



**First Report to Court of
KSV Kofman Inc. as
Trustee in Bankruptcy of
Danier Leather Inc.**

March 23, 2016

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ESTATE FILE NO.: 31-2084381

COURT FILE NO.: 31-2084381

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF THE BANKRUPTCY OF DANIER LEATHER INC.

FIRST REPORT OF KSV KOFMAN INC. AS TRUSTEE IN BANKRUPTCY OF
DANIER LEATHER INC.

MARCH 23, 2016

1.0 Introduction

1. On February 4, 2016, Danier Leather Inc. (the "Company") filed a Notice of Intention to Make a Proposal ("NOI") pursuant to Section 50.4(1) of the *Bankruptcy and Insolvency Act* R.S.C. 1985, c. B-3, as amended ("BIA"), and KSV Kofman Inc. ("KSV") was appointed proposal trustee in the Company's NOI proceedings (the "Proposal Trustee").
2. In accordance with an Order of the Ontario Superior Court of Justice (Commercial List) ("Court") made on February 8, 2016, the Company, with the assistance of its financial advisor, Consensus Advisory Services LLC and Consensus Securities LLC, and the Proposal Trustee, carried out a sale and investor solicitation process ("SISP").
3. As a result of the SISP, the Company entered into an Agency Agreement ("Agency Agreement") with a contractual joint venture comprised of Merchant Retail Solutions, ULC and Gordon Brothers Canada ULC (jointly, the "Agent") to liquidate the inventory in the majority of its store locations. Prior to the NOI proceedings, the Company entered into an agreement with Tiger Capital Group, LLC ("Tiger") to liquidate inventory in the Company's ten other store locations.
4. On March 21, 2016, the Company made an assignment in bankruptcy and KSV was appointed as Trustee in Bankruptcy of the Company's bankrupt estate ("Trustee"), subject to affirmation at the First Meeting of Creditors to be held on April 11, 2016.

5. Pursuant to an Order of the Court made on March 21, 2016 (“Receivership Order”), KSV became Receiver (the “Receiver”) of the Company’s property, assets and undertaking pursuant to section 101 of the *Courts of Justice Act*, R.S.O. 190, c. C.43, as amended. A copy of the Receivership Order is attached as Appendix “A”.
6. This report is filed by KSV in its capacity as Trustee.

1.1 Purposes of this Report

1. The purposes of this report (“Report”) are to:
 - a) provide background information about the Company;
 - b) provide the Trustee’s rationale that it should be authorized to:
 - i. disclaim leases prior to the First Meeting of Creditors;
 - ii. enter into an occupancy agreement with the Receiver (the “Occupancy Agreement”), pursuant to which the Receiver will, *inter alia*, occupy the premises, fund the costs of its occupancy and indemnify the Trustee in respect of same; and
 - c) recommend that the Court issue an Order authorizing the Trustee to:
 - i. disclaim any or all of the Company’s real property leases, prior to the First Meeting of Creditors; and
 - ii. enter into the Occupancy Agreement.

1.2 Currency

1. Unless otherwise noted, all currency references in this Report are to Canadian dollars.

1.3 Restrictions

1. In preparing this Report, the Trustee has relied upon unaudited financial information prepared by the Company’s representatives, the Company’s books and records and discussions with its representatives and advisors. The Trustee has not performed an audit or other verification of such information.

2.0 Background

1. The Company was founded in 1972. The Company was Canada's largest retailer of leather apparel and accessories. The Company's subordinated voting shares were listed on the Toronto Stock Exchange ("TSX") and, until February 4, 2016, traded under the symbol "DL". On February 4, 2016, the Investment Industry Regulatory Organization of Canada issued a cease trade order in respect of the shares. On March 17, 2016, the Company's shares were delisted from the TSX.
2. The Company leases its Toronto based head office (the "St. Clair Facility"). The St. Clair Facility also served as the Company's manufacturing, warehouse and distribution center. The Company also leases a separate distribution facility in Toronto.
3. The Company's merchandise is predominantly marketed under the "Danier" brand name and is currently sold in 81 leased stores across Canada.
4. As a result of the bankruptcy, all of the Company's employees were terminated on the date of bankruptcy. Pursuant to the terms of the Receivership Order, the Receiver engaged approximately 900 of the Company's former employees on a temporary and day-to-day basis to assist with the wind-down of the Company's business. The Company's workforce is not unionized and the Company does not maintain a pension plan.
5. Additional information about the Company's insolvency proceedings is available on the Trustee's website at: <http://www.ksvadvisory.com/insolvency-cases-2/danier-leather-inc/>.

3.0 Agency Agreement and Exiting Locations

1. The Agency Agreement was approved by the Court on March 7, 2016. Pursuant to the Agency Agreement, *inter alia*, the Agent is selling the Company's inventory and furniture, fixtures and equipment located at 76 of the Company's store locations (the "Sale").
2. Pursuant to the Agency Agreement, the Agent is required to reimburse the Company for occupancy costs for store locations subject to the Sale and to provide the Company with seven days' notice prior to vacating a store location, following which occupancy costs for that location(s) would become the Company's obligation.
3. The Sale is performing better than expected. The Agency Agreement contemplates an exit date of June 30, 2016; however, the Agent has advised that the Sale is likely to be completed several weeks earlier and that it will soon be exiting some stores.
4. Monthly occupancy costs for the Company's leased locations total approximately \$1.6 million, inclusive of base rent, common area and maintenance charges. A schedule of the Company's leases is provided in Appendix "B".

5. Tiger has completed the sale at its ten store locations. No inventory remains in those locations. The Company has vacated five of the locations as the leases were either month-to-month or had expired. The Company continues to occupy the remaining five store locations¹. Occupancy costs continue to accrue in those locations and must be paid by the Company absent a disclaimer of the lease.
6. According to the Company's books and records, monthly rent has been paid for all of the Company's leased premises to March 31, 2016.

3.1 Recommendation

1. Pursuant to Section (30)(1)(k) of the BIA, the Trustee may elect to disclaim any lease of the bankrupt with the approval of the estate's inspectors. As the Company's First Meeting of Creditors is scheduled for April 11, 2016, inspectors have not yet been appointed.
2. In the absence of inspectors prior to a First Meeting of Creditors, Section 19(1) of the BIA permits a trustee to take such court proceedings as it considers necessary for the protection of the bankrupt's property. Further, Section 34(1) of the BIA allows the Trustee to apply to the Court for directions in relation to any matter affecting the administration of the estate of a bankrupt.
3. The Trustee believes that it is appropriate for the Court to authorize it to disclaim leases for the Company's leased premises for the following reasons:
 - the relief requested is consistent with Section 19(1) of the BIA;
 - the Company continues to occupy five store locations that have already been closed. Estimated monthly occupation costs for those locations is approximately \$75,000. Should the Court grant the relief sought, the Trustee intends to immediately disclaim these leases as there is no reason to continue to occupy those locations; and
 - as additional locations are vacated, it will be uneconomic for the estate to continue to fund their occupation costs².
4. On March 22, 2016, the Trustee's counsel advised the Service List that it intends to seek this relief. The majority of the Company's landlords are represented by counsel on the Service List.

¹ Represents store numbers 28, 53, 56, 71 and 86 as set out on the lease summary schedule attached as Appendix "B".

² Any disclaimer will be consistent with the requirements under the Agency Agreement.

4.0 Occupancy Agreement

1. As set out in the Fourth Report of the Proposal Trustee dated March 18, 2016, the appointment of a receiver was necessary to assist with the orderly administration of these proceedings, including the performance of the Company's obligations under the Agency Agreement.
2. Pursuant to the Receivership Order, the Receiver is authorized to enter into an occupation agreement with the Trustee.
3. Subject to Court approval, the Trustee intends to enter into the Occupancy Agreement with the Receiver, whereby:
 - the Trustee will authorize the Receiver to occupy the Company's leased premises for a period not to exceed three months from the date of bankruptcy; and
 - during the occupancy period, the Receiver will pay and indemnify the Trustee for all occupancy costs and expenses for which the Trustee has liability in connection with the Company's leased premises.
4. A copy of the proposed Occupancy Agreement is attached as Appendix "C".
5. The Trustee is of the view that the Occupancy Agreement is appropriate and that no stakeholder is prejudiced by its terms. Accordingly, the Trustee recommends that the Court authorize it to enter into the Occupancy Agreement with the Receiver.

5.0 Conclusion and Recommendation

1. Based on the foregoing, the Trustee respectfully recommends that this Honourable Court make an order granting the relief detailed in Section 1.1(1)(c) of this Report.

* * *

All of which is respectfully submitted,



**KSV KOFMAN INC.
IN ITS CAPACITY AS TRUSTEE IN BANKRUPTCY OF
DANIER LEATHER INC.
AND NOT IN ITS PERSONAL CAPACITY**

Appendix “A”

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

THE HONOURABLE

)

MONDAY, THE 21st

)

MS. JUSTICE CONWAY

)

DAY OF MARCH, 2016



IN THE MATTER OF an application under section 101 of the Courts of Justice Act, R.S.O. 1990, c. C.43, as amended

AND IN THE MATTER OF THE RECEIVERSHIP OF DANIER LEATHER INC., a corporation incorporated pursuant to the laws of the Province of Ontario, with a head office in the City of Toronto, in the Province of Ontario

**ORDER
(appointing Receiver)**

THIS APPLICATION made by Danier Leather Inc. (the "Debtor") for an Order pursuant to section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "CJA") appointing KSV Kofman Inc. as receiver (in such capacity, the "Receiver") without security, of all of the assets, undertakings and properties of the Debtor acquired for, or used in relation to a business carried on by the Debtor, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Brent Houlden sworn March 17, 2016 and the Exhibits thereto and the Fourth Report of KSV Kofman Inc. in its capacity as proposal trustee of the Debtor (in such capacity, the "Proposal Trustee"), and on hearing the submissions of counsel for the Debtor and the Proposal Trustee, Chaitons LLP, counsel for the directors and officers of the Company, Torys LLP, counsel for The Cadillac Fairview Corporation, McLean & Kerr LLP, counsel for 20 Vic Management, Morguard, Ivanhoe Cambridge and SmartREIT Calloway and on being advised that all persons on the service list were served with the materials filed in connection with this application as

appears from the affidavit of service, filed, and on reading the consent of KSV Kofman Inc. to act as the Receiver,

SERVICE

1. THIS COURT ORDERS that the time for service of this Application is hereby abridged and validated so that this Application is properly returnable today and hereby dispenses with further service thereof.

APPOINTMENT

2. THIS COURT ORDERS that pursuant to section 101 of the CJA, immediately following the Debtor becoming bankrupt (as defined in the *Bankruptcy and Insolvency Act* ("BIA")) (the "Effective Time"), KSV Kofman Inc. is hereby appointed Receiver, without security, of all of the assets, undertakings and properties of the Debtor acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (the "Property").

3. THIS COURT ORDERS AND DIRECTS the Receiver to file with the Court a copy of a Receiver's certificate in the form attached as Schedule A hereto forthwith after the Effective Time.

RECEIVER'S POWERS

4. THIS COURT ORDERS that the Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:

- (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;

- (b) to receive, preserve, and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
- (c) to manage, operate, and carry on the business of the Debtor, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtor;
- (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel (including counsel to the Debtor) and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;
- (e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtor or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;
- (g) to settle, extend or compromise any indebtedness owing to the Debtor;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's

name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;

- (i) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtor, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;
- (j) to continue the marketing of any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;
- (k) to continue the retention of Consensus Advisory Services LLC and Consensus Securities LLC (collectively, "**Consensus**") on the terms contained in an agreement between Consensus and the Debtor dated December 31, 2015 (the "**Consensus Agreement**"), in which case Consensus shall be deemed to be the agent of the Receiver and the Consensus Agreement shall be deemed amended *mutatis mutandis*;
- (l) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,
 - (i) without the approval of this Court in respect of any transaction not exceeding \$250,000, provided that the aggregate consideration for all such transactions does not exceed \$750,000; and
 - (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price

exceeds the applicable amount set out in the preceding clause;

and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act* shall not be required, and in each case the Ontario *Bulk Sales Act* shall not apply.

- (m) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;
- (n) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
- (o) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property, provided however that that this Order shall not be registered on title to real property premises leased by the Debtor;
- (p) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtor;
- (q) to enter into agreements with any trustee in bankruptcy (the "Bankruptcy Trustee") appointed in respect of the Debtor, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtor;

- (r) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have;
- (s) to perform the Debtor's obligations under the agency agreement entered into between the Debtor and the contractual joint venture comprised of Merchant Retail Solutions, ULC and Gordon Brothers Canada ULC made as of February 29, 2016 (the "Agency Agreement") and the transactions contemplated thereby, and to take such additional steps and execute such additional documents as may be necessary or desirable to implement the Agency Agreement and each of the transactions contemplated therein, provided however that if the Receiver elects to perform under the Agency Agreement, then it shall comply with all of the Debtor's obligations under the Approval Order made March 7, 2016 (Court File No. 31-2084381) and the Sale Guidelines appended thereto;
- (t) to pay for goods or services actually supplied to the Debtor on or after February 4, 2016; and
- (u) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations.

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtor and the Bankruptcy Trustee, and without interference from any other Person. For clarification purposes, if the assignment of a real property lease requires the consent of a landlord, then such lease can only be assigned by the Receiver upon receipt of the required consent of the applicable landlord. Notwithstanding the foregoing, the Receiver shall not disclaim any real property leases and the terms of such real property leases shall remain unaffected by this Order.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

5. THIS COURT ORDERS that (i) the Debtor, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "Persons" and each being a "Person") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

6. THIS COURT ORDERS that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtor, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "Records") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 6 or in paragraph 7 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

7. THIS COURT ORDERS that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems

expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

NO PROCEEDINGS AGAINST THE RECEIVER

8. THIS COURT ORDERS that no proceeding or enforcement process in any court or tribunal (each, a "Proceeding"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY

9. THIS COURT ORDERS that no Proceeding against or in respect of the Debtor or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtor or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

10. THIS COURT ORDERS that all rights and remedies against the Debtor, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that this stay and suspension does not apply in respect of any "eligible financial contract" as defined in the BIA, and further provided that nothing in this paragraph shall (i) empower the Receiver or the Debtor to carry on any business which the Debtor is not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtor from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH THE RECEIVER

11. THIS COURT ORDERS that no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtor, without written consent of the Receiver or leave of this Court.

CONTINUATION OF SERVICES

12. THIS COURT ORDERS that all Persons having oral or written agreements with the Debtor or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll and benefits services, insurance, transportation services, utility or other services to the Debtor are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and that the Receiver shall be entitled to the continued use of the Debtor's current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Debtor or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

CASH MANAGEMENT

13. THIS COURT ORDERS that the Receiver shall be entitled to continue to utilize the cash management system of the Debtor that was in place immediately prior to the bankruptcy of the Debtor as described in the Fourth Report or to replace it with another substantially similar cash management system (the "Cash Management System") and that any present or future bank providing the Cash Management System shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use of application by the Receiver of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, and shall be entitled

to provide the Cash Management System without any liability in respect thereof to any Person other than the Receiver, pursuant to the terms of the documentation applicable to the Cash Management System.

EMPLOYEES

14. THIS COURT ORDERS that each individual who was employed by the Debtor immediately prior to the Debtor becoming bankrupt (as defined in the BIA) who provides services to the Receiver after the Effective Time shall be deemed to have been engaged by the Receiver on a temporary and day-to-day basis, and shall be paid the same hourly or daily rate, as applicable, as such employee was most recently paid by the Debtor. The Receiver shall notify each such individual when its engagement by the Receiver is being terminated, and such individuals shall not be entitled to any other notice of termination, or pay in lieu thereof, or any other payments or other entitlements whatsoever in connection with their termination by the Receiver.

15. THE COURT ORDERS that the Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as specifically provided for in paragraph 14, as the Receiver may specifically agree in writing to pay, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*.

PIPEDA

16. THIS COURT ORDERS that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Receiver may disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "Sale"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information.

The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtor, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

17. THIS COURT ORDERS that nothing herein contained shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, "Possession") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

LIMITATION ON THE RECEIVER'S LIABILITY

18. THIS COURT ORDERS that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*. Nothing in this Order shall derogate from the protections afforded the Receiver by section 14.06 of the BIA or by any other applicable legislation.

RECEIVER'S ACCOUNTS

19. THIS COURT ORDERS that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges unless otherwise ordered by the Court on the passing of accounts, and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the "Receiver's Charge") on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver's Charge shall rank *pari passu* with the Administration Charge and the Consensus Charge (each as defined in Order dated February 8, 2016 in the within proceeding). For greater certainty, the Receiver's Charge shall constitute a charge on the Property and shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise in favour of any Person, other than the Administration Charge (which shall rank *pari passu* with the Receiver's Charge) and the security interests listed on Schedule B hereto.

20. THIS COURT ORDERS that if requested by the Court, the Debtor or any other interested party, the Receiver and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

21. THIS COURT ORDERS that prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the standard rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

SERVICE AND NOTICE

22. 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/>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to 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. This Court further orders that the Case Website to be utilized in accordance with the Protocol shall be <http://www.ksvadvisory.com/insolvency-cases-2/danier-leather-inc/>, which is the Case Website previously created by the Proposal Trustee.

23. THIS COURT ORDERS that if the service or distribution of documents in accordance with the Protocol is not practicable, the Receiver is at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery, facsimile or electronic transmission to the Debtor's creditors or other interested parties at their respective addresses as last shown on the records of the Debtor and that any such service or distribution by courier, personal delivery, facsimile or electronic transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

GENERAL

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

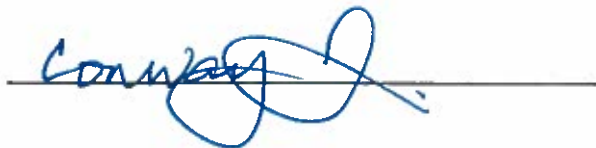
25. THIS COURT ORDERS that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.

26. 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 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 this 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.

27. THIS COURT ORDERS that the Receiver 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 Receiver 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.

28. THIS COURT ORDERS that any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.



ENTERED AT / INSCRIT A TORONTO
ON / BOOK NO.
LE / DANS LE REGISTRE NO.



MAR 21 2016

Schedule A – Form of Receiver's Certificate

Court File No. CV16-11322-00CL

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

IN THE MATTER OF an application under section 101 of the Courts of Justice Act, R.S.O. 1990, c. C.43, as amended

AND IN THE MATTER OF THE RECEIVERSHIP OF DANIER LEATHER INC.,
a corporation incorporated pursuant to the laws of the Province of Ontario,
with a head office in the City of Toronto, in the Province of Ontario

RECEIVER'S CERTIFICATE

RECITALS

A. Pursuant to an Order of the Honourable [•] of the Ontario Superior Court of Justice (the "Court") dated March 21, 2016 (the "Appointment Order"), KSV Kofman Inc. was appointed as the receiver (the "Receiver") of the undertaking, property and assets of Danier Leather Inc. (the "Debtor"), which appointment was to take effect immediately following the Debtor becoming bankrupt (as defined in the *Bankruptcy and Insolvency Act*).

B. Pursuant to the Appointment Order, the Receiver was directed to file with the Court a copy of a certificate forthwith after the Effective Time (as defined in the Appointment Order).

THE RECEIVER CERTIFIES the following:

1. The Effective Time occurred at _____ [TIME] on _____ [DATE].

**KSV KOFMAN INC., in its capacity as
Receiver of the undertaking, property
and assets of DANIER LEATHER INC.,
and not in its personal capacity**

Per: _____
Name:
Title:

Schedule B

Security

Province	Registration Type	Secured Party	Debtor	Collateral Classification	General Collateral Description	Reference File No. Registration No. Registration Period
ON	Financing Statement	Hewlett-Packard Financial Services Canada Company Compagnie de Services Financiers Hewlett-Packard Canada	Danier Leather Inc.	E, O	Enterprise business lease agreement. Any and all equipment, tangible and intangible, pursuant to Enterprise Business Lease Agreement Number 80218, and amendments thereto, and all amounts owing thereunder.	691248897 20131022 1419 8077 7738 (4 years)
	Financing Statement	Honda Canada Finance Inc.	Danier Leather Inc.	CG, E, MV	2013 Honda Crosstour, VIN 5J6TF2H50DL800321 00000170840948	686530134 20130501 0848 9221 7960 (3 years)
	Financing Statement	Canadian Imperial Bank of Commerce, as Agent	Danier Leather Inc.; Les Cuirs Danier Inc.; Danier Leather Inc. Les Cuirs Danier Inc.; Les Cuirs Danier Inc. Danier Leather Inc.	I, E, A, O, MV		862972605 20000619 1437 9065 9354 (6 years)
	Renewals					20060418 1450 1529 2801 20110331 1945 1531 9117
	Financing Statement	Canadian Imperial Bank of Commerce	Royal Leather Goods Inc.	I, E, A, O, MV		060405687 19941125 1636 0043 6335 (10 years)

Province	Registration Type	Secured Party	Debtor	Collateral Classification	General Collateral Description	Reference File No. Registration No. Registration Period
	Amendment					19980114 1459 0043 4014
	Amendment					19990812 1439 1530 8902
	Renewals					20000518 1502 0043 7239 20071105 1440 1530 0827 20121023 1446 1530 0483
	Bank Act	Canadian Imperial Bank of Commerce	Danier Leather Inc.			01266950
	Bank Act	Canadian Imperial Bank of Commerce	Danier Leather Inc.			01294235
BC	Financing Statement	Canadian Imperial Bank of Commerce	Danier Leather Inc.		All of the debtor's present and after acquired personal property as defined in Personal Property Security Act.	7670185 (5 years)
	Amendments					8419503 8933730
	Renewals					8874815 645068D 622561G
AB	Financing Statement	Canadian Imperial Bank of Commerce	Danier Leather Inc.		All of the debtor's, present and after acquired personal property as defined in Personal Property Security Act.	98052619974
	Amendments					99081312300 00062025879

Province	Registration Type	Secured Party	Debtor	Collateral Classification	General Collateral Description	Reference File No. Registration No. Registration Period
	Renewals					00051805190 07050129456 12030715414
SK	Financing Statement	Canadian Imperial Bank of Commerce	Danier Leather Inc.		All of the debtor's present and after-acquired personal property.	115109763
	Amendment					
	Renewals					
MB	Financing Statement	Canadian Imperial Bank of Commerce	Danier Leather Inc.		All debtor's, present and after acquired personal property as defined in Personal Property Security Act. Collateral Classification: Mixed	980527107800
	Amendments					990816106346 000621112015 201505474614
	Renewals					000518110063 200219479718 200904887616 201322404315
NB	Financing Statement	Canadian Imperial Bank of Commerce	Danier Leather Inc.		All of the debtor's present and after acquired personal property as defined in Personal Property Security Act.	3554380
	Amendments					5043516 6040651
	Renewals					5916976 14795058 21195961

Province	Registration Type	Secured Party	Debtor	Collateral Classification	General Collateral Description	Reference File No. Registration No. Registration Period
NS	Financing Statement	Canadian Imperial Bank of Commerce	Danier Leather Inc.		All of the debtor's present and after acquired personal property as defined in Personal Property Act.	622159
	Amendments					2095565 2951997 3036663
	Renewals					2952013 12356523 19244631
	Financing Statement	Canadian Imperial Bank of Commerce	Danier Leather Inc.		A security interest is taken in all of the debtor's present and after-acquired personal property.	2930868
	Amendment					3036716
	Renewals					12356531 19244649
NFLD	Financing Statement	Canadian Imperial Bank of Commerce	Danier Leather Inc.		A security interest is taken in all of the debtor's present and after acquired personal property.	287128
	Amendment					363978
	Renewals					5656113 9790826

REGISTER OF PERSONAL AND MOVABLE REAL RIGHTS

	Registration number	Nature Amount	Parties	Description of Property (Summary)	Comments
	Registration Date				
	Expiration Date				
1.	95-0046164-0001 April 27, 1995 April 27, 2005 Renewed until April 7, 2023	Conventional hypothec without delivery \$23,000,000 with interest at the rate of 25% per annum.	Creditor: Canadian Imperial Bank of Commerce Debtor: Royal Leather Goods Limited; Royal Leather Goods Limited, acting under the name: Danier	See SCHEDULE 1	Deed under private writing dated February 28, 1995. Change of name 00- 0176618-0002 on June 27, 2000: Former name: Royal Leather Goods Limited New name: Danier Leather Inc. Change of name 00- 0176618-0003 on June 27, 2000: Former name: Danier Leather Inc. New name: Danier Leather Inc.; Les Cuir Danier Inc.
2.	98-0101734-0001 August 10, 1998 July 16, 2008 Renewed until June 13, 2018	Conventional hypothec without delivery \$37,375,000 with interest at the rate of 25% per annum.	Creditor: Banque Canadienne Impériale de Commerce Debtor: Danier Leather Inc.	Universality of property in stock, present and future; Universality of claims, present and future; Universality of equipment, present and future; Insurance and expropriation indemnities pertaining to the hypothecated property. ¹	Deed under private writing dated July 16, 1998.

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The description of the charged property which appears in the registration statement on which this report is based is in French. The description as contained in this report has been translated into English for your convenience only. The French version of the description as it appears in the registration statement is the only description which governs and which has force of law.

	Registration number Registration Date Expiration Date	Nature Amount	Parties	Description of Property (Summary)	Comments
3.	00-0194829-0001 July 13, 2000 July 13, 2010 Renewed until June 7, 2018	Conventional hypothec without delivery \$54,000,000.00 in legal tender of Canada (the "Principal") with interest at the rate of 25% per annum and an amount equal to 15% of the Principal.	Creditor : Canadian Imperial Bank of Commerce Debtor: Danier Leather Inc.; Les Cuirs Danier Inc.; Danier Leather Inc./Les Cuirs Danier Inc., acting under the names: Les Cuirs Danier; Danier Leather; Danier	See SCHEDULE 2	Notarial deed dated July 13, 2000, before Paul Anthony Laberge, notary, under minute number 12419.
4.	15-0105487-0001 February 10, 2015 February 10, 2025	Conventional hypothec without delivery \$46,000,000.00 in legal tender of Canada with interest at a rate of 25% per annum; including an additional amount equal to 15% of the principal amount of the hypothec of \$40,000,000.00.	Creditor : Canadian Imperial Bank of Commerce Debtor: Danier Leather Inc.; Les Cuirs Danier Inc.	See SCHEDULE 3	Notarial deed dated February 10, 2015, before Cristina Napoleoni, notary, under minute number 249. Mention: This hypothec is granted to secure the payment of obligations pursuant to article 2692 of the Civil Code of Québec. The Agent authorizes the Grantor to collect the Claims. This authorization may be withdrawn by the Agent upon the occurrence of an Event of Default (as defined in the deed of hypothec referred to under the heading "Référence à l'acte constitutif") which is continuing.

SCHEDULE 1

THE UNIVERSALITY OF GRANTOR'S PROPERTY, BOTH PRESENT AND FUTURE, CORPOREAL AND INCLUDING WITHOUT LIMITATION; PROPERTY IN STOCK, CLAIMS, EQUIPEMENT AND ALL OF THE GRANTOR'S PRESENT AND AFTER ACQUIRED REAL PROPERTY, TOGETHER WITH ALL BUILDINGS PLACED, INSTALLED OR ERECTED ON ANY SUCH REAL PROPERTY AND ALL FIXTURES AND ALL OF THE GRANTORS PRESENT AND AFTER ACQUIRED PERSONAL PROPERTY AND UNDERTAKING WHERE:

"PROPERTY IN STOCK" MEANS THE UNIVERSALITY OF ALL EXISTING AND FUTURE PROPERTY IN STOCK OWNED BY THE GRANTOR OR HELD ON HIS BEHALF, INCLUDING MOVEABLE PROPERTY HELD FOR THE PURPOSE OF BEING SOLD, RENTED OR ALTERED BY MEANS OF TRANSFORMATION OR MANUFACTURING PROCESS OF A GOOD DESTINED FOR SALE OR FOR RENT OR WITH RESPECT TO SERVICES OFFERED, OR GOODS HELD BY THIRD PARTIES WITH RESPECT TO A RENTAL AGREEMENT, LEASING CONTRACT, FRANCHISE CONTRACT OR LICENCE OR OTHER AGREEMENT EXECUTED WITH THE GRANTOR, REGARDING RAW MATERIALS, MANUFACTURED OR SEMIMANUFACTURED OR TREATED MATERIALS OR PRODUCTS, OR GOODS USED FOR PACKAGING, MINERAL OR PETROLEUM SUBSTANCES, ANIMALS OR FOODSTUFFS. GOODS THAT WERE PART OF ANY GOODS IN STOCK WHICH, PURSUANT TO AN ALIENATION CONTRACT EXECUTED WITH RESPECT THERETO FOR THE BENEFIT OF A THIRD PARTY, SHALL REMAIN THE PROPERTY OF THE GRANTOR PURSUANT TO A RESERVATION OF OWNERSHIP IN ITS FAVOUR, AND SHALL BE DEEMED TO BE PROPERTY IN STOCK AS LONG AS THE OWNERSHIP THEREOF IS NOT TRANSFERRED TO SUCH THIRD PARTIES; ARE ALSO DEEMED TO BE PROPERTY IN STOCK, GOODS WHICH, AFTER HAVING BEEN ALIENATED, HAVE AGAIN BECOME THE PROPERTY OF THE GRANTOR AS A RESULT OF A RESOLUTION, TERMINATION OR REPOSSESSION.

"CLAIMS" MEANS THE UNIVERSALITY OF ALL CLAIMS, ACCOUNT BOOKS, ACCOUNTS RECEIVABLE, DEMANDS AND AMOUNTS OF ANY NATURE WHICH ARE PRESENTLY OWNED TO THE GRANTOR AND WHICH MAY BE OWNED TO HIM IN THE FUTURE, INCLUDING ALL THE DEMANDS AND BENEFITS WHICH ARE OR COULD BE OWNED TO THE GRANTOR IN THE FUTURE PURSUANT TO ANY INSURANCE POLICY WHATSOEVER AND ALL OF THE GRANTOR'S RIGHTS TO THE CREDIT BALANCE OF THE ACCOUNTS HELD ON HIS BEHALF BY THE TITULAIRE (SUBJECT TO THE LATTER'S RIGHTS OF COMPENSATION) OR BY ANY FINANCIAL INSTITUTION OR OTHER PERSON, THE WHOLE ALSO INCLUDING ANY JUDGEMENTS AND OTHER ACCESSORIES, HYPOTHECS, RIGHTS AND SECURITY RELATING THERETO AS WELL AS ANY DEEDS, DOCUMENTS, INSTRUMENTS, CONTRACTS, BILLS OF EXCHANGE, NOTES AND OTHER APPROPRIATE VOUCHERS AS WELL AS THE BOOKS AND FILES RELATING THERETO. A CLAIM, A RIGHT OR A DEMAND SHALL NOT BE EXCLUDED FROM THE CLAIMS SOLELY BECAUSE (O) THE DEBTOR IS DOMICILED OUTSIDE QUÉBEC OR (II) THE DEBTOR IS AN AFFILIATE (AS THIS TERM IS DEFINED IN THE CANADA BUSINESS CORPORATIONS ACT) OF THE GRANTOR OR THE DEBTOR OR (III) THE CLAIM, RIGHT OR DEMAND IS NOT RELATED TO THE BUSINESS OF THE GRANTOR, WHEN SUCH GRANTOR IS NOT A NATURAL PERSON.

"DEBTOR" MEANS ANY PERSON FOR WHOM THE GRANTOR IS A GUARANTOR WITH RESPECT TO HIS DEBTS OR OBLIGATIONS IN FAVOUR OF THE LENDERS.

"LOCATION" MEANS ALL OF THE LAND, CONSTRUCTIONS AND WORKS WHOSE ACQUISITION, DEVELOPMENT OR USE ARE FINANCED IN WHOLE OR IN PARTY BY MEANS OF THE FUNDS OBTAINED FROM THE TITULAIRE BY THE GRANTOR OR THE DEBTOR, AS THE CASE MAY BE, OR ANY PROPERTY CHARGED WITH A HYPOTHEC OR OTHER SECURITY SECURING THE INDEBTEDNESS, IN WHOLE OR IN PART.

"EQUIPMENT" MEANS THE UNIVERSALITY OF THE PRESENT AND FUTURE MACHINERY, TOOLS, PROFESSIONAL EQUIPMENT AND FURNITURE OWNED BY THE GRANTOR OR HELD ON HIS BEHALF AS WELL AS EXISTING AND FUTURE ACCESSORIES, ADDITIONS, REPAIRS AND SPARE PARTS THERETO, INCLUDING LOGGING AND FARM MACHINERY AND TOOLS.

WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, THE HYPOTHEC HEREBY CONSTITUTED ALSO CHARGES THE FOLLOWING UNIVERSALITIES OF PROPERTY:

(A) ALL THE FRUITS AND PRODUCTS OF THE SOIL, AND THE MATERIALS AND OTHER THINGS FORMING AN INTEGRAL PART OF AN IMMOVABLE, NOW OR IN THE FUTURE, AND WHICH ARE OWNED BY THE GRANTOR WHEN SUCH FRUITS, PRODUCTS, MATERIALS OR OTHER THINGS BECOME MOVABLES WITH A SEPARATE EXISTENCE ATTACHING TO THE HYPOTHECATED PROPERTY OR WITH RESPECT THERETO;

(B) THE PROCEEDS OF ANY SALE, RENTAL OR OTHER DISPOSITION OF THE HYPOTHECATED PROPERTY, ANY CLAIM RESULTING FROM SUCH SALE, RENTAL OR OTHER DISPOSITION AS WELL AS ANY PROPERTY ACQUIRED IN REPLACEMENT THEREOF (IT BEING UNDERSTOOD THAT THIS CLAUSE SHALL NOT BE INTERPRETED AS ALLOWING THE GRANTOR TO ENCUMBER THE HYPOTHECATED PROPERTY IN VIOLATION HEREOF);

(C) ALL THE EXISTING AND FUTURE INTELLECTUAL AND INDUSTRIAL PROPERTY RIGHTS OF THE GRANTOR AS WELL AS ALL EXISTING AND FUTURE PERMITS, LICENCES, AUTHORIZATIONS OR OTHER RIGHTS ATTACHING TO ITS ENTERPRISE OR TO THE HYPOTHECATED PROPERTY;

(D) ALL INSURANCE OR EXPROPRIATION INDEMNITIES PAYABLE WITH RESPECT TO THE HYPOTHECATED PROPERTY;

(E) ALL RIGHTS ATTACHING TO THE HYPOTHECATED PROPERTY AS WELL AS THE FRUITS AND REVENUES GENERATED THEREBY;

(F) ALL CONDITIONAL RIGHTS OR RIGHTS LIKELY TO BE DECLARED NULL REGARDING A CORPOREAL OR INCORPOREAL MOVABLE PROPERTY OWNED OR HELD BY THE GRANTOR OR ON ITS BEHALF; AND

(G) ALL THE TITLES, DOCUMENTS, REGISTERS, INVOICES AND ACCOUNTS EVIDENCING THE HYPOTHECATED PROPERTY OR WITH RESPECT THERETO.

SCHEDULE 2

The following universalities of property are charged by the hypothec constituted hereby:

Accessions;
Books and Records;
Claims;
Contracts;
Documents of Title;
Equipment;
Goods;
Instruments;
Intangibles;
Intellectual
Property Rights;
Inventory;
Money;
Permits;
Property in Stock;
Real Property; and
Securities.

Without limiting the generality of the foregoing, the hypothec hereby constituted also charges the following universalities of property:

(a) All the fruits and products of the soil, and the materials and other things forming an integral part of an immovable, now or in the future, and which are owned by the Constituant when such fruits, products, materials or other things become movables with a separate existence attaching to the Hypothecated Property or with respect thereto;

(b) The proceeds of any sale, rental or other disposition of the Hypothecated Property, any claim resulting from such sale, rental or other disposition as well as any property acquired in replacement thereof (it being understood that this clause shall not be interpreted as allowing the Constituant to encumber the Hypothecated Property in violation hereof);

(c) All the existing and future intellectual and industrial property rights of the Constituant as well as all existing and future permits, licences, authorizations or other rights attaching to its enterprise or to the Hypothecated Property;

(d) All insurance or expropriation indemnities payable with respect to the Hypothecated Property;

(e) All rights attaching to the Hypothecated Property as well as the fruits and revenues generated thereby;

(f) All conditional rights or rights likely to be declared null regarding a corporeal or incorporeal movable property owned or held by the Constituant or on its behalf; and

(g) All the titles, documents, registers, invoices and accounts evidencing the Hypothecated Property or with respect thereto.

The universality of all other movable or immovable property of whatsoever nature and wherever situated, now owned or hereafter acquired by the Constituant.

For the purposes hereof,

"Accessories" means Goods that are installed in or affixed to other Goods;

"Books and Records" means and refers to the universality of books, records, agreements and/or arrangements relating to Claims, Equipment and/or Inventory, including but not limited to: all records, ledgers, computer software, including, without limitation, programs, disc or tape files, and printouts, runs and other computer prepared information indicating, summarising or evidencing Claims, Intangibles, Equipment and/or Inventory;

"Claims" means the universality of all claims, account books, accounts receivable, demands and amounts of any nature which are presently owed to the Constituant and which may be owed to him in the future, including all the demands and benefits which are or could be owed to the Constituant in the future pursuant to any insurance policy whatsoever and all of the Constituant's rights to the credit balance of the accounts held on his behalf by the Agent (subject to the latter's rights of compensation) or by any financial institution or other person, the whole also including any judgements and other accessories, hypothecs, rights and security relating thereto as well as any deeds, documents, instruments, contracts, bills of exchange, notes and other appropriate vouchers as well as the books and files relating thereto. A claim, a right or a demand shall not be excluded from the Claims solely because (i) the debtor is domiciled outside Quebec or (ii) the debtor is an affiliate (as this term is defined in the Canada Business Corporations Act) of the Constituant or (iii) the claim, right or demand is not related to the business of the Constituant.

"Contracts" means all contracts, licenses and agreements to which the Constituant is now or in the future a party or pursuant to which the Constituant has acquired rights or in the future acquires rights, as such contracts may from time to time be amended, supplemented or otherwise modified, including (a) all present and future rights of the Constituant to receive Money or any other amounts or in connection therewith, (b) all present and future rights of the Constituant to damages arising out of, or for, breach or default in respect thereof, and (c) all present and future rights of the Constituant to perform and to exercise all remedies thereunder;

"Document of Title" means any writing that purports to be issued by or addressed to a person and purports to cover such Goods in such person's possession as are identified or fungible portions of an identified mass, and that in the ordinary course of business is treated as establishing that the person in possession of it is entitled to receive, hold and dispose of the document and the Goods it covers;

"Equipment" means the universality of the present and future machinery, tools, professional equipment and furniture owned by the tor or held on his behalf as well as existing and future accessories, additions, repairs and spare parts thereto, including logging and farm machinery and tools;

"Goods" means corporeal movable property other than Claims, Documents of Title, Instruments, Money and Securities, and includes fixtures, growing crops, the unborn young of animals, timber to be cut, and minerals and hydrocarbons to be extracted;

"Instrument" means, a bill, note or cheque within the meaning of the Bills of Exchange Act (Canada) or any other writing that evidences a right to the payment of money and is of a type that in the ordinary course of business is transferred by delivery with any necessary endorsement or assignment, or a letter of credit and an advice of credit if the letter or advice states that it must be surrendered upon claiming payment thereunder, but does not include a writing that constitutes part of a Claim, a Document of Title or a Security;

"Intangible" means all incorporeal movable property that is not Goods, Documents of Title, Instruments, Money or Securities;

"Intellectual Property Rights" means all past, present and future: trade secrets and other proprietary information; trademarks, service marks, business names, designs, logos, indicia, and/or other source and/or business identifiers of or used by the Constituant and the goodwill of the business relating thereto and all registrations or applications for registrations now or hereafter issued thereon throughout the world; copyrights (including, without limitation, copyrights for computer programs) of the Constituant or in which the Constituant has any right, title or interest and copyright registrations or applications for registrations now or hereafter issued throughout the world and all corporeal property embodying such copyrights; unpatented inventions (whether or not patentable) of the Constituant or in which the Constituant has any right, title or interest; patent applications and patents of the Constituant or in which the Constituant has any right, title or interest; industrial designs, industrial design applications and registered industrial designs of the Constituant or in which the Constituant has any right, title or interest; license agreements related to any of the foregoing and income therefrom; books, records, writings, computer tapes or disks, flow diagrams, specification sheets, source codes, object codes and other physical manifestations, embodiments or incorporations of any of the foregoing; the right to sue for all past, present and future

infringements of any of the foregoing; and all common law and other rights throughout the world in and to all of the foregoing;

"Inventory" means Goods that are held for sale or lease or that have been leased or that are to be furnished or have been furnished under a contract of service, or that are raw materials, work in process or materials used or consumed in a business or profession;

"Location" means all of the land, constructions, works and any other property charged with a hypothec or other security securing the Indebtedness, in whole or in part.

"Money" means a medium of exchange authorised or adopted by the Parliament of Canada as part of the currency of Canada or by a foreign government as part of its currency;

"Permits" means all permits, licenses, authorisations, approvals, franchises, rightsofway, servitudes and entitlements that the Constituant has, requires or is required to have, to own, possess or operate any of its property or to operate and carry on any part of its business;

"Property in Stock" means the universality of all existing and future property in stock owned by the Constituant or held on his behalf, including moveable property held for the purpose of being sold, rented or altered by means of transformation or manufacturing process of a good destined for sale or for rent or with respect to services offered, or goods held by third parties with respect to a rental agreement, leasing contract, franchise contract or licence or other agreement executed with the Constituant, regarding raw materials, manufactured or semimanufactured

or treated materials or products, or goods used for packaging, mineral or petroleum substances, animals or foodstuffs. Goods that were part of any goods in stock which, pursuant to an alienation contract executed with respect thereto for the benefit of a third party, shall remain the property of the Constituant pursuant to a reservation of ownership in its favour, and shall be deemed to be Property in Stock as long as the ownership thereof is not transferred to such third parties; are also deemed to be Property in Stock, goods which, after having been alienated, have again become the property of the Grantor as a result of a resolution, termination or repossession.

"Real Property" means the universality of all of the Constituant's right, title, estate and interest, leases of real or immovable property, present and future, in and to all lands, immovable property and premises now or in the future owned by the Constituant or in which the Constituant now or in the future has any interest of any nature whatsoever or which may at any time in the future be acquired by the Constituant of which the Constituant may at any time in the future become possessed or obtain any interest or to which the Constituant may at any time in the future become entitled, in any such case wherever located, together with all buildings, erections, structures, improvements, fixtures, fixed plant, fixed machinery and fixed equipment now or in the future located, constructed or placed in, under or upon any such lands and premises and all rights, entitlements, rights of way, servitudes, licences and privileges appurtenant or appertaining to such lands and premises;

"Security" means a document that is: (a) issued in bearer, order or registered form, (b) of a type commonly dealt with upon securities exchanges or markets or commonly recognised in any area in which it is issued or dealt in as a medium for investment, (c) one of a class or series or which by its terms is divisible into a class or series of documents, and (d) evidence of a share, participation or other interest in property or in an enterprise or is evidence of an obligation of the issuer; and

"Toxic Substance" means both (a) any pollutant or contaminant within the meaning given to these words in the Environment Quality Act (Quebec) and (b) any toxic substance within the meaning given to these words in the Canadian Environmental Protection Act.

SCHEDULE 3

The following universalities of property of the Grantor (collectively, the "Hypothecated Property"):

Accessions;
Books and Records;
Claims;
Contracts;
Documents of Title;
Equipment;
Goods;
Instruments;
Intangibles;
Intellectual Property Rights;
Inventory;
Money;
Permits;
Property in Stock;
Real Property, except for leases and leasehold interests for which the consent of the landlord is required prior to a charge thereof and for which such consent has not been obtained; and Securities.

Without limiting the generality of the foregoing, the hypothec hereby constituted also charges the following universalities of property:

(a) All the fruits and products of the soil, and the materials and other things forming an integral part of an immovable, now or in the future, and which are owned by the Grantor when such fruits, products, materials or other things become movables with a separate existence attaching to the Hypothecated Property or with respect thereto;

(b) The proceeds of any sale, rental or other disposition of the Hypothecated Property, any claim resulting from such sale, rental or other disposition as well as any property acquired in replacement thereof (it being understood that this clause shall not be interpreted as allowing the Grantor to encumber the Hypothecated Property in violation hereof);

(c) All the existing and future intellectual and industrial property rights of the Grantor as well as all existing and future permits, licences, authorizations or other rights attaching to its enterprise or to the Hypothecated Property;

(d) All insurance or expropriation indemnities payable with respect to the Hypothecated Property;

(e) All rights attaching to the Hypothecated Property as well as the fruits and revenues generated thereby;

(f) All conditional rights or rights likely to be declared null regarding a corporeal or incorporeal movable property owned or held by the Grantor or on its behalf;

(g) All the titles, documents, registers, invoices and accounts evidencing the Hypothecated Property or with respect thereto; and

(h) All other movable or immovable properties of whatsoever nature and wherever situated, now owned or hereafter acquired by the Grantor.

DEFINITIONS

"Accessions" means Goods that are installed in or affixed to other Goods;

"Agent" means CANADIAN IMPERIAL BANK OF COMMERCE, together with its successors and permitted assigns.

"Books and Records" means and refers to the universality of books, records, agreements and/or arrangements relating to Claims, Equipment and/or Inventory, including but not limited to: all records, ledgers, computer software, including, without limitation, programs, disc or tape files, and printouts, runs and other computer prepared information indicating, summarising or evidencing Claims, Intangibles, Equipment and/or Inventory;

"Claims" means the universality of all claims, account books, accounts receivable, demands and amounts of any nature which are presently owed to the Grantor and which may be owed to him in the future, including all the demands and benefits which are or could be owed to the Grantor in the future pursuant to any insurance policy whatsoever and all of the Grantor's rights to the credit balance of the accounts held on his behalf by the Agent (subject to the latter's rights of compensation) or by any financial institution or other person, the whole also including any judgements and other accessories, hypothecs, rights and security relating thereto as well as any deeds, documents, instruments, contracts, bills of exchange, notes and other appropriate vouchers as well as the books and files relating thereto. A claim, a right or a demand shall not be excluded from the Claims solely because (i) the debtor is domiciled outside Quebec or (ii) the debtor is an affiliate (as this term is defined in the Canada Business Corporations Act) of the Grantor or (iii) the claim, right or demand is not related to the business of the Grantor;

"Contracts" means all contracts, licenses and agreements to which the Grantor is now or in the future a party or pursuant to which the Grantor has acquired rights or in the future acquires rights, as such contracts may from time to time be amended, supplemented or otherwise modified, including (a) all present and future rights of the Grantor to receive Money or any other amounts or in connection therewith, (b) all present and future rights of the Grantor to damages arising out of, or for, breach or default in respect thereof, and (c) all present and future rights of the Grantor to perform and to exercise all remedies thereunder, but excluding all leases and contracts creating leasehold interests for which the consent of the landlord is required prior to a charge thereof and for which such consent has not been obtained;

"Document of Title" means any writing that purports to be issued by or addressed to a person and purports to cover such Goods in such person's possession as are identified or fungible portions of an identified mass, and that in the ordinary course of business is treated as establishing that the person in possession of it is entitled to receive, hold and dispose of the document and the Goods it covers;

"Equipment" means the universality of the present and future machinery, tools, professional equipment and furniture owned by the Grantor or held on his behalf as well as existing and future accessories, additions, repairs and spare parts thereto, including logging and farm machinery and tools;

"Goods" means corporeal movable property other than Claims, Documents of Title, Instruments, Money and Securities, and includes fixtures, growing crops, the unborn young of animals, timber to be cut, and minerals and hydrocarbons to be extracted;

"Grantor" means Danier Leather Inc./Les Cuir Daniers Inc., together with its successors and permitted assigns.

"Instrument" means, a bill, note or cheque within the meaning of the Bills of Exchange Act (Canada) or any other writing that evidences a right to the payment of money and is of a type that in the ordinary course of business is transferred by delivery with any necessary endorsement or assignment, or a letter of credit and an advice of credit if the letter or advice states that it must be surrendered upon claiming payment thereunder, but does not include a writing that constitutes part of a Claim, a Document of Title or a Security;

"Intangibles" means all incorporeal movable property that is not Goods, Documents of Title, Instruments, Money or Securities;

"Intellectual Property Rights" means all past, present and future: trade secrets and other proprietary information; trademarks, service marks, business names, designs, logos, indicia, and/or other source and/or business identifiers of or used by the Grantor and the goodwill of the business relating thereto and all registrations or applications for registrations now or hereafter issued thereon throughout the world; copyrights (including, without limitation, copyrights for computer programs) of the Grantor or in which the Grantor has any right, title or interest and copyright registrations or applications for registrations now or hereafter issued throughout the world and all corporeal property embodying such copyrights; unpatented inventions (whether or not patentable) of the Grantor or in which the Grantor has any right, title or interest; patent applications and patents of the Grantor or in which the Grantor has any right, title or interest; industrial designs, industrial design applications and registered industrial designs of the Grantor or in which the Grantor has any right, title or interest; license agreements related to any of the foregoing and income therefrom; books, records, writings, computer tapes or disks, flow diagrams, specification sheets,

source codes, object codes and other physical manifestations, embodiments or incorporations of any of the foregoing; the right to sue for all past, present and future infringements of any of the foregoing; and all common law and other rights throughout the world in and to all of the foregoing;

"Inventory" means Goods that are held for sale or lease or that have been leased or that are to be furnished or have been furnished under a contract of service, or that are raw materials, work in process or materials used or consumed in a business or profession;

"Money" means a medium of exchange authorized or adopted by the Parliament of Canada as part of the currency of Canada or by a foreign government as part of its currency;

"Permits" means all permits, licenses, authorizations, approvals, franchises, rightsofway, servitudes and entitlements that the Grantor has, requires or is required to have, to own, possess or operate any of its property or to operate and carry on any part of its business;

"Property in Stock" means the universality of all existing and future property in stock owned by the Grantor or held on his behalf, including moveable property held for the purpose of being sold, rented or altered by means of transformation or manufacturing process of a good destined for sale or for rent or with respect to services offered, or goods held by third parties with respect to a rental agreement, leasing contract, franchise contract or licence or other agreement executed with the Grantor, regarding raw materials, manufactured or semimanufactured or treated materials or products, or goods used for packaging, mineral or petroleum substances, animals or foodstuffs. Goods that were part of any goods in stock which, pursuant to an alienation contract executed with respect thereto for the benefit of a third party, shall remain the property of the Grantor pursuant to a reservation of ownership in its favour, and shall be deemed to be Property in Stock as long as the ownership thereof is not transferred to such third parties; are also deemed to be Property in Stock, goods which, after having been alienated, have again become the property of the Grantor as a result of a resolution, termination or repossession;

"Real Property" means the universality of all of the Grantor's right, title, estate and interest, leases of real or immovable property, present and future, in and to all lands, immovable property and premises now or in the future owned by the Grantor or in which the Grantor now or in the future has any interest of any nature whatsoever or which may at any time in the future be acquired by the Grantor or of which the Grantor may at any time in the future become possessed or obtain any interest or to which the Grantor may at any time in the future become entitled, in any such case wherever located, together with all buildings, erections, structures, improvements, fixtures, fixed plant, fixed machinery and fixed equipment now or in the future located, constructed or placed in, under or upon any such lands and premises and all rights, entitlements, rights of way, servitudes, licences and privileges appurtenant or appertaining to such lands and premises; and

"Security" means a document that is: (a) issued in bearer, order or registered form, (b) of a type commonly dealt with upon securities exchanges or markets or commonly recognised in any area in which it is issued or dealt in as a medium for investment, (c) one of a class or series or which by its terms is divisible into a class or series of documents, and (d) evidence of a share, participation or other interest in property or in an enterprise or is evidence of an obligation of the issuer.

IN THE MATTER OF an application under section 101 of the Courts of Justice Act,
R.S.O. 1990, c. C.43, as amended

AND IN THE MATTER OF THE RECEIVERSHIP OF DANIER LEATHER INC., a
corporation incorporated pursuant to the laws of the Province of Ontario, with a head
office in the City of Toronto, in the Province of Ontario

Court File No. CV16-11322-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)

Proceeding commenced at Toronto

ORDER

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Lawyers for Danier Leather Inc.

Appendix “B”

Danier Leather Inc.

Summary of Leases

As at March 23, 2016

Store #	Property Name	Property Address	Province
002	FAIRVIEW MALL	1800 SHEPPARD AVENUE EAST, TORONTO	ON
004	MAPLEVIEW MALL	900 MAPLE AVENUE, BURLINGTON	ON
006	PROMENADE SHOPPING CENTRE	1 PROMENADE CIRCLE, THORNHILL	ON
007	FAIRVIEW PARK MALL	2960 KINGSWAY DRIVE, KITCHENER	ON
008	OSHAWA SHOPPING CENTRE	419 KING STREET WEST, OSHAWA	ON
009	TORONTO EATON CENTRE	220 YONGE STREET, TORONTO	ON
010	WHITE OAKS MALL	1105 WELLINGTON RD., LONDON	ON
011	PEN CENTRE	221 GLENDALE AVENUE, ST. CATHARINES	ON
012	SCARBOROUGH TOWN CENTRE	300 BOROUGH DRIVE, SCARBOROUGH	ON
013	SQUARE ONE SHOPPING CENTRE	100 CITY CENTRE DRIVE, MISSISSAUGA	ON
014	DEVONSHIRE MALL	3100 HOWARD AVENUE, WINDSOR	ON
015	OAKVILLE PLACE SHOPPING CENTRE	240 LEIGHLAND AVE., OAKVILLE	ON
016	ST LAURENT SHOPPING CENTRE	1200 ST. LAURENT BLVD., OTTAWA	ON
017	CARREFOUR LAVAL	3003 LE CARREFOUR BLVD, LAVAL	PQ
018	LIMERIDGE MALL	999 UPPER WENTWORTH STREET, HAMILTON	ON
019	BAYSHORE SHOPPING CENTRE	100 BAYSHORE DRIVE, OTTAWA	ON
021	RIDEAU CENTRE	50 RIDEAU STREET, OTTAWA	ON
022	MASONVILLE PLACE SHOPPING CENTRE	1680 RICHMOND STREET N., LONDON	ON
025	MICMAC MALL	21 MICMAC BLVD., HALIFAX	NS
026	PLACE VILLE MARIE	1 PLACE VILLE MARIE, MONTREAL	PQ
027	YORKDALE SHOPPING CENTRE	3401 DUFFERIN STREET, TORONTO	ON
028	FAIRVIEW POINTE CLAIRE	6801 TRANS CANADA HIGHWAY	PQ
029	SHERWAY GARDENS SHOPPING CENTRE	25 THE WEST MALL, TORONTO	ON
031	ERIN MILLS SHOPPING CENTRE	5100 ERIN MILLS PARKWAY, MISSISSAUGA	ON
035	RICHMOND CENTRE	6551 NO. 3 ROAD, RICHMOND	BC
037	METROPOLIS AT METROTOWN	4720 KINGSWAY, BURNABY	BC
040	MAYFAIR SHOPPING CENTRE	3147 DOUGLAS STREET, VICTORIA	BC
041	ROBSON STREET	1018 ROBSON STREET, VANCOUVER	BC
042	LES PROMENADE ST-BRUNO	1 BLVD DES PROMENADES, SAINT BRUNO	PQ
043	ORCHARD PARK SHOPPING CENTRE	2271 HARVEY AVE., KELOWNA	BC
044	UPPER CANADA MALL	17600 YONGE STREET, NEWMARKET	ON
048	WOODGROVE CENTRE	6631 ISLAND HIGHWAY NORTH, NANAIMO	BC
049	SOUTHCENTRE MALL	100 ANDERSON RD. S.E., CALGARY	AB
050	ST VITAL SHOPPING CENTRE	1225 ST MARY'S ROAD, WINNIPEG	MB
051	MARKET MALL	3625 SHAGNAPPI TRAIL, CALGARY	AB
053	EDMONTON CITY CENTRE	10025 - 102 A AVENUE, EDMONTON	AB
055	WEST EDMONTON MALL	8882 - 170 ST, EDMONTON	AB
056	CORNWALL CENTRE	2102 - AA AVENUE, REGINA	SK
057	CHINOOK CENTRE	6455 MACLEOD TRAIL SE, CALGARY	AB
058	POLO PARK SHOPPING CENTRE	1485 PORTAGE AVENUE, WINNIPEG	MB
062	CHAMPLAIN PLACE	477 PAUL STREET, DIEPPE	NB
063	EGLINTON TOWN CENTRE	22 LEBOVIC AVE., TORONTO	ON
065	CANADA ONE FACTORY OUTLETS	7500 LUNDY'S LANE, NIAGARA FALLS	ON
066	THE CORNER	6070 - 200TH STREET, LANGLEY	BC
069	MEADOWLANDS CENTRE	821 GOLF LINKS RD., ANCASTER	ON
070	HEARTLAND TOWN CENTRE	5950 RODEO DRIVE, MISSISSAUGA	ON
071	BAYERS LAKE SHOPPING CENTRE	198 CHAIN LAKE DRIVE, HALIFAX	NS
072	WOODSIDE SHOPPING CENTRE	3175 HIGHWAY 7, MARKHAM	ON
074	SIGNAL HILL SHOPPING CENTRE	5643 SIGNAL HILL CENTRE S.W., CALGARY	AB

Danier Leather Inc.

Summary of Leases

As at March 23, 2016

Store #	Property Name	Property Address	Province
076	DURHAM CENTRE	90 KINGSTON ROAD E, AJAX	ON
077	SOUTH KEYS SHOPPING CENTRE	2210 BANK STREET, OTTAWA	ON
078	WESTRIDGE SHOPPING CENTRE	3900 HIGHWAY 7 WEST, WOODBRIDGE	ON
081	BRIDGECAM SHOPPING CENTRE	30 PINEBUSH ROAD, CAMBRIDGE	ON
082	TRINITY COMMON	190 GREAT LAKES DRIVE, BRAMPTON	ON
086	LINDENWOODS SHOPPING CENTRE	1585 KENASTON BLVD, WINNIPEG	MB
087	LOUGHEED SUPER CENTRE	101 SCHOOLHOUSE STREET, COQUITLAM	BC
089	MARCHE CENTRAL	999 RUE DE MARCHE CENTRAL, MONTREAL	PQ
104	QUINTE MALL	390 NORTH FRONT STREET, BELLEVILLE	ON
106	TD CENTRE	66 WELLINGTON STREET W., TORONTO	ON
108	GALLERIES D'ANJOU	7999 BOULEVARD LES GALERIES D'ANJOU, MONTREAL	PQ
110	FALLSVIEW CASINO SHOPS	6380 FALLSVIEW BLVD, NIAGARA FALLS	ON
113	CRYSTAL LODGE	4154 VILLAGE GREEN, WHISTLER	BC
114	DIXIE OUTLET MALL	1250 SOUTH SERVICE ROAD, MISSISSAUGA	ON
115	CATARAQUI TOWN CENTRE	945 GARDINERS ROAD, KINGSTON	ON
117	NEW SUDBURY CENTRE	1349 LASALLE BLVD, SUDBURY	ON
119	PICKERING TOWN CENTRE	1355 KINGSTON ROAD, PICKERING	ON
120	LANSDOWNE PLACE	645 LANSDOWNE ST SE, PETERBOROUGH	ON
121	GUILDFORD TOWN CENTRE	10355 152 STREET, SURREY	BC
122	TORONTO PREMIUM OUTLETS	13850 STEELES AVE WEST, HALTON HILLS	ON
123	OUTLET COLLECTION AT NIAGARA	300 TAYLOR ROAD, NIAGARA ON THE LAKE	ON
124	TANGER OUTLETS OTTAWA	8555 CAMPEAU DRIVE, OTTAWA	ON
125	MONTREAL PREMIUM OUTLETS	19001 CHEMIN NOTRE-DAME, MIRABEL	PQ
151	CROSSROADS OUTLET	1592 REGENT AVE, WINNIPEG	MB
159	VAUGHAN MILLS SHOPPING CENTRE	1 BASS PRO MILLS DRIVE, VAUGHAN	ON
161	BEACON HILL SHOPPING CENTRE	11854 SARCEE TRAIL NW, CALGARY	AB
162	SOUTH EDMONTON COMMON	1420 PARSONS ROAD NW, EDMONTON	AB
163	CROSSIRON MILLS	261055 CROSSIRON BLVD, ROCKY VIEW	AB
164	AVALON MALL	48 KENMOUNT RD, ST. JOHN'S	NL
165	TANGER OUTLETS COOKSTOWN	3311 SIMCOE RD 89, COOKSTOWN	ON
166	MEGA CENTRE VAUDREUIL	3120 BOULEVARD DE LA GARE, VAUDREUIL	PQ
Distribution Centre	SAMOR	53 SAMOR ROAD, TORONTO	ON
Head Office	HEAD OFFICE	2650 ST. CLAIR AVENUE WEST, TORONTO	ON

Appendix “C”

OCCUPANCY AGREEMENT

THIS AGREEMENT made as of this 21st day of March, 2016.

BETWEEN:

KSV KOFMAN INC., in its capacity as court-appointed receiver of the assets, undertakings and property of Danier Leather Inc.

(the "Receiver")

-and-

KSV KOFMAN INC., in its capacity as trustee in bankruptcy of the estate of Danier Leather Inc., a bankrupt

(the "Trustee")

WHEREAS:

- A. On February 4, 2016, Danier Leather Inc. ("**Danier**") filed a Notice of Intention to Make a Proposal ("**NOI**") under the *Bankruptcy and Insolvency Act* ("**BIA**") and KSV Kofman Inc. ("**KSV**") was appointed as the proposal trustee in the NOI proceedings.
- B. On March 1, 2016, Danier entered into an agency agreement with a contractual joint venture comprised of Merchant Retail Solutions, ULC and Gordon Brothers Canada ULC to sell substantially all of Danier's inventory and furniture, fixtures and equipment at 76 of the Danier store locations ("**Agency Agreement**").
- C. Pursuant to an order made by the Ontario Superior Court of Justice (Commercial List) ("**Court**") dated March 7, 2016, the Agency Agreement was approved.
- D. On March 21, 2016, Danier made an assignment in bankruptcy and KSV was appointed as Trustee. On that same date, pursuant to an order of the Court KSV became the Receiver of the property, assets and undertaking of Danier.
- E. Pursuant to the provisions of the BIA and provincial legislation, the Trustee is entitled to occupy the properties leased by Danier described in Appendix "A" hereto (the "**Leased Premises**").

- F. The Receiver desires to occupy the Leased Premises in order to fulfil Danier's obligations under the Agency Agreement and maximize the realization from Danier's assets, undertaking and property.

NOW THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. The Trustee hereby authorizes the Receiver and the Receiver hereby agrees to occupy the Leased Premises through its servants, agents, licensees and employees, as agent for the Trustee, for such period of time as permitted by the laws of the jurisdiction in which the Leased Premises is situated, subject to such earlier termination of occupancy as the Receiver may cause by notice in writing as provided herein, but in no event shall such occupation exceed three months from the date of Danier's bankruptcy.
2. During its period of occupancy of the Leased Premises, the Receiver hereby undertakes to pay all costs and expenses for which the Trustee has liability in connection with the leases including, without limiting the generality of the foregoing, all costs related to base rent, additional or percentage rents, real estate taxes, common area maintenance costs, operating costs, insurance and utilities (collectively, the "**Occupancy Expenses**").
3. The Receiver hereby undertakes to pay the Occupancy Expenses as and when due in accordance with the terms of the leases or when payable by the Trustee and hereby undertakes to pay such amounts directly to those entitled to receive payment and to provide the Trustee with evidence of such payment, if required.
4. Nothing herein shall affect the Trustee's possession of or right of possession, if any, in and to the Leased Premises and its rights of access thereto for the purposes of the administration of the bankruptcy estate of Danier.
5. The Receiver hereby indemnifies and saves harmless the Trustee from and against all manner of claims, demands, liabilities, debts, dues, actions, causes of actions, suits, proceedings, judgments, expenses, damages and disbursements (including without limitation, legal fees, on a solicitor and client basis and any amount arising under Section 6 herein) of any nature whatsoever arising from, as a result of, or in any way connected with the occupation and use of the Leased Premises by the Receiver or any person obtaining occupancy through the Receiver, including their employees, agents, licencees and invitees, and whensoever asserted or arising, whether prior to or subsequent to the Receiver ceasing to occupy the same, including without limiting the

generality of the foregoing, any and all rents, charges and costs arising from the occupation and use by the Receiver or any person obtaining occupancy through the Receiver or the Trustee of the Leased Premises.

6. The Receiver or any person obtaining occupancy through the Receiver shall use, keep and maintain the Leased Premises and shall, upon the expiry of the Receiver's occupancy, vacate the Leased Premises in such condition as may be required to avoid any charges or costs of any nature being borne or expended by the Trustee in connection with the Receiver's occupation, and as required by the Agency Agreement, if applicable.
7. The Trustee shall not disclaim or otherwise terminate any interest it may have in the Lease during the occupancy of the Leased Premises by the Receiver pursuant hereto, without prior notice to the Receiver unless the Trustee is obligated to disclaim any such Lease.
8. The Receiver agrees to obtain, or cause to be obtained, adequate insurance coverage on the Leased Premises and to provide evidence of same to the Trustee, to the extent that such insurance has not been obtained by the landlord of the Leased Premises.
9. The Receiver and the Trustee hereby agree that this Agreement and any notice of it shall not be registered against the title to the Leased Premises. Nothing in this Agreement shall be construed to make the relationship between the Trustee and the Receiver one of landlord and tenant, joint venturer, or partners.
10. This Agreement shall be binding upon and enure to the benefit of the Receiver and the Trustee and their respective successors and assigns.
11. The Receiver and the Trustee acknowledge that the Receiver is acting solely in its capacity as court-appointed receiver of the assets, undertakings and property of Danier with no personal or corporate liability.
12. The Receiver and the Trustee acknowledge that the Trustee is acting solely in its capacity as trustee in bankruptcy of the estate of Danier, a bankrupt, with no personal or corporate liability.
13. This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and the parties hereby irrevocably attorn to the courts of the Province of Ontario with respect to any matter ensuing hereunder.

14. Each of the parties hereto, at the expense of the requesting party (unless otherwise specified herein), shall promptly do, make, execute or deliver, or cause to be done, made, executed or delivered, all such further acts, documents and things as the other party hereto may reasonably require from time to time for the purpose of giving effect to this Agreement and shall use reasonable efforts and take all such steps as may be reasonably within its power to implement to the full extent the provisions of the agreement.
15. This Agreement nor any provision herein may be changed, waived, discharged or terminated except by instrument in writing, signed by the parties or by the party against whom enforcement of the change, waiver, discharge or termination is sought.

IN WITNESS WHEREOF the parties have duly executed this Agreement.

KSV KOFMAN INC., in its capacity as
court-appointed receiver of the assets,
undertakings and property of Danier, with
no personal or corporate liability
By:

Robert Kofman, Managing Director

I have authority to bind the Receiver.

KSV KOFMAN INC., in its capacity as
trustee in bankruptcy of the estate of
Danier, a bankrupt, with no personal or
corporate liability
Per:

Robert Kofman, Managing Director

I have authority to bind the Trustee.

ESTATE FILE NO.: 31-2084381
COURT FILE NO.: 31-2084381

ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)

Proceeding commenced at Toronto

FIRST REPORT OF THE TRUSTEE
MARCH 23, 2016

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