



No. VCL-S-204082  
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

THE TORONTO-DOMINION BANK

PETITIONER

AND:

RONSONS SHOE STORES LTD.

RESPONDENT

**FIRST REPORT OF RECEIVER WITH RESPECT TO THE RECEIVERSHIP OF  
RONSONS SHOE STORES LTD.**

**DATED FOR REFERENCE JUNE 25, 2020  
("RECEIVER'S FIRST REPORT")**

## BACKGROUND AND PURPOSE

1. Pursuant to an Order pronounced by the Honorable Madam Justice Fitzpatrick of the Supreme Court of British Columbia (the "**Court**") on April 20, 2020 (the "**Receivership Order**"), MNP Ltd. was appointed as Receiver and Manager (the "**Receiver**") of all of the assets, undertakings and property (collectively, the "**Property**") of Ronsons Shoe Stores Ltd. ("**Ronsons**", or the "**Company**").
2. Ronsons operated as a retailer of shoes and related accessories from eighteen (18) stores located in the Lower Mainland of British Columbia, as well as Kelowna, BC, and Victoria, BC. Ronsons leased all of its retail store locations as well as an office and a warehouse which are located in Richmond, BC.
3. A search of the British Columbia Corporate Registry dated March 16, 2020 indicates that Anthony Aronson is the sole director of Ronsons.
4. Ronsons owns various personal property consisting of inventory for resale, warehouse equipment, pallet racking, warehouse shelving, office furniture and equipment, vehicles, and trademarks.
5. In preparing the Receiver's First Report and making comments herein, the Receiver has been provided with, and has relied upon, certain unaudited, draft and/or internal financial information of the Company, the Company's books and records, and information from other third-party sources (collectively, the "**Information**"). The Receiver has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with generally accepted assurance standards or other standards established by the Chartered Professional Accountants of Canada.
6. The purpose of the Receiver's First Report is to advise the Court with respect to the following matters:
  - Outline of Receiver's administration to date;
  - Sales process undertaken by the Receiver;
  - Outline of potential claims;
  - Receiver's Statement of Receipts and Disbursements;
  - Distribution of Proceeds; and
  - Court approval sought.

## OUTLINE OF RECEIVER'S ADMINISTRATION TO DATE

7. On April 20, 2020, the Receiver took possession of the Property over which it was appointed, undertook various conservatory and protective measures and prepared an inventory of the Property. The Receiver has taken possession of various books and records of Ronsons.
8. The Receiver took possession of approximately \$240 cash on hand in addition to approximately \$19,900 representing funds on hand in a bank account maintained with the petitioning creditor, The Toronto Dominion Bank ("TD"). All funds have been deposited to the receivership trust account.
9. The Company had ceased operating approximately one month prior to the date of receivership due to government restrictions which had been imposed due to the COVID-19 pandemic. The Receiver did not resume operations following the pronouncement of the Receivership Order.
10. Given the high occupancy costs which would have been incurred in maintaining the retail stores and warehouse, the Receiver arranged for the inventory and other personal property to be removed and stored in two third-party warehouses.
11. The Receiver confirmed that there was adequate insurance coverage in place at the date of receivership and directed the insurance provider to add the Receiver as a named insured/loss payee. The insurance policy was subsequently renewed in April 2020.
12. The Receiver maintained and updated the Service List and the Receiver's website for the receivership proceedings at <https://mnpdebt.ca/en/corporate/engagements/ronsons-shoe-stores-ltd>
13. The Receiver attended to various statutory duties including filing a notice of appointment of receiver pursuant to the *Business Corporations Act* (British Columbia), posting a notice of the receivership in the Vancouver Sun newspaper as required by the *Personal Property Security Act* (British Columbia), preparing a Notice and Statement of Receiver which was sent to all known creditors of the Company as required by the *Bankruptcy and Insolvency Act*, and attending to filing requirements pursuant to the *Wage Earner Protection Program Act*.
14. The Receivership Order allowed for Receiver's Borrowings, providing the outstanding principal amount does not exceed \$500,000 at any time. On May 6, 2020, the Receiver borrowed \$150,000 from TD and executed a Receiver's Certificate in connection therewith.
15. The Receiver received and responded to various creditor inquiries throughout the receivership proceedings.



16. The Receiver was presented with a written demand by an unpaid supplier for repossession of goods pursuant to Section 81.1 of the *Bankruptcy and Insolvency Act*. The Receiver investigated the demand and determined that it was not a valid claim and provided the supplier with a written notice of disallowance dated May 7, 2020.

### **Employees**

17. As set out above, the Receiver did not carry on the operations of Ronsons following the pronouncement of the Receivership Order.
18. The Receiver advised one hundred and forty-six (146) employees of their termination of employment and arranged for Records of Employment and T4 slips to be issued.

### **Personal Property**

19. The Company's tangible personal property includes inventory for resale, warehouse equipment, pallet racking, warehouse shelving, office furniture and equipment, and three (3) vehicles (collectively, the "**Tangible Assets**").
20. The Receiver has secured, confirmed or arranged for insurance, and commissioned an appraisal of the Tangible Assets.
21. Ronsons' inventory consists of approximately 108,000 pairs of shoes and approximately 3,000 accessories. As reported earlier, the Receiver arranged for the inventory to be removed after the pronouncement of the Receivership Order and stored in two (2) third-party warehouses.
22. The Company owned various warehouse equipment, racking and shelving, and office furniture and equipment which were located at the retail stores, office and warehouse.
23. The Receiver was of the view that the removal of these assets would be cost prohibitive relative to their estimated value. The terms of the Receivership Order permit the Receiver to sell Property out of the ordinary course and without approval of the Court provided that the consideration for each individual transaction does not exceed \$100,000, and aggregate consideration does not exceed \$2,000,000.
24. The Receiver negotiated two sale transactions pertaining to certain equipment including the computer server, racking shelving and office furniture for total proceeds of \$2,100, which were deposited to the receivership trust account.
25. At the date of receivership, Ronsons owned the following vehicles:
  - (a) 2004 Mercedes ML 350 ("**2004 Mercedes**");
  - (b) 2007 Mercedes ML 320 CDI ("**2007 Mercedes**"); and
  - (c) 2011 Mercedes M350 ("**2011 Mercedes**").

26. The 2004 and 2007 Mercedes were being driven by two employees of Ronsons, and the Receiver negotiated a sale of the vehicles to the respective employees for proceeds totalling \$6,500. The sale proceeds were deposited to the receivership trust account and the Receiver arranged for the 2011 Mercedes to be secured and listed for sale in an upcoming auction.
27. The Company has nominal accounts receivable owing by a party related to Ronsons.
28. Ronsons also owns certain intangible assets including the Company's website domain name, website address, and the *Ronsons* brand (collectively, the "**Intangible Assets**"). These Intangible assets include the following registered trademarks:
  - (a) Ronsons;
  - (b) Ronthotics;
  - (c) Ronsonstocks;
  - (d) Ronsports;
  - (e) Rack at the Back;
  - (f) Ronsons Design (walk with Ronsons log); and
  - (g) Take a Walk.(collectively, the "**Trademarks**").

## **SALES PROCESS UNDERTAKEN AND PROPOSED SALE**

### Sales Process Undertaken

29. The Receiver offered for sale the remaining Tangible Assets and the Intangible Assets (the "**Purchased Assets**") and prepared an Invitation for Offers to Purchase and Invitation for Auction Proposals ("**Invitation for Offers**"). The Receiver requested that interested parties provide an outright purchase offer and/or an auction proposal that included a net minimum guarantee. The offers were due on June 12, 2020.
30. The Receiver is of the view that an en bloc sale of the Purchased Assets will achieve the highest net realization. The terms contained in the Invitation for Offers required interested parties to submit offers for the Purchased Assets, which had been divided into two lots:
  - (a) Lot 1 – Inventory for resale, point of sale computers and equipment, and retail store furniture.

(b) Lot 2 – Intangible Assets.

31. The Receiver carried out various marketing and advertising activities in relation to the proposed sale of the Purchased Assets. Specifically, the Receiver:
- a) placed an online posting of the sales process with downloadable Invitation for Offers on MNP's national website;
  - b) advertised in a national weekly insolvency newsletter;
  - c) sent an e-mail notification to over 1,000 MNP Partners and Managers nationally advising of the sales process;
  - d) conducted research of companies that were customers or competitors of Ronsons in Canada to determine prospective purchasers; and
  - e) sent the Invitation for Offers directly to twenty-nine (29) parties, including those in related industries as well as appraisers and liquidators, all of whom were identified as possibly having an interest in acquiring the Purchased Assets.
32. The Receiver participated in discussions and exchanged correspondence with various interested parties including those conducting due diligence and arranged for discussions between interested parties and the former general manager of Ronsons in respect of the inventory for sale.

Proposed Sale

33. The Receiver received a total of ten (10) Offers to Purchase or Auction Proposals. The various offerors were varied and included both auction houses and retailers.
34. The highest and best offer was submitted by Miller's Fine Furniture Ltd. (the "**Purchaser**") who submitted an outright purchase offer in the amount of \$1,100,000 for Lot 1 and \$25,000 for Lot 2. This offer represents the highest overall offer as well as the highest offer for each lot. The offer submitted by the Purchaser was accepted by the Receiver, subject to the Court's approval.
35. The Receiver and the Purchaser executed an Asset Purchase Agreement, a copy of which is attached to the Receiver's First Report as Appendix "**A**".
36. The Purchaser paid the Receiver a deposit toward the purchase price in the amount of \$112,500 representing 10% of the purchase price, which has been deposited to the Receiver's trust account.
37. The material terms of the proposed transaction are as follows:
- a) Purchase Price: \$1,125,000 (plus applicable taxes);



- b) Conditions Precedent: Court Approval only; and
  - c) Closing and payment of Purchase Price: On or before the 10<sup>th</sup> day following the issuance of the Approval and Vesting Order.
38. The amount offered by the Purchaser exceeds the value of the Purchased Assets as set out in the Appraisal (on a forced liquidation basis after deducting estimated commissions and other selling costs as estimated by the appraiser), and the Receiver is satisfied that the proposed sale represents the present market value of the Purchased Assets.
39. The Receiver recommends that the Court approve the proposed sale to the Purchaser. It is our understanding that TD, the senior secured creditor in these proceedings, also recommends approval of the sale.

## OUTLINE OF PRIORITY CLAIMS

### Statutory Priority Claims

40. The Receiver filed documents in accordance with the *Wage Earner Protection Program Act* with Service Canada pertaining to wage arrears owing to one hundred and forty-six (146) employees of Ronsons. The maximum amount payable to Service Canada under Section 81.4 of the *Bankruptcy and Insolvency Act* is approximately \$76,000, the priority for which ranks ahead of all registered security interests in relation to the Company's current assets.
41. The Receiver is gathering information with respect to the Company's liabilities that are not the subject of registered charges. Specifically, the claims of the Canada Revenue Agency ("CRA") pertaining to unremitted payroll source deductions and Goods and Service Tax/Harmonized Sales Tax ("GST"), the claim of Ministry of Provincial Revenue (the "Ministry") pertaining to unremitted provincial sales tax, and Worksafe BC pertaining to unremitted assessments due under the *Workers' Compensation Act*.
42. While amounts owing to the CRA are still being investigated by the Receiver, Ronsons used Ceridian as its payroll service provider and Ceridian remitted payroll withholdings directly to the CRA on the Company's behalf. Based on the Receiver's review of the Company's books and records, the Receiver does not anticipate that there is a debt owing to the CRA in relation to unremitted payroll withholdings. The CRA has not yet submitted a claim with respect to the amount which has the benefit of a deemed trust.
43. The CRA has also not yet submitted a claim on account of unremitted GST. Based on the Receiver's review of the Company's books and records, the Receiver estimates that approximately \$17,000 may be owing in relation to unremitted GST.

44. The Ministry has not yet submitted a claim to the Receiver. Based on the Receiver's review of the Company's books and records, the Receiver estimates that approximately \$23,000 may be owing in relation to unremitted provincial sales tax.
45. The Receiver has not yet received the final determination of unremitted assessments due under the *Workers' Compensation Act*. The amount currently estimated by WorkSafe BC for unremitted assessments is approximately \$4,900.
46. As the Receiver is waiting for further information to be received from the various statutory claimants, the Receiver proposes to address distribution to these claimants at a further application to Court.

### **TD Claim and Security**

47. The Plaintiff TD previously filed an affidavit of Rob Jones, a Sales Manager of TD, being an affidavit sworn on April 16, 2020 (the "**Jones Affidavit**") and filed in this proceeding. In the Jones Affidavit, Mr. Jones deposed as to:
  - a) the indebtedness of the Company to TD and exhibited the applicable loan documentation; and
  - b) the security held by TD with respect to the Company's obligations to TD and exhibited copies of the security held by TD in that regard.
48. The Receiver obtained a legal opinion from its independent legal counsel with respect to the security granted by Ronsons to TD. In particular, the review included two General Security Agreements dated February 7, 1997 and May 29, 1997 (collectively, the "**Security**").
49. The legal opinion indicated that, based on a review of the Security and searches conducted, that the Security constitutes a legal, valid and binding obligation on Ronsons, and that TD holds a valid and perfected security interest in all of Ronsons present and after acquired personal property.
50. Based on searches conducted of the British Columbia Personal Property Registry, TD's security interest is registered in 1<sup>st</sup> priority position, and the Receiver is unaware of any other creditors having a security interest in the assets by virtue of a security agreement which ranks in priority ahead of TD.
51. The outstanding balance of TD's indebtedness as at March 30, 2020 was \$988,773.28, and interest and expenses, including legal costs continue to accrue.

### **RECEIVER'S STATEMENT OF RECEIPTS AND DISBURSEMENTS**

52. Attached as Appendix "**B**" to this report is the Receiver's Statement of Receipts and Disbursements for the period ending June 25, 2020. The Receiver holds a balance of \$127,962.07 in the Receivership trust account.



### **DISTRIBUTION OF PROCEEDS**

53. As claims against Ronsons are still being investigated by the Receiver, the Receiver seeks approval of an interim distribution of the funds on hand to TD, following the receipt from the Purchaser of the proceeds of sale from the Purchased Assets, in an amount that the Receiver determines is advisable based on the funds available and the potential priority claims.


### **COURT APPROVAL SOUGHT**

54. Based on the foregoing, the Receiver seeks a Court Order for the following relief:

- a) approving the Receiver's activities to-date;
- b) approving the sale and vesting the Purchased Assets in the Purchaser; and
- c) authorizing the Receiver to make a distribution to TD in such amounts as the Receiver determines advisable.

DATED AT Vancouver, British Columbia, this 25th day of June, 2020.

**MNP Ltd.**  
**In its capacity as Receiver and Manager of**  
**Ronsons Shoe Stores Ltd.**  
and not in its personal or corporate capacity

  
Per: Greg Ibbott CPA, CA, CIRP, LIT  
Vice President

## ASSET PURCHASE AGREEMENT

Made the 25<sup>th</sup> day of June, 2020.

**BETWEEN:**

**MNP Ltd.** in its capacity as  
court appointed-receiver (the "**Receiver**") of Ronsons Shoe Stores Ltd. (the  
"**Company**") and not in its personal or corporate capacity

(the "**Vendor**")

**AND:**

**Miller's Fine Furniture Ltd.**  
a corporation incorporated pursuant to the laws of Canada, and  
having an office at 2603 Broughton Street, Vancouver, BC, Canada, V4X 1X7

(the "**Purchaser**")

**WHEREAS** pursuant to an order (the "**Receivership Order**") pronounced April 20, 2020, the Vendor was appointed as receiver of, among other things, the property, assets and undertakings of the Company.

**WHEREAS** pursuant to an Invitation for Offers to Purchase, the Vendor offered for sale the tangible assets ("**Lot 1**") and the intangible assets ("**Lot 2**") set out in **Schedule "A"** hereto. The Vendor has agreed to sell and the Purchaser has agreed to buy, subject to the approval of the Supreme Court of British Columbia (the "**Court**"), the Vendor's right, title and interest in and to Lot 1 and Lot 2 (collectively, the "**Purchased Assets**") on the terms contained in this Asset Purchase Agreement (the "**Agreement**") together with the terms set out in the following:

- (a) the Offer to Purchase (the "**Offer**") dated June 11, 2020 attached hereto as **Schedule "B"**; and
- (b) the Terms and Conditions of Sale referenced in the Offer attached hereto as **Schedule "C"**.

**NOW THEREFORE**, in consideration of the premises, covenants and agreements set out in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, each of the parties hereto agrees as follows:

1. The Purchaser shall pay to the Vendor the balance of the purchase price of \$1,125,000 (the "**Purchase Price**") plus applicable taxes, less the deposit received in the amount of \$112,500 (the "**Deposit**"), for a total remaining payment of **\$1,012,500** (plus applicable taxes), by way of bank draft or certified funds, within ten (10) days of the Vendor delivering to the Purchaser's solicitors a copy of an order of the Court approving this sale (the "**Vesting Order**").

2. Subject to the approval of the Court and payment of the Purchase Price plus applicable tax, and the other terms contained herein, the Vendor hereby bargains, sells, assigns, transfers and sets over unto the Purchaser, all of the Vendor's rights, title, and interest in and to the Purchased Assets and every part therein.
3. This Agreement is subject to approval by the Court. This condition is for the mutual benefit of both parties. The Vendor shall, subject to the other terms of this Agreement, present and recommend this Agreement to the Court for approval and in so doing is not contractually or otherwise liable to any party in any way.
4. Upon payment of the balance of the Purchase Price in accordance with Section 1 (the "Closing"), the Purchaser shall be responsible to take possession of the Purchased Assets 'as is, where is' at third party warehouses located at 3250 262 St., Aldergrove, BC and 31236 Peardonville Rd., Abbotsford (the "Warehouses") and remove the Purchased Assets at its sole risk and cost. The Purchaser shall remove the Purchased Assets from the Warehouses and fulfill its obligations under this Agreement before 5 p.m. on the day that is 21 days after granting of the Vesting Order (the "Removal Date").
5. The Receiver will ensure that the Purchaser has access to the Warehouses during business hours from the day of the Closing to the Removal Date at no extra cost to the Purchaser. The Purchaser shall cause no damage to the Warehouses and shall leave the Warehouses in a "broom swept" condition, to the satisfaction of the Vendor, acting reasonably. The Title and risk in and to the Purchased Assets shall pass to the Purchaser on Closing.
6. The Purchaser shall indemnify the Vendor and hold the Vendor harmless against any and all losses, costs, damages and expenses (collectively, the "Costs") that the Vendor may sustain, incur or become liable for by any reason of or arising in relation to the removal of the Purchased Assets from the Warehouses, including, but not limited to, any Costs arising from the Purchaser's failure to leave the Warehouses in a "broom swept" condition.
7. This Agreement may be terminated at the Vendor's sole option if at any time prior to Court approval:
  - (a) the Court varies or vacates the Receivership Order to remove or impede the Vendor's ability to market or sell the Purchased Assets; or
  - (b) the Purchased Assets are redeemed by the Company or any other person prior to Court approval of this Agreement;and in any such event the Vendor shall return the Deposit to the Purchaser and then have no further obligations or liability to the Purchaser under this Agreement or otherwise. This condition is for the sole benefit of the Vendor.
8. If the Purchaser fails to complete the purchase of the Purchased Assets in accordance with its obligations under this Agreement, then the Vendor shall be entitled to retain the Deposit as liquidated damages as its sole and exclusive remedy with respect to any and all claims.



9. The Purchase Price does not include applicable taxes, including Goods and Services Tax or Provincial Sales Tax, if any, which shall be payable by the Purchaser in addition to the Purchase Price.
10. The Purchaser acknowledges that the Purchased Assets are sold on an "as-is", "where-is" and "without recourse" basis with no collateral agreements, conditions, representations or warranties made by the Vendor, express or implied, arising at law, by statute or in equity or otherwise as to title, encumbrances, description, fitness for use, condition (environmental or otherwise), defect (patent or latent), collectability, merchantability, quantity, quality or any other matter or thing whatsoever with respect to the Purchased Assets. The Purchaser further acknowledges that it has relied on its own judgment and investigation with respect to the purchase of the Purchased Assets and is satisfied in all respects with the due diligence and investigations it has conducted.
11. The Purchaser shall be solely responsible for any and all steps including documents and filings necessary, if any, to effect the transfer of Lot 2 including registration in the Purchaser's name in any applicable registry. The Vendor shall execute such further documents as may reasonably be required by the Purchaser to give effect to the sale of Lot 2 at the sole cost and expense of the Purchaser.
12. This Agreement shall be governed by and construed in accordance with the laws of British Columbia and the federal laws of Canada applicable therein. The Purchaser and Vendor hereby attorn to the jurisdiction of the courts of British Columbia.
13. The Agreement shall enure to and be binding upon the Purchaser and Vendor and their respective successors, trustees and assigns, as the case may be.
14. This Agreement constitutes the entire agreement between the parties and, except as stated, contains all of the covenants, representations and warranties of the parties. There are no verbal statements, covenants, representations, warranties, undertakings or agreements between the parties. This Agreement may not be amended or modified in any respect, except by written instrument executed by the parties.
15. The parties shall execute and deliver such further documents and instruments and do all such acts and things as may be reasonably necessary or required to carry out the full intent and meaning of this Agreement and to effect the transactions contemplated by this Agreement.
16. The Agreement may be executed in any number of counterparts, when all taken together, shall constitute a fully executed agreement that shall be binding upon all parties, with the same force and effect as if all parties had signed the same document. Any party to this agreement may effect delivery of its respective execution by counterpart *via* telecopy or other electronic transmission to any other party to this agreement and, in such case, shall provide an originally executed version of its execution upon request of any other party to this agreement.

*[Signature page follows]*

IN WITNESS WHEREOF the Purchaser and Vendor have executed this Agreement by the properly authorized representatives on the date first above written.

MNP Ltd. in its capacity as court-appointed  
Receiver of Ronsons Shoe Stores Ltd.  
and not in its personal or corporate capacity

*for* \_\_\_\_\_  
Per: Greg Ibbott, CPA, CA, CIRP, LIT  
Vice President

Miller's Fine Furniture Ltd.

\_\_\_\_\_  
Per: \_\_\_\_\_  
Title: *President*

**Schedule "A"**  
**Purchased Assets**

**Lot 1 – Tangible Assets:**

**Ronsons Shoe Stores Ltd.**  
**Equipment Listings & Inventory**

<u>Make</u>	<u>Quantity</u>	<u>Model</u>
Pallet Jacks	3	
Metal Warehouse Carts	5	
Ladders - various	12	
Mobital Chairs	31	Tank Chair
Mobital Sofa	22	Sofa Black - new in box
Computers		
Desk Computers - LG Core I5 or lower	30	
Printers		
Brother HL Series or similar	2	
 <u>Inventory</u>	 <u>Quantity</u>	
Various Kids, Mens, Womens and Unisex shoes and accessories	Approximately 111,000	



**Schedule "A"**  
**Purchased Assets (continued)**

**Lot 2 – Intangible Assets:**

Website address, brand and trademarks including the following:

- 1 Ronsons
- 2 Ronthotics
- 3 Ronsonstocks
- 4 Ronsports
- 5 Rack at the back
- 6 Ronsons design (walk with ronsons logo)
- 7 Take a walk



## Schedule "C" Terms and Conditions of Sale

Appendix B

### TERMS AND CONDITIONS OF SALE

#### General Terms and Conditions

1. MNP Ltd., in its capacity as Receiver and Manager (the "Receiver") of the assets of Ronsons Shoe Stores Ltd. (the "Company") will consider written offers to purchase and auction proposals (jointly "Offers to Purchase") for the Company's right, title and interest, if any, in the properties and assets of the Company (collectively, the "Assets").
2. All Offers to Purchase must be submitted by completing the attached form of Offer to Purchase (Appendix C) and must be received by Greg Ibbott, via email by no later than 12:00 p.m., Vancouver Time, on Monday, June 12, 2020. However, nothing herein prevents the acceptance of any Offer to Purchase prior to that time.
3. The Assets are being offered for sale on an "as is" and "where is" and "without recourse" basis with no representations or warranties as to title, encumbrances, description, fitness for use, condition (environmental or otherwise), defect (patent or latent), collectability, merchantability, quantity, quality, or any other matter or thing whatsoever, either stated or implied. Each party making an offer (the "Offeror") must rely on its own judgement, inspection and investigation of the Assets.

#### Transaction Process

4. The Receiver reserves the right and shall be at liberty, at any time, at its sole discretion, to set a minimum purchase price for the Assets and, in such case, shall inform the Offeror of such minimum purchase price.
5. The Receiver reserves the right to amend or terminate the sales process, or to withdraw or amend any of the Assets, at any time, at its sole discretion. With respect to any withdrawal or amendment, the sole obligation of the Receiver to the Offeror shall be to inform the Offeror of the withdrawal or amendment. With respect to the termination of the sales process, the sole obligation of the Receiver to the Offeror shall be to return any deposit without interest or deduction.

#### Offers to Purchase

6. Outright Offers to Purchase must be accompanied by a bank draft or certified cheque payable to "MNP Ltd., in Trust" in an amount equal to 10% of the gross purchase price offered for the Assets, plus all applicable taxes, which deposit will be subject to the terms of paragraphs 7 and 8 herein. Auction proposals must include a net minimum guarantee, which shall be paid to the Receiver upon acceptance. Acceptance of any Offer to Purchase shall result in an agreement by the successful Offeror (the "Purchaser") to execute and deliver a form of Asset Purchase Agreement which shall be provided by the Receiver to the Purchaser.
7. If the Offer to Purchase is accepted, the draft or cheque accompanying the Offer to Purchase shall be deemed a non-refundable cash deposit. If the contemplated sale is completed, the deposit will be applied without interest, against the purchase price. If the contemplated sale is not completed by the Purchaser by reason of the Purchaser's default, the deposit shall be retained on account of liquidated damages by the Receiver and the Receiver shall be entitled to pursue all of its rights and remedies against the Purchaser.

MNP Ltd.

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8. Cheques or drafts accompanying Offers to Purchase that are not accepted by the Receiver shall be returned, without interest thereon, to the Offeror, addressed to the Offeror at the address set forth in its Offer to Purchase, on or before June 19, 2020.
9. Upon receipt by the Receiver of any Offer to Purchase, no person shall be entitled to retract, withdraw, vary or amend the Offer to Purchase prior to acceptance or rejection thereof, without the prior written consent of the Receiver.
10. The submission of an Offer to Purchase to the Receiver shall constitute an acknowledgement and an acceptance by the Offeror of the terms of the Invitation for Offers to Purchase and Invitation for Auction Proposals including these Terms and Conditions of Sale.
11. Upon receipt by the Receiver, an Offer to Purchase must remain open for acceptance and irrevocable until a successful bid ("**Successful Bid**") is approved by the Supreme Court of British Columbia (the "**Court**").
12. An Offer to Purchase may not be conditional on obtaining financing or any internal approval, or on the outcome or review of due diligence, and may not have any other contingency or condition precedent to closing, other than Court approval.
13. An Offer to Purchase may not provide for, or entitle the Offeror to any break-up fee, expense reimbursement or similar type of payment.
14. The highest or any Offer to Purchase may not necessarily be accepted.
15. The Receiver has the right to go back to any of the Offerors in order to clarify or seek further information in respect of any of the Offers to Purchase received, or their ability to conclude the transaction, and may set a further deadline for the submissions of any amended or subsequent Offers to Purchase prior to the selection of a Successful Bid.
16. The Offerors acknowledge and agree that, by participating in this sales process, they ought to present their best offer to the Receiver by the Offer Deadline, and that they will have no right to increase or augment their offer, including by way of presenting a further competing bid, after the Offer Deadline, including at the application for Court approval of the Successful Bid, except as the Court may otherwise permit or request.
17. The Offerors acknowledge and agree that acceptance of any Offer to Purchase shall result in a binding agreement by the successful Offeror (the "**Purchaser**") to purchase the Assets.

#### Closing

18. The Purchaser shall pay to the Receiver the purchase price, agreed upon expenses, plus all applicable federal and provincial taxes, duties and registration fees, unless the applicable exemption certificates are presented to the Receiver on or before the agreed upon closing date, which closing date shall be 10 business days from the date of Court Approval (the "**Closing Date**").
19. Without limitation, all of the purchased Assets shall be as they exist at the time of closing. The Purchaser acknowledges and agrees that the Receiver shall not be required to inspect the purchased Assets or any part thereof and the Purchaser shall be deemed at its own expense to have relied entirely on its own inspection and investigation. The Purchaser acknowledges that no warranties or conditions, expressed or implied, pursuant to applicable legislation in other jurisdictions apply hereto and all of the same are hereby waived by the Purchaser.

20. Prior to closing, the purchased Assets shall be and remain in the possession of and at the risk of the Receiver and the Receiver will hold all policies of insurance effected thereon and the proceeds thereof in trust for the Receiver and the Purchaser as their respective Interests may appear. After closing, the purchased Assets shall be at the risk of the Purchaser. In the event of substantial damage to the purchased Assets occurring on or before closing, the Purchaser may either have the proceeds of the Insurance and complete the transaction of purchase and sale or may cancel the transaction of purchase and sale and have all monies theretofore paid, returned without interest, costs or compensation of any kind whatsoever. Where any damage is not material, the Purchaser shall be obliged to complete the purchase and shall be entitled to the proceeds of insurance referable to such damage, but not to any other costs or compensation whatsoever.

#### **Purchaser's Representations, Responsibilities and Indemnifications**

21. The Purchaser shall assume, at its cost, complete responsibility for compliance with all municipal, provincial and federal laws insofar as the same apply to the purchased Assets and the use thereof by the Purchaser. It shall be the Purchaser's sole responsibility to obtain, and pay the cost of obtaining, any consents, permits, licenses or other authorizations necessary or desirable for the transfer to the Purchaser of the Company's right, title and interest, if any, in the purchased Assets.
22. The Purchaser represents and warrants that
- a) It is a corporation duly incorporated, organized and subsisting under the laws of Canada, British Columbia, or another province of Canada;
  - b) It has the corporate power and authority to enter into agreements, and all necessary actions and approvals will be taken or obtained by the Purchaser to authorize the creation, execution, delivery and performance of agreements will be duly executed and delivered by the Purchaser and is enforceable against the Purchaser in accordance with its terms; and
  - c) It is not a non-Canadian for the purpose of the Investment Canada Act (Canada) and it is not a non-resident of Canada within the meaning of the Income Tax Act (Canada).
23. The Purchaser shall indemnify the Receiver and hold the Receiver harmless against and from all losses, costs, damages and expenses which the Receiver may sustain, incur or become liable for by reason of or arising from any operations of the Purchaser in relation to the Assets, including without limitation, any clean up, decommissioning, restoration or remediation of the Assets which may be required of the Receiver pursuant to any environmental laws as a result of the operations of the Purchaser.

#### **Receiver's Rights, Responsibilities, and Obligations**

24. MNP Ltd. is acting solely in its capacity as Receiver and Manager of Ronsons Shoe Stores Ltd., and not in its personal or corporate capacity, and its liabilities hereunder, if any, or under any Offer to Purchase, or sale contemplated hereby, will be solely in its capacity as Receiver and it shall have no personal or corporate liability of any kind, whether in contract or in tort or otherwise.
25. By submitting an Offer to Purchase, each Offeror agrees that it will not bring any claim, demand or action, whether arising in contract or tort against the Receiver or its employees, directors, officers, advisors or representatives for any matter relating directly or indirectly to the Offers for Purchase or the marketing of the Assets and waives all claims against the Receiver and its employees, directors, officers, advisors and representatives for any

compensation whatsoever in relation to the Offers for Purchase or the marketing of the Assets including any claims for lost profits in the event that the Receiver rejects their Offer to Purchase, accepts a non-compliant Offer to Purchase or otherwise breaches any term of the Invitation to Offer.

26. The obligation of the Receiver to complete the transaction of purchase and sale is subject to the satisfaction of, among other things, the following terms and conditions at or prior to the Closing Date, which conditions are for the sole benefit of the Receiver and which may be waived by the Receiver:
- a) The representations and warranties of the Purchaser herein are true and accurate as of the Closing Date;
  - b) No action or proceeding at law or in equity shall be pending or threatened by any person, firm, governmental authority, regulatory body or agency, to enjoin, restrict, stay or prohibit the purchase and sale of the purchased Assets;
  - c) The purchased Assets shall not have been removed from the control of the Receiver by any means or process;
  - d) No party shall have taken any action to redeem any of the purchased Assets; and
  - e) An order of the Supreme Court of British Columbia approving the Successful Bid has been pronounced.
27. The Receiver may continue to use the name of the Company in the administration of its duties or in the sale of any remaining Assets.

#### Notices

28. Any notices, requests, demands or other communications to be given pursuant to this process shall be in writing and shall be emailed as follows:

To the Purchaser:

At the address set forth in the Offer to Purchase

To the Receiver:

MNP Ltd., Attention: Greg Ibbott, at email [greg.ibbott@mnp.ca](mailto:greg.ibbott@mnp.ca).

29. Notices shall be on the date of the email, or if on a holiday the next business day thereafter.

Dated at Vancouver, British Columbia this 27th day of May, 2020.

**MNP Ltd.**  
In its capacity as Receiver of Ronsons Shoe Stores Ltd.  
and not in its personal or corporate capacity



**Ronsons Shoe Stores Ltd - In Receivership**  
**Interim Statement of Receipts and Disbursements**  
**For the Period April 20, 2020 to June 25, 2020**

**Receipts**

Receiver's Borrowings	\$ 150,000.00
Deposit for Assets	112,500.00
Cash in Bank	19,900.00
Sale of Assets	8,600.00
Refunds	4,242.51
PST Collected	497.00
GST Collected	430.00
Cash on Hand	239.12
<b>Total Receipts</b>	<u>296,408.63</u>

**Disbursements**

Contract Labour	17,804.00
Insurance	30,580.00
Advertising costs	476.74
Change of Locks	3,952.04
Payroll Services	626.32
Taking Possession Costs	558.54
Security Costs	714.28
Filing Fees Paid to Official Receiver	70.00
Ascend License Fee	294.25
GST Paid	5,712.79
Receiver's Professional Fees	107,657.60
<b>Total Disbursements</b>	<u>168,446.56</u>
<b>Balance on Hand</b>	<u>\$ 127,962.07</u>