

**COMBINED PUBLIC REPORT
PURSUANT TO SECTIONS 227 AND 73A OF THE DUTCH BANKRUPTCY ACT
WITH REGARD TO THE MCGREGOR FASHION GROUP**

REPORT NO. 2

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 August 2016 – 18 November 2016

Reporting date : 1 December 2016

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1. PRELIMINARY REMARKS

This is the second 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 19 August 2016 through 18 November 2016 and must be read in conjunction with the first report of 1 September 2016.

To the extent this report makes no reference to matters that were referred to in the previous bankruptcy report, then 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 can be derived from this and/or subsequent public reports. Nothing in this public report can 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 Bussman 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 assisted by 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).

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, more in this respect in chapter 8 of this report.

2. COOLING-OFF PERIOD

- 2.1 The supervisory judge ordered a cooling-off period for the duration of two months in all provisional moratoriums and bankruptcies granted. All cooling-off periods have in the meantime come to an end.

Name company	Date of suspension of payments or bankruptcy	Start of cooling-off period	End of cooling-off period
Adam Menswear B.V.	10 June 2016	10 June 2016	10 August 2016
Cofi Maastricht B.V.	24 June 2016	24 June 2016	24 August 2016
Deno B.V.	24 June 2016	24 June 2016	24 August 2016
Emergo Sportswear B.V.	24 June 2016	24 June 2016	24 August 2016
Gaastra Holding Netherlands B.V.	15 July 2016	15 July 2016	15 September 2016
Gaastra International Footwear B.V.	24 June 2016	24 June 2016	24 August 2016
Gaastra International Sportswear B.V.	24 June 2016	24 June 2016	24 August 2016
Gaastra Retail B.V.	24 June 2016	24 June 2016	24 August 2016
McGregor E-Store B.V.	24 June 2016	24 June 2016	24 August 2016
McGregor Fashion Group B.V.	24 June 2016	24 June 2016	24 August 2016
McGregor Fashion Group Holding B.V.	10 June 2016	10 June 2016	10 August 2016
McGregor Holding Netherlands B.V.	15 July 2016	15 July 2016	15 September 2016
McGregor Retail B.V.	24 June 2016	24 June 2016	24 August 2016

3. INITIAL ANALYSIS

3.1 Insurances

The usual insurance policies in favour of the MFG Companies were in effect, including a transport insurance, a fire insurance, an insurance for fraud and theft of money, a WeGas insurance and the usual liability insurance for businesses (in Dutch: *AvB*). Furthermore, an insurance was taken out for a Formula 1 car on show during exhibitions. A glass insurance was taken out covering damage to shop windows. The glass insurance was terminated by the Bankruptcy Trustees shortly after the date of bankruptcy, the other insurances have been taken over by means of contract takeover by Doniger Fashion Group. The recovery claim that would normally arise against the insurer as a result of the insurance premiums already prepaid – because of the contract takeover – will be paid by Doniger Fashion Group to the bankrupt estate. The amount of the claim will be calculated in the next reporting period.

3.2 Lease Agreements

As described above, the McGregor Fashion Group operated two types of clothing shops: mono brand stores (the Gaastra and McGregor shops) and a multi brand store chain (the Adam Menswear shops). The McGregor Fashion Group had 90 stores in total on the date of bankruptcy comprising 6 Gaastra stores, 35 McGregor stores and 49 Adam Menswear stores. With regard to the operation of these stores, 88 lease agreements were concluded. The lease agreements pertaining to the shops were concluded by three separate entities of the McGregor Fashion Group, namely Adam Menswear, McGregor Retail and Gaastra Retail. In

addition to these shops, the McGregor Fashion Group and Gaastra Retail leased business space in Driebergen and Amsterdam. The Bankruptcy Trustees are also aware of two lease agreements pertaining to flats in Amsterdam and Utrecht. These flats were rented for employees of the McGregor Fashion Group who worked regularly in the Netherlands but resided abroad.

Finally, there was a lease agreement between Houthavens Beheer B.V. and the McGregor Fashion Group for the lease of 55 parking spaces in the external car park near the head office in Amsterdam. On 30 June 2016, the lessor gave notice to terminate this lease agreement, subject to a notice period of 1 month, such that the lease agreement terminated on 1 August 2016.

Doniger Fashion Group has selected store locations that it wishes to continue. Of the 90 locations, Doniger Fashion Group has designated 5 locations as so-called ‘flagship stores’. These are the stores in the following locations:

- Amsterdam, Van Baerlestraat 60;
- Amsterdam, P.C. Hooftstraat 114;
- Den Haag, Hoogstraat 14;
- Laren, Brink 30; and
- Maastricht, Maastrichter Brugstraat 16.

Doniger Fashion Group considers these 5 locations to be of vital importance for the continuation of the activities.

In the meantime Doniger Fashion Group has concluded new lease agreements for 3 of the 5 flagship stores. With regard to the remaining 2 flagship stores, no agreement could be reached on a substitution (in Dutch: *indeplaatsstelling*). Therefore the Bankruptcy Trustees have commenced proceedings in order to claim substitution (in Dutch: *indeplaatsstelling*) in court in accordance with Article 7:307 of the Dutch Civil Code (DCC). Both legal proceedings are currently pending before the district court.

With regard to all other lease agreements, these have been terminated i) by the Bankruptcy Trustees – after their having received an authorisation to that effect from the supervising judge – in accordance with Article 39 of the Bankruptcy Act with due observance of the usual notice of termination of (not more than) three months or ii) by the lessors themselves.

Doniger Fashion Group has reached agreement with the lessors of 70 locations on a new lease, 15 locations have been closed, and substitution (in Dutch: *indeplaatsstelling*) has been realised at 3 locations. All locations for which no new lease agreement or substitution (in Dutch: *indeplaatsstelling*) has been realised (or where realisation is envisaged), have in the meantime been delivered.

3.3 Bank guarantees

To secure the obligations under the lease agreements, bank guarantees and group guarantees were provided in favour of 39 lessors. The total exposure of the bank guarantees is EUR 1,140,502.56. In the meantime, 27 lessors have invoked (a part of) the bank guarantees and the remaining outstanding amount on issued bank guarantees is EUR 619,149.39. Given

that all current lease agreements (with the exclusion of the location for which a procedure is pending) were terminated at the end of November 2016, the (estate) claims of the lessors can be identified, listed and assessed in the next reporting period.

3.4 **Causes of and circumstances preceding the bankruptcy**

In this context, reference is made to chapter 8 of this report.

4. **ASSETS**

4.1 **General**

In the first combined public report dated 1 September 2016, a description was given in chapter 4 of the assets belonging to the MFG Companies at the date of bankruptcy. A large portion of these assets were pledged to the Security Agent and, as a result of the relaunch, sold and transferred to Doniger Fashion Group. For the sale prices, please see also chapter 10 of this first report.

The information below only relates to the assets acquired in the past reporting period. Furthermore, the current developments relating to the settlement of the McGregor branches in the Czech Republic and Poland will be reported.

4.2 **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 webshop. 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.

In the last reporting period, the other shareholders of eSail 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, a webshop Distributorship Agreement was concluded between Gaastra International Sportswear and eSail (the "**Distributorship Agreement**"). On the basis of this agreement, ESail is entitled to – briefly stated – return unsold stock of the brand 'Gaastra' 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, a claim by eSail against Gaastra International Sportswear of approximately EUR 0.3 million remains. 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 will accordingly return goods for a value exceeding EUR 0.6 million to Gaastra International Sportswear. In the next reporting period, the Bankruptcy Trustees will examine in which manner a maximum sale proceeds of the 'Gaastra' stock can be effectuated. Given that this stock has not been pledged, all the sales proceeds of this stock will accrue to the bankrupt estate.

4.3 **Branches of McGregor Retail in Poland**

McGregor Retail operated three shops in Poland, namely in Gdansk, Piaseczno and Sosnowiec. In total, these shops employed 25 people (mostly part-time). After obtaining authorisation from the supervising judge, the Bankruptcy Trustees terminated the employment contracts in accordance with Polish law.

The lease agreements were also terminated. The supervising judge granted authorisation to do so. On 5 August 2015, ABN AMRO Bank issued a bank guarantee in favour of the lessor of the shop in Piaseczno as security for McGregor Retail's payment obligations under the lease agreement, such up to a maximum of EUR 22,281. Furthermore, ABN AMRO Bank issued a bank guarantee in favour of the lessor of the shop in Sosnowiec as security for McGregor Retail's payment obligations under the lease agreement, such up to a maximum of EUR 20,998. Finally, ABN AMRO Bank issued a bank guarantee in favour of the lessor of the shop in Gdansk as security for McGregor Retail's payment obligations under the lease agreement, such up to a maximum of EUR 18,858.

The activities of the shops were discontinued on 1 August 2016. As far as we know, the stores are not part of the relaunch. Doniger Fashion Group has collected the stock from the shops.

The Bankruptcy Trustees have engaged Vistra Corporate Services Sp. Z.o.o. to settle various tax and accounting matters (such as arranging for VAT returns, settling employee claims, contacting local authorities and updating the administrative records on the date of the bankruptcy).

The Bankruptcy Trustees have extensively consulted a lawyer in Poland regarding the opening of a (secondary) insolvency proceedings.

On 3 November 2016 secondary insolvency proceedings were opened in Poland and Zimmerman Filipiak Restrukturyzacja S.A. in Warsaw was appointed as bankruptcy trustee. The Bankruptcy Trustees have consulted with the Polish bankruptcy trustee about the liquidation of the assets situated in Poland.

4.4 **Branches of Gaastra Retail in the Czech Republic**

Gaastra Retail runs a Shop in Hradec (Czech Republic). This shop employed a total of 7 people, mostly part-time. After obtaining authorisation from the supervising judge, the Bankruptcy Trustees terminated the employment contracts in accordance with Czech Republic law.

After obtaining permission from the supervising judge, the lease agreement was terminated. Gaastra Holding Netherlands allegedly acted as guarantor for Gaastra Retail's payment obligations towards the lessor under the lease agreement, up to a maximum of EUR 72,000.

The store's activities were discontinued on 1 August 2016 and are not part of the relaunch. With regard to the stock present in the shop, the lessor invoked the right of retention. After lengthy discussion, the lessor released the stock. Doniger Fashion Group has collected the stock from the shops.

The Bankruptcy Trustees have engaged Vistra Corporate Services S.r.o. in the Czech Republic to settle various tax and accounting matters (such as arranging for VAT returns, settling employee claims, contacting local authorities and updating the administrative records on the date of the bankruptcy).

4.5 **Foreign bank balance - Poland and Czech Republic**

The Bankruptcy Trustees have found several bank accounts in Poland and the Czech Republic in the names of McGregor Retail and Gaastra Retail. The Bankruptcy Trustees have requested the banks to transfer the credit balance, insofar as there is a credit balance, to the bankruptcy accounts. Both the banks in Poland and in the Czech Republic have transferred the credit balances there to the bankruptcy account. The bank accounts held in the Czech Republic will be closed as per 19 December 2016.

5. **ACCOUNTS RECEIVABLE**

5.1 **Amount of accounts receivable**

On 11 July 2011, the accounts receivable portfolio of the MFG Companies amounted to EUR 5,166,492. A large number of debtors are established abroad.

		Current	0-30	30-60	60-90	90-120	120>	Outstanding
1101	Emergo Sportswear BV	61.284	210.045	184.278	343.379	31.569	427.555	1.258.111
1130	Gaastra International SPSW BV	333.008	593.511	858.037	614.268	560.363	802.072	3.761.259
1300	McGregor Retail BV	-	-	48.400	-	-	2.025	50.425
1320	Adam Menswear BV	-	-	76.560	-	-1.496	21.633	96.697
Totaal		394.292	803.556	1.167.275	957.647	590.437	1.253.285	5.166.492

5.2 **Revenues**

An amount of EUR 741,257 has been collected.

5.3 **Factoring Agreement with KBC Commercial Finance**

For the purposes of a factoring agreement with KBC Commercial Finance, nine (mostly foreign) entities of the McGregor Fashion Group have pledged part of their claims to KBC Commercial Finance. Of the MFG Companies, only Emergo Sportswear and Gaastra International Sportswear have pledged part of their claims to KBC Commercial Finance.

On 19 October 2016 KBC Commercial Finance informed the Bankruptcy Trustees that its claim had been paid in full, and consequently the accounts receivable portfolio of the MFG Companies accrues in full to the bankrupt estate (less the collection fee with Doniger Fashion Group).

6. BANK/SECURITY RIGHTS

6.1 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 invoked right of 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. The manner in which the Bankruptcy Trustees and Doniger Fashion Group will compensate these suppliers is explained below.

Approximately 80 parties relied upon retention of title and/or right of reclamation. These parties can be divided into suppliers of stock ("**Stock Suppliers**") and suppliers of other items ("**Other Suppliers**"). Stock Suppliers are suppliers of, among other things, clothes, shoes and accessories. Other Suppliers are suppliers of, for instance, packaging material, office supplies and decorations. 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.

6.1.1 Stock Suppliers

Doniger Fashion Group has consulted with virtually all Stock Suppliers. Further to these consultations, Doniger Fashion Group has reached agreement with approximately 70 Stock Suppliers on the settlement of their (potential) retention of title and/or right of reclamation with respect to the stock.

Some Stock Suppliers have a legally valid retention of title and/or right of reclamation and were unable to reach an agreement with Doniger Fashion Group. These Stock Suppliers will be given the opportunity to collect the stock present. To the extent that stock was delivered under a legally valid right of retention of title and/or a right of reclamation and sold by the Bankruptcy Trustees between 10 June 2016 and 31 July 2016, the full purchase price (including VAT) of the sales will be reimbursed by the bankrupt estate. To the extent that this stock was sold by Doniger Fashion Group after 31 July 2016, the full purchase price (including VAT) will be reimbursed by Doniger Fashion Group. These reimbursements together cannot exceed the amount that the relevant Stock Supplier can claim after crediting the purchase value of the collected stock.

Doniger Fashion Group or the Bankruptcy Trustees are still negotiating with 7 Stock Suppliers. The Bankruptcy Trustees anticipate settling all claims of Stock Suppliers relating to retention of title and/or right of reclamation in the next reporting period.

6.1.2 Other Suppliers

19 Other Suppliers invoked a right of retention of title and/or a right of reclamation. Insofar as a legally valid right of retention of title and/or right of

reclamation has been invoked with regard to the items supplied by the Other Suppliers, the Other Suppliers will be given the opportunity to collect these items. If these items were sold or used by the Bankruptcy Trustees between 10 June 2016 and 31 July 2016, the full purchase price (including VAT) will be reimbursed by the bankrupt estate. If these items were sold by Doniger Fashion Group after 31 July 2016, the full purchase price (including VAT) will be reimbursed by Doniger Fashion Group. These reimbursements jointly may not exceed the amount that the relevant Other Supplier can claim after crediting the purchase value of the collected stock.

As per date of this report, the Bankruptcy Trustees have settled the claims of 16 Other Suppliers. The Bankruptcy Trustees expect to reach agreement with the remaining Other Suppliers in the next reporting period.

6.1.3 Consignment Adam Menswear

Adam Menswear had consignment agreements with 9 parties. These parties (hereinafter the “**Consignment Suppliers**”) are mostly clothing suppliers of premium brands who sold their products on consignment in the Adam Menswear shops. The Bankruptcy Trustees continued the consignment agreements from 10 June 2016 to 31 July 2016 and settled them with the Consignment Suppliers in the customary manner. From 1 August 2016, Doniger Fashion Group has settled with the Consignment Suppliers in the customary manner.

Doniger Fashion Group has concluded new agreements with some of the Consignment Suppliers. The other Consignment Suppliers have been given the opportunity to collect the remaining stock. The Bankruptcy Trustees have completed their activities with regard to the Consignment Suppliers.

7. **RELAUNCH**

7.1 **Description**

The agreement reached by the Bankruptcy Trustees with Doniger Fashion Group relating to the relaunch was implemented in the last reporting period. With regard to the shares in Gaastra Pro Gear B.V., the following applies. Gaastra International Sportswear holds 50% of the shares in the capital of Gaastra Pro Gear B.V. Gaastra Pro Gear B.V. exploits the professional clothing line of the "Gaastra" brand, consisting of sailing clothing. In the context of the relaunch, the 50% shareholding held by Gaastra International Sportswear in the capital of Gaastra Pro Gear B.V. was provisionally sold to Doniger Fashion Group for a purchase price of EUR 1. The sale took place on condition that the other shareholder of Gaastra Pro Gear GmbH, Xstyles Holding B.V. ("**Xstyles**") would grant its consent. It appeared that Xstyles did not grant its consent to the sale and transfer of the shares to Doniger Fashion Group. Accordingly, the Bankruptcy Trustees have offered the shares held by Gaastra International Sportswear in Gaastra Pro Gear GmbH to Xstyles for the nominal value in accordance with the right of first refusal (in Dutch: *aanbiedingsregeling*). Xstyles accepted this offer. By deed dated 6 September 2016 the shares held by Gaastra International

Sportswear in Gaastra Pro Gear B.V. were sold and transferred to Xstyles for the nominal value of EUR 9,000.

7.2

Revenues

Assets	Purchase Price	Credit bid
Stock and IC claims	EUR 16,500,000	Credit bid
100% of the shares in the capital of ETP	EUR 7,000,000	Credit bid
100% of the shares in the capital of Gaastra Holding International B.V., McGregor Holding International B.V., X-One B.V., Mallanganee Properties B.V., McGregor Asia Ltd. and McGregor USA LLC.	EUR 500,000	Credit bid
IP rights	EUR 500,000	Credit bid
TOTAL CREDIT BID	EUR 24,500,000	Credit bid

Assets	Purchase Price	Cash payment
Fixtures and fittings	EUR 397,875.50	Payment
50% of the shares in the capital of E-Sail GmbH	EUR 400,000	Payment
50% of the shares in the capital of Gaastra Pro Gear B.V.	EUR 1	Payment
Goodwill	EUR 100,000	Payment
TOTAL PAYMENT	EUR 897,876.50	Cash payment

As a result of the relaunch, the company realised revenues in the amount of EUR 26,397,876.50, consisting of the assets' total purchase price of EUR 25,397,876.50 and the lump sum payment of EUR 1 million. These revenues comprise an amount of EUR 24,500,000 to be paid by Doniger Fashion Group by means of a credit bid, which means that EUR 24,500,000 will be deducted from Doniger Fashion Group's total debt position of EUR 31,279,709.80, resulting in a new total debt position of approximately EUR 6,779,709.80.

The remaining amount of EUR 1,897,876.50 has been paid by way of setoff against the sales proceeds of Doniger Fashion Group, which were credited to the bank accounts held by MFG

Companies at ABN AMRO Bank N.V. until 15 November 2016.

8. LAWFULNESS

8.1 Investigation into the causes of the bankruptcies of the MFG Companies

The Bankruptcy Trustees have engaged BFI Global B.V. ("**BFI**") and Insolresearch to investigate the causes of the bankruptcy. Conducting an investigation into the causes of the bankruptcy is one of the tasks of a bankruptcy trustee.

Insolresearch will conduct a quick scan. A quick scan is an analysis of the (digital) financial accounts and is intended to further identify points of investigation for the purpose of the investigation into the causes.

BFI will conduct an investigation into the facts, in which the period prior to the bankruptcy of the McGregor Group will be reconstructed from several angles.

BFI's investigation into the causes will consist, among other things, of the following steps:

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 research among a selection of previous employees;
5. Final analysis and reporting.

Limits Consulting B.V. has secured the digital accounts of the MFG Companies up to the date of bankruptcy, as a result of which these are available for the big data investigation. The survey research will be conducted in the month of December 2016. The interviews will be held from February through June 2017.

The Bankruptcy Trustees decided to outsource the investigation into the causes to BFI and Insolresearch. Insolresearch has been involved as bankruptcy accountant from the date of suspension of payments, and is therefore fully aware of the financial structure of the McGregor Fashion Group, as a result of which the financial accounts can be quickly analysed by Insolresearch.

BFI is an independent investigation agency, which performs an investigation based on reconstruction into the causes of the bankruptcy. The investigation also identifies the context in which decisions were made. This investigation therefore goes beyond a mere technical financial analysis.

After the relevant factual circumstances in the period preceding the bankruptcy of the McGregor Fashion Group have been established, the Bankruptcy Trustees will legally assess the various causes of the bankruptcy. Therefore the investigation into the causes of the bankruptcy where establishing the truth is essential will be separated from the legal assessment of the causes. As a result the investigation will be carried out in an entirely objective and careful manner.

The Bankruptcy Trustees anticipate that the results of the investigation will be ready for

publication in the second half of 2017.

9. CREDITORS AND CONSOLIDATION

9.1 Creditor's balance

The administrative accounts demonstrate that the joint total debt of the MFG Companies amounts to approximately EUR 53 million.

9.2 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.

Up to 1 December 2016, approximately 900 creditors in total submitted claims in the bankruptcies of the MFG Companies for a total amount of approximately EUR 40 million. This, however, is a snapshot in time as new claims are being submitted on a very regular basis.

9.3 Tax Authorities and Employee Insurance Agency (UWV)

At the McGregor Fashion Group, there was a tax entity for VAT (in Dutch: *fiscal eenheid voor de btw*). It follows from a preliminary investigation that the tax debt with regard to VAT amounts to approximately EUR 2.5 million. The tax debt with regard to payroll tax for May 2016 amounts to approximately EUR 1.7 million.

An initial assessment has shown that the debt to the tax authorities with respect to the VAT owed by the MFG Companies, or the bankrupt estate thereof, by virtue of the pledged stock sold for the period from 10 June 2016 through 10 July 2016 can be paid from the assets realised thus far. However, this is only an estimate based on the state of affairs as of 18 November 2016. It may turn out at a later stage that the amount of estate assets to be realised or the (estate) debts to be paid will be higher or lower. Therefore, no rights can be derived from this estimate whatsoever.

By virtue of the Wage Guarantee Scheme (in Dutch: *loongarantieregeling*), the Employee Insurance Agency (UWV) is expected to submit substantial claims (against the bankrupt estate) in the bankruptcies of the MFG Companies.

Finally, the Amsterdam Customs Authorities have instigated an investigation with regard to permits issued to Gastra International Sportswear and Emergo Sportswear. It is anticipated that this investigation will be finalised in the next reporting period.

9.4 Consolidation

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

10. LEGAL PROCEEDINGS

Shortly before the McGregor Fashion Group had been declared bankrupt, a judgment was rendered in preliminary relief proceedings. For the backgrounds of these proceedings, reference is made to paragraph 8.3 of the first combined public bankruptcy report of 1 September 2016. In addition, two legal proceedings are pending in which substitution (in Dutch: *indeplaatsstelling*) is being claimed in court. For the backgrounds of these legal proceedings, reference is made to paragraph 3.2 of this report.

11. OTHER

11.1 Balance bankruptcy account

As at 18 September 2016, the balances of the MFG Companies' bankruptcy accounts jointly amount to EUR 2,588,866.36.

11.2 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 to date. From this it is clear that the realised and anticipated proceeds 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 proceeds realised to date and those anticipated, 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 herefrom.

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.

11.3 Number of hours spent

The Bankruptcy Trustees and their team of employees spent a total of 1071 hours in handling the bankruptcies of the MFG Companies during the period to which this report relates.

11.4 Interim financial report

The second 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.

11.5 Plan of action

In connection with the agreed relaunch, the settlement between the bankrupt estate and Doniger Fashion Group still has to take place. For the period between 10 June and 11 July 2016, the bankrupt estate will receive 40% of the net sales margin. For the period starting from 11 July 2016, the entire sales proceeds, minus the amount that has to be distributed to Stock Suppliers, Other Suppliers and Consignment Suppliers, will accrue to Doniger Fashion Group.

Up to mid November 2016, all proceeds from sales by Doniger Fashion Group were still

received on the MFG Companies' bank accounts held at ABN AMRO Bank. The Bankruptcy Trustees, assisted by the bankruptcy accountant, will distribute the monies received on the bank accounts held by the MFG Companies between the bankrupt estate and Doniger Fashion Group, such in accordance with the agreements made.

The Bankruptcy Trustees will furthermore handle all appeals to retention of title, right of reclamation and right of retention made by the suppliers.

In addition, the Bankruptcy Trustees will sell the stock returned by eSail.

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

Finally, the Bankruptcy Trustees will monitor the investigation that BFI and Insolresearch are carrying out into the bankruptcy of the McGregor Fashion Group.

11.6 **Submission of the next report**

The next report will be published on 1 March 2017, except to the extent exceptional developments would make an earlier report necessary.

12. **PUBLICATION ON WEBSITE**

12.1 For further information about this bankruptcy, 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.

12.2 An English translation of this public report will also be made available on this website as soon as possible 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, 1 December 2016



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



Bankruptcy Trustee

Annex	Description
1	Interim Financial Report of 18 November 2016

BIJLAGE 1

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	2

A. Baten	Incl. BTW	BTW
	€	€
A.1: Vrij actief		
1. Aangetroffen middelen		
Kasgeld	0,00	0,00
Banksaldi	121.495,50	0,00
	121.495,50	
2. Opbrengst verkopen		
Opbrengst pand	0,00	0,00
Opbrengst inventaris	0,00	0,00
Af: rechten van derden	0,00	0,00
Af: kosten	0,00	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	409.001,00	0,00
Opbrengst intercompany vorderingen	0,00	0,00
Opbrengst beschikbaar stellen winkels	1.000.000,00	0,00
3. Debiteuren		
Debiteuren pre faillissement	741.200,91	0,00
Af: rechten van derden	0,00	0,00
Af: kosten	56,00	0,00
	741.256,91	
Boedeldebiteuren	0,00	0,00
Af: kosten	0,00	0,00
	0,00	
4. Overige baten		
Boedelbijdragen	0,00	0,00
Restitutie belastingdienst pre faillissement	0,00	0,00
Boedelmortgage	0,00	0,00
Afwikkeling valuta termijn contracten	73.000,00	0,00
Kruisposten	25.678,75	831,00
Totaal vrij actief	3.473.360,16	1.003.759,00

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	3.855.268,20	1.000.987,79

B. Reeds betaalde boedelschulden	Incl. BTW	BTW
Salaris en verschotten curator	-871.991,45	-151.337,36
Algemene faillissementskosten	-394.410,39	-53.722,17
Totaal	-1.266.401,84	-205.059,53

C. Thans nog beschikbaar

A. Baten	3.855.268,20
B. Reeds betaalde boedelkosten	-1.266.401,84
Reeds betaalde / ontvangen boedel BTW na aangifte	0,00
Saldo boedelrekening	2.588.866,36