

C A N A D A
PROVINCE OF QUEBEC
DISTRICT OF MONTREAL
COURT. No.: 500-11-052159-171
ESTATE. No.: 41-2223474

S U P E R I O U R C O U R T
Commercial Division

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

BCBG MAX AZRIA CANADA INC., a legal person,
duly constituted under the *Canada Business
Corporations Act*, having its registered office at 1000
De La Gauchetière Street West, suite 2100, Montreal,
Quebec, H3B 4W5

Debtor

– and –

DELOITTE RESTRUCTURING INC.
(Martin Franco, CPA, CA, CIRP, LIT designated person
in charge), having a place of business at 1190
Avenue des Canadiens-de-Montréal, suite 500,
Montreal, Quebec, H3B 0M7

Trustee

**REPORT OF THE TRUSTEE ON THE MONITORING OF THE DEBTOR'S BUSINESS
AND FINANCIAL AFFAIRS**

(Subparagraph 50.4(7)(b)(ii) and Subsection 50.4(9) of the BIA)

I, the undersigned, Martin Franco, CPA, CA, CIRP, LIT, with the firm of Deloitte Restructuring Inc., Trustee acting in the matter of the Notice of intention to make a proposal ("**NOI**") of BCBG Max Azria Canada Inc. ("**BCBG Canada**", the "**Debtor**", or the "**Company**"), the Debtor, am hereby reporting my principal observations regarding the Debtor's business and financial affairs to the Court pursuant to Subparagraph 50.4(7)(b)(ii) of the *Bankruptcy and Insolvency Act* ("**BIA**").

1. The above-mentioned Debtor filed a NOI on March 1, 2017.
2. On March 3, 2017, the Honourable David R. Collier, JSC, granted the Order approving a DIP Financing and a 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.
3. In preparing this second report ("**Second Report**"), the Trustee has relied upon unaudited financial information, BCBG Canada's records and its discussion with the management of BCBG Canada (the "**Management**"), the chief Canadian restructuring advisor ("**CCRA**") and their advisors. While the Trustee has reviewed the information, he has not performed an audit or otherwise verified such information.
4. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars. Capitalized terms not defined in this Second Report are as defined in the First Application, in the First Report or in the Canadian Forbearance Agreement.

BCBG Max Azria Canada Inc.

REPORT OF THE TRUSTEE

March 27, 2017

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5. BCBG Canada is an indirect wholly owned subsidiary of BCBG Max Azria Global Holdings, LLC ("**BCBG Global Holdings**"), a Delaware corporation, and the Canadian operating entity of the BCBG Max Azria group of companies ("**BCBG Group**"), a fashion design, wholesale and retail conglomerate specializing in women's apparel and accessories founded in 1989 and headquartered in California. The Company currently operates in Canada in 51 retail and factory stores (the "**Stores**") and 17 licensed Partner Shops within Hudson's Bay Company's ("**HBC**") retail locations (the "**Partner Shops**").
6. Matters addressed in this Second Report are as follows:
 - a. Activities of the Trustee;
 - b. Activities of BCBG Canada;
 - c. Cash flow projections;
 - d. Extension of the time limit to file a proposal; and
 - e. Trustee's recommendation.

ACTIVITIES OF THE TRUSTEE

7. On March 2, 2017, in accordance with the NOI, the Trustee mailed, to all of the Debtor's known creditors, a notice informing them of the NOI. A copy of this notice has been posted on the Trustee's website at www.deloitte.com/ca/BCBG so that creditors have access to it and a dedicated email address (montrealrs@deloitte.ca) has been established.
8. The forecast cash flow statement was prepared for the period from February 27 to April 2, 2017, and was submitted to the Official Receiver on March 3, 2017, together with the report by the Debtor and the Trustee's report, pursuant to Subsection 50.4(2) of the BIA.
9. The Trustee has implemented procedures to ensure a weekly monitoring of the receipts and disbursements, with a view of performing comparison and variance analysis against the aforementioned cash flow statement.
10. Since the filing of the NOI, the Trustee has participated in several meetings and conference calls with the Company, the CCRA and their advisors in connection with their restructuring efforts.
11. The Trustee assisted the Debtor in its dealings with a number of suppliers and landlords in order to ensure an uninterrupted flow of goods and services.

ACTIVITIES OF BCBG CANADA

12. On March 3, 2017, pursuant to the First Order, BCBG Canada commenced a liquidation sale of its inventory, furniture, fixture and equipment (the "**Liquidation Sale**") at all 51 Stores, with the assistance of its consultants, Gordon Brothers Canada ULC and Merchant Retail Solutions ULC.
13. The results of the first three weeks of the Liquidation Sale are detailed in paragraph 22. The Liquidation Sale is anticipated to terminate on May 31, 2017.
14. The Company has continued operations at the Partner Shops in the normal course and is assessing, with its advisors and the CCRA, the most beneficial alternative available to the creditors. A decision in connection with the Partner Shops business is expected to be made in the context of the larger restructuring process currently ongoing in respect of BCBG Global Holdings

and certain of its U.S. affiliates in their proceedings under Chapter 11 of the Bankruptcy Code in the United States.

15. In addition, BCBG Canada, with the assistance of the Trustee, implemented a detailed communication plan addressing the information needs of employees.
16. BCBG Canada, with the assistance of the Trustee, has been in communication with suppliers affected by the NOI proceedings and has been successful in maintaining the continued supply of goods and services to its business, either on a cash on delivery basis or negotiated terms.
17. BCBG Canada retained the services of A&G Realty Partners, LLC to assist with the marketing of certain leasehold interests for sale and/or assignment through a lease sale and solicitation process (the "**Lease Sale Process**").
18. On March 20, 2017, a document summarizing the opportunity (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. A&G Realty Partners, LCC sent the Teaser to approximately 350 potential purchasers.
19. The key terms of the Lease Sale Process are as follows:
 - a. Any interested party that desires to make a bid in respect of the sale and/or assignment on any one or more of the leases shall deliver its bid to the Trustee and the Company no later than 5 p.m. (Eastern Daylight Time) on April 5, 2017 (the "**Final Bid Deadline**");
 - b. On or before April 6, 2017, the Trustee or the Company will advise bidders if their bid meets the criteria established by the Company (a "**Qualified Bid**"). If one or more competing Qualified Bids are received for the same Leases, such Qualified Bids shall proceed to an auction to be held on April 7, 2017 (the "**Auction**"); and,
 - c. Following identification of one or more successful bidders and the Company's entry into one or more binding purchase and/or assignment agreements with such bidders, the Company and the Trustee shall seek Court approval of such transactions.

CASH FLOW PROJECTIONS

Period from February 27 to March 19, 2017

20. When the Application for the First Order was filed on March 2, 2017, the Debtor submitted a projected cash flow statement covering the initial 30-day period from February 27 to April 2, 2017 to the Official Receiver.
21. Since the filing of the NOI, the Debtor is paying its suppliers in the ordinary course of business based on negotiated terms or on cash-on-delivery basis. The Debtor advises that it has not incurred significant unpaid liabilities since the filing.
22. Appendix A provides for the comparative cash flow statement for the 3-week period ended March 19, 2017. Net cash flow of approximately \$2.2M for the 3-week period was approximately \$0.5M greater than initially forecasted:
 - a. Total receipts for BCBG Canada were approximately \$5.6M, or approximately \$0.4M less than initially forecasted. This is primarily due to the commencement date of the Liquidation Sale

BCBG Max Azria Canada Inc.

REPORT OF THE TRUSTEE

March 27, 2017

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(March 3 versus forecast of February 27), as well as lower than forecasted sales in the week ended March 19, 2017 due possibly to the weather conditions.

- b. Total disbursements were approximately \$3.4M, or approximately \$0.9M less than initially forecasted. This is primarily due to the following:
 - i. Trade vendor payments (third party): disbursements to trade vendors were \$0.4M less than initially forecasted primarily due to timing.
 - ii. Liquidation fees and expense were \$0.3M less than initially forecasted primarily due to timing.
 - iii. Professional fees were \$0.2M less than initially forecasted primarily due to timing.
23. At the time of writing the Second Report, BCBG Canada advised the Trustee that it was in compliance with the conditions under the Canadian Forbearance Agreement, including its compliance with the Borrowing Base Calculation. The Trustee was provided with a copy of the Borrowing Base Certificates duly signed by the CCRA since the commencement of these proceedings.

Period from March 20 to May 21, 2017

24. In support to its 45-day extension of the time to file a proposal, the Debtor revised and extended its cash flow projections for the period from March 20 to May 21, 2017 (refer to Appendix B and summary below):

BCBG Canada Inc.	
Summary Cash Flow Forecast	
For the 9-week period ending May 21 2017	
(Unaudited, in C\$000s)	
	Amount (\$)
Receipts	
Receipts	21,376
Total Receipts	21,376
Disbursements	
Occupancy costs, sales taxes, credit card fees and other	(5,009)
Payroll and related payments	(2,253)
Professional fees	(1,755)
Liquidation fees and expenses	(1,217)
Trade vendor payments (third party)	(801)
Total Disbursements	(11,035)
Net Cash Flow from Operations	10,341

25. The projections reflect the following general assumptions:
- a. Granting of the 45-day period extension to file a Proposal;
 - b. Continued operations of the Partner Shops;
 - c. Continuation of the Liquidation Sale; and
 - d. Compliance with the conditions under the Canadian Forbearance Agreement, including its compliance with the Borrowing Base Calculation.

EXTENSION OF THE TIME LIMIT TO FILE A PROPOSAL

26. The Debtor advised the Trustee of its intention to file a first motion for a 45-day extension of the time limit to file a proposal to its creditors pursuant to Subsection 50.4(9) of the BIA (the "**Motion**").
27. The Company requires additional time to (i) complete the Liquidation Sale at the Stores, (ii) conclude on the best alternative for the Partner Shops, (iii) complete the Lease Sale, and (iv) potentially formulate the Proposal.

TRUSTEE'S RECOMMENDATION

28. The Trustee is of the opinion that the reasons invoked in the Motion are reasonable.
29. The Trustee is of the opinion, based on the requested relief in the Motion, that:
 - a. It is in the creditors' best interest that an extension of the stay proceedings be granted in order to allow BCBG Canada additional time for the reasons detailed in paragraph 27;
 - b. BCBG Canada has acted, and is continuing to act, in good faith and with due diligence; and
 - c. No creditor will be materially prejudiced by the granting of the extension.

DATED AT MONTREAL on this 27th day of March, 2017.



Martin Franco, CPA, CA, CIRP, LIT
Senior Vice President

DELOITTE RESTRUCTURING INC.
In its capacity as Trustee

APPENDIX A

APPENDIX A

BCBG CANADA, INC.
Weekly Cash Flow Forecast
For the 3-week period ended March 19 2017
(Unaudited, in C\$000s)

	Cumulative Period: 3 Weeks Ended March 19, 2017		
	<u>Forecast</u>	<u>Actual</u>	<u>Variance</u>
TOTAL RECEIPTS	5,958	5,598	(360)
DISBURSEMENTS			
Payroll and related payments	(468)	(510)	(42)
Occupancy costs (DC)	(44)	(38)	6
Occupancy costs (Stores)	(1,742)	(1,701)	41
Trade vendor payments (third party)	(479)	(75)	404
Inventory Purchases	-	-	-
Property taxes	(23)	-	23
Sales taxes on expenses	(223)	(270)	(47)
Sales taxes remittance	(105)	(91)	14
Operating leases, credit card and bank fees	(90)	(81)	9
Liquidation fees and expenses	(581)	(310)	271
Professional fees	(535)	(345)	190
Interest and fees	-	-	-
Other expenses	-	-	-
TOTAL DISBURSEMENTS	(4,289)	(3,420)	869
NET CASH FLOW FROM OPERATIONS	1,669	2,178	509
Beginning cash balance	328	136	(192)
Pre-filing repayment	(5,958)	(5,598)	360
Post-filing draws	3,961	3,345	(616)
ENDING CASH BALANCE (COMPANY)	-	61	61
Add: Outstanding cheques	-	170	170
ENDING CASH BALANCE (BANK)	-	231	231
<u>CONTINUITY OF FINANCING</u>			
Canadian Revolver			
Opening balance	13,484	13,484	(0)
Pre-filing repayment	(5,958)	(5,598)	(360)
Post-filing draws	3,961	3,345	616
ENDING REVOLVER BALANCE	11,487	11,231	256

APPENDIX B

APPENDIX B

BCBG CANADA, INC.
Weekly Cash Flow Forecast
For the 9-week period ending May 21 2017
(Unaudited, in C\$000s)

Week Ended >>>>	Note	26-Mar-17	02-Apr-17	09-Apr-17	16-Apr-17	23-Apr-17	30-Apr-17	07-May-17	14-May-17	21-May-17	Total
Receipts	1	2,819	2,642	2,579	2,534	2,233	2,658	2,373	2,197	1,342	21,376
TOTAL RECEIPTS		2,819	2,642	2,579	2,534	2,233	2,658	2,373	2,197	1,342	21,376
DISBURSEMENTS											
Payroll and related payments	2	(445)	(462)	(336)	-	(336)	-	(359)	-	(315)	(2,253)
Occupancy costs	3	(36)	(876)	(15)	(876)	(15)	(15)	(863)	(15)	(717)	(3,428)
Trade vendor payments (third party)	4	(135)	(174)	(132)	(151)	(31)	(31)	(70)	(50)	(27)	(801)
Inventory Purchases		-	-	-	-	-	-	-	-	-	-
Property taxes	5	-	(46)	-	-	-	-	(23)	-	-	(68)
Sales taxes on expenses	5	(19)	(110)	(19)	(110)	(18)	(19)	(86)	(18)	(67)	(467)
Sales taxes remittance	5	-	(119)	-	-	-	-	(414)	-	-	(533)
Operating leases, credit card and bank fees	6	(47)	(43)	(40)	(39)	(35)	(39)	(37)	(32)	(24)	(337)
Liquidation fees and expenses	7	(287)	(199)	(169)	(98)	(94)	(100)	(96)	(93)	(81)	(1,217)
Professional fees	8	(213)	(253)	(213)	(213)	(165)	(165)	(205)	(165)	(165)	(1,755)
Interest and fees		-	-	(177)	-	-	-	-	-	-	(177)
Other Expenses		-	-	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS		(1,181)	(2,281)	(1,101)	(1,487)	(694)	(369)	(2,153)	(374)	(1,395)	(11,035)
NET CASH FLOW FROM OPERATIONS		1,637	361	1,478	1,047	1,539	2,289	220	1,823	(54)	10,341
Beginning cash balance		231	-	-	-	-	-	-	-	-	231
Revolver repayment		(3,050)	(2,642)	(2,579)	(2,534)	(2,233)	(2,658)	(2,373)	(2,197)	(1,342)	(21,607)
Revolver draws		1,181	2,281	1,101	1,487	694	369	2,153	374	1,395	11,035
ENDING CASH BALANCE		-	-	-	-	-	-	-	-	-	-
CONTINUITY OF FINANCING											
Canadian Revolver											
Opening balance		11,231	9,363	9,002	7,524	6,477	4,938	2,649	2,430	606	11,231
Pre-filing repayment		(3,050)	(2,642)	(2,066)	-	-	-	-	-	-	(7,758)
Post-filing repayment		-	-	(513)	(2,534)	(2,233)	(2,658)	(2,373)	(2,197)	(1,342)	(13,850)
Post-filing draws		1,181	2,281	1,101	1,487	694	369	2,153	374	1,395	11,035
ENDING REVOLVER BALANCE		9,363	9,002	7,524	6,477	4,938	2,649	2,430	606	659	659

To be read in conjunction with the attached Notes and Summary of Assumptions.

Notes and Summary of Assumptions

- Receipts* include product sales from Stores and Partner Shops. Forecast product sales from Stores are gross of credit card fees and Consultant Fee, and include sales tax collections. They are based on the forecasted sales determined by the Consultant in order to liquidate all remaining inventory at the end of the Termination Date. Forecast product sales from Partner Shops are net of all partner fees (including credit card fees) and are based on historical sales patterns on a weekly basis, with a negative adjustment due to the impact of the Liquidation Sale.
- Payroll and related payments* include all Stores, Partner Shops, DC (temporary), and corporate-related payroll, and fringe benefits. Amounts are Management's estimate based on current average payrolls of hourly, temporary and salaried employees.
- Occupancy costs* include rent payments to landlords (paid biweekly), telephone and utilities, based on historical expense patterns. Amounts exclude sales tax.
- Trade vendor payments (third party)* include payments to suppliers, as well as amounts for security, maintenance and equipment, based on historical expense patterns. Amounts exclude sales tax.

5. *Property taxes, sales taxes on expenses and remittance* include sales taxes on remittance which reflect the net PST, HST, and GST amounts remitted (collected) to (from) the provinces and federal governments in line with the prior month's activity. Sales taxes on expenses are calculated based on the amount disbursed (paid weekly/biweekly). Property taxes include taxes paid to municipalities to continue operations in specific locations. Amounts are management's best estimate based on historical results.
6. *Operating leases, credit card and bank fees* include credit card fees which are forecast at 1.6% of all credit Store sales; monthly bank fees and operating lease costs determined based on historical expense patterns.
7. *Liquidation fees and expenses* include the Consultant Fee, a supervision fee, and advertising and freight costs related specifically to the Liquidation Sale. The Consultant Fee and supervision fee, payable to the Consultant, are forecasted based on the Consulting Agreement. Advertising and freight costs are management's best estimate.
8. *Professional fees* include estimated fees for the Trustee, its legal advisors, the CCRA and the Company's legal counsel to be incurred by the Company for its restructuring.

CANADA
PROVINCE OF QUEBEC
DISTRICT OF MONTREAL
COURT N°: 500-11-052159-171
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SUPERIOR COURT
Commercial Division

**IN THE MATTER OF THE
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duly constituted under the *Canada Business
Corporations Act*, having its registered office at 1000
De La Gauchetière Street West, Suite 2100,
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Debtor

– and –

DELOITTE RESTRUCTURING INC.
(Martin Franco, CPA, CA, CIRP, LIT designated
person in charge), having a place of business at
1190 des Canadiens-de-Montréal Avenue, Suite
500, Montréal, Québec, H3B 0M7

Trustee

REPORT ON CASH FLOW STATEMENT BY THE PERSON MAKING THE PROPOSAL
(Paragraphs 50(6)(c) and 50.4(2)(c) of the Act)

The cash flow projection was prepared on March 20, 2017, by the Debtor, with the assistance of the Chief Canadian Restructuring Advisor (the “**CCRA**”), based on financial information available at that date.

The purpose of this projection is to provide the Official Receiver with future-oriented financial information, in connection with the filing on the Notice of Intention to Make a Proposal to the creditors, in accordance with the terms of the Bankruptcy and Insolvency Act. Readers are cautioned that this information may not be appropriate for other purposes.

The cash flow projection has been prepared based on assumptions that reflect the Debtor’s planned courses of action for the period from March 20, 2017 to May 21, 2017, given a set of economic conditions that, in the Debtor and the CCRA’s opinion, are the most probable.

Since the projection is based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material.

DATED AT MONTREAL, this 27th day
of March 2017

BCBG Max Azria Canada Inc.



FAAN Advisors Group Inc., in its capacity as Chief
Canadian Restructuring Advisor.

BCBG Max Azria Canada Inc.
Weekly Cash Flow Forecast
For the period from March 20, 2017 to May 21, 2017.

BCBG CANADA, INC.
Weekly Cash Flow Forecast
For the 9-week period ending May 21 2017
(Unaudited, in C\$000s)

Week Ended >>>>	Note	26-Mar-17	02-Apr-17	09-Apr-17	16-Apr-17	23-Apr-17	30-Apr-17	07-May-17	14-May-17	21-May-17	Total
Receipts	1	2,819	2,642	2,579	2,534	2,233	2,658	2,373	2,197	1,342	21,376
TOTAL RECEIPTS		2,819	2,642	2,579	2,534	2,233	2,658	2,373	2,197	1,342	21,376
DISBURSEMENTS											
Payroll and related payments	2	(445)	(462)	(336)	-	(336)	-	(359)	-	(315)	(2,253)
Occupancy costs	3	(36)	(876)	(15)	(876)	(15)	(15)	(863)	(15)	(717)	(3,428)
Trade vendor payments (third party)	4	(135)	(174)	(132)	(151)	(31)	(31)	(70)	(50)	(27)	(801)
Inventory Purchases		-	-	-	-	-	-	-	-	-	-
Property taxes	5	-	(46)	-	-	-	-	(23)	-	-	(68)
Sales taxes on expenses	5	(19)	(110)	(19)	(110)	(18)	(19)	(86)	(18)	(67)	(467)
Sales taxes remittance	5	-	(119)	-	-	-	-	(414)	-	-	(533)
Operating leases, credit card and bank fees	6	(47)	(43)	(40)	(39)	(35)	(39)	(37)	(32)	(24)	(337)
Liquidation fees and expenses	7	(287)	(199)	(169)	(98)	(94)	(100)	(96)	(93)	(81)	(1,217)
Professional fees	8	(213)	(253)	(213)	(213)	(165)	(165)	(205)	(165)	(165)	(1,755)
Interest and fees		-	-	(177)	-	-	-	-	-	-	(177)
Other Expenses		-	-	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS		(1,181)	(2,281)	(1,101)	(1,487)	(694)	(369)	(2,153)	(374)	(1,395)	(11,035)
NET CASH FLOW FROM OPERATIONS		1,637	361	1,478	1,047	1,539	2,289	220	1,823	(54)	10,341
Beginning cash balance		231	-	-	-	-	-	-	-	-	231
Revolver repayment		(3,050)	(2,642)	(2,579)	(2,534)	(2,233)	(2,658)	(2,373)	(2,197)	(1,342)	(21,607)
Revolver draws		1,181	2,281	1,101	1,487	694	369	2,153	374	1,395	11,035
ENDING CASH BALANCE		-	-	-	-	-	-	-	-	-	-
CONTINUITY OF FINANCING											
Canadian Revolver											
Opening balance		11,231	9,363	9,002	7,524	6,477	4,938	2,649	2,430	606	11,231
Pre-filing repayment		(3,050)	(2,642)	(2,066)	-	-	-	-	-	-	(7,758)
Post-filing repayment		-	-	(513)	(2,534)	(2,233)	(2,658)	(2,373)	(2,197)	(1,342)	(13,850)
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ENDING REVOLVER BALANCE		9,363	9,002	7,524	6,477	4,938	2,649	2,430	606	659	659


To be read in conjunction with the attached Notes and Summary of Assumptions.



FAAN Advisors Group Inc.
 In its capacity as CCRA
 BCBG Max Azria Canada Inc.

This statement of projected cash flow of BCBG Max Azria Canada Inc., prepared in accordance with Subsection 50.4(2) of the *Bankruptcy and Insolvency Act*, should be read in conjunction with the Trustee's Report.

March 27, 2017



Martin Franco, CPA, CA, CIRP, LIT
 Senior Vice President

DELOITTE RESTRUCTURING INC.
 In its capacity as Trustee



Deloitte Restructuring Inc. /
Restructuration Deloitte Inc.
1190 Avenue des Canadiens-de-
Montréal
Suite 500
Montreal QC H3B 0M7
Canada

Tel: 514 393-7372
Fax: 514 390-4301
www.deloitte.ca

CANADA
PROVINCE OF QUEBEC
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SUPERIOR COURT
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Québec, H3B 4W5

Debtor/Petitioner

- and -

DELOITTE RESTRUCTURING INC.
(Martin Franco, CPA, CA, CIRP, LIT designated
person in charge), having a place of business at
1190 des Avenue des Canadiens-de-Montréal
Avenue, Suite 500, Montréal, Québec, H3B 0M7

Trustee

TRUSTEE'S REPORT ON CASH FLOW STATEMENT

(Paragraphs 50(6)(b) and 50.4(2)(b) of the Act)

To: Official Receiver
Office of the Superintendent of Bankruptcy
Sun Life Building
1155, rue Metcalfe, bureau 1071
Montréal, QC H3B 2V

The attached statement of projected cash flow of BCBG Max Azria Canada Inc., as of the 27th day of March, 2017, consisting of the period beginning on the 20th day of March, 2017 and ending on the 21st day of May, 2017, has been prepared by the Debtor, with the assistance of the Chief Canadian Restructuring Advisor ("the **CCRA**") for the purpose described below, using the assumptions set out in the attached Notes and Summary of Assumptions.

The purpose of this projection is to provide the Official Receiver with future-oriented financial information, in connection with the filing of the Notice of Intention to Make a Proposal to the creditors, in accordance with the terms of the *Bankruptcy and Insolvency Act*.

Our review consisted of inquiries, analytical procedures, and discussions related to information supplied to us by the Debtor, the CCRA and employees of the Debtor. We have also reviewed the support provided by the Debtor for the assumptions and the preparation and presentation of the projection.

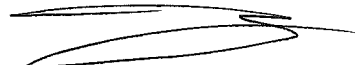
Based on our review, nothing has come to our attention that causes us to believe that, in all material respects:

- a) the assumptions are not consistent with the purpose of the projection;
- b) as at the date of this report, the assumptions developed by the Debtor and the CCRA are not suitably supported and consistent with the plans of the Debtor or do not provide a reasonable basis for the projection.

Since the projection is based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material. Accordingly, we express no assurance as to whether the projection will be achieved.

The projection has been prepared solely for the purpose described in above, and readers are cautioned that it may not be appropriate for other purposes.

DATED AT MONTREAL, this 27th day of March,
2017.



Martin Franco, CPA, CA, CIRP, LIT
Senior Vice President

DELOITTE RESTRUCTURING INC.
In its capacity as Trustee