEEDS** thereof among its creditors or Shareholders in any manner whatsoever, the **COMPANY** shall be entitled to receive the **DIVIDENDS** or **PROCEEDS**, if any, payable in respect of the **Subordinated Obligations**. Such **DIVIDENDS** or **PROCEEDS** shall be applied against or in satisfaction of such part, or parts, of the **BORROWER'S** indebtedness then owed to the **COMPANY** in such manner as the **COMPANY** shall deem fit and proper until the whole of such indebtedness has been paid in full, and thereafter, the **SUBORDINATOR** shall be entitled to demand and receive such **DIVIDENDS** or **PROCEEDS**.

#### **CONSENT TO REGISTRATIONS**

The **SUBORDINATOR** hereby consents to the **COMPANY** registering or filing evidence of this **POSTPONEMENT, ASSIGNMENT & SUBORDINATION AGREEMENT** or any other *Caution, Notice, Instrument* or *Document* that may be desirable or required to evidence the existence and pledges or undertakings granted hereunder. Such registration may be made by means of a Notice or other instrument that is properly registerable in any **LAND REGISTRY OFFICE** in the Province of Ontario or elsewhere. Further, such registrations may be made by means of the filing of one or more *Financing Statements, Financing Change Statements*, or any similar *Registrations, Deposits* or *Filings* within the **PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM** for the Province of Ontario or any other jurisdiction. The **SUBORDINATOR** hereby agrees and shall, upon receipt of a written request from the **COMPANY**, undertake such *Registrations, Deposits* or *Filings* in any relevant or Prescribed Form, if applicable. Further, to facilitate the filing of any *Caution, Notice, Instrument* or any other *Document*, including any *Financing Statements, Financing Change Statements* or any similar *Registrations, Deposits* or *Filings* that the **COMPANY** may require, the **SUBORDINATOR** hereby authorizes the **COMPANY**, or its Solicitors or Agents, to prepare, execute and file such documents as agent of the **SUBORDINATOR**. The **SUBORDINATOR** hereby **WAIVES** all rights to receive a copy of any such *Caution, Notice, Instrument* or other *Document*, including any *Financing Statement, Verification Statement* and any *Financing Change Statement* relating thereto.

#### **RECEIPTS FROM BORROWER AS TRUSTEE**

In the event that any payments are made by the **BORROWER** to the **SUBORDINATOR** in contravention of this **POSTPONEMENT, ASSIGNMENT & SUBORDINATION AGREEMENT**, the **SUBORDINATOR** agrees to, and shall, hold such payments, money, assets or other valuables **IN TRUST FOR THE COMPANY** and the **SUBORDINATOR** hereby agrees to forthwith pay and deliver such payments, money, assets or other valuables to the **COMPANY** regardless of whether any demand has or will be made by the **COMPANY** upon the **BORROWER** or **SUBORDINATOR**.

#### **GENERAL PROVISIONS**

- (a) The **SUBORDINATOR** shall, from time to time, and at all times hereafter, do all things and execute all documents that the **COMPANY** may deem necessary or desirable in order to give full effect to this **POSTPONEMENT, ASSIGNMENT & SUBORDINATION AGREEMENT**.
- (b) The **SUBORDINATOR** acknowledges that he or she has or will receive a direct or indirect benefit as a result of the **COMPANY** having extended the above referenced Loan and credit facility to the **BORROWER**.

#### **NUMBER, GENDER & EXPRESSIONS**

Words importing the singular number shall include the plural and *vice versa*. Words importing the use of any gender shall include the masculine, feminine and neuter genders. Words importing natural persons shall include an individual, a trust, a partnership, a body corporate, an association or other incorporated or unincorporated organization or entity.

**GOVERNING LAW & ATTORNMEN**

This **POSTPONEMENT, ASSIGNMENT & SUBORDINATION AGREEMENT** shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of CANADA applicable therein. The parties agree that any action under or for the enforcement of this **POSTPONEMENT, ASSIGNMENT & SUBORDINATION AGREEMENT** may only be commenced in the Courts of the Province of Ontario and the parties attorn to the exclusive jurisdiction of those Courts.

**HEIRS, SUCCESSORS & ASSIGNS**

This **POSTPONEMENT, ASSIGNMENT & SUBORDINATION AGREEMENT** shall extend and enure to the benefit of and be binding upon the **COMPANY**, the **SUBORDINATOR** and the **BORROWER** (where applicable) and each of their respective heirs, legal representatives, successors and assigns.

**RIGHTS HELD BY THE COMPANY**

THE **BORROWER & SUBORDINATOR** HEREBY ACKNOWLEDGES, UNDERSTANDS AND AGREES that this **POSTPONEMENT, ASSIGNMENT & SUBORDINATION AGREEMENT** shall not suspend or otherwise affect the present or future rights or remedies held by the **COMPANY** with respect to the present or future indebtedness or liability of the **BORROWER** to the **COMPANY**, or the securities that the **COMPANY** now holds, or may hereafter receive, against and from the **BORROWER** as collateral to the said indebtedness and other liability.

IN WITNESS WHEREOF the parties hereto have executed this **POSTPONEMENT, ASSIGNMENT & SUBORDINATION AGREEMENT** at the Town of Hanover in the Province of Ontario on this 6<sup>th</sup> day of December, 2008.

*January 2009*

**SIGNED, SEALED & DELIVERED**

In the presence of

\_\_\_\_\_  
KEVIN W. MCMEEKEN:  
Witness

\_\_\_\_\_  
ADAM HOFMANN - Personally

**BORROWER'S ACKNOWLEDGEMENT & CONSENT**

I, ADAM HOFMANN, on behalf of **BOGDON & GROSS FURNITURE COMPANY LIMITED** hereby acknowledge and consent to and shall abide by the terms and conditions of this **POSTPONEMENT, ASSIGNMENT & SUBORDINATION AGREEMENT**. Further, I hereby acknowledge and agree personally and on behalf of **BOGDON & GROSS FURNITURE COMPANY** to refrain from engaging or undertaking any actions that result in or otherwise facilitates a breach of the terms of this **POSTPONEMENT, ASSIGNMENT & SUBORDINATION AGREEMENT** to be committed by 2110785 ONTARIO INC. or any other person.

**SIGNED, SEALED & DELIVERED**

In the presence of

\_\_\_\_\_  
KEVIN W. MCMEEKEN  
Witness

**BOGDON & GROSS FURNITURE  
COMPANY LIMITED**  
PER:  
  
\_\_\_\_\_  
ADAM HOFMANN  
(President)

*I have authority to bind the Corporation.*



## **POSTPONEMENT, ASSIGNMENT & SUBORDINATION AGREEMENT**

**TO: R & M NELSON HOLDINGS LTD.**

WHEREAS R & M NELSON HOLDINGS (the "**COMPANY**") has agreed to provide certain credit facilities to **BOGDON & GROSS FURNTIURE COMPANY LIMITED** (the "**BORROWER**") on the terms and conditions set out in a **Promissory Note**, dated and signed on or about the \_\_\_ day of December, 2008.

**AND WHEREAS THE UNDERSIGNED HEREBY ACKNOWLEDGES** that the **COMPANY** has required that I execute and deliver this **POSTPONEMENT, ASSIGNMENT & SUBORDINATION AGREEMENT** as a condition precedent to **COMPANY** agreeing to extend credit to the **BORROWER** under the terms of the **Loan Agreement**.

**NOW, THEREFORE**, in consideration of **COMPANY** having agreed to grant the said Loan to the **BORROWER** and for the payment of ONE --- 00/100 DOLLAR (\$1.00) and other **VALUABLE CONSIDERATION**, the receipt and sufficiency of which is hereby acknowledged the undersigned, namely **ADAM HOFMANN**, (hereinafter referred to as the "**SUBORDINATOR**"), hereby agrees and undertakes as follows:

### **POSTPONEMENT, ASSIGNMENT & SUBORDINATION:**

From the date hereof and until such time as all indebtedness, obligations and other liabilities owed by the **BORROWER** to the **COMPANY** under the terms of the **Loan Agreement** or arising under any other agreement made between the **COMPANY** and the **BORROWER** are entirely repaid and fulfilled, the **SUBORDINATOR** agrees to comply with and abide by all of the following terms, conditions and restrictions:

- (a) To postpone the payment and satisfaction of all **SHAREHOLDER LOANS, DIVIDENDS, BONUSES**, or any part thereof, and other rights to withdraw **CAPITAL** now or hereafter due and owing by the **BORROWER** to the **SUBORDINATOR**, including all interest accruing thereof (the "**Subordinated Obligations**") in favour of **COMPANY** and to subordinate the **Subordinated Obligations** to all **INDEBTEDNESS, LIABILITIES** and other **OBLIGATIONS** owed by the **BORROWER** to the **COMPANY**;
- (b) To assign and transfer to the **COMPANY** (as security for the **Subordinated Obligations** and all liabilities of the **BORROWER** owed to the **COMPANY**) all debts, demands and liabilities which are now due, owing; or accruing due; or may hereafter become due, owing or accruing due to the **SUBORDINATOR** by or from the **BORROWER**.
- (c) To assign and transfer to the **COMPANY** (as security for the **Subordinated Obligations** and all liabilities of the **BORROWER** owed to the **COMPANY**) all securities, including any **CHARGES, MORTGAGES, SECURITY AGREEMENTS, FINANCING STATEMENTS** or other **SECURITY INSTRUMENTS** whether unregistered or registered in a **LAND REGISTRY OFFICE** or the **PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM** or filed with any **SHERIFF** in any County within the Province of Ontario or elsewhere and including any rights of any nature which are now held, or may hereafter be held, by the **SUBORDINATOR** as security or collateral for the performance of the **BORROWER'S** obligations to the **SUBORDINATOR** and the same shall be deemed to be security granted and pledged by the **BORROWER** to the **COMPANY** in the stead of the **SUBORDINATOR**;
- (d) That except with the prior written consent of the **COMPANY**, any monies owing, or which may become owing, by or from the **BORROWER** to the **SUBORDINATOR** and which constitutes the **Subordinated Obligations**, shall not be withdrawn, transferred, pledged, encumbered, assigned or otherwise dealt with by the **SUBORDINATOR**, but shall remain as an obligation, debt and liability within the Financial Books and other Records of the **BORROWER** at all times for so long as any amount of money, debts liabilities or other obligations remain owing by the **BORROWER** to the **COMPANY** under the terms of the **Loan Agreement** or otherwise; and

- (e) Not to demand or accept payment of all, or any part, of the debt owed by or from the **BORROWER** to the **SUBORDINATOR** in respect of the **Subordinated Obligations**.

#### **BANKRUPTCY OR OTHER INSOLVENCY**

In the event of the BANKRUPTCY or WINDING-UP of the affairs of the **BORROWER**, or of any DISTRIBUTION OF ASSETS of the **BORROWER**, or DISTRIBUTION OF THE PROCEEDS thereof among its creditors or Shareholders in any manner whatsoever, the **COMPANY** shall be entitled to receive the DIVIDENDS or PROCEEDS, if any, payable in respect of the **Subordinated Obligations**. Such DIVIDENDS or PROCEEDS shall be applied against or in satisfaction of such part, or parts, of the **BORROWER'S** indebtedness then owed to the **COMPANY** in such manner as the **COMPANY** shall deem fit and proper until the whole of such indebtedness has been paid in full, and thereafter, the **SUBORDINATOR** shall be entitled to demand and receive such DIVIDENDS or PROCEEDS.

#### **CONSENT TO REGISTRATIONS**

The **SUBORDINATOR** hereby consents to the **COMPANY** registering or filing evidence of this **POSTPONEMENT, ASSIGNMENT & SUBORDINATION AGREEMENT** or any other **Caution, Notice, Instrument or Document** that may be desirable or required to evidence the existence and pledges or undertakings granted hereunder. Such registration may be made by means of a Notice or other instrument that is properly registrable in any **LAND REGISTRY OFFICE** in the Province of Ontario or elsewhere. Further, such registrations may be made by means of the filing of one or more **Financing Statements, Financing Change Statements, or any similar Registrations, Deposits or Filings** within the **PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM** for the Province of Ontario or any other jurisdiction. The **SUBORDINATOR** hereby agrees and shall, upon receipt of a written request from the **COMPANY**, undertake such **Registrations, Deposits or Filings** in any relevant or Prescribed Form, if applicable. Further, to facilitate the filing of any **Caution, Notice, Instrument** or any other **Document**, including any **Financing Statements, Financing Change Statements** or any similar **Registrations, Deposits or Filings** that the **COMPANY** may require, the **SUBORDINATOR** hereby authorizes the **COMPANY**, or its Solicitors or Agents, to prepare, execute and file such documents as agent of the **SUBORDINATOR**. The **SUBORDINATOR** hereby **WAIVES** all rights to receive a copy of any such **Caution, Notice, Instrument** or other **Document**, including any **Financing Statement, Verification Statement** and any **Financing Change Statement** relating thereto.

#### **RECEIPTS FROM BORROWER AS TRUSTEE**

In the event that any payments are made by the **BORROWER** to the **SUBORDINATOR** in contravention of this **POSTPONEMENT, ASSIGNMENT & SUBORDINATION AGREEMENT**, the **SUBORDINATOR** agrees to, and shall, hold such payments, money, assets or other valuables **IN TRUST FOR THE COMPANY** and the **SUBORDINATOR** hereby agrees to forthwith pay and deliver such payments, money, assets or other valuables to the **COMPANY** regardless of whether any demand has or will be made by the **COMPANY** upon the **BORROWER** or **SUBORDINATOR**.

#### **GENERAL PROVISIONS**

- (a) The **SUBORDINATOR** shall, from time to time, and at all times hereafter, do all things and execute all documents that the **COMPANY** may deem necessary or desirable in order to give full effect to this **POSTPONEMENT, ASSIGNMENT & SUBORDINATION AGREEMENT**.
- (b) The **SUBORDINATOR** acknowledges that he or she has or will receive a direct or indirect benefit as a result of the **COMPANY** having extended the above referenced Loan and credit facility to the **BORROWER**.

#### **NUMBER, GENDER & EXPRESSIONS**

Words importing the singular number shall include the plural and *vice versa*. Words importing the use of any gender shall include the masculine, feminine and neuter genders. Words importing natural persons shall include an individual, a trust, a partnership, a body corporate, an association or other incorporated or unincorporated organization or entity.

**GOVERNING LAW & ATTORNMENT**

This **POSTPONEMENT, ASSIGNMENT & SUBORDINATION AGREEMENT** shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of CANADA applicable therein. The parties agree that any action under or for the enforcement of this **POSTPONEMENT, ASSIGNMENT & SUBORDINATION AGREEMENT** may only be commenced in the Courts of the Province of Ontario and the parties attorn to the exclusive jurisdiction of those Courts.

**HEIRS, SUCCESSORS & ASSIGNS**

This **POSTPONEMENT, ASSIGNMENT & SUBORDINATION AGREEMENT** shall extend and enure to the benefit of and be binding upon the **COMPANY**, the **SUBORDINATOR** and the **BORROWER** (where applicable) and each of their respective heirs, legal representatives, successors and assigns.

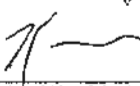
**RIGHTS HELD BY THE COMPANY**

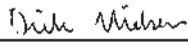
**THE BORROWER & SUBORDINATOR** HEREBY ACKNOWLEDGES, UNDERSTANDS AND AGREES that this **POSTPONEMENT, ASSIGNMENT & SUBORDINATION AGREEMENT** shall not suspend or otherwise affect the present or future rights or remedies held by the **COMPANY** with respect to the present or future indebtedness or liability of the **BORROWER** to the **COMPANY**, or the securities that the **COMPANY** now holds, or may hereafter receive, against and from the **BORROWER** as collateral to the said indebtedness and other liability.

IN WITNESS WHEREOF the parties hereto have executed this **POSTPONEMENT, ASSIGNMENT & SUBORDINATION AGREEMENT** at the Town of Hanover in the Province of Ontario on this 6<sup>th</sup> day of ~~December, 2008~~ January 2009.

**SIGNED, SEALED & DELIVERED**

In the presence of

  
\_\_\_\_\_  
KEVIN W. MCMEEKEN:  
Witness

}   
\_\_\_\_\_  
DIRK NIELSEN - Personally

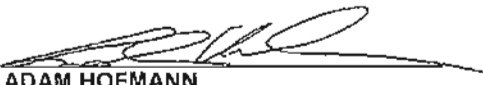
**BORROWER'S ACKNOWLEDGEMENT & CONSENT**

I, ADAM HOFMANN, on behalf of **BOGDON & GROSS FURNITURE COMPANY LIMITED** hereby acknowledge and consent to and shall abide by the terms and conditions of this **POSTPONEMENT, ASSIGNMENT & SUBORDINATION AGREEMENT**. Further, I hereby acknowledge and agree personally and on behalf of **BOGDON & GROSS FURNITURE COMPANY** to refrain from engaging or undertaking any actions that result in or otherwise facilitates a breach of the terms of this **POSTPONEMENT, ASSIGNMENT & SUBORDINATION AGREEMENT** to be committed by 2110785 ONTARIO INC. or any other person.

**SIGNED, SEALED & DELIVERED**

In the presence of

  
\_\_\_\_\_  
KEVIN W. MCMEEKEN  
Witness

} **BOGDON & GROSS FURNITURE COMPANY LIMITED**  
PER:  
  
\_\_\_\_\_  
ADAM HOFMANN  
(President)

*I have authority to bind the Corporation.*

This is Exhibit "X" referred to in the Affidavit of ADAM  
HOFMANN sworn March 5, 2014

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*Commissioner for Taking Affidavits (or as may be)*

# TAB X

Type of Search		Business Debtor													
Search Conducted On		26FEB 2014													
File Currency		635105259													
File Number	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule	Registration Number	Registered Under	Registration Period	Family	of Families	Page	of Pages	Expire Date	Status		
635105259	01	001			20070508 1703 1462 0163	P	PPSA	1	1	39		30JAN 2014	D DISCHARGED		
<b>FORM 1-C FINANCING STATEMENT / CLAIM FOR LIEN</b>															
Individual Debtor		Date of Birth		First Given Name		Initial		Surname							
Business Debtor		BOGDON & GROSS FURNITURE COMPANY LIMITED		Address		City		Province		Postal Code		Ontario Corporation No.			
		7 RUDOUR STREET		WALKERTON		ON		N0C2V0							
Individual Debtor		Date of Birth		First Given Name		Initial		Surname							
Business Debtor		Business Debtor Name		Address		City		Province		Postal Code		Ontario Corporation No.			
		CAPITAL UNDERWRITERS INC.		2020 WINSTON PARK DRIVE, SUITE 301		OAKVILLE		ON		L6M3Z8					
Secured Party		Secured Party / Lien Claimant													
Collateral Classification		Consumer Goods	Inventry	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date					
			X		X										
Motor Vehicle Description		Year	Make	Model	V.I.N.										
General Collateral Description		General Collateral Description													
Registering Agent		CAPITAL UNDERWRITERS INC.										Address		2020 WINSTON PARK DRIVE, SUITE 301	
												City		OAKVILLE	
												Province		ON	
												Postal Code		L6M3Z8	

Type of Search		Business Debtor	
Search Conducted On		BOGDON & GROSS FURNITURE COMPANY LIMITED	
File Currency	26FEB 2014	Page	39
File Number	633105259	of Families	2
	1	Family	17

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

Caution Filing	Page of	Total Pages	Motor Vehicle Schedule Attached	Registration Number	Registered Under
	01	001		20130402 1447 1462 9368	

Record Referenced	File Number	Page Amended	No Specific Page Amended	Change Required	Renewal Years	Correct Period
	633105259			8 RENEWAL	1	

Reference Debtor/ Transferor	First Given Name	Initial	Surname
	BOGDON & GROSS FURNITURE COMPANY LIMITED		

Other Change	Reason / Description

Debtor/ Transferee	Date of Birth	First Given Name	Initial	Surname

	Address	City	Province	Postal Code

Assignor	Assignor

Secured Party	Secured Party/ Lien Claimant/ Assignee

Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date

Motor Vehicle Description	Year	Make	Model	V.I.N.

General Collateral Description	General Collateral Description

Registering Agent

TD EQUIPMENT FINANCE CANADA INC.

Registering Agent or Secured Party/ Lien Claimant

Address	City	Province	Postal Code
2020 WINSTON PARK DRIVE, SUITE 301	OAKVILLE	ON	L6H6X7

CONTINUED

Type of Search

Business Debtor

Search Conducted On	Business Debtor		
File Currency	26Feb 2014		

File Number	Family	of Families	Page	of Pages
635105259	1	17	3	39

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

Caution Filing	Page of	Total Pages	Motor Vehicle Schedule Attached	Registration Number	Registered Under
	001	1		20140130 1022 2242 1400	

Record Referenced	File Number	Page Amended	No Specific Page Amended	Change Required	Renewal Years	Correct Period
	635105259			C DISCHRG		

Reference Debtor / Transferor	First Given Name	Initial	Surname

Business Debtor Name	Business Debtor Name
BOGDON & GROSS FURNITURE COMPANY LIMITED	

Other Change

Other Change

Reason / Description

Reason / Description

Debtor / Transferee	Date of Birth	First Given Name	Initial	Surname

Business Debtor Name	Ontario Corporation No.

Address	City	Province	Postal Code

Assignor

Assignor

Secured Party	Secured Party/ Lien Claimant/ Assignee

Address	City	Province	Postal Code

Collateral Classification

Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date

Motor Vehicle Description	Year	Make	Model	V.I.N.



General Collateral Description

General Collateral Description

Registering Agent

Registering Agent or Secured Party / Lien Claimant

TD EQUIPMENT FINANCE CANADA INC	Address	City	Province	Postal Code
2020 WINSTON PARK DRIVE SUITE 301		OAKVILLE	ON	L6H 6X7

END OF FAMILY

Type of Search  
 Search Conducted On  
 File Currency

Business Debtor	BOGDON & GROSS FURNITURE COMPANY LIMITED
26FEB 2014	
640691199	

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

File Number	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule	Registration Number	Registered Under	Registration Period
640691199	01	002			20071114 1416 8077 4058	P PPSA	7

Individual Debtor

Date of Birth	First Given Name	Initial	Surname

Business Debtor

Business Debtor Name	Address	City	Province	Postal Code
BOGDON & GROSS FURNITURE COMPANY LIMITED		WALKEATON	ON	N0G2V0

Individual Debtor

Date of Birth	First Given Name	Initial	Surname

Business Debtor

Business Debtor Name	Address	City	Province	Postal Code

Secured Party

Secured Party / Lien Claimant	Address	City	Province	Postal Code
WELLS FARGO EQUIPMENT FINANCE COMPANY		TORONTO	ON	M2J 5A9

Collateral Classification

Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
	X				X			X

Motor Vehicle Description

Year	Make	Model	V.I.N.

General Collateral Description

General Collateral Description

Registering Agent	REGISTRY = RECOVERY INC			Address	1551 THE QUEENSWAY	City	TORONTO	Province	ON	Postal Code	M8Z 1T5
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CONTINUED

Type of Search	Business Debtor																
Search Conducted On	BOGDON & GROSS FURNITURE COMPANY LIMITED																
File Currency	26FEB 2014																
File Number	640691199	Family	2	of Families	17	Page	5	of Pages	39	Expiry Date	03FEB 2014	Status	D DISCHARGED				
File Number	640691199	Page of	02	Total Pages	002	Motor Vehicle Schedule	FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN					Registration Number	20071114 1446 8077 4058	Registered Under		Registration Period	

Individual Debtor	Date of Birth	First Given Name	Initial	Surname	Ontario Corporation No.
Business Debtor	Date of Birth	Business Debtor Name	City	Province	Postal Code

Individual Debtor	Date of Birth	First Given Name	Initial	Surname	Ontario Corporation No.
Business Debtor	Date of Birth	Business Debtor Name	City	Province	Postal Code

Secured Party	Secured Party / Lien Claimant										
SOCIETE DE FINANCEMENT D'EQUIPEMENT WELLS FARGO											
2550 VICTORIA PARK AVE STE 700											
Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date			
Year	Make	Model	V.I.N.	City	Province	Postal Code	City	Province	Postal Code		

Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date	
Motor Vehicle Description	Year	Make	Model	V.I.N.	City	Province	Postal Code	City	Province	Postal Code

General Collateral Description	General Collateral Description
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Registering Agent	Registering Agent
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Registering Agent	Registering Agent
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Registering Agent	Registering Agent
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CONTINUED

Type of Search	Business Debtor				
Search Conducted On	BOGDON & GROSS FURNITURE COMPANY LIMITED				
File Currency	26FEB 2014	File Number	640691199	Family	2
				of Families	17
				Page	5
				of Pages	39

FORM 3C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

Registration Number

20140203 1030 8077 4821

Record Referenced	640691199	File Number	C DISCPRG	Change Required		Renewal Years	
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Individual Debtor

First Given Name

Initial

Surname

Business Debtor

BOGDON & GROSS FURNITURE COMPANY LIMITED

Ontario Corporation No.

Registering Agent

REGISTRY = RECOVERY INC.

Registering Agent/ Secured Party/ Lien Claimant

Address

1551 THE QUEENSWAY

TORONTO

CITY

ON

PROVINCE

Postal Code

M8Z 1T5

END OF FAMILY

Type of Search Business Debtor  
 Search Conducted On BOGDON & GROSS FURNITURE COMPANY LIMITED  
 File Currency 26FEB 2014

File Number	642011157	Family	3	of Families	17	Page	7	of Pages	39	Expiry Date	03FEB 2014	Status	D DISCHARGED
Caution Filing	01	Page of	002	Total Pages		Motor Vehicle Schedule		Registration Number	20080114 1730 9077 9750	Registered Under	P PPSA	Registration Period	7

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

Individual Debtor Date of Birth First Given Name Initial Surname  
 Business Debtor Date of Birth First Given Name Initial Surname  
 BOGDON & GROSS FURNITURE COMPANY LIMITED Ontario Corporation No.  
 Address 75 RIDOUR STREET WALKERTON ON N0G2V0 Postal Code  
 Individual Debtor Date of Birth First Given Name Initial Surname  
 Business Debtor Date of Birth First Given Name Initial Surname  
 Ontario Corporation No.

Secured Party	Secured Party / Lien Claimant				
Address	City	Province	Postal Code		



Motor Vehicle Description Year Make Model V.I.N.

General Collateral Description

Registering Agent	Address		City	Province	Postal Code
CONTINUED					

FORM 3C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

Type of Search	Business Debtor				
Search Conducted On	BOGDON & GROSS FURNITURE COMPANY LIMITED				
File Currency	26FEB 2014	File Number	642011157	Family	3
				of Families	17
				Page	9
				of Pages	39
Record Referenced	642011157	File Number	642011157	Change Required	C DISCHRG
				Renewal Years	
Individual Debtor	First Given Name				
Business Debtor	Business Debtor Name				
Registering Agent	REGISTRY - RECOVERY INC.				
	Address				
	11551 THE QUEENSWAY				
	City				
	TORONTO				
	Province				
	ON				
	Postal Code				
	M8Z 1T5				

END OF FAMILY

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

Type of Search	Business Debtor				
Search Conducted On	BOGDON & GROSS FURNITURE COMPANY LIMITED				
File Currency	26FEB 2014	File Number	644391909	Family	4
				of Families	17
				Page	10
				of Pages	39
				Expiration Date	30JAN 2014
				Status	D DISCHARGED
File Number	644391909	Caution Filing	01	Page of	001
				Total Pages	001
				Motor Vehicle Schedule	20080421 1703 1452 2026
				Registration Number	p PSA 6
Individual Debtor	Date of Birth				
	First Given Name				
	Initial				
	Surname				

BOGDON & GROSS FURNITURE COMPANY LIMITED  
 Address: 75 RIDOUT ST  
 City: WALKERTON  
 Province: ON  
 Postal Code: N0G2V0

Individual Debtor: Date of Birth: First Given Name: Initial: Surname: Ontario Corporation No.

Business Debtor: Address: Business Debtor Name: City: Province: Postal Code

Secured Party: CAPITAL UNDERWRITERS INC.  
 Address: 2020 WINSTON PARK DRIVE, SUITE 301  
 City: OAKVILLE  
 Province: ON  
 Postal Code: L6H6X7

Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity	No Fixed Maturity Date
			X						

Motor Vehicle Description: Year: Make: Model: V.I.N.

General Collateral Description: Registering Agent: CAPITAL UNDERWRITERS INC.  
 Address: 2020 WINSTON PARK DRIVE, SUITE 301  
 City: OAKVILLE  
 Province: ON  
 Postal Code: L6H6X7

CONTINUED

Type of Search: Business Debtor  
 Search Conducted On: BOGDON & GROSS FURNITURE COMPANY LIMITED  
 File Currency: 26 FEB 2014  
 File Number: 644391909  
 Family: 4  
 of Families: 17  
 Page: 11  
 of Pages: 39

Record Referenced: 644391909  
 File Number: 644391909  
 Page of Total Pages: 001 1  
 Caution Filing: 001 1  
 Motor Vehicle Schedule Attached: 20140130 1025 2242 1402  
 Registration Number: 20140130 1025 2242 1402  
 Registered Under: C OISCHRG  
 Change Required: No Specific Page Amended  
 Renewal Years: Correct Period

Reference Debtor / Transferor: BOGDON & GROSS FURNITURE COMPANY LIMITED  
 First Given Name: Initial: Surname: Business Debtor Name

Other Change

Other Change

Reason / Description

Reason / Description

Debtor / Transferee

Date of Birth

First Given Name

Initial

Surname

Business Debtor Name

Ontario Corporation No.

Address

City

Province

Postal Code

Assignor

Assignor

Secured Party

Address

City

Province

Postal Code

Secured Party / Lien Claimant / Assignee

Collateral Classification

Consumer Goods Inventory

Equipment

Accounts

Other

Motor Vehicle Included

Amount

Date of Maturity or

No Fixed Maturity Date

Motor Vehicle Description

Year

Make

Model

V.I.N.

General Collateral Description

General Collateral Description

Registering Agent

TD EQUIPMENT FINANCE CANADA INC

Registering Agent or Secured Party / Lien Claimant

2020 WINSTON PARK DRIVE SUITE 301

Address

OAKVILLE

City

Province

Postal Code

END OF FAMILY

Type of Search

Business Debtor

Search Conducted On

BOGDON & GROSS FURNITURE COMPANY LIMITED

File Currency

26 FEB 2014

File Number

648512829

Family

5

of Families

17

Page

12

of Pages

39

Expire Date

15 SEP 2023

Status

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

File Number

648512829

Caution Filing

001

Page of

001

Total Pages

001

Motor Vehicle Schedule

20080915 1135 1862 9120

Registration Number

P PPSA

Registered Under

15

Registration Period

Individual Debtor

Date of Birth

First Given Name

Initial

Surname

Business Debtor Name: BOGDON & GROSS FURNITURE COMPANY LIMITED  
 Address: 75 RIDOUX STREET  
 City: WALKERTON  
 Province: ON  
 Postal Code: N0G 2V0  
 Ontario Corporation No.

Business Debtor Name: HEENAN BLAIKIE LLP  
 Address: 72600-200 BAY STREET, SOUTH TOWER  
 City: TORONTO  
 Province: ONT  
 Postal Code: M5S 2J4

Business Debtor Name: BOGDON & GROSS FURNITURE COMPANY LIMITED  
 Address: 75 RIDOUX STREET  
 City: WALKERTON  
 Province: ON  
 Postal Code: N0G 2V0

Business Debtor Name: HEENAN BLAIKIE LLP  
 Address: 72600-200 BAY STREET, SOUTH TOWER  
 City: TORONTO  
 Province: ONT  
 Postal Code: M5S 2J4

Business Debtor Name: BOGDON & GROSS FURNITURE COMPANY LIMITED  
 Address: 75 RIDOUX STREET  
 City: WALKERTON  
 Province: ON  
 Postal Code: N0G 2V0

Business Debtor Name: HEENAN BLAIKIE LLP  
 Address: 72600-200 BAY STREET, SOUTH TOWER  
 City: TORONTO  
 Province: ONT  
 Postal Code: M5S 2J4

Business Debtor Name: BOGDON & GROSS FURNITURE COMPANY LIMITED  
 Address: 75 RIDOUX STREET  
 City: WALKERTON  
 Province: ON  
 Postal Code: N0G 2V0

Business Debtor Name: HEENAN BLAIKIE LLP  
 Address: 72600-200 BAY STREET, SOUTH TOWER  
 City: TORONTO  
 Province: ONT  
 Postal Code: M5S 2J4

Business Debtor Name: BOGDON & GROSS FURNITURE COMPANY LIMITED  
 Address: 75 RIDOUX STREET  
 City: WALKERTON  
 Province: ON  
 Postal Code: N0G 2V0

Business Debtor Name: HEENAN BLAIKIE LLP  
 Address: 72600-200 BAY STREET, SOUTH TOWER  
 City: TORONTO  
 Province: ONT  
 Postal Code: M5S 2J4

Business Debtor Name: BOGDON & GROSS FURNITURE COMPANY LIMITED  
 Address: 75 RIDOUX STREET  
 City: WALKERTON  
 Province: ON  
 Postal Code: N0G 2V0

Business Debtor Name: HEENAN BLAIKIE LLP  
 Address: 72600-200 BAY STREET, SOUTH TOWER  
 City: TORONTO  
 Province: ONT  
 Postal Code: M5S 2J4

Business Debtor Name: BOGDON & GROSS FURNITURE COMPANY LIMITED  
 Address: 75 RIDOUX STREET  
 City: WALKERTON  
 Province: ON  
 Postal Code: N0G 2V0

Business Debtor Name: HEENAN BLAIKIE LLP  
 Address: 72600-200 BAY STREET, SOUTH TOWER  
 City: TORONTO  
 Province: ONT  
 Postal Code: M5S 2J4

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

Search Conducted On	File Currency	File Number	Family	of Families	Page	of Pages	Registration Number	Registered Under
BOGDON & GROSS FURNITURE COMPANY LIMITED	26FEB 2014	648512829	5	17	13	39	20090126 1033 1590 1271	
Type of Search		Business Debtor						
Search Conducted On	File Currency	File Number	Family	of Families	Page	of Pages	Registration Number	Registered Under
26FEB 2014		648512829	5	17	13	39	20090126 1033 1590 1271	
Record Referenced		File Number	Page of	Total Pages	Motor Vehicle Schedule Attached	Change Required	Renewal Years	Correct Period
648512829			001	2		X	A AMNDHMT	

Reference Debtor / Transferor	First Given Name	Initial	Surname

CONTINUED



Other Change

Other Change

Reason / Description

Reason / Description

TO REGISTER THE POSTPONEMENT OF SECURITY INTEREST AND FINANCING STATEMENT IN FAVOUR OF 2110785 ONTARIO INC. AS FILE NUMBER 648512829 TO SECURITY INTEREST AND FINANCING STATEMENT REGISTERED AS FILE

Debtor / Transferee

Date of Birth

First Given Name

Initial

Surname

Business Debtor Name

Ontario Corporation No.

Address

City

Province

Postal Code

Assignor

Assignor

Secured Party

Secured Party / Lien Claimant / Assignee

Address

City

Province

Postal Code

Collateral Classification

Consumer Goods Inventory

Equipment

Accounts

Other

Motor Vehicle Included

Amount

Date of Maturity or

No Fixed Maturity Date

Motor Vehicle Description

Year

Make

Model

V.I.N.

General Collateral Description

General Collateral Description

Registering Agent

KEVIN W. MCNEKEN LAW OFFICE

Registering Agent or Secured Party / Lien Claimant

Address

City

Province

Postal Code

207 10TH STREET

HANOVER

ON

N4M 1N8

CONTINUED

Type of Search

Business Debtor

Search Conducted On

BOGDON & GROSS FURNITURE COMPANY LIMITED  
26 FEB 2014

File Currency

File Number

Family

of Families

Page

of Pages

Caution Filing

Page of

Total Pages

Motor Vehicle Schedule Attached

Registration Number

Registered Under

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

648512829

5

17

14

39

20090126 1033 1590 1271

Reference Debtor / Transferor First Given Name Initial Surname

Business Debtor Name

Other Change

Other Change

Reason / Description

Reason / Description

NUMBER 650872224 IN FAVOUR OF R & M NELSON HOLDINGS LTD.

Debtor / Transferee

Date of Birth

First Given Name

Initial

Surname

Business Debtor Name

City

Province

Postal Code

Ontario Corporation No.

Assignor

Assignor

Secured Party

Secured Party/ Lien Claimant/ Assignee

Address

City

Province

Postal Code

Collateral Classification

Consumer Goods Inventory Equipment

Accounts

Other Motor Vehicle Included

Amount

Date of Maturity or

No Fixed Maturity Date

Motor Vehicle Description

Year

Make

Model

V.I.N.

General Collateral Description

General Collateral Description

Registering Agent

Registering Agent or Secured Party/ Lien Claimant

Address

City

Province

Postal Code

CONTINUED

Type of Search	Business Debtor			
Search Conducted On	BOGDON & GROSS FURNITURE COMPANY LIMITED			
File Currency	26FEB 2014	File Number	Family	of Families
		Page		of Pages

**FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT**

Caution Filing Page of Total Pages Motor Vehicle Schedule Attached Registration Number Registered Under  
 01 001 20120223 1943 1331 9829

Record Referenced File Number Page Amended No Specific Page Amended Change Required Renewal Years Correct Period  
 648312829 X J OTHER

Reference Debtor / Transferor First Given Name Initial Surname

BOGDON & GROSS FURNITURE COMPANY LIMITED Business Debtor Name

Other Change SUBORDINATION Other Change

Reason / Description SECURITY INTERESTS OF SECURED PARTY ARE SUBJECT TO THE PROVISIONS OF A SUBORDINATION AGREEMENT BY SECURED PARTY IN FAVOUR OF TCE CAPITAL CORPORATION DATED FEBRUARY 21, 2012.

Debtor / Transferee Date of Birth First Given Name Initial Surname  
 Business Debtor Name Ontario Corporation No.

Assignor Address City Province Postal Code  
 Secured Party / Lien Claimant / Assignee

Collateral Classification Consumer Goods Inventory Equipment Accounts Other Motor Vehicle Included Amount Date of Maturity or No Fixed Maturity Date

Motor Vehicle Description Year Make Model V.I.N.

General Collateral Description

Registering Agent HUGHES, DORSCH, GARLAND, COLES LP Registering Agent or Secured Party / Lien Claimant

Address SUITE 400 365 BAY STREET TORONTO City ON Province M5H 2V1 Postal Code

CONTINUED

Type of Search	Business Debtor		
Search Conducted On	BOGDON & GROSS FURNITURE COMPANY LIMITED		
File Currency	26FEB 2014	File Number	648512829
	5	Family	17
		of Families	16
		Page	39
		of Pages	

**FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT**

Caution Filing	Page of	Total Pages	Motor Vehicle Schedule Attached	Registration Number	Registered Under
001	2			20120803 1613 1590 5625	

Record Referenced	File Number	Page Amended	No Specific Page Amended	Change Required	Renewal Years	Correct Period
648512829		X		A AMENDMT		

Reference Debtor/ Transferor	First Given Name	Initial	Surname
BOGDON & GROSS FURNITURE COMPANY LIMITED			
	Business Debtor Name		

Other Change	Other Change

Reason / Description

SECURITY INTERESTS OF THE SECURED PARTY ARE SUBJECT TO THE PROVISIONS OF A SUBORDINATION AGREEMENT, DATED FEBRUARY 21ST 2012, GIVEN IN FAVOUR OF SAUGEEN ECONOMIC DEVELOPMENT CORPORATION & BRUCE

Debtor/ Transferor	Date of Birth	First Given Name	Initial	Surname
		Business Debtor Name		Ontario Corporation No.
		Address	CITY	Province
				Postal Code

Assignor	Assignor

Secured Party	Secured Party/ Lien Claimant/ Assignee

Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
					X				

Motor Vehicle Description	Year	Make	Model	V.I.N.

General Collateral Description	General Collateral Description

KEVIN W. NOMEKEN LAW OFFICE  
 207 10TH STREET  
 HANOVER  
 ON  
 M4N 1N8

CONTINUED

Type of Search  
 Search Conducted On  
 File Currency

Business Debtor  
 BOGDON & GROSS FURNITURE COMPANY LIMITED  
 26FEB 2014  
 File Number 5 Family 17 of Families 17 Page 39 of Pages

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

Cautions Filing Page of Total Pages Motor Vehicle Schedule Attached Registration Number  
 002 2 20120803 1613 1590 5625

Record Referenced  
 File Number 649512829 Page Amended No Specific Page Amended Change Required Renewal Years Correct Period

Reference Debtor/ Transferor

First Given Name

Initial

Surname

Business Debtor Name

Other Change

Other Change

Reason / Description

Reason / Description

COMMUNITY FUTURES DEVELOPMENT CORPORATION.

Debtor/ Transferor

Date of Birth

First Given Name

Initial

Surname

Business Debtor Name

Ontario Corporation No.

Address

City

Province

Postal Code

Assignor

Assignor

Secured Party

Secured Party/ Lien Claimant/ Assignee

Address

City

Province

Postal Code

Collateral Classification

Consumer Goods Inventory Equipment

Accounts

Other Motor Vehicle Included

Amount

Date of Maturity or

No Fixed Maturity Date

Motor Vehicle Description

Year

Make

Model

V.I.N.

General Collateral Description

General Collateral Description

Registering Agent

Registering Agent or Secured Party / Lien Claimant

Address	City	Province	Postal Code
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END OF FAMILY

Type of Search  
 Search Conducted On: Business Debtor  
 File Currency: BOGDON & GROSS FURNITURE COMPANY LIMITED  
 26FEB 2014

File Number: 658103868  
 Family: 6  
 of Families: 17  
 Page: 18  
 of Pages: 39  
 Expire Date: 30JAN 2014  
 Status: D DISCHARGED

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

File Number: 658103868  
 Cautious Filing: 01  
 Page of Total Pages: 001  
 Motor Vehicle Schedule: 20091209 1403 1462 9991  
 Registration Number: P  
 Registered Under: PPSA  
 Registration Period: 5

Individual Debtor  
 Date of Birth: [Blank]  
 First Given Name: [Blank]  
 Initial: [Blank]  
 Surname: [Blank]

Business Debtor  
 BOGDON & GROSS FURNITURE COMPANY LIMITED  
 Address: [Blank]  
 City: [Blank]  
 Province: [Blank]  
 Postal Code: [Blank]  
 Ontario Corporation No.: [Blank]

Individual Debtor  
 75 RIDOUR ST  
 Date of Birth: [Blank]  
 First Given Name: [Blank]  
 Initial: [Blank]  
 Surname: [Blank]

Business Debtor  
 Address: [Blank]  
 City: [Blank]  
 Province: [Blank]  
 Postal Code: [Blank]  
 Ontario Corporation No.: [Blank]

Secured Party  
 CAPITAL UNDERWRITERS INC.  
 Address: [Blank]  
 City: [Blank]  
 Province: [Blank]  
 Postal Code: [Blank]

Secured Party / Lien Claimant  
 2020 WINSTON PARK DRIVE, SUITE 301  
 OAKVILLE  
 ON  
 L6H6X7

Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
		X							

Motor Vehicle Description  
 Year: [Blank]  
 Make: [Blank]  
 Model: [Blank]  
 V.I.N.: [Blank]

General Collateral Description

General Collateral Description

Registering Agent	CAPITAL UNDERWRITERS INC.	Address	2020 WINSTON PARK DRIVE, SUITE 301	City	OAKVILLE	Province	ON	Postal Code	L6H6X7
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CONTINUED

Type of Search	Business Debtor										
Search Conducted On	BOGDON & GROSS FURNITURE COMPANY LIMITED										
File Currency	26FEB 2014	File Number	658103868	Family	6	of Families	17	Page	19	of Pages	39

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

Caution Filing	Page of	Total Pages	Motor Vehicle Schedule Attached	Registration Number	Registered Under	
001	1	1		20140130 1023 2242 1401		
Record Referenced	File Number	Page Amended	No Specific Page Amended	Change Required	Renewal Years	Correct Period
658103868				C DISCHRG		

Reference Debtor / Transferor	First Given Name	Initial	Surname
BOGDON & GROSS FURNITURE COMPANY LIMITED			

Other Change	Reason / Description

Debtor / Transferee	Date of Birth	First Given Name	Initial	Surname
		Business Debtor Name		Ontario Corporation No.

Assignor	Address	City	Province	Postal Code

Secured Party	Assignor	Secured Party/ Lien Claimant/ Assignee

Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date

Motor Vehicle Description	Year	Make	Model	V.I.N.

General Collateral Description

General Collateral Description

Registering Agent

Registering Agent or Secured Party / Lien Claimant

TD EQUIPMENT FINANCE CANADA INC  
 2020 WINSTON PARK DRIVE SUITE 301  
 Address: OAKVILLE  
 City: OAKVILLE  
 Province: ON  
 Postal Code: L6H 6K7

END OF FAMILY

Type of Search	Business Debtor		Status	
Search Conducted On	80600N & GROSS FURNITURE COMPANY LIMITED		DISCHARGED	
File Currency	26FEB 2014			
File Number	658957338	7	17	20
Family				
of Families				
Page				
of Pages				
Expiry Date				
Registration Number				
Registered Under				
Registration Period				

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

File Number: 658957338  
 Caution Filing: 01  
 Page of: 001  
 Total Pages: 001  
 Motor Vehicle Schedule: 20100127 1701 1482 1052  
 Registration Number: P PPSA  
 Registered Under: 5

Individual Debtor: BOGDON & GROSS FURNITURE COMPANY LIMITED  
 Date of Birth: 75 RUDOUT ST  
 City: WALKERTON  
 Province: ON  
 Postal Code: N2G2N2

Business Debtor: BOGDON & GROSS FURNITURE COMPANY LIMITED  
 Address: 75 RUDOUT ST  
 City: WALKERTON  
 Province: ON  
 Postal Code: N2G2N2

Individual Debtor: BOGDON & GROSS FURNITURE COMPANY LIMITED  
 Date of Birth: 75 RUDOUT ST  
 City: WALKERTON  
 Province: ON  
 Postal Code: N2G2N2

Business Debtor: BOGDON & GROSS FURNITURE COMPANY LIMITED  
 Address: 75 RUDOUT ST  
 City: WALKERTON  
 Province: ON  
 Postal Code: N2G2N2

Secured Party: CAPITAL UNDERWRITERS INC.  
 Address: 2020 WINSTON PARK DRIVE, SUITE 301  
 City: OAKVILLE  
 Province: ON  
 Postal Code: L6H6X7

Collateral Classification: Consumer Goods  
 Inventory: X  
 Equipment: X  
 Accounts: X  
 Other: X  
 Motor Vehicle Included: X  
 Amount: V.I.N.

Motor Vehicle Description: Year: Make: Model: V.I.N.

General Collateral Description: General Collateral Description



Registering Agent	CAPITAL UNDERWRITERS INC.	Address	2020 WINSTON PARK DRIVE, SUITE 301	City	OAKVILLE	Province	ON	Postal Code	L6H6K7
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CONTINUED

Type of Search	Business Debtor
Search Conducted On	BOGDON & GROSS FURNITURE COMPANY LIMITED
File Currency	26FEB 2014
File Number	658957338
Family	7
of Families	17
Page	21
of Pages	39

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

Record Referenced	File Number	Page Amended	No Specific Page Amended	Change Required	Renewal Years	Correct Period
	658957338			C 01SCHRG		
Reference Debtor/ Transferor	First Given Name	Initial	Surname	Registration Number	20140120 0952 2242 1395	Registered Under
	BOGDON & GROSS FURNITURE COMPANY LIMITED					

Caution Filing	Page of	Total Pages	Motor Vehicle Schedule Attached
	001	1	

Other Change	Reason / Description

Debtor / Transferee	Date of Birth	First Given Name	Initial	Surname
		Business Debtor Name		Ontario Corporation No.
		Address	City	Province
		Address	City	Postal Code

Assignor	Assignor
Secured Party	Secured Party/ Lien Claimant/ Assignee
	Address
	City
	Province
	Postal Code

Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date

Motor Vehicle Description	Year	Make	Model	V.I.N.

General Collateral Description

General Collateral Description

Registering Agent

Registering Agent or Secured Party / Lien Claimant

TO EQUIPMENT FINANCE CANADA INC  
 2020 WINSTON PARK DRIVE SUITE 301  
 Address: OAKVILLE City: ON Province: L6M 6X7 Postal Code:

END OF FAMILY

Type of Search	Business Debtor					Expiry Date	Status
Search Conducted On	BOGDON & GROSS FURNITURE COMPANY LIMITED						
File Currency	26FEB 2014	File Number	8	Family	17	Page	32
						of Families	39
						of Pages	01MAR 2016

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

File Number	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule	Registration Number	Registered Under	Registration Period
659528658	01	001	001		20100301 1705 1462 7690	P PPSA	6

Individual Debtor	Date of Birth	First Given Name	Initial	Surname
Business Debtor		BOGDON & GROSS FURNITURE COMPANY LTD		Ontario Corporation No.
		75 RIDEOUT ST.	WALKERTON	ON N0S2V0

Individual Debtor	Date of Birth	First Given Name	Initial	Surname
Business Debtor		Business Debtor Name		Ontario Corporation No.
		Address	City	Province
				Postal Code

Secured Party	Address	City	Province	Postal Code
	XEROX CANADA LTD	TORONTO	ON	M6W3H1
	33 BLOOR ST. E. 3RD FLOOR			

Collateral Classification	Consumer Goods				Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
	Inventory	Equipment	Accounts	Other				
Motor Vehicle Description				X				X
	Year	Make	Model	V.I.N.				

General Collateral Description
General Collateral Description

Registering Agent		Registering Agent	
PPSA CANADA INC. - (3992)	Address	TORONTO	City
110 SHEPPARD AVE EAST, SUITE 303		ON	Province
		M2N6Y3	Postal Code

END OF FAMILY

Type of Search	Business Debtor		
Search Conducted On	BOGDON & GROSS FURNITURE COMPANY LIMITED		
File Currency	26FEB 2014	File Number	665710695
	Family	of Families	Page
	9	17	23
			of Pages
			39
			31/JAN 2014
			Expiry Date
			D DISCHARGED
			Status

File Number	665710695	Caution Filing	001	Page of	1	Total Pages	17	Motor Vehicle Schedule	20101108 1056 1616 0202	Registration Number	20101108 1056 1616 0202	Registered Under	P PPSA	Registration Period	05
-------------	-----------	----------------	-----	---------	---	-------------	----	------------------------	-------------------------	---------------------	-------------------------	------------------	--------	---------------------	----

Individual Debtor	Date of Birth	First Given Name	Initial	Surname
BOGDON & GROSS FURNITURE COMPANY LIMITED				
Address	City	Province	Postal Code	Ontario Corporation No.
75 RIDEOUT STREET, P.O. BOX 1240	WALKERTON	ON	N0G 2V0	

Business Debtor	Address	City	Province	Postal Code	Ontario Corporation No.
BOGDON & GROSS FURNITURE COMPANY LIMITED					
75 RIDEOUT STREET, P.O. BOX 1240					

Individual Debtor	Date of Birth	First Given Name	Initial	Surname
CTI FINANCIAL LTD.				
Address	City	Province	Postal Code	Ontario Corporation No.
5035 SOUTH SERVICE ROAD	BURLINGTON	ON	L7R 4C8	

Secured Party	Secured Party / Lien Claimant
CTI FINANCIAL LTD.	
5035 SOUTH SERVICE ROAD	

Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
		X		X					

Motor Vehicle Description	Year	Make	Model	V.I.N.
SHAPER MACHINE AND ACCESSORIES				
General Collateral Description				
SHAPER MACHINE AND ACCESSORIES				

Registering Agent	JCLD ONLINE
Registering Agent	JCLD ONLINE

Type of Search	Business Debtor										
Search Conducted On	BOGDON & GROSS FURNITURE COMPANY LIMITED										
File Currency	26FEB 2014	File Number	665710695	Family	9	of Families	17	Page	24	of Pages	39
<b>FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT</b>											
Record Referenced	File Number	665710695	Page Amended	Page of	001	Total Pages	1	Motor Vehicle Schedule Attached	20140131 1226 1616 5559	Registration Number	
								No Specific Page Amended		Change Required	C DISCHRG
										Renewal Years	Correct Period
Reference Debtor / Transferor	BOGDON & GROSS FURNITURE COMPANY LIMITED										
	First Given Name			Initial			Surname				
	Business Debtor Name										
Other Change	Other Change										
Reason / Description	Reason / Description										
Debtor / Transferee	Date of Birth	First Given Name	Initial	Surname							
	Business Debtor Name										
	Address	City	Province	Postal Code							
	Ontario Corporation No.										
Assignor	Assignor										
Secured Party	Secured Party/ Lien Claimant/ Assignee										
	Address	City	Province	Postal Code							
Collateral Classification	Consumer Goods	Inventories	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date		
Motor Vehicle Description	Year	Make	Model	V.I.N.							
General Collateral Description	General Collateral Description										

Registering Agent: JCLD ONLINE  
 Address: 16-1375 SOUTHDOWN RD STE 322  
 City: MISSISSAUGA  
 Province: ON  
 Postal Code: L5J 2Z1  
 Registering Agent or Secured Party/ Lien Claimant:

Type of Search: Business Debtor  
 Search Conducted on: BOGDON & GROSS FURNITURE COMPANY LIMITED  
 28 FEB 2014  
 File Currency: 667201878  
 File Number: 10  
 Family: 17  
 of Families: 25  
 Page: 39  
 of Pages: 18 JAN 2016  
 Expiry Date:

File Number: 667201878  
 Cauton Filing: 01  
 Page of: 001  
 Total Pages:

Motor Vehicle Schedule: 20110118 1947 1531 7278  
 Registration Number: P PPSA  
 Registered Under: S  
 Registration Period:

Individual Debtor: BOGDON & GROSS FURNITURE COMPANY LIMITED  
 Address: 75 RIDOUT STREET  
 City: WALKERTON  
 Province: ON  
 Postal Code: N0G 2V0  
 Date of Birth:

Business Debtor Name: BOGDON & GROSS FURNITURE COMPANY LIMITED  
 Address: 75 RIDOUT STREET  
 City: WALKERTON  
 Province: ON  
 Postal Code: N0G 2V0

Secured Party: SAUGEEN ECONOMIC DEVELOPMENT CORPORATION  
 Address: 515 MILL STREET, PO BOX 177  
 City: NEUSTADT  
 Province: ON  
 Postal Code: N0G 2M0  
 Secured Party / Lien Claimant:

Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
Motor Vehicle Description		X	X	X	X				
Year									V.I.N.

General Collateral Description:

Registering Agent:

CONTINUED

4126 NORLAND AVENUE | BURNABY | BC | V5G 3S8 | POSTAL CODE

Type of Search: Business Debtor

Search Conducted On: BOGDON & GROSS FURNITURE COMPANY LIMITED

File Currency: 26FEB 2014

File Number	Family	of Families	Page	of Pages
667201878	10	17	26	39

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

Caution Filing	Page of	Total Pages	Motor Vehicle Schedule Attached	Registration Number	Registered Under
	001	1		20120314 1113 1590 7699	

Record Referenced	File Number	Page Amended	No Specific Page Amended	Change Required	Renewal Years	Correct Period
	667201878		X	A AMNDMNT		

Reference Debtor / Transferor	First Given Name	Initial	Surname

BOGDON & GROSS FURNITURE COMPANY LIMITED

Other Change

Reason / Description: TO ADD SECURED PARTY

Debtor / Transferee	Date of Birth	First Given Name	Initial	Surname

Business Debtor Name: Ontario Corporation No.

Address: City: Province: Postal Code:

Assignor

Secured Party / Lien Claimant / Assignee

BRUCE COMMUNITY FUTURES DEVELOPMENT CORPORATION  
 Address: 281 DURHAM STREET, P.O. BOX 208  
 City: KINCARDINE  
 Province: ON  
 Postal Code: N2Z 2Y7

Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date

Motor Vehicle Description	Year	Make	Model	V.I.N.

Registering Agent: KEVIN W. MCKEEN LAW OFFICE  
 Registering Agent or Secured Party/ Lien Claimant: KEVIN W. MCKEEN LAW OFFICE  
 Address: 207 10TH STREET  
 City: HANOVER  
 Province: ON  
 Postal Code: N4N 1N8

Type of Search: Business Debtor  
 Search Conducted On: BOGDON & GROSS FURNITURE COMPANY LIMITED  
 File Currency: 26FEB 2014  
 File Number: 659858912  
 Family: 11  
 of Families: 17  
 Page: 27  
 of Pages: 39  
 Expiry Date: 13MAY 2017  
 Status:

File Number: 669858912  
 Caution Filing: 001  
 Page of: 1  
 Total Pages: 1  
 Motor Vehicle Schedule: 20110513 1349 1616 4061  
 Registration Number: P PPSA  
 Registered Under: 06  
 Registration Period:

Individual Debtor: BOGDON & GROSS FURNITURE COMPANY LIMITED  
 Address: 75 RILDOUT STREET  
 City: WALKERTON  
 Province: ON  
 Postal Code: N0G 2V0  
 Ontario Corporation No.:  
 Business Debtor Name: BOGDON & GROSS FURNITURE COMPANY LIMITED  
 Address: 75 RILDOUT STREET  
 City: WALKERTON  
 Province: ON  
 Postal Code: N0G 2V0

Secured Party: CIT FINANCIAL LTD.  
 Address: 5035 SOUTH SERVICE ROAD  
 City: BURLINGTON  
 Province: ON  
 Postal Code: L7R 4G8  
 Secured Party / Lien Claimant: CIT FINANCIAL LTD.  
 Address: 5035 SOUTH SERVICE ROAD  
 City: BURLINGTON  
 Province: ON  
 Postal Code: L7R 4G8

Collateral Classification: Consumer Goods  
 Inventory: X  
 Equipment: X  
 Accounts: X  
 Other: X  
 Motor Vehicle Included: X  
 Amount: X  
 Date of Maturity or: X  
 No Fixed Maturity Date: X  
 Year: X  
 Make: X  
 Model: X  
 V.I.N.: X

General Collateral Description: COMPRESSOR  
 General Collateral Description: COMPRESSOR

END OF FAMILY

JCLD ONLINE | Address | City | Province | Postal Code  
 16-1375 SOUTHDOWN RD STE 322 | MISSISSAUGA | ON | L5J 2Z1

END OF FAMILY

Type of Search	Business Debtor				
Search Conducted On	BOGDON & GROSS FURNITURE COMPANY LIMITED				
File Currency	26FEB 2014	File Number	674101845	Family	12
		of Families	17	Page	28
		of Pages	39	Expiry Date	03NOV 2015
		Status			

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

File Number	674101845	Caution Filing	001	Page of	2	Total Pages	2	Motor Vehicle Schedule	20111103 0927 6005 8360	Registration Number	P PPSA	Registered Under	04	Registration Period
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Individual Debtor:  Date of Birth:  First Given Name:  Initial:  Surname:

Business Debtor:  BOGDON & GROSS FURNITURE COMPANY LTD. business Debtor Name:  Ontario Corporation No.   
 Address:  City:  Province:  Postal Code:

75 RIDOUT STREET, BOX 1240 WALKERTON ON N0G 2W0

Individual Debtor:  Date of Birth:  First Given Name:  Initial:  Surname:

Business Debtor:  BOGDON & GROSS FURNITURE COMPANY LTD. business Debtor Name:  Ontario Corporation No.   
 Address:  City:  Province:  Postal Code:

75 RIDOUT STREET, BOX 1240 WALKERTON ON N0G 2W0

Secured Party:  NATIONAL LEASING GROUP INC. Secured Party / Lien Claimant:   
 Address:  City:  Province:  Postal Code:

1525 BUFFALO PL (2543660) WPG MB R3T 1L9

Collateral Classification	Consumer Goods				Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
	Inventory	Equipment	Accounts	Other				
	X							

Motor Vehicle Description:  Year:  Make:  Model:  V.I.N.:

General Collateral Description:   
 ALL SPRAY BOOTH AIR MAKE UP, FLASH OFF ROOM OF EVERY NATURE OR KIND DESCRIBED IN LEASE NUMBER 2543660 BETWEEN EQUILEASE CORP. AS ORIGINAL LESSOR AND THE DEBTOR, AS LESSEE, WHICH LEASE WAS ASSIGNED

Registering Agent:  Address:  City:  Province:  Postal Code:

CONTINUED



Type of Search: Business Debtor  
 Search Conducted On: BOGDON & GROSS FURNITURE COMPANY LIMITED  
 File Currency: 26FEB 2014  
 File Number: 674101845  
 Family: 12  
 of Families: 37  
 Page: 29  
 of Pages: 39  
 Expiry Date: 03NOV 2015  
 Status:

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

File Number: 674101845  
 Caution Filing: 002  
 Page of: 2  
 Total Pages: 2  
 Motor Vehicle Schedule: 20111103 0927 6005 8360  
 Registration Number:  
 Registered Under:  
 Registration Period:

Individual Debtor: Date of Birth: First Given Name: Initial: Surname:  
 Business Debtor Name: Ontario Corporation No.

Business Debtor: Address: City: Province: Postal Code:  
 Date of Birth: First Given Name: Initial: Surname:  
 Business Debtor Name: Ontario Corporation No.

Individual Debtor: Date of Birth: First Given Name: Initial: Surname:  
 Business Debtor Name: Ontario Corporation No.

Business Debtor: Address: City: Province: Postal Code:  
 Secured Party / Lien Claimant:

Secured Party: Address: City: Province: Postal Code:

Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
Motor Vehicle Description	Year		Make			Model			V.I.N.

General Collateral Description: BY THE ORIGINAL LESSOR TO THE SECURED PARTY, AS AMENDED FROM TIME TO TIME, TOGETHER WITH ALL ATTACHMENTS, ACCESSORIES AND SUBSTITUTIONS.

Registering Agent: Address: City: Province: Postal Code:

END OF FAMILY

Type of Search: Business Debtor  
 Search Conducted On: BOGDON & GROSS FURNITURE COMPANY LIMITED  
 File Currency: 26FEB 2014  
 File Number: 674101845  
 Family: 12  
 of Families: 37  
 Page: 29  
 of Pages: 39  
 Expiry Date:  
 Status:

**FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN**

File Number 676205397      Caution Filing 01      Page of 001      Total Pages 001      Motor Vehicle Schedule 20120213 1455 1529 6904      Registration Number P PPSA      Registered Under P PPSA      5      Registration Period

Individual Debtor      Date of Birth      First Given Name      Initial      Surname

Business Debtor      Business Debtor Name      Business Debtor Name      Initial      Surname      Ontario Corporation No.

75 RIDOUR STREET      BOGDON & GROSS FURNITURE COMPANY LIMITED      WALKERTON      ON      N0G 2V0      1720363      Postal Code

Individual Debtor      Date of Birth      First Given Name      Initial      Surname

Business Debtor      Business Debtor Name      Business Debtor Name      Initial      Surname      Ontario Corporation No.

Address      City      Province      Postal Code

Secured Party      TCE CAPITAL CORPORATION      Secured Party / Lien Claimant

505 CONSUMERS ROAD, SUITE 707      Address      TORONTO      ON      M2J 4V8      City      Province      Postal Code

Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
	X	X	X	X	X				

Motor Vehicle Description      Year      Make      Model      V.I.N.

General Collateral Description

General Collateral Description

Registering Agent      HUGHES, DORSCH, GARLAND, COLES LP      Registering Agent

SUITE 400 365 BAY STREET      Address      TORONTO      ON      M5H 2V1      City      Province      Postal Code

END OF FAMILY

Type of Search      Business Debtor

Search Conducted On      26FEB 2014      BOGDON & GROSS FURNITURE COMPANY LIMITED

File Currency	File Number	Family	of Families	Page	of Pages	Expiry Date	Status
680475375	14	17	31	39	03AUG 2017		

**FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN**

File Number	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule	Registration Number	Registered Under	Registration Period
680475375	001	2	2	20120803 1629 1590 5629	P PPSA	5	

Business Debtor: BOGDON & GROSS FURNITURE COMPANY LIMITED  
 Address: 75 RIDOUR STREET  
 City: WALKERTON  
 Province: ON  
 Postal Code: N0G 2Y0  
 Ontario Corporation No.

Individual Debtor: [Name Redacted]  
 Date of Birth: [Redacted]  
 Initial: [Redacted]  
 Surname: [Redacted]  
 Ontario Corporation No.

Business Debtor: [Name Redacted]  
 Address: [Redacted]  
 City: [Redacted]  
 Province: [Redacted]  
 Postal Code: [Redacted]

Secured Party: SAUGEEN ECONOMIC DEVELOPMENT CORPORATION  
 Address: 515 MILL STREET, BOX 177  
 City: NEUSTADT  
 Province: ON  
 Postal Code: N0G 2M0

Collateral Classification: Consumer Goods  
 Inventory: X  
 Equipment: X  
 Accounts: X  
 Other: X  
 Motor Vehicle Included: X  
 Amount: [Redacted]  
 Date of Maturity or: [Redacted]  
 No Fixed Maturity Date: [Redacted]

Motor Vehicle Description: [Redacted]  
 Year: [Redacted]  
 Make: [Redacted]  
 Model: [Redacted]  
 V.I.N.: [Redacted]

General Collateral Description: SPECIFIC ASSIGNMENT OF SCIENTIFIC RESEARCH & EXPERIMENTAL DEVELOPMENT TAX CREDITS GRANTED BY THE GOVERNMENT OF CANADA AND THE PROVINCE OF ONTARIO

Registering Agent: KEVIN W. MCNECKEN LAW OFFICE  
 Address: 207 10TH STREET  
 City: HANOVER  
 Province: ON  
 Postal Code: N4N 1N6

Registering Agent: [Redacted]  
 Address: [Redacted]  
 City: [Redacted]  
 Province: [Redacted]  
 Postal Code: [Redacted]

Registering Agent: [Redacted]  
 Address: [Redacted]  
 City: [Redacted]  
 Province: [Redacted]  
 Postal Code: [Redacted]

Registering Agent: [Redacted]  
 Address: [Redacted]  
 City: [Redacted]  
 Province: [Redacted]  
 Postal Code: [Redacted]

Registering Agent: [Redacted]  
 Address: [Redacted]  
 City: [Redacted]  
 Province: [Redacted]  
 Postal Code: [Redacted]

CONTINUED

Type of Search	Business Debtor	File Currency	File Number	Family	Page	of Pages	Expiry Date	Status
Search Conducted On	BOGDON & GROSS FURNITURE COMPANY LIMITED	26FEB 2014	680475375	14	17	32	03AUG 2017	
File Number	680475375	Caution Filing	002	Page of	2	Total Pages	Motor Vehicle Schedule	Registration Number
Individual Debtor	Date of Birth	First Given Name	Initial	Surname	Ontario Corporation No.			
Business Debtor	Business Debtor Name	Address	City	Province	Postal Code			

Individual Debtor Date of Birth First Given Name Initial Surname  
 Business Debtor Business Debtor Name Ontario Corporation No.

Secured Party Secured Party / Lien Claimant

BRUCE COMMUNITY FUTURES DEVELOPMENT CORPORATION  
 281 DURHAM STREET, BOX 208  
 Address  
 City Province Postal Code  
 KINCARDINE ON N2Z 2V7

Collateral Classification Consumer Goods Inventory Equipment Accounts Other Motor Vehicle Included Amount Date of Maturity or No Fixed Maturity Date

Motor Vehicle Description Year Make Model V.I.N.

General Collateral Description General Collateral Description

Registering Agent Registering Agent  
 Address City Province Postal Code

END OF FAMILY

Type of Search Business Debtor  
 Search Conducted On 26 FEB 2014  
 File Currency 687128409

File Number	Cautions Filing	Page of	Total Pages	Motor Vehicle Schedule	Registration Number	Registered Under	Registration Period
687128409	01	003	003	20130523 1036 8077 6042	P PPSA	3	

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

Individual Debtor Date of Birth First Given Name Initial Surname  
 Business Debtor Business Debtor Name Ontario Corporation No.  
 Address City Province Postal Code  
 75 RIDGEMOUNT ST WALKERTON ON N0G 2K0

Individual Debtor Date of Birth First Given Name Initial Surname  
 Business Debtor Business Debtor Name Ontario Corporation No.  
 Address City Province Postal Code  
 75 RIDGEMOUNT ST WALKERTON ON N0G 2K0

Individual Debtor Date of Birth First Given Name Initial Surname  
 Business Debtor Business Debtor Name Ontario Corporation No.

Secured Party	Address	City	Province	Postal Code	Secured Party / Lien Claimant	City	Province	Postal Code	
RCAP LEASING INC.	5575 NORTH SERVICE RD, STE 300	BURLINGTON	ON	L7L 6M1					
Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or No Fixed Maturity Date	
		X	X	X				X	
Motor Vehicle Description	Year	Make	Model	V.I.N.					
					General Collateral Description				
					JANITORIAL EQUIPMENT FROM TIME TO TIME LEASED BY THE SECURED PARTY TO THE DEBTOR AS DESCRIBED ON LEASES, CONDITIONAL SALES AGREEMENTS AND ANY OTHER FINANCING AGREEMENTS ENTERED INTO BETWEEN				

Registering Agent	Address	City	Province	Postal Code	Registering Agent	City	Province	Postal Code
REGISTRY = RECOVERY INC.	1551 THE QUEENSWAY	TORONTO	ON	M8Z 1T5				

CONTINUED

Type of Search	Business Debtor	Search Conducted On	File Currency	File Number	Family	of Families	Page	of Pages	Expiry Date	Status
	BOGDON & GROSS FURNITURE COMPANY LIMITED	26FEB 2014		687128409	15	17	34	39	23MAY 2016	
File Number	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule	Registration Number	Registered Under	Registration Period			
687128409	02	003			20130523 1036 8077 6042					

FORM IC FINANCING STATEMENT / CLAIM FOR LIEN

Individual Debtor	Date of Birth	First Given Name	Initial	Surname	Address	City	Province	Postal Code
Business Debtor		Business Debtor Name		Ontario Corporation No.				
Individual Debtor		First Given Name	Initial	Surname				
Business Debtor		Business Debtor Name		Ontario Corporation No.				
Secured Party	Secured Party / Lien Claimant							

Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
Motor Vehicle Description	Year	Make	Model	V.I.N.					
General Collateral Description	THE SECURED PARTY AND THE DEBTOR FROM TIME TO TIME AND ANY PROCEEDS THEREOF, TOGETHER WITH ALL REPLACEMENT PARTS, ACCESSORIES AND ATTACHMENTS.								

Registering Agent	Registering Agent	Address	City	Province	Postal Code
CONTINUED					

Type of Search	Business Debtor									
Search Conducted On	BOGDON & GROSS FURNITURE COMPANY LIMITED									
File Currency	ZEPES 2014									
File Number	15	Family	17	Page	35	of Pages	39	Expiry Date	23MAY 2016	Status

File Number	687128409	Caution Filing	03	Page of	003	Total Pages	Motor Vehicle Schedule	20130523 1036 8077 6042	Registration Number	Registered Under	Registration Period
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Individual Debtor	Date of Birth	First Given Name	Initial	Surname
Business Debtor	Business Debtor Name			
	Address	City	Province	Postal Code

Individual Debtor	Date of Birth	First Given Name	Initial	Surname
Business Debtor	Business Debtor Name			
	Address	City	Province	Postal Code

Secured Party	Secured Party / Lien Claimant									
	Address	City	Province	Postal Code						
Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date	

Motor Vehicle Description Year Make Model V.I.N.

General Collateral Description

Registering Agent	Address	City	Province	Postal Code

END OF FAMILY

Type of Search Business Debtor  
 Search Conducted On BOGDON & GROSS FURNITURE COMPANY LIMITED  
 File Currency 26 FEB 2014  
 File Number 688471281 Family 16 of Families 36 Page 39 of Pages 09 JUL 2018 Expiry Date Status  
 688471281 16 17 36 39 09 JUL 2018

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

File Number 688471281 Cautions Filing 001 Page of 001 Total Pages 001 Motor Vehicle Schedule 20130709 1547 1031 1356 Registration Number Registered Under P PPSA 05 Registration Period

Individual Debtor Date of Birth First Given Name Initial Surname

Business Debtor BOGDON & GROSS FURNITURE COMPANY LIMITED Address WALKERTON, ON N0G 2V0 City Province Postal Code Ontario Corporation No.

Individual Debtor 75 RIDOUT ST Date of Birth First Given Name Initial Surname

Business Debtor Address City Province Postal Code Ontario Corporation No.

Secured Party HER MAJESTY IN RIGHT OF ONTARIO REPRESENTED BY THE MINISTER OF FINANCE 400-130 DUFFERIN AVENUE, LONDON ON N6A 5S8 City Province Postal Code

Collateral Classification Consumer Goods Inventory X Equipment X Accounts X Other X Motor Vehicle Included X Amount 23280 Date of Maturity or No Fixed Maturity Date

Motor Vehicle Description 1980 Year HOME Make Model FILE-010354264 V.I.N.

General Collateral Description

General Collateral Description

Registering Agent	COLLECTION MANAGER, MINISTRY OF FINANCE (EHT) BN# 100569102			Registering Agent			
Address	400-130 DUFFERIN AVENUE, (329/746)			City	LONDON	Province	OH
				Postal Code	N6A 6G8		

END OF FAMILY

Type of Search  
 Search Conducted On  
 File Currency

Business Debtor  
 BOGDON & GROSS FURNITURE COMPANY LIMITED  
 26FEB 2014  
 File Number 692484381  
 Family 17  
 of Families 17  
 Page 37  
 of Pages 39  
 Expiry Date 1006C 2018

Status

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

File Number 692484381  
 Caution Filing 01  
 Page of Total Pages 002  
 Motor Vehicle Schedule 20131210 1034 1329 7641  
 Registration Number  
 Registered Under P PPSA  
 Registration Period 5

Individual Debtor

Date of Birth

First Given Name

Initial

Surname

Business Debtor

Business Debtor Name

Ontario Corporation No.

BOGDON & GROSS FURNITURE COMPANY LTD.  
 75 RIDOUT STREET

Address

City

Province

Postal Code

Individual Debtor

Date of Birth

First Given Name

Initial

Surname

Business Debtor

Business Debtor Name

Ontario Corporation No.

Address

City

Province

Postal Code

Secured Party

Secured Party / Lien Claimant

CNH CAPITAL CANADA LTD.  
 4475 NORTH SERVICE ROAD

Address

City

Province

Postal Code

Collateral Classification

Consumer Goods Inventory Equipment Accounts Other Motor Vehicle Included Amount Date of Maturity or No Fixed Maturity Date  
 X X 25NOV2018

Motor Vehicle Description

2012 Year  
 CASEIH Make

95 Model

2CJP50560 V.I.N.

General Collateral Description

General Collateral Description

2013 HORST PALLET PALLET FORKS, SERIAL NSN  
 2013 CASEIH L735 LOADER, SERIAL YCWL55584  
 2013 HORST 7' MATERIALBUCKET, SERIAL NSN



Registering Agent	D+H LIMITED PARTNERSHIP	Address	SUITE 200, 4126 NORLAND AVENUE	City	BURNABY	Province	BC	Postal Code	V5G 3S8
Registering Agent		Address		City		Province		Postal Code	

**Business Debtor**

Search Conducted On	80030M & GROSS FURNITURE COMPANY LIMITED								
File Currency	26FEB 2014								
File Number	692484381	Family	17	of Families	38	Page	39	of Pages	10DEC 2018
File Number	692484381	Family	17	of Families	38	Page	39	of Pages	10DEC 2018

**FORM 1C FINANCING STATEMENT / CLAIM FOR LEN**

File Number	692484381	Caution Filing	02	Page of	1002	Total Pages	1002	Motor Vehicle Schedule	Z0131210 1034 1529 7641	Registration Number	Z0131210 1034 1529 7641	Registered Under		Registration Period	
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Individual Debtor		Date of Birth		First Given Name		Initial		Surname	
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Business Debtor		Business Debtor Name		Address		City		Province		Postal Code		Ontario Corporation No.	
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Individual Debtor		Date of Birth		First Given Name		Initial		Surname	
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Business Debtor		Business Debtor Name		Address		City		Province		Postal Code		Ontario Corporation No.	
-----------------	--	----------------------	--	---------	--	------	--	----------	--	-------------	--	-------------------------	--

Secured Party		Secured Party / Lien Claimant		Address		City		Province		Postal Code	
---------------	--	-------------------------------	--	---------	--	------	--	----------	--	-------------	--

Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
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Motor Vehicle Description	Year	Make	Model	V.I.N.
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General Collateral Description	2013 HLA 3800 BLADE, SERIAL ONORDER								
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Registering Agent	Address	City	Province	Postal Code
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Registering Agent	Address	City	Province	Postal Code
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Type of Search: Business Debtor  
 Search Conducted On: BOGDON & GROSS FURNITURE COMPANY LIMITED  
 File Currency: 26FEB 2014

File Number	Family	of Families	Page	of Pages
692494381	17	17	39	39

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

Caution Filing	Page of	Total Pages	Motor Vehicle Schedule Attached	Registration Number	Registered Under
01	001			20140116 1935 1531 2061	

Record Referenced	File Number	Page Amended	No Specific Page Amended	Change Required	Renewal Years	Correct Period
	692494381	X		A AMNDMNT		

Reference Debtor / Transferor	First Given Name	Initial	Surname
BOGDON & GROSS FURNITURE COMPANY LTD			

Other Change: Other Change

Reason / Description: UPDATE SERIAL NUMBER FOR HLA 3800 BLADE SERIAL # FROM ON ORDER TO 147047

Debtor / Transferee	Date of Birth	First Given Name	Initial	Surname

Address	City	Province	Postal Code	Ontario Corporation No.

Assignor: Assignor

Secured Party: Secured Party/ Lien Claimant/ Assignee

Address	City	Province	Postal Code

Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date

Motor Vehicle Description	Year	Make	Model	V.I.N.

General Collateral Description: 2013 HLA 3800 BLADE SERIAL # 147047

Registering Agent

Registering Agent or Secured Party/ Lien Claimant

CANADIAN SECURITIES REGISTRATION SYSTEMS

Address	City	Province	Postal Code
4126 NORLAND AVENUE	BURNABY	BC	V5G 3S8

LAST PAGE

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This is Exhibit "Y" referred to in the Affidavit of ADAM  
HOFMANN sworn March 5, 2014

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*Commissioner for Taking Affidavits (or as may be)*

# TAB Y

**BOGDON & GROSS  
FURNITURE CO. LTD.**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2012**

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# BOGDON & GROSS FURNITURE COMPANY LIMITED

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DECEMBER 31, 2012

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**Gaviller**  
& Company LLP  
CHARTERED ACCOUNTANTS

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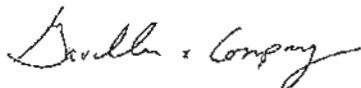
**NOTICE TO READER**

---

On the basis of information provided by management, we have compiled the Balance Sheet of Bogdon & Gross Furniture Company Limited as at December 31, 2012 and the Statements of Loss, Expenses, Retained Income and Cash Flow for the year then ended.

We have not performed an audit or a review engagement in respect of these financial statements and, accordingly, we express no assurance thereon.

Readers are cautioned that these financial statements may not be appropriate for their purposes.



**GAVILLER & COMPANY LLP**  
**LICENSED PUBLIC ACCOUNTANTS**  
**WALKERTON, ONTARIO**  
**APRIL 18, 2013**

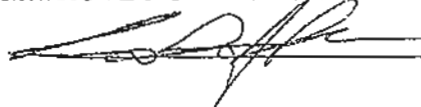


# BOGDON & GROSS FURNITURE COMPANY LIMITED

## BALANCE SHEET AS AT DECEMBER 31, 2012

	2012	2011
	\$	\$
<b>ASSETS</b>		
<b>CURRENT</b>		
Bank	-	13,109
Accounts Receivable	716,939	582,300
Income Taxes Recoverable	320,907	328,534
Inventory (Note 1)	1,908,381	1,880,446
Prepaid Expenses	30,080	34,597
Future Income Taxes	171,494	181,988
	3,147,801	3,020,974
<b>CAPITAL ASSETS (Note 2)</b>	1,197,277	1,253,123
<b>OTHER ASSETS (Note 3)</b>	743,391	762,853
	5,088,469	5,036,950
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Bank Overdraft	71,640	-
Loan Payable	741,559	637,037
Accounts Payable and Accruals	1,196,403	1,272,185
Due to Shareholder	5,000	5,000
SRED Note	-	155,000
Current Portion of Long Term Debt	255,554	163,096
	2,270,156	2,232,318
<b>LONG TERM (Note 4)</b>	1,333,835	1,087,388
	3,603,991	3,319,706
<b>SHAREHOLDER'S EQUITY</b>		
<b>CAPITAL STOCK (Note 5)</b>	68,047	68,047
<b>RETAINED INCOME</b>	1,416,431	1,649,197
	1,484,478	1,717,244
	5,088,469	5,036,950

APPROVED ON BEHALF OF THE BOARD


Director

PREPARED WITHOUT AUDIT - SEE NOTICE TO READER  
 (SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS)

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**BOGDON & GROSS FURNITURE COMPANY LIMITED**

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**STATEMENT OF RETAINED INCOME  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	2012	2011
	\$	\$
Balance at beginning of year	167,298	367,857
Contributed Surplus	1,481,897	1,481,897
Retained Income, as restated	1,649,195	1,849,754
Net Loss for the year	(232,764)	(200,557)
Balance at end of year	<u>1,416,431</u>	<u>1,649,197</u>

**PREPARED WITHOUT AUDIT - SEE NOTICE TO READER  
(SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS)**

# BOGDON & GROSS FURNITURE COMPANY LIMITED

## STATEMENT OF LOSS FOR THE YEAR ENDED DECEMBER 31, 2012

	2012		2011	
	\$	%	\$	%
<b>REVENUES</b>				
Sales	4,650,362	102.0	5,180,946	101.7
Discounts and Volume Rebates	(97,274)	(2.1)	(101,413)	(2.0)
Other Income	8,247	0.2	13,518	0.3
	<u>4,561,335</u>	<u>100.0</u>	<u>5,093,051</u>	<u>100.0</u>
<b>COST OF SALES</b>				
Finished Goods Inventory - Beginning of year	153,656	3.4	73,395	1.4
Cost of Goods Manufactured (Page 5)	3,796,046	83.2	4,556,111	89.5
Finished Goods Inventory - End of year	(52,788)	(1.2)	(153,656)	(3.0)
	<u>3,896,914</u>	<u>85.4</u>	<u>4,475,850</u>	<u>87.9</u>
<b>GROSS PROFIT</b>	<u>664,421</u>	<u>14.6</u>	<u>617,201</u>	<u>12.1</u>
<b>EXPENSES (Statement of Expenses)</b>	<u>893,891</u>	<u>19.6</u>	<u>885,381</u>	<u>17.4</u>
<b>LOSS FROM OPERATIONS</b>	<u>(229,470)</u>	<u>(5.0)</u>	<u>(268,180)</u>	<u>(5.3)</u>
<b>OTHER INCOME</b>				
Co-op Tax Credits	-	-	4,052	0.1
Rental Income	7,200	0.2	21,600	0.4
	<u>7,200</u>	<u>0.2</u>	<u>25,652</u>	<u>0.5</u>
<b>LOSS BEFORE INCOME TAXES</b>	<u>(222,270)</u>	<u>(4.9)</u>	<u>(242,528)</u>	<u>(4.8)</u>
<b>INCOME TAXES</b>				
Future (Recovered)	10,494	0.2	(41,971)	(0.8)
<b>NET LOSS FOR THE YEAR</b>	<u>(232,764)</u>	<u>(5.1)</u>	<u>(200,557)</u>	<u>(3.9)</u>

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(SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS)

## BOGDON & GROSS FURNITURE COMPANY LIMITED

### STATEMENT OF COST OF GOODS MANUFACTURED FOR THE YEAR ENDED DECEMBER 31, 2012

	2012		2011	
	\$	%	\$	%
<b>RAW MATERIALS</b>				
Inventory - Beginning of year	279,650	6.1	385,242	7.6
Purchases	1,163,019	25.5	1,382,543	27.1
Inventory - End of year	(263,274)	(5.8)	(279,650)	(5.5)
	<u>1,179,395</u>	<u>25.9</u>	<u>1,488,135</u>	<u>29.2</u>
<b>DIRECT LABOUR</b>	<u>1,279,765</u>	<u>28.1</u>	<u>1,583,987</u>	<u>31.1</u>
<b>FACTORY OVERHEAD</b>				
Amortization	569,282	12.5	572,508	11.2
Insurance	47,969	1.1	52,548	1.0
Repairs & Maintenance - Machinery	74,311	1.6	141,687	2.8
Selling Costs	-	-	307	-
Employee Benefits	500,647	11.0	549,345	10.8
Other Direct Costs	289,856	6.4	298,691	5.9
	<u>1,482,065</u>	<u>32.5</u>	<u>1,615,086</u>	<u>31.7</u>
Work in process inventory, beginning of year	3,941,225	86.4	4,687,208	92.0
	<u>1,447,140</u>	<u>31.7</u>	<u>1,316,043</u>	<u>25.8</u>
	5,388,365	118.1	6,003,251	117.9
Work in process inventory, end of year	(1,592,319)	(34.9)	(1,447,140)	(28.4)
Cost of goods manufactured	<u><u>3,796,046</u></u>	<u><u>83.2</u></u>	<u><u>4,556,111</u></u>	<u><u>89.5</u></u>

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(SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS)

# BOGDON & GROSS FURNITURE COMPANY LIMITED

## STATEMENT OF EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2012

	2012		2011	
	\$	%	\$	%
<b>EXPENSES</b>				
Advertising	64,645	1.4	61,828	1.2
Amortization	13,242	0.3	16,256	0.3
Bad Debts (Recoverable)	3,000	0.1	(4,284)	(0.1)
Bank Charges & Interest	234,245	5.1	222,024	4.4
Commissions	191,424	4.2	154,696	3.0
Foreign Exchange	598	-	820	-
Interest - Long Term	14,762	0.3	21,472	0.4
Leases	11,804	0.3	11,804	0.2
Licenses & Fees	1,358	-	909	-
Office & Postage	33,637	0.7	48,607	1.0
Professional	114,133	2.5	153,059	3.0
Salaries - Office	231,143	5.1	215,816	4.2
Salaries - Sales	6,101	0.1	49,740	1.0
Telephone	10,756	0.2	10,081	0.2
Training	107	-	513	-
Travel	9,522	0.2	36,489	0.7
RED Rebate (Government Grant)	(46,586)	(1.0)	(114,449)	(2.2)
	<u>893,891</u>	<u>19.6</u>	<u>885,381</u>	<u>17.4</u>

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(SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS)

# BOGDON & GROSS FURNITURE COMPANY LIMITED

## STATEMENT OF CASH FLOW FOR THE YEAR ENDED DECEMBER 31, 2012

	2012	2011
	\$	\$
<b>CASH PROVIDED BY (USED FOR):</b>		
<b>OPERATING ACTIVITIES</b>		
Net Loss for the year	(232,764)	(200,557)
Items not involving cash		
Depreciation of Capital Assets	124,323	133,849
Amortization of Deferred Charges	458,201	454,915
Future Income Taxes	10,494	(41,971)
	360,254	346,236
Changes in		
Accounts Receivable	(134,639)	412,758
Inventory	(27,935)	(105,766)
Prepaid Expenses	4,517	(18,394)
Accounts Payable and Accruals	(75,784)	195,749
Income Taxes Recoverable	7,628	(31,717)
SRED Note	(155,000)	155,000
	(20,959)	953,866
<b>FINANCING ACTIVITIES</b>		
Long Term Liabilities Repaid	(100,747)	(20,709)
Long Term Liabilities Incurred	339,217	37,314
Proceeds from Related Parties	100,434	93,800
Bank Advances (Repayments)	104,522	(433,321)
Reduction of Capital Lease Financing	-	(126,306)
Proceeds From Capital Lease Financing	-	76,115
	443,426	(373,107)
<b>INVESTING ACTIVITIES</b>		
Purchase of Capital Assets (Note 2)	(68,480)	(144,948)
Other Assets	(438,736)	(444,222)
	(507,216)	(589,170)
<b>DECREASE IN CASH DURING YEAR</b>	(84,749)	(8,410)
<b>CASH AT BEGINNING OF YEAR</b>	13,109	21,519
<b>CASH (DEFICIENCY) AT END OF YEAR</b>	(71,640)	13,109

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(SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS)**

# BOGDON & GROSS FURNITURE COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2012

### 1. INVENTORY

	2012	2011
	\$	\$
Raw materials	263,274	279,650
Work in process - Unfinished components	761,740	574,558
Work in process - Finished components	830,579	872,582
Finished goods	52,788	153,656
	<u>1,908,381</u>	<u>1,880,446</u>

### 2. CAPITAL ASSETS

	Cost	2012 Accum. Amort.	Net	2011 Net
	\$	\$	\$	\$
Land	6,970	-	6,970	6,970
Buildings	719,764	451,060	268,704	210,533
Parking Lot	10,015	6,599	3,416	3,556
Equipment	3,369,816	2,542,503	827,313	915,050
Furniture & Fixtures	414,680	355,945	58,735	71,976
Vehicles	133,260	102,222	31,038	42,895
Leasehold Improvements	11,376	10,275	1,101	2,143
	<u>4,665,881</u>	<u>3,468,604</u>	<u>1,197,277</u>	<u>1,253,123</u>

During the year ended December 31, 2012 capital assets were acquired at an aggregate cost of \$68,480 of which nil were acquired by means of long term debt. Cash payments of \$68,480 were made to purchase capital assets.

### 3. OTHER ASSETS

	Cost	2012 Accum. Amort.	Net	2011 Net
	\$	\$	\$	\$
Deferred charges	3,370,198	2,626,807	743,391	762,853
	<u>3,370,198</u>	<u>2,626,807</u>	<u>743,391</u>	<u>762,853</u>

PREPARED WITHOUT AUDIT - SEE NOTICE TO READER

# BOGDON & GROSS FURNITURE COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2012

### 4. LONG TERM LIABILITIES AND CAPITAL LEASES

	2012 \$	2011 \$
Volkswagen Golf Financing Loan - 3.9%, repayable in monthly installments of \$686 principal and interest. Due April 2016.	25,674	32,748
Equilease - 11.4%, repayable in monthly installments of \$921 principal and interest. Due April 2015.	21,687	29,835
Equilease - 12%, repayable in monthly installments of \$1,111 principal and interest. Due November 2014.	23,096	33,466
SBDC#2 Term Loan, Due 2014.	96,468	-
Notes Payable, various unsecured creditors with interest rates ranging from 0 to 4.8% and expire December 2017. Total expected payments for 2013 is \$146,060	493,946	363,088
BCFD Term Loan, Due 2014. Total expected payments for 2013 is \$6,749.	97,504	-
Loan Payable, Porter Lumber, no interest or payments scheduled.	73,269	73,269
Loan Payable, Porter Lumber, no interest and expected payments for 2013 is \$6,000.	84,058	84,058
Loan payable, BE Grein, total expected payments for 2013 is \$6,000.	78,148	63,760
Loan payable, Ross Nelson, prime plus 3% interest annually, payable \$1,209 interest monthly, due December 2013. Secured by certain plant equipment.	241,749	241,749
Obligation under capital lease - 10%, repayable in monthly installments of \$1,685 principal and interest. Due July 2013.	12,586	30,495
Obligation under capital lease - 10%, repayable in monthly installments of \$1,580 principal and interest.	-	9,894
Obligation under capital lease - 15.09%, repayable in monthly installments of \$920 principal and interest. Due October 2013.	8,603	17,594
Obligation under capital lease - 4.12%, repayable in monthly installments of \$205 principal and interest. Due June 2014.	3,575	5,832
Obligation under capital lease - 7.75%, repayable in monthly installments of \$1,198 principal and interest.	-	1,124
Obligation under capital lease - 15%, repayable in monthly installments of \$800 principal and interest. Due February 2014.	9,752	17,256
Obligation under capital lease - 17%, repayable in monthly installments of \$338 principal and interest. Due January 2014.	3,918	7,019
Obligation under capital lease - 15%, repayable in monthly installments of \$960 principal and interest. Due June 2013.	4,632	14,604
Obligation under capital lease - 9%, repayable in monthly installments of \$6,000 principal and interest.	-	14,403
Due to 2110785 Ontario Inc. (Related Party)	310,724	210,290

PREPARED WITHOUT AUDIT - SEE NOTICE TO READER



# BOGDON & GROSS FURNITURE COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2012

	1,589,389	1,250,484
Current Portion of Long Term Liabilities	255,554	163,096
	1,333,835	1,087,388

Obligations under capital leases are secured by certain plant equipment.

### 5. CAPITAL STOCK

	2012	2011
	\$	\$
<b>Authorized -</b>		
Unlimited Class A special shares, non-voting, with a stated value of \$10 per share. Each share is entitled to an 8% non-cumulative dividend and is redeemable and retractable at \$190 per share.		
Unlimited Class B special shares, non-voting with a stated value of \$10 per share. Each share is entitled to a non-cumulative dividend payable at the discretion of the board of directors and is redeemable and retractable at \$190 per share.		
Unlimited Class A common shares		
Unlimited Class B common shares		
<b>Issued -</b>		
866 Class A special shares	8,660	8,660
5,930 Class B special shares	59,300	59,300
866 Class A common shares	9	9
7,800 Class B common shares	78	78
	68,047	68,047

### 6. TAX LOSS

The company has available \$853,231 of deductible SR&ED expenditures. This pool of deductible expenditures can be carried forward indefinitely to be deducted in future years.

PREPARED WITHOUT AUDIT - SEE NOTICE TO READER



**BOGDON & GROSS  
FURNITURE CO. LTD.**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2010**

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# BOGDON & GROSS FURNITURE COMPANY LIMITED

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DECEMBER 31, 2010

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**Gaviller & Company** LLP  
— CHARTERED ACCOUNTANTS —

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NOTICE TO READER

---

On the basis of information provided by management, we have compiled the Balance Sheet of Bogdon & Gross Furniture Company Limited as at December 31, 2010 and the Statements of Income, Expenses and Retained Income for the year then ended.

We have not performed an audit or a review engagement in respect of these financial statements and, accordingly, we express no assurance thereon.

Readers are cautioned that these financial statements may not be appropriate for their purposes.

**GAVILLER & COMPANY** LLP  
**LICENSED PUBLIC ACCOUNTANTS**  
**WALKERTON, ONTARIO**  
**MAY 18, 2011**

---

**BOGDON & GROSS FURNITURE COMPANY LIMITED**

---

**BALANCE SHEET  
AS AT DECEMBER 31, 2010**

	2010	2009
	\$	\$
<b>ASSETS</b>		
<b>CURRENT</b>		
Bank	21,519	-
Accounts Receivable	995,058	556,405
Income Taxes Recoverable	296,817	322,897
Inventory (Note 1)	1,774,680	2,076,759
Prepaid Expenses	16,203	35,714
Future Income Taxes	140,017	95,394
	<u>3,244,294</u>	<u>3,087,169</u>
<b>CAPITAL ASSETS (Note 2)</b>	<u>1,242,025</u>	<u>1,245,273</u>
<b>OTHER ASSETS (Note 3)</b>	<u>773,547</u>	<u>708,008</u>
	<u><u>5,259,866</u></u>	<u><u>5,040,450</u></u>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Bank Overdraft	-	3,350
Loan Payable	1,070,358	648,971
Accounts Payable and Accruals	1,076,441	1,355,224
Due to Shareholder	5,000	5,000
Current Portion of Long Term Debt	242,197	368,753
	<u>2,393,996</u>	<u>2,381,298</u>
<b>LONG TERM (Note 4)</b>	<u>948,069</u>	<u>750,927</u>
	<u><u>3,342,065</u></u>	<u><u>3,132,225</u></u>
<b>SHAREHOLDER'S EQUITY</b>		
<b>CAPITAL STOCK (Note 5)</b>	68,047	68,047
<b>RETAINED INCOME</b>	1,849,754	1,840,178
	<u>1,917,801</u>	<u>1,908,225</u>
	<u><u>5,259,866</u></u>	<u><u>5,040,450</u></u>

APPROVED ON BEHALF OF THE BOARD

\_\_\_\_\_ Director

PREPARED WITHOUT AUDIT - SEE NOTICE TO READER  
(SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS)

---

**BOGDON & GROSS FURNITURE COMPANY LIMITED**

---

**STATEMENT OF RETAINED INCOME  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	2010	2009
	\$	\$
Balance at beginning of year	358,281	355,728
Contributed Surplus	1,481,897	1,481,897
Prior Period Adjustment	(38,010)	-
Retained Income, as restated	1,802,168	1,837,625
Net Income for the year	47,586	2,553
Balance at end of year	<u>1,849,754</u>	<u>1,840,178</u>

PREPARED WITHOUT AUDIT - SEE NOTICE TO READER  
(SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS)

---

**BOGDON & GROSS FURNITURE COMPANY LIMITED**

---

**STATEMENT OF INCOME  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	2010		2009	
	\$	%	\$	%
<b>REVENUES</b>				
Sales	6,233,328	101.2	5,351,223	100.9
Discounts and Volume Rebates	(96,354)	(1.6)	(88,941)	(1.7)
Other Income	25,426	0.4	39,953	0.8
	6,162,400	100.0	5,302,235	100.0
<b>COST OF SALES</b>				
Finished Goods Inventory - Beginning of year	166,989	2.7	176,790	3.3
Cost of Goods Manufactured (Page 5)	5,051,750	82.0	4,526,800	85.4
Finished Goods Inventory - End of year	(73,395)	(1.2)	(166,989)	(3.1)
	5,145,344	83.5	4,536,601	85.6
<b>GROSS PROFIT</b>	1,017,056	16.5	765,634	14.4
<b>EXPENSES</b> (Statement of Expenses)	1,035,693	16.8	796,245	15.0
<b>LOSS FROM OPERATIONS</b>	(18,637)	(0.3)	(30,611)	(0.6)
<b>OTHER INCOME</b>				
Interest Income	-	-	2,813	0.1
ATTC Credits	-	-	18,356	0.3
Rental Income	21,600	0.4	21,600	0.4
	21,600	0.4	42,769	0.8
<b>INCOME BEFORE INCOME TAXES</b>	2,963	-	12,158	0.2
<b>INCOME TAXES</b>				
Future (Recovered)	(44,623)	(0.7)	9,605	0.2
	(44,623)	(0.7)	9,605	0.2
<b>NET INCOME FOR THE YEAR</b>	47,586	0.8	2,553	-

**PREPARED WITHOUT AUDIT - SEE NOTICE TO READER  
(SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS)**



## BOGDON & GROSS FURNITURE COMPANY LIMITED

### STATEMENT OF COST OF GOODS MANUFACTURED FOR THE YEAR ENDED DECEMBER 31, 2010

	2010		2009	
	\$	%	\$	%
<b>RAW MATERIALS</b>				
Inventory - Beginning of year	383,477	6.2	404,732	7.6
Purchases	1,512,874	24.6	1,399,749	26.4
Inventory - End of year	(385,242)	(6.3)	(383,477)	(7.2)
	<u>1,511,109</u>	<u>24.5</u>	<u>1,421,004</u>	<u>26.8</u>
<b>DIRECT LABOUR</b>	<u>1,612,692</u>	<u>26.2</u>	<u>1,419,893</u>	<u>26.8</u>
<b>FACTORY OVERHEAD</b>				
Amortization	529,259	8.6	480,586	9.1
Insurance	46,352	0.8	45,908	0.9
Repairs & Maintenance - Machinery	127,464	2.1	117,248	2.2
Employee Benefits	605,306	9.8	533,564	10.1
Other Direct Costs	409,318	6.6	452,889	8.5
	<u>1,717,699</u>	<u>27.9</u>	<u>1,630,195</u>	<u>30.7</u>
	4,841,500	78.6	4,471,092	84.3
Work in process inventory, beginning of year	<u>1,526,293</u>	<u>24.8</u>	<u>1,582,001</u>	<u>29.8</u>
	6,367,793	103.3	6,053,093	114.2
Work in process inventory, end of year	<u>(1,316,043)</u>	<u>(21.4)</u>	<u>(1,526,293)</u>	<u>(28.8)</u>
Cost of goods manufactured	<u><u>5,051,750</u></u>	<u><u>82.0</u></u>	<u><u>4,526,800</u></u>	<u><u>85.4</u></u>

**PREPARED WITHOUT AUDIT - SEE NOTICE TO READER  
(SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS)**

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**BOGDON & GROSS FURNITURE COMPANY LIMITED**

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**STATEMENT OF EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	2010		2009	
	\$	%	\$	%
<b>EXPENSES</b>				
Advertising	64,967	1.1	6,953	0.1
Amortization	12,167	0.2	14,318	0.3
Bad Debts (Recoverable)	3,000	-	(4,028)	(0.1)
Bank Charges & Interest	249,643	4.1	107,016	2.0
Commissions	307,855	5.0	279,692	5.3
Foreign Exchange	2,312	-	1,248	-
Interest - Long Term	30,916	0.5	36,932	0.7
Leases	10,484	0.2	-	-
Licenses & Fees	4,827	0.1	4,272	0.1
Office & Postage	57,641	0.9	35,333	0.7
Professional	15,942	0.3	92,659	1.7
Salaries - Office	184,539	3.0	170,503	3.2
Salaries - Sales	16,729	0.3	9,277	0.2
Telephone	8,922	0.1	8,490	0.2
Training	39,155	0.6	4,455	0.1
Travel	26,594	0.4	24,130	0.5
Wages	-	-	4,995	0.1
	<u>1,035,693</u>	<u>16.8</u>	<u>796,245</u>	<u>15.0</u>

**PREPARED WITHOUT AUDIT - SEE NOTICE TO READER  
(SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS)**

# BOGDON & GROSS FURNITURE COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2010

### 1. INVENTORY

	2010	2009
	\$	\$
Raw materials	385,242	383,477
Work in process - Unfinished components	501,375	620,021
Work in process - Finished components	814,668	906,272
Finished goods	73,395	166,989
	<u>1,774,680</u>	<u>2,076,759</u>

### 2. CAPITAL ASSETS

	Cost	2010 Accum. Amort.	Net	2009 Net
	\$	\$	\$	\$
Land	6,970	-	6,970	6,970
Buildings	651,286	429,912	221,374	232,735
Parking Lot	10,015	6,314	3,701	3,851
Equipment	3,262,183	2,363,550	898,633	902,772
Furniture & Fixtures	414,680	326,447	88,233	66,247
Vehicles	95,946	76,017	19,929	28,470
Leasehold Improvements	11,376	8,191	3,185	4,228
	<u>4,452,456</u>	<u>3,210,431</u>	<u>1,242,025</u>	<u>1,245,273</u>

### 3. OTHER ASSETS

	Cost	2010 Accum. Amort.	Net	2009 Net
	\$	\$	\$	\$
Deferred charges	2,487,238	1,713,691	773,547	708,008
	<u>2,487,238</u>	<u>1,713,691</u>	<u>773,547</u>	<u>708,008</u>

PREPARED WITHOUT AUDIT - SEE NOTICE TO READER

# BOGDON & GROSS FURNITURE COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2010

### 4. LONG TERM LIABILITIES AND CAPITAL LEASES

	2010 \$	2009 \$
Loan Payable, Bell City, 6.5% interest annually, payable \$1,554 principal and interest monthly, due January 2013.	-	11,212
Notes Payable, various unsecured creditors with interest rates ranging from 0 to 4.8% and expire March 2013. Monthly repayments of \$10,164 plus interest is repayable in 2010.	364,231	228,822
Loan Payable, Porter Lumber, no interest or payments scheduled	73,269	1,920
Loan Payable, Porter Lumber, no interest or payments scheduled	92,058	132,020
Loan payable, BE Grein, payable \$2,084 principal monthly, due August 2015	70,760	-
Loan payable, Ross Nelson, prime plus 3% interest annually, payable \$6,771 principal plus interest monthly, due December 2013. Secured by certain plant equipment.	241,749	322,999
Obligation under capital lease - 10%, repayable in monthly installments of \$431 principal and interest. Due January 2011.	431	4,552
Obligation under capital lease - 10%, repayable in monthly installments of \$1,685 principal and interest. Due November 2012.	48,410	65,162
Obligation under capital lease - 10%, repayable in monthly installments of \$1,335 principal and interest. Due March 2011.	5,186	18,716
Obligation under capital lease - 10%, repayable in monthly installments of \$1,580 principal and interest. Due October 2012.	19,489	28,301
Obligation under capital lease - 11%, repayable in monthly installments of \$337 principal and interest. Due April 2011.	337	5,013
Obligation under capital lease - 11.08%, repayable in monthly installments of 1,037 principal and interest. Due October 2010.	-	8,674
Obligation under capital lease - 15.09%, repayable in monthly installments of \$920 principal and interest. Due October 2013.	25,332	-
Obligation under capital lease - 4.12%, repayable in monthly installments of \$205 principal and interest. Due June 2014.	7,998	-
Obligation under capital lease - 5.56%, repayable in monthly installments of \$405 principal and interest. Due February 2010.	-	673
Obligation under capital lease - 7.75%, repayable in monthly installments of \$1,198 principal and interest. Due December 2011.	13,027	23,976
Obligation under capital lease - 15%, repayable in monthly installments of \$800 principal and interest. Due February 2014.	23,717	-
Obligation under capital lease - 17%, repayable in monthly installments of \$338 principal and interest. Due January 2014.	9,640	-
Obligation under capital lease - 8.04%, repayable in monthly installments of \$3,387 principal and interest. Due March 2010.	-	6,641
Obligation under capital lease - 15%, repayable in monthly installments		

**PREPARED WITHOUT AUDIT - SEE NOTICE TO READER**

# BOGDON & GROSS FURNITURE COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2010

of \$960 principal and interest. Due June 2013.	23,175	-
Obligation under capital lease - 9%, repayable in monthly installments of \$6,000 principal and interest. Due March 2012.	54,967	86,351
Due to 2110785 Ontario Inc.	116,490	174,648
	1,190,266	1,119,680
Current Portion of Long Term Liabilities	242,197	368,753
	948,069	750,927

Obligations under capital leases are secured by certain plant equipment.

### 5. CAPITAL STOCK

	2010 \$	2009 \$
<b>Authorized -</b>		
Unlimited Class A special shares, non-voting, with a stated value of \$10 per share. Each share is entitled to an 8% non-cumulative dividend and is redeemable and retractable at \$190 per share.		
Unlimited Class B special shares, non-voting with a stated value of \$10 per share. Each share is entitled to a non-cumulative dividend payable at the discretion of the board of directors and is redeemable and retractable at \$190 per share.		
Unlimited Class A common shares		
Unlimited Class B common shares		
<b>Issued -</b>		
866 Class A special shares	8,660	8,660
5,930 Class B special shares	59,300	59,300
866 Class A common shares	9	9
7,800 Class B common shares	78	78
	68,047	68,047

### 6. TAX LOSS

The company has available \$633,451 of deductible SR&ED expenditures. This pool of deductible expenditures can be carried forward indefinitely to be deducted in future years.

PREPARED WITHOUT AUDIT - SEE NOTICE TO READER

This is Exhibit "Z" referred to in the Affidavit of ADAM  
HOFMANN sworn March 5, 2014

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*Commissioner for Taking Affidavits (or as may be)*

# TAB Z



February 13, 2014

CONFIDENTIAL

Bogdon & Gross Furniture Company Limited  
75 Ridout Street  
Walkerton, Ontario  
N0G 2V0

Attention: Adam Hofmann, President

Dear Sir:

**Re: Temporary Factor Facility and Demand Loan Letter**

TCE Capital Corporation ("TCE") had been providing to Bogdon & Gross Furniture Company Limited ("Assignor/Borrower") a Factor Facility pursuant to a Terms Letter dated February 9, 2012, an Extension and Terms Amendment Letter dated September 6, 2013, a Notice of Termination of Facility Letter dated January 14, 2014 and a Termination of Facility Letter dated February 10, 2014 (collectively, the "Existing Letters").

Capitalized terms used in this letter, unless otherwise defined herein or required by the context, shall have the same meanings ascribed to them in the Existing Letters.

As provided for in the Existing Letter dated February 10, 2014, the Factor Facility was terminated by TCE effective immediately as of that date.

At the request of Assignor/Borrower and in order to allow Assignor/Borrower to meet its payroll requirements due today, purchase packaging inventory and satisfy other payables, TCE has agreed to temporarily reinstate the Factor Facility and provide a temporary demand loan so as to advance to Assignor/Borrower today the aggregate amount of \$100,000, upon and subject to the following terms and conditions:

1. The Factor Facility is reinstated on a temporary basis until February 26, 2014. Until that date TCE will consider factoring accounts receivable of Assignor/Borrower acceptable to TCE in TCE's sole discretion.
2. A temporary demand loan in the principal amount of CAD\$54,501.66 (the "Temporary Demand Loan") is provided. The Temporary Demand Loan is evidenced by a demand promissory note of Assignor/Borrower dated today's date and acknowledged by Guarantors.
3. Funds advanced under the temporarily reinstated Factor Facility and the Temporary Demand Loan shall be used by Assignor/Borrower to meet payroll requirements due today, purchase packaging inventory and satisfy other immediate payables.
4. The Temporary Demand Loan shall be repaid on demand but until demanded shall be repaid out of any further advances under the temporarily reinstated Factor Facility.
5. The interest rate applicable to the Temporary Demand Loan is 21% per annum on daily balances outstanding under the Temporary Demand Loan. Interest shall be calculated monthly in arrears, both before and after maturity, default and judgment, with interest on overdue interest at the same rate as on principal, computed on the daily balance outstanding at the aforementioned rate based on the actual number of days elapsed divided by 365.



Unless earlier demanded, interest shall be payable monthly, due on the last business day of each calendar month on the balances outstanding under the Temporary Demand Loan and on any other monies due and payable hereunder, both before and after maturity, default or judgment at the interest rate set forth herein. The first payment on account of interest, unless earlier demanded, shall be on February 28, 2014.


6. On or before February 21, 2014, Assignor/Borrower to have entered into an agreement with Canada Revenue Agency ("CRA") with respect to payroll source deductions and HST, such that all outstanding amounts will be offset by the 2013 SR&ED/OITC tax credit refund, the application for which is expected to be filed by Assignor/Borrower by the end of March 2014. Any shortfall to be paid via agreement with CRA over time.
7. Assignor/Borrower is to provide TCE with a cash flow projection for the next six (6) weeks.
8. Assignor/Borrower is to forward to TCE by courier the same day as received, *in specie*, any and all cheques or other payment instruments in aggregate totaling more than \$1,000 received by or on behalf of Assignor/Borrower from account debtors.
9. Assignor/Borrower is to obtain from Saugeen Economic Development Corporation and Bruce Community Futures Development Corporation (collectively, "SEDC & BCFDC"), with whom TCE and Assignor/Borrower are parties to a Second Amended and Restated Priorities Agreement, their agreement to fully subordinate in favour of TCE and TCE's security all of SEDC & BCFDC's security in all "Manufacturing Machinery and Equipment" (as defined in the said priorities agreement *i.e.*, all goods other than inventory).
10. Assignor/Borrower shall pay to TCE on or before February 28, 2014 a non-refundable reinstatement and additional facility fee of \$7,500, of which \$2,500 will be used to pay professional appraisal fees.

To continue temporary availability of the Factor Facility and the Temporary Demand Loan, Assignor/Borrower and Guarantors are to sign this letter were indicated below and return the signed letter by fax to TCE before 5:00 p.m. E.S.T. on February 18, 2014 as their confirmation of the terms and conditions of this letter.

Notwithstanding that this letter provides for temporary reinstatement of the Factor Facility until February 26, 2014 and the Temporary Demand Loan, TCE reserves all of its rights to terminate the Factor Facility at any time earlier and to demand immediate repurchase of all uncollected accounts receivable purchased by TCE, immediate repayment of the Temporary Demand Loan and immediate payment of all other amounts payable to TCE under the Existing Letters, the Security and this letter.

Yours truly,

TCE Capital Corporation  
per:

  
Gus Baril  
President

  
Glen Dalzell  
Vice President, Sales and Marketing

Assignor/Borrower hereby accepts and agrees with the terms and conditions herein outlined and acknowledges and confirms that all security previously provided by Assignor/Borrower to TCE in connection with all or any of its existing liabilities and obligations to TCE under the Existing Letters remains in full force and effect and shall now be "Security" in respect of and continue to secure the temporarily reinstated Factor Facility, the Temporary Demand Loan and Assignor/Borrower's other obligations and liabilities provided for in this letter as well as for any other purposes for which such security may have been initially provided or may have been relied upon by TCE.

DATED at Walkerton, Ontario this \_\_\_\_ day of February, 2014.

**Bogdan & Gross Furniture Company Limited**

Print Name: \_\_\_\_\_  
*(I am authorized to bind the corporation)*  
Signature: \_\_\_\_\_  
Title: \_\_\_\_\_

We, Adam Hofmann and Dirk Peter Nielsen, the Guarantors, hereby confirm and agree that any and all security previously provided to TCE in connection with all or any of Assignor/Borrower's existing liabilities and obligations to TCE remains in full force and effect and shall now be "Security" in respect of and continue to secure the temporarily reinstated Factor Facility, the Temporary Demand Loan and Assignor/Borrower's other obligations and liabilities provided for in this letter as well as for any other purposes for which such security may have been initially provided or may have been relied upon by TCE.

Signed by Adam Hofmann this \_\_ day of February, 2014.

\_\_\_\_\_  
*(Witness to signature of Adam Hofmann)*

\_\_\_\_\_  
**Adam Hofmann**

Signed by Dirk Peter Nielsen this \_\_ day of February, 2014.

\_\_\_\_\_  
*(Witness to signature of Dirk Peter Nielsen)*

\_\_\_\_\_  
**Dirk Peter Nielsen**

This is Exhibit "AA" referred to in the Affidavit of ADAM  
HOFMANN sworn March 5, 2014

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*Commissioner for Taking Affidavits (or as may be)*

# TAB AA

Court File No. 6506/14.

**ONTARIO  
SUPERIOR COURT OF JUSTICE**

**BETWEEN:**

**SPRINGWATER MILLS LTD.**

Plaintiff

-and-

**BOGDON & GROSS FURNITURE COMPANY LIMITED**

Defendant



**STATEMENT OF CLAIM**

TO THE DEFENDANT

A LEGAL PROCEEDING HAS BEEN COMMENCED AGAINST YOU by the Plaintiff. The claim made against you is set out in the following pages.

IF YOU WISH TO DEFEND THIS PROCEEDING, you or an Ontario lawyer acting for you must prepare a Statement of Defence in Form 18A prescribed by the Rules of Civil Procedure, serve it on the Plaintiff's lawyer or, where the Plaintiff does not have a lawyer, serve it on the Plaintiff, and file it, with proof of service in this court office, WITHIN TWENTY DAYS after this Statement of Claim is served on you, if you are served in Ontario.

If you are served in another province or territory of Canada or in the United States of America, the period for serving and filing your Statement of Defence is forty days. If you are served outside Canada and the United States of America, the period is sixty days.

Instead of serving and filing a Statement of Defence, you may serve and file a Notice of Intent to Defend in Form 18B prescribed by the Rules of Civil Procedure. This will entitle you to ten more days within which to serve and file your Statement of Defence.

IF YOU FAIL TO DEFEND THIS PROCEEDING, JUDGMENT MAY BE GIVEN AGAINST YOU IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO DEFEND THIS PROCEEDING BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

IF YOU PAY THE PLAINTIFF'S CLAIM, and \$1,500.00 for costs, within the time for service and filing your Statement of Defence, you may move to have this proceeding dismissed by the court. If you believe the amount claimed for costs is excessive, you may pay the Plaintiffs' claim and \$400.00 for costs and have the costs assessed by the court.

Date: *January 15, 2014*

Issued by

*Jeanette McDougall*  
Local Registrar

Address of  
Court Office:

145 Curtis Street  
St. Thomas, Ontario N5P 3Z7

TO: Bogdon & Gross  
Furniture Company Limited  
75 Ridout Street – Box 1240  
Walkerton, Ontario N0G 2V0

THIS ACTION IS BROUGHT AGAINST YOU UNDER THE SIMPLIFIED PROCEDURE PROVIDED IN RULE 76 OF THE RULES OF CIVIL PROCEDURE.

**CLAIM**

1. The Plaintiff claims:
  - (a) The sum of \$35,659.25;
  - (b) In the alternative to (a), damages in the amount of \$35,659.25;
  - (c) Pre-judgment interest on the afore-noted amounts at the rate of twenty-five percent per annum from the 23<sup>rd</sup> day of August, 2013 to the date of judgment;
  - (d) Post-judgment interest at the rate of twenty-five percent per annum from the date of judgment to the date of payment;
  - (e) Costs of this action on a substantial indemnity basis, plus all taxes accruing thereto; and,
  - (f) Such further and other relief as this Honourable Court deems just.
2. The Plaintiff is a body duly incorporated pursuant to the laws of the Province of Ontario with head office in the County of Elgin in Province of Ontario therein and did, at all material times, operate a mill for the production and supply of cut lumber throughout Southwestern Ontario.
3. The Defendant is a body duly incorporated pursuant to the laws of the Province of Ontario with head office in the Town of Walkerton in the said Province of Ontario therein and did, at all material times, carry on business as the manufacturer of wooden furniture.

4. The Plaintiff states and the fact is that, from time to time and prior to May 30, 2013, it supplied cut lumber to the Defendant for use within its business as the manufacturer of wooden furniture.
5. The Plaintiff states and the fact is that, on or about May 30, 2013, and at the request and order of the Defendant, it supplied specified cut lumber to the Defendant, the cost of which cut lumber was \$15,949.72, exclusive of taxes.
6. The Plaintiff states that, in respect of the said cut lumber delivery and again on May 30, 2013, it issued two invoices, being invoice numbers 1105 and 1106, to the Defendant, in the combined amount of \$18,023.07, inclusive of taxes, and providing for payment by post-dated cheque for July 14, 2013. The said invoices also provided for the accrual of interest at the rate of two percent per month (twenty-five percent per annum) on accounts unpaid over thirty days.
7. The Plaintiff thereafter states and the fact is that, on or about July 9, 2013, and at the request and order of the Defendant, it supplied specified cut lumber to the Defendant, the cost of which lumber was \$14,996.12, exclusive of taxes.
8. The Plaintiff states that, in respect of the said cut lumber delivery and again on July 9, 2013, it issued two invoices, being invoice numbers 1133 and 1134, to the Defendant, in the combined amount of \$16,945.62, inclusive of taxes, and providing for payment by post-dated cheque for August 23, 2013. The said invoices also provided for the accrual of interest at the rate of two percent per month (twenty-five percent per annum) on accounts unpaid over thirty days.



9. The Plaintiff thereafter states that the Defendant failed, refused, or neglected to make payment for the said cut lumber by required post-dated cheques on both July 14, 2013 and August 23, 2013, upon which later date the combined sum of \$35,659.25 was due and owing, including interest calculated at the rate of twenty-five percent per annum on full outstanding balances owing after thirty days.
10. The Plaintiff states that the afore-noted circumstances constitute contractual default on the part of the Defendant, upon which cause it relies as against the Defendant herein.
11. Furthermore in the first alternative, the Plaintiff states that the afore-noted circumstances constitute breach of contract by the Defendant, upon which cause the Plaintiff relies as against the Defendant herein.
12. Furthermore in the second alternative, the Plaintiff states that the afore-noted circumstances constitute actionable misrepresentation by the Defendant, upon which cause the Plaintiff relies as against the Defendant herein.
13. Furthermore in the third alternative, the Plaintiff states that the afore-noted circumstances constitute unjust enrichment of the Defendant, upon which cause the Plaintiff relies as against the Defendant herein.
14. The Plaintiff states that, on the circumstances and causes of action pled above, the Defendant was and continues to be indebted to the Plaintiff in the amount of \$35,659.25 as at August 23, 2013, to which amount has accrued and will continue to accrue further interest calculated at the rate of twenty-five percent per annum to the dates of judgment and payment.

15. The Plaintiff proposes that the within action be tried in the City of St. Thomas in the County of Elgin.

January 9, 2014

**MCKENZIE LAKE LAWYERS LLP**  
1800-140 Fullarton Street  
London, Ontario N6A 5P2

**Stephen H. Gibson (24498B)**

Tel: 519-672-5666

Fax: 519-672-2674

Lawyer for the Plaintiff

Court File No. 6506/14

SPRINGWATER MILLS LTD.

v. BOGDON & GROSS FURNITURE COMPANY LIMITED

Plaintiff

Defendant

*ONTARIO*  
SUPERIOR COURT OF JUSTICE

PROCEEDING COMMENCED AT ST. THOMAS

STATEMENT OF CLAIM

MCKENZIE LAKE LAWYERS LLP  
1800-140 Fullarton Street  
London, ON N6A 5P2

Stephen Gibson (24498B)

Tel: 519-672-5666

Fax: 519-672-2674

Lawyer for the Plaintiff

This is Exhibit "BB" referred to in the Affidavit of ADAM  
HOFMANN sworn March 5, 2014

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*Commissioner for Taking Affidavits (or as may be)*

**TAB BB**



Xerox Canada Ltd.  
33 Bloor St. East  
Toronto, Ontario  
M4W 3H1

Phone: (416) 413-2805  
FAX : (416) 972-5530  
E-mail: [stephanie.grace@xerox.com](mailto:stephanie.grace@xerox.com)

January 16th, 2014  
Log No.: 957925209  
**PERSONAL & CONFIDENTIAL**

**VIA COURIER & EMAIL ([ACCOUNTING@BGFURNITURE.CA](mailto:ACCOUNTING@BGFURNITURE.CA))**

**BOGDON & GROSS  
FURNITURE COMPANY LTD.  
BOX 1240  
75 RIDEOUT ST.  
WALKERTON ON  
N0G 2V0**

Dear Sir, Madam;

**Re: Indebtedness of Bogdon & Gross Furniture Company Ltd. (collectively referred to herein as "Bogdon & Gross") to Xerox Canada Ltd. ("Xerox")**

---

Bogdon & Gross is indebted to Xerox in the amount of **\$10,060.77** (the "Indebtedness"), consisting of arrears of lease and service payments due and owing pursuant to an equipment lease between Bogdon & Gross and Xerox. Interest continues to accrue on the Indebtedness at the rate of 18% per annum from and including today's date. In addition, Xerox has incurred, and will continue to incur, legal and other costs in relation to this matter, and Xerox reserves the right to claim those against Bogdon & Gross .

Xerox hereby demands that Bogdon & Gross pay the full amount of the Indebtedness.

If by 5:00 p.m. on **January 27<sup>th</sup>, 2014** Xerox has not received payment of the full amount of the Indebtedness by way of certified cheque or bank draft payable to Xerox, or alternative payment arrangements satisfactory to Xerox have not been made, Xerox will commence legal proceedings against Bogdon & Gross and bring an application within such proceedings seeking either an injunction requiring Bogdon & Gross to deliver up the Equipment to Xerox or the appointment of a Receiver over the Equipment.

In addition to the Indebtedness, and in the event of retrieval of the Equipment by Xerox, Bogdon & Gross will be liable to Xerox for repudiation damages under the Agreement, which total **\$18,006.00** (the "Repudiation Damages"). Xerox hereby demands that immediately upon retrieval of the Equipment by Xerox, Bogdon & Gross pay the full amount of the Repudiation Damages to Xerox.

If it is necessary for Xerox to commence legal proceedings, Xerox will claim against Bogdon & Gross for the Indebtedness and interest thereon and all loss and damages suffered by Xerox as a result of Bogdon & Gross' failure to return the Equipment. Xerox will also seek to recover from Bogdon & Gross its costs of any interim application and of the action generally.



We also enclose with this letter a Form 86 Notice of Intention to Enforce Security pursuant to the provisions of Section 244 of the Bankruptcy and Insolvency Act confirming Xerox's intention to enforce its security on the expiration of ten days following the date of this letter unless Bogdon & Gross consents to an earlier enforcement. If you wish to provide such consent, please advise us immediately.

Xerox specifically reserves its right to make application to the Court to appoint an Interim Receiver under the Bankruptcy and Insolvency Act to protect its security during the demand period.

Unless payment of the Indebtedness is received, or consent to an earlier enforcement is received from you, and subject to Xerox's rights as noted above, we confirm Xerox's present intention is to proceed with the enforcement of its security without further notice to you.

As a final matter, pending payment of the Indebtedness, or the conclusion of an alternative payment arrangement, a discontinuance of service calls has been placed on your account and all further supply orders will be shipped C.O.D. only.

We trust you will give the foregoing your immediate attention.

Yours truly,

A handwritten signature in cursive script that reads "Stephanie Grace". The signature is written in black ink and is positioned above the printed name and title.

Stephanie Grace  
Legal Counsel

SG:sh

Encls.



**NOTICE OF INTENTION TO ENFORCE SECURITY**  
**(given pursuant to section 244 of the *Bankruptcy and Insolvency Act*)**

To: **Bogdon & Gross Furniture Company Ltd. (collectively referred to herein as "Bogdon & Gross")**, an insolvent person

Take notice that:

1. Xerox Canada Ltd., a secured creditor, intends to enforce its security on certain equipment and other of Bogdon & Gross .
2. The security that is to be enforced is in the form of Lease and Service Agreement(s) between Bogdon & Gross and Xerox Canada Ltd.
3. The total amount of indebtedness secured by the Security as at January 16<sup>th</sup>, 2014, is the sum of **\$10,060.77** and **\$18,006.00** in respect of liquidated repudiation damages with interest accruing thereafter at the rate(s) set forth in the corresponding agreement(s). Legal costs are also accruing in relation to the indebtedness.
4. The secured creditor will not have the right to enforce the Security until after the expiry of the 10-day period following the sending of this notice, unless the insolvent person consents to an earlier enforcement.

DATED at Toronto, this 16<sup>th</sup> day of January, 2014

Xerox Canada Ltd.



Stephanie Grace

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**CONSENT TO EARLIER ENFORCEMENT**

Bogdon & Gross, hereby acknowledge receipt of this notice and of a Demand Letter dated as of today's date and hereby waives all notice periods set out therein and all defenses available to it under law, acknowledges that the amounts set out therein are accurate, due and owing, and consents to the immediate enforcement by Xerox Canada Ltd. of its security.

Bogdon & Gross

By: \_\_\_\_\_

Date: \_\_\_\_\_





SCHEDULE A

OUTSTANDING INVOICE(S)

BOGDON & GROSS FURNITURE COMPANY LTD, BOX 1240  
75 RIDEOUT ST. WALKERTON ON N0G 2V0

<u>CUSTOMER NUMBER</u>	<u>INVOICE NUMBER</u>	<u>INVOICE DATE</u>		<u>AMOUNT OWING</u>
957925209	F44080322	12/11/09	\$	800.00
	F44497190	13/03/08		553.98
	F44606910	13/04/05		383.13
	F44709108	13/05/03		1,228.12
	F44798701	13/05/30		322.65
	L42381332	13/08/11		1,029.22
	F45202843	13/09/26		700.89
	F45332323	13/10/30		948.83
	F45446083	13/11/28		575.16
	L44477268	13/12/27		1,029.22
	L45477269	13/12/27		1,029.22
	L46477270	13/12/27		1,029.22
	F45557954	13/12/30		431.13
TOTAL			\$	<u>10,060.77</u>



SCHEDULE B

LEASED OR CONDITIONAL SALES EQUIPMENT

BOGDON & GROSS FURNITURE COMPANY LTD, BOX 1240  
75 RIDEOUT ST. WALKERTON ON N0G 2V0

<u>CONTRACT NUMBER</u>	<u>SERIAL NUMBER</u>	<u>REPUDIATION AMOUNT plus taxes if applicable</u>
445957400	DUX495975	\$ 14,138.00
	ERB077084	3,868.00
TOTAL		\$ <u>18,006.00</u>

This is Exhibit "CC" referred to in the Affidavit of ADAM  
HOFMANN sworn March 5, 2014

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*Commissioner for Taking Affidavits (or as may be)*

**TAB CC**



Industry Canada  
Office of the Superintendent  
of Bankruptcy Canada

Industrie Canada  
Bureau du surintendant  
des faillites Canada

District of Ontario  
Division No. 04 - Owen Sound  
Court No. 35-1844150  
Estate No. 35-1844150

In the Matter of the Notice of Intention to make a  
proposal of:

**Bogdon & Gross Furniture Company Ltd.**  
Insolvent Person

**ZEIFMAN PARTNERS INC.**  
Trustee

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Date of the Notice of Intention: March 04, 2014

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CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL  
Subsection 50.4 (1)

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned Insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the *Bankruptcy and Insolvency Act*.

Pursuant to subsection 69(1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

Date: March 04, 2014, 11:45

E-File/Dépôt Electronique

Official Receiver

Federal Building - London, 451 Talbot Street, Suite 303, London, Ontario, Canada, N6A5C9, (877)376-9902

**Canada**

This is Exhibit "DD" referred to in the Affidavit of ADAM  
HOFMANN sworn March 5, 2014

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*Commissioner for Taking Affidavits (or as may be)*

**TAB DD**

## SCHEDULE "B"

### SISP SCHEDULE

	<b>Event</b>	<b>Timing</b>
1.	Motion to approve sale process and investment solicitation process (the "SISP"), extend stay of proceedings, grant administration charge and DIP charge.	March 6, 2014
2.	The Proposal Trustee and the Debtor will contact potential purchasers (as identified by the Debtor and the Proposal Trustee)	Immediately upon court approval of SISP
3.	Information pertaining to this opportunity will be posted on the Proposal Trustee's website, which will include: <ul style="list-style-type: none"><li>• Invitation for Expressions of Interest letters from prospective offerees, and</li><li>• Confidentiality Agreement.</li></ul>	On or before March 14, 2014
4.	The Company, with the assistance of the Proposal Trustee, will prepare and circulate information to potential offerees	On or before March 14, 2014
5.	Advertise the SISP in <i>The Globe &amp; Mail</i> (National Edition), as well as such local, industry and other publications as considered appropriate by the Proposal Trustee	On or before March 14, 2014
6.	Deadline for submitting Expression of Interest Letters	March 24, 2014
7.	Deadline for submitting Binding Offers	April 7, 2014
8.	Selection of successful bidder and motion to seek court approval of agreement of purchase and sale and obtain a vesting order	April 21, 2014
9.	Close sale to successful purchaser(s)	On or before April 28, 2014
10.	Proposal Trustee to return all deposits other than that tendered pursuant to the successful offer	May 5, 2014



## EXPRESSION OF INTEREST AND BID PROCEDURES

Below are the procedures for expressing interest and submitting bids that will be employed for the sale of substantially all of the property, assets and undertaking of Bogdon & Gross Furniture Company Limited (the “**Assets**”, and the “**Company**”, respectively).

### **Step 1: Expression of Interest**

- The Company, with the assistance of the Proposal Trustee, will:
  - prepare a list identifying potential purchasers and investors (“**Potential Offerees**”), and
  - prepare a document (the “**Teaser Letter**”) summarizing the opportunity,
- The Company, with the assistance of the Proposal Trustee, will contact the Potential Offerees and other parties that come to its attention.
- The Teaser Letter and other information pertaining to the opportunity will be posted on the Proposal Trustee’s website [insert URL].
- A notice will be published in the national edition of *The Globe and Mail* newspaper and, at the discretion of the Company, in trade and local publications.
- A party that is interested purchasing the Assets or making an investment in the Company must deliver to the Proposal Trustee no later than 5:00 p.m. on March 24, 2014 (the “**EOI Deadline**”) a letter expressing such interest (an “**EOI**”).
- Prospective investors who deliver an EOI shall be required to identify all material terms of their proposed investment to permit evaluations of such proposal but will not be required to submit the terms and structure of their proposed investment in a predetermined prescribed format.

### **Step 2: Due Diligence**

- A party that delivers an EOI to the Proposal Trustee on or before the EOI Deadline will be referred herein as an “**Interested Party**” and are collectively referred to as “**Interested Parties**”.
- Interested Parties who execute a confidentiality agreement (a “**CA**”) in a form satisfactory to the Company and the Proposal Trustee will have an opportunity to

perform due diligence, including reviewing information in a virtual data room and touring the Facility.

- The Company, with the assistance of the Proposal Trustee, will facilitate diligence efforts by, among other things, responding to questions and coordinating tours of the Facility.

### **Step 3: Binding Offers**

- Interested Parties must submit offers no later than 5:00 p.m. on April 7, 2014 (the “**Bid Deadline**”).
- Interested Parties seeking to acquire the assets will be able to refer to a template asset purchase agreement (“**APA**”) that will be posted in the data room. Interested Parties seeking to purchase the Assets must submit offers in the form of the APA, with any changes black-lined against the APA (a “**Bid**”).
- A Bid shall:
  - Include a refundable cash deposit in in the form of a wire transfer (to a bank account specified by the Proposal Trustee) or such other form of deposit as is acceptable to the Proposal Trustee, payable to the Order of the Proposal Trustee, in trust, in an amount equal to 10% (the “**Deposit**”) of the purchase price or investment amount. The Deposit will either (i) be applied to satisfy the purchase price; or (ii) be forfeited to the Company in the event that the Successful Bidder (defined below) breaches its obligations pursuant to the Qualified Bid or an Accepted Bid (defined below).;
  - Disclose of the identity of each entity (including its ultimate shareholders) that will be bidding for the Assets or otherwise participating in a Bid and the complete terms of any such participation;
  - Provide evidence satisfactory to the Company and the Proposal Trustee of financing sufficient to close a transaction within the timelines detailed in these procedures;
  - Be irrevocable until 45 days after the date of the Bid Deadline.
  - In the case of a Bid where the consideration payable is in the form other than cash or the assumption of liabilities of the Company, the Bidder must include a detailed description of the form of consideration as well as sufficient financial information relating thereto, to enable the Company and the Proposal Trustee to access the value and liquidity of the consideration.

- The Proposal Trustee will determine in its sole discretion if a Bid meets the above criteria. A Bid that meets the above requirements will be considered a “**Qualified Bid**” and each Bidder that submits a Qualified Bid will be considered a “**Qualified Bidder**”.
- The Company, with the assistance of the Proposal Trustee, will determine which Qualified Bid (or Qualified Bids) is (or are) successful, and the Company will enter into a binding Asset Purchase Agreement on substantially the same terms as the APA (as amended by the Bid, subject to further negotiations between the Company and the Qualified Bidder) with the Qualified Bidder (the “**Successful Bidder**”) that submitted the highest and best Bid as determined by the Company in its sole discretion (with the assistance of the Proposal Trustee) (the “**Accepted Bid**”);
- The Company shall give written notice to all Qualified Bidders of the identity of the Successful Bidder and the next highest or next best Qualified Bid (the “**Back-up Bid**”);
- The Company, with the assistance of the Proposal Trustee will have the sole right to value any non-cash consideration, including the assumption of liabilities, offered in any Bid to determine whether it represents the best or highest Bid at any time.
- The Successful Bidder agrees to do all such things as are reasonably required for the Company and the Proposal Trustee to obtain Court approval of the Accepted Bid within seven (7) days of the Company’s acceptance of the Accepted Bid.
- If the Successful Bidder fails to close a purchase transaction within ten (10) days after Court approval (or such date that may otherwise be mutually agreed upon between the Company, the Proposal Trustee and the Successful Bidder), the Proposal Trustee shall be authorized but not required to deem that (a) the Successful Bidder has breached its obligations pursuant to the Accepted Bid, and (b) has forfeited its Deposit to the Company, and (c) the Company will be authorized to enter into a transaction with a party who has submitted the Back-up Bid.
- For greater certainty, Interested Parties and Qualified Bidders shall be responsible for their own fees and costs relating to their investigation and/or closing or any transaction under these procedures.

This is Exhibit "EE" referred to in the Affidavit of ADAM  
HOFMANN sworn March 5, 2014

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*Commissioner for Taking Affidavits (or as may be)*

# TAB EE

**BG Furniture Cash Flow Projections**

input here ---->

year	2014
week	11

Category	Last Week (actual)	-30 days								Total	
		Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8		
Revenues & Cash In											
Shipments		110,000	110,000	110,000	110,000	110,000	110,000	110,000	110,000	110,000	110,000
Funds available from Factor (@85%)	RPG	93,500	93,500	93,500	93,500	93,500	93,500	93,500	93,500	93,500	93,500
Cumulative available Factoring	RPG	93,500	177,000	170,500	164,000	157,500	151,000	134,500	128,000	128,000	128,000
Recovery of Reserve	RR	-	-	-	-	-	-	13,520	13,520	13,520	13,520
Funds from Factoring	AR	-	10,000	100,000	100,000	100,000	100,000	110,000	100,000	100,000	100,000
Cash Receipt	CR	-	-	-	-	-	-	-	-	-	-
DIP		300,000	-	-	-	-	-	-	-	-	-
<b>Total Cash Receipts:</b>		<b>300,000</b>	<b>10,000</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>	<b>123,520</b>	<b>113,520</b>	<b>113,520</b>	<b>947,040</b>
<b>CASH DISBURSEMENTS:</b>											
Critical		239,335	58,968	83,924	111,412	114,388	91,329	130,145	98,442	98,442	927,943
Payroll (net)	P	137,711	-	32,800	-	65,100	-	67,500	-	-	303,111
Benefits	B	3,429	4,200	200	3,200	200	4,200	-	3,000	-	18,429
Source deduction remittances	S	-	-	-	13,000	-	23,400	-	-	-	36,400
HST	HST	-	-	5,000	-	-	-	5,000	-	-	25,000
EHT	EHT	-	-	-	-	-	-	-	-	-	-
WSIB	WSIB	-	-	-	-	-	-	-	-	-	8,000
Professional Fees	Z	30,000	10,000	5,000	5,000	5,000	5,000	7,500	7,500	7,500	75,000
Utilities	U	15,900	1,000	1,150	14,000	8,750	14,900	2,150	-	-	57,850
Maintenance & Repairs	R	1,000	500	500	500	500	500	500	500	500	4,500
Capital Leases	L	4,354	-	859	2,305	-	2,049	-	3,164	-	12,730
Loan Payments	LTD	-	-	-	-	-	-	-	1,300	-	1,300
Commissions	C	-	-	-	12,000	-	-	-	-	-	12,000
Interest Costs on DIP	I	-	-	-	13,523	-	-	-	14,199	-	27,722
<b>Materials</b>											
Lumber	ML	19,857	16,000	16,000	16,000	16,000	19,000	19,000	19,000	19,000	140,857
Hardware	MH	8,607	5,975	3,570	4,705	5,118	5,560	5,000	5,000	5,000	43,535
Finishing	MF	5,500	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	33,500
Packaging	MP	995	8,625	525	8,925	525	8,025	525	8,025	8,025	36,170
Upholstery	MU	550	480	400	400	400	400	400	400	400	3,430
Glass	MG	1,100	1,500	1,500	1,800	1,500	1,500	1,500	-	-	10,400
Glue & Adhesive	MA	800	-	500	500	-	-	-	-	-	1,300
Sandpaper	MS	-	793	-	350	350	350	350	350	350	2,543
Other	M	-	-	-	-	-	-	-	-	-	-
Tooling	T	75	450	-	500	-	-	-	-	-	1,025
Freight	F	5,250	250	6,600	250	5,250	250	7,600	250	250	25,700
Other		-	-	-	-	-	-	-	-	-	-
Marketing	MK	-	-	-	-	-	-	-	-	-	-
Office Supplies & Admin	A	4,207	5,195	5,820	10,454	1,695	2,195	9,120	8,754	8,754	47,441
Uncategorized		-	-	-	-	-	-	-	-	-	-
<b>Total Cash Disbursements:</b>		<b>239,335</b>	<b>58,968</b>	<b>83,924</b>	<b>111,412</b>	<b>114,388</b>	<b>91,329</b>	<b>130,145</b>	<b>98,442</b>	<b>98,442</b>	<b>927,943</b>
out of balance (data error)		-	-	-	-	-	-	-	-	-	-
<b>Net Cash Flow</b>		<b>60,665</b>	<b>-48,968</b>	<b>16,076</b>	<b>-11,412</b>	<b>-14,388</b>	<b>8,671</b>	<b>-6,625</b>	<b>15,078</b>	<b>15,078</b>	<b>19,097</b>
<b>Cumulative</b>		<b>60,665</b>	<b>11,696</b>	<b>27,772</b>	<b>16,360</b>	<b>1,973</b>	<b>10,644</b>	<b>4,019</b>	<b>19,097</b>	<b>19,097</b>	<b>19,097</b>

This is Exhibit "FF" referred to in the Affidavit of ADAM HOFMANN sworn March 5, 2014

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*Commissioner for Taking Affidavits (or as may be)*

# TAB FF



**SCHEDULE "A"**

**DIP FACILITY TERM SHEET**

**Dated March 4, 2014**

**WHEREAS**, on March 3, 2014 a Notice of Intention to make a Proposal was lodged with the Official Receiver pursuant to the *Bankruptcy and Insolvency Act* (Canada) (the "**BIA**") in respect of Bogdon & Gross Furniture Company Limited (the "**Borrower**");

**AND WHEREAS**, the Borrower has requested that the DIP Lender (as defined below) provide it funding in order to assist with certain of its restructuring obligations in accordance with the terms set out herein;

**NOW THEREFORE**, the parties, in consideration of the foregoing and the mutual agreements contained herein (the receipt and sufficiency of which are hereby acknowledged), agree as follows:

<b>DIP BORROWER:</b>	Bogdon & Gross Furniture Company Limited
<b>DIP LENDER:</b>	RPG Receivables Purchase Group Inc. (the " <b>DIP Lender</b> ").
<b>PURPOSE / USE OF PROCEEDS:</b>	To provide for the (i) liquidity needs of the Borrower; and (ii) Restructuring Costs (as defined below).
<b>MAXIMUM AMOUNT</b>	The maximum aggregate amount available under this super priority credit facility (the " <b>DIP Facility</b> ") is \$300,000 (" <b>Maximum Amount</b> ").
<b>MATURITY DATE</b>	The " <b>Maturity Date</b> " shall be the date that is the earliest of: (i) sixty (60) days from the date the Court enters the DIP Order (as defined below), and (ii) such earlier date upon which repayment is required due to the occurrence of an Event of Default (as defined below). The Maturity Date may be extended at the request of the Borrower and with the consent of the DIP Lender for additional periods of not more than 30 days and upon payment of any applicable Extension Fee (as defined below), and on such additional terms and conditions as the Borrower and DIP Lender may agree.  The commitment in respect of the DIP Facility shall expire on the Maturity Date and all amounts outstanding under the DIP Facility shall be repaid in full no later than the Maturity Date without the DIP Lender being required to make demand upon

the Borrower or to give notice that the DIP Facility has expired and the obligations are due and payable.

The Borrower may prepay amounts outstanding under the DIP Facility at any time without notice, bonus or penalty.

**DIP FACILITY:**

The DIP Facility shall be a non-revolving credit facility up to the Maximum Amount, and shall be available subject to and upon the terms and conditions set out in this term sheet (the "**Term Sheet**"). DIP Advances (as defined below) shall be deposited into the Borrower's existing accounts with • (the "**Borrower's Accounts**") and withdrawn strictly in accordance with (i) the terms hereof; (ii) the Restructuring Court Orders (as defined below); and (iii) reasonably consistent with the Cash Flow Projections attached hereto as Schedule "A" (the "**Projections**").

Funding Conditions:

After (i) a Judge of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") enters an order approving the terms of the DIP Facility (in form and substance acceptable to the DIP Lender in its sole and absolute discretion) (the "**DIP Order**"), and (ii) the satisfaction of the additional conditions precedent noted below, the DIP Lender shall fund DIP Advances (as defined below) on the terms and conditions set out in this Term Sheet (the "**DIP Funding**"); *provided, however*, that the DIP Lender shall not be obligated to provide any DIP Funding or further DIP Funding if any one or more of the following occurs: (a) the DIP Order has been vacated, stayed or otherwise caused to become ineffective or is amended in a manner not acceptable to the DIP Lender (such consent not to be unreasonably withheld), (b) a Default or Event of Default has occurred and is continuing under the DIP Facility, or (c) the Court has not entered the DIP Order on or before March 7, 2014.

**ADVANCES AND AVAILABILITY:**

The DIP Facility is to operate as a non-revolving loan facility and the amount of any loan advance under the DIP Facility (a "**DIP Advance**" and

together with more than one DIP Advance, "**DIP Advances**") that is repaid may not be re-borrowed except as expressly prescribed below in the Mandatory Prepayments section. The aggregate amount of DIP Advances outstanding shall not exceed the Maximum Amount.

All DIP Advances are to be paid to or to the benefit of the Borrower by payment into the Borrower's Account. The Borrower will provide at least two (2) Business Days' written notice in respect of any proposed request for a DIP Advance.

**INTEREST RATE AND PAYMENTS:**

Interest at the DIP Rate (as defined below) shall be payable monthly, in arrears, on the first Business Day of each month on the principal balance from time to time outstanding under the DIP Facility and on any overdue interest, both before and after maturity, default or judgment, and the DIP Lender is authorized to deduct such amount as a DIP Advance under the DIP Facility.

Interest shall be calculated daily and compounded monthly for the actual number of days elapsed in the period during which it accrues based on a year of 365 or 366 days, as applicable.

**FACILITY FEE:**

The Borrower shall pay to the DIP Lender an amount equal to 1.0% of the Maximum Amount borrowed under the DIP Facility, and the DIP Lender is authorized to deduct such amount as a DIP Advance under the DIP Facility.

**EXTENSION FEE:**

One-half of a percent (0.5%) of the amount then-outstanding shall be payable to the DIP Lender upon the DIP Lender's consent to an extension of the Maturity Date (the "**Extension Fee**"), *provided, however*, there shall be no Extension Fee payable to the DIP Lender in respect of the DIP Lender's consent (if granted) to a first extension of the Maturity Date.

**DIP SECURITY:**

The DIP Facility shall be secured by a first super priority charge over all present and after acquired property, assets and undertakings of the Borrower ahead of and senior to all other creditors, interest holders, lien holders, and claimants of any kind

whatsoever (other than a court ordered administration charge in a maximum amount equal to the Administration Charge (as defined in the DIP Order) (the “**DIP Priority Charge**”), as the same may be increased from time to time, *provided however* that in the event the DIP Lender enforces the DIP Priority Charge, the DIP Lender shall first exhaust its recourses in respect of all classes of collateral other than equipment before enforcing its DIP Priority Charge in respect of the equipment.

**MANDATORY PREPAYMENTS:**

DIP Advances to the Borrower shall be repaid and the Maximum Amount shall be permanently reduced upon a sale of any of the property, assets or undertakings of the Borrower out of the ordinary course of business, in an amount equal to the net cash proceeds (for greater certainty, net of a one-time cash reserve on account of the Administration Charge, reasonable costs and closing adjustments), unless agreed otherwise with the prior written consent of the DIP Lender or unless the amount in question in any one transaction or series of transactions is less than \$10,000 and in all such transactions is less than \$25,000, in which event only the excess shall be subject to a permanent reduction as aforesaid.

**CONDITIONS PRECEDENT:**

The Lender shall have no obligation to make any DIP Advance under the DIP Facility unless and until the following conditions have been satisfied (or waived), in each case to the satisfaction of the DIP Lender:

1. The Court shall have issued the DIP Order in form and substance satisfactory to the DIP Lender, which order shall, without limitation, include:

(i) provisions approving this Term Sheet and the DIP Facility created herein and the execution and delivery by the Borrower of such other loan and security documents as the DIP Lender deems necessary or appropriate, acting reasonably (collectively,

the “**Additional DIP Documents**”);

(ii) provisions granting to the DIP Lender the DIP Priority Charge;

(iii) provisions authorizing the DIP Lender to effect registrations, filings and recordings wherever in their discretion they deem appropriate regarding the DIP Priority Charge; and

(iv) provisions providing that the DIP Priority Charge shall be valid and effective to secure all of the obligations of the Borrower to the DIP Lender without the necessity of the making of any registrations or filings and whether or not any other documents are executed by the Borrower and the DIP Lender pursuant hereto; and

2. The DIP Lender shall be satisfied that the Borrower has complied with and is continuing to comply in all material respects with all applicable laws, regulations and policies in relation to its business.

3. The DIP Lender and the Borrower shall have entered into a factoring facility in respect of previously unsecured accounts receivable, on terms satisfactory to the DIP Lender in its sole discretion.

**REPRESENTATIONS AND WARRANTIES:**

The Borrower represents and warrants to the DIP Lender, upon which the DIP Lender relies in entering into this Term Sheet, that:

(a) the transactions contemplated by this Term Sheet, including the DIP Priority Charge:

(i) are within the powers of the Borrower;

(ii) have been duly authorized by all necessary corporate and, if required, shareholder approval;

(iii) have been duly executed and delivered by or on behalf of the Borrower;

(iv) upon the granting of the DIP Order, constitute legal, valid and binding

obligations of the Borrower, enforceable in accordance with their terms;

- (v) upon the granting of the DIP Order, do not require the consent or approval of, registration or filing with, or any other action by, any governmental authority, other than filings which may be made to register or otherwise record the DIP Priority Charge; and
  - (vi) will not violate the charter documents or bylaws of the Borrower or any applicable law relating to such party; and
- (b) no commissions or other payments shall be due to any broker, consultant or other third-party in connection with the DIP Facility.

**AFFIRMATIVE COVENANTS:**

The Borrower covenants and agrees to do the following:

1. Allow the DIP Lender full access to the books and records of the Borrower on reasonable notice and during normal business hours and cause management thereof to fully co-operate with the DIP Lender.
2. Provide to the DIP Lender a weekly status update and plan regarding the restructuring process (including reports on the progress of any sale or investment process and information which may otherwise be confidential subject to same being maintained as confidential, by the DIP Lender, subject to usual exceptions).
3. Use reasonable efforts to keep the DIP Lender apprised on a timely basis of all material developments with respect to the business and affairs of the Borrower.
4. Deliver to the DIP Lender the reporting and other information from time to time reasonably requested by the DIP Lender, at the reasonable times requested and in form and substance satisfactory to the DIP Lender.
5. Use the proceeds of the DIP Facility only for

purposes consistent with (i) the Projections, and (ii) the restrictions set out herein in all material respects.

7. Maintain all cash and cash equivalents, and deposit all proceeds of receivables with such institutions and in such accounts as may be approved in advance in writing by the DIP Lender.
8. Operate the Borrower's business in the ordinary course and to the credit limits established under the DIP Facility as set out hereunder.
9. Comply with the provisions of the court orders made in connection with the BIA proceeding (the "**Restructuring Court Orders**" and each a "**Restructuring Court Order**"); provided that if any such Restructuring Court Order contravenes this Term Sheet or the Additional DIP Documents in a manner detrimental to the DIP Lender, the same shall be an Event of Default hereunder.
10. Preserve, renew and keep in full force its respective corporate existences, its respective material licenses, etc.
11. Forthwith notify the DIP Lender of the occurrence of any Default or Event of Default, or of any event or circumstance that may constitute a material adverse change.
12. Maintain at all times acceptable insurance coverage of such type, in such amounts and against such risks as is prudent for a business of an established reputation with financially sound and reputable insurers in coverage and scope acceptable to the DIP Lender.
13. Duly and punctually pay or cause to be paid to the DIP Lender all principal, interest, fees and other amounts payable by it under this Term Sheet and under any Additional DIP Documents on the dates, at the places and in

the amounts and manner set forth herein.

14. Comply in all material respects with all applicable laws, rules and regulations applicable to their businesses, including, without limitation, environmental laws.
15. Negotiate, execute and deliver the Additional DIP Documents.

**NEGATIVE COVENANTS:**

The Borrower covenants and agrees not to do the following other than with the prior written consent of the DIP Lender:

1. Transfer, lease or otherwise dispose of all or any part of its property, assets or undertaking over \$10,000 at any one time or through a series of related transactions, or more than \$25,000 in the aggregate during the period of the DIP Facility (excluding dispositions in the ordinary course of business), without the prior written consent of the DIP Lender and the Court, as applicable. For greater certainty, in the case of any transfer, lease or disposition of any property, assets or undertaking of any of the Borrower, or any affiliates or subsidiaries thereof, all proceeds of such transfer, lease or disposition shall be subject to the provisions herein under "**Mandatory Repayments**" to the extent applicable.
2. Create or permit to exist indebtedness for borrowed money other than existing (pre-filing) debt and debt contemplated by this DIP Facility.
3. Enter into any transaction with any affiliate or subsidiary or any of its or their directors, officers or senior management, or enter into or assume any employment, consulting or analogous agreement or arrangement with any of its or their directors, officers or senior management, or make any payment to any of its or their directors, officers or senior management, except in respect of a transaction or agreement or arrangement which is in the ordinary course of business of



the Borrower and which is upon fair and reasonable terms no less favourable than it would obtain in a comparable arm's-length transaction or except as permitted in the Restructuring Court Order.

4. Make any payments outside the ordinary course of business or inconsistent with the Projections, subject to the Maximum Amount available under the DIP Facility.
5. Create or permit to exist any other administrative claim which is senior to or *pari passu* with the superpriority claims of the DIP Lender, other than as provided in the Restructuring Court Order including, without limitation, the Administration Charge.
6. Amalgamate, consolidate with or merge into, or enter into any similar transaction with any other entity.
7. Other than as permitted by a Restructuring Court Order, make any payments of bonuses of any kind to any directors, officers or employees of the Borrower except where there is a contractual obligation to do so, provided that the Borrower shall be permitted to pay outstanding wages to employees.

**EVENTS OF DEFAULT:**

The occurrence of any one or more of the following events shall constitute an event of default ("**Event of Default**") under this Term Sheet:

- (a) the entry of an order dismissing the BIA proceeding, lifting the stay in the cases to permit the enforcement of any security against the Borrower, or the appointment of a receiver, interim receiver or similar official or the making of a receiving order against the Borrower, other than in respect of a non-material asset not required for the operations of the Borrower's business;
- (b) the entry of an order staying, reversing, vacating or otherwise modifying the

Additional DIP Documents, any Restructuring Court Order or the entry of an order by the Court having the equivalent effect, without the prior written consent of the DIP Lender;

- (e) failure of the Borrower to comply with any negative covenants in this Term Sheet or any other Additional DIP Documents where such failure has continued for more than three Business Days after written notice thereof from the DIP Lender to the Borrower;
- (g) the Borrower ceases or threatens to cease to carry on business in the ordinary course, except where such cessation occurs in connection with a sale of all or substantially all of the assets of the Borrower or other restructuring or reorganization of the Borrower which has been consented to by the DIP Lender;
- (i) any representation or warranty by the Borrower shall be incorrect or misleading in any material respect when made and where such failure is continuing more than three Business Days after written notice thereof from the DIP Lender to the Borrower;
- (j) any steps are taken by the Borrower to challenge the validity, enforceability or priority of the DIP Priority Charge; or
- (l) borrowings under the DIP Facility exceed the Maximum Amount.

It is acknowledged that, for the purposes of subsections (a) through (l) above, written notice may be delivered by electronic mail or facsimile transmission.

**REMEDIES:**

Upon the occurrence of an Event of Default, the DIP Lender may (i) terminate its total DIP commitment, (ii) declare the obligations in respect of the Additional DIP Documents to be immediately due and payable, (iii) apply to a court for the appointment of an interim receiver or a receiver and manager of the undertaking, property

and assets of the Borrower, or for the appointment of a trustee in bankruptcy of the Borrower, and file the Consent with the Court in support thereof, (iv) exercise the powers and rights of a secured party under the *Personal Property Security Act* (Ontario) or any legislation of similar effect applicable to the DIP Priority Charge, and (v) exercise all such other rights and remedies available to the DIP Lender under the Additional DIP Documents and the Restructuring Court Order, *provided however* that in the event the DIP Lender enforces the DIP Priority Charge, the DIP Lender shall first exhaust its recourses in respect of all classes of collateral other than equipment before enforcing its DIP Priority Charge in respect of the equipment.

**FURTHER ASSURANCES:**

The Borrower shall at its expense, from time to time do, execute and deliver, or will cause to be done, executed and delivered, all such further acts, documents (including, without limitation, certificates, declarations, affidavits, reports and opinions) and things as the DIP Lender may reasonably request for the purpose of giving effect to this Term Sheet and the DIP Priority Charge, perfecting, protecting and maintaining the Liens created by the DIP Priority Charge or establishing compliance with the representations, warranties and conditions of this Term Sheet or any other Additional DIP Documents.

**ENTIRE AGREEMENT;  
CONFLICT:**

This Term Sheet, including the Schedules hereto and the Additional DIP Documents, constitutes the entire agreement between the parties relating to the subject matter hereof. To the extent that there is any inconsistency between this Term Sheet and any of the other Additional DIP Documents, this Term Sheet shall govern.

**AMENDMENTS, WAIVERS,  
ETC.:**

No waiver or delay on the part of the DIP Lender in exercising any right or privilege hereunder or under any Additional DIP Documents will operate as a waiver hereof or thereof unless made in writing and signed by an authorized officer of the DIP Lender.

**SEVERABILITY:**

Any provision in any Additional DIP Documents which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be

ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.

**COUNTERPARTS AND  
FACSIMILE SIGNATURES:**

This Term Sheet may be executed and delivered in any number of counterparts and by email or facsimile, each of which when executed and delivered shall be deemed to be an original, and all of which when taken together shall constitute one and the same instrument. Any party may execute this Term Sheet by signing any counterpart of it.

**GOVERNING LAW AND  
JURISDICTION:**

This Term Sheet shall be governed by, and construed in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein. The Borrower irrevocably submits to the non-exclusive jurisdiction of the courts of the Province of Ontario, waives any objections on the ground of venue or *forum non conveniens* or any similar grounds, and consents to service of process by mail or in any other manner permitted by relevant law.

**CANADIAN CURRENCY:**

Unless otherwise provided, all dollar amounts are in Canadian currency.

**ADDITIONAL DEFINITIONS:**

Capitalized terms not otherwise defined herein shall have the following meanings:

“**Business Day**” means each day other than a Saturday or Sunday or a statutory or civic holiday that banks are open for business in Toronto, Ontario, Canada;

“**Default**” means an event which, with the giving of notice and/or lapse of time would constitute an Event of Default (as defined herein);

“**DIP Rate**” means the rate of interest equal to one point nine percent (1.9%) per month;

“**Liens**” means all mortgages, charges, encumbrances, hypothecs, liens and security interests of any kind or nature whatsoever; and

“**Restructuring Costs**” means all costs and

liabilities incurred by the Borrower in connection or associated with the restructuring process including, without limitation, the fees and disbursements of the Borrower and its legal counsel, and the fees and disbursements of the Proposal Trustee and its legal counsel.

IN WITNESS HEREOF, the parties hereby execute this Term Sheet as at March 4, 2014.

**BOGDON & GROSS FURNITURE COMPANY LIMITED**, as Borrower

By: \_\_\_\_\_  
Name:  
Title:

**RPG RECEIVABLES PURCHASE GROUP INC.**, as DIP Lender

By: \_\_\_\_\_  
Name:  
Title:

## TAB 3

ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST

THE HONOURABLE MADAM ) THURSDAY, THE 6th  
JUSTICE THORBURN ) DAY OF MARCH, 2014

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

ORDER

(Re: DIP Facility, Administration Charge, Factoring Charge, SISP and Extension)

THIS MOTION, made by the Bogdon & Gross Furniture Company Limited (the “Debtor”), pursuant to the *Bankruptcy and Insolvency Act*, R.S.C 1985, c B-3, as amended (the “BIA”) was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Affidavit of Adam Hofmann sworn March 5, 2014 and the Exhibits thereto (the “Hofmann Affidavit”) and on being advised that the secured creditors who are likely to be affected by the charges created herein were given notice, and on hearing the submissions of counsel for the Debtor, Zeifman Partners Inc. in its capacity as Proposal Trustee (the “Proposal Trustee”), and for •, or no one appearing for any of the other parties on the service list, although duly served as appears from the Affidavit of Service of Shallon Garrafa sworn March 5, 2014;



## SERVICE

1. **THIS COURT ORDERS** that the time for service of the Debtor's Notice of Motion and Motion Record is hereby abridged so that this Motion is properly returnable today and hereby dispenses with further service thereof.

## SUBSTITUTED SERVICE

2. **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (the "Protocol") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at [http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/#Commercial\\_List](http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/#Commercial_List)) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant Rule 16.04 of the *Rules of Civil Procedure*. Subject to Rule 3.01(d) of the *Rules of Civil Procedure* and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission.

3. **THIS COURT ORDERS** that the E-Service List Keeper (as defined in the Protocol) for the purpose of this proceeding shall be the Proposal Trustee.

## DIP FINANCING

4. **THIS COURT ORDERS** that the Debtor is hereby authorized and empowered to obtain and borrow under one or more credit facilities (collectively, the "DIP Facility") granted by RPG Receivables Purchase Group Inc. (the "DIP Lender") to be used for the purposes described in the DIP term sheet attached as Schedule "A" hereto (the "DIP Term Sheet"), provided that borrowings under such credit facility shall not exceed the amount specified in the DIP Term Sheet between the Debtor and the DIP Lender dated as of March 5, 2014, filed, unless permitted by further Order of this Court.

5. **THIS COURT ORDERS** that the DIP Facility shall be on the terms and subject to the conditions set forth in the DIP Term Sheet.

6. **THIS COURT ORDERS** that the Debtor is authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents,

guarantees and other definitive documents (collectively, the “**Definitive Documents**”), as are contemplated by the DIP Term Sheet or as may be reasonably required by the DIP Lender pursuant to the terms thereof, and the Debtor is hereby authorized and directed to pay and perform all of its indebtedness, interest, fees, liabilities and obligations to the DIP Lender under and pursuant to the DIP Term Sheet and the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

7. **THIS COURT ORDERS** that the DIP Lender shall be entitled to the benefit of and is hereby granted a charge (the “**DIP Lender’s Charge**”) on the Debtor’s current and future properties, assets and undertakings of every nature and kind whatsoever and wheresoever situate including all proceeds thereof, including the real property of the Debtor (the “**Property**”), which DIP Lender’s Charge shall not secure an obligation that exists before this Order is made. The DIP Lender’s Charge shall have the priority set out in paragraphs 17 to 21 hereof, provided that in the event that the DIP Lender enforces the DIP Lender’s Charge, the DIP Lender shall first exhaust its recourses in respect of classes of collateral other than equipment before enforcing the DIP Lender’s Charge in respect of the equipment.

8. **THIS COURT ORDERS** that, notwithstanding any other provision of this Order or the BIA (including sections 69 and 69.1):

- (a) the DIP Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP Lender’s Charge, the Factoring Charge (as defined below) or any of the Definitive Documents;
- (b) upon the occurrence of an event of default under the DIP Term Sheet, the Factoring Facility (as defined below), the Definitive Documents, the DIP Lender with leave of the Court obtained upon three (3) days’ notice to the Debtor and to the Proposal Trustee, may exercise any and all of its rights and remedies against the Debtor or the Property under or pursuant to the DIP Term Sheet, the Definitive Documents, the DIP Lender’s Charge and the Factoring Charge, including without limitation, to cease making advances to the Debtor and set off and/or consolidate any amounts owing by the DIP Lender to the Debtor against the obligations of the Debtor to the DIP Lender under the DIP Term Sheet, the Factoring Facility, the Definitive Documents or the DIP Lender’s Charge, to make demand, accelerate payment and give other notices, or

to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Debtor and for the appointment of a trustee in bankruptcy of the Debtor; and

- (c) the foregoing rights and remedies of the DIP Lender shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Debtor or the Property.

9. **THIS COURT ORDERS AND DECLARES** that the DIP Lender shall be treated as unaffected in any proposal filed by the Debtor under the BIA with respect to any advances made pursuant to the DIP Term Sheet, the Factoring Facility or the Definitive Documents.

10. **THIS COURT ORDERS** that the Debtor is authorized and empowered to enter into a factoring facility (the “**Factoring Facility**”) with the DIP Lender in respect of accounts receivable that have not previously been factored, on terms acceptable to TCE Capital Corporation, Saugeen Economic Development Corporation, Bruce Community Futures Development Corporation and the Proposal Trustee.

11. **THIS COURT ORDERS** that the DIP Lender shall be entitled to the benefit of and is hereby granted a charge (the “**Factoring Charge**”) on the Debtor’s Property, to secure any shortfall under the Factoring Facility. The Factoring Charge shall have the priority set out in paragraphs 17 to 21 hereof, provided that in the event that the DIP Lender enforces the Factoring Charge, the DIP Lender shall first exhaust its recourses in respect of classes of collateral other than equipment before enforcing the Factoring Charge in respect of the equipment.

12. **THIS COURT ORDERS, AUTHORIZES AND DIRECTS**, subject to the terms of the DIP Term Sheet and the Definitive Documents, the Debtor to pay the amounts payable to its employees in respect of outstanding salaries and wages arising prior to March 4, 2014, to an aggregate maximum of \$75,000.

13. **THIS COURT ORDERS** that (a) pending expiry of the time for filing a notice of appeal or application for leave to appeal in respect of this Order and the disposition of any motions to review, rescind or vary this Order, applications for leave to appeal or appeals from this Order (collectively, “**Challenges**”), the Debtor be and is hereby authorized to borrow funds under the DIP Facility in the amounts necessary to implement its restructuring plan and approved by the

Proposal Trustee, (b) irrespective of the disposition of any Challenges the DIP Lender shall have the benefit of the DIP Charge and all other provisions of this Order in respect of all amounts so advanced, and (c) this Order is subject to provisional execution to the extent necessary to give effect to the foregoing.

#### **ADMINISTRATION CHARGE**

14. **THIS COURT ORDERS** that the Proposal Trustee, counsel to the Proposal Trustee and counsel to the Debtor shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, by the Debtor as part of the costs of these proceedings. The Debtor is hereby authorized and directed to pay the accounts of the Proposal Trustee, counsel for the Proposal Trustee and counsel for the Debtor on a weekly basis.

15. **THIS COURT ORDERS** that the Proposal Trustee and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Proposal Trustee and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

16. **THIS COURT ORDERS** that the Proposal Trustee, counsel to the Proposal Trustee and the Debtor's counsel shall be entitled to the benefit of and are hereby granted a charge (the "Administration Charge") on the Property, which charge shall not exceed an aggregate amount of \$75,000, as security for their professional fees and disbursements incurred at the standard rates and charges of the Proposal Trustee and such counsel, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs 17 to 21 hereof.

#### **VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER**

17. **THIS COURT ORDERS** that the priorities of the Administration Charge, the DIP Lender's Charge and the Factoring Charge (collectively, the "Charges"), as among them, shall be as follows:

First – Administration Charge (to the maximum amount of \$75,000); and

Second – DIP Lender's Charge (to the maximum amount of \$300,000); and

Third – Factoring Charge (to the maximum amount of \$150,000).

18. **THIS COURT ORDERS** that the filing, registration or perfection of the Charges shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

19. **THIS COURT ORDERS** that each of the Charges shall constitute a charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, “**Encumbrances**”) in favour of any individual, firm, corporation, governmental body or agency (except statutory deemed trusts that, at law, rank in priority to all other charges), or any other entities (all of the foregoing, collectively being “**Persons**” and each being a “**Person**”).

20. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the Debtor shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Charges, unless the Debtor also obtains the prior written consent of the Proposal Trustee, the DIP Lender and the beneficiaries of the Administration Charge, or further Order of this Court.

21. **THIS COURT ORDERS** that the Charges, the DIP Term Sheet and the Definitive Documents shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the “**Chargees**”) and/or the DIP Lender thereunder shall not otherwise be limited or impaired in any way by (i) the pendency of these proceedings and the declarations of insolvency made herein; (ii) any application(s) for bankruptcy order(s) issued pursuant to the BIA, or any bankruptcy order made pursuant to such applications; (iii) the filing or deemed filing of any assignments for the general benefit of creditors made pursuant to the BIA; (iv) the provisions of any federal or provincial statutes; or (v) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an “**Agreement**”) which binds the Debtor, and notwithstanding any provision to the contrary in any Agreement:

- (a) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of the DIP Term Sheet, the Factoring Facility or the Definitive Documents shall create or be deemed to constitute a breach by the Debtor of any Agreement to which it is a party;
- (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the Debtor entering into the DIP Term Sheet, the Factoring Facility, the creation of the Charges, or the execution, delivery or performance of the Definitive Documents; and
- (c) the payments made by the Debtor pursuant to this Order, the DIP Term Sheet, the Factoring Facility or the Definitive Documents, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

22. **THIS COURT ORDERS** that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the Debtor's interest in such real property leases.

#### **THE SISP**

23. **THIS COURT ORDERS** that the sale and investment solicitation process in the form attached hereto as Schedule "B") (the "SISP") is approved.

#### **EXTENSION**

24. **THIS COURT ORDERS** that the Debtor may apply to this Court at a 9:30 am chambers attendance for an Order approving an extension of the time by which B&G must file a Proposal with the Official Receiver once the Proposal Trustee has approved the Cash Flow Projections (as defined in the Notice of Motion) and filed its Report thereon, on two (2) days' notice to the Service List, provided that no party objects to the extension.

#### **GENERAL**

25. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give

effect to this Order and to assist the Debtor, the Proposal Trustee and their respective 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 Debtor and to the Proposal Trustee, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Proposal Trustee in any foreign proceeding, or to assist the Debtor and the Proposal Trustee and their respective agents in carrying out the terms of this Order.

26. **THIS COURT ORDERS** that each of the Debtor and the Proposal Trustee be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Proposal Trustee is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

27. **THIS COURT ORDERS** that any interested party (including the Debtor and the Proposal Trustee) may apply to this Court to vary or amend this Order on not less than seven (7) days notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

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**SCHEDULE "A"**

**DIP FACILITY TERM SHEET**

**Dated March 4, 2014**

**WHEREAS**, on March 3, 2014 a Notice of Intention to make a Proposal was lodged with the Official Receiver pursuant to the *Bankruptcy and Insolvency Act* (Canada) (the "BIA") in respect of Bogdon & Gross Furniture Company Limited (the "**Borrower**");

**AND WHEREAS**, the Borrower has requested that the DIP Lender (as defined below) provide it funding in order to assist with certain of its restructuring obligations in accordance with the terms set out herein;

**NOW THEREFORE**, the parties, in consideration of the foregoing and the mutual agreements contained herein (the receipt and sufficiency of which are hereby acknowledged), agree as follows:

<b>DIP BORROWER:</b>	Bogdon & Gross Furniture Company Limited
<b>DIP LENDER:</b>	RPG Receivables Purchase Group Inc. (the " <b>DIP Lender</b> ").
<b>PURPOSE / USE OF PROCEEDS:</b>	To provide for the (i) liquidity needs of the Borrower; and (ii) Restructuring Costs (as defined below).
<b>MAXIMUM AMOUNT</b>	The maximum aggregate amount available under this super priority credit facility (the " <b>DIP Facility</b> ") is \$300,000 (" <b>Maximum Amount</b> ").
<b>MATURITY DATE</b>	<p>The "<b>Maturity Date</b>" shall be the date that is the earliest of: (i) sixty (60) days from the date the Court enters the DIP Order (as defined below), and (ii) such earlier date upon which repayment is required due to the occurrence of an Event of Default (as defined below). The Maturity Date may be extended at the request of the Borrower and with the consent of the DIP Lender for additional periods of not more than 30 days and upon payment of any applicable Extension Fee (as defined below), and on such additional terms and conditions as the Borrower and DIP Lender may agree.</p> <p>The commitment in respect of the DIP Facility shall expire on the Maturity Date and all amounts outstanding under the DIP Facility shall be repaid in full no later than the Maturity Date without the DIP Lender being required to make demand upon</p>



the Borrower or to give notice that the DIP Facility has expired and the obligations are due and payable.

The Borrower may prepay amounts outstanding under the DIP Facility at any time without notice, bonus or penalty.

**DIP FACILITY:**

The DIP Facility shall be a non-revolving credit facility up to the Maximum Amount, and shall be available subject to and upon the terms and conditions set out in this term sheet (the "Term Sheet"). DIP Advances (as defined below) shall be deposited into the Borrower's existing accounts with • (the "Borrower's Accounts") and withdrawn strictly in accordance with (i) the terms hereof; (ii) the Restructuring Court Orders (as defined below); and (iii) reasonably consistent with the Cash Flow Projections attached hereto as Schedule "A" (the "Projections").

Funding Conditions:

After (i) a Judge of the Ontario Superior Court of Justice (Commercial List) (the "Court") enters an order approving the terms of the DIP Facility (in form and substance acceptable to the DIP Lender in its sole and absolute discretion) (the "DIP Order"), and (ii) the satisfaction of the additional conditions precedent noted below, the DIP Lender shall fund DIP Advances (as defined below) on the terms and conditions set out in this Term Sheet (the "DIP Funding"); *provided, however*, that the DIP Lender shall not be obligated to provide any DIP Funding or further DIP Funding if any one or more of the following occurs: (a) the DIP Order has been vacated, stayed or otherwise caused to become ineffective or is amended in a manner not acceptable to the DIP Lender (such consent not to be unreasonably withheld), (b) a Default or Event of Default has occurred and is continuing under the DIP Facility, or (c) the Court has not entered the DIP Order on or before March 7, 2014.

**ADVANCES AND  
AVAILABILITY:**

The DIP Facility is to operate as a non-revolving loan facility and the amount of any loan advance under the DIP Facility (a "DIP Advance" and

together with more than one DIP Advance, “DIP Advances”) that is repaid may not be re-borrowed except as expressly prescribed below in the Mandatory Prepayments section. The aggregate amount of DIP Advances outstanding shall not exceed the Maximum Amount.

All DIP Advances are to be paid to or to the benefit of the Borrower by payment into the Borrower’s Account. The Borrower will provide at least two (2) Business Days’ written notice in respect of any proposed request for a DIP Advance.

**INTEREST RATE AND PAYMENTS:**

Interest at the DIP Rate (as defined below) shall be payable monthly, in arrears, on the first Business Day of each month on the principal balance from time to time outstanding under the DIP Facility and on any overdue interest, both before and after maturity, default or judgment, and the DIP Lender is authorized to deduct such amount as a DIP Advance under the DIP Facility.

Interest shall be calculated daily and compounded monthly for the actual number of days elapsed in the period during which it accrues based on a year of 365 or 366 days, as applicable.

**FACILITY FEE:**

The Borrower shall pay to the DIP Lender an amount equal to 1.0% of the Maximum Amount borrowed under the DIP Facility, and the DIP Lender is authorized to deduct such amount as a DIP Advance under the DIP Facility.

**EXTENSION FEE:**

One-half of a percent (0.5%) of the amount then-outstanding shall be payable to the DIP Lender upon the DIP Lender’s consent to an extension of the Maturity Date (the “Extension Fee”), *provided, however, there shall be no Extension Fee payable to the DIP Lender in respect of the DIP Lender’s consent (if granted) to a first extension of the Maturity Date.*

**DIP SECURITY:**

The DIP Facility shall be secured by a first super priority charge over all present and after acquired property, assets and undertakings of the Borrower ahead of and senior to all other creditors, interest holders, lien holders, and claimants of any kind

whatsoever (other than a court ordered administration charge in a maximum amount equal to the Administration Charge (as defined in the DIP Order) (the "DIP Priority Charge"), as the same may be increased from time to time, *provided however* that in the event the DIP Lender enforces the DIP Priority Charge, the DIP Lender shall first exhaust its recourses in respect of all classes of collateral other than equipment before enforcing its DIP Priority Charge in respect of the equipment.

**MANDATORY PREPAYMENTS:** DIP Advances to the Borrower shall be repaid and the Maximum Amount shall be permanently reduced upon a sale of any of the property, assets or undertakings of the Borrower out of the ordinary course of business, in an amount equal to the net cash proceeds (for greater certainty, net of a one-time cash reserve on account of the Administration Charge, reasonable costs and closing adjustments), unless agreed otherwise with the prior written consent of the DIP Lender or unless the amount in question in any one transaction or series of transactions is less than \$10,000 and in all such transactions is less than \$25,000, in which event only the excess shall be subject to a permanent reduction as aforesaid.

**CONDITIONS PRECEDENT:** The Lender shall have no obligation to make any DIP Advance under the DIP Facility unless and until the following conditions have been satisfied (or waived), in each case to the satisfaction of the DIP Lender:

1. The Court shall have issued the DIP Order in form and substance satisfactory to the DIP Lender, which order shall, without limitation, include:

(i) provisions approving this Term Sheet and the DIP Facility created herein and the execution and delivery by the Borrower of such other loan and security documents as the DIP Lender deems necessary or appropriate, acting reasonably (collectively,

the “Additional DIP Documents”);

(ii) provisions granting to the DIP Lender the DIP Priority Charge;

(iii) provisions authorizing the DIP Lender to effect registrations, filings and recordings wherever in their discretion they deem appropriate regarding the DIP Priority Charge; and

(iv) provisions providing that the DIP Priority Charge shall be valid and effective to secure all of the obligations of the Borrower to the DIP Lender without the necessity of the making of any registrations or filings and whether or not any other documents are executed by the Borrower and the DIP Lender pursuant hereto; and

2. The DIP Lender shall be satisfied that the Borrower has complied with and is continuing to comply in all material respects with all applicable laws, regulations and policies in relation to its business.

3. The DIP Lender and the Borrower shall have entered into a factoring facility in respect of previously unsecured accounts receivable, on terms satisfactory to the DIP Lender in its sole discretion.

**REPRESENTATIONS AND  
WARRANTIES:**

The Borrower represents and warrants to the DIP Lender, upon which the DIP Lender relies in entering into this Term Sheet, that:

(a) the transactions contemplated by this Term Sheet, including the DIP Priority Charge:

(i) are within the powers of the Borrower;

(ii) have been duly authorized by all necessary corporate and, if required, shareholder approval;

(iii) have been duly executed and delivered by or on behalf of the Borrower;

(iv) upon the granting of the DIP Order, constitute legal, valid and binding

obligations of the Borrower, enforceable in accordance with their terms;

- (v) upon the granting of the DIP Order, do not require the consent or approval of, registration or filing with, or any other action by, any governmental authority, other than filings which may be made to register or otherwise record the DIP Priority Charge; and
  - (vi) will not violate the charter documents or bylaws of the Borrower or any applicable law relating to such party; and
- (b) no commissions or other payments shall be due to any broker, consultant or other third-party in connection with the DIP Facility.

**AFFIRMATIVE COVENANTS:**

The Borrower covenants and agrees to do the following:

1. Allow the DIP Lender full access to the books and records of the Borrower on reasonable notice and during normal business hours and cause management thereof to fully co-operate with the DIP Lender.
2. Provide to the DIP Lender a weekly status update and plan regarding the restructuring process (including reports on the progress of any sale or investment process and information which may otherwise be confidential subject to same being maintained as confidential, by the DIP Lender, subject to usual exceptions).
3. Use reasonable efforts to keep the DIP Lender apprised on a timely basis of all material developments with respect to the business and affairs of the Borrower.
4. Deliver to the DIP Lender the reporting and other information from time to time reasonably requested by the DIP Lender, at the reasonable times requested and in form and substance satisfactory to the DIP Lender.
5. Use the proceeds of the DIP Facility only for

purposes consistent with (i) the Projections, and (ii) the restrictions set out herein in all material respects.

7. Maintain all cash and cash equivalents, and deposit all proceeds of receivables with such institutions and in such accounts as may be approved in advance in writing by the DIP Lender.
8. Operate the Borrower's business in the ordinary course and to the credit limits established under the DIP Facility as set out hereunder.
9. Comply with the provisions of the court orders made in connection with the BIA proceeding (the "Restructuring Court Orders" and each a "Restructuring Court Order"); provided that if any such Restructuring Court Order contravenes this Term Sheet or the Additional DIP Documents in a manner detrimental to the DIP Lender, the same shall be an Event of Default hereunder.
10. Preserve, renew and keep in full force its respective corporate existences, its respective material licenses, etc.
11. Forthwith notify the DIP Lender of the occurrence of any Default or Event of Default, or of any event or circumstance that may constitute a material adverse change.
12. Maintain at all times acceptable insurance coverage of such type, in such amounts and against such risks as is prudent for a business of an established reputation with financially sound and reputable insurers in coverage and scope acceptable to the DIP Lender.
13. Duly and punctually pay or cause to be paid to the DIP Lender all principal, interest, fees and other amounts payable by it under this Term Sheet and under any Additional DIP Documents on the dates, at the places and in

the amounts and manner set forth herein.

14. Comply in all material respects with all applicable laws, rules and regulations applicable to their businesses, including, without limitation, environmental laws.
15. Negotiate, execute and deliver the Additional DIP Documents.

**NEGATIVE COVENANTS:**

The Borrower covenants and agrees not to do the following other than with the prior written consent of the DIP Lender:

1. Transfer, lease or otherwise dispose of all or any part of its property, assets or undertaking over \$10,000 at any one time or through a series of related transactions, or more than \$25,000 in the aggregate during the period of the DIP Facility (excluding dispositions in the ordinary course of business), without the prior written consent of the DIP Lender and the Court, as applicable. For greater certainty, in the case of any transfer, lease or disposition of any property, assets or undertaking of any of the Borrower, or any affiliates or subsidiaries thereof, all proceeds of such transfer, lease or disposition shall be subject to the provisions herein under "Mandatory Repayments" to the extent applicable.
2. Create or permit to exist indebtedness for borrowed money other than existing (pre-filing) debt and debt contemplated by this DIP Facility.
3. Enter into any transaction with any affiliate or subsidiary or any of its or their directors, officers or senior management, or enter into or assume any employment, consulting or analogous agreement or arrangement with any of its or their directors, officers or senior management, or make any payment to any of its or their directors, officers or senior management, except in respect of a transaction or agreement or arrangement which is in the ordinary course of business of

the Borrower and which is upon fair and reasonable terms no less favourable than it would obtain in a comparable arm's-length transaction or except as permitted in the Restructuring Court Order.

4. Make any payments outside the ordinary course of business or inconsistent with the Projections, subject to the Maximum Amount available under the DIP Facility.
5. Create or permit to exist any other administrative claim which is senior to or *pari passu* with the superpriority claims of the DIP Lender, other than as provided in the Restructuring Court Order including, without limitation, the Administration Charge.
6. Amalgamate, consolidate with or merge into, or enter into any similar transaction with any other entity.
7. Other than as permitted by a Restructuring Court Order, make any payments of bonuses of any kind to any directors, officers or employees of the Borrower except where there is a contractual obligation to do so, provided that the Borrower shall be permitted to pay outstanding wages to employees.

**EVENTS OF DEFAULT:**

The occurrence of any one or more of the following events shall constitute an event of default ("Event of Default") under this Term Sheet:

- (a) the entry of an order dismissing the BIA proceeding, lifting the stay in the cases to permit the enforcement of any security against the Borrower, or the appointment of a receiver, interim receiver or similar official or the making of a receiving order against the Borrower, other than in respect of a non-material asset not required for the operations of the Borrower's business;
- (b) the entry of an order staying, reversing, vacating or otherwise modifying the



Additional DIP Documents, any Restructuring Court Order or the entry of an order by the Court having the equivalent effect, without the prior written consent of the DIP Lender;

- (e) failure of the Borrower to comply with any negative covenants in this Term Sheet or any other Additional DIP Documents where such failure has continued for more than three Business Days after written notice thereof from the DIP Lender to the Borrower;
- (g) the Borrower ceases or threatens to cease to carry on business in the ordinary course, except where such cessation occurs in connection with a sale of all or substantially all of the assets of the Borrower or other restructuring or reorganization of the Borrower which has been consented to by the DIP Lender;
- (i) any representation or warranty by the Borrower shall be incorrect or misleading in any material respect when made and where such failure is continuing more than three Business Days after written notice thereof from the DIP Lender to the Borrower;
- (j) any steps are taken by the Borrower to challenge the validity, enforceability or priority of the DIP Priority Charge; or
- (l) borrowings under the DIP Facility exceed the Maximum Amount.

It is acknowledged that, for the purposes of subsections (a) through (l) above, written notice may be delivered by electronic mail or facsimile transmission.

**REMEDIES:**

Upon the occurrence of an Event of Default, the DIP Lender may (i) terminate its total DIP commitment, (ii) declare the obligations in respect of the Additional DIP Documents to be immediately due and payable, (iii) apply to a court for the appointment of an interim receiver or a receiver and manager of the undertaking, property

and assets of the Borrower, or for the appointment of a trustee in bankruptcy of the Borrower, and file the Consent with the Court in support thereof, (iv) exercise the powers and rights of a secured party under the *Personal Property Security Act* (Ontario) or any legislation of similar effect applicable to the DIP Priority Charge, and (v) exercise all such other rights and remedies available to the DIP Lender under the Additional DIP Documents and the Restructuring Court Order, *provided however that in the event the DIP Lender enforces the DIP Priority Charge, the DIP Lender shall first exhaust its recourses in respect of all classes of collateral other than equipment before enforcing its DIP Priority Charge in respect of the equipment.*

**FURTHER ASSURANCES:**

The Borrower shall at its expense, from time to time do, execute and deliver, or will cause to be done, executed and delivered, all such further acts, documents (including, without limitation, certificates, declarations, affidavits, reports and opinions) and things as the DIP Lender may reasonably request for the purpose of giving effect to this Term Sheet and the DIP Priority Charge, perfecting, protecting and maintaining the Liens created by the DIP Priority Charge or establishing compliance with the representations, warranties and conditions of this Term Sheet or any other Additional DIP Documents.

**ENTIRE AGREEMENT;  
CONFLICT:**

This Term Sheet, including the Schedules hereto and the Additional DIP Documents, constitutes the entire agreement between the parties relating to the subject matter hereof. To the extent that there is any inconsistency between this Term Sheet and any of the other Additional DIP Documents, this Term Sheet shall govern.

**AMENDMENTS, WAIVERS,  
ETC.:**

No waiver or delay on the part of the DIP Lender in exercising any right or privilege hereunder or under any Additional DIP Documents will operate as a waiver hereof or thereof unless made in writing and signed by an authorized officer of the DIP Lender.

**SEVERABILITY:**

Any provision in any Additional DIP Documents which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be

ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.

**COUNTERPARTS AND  
FACSIMILE SIGNATURES:**

This Term Sheet may be executed and delivered in any number of counterparts and by email or facsimile, each of which when executed and delivered shall be deemed to be an original, and all of which when taken together shall constitute one and the same instrument. Any party may execute this Term Sheet by signing any counterpart of it.

**GOVERNING LAW AND  
JURISDICTION:**

This Term Sheet shall be governed by, and construed in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein. The Borrower irrevocably submits to the non-exclusive jurisdiction of the courts of the Province of Ontario, waives any objections on the ground of venue or *forum non conveniens* or any similar grounds, and consents to service of process by mail or in any other manner permitted by relevant law.

**CANADIAN CURRENCY:**

Unless otherwise provided, all dollar amounts are in Canadian currency.

**ADDITIONAL DEFINITIONS:**

Capitalized terms not otherwise defined herein shall have the following meanings:

“**Business Day**” means each day other than a Saturday or Sunday or a statutory or civic holiday that banks are open for business in Toronto, Ontario, Canada;

“**Default**” means an event which, with the giving of notice and/or lapse of time would constitute an Event of Default (as defined herein);

“**DIP Rate**” means the rate of interest equal to one point nine percent (1.9%) per month;

“**Liens**” means all mortgages, charges, encumbrances, hypothecs, liens and security interests of any kind or nature whatsoever; and

“**Restructuring Costs**” means all costs and

liabilities incurred by the Borrower in connection or associated with the restructuring process including, without limitation, the fees and disbursements of the Borrower and its legal counsel, and the fees and disbursements of the Proposal Trustee and its legal counsel.

IN WITNESS HEREOF, the parties hereby execute this Term Sheet as at March 4, 2014.

**BOGDON & GROSS FURNITURE COMPANY LIMITED**, as Borrower

By: \_\_\_\_\_  
Name:  
Title:

**RPG RECEIVABLES PURCHASE GROUP INC.**, as DIP Lender

By: \_\_\_\_\_  
Name:  
Title:

**SCHEDULE "B"**

**SISP SCHEDULE**

	<b>Event</b>	<b>Timing</b>
1.	Motion to approve sale process and investment solicitation process (the "SISP"), extend stay of proceedings, grant administration charge and DIP charge.	March 6, 2014
2.	The Proposal Trustee and the Debtor will contact potential purchasers (as identified by the Debtor and the Proposal Trustee)	Immediately upon court approval of SISP
3.	Information pertaining to this opportunity will be posted on the Proposal Trustee's website, which will include: <ul style="list-style-type: none"> <li>• Invitation for Expressions of Interest letters from prospective offerees, and</li> <li>• Confidentiality Agreement.</li> </ul>	On or before March 14, 2014
4.	The Company, with the assistance of the Proposal Trustee, will prepare and circulate information to potential offerees	On or before March 14, 2014
5.	Advertise the SISP in <i>The Globe &amp; Mail</i> (National Edition), as well as such local, industry and other publications as considered appropriate by the Proposal Trustee	On or before March 14, 2014
6.	Deadline for submitting Expression of Interest Letters	March 24, 2014
7.	Deadline for submitting Binding Offers	April 7, 2014
8.	Selection of successful bidder and motion to seek court approval of agreement of purchase and sale and obtain a vesting order	April 21, 2014
9.	Close sale to successful purchaser(s)	On or before April 28, 2014
10.	Proposal Trustee to return all deposits other than that tendered pursuant to the successful offer	May 5, 2014

## EXPRESSION OF INTEREST AND BID PROCEDURES

Below are the procedures for expressing interest and submitting bids that will be employed for the sale of substantially all of the property, assets and undertaking of Bogdon & Gross Furniture Company Limited (the “Assets”, and the “Company”, respectively).

### Step 1: Expression of Interest

- The Company, with the assistance of the Proposal Trustee, will:
  - prepare a list identifying potential purchasers and investors (“**Potential Offerees**”), and
  - prepare a document (the “**Teaser Letter**”) summarizing the opportunity,
- The Company, with the assistance of the Proposal Trustee, will contact the Potential Offerees and other parties that come to its attention.
- The Teaser Letter and other information pertaining to the opportunity will be posted on the Proposal Trustee’s website [insert URL].
- A notice will be published in the national edition of *The Globe and Mail* newspaper and, at the discretion of the Company, in trade and local publications.
- A party that is interested purchasing the Assets or making an investment in the Company must deliver to the Proposal Trustee no later than 5:00 p.m. on March 24, 2014 (the “**EOI Deadline**”) a letter expressing such interest (an “**EOI**”).
- Prospective investors who deliver an EOI shall be required to identify all material terms of their proposed investment to permit evaluations of such proposal but will not be required to submit the terms and structure of their proposed investment in a predetermined prescribed format.

### Step 2: Due Diligence

- A party that delivers an EOI to the Proposal Trustee on or before the EOI Deadline will be referred herein as an “**Interested Party**” and are collectively referred to as “**Interested Parties**”.
- Interested Parties who execute a confidentiality agreement (a “**CA**”) in a form satisfactory to the Company and the Proposal Trustee will have an opportunity to

perform due diligence, including reviewing information in a virtual data room and touring the Facility.

- The Company, with the assistance of the Proposal Trustee, will facilitate diligence efforts by, among other things, responding to questions and coordinating tours of the Facility.

### Step 3: Binding Offers

- Interested Parties must submit offers no later than 5:00 p.m. on April 7, 2014 (the “**Bid Deadline**”).
- Interested Parties seeking to acquire the assets will be able to refer to a template asset purchase agreement (“**APA**”) that will be posted in the data room. Interested Parties seeking to purchase the Assets must submit offers in the form of the APA, with any changes black-lined against the APA (a “**Bid**”).
- A Bid shall:
  - Include a refundable cash deposit in in the form of a wire transfer (to a bank account specified by the Proposal Trustee) or such other form of deposit as is acceptable to the Proposal Trustee, payable to the Order of the Proposal Trustee, in trust, in an amount equal to 10% (the “**Deposit**”) of the purchase price or investment amount. The Deposit will either (i) be applied to satisfy the purchase price; or (ii) be forfeited to the Company in the event that the Successful Bidder (defined below) breaches its obligations pursuant to the Qualified Bid or an Accepted Bid (defined below).;
  - Disclose of the identity of each entity (including its ultimate shareholders) that will be bidding for the Assets or otherwise participating in a Bid and the complete terms of any such participation;
  - Provide evidence satisfactory to the Company and the Proposal Trustee of financing sufficient to close a transaction within the timelines detailed in these procedures;
  - Be irrevocable until 45 days after the date of the Bid Deadline.
  - In the case of a Bid where the consideration payable is in the form other than cash or the assumption of liabilities of the Company, the Bidder must include a detailed description of the form of consideration as well as sufficient financial information relating thereto, to enable the Company and the Proposal Trustee to access the value and liquidity of the consideration.



- The Proposal Trustee will determine in its sole discretion if a Bid meets the above criteria. A Bid that meets the above requirements will be considered a “Qualified Bid” and each Bidder that submits a Qualified Bid will be considered a “Qualified Bidder”.
- The Company, with the assistance of the Proposal Trustee, will determine which Qualified Bid (or Qualified Bids) is (or are) successful, and the Company will enter into a binding Asset Purchase Agreement on substantially the same terms as the APA (as amended by the Bid, subject to further negotiations between the Company and the Qualified Bidder) with the Qualified Bidder (the “Successful Bidder”) that submitted the highest and best Bid as determined by the Company in its sole discretion (with the assistance of the Proposal Trustee) (the “Accepted Bid”);
- The Company shall give written notice to all Qualified Bidders of the identity of the Successful Bidder and the next highest or next best Qualified Bid (the “Back-up Bid”);
- The Company, with the assistance of the Proposal Trustee will have the sole right to value any non-cash consideration, including the assumption of liabilities, offered in any Bid to determine whether it represents the best or highest Bid at any time.
- The Successful Bidder agrees to do all such things as are reasonably required for the Company and the Proposal Trustee to obtain Court approval of the Accepted Bid within seven (7) days of the Company’s acceptance of the Accepted Bid.
- If the Successful Bidder fails to close a purchase transaction within ten (10) days after Court approval (or such date that may otherwise be mutually agreed upon between the Company, the Proposal Trustee and the Successful Bidder), the Proposal Trustee shall be authorized but not required to deem that (a) the Successful Bidder has breached its obligations pursuant to the Accepted Bid, and (b) has forfeited its Deposit to the Company, and (c) the Company will be authorized to enter into a transaction with a party who has submitted the Back-up Bid.
- For greater certainty, Interested Parties and Qualified Bidders shall be responsible for their own fees and costs relating to their investigation and/or closing or any transaction under these procedures.

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

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

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

PROCEEDING COMMENCED AT  
TORONTO

**ORDER**

(Re: DIP Facility, Administration Charge, Factoring  
Charge, SISP and Extension)

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

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

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

PROCEEDING COMMENCED AT  
TORONTO

**MOTION RECORD**  
**(VOLUME II of II)**

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