

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**" 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. On March 29, 2017, BCBG Canada filed a petition for an extension of delay in accordance with the Section 50.4 paragraph 9 of the BIA. Said petition was granted, thereby extending the period in which to file a proposal until May 15, 2017 (the "**First Extension Period**").

BCBG Max Azria Canada Inc.

REPORT OF THE TRUSTEE

May 10, 2017

Page 2

4. In preparing this third report (the "**Third 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.
5. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars. Capitalized terms not defined in this Third Report are as defined in the First Application, in the First Report, in the Second Report or in the Canadian Forbearance Agreement.
6. 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 operated in Canada at the time of filing the NOI 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**").
7. Matters addressed in this Third 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

8. On March 31, 2017, a copy of the Second Report, Application and Order granting the First Extension Period was posted on the Trustee's website at www.deloitte.com/ca/BCBG to inform creditors of the First Extension Period.
9. The forecast cash flow statement was prepared for the period from March 20 to May 21, 2017, and was submitted to the Official Receiver on April 4, 2017, together with the report by the Debtor and the Trustee's report, pursuant to Subsection 50.4(2) of the BIA.
10. The Trustee maintained 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.
11. The Trustee has participated in several meetings and conference calls with the Company, the CCRA and their advisors in connection with their restructuring efforts.
12. 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

13. As explained in the Second Report, on March 3, 2017, BCBG Canada commenced a liquidation sale at all 51 Stores (the "Liquidation Sale"), with the assistance of its consultants, Gordon Brothers Canada ULC and Merchant Retail Solutions ULC.

14. The results of the Liquidation Sale for the 6-week period ended April 30, 2017 are detailed in paragraph 22. The Liquidation Sale is anticipated to terminate on May 31, 2017.
15. 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. A sale process is currently unfolding in the United States and the outcome of this said process might influence the Company's strategy with the Partner Shops. The deadline for initial bids has been set for May 19, 2017.
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. As discussed in the Second Report, BCBG Canada retained the services of A&G Realty Partners, LLC to assist with Lease Sale Process. The Lease Sale Process was initiated on March 20, 2017. Approximately 350 Teasers were sent to potential purchasers.
18. As of the Company's Final Bid Deadline (April 5, 2017) no Qualified Bids had been received by the Company through the Lease Sale Process.
19. As a result of the Lease Sale Process, on April 27, 2017, pursuant to subsection 65.2(1) of the BIA, BCBG Canada provided a 30-day notice of its disclaimer of 9 property leases. On May 1, 2017, the Company provided a 30-day notice of its disclaimer of the remaining 42 Stores' property leases.

CASH FLOW PROJECTIONS

Period from March 20 to April 30, 2017

20. When the Application for the Extension was filed on April 4, 2017, the Debtor submitted a projected cash flow statement covering the extension period from March 20 to May 21, 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 the comparative cash flow statement for the 6-week period ended April 30, 2017. Net cash flow of approximately \$9.3M for the 6-week period was approximately \$1.0M greater than initially forecasted:
 - a. Total receipts for BCBG Canada were approximately \$15.4M, or approximately \$0.1M less than initially forecasted.
 - b. Total disbursements were approximately \$6.0M, or approximately \$1.1M less than initially forecasted. This is primarily due to the following:
 - i. Payroll & related payments were \$0.5M greater than initially forecasted primarily due to sales associates earning higher-than-forecasted commissions. These amounts were not included in the forecast and therefore, this created a permanent difference.

- ii. Inventory purchases were \$0.7M greater than initially forecasted due to a payment made by the Company to a supplier in respect to freight, duties and charge relating to the release of inventory in the suppliers' possession. These amounts were not included in the forecast and therefore, this created a permanent difference.
 - iii. Liquidation fees and expense were \$0.9M less than initially forecasted primarily due to the following:
 - a. \$0.5M was due to timing; and
 - b. \$0.4M was due to actual Liquidation fees and expenses lower than originally forecasted.
 - iv. Professional fees were \$0.8M less than initially forecasted primarily due to actual work performed by professionals was less than originally forecasted.
 - v. Trade vendor payments were \$0.4M less than initially forecasted primarily due to timing.
23. At the time of writing the Third 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, with the exception of two Events of Default. The Company has been provided a waiver for both of the Events of Default. 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 May 1 to July 2, 2017

24. In support of its second motion for an extension of the time limit to file a proposal, the Debtor revised and extended its cash flow projections for the period from May 1 to July 2, 2017 (refer to Appendix B and summary below):

BCBG MAX AZRIA CANADA INC.	
Summary Cash Flow Forecast	
For the 9-week period ending July 2 2017	
(Unaudited, in C\$000s)	
	Amount (\$)
Receipts	9,351
TOTAL RECEIPTS	9,351
DISBURSEMENTS	
Occupancy costs, sales taxes, credit card fees and other	(3,877)
Payroll and related payments	(2,799)
Liquidation fees and expenses	(871)
Professional fees	(870)
Trade vendor payments (third party)	(294)
TOTAL DISBURSEMENTS	(8,710)
NET CASH FLOW FROM OPERATIONS	641

25. The projections reflect the following general assumptions:

- a. Granting of the 45-day period extension to file a Proposal;
- b. Continuation of the Partner Shops;
- c. Continuation and termination of the Liquidation Sale as of May 31, 2017; 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 second 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 "**Second 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, and (iii) 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 10th day of May, 2017.



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

DELOITTE RESTRUCTURING INC.
In its capacity as Trustee

APPENDIX A

BCBG Max Azria Canada Inc.
Weekly Cash Flow Forecast
For the 6-week period ended April 30 2017
(Unaudited, in C\$000s)

Cumulative Period: 6 Weeks Ended April 30, 2017			
	<u>Forecast</u>	<u>Actual</u>	<u>Variance</u>
TOTAL RECEIPTS	15,464	15,351	(113)
DISBURSEMENTS			
Payroll & related payments	(1,579)	(2,033)	(454)
Occupancy costs (DC)	-	-	-
Occupancy costs (Stores)	(1,833)	(1,659)	174
Trade vendor payments (third party)	(654)	(215)	439
Inventory purchases	-	(675)	(675)
Property taxes	(46)	(50)	(4)
Sales taxes on expenses	(296)	(258)	38
Sales taxes remittance	(119)	(397)	(278)
Operating leases, credit card and bank fees	(243)	(180)	63
Liquidation fees and expenses	(947)	-	947
Professional fees	(1,220)	(409)	811
Interest and fees	(177)	(160)	17
Other expenses	-	-	-
TOTAL DISBURSEMENTS	(7,113)	(6,035)	1,078
NET CASH FLOW FROM OPERATIONS	8,351	9,316	965
Beginning cash balance	231	61	(170)
Net cash flow	8,351	9,316	965
Net Revolver draw / (repayment)	(8,582)	(6,942)	1,640
ENDING CASH BALANCE (COMPANY)	-	2,435	2,435
Add: outstanding checks	-	44	44
ENDING CASH BALANCE (BANK)	-	2,479	2,479
CONTINUITY OF FINANCING			
Canadian Revolver			
Opening balance	11,231	11,231	-
Pre-filing repayment	(7,758)	(7,750)	(8)
Post-filing repayment	(7,937)	(7,601)	(336)
Post-filing draws	7,113	8,409	(1,296)
ENDING REVOLVER BALANCE	2,649	4,289	(1,640)

APPENDIX B

BCBG MAX AZRIA CANADA INC.
Weekly Cash Flow Forecast
For the 9-week period ending July 2 2017
(Unaudited, in C\$000s)

Week Ended >>>>	Note	07-May-17	14-May-17	21-May-17	28-May-17	04-Jun-17	11-Jun-17	18-Jun-17	25-Jun-17	02-Jul-17	Total
Receipts	1	2,483	2,272	1,436	1,379	1,528	63	63	63	63	9,351
TOTAL RECEIPTS		2,483	2,272	1,436	1,379	1,528	63	63	63	63	9,351
DISBURSEMENTS											
Payroll and related payments	2	(664)	-	(882)	-	(1,167)	-	(43)	-	(43)	(2,799)
Occupancy costs	3	(863)	(15)	(717)	(15)	(15)	-	-	-	-	(1,625)
Trade vendor payments (third party)	4	(70)	(50)	(27)	(27)	(40)	(40)	(40)	-	-	(294)
Inventory purchases		-	-	-	-	-	-	-	-	-	-
Property taxes	5	(23)	-	(23)	-	(23)	-	-	-	-	(69)
Sales taxes on expenses	5	(86)	(44)	(86)	(35)	(9)	(10)	(10)	-	-	(281)
Sales taxes remittance	5	(514)	-	-	-	(690)	-	-	-	(478)	(1,682)
Operating leases, credit card and bank fees	6	(37)	(32)	(24)	(19)	(23)	-	-	-	-	(136)
Liquidation fees and expenses	7	(96)	(293)	(231)	(231)	(20)	-	-	-	-	(871)
Professional fees	8	(130)	(80)	(80)	(80)	(130)	(80)	(80)	(80)	(130)	(870)
Interest and fees		-	-	-	-	(84)	-	-	-	-	(84)
Other expenses		-	-	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS		(2,483)	(515)	(2,070)	(407)	(2,202)	(130)	(173)	(80)	(651)	(8,710)
NET CASH FLOW FROM OPERATIONS		(0)	1,757	(634)	972	(673)	(67)	(110)	(17)	(588)	641
Beginning cash balance		2,435	335	1,035	1,035	1,035	1,035	785	485	485	2,435
Net cash flow		(0)	1,757	(634)	972	(673)	(67)	(110)	(17)	(588)	641
Net Revolver draw / (repayment)		(2,100)	(1,057)	634	(972)	673	(183)	(190)	17	588	(2,591)
ENDING CASH BALANCE		335	1,035	1,035	1,035	1,035	785	485	485	485	485
CONTINUITY OF FINANCING											
Canadian Revolver											
Opening balance		4,289	2,189	1,132	1,767	794	1,468	1,284	1,094	1,111	4,289
Pre-filing repayment		-	-	-	-	-	-	-	-	-	-
Post-filing repayment		(2,483)	(2,272)	(1,436)	(1,379)	(1,528)	(63)	(63)	(63)	(63)	(9,351)
Post-filing draws		383	1,215	2,070	407	2,202	(120)	(127)	80	651	6,760
ENDING REVOLVER BALANCE		2,189	1,132	1,767	794	1,468	1,284	1,094	1,111	1,698	1,698

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

Notes and Summary of Assumptions

1. *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.
2. *Payroll and related payments* include all Stores, Partner Shops, DC (temporary), corporate-related payroll, and fringe benefits. Amounts are Management's estimate based on current average payrolls of hourly, temporary and salaried employees.
3. *Occupancy costs* include rent payments to landlords (paid biweekly), telephone and utilities, based on historical expense patterns. Amounts exclude sales tax.
4. *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.

APPENDIX B

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
ESTATE N°: 41-2223474

SUPERIOR COURT
Commercial Division

**IN THE MATTER OF THE
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,
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- 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 May 9, 2017, by the Debtor, with the assistance of the Chief Canadian Restructuring Advisor (the "**CCRA**"), based on financial information available at that date.

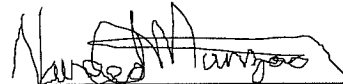
The purpose of this projection is to provide the Official Receiver with future-oriented financial information, in connection with the filing on the Notice of Intention to Make a Proposal to the creditors, in accordance with the terms of the Bankruptcy and Insolvency Act. Readers are cautioned that this 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 May 1, 2017 to July 2, 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 10th day
of May 2017

BCBG Max Azria Canada Inc.



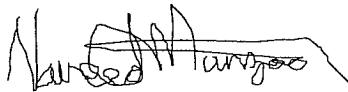
FAAN Advisors Group Inc., in its capacity as Chief
Canadian Restructuring Advisor.

BCBG Max Azria Canada Inc.
Weekly Cash Flow Forecast
For the period from May 1, 2017 to July 2, 2017.

BCBG MAX AZRIA CANADA INC.
 Weekly Cash Flow Forecast
 For the 9-week period ending July 2 2017
 (Unaudited, in C\$000s)

Week Ended >>>>	Note	07-May-17	14-May-17	21-May-17	28-May-17	04-Jun-17	11-Jun-17	18-Jun-17	25-Jun-17	02-Jul-17	Total
Receipts	1	2,483	2,272	1,436	1,379	1,528	63	63	63	63	9,351
TOTAL RECEIPTS		2,483	2,272	1,436	1,379	1,528	63	63	63	63	9,351
DISBURSEMENTS											
Payroll and related payments	2	(664)	-	(882)	-	(1,167)	-	(43)	-	(43)	(2,799)
Occupancy costs	3	(863)	(15)	(717)	(15)	(15)	-	-	-	-	(1,625)
Trade vendor payments (third party)	4	(70)	(50)	(27)	(27)	(40)	(40)	(40)	-	-	(294)
Inventory purchases		-	-	-	-	-	-	-	-	-	-
Property taxes	5	(23)	-	(23)	-	(23)	-	-	-	-	(69)
Sales taxes on expenses	5	(86)	(44)	(86)	(35)	(9)	(10)	(10)	-	-	(281)
Sales taxes remittance	5	(514)	-	-	-	(690)	-	-	-	(478)	(1,682)
Operating leases, credit card and bank fees	6	(37)	(32)	(24)	(19)	(23)	-	-	-	-	(136)
Liquidation fees and expenses	7	(96)	(293)	(231)	(231)	(20)	-	-	-	-	(871)
Professional fees	8	(130)	(80)	(80)	(80)	(130)	(80)	(80)	(80)	(130)	(870)
Interest and fees		-	-	-	-	(84)	-	-	-	-	(84)
Other expenses		-	-	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS		(2,483)	(515)	(2,070)	(407)	(2,202)	(130)	(173)	(80)	(651)	(8,710)
NET CASH FLOW FROM OPERATIONS		(0)	1,757	(634)	972	(673)	(67)	(110)	(17)	(588)	641
Beginning cash balance		2,435	335	1,035	1,035	1,035	1,035	785	485	485	2,435
Net cash flow		(0)	1,757	(634)	972	(673)	(67)	(110)	(17)	(588)	641
Net Revolver draw / (repayment)		(2,100)	(1,057)	634	(972)	673	(183)	(190)	17	588	(2,591)
ENDING CASH BALANCE		335	1,035	1,035	1,035	1,035	785	485	485	485	485
CONTINUITY OF FINANCING											
Canadian Revolver											
Opening balance		4,289	2,189	1,132	1,767	794	1,468	1,284	1,094	1,111	4,289
Pre-filing repayment		-	-	-	-	-	-	-	-	-	-
Post-filing repayment		(2,483)	(2,272)	(1,436)	(1,379)	(1,528)	(63)	(63)	(63)	(63)	(9,351)
Post-filing draws		383	1,215	2,070	407	2,202	(120)	(127)	80	651	6,760
ENDING REVOLVER BALANCE		2,189	1,132	1,767	794	1,468	1,284	1,094	1,111	1,698	1,698


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.

May 10, 2017



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

DELOITTE RESTRUCTURING INC.
 In its capacity as Trustee



Deloitte Restructuring Inc. /
Restructuration Deloitte Inc.
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CANADA
PROVINCE OF QUEBEC
DISTRICT OF MONTREAL
COURT. No.: 500-11-052159-171
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SUPERIOR COURT
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BCBG MAX AZRIA CANADA INC., a legal person,
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De La Gauchetière Street West, Suite 2100, Montréal,
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 10th day of May, 2017, consisting of the period beginning on the 1st day of May, 2017 and ending on the 2nd day of July, 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.

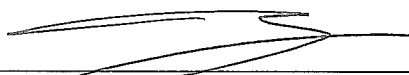
Based on our review, nothing has come to our attention that causes us to believe that, in all material respects:

- 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 10th day of May,
2017.



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

DELOITTE RESTRUCTURING INC.
In its capacity as Trustee