

August 24, 2007

200 - 1 Concorde Gate
North York, ON M3C 4G4

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Web site: www.mintzca.com

TO THE CREDITORS OF DISTINCTIVE DESIGNS FURNITURE INC. WHO HAVE FILED PROOFS OF CLAIM:

DISTINCTIVE DESIGNS FURNITURE INC. ("DISTINCTIVE" OR THE "COMPANY") - PROPOSAL

At the General Meeting of Creditors held on August 16, 2007, the Company's Proposal (Amended August 16, 2007) was accepted by the required majority of Unsecured Creditors. Specifically, in excess of 96% of the Unsecured Creditors (representing in excess of 97% of the value of the Proofs of Claim of Unsecured Creditors) voting on the resolution, voted for the acceptance of the Proposal (Amended August 16, 2007).

In summary, the amendment to the Proposal provides for the Payment Certificate referenced in the Proposal to be for a period of six years commencing with the 2008 calendar year (rather than for a period of five years as had been included in the original Proposal).

An Application to the Court for approval of the Proposal (Amended August 16, 2007) is scheduled for September 11, 2007.

In this regard, please find enclosed the following documents:

1. Notice of Hearing of Application for Court Approval of Proposal; and
2. The form of Payment Certificate referenced in the Proposal (Amended August 16, 2007), which the Trustee will ask the Court to approve. Please note this form is **not** to be completed by creditors.

A copy of the Proposal (Amended August 16, 2007) can be found on the Trustee's website at www.mintzca.com.

Should you have any questions, please do not hesitate to contact Mr. Adam Sherman of the Trustee's office at 416-644-4425 or the writer.

Yours very truly,

MINTZ & PARTNERS LIMITED
Trustee re: the Proposal of
Distinctive Designs Furniture Inc.

Per: 

Daniel R. Weisz, CA•CIRP, CIRP
Senior Vice President

Direct Line: 416-644-4386

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#31-455107
Refer to: Adam Sherman @ 416-644-4425

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IN THE MATTER OF THE PROPOSAL OF

**DISTINCTIVE DESIGNS FURNITURE INC.
OF THE CITY OF TORONTO
IN THE PROVINCE OF ONTARIO**

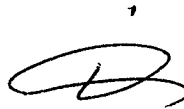
Notice of Hearing of Application for Court Approval of Proposal

Take notice that an application will be made to the Court at 330 University Avenue, 8th Floor, in the City of Toronto, in the Province of Ontario on the 11th day of September, 2007 at 10:00 o'clock in the forenoon, to approve the Proposal (Amended August 16, 2007) of the above-named debtor dated the 16th day of August, 2007 that was accepted by the creditors at a meeting held on the 16th day of August, 2007.

Dated at Toronto, Ontario this 24th day of August, 2007.

MINTZ & PARTNERS LIMITED
Trustee re: the Proposal of
Distinctive Designs Furniture Inc.

Per:



Daniel R. Weisz, CA•CIRP, CIRP
Senior Vice President

Encl.
AS/

::ODMA\PCDOCS\MINTZ\351340\1

PAYMENT CERTIFICATE

ISSUED BY: Distinctive Designs Furniture Inc. (the "Company") pursuant to a Proposal under the *Bankruptcy and Insolvency Act* made July 27, 2007, accepted, as amended, by the requisite majorities of creditors on August 16, 2007 and approved by the Superior Court of Justice (Ontario) on September •, 2007 (the "Proposal")

ISSUED TO: [•] (the "Holder")
[Address]

HOLDER'S PROVEN UNSECURED CLAIM: \$•

FACE AMOUNT OF PAYMENT CERTIFICATE: \$• (75% of the Holder's Proven Unsecured Claim, less the Pro Rata Portion (defined below) of the total amount of Superintendent's Levy required to be paid in respect of all Payment Certificates issued (assuming payment in full)) (the "Face Amount")

DATE OF ISSUANCE October •, 2007

Distribution Terms

This is one of many Payment Certificates issued by the Company pursuant to the terms of the Proposal.

1. For purposes of this Payment Certificate:
 - (a) "Annual Distributable Profit Pool" means, for any single calendar year, the sum of the following:
 - (i) 20% of the first \$1.5 million or less of Profits earned during that year;
 - (ii) 30% of all Profits earned in excess of \$1.5 million, up to and including \$2 million for the year;
 - (iii) 40% of all Profits earned in excess of \$2 million, up to and including \$2.5 million for the year; and
 - (iv) 50% of all Profits earned for the year in excess of \$2.5 million.

For illustrative purposes only, if the Profits in a particular year were \$2.1 million, the Annual Distributable Profit Pool for that year would be \$490,000. If the Profits for the year were \$1.7 million, the Annual Distributable Profit Pool would be \$360,000.

- (b) **"Profits"** means profits calculated in accordance with generally accepted accounting principles on the basis of the Company's income after tax.
 - (c) **"Pro Rata Portion"** means the fraction created by utilizing the Face Amount of this Payment Certificate as the numerator and the aggregate Face Amounts of all Payment Certificates issued pursuant to the Proposal as the denominator.
2. Within 180 days after the end of each calendar year commencing with the end of the calendar year 2008 and ending with the calendar year 2013, the Company shall distribute to the Holder, without interest or any other charge, an amount equal to:

$$\text{The Pro Rata Portion} \quad \times \quad \text{the Annual Distributable Profit Pool} \\ \text{for that year}$$

The Holder shall be entitled to distributions from the Company in accordance with the terms hereof and in no event shall the Holder be entitled to receive more in aggregate than the Face Amount set out above in respect of this Payment Certificate.

Additional Terms

- 3. Each year, when a distribution is sent out by the Company pursuant hereto, it will provide a summary of its calculation of the Annual Distributable Profit Pool and the aggregate Face Amounts of all Payment Certificates. This information will be accompanied by a report from a senior officer of the Company stating that, in his or her opinion, the computation of the Profits has been made in accordance with paragraph 6.1(e) of the Proposal.
- 4. No amount shall be distributed pursuant to this Payment Certificate in respect of a particular calendar year unless there is a positive Profit earned during that year.
- 5. Even if the Holder has not received the full Face Amount, no further distributions will be made by the Company in respect of the calendar years after 2013 and the Holder will have no further rights hereunder.
- 6. Except as otherwise specifically defined, all capitalized terms herein shall have the meaning ascribed to such term in the Proposal.
- 7. Payments hereunder shall be made to the Holder at the address shown on this Payment Certificate unless otherwise agreed by the Company.
- 8. This Payment Certificate shall be binding upon and enure to the benefit of the Holder and the Company and their respective successors and permitted assigns.

9. This Payment Certificate shall be construed in accordance with the laws of the Province of Ontario and the federal laws of Canada, applicable therein.

DISTINCTIVE DESIGNS FURNITURE INC.

By: _____
authorized signing officer