

This is an English translation of the original Dutch text. In the case of a discrepancy between the English and Dutch texts, the Dutch text shall prevail

FIRST CONSOLIDATED PUBLIC BANKRUPTCY REPORT UNDER SECTION 73A OF THE DUTCH BANKRUPTCY ACT IN THE BANKRUPTCIES OF

1. **MEXX EUROPE B.V.**
2. **MEXX HOLDING NETHERLANDS B.V.**
3. **MEXX EUROPE INTERNATIONAL B.V.**
4. **MEXX EUROPRODUCTION B.V.**
5. **MEXX EUROPE HOLDING B.V.**

Details of the companies

- : 1. The private limited liability company **MEXX EUROPE B.V.** (hereinafter: “**ME**”), having its registered office and principal place of business at Johan Huizingalaan 400 in (1066 JS) Amsterdam, registered in the Commercial Register of the Chamber of Commerce under number 28054067;
2. The private limited liability company **MEXX HOLDING NETHERLANDS B.V.** (hereinafter: “**MHN**”), having its registered office and principal place of business at Johan Huizingalaan 400 in (1066 JS) Amsterdam, registered in the Commercial Register of the Chamber of Commerce under number 28048659;
3. The private limited liability company **MEXX EUROPE INTERNATIONAL B.V.** (hereinafter: “**MEI**”), having its registered office and principal place of business at Johan Huizingalaan 400 in (1066 JS) Amsterdam, registered in the Commercial Register of the Chamber of Commerce under number 28100841;
4. The private limited liability company **MEXX EUROPRODUCTION B.V.** (hereinafter: “**MEP**”), having its registered office in Voorschoten and its principal place of business at Johan Huizingalaan 400 in (1066 JS) Amsterdam, registered in the Commercial Register of the Chamber of Commerce under number 28054654;
5. The private limited liability company **MEXX EUROPE HOLDING B.V.** (hereinafter: “**MEH**”), having its registered office and its principal place of business at Johan Huizingalaan 400 in (1066 JS) Amsterdam, registered in the Commercial Register of the Chamber of Commerce under number 28048657.

Bankruptcy numbers

- : 1. ME F.13/14/662
2. MHN F.13/14/663
3. MEI F.13/14/664

FORT

	4. MEP	F.13/14/671
	5. MEH	F.13/15/49
Date of judgment	: 1. ME	4 December 2014
	2. MHN	4 December 2014
	3. MEI	4 December 2014
	4. MEP	10 December 2014 (by judgment of the Hague District Court)
	5. MEH	3 February 2015
Declared on	: All bankruptcies were declared in response to the application for bankruptcy filed by each company.	
Receiver	: F. Kemp LL.M (Fort Advocaten N.V., P.O. Box 70091, 1007 KB Amsterdam, telephone: 020-6645111, fax: 020-6620470, email: mexx@fortadvocaten.nl)	
Delegated Judge	: L. van Berkum LL.M	
Activities of the company	: Wholesale trade in and design of clothing, operation of clothing and fashion item shops, coordination of production activities of group companies and related companies and exploitation of and trade in industrial property rights.	
Average number of personnel	: 1. ME 299	
	2. MHN 282	
	3. MEI 228	
	4. MEP 1	
	5. MEH -	
Date of the report	: 22 February 2015	
Reporting period	: 4 December 2014 – 22 February 2015	
Hours spent in the reporting period	: 2,769.1 hours	
Total hours spent	: 2,769.1 hours	
Balance of the bankruptcy accounts:	1. ME EUR 11,952,214.38	
	2. MHN EUR 2,708,357.82	
	3. MEI EUR 41,254.00	
	4. MEP EUR -	
	5. MEH EUR -	

GENERAL INTRODUCTION

The reporting on these bankruptcies, but not their settlement, has been consolidated. The bankruptcies will be settled per company.

The reports in these bankruptcies have been prepared in accordance with the Recofa Guidelines for Bankruptcies and Moratoriums of Payments 2009. In the processing of the financial data in an Interim Financial Report, the choice was made to use the model known under the name “Standard Financial Report”, which was developed by the Working Group on Settlement of Bankruptcies 2011. A Financial Report has been prepared for each company. It is not always easy to allocate payments to the right company because internal legal relationships have not always been unequivocally recorded. For that reason, later adjustments may have to be made and these adjustments can affect the stated balances of the bankruptcy accounts.

If the activities in a specific chapter have been concluded, reference will be made to preceding reports. The information in the preceding reports still stands, unless explicitly deviated from in later reports.

Only those reports which are printed on letter paper of Fort Advocaten N.V. in Amsterdam and bear the signature of the Receiver are authentic.

In the preparation of this report, the Receiver has partially relied on discussions with directors, employees and involved third parties and on unaudited financial information.

The Receiver has not been able to verify all information and therefore does not vouch for the accuracy or completeness of all information contained in this report. It is possible that further investigation will produce new or other facts or lead to different opinions or conclusions.

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1 INVENTORY

1.1 Introduction

Mexx is a Dutch fashion house chain and clothing wholesaler. It operates internationally and is well known in large parts of the world. The company was founded in 1986 by Mr Rattan Chadha and was a merger of the fashion shops Moustache (men's fashion) and Emanuelle (women's fashion). The first letters M and E became the first two letters of the new brand Mexx and the following Xs represented, as was explained, two kisses to seal the merger. Mexx used in its marketing playful symbols which were in sync with a positive lifestyle and that were presented as core values of the brand.

Mexx thus became successful and it quickly expanded its operations. Mexx found wholesale customers in various parts of the world and even achieved an expansion in Europe and North America. Mexx developed into an international lifestyle brand with men's, women's and children's fashion as well as fashion accessories.

In 2001 the shares in Mexx were sold to the American clothing company, Liz Claiborne Inc., for (according to reports) \$ 430m. After this sale, Chadha continued to be associated with Mexx for a few years in order to assist the transition. Many new Mexx shops were opened during this period, including a shop on Fifth Avenue in New York. Prestigious headquarters were opened at the intersection of the A4 motorway between Amsterdam and Schiphol. At its peak Mexx had more than 10,000 sales channels and sales were good.

The rampant growth was insufficiently supported by a solid, internal and operational structure and adequate profitability. Mexx gradually lost its market position and moreover, was no longer in sync with its traditional core values. The collections were deemed to be uninspired and it was faced with intense competition from fast fashion chains such as Zara and H&M. Mexx became a brand in the undefined middle-market segment; somewhere between cheaper fashion clothing providers and luxury brands. That position made it difficult to maintain a distinctive image.

In the autumn of 2011 Liz Claiborne Inc. sold the Mexx shares to the American investment company The Gores Group, LLC (hereinafter: "**Gores**"), whereby it initially held a minor interest in a joint venture with Gores. The value of Mexx was assessed at just \$ 85m in 2011. Mexx was included in the investment portfolio of the Gores Capital Partners III, LP fund, one of the investment funds of Gores. At the end of 2013 the size of this fund was \$ 2.1bn. The fund focusses on control investments in poorly performing and undervalued middle-market companies and attempts to unlock value by improving internal operational expertise. On the basis of internal investment parameters, no more than 10% of the fund could be invested in Mexx.

All kinds of plans were developed and new marketing activities deployed. Thus, for example, the Dutch film actress Carice van Houten was featured in a marketing campaign.

The desired improvements did not materialise. In 2012 the entire group sustained a loss of EUR 86m, in 2013 EUR 82m on a turnover of EUR 452m. New plans were again developed. Gores intensified its involvement and in 2012 wished to achieve within five years a result that would enable a profitable sale of Mexx, preferably by going public.

Additional comments on the policy in the last year are set forth in Chapter 1.7 (Cause of the Bankruptcy). It is interesting to note, in any case, the large number of board changes which were worryingly high. In 2013 a new designer, on whom high hopes were pinned, was appointed. The Receiver is of the opinion that the strong focus on changing the collection was insufficiently supported by the necessary restructuring.

After the results in 2014 continued to be disappointing, the most important and most central group company: Mexx Europe, was declared bankrupt on 4 December 2014. This led to many other bankruptcies of foreign Mexx companies and the entire concern was paralysed, such as for example the foreign retail activities and the design department. At the beginning of December Mexx had shops in fifty countries. In addition to this, there were also many franchisees.

No preparations had been made to provide for the consequences of the bankruptcy, which came as a great surprise.

1.2 Management and Organisation

At the time of the declaration of bankruptcy the Mexx group comprised thirty companies, six of which have a registered office in the Netherlands. With the exception of Mexx Lifestyle B.V. (hereinafter also called: "ML"), all Dutch entities were declared bankrupt.

The other companies have their registered office in a foreign country. Virtually all foreign companies were declared bankrupt during the reporting period. The Receiver was not involved in these bankruptcies and foreign receivers were appointed under local law. The bankruptcies of the foreign entities do not fall within the scope of this report.

The nerve centre of the Mexx organisation was located in the Netherlands, at ME in particular. The central organisation (shared services centre) was based within the Dutch companies from where the distribution of the entire Mexx group was arranged.

A legal tree of the Mexx group, valid at the time of the declarations of bankruptcy, is attached as **Appendix 1** to this report.

According to the information obtained from the Commercial Register, ML is sole shareholder in the capital of ME since 25 September 2011. MEH is, in turn, sole shareholder in the capital of MEI. MEI holds, together with MEH, the shares in the capital of MHN. This latter company is, in turn, sole shareholder in the capital of ME and MEP since 14 March 2000.

The board of the Mexx group is comprised of Ms J. Hansen and (partially indirectly by) Mr M. Tank. Ms J. Hansen entered into office as director (CCO) on 1 October 2013. Mr M. Tank entered into office as (indirect) director (CFO) on 1 September 2014. Mr M. Stone of Gores was de facto director (CEO). The directors of all bankrupt companies were independently authorised to represent the companies.

The company structure can be better understood by presenting a clear picture of sales and supply. The Mexx group used various channels for the sale of its products. The most important sales channel was wholesale, whereby goods were sold and delivered to domestic and foreign companies. In the case of wholesale, there were five variants:

- (i) independent shop chains,
- (ii) franchise partners,
- (iii) large warehouses outside the Netherlands,
- (iv) digital sales channels and
- (v) distributors.

There was also a retail channel: sale of products directly to customers. There were five retail variants

- (i) own shops,
- (ii) foreign shops which belonged to foreign Mexx entities,
- (iii) Shop-in-Shops (such as in the warehouses of Vroom & Dreesmann),

- (iv) outlet shops and
- (v) franchise partners.

1.3 Balance Sheet Total, Turnover, Profit and Loss

The bankrupt companies are part of a concern and are 100% (indirect) participating interests of ML. This company has not been declared bankrupt yet because Gores wishes to be involved in the Canadian insolvency proceedings of Mexx Canada. ML files consolidated annual reports and therefore, the financial data of the bankrupt companies are part of the consolidated annual accounts. The most recent consolidated annual accounts (in 2013) of ML are attached as **Appendix 2** to this report.

MEH only filed (consolidated) annual accounts up to 2010. In this report an attempt has been made to arrive at a separate presentation of the figures of the companies that have been affected by these bankruptcies (therefore excluding Canada). Therefore, the financial data set forth below are solely the consolidated data of MEH and its affiliated companies. These figures have been taken from internal reports and have not been audited.

	Balance Sheet Total	Net Turnover	After-Tax Profit
2014 (Oct)	144.2	254.3	18.3 -/-
2013	148.7	320.1	48.4 -/-
2012	145.7	352.2	55.4 -/-

(all amounts in EUR * m)

1.4 Insurance Policies

Insurance policies were arranged through the insurance agent AON Risk Solutions. The bankrupt entities are co-insured for the most part under the following policies of ML:

- Corporate liability insurance
- Fire insurance (All Risks)
- Transport insurance
- Directors' liability insurance
- Supplementary directors' liability insurance
- Employment Practices Liability Insurance (since expired)
- Travel insurance

The insurance premiums had been paid up to the end of the year 2014, with the exception of the directors' liability insurance, for which no premium had been paid and therefore there was no coverage. The premium was paid after all from the estate. The costs amounted to EUR 17,665. The fire insurance and the liability and transport insurance policies were extended up to and including the first quarter 2015. The total costs amounted to approximately EUR 116,294.66.

ML is the policyholder of the following insurance policies:

- Corporate liability insurance
Insurer: RSA Insurance Group
Term: 1 January 2015 to 1 April 2015 inclusive (extended by the Receiver)
Insured amount: EUR 20m per year, with additional limits
System: claims made
- Fire insurance (All Risks)

Insurer: FM Insurance Company Limited

Term: 1 January 2015 to 1 April 2015 inclusive (extended by the Receiver)

Insured amount: policy limit is EUR 275m per claim

System: n/a

- Transport insurance (Marine Cargo Extended All Risks insurance)
Insurer: XL Insurance Company PLC
Term: 1 January 2015 to 1 April 2015 inclusive (extended by the Receiver)
Insured amount: EUR 5-20m per transport, additional limits
System: claims made
- Directors' liability insurance
Insurer: Allianz Global Corporate & Specialty
Term: 31 October 2013 to 30 April 2015 inclusive
Insured amount: EUR 20m during the entire term, additional limits
System: claims made
- Supplementary directors' liability insurance
Insurer: Navigators / Nual AG
Term: 31 October 2014 to 1 May 2015 inclusive
Insured amount: EUR 10m during the entire term, additional limits
System: claims made

1.5 Commercial Leases

All business premises were leased, namely the headquarters in Amsterdam, the distribution centre in Voorschoten, 19 shop premises and a storage space at Schiphol Plaza. Four shop premises are sub-leased to franchisees or sub-lessees which are otherwise committed to applying the Mexx formula. In addition to this, Mexx leased shop space for its Shop-in-Shops from the private limited liability company V&D B.V. (hereinafter: "**V&D**"). Finally, ME leased shop space in the outlet centre Maasmechelen Village in Maasmechelen (Belgium) from VR Maasmechelen Tourist Outlet Comm. VA (hereinafter: "**VR**").

Amsterdam Headquarters

ME leases from Johan H (Amsterdam) B.V. six floors in the office premises at Johan Huizingalaan 400 in Amsterdam and all 200 accompanying parking places (hereinafter: "the **Headquarters**"). The leased office premises have a surface area of 12,032 m². The leased premises serve as headquarters. The annual rent amounts to approximately EUR 2,250,000 incl. VAT. The Receiver terminated the commercial lease as from 30 December 2014 under Section 39 of the Dutch Bankruptcy Act.

The restarter has indicated that it would like to take over the lease of three of the six floors. The Receiver is consulting on this matter with the parties concerned.

Voorschoten Distribution Centre

ME and MH lease from ABN AMRO Bouwfonds Vastgoedfonds VII Distrifonds II Netherlands C.V. (hereinafter: "**AA Bouwfonds**") and Stichting Bewaarder Distrifonds II business premises of 27,969 m² in size, office premises of 5,530 m² in size and 200 parking places in Voorschoten, located at Industrieweg 15a (hereinafter: "the **Voorschoten Distribution Centre**"). The leased premises serve as distribution centre. After deduction of the applicable rent discount, the annual rent amounts to approximately EUR 2,260,000 incl. VAT. The Receiver terminated the commercial lease as from 30 December 2014 under Section 39 of the Dutch Bankruptcy Act. On commencement of the commercial lease ME provided a bank guarantee of EUR 781,382. AA Bouwfonds invoked the bank guarantee for the full amount.

The restarter has indicated that it would like to take over the lease of the Voorschoten Distribution Centre. The Receiver is facilitating the conclusion of a new commercial lease and is consulting on the date on which possession of the leased premises will be transferred to the party concerned.

Own Shops

MHN leases shop premises from various lessors. There are 21 commercial leases for the 19 shop premises in total (hereinafter jointly: “the **Own Shops**”). The branch in Maastricht comprises three combined shop spaces. A dedicated warehouse space and four parking places are leased at Schiphol for the shop at Schiphol Plaza.

The joint annual rent for the Own Shops amounts to approximately EUR 7,000,000 incl. VAT, of which approximately EUR 200,000 is directly paid by the sub-lessees of the branches in Middelburg and Sittard. The sub-lessees have been informed that they can only be discharged from their liability for the rent by payment into the bankruptcy account. In the case of the shops at Schiphol Plaza and in Roermond, a turnover-related rent must be paid in addition to the fixed rent. This variable component is not included in the aforementioned annual rent. The annual rent for the warehouse space at Schiphol Plaza amounts to approximately EUR 22,500 incl. VAT.

The Receiver has engaged the services of property consultant DTZ Zadelhoff V.O.F. (hereinafter: “**DTZ**”) to value the shop portfolio of MHN.

As a result of the advice of DTZ, the Receiver engaged the services of two real estate agents, namely DTZ and Jacobs & Van der Meij, in order to seek prospective candidates for the takeover of a number of shops. The activities of both real estate agents are focussed on the takeover of the shops in (i) Amsterdam (Hartenstraat 20a) (ii) Arnhem (Ketelstraat 15) and (iii) Utrecht (Oudegracht 129-129a). In various cases the Receiver was able to invoke subrogation.

Re (i): Amsterdam (Hartenstraat 20a)

A party to take over the shop premises in Amsterdam was found. This party and the lessor have since reached agreement and therefore the institution of subrogation proceedings is no longer necessary. Possession of the shop was transferred on 15 February 2015. The net proceeds for the estate amount to EUR 65,000 excl. VAT.

Re (ii): Arnhem (Ketelstraat 15)

Ultimately, there did not appear to be any interest for the shop premises located at Ketelstraat 15 in Arnhem. The shop was closed permanently on 30 January 2015.

Re (iii): Utrecht (Oudegracht 129-129a)

After the lessor of the shop premises in Utrecht indicated that it did not wish to cooperate with the subrogation, negotiations were held. Agreement on termination of the commercial lease relationship as from 1 April 2015 was reached with the lessor. The proceeds for the estate amount to EUR 450,000 excl. VAT.

With the consent of the lessor of the shop premises in Utrecht, the shop was sub-leased out for two months (February and March 2015). The temporary sub-lessee set up a pop-up shop in the premises. The proceeds for the estate amount to EUR 30,000 excl. VAT.

Eight of the total 19 Dutch shops are part of the restart, namely: (i) Amersfoort, (ii) Amsterdam Schiphol Plaza, (iii) 's-Hertogenbosch, (iv) The Hague, (v) Haarlem, (vi) Maastricht (involves three commercial leases), (vii) Nijmegen and (viii) Roermond. The Receiver is facilitating the conclusion of new commercial leases with the restarter.

The four shops in (i) Etten-Leur, (ii) Heerlen, (iii) Middelburg and (iv) Sittard are sub-leased to third parties for the operation of a shop to which the Mexx formula is applied. The sub-lessees have been informed that after termination of the principal commercial lease, the Receiver can no longer provide the right of enjoyment of the premises under a lease.

The other shops, namely (i) Apeldoorn, (ii) Lelystad, (iii) Rijswijk and (iv) Tilburg were closed on 21 January 2015 at the latest, namely the expiration date of the employment contracts. The Receiver is making preparations for vacation and transfer of possession of the shops.

Shop-in-Shops Vroom & Dreesmann

In addition to its own shops, MHN operates in the Netherlands 32 Shop-in-Shops in warehouses of V&D. MHN actually leases square metres' shop space in the warehouses of V&D for the operation of the Shop-in-Shops (hereinafter jointly: "the **Shop-in-Shops**"). Mexx furnished the locations with its own shop fixtures and fittings, its own stock and (in most cases) its own personnel.

Parties disagree on the characterisation of the agreement. V&D is of the opinion that there are no commercial leases and contends that "concession agreements" and "consignment agreements", at any rate agreements *sui generis*, were concluded. In the opinion of the Receiver, there are agreements for the lease of shop space.

In any case, a variable, turnover-related rent has been agreed. The variable rent varies per contract form and per location from 27% to 40% of the realised turnover. Customers' payments are collected via the point of sale system of V&D, and then V&D must transfer the realised turnover, after deduction of the variable rent, to Mexx.

This point has been the subject of debate. The Receiver takes the position that both in the case of concession and consignment, there can be said to be a commercial lease within the meaning of Section 7:290 of the Dutch Civil Code (shop space). Therefore the agreements may be terminated under Section 39 of the Dutch Bankruptcy Act. The receiver gave notice of termination of the agreements on that ground on 23 December 2014.

However, with a view to a possible sale and transfer of Mexx's activities, the Receiver decided to continue, as far as possible, the Shop-in-Shops after the declaration of bankruptcy of MHN and thus generated a substantial turnover. V&D did not transfer the amounts due, which led to squabbles. The Receiver believes that these squabbles can be attributed to the precarious financial position of V&D.

The Receiver managed to have the Shop-in-Shops included in the restart. The restarter has entered into negotiations with V&D on the takeover and/or continuation of the Shop-in-Shops, which has resulted in an improvement in V&D's payment performance.

For the financial implications of the continuation and the restart, please refer to Chapter 6 of this report.

Maasmechelen (Belgium)

On the basis of a Mutual Services Agreement, ME leases shop space in the Maasmechelen Village Outlet Centre in Maasmechelen (Belgium). The shop space was actually operated by the Belgian entity. The shop space is part of the restart. For that reason, the Receiver has not given notice of termination of the agreement for the time being. The Receiver is facilitating the conclusion of a new agreement between VR and the restarter.

1.6 Various Activities

In the initial phase of the bankruptcy the Receiver only managed with some difficulty to obtain a clearer picture. This was largely because the bankruptcy had not been prepared and there was no clear point of contact on the board for the Receiver. The board seemed to be mainly driven by fear for the possible personal consequences of the bankruptcy and not by the desire to see what could be done to save parts of the business. Mr Stone of Gores was not in the Netherlands at the time of the declaration of bankruptcy and did not return in the days thereafter.

The announcement of the bankruptcy by the media came completely unexpectedly and invoked panic in many parties. The parties involved, with the exception of ABN AMRO Commercial Finance N.V. (“ACF”) and supplier Li & Fung, were not informed about financial problems, but these two parties knew nothing either about the bankruptcy filing. The Receiver was swamped with messages and requests from retail and wholesale customers, more than one hundred suppliers, financiers, pledgees and lessors of business and shop spaces. The foreign entities also requested information, as did the almost two thousand employees in the foreign entities

This wave of panic spread to various suppliers and service providers essential to the business operations, and in many cases threats of an immediate discontinuance of all supplies and services were made, which would have led to an enormous and unnecessary increase in loss or damage.

In the first few days the Receiver tried to create clarity, to prevent escalation and to arrive at an overall picture by carefully examining the available data. In order to ascertain a picture of the company structure, the flow of goods from factory to customer from a legal, financial and logistical perspective was first mapped out. That provided information on and insight into stock positions, claims and possibilities for a restart. Moreover, it appeared that the wholesale turnover was – roughly – approximately 150m. These sales were profitable with a positive EBITDA. The retail turnover amounted to 100m, was loss-making with a negative EBITDA, but certain parts could be made profitable.

On the basis of this first examination, it quickly became clear that it was justified to strive to achieve a partial restart by means of an assets transaction. After all, certain parts of the company appeared to be profit-making or could become profit-making by means of minor and corrective adjustments which can be made in the case of an asset transaction.

Three days after the bankruptcy a two-pronged objective was formulated:

1. Investigate the possibilities for a restart. It was decided to set up a virtual data room, whereby use would be made of specially selected employees, the controller, an external registered auditor, and ACF and Gores would also be requested to provide input.
2. The preparation of a liquidation plan, by means of which the unpledged shop stock would be sold off in the most profitable way possible.

The plans were well attuned to each other and required continuation of company. There was an area of tension because preservation of the integrity of the brand (no clearance sales) benefits a restart whereas a liquidation precisely requires sales. It was decided to hold orchestrated sales in order to prevent the stock becoming obsolete.

This objective led to the strategic choice of keeping shops open and information flows operational and striving to maintain the supply chains as much as possible. There was a high risk that the standstill of the company would cause all value to evaporate. Continuation of the (retail) activities, in particular, was essential for preservation of the brand and the goodwill of the company.

Entrepreneurship is a specialised profession. For that reason, after consultation with the Delegated Judge, the Receiver appointed an interim CEO experienced in the field of retail, Mr H. Hovestad (www.custommanagement.nl). Mr Hovestad has – in short – managed the current business activities, guided commercial processes, selected a new management team and assisted in setting up and guiding the company’s sales procedure. Mr Hovestad has, in fact, operated as a second receiver. The cooperation with Mr Hovestad was seamless.

The Receiver also appointed his own accountant, initially to protect the digital accounting records and to assist in the provision of information.

In the first weekend (the Feast of St. Nicholas weekend) after the declaration of bankruptcy, all Own Shops and a large number of Shop-in-Shops were visited by staff members of the Receiver. Arrangements were made to keep the shops open, on the one hand with the aim of achieving an optimal sale of the stocks and on the other hand with a view to ensuring the company's continued operation for the purpose of a restart.

A personnel meeting was organised and information messages were sent to employees, suppliers and foreign entities. Many individual questions from employees were also answered. As a result of the aforementioned activities, the concerns of employees and other parties involved were assuaged and the activities could be continued.

In addition to this, many emergency measures had to be taken. Dozens of ransom suppliers were claiming immediate payment. An investigation was carried out in order to determine which suppliers were necessary for the continued operation of the company. An arrangement was reached with them; for example, the ICT system of Mexx could only function with the intensive support of an external party with which an arrangement had to be reached.

Steps were taken for the preservation and safekeeping of the assets (the stocks in particular). Stocks were found at various locations. For the purpose of storage and in preparation of the liquidation of these stocks, arrangements were made in regard of insurance, protection, storage and administration.

In the same period a sales procedure was prepared. A bidding protocol was drawn up and a virtual data room set up, in which as much information as possible relevant for a restart was placed, and Gores provided input. Various parties were approached and invited to participate in the bidding process.

The interim CEO and the management team of Mexx, under the direction of the Receiver, made an analysis of the company and the possible activities to be preserved. A Restart Plan was drawn up, under the direction of the interim CEO, in which a substantiated proposition was provided to potential buyers.

Pending this process, consultations had to be held with a large number of parties, such as financiers, pledgees and the key players involved in the supply chains. Agreement had to be reached with many of them in order to be able to effect the takeover. Thus for example, assets had to be able to be transferred free of pledge. These consultations were regularly deadlocked and were extremely complicated and time consuming.

Ultimately, arrangements were made under which pledges, for example on stocks and IP rights, were waived under certain conditions.

After two months, a restart agreement was concluded and large parts of the Mexx organisation were saved. For the specific record of the continuation of the activities and the restart, please refer to Chapter 6.

In the initial period of the bankruptcy, a team of seven lawyers was involved on a full-time basis, whereby work was carried out on the basis of an internal allocation of tasks and regular progress meetings were held. Meetings were held, where possible with all key players (including the Tax and Customs Administration, employees' organisations, financiers, pledgees and customers). In the first reporting period more than 15,000 emails were processed and answered.

1.7 Cause of the Bankruptcy

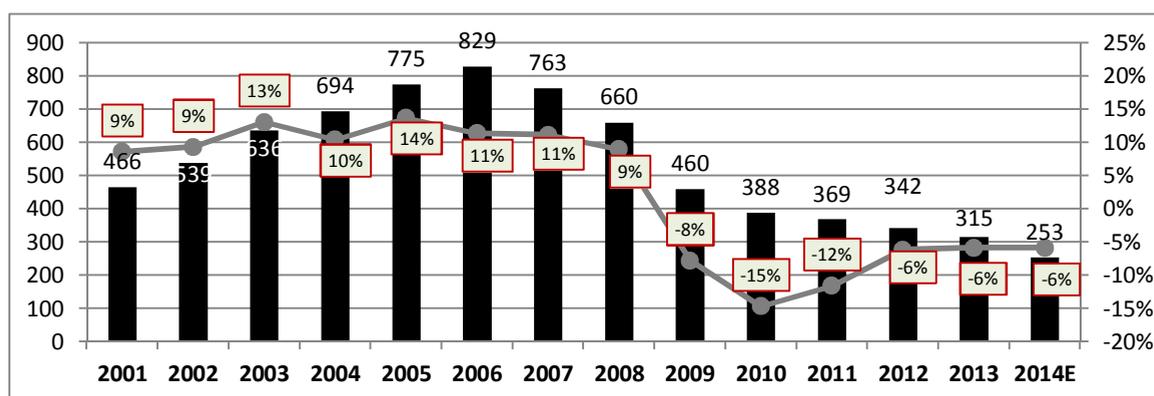
The investigation into the cause of the bankruptcy is still in a premature phase. The Receiver has had meetings with board members, shareholders and other parties involved and requested their opinions and explanations. Follow-up meetings have not been planned yet. An initial and extremely provisional analysis of the meetings and the available documents leads to the following picture.

Takeover by Gores

After it became known that the results were deteriorating, Liz Claiborne, Inc. (“Liz”) sold 81.25% of her share in Mexx to Gores Capital Partners III, L.P. (“Gores”) in September 2011. Gores acquired power of control in ML, which, in turn, held all shares in MEH and Mexx Canada Company. Mr R. Reynders of Gores was appointed director of ML.

The Gores group is a control-oriented private equity firm which has specialised, inter alia, in turnaround-cases, i.e. the group mainly invests in businesses in which reorganisation is required.

At the time of the takeover Mexx was in a poor financial position. Turnovers were declining and operations were loss making. This is reflected in the graph below, which relates to the turnover of Mexx in Europe.



After the takeover by Gores, a management team of the Esprit clothing brand was appointed to turn around the downward trend. That change in the management did not have the desired effect. The subsequent period was characterised by regular changes in the management which led to a lack of experienced employees with the necessary know how in the company.

In 2013 a partner of Gores, Mr Stone, was entrusted with the (de facto) management of Mexx. He appointed Ms J. Hansen as Chief Creative Officer. A new collection was developed under her direction. The brand had to return to its original positioning and have an innovative fresh look again. It was known that the collection would not be in the shops until August 2014. That proved to be, irrespective of how that collection would have been received, too late.

The strong focus on a new brand and a new collection was not accompanied by a focus on restructuring the business organisation. According to the parties concerned, during and after the takeover by Gores, the organisation was characterised by an understaffed and weak board. There was no clear and consistent vision. The quality of the cash management was inadequate. Due to the rapid change of personnel, there was no sound foundation for continuity and responsibilities were incorrectly fulfilled.

This resulted in unreliable financial forecasts and other administrative problems which did not enable a good insight into the short-term and medium-term payment obligations of Mexx. In addition to this, there also appeared to be indecisiveness and a lack of guiding policy; the necessary reorganisations were not carried out or were carried out too late.

The services of external experts were engaged and in August Mehul Tank was appointed Chief Financial Officer, which led to improvements in the financial reports.

Decisions on finances – in particular making money available – were taken by Gores. According to the Mexx board, each time a liquidity need arose, Gores invariably provided new financing. That was described as a drip feed.

The Mexx board under the articles of association stated that up to the last moment it was under the impression that Gores would continue to provide financing. It first became clear in November 2014 that Gores was no longer prepared to do so. A few meetings were held, to no avail. As Mexx got into acute liquidity problems and the board no longer dared to enter into new commitments, a bankruptcy application was filed shortly afterwards.

Results under the management of Gores

In the year 2012 Mexx sustained a net loss of 85.7m. In that year 2012 Gores headed an intended restructuring of the business model. The aim was to achieve an improved competitive position and a growth in sales via e-commerce.

In the year 2013 the results were not better than in 2012. Mexx sustained a net loss of 82.6m. In the meantime economy measures had also been taken which were at odds with the desired improved competitiveness. Thus for example, the number of collections per year was reduced from 12 to 6. It is stated in the annual report that the board was working on re-positioning and/or restructuring the brand and increasing the sales market by expanding the network and opening franchise shops.

In 2013 a new Chief Creative Officer was appointed and expectations for the new collection, which would be in the shops in the autumn of 2014, were high, if not too high. This policy was followed up in 2014. A great deal of time was also devoted to various financing issues in particular, which gave the Receiver the impression that during the last year business activities were focussed more on the liabilities side than the asset side of the balance sheet.

In a transmittal letter from Deloitte dated 30 June 2014, containing an explanatory note to the Annual Accounts in 2013, Deloitte indicates several uncertainties in regard of the going concern assumption. According to Deloitte, the continuity of Mexx was dependant on Gores' willingness to continue investing.

An overview of the results in 2012 and 2013, as shown in a graph below taken from the annual report 2013.

	Notes	For the year ended 31	
		2013	2012
		EUR '000	EUR '000
Net revenues	2.6.22	452,445	498,312
Cost of goods sold	2.6.23	(237,570)	(252,058)
Gross margin		214,875	246,254
Distribution and selling expenses	2.6.24	(206,723)	(248,302)
Administrative expenses	2.6.24	(80,490)	(69,451)
Other income <expense>, net	2.6.25	(2,667)	(4,974)
Operating result		(75,005)	(76,473)
Finance income		-	7
Finance expense		(11,064)	(9,407)
Finance income <expenses>, net	2.6.26	(11,064)	(9,400)
Result before tax		(86,069)	(85,873)
Income tax	2.6.8	3,671	149
Result for the year (fully attributable to parent)		(82,398)	(85,724)

A greater credit need was a logical consequence of the poor results. Since 2012 the credits have substantially increased, as is shown in the graph below taken from the annual report 2013.

The Group's borrowings are summarised in the following table as of 31 December 2013:

	Maturity Date	Interest rate	2013		2012	
			Current	Non-Current	Current	Non-Current
ABL Credit Facility ABN AMRO	29/03/16	Variable	2,468	-	7,657	-
Silicon Valley Bank	05/03/14	Variable	60,000	-	-	20,000
ABL Credit Facility GE	01/11/15	Variable	-	-	-	-
Crystal loan	01/02/16	Variable	-	7,805	-	8,151
Shareholder loan		10.00%	22,517	-	25,533	-
Total			84,985	7,805	33,190	28,151

Macro-economic circumstances

The operating results were largely dependent on both the demand and the expenditure pattern of the consumer, on which MEXX, in an abstract, general sense, had no influence. The economic crisis had led to a reduced expenditure pattern and therefore to a reduced demand for Mexx's products. In addition to the general downturn in the detail market, turnover in both Canada and Germany was characterised by a substantial reduction in September 2014. Both countries have a large share in the worldwide turnover of Mexx. In Germany the turnover was 20% less than anticipated, which immediately led to a liquidity problem. In Canada an anticipated improvement in the turnover did not materialise, partly as a result of strong competition from America for which Mexx was no match. Therefore, contrary to expectations, Canada continued to be a cost factor.

Microsoft AX

One of the issues, mentioned by the board, which caused a great of problems in 2013 and 2014, was the implementation of a new software programme for Enterprise Resource Planning (ERP). In an ERP system all business processes, including stock management, supply chain management, logistics and finances, are run centrally. The previously used system was from Liz Clayborne and, as was known, its user licence would expire in October 2013. However, the implementation of the new system, Microsoft Dynamics AX, led to various persistent problems and even to a complete black out which lasted several weeks and caused damage, namely loss of wholesale customers and an image problem. Nor did Mexx appear to be able to provide an operational platform for Internet sales; the forecasted turnover was not realised in this case either.

Debtor BNS

The military and political unrest in Ukraine and the fall of the rouble also caused major problems. One of the largest wholesale customers in Russia, BNS, initially paid the supplies in advance. However, it was contractually agreed that payments could also be made 90 days after delivery. BNS began to exercise that right, which created a massive hole in Mexx's liquidity budget. In addition to this, in the months prior to the bankruptcy, BSN's payments were not made within the 90 days' payment term and orders were partially cancelled. At the beginning of December the amount owed by BSN was approximately EUR 8m.

ABN AMRO Commercial Finance

As from May 2014 Mexx was placed with the special asset management section of ACF. ACF repeatedly requested Mexx to provide an Independent Business Review ("IBR") and a valuation of the stock position. That valuation was ultimately carried out by NTAB and resulted in concerns about the coverage ratio at ACF. Correspondence on this issue was conducted between Mexx and ACF. Mexx did finally agree to an IBR, however this review did not take place in the end.

FORT

The last period

As from the beginning of 2014 Gores made attempts to refinance and the possibilities of a reorganisation by means of a pre-pack were also explored. In 2014 financing agreements were concluded and securities established. In October 2014 the bank (ABN AMRO Corporate Finance) and an important supplier were informed that steps were being taken to save the company and that it would be fully sound again as from the end of 2015. However, at the end of November 2014, the board decided to file a bankruptcy application after Gores was no longer prepared to provide financial support. The amount of the necessary financial injection is still not clear. In the short term, there was an immediate deficit of EUR 4m. In the fashion business collections have to be ordered at a very early stage; the orders for the summer and autumn collections should have already been placed before 2015. That required an investment of another EUR 10m. The Receiver was informed that EUR 35m was required in order to again achieve a profit-making operation.

2 PERSONNEL

2.1 Number of Employees at the time of Bankruptcy

Mexx Europe	299
Mexx Holding Netherlands	282
Mexx Europe International	228
Mexx Europroduction	1
Mexx Europe Holding	-

A large number of freelancers and self-employed professionals, many of whom were hired in the last period, worked at Mexx. These workers have not been paid and if they were to be considered as equivalent to employees, the aforementioned numbers would be much higher.

2.2 Number in the Year prior to Bankruptcy

The number of employees varied sharply. Redundancy packages were arranged and on-call workers and part-time workers were hired. For that reason, it is not clear how many employees were in the employment of the various companies in the year before the bankruptcy.

2.3 Date of Notice of Redundancy

Mexx Europe	10 December 2014
Mexx Holding Netherlands	10 December 2014
Mexx Europe International	10 December 2014
Mexx Europroduction	10 December 2014
Mexx Europe Holding	-

2.4 Explanatory Note

Many employees who were employed by one of the Dutch entities also performed work activities for foreign entities.

The Dutch companies formed a shared service centre for the entire concern. Practically all work activities for the group companies were performed by (employees of) the Dutch Mexx companies. The costs were passed on in various ways and sometimes not at all. In a few cases there were employment contracts with several employers (various Mexx entities), in other cases only ME was employer, but a part of the salary was paid by a (foreign) entity.

During the visits to the shops on 6 and 7 December 2014, the Receiver's staff members attempted to meet with all employees in the shops. On 9 December 2014 an informative meeting was held at the headquarters, at which approximately 700 persons were present. The bankruptcy and its consequences were explained during the meeting. In the weeks thereafter, the employees were regularly, and in any case each week, sent bankruptcy progress reports by means of central email messages. In these email messages frequently asked questions were answered as far as possible.

On 5 and 8 December 2014 consultations were held with the chairman of the Central Works Council. On 10 December 2014 notice of collective redundancies was given to the relevant organisations in compliance with the provisions of the Dutch Collective Redundancy (Notification) Act.

All employees were made redundant on 10 December 2014 with the authorisation of the Delegated Judge.

In consultation with the Receiver, the Employee Insurance Agency (hereinafter: “UWV”) immediately put the Wage Guarantee Scheme into effect. On account of the large number of employees, the intake interviews were spread over four days. During the intake the UWV advised and guided the employees individually and filled in and went through the necessary forms together with them.

The Receiver had the employer’s form completed by the personnel department of Mexx. The UWV was also permitted to inspect Mexx’s personnel records. The salary model of Mexx was found to be so complicated that the UWV requested that wages for December 2014 be paid via the Mexx systems. As the UWV feared a serious delay, the functionality of the portal used by Mexx was extended by one month. Thus the payment of wages in the context of the obligation to assume payment of wages during the period of notice was in fact made by Mexx in consultation, of course, with the UWV.

A specific problem arose because the company had a lot of foreign trainees, mainly students from Great Britain, who had a visa to work and stay in the Netherlands; this visa is linked to the traineeship contract. As the contract was terminated, the visa expired. As a traineeship contract does not fall within the scope of the Dutch Unemployment Act, the trainees did not receive any payment from the UWV.

The Receiver intermediated with the British universities in order to ensure that the trainees would nevertheless receive a traineeship certificate. Where possible, assistance was provided in finding a new traineeship and seeking a solution for urgent problems, such as with healthcare insurers and landlords.

In the Own Shops and Shop-in-Shops many employees worked on the basis of a temporary employment contract, or they were in a probation period. There was a threat of understaffing due to the redundancies across-the-board. This problem was resolved by offering a few employees (approximately 20 persons) a contract via a temporary employment agency.

The last working day of the majority of the employees was 21 January 2015. On this day most of the shops were closed, as were the headquarters and the distribution centre. In the weeks thereafter, a small group of employees continued to work on the restart, under the direction of the Receiver and the interim CEO. This involved a team of approximately ten people, which varied in composition. These people were paid via a payroll office.

In addition to its own employees, Mexx made a great deal of use of contractors, mainly self-employed professionals. In a few cases (in the field of ICT in particular) the Receiver temporarily continued the contracts with the contractors. This was necessary in order to keep systems operational and accessible.

It was agreed as part of the restart that at least 160 employees would be immediately offered a new employment contract. As a result of this agreement, partial employment in the Netherlands is retained. Gradually that number will grow because shops are opened or reopened at various locations. The restart also results in the preservation of employment in various foreign countries, as in these countries Mexx’s activities are also taken over and continued.

3. ASSETS

Immovable Property

3.1 to 3.4

Mexx has not been found to be the owner of immovable property or registered property.

Operating Assets

3.5 Description

Mexx's operating assets include the plant and equipment and fixtures and fittings of the Headquarters, the Voorschoten Distribution Centre and the shop fixtures and fitting of the Own Shops and the Shop-in-Shops. It is still unclear for the time being to which entity(ies) the ownership of the property belongs. This is being further investigated. Moreover, the proceeds will be allocated to the appropriate entity. All property has been valued on the Receiver's instructions.

Amsterdam Headquarters

The plant and equipment and fixtures and fittings of the Headquarters comprise the office equipment and supplies, the installed building-related facilities, ICT facilities and appliances. The valued liquidation value is EUR 185,000.

Voorschoten Distribution Centre

This involves the office equipment and supplies, the installed building-related facilities, ICT facilities and apparatus. The facilities and machines for the distribution and logistics of the stock in the Voorschoten Distribution Centre are also included. The property is valued at a liquidation value of EUR 565,000.

Own Shops

The Own Shops are furnished according to various shop concepts, namely Black Box, White Box and Loft. The shop fixtures and fittings include the shop inventory, promotion material and the installed facilities. The operating assets are valued at a liquidation value of EUR 98,000.

Shop-in-Shops

This involves the shop fixtures and fittings used for the Shop-in-Shops, which are on hand in the various locations at V&D and the other additional shop fixtures and fittings available for the Shop-in-Shops which were kept in the Voorschoten Distribution Centre. These fittings and fixtures are valued at a liquidation value of EUR 47,000.

Pilot / Hirsch

Shop inventory and promotion material are with two parties, Pilot Freight Services B.V. and Hirsch GmbH. This property has been valued on the instructions of the Receiver at a liquidation value of EUR 50,000 and EUR 5,000 respectively. Pilot and Hirsch are exercising a right of retention on the respective property. The supplier is also claiming the property. The property has not been sold on account of these conflicting claims. The Receiver is consulting with parties.

3.6 Sale Proceeds

Many of the operating assets have been sold as part of the restart. In the negotiations on the restart, buyer and seller exclusively negotiated on a total amount. For an extensive description of the bidding process and the restart negotiations, please refer to Chapter 6.

The proceeds to be allocated to the operating assets at the various locations are as follows:

Headquarters	EUR 203,000
Voorschoten Distribution Centre	EUR 621,000

Own Shops	EUR 108,000
Shop-in-Shops	EUR 51,000

To the extent that shop fixture and fittings and office equipment and supplies have not been sold as part of the restart, an Internet auction will be organised in order to sell the remaining property.

3.7 Estate Contribution

The operating assets described had not been pledged. For that reason, no estate contribution is required.

3.8 Preferential Claim of the Tax and Customs Administration

As regards the claims of the Tax and Customs Administration, the preferential claim of the Tax and Customs Administration can have priority over the right of pledge under Section 21(2) in conjunction with Section 22(3) of the Dutch Tax Collection Act 1990. As the operating assets have not been pledged, this situation does not apply. The regular preferential claim of Section 21 of the Dutch Tax Collection Act 1990 applies to all claims of the Tax and Customs Authority.

Stocks / Work in Hand

3.9 Stocks

General description

The Receiver found stocks at various locations, namely items of clothing or accessories produced and bought from suppliers on the instructions of Mexx. The stock includes clothing from various collections dating from 2009 until (spring) 2015. These stocks also include the permanent collection; the period to which the collection relates has not been registered.

Mexx has three important distribution centres where the purchased clothing was stored. Imported and shipped goods were stored at the premises of freight transporters, OTX Logistics B.V. and OTX Logistics Rotterdam B.V. ("the **OTX Stock**"). From there the goods were transported to an own Distribution Centre in Voorschoten ("the **Voorschoten Stock**") and to an external Distribution Centre of Alpha Textielveredeling B.V. c.s. ("the **Alpha Group Stock**").

The external valuer and the persons concerned working at Mexx explained that the stock has been (improperly) intermixed in such a way that stocks can no longer be allocated to individual suppliers. The Receiver endorses this explanation.

At the time of the declaration of bankruptcy, an unknown amount of goods were on hand in the Own Shops and in the Shop-in-Shops (jointly: "the **Shop Stock**"). These stocks were partially sold in the context of the continuation of the business and partially as part of the restart. Please refer to Chapter 6.

A further report on the important stock positions is set forth below.

OTX Stock

OTX Logistics B.V. and OTX Logistics Rotterdam B.V. (hereinafter jointly: **OTX**) retain a large quantity of goods in their possession, namely goods that Mexx purchased from suppliers. OTX accepted delivery of the goods from the foreign suppliers (there were 108) on behalf of Mexx and transported these goods to the Netherlands. OTX then stored the goods until they were distributed to the two distribution centres. OTX has provided a statement of the goods that it has in its possession. The amount of goods that OTX has in its possession is unknown. OTX is claiming a right of retention and possessory pledge in respect of the goods it is holding.

Voorschoten Stock

This involves a considerable quantity of items of clothing which at the time of the declaration of bankruptcy were in the Voorschoten Distribution Centre. According to Mexx's accounting records, this involves approximately 766,000 items; these are exclusively stock items that are stored "flat".

The stocks were divided and packed in such that they were ready for shipment to customers. The goods were distributed among approximately fifty thousand different storage bins and moreover, were recorded in the buyer's name not the supplier's name.

Returned goods, i.e. goods of which the ownership was first transferred to customers and then were returned, are also stored in the Voorschoten Distribution Centre.

Alpha Group Stock

At the date of the bankruptcy approximately 93,000 items of clothing, exclusively hanging clothing, were in the external Distribution Centre. The Distribution Centre was exercising a right of retention.

In addition to the stocks in the three warehouses, there were also other stock positions.

Shop Stocks

At the time of the declaration of bankruptcy, a number of items of clothing were on hand in the Own Shops and in the Shop-in-Shops at V&D. Mexx estimated that in the case of regular sale there would still be a stock for sale during approximately 8 to 10 weeks. The exact amount of goods and the suppliers of these goods were unknown.

There was also a consignment agreement with Rudolf Wohrl AG ("**Wohrl**"). Under this agreement Mexx's stocks were at the premises of this party. The number of goods is unclear for the time being; this was not recorded by Mexx. The remaining goods were sold in the context of the continuation under the current agreement.

Fiege Stock

A stock of approximately 135,000 items was with a German party, FIEGE Logistik Stiftung & Co KG ("**Fiege**"), these goods were exclusively goods returned by customers.

Stocks with Third Parties

There were various third parties with stocks in their possession, such as freight transporters and distributors. Often these stock goods were on their way to customers or shops. The Receiver has asked the parties in question to provide a statement of the goods that they have in their possession. The majority are asserting certain claims to the goods, varying from right of retention, pledge or claims under foreign law. The Receiver has entered into consultations with these parties in order to achieve liquidation of the stocks.

There can be said to be conflicting claims that for the most part have been settled by agreement. Please refer to Chapters 5 (Securities) and 8 (Creditors).

Work in Hand / Customs

Before the date of bankruptcy there were various agreements concluded with third parties (such as franchisees, wholesale parties and foreign Mexx entities) for the sale and delivery of consignments of clothing. The Receiver investigated to what extent such agreements could remain in force. That often proved to be unfeasible, in particular on account of the various conflicting claims that the various parties asserted in respect of the stocks found and on account of the fact that the majority of the stocks found had not yet been cleared through Customs.

Mexx mainly purchased its stocks from parties established outside the European Union (“EU”) and therefore under the regulations the purchased goods had to be imported before they could be sold within the EU. Mexx had a licence from the Customs to independently clear goods that it received. As a result of the bankruptcy, the licence was cancelled. Goods could only be imported via a third party (a customs agent) and under very strict conditions. In addition to this, there were extensive administrative obligations for which the Mexx organisation was not equipped. As a result of this, the Receiver was not able to sell goods (which had not yet been cleared through customs) within the EU.

Only a few consignments were sold (by the pledgee) to parties established outside the EU, as the problems described above did not apply in that case.

3.10 Sale Proceeds of Stocks

Voorschoten Stock

The pledgee executed its right of pledge and (privately) sold a limited part of the Voorschoten Stock to parties established in Russia and Kazakhstan; this sale yielded proceeds of EUR 1,780,949.06.

The remaining Voorschoten Stock was sold for an amount of EUR 1,850,000 in the context of the restart. Both amounts are being held in deposit by ACF. Please also refer to Chapter 5.

Alpha Group Stock

The Alpha Group Stock was also sold for an amount of EUR 605,000 in the context of the restart. Various parties are claiming this amount by virtue of contradictory claims asserted. For that reason, the proceeds will be held by the Receiver in deposit and will be settled in accordance with the statutory system.

Shop Stocks

The stock on hand in the Own Shops and Shop-in-Shops was partially sold in the context of the continuation of the activities and yielded proceeds of EUR 3,784,289.19 (incl. VAT) and EUR 1,894,979.04 respectively.

In addition to this, the stocks remaining on 6 February 2015 in eight Own Shops and in the Shop-in-Shops were sold for an amount of EUR 412,000 as part of the restart. The estate is retaining this amount.

The stocks at Wohrl, which were sold as from the date of bankruptcy, have generated proceeds of EUR 269,011.84 (incl. VAT).

Fiege Stock

The remaining consignment at Fiege was largely sold privately for an amount of EUR 1,164,968.00. These stocks are unencumbered estate assets. The remaining goods have not yet been sold. Fiege is assisting the Receiver in the sale of the remaining goods and has offered the goods for sale to various parties. The Receiver intends to quickly sell the remaining goods.

OTX; Settlement with Suppliers

The Receiver did not sell the OTX stock. A settlement concerning the claims that they are asserting to various stocks was reached with a number of suppliers, with the consent of the Delegated Judge. Under this settlement (in broad lines) the Receiver acknowledges the claims of the supplier in question to the OTX Stock and the supplier waives its claims to other stocks.

This settlement provides a pragmatic and attractive solution for the problem of the conflicting claims. The majority of the suppliers has accepted the solution.

3.11 Estate Contribution

ACF asserts a right of pledge to the stocks in the Netherlands and in transit to the Netherlands. Please refer to Chapter 5 (Bank / Securities). The Receiver receives an estate contribution of 12.5% on the proceeds of the stock pledged to ACF.

MEXX

Other Assets

3.12 Intellectual Property Rights

Description IP Rights

Mexx was the proprietor of a large amount of intellectual property rights, such as logos and brand names, copyrights, designs and models, registered with the Benelux Trademarks Register, the Office for Harmonization in the Internal Market and the World Intellectual Property Organization. The intellectual property rights included in total 420 nationally registered trademarks, 22 Benelux trademarks, 13 EU trademarks and 225 WIPO trademarks (Madrid Agreement), hereinafter jointly: "the **IP rights**". The IP rights, save for the nationally registered German trademarks, were held by ME.

Licences

ME issued two licences for the use of the IP rights: one to Procter & Gamble International Operations S.A. ("**P&G**") and one to OWP Brillen GmbH ("**OWP**").

The licence issued to P&G is intended for the production and sale of perfume and related products. Each year 5% on the net sales value is paid as licence fee. The settlement for the fourth quarter 2014 is made in February 2015. The proceeds fall partially to the pledgee (up to the date of bankruptcy) and partially to the estate (as from the date of bankruptcy). At the end of December 2014 the Receiver extended the contract with P&G by one year and it was agreed that an advance of EUR 700,000 for the licence fee for the first half year of 2015 would be paid immediately. This payment has since been made.

The amount remains in deposit until the settlement for the first half year has become final. The proceeds for the first quarter of 2015 fall partially to the estate (up to 6 February 2015) and partially to MG (as from 6 February 2015). The proceeds for the second quarter 2015 fall fully to MG. Division will take place after final settlement for the first half year with P&G.

OWP uses the licence to sell glasses with the Mexx brand. Each year 8% on the net sales value (subject to a minimum of EUR 750,000) is paid as licence fee. The fee up to and including the third quarter 2014 has been paid; the last quarter still has to be settled.

Rights of Pledge and Valuation

A first-ranking right of pledge was established on the IP rights for the benefit of Crystal Financial LLC ("**Crystal**"). A second-ranking right of pledge was established for the benefit of a Gores company. Discussion arose on the scope of the pledges with Crystal and Gores, because not all formal acts for the establishment of pledge had been fulfilled.

Parties were able to agree that a few IP rights had not been pledged.

The pledged IP rights were valued on the instructions of Crystal and Gores and a Forced Liquidation Value at 30 September 2014 of CAD 24,282,000, equal to approximately EUR 17,000.000¹, was determined. However, various assumptions are linked to this valuation, such as the assumption that preparations would be made for any insolvency. That was not the case.

It was difficult to reach good agreements on the allocation of the purchase price. In order to facilitate the restart as much as possible, all intangible assets, which do not include pledged elements such as goodwill and work in hand, were sold in a bundle. Therefore, it was the responsibility of the Receiver and pledgees to determine an allocation by mutual agreement. Parties extensively negotiated on this issue of allocation and finally agreement was reached. An important point for the Receiver in these negotiations was that the candidate selected for the takeover has a clear continuity scenario in mind, which will result in considerable secondary benefits for the estate.

The IP rights were sold for EUR 17,150,000 in the context of the restart. Of this amount, a part of EUR 2,260,000 falls to the estate.

3.13 Participating Interests

For an overview of the various participating interests of Mexx, please refer to the Legal Tree attached as Appendix 1.

The shares in these companies belong to one of the Dutch companies. The directors under the articles of association of the foreign companies were often the same as those of the Dutch companies. The board did not have a great deal of knowledge about local law and the actual course of business. The legal management duties were often carried out by local law firms or trust offices and a manager was entrusted with the de facto management.

The full financial accounting of the companies was taken care of in the Netherlands, i.e. there was a shared service centre for all foreign participating interests. This means that infrastructural facilities, such as administration, insurance, purchasing, design, promotion and tax returns, were arranged in the Netherlands.

Local boards did not make provision for the consequences of the bankruptcy in the Netherlands, not even after 4 December.

At the instigation of the board of these companies, the bankruptcy of almost all participating interests was pronounced. In a number of cases voluntary liquidation without bankruptcy proceedings was chosen. An overview of the status of the participating interests is attached as **Appendix 3** to this report.

The Receiver was regularly approached, especially in the initial phase of the bankruptcies, with a variety of requests from foreign managers and receivers. Often, those requests could not be granted because the ICT systems in the Netherlands were no longer operational, relevant employees had left and considerable costs would have to be incurred, without any financial compensation in return.

The foreign companies had concluded transfer pricing agreements with the Dutch companies and under these agreements a settlement was made each year on the basis of the turnovers realised. In addition to this, the Dutch companies supplied the foreign companies with stock. By virtue of the transfer pricing

¹ On the basis of the exchange rate at the date of this report.

agreements and the supplies of stocks, there are various short-term and long-term intercompany receivables and payables between the Dutch and foreign companies.

The Polish and Greek entities are not bankrupt. These companies still have an operating business. As part of the restart, the Receiver granted an option to purchase the shares in the Polish and Greek entities. The restarter has (provisionally) invoked this option right.

An overview of the status of the various participating interests is enclosed.

3.14 Location Goodwill

With reference to Chapter 1, paragraph 4, the assets of ME included the lease goodwill of the shops at Hartenstraat in Amsterdam and the Oudegracht in Utrecht. Via subrogation the Receiver received EUR 72,500 for the goodwill of the shop at Hartenstraat in Amsterdam, and (to avoid subrogation) EUR 450,000 from the lessor of the shop at Oudegracht in Utrecht.

3.15 Cash

Brinks Waardetransport took care of the transfer of the cash of the 19 Own Shops in the Netherlands. The day after the declaration of bankruptcy Brinks discontinued its services. As from that moment the Receiver gave instructions that only payments by PIN can be made in the Own Shops. The Receiver took possession of the cash, against receipt.

The total amount of cash, EUR 65,311.38, was deposited into the bankruptcy account.

4. DEBTORS

4.1 Amount of Accounts Receivable and Proceeds

Currency	Balance at start	Write off at start	Received	Outstanding
EUR	23,466,849	29,891	2,382,654	21,054,304
GBP	314,914		3,817	311,097
SEK	3,508,093	3,483	813,763	2,690,847
USD	3,667,371			3,667,371

4.2 Explanatory Note on the Amount of Debtors and Debt Collection

Mexx has an extensive debtor portfolio, which comprises wholesale debtors and other debtors. The accounts receivable from the wholesale debtors have been pledged to ACF. Work arrangements have been made with ACF in order to reach a practical settlement.

It has been agreed that ACF will take care of the collection of debts from the wholesale debtors and will be assisted by Atradius in the performance of these activities, because Atradius has an interest in collecting as many accounts receivable as possible in order to avoid claims under the credit risk insurance. Where necessary, the Receiver provides assistance, such as for example the provision of information. No agreements have been made on other accounts receivable, the Receiver believes that these accounts receivable have not been pledged.

The collection of the debts of the wholesale debtors is divided into three categories:

- (i) top 20 of the largest accounts receivable,
- (ii) debtors who have a debt exceeding EUR 10,000 but are not part of the top 20
- (iii) residual category.

The top 20 account for approximately EUR 20m. The second category comprises approximately 800 debtors. The other debtors in the residual category are extensive in number but account for a relatively small amount.

The Russian customer, BNS, is by far the largest debtor and represents no less than 1/3 of the total amount of outstanding accounts receivable. The debtor is invoking a right of suspension in connection with the loss or damage it allegedly incurred due to Mexx going bankrupt, but the question is whether the debtor was already in default at an earlier date. At the beginning of March the Receiver and ACF reached a verbal settlement at a meeting; this agreement has not yet been laid down in writing.

The other accounts receivable – which are not being collected by ACF (exclusively) – include, inter alia, Mexx's accounts receivable from V&D in connection with the settlement of the Shop-in-Shops and the accounts receivable from Wöhr AG in connection with a construction comparable to the one with V&D.

The collection of accounts receivable is proceeding with difficulty, as is all too often the case, unfortunately, in bankruptcies. Extensive discussions have to be conducted with virtually all debtors before accounts receivable are paid. Many debtors claim to have incurred loss or damage due to Mexx going bankrupt. In many cases this loss or damage has not been demonstrated and seems to be an opportunistic argument. The Receiver will fully continue the debt collection in these cases and where necessary, will take legal action.

FORT

4.3 Estate Contribution

It has been agreed with ACF in the case of collected, pledged accounts receivable that the estate will receive a contribution of 5%.

5. BANK / SECURITIES

5.1 Banking Relationship ING Bank N.V.

All Dutch shops had an account with ING Bank N.V. (“**ING**”), into which the shop proceeds were deposited.

There were three arrangements with ING, which included an approval and interest system: the notional balance pool, the notional interest pool and the zero balance pool. The purpose of these three pools is effective cash management. The notional balance pool is intended to ensure optimal use of the available liquid assets in the various bank accounts within the concern. In this approval system the accounts are linked to one another, which enables use of credit positions in the various accounts. A payment is approved by the bank if there is sufficient credit balance to cover the payment within the system of linked accounts. The notional interest pool serves to limit the interest burden within the concern. Mexx paid and received interest on the balance of all linked accounts in the notional interest pool. The notional interest pool is therefore an interest instrument. Accounts of Mexx shops were involved in the zero balance pool. The idea of a zero balance pool is that an account only has a balance that is necessary at that time in order to pay specific costs. Any surplus is immediately transferred to another account (the master-account); in the case of a negative balance, the amount necessary to extinguish this balance is immediately transferred to the account.

At the time of the bankruptcy there was a credit balance under the account system, which was transferred to the bankruptcy account on the instructions of the Receiver.

The various accounts were maintained for continuation of the company. ING provided (digital) access to the accounts of bankrupt companies. The position of ING Bank N.V. will be (further) settled in the coming period.

5.2 Bank Guarantees and Sureties

Mexx issued bank guarantees and sureties via both ABN AMRO and ING.

ABN AMRO Bank N.V.

15 bank guarantees were given for a total amount of approximately EUR 3,470,000. The bank guarantees were given by ABN AMRO Bank N.V. (“**ABN AMRO**”), namely nine guarantees for lessors, two sureties for the Tax and Customs Administration and one guarantee for the benefit of a creditor of ME.

Two of the lease guarantees expired because the underlying commercial leases had been terminated more than six months ago and possession of the leased property transferred back. One lease guarantee is part of a commercial lease which has since been taken over by another Mexx entity and the extent to which the takeover affects this guarantee is being investigated. One other lease guarantee relates to a commercial sub-lease in Belgium. The question as to whether this agreement is still valid is being investigated. In addition, one lease guarantee has been invoked by a party other than the beneficiary, and another bank guarantee is in the name of a party other than the lessor. This is also being further investigated.

The surety given for the benefit of the Tax and Customs Administration has been partially invoked by the Tax and Customs Administration. The legitimacy of this claim is being investigated.

The guarantee for the benefit of the creditor of ME was claimed on 31 December 2014. Under the guarantee the Receiver has four months' time in which to take legal action against the creditor regarding its alleged claim. If the Receiver takes legal action, then the payment obligation of the bank under the bank guarantee is suspended. Legal proceedings between the parties regarding the creditor's claim are already

ongoing; consultations will soon be held on the manner in which the provision concerning the institution of (new) legal proceedings by the Receiver against the beneficiary creditor should be implemented.

ABN AMRO issued the guarantees and sureties on the basis of a credit agreement with ME and MEI dated 13 June 2014. Funds of ME and MEI in frozen accounts with ABN AMRO serve as a counter guarantee. According to ABN AMRO, the credit balances of these accounts have reportedly been pledged, however this has not yet been demonstrated. Meetings to discuss the coverage of the guarantees and sureties are being held with the bank. One of the questions posed by the Receiver pertains to the coverage of the bank guarantees given for obligations of MHN, because that company is not a party to the underlying credit agreement.

ING Bank N.V.

ING has not yet provided a statement of the bank guarantee(s) that it has given for the benefit of Mexx. According to the letters that the Receiver has received from the bank, it appears in any case that one guarantee was given for the benefit of a lessor. The question as to whether this guarantee is covered by a counter guarantee or otherwise is not yet clear and is being further investigated.

5.3 Financiers' Claims

The Mexx concern was financed by various parties. The financing structure was characterised by a relatively limited regular banking credit, supplemented with a loan from the Silicon Valley Bank, a shareholder loan and supplier credit. Gores had issued guarantees to Silicon Valley Bank and the most important supplier of clothing, Li & Fung Credit PTE. LTD.

A payment term of 90 days was agreed with Li & Fung and a payment term of 60 days with other suppliers. These positions are currently part of the total amount owed to (unsecured) creditors.

Mexx Canada was financed by both its shareholder, ML and in addition, independently by external financiers.

Silicon Valley Bank

On 5 March 2012 Silicon Valley Bank provided a loan of EUR 60m to MEH. Two parties that were part of the Gores group gave a surety for this loan. The loan expired on 5 March 2014.

On 25 February 2014 an extension of the term of the loan was agreed, namely until 25 February 2017. The extension of the term was part of an overall refinancing of the Mexx group. Conditions for this extension were, for example, that the surety provided would also be extended and that repayments would be made every quarter as from 1 April 2015.

ABN AMRO Commercial Finance N.V.

The wholesale activities of ME were financed by ACF on the basis of a Financing Agreement dated 29 March 2012. Under the credit arrangement ME could take out credit with a ceiling of EUR 35m. The actual credit made available depended on the amount of the receivables balance and the stock position of ME as formulated in the borrowing base of the credit agreement.

At the date of bankruptcy ACF's claim against ME amounted to approximately EUR 9m. The liability currently amounts to approximately EUR 3.6m.

Crystal Financial LLC

Crystal had provided a loan to Mexx Canada. At the date of bankruptcy this loan amounted to approximately CAD 13.6m (approximately EUR 9m).

FORT

As security for the repayment of the loan, a right of pledge was established on the assets of Mexx Canada and a first-ranking right of pledge on the IP rights of ME. Gores acquired the monetary claim of Crystal on 15 January 2015 and was also subrogated in the securities of Crystal.

The monetary claim has since been fully paid from the proceeds of the pledges on the assets of Mexx Canada.

Gores

Companies of the Gores Group provided, by way of extension of credit, various loans to ML. ML used these funds for the business activities of the concern, for example Gores Malibu Holdings (Luxembourg) S.A.R.L. provided loans for an amount of EUR 22.5m in total.

Gores Capital Partners (Alternative) III L.P. and Gores Co-Invest Alternative III L.P. provided, in turn, loans for an amount of EUR 46m in total.

The internal financing relationships have not been laid down in credit agreements; these relationships can reportedly be inferred from the internal accounting records.

5.4 Description of Securities

ABN AMRO Commercial Finance N.V.

ME established for the benefit of ACF pledges on Wholesale accounts receivable and on stocks on the way to the Netherlands and/or stored in Dutch distribution centres.

There is some contention between ACF and the Receiver about the scope of the pledge established on the accounts receivable. ACF is of the opinion that pledge is established on all ME's trade receivables from third parties. The Receiver is of the opinion that this pledge is limited to accounts receivable from wholesale activities.

Parties have entered into an arrangement under which agreements have been made on the execution and sale of the assets in question. It has been agreed in respect of the accounts receivable that ACF will take care of the debt collection in the name of Mexx and with the assistance of the Receiver.

As regards the liquidation of stocks, ACF exercised its right of execution in regard of certain stocks and sold them privately. The stocks transferred in the context of the restart have been privately sold by the Receiver and ACF waived its right of pledge. The proceeds of both transactions are being held in deposit by ACF pending any debate about the claim to the proceeds by various parties. Please also refer to Chapter 3.

Crystal Financial LLC

Pledges were established on assets of Mexx Canada for the benefit of Crystal. In addition to this, a first-ranking right of pledge was established on the IP rights of ME for a debt of Mexx Canada; therefore, that involved a third-party security. As the account receivable has been paid through execution and sale of the pledge given by Mexx Canada, the first-ranking right of pledge on the IP rights has ceased to exist.

Gores

On 24 February 2014 a second-ranking right of pledge was established on the IP rights of Mexx Europe for the benefit of Gores Capital Partners (Alternative) III L.P. and Gores Co-Invest Alternative III L.P. This also involved a third-party pledge, as the loan, for which the security was provided, was extended to ML.

The pledge was released in the context of the restart upon transfer of the IP rights.

Suppliers

In addition to the aforementioned financiers, various suppliers have made a claim to the securities. Please refer to paragraph 5.7 for a report on these positions.

5.5 Lease Contracts

Operational lease contracts were concluded with various parties. Goods were not immediately handed over because time was needed for assessment of the claims. Moreover, the cooling-off period, which had been ordered, was invoked. To the extent that the claims have since been acknowledged, the goods have been or will be returned on a handover date to be specified. The following goods are involved.

Coffee machine

Espresso Servicedienst B.V. is claiming a coffee machine. Mexx has the coffee machine in its possession on the basis of operational lease. The claim is acknowledged by the Receiver for the time being.

Water coolers

Mexx leases twelve water coolers from Watercompany B.V. The claim of Watercompany B.V. is acknowledged by the Receiver for the time being.

Server racks and accessories

Mexx leases 10 server racks and accessories, various other racks and software packages. The lessor is De Lage Landen Vendor Lease B.V. The lessor has filed a claim of EUR 164,213.95. The claim will be reviewed.

Printers/photocopiers

ME leases 133 printers/photocopiers from Xerox Financial Services. A part of the equipment is with foreign entities. The Receiver acknowledges for the time being the claim of Xerox. As regards the equipment with foreign entities, the lessor is referred to the respective receivers.

Vehicles

ME and MEI leased a total of one hundred vehicles from various leasing companies; Kamsteeg Auto Lease B.V. (nine vehicles), Alphabet Netherlands B.V. (89 vehicles) and Alphabet Belgium N.V. (two vehicles). The Receiver acknowledges for the time being the claim of the leasing companies.

At the time of this report twelve vehicles are still in use, of which two are from Kamsteeg and ten from Alphabet. The Receiver is holding consultations on the transfer of the lease contracts to the restarter. All other vehicles have been handed back to the respective leasing companies.

Music boxes

MHN leases fifteen music streaming boxes from DDJ Retail B.V. The Receiver acknowledges for the time being the claim of DDJ Retail B.V. Five of these boxes have since come into the possession of the Receiver, the other boxes are still on location in the Own Shops.

5.6 Separatist Position

ACF is claiming as separatist the proceeds of the stocks on hand in the distribution centres and at OTX. In addition to this, ACF is claiming the collection proceeds of the accounts receivable from third parties.

Gores is claiming as separatist the proceeds of the IP rights and the income from the licence agreements.

5.7 Estate Contributions

The Receiver has agreed with ACF that the estate will receive an estate contribution of 5%, subject to a maximum of EUR 250,000, on the proceeds of the collected pledged accounts receivable. The estate will also receive 12.5% of the proceeds of the pledged stocks.

5.8 Reservation of Ownership (not on Stocks)

19 parties have notified the Receiver that they are invoking a reservation of ownership in regard of goods delivered to Mexx. An inventory of the various claims is currently being made and in many cases consultations are being held.

The Receiver has rejected a number of these claims to reservation of ownership, either by invoking the General Purchase Conditions of Mexx, or on account of arguments based on property law such as intermixture of goods.

5.9 Right of Reclamation, Right of Retention, Pledge and Reservation of Ownership on Stocks

At the date of bankruptcy various supplies of clothing were still with parties who provided logistical services to the various Mexx companies, such as transport or storage services. Those parties invoked for the most part a right of retention and sometimes possessory pledge as well.

Thus there are conflicting claims of suppliers, pledgees and retentors. A short overview is given below.

Distributors

- Alpha Textielveredeling B.V., Alpha Fashion Support B.V., Alpha Vervoer B.V. (“Alpha Group”)

The Alpha Group is a group established in the Netherlands which provided various services in the field of transport and storage to ME. On the date of bankruptcy a stock consignment of approximately 93,000 items was in the warehouse of Alpha Group. Alpha Group has filed a claim of EUR 480,991.72 in the bankruptcies of Mexx.

Alpha Group invoked its rights of retention in respect of the aforementioned consignment. After having obtained the authorisation of the Delegated Judge, the Receiver demanded the goods under Section 60(2) of the Dutch Bankruptcy Act.

The goods retained by the Alpha Group were included in the Asset Purchase Agreement and sold to the restarter, Holer Retail B.V., for an amount of EUR 605,000.

- FIEGE Logistik Stiftung & Co. KG (“Fiege”)

Fiege is a distributor established in Germany which provided various services in the field of transport and storage to ME. On the date of bankruptcy a stock consignment, including returned goods, of approximately 135,000 items was in the warehouse of Fiege; that stock was later supplemented.

Fiege invoked a right of retention in respect of the aforementioned consignment. To the extent required, the Receiver demanded the goods under Section 60(2) of the Dutch Bankruptcy Act after having obtained the authorisation of the Delegated Judge. After consultation with Fiege, the matter was resolved out of court.

The Receiver privately sold approximately 158,000 items for an amount of EUR 1,164,968.00. The Receiver also sold a remaining consignment of approximately 29,000 items to Bingo Germany GmbH for an amount of EUR 133,000.

- Ekol Lojistik A.S. (“Ekol”)

Ekol is a distributor established in Turkey which provided various services in the field of transport and storage to ME. On the date of bankruptcy a stock consignment of approximately 17,000 items was in the warehouse of Ekol. Ekol has filed a claim of EUR 61,076.31 in the bankruptcy of ME.

Ekol has invoked a haulers right of lien in respect of the aforementioned consignment.

The Receiver has placed the claim on the list of provisionally acknowledged creditors. The investigation into the haulers right of lien has not yet been completed.

- OTX Logistics B.V. and OTX Logistics Rotterdam B.V. (“OTX”)

OTX is a freight transporter which accepted delivery of stocks on behalf of Mexx from various suppliers throughout the world and transported these stocks to the various storage locations. At the time of the declaration of bankruptcy, OTX still had various stock consignments in its possession. The consignments, which OTX has in its possession, vary in terms of their origin, destination and legal position. Some consignments were still on the way to their final destination and were thus still in transit. Other goods had already arrived at the harbour and were being retained there by OTX.

OTX is invoking a right of retention and possessory pledge. Various suppliers and financier ACF are also asserting claims to goods held by OTX. The Receiver is consulting with various suppliers and OTX on the further settlement of these stock goods.

- Logwin Solutions GmbH (“Logwin”)

Logwin Ekol is a distributor established in Germany which provided various services in the field of transport and storage to ME. On the date of bankruptcy a stock consignment of approximately 17,000 items was in the warehouse of Logwin. Logwin has filed a claim of EUR 109,127.23 in the bankruptcy.

Logwin has invoked a right of lien in respect of the aforementioned consignment of goods.

The Receiver has reached agreement with Logwin to the effect that the Receiver will sell the consignment of goods at the premises of Logwin and the proceeds will be divided between Logwin and the estate. The Receiver is still in the process of arranging the sale.

- CB Fashion (“CB”)

CB is a distributor established in the Netherlands which provided various services in the field of transport and storage to ME. On the date of bankruptcy a stock consignment of approximately 7,000 items was in the warehouse of CB. CB has filed a claim of EUR 120,802.76 in the bankruptcy. CB has invoked a right of retention in respect of the aforementioned consignment.

The supplier has reached agreement in principal with CB to the effect that the Receiver will sell the consignment of goods held at the premises of CB and the proceeds will be divided in a manner to be specified between CB and the estate. That sale has not yet been completed.

Suppliers

Several suppliers have filed claims with the Receiver. Some assert claims to stock goods found by the Receiver (the OTX Stock, the Voorschoten Stock and the Alpha Group Stock). However, in many cases the stock of the supplier was no longer in the warehouses. The nature and basis of the claims vary. In all cases the claims conflict with those of the pledgee and (when the occasion arises) with those of the retentor.

As the Voorschoten Stock and the Alpha Group Stock have been sold, there only remains, as regards the claims to those goods, a financial discussion; the proceeds have been placed in deposit and depending on the outcome of any discussions, the proceeds will be settled.

Two suppliers are separately mentioned here.

FORT

The largest supplier was Li & Fung Limited ("L&F")

L&F is an agent of ME established in Hong Kong. L&F was responsible for coordinating the purchase of goods between ME and several suppliers who jointly supplied approximately 70% of the imported clothing. L&F has informed the Receiver that it intends to file a claim of EUR 52m in the bankruptcy of ME and has invoked both the right of reclamation and a notice of stoppage in respect of the goods delivered and/or purchased through the agency of L&F.

Before the investigation into the validity of the right of reclamation and the notice of stoppage was completed, the Receiver made an arrangement with L&F to the effect that the Receiver acknowledges the claims of L&F to the OTX goods and L&F waives its claims to the Voorschoten Stock and the Alpha Group Stock.

TMS Group ("TMS") is also an agent of Mexx Europe B.V., established in Hong Kong. TMS was responsible for coordinating the purchase of goods between ME and the suppliers who jointly supplied approximately 8.5% of the imported clothing. TMS first asserted a reservation of ownership and later a right of reclamation as well in respect of the goods supplied by it. TMS has since acknowledged that a reservation of ownership was not agreed. The Receiver is still in talks with TMS about the validity of its claims. The Receiver has also made TMS a proposal for the settlement of the claims, comparable to the arrangement agreed between the Receiver and L&F.

6. RESTART / CONTINUATION

Continuation

6.1 Operation / Securities

On 4 December 2014 the company, including the retail activities such as the Own Shops, the Shop-in-Shops, the German Wöhrl and the own web shop, were fully operational.

The activities of the web shop were discontinued shortly after the bankruptcy. These turnovers were practically zero.

The other retail activities were continued as much as possible, as that was considered to be essential for any restart of the company. Discontinuing the activities would have seriously damaged the value of the brand and the remaining value of the company too.

The Receiver carefully investigated whether continuation would be viable and profitable. The outcome of this investigation was positive. The proceeds to be realised by retail sale of items of clothing in the shops could not be realised by another manner of sale (such as auction or wholesale). Moreover, the circumstances were favourable; the bankruptcies were pronounced at the beginning of December 2014 and the month of December is a good month for the retail branch Arrangements were made with a large number of essential suppliers for continuation of the activities (such as cleaning, security, payment services and utilities).

No stock was transferred from the distribution centres to the Own Shops or the Shop-in Shops on account of the legal complications and possible intermixture problems. Moreover, the largest part of the stock in the distribution centres had not yet been imported.

The activities in the Own Shops were continued until 21 January 2015.

Rudolf Wöhrl AG and V&D

The sale of clothing via the warehouses of V&D and the German Wöhrl was continued. Furthermore, the existing facilities, whose costs were discounted in the rent to be paid, could be used.

This sales method was also expected to lead to maximisation of the proceeds.

Moreover, the V&D activities were part of the prepared Restart plan and therefore maintaining these activities was important for the restart negotiations.

6.2 Financial Reporting

The aforementioned expectations were realised. The following turnovers were realised with the continuation of the retail activities:

- Own Shops: EUR 3,784,289.19 (incl. VAT)
Costs amounting to at least EUR 70,383.05 were incurred in order to realise this turnover. These costs relate to the hired temporary agency workers, production of posters, storage, transport, telecommunications, Internet, security, waste service, and utilities. A part of the costs incurred still have to be billed by suppliers.

- Whörl: EUR 269,011.84 (incl. VAT)
The (rent) price due to Whörl has been discounted in this turnover. There are no further direct costs.

- V&D: EUR 1,894,979.04 (incl. VAT)

The variable rent and the additional costs to be paid to V&D have already been deducted from this turnover. There are no other direct costs.

VAT still has to be paid on the turnover. If required, a relevant part of the bankruptcy costs will have to be allocated to the turnovers.

Restart

6.3 Description

The Receiver sold the assets and the activities of Mexx in the context of a restart to a participating interest of the Turkish Eroglu concern, called Holer Retail B.V. At the time of publication of this report, the name of this company under the articles of association has been changed to Mexx Global B.V. and the following assets and activities are involved:

- the IP rights of ME (including the two licence agreements)
- the goodwill of the Mexx concern
- the stocks as on hand in the Voorschoten Distribution Centre
- the stocks as on hand at the premises of Alpha Group
- the operating assets as on hand in the Headquarters
- the operating assets as on hand in the Voorschoten Distribution Centre
- the shop fixtures and fittings of the Shop-in-Shops and of eight of the Own Shops

It is also part of the restart that the buyer offers an employment contract to at least 160 employees in the Netherlands. In the meantime, more than 200 employees have been offered an employment contract, initially for activities in the Distribution Centre and the headquarters in particular. This number can be expected to rise considerably on the reopening of shops.

The buyer has been given an option to acquire the shares in the capital of the Polish and Greek participating interests. These companies are not bankrupt. Negotiations on this option are currently being held.

The restart enables preservation of a substantial part of the retail and wholesale activities in the Netherlands and abroad. In the Netherlands, the headquarters and the distribution centre will continue to be used, eight of the 19 Own Shops will be taken over and operations in all Shop-in-Shops will be continued.

Negotiations are being held with foreign companies and receivers in order to achieve a takeover of assets and preservation of continuity.

The restart provides suppliers with opportunities to sell and receive payment after all for produced and ordered stocks of Mexx clothing. These commercial prospects help suppliers to substantially limit their loss or damage.

IP Rights Mexx Germany

The German IP rights were held by a German participating interest, Mexx Holding GmbH. For the purpose of effecting the transfer of those rights, a separate transaction was initiated with the German receiver and the restarter.

That was not easy. At the time of the restart in the Netherlands, the German IP rights could not be transferred. In Germany provisional insolvency proceedings had not been instituted at that time and the future receiver was not yet authorised to transfer assets. Those insolvency proceedings were not instituted

until 1 March 2015, after which the transfer could be take place. In anticipation of the transfer, the German receiver has placed the purchase price of EUR 1,350,000 in deposit.

6.4 Accountability / Course of the Takeover Process

Due to time constraints and lack of preparation, it was not easy to set up a sales process. The process included the following steps.

1. A virtual data room, in which abundant information was made available, was set up. The Receiver engaged the services of an external party to set up the data room and provide the necessary advice. Consultations were held with ACF, Gores and the board.
2. Then the prospective buyers received an information memorandum in which the bidding process was explained and in which they were requested to accept the conditions for participation in the bidding process (including confidentiality). On account of the strong level of interest, the Receiver set an entrance fee of EUR 3,000 in order to compensate the set-up costs of the process and to separate the wheat from the chaff. Ultimately 12 of the 36 parties paid the entrance fee and agreed to adhere to the other conditions. They were given access to the data room.
3. A Restart Plan was prepared, a proposition with opportunities for a restart, under the direction of interim CEO Hovestad which, due to time constraints, was very much appreciated by the prospective buyers.
4. A total of six parties made a bid. The Receiver reviewed the bids. Comparing the bids was not always easy, because various bids had earn-out elements, or other elements with a variable value.
5. It was decided to initiate a second bidding round. The remaining parties were informed about this second round in a Second Round Process Letter. Four parties made a more detailed bid. These bids were again reviewed by the Receiver and discussed in confidence with the pledgees. It was unanimously decided that Holer Retail B.V. (Eroglu) had made the best bid, after which negotiations were started.
6. Many talks were held in that context and more detailed information on the transaction structure was provided. During these talks interviews with the management team of Mexx were held and various locations (shops, Shop-in-Shops and distribution centres) were visited.
7. Agreement was ultimately reached on a purchase price of a total amount of EUR 21,000,000. This agreement was initially laid down in a term sheet. At that time a part, EUR 6,000,000, of the purchase price was paid into deposit. There were conditions precedent which applied and had to be fulfilled in the period between the signing of the term sheet and the conclusion of the assets agreement. After these conditions had been fulfilled, the assets agreement was signed on 6 February 2015 and the restart effected, and the remaining part of the purchase price, namely EUR 15,000,000, was paid.

6.5 Proceeds

The purchase price of the assets amounts to 21,000,000 in total. Pledgee Gores receives from this amount EUR 13,540,000. A part, EUR 1,350,000 in total, falls to the German receiver. A part, EUR 1.850.000, which was held in escrow by ACF, was paid.

The estate receives from the restart the following proceeds:

• Unpledged IP rights and goodwill	EUR 2,260,000
• Operating assets Headquarters	EUR 203,000
• Operating assets Voorschoten Distribution Centre	EUR 621,000
• Remaining shop stock	EUR 412,000
• Shop fixtures and fittings Shop-in-Shops and Own Shops	EUR 159,000

FORT

The proceeds of EUR 605,000 from the sale of the clothing stock from the Alpha Distribution Centre are retained by the estate on account of the fact that the Receiver demanded the goods under Section 60 of the Dutch Bankruptcy Act.

6.6 Estate Contribution

The estate receives a contribution of 12.5% on the proceeds of the stocks pledged to ACF. On the assumption that the entire amount of the proceeds is pledged, the estate receives 12.5% of EUR 1,850,000, namely EUR 231,250.

7. LEGALITIES

7.1 Accounting Records Obligation

The accounting records were kept by means of automated accounting software. A provisional analysis made by the Receiver implies that the nature and format of the accounting records comply with the statutory requirements. A further investigation will be carried out.

7.2 Filing of Annual Accounts

Mexx consolidated its annual accounts. The consolidating company was Mexx Lifestyle. The consolidated companies are ME, MEI, MEP, MHN and MEH Mexx filed consolidated annual accounts at the level of ML. Under Section 2:403 of the Dutch Civil Code, the bankrupt companies are exempted from the obligation to file their unconsolidated annual accounts.

ML filed the annual accounts in the three years prior to the bankruptcies as follows:

Year	Date of Filing:	On time yes/no
2011	1 August 2012	Yes
2012	28 May 2014	No, almost 4 months too late.
2013	30 June 2014	Yes

7.3 Unqualified Auditors' Report

In a transmittal letter dated 30 June 2014, Deloitte gave its opinion on the financial statements and the financial position of ML. Deloitte indicated both in regard of the consolidated financial statements and in regard of the company financial statements that the documents give a true and fair view of the financial position of ML in 2013. In its letter Deloitte emphasises the uncertainty in regard of Mexx's ability to continue as going concern and also points out the net loss of EUR 82.4m.

The continuity of Mexx depended on the possibilities of refinancing and on the willingness of Gores to continue investing. Initiatives for improvement/innovation had to be taken by the board. The uncertainty identified by Deloitte was formulated as follows:

'the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as going concern'.

All kinds of formal requirements, as laid down in Section 2:393(5)(e) and (f) of the Dutch Civil Code, Section 2:392(1)(b-h) of the Dutch Civil Code and Section 2:391(4) of the Dutch Civil Code, appear to have been observed.

The Receiver is carrying out a further investigation.

7.4 Obligation to pay up Shares

Due to the direct effect of the Dutch Act for Simplification and Flexibilisation of the Law applicable to Private Limited Liability Companies, (hereinafter: "**Dutch Flex BV Act**"), the customary investigation of compliance with the obligation to pay up shares is only relevant to a limited degree. Transitional law does provide that loss or damage caused before the Dutch Flex BV Act entered into operation (on 1 October 2012) must be determined under the provisions of the former law applicable to private limited liability companies.

The bankrupt companies were incorporated before the introduction of the Dutch Flex BV Act. The Receiver will carry out further investigation.

FORT

7.5 Mismanagement

The Receiver is carrying out an investigation.

7.6 Actions prejudicial to the Creditors within the meaning of the *Actio Pauliana*

The Receiver has investigated a number of financing arrangements and did not find any irregularities in these arrangements. A further investigation will be carried out.

8. CREDITORS

Creditors can file their claim in writing and accompanied by supporting documents to the Receiver, preferably via the email address mexx@fortadvocaten.nl.

Any claim to a right of preference, a right of retention, a reservation of ownership and/or any other right should be explicitly stated and substantiated.

8.1 Estate Debts

Estate debts already paid

Considerable amounts were paid, mainly for provisional and costly licences, in order to keep ICT systems for logistics and administration operational. Other costs were paid to ensure the continued operation of the company and to safeguard the possibilities of sound management and responsible liquidation, also including the investigation into causes and legalities which has still to be carried out.

In addition to this, the Receiver was confronted with a considerable number of ransom creditors who, if not paid, would discontinue the provision of services or supplies necessary for the continuation of the sales activities. This involved large numbers, but not always large amounts.

Up to the date of this report, EUR 997,891.33 has been paid to estate creditors.

Estate debts not yet paid

There are also the usual estate debts, such as the claim of the UWV in respect of the employees' wages during the period of notice and the commercial lease of shop and office space during the period of notice. VAT will be due on the store sales realised during the period of notice, which has not been included in the overview below. The aim is to pay the estate debts as quickly as possible, however before this can be done, there will have to be clarity about the amount of preferential estate debts.

Mexx Europe	
<i>Lessors:</i>	EUR 1,130,618.57
<i>UWV</i>	EUR 1,474,366.28
Mexx Europe International	
<i>Lessors:</i>	EUR 36,135.78
Mexx Holding Netherlands	
<i>Lessors:</i>	EUR 444,904.53
Mexx Europroduction	Not yet filed
Mexx Europe Holding	Not yet filed

8.2 Preferential Claim of the Tax and Customs Administration

There is a group tax entity for corporation tax purposes. The head holding company is not yet bankrupt. A 403 statement has been issued and specific guarantees have been given. Corporation tax aspects are being investigated.

There was also a group tax entity for VAT purposes. The estate has been released from the liability therefor, as the termination of the group tax entity was notified to the Tax and Customs Administration.

Consultations are being held on the manner in which VAT returns in the estate period are being filed. The following preferential claims have been filed:

Mexx Europe	EUR 370,640.00
Mexx Europe International	EUR 397,044.00
Mexx Holding Netherlands	EUR 119,031.00
Mexx Europroduction	EUR 1,077.00
Mexx Europe Holding	Not yet filed

8.3 Preferential Claim of the UWV

Mexx Europe	EUR 440,305.20
Mexx Europe International	Not yet filed
Mexx Holding Netherlands	Not yet filed
Mexx Europroduction	Not yet filed
Mexx Europe Holding	Not yet filed

8.4 Other Preferential Creditors

Mexx Europe	EUR 144,591.54
Mexx Europe International	EUR 277,700.45
Mexx Holding Netherlands	Not yet filed
Mexx Europroduction	Not yet filed
Mexx Europe Holding	Not yet filed

8.5 Number of Unsecured Creditors

Mexx Europe	267
Mexx Europe International	35
Mexx Holding Netherlands	37
Mexx Europroduction	2
Mexx Europe Holding	2

8.6 Amount of Unsecured Creditors

A large amount of claims of suppliers, such as those of Li & Fung have not yet been filed.

Mexx Europe	EUR 27,105,983.37
Mexx Europe International	EUR 799,419.66
Mexx Holding Netherlands	EUR 464,037.89
Mexx Europroduction	EUR 7,904.93
Mexx Europe Holding	EUR 853,822.26

8.7 Anticipated Manner of Settlement of the Bankruptcy

In view of the current state of the bankruptcy proceedings, it is not possible to give a definite answer on the manner of settlement.

9. LEGAL PROCEEDINGS

9.1 Names of the Opposing Party(ies)

Mexx Europe is party to the legal proceedings against the following parties:

- SL Spirit GmbH (Germany)
- TKXX Handel mit Mexx-Produkten GmbH (Germany)
- Neckermann.de GmbH (Germany)
- Wiegandt Handels GmbH (Germany)
- Intershop Communications AG (Germany)
- Melkior SARL (France)
- ULY (France)
- ING Bank N.V. (Netherlands)
- Lundiform B.V. (Netherlands)
- Pedro Almeida Soc. Unipessoal LDA (Netherlands)
- Mr R. Mor (met **MHN**) (Switzerland)

Mexx Europroduction is party to legal proceedings against the following party:

- Lineasse Tessuti SPA (Italy)

9.2 Nature of the Legal Proceedings

The first four legal proceedings are taking place in Germany, namely claims of ME against customers. These legal proceedings have ended because the debtors became bankrupt. Two claims have already been filed with the Receiver and acknowledged by him (TKXX Handel mit Mexx-Produkten GmbH and Wiegandt Handels GmbH). The Receiver refuses to acknowledge one claim filed (Neckermann.de GmbH) and the fourth claim has not been filed yet (SL Spirit GmbH).

Two legal proceedings in France involve debt-collection proceedings. One of the creditors was also declared bankrupt after the declaration of bankruptcy of ME (Melkior SARL); a repayment arrangement was agreed with the other creditor (ULY).

The legal proceedings against Lundiform B.V. and Pedro Almeida Soc. Unipessoal LDA have been stayed under Section 29 of the Dutch Bankruptcy Act.

Finally, ME and MHN are, reportedly, jointly involved in legal proceedings in Switzerland, in which a former director (Mor) has submitted a claim against Mexx. There is no information on this matter and it will be further investigated.

MEP is involved in legal proceedings against Lineasse Tessuti SPA. On the basis of the European Insolvency Regulation, Italian law applies. Italian law provides, as does Dutch law, that the legal proceedings are stayed on account of the bankruptcy of MEP.

Three legal proceedings will be examined in more detail.

Lundiform B.V.

ME has been litigating for years against Lundiform B.V. ME was summoned by Lundiform, which is claiming damages. ME had a bank guarantee of EUR 950,000 provided by ABN AMRO. The matter was – after referral by the Dutch Supreme Court – on the cause list for a hearing of oral arguments on 10 March 2015, but was stayed under Section 29 of the Dutch Bankruptcy Act. The Receiver will take over the legal proceedings. As has been described in the Chapter on Securities, the bank guarantee for the benefit of

Lundiform contains a clause under which the Receiver may institute legal proceedings against Lundiform within four months after it has claimed the guarantee and as a result of this, payment is suspended. The Receiver has made a proposal to Lundiform on how proceed with the lawsuit.

Intershop Communications AG

These legal proceedings involve a claim of Intershop Communications AG against ME and a counterclaim of EUR 331,000. The legal proceedings are at an advanced stage. The Receiver is currently examining the case file in order to determine the next step.

ING Bank N.V.

These legal proceedings of ME involve a claim against ING Bank N.V. in connection with too much interest charged, i.e. an amount of approximately EUR 5m. The Amsterdam District Court stayed the legal proceedings in connection with the bankruptcy of ME. The legal proceedings have currently been brought before the court by ING in order to give the Receiver the opportunity to take over the legal proceedings. The Receiver has since notified the court that he is acting as legal counsel in this case.

FORT

10. OTHER

10.1 Period required for Completion of the Bankruptcy Proceedings

Not yet known

10.2 Action Plan

Issues which require immediate attention still regularly present themselves. It is anticipated that their intensity will gradually decrease.

The liquidation has not yet been completed. The Receiver will primarily focus on debt collection, sale of stocks and safeguarding counter guarantees.

Consultations will be held with suppliers and creditors on the correct determination of their rights. Further investigation will be carried out into the causes of the bankruptcy and illegalities, if any.

10.3 Filing of the Next Report

In three months' time.

Prepared, signed and filed with the Registry of the Amsterdam District Court on 18 March 2015.

F. Kemp
Receiver