

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

ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)

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

MOTION RECORD

March 13, 2014

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Lawyers for Bogdon & Gross Furniture Company
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TO: ATTACHED SERVICE LIST

Service List
as of March 12, 2014

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Secured Creditor

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ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)

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

I N D E X

Tab	Description
1.	Notice of Motion, returnable March 14, 2014
2.	Affidavit of Adam Hofmann sworn March 12, 2014
	<u>Exhibits:</u>
A.	Order of The Honourable Madam Justice Thorburn, dated March 6, 2014
B.	Affidavit of Adam Hofmann, sworn March 5, 2014, without exhibits
C.	Notice of Intention to Make a Proposal, dated March 4, 2014
D.	Cash Flow Forecast
E.	Revised Sale and Investment Solicitation Process Procedures
F.	Blacklined Sale and Investment Solicitation Process Procedures
3.	Draft Order

TAB 1

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

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

NOTICE OF MOTION

Bogdon & Gross Furniture Company Limited (“**B&G**”) will make a Motion to a Judge presiding over the Bankruptcy Court on Friday, March 14, 2014 at 10:00 am, or as soon after that time as the Motion can be heard at the Court House, 80 Dundas Street, London, Ontario, N6A 6A3.

PROPOSED METHOD OF HEARING: The Motion is to be heard

- in writing under subrule 37.12.1(1) because it is ;
- in writing as an opposed motion under subrule 37.12.1(4);
- orally.

1. THE MOTION IS FOR:

- (a) Abridging the time for service of the Motion Record and dispensing with service on any other person other than those served;
- (b) Transferring these proceedings to the bankruptcy district of Toronto; and
- (c) Amending and replacing the Sale and Investor Solicitation Process (the “**SISP**”) attached as Schedule “B” to the Order of the Honourable Madam Justice Thorburn

dated March 6, 2014 (the “**DIP/SISP Order**”) with the SISP attached as Schedule “A” to the Draft Order filed in respect of this motion

2. THE GROUNDS FOR THE MOTION ARE:

Background

1. B&G operates as a manufacturer of high-quality furniture at its production facility located at 75 Ridout Street, Walkerton, Ontario N0G 2V0 (the “**Facility**”). The business (including its predecessors) has been in operation since 1927, and has operated from the Facility since 1938;
2. On March 4, 2014, B&G filed with the Official Receiver a Notice of Intention to Make a Proposal (the “**NOI**”);
3. Zeifman Partners Inc. was named the Proposal Trustee (in such capacity, the “**Proposal Trustee**”);
4. On March 6, 2014, an urgent motion (the “**DIP/SISP Motion**”) was brought before The Honourable Madam Justice Thorburn, of the Ontario Superior Court of Justice (Commercial List) (the “**Commercial List**”), who granted the DIP/SISP Order, which, among other things:
 - (a) Approved the DIP Commitment Letter (the “**DIP Commitment Letter**”) between B&G and RPG Receivables Purchase Group Inc. (the “**DIP Lender**”), implementing the interim financing facility (the “**DIP Facility**”);
 - (b) Authorized B&G to enter into a factoring facility (the “**Factoring Facility**”) in respect of B&G’s accounts receivables that have not previously been factored (the “**Unfactored A/R**”) with the DIP Lender on terms acceptable to TCE Capital Corporation (“**TCE**”), Saugeen Economic Development Corporation (“**SEDC**”)

and Bruce Community Futures Development Corporation (“**Bruce**” and collectively with TCE and SEDC, the “**Major Secured Creditors**”); and

- (c) Approved the SISP.

Transfer of Proceedings to Toronto

5. Subsequent to the DIP/SISP Motion, a clerk at the Commercial List Office advised my counsel that these proceedings have been commenced in London (based on the court-file number), such that the matter would need to be heard in London, unless the Court orders otherwise;
6. B&G’s funds are very limited. The cash flow forecasts supporting the DIP Facility did not contemplate the additional costs that would be incurred for travel time and travel costs for this proceeding to be in London. As a result, B&G cannot afford the increased professional fees associated with the additional travel time to attend court motions;
7. Counsel for the Proposal Trustee and for B&G are located in Toronto. As a result, conducting the proceeding in Toronto will enable counsel to deal with urgent matters on a timely basis;
8. B&G’s affairs can be more efficiently and economically administered within the bankruptcy district of Toronto. Transferring these proceedings to Toronto would be a benefit for all creditors and other stakeholders;
9. Transferring this motion would not negatively impact creditors the travel time from Walkerton to Toronto and the travel time from Walkerton to London is similar;

Amendments to SISP

10. Pursuant to the DIP/SISP Order, the Court’s approval of the Factoring Facility was subject to the agreement of the Major Secured Creditors regarding its terms;

11. Agreement upon the terms of the Factoring Facility was a condition precedent to funding under the DIP Commitment Letter;
12. The negotiations regarding the terms of the Factoring Facility took longer than anticipated, with agreement among the parties only having been reached on March 12, 2014;
13. The SISP provides that certain activities are to be completed by March 14, 2014;
14. Because of the unanticipated delays in finalizing the terms of the Factoring Facility, funding was not advanced under the DIP Facility, so B&G and the Proposal Trustee were unable to commence the SISP based on the timelines originally contemplated;
15. The SISP also contemplated that B&G would be involved in certain steps in the SISP;
16. B&G's principals have determined that they may submit a bid in the SISP;
17. Accordingly, in order to preserve and protect the fairness and integrity of the process and at the request of the Proposal Trustee, the SISP has been revised to clarify that the Proposal Trustee will undertake the SISP;
18. Sections 187(5), 187(7) of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended;
19. Rules 1.04, 2.03, 3.02, and 37 of the *Rules of Civil Procedure*, RRO 1990, Reg. 194, as amended;
20. The inherent and equitable jurisdiction of this Honourable Court;
21. Other grounds as described in the Affidavit of Adam Hofmann sworn March 13th, 2014 (the "**Hofmann Affidavit**"); and
22. Such further and other grounds as counsel may advise.

3. **THE FOLLOWING DOCUMENTARY EVIDENCE** will be used at the hearing of the Motion:

- (a) Hofmann Affidavit; and
- (b) Such further and other evidence as the lawyers may advise and this Honourable Court may permit.

March 13, 2013

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Lawyers for Bogdon & Gross Furniture Company
Limited

TO: **THE SERVICE LIST**

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

ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)

PROCEEDING COMMENCED AT
LONDON

NOTICE OF MOTION

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Lawyers for Bogdon & Gross Furniture Company Limited

TAB 2

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

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



**AFFIDAVIT OF ADAM HOFMANN
(sworn March 12, 2014)**

I, **ADAM HOFMANN**, of the Town of Hanover, in the Province of Ontario, **MAKE OATH AND SAY AS FOLLOWS:**

1. I am the President and Director of Bogdon & Gross Furniture Company Limited (“**B&G**”). As such, I have personal knowledge of the matters to which I herein depose. Where the source of my information or belief is other than my own personal knowledge, I have identified the source and the basis for my information and verily believe it to be true.

A. Relief Sought

2. This Affidavit is sworn in support of a Motion for an Order:
 - (a) Transferring these proceedings to Toronto; and
 - (b) Amending the sale and investor solicitation process (the “**SISP**”) that was approved by the Order of Madam Justice Thorburn of the Ontario Superior Court

of Justice (Commercial List) (the “**Commercial List**”) dated March 12, 2014 (the “**DIP/SISP Order**”, a copy of which is attached hereto as **Exhibit “A”**).

B. Background

3. B&G operates as a manufacturer of high-quality furniture at its production facility located at 75 Ridout Street, Walkerton, Ontario N0G 2V0 (the “**Facility**”). The business (including its predecessors) has been in operation since 1927, and has operated from the Facility since 1938.
4. Prior to February 27, 2014, B&G employed approximately 64 full time employees, and is one of the largest employers in the Walkerton, Ontario region.
5. Attached hereto as **Exhibit “B”** is a copy of my affidavit sworn March 5, 2014 (the “**First Hofmann Affidavit**”) in support of the motion before the Honourable Madam Justice Thorburn on March 6, 2014 (the “**DIP/SISP Motion**”) to obtain the DIP/SISP Order. The First Hofmann Affidavit provides information on B&G as well as a summary of, among other things, its corporate structure, assets and creditors.
6. On March 4, 2014, B&G filed with the Official Receiver a Notice of Intention to Make a Proposal, a copy of which is attached hereto as **Exhibit “C”**.
7. Zeifman Partners Inc. was named the Proposal Trustee (in such capacity, the “**Proposal Trustee**”).
8. On March 6, 2014, Madam Justice Thorburn of the Commercial List made the DIP/SISP Order, which, among other things:
 - (a) Approved the DIP Commitment Letter (the “**DIP Commitment Letter**”) between B&G and RPG Receivables Purchase Group Inc. (the “**DIP Lender**”),



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implementing the interim financing facility (the “**DIP Facility**”) attached as Schedule “A” to the DIP/SISP Order;

- (b) Authorized B&G to enter into a factoring facility (the “**Factoring Facility**”) in respect of certain B&G’s accounts receivables that have not previously been factored with the DIP Lender on terms acceptable to TCE Capital Corporation (“**TCE**”), Saugeen Economic Development Corporation (“**SEDC**”) and Bruce Community Futures Development Corporation (“**Bruce**” and collectively with TCE and SEDC, the “**Major Secured Creditors**”);
- (c) Approved the SISP attached as Schedule “B” to the DIP/SISP Order; and
- (d) Ordered that the E-Service Protocol of the Commercial List be adopted for the service of documents in respect of these proceedings.

C. Transfer of Proceedings

- 9. I am advised by Asim Iqbal, a lawyer at Pallett Valo LLP, that subsequent to the motion in respect of the DIP/SISP Order, a clerk at the Commercial List Office advised him that these proceedings have been commenced in London (based on the court-file number), such that the matter would need to be heard in London, unless the Court orders otherwise.

B&G’s Affairs can be More Economically Administered in Toronto and Sufficient Cause Arises

- 10. The First Hofmann Affidavit explains that B&G has to rely on the limited funds from the DIP Facility to pay its employees’ unpaid wages and fund its operations and restructuring efforts.
- 11. B&G’s funds are very limited. The cash flow forecasts supporting the DIP Facility did not contemplate the additional costs that would be incurred for travel time and travel costs for this proceeding to be in London. As a result, it cannot afford the increased

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professional fees associated with the additional travel time to attend court motions. Attached hereto as **Exhibit "D"** is a copy of B&G's Cash Flow Projections filed in respect of the DIP/SISP Motion.

12. In addition, the DIP Lender, TCE, the Proposal Trustee and counsel for B&G, TCE and the Proposal Trustee are located in Toronto. As a result, conducting the proceeding in Toronto will enable counsel to deal with urgent matters on a timely basis.
13. I have considered whether conducting the proceeding in Toronto rather than London would negatively impact any creditors. I have looked specifically at the travel time that would be incurred by creditors in the event that they wanted to attend Court from Walkerton.
14. Based on google maps, the travel time from Walkerton to Toronto and the travel time to London is similar and therefore I am of the view having the proceeding in Toronto does not negatively impact any creditors.

D. Amendment to SISP

Amending Timelines

15. Pursuant to the DIP/SISP Order, the Court's approval of the Factoring Facility was subject to the agreement of the Major Secured Creditors regarding its terms.
16. Entering into the Factoring Facility was a condition precedent to funding under the DIP Commitment Letter.
17. The negotiations between B&G and the Major Secured Creditors regarding the terms of the Factoring Facility took longer than expected, and an agreement was not reached until March 12, 2014. Consequently, funding was not advanced under the DIP Facility until March 12, 2014.



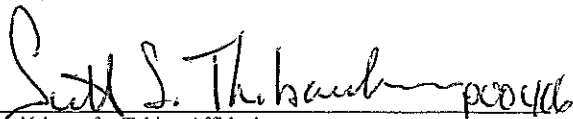
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18. The SISP provides that certain activities are to be completed by March 14, 2014, including:
- (a) Posting information about the SISP on the Proposal Trustee's website;
 - (b) Preparing and circulating information to potential offerees; and
 - (c) Advertising the SISP in the *Globe & Mail* (National Edition), as well as other local and industry publications.
19. Accordingly, the relief sought in this Motion is to extend the timelines for the SISP by one week (the "**Revised SISP**"), reflecting the delay in the commencement of funding under the DIP Facility. Attached hereto as **Exhibits "E"** and **"F"**, respectively, are copies of the Revised SISP and the Revised SISP black-lined against the SISP approved pursuant to the DIP/SISP Order.

Proposal Trustee to Control SISP

20. The original SISP also contemplated that B&G would be involved in certain steps in the SISP.
21. The principals of B&G (*i.e.* Dirk Nielsen and I) may be bidders in the sale process. Accordingly, at the request of the Proposal Trustee, the SISP has been revised to clarify that the Proposal Trustee will undertake the SISP, in order to preserve and protect the fairness and integrity of the process.
22. I swear this affidavit in support of B&G's motion for the relief requested, and for no other or improper purpose.

SWORN before me at the Town of Walkerton,
in the Province of Ontario, this 13th day of
March, 2014.



Commissioner for Taking Affidavits


ADAM HOFMANN

Scott Stewart Thibaudeau, a Commissioner, etc.,
Province of Ontario, for Mid Ontario Paralegal
Service, and for work done within
your permitted scope of practice
as a licensed paralegal in Ontario.
Expires October 25, 2014.



ST

TAB A

This is Exhibit "A" referred to in the Affidavit of ADAM
HOFMANN sworn March 12TH, 2014

Scott S. Thibaudeau

Commissioner for Taking Affidavits (or as may be)

**Scott Stewart Thibaudeau, a Commissioner, etc.,
Province of Ontario, for Mid Ontario Paralegal
Service, and for work done within
your permitted scope of practice
as a licensed paralegal in Ontario,
Expires October 25, 2014.**

*26 pages
+ 264. (35)
SA*

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE MADAME) 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"), counsel for the Proposal Trustee, counsel for TCE Capital Corporation ("TCE"), Bruce Community Futures Development Corporation, Saugeen Economic Development Corporation, and 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;

1 of 26
AT sr

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) 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,

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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 pursue its recourses in respect of classes of collateral other than equipment for a period of ninety (90) days before enforcing the DIP Lender's Charge in respect of the equipment. For greater certainty, the Property does not include pre-filing (i.e. pre-March 4) accounts receivable and related inventory of the Debtor, all of which pre-filing accounts receivable have been purchased by TCE under its now terminated factor facility for the Debtor. TCE shall be allowed to continue to receive payments from account debtors and shall account to the Debtor, the DIP Lender and the Proposal Trustee for all receipts and shall pay over to the Debtor all proceeds on account of post-filing accounts receivable, using commercially reasonable efforts. The Debtor and the DIP Lender shall account to TCE and the Proposal Trustee for any payments or returns from account debtors and pay over to TCE all proceeds on account of pre-filing accounts receivable, using commercially reasonable efforts.

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;

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- (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 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.

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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

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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

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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.

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EXTENSION

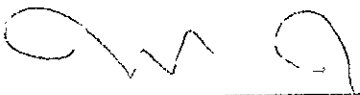
24. **THIS COURT ORDERS** that the Debtor may apply to this Court at a 9:30 am chambers attendance for an Order approving an extension of the time by which B&G must file a Proposal with the Official Receiver once the Proposal Trustee has approved the Cash Flow Projections (as defined in the Notice of Motion) and filed its Report thereon, on four (4) 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:

DIP BORROWER:	Bogdon & Gross Furniture Company Limited
DIP LENDER:	RPG Receivables Purchase Group Inc. (the "DIP Lender").
PURPOSE / USE OF PROCEEDS:	To provide for the (i) liquidity needs of the Borrower; and (ii) Restructuring Costs (as defined below).
MAXIMUM AMOUNT	The maximum aggregate amount available under this super priority credit facility (the "DIP Facility") is \$300,000 ("Maximum Amount").
MATURITY DATE	The "Maturity Date" 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

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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

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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

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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 pursue its recourses in respect of all classes of collateral other than equipment for a period of ninety (90) days 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

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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 unfactored 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,

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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.

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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

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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

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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

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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

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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 pursue its recourses in respect of all classes of collateral other than equipment for a period of ninety (90) days 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

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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

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"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.

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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:

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SCHEDULE "B"

SISP SCHEDULE

	Event	Timing
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"> ◦ Invitation for Expressions of Interest letters from prospective offerees, and ◦ Confidentiality Agreement. 	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 & 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

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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

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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.

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AT 31

- 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.

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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)

PALLET VALO LLP
Lawyers & Trade-Mark Agents
77 City Centre Drive, West Tower
Suite 300
Mississauga, Ontario
L5B 1M5

Greg Azeff (LSUC #45324C)
Asim Iqbal (LSUC #61884B)

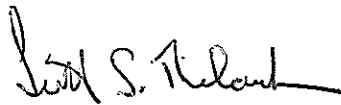
Tel: (905) 273-3300
Fax: (905) 273-6920

Lawyers for Bogdon & Gross Furniture Company Limited

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TAB B

This is Exhibit "B" referred to in the Affidavit of ADAM
HOFMANN sworn March 12th, 2014



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Commissioner for Taking Affidavits (or as may be)

Scott Stewart Thibaudeau, a Commissioner, etc.,
Province of Ontario, for Mid Ontario Paralegal
Service, and for work done within
your permitted scope of practice
as a licensed paralegal in Ontario.
Expires October 25, 2014.

19 pages
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AA ✓

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

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

AFFIDAVIT OF ADAM HOFMANN
(sworn March 5, 2014)

I, ADAM HOFMANN, of the Town of Hanover, in the Province of Ontario, MAKE OATH
AND SAY AS FOLLOWS:

1. I am the President and a director of Bogdon & Gross Furniture Company Limited ("B&G"). As such, I have personal knowledge of the matters to which I herein depose. Where the source of my information or belief is other than my own personal knowledge, I have identified the source and the basis for my information and verily believe it to be true.
2. All references to currency in this Affidavit are to Canadian Dollars, unless otherwise indicated.

I. RELIEF SOUGHT

3. This Affidavit is sworn in support of a Motion for an Order:

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- (a) Abridging the time for service of the Notice of Motion and the Motion Record and dispensing with service on any other person other than those served;
- (b) Approving and adopting by reference the E-Service Protocol of the Commercial List (the "Protocol") such that service of court documents by email in accordance with the Protocol shall be deemed valid and effective service in these proceedings;
- (c) Approving the DIP Commitment Letter (the "DIP Commitment Letter") between B&G and RPG Receivables Purchase Group Inc. (the "DIP Lender"), implementing the interim financing facility (the "DIP Facility"), granting the DIP Charge (defined below) and authorizing certain payments from advances under the DIP Facility;
- (d) Authorizing B&G to enter into a factoring facility (the "Factoring Facility") in respect of B&G's accounts receivables that have not previously been factored (the "Unfactored A/R") with the DIP Lender on terms acceptable to TCE Capital Corporation ("TCE"), Saugeen Economic Development Corporation ("SEDC") and Bruce Community Futures Development Corporation ("Bruce" and collectively with TCE and SEDC, the "Major Secured Creditors").
- (e) authorizing B&G to attend, on four (4) days' notice to the Service List, at a 9:30 a.m. chambers attendance with a Judge of the Court for the purpose of obtaining an Order approving an extension of the time for filing a proposal and extending the stay of proceedings granted upon the filing on March 4, 2014 of a Notice of Intention to Make a Proposal (the "NOI"), for a period of 45 days, to and including April 28, 2014, provided that the Proposal Trustee has approved the

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Cash Flow Projections (as defined below) and filed its Report, and provided that no party objects to the extension;

- (f) Approving a Sale and Investment Solicitation Process (the "SISP"); and
- (g) Granting the Administration Charge (defined below);

II. OVERVIEW, BUSINESS OPERATIONS AND CORPORATE STRUCTURE

A. Overview of the Business

4. B&G operates as a manufacturer of high-quality furniture at its production facility located at 75 Ridout Street, Walkerton, Ontario N0G 2V0 (the "Facility"). The business (including its predecessors) has been in operation since 1927, and has operated from the Facility since 1938.
5. Prior to February 27, 2014, B&G employed approximately 64 full time employees, and is one of the largest employers in the Walkerton, Ontario region. Of the total number of employees, approximately 50 are hourly, unionized employees (the "Hourly Employees"), who are members of the United Steelworkers of America (the "Union"). The collective agreement with Union Local 1-500 is effective from July 1, 2012 to June 30, 2016.
6. In addition to the Hourly Employees, B&G also employs administrative, sales and management staff.
7. On February 27, 2014, I advised the employees that B&G was unable to pay its payroll and sent the employees home. The majority of employees have not returned to work since.
8. B&G is under enormous pressure to resolve this situation quickly.

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B. Corporate Structure

9. B&G is a corporation incorporated pursuant to the laws of the Province of Ontario. B&G's registered office is located at the Facility. Attached hereto as Exhibit "A" is a copy of a Corporation Profile Report in respect of B&G dated March 5, 2014.
10. Dirk Nielsen ("Nielsen") is B&G's other director. Nielsen is also the vice-president and secretary. B&G has no other officers or directors.
11. All of B&G's shares are owned by 2110785 Ontario Inc. ("211"), a corporation incorporated pursuant to the laws of Ontario. Attached hereto as Exhibit "B" is a copy of 211's Corporation Profile Report dated January 20, 2014. Nielsen and I own approximately 25% and 75%, respectively, of 211's shares.

C. Assets

12. B&G's assets include the following:
 - (a) The Facility and the lands upon which the Facility is located (the "Lands"). Attached at Exhibit "C" is a copy of the Parcel Registry dated January 20, 2014 in respect of the Lands;
 - (b) Manufacturing and production equipment;
 - (c) Raw materials, work-in-progress and inventory; and
 - (d) Accounts receivable.
13. In addition, I expect that B&G will receive a Scientific Research and Experimental Development ("SRED") tax credit refund from the Government of Canada in the amount of approximately \$312,000 for the 2013 year. B&G has successfully filed and received SRED credits for the past twelve (12) years.

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D. Secured Indebtedness

14. Attached hereto as Exhibit "D" is a copy of an Enquiry Response Certificate under the *Personal Property Security Act* (Ontario) ("PPSA") dated February 4, 2014, which indicates that the following secured creditors (collectively, the "Secured Creditors") have made registrations against B&G under the PPSA:
- (a) TCE;
 - (b) Bruce;
 - (c) SEDC; and
 - (d) 211.
15. In addition to the Secured Creditors, the Enquiry Response Certificate dated February 4, 2014 indicates that the following equipment lessors (collectively, the "Equipment Lessors") have made registrations against B&G under the PPSA:
- (a) CNH Capital Canada Ltd.;
 - (b) RCAP Leasing;
 - (c) National Leasing Group Inc.;
 - (d) CIT Financial Ltd.;
 - (e) Xerox Canada Ltd. ("Xerox");
 - (f) Capital Underwriters Inc.; and
 - (g) Wells Fargo Equipment Finance Company ("Wells Fargo").
16. The Enquiry Response Certificate dated February 4, 2014 also indicates a registration by the Ontario Minister of Finance in respect of unremitted Employer Health Tax.
17. SEDC and Bruce (together SEDC and Bruce will be referred to as "SEDC/Bruce") jointly provided B&G with financing.

Discharge Letters

18. On January 28, 2014 B&G, through its legal counsel, sent letters to the parties in the table below pursuant to section 56 of the PPSA requesting each party to discharge its registration because B&G is no longer indebted to these parties (collectively, the "Discharge Letters"). A summary of the letters and associated registrations is described in the table below:

Company	Registration No.
Capital Underwriters Inc.	1. 20070508 1703 1462 0163 as renewed by registration number 20130402 1447 1462 9368; 2. 20080421 1703 1462 7026
CIT Financial Ltd.	20101108 1056 1616 0202
Wells Fargo	1. 20071114 1446 8077 4058 2. 20080114 1730 8077 9750

19. Attached hereto and marked as Exhibit "E" are true copies of the Discharge Letters.

20. B&G received discharge notices (collectively, the "Discharge Notices") from all of the parties that were sent Discharge Letters. Attached hereto as Exhibit "F" are copies of the Discharge Notices.

CRA Indebtedness

21. On February 20, 2014, the Canada Revenue Agency (the "CRA") performed an employee source deduction audit on B&G and determined that B&G is indebted to the CRA in the amount of \$400,695.06 in respect of, including penalties and accrued interest. Attached hereto as Exhibit "G" is a copy of the Examiner's Statement of Account dated February 20, 2014 from the CRA's audit.

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22. B&G is also indebted to CRA in the amount of approximately \$73,650.00 in respect of unremitted HST.

TCE Indebtedness

23. Pursuant to a Loan Agreement between TCE, B&G and Adam Hofmann ("Hofmann") dated February 21, 2012 (the "TCE Loan Agreement"), TCE provided B&G with the following credit facilities:

- (a) a factoring facility; and
- (b) a demand loan in the principal amount of \$300,000.

Attached hereto as Exhibit "H" is a copy of the TCE Loan Agreement.

24. As at the date hereof, B&G is indebted to TCE in the amount of approximately \$580,000. In addition, pursuant to the factoring facility, B&G is obligated to re-purchase uncollected factored accounts receivable at the request of TCE.
25. B&G's obligations to TCE are secured by the following:

- (a) a General Security Agreement dated February 21, 2012 (the "TCE GSA", a copy of which is attached hereto as Exhibit "I"); and
- (b) a collateral charge against the Lands in the amount of \$500,000 (the "TCE Collateral Charge", a copy of which is attached hereto as Exhibit "J").

SEDC/Bruce Indebtedness

26. B&G is indebted to SEDC/Bruce pursuant to the following financing arrangements:
- (a) Loan Agreement between SEDC/Bruce, 211, and B&G dated November 30, 2006 (the "SEDC/Bruce \$300k Loan Agreement");
 - (b) Loan Agreement between SEDC/Bruce and B&G dated February 24, 2012 (the "SEDC/Bruce \$200k Loan Agreement"); and

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(c) Loan Agreement between SEDC/Bruce and 211 and guaranteed by B&G, Hofmann and Nielsen dated July 25, 2012 (the "SRED Loan Agreement").

Attached hereto as Exhibits "K", "L" and "M", respectively, are copies of the SEDC/Bruce \$300k Loan Agreement, the SEDC Bruce \$200k Loan Agreement and the SRED Loan Agreement.

27. As of the date hereof, SEDC/Bruce are collectively owed approximately \$624,000, including principal and interest.
28. The indebtedness owing by B&G to SEDC/Bruce is secured by a:
- (a) a General Security Agreement dated February 27, 2012 (the "SEDC/Bruce GSA", a copy of which is attached hereto as Exhibit "N"); and
 - (b) a collateral charge against the Lands in the amount of \$300,000 (the "SEDC/Bruce Collateral Charge", a copy of which is attached hereto as Exhibit "O").

211 Indebtedness

29. B&G is indebted to 211 in the aggregate amount of \$500,000 pursuant to a Credit Agreement dated September 1, 2008 (the "211 Credit Agreement") which is a \$500,000 revolving credit facility, pursuant to which the following promissory notes were issued by B&G in favour of 211 (collectively with the 211 Credit Agreement, the "211 Loan Documents"):

- (a) Loan Agreement dated September 3, 2008, which is an interest-only (at 7% per annum) loan in the amount of \$100,000;
- (b) Loan Agreement dated September 3, 2008, which is an interest-only (at 7% per annum) loan in the amount of \$50,000;

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- (c) Loan Agreement dated March 1, 2011, which is an interest-only (at the prime rate plus 2%) loan in the amount of \$90,000;
 - (d) Loan Agreement dated March 1, 2011, which is an interest-only (at the prime rate plus 2%) loan in the amount of \$50,000;
 - (e) Loan Agreement dated December 31, 2013, which is an interest-only (at 7% per annum) loan in the amount of \$110,000; and
 - (f) Loan Agreement dated December 31, 2013, which is an interest-only (at 7% per annum) loan in the amount of \$100,000.
30. Copies of the 211 Loan Documents are attached hereto as **Exhibit "P"**.
31. The indebtedness owing by B&G to 211 is secured by a:
- (a) A General Security Agreement dated September 1, 2008 (the "211 GSA", a copy of which is attached hereto as **Exhibit "Q"**); and
 - (b) A collateral charge against the Lands in the amount of \$500,000 (the "211 Collateral Charge", a copy of which is attached hereto as **Exhibit "R"**).

Inter-creditor Agreements

32. Pursuant to the Amended and Restated Priorities Agreement between and among SEDC/Bruce, TCE and B&G dated August 3, 2012 (the "SEDC/Bruce/TCE Priorities Agreement", a copy of which is attached hereto as **Exhibit "S"**), the parties agreed as follows:
- (a) SEDC/Bruce has priority over TCE over all personal property except inventory, to a maximum of \$200,000;
 - (b) SEDC/Bruce has priority over TCE over the Lands, to a maximum of \$300,000;

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- (c) SEDC/Bruce has priority over TCE over B&G's SRED and Ontario Innovation Tax credits for the period between January 1, 2012 to December 31, 2013; and
- (d) In all other instances, TCE has priority.
33. Pursuant to a Postponement, Assignment & Subordination Agreement between SEDC/Bruce and 211 dated February 27, 2012, a copy of which is attached hereto as **Exhibit "T"**, 211 subordinated in favour of SEDC/Bruce all indebtedness owing by B&G to 211.

Ministry of Finance

34. B&G is indebted to the Ministry of Finance in the amount of approximately \$46,841.87 in respect of unremitted employer health tax pursuant to the *Employer Health Tax Act*, RSO 1990, c E.11 (the "EHT").
35. On July 9, 2013, the Ministry of Finance registered a financing statement under the PPSA against B&G in respect of outstanding EHT.
36. On July 25, 2013, the Ministry of Finance also registered a charge (the "EHT Charge") against the Lands in respect of its EHT lien. Attached hereto as **Exhibit "U"** is a copy of the EHT Charge.

Town of Brockton

37. The Town of Brockton is owed approximately \$127,261.72 by B&G in respect municipal taxes. Attached hereto as **Exhibit "V"** is a copy of a statement from the Town of Brockton.

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E. Unsecured Creditors

RM Nelson

38. Pursuant to a Promissory Note dated January 6, 2009 granted by B&G in favour of R & M Nelson Holdings Ltd. ("RM Nelson"), B&G is indebted to RM Nelson approximately in the amount of \$241,749 (the "RM Nelson Note"). A copy of the RM Nelson Note is attached hereto as Exhibit "W".
39. B&G executed a General Security Agreement in favour of RM Nelson on January 6, 2009. However, according to the Certified PPSA search of B&G dated February 4, 2014 (attached as Exhibit "D" hereto) and verbal PPSA search results dated February 27, 2014 (attached as Exhibit "X" hereto), RM Nelson's registration expired and has not been renewed.

WSIB

40. B&G is indebted to the Workplace Safety and Insurance Board (the "WSIB") in the amount of approximately \$112,000.

Trade creditors and suppliers

41. In addition to WSIB and RM Nelson, B&G owes an aggregate amount of approximately \$1,572,900 to trade creditors and suppliers.
42. A table summarizing B&G's indebtedness described in this section is produced below.

Lender	Amount Owing
Secured Creditors	
CRA re Source Deductions	\$400,695.06
CRA re HST	\$73,650.00
TCE	\$580,000.00


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SEDC/Bruce	\$624,000.00
211	\$500,000.00
Ministry of Finance	\$46,841.87
Town of Brockton	\$127,261.72
Unsecured Creditors	
R.M. Nelson	\$241,749.00
WSIB	\$112,000.00
Trade creditors and suppliers	\$1,572,900.00
Total Secured and Unsecured Debt	<u>\$4,279,097.65</u>

III. CURRENT STATUS OF THE COMPANY

A. Factors Leading to Insolvency

43. A combination of factors has led to B&G's current liquidity crisis. B&G has not recovered from the effects of the 2008 economic downturn. B&G sustained decreasing net income from 2009 through until 2011, and net losses in 2011 and 2012. Attached hereto as Exhibit "Y" are copies of B&G's financial statements for 2010 and 2012, which include financial comparisons from previous years (i.e., 2009 and 2010).
44. B&G does not have traditional financing and relies upon *ad hoc* financing arrangements with SEDC/Bruce (as described in paragraphs 26 and 27, above) and the factoring facility provide by TCE. B&G's current financing structure has eroded its margins and left it with insufficient working capital.

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B. Liquidity crisis and Filing of NOI

Termination of TCE facilities and lack of working capital to pay employees

45. On or about January 14, 2014, TCE terminated B&G's factoring facility. TCE has not issued a Notice of Intention to Enforce Security pursuant to section 244 of the BIA.
46. On or about February 13, 2014, TCE agreed to provide B&G with \$100,000 to meet its payroll obligations, purchase packaging inventory and satisfy other critical payables (the "Bulge Facility"). Attached hereto as Exhibit "Z" is a copy of a letter from TCE to B&G dated February 13, 2014 outlining the requirements of the Bulge Facility.
47. While TCE funded the February 13, 2014 payroll with the Bulge Facility, B&G was unable to secure funding for the subsequent payroll period. Accordingly, on February 27, 2014, B&G's employees were advised that B&G could not satisfy its payroll obligations and were sent home. B&G's employees remain unpaid for wages owing for the pay period between February 2, 2014 and February 15, 2014.
48. B&G does not have any form of pension plan, including for its unionized employees.

Springwater Mills Ltd.

49. On or about January 15, 2014, Springwater Mills Ltd. issued a Statement of Claim naming B&G as a defendant and seeking damages in the amount of \$35,659.25 in respect of unpaid invoices. Attached hereto as Exhibit "AA" is a copy of the Statement of Claim.

Xerox

50. On January 16, 2014, Xerox sent B&G a demand letter demanding \$10,060.77 in respect of equipment lease and service arrears. On the same day, Xerox issued a Notice of

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Intention to Enforce Security pursuant to section 244 of the BIA. Attached hereto as Exhibit "BB" is a copy of Xerox's demand letter and notice.

Notice of Intention to Make a Proposal

51. As a result of the issues described above, on March 4, 2014, B&G filed the NOI with the Official Receiver to stay all proceedings with a view to implementing the restructuring plan described below. The NOI names Zeifman Partners Inc. as Proposal Trustee (in such capacity, the "Proposal Trustee"). Attached hereto as Exhibit "CC" is a copy of the NOI.

IV. OVERVIEW OF RESTRUCTURING PLAN AND SISP

52. The paramount goal of B&G is to preserve, maximize and realize value for the benefit of its creditors and other stakeholders. B&G is of the view that the restructuring of B&G to be undertaken under the BIA may involve a refinancing, recapitalization or sale of B&G's business. B&G will explore all options to maximize value for stakeholder by implementing of the SISP described below.
53. The purpose of the SISP is to identify one or more financiers, purchasers and investors in B&G's business with a projected completion date of a transaction or transactions by mid-April, 2014.
54. The Proposal Trustee and the DIP Lender have advised that they support the SISP being proposed by B&G.
55. Interested parties will be invited to provide B&G with an Expression of Interest Letter (an "EOI"). A party who submits an EOI and executes a confidentiality agreement will be invited to conduct due diligence, including reviewing information in a virtual data

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room and touring the Facility. The deadline to for interested parties to submit offers after completing their due diligence is April 14, 2014. B&G anticipates that it will return to this Court for approval of a transaction on or about April 21, 2014. A copy of the SISP is attached hereto as **Exhibit "DD"**.

V. CASH FLOW PROJECTIONS [NTD: SHALLON, FIX HEADINGS AND MAKE SURE NUMBERS ARE IN ORDER THROUGHOUT AFFIDAVIT].

56. B&G has prepared a cash flow projection (the "**Cash Flow Projection**") for the purposes providing it to the DIP Lender (defined below) to obtain the DIP Facility (defined below). Attached hereto as **Exhibit "EE"** is a copy of the Cash Flow Projection. Based on my knowledge of the financial position of B&G and the assumptions set out in the Cash Flow Projection, I believe the Cash Flow Projection is fair and reasonable.

57. The Cash Flow Projection has been prepared for and reviewed by the DIP Lender. The Cash Flow Projection is currently being reviewed by the Proposal Trustee, and I anticipate that the Proposal Trustee will provide its conclusion on the reasonableness of the Cash Flow Projection and the hypothetical assumptions contained therein in accordance with the Proposal Trustee's duties under the BIA.

VI. DIP FINANCING

58. Pursuant to a DIP Term Sheet dated March 4, 2014 (the "**DIP Term Sheet**"), the DIP Lender has agreed to provide debtor-in-possession financing ("**DIP Financing**") to B&G to the maximum amount of \$300,000, subject to certain conditions including the granting of an Order in this proceeding granting the DIP Lender a charge (the "**DIP Charge**") over all of the property, assets and undertaking of B&G, including the Lands, in priority

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[Signature]

to all encumbrances except the Administration Charge (as defined below). A copy of the DIP Term Sheet is attached hereto as Exhibit "FF".

59. I believe that the DIP Facility requested by B&G should be approved because:

- (a) The DIP Facility is critical to B&G's efforts to save the jobs of its 70 employees;
- (b) The DIP Facility is necessary to fund B&G's outstanding payroll obligations so that its employees will return to work. B&G cannot process existing orders, finish work-in-progress or even ship finished goods to generate new accounts receivable without its employees returning to work;
- (c) The Proposal Trustee, TCE and 211 support the DIP Facility and the granting of the DIP Charge. As of the time at which I am swearing this Affidavit, I do not yet know the position of SEDC or Bruce in this regard;
- (d) The DIP Facility would enhance the prospects of B&G making a viable proposal to its creditors by providing sufficient working capital to implement a restructuring plan;
- (e) Neither the DIP Facility nor the DIP Charge will significantly affect creditor recoveries; and
- (f) No creditor will be materially prejudiced by the approval of the DIP Facility or the granting of the DIP Charge.

VII. FACTORING FACILITY

60. B&G will require additional funds beyond the DIP Facility to finance its operations throughout the BIA proceeding.

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61. B&G intends to enter into the Factoring Facility in respect of Unfactored A/R with the DIP Lender on terms acceptable to the Major Secured Creditors.
62. The Major Secured Creditors have acknowledged that the Factoring Facility is necessary in addition to the DIP Facility in order to fund B&G's operations. The terms of the Factoring Facility are being negotiated, and B&G anticipates that these negotiations will conclude in the near term.
63. However, this Motion was brought on an urgent basis in order to retain employees and fund operations, and there was insufficient time to complete negotiations for the Factoring Facility. Accordingly, B&G is seeking approval from this Honourable Court to enter into a Factoring Facility with the DIP Lender in respect of the Unfactored A/R, subject to terms agreeable to the Major Secured Creditors and approved by the Proposal Trustee.
64. The Order sought herein provides that the Factoring Facility will be secured by a third-ranking charge (the "Factoring Charge") over all of B&G's assets, ranking only behind the Administration Charge (defined below) and the DIP Charge, to a maximum of \$150,000.
65. The Factoring Charge will not take effect unless the Major Secured Creditors and the Proposal Trustee approve the Factoring Facility.
66. The purpose of the relief sought herein is to minimize costs of a subsequent court appearance strictly for the purpose of approving the Factoring Facility. Avoiding these additional professional fees will be a benefit to all stakeholders.

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[Signature]

VIII. ADMINISTRATION CHARGE

67. B&G is also requesting that the Court grant a charge in favour of B&G's counsel and in favour of the Proposal Trustee and its counsel to secure the payment of fees and expenses incurred in connection with this proceeding (the "Administration Charge") in the amount of \$75,000.
68. As noted above with respect to the DIP Facility, I do not believe that any creditor will be materially prejudiced by the granting of the Administration Charge, since B&G's restructuring plan cannot be implemented without the assistance of B&G's legal counsel, the Proposal Trustee and its legal counsel.

IX. EXTENSION OF STAY

69. In order to allow B&G sufficient time to implement the SISP and to complete its reorganization successfully, B&G is seeking an extension of the time for the filing of the proposal to and including April 28, 2014, for a total of 45 days.
70. As described above, the Proposal Trustee has not reviewed the Cash Flow Projections or prepared a Report before the return of this Motion.
71. Accordingly, B&G is seeking an Order authorizing it to attend at a 9:30 a.m. chambers attendance with a Judge of the Court for the purpose of obtaining an Order approving the extension once the Proposal Trustee has approved the Cash Flow Projections (as may be amended) and filed its Report, on four (4) days' notice to the Service List, provided that no party objects to the extension.
72. I swear this affidavit in support of B&G's motion for the relief requested, and for no other or improper purpose.

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SWORN before me at the Town of Walkerton,
in the Province of Ontario, this 5th day of March,
2014.


Commissioner for Taking Affidavits

PC00406


ADAM HOFFMANN

Scott Steward Thibault, a Commissioner, C.S.,
Province of Ontario, for the Ontario Paralegal
Service, and for work done within
your permitted scope of practice
as a licensed paralegal in Ontario,
Expires October 25, 2014.

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

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings commenced at Toronto

AFFIDAVIT OF ADAM HOFMANN

PALLETT VALO LLP
Lawyers & Trade-Mark Agents
77 City Centre Drive, West Tower
Suite 300
Mississauga, Ontario
L5B 1M5

Greg Azeff (LSUC #45324C)
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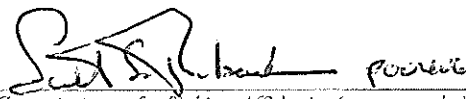
Lawyers for Bogdon & Gross Furniture Company Limited

12/19

51

TAB C

This is Exhibit "C" referred to in the Affidavit of ADAM
HOFMANN sworn March 12th, 2014



Commissioner for Taking Affidavits (or as may be)

Scott Stewart Thibaudeau, a Commissioner, etc.,
Province of Ontario, for Mid Ontario Paralegal
Service, and for work done within
your permitted scope of practice
as a licensed paralegal in Ontario.
Expires October 25, 2014.

1 page

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

Date of the Notice of Intention: March 04, 2014

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

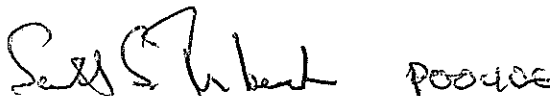
Federal Building - London, 451 Talbot Street, Suite 303, London, Ontario, Canada, N6A5C9, (877)376-9902

Canada

1 of 1
AA
51

TAB D

This is Exhibit "D" referred to in the Affidavit of Adam Hofmann
sworn March 13th, 2014



Commissioner for Taking Affidavits (or as may be)

Scott Stewart Thibaudeau, a Commissioner, etc.,
Province of Ontario, for Mid Ontario Paralegal
Service, and for work done within
your permitted scope of practice
as a licensed paralegal in Ontario.
Expires October 25, 2014.

1 page



BG Furniture Cash Flow Projections

input here -->

year	2014
week	11

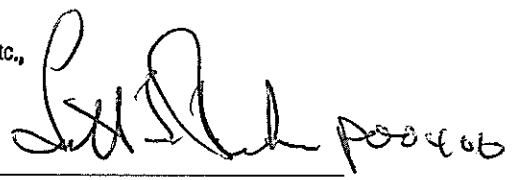
Category	Last Week (actual)	~30 2014											Total				
		Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	Week 10	Week 11					
Revenues & Cash In																	
Shipments	110,000	110,000	110,000	110,000	110,000	110,000	110,000	110,000	110,000	110,000	110,000	110,000	110,000	110,000	110,000	110,000	110,000
Funds available from Factor (@85%)	93,500	93,500	93,500	93,500	93,500	93,500	93,500	93,500	93,500	93,500	93,500	93,500	93,500	93,500	93,500	93,500	93,500
Cumulative available Factoring	93,500	177,000	170,500	164,000	157,500	151,000	134,500	13,520	13,520	100,000	100,000	100,000	100,000	100,000	100,000	100,000	620,000
Recovery of Reserve																	
Funds from Factoring		10,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	620,000
Cash Receipt																	
DIP	350,000																
	350,000	10,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	907,000
Total Cash Receipts:																	
	239,335	59,968	83,924	111,412	114,368	114,368	114,368	114,368	114,368	114,368	114,368	114,368	114,368	114,368	114,368	114,368	927,943
CASH DISBURSEMENTS:																	
Critical																	
Payroll (net)	137,711		32,500														303,111
Benefits	3,429	4,200	200	3,200	200												18,429
Source deduction remittances				13,000													36,400
HST																	25,000
EHT																	0,000
WSIB																	75,000
Z	30,000	10,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	57,500
Professional Fees	15,900	1,000	1,150	14,000	8,750	14,900	2,150										4,500
Utilities	1,000	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	4,500
Maintenance & Repairs	4,354		859	2,305													12,730
Capital Leases																	1,300
Loan Payments																	12,000
Commissions																	27,722
Interest Costs on DIP																	
	19,857	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000	140,957
Materials																	
Lumber	8,607	5,975	3,370	4,705	5,116	5,116	5,116	5,116	5,116	5,116	5,116	5,116	5,116	5,116	5,116	5,116	43,535
Hardware	5,500	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	33,500
Finishing																	
Packaging	995	8,625	525	8,925	525	525	525	525	525	525	525	525	525	525	525	525	36,170
Upholstery	550	480	400	400	400	400	400	400	400	400	400	400	400	400	400	400	3,450
Glass	1,100	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	10,400
Glue & Adhesive	800			500													1,300
Sandpaper		793		350													2,563
Other																	
Tooling	75	450		500													1,025
Freight	5,250	250	6,600	250	5,250												25,700
Other																	
Marketing																	
Office Supplies & Admin	4,207	5,195	5,820	10,454	1,695	2,195	9,120	8,754									47,441
Uncategorized																	
	239,335	59,968	83,924	111,412	114,368	114,368	114,368	114,368	114,368	114,368	114,368	114,368	114,368	114,368	114,368	114,368	927,943
Total Cash Disbursements:																	
out of balance (data error)																	
Net Cash Flow	60,665	-19,639	16,076	-11,912	-4,219	9,671	4,502	4,502	4,502	4,502	4,502	4,502	4,502	4,502	4,502	4,502	10,000
Cumulative	60,665	11,988	27,772	16,639	1,275	1,275	1,275	1,275	1,275	1,275	1,275	1,275	1,275	1,275	1,275	1,275	10,000

1/1

TAB E

This is Exhibit "E" referred to in the Affidavit of Adam Hofmann
sworn March 13th 2014

Scott Stewart Thibaudeau, a Commissioner, etc.,
Province of Ontario, for Mid Ontario Paralegal
Service, and for work done within
your permitted scope of practice
as a licensed paralegal in Ontario.
Expires October 25, 2014



Commissioner for Taking Affidavits (or as may be)

4 pages



SCHEDULE "B" – REVISED SISP (BLACKLINE)

SISP SCHEDULE

	Event	Timing
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 Company will contact potential purchasers (as identified by the Company 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"> ◦ Invitation for Expressions of Interest letters from prospective offerees, and ◦ Confidentiality Agreement. 	On or before March 21, 2014
4.	The Proposal Trustee, with the assistance of the Company, will prepare and circulate information to potential offerees	On or before March 21, 2014
5.	Advertise the SISP in <i>The Globe & Mail</i> (National Edition), as well as such local, industry and other publications as considered appropriate by the Proposal Trustee	On or before March 21, 2014
6.	Deadline for submitting Expression of Interest Letters	March 31, 2014
7.	Deadline for submitting Binding Offers	April 14, 2014
8.	Selection of successful bidder and motion to seek court approval of agreement of purchase and sale and obtain a vesting order	April 28, 2014
9.	Close sale to successful purchaser(s)	On or before May 5, 2014
10.	Proposal Trustee to return all deposits other than that tendered pursuant to the successful offer	On or before May 12, 2014

EXPRESSION OF INTEREST AND BID PROCEDURES



 Log A
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Below are the procedures (the “SISP 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:
http://www.zeilimans.ca/index.php/insolvency_file/bogdon-gross-furniture-company-ltd/
- A notice will be published in the national edition of *The Globe and Mail* newspaper and, at the discretion of the Proposal Trustee (with the assistance 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 by no later than 5:00 p.m. on March 31, 2014 (the “EOI Deadline”) a letter expressing such interest (an “EOI”).

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 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.

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Step 3: Binding Offers

- Interested Parties must submit offers no later than 5:00 p.m. on April 14, 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 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 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; and
 - 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 assess 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 Proposal Trustee, in its sole discretion, will determine which Qualified Bid (or Qualified Bids) is (or are) successful (the “**Accepted Bid**”), and the Company will enter into a binding Asset Purchase Agreement on substantially the same terms as the APA (as amended by the Accepted Bid and subject to further negotiations between the Company and the Qualified Bidder) with the Qualified Bidder (the “**Successful Bidder**”).

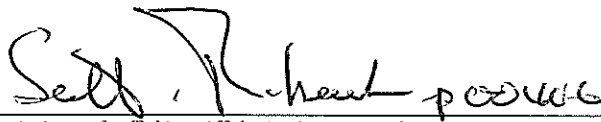
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- The Proposal Trustee shall give written notice to all Qualified Bidders of the identity of the Successful Bidder and the next highest or next best Qualified Bid (the “**Back-up Bid**”).
- The Proposal Trustee will have the sole right to value any 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 APA, 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.
- The Proposal Trustee may make such minor amendments to the SISP Procedures as may be necessary or desirable.

Handwritten initials:
A of A
AJJ

TAB F

This is Exhibit "F" referred to in the Affidavit of Adam Hofmann
sworn March 13th, 2014

A handwritten signature in black ink, appearing to read "Scott Stewart Thibaudeau". The signature is written in a cursive style with some stylized flourishes.

Commissioner for Taking Affidavits (or as may be)

Scott Stewart Thibaudeau, a Commissioner, etc.,
Province of Ontario, for Mid Ontario Paralegal
Service, and for work done within
your permitted scope of practice
as a licensed paralegal in Ontario,
Expires October 25, 2014.

SCHEDULE "B" – REVISED SISP (BLACKLINE)

SISP SCHEDULE

	Event	Timing
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 Company will contact potential purchasers (as identified by the Debtor Company 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"> ◦ Invitation for Expressions of Interest letters from prospective offerees, and ◦ Confidentiality Agreement. 	On or before March 21 4 , 2014
4.	The Company, with the assistance of the Proposal Trustee, <u>with the assistance of the Company,</u> will prepare and circulate information to potential offerees	On or before March 21 4 , 2014
5.	Advertise the SISP in <i>The Globe & Mail</i> (National Edition), as well as such local, industry and other publications as considered appropriate by the Proposal Trustee	On or before March 21 4 , 2014
6.	Deadline for submitting Expression of Interest Letters	March 31 2 , 2014
7.	Deadline for submitting Binding Offers	April 14 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 28 4 , 2014
9.	Close sale to successful purchaser(s)	On or before May 3 1 April 25, 2014
10.	Proposal Trustee to return all deposits other than that tendered pursuant to the successful offer	On or before May 12 5 , 2014

1 of 5
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EXPRESSION OF INTEREST AND BID PROCEDURES

Below are the procedures (the "SISP 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:

<http://www.zetfrans.ca/index.php?module=File/Bogdon-gross-furniture-company-fld>
-----[insert URL]

- A notice will be published in the national edition of *The Globe and Mail* newspaper and, at the discretion of the Company Proposal Trustee (with the assistance 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 by no later than 5:00 p.m. on March 24³¹, 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 shall not be required to submit the terms and structure of their proposed investment in a predetermined prescribed format.

Step 2: Due Diligence

2 of 5
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- 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 14th, 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 to~~ 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; and
 - 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

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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~~assess 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/Proposal Trustee, with the assistance of the Proposal Trustee, in its sole discretion,~~ will determine which Qualified Bid (or Qualified Bids) is (or are) successful (the “**Accepted Bid**”); and the Company will enter into a binding Asset Purchase Agreement on substantially the same terms as the APA (as amended by the Accepted Bid, and 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/Proposal Trustee~~ 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/Proposal Trustee, 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~~APA, 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.

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- The types of firms may differ such as small vs. medium vs. large. How often may be necessary or desirable.

SJS
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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

ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)

Proceedings commenced at London

AFFIDAVIT OF ADAM HOFMANN

PALLET VALO LLP
Lawyers & Trade-Mark Agents
77 City Centre Drive, West Tower
Suite 300
Mississauga, Ontario
L5B 1M5

Greg Azeff (LSUC #45324C)
Asim Iqbal (LSUC #61884B)

Tel: (905) 273-3300
Fax: (905) 273-6920

Lawyers for Bogdon & Gross Furniture Company Limited

TAB 3

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

THE HONOURABLE) FRIDAY, THE 14th
JUSTICE)
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: Transfer Proceedings to Toronto, Amend SISP)

THIS MOTION, made by 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 the Court House, 80 Dundas Street, London, Ontario, N6A 6A3.

ON READING the Affidavit of Adam Hofmann sworn March 12, 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, no one appearing for any of the other parties on the service list, although duly served as appears from the Affidavit of Service of Nadia Gatta sworn March ●, 2014, and on being advised that the Proposal Trustee consents to the relief sought herein;

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.

TRANSFER OF PROCEEDINGS

2. **THIS COURT ORDERS** that these proceedings are hereby transferred to the bankruptcy district of Toronto.

AMENDMENT OF SISP

3. **THIS COURT ORDERS** that the Sale and Investor Solicitation Process approved pursuant to and attached as Schedule "B" to the Order of the Honourable Madam Justice Thorburn dated March 6, 2014 is amended, replaced and restated with the revised SISP attached as **Schedule "A"** to this Order (the "**SISP**").

GENERAL

4. **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.

5. **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.

SCHEDULE “A” – REVISED SISP

SISP SCHEDULE

	Event	Timing
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 Company will contact potential purchasers (as identified by the Company 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">• Invitation for Expressions of Interest letters from prospective offerees, and• Confidentiality Agreement.	On or before March 21, 2014
4.	The Proposal Trustee, with the assistance of the Company, will prepare and circulate information to potential offerees	On or before March 21, 2014
5.	Advertise the SISP in <i>The Globe & Mail</i> (National Edition), as well as such local, industry and other publications as considered appropriate by the Proposal Trustee	On or before March 21, 2014
6.	Deadline for submitting Expression of Interest Letters	March 31, 2014
7.	Deadline for submitting Binding Offers	April 14, 2014
8.	Selection of successful bidder and motion to seek court approval of agreement of purchase and sale and obtain a vesting order	April 28, 2014
9.	Close sale to successful purchaser(s)	On or before May 5, 2014
10.	Proposal Trustee to return all deposits other than that tendered pursuant to the successful offer	On or before May 12, 2014

EXPRESSION OF INTEREST AND BID PROCEDURES

Below are the procedures (the “**SISP 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:
http://www.zeifmans.ca/index.php/insolvency_file/bogdon-gross-furniture-company-ltd/
- A notice will be published in the national edition of *The Globe and Mail* newspaper and, at the discretion of the Proposal Trustee (with the assistance 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 by no later than 5:00 p.m. on March 31, 2014 (the “**EOI Deadline**”) a letter expressing such interest (an “**EOI**”).

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 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 14, 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 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 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; and
 - 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 assess 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 Proposal Trustee, in its sole discretion, will determine which Qualified Bid (or Qualified Bids) is (or are) successful (the “**Accepted Bid**”), and the Company will enter into a binding Asset Purchase Agreement on substantially the same terms as the APA (as amended by the Accepted Bid and subject to further negotiations between the Company and the Qualified Bidder) with the Qualified Bidder (the “**Successful Bidder**”).
- The Proposal Trustee 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 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 APA, 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.
- The Proposal Trustee may make such minor amendments to the SISP Procedures as may be necessary or desirable.

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
(IN BANKRUPTCY AND INSOLVENCY)

PROCEEDING COMMENCED AT
LONDON

ORDER

(Re: Transfer Proceedings to Toronto, Amend SISP)

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Lawyers for Bogdon & Gross Furniture Company Limited

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
(IN BANKRUPTCY AND INSOLVENCY)

PROCEEDING COMMENCED AT
LONDON

MOTION RECORD

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