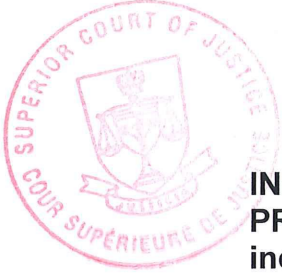


**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

THE HONOURABLE
MR. JUSTICE NEWBOULD

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)

MONDAY THE 7TH
DAY OF MARCH, 2016



IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL 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

APPROVAL ORDER

THIS MOTION made by Danier Leather Inc. (the "**Company**") pursuant to the *Bankruptcy and Insolvency Act* (Canada) (the "**BIA**") was heard this day at 330 University Avenue, Toronto, Ontario for an order, among other things, (a) approving the agency agreement entered into between the Company and the contractual joint venture comprised of Merchant Retail Solutions, ULC and Gordon Brothers Canada ULC (collectively, the "**Agent**") made as of February 29, 2016 (the "**Agency Agreement**") and the transactions contemplated thereby, and (b) the granting of the Agent's Charge (as defined below), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Brent Houlden sworn March 2, 2016 and exhibits thereto, the supplemental affidavit of Brent Houlden sworn March 3, 2016, the third report (the "**Third Report**") of KSV Kofman Inc. in its capacity as proposal trustee (the "**Trustee**") and the first supplement to the Third Report of the Trustee, filed, and on hearing the submissions of Davies Ward Phillips & Vineberg LLP, counsel for the Company, Bennett Jones LLP, counsel for the Trustee, Osler Hoskin & Harcourt LLP, counsel for the Agent, and on being advised that all persons on the service list were served with the materials filed in connection with this motion as appears from the affidavits of service, filed;

SERVICE AND DEFINITIONS

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record herein is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.
2. **THIS COURT ORDERS** that any capitalized term used and not defined herein shall have the meaning ascribed thereto in the Agency Agreement.

AGENCY AGREEMENT

3. **THIS COURT ORDERS** that the Agency Agreement, including the Sale Guidelines attached hereto as Schedule "A" (the "**Sale Guidelines**"), and the transactions contemplated under the Agency Agreement, including the Sale, are hereby approved and the execution of the Agency Agreement by the Company is hereby authorized and approved, with such minor amendments as the Company, with the consent of the Trustee, and the Agent may deem necessary and agree to in writing. Subject to the provisions of this Order, the Company and the Agent are hereby authorized and directed 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.

THE SALE

4. **THIS COURT ORDERS** that the Agent is authorized to conduct the Sale in accordance with this Order, the Agency Agreement and the Sale Guidelines and to advertise and promote the Sale within the Closing Stores, all in accordance with the Agency Agreement and the Sale Guidelines. If there is a conflict between the Order, the Agency Agreement and the Sale Guidelines, the order of priority of documents to resolve such conflicts is as follow: (1) this Order; (2) the Sale Guidelines; and (3) the Agency Agreement.
5. **THIS COURT ORDERS** that the Agent, in its capacity as agent of the Company, is authorized to sell the Merchandise, the Additional Merchandise and the Owned FF&E, free and clear of all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual,

statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, reservation of ownership or right of a third party of any nature or kind whatsoever, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "**Claims**") including, without limiting the generality of the foregoing: (a) any encumbrances or charges created by the Order of the Honourable Justice Penny dated February 8, 2016 (the "**February 8th Order**") and any other charges hereinafter granted by this Court in these proceedings; (b) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system; and (c) those Claims listed on Schedule B hereto (all of which are collectively referred to as the "**Encumbrances**"), which Encumbrances will attach instead to the Guaranteed Amount, the Merchant's Sharing Recovery Amount, if any, the FF&E Guaranteed Amount, and all other amounts due to the Company under the Agency Agreement, in the same order and priority as they existed on the Sale Commencement Date.

6. **THIS COURT ORDERS** that subject to the terms of this Order, the Agency Agreement and the Sale Guidelines, the Agent shall have the right to use the Closing Stores and all related store services, all furniture, trade fixtures and equipment, including the Owned FF&E, located at the Closing Stores, and other assets of the Company as designated under the Agency Agreement for the purpose of conducting the Sale, and for such purposes, the Agent shall be entitled to the benefit of the Company's stay of proceedings provided under section 69 or section 69.1 of the BIA, as applicable.

7. **THIS COURT ORDERS** that until the applicable Vacate Date for each Closing Store (which shall be no later than the Sale Termination Date), the Agent shall have access to the Closing Stores in accordance with the applicable leases and the Sales Guidelines on the basis that the Agent is an agent of the Company and the Company has granted the right of access to the Closing Stores to the Agent.

8. **THIS COURT ORDERS** that nothing in this Order shall amend or vary, or be deemed to amend or vary the terms of the leases for the Closing Stores. Nothing contained in this Order or the Sale Guidelines shall be construed to create or impose

upon the Company or the Agent any additional restrictions not contained in the applicable lease or other occupancy agreement.

9. **THIS COURT ORDERS** that until the Sale Termination Date, the Agent shall have the right to use the Company's trade names, trademarks and logos, customer/marketing lists, website and social media accounts relating to and used in connection with the operation of Closing Stores solely for the purpose of advertising and conducting the Sale in accordance with the terms of the Agency Agreement, the Sale Guidelines, and this Order, provided that the Agent provides the Company with copy of any advertising reasonably prior to its use in the Sale.

DESIGNATED MERCHANT ACCOUNTS

10. **THIS COURT ORDERS** that amounts deposited in the Designated Merchant Accounts by or on behalf of the Agent or the Company pursuant to the Agency Agreement including the Proceeds and FF&E Proceeds shall be and be deemed to be held in trust for the Company and the Agent, as the case may be, and distributed pursuant to the terms of the Agency Agreement and, for clarity, no person shall have any claim, ownership interest or other entitlement in or against such amounts, including, without limitation, by reason of any claims, disputes, rights of offset, set-off, or claims for contribution or indemnity that it may have against or relating to the Company.

AGENT LIABILITY

11. **THIS COURT ORDERS** that the Agent shall act solely as an agent to the Company and that it shall not be liable for any claims against the Company other than as expressly provided in the Agency Agreement (including the Agent's indemnity obligations thereunder) or the Sale Guidelines. More specifically:

- (a) the Agent shall not be deemed to be in possession or control of the Closing Stores or the assets located therein or associated therewith or of the Company's employees located at the Closing Stores;
- (b) the Agent shall not be deemed to be an employer, or a joint or successor employer or a related or common employer or payor within the meaning of

any legislation governing employment or labour standards or pension benefits or health and safety or other statute, regulation or rule of law or equity for any purpose whatsoever, and shall not incur any successorship liabilities whatsoever; and

- (c) the Company shall bear all responsibility for liability claims of customers, employees and any other persons arising from events occurring at the Closing Stores during and after the Sale Term, except to the extent that any such claim arises from the acts or omissions of the Agent or its supervisors, agents, independent contractors or employees. To the extent the Landlords (as defined in the Sale Guidelines) (or any of them) have claims against the Company arising solely out of the conduct of the Agent in conducting the Sale for which the Company has claims against the Agent under the Agency Agreement, the Company hereby assigns free and clear such claims to the applicable Landlord; provided that each such Landlord shall only be permitted to advance each such claim against the Agent if written notice, including the reasonable details of such claim, is provided by such Landlord to the Agent and the Company during the period from the Sale Commencement Date to the date that is 30 days following the Sale Termination Date (the “**Assigned Landlord Rights**”).

AGENT AS UNAFFECTED CREDITOR

12. **THIS COURT ORDERS** that the claims of the Agent pursuant to the Agency Agreement (collectively, the “**Agent’s Claims**”) shall not be compromised or arranged pursuant to any proposal to be filed by the Company pursuant to the BIA, that the Agent shall be treated, with respect to such Agent’s Claims, as an unaffected creditor in the context of the present proceedings and in any such proposal and that, in accordance with section 69.4 of the BIA, the Agent shall not be affected by the stay of proceedings in respect of the Company and shall be entitled to exercise its remedies under the Agency Agreement.

13. **THIS COURT ORDERS** that notwithstanding the terms of any order issued by this Court in the context of the present proceedings or the terms of the BIA, the

Company shall not be entitled to disclaim or resiliate the Agency Agreement or any of the agreements, contracts or arrangements in relation thereto entered into with the Agent.

14. **THIS COURT ORDERS** that no Encumbrance shall attach to any amounts payable by the Company to, or retained by the Company for, the Agent pursuant to the Agency Agreement, including any amounts that must be reimbursed by the Company to the Agent in the event that the Agent over-funds any amounts due to the Company, and the Company shall pay any such amounts to the Agent, or the Agent will retain them, as the case maybe, free and clear of all Encumbrances, notwithstanding any enforcement or other process or Claims, all in accordance with the Agency Agreement.

AGENT'S CHARGE

15. **THIS COURT ORDERS** upon payment of the Initial Guaranty Payment and the FF&E Guaranteed Amount to the Company, the Agent be and is hereby granted a charge (the "**Agent's Charge**") on all of the Merchandise, the Additional Merchandise, the Proceeds, the Owned FF&E, the FF&E Proceeds and the Agent's share of the proceeds from the sale of the Merchant Consignment Goods (collectively, the "**Charged Property**") as security for all of the obligations of the Company to the Agent under the Agency Agreement (the "**Company's Obligations**"), which shall have the priority set out in paragraphs 16 and 17 hereof. The Company shall not grant any Encumbrances in priority to the Agent's Charge on the Charged Property.

PRIORITY AND RANKING OF CHARGES

16. **THIS COURT ORDERS** that the Agent's Charge shall rank in priority to all Encumbrances over the Charged Property to the maximum amount of the Company's Obligations, provided, however, that the Agent's Charge shall be junior and subordinate to all Encumbrances to the extent of any unpaid portion of the Guaranteed Amount, Expenses, Merchant's Sharing Recovery Amount (if any), and the FF&E Guaranteed Amount due to the Company under the Agency Agreement until such time as those amounts are paid to or on behalf of the Company at which time the Agent's Charge shall be in priority to all Encumbrances to the maximum amount of the Company's Obligations.

17. **THIS COURT ORDERS** that the priorities of the Consensus Charge, the Administration Charge, the D&O Charge and the KERP Charge (each as defined in the February 8th Order) and the Agent's Charge, as among them, shall be as follows:

First – subject to paragraph 16 hereof, the Agent's Charge (to the maximum amount of the Company's Obligations);

Second – the Consensus Charge (to the maximum amount of US\$500,000) and the Administration Charge (to the maximum amount of \$600,000), *pari passu*;

Third – D&O Charge (to the maximum amount of \$4.9 million); and

Fourth – KERP Charge (to the maximum amount of \$524,000).

18. **THIS COURT ORDERS** that the filing, registration, recording or perfection of the Agent's Charge shall not be required; and upon payment of the Initial Guaranty Payment and the FF&E Guaranteed Amount, the Agent's Charge shall be valid and enforceable against all persons, including, without limitation, any receiver, receiver and manager or interim receiver of the Company (each, a "**Receiver**") or trustee in bankruptcy, for all purposes, including as against any right, title or interest filed, registered or perfected prior or subsequent to the Agent's Charge coming into existence, notwithstanding any failure to file, register or perfect.

19. **THIS COURT ORDERS** that notwithstanding (a) the pendency of these proceedings; (b) the bankruptcy of the Company; (c) the provisions of any federal or provincial statute; or (d) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other document or agreement (collectively "**Agreement**") which binds the Company or any Receiver, trustee in bankruptcy, or agent of the Company, and notwithstanding anything to the contrary in any Agreement:

- (i) the Agency Agreement and the transactions and actions provided for and contemplated therein, and any other ancillary or related

documents or agreements and any steps or actions taken in relation thereto;

- (ii) the Agent's Charge; and
- (iii) the Assigned Landlord Rights,

shall be binding on any Receiver or trustee in bankruptcy that may be appointed in respect to the Company and shall not be void or voidable by any person, including any creditor of the Company, nor shall they, or any of them, constitute or be deemed to be a preference, fraudulent conveyance, transfer at undervalue or other challengeable reviewable transaction, under the BIA or any applicable law, nor shall they constitute oppressive or unfairly prejudicial conduct under any applicable law.

BULK SALES ACT

20. **THIS COURT ORDERS AND DECLARES** that the transactions contemplated under the Agency Agreement shall be exempt from the application of the *Bulk Sales Act* (Ontario).

SEALING

21. **THIS COURT ORDERS** that the Offer Summary attached as a Confidential Appendix to the Third Report is hereby sealed until the completion of these proposal proceedings.

STAY EXTENSION

22. **THIS COURT ORDERS** that Company be and is hereby granted an extension of time to file a proposal with the official receiver under subsection 62(1) of the BIA to April 15, 2016.

GENERAL

23. **THIS COURT ORDERS** that this Order shall have full force and effect in all provinces and territories in Canada.

24. **THIS COURT HEREBY REQUESTS** the aid and recognition of any Court, tribunal, regulatory or administrative bodies, having jurisdiction in Canada or in the United States of America, to give effects to this Order and to assist the Company, the Trustee and their respective 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 Company and to the Trustee, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Trustee in any foreign proceeding, or to assist the Company and the Trustee and their respective agents in carrying out the terms of this Order.



SCHEDULE A

SALES GUIDELINES

The following procedures shall apply to the Sale to be conducted at the Closing Stores of Danier Leather, Inc. All terms not herein defined shall have the meaning set forth in the Agency Agreement by and between a contractual joint venture comprised of Merchant Retail Solutions, ULC and Gordon Brothers Retail Partners ULC (together, the "Agent") and Danier Leather Inc. (the "Merchant") dated March 1, 2016 (the "Agency Agreement").

1. Except as otherwise expressly set out herein, and subject to: (i) the Approval Order or any further Order of the Court; or (ii) any subsequent written agreement between the Merchant and the applicable landlord(s) (individually, a "Landlord" and, collectively, the "Landlords") and approved by Agent, the Sale shall be conducted in accordance with the terms of the applicable leases/or other occupancy agreements to which the affected landlords are privy for each of the affected Closing Stores (individually, a "Lease" and, collectively, the "Leases"). However, nothing contained herein shall be construed to create or impose upon the Merchant or the Agent any additional restrictions not contained in the applicable Lease or other occupancy agreement.
2. The Sale shall be conducted so that each of the Closing Stores remain open during their normal hours of operation provided for in the respective Leases for the Closing Stores until the respective Vacate Date of each Store. The Sale at the Closing Stores shall end by no later than June 30, 2016. Rent payable under the respective Leases shall be paid as provided in the Order of the Court in the within proceedings dated February 8, 2016.
3. The Sale shall be conducted in accordance with applicable federal, provincial and municipal laws and regulations, unless otherwise ordered by the Court.
4. All display and hanging signs used by the Agent in connection with the Sale shall be professionally produced and all hanging signs shall be hung in a professional manner. The Agent may advertise the Sale at the Closing Stores as an "everything on sale", "everything must go", "store closing" or similar theme sale at the Closing Stores (provided however that no signs shall advertise the Sale as a "bankruptcy", a "going out of business" or a "liquidation" sale it being understood that the French equivalent of "clearance" is "liquidation" and is permitted to be used). Forthwith upon request from a Landlord, the Landlord's counsel, the Merchant or the Trustee, the Agent shall provide the proposed signage packages along with the proposed dimensions and number of signs (as approved by the Merchant pursuant to the Agency Agreement) by e-mail or facsimile to the applicable Landlords or to their counsel of record. The Agent shall not use neon or day-glow or handwritten signage (unless otherwise contained in the sign package, including "you pay" or "topper" signs). Nothing contained herein shall be construed to create or impose upon the Merchant or the Agent any additional restrictions not contained in the applicable Leases. In addition, the Agent shall be permitted to utilize exterior banners/signs at stand alone or strip mall Closing Stores or enclosed mall Closing Stores with a separate entrance from the

exterior of the enclosed mall; provided, however, that where such banners are not permitted by the applicable Lease or the Landlord requests in writing that the banner are not to be used, no banner shall be used absent further Order of the Court, which may be sought on an expedited basis on notice to the Landlord. Any banners used shall be located or hung so as to make clear that the Sale is being conducted only at the affected Closing Store and shall not be wider than the premises occupied by the affected Closing Store. All exterior banners shall be professionally hung and to the extent that there is any damage to the facade of the premises of a Closing Store as a result of the hanging or removal of the exterior banner, such damage shall be professionally repaired at the expense of the Agent. If a Landlord is concerned with "store closing" signs being placed in the front window of a Closing Store or with the number or size of the signs in the front window, the Agent and the Landlord will discuss the Landlord's concerns and work to resolve the dispute.

5. The Agent shall be permitted to utilize sign walkers and street signage; provided, however, such sign walkers and street signage shall not be located on the shopping centre or mall premises.
6. Conspicuous signs shall be posted in the cash register areas of each Closing Store to the effect that all sales are "final".
7. The Agent shall not distribute handbills, leaflets or other written materials to customers outside of any of the Closing Stores on any Landlord's property, unless permitted by the applicable Lease or, if distribution is customary in the shopping centre in which the Closing Store is located. Otherwise, the Agent may solicit customers in the Closing Stores themselves. The Agent shall not use any giant balloons, flashing lights or amplified sound to advertise the Sale or solicit customers, except as permitted under the applicable Lease or agreed to by the Landlord.
8. At the conclusion of the Sale in each Closing Store, the Agent and the Merchant shall arrange that the premises for each Closing Store are in "broom-swept" and clean condition, and shall arrange that the Closing Stores are in the same condition as on the commencement of the Sale, ordinary wear and tear excepted. No property of any Landlord of a Closing Store shall be removed or sold during the Sale. No permanent fixtures (other than FF&E for clarity) may be removed without the Landlord's written consent unless otherwise provided by the applicable Lease. Subject to the foregoing, the Agent shall vacate the Closing Stores in accordance with the terms and conditions of the Agency Agreement. Any fixtures or personal property left in a Closed Store after it has been vacated by the Agent or in respect of which the applicable Lease has been disclaimed by the Merchant shall be deemed abandoned, with the applicable Landlord having the right to dispose of the same as the Landlord chooses, without any liability whatsoever on the part of the Landlord.
9. Subject to the terms of paragraph 8 above, the Agent may sell furniture, fixtures and equipment ("FF&E") owned by the Merchant and located in the Closing Stores during the Sale. The Merchant and the Agent may advertise the sale of FF&E consistent with these guidelines on the understanding that the any

Landlord may require that such signs be placed in discreet locations with the Closing Stores acceptable to the Landlord, acting reasonably. Additionally, the purchasers of any FF&E sold during the Sale shall only be permitted to remove the FF&E either through the back shipping areas designated by the Landlord or through other areas after regular store business hours or through the front door of the Store during Store business hours if the FF&E can fit in a shopping bag with Landlord's supervision as required by the Landlord. The Agent shall repair any damage to the Closing Stores resulting from the removal of any FF&E by Agent or by third party purchasers of FF&E from Agent.

10. The Agent shall not make any alterations to interior or exterior Closing Store lighting, except as authorized pursuant to the applicable Lease. No property of any Landlord of a Closing Store shall be removed or sold during the Sale. No permanent fixtures (other than FF&E for clarity) may be removed without the Landlord's written consent unless otherwise provided by the applicable Lease. The hanging of exterior banners or other signage, where permitted in accordance with the terms of these guidelines, shall not constitute an alteration to a Closing Store.
11. The Agent hereby provides notice to the Landlords of the Agent's intention to sell and remove FF&E from the Closing Stores. The Agent will arrange with each Landlord represented by counsel on the service list and with any other Landlord that so requests, a walk through with the Agent to identify the FF&E subject to the sale. The relevant Landlord shall be entitled to have a representative present in the Closing Store to observe such removal. If the Landlord disputes the Agent's entitlement to sell or remove any FF&E under the provisions of the Lease, such FF&E shall remain on the premises and shall be dealt with as agreed between the Merchant, the Agent and such Landlord, or by further Order of this Court upon application by the Merchant on at least two (2) days' notice to such Landlord. If the Merchant has disclaimed or resiliated the Lease governing such Closing Store in accordance with the BIA, it shall not be required to pay rent under such Lease pending resolution of any such dispute (other than rent payable for the notice period provided for in the BIA), and the disclaimer or resiliation of the Lease shall be without prejudice to the Merchant's or Agent's claim to the fixtures in dispute.
12. If a notice of disclaimer or resiliation is delivered pursuant to BIA to a Landlord while the Sale is ongoing and the Closing Store in question has not yet been vacated, then: (a) during the notice period prior to the effective time of the disclaimer or resiliation, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the Merchant and the Agent 24 hours' prior written notice; and (b) at the effective time of the disclaimer or resiliation, the relevant Landlord shall be entitled to take possession of any such Closing Store without waiver of or prejudice to any claims or rights such landlord may have against the Applicant in respect of such Lease or Closing Store, provided that nothing herein shall relieve such Landlord of its obligation to mitigate any damages claimed in connection therewith. Absent Agent's consent, Merchant shall not seek to disclaim or resiliate any Lease of a Closing Store prior to the earlier of (i) the applicable Vacate Date for such Closing Store and (ii) June 30, 2016.

13. The Agent and its agents and representatives shall have the same access rights to the Closing Stores as the Merchant under the terms of the applicable Lease, and the Landlords shall have the rights of access to the Closing Stores during the Sale provided for in the applicable Lease (subject, for greater certainty, to any applicable stay of proceedings).
14. The Merchant and the Agent shall not conduct any auctions of Merchandise or FF&E at any of the Closing Stores.
15. The Agent shall be entitled to include in the Sale the Additional Merchandise, to the extent permitted under the Agency Agreement; provided that: (i) the Additional Merchandise will not exceed \$4 million at cost in the aggregate; (ii) the Additional Merchandise will be distributed among the Closing Stores such that no Closing Store will receive more than 10% of the Additional Merchandise; and (iii) the Additional Merchandise is of like kind and category and no lessor quality to the Merchandise, and consistent with any restriction on usage of the Closing Stores set out in the applicable Leases.
16. The Agent shall designate a party to be contacted by the Landlords should a dispute arise concerning the conduct of the Sale. The initial contact person for Agent shall be Ian Fredericks who may be reached by phone at (847) 418-2075 or email at ifredericks@hilcoglobal.com. If the parties are unable to resolve the dispute between themselves, the Landlord or Merchant shall have the right to schedule a "status hearing" before the Court on no less than two (2) days written notice to the other party or parties, during which time the Agent shall cease all activity in dispute other than activity expressly permitted herein, pending the determination of the matter by the Court; provided, however, that if a banner has been hung in accordance with these Sale Guidelines and is thereafter the subject of a dispute, the Agent shall not be required to take any such banner down pending determination of the dispute.
17. Nothing herein is, or shall be deemed to be a consent by any Landlord to the sale, assignment or transfer of any Lease, or shall, or shall be deemed to, or grant to the Landlord any greater rights than already exist under the terms of any applicable Lease.
18. These Sale Guidelines may be amended by written agreement between the Merchant, the Agent and any applicable Landlord (provided that such amended Sale Guidelines shall not affect or bind any other Landlord not privy thereto without further Order of the Court approving the amended Sale Guidelines).

SCHEDULE B

CLAIMS

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	Toyota Credit Canada Inc.	Danier Leather Inc.	CG, E, O, MV	2012 Toyota Venza, VIN 4T3BK3BB6CU068158	676665351 20120306 1944 1531 8102 (4 years)
	Financing Statement	Canadian Imperial Bank of Commerce, as Agent	Danier Leather Inc.; Les Cuir Danier Inc.; Danier Leather Inc.; Les Cuir Danier Inc.; Les Cuir Danier Inc.; Danier Leather Inc.	I, E, A, O, MV		862972605 20000619 1437 9065 9354 (6 years)

Province	Registration Type	Secured Party	Debtor	Collateral Classification	General Collateral Description	Reference File No. Registration No. Registration Period
	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)
	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

Province	Registration Type	Secured Party	Debtor	Collateral Classification	General Collateral Description	Reference File No. Registration No. Registration Period
	Amendments					99081312300 00062025879
	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.
3.	00-0194829-0001 July 13, 2000	Conventional hypothec without delivery \$54,000,000.00 in	Creditor: Canadian Imperial Bank of Commerce Debtor:	See SCHEDULE 2	Notarial deed dated July 13, 2000, before Paul Anthony Laberge, notary, under minute number 12419.

¹ 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	Nature Amount	Parties	Description of Property (Summary)	Comments
	Registration Date				
	Expiration Date				
	July 13, 2010 Renewed until June 7, 2018	legal tender of Canada (the "Principal") with interest at the rate of 25% per annum and an amount equal to 15% of the Principal.	Danier Leather Inc.; Les Cuir Danier Inc.; Danier Leather Inc./Les Cuir Danier Inc., acting under the names: Les Cuir Danier; Danier Leather; Danier		
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 Cuir 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. "EQUIPEMENT" 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, rights of way, 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, rights of way, 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 THE NOTICE OF INTENTION TO MAKE A PROPOSAL 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. 31-2084381

**ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)**

Proceeding commenced at Toronto

ORDER

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