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COURT FILE NUMBER      2001-00425

COURT                      COURT OF QUEEN'S  
                                    BENCH OF ALBERTA

JUDICIAL CENTRE        CALGARY

Clerk's Stamp

50467

APPLICANT                ROYAL BANK OF CANADA

RESPONDENTS            MTK PROPERTIES LTD., MCARTHUR FURNITURE (ALBERTA)  
                                    LTD., EDWIN POUND and THERESA POUND

DOCUMENT                **ORDER APPROVING AUCTION AGREEMENT AND ACTIONS  
                                    OF RECEIVER**

ADDRESS FOR  
SERVICE AND  
CONTACT  
INFORMATION  
OF PARTY  
FILING THIS  
DOCUMENT                Cassels Brock & Blackwell LLP  
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File No. 43436-13

**Attention: Jeffrey Oliver/Danielle Marechal**

**DATE ON WHICH ORDER WAS PRONOUNCED:** May 12, 2020

**LOCATION OF HEARING:** Calgary, Alberta

**NAME OF JUDGE WHO MADE THIS ORDER:** The Honourable Madam Justice B.E.C. Romaine

**UPON THE APPLICATION** of KPMG Inc. in its capacity as receiver and manager (in such capacity, the "**Receiver**") of the assets, undertakings and properties of MTK Properties Ltd. ("**MTK**") and McArthur Furniture (Alberta) Ltd. ("**McArthur**" and collectively with MTK, the "**Debtors**") for an Order, among other things, (i) authorizing the Receivership to enter into an auction services agreement (the "**Auction Agreement**") with GD Auctions & Appraisals Inc. (the "**Auctioneer**") on terms that are substantially similar to the auction proposal submitted by the Auctioneer on May 3, 2020 (the "**Auction Proposal**"), a copy of which Auction Proposal is attached to the Confidential Supplement to the First Report of the Receiver dated May 8, 2020 (the "**Confidential Report**"); (ii) authorizing the Auctioneer to conduct an auction in accordance with the terms of the Auction Agreement (the "**Auction**"); and (iii) vesting in each purchaser at

such Auction (each, a **"Purchaser"**), the Debtors' right, title and interest in and to the property purchased by such Purchaser at the Auction (in each case, the **"Purchased Assets"**), free and clear of any claims and encumbrances; **AND UPON HAVING READ** the Receivership Order granted by the Honourable Justice G.A. Campbell on February 4, 2020 (the **"Receivership Order"**), the Stay Order granted by the Honourable Justice G.A. Campbell on February 4, 2020, the First Report of the Receiver dated May 8, 2020, the Confidential Report and the Affidavit of Service of Richard Kay sworn May 12, 2020; **AND UPON** hearing from counsel for the Receiver, and such other counsel as are present;

**IT IS HEREBY ORDERED AND DECLARED THAT:**

1. Service of this Application and supporting materials is hereby declared to be good and sufficient, and no other person is required to have been served with notice of this application, and time for service of this application is abridged to that actually given.

**Approval of Auction Agreement**

2. The Receiver is hereby authorized but not obliged to enter into the Auction Agreement on terms that are substantially similar to those contained in the Auction Proposal.
3. The Receiver is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Auction.
4. Upon:
  - (a) the Auctioneer completing a sale to a Purchaser at the Auction of one or more Purchased Assets;
  - (b) receipt by the Auctioneer from such Purchaser of the purchase price determined at the Auction; and
  - (c) delivery by the Auctioneer to such Purchaser of a bill of sale or similar evidence of purchase and sale (each, a **"Purchaser's Bill of Sale"**),

(each an **"Auction Transaction"** and collectively, the **"Auction Transactions"**)

all of the Debtors' right, title and interest in and to the Purchased Assets purchased by such Purchaser at the Auction and described in such Purchaser's Bill of Sale shall vest absolutely in the name of such Purchaser (or its nominee), free and clear of and from any and all caveats, security interests, hypothecs, pledges, mortgages, liens, trusts or deemed trusts reservations of ownership, royalties, options, rights of pre-emption, privileges, interests, assignments, actions, judgments, executions, levies, taxes, writs of enforcement, charges, or other claims, whether contractual, statutory, financial, monetary or otherwise, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "Claims") including, without limiting the generality of the foregoing:

- (d) any encumbrances or charges created by the Receivership Order; and
- (e) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Alberta) or any other personal property registry system;

and, for greater certainty, this Court orders that all of the encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

5. From and after the closing of each of the Auction Transactions (including the payment of the purchase price by the Purchaser to the Auctioneer), the Receiver or the Auctioneer are authorized to discharge from the Personal Property Registry any claim registered against any of the personal property being purchased by the Purchaser, to the extent the security interest is registered against the interest of the Debtors.
6. Upon the completion of all of the Auction Transactions to the satisfaction of the Receiver, the Receiver shall file a certificate substantially in the form attached hereto as Schedule "A" certifying that the Auction Transactions have closed.
7. For the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Assets at the Auction (to be held in a trust account by the Receiver) shall stand in the place and stead of the Purchased Assets, and from and after the delivery of the Purchaser's Bill of Sale all Claims and Encumbrances shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they

had with respect to the Purchased Assets immediately prior to their sale at Auction, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale. Unless otherwise ordered (whether before or after the date of this Order), the Receiver shall not make any distributions to creditors of net proceeds from sale of the Purchased Assets without further order of this Court, provided however the Receiver may apply any part of such net proceeds to repay any amounts the Receiver has borrowed for which it has issued a Receiver's Certificate pursuant to the Receivership Order.

8. The Purchaser (and its nominee, if any) shall, by virtue of the completion of the Auction Transaction, have no liability of any kind whatsoever in respect of any Claims against the Debtors.
9. The Debtors and all persons who claim by, through or under the Debtors in respect of the Purchased Assets, and all persons or entities having any Claims of any kind whatsoever in respect of the Purchased Assets, shall stand absolutely and forever barred, estopped and foreclosed from and permanently enjoined from pursuing, asserting or claiming any and all right, title, estate, interest, royalty, rental, equity or other Claim whatsoever in respect of or to the Purchased Assets and, to the extent that any such persons or entities remain in possession or control of any of the Purchased Assets, or any artifacts, certificates, instruments or other indicia of title representing or evidencing any right, title, estate, or interest in and to the Purchases Assets, they shall forthwith deliver possession thereof to the Purchaser (or its nominee).
10. The Purchaser (or its nominee) shall be entitled to enter into and upon, hold and enjoy the Purchased Assets for its own use and benefit without any interference of or by the Debtors, or any person claiming by or through or against the Debtors.
11. Notwithstanding:
  - (a) the pendency of these proceedings;
  - (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of the Debtors and any bankruptcy order issued pursuant to any such applications; and

(c) any assignment in bankruptcy made in respect of the Debtors

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

12. The Receiver, the Purchaser (or its nominee) and any other interested party, shall be at liberty to apply for further advice, assistance and direction as may be necessary in order to give full force and effect to the terms of this Order and to assist and aid the parties in closing the Auction Transactions.
13. This Honourable Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or any of its provinces or territories or in any foreign jurisdiction, to act in aid of and to be complimentary to this Court in carrying out the terms of this Order, to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of the Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

#### **Approval of Actions of Receiver**

14. The activities of the Receiver, as described in the First Report, are hereby ratified and approved, provided that only the Receiver, in its personal capacity and with respect to its own personal liability, shall be entitled to rely upon or utilize such approval.
15. This Order must be served only upon those interested parties attending or presented at the within application and service may be effected by facsimile, electronic mail, personal delivery or courier. Service is deemed to be effected the next business day following the transmission or delivery of such documents.

16. Service of this Order on any party not attending this application is hereby dispensed with.



J.C.Q.B.A.

**Schedule "A"**  
**Form of Receiver's Certificate**

COURT FILE NO.: 2001-00425

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

IN THE MATTER OF THE RECEIVERSHIP OF  
MTK PROPERTIES LTD., MCARTHUR  
FURNITURE (ALBERTA) LTD., EDWIN POUND  
and THERESA POUND

APPLICANT ROYAL BANK OF CANADA

RESPONDENTS MTK PROPERTIES LTD., MCARTHUR  
FURNITURE (ALBERTA) LTD., EDWIN POUND  
and THERESA POUND



DOCUMENT **RECEIVER'S CERTIFICATE**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

Cassels Brock & Blackwell LLP  
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Telephone: (403) 351-2921  
Facsimile: (403) 648-1151  
File No. 43436-13

Attention: Jeffrey L. Oliver/Danielle Marechal

**RECITALS**

- A. Pursuant to an Order of the Honourable Justice G.A. Campbell of the Court of Queen's Bench of Alberta, Judicial District of Calgary (the "**Court**") dated February 4, 2020, KPMG Inc. ("**KPMG**") was appointed as the receiver (in such capacity, the "**Receiver**") of the undertaking, property and assets of MTK Properties Ltd. and McArthur Furniture (Alberta) Ltd. (collectively, the "**Debtors**").
  
- B. Pursuant to an Order of the Court dated May 12, 2020, the Court approved the auction services agreement made as of May ●, 2020 (the "**Auction Agreement**") between the

Receiver and GD Auctions & Appraisals Inc. pursuant to which one or more auction transactions may be completed (the “**Auction Transactions**”)

- C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Auction Agreement.

**THE RECEIVER CERTIFIES** the following:

1. The Auction Transactions have been completed to the satisfaction of the Receiver.
2. This Certificate was delivered by the Receiver at [●Time] on [●Date].

**KPMG Inc., in its capacity as Receiver of the undertaking, property and assets of MTK Properties Ltd. and McArthur Furniture (Alberta) Ltd. and not in its personal or corporate capacity.**

Per; \_\_\_\_\_

Name:

Title: