

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

REPORT NO. 1

Regarding the bankruptcies of:

Name company	Date of moratorium	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 : 10 June 2016 – 19 August 2016

Reporting date : 1 September 2016

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1. PRELIMINARY REMARKS

This is the first 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**").

Given the strong mutual interwovenness between the activities of the MFG Companies, the public reporting in the bankruptcies of the MFG Companies will take place by way of combined public reports. Furthermore, this first report includes the reporting for the period of the moratoriums provisionally granted (*voorlopige surseances van betaling*) on 10 June 2016 to Adam Menswear and McGregor Fashion Group Holding and the moratoriums provisionally granted on 24 June 2016 to other 9 MFG Companies, which were withdrawn on 28 June 2016 with these companies being declared bankrupt at that date. Where reference is made in this report to the Bankruptcy Trustees, this refers to mr, M.R. van Zanten in his

capacity of administrator if reference is made to a MFG Company to which a provisional moratorium was granted at the time.

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 Busmann N.V., CMS Cameron McKenna vo.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).

Finally, the Bankruptcy Trustees instructed Limits Consulting B.V. to secure the digital accounting records of the MFG Companies.

2. INTRODUCTION

2.1 Activities of the McGregor Fashion Group

McGregor Fashion Group Holding is the holding company of the companies belonging to the McGregor Fashion Group. The shares in the capital of McGregor Fashion Group Holding are ultimately held by Jeroen Schothorst, Ben Kolff, Marcel Boekhoorn and the venture capital companies of NIBC Bank N.V. and ABN AMRO Bank N.V. (the last of which holds only preference shares).

An organizational chart of the McGregor Fashion Group is attached to this report as **Annex 1**.

The McGregor Fashion Group is a Dutch fashion house that designs, manufactures, distributes and sells clothing, shoes and accessories of the ‘McGregor’ and ‘Gaastra’ brands. The collections of the McGregor and Gaastra brands are sold in 12 countries (the Netherlands, Belgium, Spain, France, Germany, Switzerland, the United Kingdom, Italy, the United Arab Emirates, Ireland and Russia) through independent retailers, shop-in-shops in department stores and larger fashion stores, online through the webshops of McGregor, Gaastra and Adam and within their own retail operations (comprising factory outlets, mono-brand stores and the Adam Menswear chain).

Adam Menswear operates the Adam Menswear retail chain. Adam Menswear is a multi-brand store with 49 shops in the Netherlands at tier 2 locations. In addition to the collections of the McGregor and Gaastra brands, Adam also sells the collections of Tommy Hilfiger, Hugo Boss and Gardeur, among others.

2.2 History

The McGregor brand was established in 1921 by the Scottish emigrant David Doniger, who operated his cap-business in New York under this name. David Doniger was a descendant of the Scottish McGregor clan and used the patterns of the Scottish tartans for the McGregor caps. The concept caught on and in the years 1950-1960 McGregor grew to be the most important player on the American Sportswear market.

In 1993, Jeroen Schothorst, Ben Kolff and Victor Muller acquired the European distribution rights of the McGregor brand and they incorporated McGregor Fashion Group B.V.

On 29 April 1999, the shares in McGregor Fashion Group N.V. were listed on the Amsterdam Stock Exchange.

On 2 October 2001, the McGregor Fashion Group acquired all shares in the capital of Gaastra International Sportswear B.V. and the McGregor Fashion Group has since exploited the Gaastra brand in addition to the McGregor brand.

The McGregor Fashion Group acquired the men’s fashion retail chain ‘ADAM Menswear’ in early 2005.

Toeca Fashion Group B.V. made a public offer on all outstanding ordinary shares in the capital of McGregor Fashion Group N.V. on 25 February 2006. Toeca Fashion Group B.V. is a 100% subsidiary of Toeca Fashion Holding B.V. The shares in Toeca Fashion Holding B.V. are held in equal parts by the holding companies of Marcel Boekhoorn, Jeroen

Schothorst and Ben Kolff. As at least 95% of the shares in McGregor Fashion Group N.V. were registered under the offer, the public offer was honoured and the listing of McGregor Fashion Group N.V. ended on 27 April 2006.

By agreement dated 10 July 2007 (the so-called "**Senior Facilities Agreement**"), NIBC Bank N.V. ("**NIBC Bank**") provided a credit facility to the McGregor Fashion Group in the amount of EUR 205,000,000 million. In the following months, this facility was syndicated and participations in the credit were transferred to ABN AMRO Bank N.V. ("**ABN AMRO Bank**") and Rabobank Nederland N.V. ("**Rabobank**").

In 2013, the credit facility, provided by the syndicate, was converted into a credit facility provided solely by ABN AMRO Bank. Rabobank was taken out and the portion of the credit facility provided by NIBC Bank was converted into ordinary and cumulative preference shares. Finally, ABN AMRO Bank also acquired cumulative preference shares. As a result of this restructuring, B. Kolff, M. Boekhoorn, J. Schothorst – or their venture capital companies – and NIBC Bank (hereinafter the "**Shareholders**") each hold 21.875% of the shares in the capital of McGregor Fashion Group Holding. The remaining 12.5% interest is held by Stichting Administratiekantoor Toeca MMP.

In February 2016, Toeca MFG C.V., a limited partnership in which the companies of the Shareholders participate, acquired the credit facility provided by ABN AMRO Bank. Based on the loan documentation, NIBC Bank acted as *Security Agent* for Toeca MFG C.V. as lender (see also section 8.2).

In the context of the asset transaction, Toeca MFG C.V. subsequently transferred its position to Doniger Fashion Group B.V. ("**Doniger Fashion Group**"), see also section 10 for this.

2.3 **Prior to granting the provisional moratorium to Adam Menswear and McGregor Fashion Group Holding**

At the end of 2015, the sum outstanding under the Senior Facilities Agreement was increased by a bridging loan of EUR 9 million. Consequently, the total outstanding debt to Toeca MFG C.V. comprised approximately EUR 31 million.

As a result of the extremely poor trading results for the financial year 2015/2016, the McGregor Fashion Group had an acute liquidity deficit of EUR 4 - 5 million in early June 2016. This, partly in view of the existing arrears in the trade creditors, and the purchase required for the autumn/winter season 2016/2017.

After the Shareholders of the McGregor Fashion Group had indicated that they would provide no further financing, the management board of Adam Menswear and McGregor Fashion Group Holding felt compelled to apply for a moratorium on 10 June 2016.

2.4 **Period from 10 June 2016**

After the moratoriums of Adam Menswear and McGregor Fashion Group Holding on 10 June 2016, the activities were continued as much as possible for the Security Agent as pledgee and in order to increase the chances of a relaunch. The Bankruptcy Trustees and the management board of the MFG Companies continuously consulted each other on, among other things, the desired route to prevent a (disorganised) full liquidation of the McGregor Fashion Group, the sales procedure and all payments made during in the moratorium.

The management and staff of the MFG Companies and the team of the Bankruptcy Trustees jointly invested a great deal of time and effort into the continuation of all retail activities while awaiting the outcome of the sales procedure. There were, for instance, arrears as regards the logistics service providers, as a result of which the entire logistical process had come to a halt. Through extensive negotiations with the logistics service providers after which (partial) payment (with the approval of the Security Agent) could be made, the logistical process was relaunched. In addition, maintaining the McGregor Fashion Group as a ‘going concern’ during the sales procedure was a complex matter as a result of the moratoriums for the foreign subsidiaries and the planned purchase for the autumn/winter season 2016/2017.

In the period of 10 June 2016 – 23 June 2016 turnovers of EUR 7,053,396 in the Netherlands and EUR 4,680,371 abroad, including VAT, were realised. Despite the above average turnovers, there was such a need for liquidity that the management board felt compelled to apply for moratoriums for another 9 companies in the McGregor Fashion Group on Friday 24 June 2016.

On Friday 24 June 2016, the management board requested the Security Agent and/or the Shareholders for additional liquidity to pay the running costs, including salaries (in the amount of approx. EUR 1.3 million), from the sales proceeds of the pledged stock. The Security Agent and/or the Shareholders did not grant permission for this. This meant that the then current obligations, including the salary payments that were usually made on the 27th day of each month, could not be met. Consequently, the administrator requested the court to withdraw the provisionally granted moratoriums of the 11 companies of the McGregor Fashion Group and at the same time to declare these companies bankrupt. Finally, on 15 July 2016, Gaastra Holding Netherlands B.V. and McGregor Holding Netherlands B.V. were put into bankruptcy by their own petition.

3. COOLING-OFF PERIOD

- 3.1 The supervisory judge ordered a cooling-off period for the duration of two months in all provisional moratoriums and bankruptcies granted. The dates on which the cooling-off period starts and ends are presented in the table below.

Name company	Date of moratorium 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

During these cooling-off periods, third parties cannot claim their property, which is under the control of the bankruptcy trustee or the bankrupt company without an authorisation from the supervisory judge.

4. INITIAL ANALYSIS

4.1 Management Board and Organisation

An organizational chart of the McGregor Fashion Group is attached to this report as **Annex 1**.

The following table presents the information of the members of the board of directors of the MFG Companies.

Name company	Managing director(s) under the Articles of Association	Date of appointment
Adam Menswear B.V.	McGregor Fashion Group B.V.	21-12-2007
Cofi Maastricht B.V.	McGregor Fashion Group B.V.	21-12-2007
Deno B.V.	McGregor Fashion Group B.V.	21-12-2007
Emergo Sportswear B.V.	McGregor Fashion Group B.V.	21-12-2007
Gaastra Holding Netherlands B.V.	McGregor Fashion Group B.V.	16-01-2013
Gaastra International Footwear B.V.	McGregor Fashion Group B.V.	10-02-2014
Gaastra International Sportswear B.V.	McGregor Fashion Group B.V. Oliver Frielingsdorf	21-12-2007 03-07-2015
Gaastra Retail B.V.	McGregor Fashion Group B.V. Oliver Frielingsdorf	16-01-2013 03-07-2015
McGregor E-Store B.V.	McGregor Fashion Group B.V.	08-04-2015
McGregor Fashion Group B.V.	Armin Broger	22-04-2016
McGregor Fashion Group Holding B.V.	Armin Broger	22-04-2016
McGregor Holding Netherlands B.V.	McGregor Fashion Group B.V.	24-01-2013
McGregor Retail B.V.	McGregor Fashion Group B.V.	21-12-2007

In addition, the McGregor Fashion Group had a Supervisory Board during the period of 24 June 2014 – 18 February 2016. As per the date of moratorium, there was no longer a Supervisory Board.

4.2 Description of the MFG Companies' activities

The following table provides a brief description of the MFG Companies' activities, supplementing the aforementioned under section 2.1.

Name company	Activities
Adam Menswear B.V.	A multi-brand store with 49 shops in the Netherlands in tier 2 locations and Adam Menswear webshop
Cofi Maastricht B.V.	No recent activities
Deno B.V.	No recent activities, holding company of McGregor USA LLC
Emergo Sportswear B.V.	Purchasing company, wholesaler and consignment seller for McGregor
Gaastra Holding Netherlands B.V.	Intermediate holding company
Gaastra International Footwear B.V.	No recent activities
Gaastra International Sportswear B.V.	Purchasing company, wholesaler and consignment seller for Gaastra
Gaastra Retail B.V.	6 shops in the Netherlands that exclusively sell 'Gaastra'
McGregor E-Store B.V.	McGregor webshop
McGregor Fashion Group B.V.	Shared service centre for, particularly, facilities services and IT
McGregor Fashion Group Holding B.V.	Holding company of the McGregor Fashion Group
McGregor Holding Netherlands B.V.	Intermediate holding company
McGregor Retail B.V.	35 shops in the Netherlands that exclusively sell 'McGregor'

4.3 Key financial data

The table below presents the key financial data for the financial years 2013/2014, 2014/2015 and 2015/2016. The financial year of the McGregor Fashion Group ran from 1 May to 30 April. The key financial data for the financial years 2013/2014 and 2014/2015 are based on the consolidated annual accounts and the key financial data for the financial year 2015/2016 are based on the internal administrative records of the McGregor Fashion Group and were not verified by an auditor.

Key financial data × € 1,000	2013/2014	2014/2015	2015/2016
Balance sheet total	250,349	244,765	182,768
Net turnover	233,951	231,210	221,930
Cost turnover	101,701	98,409	107,045
Total costs	150,156	161,048	175,285
Operating result before tax	-17,906	-28,247	-60,400
Operating result after tax	-15,400	-26,936	-62,570

4.4 Pending legal proceedings

Currently, the Bankruptcy Trustees are aware of one legal action in which the McGregor Fashion Group is involved. For a description of said proceedings and its current status, see section 8.3.

4.5 **Insurances**

The usual insurance policies in favour of the MFG Companies were in effect.

4.6 **Lease agreements with regard to real estate**

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). On the date of bankruptcy, the McGregor Fashion Group had 90 shops in total, comprising 6 Gaastra shops, 35 McGregor shops and 39 Adam Menswear shops. With regard to operation of the aforementioned shops, 88 lease agreements were concluded. Two shops are housed in a building in Leiden. The lease agreement pertaining to these shops was concluded by Aalmarkt B.V., a joint venture in which the McGregor Fashion Group holds 50% of the shares. The lease agreements pertaining to the other 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 lease office spaces in Driebergen and Amsterdam. The Bankruptcy Trustees are also aware of two lease agreements pertaining to apartments in Amsterdam and Utrecht. These apartments were rented for employees of the McGregor Fashion Group that regularly worked in the Netherlands but resided abroad.

The restarter, Doniger Fashion Group, is currently selecting which shop locations will be continued. Of the 90 locations, Doniger Fashion Group has designated 5 locations as so-called 'flagship stores'. These are the shops in the following locations:

Amsterdam, Van Baerlestraat 60;

Amsterdam, P.C. Hoofstraat 114;

Den Haag, Hoogstraat 14;

Laren, Brink 30; and

Maastricht, Maastrichter Brugstraat 16.

Doniger Fashion Group considers these locations to be of vital importance for the continuation of the activities. In order to allow Doniger Fashion Group the opportunity to also continue the shops at these locations in the future, the lessors of these locations have been (and will be) requested on behalf of the bankrupt estate to consent to a substitution (*indeplaatsstelling*). If the lessors are not willing to do so, the bankrupt estate will claim the substitution in legal proceedings.

At the end of July 2016, it was clear for five shop locations that Doniger Fashion Group did not wish to continue its activities at those locations, after which the Bankruptcy Trustees – after receiving an authorisation to that effect from the supervisory judge – gave notice to terminate the lease agreements for these locations in a letter dated 29 July 2016, such pursuant to Section 39 of the Dutch Bankruptcy Act (*Faillissementswet*, "Fw") and with due observance of the usual notice period of (at most) three months. In addition, a number of lessors have since terminated the lease agreement themselves. With regard to the other shops, Doniger Fashion Group is currently assessing to what extent a new lease agreement can be concluded. The Bankruptcy Trustees gave Doniger Fashion Group up to the end of August 2016 to consult and negotiate on this with the lessors, after which the Bankruptcy

Trustees gave notice to terminate the remaining lease agreements on 30 August 2016, subject to a three-month notice period.

The vacation and broom clean delivery of all locations where the activities will not be continued by the Doniger Fashion Group will be arranged by Doniger Fashion Group on behalf of the Bankruptcy Trustees.

4.7 **Bank guarantees**

As security for 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, the bank guarantees have (in part) been called on by 9 lessors and the outstanding amount in issued bank guarantees is EUR 1,065,330.27. In the next reporting period, the Bankruptcy Trustees will further investigate the different lessors' claims against the bankrupt estate. 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.

4.8 **Causes of the bankruptcy**

According to statements from the managing director of the McGregor Fashion Group, margins have been declining for some time. In addition, the trading results for 2015/2016 fell well short of the projections. In connection with the arrears in the trade creditors, and the purchase of the autumn/winter collection 2016/2017, additional financing was required and there was an acute liquidity deficit. When the Shareholders of the McGregor Fashion Group indicated that they would not provide further financing, there was no other option but to apply for a moratorium, later followed by bankruptcy. In the next reporting period, the Bankruptcy Trustee will further investigate the causes of the bankruptcy of the MFG Companies. The results of this investigation are expected to be ready for disclosure in the second half of 2017.

5. **EMPLOYEES**

5.1 **Number of employees at the time of the bankruptcy**

Name company	Number of employees on the payroll
Adam Menswear B.V.	206 employees
Cofi Maastricht B.V.	0 employees
Deno B.V.	0 employees
Emergo Sportswear B.V.	207 employees
Gaastra Holding Netherlands B.V.	0 employees
Gaastra International Footwear B.V.	0 employees
Gaastra International Sportswear B.V.	114 employees
Gaastra Retail B.V.	67 employees

McGregor E-Store B.V.	13 employees
McGregor Fashion Group B.V.	0 employees
McGregor Fashion Group Holding B.V.	0 employees
McGregor Holding Netherlands B.V.	0 employees
McGregor Retail B.V.	216 employees
Total	823 employees

5.2 Date of termination

On 28 June 2016, after receiving an authorisation to do so from the supervisory judge pursuant to Section 68(2) Fw, the Bankruptcy Trustees terminated the employment contracts concluded by Adam Menswear, Emergo Sportswear, Gaastra International Sportswear, Gaastra Retail, McGregor E-Store and McGregor Retail with their employees, with due observance of the statutory notice period.

5.3 Wage guarantee scheme

After the termination of the employment contracts, the Dutch Employee Insurance Agency (*Uitvoeringsinstituut Werknemersverzekeringen*, "UWV") started the settlement thereof. The UWV allowed application of the 'scheme for large employers'. This scheme is an accelerated procedure compared to the normal procedure, which means that the accounting staff of the MFG Companies provides the UWV with all information relating to the employees for an accelerated payment of the salaries to the employees. The employees signed an authorisation form to this effect. As a result of the application of the 'scheme for large employers', the UWV, on 13 July 2016, issued the orders for payment of the first advances to the employees for the month of June 2016.

5.4 Works Council and Trade Unions

Only Adam Menswear had a Works Council. The other MFG Companies did not have Works Councils. The Bankruptcy Trustees regularly consulted with the Works Council and kept it informed of developments during the sales procedure.

In accordance with Section 3(1) of the Dutch Collective Redundancy (Notification) Act (*Wet melding collectief ontslag*), the Bankruptcy Trustees reported the notice of dismissal to the trade unions involved (De Unie, CNV and FNV).

In addition, the Bankruptcy Trustees regularly consulted with CNV after the adjudication of bankruptcy on the sale and its consequences for the employees.

5.5 Activities

Prior to the bankruptcies of the MFG Companies, the Bankruptcy Trustees held an information meeting in the Jaarbeurs in Utrecht on 27 June 2016 to inform all employees of the (then impending) bankruptcies and the developments from 10 June 2016. The Bankruptcy Trustees and the UWV jointly held six information meetings in the Beatrix Theatre in Utrecht or the McGregor headquarters in Amsterdam during which the wage guarantee scheme was explained to the employees. The Bankruptcy Trustees also drew up a Q&A for the employees, which was regularly updated. Furthermore, the information for the

employees can be consulted on www.cms-dsb.com/mcgregor. Finally, the Bankruptcy Trustees informed the employees of the developments after the moratoriums and bankruptcies as much as possible through periodical notices and participation in the management team meetings.

6. ASSETS

6.1 General

This chapter describes the assets belonging to the MFG Companies on the date of the 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 report.

6.2 Immovable properties

The MFG Companies did not own any immovable properties on the date of the bankruptcy.

6.3 Operating assets

The MFG Companies own the usual (office) furniture and equipment (desks, PCs, laptops) and other movable property (clothes racks, shelves, etc.). In addition, the fixtures and fittings present in the shops is owned partly by the MFG Companies.

The furniture and equipment/fixtures and fittings were sold to the Doniger Fashion Group in the context of the asset transaction (see chapter 10 for this). The NTAB valued the furniture and equipment/fixtures and fittings.

Proceeds from the furniture and equipment/fixtures and fittings:

EUR 397,785.50

6.4 Right of seizure by the tax authorities of property found on the premises (*bodemvoorrecht van de fiscus*)

With regard to the pledging of the furniture and equipment/fixtures and fittings, the Bankruptcy Trustees discussed the Tax and Customs Administration's right to seize property found on the premises (Section 21(2) of the Dutch Collection of State Taxes Act 1990 (*Invorderingswet 1990*)) with the Security Agent and/or Shareholders. The Security Agent and/or Shareholders consented to adding the proceeds of the pledged furniture and equipment/fixtures and fittings to the bankrupt estate's assets in connection with the Collector's (*Ontvanger*) right to seize property found on the premises.

6.5 Stock and intercompany claims

In the context of the asset transaction, the stock and intercompany claims were sold on 1 August 2016 and 10 July 2016 respectively to Doniger Fashion Group at a purchase price of EUR 16,500,000. This purchase price will be paid by means of a so-called "credit bid", which means that the purchase price will be deducted from Doniger Fashion Group's claim against the MFG Companies under the Senior Facility Agreement.

6.6 **Bank account balances**

The McGregor Fashion Group held a large number of bank accounts in the Netherlands and abroad. The credit balances of a large number of bank accounts on the date of the moratorium were pledged to the Security Agent and for that reason accrue to the Security Agent. This concerned a total balance of EUR 1,126,035 on 10 June 2016.

6.7 **100% subsidiaries**

The MFG Companies have a number of Dutch and foreign subsidiaries whereby the MFG Companies hold all the shares in the capital of these subsidiaries (see also the organizational chart attached to this report as **Annex 1**).

6.7.1 Gaastra Holding International B.V.

Is the holding company of a number of foreign subsidiaries that pertain to Gaastra. These subsidiaries sell clothes, shoes, accessories, etc. of the 'Gaastra' brand through department stores and other large fashion stores (wholesale), mono brand stores and outlet stores in Belgium, Austria, Italy and France. Insolvency proceedings were initiated in Austria for one of these subsidiaries, namely Gaastra Austria GmbH, on 20 July 2016.

6.7.2 McGregor Holding International B.V.

Is the holding company of a number of foreign subsidiaries that pertain to McGregor. These subsidiaries sell clothes, shoes, accessories, etc. of the 'McGregor' brand through department stores and other large fashion stores (wholesale), mono brand stores and outlet stores in Belgium, Switzerland, Germany, Spain, Italy and France. Insolvency proceedings were opened in Spain for two of these subsidiaries, namely McGregor Fashion Spain S.L. and McGregor Retail Spain S.L., on 22 July 2016 and 29 July 2016, respectively.

6.7.3 Toeca Fashion Holding I B.V.

Is an intermediate holding company which no longer performed any business operations on the date of the bankruptcy. The Bankruptcy Trustees are investigating whether this company, either through its own bankruptcy petition or not, can be liquidated.

6.7.4 X-One B.V.

Is the holder of various IP rights.

6.7.5 Mallanganee Properties B.V.

This company holds an interest in a limited partnership managing properties, which includes a building of Gaastra.

6.7.6 McGregor Finance International B.V.

Is a company which no longer performed any business operations on the date of the bankruptcy. The Bankruptcy Trustees are investigating whether this company, either through its own bankruptcy petition or not, can be liquidated.

6.7.7 Emergo Textile Projects B.V. (ETP)

ETP is involved in the design, production and full project management of exclusive workwear and promotional textile. ETP's customers include ABN AMRO Bank, Amsterdam Arena, Bijenkorf, Bilderberg, Coöperatie Dela, Holland Casino, Monuta, TUI Airlines, VolkerWessels and Waldorf Astoria.

6.7.8 McGregor USA LLC

McGregor USA operates a Gaastra shop in Newport (USA).

6.8 **50% subsidiaries**

The MFG Companies have a number of Dutch and foreign subsidiaries whereby the MFG Companies hold 50% of the shares in the capital of these subsidiaries (see also the organizational chart attached to this report as **Annex 1**).

6.8.1 Gaastra Pro Gear B.V.

Gaastra International Sportswear holds 50% of the shares in the capital of Gaastra Pro Gear GmbH. Gaastra Pro Gear GmbH operates the professional clothes line of the 'Gaastra' brand, comprising functional sailing suits.

In the context of the asset transaction, the 50% interest that Gaastra International Sportswear held in the capital of Gaastra Pro Gear GmbH was conditionally sold to Doniger Fashion Group at a purchase price of EUR 1. The sale occurred subject to the condition that the other shareholder of Gaastra Pro Gear GmbH, Xstyles Holding B.V. ("**Xstyles**"), grants permission.

It has since become clear that Xstyles will not grant permission for the sale and transfer of the shares to Doniger Fashion Group. Consequently, the Bankruptcy Trustees have offered the shares that Gaastra International Sportswear holds in Gaastra Pro Gear GmbH to Xstyles at nominal value, in conformity with the pre-emptive rights clause. Xstyles has since announced that it accepts this offer. The supervisory judge has granted permission for the sale to Xstyles.

6.8.2 Aalmarkt B.V.

The McGregor Fashion Group holds 50% of the shares in the capital of Aalmarkt B.V. ("**Aalmarkt**"). The remaining 50% of the shares are held by Suit Supply B.V. ("**Suit Supply**"). Suit Supply and the McGregor Fashion Group are also the joint managing director of Aalmarkt. This entity was incorporated in 2011 to enable the McGregor Fashion Group and Suit Supply to jointly conclude a lease agreement pertaining to a jointly operated Gaastra, McGregor and Suit Supply shop in Leiden.

As a result of the bankruptcy, the McGregor Fashion Group can no longer perform its obligation to contribute to the rent for the building in Leiden. Suit Supply has indicated that it would like to continue the activities at this location and has for that reason requested that all shares in Aalmarkt be transferred to Suit Supply. As it has become clear that Aalmarkt possesses an equity capital of approximately EUR 50,000, the Bankruptcy Trustees have indicated that they are willing to sell and transfer the 50% interest held in Aalmarkt by the McGregor Fashion Group at a

purchase price of EUR 25,000. Suit Supply has indicated that it agrees to this. The supervisory judge has since granted permission for this. The transfer of the shares is expected to occur in the near future.

6.8.3 E-Sail GmbH

McGregor Holding Netherlands holds 50% of the shares in the capital of E-Sail GmbH. E-Sail GmbH operates the Gaastra webshop.

In the context of the asset transaction, the 50% interest that McGregor Holding Netherlands held in the capital of E-Sail GmbH was conditionally sold to Doniger Fashion Group at a purchase price of EUR 400,000. The sale occurred subject to the condition that the other shareholders of E-Sail GmbH – if relevant and applicable – grant permission for the transfer of shares.

6.9 **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 supervisory judge, the Bankruptcy Trustees terminated the employment contracts in accordance with Polish law.

The lease agreements were also terminated. The supervisory judge granted the authorisation to do so. On 5 August 2015, ABN AMRO Bank provided a bank guarantee for the lessor of the shop in Warschau as security for the (payment) obligations of McGregor Retail under the lease agreement, such up to a maximum of EUR 22,281. ABN AMRO Bank also provided a bank guarantee for the lessor of the shop in Sosnowiec as security for the (payment) obligations of McGregor Retail under the lease agreement, such up to a maximum of EUR 20,998. Finally, ABN AMRO Bank provided a bank guarantee for the lessor of the shop in Gdansk as security for the (payment) obligations of McGregor Retail 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 shops are not part of the asset transaction. 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).

Furthermore, the Bankruptcy Trustees in the present period have extensively consulted a lawyer in Poland regarding the opening of a (secondary) insolvency proceeding. It is expected that this insolvency proceeding can be opened in the near future.

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

Gaastra Retail operated a store in Hradec (Czech Republic). This shop employed a total of 7 people, mostly part-time. After obtaining authorisation from the supervisory judge, the Bankruptcy Trustees terminated the employment contracts.

After obtaining permission from the supervisory judge, the lease agreement was terminated. Supposedly, Gaastra Holding Netherlands guaranteed the (payment) obligations vis-à-vis the lessor under the lease agreement for the benefit of Gaastra Retail, up to a maximum of EUR 72,000.

The activities of the shop were discontinued on 1 August 2016 and are not part of the asset transaction. With regard to the stock present in the shop, the lessor invoked the right of retention. After extensive discussion, the lessor released the items. Doniger Fashion Group will collect the stock present in the near future.

The Bankruptcy Trustees have engaged Vistra Corporate Services S.r.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).

6.11 Foreign bank account balances – Poland and Czech Republic

The Bankruptcy Trustees have found a number of bank accounts in the name of McGregor Retail and Gaastra Retail in Poland and the Czech Republic. The Bankruptcy Trustees have requested the banks to transfer any credit balance to the liquidation accounts. Both the bank in Poland and the Czech Republic have since transferred the credit balance held into the liquidation account.

6.12 IP rights

The McGregor Fashion Group possessed various IP rights. The IP rights were pledged to the Security Agent and in the context of the relaunch these IP rights were sold to Doniger Fashion Group at a purchase price of EUR 500,000. This purchase price will be paid by means of a so-called "credit bid", which means that the purchase price will be deducted from Doniger Fashion Group's claim against the MFG Companies under the Facility Agreement.

6.13 Cash

At this time the cash present on 10 June 2016 is still under investigation.

7. DEBTORS

7.1 Amount of accounts receivable

On 11 July 2016, the accounts receivable portfolio of the MFG Companies amounted to EUR 5,166,492. A large number of debtors reside 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

7.2 Revenues

Up to 29 June 2016, an amount of EUR 715,000 million was collected. The amount of EUR 715,000 already collected pertains to accounts receivable that are not subject to the factoring, so that the revenues accrue fully to the bankrupt estate.

7.3 Collection revenues

The Bankruptcy Trustees have agreed with Doniger Fashion Group that the latter will, on behalf of the Bankruptcy Trustees, arrange for the collection of the accounts receivable as per 10 July 2016. This agreement includes a distribution whereby Doniger Fashion Group will receive 47.5% of the collected accounts receivable as collection fee. The remaining 52.5% accrues to the bankrupt estate as there is no right of pledge on the accounts receivable for the benefit of the Security Agent. The determination of the collection fee took into account the fact that Doniger Fashion Group will have to incur considerable costs to collect from the debtors residing abroad.

In the context of a factoring agreement with KBC Bank, nine (largely foreign) entities of the McGregor Fashion Group pledged part of their claims to KBC Bank. Of the MFG Companies, only Emergo Sportswear and Gaastra International Sportswear pledged part of their claims to KBC Bank. According to the administrative records, the factor part of Emergo Sportswear and Gaastra International Sportswear's total accounts receivable portfolio was EUR 1,533,873. Of this amount, EUR 806,101 was advanced by KBC Bank. The administrative records also show that an amount of approximately EUR 580,000 was received in the period of 10 June 2016 - 24 August 2016, so that the remaining claim would amount to approximately EUR 226,000. Once the KBC Bank is paid in full, the accounts receivable portfolio of the MFG Companies accrues fully to the bankrupt estate (less Doniger Fashion Group's collection fee).

8. BANK/SECURITY RIGHTS

8.1 Payment transactions and cash pooling

Payment transactions primarily ran through ABN AMRO Bank. In that context, a cash pooling agreement, the so-called *Netting Agreement*, was concluded with ABN AMRO Bank.

The following companies were parties to this agreement:

Adam Menswear, E.F. Sportswear GmbH Co & KG, Emergo Sportswear, Emergo Textile Projects, Gaastra Belgium N.V., Gaastra Holding International B.V., Gaastra Holding Netherlands, Gaastra International Footwear, Gaastra International Sportswear, Gaastra Retail, Gaastra Retail Belgium N.V., McGregor Belgium N.V., McGregor Deutschland GmbH, McGregor E-store, McGregor Fashion Group, McGregor Finance Belgium BVBA, McGregor Holding International B.V., McGregor Retail, McGregor Retail Belgium N.V., Toeca Fashion Holding I B.V. and X-One B.V.

After the moratorium, ABN AMRO Bank exercised its rights under the Netting Agreement. As a result, debit balances of various companies were paid off at the expense of the credit balances of other companies. Presently, ABN AMRO Bank has no claim against the MFG Companies. The MFG Companies' claims against ABN AMRO Bank (credit balances) were pledged on the date of the moratorium/bankruptcy, so that the Security Agent was entitled to recover its claim from the pledged credit balances on the date of the moratorium/bankruptcy.

8.2 **Credit agreements**

There was a credit relationship with Toeca MFG C.V. based on which Toeca Fashion Holding I B.V. owed an amount of EUR 31,279,709.80.

This credit relationship followed from a credit agreement concluded mid-2007, which was revised multiple times in the years following. Toeca MFG C.V. became the lender under an agreement dated 3 February 2016, whereby it formally acquired the position of ABN AMRO Bank under this credit relationship. The arrangements to that effect were made earlier, namely on 8 December 2015.

On 15 July 2016, Toeca MFG C.V. transferred its position to Doniger Fashion Group.

Toeca Fashion Holding I B.V.'s payment obligations were, based on the most recent loan documentation, guaranteed by: McGregor Fashion Group Holding, Toeca Fashion Holding I B.V., McGregor Fashion Group, McGregor Holding Netherlands, Gaastra Holding International B.V., McGregor Holding International B.V., Gaastra Holding Netherlands, Deno, Gaastra Retail, X-one B.V., Gaastra International Sportswear, Adam Menswear, Emergo Sportswear, Mallanganee Properties B.V., McGregor Finance International B.V., McGregor Retail, Gaastra International Footwear, Emergo Textile Projects B.V., McGregor E-Store, Gaastra Belgium N.V., McGregor Belgium N.V., McGregor Finance Belgium BVBA, McGregor Retail Belgium N.V., Gaastra Retail Belgium N.V., Gaastra France SA, Gaastra France Retail S.a.r.l, McGregor France S.A.S., McGregor France Retail S.A.S., EF Sportswear Verwaltungs GmbH, EF Sportswear GmbH & Co. KG, McGregor Deutschland GmbH, McGregor Retail Spain S.L., McGregor Fashion Spain S.L., MFG Licensing GmbH, Gaastra Fashion AG and McGregor Switzerland GmbH Switzerland.

Based on the loan documentation, NIBC Bank acted as Security Agent for the lender.

8.3 Lease contracts

The McGregor Fashion Group concluded lease agreements with Computer Lease Nederland B.V. ("**CLN**") pertaining to shop and office future and equipment/fixtures and fittings and ICT equipment. This concerns lease agreements that parties designated as hire (*huur*).

These items were in use at various group companies at the time of the bankruptcy. As far as we are aware, the items are in different locations both within and outside of the Netherlands.

The McGregor Fashion Group gave CLN notice of termination of the lease agreements on 3 September 2015, with due observance of the applicable notice period. This notice was necessary, because without notice the lease agreements would have automatically renewed on expiry of the agreed term. Given the different time periods of the lease agreements, some lease agreements were not yet settled.

When entering into the lease agreements, CLN acquired the ownership rights to the items to be provided in lease. CLN subsequently transferred its ownership rights and its contractual relationship with the McGregor Fashion Group to other lease companies. The majority of the lease agreements and movable property passed to ING Lease (Nederland) B.V. ("**ING Lease**"). In addition, a part passed to ABN AMRO Lease N.V. ("**ABN AMRO Lease**").

CLN adopted the position that it reacquired the ownership rights to part of the movable property from ING Lease by repurchasing them after expiry of the term of a number of lease agreements. In addition, it adopted the position that it was entitled to repurchase the remaining movable property from both ING Lease and ABN AMRO Lease on expiry of the term of the lease agreements still ongoing at the time of the bankruptcy.

CLN had initiated proceedings on the merits against the McGregor Fashion Group prior to the bankruptcy. The proceedings concerned a money claim relating to the McGregor Fashion Group's non-delivery of movable property to CLN after expiry of the term of a number of lease agreements. The McGregor Fashion Group's bankruptcy suspended these proceedings.

In addition, CLN initiated preliminary relief proceedings against the McGregor Fashion Group wherein it claimed an advance payment to the amounts claimed in the proceedings on the merits. Prior to the moratorium, the McGregor Fashion Group raised a defence against this claim. It among other things adopted the position that parties had agreed that the McGregor Fashion Group was entitled to purchase the items in question from CLN at a price in line with the market, and that it wanted to exercise this right. In a judgment dated 30 June 2016, the McGregor Fashion Group was ordered to pay CLN a certain amount. This aimed to follow the amounts previously paid in the past when the McGregor Fashion Group acquired items from CLN after expiry of the term of the lease agreements pertaining to those items.

ING Lease has also reported to the Bankruptcy Trustees, whereby it stated that it is entitled to part of the movable property. It has stated to the Bankruptcy Trustees that they are not free to make use of these items and that it wishes to directly contact the parties that wish to acquire the current lease agreements or the items to which these pertain. ABN AMRO Lease has adopted a similar position.

The parties interested in an asset transaction have been informed that they should settle the lease agreements directly with the lease companies involved.

The Bankruptcy Trustees have – where still required by law – terminated the lease agreements with authorisation from the supervisory judge.

8.4 **Description of security rights**

In order to provide security for all that it owes by whatever virtue, the McGregor Fashion Group created security rights for the benefit of the Security Agent. These were the customary security rights for a credit relationship amounting to the lender's claim, as is the case here. The security interests were created by both MFG Companies and non-bankrupt group companies.

The security rights concern:

- (i) pledging of movable property, including the fixtures and fittings and stock;
- (ii) pledging of intellectual property rights, including the word marks and figurative marks;
- (iii) pledging of shares;
- (iv) pledging of claims (accounts receivable);
- (v) pledging of claims against banks;
- (vi) pledging of intercompany claims;
- (vii) pledging of claims against insurance companies.

The Bankruptcy Trustees investigated the security interests created in favour of the Security Agent. They paid particular attention to the legal validity of the rights of pledge on goods that became subject to sale under execution in the context of an asset transaction. That investigation has not turned up any reasons to contest the security rights, therefore the Security Agent recovered its debts from the proceeds.

However, the investigation has shown that the Security Agent could not recover from the claims (accounts receivable) existing at the time the moratorium and/or bankruptcy were granted. The Security Agent has confirmed this finding. After all, these claims did not exist at the time the rights of pledge were created and did not directly follow from legal relationships already existing at the time.

8.5 **Secured creditor position**

NIBC Bank, in its capacity of Security Agent (pledgee), made use of its position as a secured creditor. On 10 June 2016, the Bankruptcy Trustees and NIBC Bank – with permission from the supervisory judge – agreed to a deviating manner of sale (*afwijkende wijze van verkoop*) as referred to in Section 3:251(2) DCC, as a result of which NIBC Bank was able to proceed with selling the assets provided to it as security.

8.6 **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 invoked the right of retention of title and/or the 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, listed all claims of suppliers that were reported to the Bankruptcy Trustees. If it becomes clear that suppliers submitted insufficient supporting documents, they are given the opportunity to further substantiate their position.

8.6.1 Stock Suppliers

Doniger Fashion Group has consulted with virtually all Stock Suppliers. Further to these consultations, Doniger Fashion Group has so far reached agreement with approximately 20 Stock Suppliers on the settlement of their (potential) retention of title and/or right of reclamation with respect to the stock. Negotiations are still ongoing with a large number of Stock Suppliers.

Some Stock Suppliers have a legally valid right of 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 sale will be reimbursed from 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 the 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.

8.6.2 Other Suppliers

Approximately 19 Other Suppliers invoked a right of title and/or the right of reclamation. Insofar as a legally valid right of retention of title and/or the 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 from the bankrupt estate. If these items were sold by the 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 Other Supplier can claim after crediting the purchase value of the collected stock.

8.6.3 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 in the customary manner. From 1 August 2016, Doniger Fashion Group will settle with the Consignment Suppliers in the customary manner.

The Doniger Fashion Group is negotiating with the Consignment Suppliers about the continuation of the customer relationship by the Doniger Fashion Group. If continuation of the customer relationship proves impossible, the Consignment Suppliers will be given the opportunity to collect the remaining stock.

8.7 **Activities**

The Bankruptcy Trustees investigated the arrangements between ABN AMRO Bank and the bankrupt companies.

In addition, the Bankruptcy Trustees investigated the lease relationships with CLN, ING Lease and ABN AMRO Lease. The Bankruptcy Trustees also consulted with these parties on the settlement of the lease relationships.

The Bankruptcy Trustees investigated the credit relationship and the legal validity of the security rights created in favour of the Security Agent. In that context, they also consulted with the lawyers of the Shareholders and the Security Agent.

9. **CONTINUATION OF BUSINESS ACTIVITIES**

9.1 **Exploitation/security rights**

The Bankruptcy Trustees and the Security Agent and/or Shareholders, agreed to keep all shops and webshops operated by the McGregor Fashion Group open in view of the sales procedure (more on this in paragraph 10) and in order to realise the highest possible proceeds from the sale of the stock.

For this period, which eventually lasted from 10 June 2016 through 10 July 2016 because an asset transaction was realised on 11 July 2016, the Bankruptcy Trustees agreed with the Security Agent and/or the Shareholders that, in conformity with the *Rentekas* judgment of the Supreme Court dated 6 May 1983 and the judgment of the Leeuwarden Court of Appeal dated 29 May 2002, the Security Agent as pledgee can recover from the full sales proceeds (including VAT included in the purchase price) that was realised in the period from 10 June 2016 through 10 July 2016. The Bankruptcy Trustees were able to consent to this, among other things, because it was also agreed that the bankrupt estate receives 40% of the net sales proceeds for this period, in addition to the fact that the Security Agent declared itself willing to guarantee the payment of a number of costs.

The above comes down to the following calculation:

Total sales proceeds
-/- VAT
-/- Purchase value and retentions of title
-/- Paid (essential) suppliers
<hr/>
Net sales proceeds

The bankrupt estate receives 40% of the net sales proceeds and the Security Agent 60% of the net sales proceeds (in addition to VAT and the purchase value of the stock sold). The purchase value of the pledged stock sold in the period from 10 June 2016 through 10 July 2016 does not accrue to the Security Agent if the supplier involved can validly invoke a right of retention of title (more on this in paragraph 8.6). In that event, the full purchase price (including VAT) must be reimbursed to the relevant supplier.

9.2 Realised turnover

A total turnover of EUR 13,337,332 (including VAT) was realised in the period from 10 June 2016 (date of the moratorium granted to Adam Menswear and the McGregor Fashion Group Holding) through 11 July 2016 (effective date of the asset transaction):

OMZET inclusief BTW	
boedelperiode	10-6 / 10-7
	€
Retail McGregor - NL	3.279.254
Retail Gaastra - NL	953.095
Retail Adam - NL	3.279.559
Online McGregor	1.392.559
Online Adam	269.494
McGregor consignment	1.926.444
Gaastra consignment	973.374
Wholesale	1.263.552
Totaal	13.337.332

9.3 Financial reporting

After obtaining permission from the supervisory judge, the Bankruptcy Trustees engaged Insolresearch as bankruptcy accountant. The insolvency accountant will take care of the financial accounts from the date of the provisional moratoriums (10 June 2016).

10. ASSET TRANSACTION

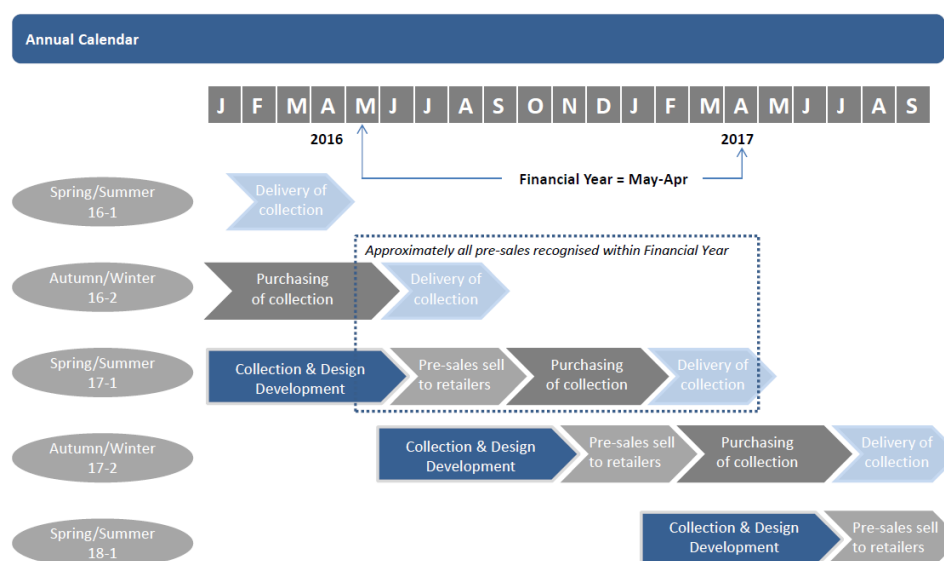
10.1 Description

A sales procedure was started on 10 June 2016, immediately after the provisional moratorium was granted to Adam Menswear and the McGregor Fashion Group Holding. Houlihan Lokey (Netherlands) B.V. was engaged to assist in the sales process of Adam Menswear, the activities of McGregor/Gaastra and Emergo Textile Projects B.V. ("ETP").

All interested parties were, after receipt of a signed non-disclosure agreement, granted access to a data room. Subsequently, all interested parties were given the opportunity to make an offer at or before 18:00 hours on 28 June 2016, with the intention of completing the transaction on or before 6 July 2016. The reason for these short deadlines is the fact that the purchase and delivery for the autumn/winter season 2016/2017 had to occur as soon as possible, as these clothes must be in the shops from August 2016. In addition, the month July 2016 is when the advance sale of the spring/summer season 2017 to the shops had to start.

The diagram below shows the cycle of the McGregor Fashion Group.

Company profile and structure – operations



In total, approximately 50 interest parties from the Netherlands and abroad came forward, 42 of which were willing to sign a non-disclosure agreement. Eventually, 8 interested parties made an offer on the McGregor Fashion Group or parts thereof. The sale of ETP was envisaged as a sale of shares, while the sale pertaining to the other parts of the McGregor Fashion Group was envisaged as an assets transaction in bankruptcy.

The offers, provisional or otherwise, on the activities of the McGregor Fashion Group, or parts thereof, ranged from EUR 1 to approximately EUR 6,000,000.

The offers – provisional, indicative or otherwise – exclusively on the assets (mostly stock) of the MFG Companies, or parts thereof, ranged from EUR 1.7 million to EUR 20 million. However, the offers were made subject to the condition of further investigation and further reservations, so it is unclear what these offers ultimately would amount to, as a result of which it remained to be seen whether the offers would be honoured. Finally, these offers are not aimed at continuing the activities of the McGregor Fashion Group and did not take the preservation of jobs into account.

There was only one party that made an offer including all activities of the McGregor Fashion Group (McGregor/Gaastra and Adam Menswear), which would also preserve a significant number of jobs. The Bankruptcy Trustees negotiated with this party and the Shareholders for over a week to see whether an agreement could be reached, despite the fact that the offer was well below the established values. In this process, the Bankruptcy Trustees looked at creative

solutions to bridge the gap (that is to say, the gap between the offer received and the minimum purchase price sought by the Security Agent and/or the Shareholders). To this end, the Bankruptcy Trustees proposed, among other things, to remove the pledged stock from the offer, allowing the Security Agent to convert this into cash separately in order to realise the highest possible proceeds for the pledged stock (the largest pledged asset). In the end, none of the alternatives proposed by the Bankruptcy Trustees proved viable for the parties, as a result of which the gap could not be bridged.

The Shareholders eventually rejected this offer because they felt it was too low compared to the values of the pledged assets.

Subsequently, the Shareholders made an offer of their own on 6 July 2016, in order to prevent the full liquidation of the McGregor Fashion Group. The parties then negotiated and reached conditional agreement on Friday night, 8 July 2016. Unconditional agreement was eventually reached on Friday 15 July 2016, after which the relaunch was effected retroactively from 11 July 2016 once the supervisory judge granted permission for the sale.

10.1.1 Organisation and structure of the relaunching party

The Shareholders of the McGregor Fashion Group, NIBC Bank, Marcel Boekhoorn, Jeroen Schothorst and Ben Kolff jointly incorporated Doniger Fashion Group, in which they each hold shares, whether directly or indirectly. Joep van Straaten and Kris van de Mierop are both members of the board of directors of Doniger Fashion Group B.V.

In the period of 1994-2013, Mr Van de Mierop held the position of director of Belgium. On the date of the bankruptcy, Mr Van de Mierop was European director of the wholesale and key accounts.

Mr Van Straaten was employed by the McGregor Fashion Group from 1994 to 2013 as CFO (1994-2006) and COO (2006-2013).

10.1.2 Brief description of Doniger Fashion Group's business plan

Briefly put, Doniger Fashion Group will in the long run shift more towards consignment (sale through shop-in-shops in department stores and larger fashion stores) and online sale. In addition, Doniger Fashion Group wishes to continue approximately 4 flagship stores of McGregor and 1 flagship store of Gaastra (these are the so-called full price stores). These shops are operated by the company itself.

As for the remaining McGregor and Gaastra shops (full price stores), it will be attempted within 6 to 12 months to continue a number of these through a franchise format in order to support the visibility of the McGregor and Gaastra brands.

Furthermore, the factory outlets of McGregor and Gaastra will also be continued.

Doniger Fashion Group wishes to dispose of the activities relating to ETP and Adam Menswear within a period of 6 to 12 months (outside bankruptcy) to be able to focus more on the core activities relating to Gaastra and McGregor.

10.1.3 Offer on (for the most part pledged) assets

Doniger Fashion Group made an offer on the following (pledged) assets of the McGregor Fashion Group:

- (a) Stock;
- (b) 100% of the shares in the capital of:
 - Gaastra Holding International B.V.
 - McGregor Holding International B.V.
 - ETP B.V.
 - X-One B.V.
 - Mallanganee Properties B.V.
 - McGregor Fashion Asia Ltd.
 - McGregor USA LLC.;
- (c) 50% of the shares in the capital of:
 - E-Sail GmbH
 - Gaastra Pro Gear B.V.
- (d) Acquisition of the intercompany claims;
- (e) The goodwill;
- (f) All IP rights of the McGregor Fashion Group; and,
- (g) The fixtures and fittings.

A part of the purchase price that pertains to pledged assets is paid by means of a so-called "credit bid", which means that the agreed purchase price is deducted from Doniger Fashion Group's claim against the MFG Companies. As for the unencumbered assets, the purchase price for these will be paid by payment, that is to say by set-off against the sales proceeds received on the bank accounts held with the ABN AMRO Bank by the MFG Companies, alternatively by payment if the monies available through set-off are insufficient to pay the purchase price. An overview of the agreed purchase price and whether payment will be made through a credit bid or through cash payment is given below.

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.,	EUR 500,000	Credit bid

McGregor Asia Ltd. and McGregor USA LLC.		
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

10.1.4 Employees

The Bankruptcy Trustees and Doniger Fashion Group agreed that Doniger Fashion Group intends to offer approximately 500 employees of the MFG Companies an employment contract (permanent, in principle) at conditions that are in line with the current employment conditions. In addition, a significant number of the jobs outside of the Netherlands will be preserved because Doniger Fashion Group will continue the foreign companies through acquisition of the shares in Gaastra International Holding and McGregor International Holding.

Finally, the Bankruptcy Trustees and Doniger Fashion Group agreed that both parties will make the utmost effort to ensure that the employees of the MFG Companies receive a payment under the wage guarantee scheme.

It has since become clear that Doniger Fashion Group has offered employment contracts to 377 employees of the MFG Companies.

10.1.5 Lease

Doniger Fashion Group indicated that five shops (the so-called ‘flagship stores’) are crucial to the success of the relaunch. This concerns the following five shops:

- McGregor:
Amsterdam, P.C. Hooftstraat 114
Laren, Brink 30
Maastricht, Maastrichter Brugstraat 16
Den Haag, Hoogstraat 14

- Gaastra:
Amsterdam, Van Baerlestraat 60

Doniger Fashion Group and the Bankruptcy Trustees agreed that if Doniger Fashion Group, or the relevant subsidiary, reaches agreement with the lessors of the 5 aforementioned flagship stores on a substitution, Doniger Fashion Group will owe the bankrupt estate a success fee in the total amount of EUR 325,000 per lease agreement. This success fee is structured as follows:

- EUR 300,000 will be paid by means of a credit bid (that is to say, the amount of EUR 300,000 will be deducted from the MFG Companies' total debt to Doniger Fashion Group under the Facility Agreement);
- EUR 25,000 will be paid by means of a cash payment.

Doniger Fashion Group will ensure the closure and timely delivery of shops and/or office buildings that will not be continued by it.

10.1.6 Continuation until 1 August 2016

The bankrupt estate continued the business of the MFG Companies and kept open the online webshops and stores up to and including 31 July 2016 . The personnel was assigned to sell the pledged stock. All costs incurred in this regard, minus the rent and salaries, will be deducted from the proceeds realised. As per 11 July 2016, the net profit will accrue in full to the Security Agent and/or the Shareholders. If the MFG Companies, or the bankrupt estates thereof, owe VAT on the pledged stock sold during the period from 11 July 2016 to 1 August 2016 (delivery date of stock to the Doniger Fashion Group), Doniger Fashion Group will reimburse the bankrupt estates for this VAT owed by the MFG Companies or the bankrupt estates thereof. The expected amount involved in this is approximately EUR 1 million.

The bankrupt estate will furthermore receive a lump sum payment of EUR 1 million for this period (11 July through 31 July 2016) in which employees and shops of the MFG Companies were used to sell the stock pledged to the Shareholders.

10.2 **Revenues**

As a result of the asset transaction, 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 will be paid in cash.

11. LAWFULNESS

11.1 Accounting obligation

In the coming reporting period, the Bankruptcy Trustees will investigate whether the accounting obligation has been fulfilled by the MFG Companies. The Bankruptcy Trustees have requested Limits Consulting B.V. to secure the digital administrative accounts of the MFG Companies until the date of the bankruptcy.

11.2 403-statement

On 28 May 2014, the board of directors of the McGregor Fashion Group Holding (formerly named Toeca Holding B.V.) issued a declaration of liability pursuant to Section 2:403 paragraph 1 under f of the Dutch Civil Code ("**DCC**") for all debts arising after 1 May 2012 from legal acts performed on behalf of the McGregor Fashion Group Holding for:

- (a) Adam Menswear;
- (b) Cofi Maastricht;
- (c) Deno;
- (d) Emergo Sportswear;
- (e) Gaastra Holding International B.V.;
- (f) Gaastra Holding Netherlands;
- (g) Gaastra International Footwear;
- (h) Gaastra International Sportswear;
- (i) Gaastra Retail;
- (j) Mallanganee Properties B.V.;
- (k) McGregor Fashion Group;
- (l) McGregor Finance International B.V.;
- (m) McGregor Holding International B.V.;
- (n) McGregor Holding Netherlands;
- (o) McGregor Retail;
- (p) Toeca Fashion Holding I B.V. and
- (q) X-One B.V.

The declaration of liability was filed with the Chamber of Commerce on 5 June 2014. The above-mentioned companies have issued declarations of agreement every year and filed these with the Chamber of Commerce pursuant to Section 2:403 paragraph 1 under b DCC. Because of the 403 statement, the consolidated annual accounts provided by the McGregor Fashion Group Holding could suffice for the entire group.

11.3 Publication of annual accounts, audit certificate, share contribution, mismanagement and fraudulent acts.

The Bankruptcy Trustees will investigate these subjects in the coming reporting period. Until

the investigations have been concluded, the Bankruptcy Trustees will not make any statements in this regard.

12. CREDITORS AND CONSOLIDATION

12.1 Creditor's balance

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

12.2 Verification of the creditor's claims

The creditor's claims can be submitted, and the supporting 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.

12.3 Tax Authorities and Employee Insurance Agency (UWV)

At the McGregor Fashion Group, there was a tax entity (*fiscal eenheid*) for VAT. 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 current state. 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 (*Loongarantieregeling*), the Employee Insurance Agency (UWV) is expected to submit substantial claims (against the bankrupt estate) in the bankruptcies of the MFG Companies.

12.4 Consolidation

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

13. LEGAL PROCEEDINGS

13.1 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.

14. OTHER

14.1 Balance bankruptcy account

As at 19 August 2016, the balances of the MFG Companies' bankruptcy accounts jointly amount to EUR 1,692,696.58.

14.2 Preliminary prospect for creditors and term for settlement

An initial assessment has shown that there is a significant bankruptcy shortfall. The claims against the bankrupt estate can in part be paid from the assets realised thus far, which means that partial or full payment to the preferred and ordinary creditors will not be possible. The foregoing is an estimate based on the current state. It may turn out at a later stage 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.

14.3 Number of hours spent

The Bankruptcy Trustees and their team of employees spent a total of 2292 hours in handling the bankruptcies of the MFG Companies (including the period of the provisional moratoriums) during the period to which this report relates.

14.4 Interim financial report

The first interim financial report of the MFG Companies has been attached to this report as **Annex 2**. This interim financial report only states the transactions on the bankruptcy accounts held at the Kasbank B.V.

14.5 Plan of action

A number of transactions have yet to take place in connection the asset transaction with Doniger Fashion Group, including a number of (foreign) share transfers.

Also, 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 the Doniger Fashion Group.

Up to this day, all proceeds from sales in Dutch physical or online stores are 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 reliances on retention of title, the right of reclamation and the right of retention made by the suppliers.

In addition, the Bankruptcy Trustees will supervise the collection of accounts receivable.

Finally, the Bankruptcies Trustees will commence the investigation into the causes of the

bankruptcies of the MFG Companies.

14.6 **Submission of the next report**

A succeeding report will be published on 1 December 2016, except to the extent exceptional developments would make an earlier report necessary.

15. **PUBLICATION ON WEBSITE**

15.1 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.

15.2 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 September 2016



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



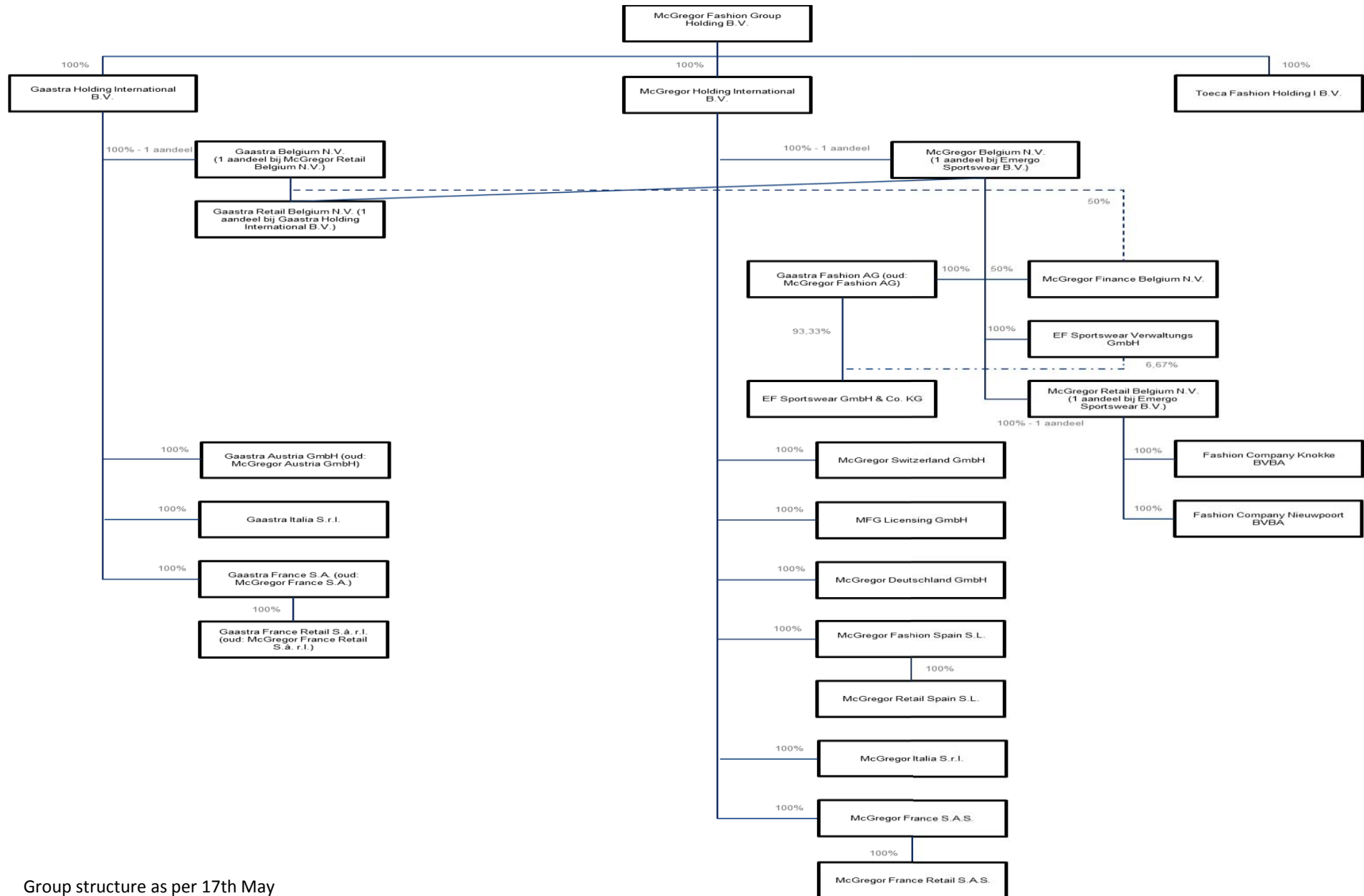
Bankruptcy Trustee

Annex	Description
1	Organizational chart McGregor Fashion Group
2	Interim financial report

Annex	Description
1	Organizational chart of the McGregor Fashion Group
2	Interim financial report

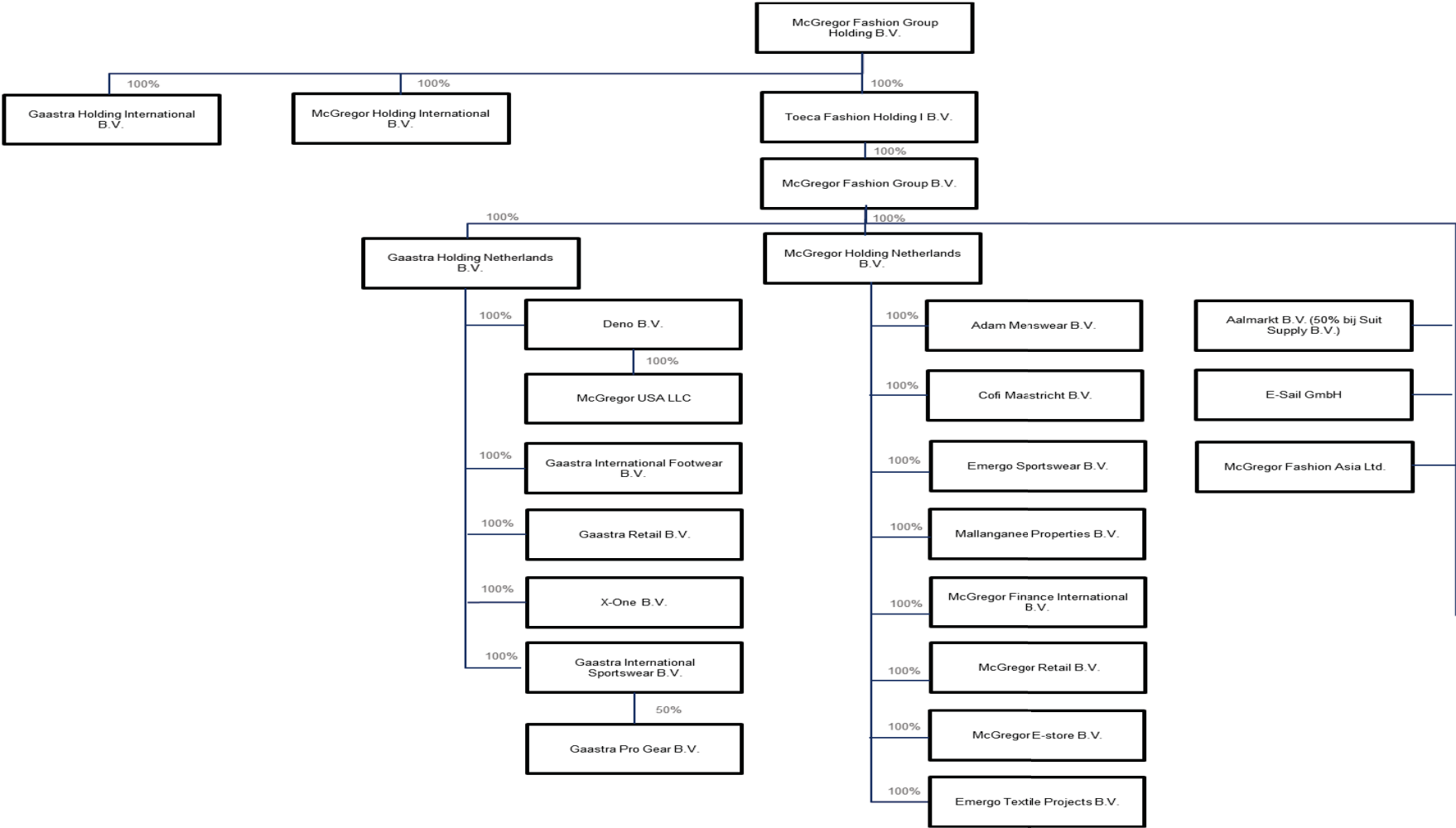
BIJLAGE 1

Company profile and structure – legal structure 1



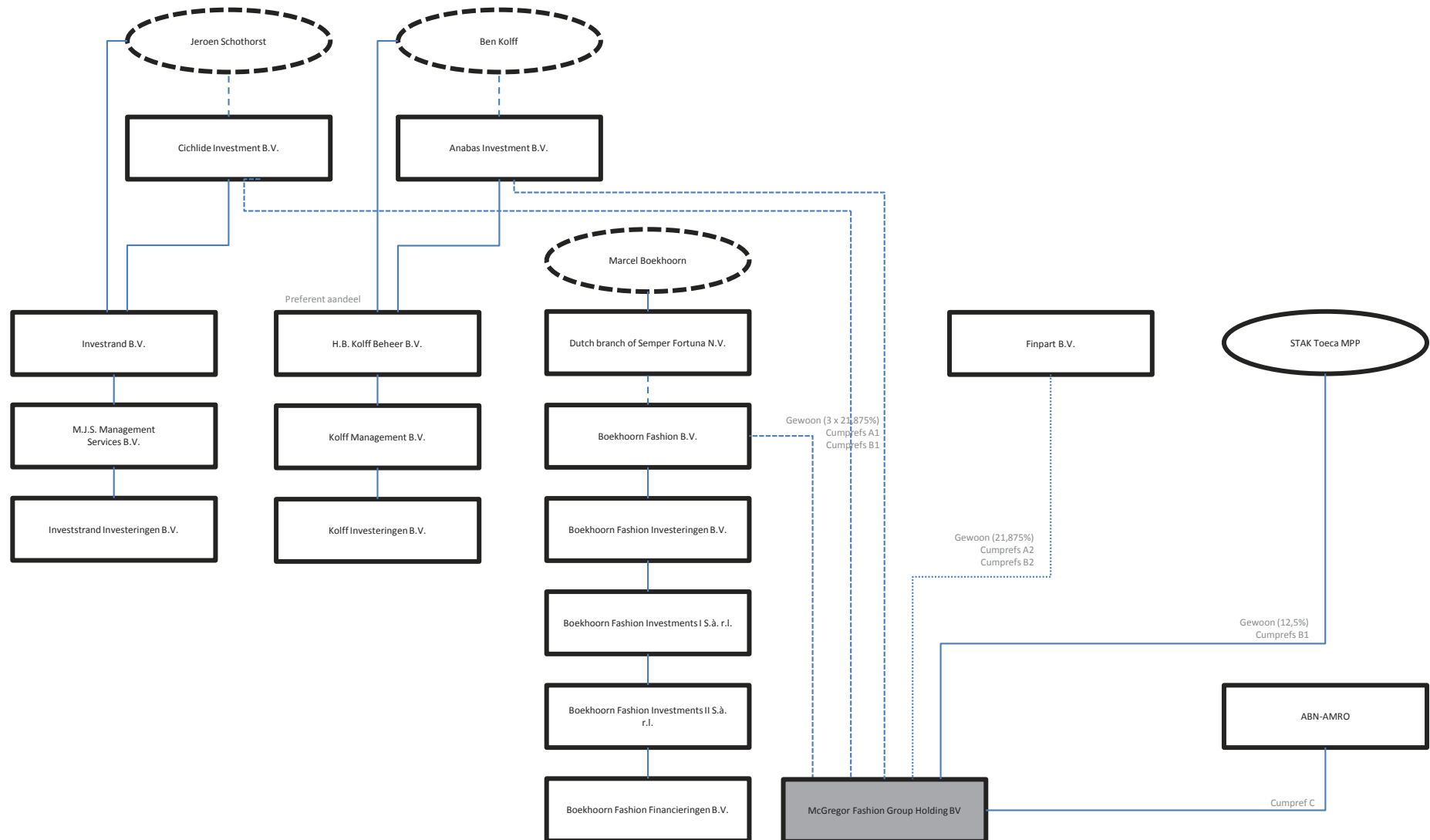
Group structure as per 17th May

Company profile and structure – legal structure 2



Group structure as per 17th May

Company profile and structure – shareholder structure



Group structure as per 17th May

ANNEX 2

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	1

A. Baten		Incl. BTW	BTW
		€	€
A.1: Vrij actief			
1. Aangetroffen middelen			
Kasgeld	0,00		0,00
Banksaldi	0,00		0,00
		0,00	
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	0,00		0,00
Af: rechten van derden	0,00		0,00
Af: kosten	0,00		0,00
		0,00	
Opbrengst goodwill / IE rechten		100.000,00	0,00
Opbrengst deelnemingen		400.001,00	0,00
Opbrengst intercompany vorderingen		0,00	0,00
3. Debiteuren			
Debiteuren pre faillissement	715.100,00		0,00
Af: rechten van derden	0,00		0,00
Af: kosten	56,00		0,00
		715.156,00	
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		121.495,50	0,00
Totaal vrij actief		1.409.652,50	0,00
A.2: 57 lid 3 Fw - actief			
5. Bodemzaken			
Opbrengst inventaris	397.875,50		0,00
Af: kosten	0,00		0,00
Totaal 57 lid 3 Fw - actief		397.875,50	0,00
Totaal actief		1.807.528,00	0,00
B. Reeds betaalde boedelschulden		Incl. BTW	BTW
Salaris en verschotten curator		0,00	0,00
Algemene faillissementskosten		-114.831,42	-19.929,42
Totaal		-114.831,42	-19.929,42
C. Thans nog beschikbaar			
A. Baten		1.807.528,00	
B. Reeds betaalde boedelkosten		-114.831,42	
Reeds betaalde / ontvangen boedel BTW na aangifte		0,00	
Saldo boedelrekening		1.692.696,58	