

**COMBINED PUBLIC REPORT
PURSUANT TO ARTICLE 73A OF THE DUTCH BANKRUPTCY ACT
WITH REGARD TO THE MCGREGOR FASHION GROUP**

REPORT NO. 5

regarding the bankruptcies of:

Name company	Date of suspension of payments	Date of bankruptcy	Bankruptcy number
Adam Menswear B.V.	10 June 2016	28 June 2016	C/13/16/292F
Cofi Maastricht B.V.	24 June 2016	28 June 2016	C/13/16/298F
Deno B.V.	24 June 2016	28 June 2016	C/13/16/294F
Emergo Sportswear B.V.	24 June 2016	28 June 2016	C/13/16/300F
Gaastra Holding Netherlands B.V.	n/a	15 July 2016	C/13/16/329F
Gaastra International Footwear B.V.	24 June 2016	28 June 2016	C/13/16/297F
Gaastra International Sportswear B.V.	24 June 2016	28 June 2016	C/13/16/302F
Gaastra Retail B.V.	24 June 2016	28 June 2016	C/13/16/295F
McGregor E-Store B.V.	24 June 2016	28 June 2016	C/13/16/296F
McGregor Fashion Group B.V.	24 June 2016	28 June 2016	C/13/16/301F
McGregor Fashion Group Holding B.V.	10 June 2016	28 June 2016	C/13/16/293F
McGregor Holding Netherlands B.V.	n/a	15 July 2016	C/13/16/328F
McGregor Retail B.V.	24 June 2016	28 June 2016	C/13/16/299F

Bankruptcy Trustees : mr. M.R. van Zanten and mr. M.N. de Groot

Supervisory Judge : mr. M.J.E. Geradts

Reporting period : 20 May 2017 - 17 November 2017

Reporting date : 1 December 2017

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1. **PRELIMINARY REMARKS**

This is the fifth combined public report of the bankruptcy trustees (*curatoren*, the “**Bankruptcy Trustees**”) in the bankruptcies of Adam Menswear B.V. (“**Adam Menswear**”), Cofi Maastricht B.V. (“**Cofi Maastricht**”), Deno B.V. (“**Deno**”), Emergo Sportswear B.V. (“**Emergo Sportswear**”), Gaastra Holding Netherlands B.V. (“**Gaastra Holding Netherlands**”), Gaastra International Footwear B.V. (“**Gaastra International Footwear**”), Gaastra International Sportswear B.V. (“**Gaastra International Sportswear**”), Gaastra Retail B.V. (“**Gaastra Retail**”), McGregor E-Store B.V. (“**McGregor E-Store**”), McGregor Fashion Group B.V. (“**McGregor Fashion Group**”), McGregor Fashion Group Holding B.V. (“**McGregor Fashion Group Holding**”), McGregor Holding Netherlands B.V. (“**McGregor Holding Netherlands**”) and McGregor Retail B.V. (“**McGregor Retail**”), hereinafter jointly the “**MFG Companies**”. The MFG Companies all belong to the McGregor Fashion Group, which is headed by McGregor Fashion Group Holding (the “**McGregor Fashion Group**”).

The report covers the period from 20 May 2017 through 17 November 2017 and must be read in conjunction with the first four reports.

To the extent this report makes no reference to matters that were referred to in the previous bankruptcy report, these matters have either been settled or no developments worthy of mention have taken place in comparison to the state of affairs mentioned in the previous bankruptcy report. This report will continue to use the definitions as used in the first bankruptcy report.

Given the strong mutual interwovenness between the activities of the MFG Companies, and the permission already obtained on 22 July 2016 for the consolidated handling of the bankruptcies, the public reporting will take place by way of combined public reports.

In this report, the Bankruptcy Trustees set out the current state of affairs in a simplified manner pursuant to the guidelines for bankruptcy reports as applicable in the Netherlands.

The Bankruptcy Trustees emphasise that the information in this report is subject to further examination and is, to an important extent, based on the information provided and the

statements made by third parties. It may appear at a later stage that this information must be amended. Therefore, no statements can yet be made about the completeness and accuracy of the information included in this report.

No rights may be derived from the public reports already published and/or subsequent public reports. Nothing in the public reports may be interpreted as an acknowledgement of liability or as a waiver of any right.

In the performance of their activities, the Bankruptcy Trustees use the legal advisory services of CMS Derks Star Busmann N.V., CMS Cameron McKenna v.o.s. (Czech Republic), CMS Cameron McKenna Greszta (Poland), CMS Albiñana & Suárez de Lezo (Spain) and CMS Hasche Sigle (Germany). In addition, the Bankruptcy Trustees are/will be assisted by BVA Auctions B.V. (“**BVA**”), Insolresearch (bankruptcy accountant), Houlihan Lokey (Netherlands) B.V. (sales adviser), Nederlands Taxatie- en Adviesbureau B.V. (“**NTAB**”), Value@Stake B.V. (press officer of the Bankruptcy Trustees), Meijburg&Co (tax adviser), Vistra Corporate Services Sp. Z.o.o. (Poland) and Vistra Corporate Services S.r.o. (Czech Republic) and VAT Systems SAS (settlement foreign VAT registrations).

Furthermore, the Bankruptcy Trustees instructed Limits Consulting B.V. to secure the digital accounting records of the MFG Companies. Finally, the Bankruptcy Trustees have instructed BFI Global B.V. (“**BFI**”) and Insolresearch to investigate the causes of the bankruptcy, which will be discussed in more detail in chapter 5 of this report.

2. ASSETS

2.1 End-of-season stock returns by eSail GmbH

McGregor Fashion Group holds 50% of the shares in the capital of eSail GmbH (“eSail”). ESail runs Gaastra’s online store. In the context of the relaunch, the 50% shareholding held by McGregor Fashion Group in the capital of eSail was sold to Doniger Fashion Group for a purchase price of EUR 400,000. The sale took place under the condition that the other shareholders of eSail – if relevant and applicable – would grant permission for the share transfer.

The other shareholders of eSail have granted permission for the transfer of the 50% shareholding held by the McGregor Fashion Group in the capital of eSail to Doniger Fashion Group.

The shares were transferred to Doniger Fashion Group by virtue of a notarial deed dated 11 November 2016.

Furthermore, an online store Distributorship Agreement was in place between Gaastra International Sportswear and eSail (the “**Distributorship Agreement**”). On the basis of this agreement, eSail is entitled to – put succinctly – return unsold stock of the ‘Gaastra’ brand at the end of the season to Gaastra International Sportswear, the so-called ‘End of Season Returns’. The purchase value of the returned stock must be reimbursed by Gaastra International Sportswear to eSail.

Gaastra International Sportswear has a claim against eSail in respect of stock supplied of approximately EUR 1.3 million. ESail has a claim of approximately EUR 1.7 million against Gaastra International Sportswear (including, among other things, a claim of EUR 0.9 million for the End of Season Returns). After setoff, eSail’s remaining claim against Gaastra International Sportswear amounts to approximately EUR 0.3 million. In connection with the aforementioned remaining claim against Gaastra International Sportswear, eSail is entitled to suspend its End of Season Returns obligation for a value of EUR 0.3 million. With regard to the above, eSail must accordingly return goods for a value exceeding EUR 0.6 million to Gaastra International Sportswear.

In the meantime, all stock to be returned has been picked up by BVA from the distribution centre in Germany and is now stored in the Netherlands.

The Bankruptcy Trustees have instructed BVA to convert the returned stock into cash for the benefit of the bankrupt estate. BVA has organised several sale days at their location in Vught at De Schakel 6, as well as at some other locations. The Bankruptcy Trustees assume that due to the warm weather and the sale that had already started in the regular shops, the sales proceeds were lower than expected. Therefore another way was sought to sell the stock to obtain the highest possible purchase price. In the end the Bankruptcy Trustees found an interested party to buy the remaining stock. After obtaining per permission from the supervisory judge, the Bankruptcy Trustees sold the remaining stock of approximately 16,000 items to this party.

The total sales proceeds resulting from the sale of this stock was EUR 328,687.26. The costs incurred by BVA in relation to this sale amount to EUR 92,146.45. The remaining net

proceeds amounts EUR 236,540.81, which are for the benefit of the estate of the McGregor Fashion Group.

3. ACCOUNTS RECEIVABLE

3.1 Amount of accounts receivable

The accounts receivable portfolio of the MFG Companies amounted to EUR 5,166,492 on 11 July 2016. A large number of accounts receivable are established abroad.

In the agreement relating to the relaunch, the Bankruptcy Trustees have agreed with Doniger Fashion Group that Doniger Fashion Group would arrange for the debt collection on behalf of the bankrupt estate at a collection fee of 47.5%.

On 4 September 2017, the District Court of Amsterdam granted (provisional) suspension of payment to Doniger Fashion Group B.V. and nine of its affiliated companies. On 6 September 2017, the suspensions of payment have been revoked, after which the aforesaid companies were declared bankrupt. Mrs. De Coninck-Smolders has been appointed bankruptcy trustee in the bankruptcies of Doniger Fashion Group.

Prior to the bankruptcy of Doniger Fashion Group, the Bankruptcy Trustees have had frequent consultations with various (interim) employees of Doniger Fashion Group and third parties that were engaged, with regard to the status of the accounts receivable portfolio and the collection thereof. To date, Doniger Fashion Group has provided insufficient insight into the activities regarding the collection of the accounts receivables.

Further to the above and in the context of the settlement of various mutual claims between the bankrupt estates of the McGregor Fashion Group and Doniger Fashion Group, the Bankruptcy Trustees have consulted with the bankruptcy trustee of Doniger Fashion Group and have made further arrangements in order to arrive at a speedy settlement of the debt collection.

4. BANK/SECURITY RIGHTS

4.1 Retention of title, right of reclamation and right of retention

Given that all stock was pledged to the Security Agent and that the activities were continued in order to increase the chances of a relaunch and to realise the highest possible proceeds, the Bankruptcy Trustees believed it of utmost importance during this temporary continuation of the activities that suppliers would be fully compensated through a valid reliance on a retention of title or right of reclamation. Consequently, the Bankruptcy Trustees made arrangements with the Security Agent and/or the Shareholders, in order to secure any legally valid reliance on retention of title and rights of reclamation.

Approximately 80 parties relied upon retention of title and/or right of reclamation. The Bankruptcy Trustees, with the help of the NTAB, have taken stock of the claims of all suppliers that reported to the Bankruptcy Trustees. If it becomes clear that suppliers

submitted insufficient documents, they are given the opportunity to further substantiate their position.

The Bankruptcy Trustees are still consulting with two suppliers on the legal validity of the right of reclamation that was relied on. All other reliances have been settled.

5. LAWFULNESS

5.1 Investigation into the causes

Pursuant to Article 68 of the Dutch Bankruptcy Act (in Dutch: *Faillissementswet*), the Bankruptcy Trustees have the duty to conduct an investigation into the causes of the bankruptcy of the McGregor Fashion Group.

The Bankruptcy Trustees have instructed BFI and Insolresearch (hereinafter jointly referred to as ‘the **Investigators**’) to investigate the causes of the bankruptcies of the McGregor Fashion Group. This investigation serves to enable the Bankruptcy Trustees to draw conclusions regarding the internal and/or external causes of the bankruptcy of the McGregor Fashion Group. The Bankruptcy Trustees must ultimately adopt a (legal) opinion on the manner in which the directors and supervisory directors involved have performed their duties.

BFI has performed the investigation into the facts, in which the period prior to the suspension of payment that was granted provisionally to the McGregor Fashion Group was reconstructed from various angles.

BFI’s investigation into the causes consisted of the following parts:

1. Big data collection;
2. Big data investigation, including a reconstruction of the facts and a financial analysis;
3. Interviews with various parties involved;
4. Survey among a selection of previous employees;
5. Drafting a final analysis and report.

Insolresearch has performed a quick scan. A quick scan is an analysis of the (digital) financial accounts and is intended to further identify the aspects on which the investigation into the causes will be concentrated.

The provisional reports by BFI and Insolresearch will hereinafter be jointly referred to as the “**Draft Investigation Report**”.

The Investigators expect that the Draft Investigation Report will be finished by December 2017. This Draft Investigation Report will then be made available digitally by the Investigators to all (indirect) directors and supervisory directors in the past three years prior to the suspension of payment granted provisionally to the McGregor Fashion Group Holding on 10 June 2016.

Only the aforesaid directors and supervisory directors of the McGregor Fashion Group Holding will, in the context of hearing both sides of the argument, be given the opportunity

to respond to the factual part of the Draft Investigation Report.

After the Investigators have received comments – if any – from the aforesaid directors and supervisory directors with regard to the factual part of the Draft Investigation Report, the Draft Investigation Report will be made final. In the final report, the Investigators will include their final analyses and conclusions regarding the causes of the bankruptcy of the McGregor Fashion Group. The Investigators expect that the final report will be finished by mid-2018.

6. CREDITORS AND CONSOLIDATION

6.1 Creditor's balance

The administrative accounts demonstrate that the joint debt burden of the MFG Companies amounts to approximately EUR 53 million. To date, approximately 1,080 creditors have submitted claims.

The fourth report states that, in May 2017, approximately 1,030 creditors had submitted claims, totalling EUR 64 million. A further assessment has demonstrated that the aforesaid amount of EUR 64 million included various claims that had been double counted. The Bankruptcy Trustees have removed these double counts, as a result of which the amount in submitted claims as at November 2017 totals EUR 66 million.

6.2 Verification of the creditor's claims

The creditor's claims can be submitted, and the underlying documents can be sent, via the online form by clicking the 'submit claim' button on the website www.cms-dsb.com/mcgregor. Notices that are important to creditors will also be published on this website.

6.3 Tax Authorities and Employee Insurance Agency (UWV)

At the McGregor Fashion Group, there was a tax entity for VAT. The tax debt of the McGregor Fashion Group with regard to turnover tax is as follows:

Description	Claim against the bankrupt estate	Preferential claim
Claim over the winding-up period	EUR 1,954,425	
Additional tax assessment 2010-2016		EUR 388,678
Claim pursuant to Article 29(2) Turnover Tax Act		EUR 2,942,932

The tax debt with regard to payroll tax for May 2016 amounts to approximately EUR 1.7 million.

By virtue of the Wage Guarantee Scheme (in Dutch: *Loongarantieregeling*), the Employee Insurance Agency (UWV) has submitted the following claims against the bankrupt estate

and preferential claims in the bankruptcies of the MFG Companies:

Name company	UWV's claim against the bankrupt estate
Adam Menswear B.V.	€794,474.81
Emergo Sportswear B.V.	€1,562,772.18
Gaastra International Sportswear B.V.	€520,477.18
Gaastra Retail B.V.	€235,613.25
McGregor E-store B.V.	€71,858.71
McGregor Retail B.V.	€748,567.38
TOTAL	€3,933,763.51

Name company	UWV's preferential claim
Adam Menswear B.V.	€179,222.36
Emergo Sportswear B.V.	€705,761.29
Gaastra International Sportswear B.V.	€273,514.44
Gaastra Retail B.V.	€84,239.97
McGregor E-store B.V.	€40,595.10
McGregor Retail B.V.	€356,892.41
TOTAL	€1,640,225.57

6.4 **Consolidation**

On 22 July 2016, the supervisory judge granted permission for the consolidated handling of the MFG Companies' bankruptcies.

7. **OTHER**

7.1 **Balance bankruptcy account**

As at 17 November 2017, the balances of the MFG Companies' bankruptcy accounts jointly amount to EUR 3,284,877.98. A large part of this amount, to wit approximately EUR 1.59 million, relates to the deposit maintained by the Bankruptcy Trustees in anticipation of the

final settlement with Doniger Fashion Group. Consultations in this regard are presently held with the bankruptcy trustee of Doniger Fashion Group.

7.2 Preliminary prospect for creditors and term for settlement

Together with the bankruptcy accountant, the Bankruptcy Trustees have made an estimate of the state of affairs of the bankrupt estate at this time. From this it is clear that the realised and anticipated assets will be insufficient to be able to pay all the bankrupt estate's debts. Only the preferential estate creditors can in part be paid from the assets realised to date and the specific income currently expected, which means that partial or full payment to the unsecured estate creditors, the preferential creditors or the unsecured creditors will not be possible. The foregoing is an estimate based on the current state of affairs. It may emerge later on that the amount of estate assets to be realised will be higher or lower. Therefore, no rights can be derived from this.

The Bankruptcy Trustees cannot yet make any statements on the term of settlement, as this depends in part on the collection of accounts receivable and the course and outcome of the investigation into the causes of the bankruptcies of the MFG Companies.

7.3 Number of hours spent

The Bankruptcy Trustees and their team of employees spent a total of 1186 hours in handling the bankruptcies of the MFG Companies during the period to which this report relates.

7.4 Interim financial report

The fifth interim financial report of the MFG Companies has been attached to this report as **Annex 1**. This interim financial report only states the transactions on the bankruptcy accounts held at the Kasbank B.V.

7.5 Plan of action

In connection with the agreed relaunch, the settlement between the bankrupt estate and Doniger Fashion Group still has to take place. To this end, the Bankruptcy Trustees are consulting with the bankruptcy trustee of Doniger Fashion Group.

The Bankruptcy Trustees will furthermore supervise the collection of accounts receivable.

Finally, the Bankruptcy Trustees will monitor the investigation that BFI and Insolresearch are conducting into the bankruptcy of the McGregor Fashion Group. Once the final report has been received, the Bankruptcy Trustees will be able to give an opinion on the manner in which the directors and supervisory directors have performed their tasks and duties.

7.6 Submission of the next report

The next report will be published on 01 June 2018, except to the extent exceptional developments dictate the necessity of an earlier report.

8. PUBLICATION ON WEBSITE

8.1 For further information about these bankruptcies, the Bankruptcy Trustees refer to the public reports and other messages that will be published on the website of CMS (www.cms-

dsb.com/mcgregor), where in addition to this report, all other public reports in the bankruptcies of the MFG Companies will be published.

- 8.2 An English translation of this public report will also be made available as soon as possible on the following website: www.cms-dsb.com/mcgregor. In case of (interpretation) differences between the Dutch and the English version of this public report, the Dutch version is decisive.

Amsterdam, 01 December 2017



M.R. van Zanten and M.N. de Groot
Bankruptcy Trustee



Bankruptcy Trustee

Annex	Description
1	Interim financial report of 17 November 2017

Naam	McGregor Fashion Group (geconsolideerd)
curator	mr. M.R. van Zanten en mr. M.N. de Groot
Rechter-commissaris	mr. M.J.E. Geradts
Insolventienummer	C/13/16/292F t/m 302F; C/13/16/328F-329F
Verslag nummer	5

A. Baten		Incl. BTW	BTW
		€	€
A.1: Vrij actief			
1. Aangetroffen middelen			
Kasgeld	958,40		0,00
Banksaldi	121.495,50		0,00
		122.453,90	
2. Opbrengst verkopen			
Opbrengst inventaris	0,00		0,00
Opbrengst voorraden / onderhanden werken	1.002.928,00		1.002.928,00
Af: rechten van derden	0,00		0,00
Af: kosten	0,00		0,00
		1.002.928,00	
Opbrengst goodwill / IE rechten		100.000,00	0,00
Opbrengst deelnemingen	434.001,00		0,00
Af: kosten	-6.475,50		0,00
		427.525,50	
Opbrengst intercompany vorderingen		0,00	0,00
Opbrengst beschikbaar stellen winkels		1.000.000,00	0,00
3. Debiteuren			
Debiteuren pre faillissement	750.752,18		1.165,03
Af: rechten van derden	0,00		0,00
Af: kosten	-44,00		0,00
		750.708,18	
Boedeldebiteuren		217.043,21	0,14
4. Overige baten			
Boedelbijdragen		0,00	0,00
Afwikkeling valuta termijn contracten		73.000,00	0,00
Kruisposten		45.050,51	-61,72
Escrow DFG		1.593.934,46	-19.434,58
Totaal vrij actief		5.332.643,76	984.596,87
A.2: 57 lid 3 Fw - actief			
5. Bodemzaken			
Opbrengst inventaris	397.875,50		0,00
Af: kosten	-15.967,46		-2.771,21
Totaal 57 lid 3 Fw - actief		381.908,04	-2.771,21
Totaal actief		5.714.551,80	981.825,66
B. Reeds betaalde boedelschulden		Incl. BTW	BTW
Salaris en verschotten curator		-1.503.383,98	-261.201,99
Algemene faillissementskosten		-926.289,84	-128.304,63
Totaal		-2.429.673,82	-389.506,62
C. Thans nog beschikbaar			
A. Baten	5.714.551,80		
B. Reeds betaalde boedelkosten	-2.429.673,82		
Reeds betaalde / ontvangen boedel BTW na aangifte		0,00	
Saldo boedelrekening		3.284.877,98	