

ONTARIO

SUPERIOR COURT OF JUSTICE

COMMERCIAL LIST



THE HONOURABLE	MR.)	MONDAY, THE 4 TH DAY
)	
JUSTICE	HAINES)	OF JULY, 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

APPROVAL AND VESTING ORDER - INTELLECTUAL PROPERTY ASSETS

THIS MOTION, made by KSV Kofman Inc. in its capacity as the Court-appointed receiver (the "**Receiver**") of the undertaking, property and assets of Danier Leather Inc. (the "**Debtor**") for an order approving the sale transactions (the "**Transactions**") contemplated by (i) an asset conveyance between the Receiver and Rehan Marketing (the "**Purchaser**") dated May 20, 2016, and (ii) a supplemental asset conveyance between the Receiver and the Purchaser dated June 24, 2016 (collectively, the "**Conveyance Agreements**"), each as appended to the Second Report of the Receiver dated June 27, 2016 (the "**Second Report**"), and vesting in the Purchaser the Receiver's and the Debtor's right, title and interest in and to the assets described in the Conveyance Agreements (the "**Purchased Assets**"), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Second Report and on hearing the submissions of counsel for the Receiver, and such other counsel as were present, no one else appearing:

1. THIS COURT ORDERS AND DECLARES that the Transactions are hereby approved, and the execution of the Conveyance Agreements by the Receiver are hereby authorized and approved, with such minor amendments as the Receiver may deem necessary. The Receiver is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transactions and for the conveyance of the Purchased Assets to the Purchaser.

2. THIS COURT ORDERS AND DECLARES that upon the delivery of a Receiver's certificate to the Purchaser substantially in the form attached as Schedule A hereto (the "**Receiver's Certificate**"), all of the Receiver's and the Debtor's right, title and interest in and to the Purchased Assets shall vest absolutely in the Purchaser, free and clear of and from any and 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, 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:

(i) all charges that have been granted in the Debtor's various insolvency proceedings; and

(ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system,

(all of which are collectively referred to as the "**Encumbrances**") and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

3. THIS COURT ORDERS that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Assets shall stand in the place and stead of the Purchased Assets, and that from and after the delivery of the Receiver's Certificate all Claims and Encumbrances shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

4. THIS COURT ORDERS AND DIRECTS the Receiver to file with the Court a copy of the Receiver's Certificate, forthwith after delivery thereof.

5. THIS COURT ORDERS that, pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act*, the Receiver is authorized and permitted to disclose and transfer to the Purchaser all human resources and payroll information in the Company's records pertaining to the Debtor's past and current employees. The Purchaser shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by the Debtor.

6. THIS COURT ORDERS that, notwithstanding:

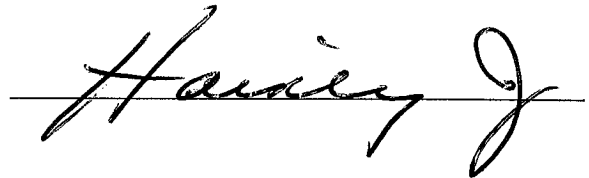
- (a) the pendency of these proceedings;
- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of the Debtor and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of the Debtor;

the vesting of the Purchased Assets in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that has been or may be appointed in respect of the Debtor and shall not be void or voidable by creditors of the Debtor, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

7. THIS COURT ORDERS AND DECLARES that the Transaction is exempt from the application of the *Bulk Sales Act* (Ontario).

8. THIS COURT ORDERS that Confidential Appendix 1 to the Second Report be sealed, kept confidential, and not form part of the public record, subject to further Order of this Court.

9. 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.

A handwritten signature in cursive script, appearing to read "Harry J.", written over a horizontal line.

ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO:

JUL 04 2016

PER / PAR:

A small handwritten signature or initials, possibly "J", written next to the "PER / PAR:" label.

Schedule A – Form of Receiver’s Certificate

Court File No. CV-16-11322-00CL

ONTARIO

SUPERIOR COURT OF JUSTICE

COMMERCIAL LIST

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RECEIVER’S CERTIFICATE

RECITALS

A. Pursuant to an Order of the Honourable Madam Justice Conway of the Ontario Superior Court of Justice (the "**Court**") dated March 21, 2016, KSV Kofman Inc. was appointed as the receiver (the "**Receiver**") of the undertaking, property and assets of Danier Leather Inc. (the "**Debtor**").

B. Pursuant to an Order of the Court dated July 4, 2016, the Court approved (i) an asset conveyance between the Receiver and Rehan Marketing (the "**Purchaser**") dated May 20, 2016, and (ii) a supplemental asset conveyance between the Receiver and the Purchaser dated June 24, 2016 (collectively, the "**Conveyance Agreements**"), and provided for the vesting in the Purchaser of the Receiver's and the Debtor's right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Receiver to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Purchased Assets; (ii) that the conditions set out in the Conveyance Agreements have been satisfied or waived by the Receiver and the Purchaser; and (iii) the Transactions have been completed to the satisfaction of the Receiver.

C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Conveyance Agreements.

THE RECEIVER CERTIFIES the following:

1. The Purchaser has paid and the Receiver has received the Purchase Price for the Purchased Assets pursuant to the Conveyance Agreements;
2. The conditions set out in the Conveyance Agreements have been satisfied or waived by the Receiver and the Purchaser; and
3. The Transactions have been completed to the satisfaction of the Receiver.

This Receiver's Certificate was delivered by the Receiver at _____ [TIME] on _____ [DATE].

KSV KOFMAN INC., solely in its capacity as Court-appointed Receiver of the undertaking, property and assets of Danier Leather Inc., and not in its personal or any other capacity

Per: _____
Name:
Title:

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

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**APPROVAL AND VESTING ORDER
(INTELLECTUAL PROPERTY ASSETS)**

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