

CANADA
PROVINCE OF QUEBEC
DISTRICT OF MONTREAL
No cour : 500-11-052107-170
No dossier : 41-2219514, 41-2219516;
41-2219518, 41-2219519

SUPERIOR COURT
(Commercial Division)
Bankruptcy and Insolvency Act

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

**FREEMARK APPAREL BRANDS INC.
FREEMARK APPAREL BRANDS TEC INC.
FREEMARK APPAREL BRANDS ESP INC.
FREEMARK APPAREL BRANDS USA INC.**
legal persons duly incorporated under the laws of
Canada, having their principal places of business at
5640 Pare Street, Mount Royal, Quebec, H3B 1M1

Petitioners / Debtors

-and-

RICHTER ADVISORY GROUP INC.

Proposal Trustee

**FOURTH REPORT OF THE TRUSTEE
ON THE STATE OF PETITIONER'S BUSINESS AND FINANCIAL AFFAIRS
May 9, 2017**

INTRODUCTION

1. On February 17, 2017, each of Freemark Apparel Brands Inc. ("FABI"), Freemark Apparel Brands TEC Inc. ("FABT"), Freemark Apparel Brands ESP Inc. ("FABE") and Freemark Apparel Brands USA Inc. ("FABU") filed a Notice of Intention to Make a Proposal (the "NOI"). Richter Advisory Group Inc. ("Richter") was named Trustee.
2. The Debtors are a premier retailer of branded apparel which, through the various entities at the time of the filing, operated 58 retail locations throughout Canada under the brands Bench, Scotch & Soda, Esprit and Thread + Copper. In addition, certain entities operate the wholesale business in Canada and the United States. The Debtors operate their retail and wholesale businesses pursuant to various license agreements.

3. The Debtors' head office and principal distribution center are located in Montreal and at the time of filing, the Debtors employed approximately 600 employees at its head office, distribution center and retail stores.
4. Prior to filing the NOI, this Court authorized Richter to act as trustee to the NOI. Such an authorization was required as an entity related to Richter acts as the auditor for the Debtors.
5. On February 23, 2017, this Court ordered the joint administration of FABI's notice of intention to make a proposal with the notices of intention to make a proposal of FABT, FABE and FABU.
6. On March 8, 2017, this Court issued the Approval and Vesting Order authorizing FABI and FABT to sell certain Scotch & Soda assets as more fully described in the Trustee's First Report to Court dated March 7, 2017 ("First Report").
7. On March 14, 2017, the Trustee issued its Second Report to Court ("Second Report").
8. On March 16, 2017, this Court issued an Order extending the delay granted to the Debtors to file a Proposal until April 28, 2017.
9. On March 16, 2017, this Court issued an Order approving and authorizing a Sale and Investor Solicitation Process (the "SISP").
10. On April 25, 2017, the Trustee issued its Third Report to Court ("Third Report").
11. On April 27, 2017, this Court issued an Order extending the delay granted to the Debtors to file a Proposal until June 12, 2017.
12. On May 9, 2017, the Debtors filed a Motion Seeking Approval of a Transaction and Issuance of a Vesting Order (the "Approval and Vesting Order"), which is scheduled to be heard on May 12, 2017.

PURPOSE OF THIS REPORT

13. The purpose of this Fourth Report is to provide this Court with information pertaining to:
 - a) The execution of the SISP and the Trustee's analysis of the bids received pursuant thereto;
 - b) The terms of the Offer to Purchase (the "Offer") dated April 28, 2017 received from 10036331 Canada Inc. ("10036331" or "Purchaser"), a party related to the Debtors, for the sale of substantially all the assets and operations of the FAB Group (the "Transaction");

- c) The Trustee's recommendation that this Court make the following orders, as requested by the Debtors;
- i. the authorization to complete the sale of the assets contemplated in the Offer and proceed with the closing of the Transaction and ordering the vesting in and to the Purchaser all of the right, title and interest in and to the Purchased Assets free and clear of all claims, liens, hypothecs, security interests and other encumbrances (other than any Permitted Encumbrances (as defined in the Offer));
 - ii. the assignment of the Assumed Contracts and the Purchased Leases (as defined in the Offer);
 - iii. issuance of all necessary orders of this Court so as to allow for the closing of the Transaction;
 - iv. instruction to pay, from the net proceeds of the Transaction, the amount owed to HSBC Bank Canada ("HSBC") as of the day of the closing of the Transaction.
- d) The revised Statement of Projected Cash Flow.

TERMS OF REFERENCE

14. In order to monitor the affairs and finances of the Debtors, the Trustee has been provided with access to the books, records and other important documents of the Debtors.
15. In preparing this Fourth Report, the Trustee has relied upon unaudited financial information prepared by the Debtors' representatives, the Debtors' books and records, and discussions with the Debtors' representatives and legal counsel. The Trustee has not audited, reviewed, or otherwise attempted to verify the accuracy or completeness of such information. Future oriented financial information reported or relied on in preparing this report is based on management's assumptions regarding future events; actual results may vary from forecast and such variations may be material.
16. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars.

SECURED LENDERS

17. As indicated in the Trustee's First Report, the Trustee was advised by the Debtors that it has two secured creditors:
 - a) HSBC;
 - b) FAHI, which has made secured loans to both FABI and FABT, which loans are fully subordinated to the security of HSBC.
18. The Trustee has engaged independent legal counsel who has provided the Trustee with an opinion confirming the validity and enforceability of the security granted by the Debtors in favour of HSBC. The Trustee's counsel has also provided the Trustee with an opinion confirming the validity and enforceability of the security granted by FABI and FABT in favor of FAHI.

EXECUTION OF THE SISP AND ANALYSIS OF OFFERS RECEIVED

19. Pursuant to an Order of this Court, the Trustee, with the assistance of the Debtors and HSBC, initiated a process to identify parties interested in acquiring or investing in all or a portion of the Debtors' business as well as to seek offers from liquidators in the event that a going concern restructuring is not feasible, the whole to maximize realization for all stakeholders.
20. The SISP was launched on March 21, 2017 through the issuance by the Trustee of a teaser letter (the "Teaser" - Exhibit "A") and request for offers (the "RFO" – Exhibit "B") to over 300 potential interested parties. Receipt was confirmed for 76 parties, consisting of potential strategic acquirers (35), financial investors (23) and liquidators (18).
21. Concurrently, the Trustee opened a virtual data room which included a presentation outlining the FAB Group's Restructuring Plan and Financial Projections, attached hereto as Exhibit "C", as well as historical financial and tax information, all agreements and leases, operational details and other relevant information.
22. The various deadlines communicated to interested parties in the RFO were as follows:
 - Deadline for submission of offers to the Trustee: April 21, 2017;
 - Selection of offer and communication of such to Qualified Bidders: April 26, 2017;and
 - Closing of the transaction(s): on or about May 12, 2017.

23. A total of 20 interested parties executed Non-Disclosure Agreements (“NDA”) and were provided with access to the virtual data room. This included 3 strategic buyers, 2 financial investors, 7 liquidators, and 8 financial institutions which had been solicited to provide financing for a potential bid / transaction.
24. The Trustee, with the assistance of the Debtors, engaged with all interested parties, managed the information posted to the virtual data room, and provided responses to various due diligence enquiries and data requests made by potential bidders throughout the process.
25. In order to provide additional time for the various interested parties to complete their due diligence and submit their highest and best offer for the benefit of all stakeholders, the Debtors, with the consent of the Trustee and HSBC, extended the deadlines noted above by one week. On April 14, 2017, the Trustee communicated the following revised deadlines directly to all parties which had signed a NDA and demonstrated interest in potentially submitting a bid:
- Deadline for submission of offers to the Trustee: April 28, 2017;
 - Selection of offer and communication of such to Qualified Bidders: May 3, 2017; and
 - Closing of the transaction(s): on or about May 19, 2017.
26. In accordance with the procedures set out in the RFO, the bids were received by the Trustee and opened at Richter’s offices, in the presence of HSBC’s counsel and the Trustee’s counsel, shortly following the bid deadline of noon on April 28, 2017. A total of three (3) Qualified Bids were received, which are filed under seal along with a summary analysis prepared by the Trustee, as Exhibit “D”. The three bids can be summarized as follows:
- a) An offer to purchase substantially all of the assets of the FAB Group, with the intention of continuing the operations of the business on a going concern basis. The purchase price consists of the repayment in full of the indebtedness due to HSBC, assumption of the indebtedness due to Freemark Apparel Brands Holdings Inc. (“FAHI”) and assumption of up to \$2.4M of accrued employee benefits and post-filing operating liabilities. This bid was presented by 10036331 Canada Inc., an entity controlled by the majority shareholders of the FAB Group;
 - b) An offer to purchase the retail division inventory of the FAB Group, with the intention of conducting a liquidation sale through the company’s retail stores (“Liquidator Bid #1”). The purchase price approximates 70% of the cost value of such inventory at closing. This bidder also indicated an interest in entering into a fee agreement with respect to a liquidation of the wholesale division inventory;

- c) An offer to enter into an agency agreement with the FAB Group to conduct a store closing (liquidation) sale of the retail division inventory (“Liquidator Bid #2”). The offer provides for minimum guaranteed proceeds of 75% of the cost value of such inventory at closing. This bidder also indicated an interest in entering into a fee agreement with respect to a liquidation of the furniture, fixtures and equipment, as well as to potentially submit a proposal relative to sale of wholesale division inventory pending further due diligence.

27. A summary of estimated proceeds to stakeholders from each bid is as follows (see detailed analysis in Exhibit “D” filed under seal):

Summary of Qualified Bids (\$000's)	10036331 Canada Inc.	Liquidator Bid # 1	Liquidator Bid # 2
Estimated Proceeds pursuant to Bid	\$ 24,068	\$ 5,968	\$ 6,367
Potential Realization from Assets not subject to Bid ⁽¹⁾	-	3,548	3,548
Total Estimated Proceeds available to Stakeholders before Professional Fees	\$ 24,068	\$ 9,516	\$ 9,914

(1) Includes potential realization from Wholesale inventory, Retail and Wholesale accounts receivable, and furniture and fixtures.

28. Based upon a review of the three Qualified Bids, the Trustee, in consultation with the Debtors, and HSBC, concluded that the offer from 10036331 should be retained and that the FAB Group should seek to conclude the Transaction for the following reasons:

- a) The Transaction offers the highest return to the company’s stakeholders, with the lowest degree of execution risk. More specifically, the Transaction provides for a full repayment / assumption of both the FAB Group’s first and second ranking secured creditors, while the liquidation bids would potentially result in insufficient proceeds to satisfy the HSBC debt, and provide no recovery to the second ranking secured creditor (FAHI);
- b) Unlike the two liquidation bids, 10036331 intends to continue the FAB Group’s business operations on a going concern basis, to the benefit of employees (the majority of which are expected to be hired), suppliers and the majority of the landlords of the Debtors;

29. Unfortunately, none of the Qualified Bids provide for proceeds in excess of the FAB Group’s secured indebtedness, which would allow the Debtors to formulate a proposal to their unsecured creditors. However, we understand that the Debtors’ shareholders are currently assessing the possibility of funding a proposal.

TERMS OF THE TRANSACTION

30. In accordance with the Offer, the Purchaser will acquire substantially all the assets and operations of the FAB Group (the “Purchased Assets”), including:
- a) Accounts receivable and income taxes refunds;
 - b) Inventory (Retail and Wholesale divisions);
 - c) Furniture, fixtures, equipment and leasehold improvements;
 - d) Prepaid expenses and deposits;
 - e) Intellectual property;
 - f) Goodwill and going concern value related to the business;
 - g) Assumption of major contracts, including Bench and Esprit license agreements (“Assumed Contracts”);
 - h) Assumption of real estate leases (“Purchased Leases”).
31. An agreement for the consensual assignment of the license from Bench Limited and Bench USA Inc. has been reached, and the Debtors have advised that discussions towards consensual assignments are progressing with Esprit International and the landlords. The assignment of the Assumed Contracts and Purchased Leases by the Debtors, through either the consent of the co-contractor or the issuance of the Approval and Vesting Order, is a condition to closing of the Transaction.
32. The purchase price for the Purchased Assets (the “Purchase Price”) is estimated to be approximately \$24.1M, being the aggregate of:
- a) The entire indebtedness of the Debtors towards HSBC, forecasted to be approximately \$10.5M as at the closing date. This is expected to be settled through a full payout to HSBC at closing, subject to the authorization of the Court;
 - b) The entire indebtedness of the Debtors towards FAHI, in the amount of \$11.2M. This is expected to be settled through an assumption of said indebtedness by the Purchaser with the consent of FAHI;
 - c) The assumption by the Purchaser of accrued employee benefits and post-filing accrued liabilities, up to a maximum of \$2.4M (the “Assumed Liabilities”), the whole as more fully detailed in the Offer. The post-filing liabilities consist primarily of accrued expenses which are

not yet due in the normal course of operations such as payroll and commissions, royalties (paid quarterly), percentage rent (paid in following month), credit card charges (paid monthly), and various expenses for which invoices have not been received or which are not due as per standard payment terms. As noted in our previous reports, the Debtors have continued to pay suppliers, employees, financing costs and restructuring expenses on a timely basis as incurred.

33. Other relevant terms and conditions of the Offer are as follows:
- a) the Purchased Assets are to be conveyed free and clear of all liens or other encumbrances (other than Permitted Encumbrances);
 - b) the Purchased Assets are being sold on an “as is, where is” basis;
 - c) the Purchaser shall not assume any liabilities of the Debtors other than the Assumed Liabilities;
 - d) the issuance of the Approval and Vesting Order; and
 - e) the closing of the Transaction shall take place by no later than May 19, 2017.

REVISED STATEMENT OF PROJECTED CASH FLOW

34. In light of the structure of the Transaction outlined above, it is expected that the FAB Group will cease all operations concurrently with the closing of the Transaction on or about May 19, 2017. As such, we have prepared a revised Statement of Projected Cash Flow, annexed as Exhibit “E”.
35. The revised projection reflects a full repayment of the HSBC loans pursuant to the Transaction, and no receipts, disbursements or cash balance on hand thereafter.
36. Notwithstanding the revised Statement of Projected Cash Flow, the Transaction satisfies the requirements of section 65.13(8) of the BIA relative to the payment of priority employee claims for unpaid wages, vacation and other compensation. All such claims outstanding as at the date of the NOI filing have either been paid in the normal course of operations or upon termination of employment since the filing, or are being assumed by the Purchaser as part of the Transaction.

TRUSTEE’S RECOMMENDATIONS AND CONCLUSIONS

37. The Trustee is of the opinion that the SISP was conducted in a fair and open manner, that the market was properly canvassed and that all interested parties were provided the opportunity to perform adequate due diligence and submit their highest and best offer.

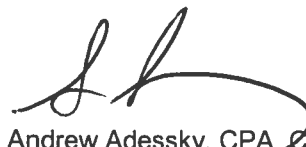
38. The Trustee is of the opinion that good faith efforts were made to sell the Purchased Assets to persons who are not related to the Debtors.
39. For the reasons outlined in the prior sections of this Report, the Trustee is of the view that the consideration to be received from the Offer presented by 10036331, an entity related to the FAB Group, is superior to the consideration that would be received under any other offers received for the Purchased Assets.
40. Accordingly, the Trustee supports the Debtors' request for the issuance of the Approval and Vesting Order.

Respectfully submitted at Montreal, this 9th day of May 2017.

Richter Advisory Group Inc.
Trustee



Eric Barbieri, CPA, CA, CIRP

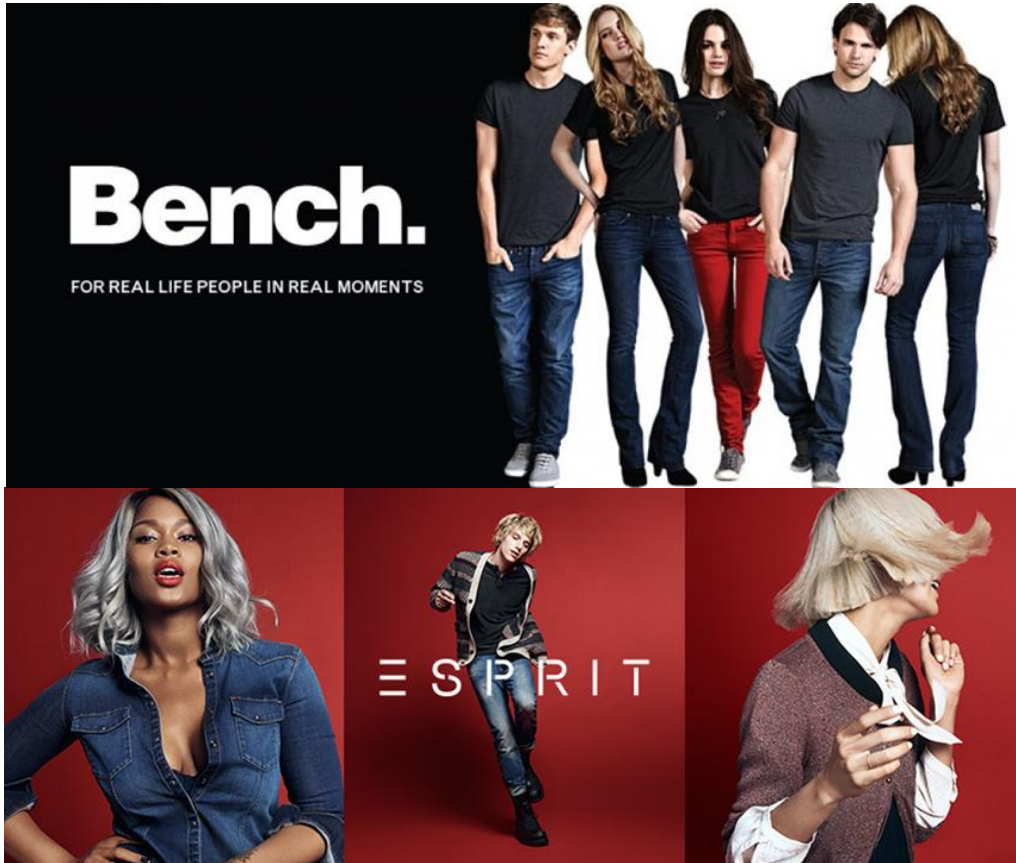


Andrew Adessky, CPA, CA, CIRP, LIT

Exhibit A

Investment Opportunity

Multi-Brand Retail and Wholesale Apparel Business



Request for Offers

Inquiries concerning this request for offers
should be directed to:

RICHTER

1981 McGill College
12th Floor
Montréal, Québec H3A 0G6

Eric Barbieri, CPA, CA
(514) 934-8693
ebarbieri@richter.ca

Patrick Ifergan, CPA, CA
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BUSINESS OVERVIEW

- ▶ Freemark Apparel Brands Inc., Freemark Apparel Brands TEC Inc., Freemark Apparel Brands ESP Inc. and Freemark Apparel Brands USA Inc. (collectively the “Company” or “FAB”) is a premier retailer and wholesaler of branded fashion apparel, operating since 2004;
- ▶ FAB currently operates 37 retail locations throughout Canada, under two banners (Bench and Esprit);
- ▶ FAB’s wholesale business is anchored by longstanding relationships with notable Canadian and American retailers, as well as a high volume program developed with a major North-American off-price chain;
- ▶ In addition to the retail stores and wholesale operations, FAB runs an online retail web shop with over 300,000 users;
- ▶ The FAB Group operates its retail and wholesale business in Canada and the United States pursuant to license agreements with several world class brands based in Europe: Bench and Esprit
- ▶ The Company operates out of a 25,000 sq. ft. head office and 100,000 sq. ft. warehouse and distribution center in Montreal, Quebec (both rented facilities);
- ▶ Prior to the impact of restructuring initiatives (including closure of unprofitable stores), sales for the 12-months ended December 31, 2016 were \$70M: \$48M of retail sales and \$22M from wholesale operations.

BUSINESS OPPORTUNITY

Various acquisition/investment opportunities are presented to interested parties, including:

- ▶ A going concern investment in, or acquisition of, the Company, its assets or the business;
- ▶ Access to desirable locations ideally situated in leading shopping malls and lifestyle centres across Canada;
- ▶ Attractive leases, including turnkey sites with high quality fixtures;
- ▶ A well-established wholesale business with excellent growth potential;
- ▶ Opportunity to secure the Canadian license rights for Bench and Esprit, which are strong and well-recognized world class brands (Bench license includes the US territory);
- ▶ Experienced management and operational team in the retail and wholesale apparel industry;
- ▶ Strong in-store management and sales teams;
- ▶ Strategically located Distribution Centers in proximity to Quebec, Ontario and Western Canadian markets;
- ▶ Possibility to structure the transaction in order to benefit from a portion of the accumulated tax losses;
- ▶ Tangible assets include inventory, accounts receivable and equipment; and
- ▶ Debt free transaction(s).

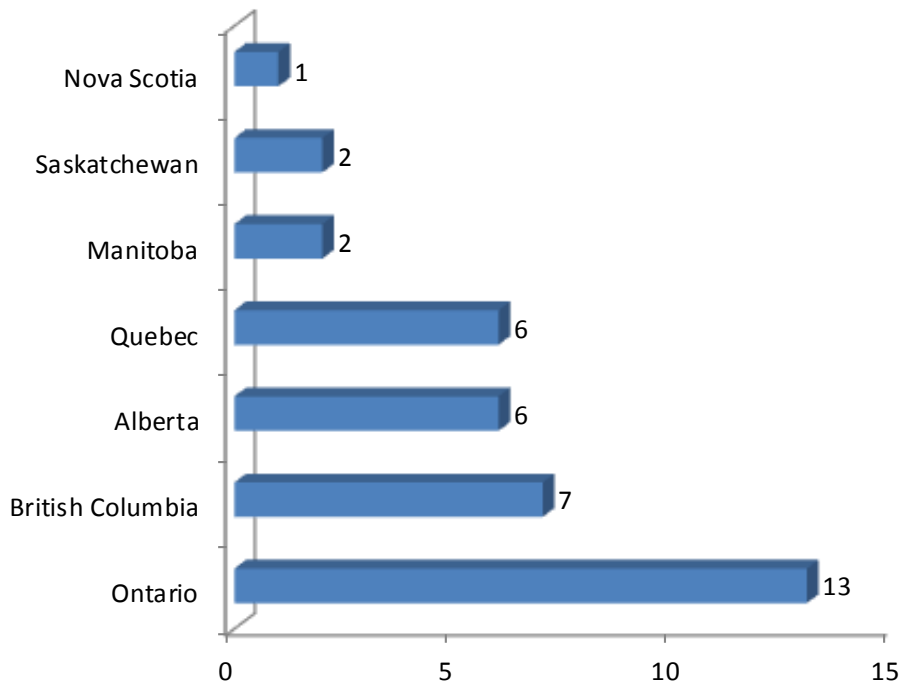
WORKFORCE

- ▶ The Company currently employs approximately 600 staff at its retail stores, DC and head office;
- ▶ The Company is a non-unionized work place.

STORE OVERVIEW

- Following a restructuring of its store complement, including the elimination of 2 banners (Thread + Copper and Scotch & Soda), FAB is planning to move forward with a 37 store chain:

Retail Footprint	# of stores	Total Sq Ft	Avg Sq FT
Bench Regular	24	41,550	1,731
Bench Outlet	12	32,728	2,727
Total Bench	36	74,278	2,063
Esprit	1	2,638	2,638
Total Stores	37	76,916	2,079



TRANSACTION PROCESS

- ▶ On February 17, 2017, the Company filed a Notice of Intention to Make a Proposal (“NOI”) under the *Bankruptcy and Insolvency Act* (“BIA”);
- ▶ Richter Advisory Group Inc. (“Richter” or “Trustee”) was named Trustee;
- ▶ On March 16, 2017, the Court approved a Sale and Investment Solicitation Process (“SISP”);
- ▶ Richter is conducting a sale process to solicit offers on behalf of the Company from parties interested in acquiring FAB’s assets and business. Considering the insolvency proceedings undertaken, the contemplated transaction(s) will be concluded on a “debt-free” and “as is where is” basis;
- ▶ Detailed information relating to the Company’s operations and assets for sale will be made available, in a virtual data room, upon signature and receipt by Richter of the Confidentiality Agreement (attached hereto). All inquiries and any requests for additional information should be made directly to Richter;
- ▶ In view of the information contained in the data room, it is expected that offers would contain minimal conditions. Each offer will be subject to the terms and conditions included in the data room. All offers should clearly substantiate financial ability to conclude a transaction;
- ▶ Documents relating to the NOI are available on the Trustee’s website at:
<https://www.richter.ca/Folder/Insolvency-Cases/F/Freemark-Apparel-Brands>
- ▶ **Offers must be submitted no later than noon EDT on April 21, 2017, at the office of:**

Richter Advisory Group Inc.
Attention: Eric Barbieri, CPA, CA
1981 McGill College, 12th Floor
Montréal, Québec H3A 0G6
ebarbieri@richter.ca

- ▶ Any ultimate transaction would be subject to approval by the Court and secured lenders;
- ▶ The Company reserves the right, in its sole discretion, to:
 - Suspend or modify the process for any reason, at any time;
 - Exclude any potential buyer from any further participation in the solicitation process;
 - Select the chosen potential buyer without any obligation to accept any offer; and
 - Reject any or all offers and shall have no obligation to disclose any reason therefor.

ABOUT RICHTER

- ▶ Richter Advisory Group Inc. is a leader in the field of financial reorganization, distressed transaction services and insolvency, with a track record for finding practical solutions to complex problems. Our team has been involved in some of Canada's most significant restructurings.
- ▶ Richter is a financial consulting services firm offering strategic support and has been a recognized member of the business community since 1926. Our team is composed of more than 450 partners, specialists, high level professionals and administrative staff. In an increasingly complex global environment, our firm offers a range of financial advisory services and our delivery model supports a comprehensive and integrated approach in which our participation becomes a natural extension of each client.

CONFIDENTIALITY AND DISCLAIMER

This document has been prepared based on information provided by the Company and is intended to provide preliminary information to potentially interested third parties to formulate offers with regard to the purchase of the Company's assets and operations. The information contained herein, along with any accompanying materials, is confidential and proprietary to the Company. Accordingly, the reader agrees to treat all information as strictly confidential and shall not disclose, either in part or in whole, to any party not directly involved in this process.

This document is not intended for general circulation or publication and cannot be reproduced in any form without the written permission of the Company and of Richter Advisory Group Inc. This document does not constitute a prospectus, offering memorandum or public offering. No guarantees are made or implied with regard to any transaction that may ultimately result.

Exhibit B

REQUEST FOR OFFERS

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
FREEMARK APPAREL BRANDS ESP INC. (“FABE”), FREEMARK APPAREL
BRANDS TEC INC. (“FABT”), FREEMARK APPAREAL BRAND INC. (“FABI”) &
FREEMARK APPAREL BRANDS USA, INC. (“FABU”)
(collectively the “FAB Group”)**

Richter Advisory Group Inc. (“**Richter**”) acts as trustee to the notices of intention to make a proposal of the FAB Group filed on February 17, 2017.

The FAB Group has mandated Richter to initiate and conduct a sale and investor solicitation process (“**SISP**”) in consultation with HSBC Bank Canada (“**HSBC**”) to market the FAB Group's business and the assets related thereto. Any transaction in connection with the FAB Group's business and/or the assets will require Court approval as well as HSBC's consent.

As part of this solicitation process, Richter will allow Qualified Bidders to access (at Richter's choice, either through Richter's virtual data room or through other means chosen by Richter) all documents and information which the FAB Group believes to be required in order for a Qualified Bidder to be in a position to make an offer or propose a transaction in connection with the FAB Group's business or the Assets (as hereinafter defined) (the “**Information**”).

The present Request for Offers (the “**Request**”) is subject to and governed by the following conditions and terms:

1. **VENDOR.** The Vendor of the Assets will be one of or all of FABI, FABU, FABE or FABT, or a receiver to be appointed in respect of the Assets (“**Vendor**”).
2. **ASSETS.** The assets forming the object of any Qualified Bid will consist of the whole or any portion of some or all of the FAB Group's corporeal and incorporeal, tangible and intangible property and any interests of the FAB Group therein (to the extent of such interests) including, without limitation, all inventory, accounts receivable, leasehold improvements, leasehold rights, fixed assets, intellectual property (including the license and distribution agreements with *inter alia* Esprit International, Bench Limited and Bench USA Inc.) and goodwill (the “**Assets**”).

3. **QUALIFIED BIDDER.** The FAB Group will only consider Qualified Bids (as hereinafter defined) from bidders who have provided to Richter a fully executed “Confidentiality and Non-Disclosure Agreement” (the “**NDA**”) to the FAB Group’s complete satisfaction (a “**Qualified Bidder**”).
4. **DUE DILIGENCE.** Upon request made by a Qualified Bidder to Richter, the Qualified Bidder will be granted access to the Information, in order to allow the Qualified Bidder to complete its due diligence prior to submitting a bid, all subject to and in accordance with the provisions of the NDA.
5. **QUALIFIED BID.** The FAB Group shall only consider bids which meet the following conditions (a “**Qualified Bid**”), namely:
 - (a) the bid is submitted by a Qualified Bidder;
 - (b) the bid is submitted by the Bid Deadline (as hereinafter defined);
 - (c) the bid pertains to the acquisition or liquidation of the whole or any portion of the Assets or a transaction in connection with the investment or partnership in the FAB Group 's business;
 - (d) the bid indicates the consideration offered for the Assets to be purchased or the proposed transaction (the “**Purchase Price**”) and the method of its payment;
 - (e) the bid is not conditional upon the outcome of unperformed due diligence or the obtaining of financing;
 - (f) the bid is conditional upon the issuance by the Commercial Division of the Quebec Superior Court for the District of Montreal (the “**Court**”) of a judgment or order acceptable to HSBC (the “**Approval Order**”) which has been made executory notwithstanding appeal or which has become final as a result of the delay for appeal having expired without an appeal having been lodged or, an appeal having been lodged, the Order having been confirmed on appeal or withdrawn which:
 - (i) authorizes Vendor (**A**) in the case of the sale of Assets, to sell the relevant Assets to the Qualified Bidder, free and clear of all hypothecs, prior claims, security interests, liens, charges and encumbrances whatsoever other than any expressly assumed by

the Qualified Bidder in its Qualified Bid, and/or **(B)** to enter into and complete the proposed transaction with the Qualified Bidder, the whole in accordance with the terms and conditions of the Qualified Bid; and

- (ii) in the case of the Assets comprising leasehold rights or license agreements, orders the assignment by Vendor to the Qualified Bidder of all of the FAB Group's rights and obligations under all leases creating such leasehold rights or the relevant license agreements;
- (g) in the case of a sale of the Assets, the bid is accompanied by a deposit equal to the lesser of \$100,000 or 5% of the Purchase Price (the "**Deposit**") in the form of a certified cheque, irrevocable electronic transfer of funds or bank draft, payable to "Richter Advisory Group Inc. – In Trust";
- (h) the bid provides for a closing of the sale transaction envisaged by the Qualified Bid (the "**Contemplated Transaction**") by no later than 5 o'clock p.m. (Montreal time) on May 12, 2017 (the "**Closing Date**"); and
- (i) the Qualified Bid provides for the following acknowledgments and representations from the Qualified Bidder, namely that:

 - (i) the Qualified Bidder has had the opportunity to conduct all due diligence regarding the Assets and/or the FAB Group, before submitting its bid;
 - (ii) the Qualified Bidder acknowledges and recognizes that the Contemplated Transaction will be made on an "*as is / where is*" basis, at the Qualified Bidder's own risk and peril, without any representations or warranties of any nature whatsoever, implicit or explicit, legal or conventional, statutory or otherwise, with respect to the Assets and/or any of the FAB Group entities;
 - (iii) the Qualified Bidder, in submitting its bid, has relied solely upon its own independent review, investigation and/or inspection of the Assets and the Information concerning the Assets and/or any of the FAB Group entities;

- (iv) the Qualified Bidder, in submitting its bid, has not relied upon any written or oral representations, warranties, guaranties or statements whatsoever, whether express or implied, statutory or otherwise, regarding the Assets and/or any of the FAB Group entities or regarding any Information or the completeness thereof; and
- (v) the bid is accompanied by such other information as may be reasonably requested by the FAB Group and/or Richter.

(collectively, the "**Bid Requirements**")

6. **Credit Bid.** Notwithstanding anything herein to the contrary, including without limitation, the bidding requirements set forth herein, shall be deemed a Qualified Bidder any secured creditor of any of the FAB Group entities and any bid submitted by a secured creditor of any of the FAB Group entities (a "**Credit Bid**") in respect of all or a portion of the Assets shall constitute a Qualified Bid. Such secured creditor will be permitted to credit bid up to the full amount owing under its relevant credit facility arrangements, and the amount of such Credit Bid shall be valued as if a cash bid had been submitted, it being however understood that any such credit bidder will only be authorized if such bid also provides for the full payment in cash of the amount due to any secured creditor ranking ahead of it or for payment of the amount due on terms and conditions acceptable to said secured creditor.
7. **BID DEADLINE.** Qualified Bids accompanied by the Deposit must be received in a sealed envelope by Richter by no later than noon (Montreal time) on April 21, 2017 (the "**Bid Deadline**"). Such sealed envelope must clearly be marked "BID – FAB Group".
8. **OPENING OF QUALIFIED BIDS.** Qualified Bids will be opened at Richter's offices upon the expiry of the Bid Deadline, in the presence of the representatives of the secured creditors and the FAB Group. No bidder will be present at the opening of the bids.
9. **WITHDRAWAL OF A QUALIFIED BID.** All Qualified Bids submitted constitute a firm offer and cannot be revoked, unless a written notice of withdrawal of the Qualified Bid is received by Richter prior to the expiry of the Bid Deadline.
10. **RETAINED BIDDER AND CONTEMPLATED TRANSACTION.** The FAB Group, after consultation with Richter, will determine which of the Qualified Bids, if any,

is acceptable. Any Qualified Bids accepted by the FAB Group shall also need to be approved by HSBC. The FAB Group may elect to reject any or all of the Qualified Bids and is under no obligation to accept the highest Qualified Bid or to accept any of the Qualified Bids. The Qualified Bidders will be informed in writing by no later than 5 o'clock p.m. (Montreal time) on April 26, 2017 of the FAB Group's decision in respect of their respective Qualified Bids as follows:

- (a) if a Qualified Bid is accepted by the FAB Group and HSBC, the Qualified Bidder will receive a notice of acceptance from Richter (the "**Notice of Acceptance**") confirming that the FAB Group agrees to complete the Contemplated Transaction with the Qualified Bidder (each a "**Retained Bidder**"), the whole subject to the issuance of the Approval Order (each a "**Retained Bid**"); and
- (b) If more than one Qualified Bid is received for the same Assets, the FAB Group may elect (but has no obligations whatsoever to do so), with the prior approval of HSBC to pursue an auction in accordance with the procedures set out in the attached Schedule [A](#) (an "**Auction**").
- (c) if a Qualified Bid is dismissed, the Qualified Bidder will receive notice of dismissal from Richter and the Deposit (without any accrued interest thereon) will be promptly returned by Richter to the Qualified Bidder. The Qualified Bidder recognizes and acknowledges that it has absolutely no recourse against Richter and/or the FAB Group as a result of the dismissal of its Qualified Bid, save and except with respect to the return of its Deposit (without any accrued interest thereon) and no recourse whatsoever against HSBC.

11. **DEFINITIVE AGREEMENTS.** Following receipt of a Notice of Acceptance, the Retained Bidder and the FAB Group, in consultation with HSBC, undertake to negotiate in good faith to finalize the definitive agreements necessary to fully implement the Contemplated Transaction (the "**Definitive Agreements**").
12. **APPLICATION TO THE COURT.** Unless the FAB Group and HSBC otherwise agree, the Application to the Court seeking issuance of the Approval Order will not be filed with the Court prior to the drafts of the Definitive Agreements having been approved in writing by each of the relevant entities of the FAB Group and the secured creditors holding security over the relevant Assets and the Retained Bidder.

13. **CLOSING.** Closing of the Contemplated Transaction(s) will occur no later than the Closing Date.
14. **LIABILITY FOR TAXES.** All applicable duties and taxes (including all sales taxes) that may be payable as a result of or in connection with the Contemplated Transaction will be paid by the Retained Bidder (in addition to the Purchase Price) in full at closing.
15. **WITHDRAWAL OF ACCEPTANCE.** The FAB Group may withdraw its Notice of Acceptance at any time prior to the closing of the Contemplated Transaction. In the event of such withdrawal, Richter will immediately return the Deposit (without any accrued interest thereon) to the Retained Bidder and the Retained Bidder will have no further rights or recourses whatsoever against the FAB Group, HSBC and/or Richter.
16. **EXCLUSION OF WARRANTIES.** Any Contemplated Transaction will be made strictly on an “*as is / where is*” basis, without any representations or warranties on the part of any of the FAB Group entities, any other Vendor, Richter or HSBC, of any nature whatsoever, implicit or explicit, legal or conventional, statutory or otherwise with respect to the Assets and/or any of the FAB Group entities, all such representations or warranties being expressly excluded from the Contemplated Transaction. Without limiting the generality of the foregoing, in connection with a sale of the Assets, the Qualified Bidder acknowledges (and will acknowledge in the Definitive Agreements) having examined the Assets in all respects and being completely satisfied with their existence, state, condition, saleability, quality and quantity in all respects. Additionally, in connection with a sale of the Assets, the Retained Bidder recognizes and acknowledges (and will recognize and acknowledge in the Definitive Agreements) that the relevant entity(ies) of the FAB Group and any other Vendor is not a professional seller of the Assets.
17. **POSSESSION.** Upon occurrence of closing on the Closing Date, in the event the contemplated transaction is in respect of the Assets, the Retained Bidder will take possession of the Assets strictly on an “*as is / where is*” basis, at its own cost and expense, without any liability on the part of the FAB Group, HSBC or Richter. The Retained Bidder will indemnify and hold each of the FAB Group entities, HSBC and Richter harmless for and against all claims in connection with any damages caused to any premises where the Assets are located as a result of the Qualified Bidder’s taking possession thereof.

18. **TITLE.** Title to the Assets will not pass to the Retained Bidder nor will the Retained Bidder be entitled to possession thereof until the occurrence of closing on the Closing Date.
19. **DEFAULT OF A QUALIFIED BIDDER.** If a Qualified Bidder fails to comply with any of the terms, conditions and provisions of this Request, the NDA or its Qualified Bid, the Qualified Bidder will indemnify and hold harmless each of the FAB Group entities, HSBC and Richter for any damages incurred as a result of such failure.
20. **DEFAULT OF A RETAINED BIDDER.** If a Retained Bidder fails to complete the Contemplated Transaction or breaches the terms, conditions and provisions of this Request or the NDA, then:
- (a) such Retained Bidder will be absolutely deemed to have completely forfeited its Deposit to and in favour of the FAB Group and Richter shall immediately remit such Deposit to the FAB Group, which the FAB Group shall be entitled to retain as pre-determined partial liquidated damages (and not as a penalty) resulting from such Retained Bidder's default; and
 - (b) the FAB Group and/or the vendor, as the case may be, will be entitled to claim damages from the Retained Bidder resulting from such Retained Bidder's default in excess of the Deposit.
21. **NO ASSIGNMENT.** Neither a Qualified Bidder nor a Retained Bidder will be entitled to transfer or assign, in whole or in part, any of its rights, title and/or interest in or to its Qualified Bid and/or Retained Bid, except with the express prior written consent of the relevant entity(ies) of the FAB Group and HSBC. If such consent is given, such Qualified Bidder, the Retained Bidder and the designated transferee/assignee will be solidarily (jointly and severally) liable towards the FAB Group for all of the obligations of the Qualified Bidder and/or the Retained Bidder under its Qualified Bid and/or Retained Bid.
22. **NOTICE.** All communications (including, without limitation, all notices, acceptances, consents and approvals) provided for or permitted under this Request shall be in writing, sent by personal delivery, courier, facsimile or electronic transmission at the following coordinates:
- (a) For any Qualified Bidders: At the coordinates indicated in their respective bids;

(b) For the Debtor: FAB Group.

Attention: Howard Schnider
Facsimile No.: 514-341-1444
E-Mail: hschnider@fabinc.ca

with a copy to

Davies Ward Phillips & Vinerberg LLP
1501 McGill College Avenue
26th Floor
Montreal, QC
H3A 3N9

Attention: Denis Ferland
Facsimile No.: 514 841 6499
E-Mail: dferland@dwpv.com

(c) To Richter: Richter Advisory Group Inc.
1981 McGill College Avenue
Montreal, QC
H3A 0G6

Attention: Eric Barbieri
Facsimile No.: 514-934-3504
E-Mail: EBarbieri@richter.ca

with a copy to

Osler, Hoskin & Harcourt LLP
1000 de la Gauchetiere West
Suite 2100
Montreal, QC
H3B 4W5

Attention: Sandra Abitan
Facsimile No.: 514.904.8101

E-Mail: sabitan@osler.com

(d) To HSBC:

Fasken Martineau DuMoulin
800 Square Victoria
37th Floor
Montreal, QC
H4Z 1A1

Attention: Marc-Andre Morin
Facsimile No.: 514-397-5131
E-Mail: mamorin@fasken.com

- 23. APPLICABLE LAW AND JURISDICTION.** This Request, the NDA, the Definitive Agreements and the Contemplated Transaction(s) will be subject to and governed by the laws of the Province of Quebec and the laws of Canada in force therein from time to time. Each Qualified Bidder, the FAB Group and Richter attorns to the exclusive jurisdiction of the Court with respect to any and all legal proceedings or remedies related, directly or indirectly, to this Request, the NDA, the Definitive Agreements and the Contemplated Transaction(s).
- 24. DELAYS.** If any delay provided for herein expires on a day that is not a business day (i.e. any day other than a Saturday, Sunday or statutory holiday in the Province of Quebec or any other day on which banks are generally closed for business in the Province of Quebec), the delay will be extended to the next business day. All delays set forth in this Request, including, without limitation, the Bid Deadline, the Closing Date and the delays set forth in Sections 8 and 10 hereof, may be extended by the FAB Group, with the consent of Richter and HSBC.
- 25. WAIVER OR VARIANCE OF CONDITIONS.** All of the conditions set forth in this Request, the NDA and the Contemplated Transaction will enure to the exclusive benefit of the FAB Group or any other Vendor (in consultation with HSBC) and, accordingly, the FAB Group or any other Vendor alone (and expressly not any Qualified Bidder or any Retained Bidder) will be entitled to waive or vary any of such conditions, it being understood that any waiver or variance of material conditions shall need to be approved by HSBC.
- 26. LANGUAGE.** Each of the FAB Group entities, Richter and the Qualified Bidders agree that this Request, the NDA, the Definitive Agreements, the Contemplated

Transaction and all related documents be drawn up solely in the English language. / *Chacune des entités du "FAB Group", "Richter" et "Qualified Bidders" consentent à ce que ce "Request", "Confidentiality Agreement", "Definitive Agreements", "Contemplated Transaction" et tous les documents y afférents soient rédigés exclusivement dans la langue anglaise.*

MONTREAL, March 21, 2017

RICHTER ADVISORY GROUP INC., in its capacity as Trustee
to the Notice of Intention to Make a Proposal of
the FAB Group

Schedule A

- 1 If the FAB Group with the approval of HSBC decides to conduct an Auction, it will notify the Qualified Bidders that the Auction will be held at the offices of Richter Advisory Group Inc. ("Richter") at **9:00 a.m. (Eastern Time)** on such date that is **[three]** business days from the Bid Deadline, or such other place and time acceptable to HSBC as the FAB Group may advise. Capitalized terms used but not defined have the meaning given to them in the Request for Offers. The Auction shall be conducted in accordance with the following procedures:
- (a) Participation At The Auction. Only a Qualified Bidder that has submitted a Qualified Bid is eligible to participate in the Auction. Each Qualified Bidder must inform the FAB Group and Richter whether it intends to participate in the Auction no later than 12:00 p.m (Eastern Time) on the business day prior to the Auction. Only the authorized representatives of each of the Qualified Bidders, Richter, the FAB Group, the secured creditors holding security over the relevant Assets and their respective counsel shall be permitted to attend the Auction. If (i) only one (1) Qualified Bidder elects to participate in the Auction on the relevant Assets, or (ii) no Qualified Bidder elects to participate in the Auction on the relevant Assets, then the Auction on such Assets will be automatically cancelled and all Qualified Bids made by Qualified Bidders on such relevant Assets will remain irrevocable and binding on the Qualified Bidders until the earlier of the Closing Date or the receipt of the notice of dismissal from Richter. Furthermore, all Qualified Bids of the Qualified Bidders relating to such relevant Assets that choose not to participate in the Auction shall remain irrevocable and binding on the Qualified Bidders until the earlier of the Closing Date or the receipt of the notice of dismissal from Richter.
 - (b) Bidding at the Auction. Bidding at the Auction shall be conducted in rounds. The highest Qualified Bid at the beginning of the Auction shall constitute the "**Opening Bid**" for the first round and the highest Overbid (as defined below) at the end of each round shall constitute the "**Opening Bid**" for the following round. In each round, a Qualified Bidder may submit no more than one Overbid. Any Qualified Bidder who bids in a round (including the Qualified Bidder that submitted the Opening Bid for such round) shall be entitled to participate in the next round of bidding at the Auction.
 - (c) Richter Shall Conduct The Auction. Richter and its advisors shall direct and preside over the Auction. At the start of the Auction, Richter shall provide the terms of the Opening Bid to all participating Qualified Bidders at the Auction. The determination of which Qualified Bid constitutes the Opening Bid for each round shall take into account any factors that Richter, in consultation with

HSBC, reasonably deems relevant to the value of the Qualified Bid, including, among other things, the following: (i) the amount and nature of the consideration; (ii) the proposed assumption of any liabilities; (iii) Richter 's assessment of the certainty of the Qualified Bidder to close the proposed transaction on or before the Closing Date; (iv) the likelihood, extent and impact of any potential delays in closing; (v) any purchase-price adjustments; (vi) the impact of the contemplated transaction on any actual or potential litigation; (vii) the net economic effect of any changes from the Opening Bid of the previous round, (viii) the net after-tax consideration to be received by the FAB Group; and (ix) such other considerations as Richter, in consultation with HSBC, deems relevant in its reasonable business judgment (collectively, the "**Bid Assessment Criteria**"). For greater certainty, Richter may ascribe monetary values to non-monetary terms in Overbids for the purposes of assessing and valuing such Overbids, including without limitation, the value to be ascribed to any liabilities or contracts to be assumed. All Bids made after the Opening Bid shall be Overbids, and shall be made and received on an open basis, and all material terms of the highest and best Overbid shall be fully disclosed to all other Qualified Bidders that are participating in the Auction. Richter shall maintain a record of the Opening Bid and all Overbids made and announced at the Auction.

- (d) Terms of Overbids. An "**Overbid**" is any Bid made at the Auction subsequent to Richter's announcement of the Opening Bid. To submit an Overbid, in any round of the Auction, a Qualified Bidder must comply with the following conditions:
- (i) *Minimum Overbid Increment.* Any Overbid shall be made in such increments of as Richter may determine at the beginning of the Auction in order to facilitate the Auction (the "**Minimum Overbid Increment**"). The amount of the cash purchase price consideration or value of any Overbid shall not be less than the cash purchase price consideration or value of the Opening Bid, plus the Minimum Overbid Increment(s) at that time plus any additional Minimum Overbid Increments.
 - (ii) *The Bid Requirements same as for Qualified Bids:* Except as modified herein, an Overbid must comply with the Bid Requirements, provided, however, that the Bid Deadline shall not apply. Any Overbid made by a Qualified Bidder must provide that it remains irrevocable and binding on the Qualified Bidder until May 12, 2017.

- (iii) *Announcing Overbids:* At the end of each round of bidding, Richter shall announce the identity of the Qualified Bidder and the material terms of the then highest and/or best Overbid, including the nature of the transaction, the assets proposed to be acquired and the obligations proposed to be assumed, the basis for calculating the total consideration offered in such Overbid, and the resulting benefit to the FAB Group based on, among other things, the Bid Assessment Criteria.
 - (iv) *Consideration of Overbids:* Richter reserves the right, with the consent of HSBC and in consultation with the FAB Group and its advisors, to make one or more adjournments in the Auction to, among other things: (A) facilitate discussions between the Company and individual Qualified Bidders; (B) allow individual Qualified Bidders to consider how they wish to proceed; (C) consider and determine the current highest and/or best Overbid at any given time during the Auction; and, (D) give Qualified Bidders the opportunity to provide Richter with such additional evidence as it, or the Company, may require, that the Qualified Bidder has obtained all required internal corporate approvals, has sufficient internal resources, or has received sufficient non-contingent debt and/or equity funding commitments, to consummate the proposed transaction at the prevailing Overbid amount. Richter and the FAB Group may have clarifying discussions with a Qualified Bidder, and Richter may allow a Qualified Bidder to make technical clarifying changes to its Overbid following such discussions.
 - (v) *Failure to Bid:* If at the end of any round of bidding a Qualified Bidder (other than the Qualified Bidder that submitted the then highest and/or best Overbid or Opening Bid, as applicable) fails to submit an Overbid, then such Qualified Bidder shall not be entitled to continue to participate in the next round of the Auction.
- (e) Additional Procedures. Richter may, in consultation with HSBC, the FAB Group and its advisors, adopt rules for the Auction at or prior to the Auction that will better promote the goals of the Auction and that are not inconsistent with any of the provisions of the Request for Offers provided that no such rules may change the requirement that all material terms of the then highest and/or best Overbid at the end of each round of bidding will be fully disclosed to all other Qualified Bidders.

- (f) Closing the Auction. Upon conclusion of the bidding, the Auction shall be closed, and Richter shall, with the assistance of the FAB Group, its advisors and HSBC (i) immediately review the final Overbid of each Qualified Bidder on the basis of financial and contractual terms and the factors relevant to the sale process, including those factors affecting the speed and certainty of consummating the proposed sale, and (ii) identify, with the consent of HSBC, the Retained Bid and advise the Qualified Bidders participating in the Auction of such determination.

- (g) Finalizing Documentation. Promptly following a Bid of a Qualified Bidder being declared the Retained Bid, the Qualified Bidder shall execute and deliver such revised and updated definitive transaction agreements as may be required to reflect and evidence the Retained Bid.

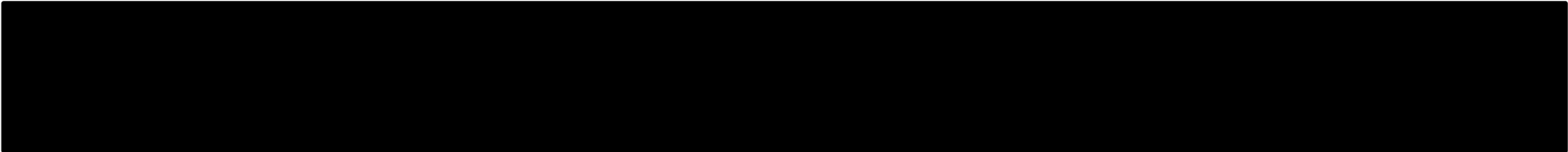
Exhibit C

Restructuring Plan and Financial Projections



Bench. ≡ S P R I T

Confidential



Company Profile

Company Overview

- Freemark Apparel Brands (“FAB” or “Company”) is a premier retailer and wholesaler of branded fashion apparel, operating since 2004;
 - Prior to the impact of restructuring initiatives (including closure of unprofitable stores), sales for the 12-months ended December 31, 2016 were \$70M: \$48M of retail sales and \$22M from wholesale operations.
 - FAB is currently completing the wind-down of its Thread + Copper retail banner, following which it plans to operate 37 retail locations throughout Canada, under 2 banners:
- | Current Retail Footprint | # of stores | Total Sq Ft | Avg Sq FT |
|--------------------------|-------------|---------------|--------------|
| Bench Regular | 24 | 41,550 | 1,731 |
| Bench Outlet | 12 | 32,728 | 2,727 |
| Total Bench | 36 | 74,278 | 2,063 |
| Esprit | 1 | 2,638 | 2,638 |
| Total Stores | 37 | 76,916 | 2,079 |
- FAB’s wholesale business is anchored by long-standing relationships with The Bay, Simons, Winners and Saks Off 5th, and significant growth opportunities with Costco and US retailers;
 - In addition to the retail stores and wholesale operations, FAB runs an online retail web shop with 300,000+ registered users;
 - The Company operates out of a 25,000 sq. ft. head office and 100,000 sq. ft. warehouse / distribution center in Montreal (both rented facilities);
 - FAB is managed by 4 dedicated and hands-on partners and supported by one outside partner;
 - FAB’s management team has a long history of successfully identifying and developing foreign brands in the Canadian retail and wholesale market;
 - FAB currently employs approximately 600 staff at its retail stores, DC and head office.

Current World Class Brands





Operational Challenges and Restructuring Plan

FAB Restructuring Plan - Overview

- FAB has established a long track record of profitability, up to and including the fiscal year ended June 2016. From F2010 to F2015, the Company averaged \$10M of annual EBITDA – See Exhibit 2.
 - However, as a result of specific operational challenges over the past months, the Company reported a \$4M normalized EBITDA loss for the 6 months ended December 2016;
- In order to address these negative results, FAB management pro-actively engaged the services of a leading retail consulting firm (The Grayson Company – “TGC”) and a turnaround advisory firm (Richter Advisory Group – “Richter”) to assist in developing a comprehensive turnaround plan for the business. The business plan, which is further detailed herein, is based on 4 major pillars:
 - 1. Re-focus the business on FAB’s core retail brand – Bench – in the short term**
 - With the exception of 1 Esprit store (pilot location supported by the licensor and landlord), FAB will exit all other brands for retail, which will allow us to simplify operations and reduce overhead.
 - 2. Improvement in retail store contribution driven by:**
 - The closure of unprofitable retail stores and re-negotiation of unfavorable leases;
 - Improvements in retail operations based on strategies developed in conjunction with TGC.
 - 3. Restructuring of wholesale operations to fewer brands (Bench & Esprit):**
 - Bench wholesale business to be anchored by a new high volume program with Costco (\$5M of confirmed orders for Fall 2017);
 - \$4M of F2018 revenues with US discounters following the acquisition of the Bench USA license;
 - Significant reduction in overhead and selling expenses resulting from the exit of various brands.
 - 4. Implementation of substantial headcount reduction (44 positions - \$3.0M of annualized savings), as well as significant reduction in other overhead costs (travel, warehouse space, etc.).**

Retail Operations – 2016 Challenges

- The Company committed a significant amount of time and resources to launch a new retail brand, Thread+Copper, in 2016. A total of 12 stores were opened;
 - The concept was to assemble several of FAB's brands under a single banner;
 - The T+C stores performed well below expectations following the launch;
 - Significant additional headcount / overhead was added to support the T+C venture.
- FAB generated retail gross margins of ~64% in each of F2014, F2015 and F2016. F2017 YTD results reflect retail gross margins of 53% for F2017 as a result of:
 - Clearing excess inventory bought for T+C stores that did not perform as projected;
 - Clearing excess inventory bought for five planned new Esprit stores that were put on hold due to persistent late deliveries from the supply chain (and related poor performance of 2 existing stores);
 - Liquidating Bench inventory more aggressively than usual in order to maintain the bank borrowings at a comfortable level;
- As a result of lower comparative sales results and gross margins, several Bench regular stores with high occupancy costs, which had been marginal contributors in the past, became a drain on profitability and liquidity in F2017.

Retail Operations – 2017 / 2018 Turnaround Strategy

Retail Store Restructuring:

- Elimination of the unsuccessful Thread+Copper banner, closure of 10 test stores and conversion of 2 stores back to Bench Outlets. The wind-down of T+C is expected to be completed by April 30, 2017;
- Closure of 5 unprofitable Bench regular/mall stores, and lease re-negotiation for other marginally contributing locations;
 - Maintaining a number of Bench regular stores is an important strategic component of supporting the brand for the benefit of the wholesale and outlet channels.
- Re-focus management time and resources on profitable Bench outlet stores as a core priority;
- In order to stabilize the business in the short term, FAB intends to concentrate its retail business on Bench and Esprit;
- As part of its restructuring efforts, FAB completed the sale of assets related to the retail (5 stores) and wholesale operations of the Scotch & Soda – Amsterdam Couture license on March 7, 2017.

Optimization of Retail Operations:

- TGC was engaged in November 2016 to assist in optimizing several areas of the retail operations, including:
 - Pricing and mark-down optimization strategies, including short-term plans to maximize recovery on Fall 2016 / Spring 2017 excess inventory;
 - Improved store merchandising / window design / customer attraction strategies;
 - Strategic purchasing of the Fall 2017 line;
 - Retail merchandise planning;
 - Store labor optimization (particularly for Bench outlet stores).

Retail Operations – 2017 / 2018 Turnaround Strategy

Retail Operations Targets for F2018

- Based on the store restructuring and optimization initiatives, we are targeting the following results for F2018:
 - Comparative store sales growth of 5% for Bench;
 - 60% gross margin projected for retail operations (Spring 2017 goods are currently selling at ~63% GM). We expect GM% to return to a historical levels (~64%) over two to three years;
 - *F2018 EBITDA impact of direct store costs optimization is projected to be \$1.5M;*
 - Significant reductions in rent for 12 stores (11 Bench and 1 Esprit) with renegotiated leases;
 - Opening of two new Bench outlet stores in Ivanhoe Cambridge properties in Summer / Fall 2017.
- In addition to profitability improvements, these initiatives are expected to improve inventory turns and generate liquidity in the business.

Wholesale Operations – 2017 / 2018 Strategic Plan

- FAB's wholesale operations generated an EBITDA loss in F2016 and the trailing 12-month period ended November 2016, after being a positive contributor in F2015 and prior years.
 - The decline in financial performance is mainly attributable to lower volume of Bench sales to The Bay;
 - In F2017, the losses were compounded by ~\$1.0M of non-recurring start-up samples costs for Esprit, as well as lower margins projected in the latter half of this year to clear out ~\$3M of excess retail inventory through the wholesale channel.
- *The wholesale strategic plan for F2017 / F2018 consists of:*

Addition of Profitable Sales to Costco:

- FAB has recently secured an important wholesale program with Costco Canada.
 - The program will feature very high volumes on selected styles;
 - **Confirmed orders have already been secured for July 2017 delivery, representing \$5M in sales:** one men's style (\$1.9M); two kid's styles (\$1.8M); one ladies style (\$1.3M);
 - All orders will be produced and drop shipped to Costco's warehouses by C&O Apparel, which is a long standing Costco apparel supplier with numerous SKUs currently in stores in Canada, USA and internationally. FAB's management has been working closely with C&O's owner for close to ten years;
 - The F2018 projections include \$8M of revenues from Costco. This includes both Fall 2017 orders noted above, and anticipated Spring 2018 revenues;
 - We are aggressively pursuing opportunities to enter the US market with Costco for Fall 2018 (or earlier).

Wholesale Operations – 2017 / 2018 Strategic Plan

Expansion of Wholesale Operations in the United States:

- In Fall 2016, FAB secured the Bench license for the United States. Previously, the US market had been serviced by a joint venture (30% owned by FAB), controlled by the Licensor;
 - The wholesale strategy for the US market will be to develop pre-sold programs with major customers such as Burlington Coat Factory, TJ Maxx, Lord & Taylor, Amazon and others;
 - The Company has hired an experienced sales manager to drive these US programs;
 - For F2018, \$4M CAD of wholesale revenues have been projected in the US market.

Grow Esprit and Improve Mature Wholesale Business:

- Esprit has had the strongest first 18 months of any brand in the Company's history. We have factored in modest organic growth in Esprit sales (from \$3.8M to \$5.0M) in Fiscal 2018. We believe there is material potential upside to this figure;
 - The Company has secured test orders to launch both Esprit Men's and Women's at The Bay in Spring 2017 / Fall 2018.
- FAB sold the assets related to the Scotch & Soda business, and intends to discontinue wholesale operations for Garcia and small-volume, non-contributing brands (Silvian Heach / Glamorous) that are diverting focus from profitable business;
 - Eliminating non-core brands will enable a significant reduction in overhead, and a re-focus of senior management resources towards optimizing and growing our core Bench business.

FAB Overhead Structure - 2017 / 2018 Strategic Plan

- In F2017, FAB added significant overhead costs to its operating structure to support the new Thread+Copper venture. In addition, significant start-up costs (samples) were incurred relative to Esprit.

Overhead Rationalization – 2017 / 2018:

- Through voluntary departures and a recently implemented headcount reduction, 44 head office positions have been eliminated since December 2016;
 - The annualized savings are projected to be \$3.0M;
 - The reductions relate primarily to retail head office, administrative, and marketing staff. This includes numerous employees which were dedicated to non-Bench brands.
- Other overhead reductions planned for the latter half of F2017 and F2018 include a 45% reduction in travel expenses (primarily to Europe), as well as a reduction in advertising (in line with revised customer attraction strategies developed with TGC);
- A restructuring of the Administrative Department will ensure that the rationalized overhead structure will be able to support the new US business, in addition to FAB's current Canadian operations.



Financial Analysis and Projections

F2016 to F2018 EBITDA

Historical and Projected EBITDA

Financial Overview (in \$000's)	F2016 Actual		F2017 YTD Dec. Actual		F2018 Projections	
Retail Operations						
# of Stores (incl. e-comm)	50		59		40	
Sales	\$ 48,313	100.0%	\$ 29,114	100.0%	\$ 39,922	100.0%
Gross Margin	31,088	64.3%	15,472	53.1%	23,938	60.0%
Store Costs	(24,357)	(50.4%)	(15,032)	(51.6%)	(15,221)	(38.1%)
Royalties	(1,764)	(3.7%)	(994)	(3.4%)	(1,578)	(4.0%)
Retail Store Contribution	\$ 4,967	10.3%	\$ (554)	-1.9%	\$ 7,138	17.9%
Wholesale Operations						
Sales	\$ 23,650	100.0%	\$ 12,123	100.0%	\$ 24,000	100.0%
Gross Margin	10,365	43.8%	5,222	43.1%	8,610	35.9%
Royalties	(1,282)	(5.4%)	(646)	(5.3%)	(2,066)	(8.6%)
Selling Expenses	(3,943)	(16.7%)	(2,584)	(21.3%)	(2,552)	(10.6%)
Wholesale Contribution	\$ 5,140	21.7%	\$ 1,993	16.4%	\$ 3,993	16.6%
Overhead	(8,642)		(4,919)		(7,016)	
Financial Expenses	(616)		(298)		(607)	
Total EBITDA	\$ 848	1.2%	\$ (3,779)	-9.2%	\$ 3,508	5.5%
Depreciation	(2,306)	-3.2%	(1,403)	-3.4%	(1,807)	-2.8%
Interest	(330)	-0.5%	(338)	-0.8%	(996)	-1.6%
Restructuring Costs	-	0.0%	(629)	-1.5%	-	0.0%
Write-Offs	(460)	-0.6%	10	0.0%	-	0.0%
	(3,096)	-4.3%	(2,360)	-5.7%	(2,802)	-4.4%
Pre-Tax Earnings	\$ (2,248)	-3.1%	\$ (6,139)	-14.9%	\$ 706	1.1%

Retail gross margins are projected to normalize back to levels approaching historical results in F2018, following a significant decline driven by the liquidation of excess inventory and store closures in F2017.

Reduction in wholesale gross margins results from a shift of volume from independent customers (primarily comprised of non-core brands) to lower margin Bench sales to Costco and US discounters. The GM loss is being offset by overhead and selling expense reductions.

EBITDA is reflected prior to restructuring professional fees and severance costs.

Retail Store Contribution Analysis

- The following table outlines actual and forecasted retail results by brand / group of stores, reflecting the projected full year impact of our restructuring plan in F2018;
- F2017 represents a transition year, during which the wind-down / liquidation of several stores will be executed from February to June 2017. As F2017 is not a representative year, we have prepared a comparative analysis of F2018 vs. F2016 for Bench retail on the next page.

Retail Contribution (in \$000's)	Bench				Bench Total	Scotch & Soda	Esprit	Thread + Copper ⁽¹⁾	Total all Banners
	Core Stores	Marginal Stores	Closing Stores	E-Comm					
F2016 Actual									
Revenues	\$27,406	\$ 7,346	\$3,689	\$ 3,682	\$ 42,123	\$ 3,818	\$ 319	\$ 2,053	\$ 48,313
GM %	63.8%	67.5%	66.2%	61.1%	64.4%	62.8%	61.8%	66.7%	64.3%
Selling Expense %	42.7%	63.5%	61.3%	46.2%	48.2%	60.4%	81.9%	71.7%	50.4%
Contribution	4,698	(4)	34	401	5,129	90	(67)	(185)	4,967
# of stores - Regular	13	11	5	1	30	4	2	3	39
# of stores - Outlet	9	-	-	-	9	-	-	2	11
F2017 Jul-Dec 16									
Revenues	\$13,956	\$ 4,192	\$3,468	\$ 1,797	\$ 23,413	\$ 2,708	\$ 956	\$ 2,038	\$ 29,114
GM %	48.1%	53.2%	51.7%	51.2%	49.8%	62.8%	49.8%	48.8%	53.1%
Selling Expense %	37.9%	57.2%	64.1%	49.4%	46.1%	63.2%	67.6%	85.5%	51.6%
Contribution	884	(334)	(568)	(38)	(56)	259	(241)	(516)	(554)
# of stores - Regular	13	11	5	1	30	5	2	4	41
# of stores - Outlet	10	-	-	-	10	-	-	8	18
F2018 Forecast									
Revenues	\$28,892	\$ 6,358	\$ -	\$ 3,660	\$ 38,910	\$ -	\$ 1,012	\$ -	\$ 39,922
GM %	58.9%	64.6%	0.0%	60.0%	60.0%	-	60.0%	-	60.0%
Selling Expense %	36.9%	41.6%	0.0%	42.3%	38.2%	-	35.0%	-	38.1%
Contribution	5,195	1,210	-	501	6,906	-	231	-	7,138
# of stores - Regular	13	11	-	1	25	-	1	-	26
# of stores - Outlet	14	-	-	-	14	-	-	-	14

⁽¹⁾ Four stores operated under the Bench banner in F2016 and were converted to T+C in F2017

Retail Store Contribution Analysis (Cont'd)

- The following table presents the analysis of Retail operations comparing F2016 to F2018, for Bench only.

Bench Overview (in \$000's)	F2016 Actual		F2018 Projections	
Retail Operations				
# of Stores (incl. e-comm)	39		39	
Sales	\$ 42,123	100.0%	\$ 38,910	100.0%
Gross Margin	27,125	64.4%	23,330	60.0%
Rent Costs	(8,703)	(20.7%)	(6,120)	(15.7%)
Personnel Costs	(8,748)	(20.8%)	(6,471)	(16.6%)
Other Costs	(2,866)	(6.8%)	(2,277)	(5.9%)
Store Costs	(20,317)	(48.2%)	(14,868)	(38.2%)
Royalties	(1,679)	(4.0%)	(1,556)	(4.0%)
Retail Store Contribution	\$ 5,129	12.2%	\$ 6,906	17.7%

- On a comparative store basis, the F2018 projections reflect conservative sales assumptions in relation to F2016:
 - 6% reduction for Bench regular stores and e-commerce, and 4% decline for Bench outlet stores.
- Overall retail gross margins are projected at 60%, below FAB's historical GM% of ~64%. We expect GM% to return to a historical levels over two to three years.
- The basis for our F2018 projected sales and GM includes improved merchandise and price / quality ratio from the Bench licensor and the supply chain. Feedback and early sales results for the Spring 2017 line are very encouraging in this regard.
- The reduction of rent (as % of sales) from 20.7% in F2016 to 15.7% in F2018 results from the closure of unprofitable, high rent stores, as well as the re-negotiation of leases for 11 Bench regular stores during the NOI process.
- Personnel costs are projected to go from 20.8% of sales in F2016 to 16.6% in F2018, due to:
 - Closure of certain high cost Bench regular stores, which averaged 26% wage costs in F2016;
 - Improvement in remaining stores as a result of store labor optimization strategies to be implemented with the support of TGC. This includes re-alignment of store schedules and implementation of task calendars;
 - The strategy to reduce in-store inventory levels will reduce unproductive time related to merchandise transfers and re-ticketing;
 - Finally, the number of assistant managers has been reduced from F2016 levels.
- 1.0% reduction in "other" direct store costs in F2018 (vs. F2016) relates primarily to lower projected retail advertising (primarily costs of billboards allocated to the retail division).
- As a result of the detailed restructuring strategies currently being implemented, the overall Retail store contribution from Bench is projected to increase from \$5.1M in F2016 to \$6.9M in F2018.**

Wholesale Contribution by Customer Analysis

Wholesale Sales & GM (\$000's)										
Customers	F2016 Actual				F2017 YTD Actual				F2018 Projections	
	Gross Sales	Credits	Net Sales	GM%	Gross Sales	Credits	Net Sales	GM%	Net Sales	GM%
The Bay	\$ 9,537	\$ (1,296)	\$ 8,242	33.0%	\$ 3,364	\$ (1,296)	2,068	33.0%	\$ 2,700	35.0%
Simons	758	(2)	756	40.0%	357	(2)	355	40.0%	-	40.0%
Nordstrom	125	-	125	50.0%	126	-	126	50.0%	-	40.0%
Winners/Saks Off 5th	2,678	(19)	2,660	39.5%	3,073	(19)	3,054	39.5%	2,100	40.0%
US Discounters	-	-	-	41.0%	-	-	-	41.0%	4,000	31.0%
Costco	-	-	-	0.0%	-	-	-	0.0%	7,000	31.0%
Clearance	24	(4)	20	6.0%	99	(4)	95	6.0%	1,100	0.0%
Independents	11,271	(438)	10,833	57.0%	6,273	(438)	5,835	57.0%	7,100	48.1%
Total	\$ 24,394	\$ (1,759)	\$ 22,635	43.8%	\$ 13,292	\$ (1,759)	\$ 11,533	43.8%	\$ 24,000	35.9%
Per FS	23,650				12,123					
Unreconciled	\$ (1,015)				\$ (590)					

Reduction in independents business relates in large part to elimination of Scotch & Soda, Garcia and other non-core brands which will no longer be carried pursuant to the restructuring of our wholesale business.

Expense Details

Expense Details (in \$000's)	F2016 Actual		F2017 YTD Actual		F2018 Projections	
Retail Expenses						
Store Costs						
Selling salaries & fringe benefits	\$ 10,036	20.8%	\$ 6,205	21.3%	\$ 6,626	16.6%
Rent and other occupancy costs	11,131	23.0%	6,273	21.5%	6,274	15.7%
Supplies & Other	1,769	3.7%	1,238	4.3%	1,277	3.2%
Advertising	1,420	2.9%	1,316	4.5%	1,045	2.6%
	\$ 24,357	50.4%	\$ 15,032	51.6%	\$ 15,221	38.1%
Overhead						
Office salaries & fringe benefits	\$ 2,540		\$ 1,548		\$ 2,074	
Professional fees	358		165		162	
Data processing	204		125		170	
Travel	344		244		200	
Other	183		91		147	
	\$ 3,630		\$ 2,172		\$ 2,752	
Wholesale Expenses						
Selling Expenses						
Sales & Marketing Salaries/Fringes	\$ 732	3.1%	\$ 432	3.6%	\$ 550	2.3%
Samples Expense	986	4.2%	662	5.5%	592	2.5%
Advertising	465	2.0%	617	5.1%	240	1.0%
Travel, Promotion & Other	477	2.0%	252	2.1%	257	1.1%
Selling and Merchandising	237	1.0%	112	0.9%	134	0.6%
Canadian Commissions	1,046	4.4%	508	4.2%	778	3.2%
	\$ 3,943	16.7%	\$ 2,584	21.3%	\$ 2,552	10.6%
Overhead ⁽¹⁾						
Salaries & Fringes - Admin	\$ 2,283		\$ 1,086		\$ 2,130	
Travel Admin	102		57		91	
Warehouse & Distribution	920		753		666	
Rent	742		392		695	
Legal and professional fees	246		60		90	
Telecommunications	93		46		75	
General & Maintenance	82		45		65	
Insurance	170		95		120	
Alarm & Utilities	97		57		112	
Donations	17		2		8	
Office Supplies & Expenses	163		95		108	
Data processing	97		59		103	
	\$ 5,012		\$ 2,747		\$ 4,264	

⁽¹⁾ Includes expenses which are shared overhead with the retail operations

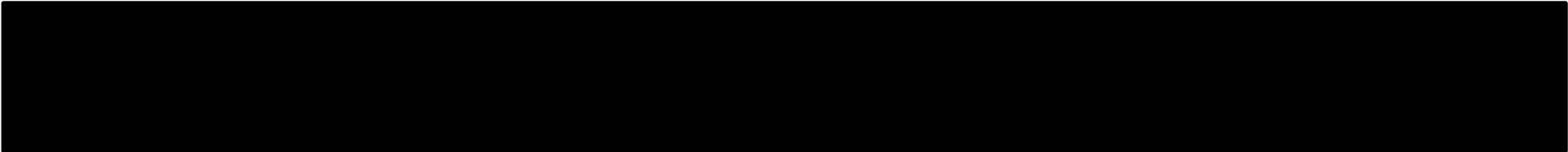


Exhibit 1

Monthly Projected Results

F2018 Monthly P&L

Forecasted P&L - Retail & Wholesale (Combined)

(In \$000's) Month	FY18 Jul-17	FY18 Aug-17	FY18 Sep-17	FY18 Oct-17	FY18 Nov-17	FY18 Dec-17	FY18 Jan-18	FY18 Feb-18	FY18 Mar-18	FY18 Apr-18	FY18 May-18	FY18 Jun-18	FY18 Total
Sales	\$ 7,058	\$ 7,489	\$ 6,010	\$ 7,166	\$ 7,022	\$ 6,747	\$ 5,468	\$ 4,617	\$ 2,865	\$ 3,499	\$ 3,178	\$ 2,803	\$ 63,922
Cost of Sales	(3,719)	(4,140)	(3,022)	(3,330)	(3,036)	(2,921)	(2,811)	(2,391)	(1,371)	(1,608)	(1,468)	(1,556)	(31,374)
Gross Margin	3,340	3,349	2,988	3,835	3,986	3,826	2,656	2,226	1,494	1,891	1,710	1,246	32,548
GM %	47.3%	44.7%	49.7%	53.5%	56.8%	56.7%	48.6%	48.2%	52.1%	54.0%	53.8%	44.5%	50.9%
Retail													
Retail Costs	(1,598)	(1,132)	(1,098)	(1,609)	(1,557)	(1,661)	(1,551)	(1,005)	(904)	(1,150)	(1,033)	(926)	(15,221)
Royalties	(175)	(109)	(101)	(179)	(200)	(226)	(157)	(88)	(68)	(96)	(101)	(79)	(1,578)
Back-End	(242)	(219)	(219)	(242)	(219)	(219)	(242)	(238)	(226)	(245)	(221)	(220)	(2,752)
Financial	(8)	(8)	(8)	(8)	(8)	(8)	(8)	(8)	(8)	(8)	(8)	(8)	(95)
Wholesale													
Selling Costs	(480)	(863)	(634)	(481)	(377)	(177)	(290)	(477)	(266)	(240)	(149)	(183)	(4,617)
Overhead	(357)	(381)	(375)	(358)	(356)	(345)	(348)	(386)	(348)	(338)	(334)	(339)	(4,264)
Financial	(53)	(88)	(67)	(53)	(42)	(27)	(35)	(49)	(29)	(27)	(20)	(23)	(512)
EBITDA	426	549	487	904	1,228	1,165	26	(24)	(354)	(213)	(156)	(531)	3,508
% of sales	6.0%	7.3%	8.1%	12.6%	17.5%	17.3%	0.5%	-0.5%	-12.3%	-6.1%	-4.9%	-19.0%	5.5%

Projected Operational Results - Retail & Wholesale

(\$000's) Months	FY18 Jul-17	FY18 Aug-17	FY18 Sep-17	FY18 Oct-17	FY18 Nov-17	FY18 Dec-17	FY18 Jan-18	FY18 Feb-18	FY18 Mar-18	FY18 Apr-18	FY18 May-18	FY18 Jun-18	FY18 Total
Retail													
Sales	\$ 4,428	\$ 2,758	\$ 2,553	\$ 4,532	\$ 5,047	\$ 5,713	\$ 3,960	\$ 2,220	\$ 1,708	\$ 2,439	\$ 2,553	\$ 2,010	\$ 39,922
GM%	54.5%	60.9%	69.2%	64.1%	65.1%	60.6%	53.1%	60.5%	62.5%	61.5%	57.5%	47.1%	60.0%
Store Contribution	814	547	670	1,297	1,731	1,800	550	338	164	350	435	21	8,716
Wholesale													
Sales	\$ 2,630	\$ 4,731	\$ 3,457	\$ 2,634	\$ 1,975	\$ 1,034	\$ 1,508	\$ 2,398	\$ 1,157	\$ 1,060	\$ 625	\$ 792	\$ 24,000
GM%	35.3%	35.3%	35.3%	35.3%	35.3%	35.3%	36.8%	36.8%	36.8%	36.8%	38.8%	37.8%	35.9%

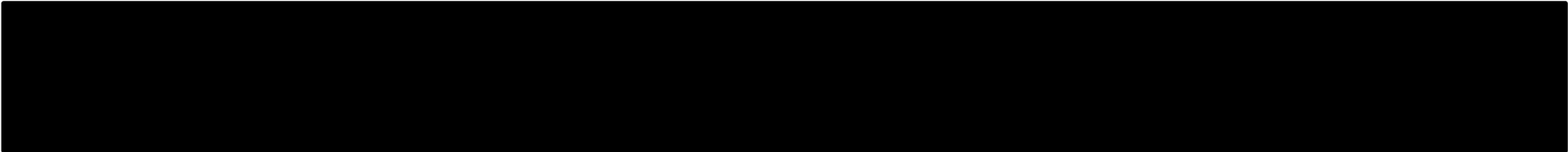


Exhibit 2

Historical Financial Results

F2010 to F2015 FAB P&Ls

Financial Overview (in \$000's)	F2010 Actual		F2011 Actual		F2012 Actual		F2013 Actual		F2014 Actual		F2015 Actual	
Retail Operations												
# of Stores (incl. e-comm)	7		15		26		33		41		48	
Sales	\$ 8,976	100.0%	\$ 20,850	100.0%	\$ 31,439	100.0%	\$ 37,497	100.0%	\$ 44,429	100.0%	\$ 48,345	100.0%
Gross Margin	6,637	73.9%	15,161	72.7%	21,460	68.3%	25,052	66.8%	28,133	63.3%	30,788	63.7%
Store Costs	(3,027)	(33.7%)	(8,149)	(39.1%)	(13,481)	(42.9%)	(15,786)	(42.1%)	(19,516)	(43.9%)	(23,167)	(47.9%)
Royalties	(314)	(3.5%)	(775)	(3.7%)	(1,039)	(3.3%)	(1,286)	(3.4%)	(1,607)	(3.6%)	(1,796)	(3.7%)
Retail Store Contribution	\$ 3,297	36.7%	\$ 6,237	29.9%	\$ 6,941	22.1%	\$ 7,980	21.3%	\$ 7,009	15.8%	\$ 5,825	12.0%
Wholesale Operations												
Sales	\$ 39,880	100.0%	\$ 44,072	100.0%	\$ 40,708	100.0%	\$ 33,685	100.0%	\$ 31,282	100.0%	\$ 27,696	100.0%
Gross Margin	22,058	55.3%	23,966	54.4%	21,100	51.8%	15,541	46.1%	15,152	48.4%	12,037	43.5%
Royalties	(2,833)	(7.1%)	(3,167)	(7.2%)	(2,679)	(6.6%)	(1,950)	(5.8%)	(1,671)	(5.3%)	(1,561)	(5.6%)
Selling Expenses	(4,641)	(11.6%)	(4,969)	(11.3%)	(4,999)	(12.3%)	(4,813)	(14.3%)	(4,519)	(14.4%)	(3,478)	(12.6%)
Wholesale Contribution	\$ 14,584	36.6%	\$ 15,830	35.9%	\$ 13,421	33.0%	\$ 8,779	26.1%	\$ 8,962	28.6%	\$ 6,998	25.3%
Overhead	(4,306)		(6,102)		(7,072)		(7,353)		(7,745)		(8,241)	
Financial Expenses	(1,107)		(1,133)		(1,115)		(930)		(945)		(1,314)	
Total EBITDA	\$ 12,466	25.5%	\$ 14,832	22.8%	\$ 12,175	16.9%	\$ 8,476	11.9%	\$ 7,281	9.6%	\$ 3,267	4.3%
Depreciation	(465)	-1.0%	(784)	-1.2%	(1,449)	-2.0%	(1,749)	-2.5%	(2,130)	-2.8%	(2,532)	-3.3%
Interest	(281)	-0.6%	(176)	-0.3%	(98)	-0.1%	(54)	-0.1%	233	0.3%	(89)	-0.1%
Executive Bonuses	(2,950)	-6.0%	(3,087)	-4.8%	(2,850)	-4.0%	(1,600)	-2.2%	(1,375)	-1.8%	(160)	-0.2%
Write-Offs	-	0.0%	-	0.0%	-	0.0%	-	0.0%	(40)	-0.1%	(430)	-0.6%
	(3,696)	-7.6%	(4,047)	-6.2%	(4,397)	-6.1%	(3,403)	-4.8%	(3,312)	-4.4%	(3,210)	-4.2%
Pre-Tax Earnings	\$ 8,771	18.0%	\$ 10,785	16.6%	\$ 7,778	10.8%	\$ 5,073	7.1%	\$ 3,969	5.2%	\$ 56	0.1%

Exhibit D

Exhibit filed under seal

Exhibit E

District of: Québec
Division No.: 01- Montréal
No. Cour: 500-11-052107-170
No. Dossier: 41-2219514, 41-2219516,
41-2219518, 41-2219519

Statement of Combined Projected Cash Flow for:
Freemark Apparel Brands Inc.
Freemark Apparel Brands TEC Inc.
Freemark Apparel Brands ESP Inc.
Freemark Apparel Brands USA Inc.

Weekly Cash Flow (\$000's)	Week Ending	Week 1 07-May	Week 2 14-May	Week 3 21-May	Week 4 28-May	Week 5 04-Jun	Week 6 11-Jun	Week 7 18-Jun	9-Week Total
Collections									
Retail		\$ 512	\$ 803	\$ 803	\$ -	\$ -	\$ -	\$ -	\$ 2,117
Wholesale		50	197	255	-	-	-	-	502
		562	1,000	1,057	-	-	-	-	2,619
Operating Disbursements									
Purchases		(259)	(215)	(500)	-	-	-	-	(974)
Operational Expenses		(206)	(208)	(142)	-	-	-	-	(557)
Freight & Buying Commissions		-	(6)	(35)	-	-	-	-	(41)
Duty on purchases		(522)	(14)	(88)	-	-	-	-	(625)
Samples		(65)	(13)	(13)	-	-	-	-	(91)
Payroll		(484)	-	(644)	-	-	-	-	(1,128)
Rent		(655)	-	-	-	-	-	-	(655)
Royalties		-	-	(51)	-	-	-	-	(51)
Commissions		(6)	-	(125)	-	-	-	-	(131)
Insurance		-	(17)	-	-	-	-	-	(17)
Sales Taxes		-	-	-	-	-	-	-	-
		(2,198)	(473)	(1,598)	-	-	-	-	(4,269)
Net Operating Cash Flow		(1,636)	527	(541)	-	-	-	-	(1,650)
Non-Operating Receipts (Disbursements)									
Capex		(80)	(15)	-	-	-	-	-	(95)
Professional Fees		(234)	(153)	(153)	-	-	-	-	(540)
Interest		-	-	-	-	-	-	-	-
Capital Leases		(99)	(96)	(57)	-	-	-	-	(252)
Proceeds from the sale of assets		-	-	10,468	-	-	-	-	10,468
Repayment of Term Loan		-	-	(3,913)	-	-	-	-	(3,913)
		(413)	(264)	6,345	-	-	-	-	5,668
Net Cash Flow		(2,049)	263	5,804	-	-	-	-	4,018
Opening Bank Indebtedness									
Opening Line of Credit		(3,978)	(6,027)	(5,764)	-	-	-	-	(3,978)
Standby LC		(40)	(40)	(40)	-	-	-	-	(40)
Total Opening Bank Indebtedness		(4,018)	(6,067)	(5,804)	-	-	-	-	(4,018)
Ending Bank Indebtedness									
Ending Line of Credit		(6,027)	(5,764)	40	-	-	-	-	-
Standby LC		(40)	(40)	(40)	-	-	-	-	-
Total Ending Bank Indebtedness		\$ (6,067)	\$ (5,804)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Term Loan (Capital Lease)		\$ (4,066)	\$ (3,970)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Howard Schnider, CFO

Date

District of: Québec
 Division No.: 01- Montréal
 No. Cour: 500-11-052107-170
 No. Dossier: 41-2219514, 41-2219516,
 41-2219518, 41-2219519

Statement of Combined Projected Cash Flow for:
 Freemark Apparel Brands Inc.
 Freemark Apparel Brands TEC Inc.
 Freemark Apparel Brands ESP Inc.
 Freemark Apparel Brands USA Inc.

Weekly Cash Flow (\$000's)	Week Ending	Week 1 07-May	Week 2 14-May	Week 3 21-May	Week 4 28-May	Week 5 04-Jun	Week 6 11-Jun	Week 7 18-Jun	9-Week Total
Collections									
Retail		\$ 512	\$ 803	\$ 803	\$ -	\$ -	\$ -	\$ -	\$ 2,117
Wholesale		50	197	255	-	-	-	-	502
		562	1,000	1,057	-	-	-	-	2,619
Operating Disbursements									
Purchases		(259)	(215)	(500)	-	-	-	-	(974)
Operational Expenses		(206)	(208)	(142)	-	-	-	-	(557)
Freight & Buying Commissions		-	(6)	(35)	-	-	-	-	(41)
Duty on purchases		(522)	(14)	(88)	-	-	-	-	(625)
Samples		(65)	(13)	(13)	-	-	-	-	(91)
Payroll		(484)	-	(644)	-	-	-	-	(1,128)
Rent		(655)	-	-	-	-	-	-	(655)
Royalties		-	-	(51)	-	-	-	-	(51)
Commissions		(6)	-	(125)	-	-	-	-	(131)
Insurance		-	(17)	-	-	-	-	-	(17)
Sales Taxes		-	-	-	-	-	-	-	-
		(2,198)	(473)	(1,598)	-	-	-	-	(4,269)
Net Operating Cash Flow		(1,636)	527	(541)	-	-	-	-	(1,650)
Non-Operating Receipts (Disbursements)									
Capex		(80)	(15)	-	-	-	-	-	(95)
Professional Fees		(234)	(153)	(153)	-	-	-	-	(540)
Interest		-	-	-	-	-	-	-	-
Capital Leases		(99)	(96)	(57)	-	-	-	-	(252)
Proceeds from the sale of assets		-	-	10,468	-	-	-	-	10,468
Repayment of Term Loan		-	-	(3,913)	-	-	-	-	(3,913)
		(413)	(264)	6,345	-	-	-	-	5,668
Net Cash Flow		(2,049)	263	5,804	-	-	-	-	4,018
Opening Bank Indebtedness									
Opening Line of Credit		(3,978)	(6,027)	(5,764)	-	-	-	-	(3,978)
Standby LC		(40)	(40)	(40)	-	-	-	-	(40)
Total Opening Bank Indebtedness		(4,018)	(6,067)	(5,804)	-	-	-	-	(4,018)
Ending Bank Indebtedness									
Ending Line of Credit		(6,027)	(5,764)	40	-	-	-	-	-
Standby LC		(40)	(40)	(40)	-	-	-	-	-
Total Ending Bank Indebtedness		\$ (6,067)	\$ (5,804)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Term Loan (Capital Lease)		\$ (4,066)	\$ (3,970)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Howard Schneider
 Howard Schneider, CFO

May 8, 2017
 Date

District of: Québec
Division No.: 01-Montréal
Court No.: 500-11-052107-170
Estate No.: 41-2219514, 41-2219516
41-2219518, 41-2219519

- FORM 30 -

Report on Cash-Flow Statement by the Person Making the Proposal
(Paragraphs 50(6)(c) and 50.4(2) (c) of the Act)

In the Matter of the Notices of Intention to Make a Proposal of
Freemark Apparel Brands Inc., Freemark Apparel Brands ESP Inc., Freemark Apparel Brands TEC Inc.
and Freemark Apparel Brands USA, Inc. the "Debtors"
Of the City of Montréal
In the Province of Québec

The management of the Debtors has developed the assumptions and prepared the attached statement of projected cash flow of the insolvent person, as of the 5th day of May 2017, consisting of the period from May 1 to June 18, 2017.


The hypothetical assumptions are reasonable and consistent with the purpose of the projection described in the notes attached, and the probable assumptions are suitably supported and consistent with the plans of the insolvent person and provide a reasonable basis for the projection. All such assumptions are disclosed in the notes attached.

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

The projection has been prepared solely for the purpose described in the notes attached, using a set of hypothetical and probable assumptions set out in the notes attached. Consequently, readers are cautioned that it may not be appropriate for other purposes.

Dated at the City of Montréal, in the Province of Québec, this 8th day of May 2017.

Freemark Apparel Brands Inc.
Freemark Apparel Brands ESP Inc.,
Freemark Apparel Brands TEC Inc.
And Freemark Apparel Brands USA, Inc.
Debtors

Howard Schnider, CFO


Name and title of signing officer

District of: Québec
Division No.: 01-Montréal
Court No.: 500-11-052107-170
Estate No.: 41-2219514, 41-2219516
41-2219518, 41-2219519

- FORM 30 - Attachment
Report on Cash-Flow Statement by the Person Making the Proposal
(Paragraphs 50(6)(c) and 50.4(2) (c) of the Act)

In the Matter of the Notices of Intention to Make a Proposal of
Freemark Apparel Brands Inc., Freemark Apparel Brands ESP Inc., Freemark Apparel Brands TEC Inc.
and Freemark Apparel Brands USA, Inc. the "Debtors"
Of the City of Montréal
In the Province of Québec

Purpose:

The Debtors filed a Notice of Intention to Make a Proposal on February 17, 2017. The purpose of this Statement of Projected Cash Flow is to present the estimated cash receipts and disbursements of the Debtors (the "Company"), for the period from May 1 to June 18, 2017, submitted in conjunction with the filing of a Motion seeking the approval of the Transaction pursuant to the Sale and Investor Solicitation Process ("SISP").

This Statement of Projected Cash Flow has been prepared by management on May 5, 2017, based on available financial information at that date in accordance with Section 50.4(2) of the *Bankruptcy and Insolvency Act* and should be read in conjunction with the Trustee's Report on the Cash Flow Statement. Readers are cautioned that this information may not be appropriate for other purposes.

Projection Notes:

The Statement of Projected Cash Flow has been prepared using probable assumptions supported and consistent with the plans of the Company for the period from May 1 to June 18, 2017, considering the economic conditions that are considered the most probable by management.

As the cash flow is based upon various assumptions regarding future events and circumstances, variances will exist and said variances may be material. Accordingly, we express no assurance as to whether the projections will be achieved.

Assumptions:

(a) Projected Cash Receipts

The projected cash receipts are estimated by management, based upon historical and recent sales trends adjusted to reflect management's restructuring plan.

Based upon the structure of the Transaction pursuant to the SISP, it is expected that the Debtors will cease their operations following the closing of the Transaction on or about May 19, 2017, therefore no receipts are forecasted thereafter.

(b) Projected Cash Disbursements

The projected cash disbursements are based upon historical data adjusted to reflect the current level of activity, best estimates of the Company and management's restructuring plan;

Professional fees are based on management's estimate and relate to the filing of the Notice of Intention to Make a Proposal, the Sale and Investor Solicitation Process and the restructuring;


The current government remittances for source deductions and sales taxes are included in the disbursement assumptions.

The cash disbursements do not provide for the payment of arrears to unsecured creditors.

The projected cash disbursements reflect a full repayment of the HSBC loans pursuant to the Transaction on or about May 19, 2017, after which time operations are expected to cease. Furthermore, the Purchase Price for the Purchased Assets includes an assumption of post-filing operating liabilities (subject to a cap) by the Purchaser. Therefore no disbursements or cash balance on hand is projected thereafter.

Dated at the City of Montréal, in the Province of Québec, this 8th day of May 2017.

Freemark Apparel Brands Inc.
Freemark Apparel Brands ESP Inc.,
Freemark Apparel Brands TEC Inc.
And Freemark Apparel Brands USA, Inc.
Debtors

Howard Schnider, CFO

Name and title of signing officer

District of: Québec
Division No.: 01-Montréal
Court No.: 500-11-052107-170
Estate No.: 41-2219514, 41-2219516
41-2219518, 41-2219519

FORM 29
Trustee's Report on Cash-Flow Statement
(Paragraphs 50(6)(b) and 50.4(2)(b) of the Act)

In the Matter of the Notices of Intention to Make a Proposal of
Freemark Apparel Brands Inc., Freemark Apparel Brands ESP Inc., Freemark Apparel Brands TEC Inc.
and Freemark Apparel Brands USA, Inc. the "**Debtors**"
Of the City of Montréal
In the Province of Québec

The attached statement of projected cash flow of the Debtors, as of the 5th day of May 2017, consisting of the period from May 1 to June 18, 2017, has been prepared by the management of the insolvent person for the purpose described in the notes attached, using the probable and hypothetical assumptions set out in the notes attached.

Our review consisted of inquiries, analytical procedures and discussion related to information supplied to us by the management and employees of the insolvent person. Since hypothetical assumptions need not be supported, our procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the projection. We have also reviewed the support provided by management for the probable assumptions and 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,

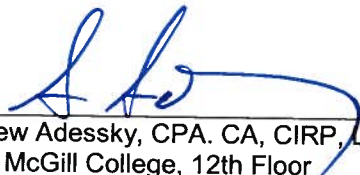
- (a) the hypothetical assumptions are not consistent with the purpose of the projection;
- (b) as at the date of this report, the probable assumptions developed are not suitably supported and consistent with the plans of the insolvent person or do not provide a reasonable basis for the projection, given the hypothetical assumptions; or
- (c) the projection does not reflect the probable and hypothetical assumptions.

Since the projection is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, 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 the notes attached, and readers are cautioned that it may not be appropriate for other purposes.

Dated at the City of Montréal, in the Province of Québec, this 5th day of May 2017.

Richter Advisory Group Inc. - Trustee
Per:



Andrew Adessky, CPA, CA, CIRP, LIT
1981 McGill College, 12th Floor
Montréal QC H3A 0G6
Phone: (514) 934-3400 Fax: (514) 934-8603

District of: Québec
Division No.: 01-Montréal
Court No.: 500-11-052107-170
Estate No.: 41-2219514, 41-2219516
41-2219518, 41-2219519

FORM 29 – ATTACHMENT
Trustee's Report on Cash-Flow Statement
(Paragraphs 50(6)(b) and 50.4(2)(b) of the Act)

In the Matter of the Notices of Intention to Make a Proposal of
Freemark Apparel Brands Inc., Freemark Apparel Brands ESP Inc., Freemark Apparel Brands TEC Inc.
and Freemark Apparel Brands USA, Inc. the "**Debtors**"
Of the City of Montréal
In the Province of Québec

Purpose:

The Debtors filed a Notice of Intention to Make a Proposal on February 17, 2017. The purpose of this Statement of Projected Cash Flow is to present the estimated cash receipts and disbursements of the Debtors (the "Company"), for the period from May 1 to June 18, 2017, submitted in conjunction with the filing of a Motion seeking the approval of the Transaction pursuant to the Sale and Investor Solicitation Process ("SISP").

This Statement of Projected Cash Flow has been prepared by management on May 5, 2017, based on available financial information at that date in accordance with Section 50.4(2) of the *Bankruptcy and Insolvency Act* and should be read in conjunction with the Trustee's Report on the Cash Flow Statement. Readers are cautioned that this information may not be appropriate for other purposes.

Projection Notes:

The Statement of Projected Cash Flow has been prepared using probable assumptions supported and consistent with the plans of the Company for the period from May 1 to June 18, 2017, considering the economic conditions that are considered the most probable by management.

As the cash flow is based upon various assumptions regarding future events and circumstances, variances will exist and said variances may be material. Accordingly, we express no assurance as to whether the projections will be achieved.

Assumptions:

(a) Projected Cash Receipts

The projected cash receipts are estimated by management, based upon historical and recent sales trends adjusted to reflect management's restructuring plan;

Based upon the structure of the Transaction pursuant to the SISP, it is expected that the Debtors will cease their operations following the closing of the Transaction on or about May 19, 2017, therefore no receipts are forecasted thereafter.

(b) Projected Cash Disbursements

The projected cash disbursements are based upon historical data adjusted to reflect the current level of activity, best estimates of the Company and management's restructuring plan;

Professional fees are based on management's estimate and relate to the filing of the Notice of Intention to Make a Proposal, the Sale and Investor Solicitation Process and the restructuring;

The current government remittances for source deductions and sales taxes are included in the disbursement assumptions;

The cash disbursements do not provide for the payment of arrears to unsecured creditors;

The projected cash disbursements reflect a full repayment of the HSBC loans pursuant to the Transaction on or about May 19, 2017, after which time operations are expected to cease.

Furthermore, the Purchase Price for the Purchased Assets includes an assumption of post-filing operating liabilities (subject to a cap) by the Purchaser. Therefore no disbursements or cash balance on hand is projected thereafter.

Dated at the City of Montréal, in the Province of Québec, this 5th day of May, 2017.

Richter Advisory Group Inc. - Trustee

Per:



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