

Form PTO-1594 (Rev. 01-09)
OMB Collection 0651-0027 (exp. 02/28/2009)

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.


<p>1. Name of conveying party(ies):</p> <p>6860966 CANADA INC.</p> <p><input type="checkbox"/> Individual(s) <input type="checkbox"/> Association <input type="checkbox"/> General Partnership <input type="checkbox"/> Limited Partnership <input type="checkbox"/> Corporation- State: _____ <input checked="" type="checkbox"/> Other <u>CANADIAN CORPORATION</u></p> <p>Citizenship (see guidelines) _____</p> <p>Additional names of conveying parties attached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>	<p>2. Name and address of receiving party(ies) <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>Additional names, addresses, or citizenship attached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>Name: <u>ALTERINVEST II FUND LP./</u> Internal Address: <u>FONDS ALTERINVEST II, S.E.C.</u></p> <p>Street Address: <u>5 PLACE VILLE-MARIE, SUITE 500</u> City: <u>MONTREAL</u> State: <u>QUEBEC</u> Country: <u>CANADA</u> Zip: <u>H3B 5E7</u></p> <p><input type="checkbox"/> Association Citizenship _____ <input type="checkbox"/> General Partnership Citizenship _____ <input checked="" type="checkbox"/> Limited Partnership Citizenship <u>CANADIAN</u> <input type="checkbox"/> Corporation Citizenship _____ <input type="checkbox"/> Other _____ Citizenship _____</p> <p>If assignee is not domiciled in the United States, a domestic representative designation is attached: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No (Designations must be a separate document from assignment)</p>
<p>3. Nature of conveyance /Execution Date(s) :</p> <p>Execution Date(s) <u>JANUARY 27, 2011</u></p> <p><input type="checkbox"/> Assignment <input type="checkbox"/> Merger <input checked="" type="checkbox"/> Security Agreement <input type="checkbox"/> Change of Name <input type="checkbox"/> Other _____</p>	

<p>4. Application number(s) or registration number(s) and identification or description of the Trademark.</p> <p>A. Trademark Application No.(s) _____</p> <p>B. Trademark Registration No.(s) <u>3549188</u></p> <p>Additional sheet(s) attached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>	
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C. Identification or Description of Trademark(s) (and Filing Date if Application or Registration Number is unknown):

ESSENTIA (DESIGN PLUS WORDS, LETTERS AND/OR NUMBER)

<p>5. Name & address of party to whom correspondence concerning document should be mailed:</p> <p>Name: <u>KALIFMAN LARAMEE LLP</u> Internal Address: <u>KIM TOFFOLI</u></p> <p>Street Address: <u>800 RENÉ-LÉVESQUE BLVD. WEST</u> <u>SUITE 2220</u> City: <u>MONTREAL</u> State: <u>QUEBEC</u> Zip: <u>H3B 1X9</u> Phone Number: <u>(514) 871-5313</u> Fax Number: <u>(514) 875-7147</u> Email Address: <u>ktoffoli@kaufmanlaramee.com</u></p>	<p>6. Total number of applications and registrations involved: 1</p> <p>7. Total fee (37 CFR 2.6(b)(6) & 3.41) \$ <u>40.00</u></p> <p><input type="checkbox"/> Authorized to be charged to deposit account <input type="checkbox"/> Enclosed</p> <p>8. Payment Information:</p> <p>Deposit Account Number <u>SEE PTO 2038 FORM</u> Authorized User Name _____</p>
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9. Signature:  _____

Date: JANUARY 27, 2011

Name of Person Signing: KIM TOFFOLI, ATTORNEY

Total number of pages including cover sheet, attachments, and document: 24

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

OP \$40.00 354918

COLLATERAL HYPOTHEC ON MOVABLE PROPERTY

A P P E A R E D:

ALTERINVEST II FUND L.P. / FONDS ALTERINVEST II, S.E.C., a limited partnership, legally constituted pursuant to the *Civil code of Quebec*, having its principal place of business in the City of Montreal at 5 Place Ville-Marie, Suite 500, Province of Quebec, H3B 5E7, represented by its general partner, **BUSINESS DEVELOPMENT BANK OF CANADA / BANQUE DE DÉVELOPPEMENT DU CANADA**, a Bank corporation continuing as a body corporate the Federal Business Development Bank under an Act of the Parliament of Canada, 42-43-44 Elizabeth II, (1994-1995), sanctioned on the 13th day of July one thousand nine hundred and ninety-five (1995), having its head office in the City of Montreal, 5 Place Ville-Marie, Province of Quebec, H3B 5E7, herein acting and represented by Louis-David Julien, its Managing Director, Subordinate Financing and Benoît Mignacco, its Director, Subordinate Financing, hereunto duly authorized by a resolution passed on the 9th day of December, 2009, themselves represented by Kim Toffoli under a power of attorney under private seal dated January 12, 2011, said resolution and said power of attorney are appended hereto as Schedule "A" and Schedule "B";

The notice of address of the Fund being registered at the Personal and Movable Real Rights Registry Office under number 034699.

(hereinafter called the "**Fund**")

A N D:

6860966 CANADA INC., a legal person duly incorporated, having its head office at 2760 Daniel Johnson Blvd., in Laval, Province of Quebec, H7P 5Z7, represented hereto by Giacomo Dell'Accio, its Director and President, duly authorized hereto by resolutions of the board of directors and of the shareholders, certified copies of which are appended hereto as Schedule "C".

(hereinafter called the "**Debtor**")

WHO HAVE DECLARED AND AGREED AS FOLLOWS:

I. THE INDEBTEDNESS

The Fund has granted, or shall grant, to Groupe Essentia Inc. / Essentia Group Inc. (the "**Borrower**") an investment in the amount of four hundred thousand dollars (\$400,000.00) pursuant to an Investment Agreement entered into on this day by and between the Fund and the Borrower, as well as the Debtor, Verstile Inc., Cuisine Sistema Inc. / Sistema Kitchen Inc., Essentia Natural Memory Foam Company, Inc., Essentia Mattress Los Angeles, Inc. and Essentia Mattress New York, Inc., as corporate guarantors, and Giacomo Dell'Accio and Carmine Carpanzano, as personal guarantors (the "**Investment Agreement**").

This investment bears interest and is repayable at the interest rate and in accordance with the terms set forth in the Investment Agreement, which also provides for the payment of fees and other related costs. The Investment Agreement, its schedules, and all future modifications or amendments thereto, are hereafter referred to as the "**Investment**". All sums owing and to be owed by

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the Borrower as a result of the Investment, in principal, interest and otherwise, are hereinafter referred to as the "Indebtedness".

II. HYPOTHEC

1. To secure the payment of the Indebtedness and the performance of the obligations of the Borrower under the Investment, as well as to secure its obligations under the present hypothec, the Investment and any guarantee it executed in favour of the Fund to secure the obligations of the Borrower, 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 (the "mortgaged property").
2. Without limiting the generality of the foregoing, the mortgaged property includes the universality of the intellectual property of the Debtor, present and future, including all domestic and foreign trade-marks, business names, trade names, domain names, trading styles, patents, trade secrets, industrial designs and copyrights, whether registered or unregistered, and all applications for registration thereof, and inventions, formulae, recipes, product formulations, processes and processing methods, computer data (including formulations and analyses), computer software (in source code and object code form) and all related programming, technology and techniques, user and systems documentation, licenses related thereto, including, without limitation, know-how and manuals, and all other such intangible assets, properties and rights.

Without limiting the generality of the foregoing, the universality of the intellectual property of the Debtor includes the following :

- a. All rights resulting from the Licencing Agreement dated March 23, 2007, by and between Giacomo Dell'Accio, the Debtor and the Borrower (as well as proceeds and royalties resulting therefrom);
- b. "ESSENTIA & DESSIN"; trademark registered at the Canadian Intellectual Property Office on May 30, 2008 under number TMA 715589 ;
- c. "ESSENTIA (design plus words, letters and/or numbers)", trademark registered at the United States Patents and Trademarks Office on December 23, 2008 under number 3549188.

(the intellectual property property described in paragraph 2 is hereinafter collectively referred to as the "Intellectual Property").

3. The following property constitutes "mortgaged property" and, to the extent that it is not already included in the description in paragraphs 1 and 2 above, 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 paragraphs 1 and 2, 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 paragraphs 1 and/or 2 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.
4. This hypothec is granted for the sum of four hundred thousand dollars (\$400,000.00), 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 performance of its obligations hereunder, the Debtor hypothecates all the property described 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) a movable hypothec in the amount of three hundred thousand dollars (\$300,000.00) granted by the Debtor in favour of the Fund and registered at the Register of Personal and Movable Real Rights (the "RDPRM") on May 19, 2009 under number 09-0283645-0001;
 - (b) a movable hypothec in the amount of three hundred thousand dollars (\$300,000.00) granted by the Debtor in favour of Investissement Québec and registered at the RDPRM on June 16, 2009 under number 09-0359121-0001;
 - (c) a movable hypothec in the amount of one million two hundred thousand dollars (\$1,200,000.00) granted by the Debtor in favour of Bank of Montreal ("BMO") and registered at the RDPRM on October 19, 2010 under number 10-0731625-0001, for which a cession of rank shall be granted by BMO in favour of the Fund in respect of (a) all intangible property, present and future (including without limitation Intellectual Property, present and future); and (b) claims, present and future (other than accounts receivable, present and future, generated in the normal course of business, and proceeds of insurance related to inventory and equipment).
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 its obligations under the Investment and the hypothec and security interest constituted hereunder, 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 is located at 2760 Daniel-Johnson Blvd., in Laval, Province of Quebec, H7P 5Z71, and the Debtor does not have any other places of business.

V. COVENANTS

1. The Debtor shall inform the Fund 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 the Fund a copy of all leases relating to the mortgaged property and shall provide to the Fund any and all information relating to said leases.
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 the Fund, 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. The Fund 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 the Fund 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 the Fund evidence of the renewal or replacement thereof. Receipt by the Fund of such proceeds, whether or not remitted to or endorsed by the Debtor shall not reduce the Fund'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 the Fund 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 the Fund 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 the Fund and it shall not grant any licenses in or of its Intellectual Property other than as disclosed and consented to by the Fund.
9. The Debtor shall not dispose of nor lease the mortgaged property, including without limitation, the licensing of any Intellectual Property, unless the Fund consents thereto in writing. Notwithstanding any such disposal, the Debtor shall remain liable for the payment of the Indebtedness 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 disposition is made without the Fund's prior consent, the Fund shall be entitled to demand immediate repayment of the Indebtedness, even if it is 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 the Fund.
11. If the Debtor is a corporation, the Debtor shall not amalgamate with another person nor commence dissolution or liquidation proceedings, without the written consent of the Fund.
12. The Debtor shall provide to the Fund 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 the Fund 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 the Fund 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 the Fund due to the repayment before maturity of whole or part of the principal of the Indebtedness, whatever may be the cause of such repayment (including where such repayment is made further to an event of default). The amount of this loss shall form part of the Indebtedness.
16. The Debtor shall pay all costs incurred by the Fund with respect to this deed and to any release relating thereto, including the fees of the Fund's legal counsel and fees incurred in order to render the Fund's rights opposable to third parties.
17. The Debtor shall reimburse the Fund 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 the Fund at the annual rate then applicable to the principal of


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the Indebtedness under the Investment. 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 the Fund, with interest thereon, shall form part of the secured obligations.

18. The Debtor shall at all times pay the Fund, 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 Fund's obligations hereunder, protecting and realizing the assets given as security under the hypothec and security interest constituted hereunder for this Investment, or appraising the assets during the life of the Investment 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 the Fund to effect any inspection, appraisal, investigation or environmental audit of the secured assets during the life of the Investment 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 the Fund is obliged to incur by reason of any statute, order or direction by competent authority.

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 the Fund immediately upon becoming aware of any environmental problem;
- e) it will provide the Fund with copies of all communications with environmental officials and all studies or assessments prepared for the Debtor and does consent to the Fund contacting and making inquiries of officials or assessors.

VII. RIGHTS OF THE FUND

1. The Fund may inspect or have the mortgaged property appraised from time to time at the Debtor's expense. For that purpose, the Debtor shall permit the Fund to have access to the mortgaged property.
2. The Fund may inspect and copy the Debtor's Books and Records, either at the Debtor's premises or at the financial advisor's premises. The Fund may contact and make inquiries with the Debtor's lessors as well as environmental officials, assessors, municipal authorities and any taxing body.



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

3. The Fund 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 the Fund withdraws its authorization to the Debtor to do so. Upon such withdrawal, the Fund 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, the Fund may, without being bound to do so, exercise any right attached thereto, including any right to vote and any right of conversion or redemption.
6. If the Fund 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, the Fund 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 the Fund 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 the Fund hereunder.
8. The Fund shall register assignments of the Intellectual Property, and shall use, sell, assign, license or sub-license any of the Intellectual Property.
9. The rights conferred on the Fund under this Article VII may be exercised by the Fund 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 any or all of the indebtedness or other obligations secured under this deed are not paid or performed when due;
 - 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 the Borrower is in default under the Investment and/or any loan with any other lender or creditor, including, without limitation, BMO and/or Investissement Québec;
 - e) If the Debtor and/or the Borrower is in default under any other contract or agreement between it and the Fund, and/or any other lender or creditor, including, without limitation, BMO and/or Investissement Québec, and/or under any other hypothec or security granted in favour of the Fund and/or any other lender or creditor which affects the mortgaged property, including, without limitation, BMO and/or Investissement Québec;



- f) If the Debtor and/or the Borrower 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 the Fund'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) If the Debtor is in default under any guarantee it executed in favour of the Fund to secure the obligations of the Borrower pursuant to the Investment.
2. Upon the Debtor's default, the Fund may terminate any obligation it may have had to grant credit or make advances to the Borrower and declare exigible all obligations of the Debtor and/or the Borrower which are not yet due. Upon such default, the Fund 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. Upon the Debtor's default, the Fund may use and manage the mortgaged property at the Debtor's expense with full authority to grant new leases or renew existing leases upon such terms and conditions as the Fund may deem appropriate. The Fund may also compromise or transact with the Debtor of the hypothecated debts and may grant releases and discharges thereto. The Fund may also complete the manufacture of mortgaged inventories and do all things necessary or useful to their sale.

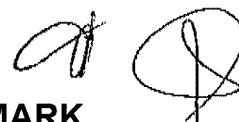
IX. GENERAL PROVISIONS

1. The hypothec and security interest created hereunder are in addition to and not in substitution for any other hypothec or security held by the Fund.
2. This hypothec and security interest created hereunder are a continuing security and shall subsist notwithstanding the payment from time to time, in whole or in part, of any of the obligations secured hereunder. The Debtor shall not, without the Fund's written consent, subrogate a third party in the hypothec or the Fund'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 the Fund in the exercise of its rights may be held by the Fund as mortgaged property or may be applied to the payment of the obligations secured hereunder, whether or not yet due. The Fund shall have discretion as to how any such collected sum shall be applied.
5. The Fund 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 the Fund shall have no obligation to inform the Debtor of any payment irregularity which it may know of.
6. The exercise by the Fund of any of its rights shall not preclude the Fund from exercising any other right resulting from the present deed; all the rights of the Fund are cumulative and not alternative. The failure of or forbearance by the Fund to exercise any of its rights arising from these presents shall not constitute a renunciation to the later exercise of such right. The Fund 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 the Fund 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 the Fund explicitly declares otherwise after the default has occurred.
7. The Fund 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. The Fund may delegate to another person the exercise of its rights or the performance of its obligations resulting from these presents. In such a case, the Fund may provide that person with any information it may have concerning the Debtor or the mortgaged property.
9. The rights of the Fund hereunder shall also benefit any successor of the Fund, including any entity resulting from the amalgamation of the Fund with another person.

X. INTERPRETATION

1. If the word "Debtor" designates more than one person, each such person shall be jointly and severally liable to the Fund for the performance of all the obligations provided in this deed.
2. The rights and recourses of the Fund 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

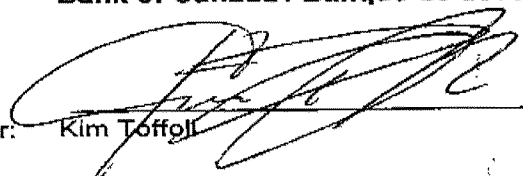
The Debtor elects domicile at the address set forth in the heading of this Hypothec. Should the Fund be unable to reach the Debtor at such address or at the last address provided by the Debtor in writing, then the Debtor elects domicile at the Office of the Clerk of the Superior Court of the District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

WHEREOF the parties have signed in Montreal, on this 27th day of January, 2011.

6860966 CANADA INC.

Per:  _____
Giacomo Dell'Accio

**ALTERINVEST II FUND L.P. / FONDS ALTERINVEST II, S.E.C.
represented by its general partner Business Development
Bank of Canada / Banque de développement du Canada**

Per:  _____
Kim Toffoli

SCHEDULE "A"

**TO THE
COLLATERAL HYPOTHEC ON MOVABLE PROPERTY**

BETWEEN

ALTERINVEST II FUND L.P. / FONDS ALTERINVEST II, S.E.C.

AND

6860966 CANADA INC.

RESOLUTION OF THE FUND

(SEE FOLLOWING PAGES)



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**RÉSOLUTION DU CONSEIL D'ADMINISTRATION DE LA
BANQUE DE DÉVELOPPEMENT DU CANADA (« BDC »)**

POUVOIR DE SIGNATURE – FINANCEMENT SUBORDONNÉ

- 1) Que deux des personnes suivantes, à savoir, un directeur, un directeur général, un vice-président adjoint ou tout dirigeant d'un niveau de vice-président ou supérieur du groupe de Financement subordonné de BDC ou du groupe de Restructuration d'entreprise de BDC, ou tout dirigeant d'un niveau de vice-président adjoint ou supérieur du groupe de Gestion du risque de crédit de BDC soient autorisées par les présentes à signer, exécuter et remettre, pour le compte de BDC, de façon générale et sans que l'énumération qui suit en restreigne la portée, toutes les ententes et tous les contrats qui ont trait aux activités du groupe de Financement subordonné de BDC (collectivement, les « documents »), autres que celles dont il est question à la Section 2, qui de l'avis des personnes désignées aux présentes peuvent être nécessaires pour les besoins de BDC, incluant notamment :

lettres d'offre de crédit et/ou ententes de prêt ou d'investissement, actes d'aliénation, d'acquisition, de subrogation ou de priorité de rang, actes de cession, conventions de bail, actes d'hypothèque ou autres charges grevant des biens personnels, meubles, réels ou immobiliers, y compris les créances et les droits d'action de quelque nature que ce soit, actes de mainlevées, renonciations totales, partielles ou temporaires, procurations, conventions de priorité, cessions de rang, lettres de garantie, billets à ordre, lettres de change, mandats de paiement, conventions de souscription, conventions entre actionnaires, conventions de blocage, conventions d'achat et de vente de titres ou d'éléments d'actif,

avec pleins pouvoirs de substitution leur conférant le droit de désigner toute autre personne ou toutes autres personnes comme fondés de pouvoirs légitimes de BDC en vue de signer, exécuter et remettre tous document précis.

- 2) Que deux des personnes suivantes, à savoir, un directeur, un directeur général, un vice-président adjoint ou tout dirigeant d'un niveau de vice-président ou supérieur du groupe de Financement subordonné de BDC ou du groupe de Restructuration d'entreprise de BDC, ou tout dirigeant d'un niveau de vice-président adjoint ou supérieur du groupe de Gestion du risque de crédit de BDC ou toute personne ci-haut mentionnée avec une personne d'un niveau d'agent de service à la clientèle ou supérieur soient autorisées par les présentes à signer, exécuter et remettre, pour le compte de BDC, les ententes et les contrats qui suivent et qui ont trait aux activités du groupe Financement subordonné de BDC :



toute modification aux lettres d'offre de crédit et/ou aux conventions de prêts ou d'investissement,

avec pleins pouvoirs de substitution leur conférant le droit de désigner toute autre personne ou toutes autres personnes comme fondés de pouvoirs légitimes de BDC en vue de signer, exécuter et remettre les documents précités.

- 3) Qu'une des personnes suivantes, à savoir, un directeur, un directeur général, un vice-président adjoint ou tout dirigeant d'un niveau de vice-président ou supérieur du groupe de Financement subordonné de BDC ou du groupe de Restructuration d'entreprise de BDC, ou tout dirigeant d'un niveau de vice-président adjoint ou supérieur du groupe de Gestion du risque de crédit de BDC, ou tout avocat, analyste juridique, adjoint juridique ou adjoint juridique principal soit autorisée par les présentes à signer, exécuter et remettre, pour le compte de BDC, les ententes et les contrats qui suivent et qui ont trait aux activités du groupe Financement subordonné de BDC :

toute libération, quittance et mainlevée,

avec pleins pouvoirs de substitution leur conférant le droit de désigner toute autre personne ou toutes autres personnes comme fondés de pouvoirs légitimes de BDC en vue de signer, exécuter et remettre les documents précités.

Je, soussignée, Shona Godwin, Secrétaire générale adjointe de la Banque de développement du Canada (« BDC ») certifie que la présente est une copie complète et exacte de la Résolution de signature approuvée à une réunion du conseil d'administration de la BDC dûment tenue le 9 décembre 2009. Ladite résolution conserve sa pleine force et vigueur à ce jour. De plus, j'atteste que messieurs Louis-David Julien et Benoit Mignacco ont respectivement été nommés au poste de Directeur général, Financement subordonné et Directeur, Financement subordonnée et qu'ils occupent présentement ces fonctions.

Daté ce 12 janvier 2011.

Shona Godwin
Secrétaire générale adjointe

SCHEDULE "B"

COLLATERAL HYPOTHEC ON MOVABLE PROPERTY

BETWEEN

ALTERINVEST II FUND L.P. / FONDS ALTERINVEST II, S.E.C.

AND

6860966 CANADA INC.

POWER OF ATTORNEY OF THE FUND

(SEE FOLLOWING PAGES)





PROCURATION

FONDS ALTERINVEST II S.E.C., société en commandite agissant par son commandité **BANQUE DE DÉVELOPPEMENT DU CANADA**, corporation bancaire continuant la personnalité morale de la Banque Fédérale de Développement par une loi du Parlement du Canada, 42-43-44 Élisabeth II (1994-1995), sanctionnée le 13 juillet 1995, ayant son siège social au 5, Place Ville-Marie, bureau 300, Montréal (Québec) H3B 5E7, agissant à ces présentes et représenté par M. Louis-David Julien, Directeur général, Financement Subordonné et par M. Benoit Mignacco, Directeur, Financement subordonné dûment autorisés aux fins des présentes, tel qu'ils le déclarent,

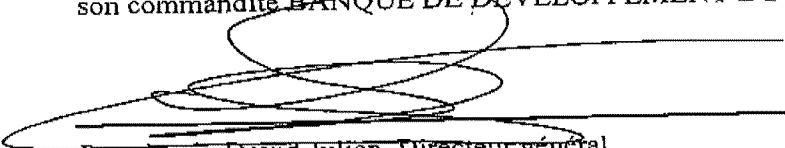
NOMME ET CONSTITUE:

Me Kim Toffoli, Avocate

son mandataire spécial à qui il donne pouvoir de signer en son nom, tous actes et documents et autres effets qu'il juge nécessaire contenant les conditions et garanties attachées à l'Investissement # 053042-02 consenti à « **Groupe Essentia Inc.** ».

FAIT ET SIGNÉ en la cité de Montréal, province de Québec, ce douzième (12^e) jour du mois de janvier deux mille onze (2011).

FONDS ALTERINVEST II, S.E.C., société en commandite agissant par son commandité **BANQUE DE DÉVELOPPEMENT DU CANADA**.


Par : Louis-David Julien, Directeur général
Financement subordonné


Par : Benoit Mignacco, Directeur
Financement subordonné



SCHEDULE "C"

COLLATERAL HYPOTHEC ON MOVABLE PROPERTY

BETWEEN

ALTERINVEST II FUND L.P. / FONDS ALTERINVEST II, S.E.C.

AND

6860966 CANADA INC.

**RESOLUTIONS OF THE DEBTOR
(BOARD OF DIRECTORS/SHAREHOLDERS)**

(SEE FOLLOWING PAGES)

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6860966 CANADA INC.**(the "Corporation")****RESOLUTION OF GUARANTOR**

"WHEREAS Groupe Essentia Inc./Essentia Group Inc. (the "**Borrower**") entered into an Investment Agreement with AlterInvest II Fund L.P./Fonds AlterInvest II, S.E.C (the "**Fund**") on May 14, 2009 (the "**2009 Investment Agreement**") pursuant to which the Fund granted to the Borrower an investment in the amount of two hundred and fifty thousand dollars (\$250,000.00) (the "**2009 Investment**");

WHEREAS the Fund has agreed to grant an additional investment to the Borrower in the amount of four hundred thousand dollars (\$400,000.00) pursuant to a Letter of Offer of Investment dated December 15, 2010 and its schedules, as same may be amended and restated from time to time (collectively, the "**Letter of Offer**");

WHEREAS the Fund requires additional security in respect of the 2009 Investment;

Upon motion, duly proposed and seconded, it was unanimously resolved:

THAT the Corporation enter into an Amendment to the 2009 Investment Agreement (the "**Amendment**") which sets forth the amended terms and conditions of the 2009 Investment in respect of the additional security to be provided to the Fund by Cuisine Sistema Inc./Sistema Kitchen Inc., Essentiã Natural Memory Foam Company, Inc., Essentia Mattress Los Angeles, Inc. and Essentia Mattress New-York, Inc.;

THAT to guarantee the payment of all the obligations of the Borrower to the Fund in principal, interest and otherwise, arising from the Letter of Offer, the fulfillment of all other obligations of the Borrower to the Fund under the Investment Agreement (hereinafter defined) as well as its obligations as guarantor, the Corporation enter into, execute and deliver in favour of the Fund:

- = a guarantee for one hundred percent (100%) of the Borrower's indebtedness and liabilities pursuant to the Investment Agreement (hereinafter defined) (the "**Guarantee**");
- = a Deed of Collateral Hypothec on Movable Property in the total amount of four hundred thousand dollars (\$400,000.00), plus an additional hypothec equal to twenty percent (20%) of the amount of the principal hypothec, the whole bearing interest at an annual rate of twenty-five percent (25%), on the universality of all the movable property of the Corporation, corporeal and incorporeal, present and future, as well as the proceeds of any sale, lease or other disposal of said property, any debt resulting from such sale, lease or other disposal, as well as any property acquired to replace the mortgaged property, any insurance or expropriation indemnity payable in respect of the mortgaged property, the fruits and income produced by the mortgaged property, as well as any rights

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REEL: 004483 FRAME: 0224

attached thereto and all deeds, documents, registers, Invoices, and books of account evidencing the mortgaged property or relating thereto (the "**Collateral Hypothec**");

THAT the Corporation intervene to an Investment Agreement for the investment of four hundred thousand dollars (\$400,000.00) by and between the Borrower and the Fund, and the Corporation, Verstile Inc., Cuisine Sistema Inc./Sistema Kitchen Inc., Essentia Natural Memory Foam Company, Inc., Essentia Mattress Los Angeles, Inc. and Essentia Mattress New York, Inc., as corporate guarantors, and Giacomo Dell'Accio and Carmine Carpanzano, as personal guarantors (the "**Investment Agreement**");

THAT the Corporation intervene to the universal movable hypothec granted by the Borrower in favour of the Fund in the amount of four hundred thousand dollars (\$400,000.00), plus an additional hypothec of twenty percent (20%), on the universality of its movable property, present and future, thereby confirming accepting, as licensor, the hypothecation of rights of the Borrower, as licensee, in the License Agreement dated March 23, 2007 (the "**Movable Hypothec**"), in favour of the Fund;

THAT the draft Amendment, Letter of Offer, Guarantee, Collateral Hypothec, Movable Hypothec and Investment Agreement (the "**Documents**") submitted to this meeting be and are hereby duly approved;

THAT Giacomo Dell'Accio, Director and President of the Corporation, be authorized to sign, for and on behalf of the Corporation, the Documents with the same form and content as the drafts submitted to the Directors, as well as any other appropriate document necessary to give effect to this resolution and to the Documents, Giacomo Dell'Accio being duly authorized and empowered to negotiate and/or amend the terms and conditions of same."

The undersigned, Secretary of **6860966 Canada Inc.** hereby certifies that the foregoing is a true and correct copy of a Resolution adopted by the board of directors of said Corporation at a meeting thereof duly called and held on the 27th day of January, 2011, and that said Resolution is now in full force and effect, unamended.

DATED in Montreal, this 27th day of January, 2011.


Giacomo Dell'Accio, Secretary

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REEL: 004483 FRAME: 0225

6860966 CANADA INC.

(the "Corporation")

RESOLUTION OF GUARANTOR

"WHEREAS Groupe Essentia Inc./Essentia Group Inc. (the "**Borrower**") entered into an Investment Agreement with AlterInvest II Fund L.P./Fonds AlterInvest II, S.E.C (the "**Fund**") on May 14, 2009 (the "**2009 Investment Agreement**") pursuant to which the Fund granted to the Borrower an investment in the amount of two hundred and fifty thousand dollars (\$250,000.00) (the "**2009 Investment**");

WHEREAS the Fund has agreed to grant an additional investment to the Borrower in the amount of four hundred thousand dollars (\$400,000.00) pursuant to a Letter of Offer of Investment dated December 15, 2010 and its schedules, as same may be amended and restated from time to time (collectively, the "**Letter of Offer**");

WHEREAS the Fund requires additional security in respect of the 2009 Investment;

Upon motion, duly proposed and seconded, it was unanimously resolved:

THAT the Corporation enter into an Amendment to the 2009 Investment Agreement (the "**Amendment**") which sets forth the amended terms and conditions of the 2009 Investment in respect of the additional security to be provided to the Fund by Cuisine Sistema Inc./Sistema Kitchen Inc., Essentia Natural Memory Foam Company, Inc., Essentia Mattress Los Angeles, Inc. and Essentia Mattress New-York, Inc.;

THAT to guarantee the payment of all the obligations of the Borrower to the Fund in principal, interest and otherwise, arising from the Letter of Offer, the fulfillment of all other obligations of the Borrower to the Fund under the Investment Agreement (hereinafter defined) as well as its obligations as guarantor, the Corporation enter into, execute and deliver in favour of the Fund:

- = a guarantee for one hundred percent (100%) of the Borrower's indebtedness and liabilities pursuant to the Investment Agreement (hereinafter defined) (the "**Guarantee**");
- = a Deed of Collateral Hypothec on Movable Property in the total amount of four hundred thousand dollars (\$400,000.00), plus an additional hypothec equal to twenty percent (20%) of the amount of the principal hypothec, the whole bearing interest at an annual rate of twenty-five percent (25%), on the universality of all the movable property of the Corporation, corporeal and incorporeal, present and future, as well as the proceeds of any sale, lease or other disposal of said property, any debt resulting from such sale, lease or other disposal, as well as any property acquired to replace the mortgaged property, any insurance or expropriation indemnity payable in respect of the mortgaged property, the fruits and income produced by the mortgaged property, as well as any rights

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TRADEMARK
REEL: 004483 FRAME: 0226

attached thereto and all deeds, documents, registers, invoices, and books of account evidencing the mortgaged property or relating thereto (the "**Collateral Hypothec**");

THAT the Corporation intervene to an Investment Agreement for the investment of four hundred thousand dollars (\$400,000.00) by and between the Borrower and the Fund, and the Corporation, Verstle Inc., Cuisine Sistema Inc. / Sistema Kitchen Inc., Essentia Natural Memory Foam Company, Inc., Essentia Mattress Los Angeles, Inc. and Essentia Mattress New York, Inc., as corporate guarantors, and Giacomo Dell'Accio and Carmine Carpanzano, as personal guarantors (the "**Investment Agreement**");

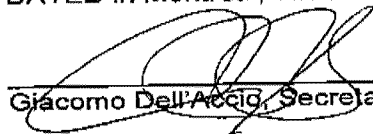
THAT the Corporation intervene to the universal movable hypothec granted by the Borrower in favour of the Fund in the amount of four hundred thousand dollars (\$400,000.00), plus an additional hypothec of twenty percent (20%), on the universality of its movable property, present and future, thereby confirming accepting, as licensor, the hypothecation of rights of the Borrower, as licensee, in the License Agreement dated March 23, 2007 (the "**Movable Hypothec**"), in favour of the Fund;

THAT the draft Amendment, Letter of Offer, Guarantee, Collateral Hypothec, Movable Hypothec and Investment Agreement (the "**Documents**") submitted to this meeting be and are hereby duly approved;

THAT Giacomo Dell'Accio, Director and President of the Corporation, be authorized to sign, for and on behalf of the Corporation, the Documents with the same form and content as the drafts submitted to the Directors, as well as any other appropriate document necessary to give effect to this resolution and to the Documents, Giacomo Dell'Accio being duly authorized and empowered to negotiate and/or amend the terms and conditions of same."

The undersigned, Secretary of 6860966 Canada Inc. hereby certifies that the foregoing is a true and correct copy of a Resolution adopted by the shareholders of said Corporation at a meeting thereof duly called and held on the 27th day of January, 2011, and that said Resolution is now in full force and effect, unamended.

DATED in Montreal, this 27th day of January, 2011.


Giacomo Dell'Accio, Secretary

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