



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

THE HONOURABLE )  
 )  
MADAM JUSTICE CONWAY ) THURSDAY, THE 1st  
 )  
 ) DAY OF MARCH, 2018

**IN THE MATTER OF THE BANKRUPTCY OF**  
**DANIER LEATHER INC.**

**ORDER**  
**(Authorizing Distribution of Surplus)**

**THIS MOTION**, made by KSV Kofman Inc. (“**KSV**”) in its capacity as trustee (“**Trustee**”) in the Bankruptcy of Danier Leather Inc. (“**Danier**”) pursuant to the *Bankruptcy and Insolvency Act* (Canada), R.S.C. 1985, c. B-3, as am. (the “**BIA**”) for an order, among other things,

- (a) authorizing the Trustee to implement the Shareholder Distribution Process (as defined and described below); and
- (b) approving the Sixth Report of the Trustee dated February 1, 2018 (the “**Sixth Report**”) and the activities of the Trustee described therein;

was heard this day at 330 University Avenue, Toronto, Ontario.

**ON READING** the motion record of the Trustee, the Sixth Report, and on hearing submissions of counsel for the Trustee and such other counsel as were present:

## **SERVICE**

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and Motion Record herein be and is hereby abridged and that the motion is properly returnable today and service upon any interested party other than those parties served is hereby dispensed with.

## **THE SHAREHOLDER DISTRIBUTION PROCESS**

2. **THIS COURT ORDERS** that the Trustee is hereby authorized to make the distributions of any remaining surplus to the registered holders of subordinate voting shares (each a “**Share**”) of Danier (the “**Shareholders**”), following the payment in full of Danier’s creditors (with interest in accordance with the provisions of the BIA) and of the costs, charges and expenses of Danier’s bankruptcy proceedings, in accordance with the process described herein and in the Sixth Report (the “**Shareholder Distribution Process**”).

3. **THIS COURT ORDERS** that the Shareholder Distribution Process is hereby approved, and that the Trustee is hereby authorized to use reasonable discretion in administering and directing the Shareholder Distribution Process.

4. **THIS COURT ORDERS** that the Trustee and/or its advisors or representatives are hereby authorized to maintain and update Danier’s share register and list of Shareholders (collectively, the “**Share Register**”) in connection with the Shareholder Distribution Process.

5. **THIS COURT ORDERS** that the Trustee shall make the distributions described below to those Shareholders of record reflected in the Share Register of Danier as at 5:00 p.m. (Toronto time) on March 2, 2018 or such other record date as the Trustee may fix in advance of such distributions for purposes of determining the Shareholders entitled to receive the distributions described below (the “**Record Date**”). The Trustee shall determine the amount to be distributed to each Shareholder based on the number of Shares held by that Shareholder as of the Record Date.

6. **THIS COURT ORDERS** that the Trustee is hereby authorized to withhold a portion of the remaining surplus that the Trustee determines to be reasonable, after payment in full of Danier’s creditors (with interest in accordance with the provisions of the BIA), in order to fund all fees, costs and contingencies necessary to complete the administration of Danier’s bankruptcy and receivership proceedings.

7. **THIS COURT ORDERS** that the Trustee is hereby authorized to make one or more distributions rateably on one or more payment dates determined by the Trustee in its reasonable discretion (the “**Payment Date(s)**”) to the Shareholders of record on the Record Date in the aggregate amount of CDN\$2.91 per Share (on a no fractional share basis), and the distribution of such amount shall be deemed to be a distribution by Danier as a reduction of the stated capital of the Danier subordinate voting shares for the purposes of section 34(1)(b) of the *Ontario Business Corporations Act*, RSO 1990, c. B16, as amended (the “**OBCA**”).

8. **THIS COURT ORDERS** that the Trustee is hereby authorized to make one or more distributions rateably on one or more Payment Date(s) to the Shareholders of record on the Record Date in the aggregate amount of CDN\$0.94 per Share (on a no fractional share basis), and the distribution of such amount shall be deemed to be declared and paid by Danier as a dividend on the Danier subordinate voting shares for the purposes of section 38 of the OBCA.

9. **THIS COURT ORDERS** that the Trustee is hereby authorized, prior to being discharged, to make such further distribution(s) rateably of any remaining surplus to the Shareholders by way of dividend on the Shares (on a no fractional share basis) that it deems reasonable and appropriate in the circumstances, in a manner substantially similar to that described in the Shareholder Distribution Process and the Sixth Report and such further distribution(s) to the Shareholders shall be deemed to be declared and paid by Danier as a dividend on the Danier subordinate voting shares for the purposes of section 38 of the OBCA.

10. **THIS COURT ORDERS** that the Trustee is hereby authorized to take all steps and actions, and to do all things, necessary or appropriate to implement the Shareholder Distribution Process as described herein and to enter into, execute, deliver, implement and consummate all of the steps, transactions, filings, notices and agreements contemplated or required in connection with such Shareholder Distribution Process.

#### **ADMINISTRATION OF THE SHAREHOLDER DISTRIBUTION PROCESS**

11. **THIS COURT ORDERS** that in carrying out the Shareholder Distribution Process, neither Danier nor the Trustee is required to comply, or otherwise effect compliance, with any requirement under the OBCA or any regulation thereunder, or any other statutory or regulatory requirement, relating to the authorization or payment of a return of stated capital or a dividend. In particular, but without limiting the generality of the foregoing, neither Danier nor the Trustee is

required to comply with any statutory or regulatory requirement for calling or holding a shareholders' meeting, any required ordinary or special resolution of the shareholders or directors of Danier, or any procedural or administrative formality related to the foregoing. All necessary approvals, resolutions, filings and procedural formalities necessary to make the distributions are hereby deemed to have been obtained or complied with and the distributions shall be deemed to be a return of stated capital and/or a dividend by Danier for the purposes of the OBCA and applicable laws as set out in paragraphs 7 to 9 above.

12. **THIS COURT ORDERS** that if, within 12 months of the Payment Date(s), as applicable, any of Danier's registered or beneficial Shareholders as of the Record Date are unknown or cannot be located, after reasonable searches are made, or any portion of the amounts distributed to the Shareholders is unclaimed by any Shareholder or returned, the Trustee, its paying agent and CDS & Co., the Canadian Depository for Securities ("CDS"), as applicable, is hereby authorized, subject to the consent of the Public Guardian and Trustee ("PGT") and on order by the Court on a subsequent motion on notice to the PGT, to cause any such amount to be conveyed to the PGT to be held in trust for such Shareholders.

13. **THIS COURT ORDERS** that the Trustee is hereby authorized to engage agents, counsel and such other persons, if any, from time to time and on whatever basis, including on a temporary basis, to assist in carrying out the Shareholder Distribution Process.

#### **LIMITATION OF LIABILITY**

14. **THIS COURT ORDERS** that in carrying out the terms of this Order, the Trustee and its agents and representatives: (i) shall incur no liability or obligation and shall be released and discharged from any and all demands, losses, claims, damages or liabilities, of any nature or kind, to any person, save and except for any fraudulent act, gross negligence or wilful misconduct on its part, as so found by a court of competent jurisdiction; (ii) shall be entitled to rely on the books and records and information of Danier, including the Share Register of Danier, all without independent investigation; and (iii) shall not be liable for any demands, losses, claims, damages or liabilities, of any nature or kind, to any person in connection with or resulting from any errors or omissions in such books, records or information, save and except for any fraudulent act, gross negligence or wilful misconduct on its part. For greater certainty, but without limiting the generality of the foregoing, the Trustee shall not be liable to any government or regulatory agency or authority for

failing to withhold or remit any amount owed by Danier's Shareholders in taxes in respect of the distributions described above, all of which taxes shall be for the account of such Shareholders.

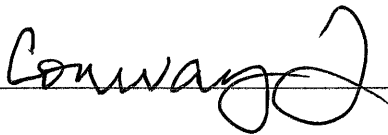
**GENERAL**

15. **THIS COURT ORDERS** that the Trustee may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

16. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada to give effect to this Order and to assist the Trustee and its respective agents and representatives in carrying out the terms of this Order. All such courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Trustee as may be necessary or desirable to give effect to this Order or to assist the Trustee and its respective agents and representatives in carrying out the terms of this Order.

**APPROVAL OF THE SIXTH REPORT**

17. **THIS COURT ORDERS** that the Sixth Report and the activities and conduct of the Trustee described therein be and hereby are authorized and approved.

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**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

**ORDER  
(Authorizing Distribution of Surplus)**

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