

CANADA
PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL

No.: 500-11-052159-171

SUPERIOR COURT
(Commercial Division)

IN THE MATTER OF THE NOTICE OF INTENTION
TO MAKE A PROPOSAL OF:

BCBG Max Azria Canada Inc.

Debtor / Petitioner

-and-

Deloitte Restructuring Inc.

Trustee

APPLICATION FOR EXTENSION OF TIME TO FILE A PROPOSAL
(Section 50.4(9) of the *Bankruptcy and Insolvency Act*,
RSC 1985, c B-3, as amended)

TO ONE OF THE HONOURABLE JUDGES OR TO THE REGISTRAR OF THE
SUPERIOR COURT, SITTING IN COMMERCIAL DIVISION IN AND FOR THE
JUDICIAL DISTRICT OF MONTRÉAL, THE PETITIONER RESPECTFULLY SUBMIT
AS FOLLOWS:

I. BACKGROUND

1. The Debtor/Petitioner BCBG Max Azria Canada Inc. ("**BCBG Canada**") is a company governed by the *Canada Business Corporations Act*, RSC 1985, c C-44 and an indirect wholly-owned subsidiary of BCBG Max Azria Global Holdings, LLC ("**BCBG Global Holdings**"), a Delaware corporation.
2. BCBG Canada is the Canadian operating entity of the BCBG Max Azria group of companies (the "**BCBG Group**"), a fashion design, wholesale and retail conglomerate founded in 1989 and headquartered in California. The BCBG Group has retail operations across the United States, Europe, Japan and Canada.
3. As of the date of the NOI (as defined below), BCBG Canada operated its retail business from a total of 51 retail and factory stores in Québec, Ontario, British Columbia, Alberta, Manitoba and Nova Scotia (the "**Stores**"). In addition, it operates 17 licensed departments within Hudson's Bay Company ("**HBC**") retail locations in Canada (the "**Partner Shops**").

4. On February 28, 2017, BCBG Global Holdings and certain of its United States affiliates commenced proceedings under Chapter 11 of the Bankruptcy Code (the “**Chapter 11 Proceedings**”) before the United States Bankruptcy Court for the Southern District of New York.
5. On March 1, 2017, BCBG Canada filed a Notice of intention to make a proposal (“**NOI**”) under the relevant provisions of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3 (“**BIA**”) and Deloitte Restructuring Inc. was appointed as trustee thereto (the “**Trustee**”), the whole as appears from Court Record.
6. On March 3, 2017, at BCBG Canada’s request, the Honourable David R. Collier, JSC, granted the *Order approving a DIP Financing and DIP Charge, an Administration Charge, a D&O Charge, a Consulting Agreement and Sale Guidelines and granting ancillary relief* (the “**First Order**”), as appears from Court record.
7. Following the granting of the First Order, BCBG Canada, with the assistance of its consultant, a joint venture composed of Gordon Brothers Canada ULC and Merchant Retail Solutions, ULC, began the liquidation sale of all of its inventory and furnishings, fixtures and equipment located at the Stores (the “**Sale**”).
8. Also, BCBG Canada, with the assistance of A&G Realty Partners, LLC, put in place a solicitation process in respect of its interest in the Store leases (the “**Leases**”) for the benefit of its stakeholders.
9. On March 20, 2017, a document summarizing the opportunity including a list of Leases (the “**Teaser**”) and other relevant information, including the sale process and form of confidentiality agreement for potential bidders, was posted on the Trustee’s website. The Broker also circulated the Teaser to approximately 350 potential purchasers which it had identified.
10. Any interested party that desired to make a bid in respect of the sale and/or assignment on any one or more of the leases was to deliver its bid to the Trustee and the Company no later than April 5, 2017 (the “**Final Bid Deadline**”).
11. On March 29, 2017, Registrar Bégin of this Court granted an order extending the time to file a proposal to May 15, 2017, as appears from Court record.
12. On May 12, 2017, Registrar Flamand of this Court granted a second order extending the time to file a proposal to June 29, 2017, as appears from Court record.
13. BCBG Canada, with the assistance of its consultant, completed the Sale on or about May 31, 2017.
14. As no interested party made a bid in respect of the Leases by the Final Bid Deadline, BCBG Canada subsequently disclaimed all Leases and, by May 31, 2017, all disclaimers had become effective.

15. In parallel, BCBG Canada has continued to operate the Partner Shop business in the ordinary course since the date of the NOI.

II. SALES PROCESS – PARTNER SHOPS

16. On March 28, 2017, an order was granted in connection with the Chapter 11 Proceedings approving a sale and solicitation process (the “**Sale Process**”) for the assets of the BCBG Group including the Partner Shop business, as well as the assets relating thereto (the “**Canadian Assets**”). The BCBG Group retained the services of Jefferies, LLC to run the Sale Process.
17. As appears from the Disclosure Statement dated June 14, 2017 filed in connection with the Chapter 11 Proceedings, of which relevant excerpts are filed in support hereof as **Exhibit P-1**, the deadline for submitting a bid in connection with the Sale Process was May 19, 2017, by which date several bids were received.
18. Further to negotiations and subject to the approval of this Court, on June 9, 2017, certain debtors in the Chapter 11 Proceedings, BCBG Canada and certain of their affiliates (collectively, the “**Sellers**”), entered into an asset purchase agreement with GBG USA Inc. with respect to the sale and purchase of certain of the Sellers’ assets as described therein, including the Partner Shop business and certain assets relating thereto (the “**Sale Transaction**”). On the same date, certain Sellers other than BCBG Canada also entered into a second asset purchase agreement with respect to the sale of certain intellectual property assets of the BCBG Group (the “**IP Transaction**”).
19. It is anticipated that the Sale Transaction will close on or about July 31, 2017. There are a number of conditions precedent to the closing of the Sale Transaction, including that this Court issue an approval and vesting order in respect of the sale of the Canadian Assets pursuant to the Sale Transaction (the “**Vesting Order**”), and that the relevant orders and approvals be obtained in connection with the Chapter 11 Proceedings. The closings of both the Sale Transaction and the IP Transaction are also dependent on one another.
20. BCBG Canada expects to return before this Honourable Court to present an application seeking the Vesting Order in the coming weeks.

III. EXTENSION REQUEST

21. While BCBG Canada, its advisors, including its Chief Canadian Restructuring Advisor (the “**CCRA**”), and the Trustee are considering the various matters with respect to the elaboration of a proposal to BCBG Canada’s creditors (a “**Proposal**”), it will only be possible to substantially advance the process once the Sale Transaction is consummated.
22. The time limit for the filing of a Proposal under subsection 50.4(9) of the BIA is currently set to expire on June 29, 2017.

23. BCBG Canada requires additional time to accomplish *inter alia* the following steps:
 - (a) Consummate the Sale Transaction, including to prepare and present the Vesting Order Application; and
 - (b) Work toward formulating a Proposal.
24. BCBG Canada has continued to pay suppliers, employees and other creditors for sums due from the date of the NOI in the ordinary course of business and intends to continue doing so.

IV. CONCLUSION

25. Accordingly, BCBG Canada hereby respectfully requests that this Court extend the time period to make a proposal to August 11, 2017 (the “**Extension Date**”), pursuant to subsection 50.4(9) of the BIA.
26. BCBG Canada’s cash flow is sufficient to continue operations up to and until the Extension Date, as appears from the Trustee’s Report to be filed with the Court on or about the date hereof.
27. In BCBG Canada’s opinion, no creditor will be materially prejudiced by an extension.
28. The present Application is supported by the Trustee.
29. BCBG Canada has acted and continues to act in good faith and with due diligence to make a proposal to its creditors.

FOR THESE REASONS, MAY IT PLEASE THIS HONOURABLE COURT TO:

1. **GRANT** the present Application for extension of time to file a proposal (the “**Application**”);
2. **EXTEND** the time period within which the Debtor/Petitioner may file a proposal under the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3 to August 11, 2017;
3. **REQUEST** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States of America, to give effect to the order to be rendered pursuant to the Application and to assist the Debtor/Petitioner, the Trustee and their respective agents in carrying out the terms of this Order.
4. **ORDER** the provisional execution of the order to be rendered on the present Application notwithstanding appeal and without security.

THE WHOLE WITHOUT COSTS, save in the event of contestation.

MONTRÉAL, June 23, 2017

Osler, Hoskin & Harcourt LLP

OSLER, HOSKIN & HARCOURT LLP

Attorneys for the Debtor / Petitioner

AFFIDAVIT

I the undersigned, Naveed Z. Manzoor, domiciled for the purpose hereof at 6 Adelaide Street East, Suite 220, Toronto, Ontario, M5C 1H6, solemnly declare the following:

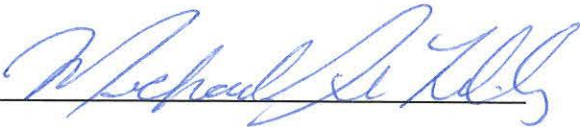
1. I am the Chief Canadian Restructuring Advisor of the Debtor/Petitioner BCBG Max Azria Canada Inc. and a duly authorized representative of the Debtor/Petitioner for the purposes hereof;
2. I have taken cognizance of the attached Application for extension of time to file a proposal (the "**Application**");
3. The facts alleged in the Application are true or, where I rely on information received from others, I verily believe the facts alleged in the Application to be true.

AND I HAVE SIGNED:



Naveed Z. Manzoor

SOLEMNLY DECLARED BEFORE
ME IN TORONTO, ONTARIO, ON
JUNE 23, 2017.



NOTICE OF PRESENTATION

TO: **SERVICE LIST**

TAKE NOTICE that the Application for extension of time to file a proposal will be presented for hearing and allowance in the Superior Court (Commercial Division), in room 16.10 of the Montréal Courthouse, 1 Notre-Dame Street East, Montréal, Québec, H2Y 1B6, on June 28, 2017, at 8:45 a.m., or so soon thereafter as counsel may be heard.

MONTRÉAL, June 23, 2017

Osler, Hoskin & Harcourt LLP
OSLER, HOSKIN & HARCOURT LLP
Attorneys for the Debtor / Petitioner

**CANADA
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Trustee

LIST OF EXHIBIT

P-1 Excerpts from the Disclosure Statement dated June 14, 2017 filed in connection with the Chapter 11 Proceedings

MONTRÉAL, June 23, 2017

Osler, Hoskin & Harcourt LLP
OSLER, HOSKIN & HARCOURT LLP
Attorneys for the Debtor / Petitioner

EXHIBIT P-1

**EXCERPTS FROM THE DISCLOSURE STATEMENT DATED JUNE 14, 2017 FILED
IN CONNECTION WITH THE CHAPTER 11 PROCEEDING**

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:)	Chapter 11
BCBG MAX AZRIA GLOBAL HOLDINGS, LLC, <i>et al.</i> , ¹)	Case No. 17-10466 (SCC)
Debtors.)	(Jointly Administered)

**DISCLOSURE STATEMENT RELATING
TO THE AMENDED JOINT PLAN OF REORGANIZATION OF
BCBG MAX AZRIA GLOBAL HOLDINGS, LLC AND ITS DEBTOR
AFFILIATES PURSUANT TO CHAPTER 11 OF THE BANKRUPTCY CODE**

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Counsel to the Debtors and Debtors in Possession

Dated: June 14, 2017

THIS IS NOT A SOLICITATION OF AN ACCEPTANCE OR REJECTION OF THE PLAN. ACCEPTANCES OR REJECTIONS MAY NOT BE SOLICITED UNTIL THIS DISCLOSURE STATEMENT HAS BEEN APPROVED BY THE COURT. THIS DISCLOSURE STATEMENT IS BEING SUBMITTED FOR APPROVAL BUT HAS NOT BEEN APPROVED BY THE COURT. THE INFORMATION IN THIS DISCLOSURE STATEMENT IS SUBJECT TO CHANGE. THIS DISCLOSURE STATEMENT IS NOT AN OFFER TO SELL ANY SECURITIES AND IS NOT SOLICITING AN OFFER TO BUY ANY SECURITIES.

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, include: BCBG Max Azria Global Holdings, LLC (6857); BCBG Max Azria Group, LLC (5942); BCBG Max Azria Intermediate Holdings, LLC (3673); Max Rave, LLC (9200); and MLA Multibrand Holdings, LLC (3854). The location of the Debtors' service address is: 2761 Fruitland Avenue, Vernon, California 90058.

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EXHIBITS

EXHIBIT A Plan of Reorganization

EXHIBIT B Liquidation Analysis

I. INTRODUCTION

BCBG Max Azria Global Holdings, LLC and its debtor affiliates, as debtors and debtors in possession (collectively, the “Debtors”), submit this disclosure statement (this “Disclosure Statement”), pursuant to section 1125 of the Bankruptcy Code, to holders of Claims against and Interests in the Debtors in connection with the solicitation of votes for acceptance of the *Amended Joint Plan of Reorganization of BCBG Max Azria Global Holdings, LLC and Its Debtor Affiliates Pursuant to Chapter 11 of the Bankruptcy Code* [Docket No. •], dated June 14, 2017 (as amended, supplemented, or modified from time to time, the “Plan”).¹ A copy of the Plan is attached hereto as **Exhibit A** and incorporated herein by reference. The Plan constitutes a separate chapter 11 plan for each of the other Debtors. The rules of interpretation set forth in Article I.B of the Plan govern the interpretation of this Disclosure Statement.

THE DEBTORS BELIEVE THAT THE COMPROMISES CONTEMPLATED IN THE PLAN ARE FAIR AND EQUITABLE, MAXIMIZE THE VALUE OF THE DEBTORS’ ESTATES, AND PROVIDE THE BEST RECOVERY TO STAKEHOLDERS UNDER THE CIRCUMSTANCES. THE DEBTORS BELIEVE THE PLAN REPRESENTS THE BEST AVAILABLE OPTION FOR COMPLETING THE CHAPTER 11 CASES. THE DEBTORS RECOMMEND THAT YOU VOTE TO ACCEPT THE PLAN.

II. PRELIMINARY STATEMENT

BCBG—an acronym for the French phrase “*bon chic, bon genre*,” meaning “good style, good attitude”—was founded by Max Azria in Los Angeles, California in 1989. Over the course of the next three decades, BCBG grew to well over 550 stores spread across the United States, Canada, Europe, and Japan, becoming a well-known and respected name in high-end women’s apparel and accessories. Unfortunately, like many other apparel and retail companies, BCBG has fallen victim in recent years to adverse macro-trends, including a general shift away from brick-and-mortar to online retail channels, a shift in consumer demographics away from branded apparel, and expensive leases. And as operating conditions in the apparel industry became more challenging generally, certain of BCBG’s operational issues came into sharper focus, including a cost structure misaligned with market realities, a lagging online presence, an overextended physical store footprint, an unexploited intellectual property portfolio, and an under-developed wholesaling division. These factors directly affected BCBG’s sales and operations, with consolidated net sales declining over 20 percent since fiscal year 2014 from \$785 million to approximately \$615 million in the most recent fiscal year.

Before the commencement of their chapter 11 cases, the Debtors commenced a marketing process. The Bankruptcy Court subsequently approved procedures and a process for the Debtors to market and potentially sell equity interests or assets pursuant to a chapter 11 plan. As part of this process, the Debtors reached out to more than 130 potentially interested parties. The Debtors received several non-binding indications of interest in April 2017. Final bids were received (and due) on May 19, 2017, the bid deadline. The Debtors did not receive bids to acquire their equity interests, as contemplated in the bidding procedures, but instead received bids from potential acquirers of intellectual property and certain inventory.

After reviewing the bids and engaging in further conversations with certain bidders, the Debtors determined to engage with Marquee Brands, LLC (the IPCo Purchaser) and GBG USA Inc. (the OpCo Purchaser) to document a series of Restructuring Transactions that could be implemented through the

¹ Capitalized terms used but not otherwise defined in this Disclosure Statement shall have the meaning ascribed to such terms in the Plan.

Plan. While engaging in these negotiations, the Debtors received a series of non-binding indications of interest from other interested parties. After reaching agreement on the terms of a comprehensive Restructuring Transaction with the IPCo Purchaser and OpCo Purchaser, the Debtors' board of managers authorized entry into the Asset Purchase Agreements on June 9, 2017. In connection with entry into the Asset Purchase Agreements, the Debtors, the IPCo Purchaser, the OpCo Purchaser, and Allerton Funding, LLC ("Allerton Funding"), the Holder of 100 percent of the Term Loan New Tranche A Claims, entered into a Plan Support Agreement.

Subject to rights of termination, including in connection with the Debtors' exercise of their fiduciary obligations, the Plan Support Agreement provides the foundation for the Plan and implementation of the Sale Transaction. The Plan Support Agreement provides for an expense reimbursement of up to \$345,000 and a breakup fee of \$3.18 million (less any amounts paid pursuant to the expense reimbursement), and the Debtors agreed not to solicit, facilitate, or enter into an alternative transaction to the Sale Transaction. Following entry of an order approving the Disclosure Statement, the Plan Support Agreement contemplates that Allerton Funding will vote in favor of the Plan and will vote against any alternative plan unless such plan provides Allerton Funding with at least \$30 million in cash on the effective date and a greater overall recovery. Notably, after entry of an order approving the Disclosure Statement, except in limited circumstances, the termination of the Plan Support Agreement by one party will not terminate the agreement as to the other parties.

The Sale Transaction embodied in the Plan includes three main components: (i) the IPCo Purchaser will purchase the Debtors' intellectual property and certain other assets pursuant to the IPCo Purchase Agreement; (ii) the OpCo Purchaser will purchase certain businesses and related assets, including up to 22 of the Debtors' existing retail store locations, up to all of the Debtors' existing partnerships, including certain Canadian operating locations, the Debtors' existing wholesale business, the Debtors' existing ecommerce business, and inventory and purchase orders corresponding with the foregoing pursuant to the OpCo Purchase Agreement; and (iii) the Debtors or Post-Effective Date Debtors, as applicable, will liquidate and wind down the stores and assets not purchased by the OpCo Purchaser, including the Store Closing Sales with the assistance of the Store Closing Agent. In addition, the IPCo Purchaser and the OpCo Purchaser have entered into or will enter into separate agreements, which the Debtors are not and will not be a party to, pursuant to which the Debtors understand that the IPCo Purchaser will license the acquired intellectual property assets to the OpCo Purchaser for use in the operation of the go-forward business, and that the IPCo Purchaser will receive a royalty payment in exchange.

The core terms of the sale transaction are as follows:

- A cash purchase price of \$106 million paid by the IPCo Purchaser in exchange for the Debtors' intellectual property, including certain related contracts and certain specified assets, plus the payment of certain cure amounts related to assumed contracts.
- A cash purchase price of \$23 million paid by the OpCo Purchaser in exchange for certain inventory, contracts, and other assets related to the Debtors' wholesale, e-commerce, partnership, and retail business (including up to 22 standalone retail store locations), plus the assumption of certain liabilities and payment of certain cure amounts related to assumed contracts.
- An agreement from the IPCo Purchaser to provide Allerton Funding a junior royalty share interest in cash flow from the IPCo Purchaser's use of the purchased intellectual property, the terms of which are set forth in a Royalty Sharing Agreement.

VII. MATERIAL DEVELOPMENTS AND ANTICIPATED EVENTS OF THE CHAPTER 11 CASES

A. First Day Relief

On the Petition Date, along with their voluntary petitions for relief under chapter 11 of the Bankruptcy Code (the “Petitions”), the Debtors filed several motions (the “First Day Motions”) designed to facilitate the administration of the Chapter 11 Cases and minimize disruption to the Debtors’ operations, by, among other things, easing the strain on the Debtors’ relationships with employees, vendors, and customers following the commencement of the Chapter 11 Cases. A brief description of each of the First Day Motions and the evidence in support thereof is set forth in the *Declaration of Holly Felder Etlin, Chief Restructuring Officer of BCBG Max Azria Global Holding, LLC (I) in Support of Debtors’ Chapter 11 Petitions and First Day Motions and (II) Pursuant to Local Bankruptcy Rule 1007-2* [Docket No. 3], filed on March 1, 2017.

The First Day Motions, the First Day Declaration, and all orders for relief granted in the Chapter 11 Cases, can be viewed free of charge at <https://www.donlinrecano.com/bcbg>.

B. Other Procedural and Administrative Motions

The Debtors also filed several other motions subsequent to the Petition Date to further facilitate the smooth and efficient administration of the Chapter 11 Cases and reduce the administrative burdens associated therewith, including:

- Ordinary Course Professionals Motion. On March 14, 2017, the Debtors filed the Motion of BCBG Max Azria Global Holdings, LLC, et al., for Entry of an Order Authorizing the Retention and Compensation of Certain Professionals Utilized in the Ordinary Course of Business [Docket No. 145] (the “OCP Motion”). The OCP Motion seeks to establish procedures for the retention and compensation of certain professionals utilized by the Debtors in the ordinary course operation of their businesses. On March 28, 2017, the Bankruptcy Court entered an order granting the OCP Motion [Docket No. 236].
- Retention Applications. On March 14, 2017, the Debtors filed a number of applications seeking to retain certain professionals postpetition pursuant to sections 327 and 328 of the Bankruptcy Code, including Kirkland & Ellis, LLP, Jefferies LLC as financial advisor, AlixPartners, LLP as restructuring advisor, and A&G Realty Partners, LLC as real estate consultant (collectively, the “Retention Applications”). On March 28, 2017, the Bankruptcy Court approved each of the Retention Applications. The foregoing professionals are, in part, responsible for the administration of the Chapter 11 Cases. The postpetition compensation of all of the Debtors’ professionals retained pursuant to sections 327 and 328 of the Bankruptcy Code is subject to the approval of the Bankruptcy Court.

C. Final Approval of Debtor-in-Possession Financing

On March 28, 2017, the Bankruptcy Court entered an order approving the Debtors’ proposed debtor-in-possession financing (the “DIP Financing”) on a final basis [Docket No. 228]. The Debtors resolved all formal and informal objections before the hearing to consider approval of the DIP Financing on a final basis. Under the term loan component of the the DIP Financing, the Tranche A lenders and the Tranche B lenders funded an \$80 million junior debtor-in-possession facility, which includes \$45 million in new money commitments. The Tranche A lenders funded \$4.8 million of new money financing, while

their \$35 million in outstanding Tranche A loans were converted to DIP Claims. The Tranche B lenders funded the remaining \$40.2 million of the new money financing. As part of the DIP Financing, the ABL Lenders also agreed to continue to lend money on terms similar to those under the ABL Facility, while prepetition claims under the ABL Facility were converted to DIP Claims.

The Debtors anticipate that as of the Effective Date, the aggregate outstanding Allowed DIP Claims will total approximately \$125 million, including approximately \$82.2 million under the DIP Term Loan Credit Agreement (including exit fees) and \$42.4 million under the DIP ABL Credit Agreement. Under the Plan, in full and final satisfaction, compromise, settlement, release, and discharge of, and in exchange for, each Allowed DIP Claim, each such holder of an Allowed DIP Claim shall receive payment in full in Cash of such holder's Allowed DIP Claim or such other treatment as agreed by such holder in such holder's sole discretion.

D. Schedules and Statements

On April 13, 2017, the Debtors filed their Schedules of Assets and Liabilities and Statement of Financial Affairs [Docket Nos. 296–306].

E. Appointment of Official Committee

On March 9, 2017, the U.S. Trustee filed the *Notice of Appointment of Official Committee of Unsecured Creditors* [Docket No. 103], notifying parties in interest that the U.S. Trustee had appointed a statutory committee of unsecured creditors (the "Committee") in the Chapter 11 Cases. The Committee is currently composed of the following members: Silverreed (Hong Kong) Ltd., Dada Trading Co. Ltd., Cuddy Global Ltd., Pepperjam, LLC, Simon Property Group Inc., GGP Limited Partnership, and Gardenia Zuniga-Haro. The Committee has retained Pachulski Stang Ziehl & Jones LLP as its legal counsel and Zolfo Cooper, LLP as its financial advisor.

F. Litigation Matters

In the ordinary course of business, the Debtors are parties to certain lawsuits, legal proceedings, collection proceedings, and claims arising out of their business operations. The Debtors cannot predict with certainty the outcome of these lawsuits, legal proceedings, and claims.

With certain exceptions, the filing of the Chapter 11 Cases operates as a stay with respect to the commencement or continuation of litigation against the Debtors that was or could have been commenced before the commencement of the Chapter 11 Cases. In addition, the Debtors' liability with respect to litigation stayed by the commencement of the Chapter 11 Cases generally is subject to discharge, settlement, and release upon confirmation of a plan under chapter 11, with certain exceptions. Therefore, certain litigation Claims against the Debtors may be subject to discharge in connection with the Chapter 11 Cases.

G. Rejection and Assumption of Executory Contracts and Unexpired Leases

Prior to the Petition Date and in the ordinary course of business, the Debtors entered into over one thousand Executory Contracts and Unexpired Leases. The Debtors, with the assistance of their advisors, have reviewed and will continue to review the Executory Contracts and Unexpired Leases to identify contracts and leases to either assume or reject pursuant to sections 365 or 1123 of the Bankruptcy Code. The Debtors intend to include information in the Plan Supplement regarding the assumption or rejection of the remainder of their Executory Contracts and Unexpired Leases, but may also elect to assume or reject various of the Debtors' Executory Contracts and Unexpired Leases before such time. Indeed, on March 28, 2017, the Bankruptcy Court entered an order approving procedures for the assumption or

rejection of Executory Contracts and Unexpired Leases [Docket No. 243]. Pursuant to the approved procedures, the Debtors have rejected approximately 125 Executory Contracts and Unexpired Leases as of the date hereof.

Additionally, on March 14, 2017, the Debtors filed a motion seeking, among other things, authority to reject the employment agreement by and between Debtor BCBG Max Azria Group, LLC and Lubov Azria [Docket No. 137]. Mrs. Azria (together with her husband Max Azria) subsequently filed an objection to the motion and a separate adversary complaint seeking a declaration that her employment agreement forms part of a single, integrated contract along with certain other documents related to a February 2015 restructuring transaction consummated between the Debtors, certain of their secured lenders, and certain related parties. On April 25, 2017, the Bankruptcy Court entered summary judgment in favor of the Debtors, authorizing them to reject Mrs. Azria's employment agreement. Mr. and Mrs. Azria subsequently appealed the Bankruptcy Court's ruling, which appeal remains outstanding.

Although their analysis is ongoing, the Debtors currently estimate that the aggregate amount of Claims on account of rejection of Executory Contracts and Unexpired Leases may be significant.

H. Independent Investigation

Beginning prepetition and continuing postpetition, the Independent Managers are conducting an independent investigation into all claims and causes of action held by the Debtors' estates. In connection with this investigation and the review of claims or causes of action, if any, against the Debtors' secured lenders, Kirkland & Ellis, LLP, at the direction of the Independent Managers, reviewed over 100,000 pages of documents and conducted interviews with eight individuals, including the members of the Debtors' senior management team and certain individuals associated with the Debtors' secured lenders. The Independent Managers ultimately determined that no colorable claims or causes of action exist against the Debtors' secured lenders and agreed to approve the Debtors' stipulations included in the DIP Order as to the extent and validity of the Debtors' secured lenders' prepetition claims and liens. The Independent Managers' investigation into estate claims and causes of action against parties (other than the Debtors' secured lenders) remains ongoing.

The definition of "Released Parties" under the Plan does not include Max Azria or Lubov Azria, or any entity directly or indirectly owned or controlled by Max Azria or Lubov Azria, in any capacity, including as direct or indirect holders of Global Holdings Interests. Those Claims will be controlled by the Post-Effective Date Debtors, through the Plan Administrator. On the Effective Date, any Causes of Action the Debtors or their estates may have against the Azria Parties will vest in the Post-Effective Date Debtors and will be subject to administration by the Plan Administrator.

I. Marketing Process

As described above, the Debtors conducted a marketing process for some or all of their assets or the equity interests in Reorganized Global Holdings. The Debtors, working with their legal and financial advisors in consultation with representatives of the Committee and their secured lenders, contacted more than 100 potentially interested parties, including both financial and strategic counterparties. More than 65 such interested parties ultimately executed non-disclosure agreements for purposes of accessing a data room established in connection with the marketing and Auction process. Each of these parties were also provided "teaser" materials and a process letter.

Under the Bidding Procedures approved by the Bankruptcy Court, the deadline for interested parties to submit non-binding indications of interest was April 7, 2017. The Debtors received a number of non-binding indications of interest. The deadline for interested parties to submit Qualified Bids to participate in the auction was May 19, 2017. The Debtors' marketing efforts were ultimately successful,

resulting in several proposals from interested parties. For several weeks after the May 19, 2017 bid deadline, the Debtors engaged in near-continuous negotiations regarding a potential transaction that would preserve the Debtors' business as a going concern. In addition, and in accordance with the terms of the Bidding Procedures Order, the Debtors agreed to provide two different potentially interested parties with "work fees" to facilitate the competitive process and attempt to reach definitive agreements. After significant back and forth and deliberation by the Debtors' board, including a review and consideration of two different indications of interest received on June 6 and June 7, the Debtors reached agreements with the IPCo Purchaser, the OpCo Purchaser, and the holder of the Term Loan New Tranche A Claims on the terms of a comprehensive restructuring of the Debtors' business, including the Sale Transaction and the terms of the Plan.

J. Sale Transaction, the Post-Effective Date Debtors, and Wind Down

The Sale Transaction is comprised of three main components: (i) the IPCo Purchaser will purchase the Debtors' intellectual property and certain other assets; (ii) the OpCo Purchaser will purchase certain operations-related assets, including assuming up to 22 of the Debtors' existing retail store locations, up to all of the Debtors' existing partnerships, the Debtors' existing wholesale business, the Debtors' existing ecommerce business, and inventory and certain related assets corresponding with each of the foregoing; and (iii) the Debtors or Post-Effective Date Debtors, as applicable, will liquidate the remaining inventory, and certain other remaining assets, and close the stores that are not being assumed by OpCo Purchaser.

The implied value of these transactions is approximately \$165 million (excluding the contingent consideration to be provided to Allerton Funding, as described below). More specifically, the major components of the Debtors' restructuring include the following:

- A cash purchase price of \$106 million paid by the IPCo Purchaser in exchange for the Debtors' intellectual property, including certain related contracts and certain specified assets plus payment of certain cure amounts related to assumed contracts.
- A cash purchase price of \$23 million paid by the OpCo Purchaser in exchange for certain inventory, contracts, and other assets related to the Debtors' wholesale, e-commerce, partnership, and retail business (including up to 22 standalone retail store locations) plus the assumption of certain liabilities and payment of certain cure amounts related to assumed contracts. The OpCo Purchaser has not agreed to assume gift card-related liability. Any such Claims, which are unsecured claims subject to the Bar Date, will be afforded treatment contemplated under the Plan to the extent such claims were properly and timely filed.
- An agreement from the IPCo Purchaser to provide the holder of the Term Loan New Tranche A Claims a junior royalty share interest in proceeds from the IPCo Purchaser's use of the purchased intellectual property, the terms of which are set forth in a Royalty Sharing Agreement.

In connection with entering into the Asset Purchase Agreements, the the Debtors, the Purchasers, and Allerton Funding also entered into that certain Plan Support Agreement, dated as of June 9, 2017, whereby the parties, including the Debtors, agreed to support the Plan and abide by certain terms and conditions set forth therein. Importantly, the Debtors' obligations are qualified in their entirety by paragraph 13 of the Plan Support Agreement, which provides:

Notwithstanding anything to the contrary herein, nothing in this Agreement shall require any [Debtor] or the board of directors, board of

managers, directors, managers, or officers or any other fiduciary of any [Debtor] to take any action, or to refrain from taking any action, to the extent inconsistent with its or their fiduciary obligations under applicable law.

Further, paragraph 9(d) of the Plan Support Agreement provides that the Debtors may terminate the Plan Support Agreement in “the exercise by any [Debtor] of its fiduciary obligations.” The Plan Support Agreement and the accompanying asset purchase agreements are the direct result of a competitive marketing process and arm’s-length negotiations, and the Debtors believe that entry into the Plan Support Agreement and consummation of the Sale Transaction through the Plan is the best alternative presently available to the Debtors and their estates.

The Debtors will continue in existence after the Effective Date as the Post-Effective Date Debtors for purposes of (1) winding down the Debtors’ businesses and affairs as expeditiously as reasonably possible and liquidating any assets held by the Post-Effective Date Debtors after the Effective Date and after consummation of the Sale Transaction, (2) consummation of the Store Closing Sales, (3) resolving any Disputed Claims, (4) paying Allowed Claims, (5) enforcing and prosecuting claims, interests, rights, and privileges under any Causes of Action not previously settled, released, discharged, enjoined or exculpated under the Plan in an efficacious manner and only to the extent the benefits of such enforcement or prosecution are reasonably believed to outweigh the costs associated therewith, (6) filing appropriate tax returns, and (7) administering the Plan in an efficacious manner. A Plan Administrator will be appointed to implement the Plan and wind down the businesses and affairs of the Debtors and the Post-Effective Date Debtors, as applicable.

The Sale Transaction Cash Proceeds are equal to \$129 million (less the Canadian Sale Transaction Proceeds) plus up to \$2.5 million in cash to satisfy certain cure amounts for contracts assumed by the Purchasers. Additionally the Debtors will have Cash on hand as of the effective date other than the Sale Transaction Cash Proceeds. Specifically, the Debtors project that they will realize approximately \$14 million on accounts receivable collected before or as soon as is reasonably practicable after the Effective Date and approximately \$15 million on account of the Store Closing Sales. The Debtors’ ability to satisfy administrative and priority claims in accordance with the Plan depends on the Debtors’ ability to realize the anticipated proceeds from accounts receivable within the Debtors’ anticipated timing for doing so. Such realization and timing is uncertain, and the Debtors’ inability to meet such anticipated collection could materially impact the Debtors’ ability to satisfy such administrative and priority claims. Notwithstanding the collection risk associated with the AR, the Debtors believe the Debtors believe that the Sale Transaction Cash Proceeds together with the other cash proceeds and other Cash on hand will be sufficient to pay all administration and priority claims outstanding as of the Effective Date in full in cash in accordance with the Plan, including all DIP Claims. Therefore, the Debtors believe that the Plan is confirmable.

K. Chubb Insurance Obligations

Federal Insurance Company (including its division Chubb & Sons) believes that the Plan and this Disclosure Statement should clarify that notwithstanding anything to the contrary in the Disclosure Statement, the Plan, the Plan Supplement, the Confirmation Order, the New ABL Documents, any bar date notice or claim objection, any other document related to any of the foregoing or any other order of the Bankruptcy Court (including, without limitation, any other provision that purports to be preemptory or supervening, grants an injunction or release, confers Bankruptcy Court jurisdiction, or requires a party to opt out of any releases): (a) each of the Insurance Contracts is treated as an Executory Contract under the Plan; (b) on the Effective Date the Post-Effective Date Debtors jointly and severally shall be deemed to have assumed the Insurance Contracts in their entirety pursuant to sections 105 and 365 of the Bankruptcy Code; (c) on the Effective Date, such Insurance Contracts shall revert in the Post-Effective Date Debtors;

No.: 500-11-052159-171

**SUPERIOR COURT
(Commercial Division)
DISTRICT OF MONTRÉAL**

**IN THE MATTER OF THE NOTICE OF
INTENTION TO MAKE A PROPOSAL OF:**

BCBG MAX AZRIA CANADA INC.

Debtors/Petitioners

-and-

DELOITTE RESTRUCTURING INC.

Trustee

**APPLICATION FOR EXTENSION OF TIME TO FILE A
PROPOSAL, AFFIDAVIT, NOTICE OF
PRESENTATION, LIST OF EXHIBIT, EXHIBIT P-1**

COPY

Code : BO 0323

o/f: 1179263

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