

Form PTO-1594 (Rev. 12-11)
OMB Collection 0651-0027 (exp. 04/30/2015)

U.S. DEPARTMENT OF COMMERCE
United States Patent and Trademark Office

RECORDATION FORM COVER SHEET TRADEMARKS ONLY

To the Director of the U. S. Patent and Trademark Office: Please record the attached documents or the new address(es) below.

1. Name of conveying party(ies):

PHILDAN INC.

- ☐ Individual(s) ☐ Association
☐ Partnership ☐ Limited Partnership
☐ Corporation- State: _____
☒ Other Canadian Corporation _____

Citizenship (see guidelines) _____

Additional names of conveying parties attached? ☐ Yes ☒ No

3. Nature of conveyance/Execution Date(s) :

Execution Date(s) SEPTEMBER 10, 2013

- ☐ Assignment ☐ Merger
☒ Security Agreement ☐ Change of Name
☐ Other _____

2. Name and address of receiving party(ies)

Additional names, addresses, or citizenship attached? ☐ Yes ☒ No

Name: BDC CAPITAL INC.

Street Address: 5 Place Ville-Marie, Suite 500

City: Montreal

State: Quebec

Country: Canada Zip: H3B 5E7

- ☐ Individual(s) Citizenship _____
☐ Association Citizenship _____
☐ Partnership Citizenship _____
☐ Limited Partnership Citizenship _____
☒ Corporation Citizenship CANADIAN
☐ Other _____ Citizenship _____

If assignee is not domiciled in the United States, a domestic representative designation is attached: ☐ Yes ☒ No
(Designations must be a separate document from assignment)

4. Application number(s) or registration number(s) and identification or description of the Trademark.

A. Trademark Application No.(s) Text

B. Trademark Registration No.(s)

3212626

Additional sheet(s) attached? ☐ Yes ☒ No

C. Identification or Description of Trademark(s) (and Filing Date if Application or Registration Number is unknown):

5. Name & address of party to whom correspondence concerning document should be mailed:

Name: ME KIM TOFFOLI

Internal Address: KAUFMAN LARAMÉE L.L.P.

Street Address: 800 René-Levesque Blvd. West
Suite 2220

City: Montreal

State: Quebec Zip: H3B 1X9

Phone Number: (514) 871-5313

Docket Number: _____

Email Address: ktoffoli@kaufmanlaramee.com

6. Total number of applications and registrations involved:

1

7. Total fee (37 CFR 2.6(b)(6) & 3.41) \$40

- ☐ Authorized to be charged to deposit account
☒ Enclosed

8. Payment Information:

Deposit Account Number SEE PTO-2038 FORM

Authorized User Name _____

9. Signature:


Signature

ME KIM TOFFOLI, ATTORNEY

Name of Person Signing

September 10, 2013

Date

Total number of pages including cover sheet, attachments, and document: 17

Documents to be recorded (including cover sheet) should be faxed to (571) 273-0140, or mailed to:
Mail Stop Assignment Recordation Branch, Director of the USPTO, P.O. Box 1450, Alexandria, VA 22313-1450

TRADEMARK

**COLLATERAL HYPOTHEC ON MOVABLE PROPERTY
FOR PRESENT AND FUTURE OBLIGATIONS**

A P P E A R E D:

BDC CAPITAL INC., a wholly-owned subsidiary of Business Development Bank of Canada, duly constituted in accordance with the *Canada Business Corporations Act*, having a place of business in the City of Montreal at 5 Place Ville-Marie, Suite 500, Province of Quebec, H3B 5E7, herein acting and represented by Ms. Danielle Landry, its Vice-President, Subordinate Financing and Mr. Maxime Tourangeau, its Manager, Subordinate Financing, hereunto duly authorized by a resolution of its sole shareholder, Business Development Bank of Canada, adopted on the 2nd day of July, 2013, themselves represented by Kim Toffoli, of the law firm Kaufman Laramée L.L.P., pursuant to a power of attorney under private seal dated August 8, 2013; the certified extract of the resolution and the power of attorney are appended hereto as Schedule "A";

The notice of address of BDC Capital Inc. is registered at the Personal and Movable Real Rights Registry Office under number 034336.

(hereinafter called "BDCC")

A N D:

PHILDAN INC., a legal person duly incorporated having its head office located at 1304 Greene Avenue, in Westmount, Province of Quebec, H3Z 2B1, represented hereto by Mr. Philippe Dandurand, its President, duly authorized hereto by resolutions of the Board of Directors, a certified copy of which is appended hereto as Schedule "B";

(hereinafter called the "Debtor")

WHO HAVE DECLARED AND AGREED AS FOLLOWS:

WHEREAS BDCC has granted to Vins Philippe Dandurand Inc. and Philippe Dandurand Wines Limited (collectively, the "Borrowers") a financing in the amount of three million dollars (\$3,000,000.00) pursuant to a Letter of Offer of Financing and its schedules issued by BDCC in favour of the Borrowers on August 5, 2013, and accepted on August 6, 2013 by the Borrowers, the Debtor and Corporation Financière Phildan Inc., as corporate guarantors, and Mr. Philippe Dandurand, as personal conditional guarantor (the "Letter of Offer").

I. THE SECURED OBLIGATIONS

The hypothec and security interest in this agreement are granted to secure:

- A. all obligations, present and future, direct or indirect, absolute or contingent, matured or not, whether incurred alone or with any other person, in whatever capacity, as borrower, investee, guarantor or otherwise, of the Borrowers towards BDCC under or pursuant to the Letter of Offer and all renewals, extensions, replacements, supplements or amendments thereto, or substitutions or restatements thereof (collectively, the "Financing Agreement");


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REEL: 005109 FRAME: 0385

A copy of the Financing Agreement is attached hereto as Schedule "C" to have effect as if stated herein at length.

- B. all obligations, present and future, direct or indirect, absolute or contingent, matured or not, whether incurred alone or with any other person, in whatever capacity, as borrower, investee, guarantor or otherwise, of the Debtor towards BDCC:
- i. under or pursuant to this agreement, as amended or restated from time to time;
 - ii. under or pursuant to the Financing Agreement;
 - iii. under or pursuant to the guarantee executed by the Debtor and Corporation Financière Phildan Inc. in favour of BDCC on this day (the "Corporate Guarantee").
- C. all other obligations, present and future, direct or indirect, absolute or contingent, matured or not, whether incurred alone or with any other person, in whatever capacity, as borrower, investee, guarantor or otherwise, of the Debtor and/or the Borrowers to BDCC, it being understood that any new obligation of the Debtor and/or the Borrowers to BDCC secured hereby will be one for which the Debtor has obligated itself again under the provisions of this agreement in accordance with Article 2797 of the *Civil Code of Quebec*.

All obligations secured by this hypothec are herein called the "Secured Obligations", and such expression includes interest, costs and damages.

II. HYPOTHEC

1. To secure the payment and the performance of the Secured Obligations, the Debtor hypothecates and creates a security interest in the universality of all its movable property, corporeal and incorporeal, present and future, of whatever nature and wherever situated, including, without limitation, the universality of its intellectual property, present and future, as well as the trademarks set forth in Schedule "D" hereof (the "mortgaged property").
2. The following property constitutes "mortgaged property" and, to the extent that it is not already included in the description in paragraph 1 hereinabove, is also charged by the hypothec and security interest constituted hereunder; therefore, the terms "mortgaged property" also include the following property:
 - a) the proceeds of any sale, lease or other disposition of the property described in paragraph 1 hereinabove, any debt resulting from such sale, lease or other disposition, as well as any property acquired to replace the mortgaged property;
 - b) any insurance or expropriation proceeds payable in respect of the mortgaged property;
 - c) the principal and income of the mortgaged property as well as any rights attached to the mortgaged property;

- d) where the property described in paragraph 1 hereinabove includes shares or securities, all other shares and securities issued in replacement of these shares or securities; and
 - e) all deeds, documents, registers, invoices and books of account evidencing the mortgaged property or relating thereto.
3. This hypothec is granted for the sum of three million dollars (\$3,000,000.00), with interest at the rate of twenty-five percent (25%) per annum from the date hereof.

III. ADDITIONAL HYPOTHEC

To secure the payment of interest not already secured by the hypothec created in Article II and to further secure the payment and the performance of the Secured Obligations, the Debtor hypothecates all the property described or referred to in Article II for an additional amount equal to twenty percent (20%) of the principal amount of the hypothec created in Article II.

IV. DEBTOR'S DECLARATIONS

The Debtor declares and warrants the following:

1. The Debtor is the absolute owner of the movable property described in Article II; the mortgaged property is free and clear of all real rights, hypothecs or security, except as follows:
- a) in respect of movable hypothecs registered at the *Registre des droits personnels et réels mobiliers* (the "RDPRM"):
 - i. a movable hypothec by the Debtor in favour of Banque Nationale du Canada ("BNC") in the amount of seven million seven hundred thousand four hundred dollars (\$7,700,400.00) registered at the RDPRM on August 17, 2009 under number 09-0504851-0003;
 - ii. a movable hypothec by the Borrowers and the Debtor in favour of BNC in the amount of two million six hundred and fifty-two thousand dollars (\$2,652,000.00) registered at the RDPRM on June 11, 2012 under number 12-0463422-0003;
 - iii. a movable hypothec by the Debtor in favour of BDCC in the amount of two million eight hundred and eighty thousand dollars (\$2,880,000.00) registered at the RDPRM on November 19, 2012 under number 12-0954397-0001;
 - iv. a movable hypothec by the Debtor in favour of BNC in the amount of one million dollars (\$1,000,000.00) registered at the RDPRM on December 12, 2012 under number 12-1023945-0001; and
 - v. a movable hypothec by the Debtor in favour of BNC in the amount of one million dollars (\$1,000,000.00) registered at the RDPRM on December 12, 2012 under number 12-1023945-0003.

2. The Debtor is in compliance with all applicable laws, ordinances, regulations and policies, the breach of which could have an adverse effect on the Debtor's business or its ability to perform the Secured Obligations including environmental laws and regulations.
3. The rents and income of the mortgaged property have not been assigned to any third party.
4. If the Debtor is an individual, the Debtor's matrimonial status is as follows: N/A
5. The mortgaged property is and will be situated in the Province of Quebec, except for the following property: N/A
6. The Debtor's head office (or domicile, if the Debtor is an individual) is located at the following address: 1304 Greene Avenue, in Westmount, Province of Quebec, H3Z 2B1, and the Debtor does not have any other places of business.
7. The Debtor represents and warrants that it does not own any patent trademark, registered copyright or other intellectual property requiring registration except as set forth in Schedule "D" hereof. The Debtor undertakes by these presents to advise BDCC within a period of five (5) days from the filing of any intellectual property at the Canadian Intellectual Property Office and/or the United States Patent and Trademark Office and/or any other intellectual property office, in order for BDCC to perfect its security pursuant to the terms hereof.

V. COVENANTS

1. The Debtor shall inform BDCC without delay of any change to its name or to the content of the representations made in article IV.
2. On demand, the Debtor shall deliver to BDCC a copy of all leases relating to the mortgaged property and shall provide to BDCC any and all information relating to said leases. On demand, the Debtor shall provide all original documents required to protect BDCC's right.
3. The Debtor shall pay, when due, all duties, taxes and charges relating to the mortgaged property, as well as any debt which could rank prior to the hypothec and security interest constituted hereunder and shall provide to BDCC, on demand, evidence that the payments described herein have been made.
4. The Debtor shall insure the mortgaged property and keep it constantly insured for its full insurable value against damage caused by theft, fire and all other risks against which a prudent administrator would insure the mortgaged property. The Debtor shall also obtain insurance covering loss of revenue resulting from loss of or damage to the mortgaged property. BDCC is hereby designated as the beneficiary of the indemnities payable under these policies. The Debtor shall cause such designation to be inscribed in the policies which must also contain the customary clauses protecting hypothecary creditors in the form approved by the Insurance Bureau of Canada. The Debtor shall provide BDCC with a copy of each policy and, at least thirty (30) days prior to the expiration or cancellation of a policy, the Debtor shall provide to BDCC evidence of the renewal or replacement thereof. Receipt by

BDCC of such proceeds, whether or not remitted to or endorsed by the Debtor shall not reduce BDCC's rights and privileges unless said proceeds are applied expressly as a reduction of any outstanding balance and shall not in any case constitute novation.

5. The Debtor shall do all things and sign all documents necessary for the hypothec and security interest constituted hereunder to have full effect and be perfected and constantly enforceable against third parties.
6. The Debtor shall protect and adequately maintain the mortgaged property and exercise its activities in such a manner as to preserve its value. The Debtor shall fully comply with all laws and regulations applicable to the operation of its business and to the mortgaged property, including without limitation environmental laws and regulations.
7. The Debtor shall keep all books, records and accounts which a prudent administrator would keep with respect to the mortgaged property and shall permit BDCC to examine said books, records and accounts and to obtain copies of same.
8. The Debtor shall keep the mortgaged property free of all real rights, hypothecs or security, save those which BDCC has consented to in writing. The Debtor shall not give, grant, assume or permit to exist, any lien, hypothec, mortgage, security interest or other encumbrance on any of its assets that are subject to the hypothec and security interest constituted hereunder other than encumbrances agreed to in writing by BDCC and it shall not grant any licenses in or of its intellectual property other than as disclosed and consented to by BDCC.
9. The Debtor shall not sell, assign, dispose of nor lease the mortgaged property, including without limitation, the licensing of any intellectual property, unless BDCC consents thereto in writing. Notwithstanding any such sale, assignment or disposal, the Debtor shall remain liable for the payment of the Secured Obligations and this deed shall remain in full force and effect. However, if not in default hereunder, the Debtor may sell its inventory or lease the mortgaged property in the ordinary course of its business and at market conditions. Moreover, if a sale, assignment or disposition is made without BDCC's prior consent, BDCC shall be entitled to demand immediate repayment of the Secured Obligations, even if they are not yet due.
10. The Debtor shall not change the use, destination or nature of the mortgaged property nor remove the mortgaged property from its present location without the prior written consent of BDCC, under reserve of paragraph 9 herein.
11. If the Debtor is a corporation, the Debtor shall not amalgamate with another person, nor proceed with an arrangement with its creditors, nor commence dissolution or liquidation proceedings, without the prior written consent of BDCC.
12. The Debtor shall provide to BDCC all information reasonably required by it with respect to the mortgaged property or to verify if the Debtor is in compliance with the covenants and obligations contained herein. The Debtor shall inform BDCC of any fact or

event which could adversely affect the value of the mortgaged property or the financial condition of the Debtor.

13. The Debtor, with respect to the intellectual property, shall take all necessary steps and initiate all necessary proceedings, to maintain the registration or recording of the intellectual property, to defend the intellectual property from infringement and to prevent any licensed or permitted user from doing anything that may invalidate or otherwise impair the intellectual property.
14. The Debtor, with respect to copyrights forming part of the intellectual property, shall provide to BDCC waivers of the moral rights thereto executed by all contributors or authors of the copyrighted work.
15. On demand, the Debtor shall pay the amount of any loss suffered by BDCC due to the repayment before maturity of the Secured Obligations whatever may be the cause of such repayment (including, where a repayment is made further to an event of default). The amount of this loss shall form part of the Secured Obligations.
16. The Debtor shall pay all costs incurred by BDCC with respect to this deed and to any release relating thereto, including the fees of BDCC's legal counsel and fees incurred in order to render BDCC's rights opposable to third parties.
17. The Debtor shall reimburse BDCC for all costs and expenses incurred by it in order to exercise its rights or to fulfill the obligations of the Debtor, the whole with interest from the date the costs and expenses are incurred or paid by BDCC at the annual rate then applicable to the principal pursuant to the loan or financing agreement for which BDCC exercises its rights or fulfills the obligations of the Debtor. The hypothec and security interest granted hereby under Article II hereof shall also secure the reimbursement of said costs and expenses as well as the payment of said interest. All such costs and expenses incurred or paid by BDCC, with interest thereon, shall form part of the Secured Obligations.
18. The Debtor shall at all times pay BDCC, at the latter's request, all judicial fees, charges or other legal expenses as well as extra judicial fees in accordance with the tariffs established under the Bar Act and its ensuing regulations, the expenses and fees of an agent or trustee, or any costs incurred in the course of ensuring fulfillment of all of the Debtor's obligations hereunder, protecting and realizing the assets given as security under the hypothec and security interest constituted hereunder, or appraising the assets during the life of the loan and/or the term of the financing or in the event of their liquidation.

In addition, the Debtor covenants to pay the costs of any appraiser and any environmental investigator engaged by BDCC to effect any inspection, appraisal, investigation or environmental audit of the secured assets during the life of the loan and/or the term of the financing or in the event of their liquidation, and the cost of any environmental rehabilitation, removal, or repair necessary to protect, preserve or remediate the secured assets, including any fine or penalty BDCC is obliged to incur by reason of any statute, order or direction by competent authority.

19. Where the mortgaged property includes inventory and accounts receivable, the Debtor shall provide BDCC monthly with a statement (by category) of the value of its inventory (calculated at the lesser of cost or market value) and a list of its accounts receivable (indicating their amount and age).

VI. ENVIRONMENT

The Debtor represents and agrees that:

- a) it operates and will continue to operate in conformity with all environmental laws and will ensure its staff is trained as required for that purpose;
- b) its assets are and will remain free of environmental damage or contamination;
- c) there has been no complaint, prosecution, investigation or proceeding with respect to the Debtor's business or assets;
- d) it will advise BDCC immediately upon becoming aware of any environmental problem;
- e) it will provide BDCC with copies of all communications with environmental officials and all studies or assessments prepared for the Debtor and does consent to BDCC contacting and making inquiries of officials or assessors.

VII. RIGHTS OF BDCC

- 1. BDCC may inspect or have the mortgaged property appraised from time to time at the Debtor's expense. For that purpose, the Debtor shall permit BDCC to have access to the mortgaged property and to the premises where the mortgaged property is located and to the Debtor's places of business for that purpose. The Debtor shall also allow BDCC to examine and obtain copies of all books of account and documents relating to the mortgaged property.
- 2. BDCC may inspect and copy the Debtor's books and records, either at the Debtor's premises or at the financial advisor's premises. BDCC may contact and make inquiries with the Debtor's lessors as well as environmental officials, assessors, municipal authorities and any taxing body.

In addition to the reporting requirements set out herein, BDCC may require the opinion of an independent qualified auditor.

- 3. BDCC may, without being bound to do so, fulfill any or all of the obligations of the Debtor hereunder.
- 4. The Debtor may collect all debts forming part of the mortgaged property until BDCC withdraws its authorization to the Debtor to do so. Upon such withdrawal, BDCC may collect such debts and shall be entitled to a reasonable commission which it may deduct from any amount collected.
- 5. Where the mortgaged property includes shares or securities, BDCC may, without being bound to do so, cause itself to be registered as the holder of these shares or securities and exercise

any right attached thereto, including any right to vote and any right of conversion or redemption.

6. If BDCC has possession of the mortgaged property, it shall have no obligation to maintain the use for which the mortgaged property is normally intended, to make it productive or to continue its use or operation. However, BDCC may, without being bound to do so, sell the mortgaged property in its possession where the mortgaged property is likely to perish or depreciate or decrease in value.
7. The Debtor constitutes and appoints BDCC as its irrevocable attorney, with full power of substitution, to do any act and to sign any document necessary or useful to the exercise of the rights conferred on BDCC hereunder.
8. BDCC shall register assignments of the intellectual property, and shall have the right to use, sell, assign, license or sub-license any of the intellectual property.
9. The rights conferred on BDCC under this Article VII may be exercised by BDCC irrespective of whether the Debtor is or is not in default hereunder.

VIII. DEFAULTS AND RECOURSES

1. The Debtor shall be in default in each and every one of the following events:
 - a) If the Debtor and/or the Borrowers are in default in the performance or payment of any of the Secured Obligations;
 - b) If any of the representations made in Article IV or warranty made herein is inaccurate or ceases to be accurate;
 - c) If the Debtor does not fulfill any one of its covenants hereunder;
 - d) If the Debtor and/or any of the Borrowers is in default under the Financing Agreement and/or any loan with any other lender or creditor;
 - e) If the Debtor and/or any of the Borrowers and/or any guarantor of the Secured Obligations, including, without limitation, any of Corporation Financière Phildan Inc. and/or Mr. Philippe Dandurand, is in default under any other contract or agreement between it and BDCC, and/or any other lender or creditor and/or is in default under any other hypothec or security granted in favour of BDCC and/or any other lender or creditor which affects the mortgaged property;
 - f) If the Debtor and/or any of the Borrowers ceases to carry on its business, becomes insolvent or bankrupt;
 - g) If any or all of the mortgaged property is seized or is subject to a taking of possession by a creditor, a receiver or any other person performing similar functions;
 - h) An order of execution against the Debtor's assets or any part thereof remains unsatisfied for a period of ten (10) days;

- i) The Lessor under any lease to the Debtor of any immovable/real or moveable/personal property, has taken any steps to or threatens to terminate such lease, or otherwise exercises any of its remedies under such lease as a result of any default thereunder by the Debtor;
 - j) The Debtor causes or allows hazardous materials to be brought upon any land or premises occupied by the Debtor or incorporated into any of its assets without BDCC's prior consent, or if the Debtor causes, permits or fails to remedy any environmental contamination upon, in or under any of its lands or assets, or fails to comply with any abatement or remediation order given by a responsible authority;
 - k) Default under any operating permit, lease of land or movable property or personal property or in arrears of payment to any tax authority;
 - l) Default under the Corporate Guarantee, and/or if any other guarantor defaults under any other guarantee granted in favour of BDCC to guarantee the obligations of the Borrowers.
2. Upon the Debtor's default, BDCC may terminate any obligation it may have had to grant credit or make advances to the Borrowers and declare exigible all obligations of the Debtor and/or the Borrowers which are not yet due. Upon such default, BDCC may also exercise all recourses available to it under applicable law and realize on its hypothec and security interest, namely by enforcing the hypothecary rights provided in the *Civil Code of Quebec*.
3. In order to realize on its hypothec and security interest, BDCC may use the premises where the mortgaged property and other property of the Debtor are situated at the expense of the Debtor. Where the mortgaged property includes debts, BDCC may compromise or transact with the debtors of these debts and may grant releases and discharges in respect of same. Where the mortgaged property includes inventory, BDCC may complete the manufacture of such inventory and do all things necessary or useful to its sale.

IX. GENERAL PROVISIONS

1. The hypothec and security interest created hereunder are in addition to and not in substitution for any other hypothec or security held by BDCC.
2. This hypothec and security interest created hereunder are a continuing security and shall continue in effect notwithstanding any payment from time to time, in whole or in part, of the Secured Obligations. Furthermore, any new obligation of the Debtor and/or the Borrowers towards BDCC secured hereby will be one for which the Debtor has obligated itself again in accordance with Article 2797 of the *Civil Code of Quebec*. The Debtor shall not, without BDCC's written consent, subrogate a third party in the hypothec or BDCC's rights hereunder.
3. In each case provided in paragraph 1 of Article VIII, the Debtor shall be in default by the mere lapse of time, without the necessity of any notice or demand.

4. Any sum collected by BDCC in the exercise of its rights may be held by BDCC as mortgaged property or may be applied to the payment of the obligations secured hereunder, whether or not yet due. BDCC shall have discretion as to how any such collected sum shall be applied.
5. BDCC shall not be bound to exercise its rights resulting from these presents and shall not be responsible for the non-exercise of such rights. The Debtor shall use its best efforts to ensure that the debts forming part of the mortgaged property be regularly paid and BDCC shall have no obligation to inform the Debtor of any payment irregularity which it may know of.
6. The exercise by BDCC of any of its rights shall not preclude BDCC from exercising any other right resulting from the present deed or the Secured Obligations all the rights of BDCC are cumulative and not alternative. The failure of or forbearance by BDCC to exercise any of its rights arising from the present deed or the Secured Obligations shall not constitute a renunciation to the later exercise of such right. BDCC may exercise its rights arising from these presents without being required to exercise any right against the Debtor or against any other person liable for the payment of the obligations secured hereunder or to realize on any other security held for the payment of such obligations. No action or omission on the part of BDCC shall constitute or imply a renunciation of its rights to decide the Debtor is in default or to avail itself of its rights pursuant to such default, unless BDCC explicitly declares otherwise after the default has occurred.
7. BDCC shall only be required to exercise reasonable care in the exercise of its rights or the performance of its obligations hereunder and, in any event, shall only be liable for its intentional fault or gross negligence.
8. BDCC may delegate to another person the exercise of its rights or the performance of its obligations resulting from these presents. In such a case, BDCC may provide that person with any information it may have concerning the Debtor or the mortgaged property.
9. The rights of BDCC hereunder shall also benefit any successor of BDCC, including any entity resulting from the amalgamation of BDCC with another person.
10. Neither the signature of this deed, nor the registration of the rights created hereby shall constitute, nor be interpreted as an undertaking by BDCC to provide the Debtor and/or the Borrowers with any financial assistance of any type whatsoever.

X. INTERPRETATION

1. If the word "Debtor" designates more than one person, each such person shall be jointly and severally liable to BDCC for the performance of all the obligations provided in this deed.
2. The rights and recourses of BDCC may be exercised against all the mortgaged property or separately against any portion thereof.
3. This deed shall be governed and interpreted by the law in force in the Province of Quebec and the applicable federal laws. This deed must also be interpreted as to ensure that the mortgaged property

located in another jurisdiction be charged by a valid hypothec and/or security interest in accordance with the law in force in said jurisdiction.

4. The parties hereto have expressly agreed that this deed be executed in the English language. *Les parties ont expressément convenu que le présent acte soit rédigé en anglais.*

XI. ELECTION OF DOMICILE

The Debtor elects domicile at the address set forth in the heading of this Hypothec. Should BDCC be unable to reach the Debtor at such address or at the last address provided by the Debtor in writing, then the Debtor elects domicile at the Office of the Clerk of the Superior Court of the District of Montreal.

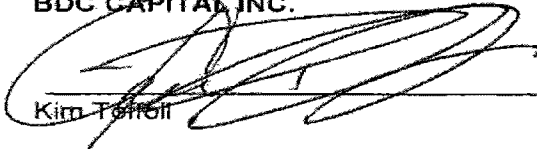
WHEREOF the parties have signed in Montreal, on this 10th day of September, 2013.

PHILDAN INC.



Per: Philippe Dandurand

BDC CAPITAL INC.



Per: Kim Terrell

SCHEDULE "D"

TO

THE COLLATERAL HYPOTHEC ON MOVABLE PROPERTY
FOR PRESENT AND FUTURE OBLIGATIONS

BETWEEN

BDC CAPITAL INC.

AND

PHILDAN INC.

INTELLECTUAL PROPERTY

TRADEMARK

REEL: 005109 FRAME: 0396

SCHEDULE "D"**LIST OF INTELLECTUAL PROPERTY****1. Intellectual property registered at the Canadian Intellectual Property Office ("CIPO")****1.1. Trademark applications**

"CHÂTEAU DES PLAISIRS" trademark application filed at the CIPO under application number 1534365 on July 5, 2011;

"LOVE STORY", trademark application filed at the CIPO under application number 1484971 on June 14, 2010;

"PALAIS DES PLAISIRS", trademark application filed at the CIPO under application number 1555987 on December 13, 2011;

1.2. Registered trademarks

"RESERVINS PHILIPPE DANDURAND", trademark registered on June 21, 2001 at the CIPO under registration number TMA547008;

"SOANA", trademark registered on September 27, 2001 at the CIPO under registration number TMA551656;

"STARWOOD", trademark registered on February 2, 2006 at the CIPO under registration number TMA657876;

2. Intellectual property registered at the United States Patents and Trademarks Office ("USPTO")**2.1. Trademark applications**

N/A

2.2. Registered trademarks

"STARWOOD", trademark registered at the USPTO on February 27, 2007 under registration number 3212626.

FRANCE

"BIJOUX DE FAMILLE", trademark registered in France on January 13, 2012 under registration number 12 3 888 877.

