

Offer Memorandum
dated 25 February 2006

Last day of acceptance
22 March 2006, subject to extension

Concerning the recommended public offer by

TOECA FASHION GROEP B.V.

a private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*) registered in Driebergen, The Netherlands

for all the outstanding shares in the capital of



MCGREGOR FASHION GROUP N.V.

a public limited liability company (*naamloze vennootschap*) registered in Driebergen, The Netherlands

The information included in this offer memorandum (the "Offer Memorandum") relates to the firm public offer by Toeca Fashion Groep B.V. (the "Offeror") to all holders of issued and outstanding ordinary shares with a nominal value of EUR 0.16 each (the "Shares", holders of such Shares being referred to as "Shareholders") in the share capital of McGregor Fashion Group N.V. ("McGregor" or the "Company") to purchase for cash the Shares held by them, on the terms and subject to the conditions and restrictions contained in this Offer Memorandum (the "Offer"). The meaning of the terms in capitals in this Offer Memorandum are stated under "Definitions". In this respect, Shareholders are informed that the members of the Management Board shall participate in the Offeror through a participation in Toeca Fashion Holding.

Shareholders are offered EUR 31 per Share, cum dividend. The Offer is subject to certain conditions and restrictions. See 'Important information', 'Invitation to Shareholders' and 'Explanation and background to the Offer'. The Supervisory Board and the Management Board unanimously support the Offer and fully recommend the Shareholders to accept the Offer. See 'Letter to the Shareholders' and 'Decision-making and recommendation by the Supervisory Board and Management Board'.

The Acceptance Period will start on 27 February 2006 at 9:00 hours CET and, unless extended, will end on 22 March 2006 at 15:00 hours CET. If the Acceptance Period is extended, the Offeror will make an announcement to that effect, no later than 27 March 2006, with due observance of the provisions of article 90, paragraph 5 of the Decree. As soon as possible after the Closing Date, but no later than on the fifth Euronext Trading Day thereafter, the Offeror will announce whether or not the Offer has been declared unconditional (*gestandgedaan*). Announcements will in any event be published in the Official Price List of Euronext Amsterdam and one or more Dutch daily newspapers. See 'Invitation to the Shareholders' and 'Explanation and background to the Offer'.

If the Offer becomes unconditional (*gestandgedaan*), payment of the Consideration to the Shareholders who have tendered and delivered their Shares under the Offer will take place at the latest five Euronext Trading Days after the Unconditional Date. See 'Invitation to the Shareholders' and 'Explanation and background to the Offer'. On 14 March 2006 at 10:30 hours CET, the EGM will be convened at hotel 'The Grand - Amsterdam', Oudezijds Voorburgwal 197, 1012 EX Amsterdam, The Netherlands, at which time the Offer, among other agenda items, will be discussed.

All major Shareholders have irrevocably undertaken to accept the Offer on the same terms and conditions of the Offer as described in this Offer Memorandum. The number of Shares committed under the Offer represents 81.0% of the Shares on the date of this Offer Memorandum (see section 7.2 'Committed Shares').

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1 RESTRICTIONS

1.1 General

The Offer is not being made, and the Shares will not be accepted for purchase from or on behalf of any Shareholders, in any jurisdiction in which the making or acceptance thereof would not be in compliance with the securities or other laws or regulations of such jurisdiction or would require any registration, approval or filing with any regulatory authority not expressly contemplated by the terms of this Offer Memorandum. Persons obtaining the Offer Memorandum are required to take due note and observe all such restrictions and obtain any necessary authorisations, approvals or consents. Neither the Offeror, nor McGregor, nor any of their advisers accepts any liability for any violation by any person of any such restriction. Any person (including, without limitation, custodians, nominees and trustees) who would or otherwise intends to forward this Offer Memorandum or any related document to any jurisdiction outside The Netherlands should carefully read this section before taking any action. The distribution of this document in jurisdictions other than The Netherlands may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe such restrictions. Any failure to comply with any such restrictions may constitute a violation of the securities law of any such jurisdiction.

1.2 United States, Canada, Australia, Italy and Japan

The Offer is not being made, directly or indirectly, in or into the United States, Canada, Australia, Italy or Japan and this Offer Memorandum, and any and all materials related thereto should not be sent in or into the United States, Canada, Australia, Italy or Japan, whether by use of the United States, Canadian, Australian, Italian or Japanese interstate or foreign commerce, of any facility of a United States, Canadian, Australian, Italian or Japanese national securities exchange (including, but without limitation, electronic mail, post, facsimile transmission, telex and telephone), and the Offer cannot be accepted by any such use, means or instrumentality, in or from within the United States, Canada, Australia, Italy or Japan. Accordingly, copies of this Offer Memorandum and any related materials are not being, and must not be, mailed or otherwise distributed or sent in or into or from the United States, Canada, Australia, Italy or Japan or, in their capacities as such, to custodians, trustees or nominees holding Shares for United States, Canadian, Australian, Italian or Japanese persons, and persons receiving any such documents (including custodians, nominees and trustees) must not distribute or send them in, into or from the United States, Canada, Australia, Italy or Japan and doing so will render invalid any relevant purported acceptance of the Offer.

1.3 United Kingdom

This Offer Memorandum is directed only at persons who (i) are persons falling within Article 49(2) (a) to (d) ("high net worth companies, unincorporated associations, etc.") of The Financial Services and Markets Act 2000 (Financial Promotion) Order 2001 (as amended) (the "Order") or (ii) are investment professionals as in the meaning of Article 19 of the Order or have professional experience in matters relating to investments or (iii) are outside the United Kingdom. This Offer Memorandum must not be acted on or relied on by such persons. The Offer may only be accepted by, and any investment activity to which this communication relates is available only to and will be engaged in only with, such persons.

2 IMPORTANT INFORMATION

Shareholders are advised to read this Offer Memorandum carefully and if necessary to seek independent advice so that a reasoned judgement can be made of the Offer and all that is discussed and described in this Offer Memorandum.

The information included in the sections "Letter to the Shareholders", "Extraordinary General Meeting of Shareholders McGregor", "Recommendation by the Supervisory Board and the Management Board", "Information regarding McGregor", and "Financial statements" of this Offer Memorandum and the corresponding sections in the Dutch summary has been provided solely by McGregor. The information included in the sections "Invitation to the Shareholders", "Explanation and background to the Offer" and "Information regarding the Offeror" of this Offer Memorandum has been provided solely by the Offeror. The information included in the section "Fairness opinion" has been provided by PricewaterhouseCoopers Advisory N.V. The review report has been provided by KPMG Accountants N.V. The auditors' report has been provided Deloitte Accountants B.V. The information included in the other sections has been provided by McGregor and the Offeror together.

McGregor and the Offeror are exclusively responsible for the accuracy and completeness of the information contained in this Offer Memorandum and the corresponding sections in the Dutch summary, except for the section "Fairness opinion", for which PricewaterhouseCoopers Advisory N.V. is responsible, each solely with respect to the information provided by McGregor and the Offeror respectively and jointly for the information provided together. Each of McGregor and the Offeror confirms that, on the date of this Offer Memorandum, the information provided by them as above, and as contained in this Offer Memorandum is, to the best of their knowledge, true and accurate and there are no other facts the omission of which would make any statement in this Offer Memorandum misleading in any material respect. PricewaterhouseCoopers Advisory N.V. confirms that the information included in section 10 "Fairness Opinion" is identical to the fairness opinion issued by PricewaterhouseCoopers Advisory N.V. to the Supervisory Board. Deloitte Accountants B.V. confirms that the information included in section 16.12 "Auditors' report" is identical to the auditors' report issued by Deloitte Accountants B.V. to the Company.

The information included in this Offer Memorandum reflects the situation as at the date of this Offer Memorandum. Under no circumstances may the issue and distribution of this Offer Memorandum be interpreted as implying that the information contained herein is true and accurate at a later date than the date of this Offer Memorandum.

This Offer Memorandum may include forward-looking statements that involve risk and uncertainty. Generally, words such as may, will, expect, intend, estimate, anticipate, believe, plan, seek, continue or similar expressions identify forward looking statements. Although each of McGregor and the Offeror, each with respect to the statements it has provided, believes the expectations reflected in such forward-looking statements are based on reasonable assumptions and are, to the best of their knowledge, true and accurate, no assurance can be given that such projections will be fulfilled. Any such forward-looking statements must be considered along with knowledge that actual events or results may vary materially from such predictions due to, among other things, political, economic or legal changes in the markets and environment in which McGregor and/or the Offeror do business, and competitive developments or risks inherent to each of McGregor's and/or the Offeror's business plans. These risks, uncertainties and assumptions may cause the actual results, performance or achievements of McGregor and the Offeror, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Moreover, potential investors should not interpret statements regarding past trends or activities as representations that these trends and activities will continue in the future.

McGregor and the Offeror undertake no obligation to update publicly or revise any forward-looking statements, whether as a result of new information, future events or otherwise. This statement is made notwithstanding any such obligations under the Decree and the listing rules of Euronext Amsterdam.

Certain financial and statistical information in this Offer Memorandum has been subject to rounding adjustments and to currency conversion adjustments. Accordingly, the sum of certain data may not conform to the expressed total.

With the exception of the Offeror and McGregor (and without prejudice to the fairness opinion of PricewaterhouseCoopers Advisory N.V., the review report of KPMG Accountants N.V. and the auditors' report of Deloitte Accountants B.V. included in this Offer Memorandum) no person is authorised to

provide any information or make any representations in connection with the Offer and the information included in this Offer Memorandum. If any such Information or representation is provided or made by other parties than McGregor or the Offeror, such information or representation should not be relied upon as having been provided or made by or on behalf of McGregor and the Offeror. Any information or representation not contained in this Offer Memorandum must not be relied upon as having been provided by or made by or on behalf of the Offeror or McGregor.

This Offer Memorandum and the Offer are, and any tender, purchase or delivery of Shares will be, governed by and construed in accordance with the laws of The Netherlands. The District Court of Amsterdam (*Rechtbank Amsterdam*) and its appellate courts shall have exclusive jurisdiction to settle any disputes which might arise out of or in connection with this Offer Memorandum, the Offer and/or any tender, purchase or delivery of Shares. Accordingly, any legal action or proceedings arising out of or in connection with the Offer Memorandum, the Offer and/or any tender, purchase or delivery of Shares may be brought exclusively in such courts.

This Offer Memorandum is published in English. A Dutch summary is included in the section "Nederlandse samenvatting van het bod". In case of differences, whether or not in interpretation, between the English text of this Offer Memorandum and the Dutch summary, the English text will prevail. Copies of this Offer Memorandum, the current McGregor Articles of Association and the annual financial statements (*jaarrekening*) of McGregor for the Financial Year 2004/2005, the Financial Year 2003/2004 and the Financial Year 2002/2003 as adopted by the General Meeting of Shareholders, which documents are incorporated by reference in, and form an integral part of, this Offer Memorandum, are available free of charge at the website www.mcgregor-fashion.nl (Dutch residents only) and at the offices of McGregor and the Exchange and Paying Agent and can be obtained by contacting McGregor or the Exchange and Paying Agent at the addresses below:

McGregor

McGregor Fashion Group N.V.
Attn. Secretariaat Raad van Bestuur
Hoofdstraat 23-25
3971 KA Driebergen-Rijsenburg
The Netherlands

P.O. Box 260
3970 AG Driebergen-Rijsenburg
The Netherlands

Telephone: +31 343 530 101
Fax: +31 343 530 196
E-mail: secretariaat@mcgregor.nl

Exchange and Paying Agent

Rabo Securities
Attn. Mr. H. Bakker
Amstelplein 1
1096 HA Amsterdam
The Netherlands

P.O. Box 94640
1090 GP Amsterdam
The Netherlands

Telephone: +31 20 462 4602
Fax: +31 20 460 4949
E-mail: prospectus@rabobank.com

Digital copies of this Offer Memorandum are also available on the website of Euronext Amsterdam: www.euronext.com (Dutch residents only).

ABN AMRO Bank N.V., M&A Advisory is acting as sole financial adviser exclusively to the Offeror and to no one else in connection with the Offer and is not responsible to anyone other than the Offeror for providing the protections afforded to the clients of ABN AMRO Bank N.V. or for providing advice in relation to the Offer.

PricewaterhouseCoopers Advisory N.V. is acting as sole financial adviser and as fairness opinion provider exclusively to McGregor and to no one else in connection with the Offer and is not responsible to anyone other than McGregor for providing the protections afforded to the clients of PricewaterhouseCoopers Advisory N.V. or for providing advice in relation to the Offer.

3 DEFINITIONS

"Acceptance Period"	The period during which Shareholders may tender their Shares to the Offeror under the Offer, which period starts on 27 February 2006 at 9:00 hours CET and ends on the Closing Date at 15:00 CET
"Admitted Institution"	An admitted institution (<i>aangesloten instelling</i>) as defined in article 1 of the Securities Giro Act (<i>Wet giraal effectenverkeer</i>)
"AFM"	The Netherlands Authority for the Financial Markets (<i>Autoriteit Financiële Markten</i>)
"Articles of Association"	The articles of association of McGregor or the Offeror, as the case may be
"Boards"	The Supervisory Board and the Management Board
"CET"	Central European Time
"Closing Date"	The Euronext Trading Day on which the Acceptance Period ends (subject to extension), being 22 March 2006, unless extended in accordance with article 90, paragraph 5 of the Decree, in which case the Closing Date will be such later time and date
"Commencement Date"	The date on which the actual Offer is made, being 27 February 2006
"Competing Offer"	An offer by, in the reasonable opinion of the Supervisory Board, a bona fide third party for any Shares or any other securities issued by or to be issued by the Company or other proposals which would involve an attempt to change the control of the Company, which in the reasonable opinion of the Supervisory Board is – taking into account the identity and track record of the Offeror and foundation Stichting Administratiekantoor Toeca Fashion, Boekhoorn Fashion B.V., Mr. M.J. Schothorst and Mr. H.B. Kolff and that of such third party, certainty of execution, and the interests of all stakeholders of the Company – a more beneficial offer than the terms of the Offer
"Consideration"	A cash amount of EUR 31.00 for each Share validly tendered (or defectively tendered provided that such defect has been waived by the Offeror) and delivered (<i>geleverd</i>) under the terms and conditions of the Offer. This amount is inclusive of any accrued profits or any distributions declared payable between the date of this Offer Memorandum and the Settlement Date
"CV Waardevol"	The limited partnership CV Waardevol, established in 1999, which has been dissolved in 2003
"Daily Official List"	The Daily Official List (<i>Officiële Prijscourant</i>) of Euronext Amsterdam
"Decree"	The Dutch Decree on the Supervision of the Securities Trade 1995 (<i>Besluit toezicht effectenverkeer 1995</i>), as amended from time to time
"Dutch Civil Code"	The Dutch Civil Code (<i>Burgerlijk Wetboek</i>), as amended from time to time
"EGM"	Extraordinary General Meeting of Shareholders, as referred to in article 9q of the Decree
"EUR"	Euro, the legal European currency of the European Monetary Union
"Euronext Amsterdam"	Euronext Amsterdam N.V. or Eurolist by Euronext Amsterdam, as the context requires
"Euronext Trading Day"	A day on which Euronext Amsterdam is open for trading

"Exchange and Paying Agent"	Rabo Securities
"Financial Year 2002/2003"	The financial year of McGregor ended 31 January 2003
"Financial Year 2003/2004"	The financial year of McGregor ended 31 January 2004
"Financial Year 2004/2005"	The financial year of McGregor ended 31 January 2005
"Financial Year 2005/2006"	The financial year of McGregor ended 31 January 2006
"General Meeting of Shareholders"	The general meeting of shareholders of McGregor
"IAS"	International Accounting Standards
"Management Board"	The board of managing directors (<i>raad van bestuur</i>) of McGregor
"Material Adverse Change"	Any event, events or circumstances that has had or could reasonably be expected to have a material adverse effect on the results of operations, cash flow, financial position or the business of the Company or its subsidiaries and group companies in the amount of at least EUR 10,000,000, such that the Offeror cannot reasonably be expected to continue with the Offer or declare the Offer unconditional (<i>gestandgedaan</i>), provided that the event, events or circumstance causing the Material Adverse Change does not or do not arise as a result of any matter known or any deliberate act or omission by the Offeror or clearly apparent from the written documents furnished by the Company to the Offeror prior to the date of the Merger Protocol
"McGregor" or the "Company"	McGregor Fashion Group N.V., a Dutch public limited liability company (<i>naamloze vennootschap incorporated under Dutch law</i>) with its statutory seat in Driebergen-Rijsenburg, The Netherlands, and/or one or more of its group companies, as described in article 2:24b of the Dutch Civil Code and its affiliates
"McGregor Articles of Association"	The articles of association (<i>statuten</i>) of McGregor, as most recently amended on 21 April 1999
"Merger Code"	The 2000 Merger Code of The Netherlands Social and Economic Council (<i>SER-besluit Fusiegedragsregels 2000</i>)
"Merger Protocol"	The merger protocol between the Offeror and the Company dated 22 January 2006
"Offer"	The firm public offer (<i>vast openbaar bod</i>) made by the Offeror on all outstanding Shares, as described in this Offer Memorandum
"Offer Conditions"	The conditions precedent to declaring the Offer unconditional (<i>gestandgedaan</i>) as set out in section "Offer Conditions"
"Offer Memorandum"	This offer document describing the Offer, dated 25 February 2006
"Offeror"	Toeca Fashion Groep B.V., a Dutch private limited liability company (<i>besloten vennootschap met beperkte aansprakelijkheid</i>) with its statutory seat in Driebergen, The Netherlands, and/or one or more of its group companies, as the case may be
"Post Acceptance Period"	The period, if any, after the Unconditional Date, during which the Shareholders that have not tendered their Shares under the Offer, will be given the opportunity to do so, in the same manner and under the same conditions as set out in this Offer Memorandum

"Proposed McGregor Articles of Association"	The Articles of Association of McGregor, which are subject to the Offer being declared unconditional (<i>gestandgedaan</i>) and are to be submitted for adoption to the EGM and, if adopted, will be amended at the Settlement Date and will furthermore be amended in case that at least 95% of the Shares are tendered under the Offer as soon as the listing of the Shares on Euronext Amsterdam has been terminated
"Rabo Securities"	The equity investment bank of the Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. acting under the name "Rabo Securities"
"Settlement Date"	The date on which, in accordance with the terms and conditions of the Offer, the Offeror shall pay the Consideration to the Shareholders who have validly tendered (or defectively tendered provided that such defect has been waived by the Offeror) and delivered (<i>geleverd</i>) their Shares under the Offer, being no later than the fifth Euronext Trading Day after the Unconditional Date, subject to the Offer being declared unconditional (<i>gestandgedaan</i>)
"Share(s)"	One or more issued and outstanding ordinary share(s) in the share capital of McGregor with a nominal value of EUR 0.16 each
"Shareholder(s)"	One or more holders of Share(s), before or after the Offer, as the case may be
"Supervisory Board"	The board of supervisory directors (<i>raad van commissarissen</i>) of McGregor
"Toeca Fashion Holding"	Toeca Fashion Holding B.V., a Dutch private limited liability company (<i>besloten vennootschap met beperkte aansprakelijkheid</i>) with its statutory seat in Driebergen, The Netherlands, being the sole shareholder of the Offeror
"Unconditional Date"	The day on which the Offer is being declared unconditional (<i>gestandgedaan</i>) by the Offeror, being no later than 15:00 hours CET on the fifth Euronext Trading Day following the Closing Date
"WMZ 1996"	The Dutch Act on Disclosure of Major Holdings in Listed Companies (<i>Wet melding zeggenschap in ter beurze genoteerde vennootschappen 1996</i>), as amended from time to time
"Wte 1995"	The Dutch Securities Supervision Act 1995 (<i>Wet toezicht effectenverkeer 1995</i>), as amended from time to time

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5 SUMMARY

This summary is qualified in its entirety by, and should be read in conjunction with, the more detailed information appearing elsewhere in this Offer Memorandum. Shareholders are advised to review the Offer Memorandum in detail and to seek independent advice where appropriate in order to reach a reasoned judgement in respect of the contents of the Offer Memorandum and the Offer itself. Unless the context requires otherwise, capitalised terms used in this Offer Memorandum shall have the meanings set out in section "Definitions".

5.1 The Offer

For each Share tendered under the terms and conditions of the Offer, the Offeror offers the Consideration of EUR 31 in cash, inclusive of any dividends payable for the Financial Year 2005/2006. The Shareholders who have validly tendered (or defectively tendered provided that such defect has been waived by the Offeror) and delivered (*geleverd*) their Shares will be deemed to have received compensation for the dividend for the Financial Year 2005/2006 through the Consideration and will therefore not receive a separate dividend payment.

The Consideration of EUR 31 per Share represents an attractive price to the Shareholders and:

- (i) a premium of 16.3% to the closing Share price of 12 January 2006, the last trading day before the initial announcement on 13 January 2006, confirming the discussions between the Offeror and McGregor;
- (ii) a premium of 20.6% to the average closing Share price over the last 30 days trading prior to 13 January 2006, the day of the initial announcement confirming the discussions between the Offeror and McGregor;
- (iii) a premium of 40.1% to the average closing Share price over the last 6 months trading prior to 13 January 2006, the day of the initial announcement confirming the discussions between the Offeror and McGregor;
- (iv) a premium of 56.6% to the average closing Share price over the last 12 months trading prior to 13 January 2006, the day of the initial announcement confirming the discussions between the Offeror and McGregor; and
- (v) a premium of 99.2% to the average closing Share price over the last two years trading prior to 13 January 2006, the day of the initial announcement confirming the discussions between the Offeror and McGregor.

See section "Substantiation of the Consideration".

5.2 Rationale for the Offer

McGregor's listing on Euronext Amsterdam constrains its ability to pursue the opportunities to fully exploit its strategic and financial potential:

- Structural changes in the industry in which McGregor operates (such as competitors' economies of scale and internationalisation of brands) cause that McGregor – in order to safeguard its position in the long term – will have to follow a large-scale investment strategy in which accelerated growth and international expansion will be key spearheads.
- The possibilities for raising new equity to execute this strategy are limited. This is because firstly investors are primarily interested in shares with considerable market capitalisation and less interested in small caps such as McGregor, despite the extensive efforts on the part of the Management Board to increase the interest in McGregor. In addition, a Share issue would lead to substantial dilution of the current Shareholders. In closing, profits are expected to be more volatile in the future, which is expected to lead to decreased interest in the Share.
- With McGregor's current financial strength, it is only possible to finance accelerated growth with loan capital.
- Investment decisions that may potentially only generate positive results in the long term, cannot be easily taken in the current situation due to McGregor's conservative investment profile.

- In addition, the liquidity of the shares has already been extremely limited for a prolonged period of time. This makes it difficult for investors to increase or decrease their stakes in McGregor without causing major price movements.
- A de-listing will furthermore eliminate a number of disadvantages of a stock exchange listing, such as the substantial listing costs (in relation to the profitability) and the considerable amount of time and effort on the part of management (Investor Relations/Public Relations). McGregor and the Offeror are furthermore convinced that McGregor will have greater commercial strength as a private company.
- The lawsuit announced by the Public Prosecutions Department (*Openbaar Ministerie*) filed against Mr. M.J. Schothorst, chief executive officer of McGregor, on the basis of articles 46 Wte 1995 and 46b Wte 1995, article 2 WMZ 1996 and article 28 Commercial Registers Act (*Handelsregisterwet*), has not affected the intention to terminate McGregor's listing, nor the Offer or the amount of the Consideration of the intended Offer.

See section "Rationale for the Offer" (7.5).

5.3 Financing of the Offer

The Offeror will finance the Offer with a fully committed bank facility arranged by ABN AMRO Bank N.V., Leveraged Finance and equity (including guarantee capital (*garantievermogen*) in the form of fully subordinated loans) provided by the Offeror.

5.4 Decision-making and recommendation by the Supervisory Board and Management Board

Throughout the process, the Supervisory Board and the Management Board have met on a frequent basis and discussed the progress of the process and key decisions in connection therewith. Regarding the Offer, the Supervisory Board has held several meetings without any member of the Management Board present. Due to the (indirect) participation of the members of the Management Board in the Offeror, the Company has been represented by the Supervisory Board in connection with the Offer and its preparation. The Supervisory Board has sought independent legal and financial advice in order to duly assess the Offer and its implications on McGregor, the Shareholders and other stakeholders in McGregor.

Together and separately, each of the members of the Supervisory Board and the Management Board have duly considered the strategic, financial and social aspects of the Offer and have reached the conclusion that the Offer is in the best interests of McGregor, the Shareholders and other stakeholders in McGregor.

Together and separately, each of the members of the Supervisory Board and the Management Board are of the opinion that the Offer is reasonable and fair to the Shareholders. In this respect, reference is made to the fairness opinion rendered by PricewaterhouseCoopers Advisory N.V., as included in section "Fairness opinion" of this Offer Memorandum. Therefore, the Supervisory Board and the Management Board fully support the Offer and unanimously recommend the Offer to the Shareholders for acceptance.

5.5 Overview of Shares held directly or indirectly by members of the Boards

At the date of this Offer Memorandum, 45.4% of the Shares are held directly or indirectly by members of the Management Board. See section "Overview of Shares held directly or indirectly by members of the Boards" (7.3).

5.6 Committed Shares

All major Shareholders, owning 5% or more, being Mr. M.J. Schothorst (whether or not held by Investrand B.V.), Mr. H.B. Kolff (whether or not held by H.B. Kolff Beheer B.V.), Todlin N.V., Go Capital Asset Management B.V., Bibiana Beheer B.V., Investeringsmaatschappij Helvetia B.V. and Parnib B.V. as well as certain other Shareholders owning less than 5% who shall (indirectly through a foundation) participate in the Offeror (see section "Information regarding the Offeror"), have irrevocably committed themselves to tender Shares held by them under the Offer on the same terms and conditions of the Offer as described in this Offer Memorandum. Such commitments represent a total of 3,334,744 Shares, being 81.0% of the Shares at the date of this Offer Memorandum. None of the Shareholders that have committed themselves to tender the Shares held by them under the Offer have received any relevant information regarding the Offer which is not included in the Offer Memorandum.

5.7 Offer Conditions, Acceptance Period, Declaring the Offer Unconditional, Extension and Settlement

Offer Conditions

The Offer shall be declared unconditional (*gestandgedaan*) if the Offer Conditions as set out in section "Offer Conditions" (6.3) are fulfilled or, if permitted by applicable law, waived by the party entitled to waive such Offer Condition.

Acceptance Period

The Acceptance Period begins on 27 February 2006 at 9:00 hours CET and ends, subject to extension in accordance with article 90, paragraph 5 of the Decree, on 22 March 2006 at 15:00 hours CET. See section "Acceptance Period" (6.4).

Shares tendered on or prior to the Closing Date may not be withdrawn, subject to the right of withdrawal of any tender during any extension of the Acceptance Period in accordance with the provisions of article 90, paragraph 5 of the Decree.

If one or more of the Offer Conditions is not fulfilled, the Offeror may extend the Acceptance Period until all such Offer Conditions have been satisfied or, where appropriate, waived. During an extension of the Acceptance Period, any Shares previously tendered and not withdrawn will remain subject to the Offer, subject to the right of each Shareholder to withdraw the Shares he or she has already tendered in accordance with the provisions of article 90, paragraph 5 of the Decree. See section "Extension" (6.6).

If all Offer Conditions are satisfied or, where appropriate, waived, the Offeror will accept all Shares that have been validly tendered (or defectively tendered provided that such defect has been waived by the Offeror) and not previously withdrawn, pursuant to the terms of the Offer and in accordance with the procedures set forth in section "Acceptance by Shareholders".

Declaring the Offer Unconditional (gestand doen)

The Offer shall be subject to the fulfilment of the Offer Conditions, as set out in section "Offer Conditions" (6.3). The Offeror reserves the right to waive such Offer Conditions, provided that the waiver of certain of such Offer Conditions shall be subject to the prior written consent of McGregor. See section "Offer Conditions" (6.3).

The Offeror will determine within five Euronext Trading Days following the Closing Date, such date being the Unconditional Date, whether the Offer Conditions have been fulfilled or are to be waived by the Offeror and will announce whether (i) the Offer has been declared unconditional (*gestandgedaan*), (ii) there is still uncertainty as to the fulfilment of any of the Offer Conditions, or (iii) the Offer is terminated, as a result of the Offer Conditions not having been fulfilled or waived by the Offeror, all in accordance with article 90, paragraph 4 of the Decree. See section "Declaring the Offer Unconditional (*gestand doen*)" (6.5).

Extension

The Offeror may extend the Offer past the Closing Date, in which case all references in this Offer Memorandum to the "Closing Date" or "15:00 hours CET, on 22 March 2006" shall, unless the context requires otherwise, be moved to the latest date and time to which the Offer has been so extended. The bank or stockbroker may set an earlier deadline for communication by the Shareholders in order to permit the bank or stockbroker to communicate their acceptances to the Exchange and Paying Agent in a timely manner.

If the Acceptance Period is extended such that the obligation pursuant to article 90 of the Decree to announce whether the Offer has been declared unconditional (*gestandgedaan*) is postponed, a public announcement to that effect shall be made not later than the third Euronext Trading Day following the initial Closing Date, in accordance with the provisions of article 90, paragraph 5 of the Decree. See section "Extension" (6.6).

Settlement

In the event that the Offeror announces that the Offer is declared unconditional (*gestandgedaan*), the Shareholders who have tendered and delivered their Shares for acceptance pursuant to the Offer will receive, if and when appropriate, within five Euronext Trading Days following the Unconditional Date the Consideration in respect of each Share validly tendered (or defectively tendered provided that such defect has been waived by the Offeror) and delivered (*geleverd*). See section "Settlement" (6.7).

5.8 The Offeror

Toeca Fashion Groep B.V., a private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*), with its statutory seat in Driebergen, The Netherlands, was incorporated under Dutch law on 6 January 2006. The Offeror is a directly wholly owned subsidiary of Toeca Fashion Holding. The majority of shares of Toeca Fashion Holding is held by holding companies of Mr. M.M.J.J. Boekhoorn, Mr. M.J. Schothorst and Mr. H.B. Kolff and the minority of shares is held by Stichting Administratiekantoor Toeca Fashion. As per the Settlement Date, the majority (approximately 94%) of the shares in Toeca Fashion Holding will be equally owned by holding companies of Mr. M.M.J.J. Boekhoorn, Mr. M.J. Schothorst and Mr. H.B. Kolff. At such time, the remaining minority of the shares (approximately 6%) will be held by Stichting Administratiekantoor Toeca Fashion. The management board of Stichting Administratiekantoor Toeca Fashion consists of Messrs. Boekhoorn, Schothorst and Kolff. Certain key employees of McGregor, including Mr. J.H. van Straaten (Chief Financial Officer of McGregor) and Mr. C.G. Schimmel (Human Resource Director of McGregor) will, in their capacity as 'key' employees of McGregor, be awarded with depository receipts of the shares in Toeca Fashion Holding by Stichting Administratiekantoor Toeca Fashion.

5.9 Liquidity and delisting

The purchase of Shares by the Offeror pursuant to the Offer, among other things, will reduce the number of Shareholders and the number of Shares that might otherwise trade publicly and could adversely affect the liquidity and market value of the remaining Shares not tendered.

Should the Offer be declared unconditional (*gestandgedaan*), it is intended that McGregor's listing on Euronext Amsterdam will be terminated as soon as possible. This would further adversely affect the liquidity of any Shares not tendered. In addition, the Offeror may initiate any of the procedures as set out in section "Future legal structure", including procedures which would result in termination of the listing of the Shares (including Shares not being tendered).

5.10 Legal structure of McGregor following the Offer

The Offeror reserves the right to use any legally permitted method to obtain 100% of the Shares. For this purpose the Offeror will consider, depending inter alia on the number of Shares obtained by the Offeror as a result of the Offer, various options such as to initiate after the Settlement Date a squeeze-out procedure (*uitkoopprocedure*) as referred to in article 2:92a of the Dutch Civil Code. The Offeror will, also consider effecting a legal merger (*juridische fusie*), as specified in articles 2:309 and 2:334 of the Dutch Civil Code, between McGregor and the Offeror or a group company of the Offeror (in case of a so-called "triangular merger" pursuant to which the shareholders of the disappearing company would become shareholder of a group company of the surviving company) with McGregor being the disappearing entity and the Offeror, or a group company of the Offeror respectively, being the surviving entity. Also, the Offeror and McGregor reserve the right to have the Offeror contribute assets to McGregor against the issuance of shares in the capital of McGregor, while at the same time pre-emptive rights (*voorkeursrecht*) of other McGregor Shareholders may be excluded or to sell all or substantially all of the assets of McGregor, directly or indirectly following a transfer of those assets to a subsidiary of McGregor first, which may or may not be followed by a distribution of proceeds to the Shareholders, all in accordance with Dutch law and the McGregor Articles of Association in force at the relevant time.

At any time after the Offer has been declared unconditional (*gestandgedaan*), it may be decided that McGregor could be converted into a private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*). Simultaneously with a conversion of McGregor into a private limited liability company, the majority shareholder of McGregor may adopt further amendments to the articles of association, which may include an abolition of the Supervisory Board.

In the event that the Offeror has acquired 95% or more of the issued and outstanding share capital of McGregor following the Settlement Date, the Offeror might, as soon as possible, initiate such squeeze-out procedure, in order to acquire the remaining Shares not tendered and not held by the Offeror or McGregor.

In the event that the Offeror has declared the Offer unconditional (*gestandgedaan*) and has not acquired 95% or more of the outstanding share capital of McGregor following the Settlement Date, such that it is not possible to initiate the squeeze-out procedure, in accordance with article 2:92a of the Dutch Civil Code, the Offeror shortly thereafter, subject to the approval of the Supervisory Board, which board in majority consists of independent members, may by simple majority of the General Meeting of Shareholders vote to effect a legal merger (*juridische fusie*) between the Offeror or a wholly

owned group company of the Offeror, and McGregor, in which the latter is the disappearing entity. In case the legal merger is effected, Shareholders who have not tendered their Shares under the Offer will become, by operation of law, shareholders in the surviving entity alongside the existing shareholders in the surviving entity, or (in case of a triangular merger) will become shareholders in such group company. (Hereinafter, when reference is made to the "surviving entity", this is deemed to also include the scenario whereby a group company of the Offeror issues shares to the Shareholders, in case of a triangular merger.) If, after a legal merger is effected, the majority shareholder of the surviving entity holds 95% or more of the capital of the surviving entity, such majority shareholder may initiate a squeeze-out procedure in accordance with article 2:92a of the Dutch Civil Code in relation to any shares in the surviving entity not held by such majority shareholder.

The ordinary shares to be distributed by operation of law (*toekennen*) by the surviving entity under the legal merger to the Shareholders that have not tendered their Shares under the Offer will have the same economic and financial rights as the ordinary shares to be held by the majority shareholder. In addition, the Shareholders that have not tendered their Shares under the Offer may receive, if and when appropriate, also by operation of law pursuant to the legal merger, preference shares or another separate class of shares in the capital of the surviving entity as compensation in kind for the difference between the value of their Shares prior to the legal merger, based upon the Consideration, and the value of their ordinary shares following the legal merger. A Shareholder, who will not receive shares in the surviving entity for all of his Shares as a result of the exchange ratio, will receive a compensation in cash in accordance with article 2:325 of the Dutch Civil Code. These cash compensations will together not exceed one tenth of the nominal value of the issued shares as a result of the merger.

The articles of association of the surviving entity will provide that its general meeting of shareholders, by simple majority vote (upon a proposal from the management board) cancel each separate class of shares, if and when appropriate. It is expected that following a legal merger, the Offeror's current ultimate shareholders would control the majority of votes in the general meeting of shareholders of the surviving entity, and therefore would be able to procure the cancellation of such separate class of (preference) shares. A cancellation of these shares shall take place in accordance with article 2: 208 of the Dutch Civil Code.

For a period of six months after the legal merger becomes effective, those Shareholders who have become shareholders in the surviving entity as a result of the legal merger shall have the right to sell and transfer their ordinary shares and preference or other class of shares attributed following the legal merger, while the majority shareholder of the surviving entity will commit itself for the same six month period to purchase and acquire the shares in the surviving entity held by such Shareholders should they elect to sell. The price for such shares shall, during this limited period, be approved in such a way that the value of the shares issued to such shareholder is identical to the Offer Price. Shareholders requesting an independent valuation of their shares during this six month period shall maintain the right to offer their shares in the surviving entity in accordance with the applicable articles of association but shall forfeit their right to require the majority shareholder of the surviving entity to purchase such shares.

In the event of a legal merger, an independent auditor will be requested to examine the proposed legal merger and will be asked to certify that in his opinion the proposed exchange ratio for the Shares is reasonable. Such auditor will be appointed by the Supervisory Board, which board in majority consists of independent members.

Finally, the Offeror reserves the right to submit proposals to the Shareholders in order to alter the company structure and the capital structure of McGregor and/or intended to achieve an optimal financial or other structuring, including amendments to the McGregor Articles of Association, a liquidation, a demerger as specified in article 2:334a of the Dutch Civil Code or, as already referred to above, a sale of all or substantially all of the assets of McGregor, which may or may not be followed by a distribution of proceeds to the Shareholders, all in accordance with Dutch law and the McGregor Articles of Association. Such a distribution may take the form of a distribution out of reserves, an interim dividend, a dividend or, in case the Company is also liquidated, a liquidation distribution. Also, the corporate governance rules applicable to McGregor at the date of this Offer Memorandum may be amended in connection with the (consequences of the) Offer. This would be done in order to align the company structure of McGregor with the group's new holding and financing structure that will materialise once the Offer has been declared unconditional (*gestandgedaan*).

5.11 Dividend Policy

The Offeror expects to amend significantly McGregor's dividend policy should the Offer be declared unconditional (*gestandgedaan*). The Shareholders should be aware that McGregor may not pay (cash) dividends to the Shareholders in the future. The Consideration offered for each Share includes dividends for the Financial Year 2005/2006.

5.12 Organisational and social consequences

The Offer as such is not expected to have any negative consequences on the employment situation of the business.

5.13 Announcements

Announcements contemplated by the foregoing paragraphs will be issued by press release and will be published in at least Het Financieele Dagblad and the Daily Official List, as appropriate. Subject to any applicable requirements of Dutch public offer regulations and without limiting the manner in which the Offeror may choose to make any public announcement, the Offeror will have no obligation to communicate any public announcement other than as described above.

5.14 Envisaged Timetable

<i>Expected Date and Time (CET)</i>	<i>Event</i>
09:00 hours, 25 February 2006	Publication of advertisement announcing the availability of the Offer Memorandum and the commencement of the Offer, in accordance with article 90, paragraph 2 of the Decree
09:00 hours, 27 February 2006	Commencement of the Acceptance Period under the Offer
09:00 hours, 10 March 2006	Publication of pre-announcement of unaudited financial figures of McGregor relating to the Financial Year 2005/2006
10:30 hours, 14 March 2006	EGM, at which meeting the Offer, among other matters, will be discussed in accordance with the provisions of article 9q, paragraph 1 of the Decree
09:00 hours, 20 March 2006	Publication of update on the pre-announcement of unaudited financial figures of McGregor relating to the Financial Year 2005/2006
15:00 hours, 22 March 2006, subject to extension	<i>Closing Date</i> Deadline for Shareholders wishing to tender Shares
Not later than five Euronext Trading Days after the Closing Date	<i>Unconditional Date</i> The date on which the Offeror shall publicly announce whether the Offer is declared unconditional (<i>gestandgedaan</i>), being not later than five Euronext Trading Days after the Closing Date, in accordance with article 9t, paragraph 4 of the Decree
Not later than five Euronext Trading Days after the Unconditional Date	<i>Settlement Date</i> The date on which, in accordance with the terms and conditions of the Offer, the Offeror shall pay the Consideration to the Shareholders who have validly tendered (or defectively tendered provided that such defect has been waived by the Offeror) and delivered (<i>geleverd</i>) their Shares under the Offer, being no later than the fifth Euronext Trading Day after the Unconditional Date, subject to the Offer being declared unconditional (<i>gestandgedaan</i>)
09:00 hours, 13 April 2006	Publication of audited consolidated financial information of McGregor relating to the Financial Year 2005/2006

6 INVITATION TO THE SHAREHOLDERS

The Offeror makes a recommended public cash offer for all the Shares. The Shareholders are advised to review this Offer Memorandum (including all documents incorporated by reference herein) and in particular sections "Restrictions" and "Important information" thoroughly and completely and to seek independent advice where appropriate in order to reach a reasoned judgement with respect to the Offer and this Offer Memorandum. With due reference to all statements, terms, conditions and restrictions included in this Offer Memorandum, Shareholders are hereby invited to tender their Shares under the Offer in the manner and subject to the terms and conditions set out below.

6.1 Consideration

For each Share tendered under the terms and conditions of the Offer, the Offeror offers the Consideration of EUR 31 in cash, inclusive of any dividends payable for the Financial Year 2005/2006. The Shareholders who have validly tendered (or defectively tendered provided that such defect has been waived by the Offeror) and delivered (*geleverd*) their Shares will be deemed to have received compensation for the dividend for the Financial Year 2005/2006 through the Consideration and will therefore not receive a separate dividend payment.

6.2 Acceptance by Shareholders

Acceptance by Shareholders holding Shares through an Admitted Institution

Shareholders who hold their Shares through an Admitted Institution are requested to make their acceptance known via their bank or stockbroker no later than 15:00 hours CET on 22 March 2006, unless the Acceptance Period is extended in accordance with section "Extension". The bank or stockbroker may set an earlier deadline for communication by the Shareholders in order to permit the bank or stockbroker to communicate their acceptances to the Exchange and Paying Agent in a timely manner.

The Admitted Institutions may tender Shares for acceptance only to the Exchange and Paying Agent and only in writing. In tendering the acceptance, the Admitted Institutions are required to declare that (i) they have the tendered Shares in their administration, (ii) each Shareholder who accepts the Offer irrevocably represents and warrants that the Shares tendered by him are being tendered in compliance with the restrictions set out in section "Restrictions" and (iii) they undertake to transfer these Shares to the Offeror on the Settlement Date, provided that the Offer has been declared unconditional (*gestandgedaan*).

Subject to article 90, paragraph 5 of the Decree, the tendering of Shares in acceptance of the Offer shall constitute irrevocable instructions to block any attempt to transfer the Shares tendered, so that on or prior to the Settlement Date no transfer of such Shares may be effected (other than to the Exchange and Paying Agent on or prior to the Settlement Date if the Offer has been declared unconditional (*gestandgedaan*) and the Shares have been accepted for purchase) and to debit the securities account in which such Shares are held on the Settlement Date in respect of all of the Shares tendered, against payment by the Exchange and Paying Agent of the Consideration per Share in respect of those Shares.

Undertakings, representations and warranties by tendering Shareholders

Each Shareholder tendering Shares pursuant to the Offer, by such tender, undertakes, represents and warrants to the Offeror, on the date that such Shares are tendered through to and including the Settlement Date, subject to the proper withdrawal of any tender, in accordance with article 90, paragraph 5 of the Decree, that:

- (i) the tender of any Shares constitutes an acceptance by the Shareholder of the Offer, on and subject to the terms and conditions of the Offer;
- (ii) such Shareholder has full power and authority to tender, sell and deliver (*leveren*) the Shares tendered by it; such Shareholder has not entered into any other agreement with any party other than the Offeror to tender, sell or deliver (*leveren*) the Shares (together with all rights attaching thereto) that such Shareholder has tendered under the Offer; and the Offeror will acquire the tendered Shares with full title guarantee and free and clear of all third party rights and restrictions of any kind; and
- (iii) such Shares are being tendered in compliance with the restrictions as set out in section "Restrictions" and the securities and other applicable laws or regulations of the jurisdiction in which such Shareholder is located or of which it is a resident and no registration, approval or

filing with any regulatory authority of such jurisdiction is required in connection with the tendering of such Shares.

Shares tendered on or prior to the Closing Date may not be withdrawn, subject to the right of withdrawal of any tendered Shares during any extension of the Acceptance Period in accordance with the provisions of article 90, paragraph 5 of the Decree. During any such extension of the Acceptance Period, any Shares previously tendered and not withdrawn will remain subject to the Offer.

6.3 Offer Conditions

The Offer shall be declared unconditional (*gestandgedaan*) if the Offer Conditions as set out below are fulfilled or, if permitted by applicable law, waived by the party entitled to waive.

The obligation of the Offeror to declare the Offer unconditional (*gestandgedaan*) is subject to the following Offer Conditions being satisfied on or before the Closing Date:

- a) no Material Adverse Change has occurred or has become known to the Offeror;
- b) no public announcement has been made, announcing for the first time that a third party is preparing or announcing a Competing Offer;
- c) no third party has obtained the right to acquire or subscribe for, or has agreed to acquire or subscribe for, shares in the capital of the Company or any of its subsidiaries to be issued by the Company or its subsidiaries or a substantial part of the assets of the Company and its subsidiaries and group companies;
- d) no notification has been received from the AFM that the Offer has been made in conflict with any of the stipulations of Chapter IIa of the Wte 1995, within the meaning of article 32(a) of the Decree, in which case the security institutions pursuant to article 32(a) of the Decree would not be allowed to co-operate with the settlement of the Offer;
- e) on or prior to the Closing Date:
 - (i) with the exception of the competition approvals provided for in (ii) below, all approvals, licences, exemptions and permissions of domestic and international regulatory authorities required in connection with the Offer and its intended change of control have been obtained; and
 - (ii) all mandatory pre-completion approvals from relevant competition authorities in connection with the Offer and its intended change of control have been obtained on terms satisfactory to the Offeror; and
 - (iii) in relation to the matters referred to in (i) and (ii) above, all waiting periods pursuant to applicable legislation have expired during which domestic or international regulatory authorities may oppose the Offer or its intended change of control or can take or announce steps, which could impede the Offer and its intended change of control or in any other way result in material adverse repercussions for the Company or the Offeror in connection with the Offer; and
 - (iv) in relation to the matters referred to in (i) and (ii) above, neither domestic nor international regulatory authorities have taken or announced steps which could impede the Offer or its intended change of control or in any other way result in material adverse repercussions for the Company or the Offeror in connection with the Offer;
- f) the Company has not committed itself in any way to the payment of any dividend or another distribution, whether or not in the form of shares, nor has the Company paid out any dividend, capital repayment or any other distribution, whether or not in the form of shares;
- g) no order, stay, judgment or decree is issued by any court, arbitral tribunal, government, governmental authority or other regulatory or administrative authority and is in effect, or any statute, rule, regulation, governmental order or injunction shall have been proposed, enacted, enforced or deemed applicable to the Offer, any of which prohibits, or delays for more than 30 calendar days or is reasonably likely to prohibit or delay for more than 30 calendar days

consummation of the Offer in any material respect (excluding any litigation relating to CV Waardevol);

- h) the Company has not breached certain provisions of the Merger Protocol to the extent that such breach has or could reasonably be expected to have material adverse repercussions on the Offeror or the Offer, if not remedied prior to the Closing Date;
- i) the Offeror has not breached certain provisions of the Merger Protocol to the extent that such breach has or could reasonably be expected to have material adverse repercussions on the Offeror or the Offer, if not remedied prior to the Closing Date;
- j) Stichting Prioriteit McGregor Fashion Group, subject only to the Offer becoming unconditional (*gestandgedaan*), having proposed to amend the text of the Articles of Association of the Company, which Articles of Association will – as long as the Company remains listed on Euronext – at least contain the items contained in the Proposed Articles of Association (see section “Proposed McGregor Articles of Association”), which amendment shall come into effect upon the Settlement Date subject to the Offer being declared unconditional (*gestandgedaan*), and having irrevocably decided to agree and co-operate with the Company to a redemption of the priority share by the Company; and
- k) the EGM having resolved to amend the McGregor Articles of Association in accordance with the Proposed Articles of Association, and to appoint a new member of the Supervisory Board, which amendments and appointment shall come into effect upon the Settlement Date subject to the Offer being declared unconditional (*gestandgedaan*).

The Offer Conditions in subclause a) up to and including c) and e) up to and including h) are for the benefit of the Offeror and may be waived by the Offeror (either in whole or in part) at any time by notice to the Company. The Offer Conditions in subclauses i), j) and k) are for the benefit of both the Company and the Offeror and may only be waived by the Company together with the Offeror (either in whole or in part). The Offer Condition in subclause d) may not be waived.

Subject to the Offer Conditions set out above, the Offeror reserves the right to accept any tender for acceptance, even if it has not been effected in such manner as set out hereinbefore under section “Acceptance by Shareholders”.

6.4 Acceptance Period

The Acceptance Period begins on 27 February 2006 at 9:00 hours CET and ends, subject to extension in accordance with article 90, paragraph 5 of the Decree, on 22 March 2006 at 15:00 hours CET.

If one or more of the Offer Conditions set out in section “Offer Conditions” is not fulfilled, the Offeror may extend the Acceptance Period until all such Offer Conditions have been satisfied or, where appropriate, waived. See also section “Extension”. During an extension of the Acceptance Period, any Shares previously tendered and not withdrawn will remain subject to the Offer, subject to the right of each Shareholder to withdraw the Shares he or she has already tendered.

If all Offer Conditions are satisfied or, where appropriate, waived, the Offeror will accept all Shares that have been validly tendered (or defectively tendered provided that such defect has been waived by the Offeror) and not previously withdrawn pursuant to the terms of the Offer in accordance with, for the Shares, the procedures set forth in section “Acceptance by Shareholders”.

6.5 Declaring the Offer Unconditional (*gestand doen*)

The Offer shall be subject to the fulfilment of the Offer Conditions. The Offeror reserves the right to waive such Offer Conditions, provided that the waiver of certain of such Offer Conditions shall be subject to the prior written consent of McGregor.

Unless the Acceptance Period is extended, the Offeror will determine within five Euronext Trading Days following the Closing Date, such date being the Unconditional Date, whether the Offer Conditions have been fulfilled or are to be waived by the Offeror and will announce whether (i) the Offer has been declared unconditional (*gestandgedaan*), (ii) there is still uncertainty as to the fulfilment of any of the Offer Conditions, or (iii) the Offer is terminated, as a result of the Offer Conditions not having been fulfilled or waived by the Offeror, all in accordance with article 90, paragraph 4 of the Decree.

The announcement, if any, by the Offeror that there is still uncertainty as to the fulfilment of any of the Offer Conditions, does not mean that any Shareholder will have the right to withdraw any tender of Shares or that any tender of Shares shall be deemed to be automatically withdrawn.

6.6 Extension

The Offeror, at its sole discretion, may extend the Offer past the Closing Date, in which case all references in this Offer Memorandum to the "Closing Date" or "15:00 hours, Amsterdam time, on 22 March 2006" shall, unless the context requires otherwise, be moved to the latest date and time to which the Offer has been so extended. The bank or stockbroker may set an earlier deadline for communication by the Shareholders in order to permit the bank or stockbroker to communicate their acceptances to the Exchange and Paying Agent in a timely manner.

If the Acceptance Period is extended such that the obligation pursuant to article 9t of the Decree to announce whether the Offer has been declared unconditional (*gestandgedaan*) is postponed, a public announcement to that effect shall be made not later than the third Euronext Trading Day following the initial Closing Date, in accordance with the provisions of article 9o, paragraph 5 of the Decree.

During any such extension of the Acceptance Period, any Shares previously tendered and not withdrawn will remain subject to the Offer. In accordance with article 9o, paragraph 5 of the Decree, Shares tendered on or prior to the original Closing Date may, during the period to which the Acceptance Period has been extended, be withdrawn.

6.7 Settlement

In the event the Offeror announces that the Offer is declared unconditional (*gestandgedaan*), Shareholders who have tendered and delivered their Shares for acceptance pursuant to the Offer will receive within five Euronext Trading Days following the Unconditional Date (the "Settlement Date") the Consideration in respect of each Share validly tendered (or defectively tendered provided that such defect has been waived by the Offeror) and delivered (*geleverd*), at which point, dissolution or annulment of a Shareholder's tender or delivery (*levering*) shall not be permitted.

6.8 Dividends

Upon the terms of and subject to the Offer Conditions, the Offer shall commit the Offeror to acquire each Share tendered pursuant to the Offer against cash payment of the Consideration, inclusive of any dividend payable for the Financial Year 2005/2006. The Shareholders who have validly tendered (or defectively tendered provided that such defect has been waived by the Offeror) and delivered (*geleverd*) their Shares will be deemed to have received compensation for the dividend for the Financial Year 2005/2006 through the Consideration and will therefore not receive a separate dividend payment.

6.9 Commission

Admitted Institutions shall receive from the Exchange and Paying Agent on behalf of the Offeror a commission in the amount of EUR 0.06 in respect of each Share validly tendered (or defectively tendered provided that such defect has been waived by the Offeror) and delivered (*geleverd*), up to a maximum of EUR 5,000 per Shareholder tender. The commission must be claimed from the Offeror through the Exchange and Paying Agent within 30 days of the Unconditional Date. No costs will in principle be charged to the Shareholders by the Offeror or McGregor for the delivery and payment of the Shares, however, Shareholders may be charged certain fees by their banks or stockbrokers.

6.10 Restrictions

The Offer is being made with due observance of such statements, conditions and restrictions as are included in the Offer Memorandum. The Offeror reserves the right to accept any tender under the Offer, which is made by or on behalf of a Shareholder, even if it has not been effectuated in such manner as set out above.

6.11 Announcements

Announcements contemplated by the foregoing paragraphs will be issued by press release and will be published in at least Het Financieele Dagblad and the Daily Official List, as appropriate. Subject to any applicable requirements of Dutch tender offer regulations and without limiting the manner in which the Offeror may choose to make any public announcement, the Offeror will have no obligation to communicate any public announcement other than as described above.

7 EXPLANATION AND BACKGROUND TO THE OFFER

7.1 Introduction

On 13 January 2006, McGregor confirmed that it was recently approached by a consortium comprised of the current management of the Company and Boekhoorn M&A B.V. with regard to a possible public offer for the shares in the Company. This consortium's tentatively indicated, non-binding valuation of the Company was within a price range of EUR 28–EUR 30 per ordinary share. The Supervisory Board, on the basis of this proposal and under its supervision, agreed to allow this consortium to conduct an examination of the Company's books. The Company announced that it was uncertain whether the examination would result in a public bid for the shares and, if so, at what price and under which conditions.

On 23 January 2006, McGregor and a consortium consisting of the Management Board of McGregor and Boekhoorn M&A B.V. jointly announced that the expectation was justified that agreement could be reached in connection with a public offer by the Offeror for the Shares, subject to the fulfilment of certain terms and conditions. Since this time, and following satisfactory completion of a confirmatory due diligence review by the Offeror, a definitive agreement has been reached with respect to the Offer, certain terms of which agreement are reflected in this Offer Memorandum.

7.2 Committed Shares

All major shareholders, owning 5% or more, being Mr. M.J. Schothorst (whether or not held by Investrand B.V.), Mr. H.B. Kolff (whether or not held by H.B. Kolff Beheer B.V.), Todlin N.V., Go Capital Asset Management B.V., Bibiana Beheer B.V., Investeringsmaatschappij Helvetia B.V. and Parnib B.V. as well as certain other Shareholders owning less than 5% who shall (indirectly through a foundation) participate in the Offeror (see section 13 "Information regarding the Offeror"), have irrevocably committed themselves to tender Shares held by them under the Offer on the same terms and conditions of the Offer as described in this Offer Memorandum. Such commitments represent a total of 3,334,744 Shares, being 81.0% of the Shares at the date of this Offer Memorandum. None of the Shareholders that have committed themselves to tender the Shares held by them under the Offer have received any relevant information regarding the Offer which is not included in the Offer Memorandum. A detailed breakdown of these commitments as at 22 January 2006 is available in the table below:

Shareholder	Number of Shares	Stake (as percentage of total outstanding share capital)
Mr. M.J. Schothorst (direct or indirect)	934,237	22.7%
Mr. H.B. Kolff (direct or indirect)	934,137	22.7%
Todlin N.V.	331,003	8.0%
Bibiana Beheer B.V.	270,000	6.6%
Parnib B.V.	233,928	5.7%
Investeringsmaatschappij Helvetia B.V.	209,632	5.1%
Go Capital Asset Management B.V.	208,000	5.1%
Mr. J.H. van Straaten	141,445	3.4%
Mr. C.G. Schimmel	38,000	0.9%
Zwolsman Design B.V.	20,000	0.5%
Mrs. B.E. Heymens Visser-Schothorst	14,362	0.3%
TOTAL	3,334,744	81.0%

The overview of shareholdings above and below may deviate from earlier announcements by the WMZ 1996, as (i) persons can be registered under different names in the WMZ 1996 register and (ii) the first threshold for disclosing interests under the WMZ 1996 is 5% or more. The above overview reflects the actual committed Shares, whereas the WMZ 1996 register reflects the percentages as of the date on which the obligation to make an announcement in accordance with the WMZ 1996 arose.

7.3 Overview of Shares held directly or indirectly by members of the Boards

At the date of this Offer Memorandum, 1,868,374 Shares are held, directly or indirectly, by members of the Management Board. A detailed breakdown of these undertakings is available in the table below:

Management Board member	Number of Shares	Stake (as percentage of total outstanding share capital)
Mr. M.J. Schothorst	934,237	22.7%
Mr. H.B. Kolff	934,137	22.7%
TOTAL	1,868,374	45.4%

No Shares are held by members of the Supervisory Board.

7.4 Substantiation of the Consideration

The Offeror and McGregor have reached agreement on the Offer and the Consideration following negotiations between the Offeror and McGregor, assisted by their respective advisers. A number of factors have been important in determining the Consideration, including, amongst others:

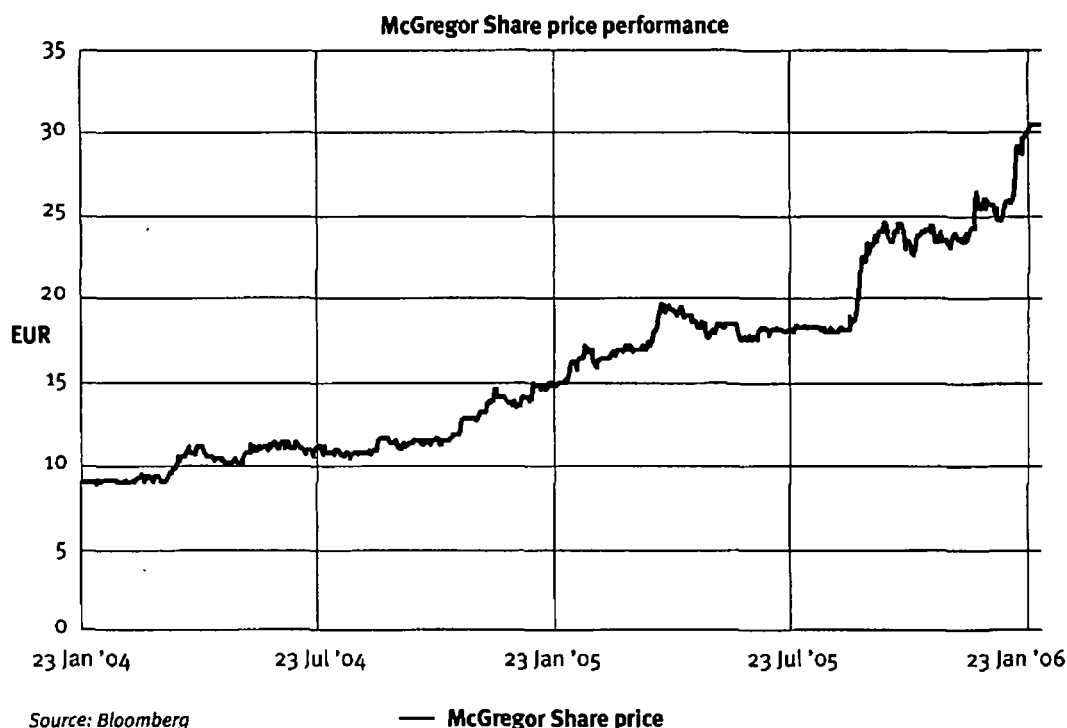
- (i) the historic share price performance of McGregor, also compared with certain other publicly traded companies active in the same sector and market segments as the Company;
- (ii) the historic developments and the Offeror's view on potential future developments in the profitability of McGregor;
- (iii) an analysis of trading and transaction multiples based on financial terms and to the extent available, of companies in lines of businesses we believe to be generally comparable to those of the Company and in other industries generally; and
- (iv) an analysis of bid premia in recent recommended public cash offers for companies listed on Euronext Amsterdam.

The Consideration of EUR 31 per Share represents an attractive price to the McGregor Shareholders and:

- (i) a premium of 16.3% to the closing Share price of 12 January 2006, the last trading day before the initial announcement on 13 January 2006, confirming the discussions between the Offeror and McGregor;
- (ii) a premium of 20.6% to the average closing Share price over the last 30 days trading prior to 13 January 2006, the day of the initial announcement confirming the discussions between the Offeror and McGregor;
- (iii) a premium of 40.1% to the average closing Share price over the last 6 months trading prior to 13 January 2006, the day of the initial announcement confirming the discussions between the Offeror and McGregor;
- (iv) a premium of 56.6% to the average closing Share price over the last 12 months trading prior to 13 January 2006, the day of the initial announcement confirming the discussions between the Offeror and McGregor; and
- (v) a premium of 99.2% to the average closing Share price over the last two years trading prior to 13 January 2006, the day of the initial announcement confirming the discussions between the Offeror and McGregor.

The Consideration offered for each Share includes dividends for the Financial Year 2005/2006.

The Share price performance (closing price) during the two years prior to the announcement of this Offer on 23 January 2006 is shown below.



On 23 February 2006, PricewaterhouseCoopers Advisory N.V. has rendered its fairness opinion in writing to the Supervisory Board. This fairness opinion is included in the section "Fairness opinion". As at the date of this opinion, and based upon and subject to the factors and assumptions referred to in this opinion, PricewaterhouseCoopers Advisory N.V. considers the Consideration to be fair, from a financial point of view, to the Shareholders.

7.5 Rationale for the Offer

McGregor's listing on Euronext Amsterdam constrains its ability to pursue the opportunities to fully exploit its strategic and financial potential:

- Structural changes in the industry in which McGregor operates (such as competitors' economies of scale and internationalisation of brands) cause that McGregor – in order to safeguard its position in the long term – will have to follow a large-scale investment strategy in which accelerated growth and international expansion will be key spearheads.
- The possibilities for raising new equity to execute this strategy are limited. This is because firstly investors are primarily interested in shares with considerable market capitalisation and less interested in small caps such as McGregor, despite the extensive efforts on the part of the Management Board to increase the interest in McGregor. In addition, a share issue would lead to substantial dilution of the current shareholders. In closing, profits are expected to be more volatile in the future, which is expected to lead to decreased interest in the share.
- With McGregor's current financial strength, it is only possible to finance accelerated growth with loan capital.
- Investment decisions that may potentially only generate positive results in the long term, cannot be easily taken in the current situation due to McGregor's conservative investment profile.
- In addition, the liquidity of the shares has already been extremely limited for a prolonged period of time. This makes it difficult for investors to increase or decrease their stakes in McGregor without causing major price movements.
- A de-listing will furthermore eliminate a number of disadvantages of a stock exchange listing, such as the substantial listing costs (in relation to the profitability) and the considerable amount of time and effort on the part of management (Investor Relations/Public Relations). McGregor and

Bidco are furthermore convinced that McGregor will have greater commercial strength as a private company.

- The lawsuit announced by the Public Prosecutions Department (*Openbaar Ministerie*) filed against Mr. M.J. Schothorst, chief executive officer of McGregor, on the basis of articles 46 Wte 1995 and 46b Wte 1995, article 2 WMZ 1996 and article 28 Commercial Registers Act (*Handelsregisterwet*), has not affected this Offer, nor the intention to terminate McGregor's listing, nor the amount of the Consideration of the Offer.

The Offer has the following benefits:

- The Offeror supports the strategy that has been formulated by the Management Board and is based on accelerated growth and international expansion.
- The Offeror has the expertise and financial means to help McGregor realise this strategy. This will enable McGregor to develop its strategic position, also in an international context, both on a larger scale and at an accelerated pace.
- The Consideration offers current Shareholders the possibility to sell their Shares in McGregor at a premium to the market price as of or prior to the announcement of the intention to make the Offer.

7.6 Future strategy

The Offeror has the intention to continue the business activities of McGregor under its current company name and brand names, should the Offer be declared unconditional (*gestandgedaan*).

The industry in which McGregor operates is subject to structural changes (such as competitors' economies of scale and internationalisation of brands). Therefore, in order to safeguard its position in the long run, McGregor intends to pursue a large-scale investment strategy in which accelerated growth and international expansion will be key spearheads. In this respect, Shareholders should take note of the fact that McGregor may not pay (cash) dividends to the Shareholders in the future.

7.7 Liquidity and delisting

The purchase of Shares by the Offeror pursuant to the Offer, among other things, will reduce the number of Shareholders and the number of Shares that might otherwise be traded publicly and could adversely affect the liquidity and market value of the remaining Shares not tendered.

Should the Offer be declared unconditional (*gestandgedaan*), it is intended that McGregor's listing on Euronext Amsterdam will be terminated as soon as possible, and the Offeror and McGregor shall liaise with Euronext Amsterdam in respect of such delisting. This would further adversely affect the liquidity of any Shares not tendered. In addition, the Offeror may initiate any of the procedures as set out in section "Future legal structure", including procedures which would result in termination of the listing of the Shares (including Shares not being tendered).

7.8 Future legal structure

The Offeror reserves the right to use any legally permitted method to obtain 100% of the Shares. For this purpose the Offeror will consider, depending inter alia on the number of Shares obtained by the Offeror as a result of the Offer, various options such as initiating a squeeze-out procedure (*uitkoopprocedure*) as referred to in article 2:92a of the Dutch Civil Code after the Settlement Date. The Offeror will, also consider effecting a legal merger (*juridische fusie*), as specified in articles 2:309 and 2:334 of the Dutch Civil Code, between McGregor and the Offeror or a group company of the Offeror (in case of a so called "triangular merger" pursuant to which the shareholders of the disappearing company would become shareholder of a group company of the surviving company) with McGregor being the disappearing entity and the Offeror, or a group company of the Offeror respectively, being the surviving entity. Also, the Offeror and McGregor reserve the right to have the Offeror contribute assets to McGregor against the issuance of Shares in the capital of McGregor, while at the same time pre-emptive rights (*voorkeursrecht*) of other McGregor Shareholders may be excluded or to sell all or substantially all of the assets of McGregor, directly or indirectly following a transfer of those assets to a subsidiary of McGregor first, which may or may not be followed by a distribution of proceeds to the Shareholders, all in accordance with Dutch law and the McGregor Articles of Association in force at the relevant time.

At any time after the Offer has been declared unconditional (*gestandgedaan*), it may be decided that McGregor could be converted into a private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*). Simultaneously with a conversion of McGregor into a private limited liability company, the majority shareholder of McGregor may adopt further amendments to the articles of association, which may include an abolition of the Supervisory Board.

In the event that the Offeror has acquired 95% or more of the issued and outstanding share capital of McGregor following the Settlement Date, the Offeror might, as soon as possible, initiate such squeeze-out procedure, in order to acquire the remaining Shares not tendered and not held by the Offeror or McGregor.

In the event that the Offeror has declared the Offer unconditional (*gestandgedaan*) and has not acquired 95% or more of the outstanding share capital of McGregor following the Settlement Date, such that it is not possible to initiate the squeeze-out procedure in accordance with article 2:92a of the Dutch Civil Code, the Offeror shortly thereafter, subject to the approval of the Supervisory Board, which a majority of consists of independent members, may by simple majority of the General Meeting of Shareholders vote to effect a legal merger (*juridische fusie*) between the Offeror or a wholly owned group company of the Offeror, and McGregor, in which the latter is the disappearing entity. In case the legal merger is effected, Shareholders who have not tendered their Shares under the Offer will become, by operation of law, shareholders in the surviving entity alongside the existing shareholders in the surviving entity, or (in case of a triangular merger) will become shareholders in such group company. (Hereinafter, when reference is made to the "surviving entity", this is deemed to also include the scenario whereby a group company of the Offeror issues shares to the Shareholders, in case of a triangular merger.) If, after a legal merger is effected, the majority shareholder of the surviving entity holds 95% or more of the capital of the surviving entity, such majority shareholder may initiate a squeeze-out procedure in accordance with article 2:92a of the Dutch Civil Code in relation to any shares in the surviving entity not held by such majority shareholder.

The ordinary shares to be distributed by operation of law (*toekennen*) by the surviving entity under the legal merger to the Shareholders that have not tendered their Shares under the Offer will have the same economic and financial rights as the ordinary shares to be held by the majority shareholder. In addition, the Shareholders that have not tendered their Shares under the Offer may receive, if and when appropriate, also by operation of law pursuant to the legal merger, preference shares or another separate class of shares in the capital of the surviving entity as compensation in kind for the difference between the value of their Shares prior to the legal merger, based upon the Consideration, and the value of their ordinary shares following the legal merger. A Shareholder, who will not receive shares in the surviving entity for all of his Shares as a result of the exchange ratio, will receive a compensation in cash in accordance with article 2:325 of the Dutch Civil Code. These cash compensations will together not exceed one tenth of the nominal value of the issued shares as a result of the merger.

The articles of association of the surviving entity will provide that its general meeting of shareholders, by simple majority vote (upon a proposal from the management board) may cancel each separate class of shares, if and when appropriate. It is expected that following a legal merger, the Offeror's current ultimate shareholders would control the majority of votes in the general meeting of shareholders of the surviving entity, and therefore would be able to procure the cancellation of such separate class of (preference) shares. A cancellation of these shares shall take place in accordance with article 2: 208 of the Dutch Civil Code.

For a period of six months after the legal merger becomes effective, those Shareholders who have become shareholders in the surviving entity as a result of the legal merger shall have the right to sell and transfer their ordinary shares and preference or other class of shares attributed following the legal merger, while the majority shareholder of the surviving entity will commit itself for the same six month period to purchase and acquire the shares in the surviving entity held by such Shareholders should they elect to sell. The price for such shares shall, during this limited period, be approved in such a way that the value of the shares issued to such shareholder is identical to the Offer Price. Shareholders requesting an independent valuation of their shares during this six month period shall maintain the right to offer their shares in the surviving entity in accordance with the applicable articles of association but shall forfeit their right to require the majority shareholder of the surviving entity to purchase such shares.

In the event of a legal merger, an independent auditor will be requested to examine the proposed legal merger and will be asked to certify that in his opinion the proposed exchange ratio for the Shares is reasonable. Such auditor will be appointed by the Supervisory Board, which board in majority consists of independent members.

Finally, the Offeror reserves the right to submit proposals to the Shareholders in order to alter the company structure and the capital structure of McGregor and/or intended to achieve an optimal financial or other structuring, including amendments to the McGregor Articles of Association, a liquidation, a demerger as specified in article 2:334a of the Dutch Civil Code or, as already referred to above, a sale of all or substantially all of the assets of McGregor, which may or may not be followed by a distribution of proceeds to the Shareholders, all in accordance with Dutch law and the McGregor Articles of Association. Such a distribution may take the form of a distribution out of reserves, an interim dividend, a dividend or, in case the Company is also liquidated, a liquidation distribution. Also, the corporate governance rules applicable to McGregor at the date of this Offer Memorandum may be amended in connection with the (consequences of the) Offer. This would be done in order to align the company structure of McGregor with the group's new holding and financing structure that will materialise once the Offer has been declared unconditional (*gestandgedaan*).

7.9 Future dividend policy

The Offeror expects to amend significantly McGregor's dividend policy should the Offer be declared unconditional (*gestandgedaan*). The Shareholders should be aware that McGregor may not pay (cash) dividends to the Shareholders in the future. The Consideration offered for each Share includes dividends for the Financial Year 2005/2006.

7.10 Organisational and social consequences

The intended Offer as such is not expected to have any negative consequences on the employment situation at McGregor.

Consultations have taken place with the trade unions involved and the secretariat of the Social Economic Council of The Netherlands (*Sociaal-Economische Raad*) has been informed of the Offer in accordance with the SER Merger Code 2000 (*SER-besluit Fusiegedragsregels 2000*).

7.11 Future composition of the Boards

It is envisaged that from the Settlement Date onwards, the Management Board will consist of Mr. M.J. Schothorst, the current managing director of the Company and Mr. H.B. Kolff, the current commercial director of the Company.

Mr. D.R. Hooft Graafland shall resign as member of the Supervisory Board as from the Settlement Date and subject to the Offer being declared unconditional (*gestandgedaan*), and will not be paid any compensation, as that term is defined in article 91, paragraph p of the Decree. It is currently envisaged that from the Settlement Date onwards and as long as the Company remains listed on Euronext Amsterdam, the Supervisory Board will consist of Mr. M.J.M. Witteveen, Mr. J.M. Kessels and Mr. P.L. van Wijngaarden.

In the event that at least 95% of the Shares are tendered under the Offer and the listing of the Shares on Euronext has been terminated, the present members of the Supervisory Board shall resign as member of the Supervisory Board.

7.12 Employee option plan

Under the current employee option plan of McGregor, options have been granted to certain employees. McGregor may require the option holders to exercise their options on Shares prior to the Closing Date in conformity with the terms and conditions of the employee option plan.

As far as exercising the options prior to the Closing Date would lead to negative tax consequences for the option holders, the option holders will be allowed to exercise their options upon expiration of the remaining minimum tax period.

7.13 Financing of the Offer

The Offeror will finance the Offer with a fully committed bank facility arranged by ABN AMRO Bank N.V. Leveraged Finance and equity (including guarantee capital (*garantievermogen*) in the form of fully subordinated loans) provided by the Offeror.

7.14 Certain arrangements between McGregor and the Offeror

The Offeror and McGregor have entered into arrangements pursuant to which McGregor has agreed to reimburse the Offeror for costs incurred in the preparation of the Offer, up to an amount of EUR 1,000,000 in the event that, under certain specific circumstances, the Offer is not consummated.

Under the same arrangements, the Offeror has agreed to reimburse McGregor for costs incurred in the preparation of the Offer, up to an amount of EUR 1,000,000 in the event that the Offer is not consummated pursuant to a material breach of the Merger Protocol by the Offeror.

8 LETTER TO THE SHAREHOLDERS

Dear Shareholder,

The Annual General Meeting of Shareholders to be held on 14 March 2006 is an important event for McGregor Fashion Group N.V. ("McGregor") and its shareholders (the "Shareholders"). During this meeting you will be informed about the firm public offer (the "Offer") made by Toeca Fashion Groep B.V. ("Offeror") to the holders of all issued and outstanding ordinary shares in the capital of McGregor (the "Shares").

On 23 January 2006, it was announced that the expectation was justified that an agreement regarding the Offer could be reached between McGregor and the Offeror, a company indirectly controlled by a consortium comprising of the current Management Board of McGregor and Boekhoorn M&A B.V. (the "Consortium").

With this letter, we, the Supervisory Board, would like to take the opportunity to address the background of this proposed transaction. As you will see, the Supervisory Board and the Management Board have given this transaction, as well as the process to date, careful consideration. Due to the (indirect) participation of the current management of McGregor in the Offeror, McGregor has been represented by the Supervisory Board in connection with the Offer and its preparations. McGregor, being represented by the Supervisory Board, has sought independent legal and financial advice in order to duly assess the Offer (see below "Process overview"). We have taken into account that, during our decision-making process, a majority of Shareholders, representing 81.0% of the Shares (which majority includes all major Shareholders owning 5% or more), expressed their intention to accept the Offer. We have reached the conclusion that the Offer is in the best interests of McGregor and its stakeholders, including its Shareholders. We support the Offer and unanimously recommend the Offer to the Shareholders for acceptance. The details of the Offer are set out in Section 6 of the Offer Memorandum ("Invitation to the Shareholders").

Background

In recent years, the management of McGregor has focused on an accelerated growth strategy which includes the development of the core retail formats with further growth potential, inter alia through the expansion and internationalisation of some of the businesses, where regarded appropriate.

It has been observed that the Shares have received less attention from research analysts and investors due to McGregor's relatively small size from domestic and international investors' point of view. As a consequence, the liquidity of the Shares has been limited.

In this context and also taking into account the interests and perspectives of the Shareholders, we have discussed and reviewed the various strategic alternatives to increase Shareholder value in detail, such as selling McGregor in part or as a whole and de-listing the Shares pursuant to a public offer.

An important consideration in this respect was that McGregor's possibilities to accelerate (international) growth and to increase earnings in core areas were restricted due to limited financing opportunities. Access to equity capital markets, required to fund further growth, was limited due to the illiquidity of the Shares and the overall size (market capitalisation) of McGregor.

The Supervisory Board and Management Board ultimately came to the conclusion that the interests of the Shareholders and other stakeholders of McGregor would be served best by means of taking McGregor private and de-listing the Shares.

We believe that the taking private of McGregor (by means of a public offer for all Shares by the Consortium) and the subsequent de-listing, on balance, would have significant advantages. Firstly, taking the company private and the subsequent de-listing would offer all Shareholders an immediate share premium. Secondly, it could give McGregor access to additional financial resources, which would allow it to pursue a strategy of growth through, inter alia, (international) expansion.

Towards the end of 2005, after thorough analysis and careful consideration and obtaining outside legal and financial advice, the Supervisory Board and the Management Board took the decision to further explore the interest expressed by the Consortium in making a public offer for McGregor.

Process overview

In order to keep the roles and responsibilities of the Supervisory Board and Management Board separate, it was decided at the outset that the Supervisory Board would represent McGregor in the discussions regarding the Offer. McGregor retained PricewaterhouseCoopers Advisory N.V. and Allen & Overy LLP as its independent financial and legal advisers respectively. PricewaterhouseCoopers Advisory N.V. provided financial advisory services to the Supervisory Board throughout the process, and, as part of its engagement and financial adviser to the Supervisory Board, also provided an opinion as to the fairness from a financial point of view of the price of EUR 31 offered per Share. The Fairness Opinion is contained in Section 10 of the Offer Memorandum ("Fairness Opinion").

On 13 January 2006, McGregor announced that it was in discussions with the Consortium and that it had received a preliminary non-binding indication of a valuation of McGregor at approximately EUR 28–30 per Share. After this announcement, no other party has approached McGregor and/or the Supervisory Board to propose a tentative transaction.

The Consortium was given the opportunity to conduct a due diligence investigation under the supervision of the Supervisory Board and was requested to submit a detailed proposal, which request the Consortium complied with.

On 23 January 2006, McGregor and the Consortium jointly announced that the expectation was justified that an agreement could be reached that could result in an offer for all Shares for a price of EUR 31 per Share.

Further considerations regarding the Offer

The Offer will have a number of advantages for McGregor, its Shareholders, employees, customers and other stakeholders:

- (i) The Offeror supports the overall strategy of McGregor;
- (ii) The Consortium comprises of individuals who have extensive retail experience and who can provide significant support and expertise to help McGregor realise its strategy; and
- (iii) The Offer provides the current Shareholders (including the Shareholders with a material shareholding in McGregor) the opportunity to sell their interest in McGregor at an attractive premium which allows them to realise immediate value in cash for their Shares.

McGregor will continue its operations under its present names and labels. The Offer is not expected to have any negative consequences regarding employment and employment conditions of the employees of McGregor or of any of its subsidiaries.

Consultations have taken place with the trade unions involved and the secretariat of the Social Economic Council (*Sociaal-Economische Raad*) has been informed of the Offer in accordance with the SER Merger Code 2000 (*SER-besluit Fusiegedragregels 2000*).

Recommendation

The Supervisory Board unanimously recommends the Offer to the Shareholders for acceptance. See Section 9 of the Offer Memorandum ("Recommendation by the Supervisory Board and the Management Board").

Actions to be taken

If you hold Shares through an Admitted Institution and wish to accept the Offer, you are requested to make your acceptance known via you bank or stockbroker as soon as possible and, in any event, by no later than 15:00 hours, Amsterdam time on 22 March 2006. The procedure for acceptance of the Offer is set out in Section 6 of the Offer Memorandum ("Invitation to the Shareholders").

25 February 2006

Supervisory Board



Mr. M.J.M. Witteveen



Mr. J.M. Kessels



Mr. D.R. Hooft Graafland

9 RECOMMENDATION BY THE SUPERVISORY BOARD AND THE MANAGEMENT BOARD

The Supervisory Board and the Management Board have duly considered the strategic, financial and social aspects of the Offer and have reached the conclusion that the Offer is in the best interests of McGregor, the Shareholders and other stakeholders in McGregor.

Throughout the process, the Supervisory Board and the Management Board have met on a frequent basis and discussed the progress of the process and key decisions in connection therewith. Regarding the Offer, the Supervisory Board has held several meetings without any member of the Management Board present.

The Supervisory Board and the Management Board are of the opinion that the Offer is reasonable and fair to the Shareholders. In this respect, reference is made to the fairness opinion rendered by PricewaterhouseCoopers Advisory N.V., as included in section "Fairness opinion" of this Offer Memorandum. Therefore, the Supervisory Board and the Management Board fully support the Offer and unanimously recommend the Offer to the Shareholders for acceptance.

25 February 2006

Supervisory Board

Mr. M.J.M. Witteveen

Mr. J.M. Kessels

Mr. D.R. Hooft Graafland

Management Board

Mr. M.J. Schothorst*

Mr. H.B. Kolff*

* Mr. M.J. Schothorst and Mr. H.B. Kolff, being (indirect) participants in the Offeror, have not been involved in any discussions or negotiations regarding the Offer (including its terms and conditions) on behalf of McGregor.

10 FAIRNESS OPINION



Strictly Private and Confidential
 Attn. the Supervisory Board of
 McGregor Fashion Group N.V.

PricewaterhouseCoopers
 Advisory N.V.
 Corporate Finance
 De Entree 201
 1101 HG Amsterdam Zuidwest
 P.O. Box 22705
 1100 DE Amsterdam Zuidwest
 The Netherlands
 Telephone +31 (20) 566 66 66
 Facsimile +31 (20) 566 66 66
www.pwc.com/nl

Amsterdam, 24 February 2006

Dear Sirs,

We understand that Toeca Fashion Group B.V. a company established under the laws of The Netherlands (the "Offeror"), is proposing to make a public offer (the "Offer") for all outstanding ordinary shares with a par value of EUR 0.16 per share (the "Shares") of McGregor Fashion Group N.V. (the "Company") which Company is established under the laws of The Netherlands. We understand that the Offeror intends to offer the holders of the Shares (the "Shareholders") a cash consideration of EUR 31, cum dividend, per Share (the "Offer Price").

The Supervisory Board of the Company has requested the opinion (the "Opinion") of PricewaterhouseCoopers Advisory N.V. ("PwC"), as to the fairness, from a financial point of view, of the Offer Price to the Shareholders of the Company.

Whilst certain provisions of the Offer are summarised above, the terms and conditions of the Offer are more fully described in the offer memorandum (*biedingsbericht*), substantially in the form of the draft as of 21 February, 2006 (the "Offer Memorandum"), which draft we have reviewed.

For the purpose of providing the Opinion, we have:

- a) Reviewed the financial terms and conditions of the Offer as set out in the Offer Memorandum;
- b) Reviewed certain publicly available information regarding the Company, such as the audited annual reports for the financial years ending January 31, 2005, January 31, 2004 and January 31, 2003, the un-audited interim results for the 6 months ended July 31, 2005 and certain press releases and external analyst reports;
- c) Reviewed certain internal information relating to the Company and its activities, in particular of a financial nature, as prepared by the management of the Company including the un-audited latest estimate of the financial results of the financial year ending January 31, 2006 and the budget for the current financial year (ending January 31, 2007);
- d) Held discussions with certain members of the senior management, including the Management Board, and the Supervisory Board of the Company regarding the current and future activities and prospects of the Company and certain other matters we deemed necessary or relevant for the purpose of the Opinion;
- e) Reviewed public information with respect to certain other companies active in the same sector and market segments as the Company;
- f) Reviewed the financial terms of certain transactions involving companies in lines of businesses we believe to be generally comparable to those of the Company and in other industries generally;

PricewaterhouseCoopers is the trade name of among others the following companies: PricewaterhouseCoopers Accountants N.V. (Chamber of Commerce 34180285), PricewaterhouseCoopers Belastingadviseurs N.V. (Chamber of Commerce 34180284), PricewaterhouseCoopers Advisory N.V. (Chamber of Commerce 34180287) and PricewaterhouseCoopers B.V. (Chamber of Commerce 34180289). The services rendered by these companies are governed by General Terms & Conditions, which include provisions regarding our liability. These General Terms & Conditions are filed with the Amsterdam Chamber of Commerce and can also be viewed at www.pwc.com/nl.

- g) Reviewed the historical share price development and trading volumes of the shares of the Company; and
- h) Performed other (financial) analyses and considered such other information we have deemed necessary or relevant in arriving at our Opinion.

With respect to any financial forecasts that may have been made available, PwC has assumed that they have been reasonably prepared on bases reflecting the best available estimates and judgements of the Management Board of the Company as to the future financial performance of the Company, and that no subsequent event to the date of any such financial forecasts and undisclosed to PwC has had a material effect on them. PwC does not assume or accept liability or responsibility for (and expresses no view as to) any such forecasts or the assumptions on which they are based.

In rendering our Opinion, we have assumed and relied, without any responsibility for independent verification, upon the accuracy and completeness of all financial and other information, which was provided to us or is publicly available. We have not made or been provided with an independent valuation or appraisal of the assets or liabilities (contingent or otherwise) of the Company. PwC has received specific confirmation from the Management Board and Supervisory Board of the Company that the information provided to PwC is correct and that no information has been withheld from PwC that could have influenced the purport of this Opinion or the assumptions on which it is based.

In rendering this Opinion, PwC has not provided, obtained or reviewed any legal, tax, regulatory, accounting, actuarial or other advice and accordingly PwC assumes no liability or responsibility in respect thereof. Our Opinion is based on economic, monetary and market conditions as they exist as at the date of this Opinion. Subsequent developments in the aforementioned conditions may affect the Opinion and the assumptions on which it is based. PwC is not obliged to update, revise or reaffirm the Opinion should such conditions change.

In connection with the Offer, PwC is acting as financial advisor to the Supervisory Board of the Company and will receive a fee for its services, irrespective of the contents of our Opinion, or the Offer being declared unconditional, or the consummation of the Offer. PwC has not participated in the negotiations resulting in the Offer.

This Opinion is provided solely for the benefit of the Supervisory Board of the Company in connection with and for the purpose of their evaluation of the Offer and is not to be used or relied upon for any other purpose. The Opinion does not constitute a recommendation by PwC to the Shareholders of the Company as to whether they should tender their Shares pursuant to the Offer. Notwithstanding the aforementioned, this Opinion may be reproduced in full, for informational purposes only, in its entirety in the final offer memorandum.

Based upon and subject to the foregoing, PwC is of the opinion that, as at the date hereof, the Offer Price is fair, from a financial point of view, to the Shareholders of the Company.

This Opinion shall be governed by and construed in accordance with Dutch law and any claims or disputes arising out of, or in connection with, this Opinion, shall be subject to the exclusive jurisdiction of the Dutch courts.

Yours sincerely,

PricewaterhouseCoopers Advisory N.V.

11 EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS OF MCGREGOR

At 10:30 hours CET, on 14 March 2006, the EGM will be convened at Hotel "The Grand – Amsterdam", Oudezijds Voorburgwal 197, 1012 EX Amsterdam, The Netherlands, during which, among other agenda items, the Offer will be explained and discussed in compliance with the provisions of article 9q of the Decree. The information necessary for the Shareholders to adequately assess the Offer, as meant in article 9q of the Decree, is included in this Offer Memorandum.

In addition, inter alia, the following proposals shall be put on the agenda for adoption by the General Meeting of Shareholders with effect as of the Settlement Date:

- (i) upon proposal of the Management Board, as approved by the Supervisory Board, amend the McGregor Articles of Association, subject to the condition precedent that the Offer has been declared unconditional (*gestandgedaan*), reflecting, inter alia, the abolition of the priority share and, in case that at least 95% of the Shares are tendered under the Offer and the listing of the Shares on Euronext Amsterdam is terminated, the abolition of the Supervisory Board. See section "Proposed McGregor Articles of Association";
- (ii) the resignation of Messrs. M.J.M. Witteveen and J.M. Kessels as members of the Supervisory Board and full and final discharge of each of them, subject to the conditions precedent that the Offer has been declared unconditional (*gestandgedaan*), that at least 95% of the Shares have been tendered under the Offer and the listing of the Shares on Euronext Amsterdam has been terminated;
- (iii) the resignation of Mr. D.R. Hooft Graafland as member of the Supervisory Board, subject to the condition precedent that the Offer has been declared unconditional (*gestandgedaan*), and his full and final discharge;
- (iv) the appointment of Mr. P.L. van Wijngaarden as member of the Supervisory Board, subject to the condition precedent that the Offer has been declared unconditional (*gestandgedaan*); and
- (v) the purchase by the Company of the priority share held by Stichting Prioriteit McGregor Fashion Group, which may be converted into an ordinary share upon execution of the Proposed McGregor Articles of Association.

Notice of the EGM will be given in accordance with the McGregor Articles of Association.

12 INFORMATION REGARDING MCGREGOR

GENERAL AND BUSINESS INFORMATION

12.1 Overview – A European fashion house

McGregor Fashion Group N.V., founded in 1993, is a European fashion house that focuses on the design, purchasing, marketing, distribution and sales of brand name menswear, womenswear and childrenswear at the upper end of the market. McGregor and Gaastra are the most important brands within the group. The group furthermore includes the dress shirt brands Dimaggio, King, Elmlor and Royal Cotton.

The strategy of McGregor is founded on a consistent brand policy. The group's brands are positioned at the upper end of the market. Conducting independent retail activities is considered an important instrument for promoting and supporting the group's own brands. The brands owe their success to proven durability, a clear identity and the communication of a consistent image. Any newly acquired brands must also convey the same distinctive quality.

McGregor's strategy is based on a diversity of distribution channels, which both strengthens and contributes to a balanced spread of activities. In addition to the approximately 3,000 multibrand stores located throughout Europe, the brands of McGregor are, as of 31 January 2005, also sold via 132 shop-in-the-shops at department stores and larger retail fashion stores. The group's brands are also sold via the group's own retail trade activities. Following the acquisition of Adam Menswear B.V. in February last year, the group has, as of 31 January 2005, 77 of its own stores, including 31 McGregor shops and four own factory outlets. During 2005, two new McGregor shops based on an entirely new store concept have been opened in Antwerp and Den Bosch. This involves larger stores (440m² and 250m² respectively) at A1 locations. A McGregor outlet with more than 240m² of floor space was opened in Roermond in September 2005.

McGregor and Gaastra's brand activities are focused on the international market. The shirt brands are primarily distributed in the Dutch market via independent menswear shops and the activities of ETP (company and corporate image clothing) are also concentrated on the Dutch market.

Since 29 April 1999, the Shares are listed on Eurolist by Euronext Amsterdam.

12.2 History

McGregor was founded in 1993 by Mr. M.J. Schothorst, Mr. H.B. Kolff and Mr. V.R. Muller (who has no other activities in McGregor other than as an indirect Shareholder through *Investeringsmaatschappij Helvetia B.V.*).

In October 1997, McGregor (at that time Emergo Fashions Group B.V.) acquired the McGregor trademark rights for the markets in Europe, most markets in the Middle East and for Russia from Samsonite Corporation. Owning the brand made it possible for McGregor to start developing new sub-segments in the fashion/lifestyle markets in addition to the existing menswear line, such as womenswear, childrenswear and other specific lifestyle products.

In March 1999, McGregor acquired Casual Wear Shops Nederland B.V., a retail company which operated 12 McGregor shops (until then the largest franchisee of McGregor) as well as two multi-brand shops, from Euretco B.V.

In April 1999, McGregor obtained a listing at the Amsterdam Stock Exchange Euronext.

In March 2000, McGregor acquired a participation of 33¹/₃% in Suit Supply B.V., a company offering a new concept for the sale of menswear by combining e-commerce and shop sale on locations along motorways. On 31 January 2005, Suit Supply shops were present on 12 locations in The Netherlands. In January 2004, McGregor sold 3% of this participation to the management of Suit Supply and consequently now holds 30¹/₃%.

In August 2000, McGregor acquired Elmi B.V. with the dress-shirt brands Elmlor, Royal Cotton and the ladies blouses brand La Kerko. Together with the brands King and Dimaggio, McGregor has acquired with this a very strong position on the men's branded dress-shirt market in The Netherlands.

In October 2000, the acquisition of Gaastra followed. The global ownership of the brand name Gaastra for clothing and sportswear was included in the transaction. Gaastra designs, distributes and sells

functional sailing clothing (so-called "performance gear") and nautical leisure clothing under its own name. Gaastra is an authentic brand built on a rich history and heritage. With a name that evokes associations with sailing and water sports all over the world, Gaastra Sportswear stands for high-quality, functional sailing gear and rugged lifestyle sportswear with a maritime touch.

In February 2005, McGregor acquired Adam Menswear B.V. Adam Menswear is a chain of 42 menswear shops in the upper segment of the market. In addition to McGregor, Dimaggio and Gaastra, the Adam shops carry other brands such as Hugo Boss, Arrow, Gant and Van Gils. McGregor will leverage the acquisition of Adam to further strengthen its already strong position in the Dutch market. The acquisition will enable the Company to promote its own brands more effectively in the Adam shops. A limited number of (larger) Adam shops may eventually be converted into McGregor shops.

In March 2005, McGregor acquired all the McGregor brand rights from McGregor II LLC, a subsidiary of the Samsonite Corporation in the USA. This encompasses the brand rights to the McGregor brand in the USA, Central and South America. The McGregor brand rights for the African Continent, Australia and New Zealand were also included in the transaction. The acquisition of these brand rights made McGregor the worldwide owner of the McGregor brand, with the exception of Japan, China and a few countries in South-East Asia where the rights are still owned by the Japanese company Nichimen Infinity Inc.

12.3 Business overview

McGregor is active in the design, purchasing, marketing, distribution and sales of brand name menswear, womenswear and childrenswear at the upper end of the market. McGregor and Gaastra are the most important brands within the group. The group furthermore includes the dress shirt brands Dimaggio, King, Elmior and Royal Cotton.

McGregor consists of a number of divisions which are shown in the figure below.

McGregor Fashion Group			
McGregor	Gaastra	Shirts	Retail
Menswear Womenswear Junior Licenses	Menswear Womenswear Junior Licenses	Shirts: King Dimaggio Elmior Royal Cotton ETP: Company and corporate image clothing	McGregor shops Gaastra shops Adam Menswear Factory outlets

The distribution of McGregor womenswear, McGregor junior and Gaastra is still concentrated primarily in the Benelux market. Shirts and blouses (Dimaggio, King, Elmior, Royal Cotton) are primarily distributed in the Dutch market via independent menswear and womenswear shops. Through the ETP division (Emergo Textile Projects) McGregor concentrates on developing company clothing and corporate image clothing. ETP has succeeded in developing into an important player in this field in The Netherlands, by combining knowledge of fashion with specific expertise in the field of company clothing.

McGregor

As of 31 January 2005, McGregor's collections are sold through approximately 1,300 multi-brand shops around Europe and 132 shop-in-the-shops at department stores and larger fashion chains. The McGregor collections are also marketed via a network of 53 McGregor shops: 31 of McGregor's own shops and 22 franchised McGregor shops. The strong growth in McGregor's own shops reflects its strategic preference of owned shops over franchises.

A range of initiatives was taken in a number of fields, aimed at boosting the sales of McGregor menswear during the Financial Year 2004/05. Key aspects of this drive included expanding McGregor's

own retail trade activities and having the key account management take a more intensive approach to serving the leading large retail and department stores in Europe.

A number of important initiatives were also developed in the field of design and product development. The collections are becoming more innovative and creative. The development of a flash programme with a shorter time-to-market ensured a more up-to-date and dynamic atmosphere on the shop floor and consequently generated more buying impulses. In keeping with this strategy, the group engaged the services of the Italian designer Fabrizio Danna who has been charged with further enhancing the creativity and international allure of the McGregor menswear collections in the years to come.

The focus of McGregor menswear in the years ahead will be on international growth, with a particular emphasis on developing the markets in France, Switzerland and Spain. Operating own retail trade activities will be deployed as a key strategic tool in achieving this aim. McGregor is currently exploring the opportunities for acquiring one or more (smaller) retail chains in France and Switzerland with the aim of converting the stores into McGregor shops.

The above initiatives will only bear fruit in the longer term, which is why several positive initiatives are not yet reflected in the figures for the year under review. However, marked organic growth in the sales of McGregor menswear is expected for the Financial Year 2005/2006.

In the Financial Year 2004/05, McGregor womenswear was able to reap the first rewards of the new policy the management introduced in 2003. The improved logistics, improved quality, commercial and up-to-date collections and the flash programme with a shorter time-to-market have regained our retailer's trust. The initial scepticism has dissipated and this is reflected in the rapidly growing number of customers. For example, following an interruption that lasted several years, the Bijenkorf department stores have decided to once again include McGregor womenswear in their collection. Several McGregor womenswear shop-in-the-shops have been opened in August 2005 in the Bijenkorf stores in Amsterdam, Rotterdam and The Hague. Four new shop-in-the-shops were opened in 2004 in the Inno department stores in Antwerp, Brussels, Gent and Bruges.

McGregor womenswear opened a flagship store in the P.C. Hooftstraat in Amsterdam in March 2004. The shop elevates the prestige of the McGregor womenswear and furthermore provides an excellent tool for assaying the competitive strength of the collections in an extremely critical and competitive setting. Several significant alterations have been made to the construction of the McGregor womenswear collection. During the Financial Year 2004/05, the collection was divided into three segments: "Sportive", "Casual" and "Deluxe". This division into three segments was first introduced in the fall/winter collection 2005. The presentation of this collection to retailers in The Netherlands and Belgium at the beginning of 2005 surpassed all expectations.

McGregor womenswear will for now only be distributed in The Netherlands and Belgium. However, in view of the positive developments in the year under review, further international expansion of McGregor womenswear is envisioned for the years ahead.

McGregor junior was able to achieve a marked increase in sales in the Financial Year 2004/05. The girl's line that was introduced in 2003 made an especially important contribution to this growth. A jeans line has also been developed for McGregor junior that was presented in 2005. McGregor junior is primarily distributed to children's fashion shops in The Netherlands and Belgium. While international expansion of McGregor junior is foreseen in the longer term, the expansion is not expected to take place in the coming two years.

The McGregor brand relies heavily on motor sport as a platform for promotion activities and relationship marketing. McGregor has attached itself to various motor sport events in The Netherlands and abroad, such as the 24 hours of Le Mans with Spyker Squadron, the World Touring Car Championship (W.T.C.C.) with Tom Coronel, and from 2005 as the main sponsor of the McGregor Porsche GT 3 Cup Challenge, the new elite of Dutch motor sports.

In summary, it can be confirmed that the outlook for the McGregor brand activities is positive. After a number of level years, a return to a marked organic increase in sales is expected for the Financial Year 2005/2006.

Gaastra

Gaastra designs, distributes and sells functional sailing gear ("performance gear") and nautically inspired casual wear for men, women and children.

Similar to McGregor, Gaastra is an authentic brand with a rich history and a strong position in the upper segment of the clothing market. Gaastra's history dates back to 1897, when Douwe Gaastra, at the age of 22, established his own sail manufacturing company in Sneek, The Netherlands, aimed at improving the speed of sailing and making it more competitive and efficient. The name Gaastra consequently became world famous in the field of sailing.

Gaastra is sold in three main segments of the market: exclusive womens and menswear shops, sportswear and nautical sportswear shops, and exclusive children's fashion shops. Gaastra has focused in recent years on diversification and internationalisation. The Gaastra womenswear line that was introduced in 2003 has become one of the pillars of the continuing growth. The developments of Gaastra in Belgium and Germany are also encouraging. Gaastra was sold in the French market for the first time in the fall of 2005. Gaastra did in August 2005 open its first shop-in-the-shop at Galeries Lafayette's largest store (Hausmann) in Paris and a second shop-in-the-shop at Galeries Lafayette in Nice.

During the Financial Year 2004/05 Gaastra worked on developing an entirely new line under the name "Premium Cup". This line is characterised by minimalist design featuring high quality and exclusivity. The line is aimed at the premium end of the market. The Gaastra Premium Cup collection was presented to a limited number of retailers in early 2005 and will be distributed on an extremely selective basis.

Gaastra's nautical identity plays a leading role in all the marketing activities.

Gaastra sponsors a number of large sailing events in The Netherlands and abroad, including the "Sneekweek" and the "Spa Regatta" in The Netherlands, and the "Kieler Woche" in Germany. Gaastra also sponsors a number of class organisations (J22 and "Yngling") and provides individual support to a number of high-level professional yachtsmen/women, including the Audi team (The Netherlands), several X79 and X99 teams in Germany and two IMS teams in Italy.

During the Financial Year 2004/05, Gaastra entered into a long-term association with the Lulworth, the world's largest "gaff cutter" and the last remaining "Big Class" from 1920-1930 that has been restored to its original glory in recent years. From this year onwards the Lulworth will participate in all the important international sailing regattas in the Mediterranean and, with a length of 38 metres and a mast height of 52 metres, it is certain to be an eye-catcher and a potential winner in the category. Gaastra will provide the (sailing) clothes for the crew of the Lulworth and can utilise the Lulworth within its marketing activities for amongst others photography, merchandising, relationship marketing.

Shirts and ETP (Emergo Textile Projects)

The shirts business unit includes a range of activities that are aimed exclusively at the Dutch market. In addition to the shirt brands Dimaggio, King, Elmior and Royal Cotton, these activities also include ETP (Industrial and corporate image clothing).

The shirt brands King, Dimaggio, Royal Cotton and Elmior make the group a leading player in the Dutch dress shirt market. The different collections dovetail seamlessly with regard to the price and fashion levels and create an extremely balanced proposition vis-à-vis retailers. While the shirt market has been a competitive market for years, McGregor has been able to gain excellent returns in this market thanks to its strong (local) brands.

The activities of ETP developed according to plan during the Financial Year 2004/05. Sales were only slightly below the level of the preceding financial year. The unique E@SYFIT ordering system combined with a dedicated service desk for customers, once again resulted in a high level of satisfaction among the existing customers in the Financial Year 2004/05. Changes in the customer base in the area of company clothing is consequently relatively low. In the Financial Year 2004/05, ETP clothed and serviced some 17,000 people who wear industrial clothing for a diverse range of customers.

Retail

Retail's most important market, decreased by 3.1% in 2004, following a sharp decrease in spending in 2003.

New McGregor shops were opened in Rotterdam and The Hague during the Financial Year 2004/05. The franchise shops in Maastricht and Paris were also acquired from the former franchisees. The McGregor womenswear flagship store was opened in the P.C. Hooftstraat in Amsterdam in March 2004. The McGregor shop in Amersfoort was closed in October 2004. The total number of McGregor's own shops totalled 31 (on 31 January 2005), of which 23 in The Netherlands, 7 in Belgium and 1 in France.

The trend of realising multiple collections and delivery moments per season as well as a shorter time-to-market (flash collections) continues unabated. The need for factory outlets continues to grow in connection with this trend. This is because factory outlets make it possible to keep the collection up to date in the standard sales channel and to then sell the surplus remnants in an alternative fashion without this leading to market decay. Within this context a Gaastra factory outlet was acquired in Roermond in early 2004 and a family outlet store was opened in Lelystad in September 2004.

The factory outlet in Vesoul (France) was moved to a larger location in mid-2004. In addition, the group has had a factory outlet for many years in Buchs (Switzerland).

The decision has been made to expand the McGregor shop formula in the future, with stores that have a total floor space of between 300m² and 400m². The current stores have an average floor space of 120m². During 2005/06 two new McGregor shops based on an entirely new store concept have been opened in Antwerp and Den Bosch. This involves larger stores (440m² and 250m² respectively) at A1 locations. A McGregor outlet with more than 240m² of floor space was opened in Roermond in September 2005.

Since 2004/2005, all the group's retail trade activities in The Netherlands and abroad have been bundled and centralised within the retail business unit, which means that all retail activities in Europe of McGregor and Gaastra are managed from one centralised office. The country organisations and business units naturally support this at the local level. This also applies to the factory outlets within the group.

On 9 February 2005, Adam Menswear B.V. was acquired, a chain of 42 menswear (multi-brand) stores in the upper segment. This acquisition further strengthens McGregor's already solid position in the Dutch market and enables the group to more effectively promote its own brands within the Adam shops.

Strengthening the market position in France and Switzerland as well through the acquisition of one or more (smaller) multi-brand chains is currently under consideration. Should the decision be to pursue this aim, the emphasis will be placed on the opportunity to convert these stores into McGregor shops.

In addition to the financial and distribution objectives, the group's own retail activities also play an important strategic role. The exploitation of own stores provides an excellent means for obtaining direct feedback from the end-users with regard to the collection and range. The McGregor and Gaastra shops have an additional important communicative role to further expand and strengthen the image of both brands.

12.4 Current business objectives and strategy

McGregor is committed to maintaining and strengthening its position as a leading fashion house operating at the upper end of the European (menswear) fashion market in the years ahead.

The strategy is aimed at:

- the international expansion of the McGregor and Gaastra brand activities;
- maintaining and strengthening the local activities - shirts and ETP - in the Dutch market;
- creating the right balance among the various distribution channels that the group employs (multibrand, shop-in-the-shops and own stores) and within this context the further, primarily International, roll-out of own retail trade activities; and
- the acquisition of strong, complementary brands.

McGregor seeks to attain growth in the coming years by expanding its distribution, particularly in markets outside The Netherlands. The further roll-out of the McGregor shop formula and the McGregor shop-in-the-shop concept will be instrumental in achieving this aim. The objective is to expand the

current total of 132 McGregor shop-in-the-shops in Europe (on 31 January 2005) at a rate of ten to fifteen new shops a year in the coming years. The number of McGregor's own shops is also expected to grow in the years ahead (31 shops at the end of 2004/2005) and this growth is expected to be achieved particularly outside of The Netherlands. The future international expansion of the McGregor womenswear and McGregor junior line - which is currently still sold primarily in the Benelux - also offers attractive prospects for expanding the McGregor brand activities.

The Gaastra brand activities will be expanded further in the years ahead through diversification and internationalisation. Menswear, womenswear, children's fashions and - under license - shoes are currently marketed under the Gaastra brand name. Gaastra was introduced in France in the autumn of 2005. The shop-in-the-shop concept is a key instrument that enables both Gaastra and McGregor to expand their distribution. The first Gaastra Shop was opened in Amsterdam in March of the year 2005.

The King, Dimaggio, Elmior and Royal Cotton shirt positions will consolidate and whenever possible expand their position in the Dutch market. With the shirts business unit McGregor holds a leading position in the niche market of dress shirt brands in The Netherlands. While this market has been characterised for years as fiercely competitive, it nonetheless offers good prospects for the group.

The group's own retail activities, which following the acquisition of Adam Menswear B.V. in the 2005/2006 financial year will account for more than 30% of the group sales, support the brand activities, help enhance the image and name awareness of the group's brands and ensure a proper balance among the different distribution channels. Expanding the group's own retail activities, particularly in the international market, fits in the group's strategy.

The group's acquisition strategy is aimed at creating synergy effects and economies of scale that will ultimately lead to enhanced profitability for the entire group. The criteria that brands to be acquired must fulfil include authenticity and a clear identity, as well as a positioning in the upper segment of the market. In addition, the brand in question must be complementary to the existing brands of McGregor. The potential for expanding the own retail trade activities at an accelerated pace by acquiring foreign retail chains is also under investigation.

The key financial objectives are an average return on shareholder equity of more than 20% and the realisation of a healthy free cash flow. The Company aims to achieve steady and balanced annual organic growth and an EBITDA margin of at least 12% of the sales.

Acquisitions can help to accelerate the growth, although this obviously depends to a large extent on the opportunities that arise.

The net profit must amount to between 5 to 8% of the sales. The Company seeks to achieve a steady growth in earnings per share in the years ahead.

The Company is committed to a solvency level of at least 35% and an interest cover of at least 3.5 times. McGregor's financing and capital policy is focused on minimal capital costs with healthy balance sheet ratios.

The strong commitment of the 319 employees (on 31 January 2005) to the Company is one of the key success factors.

McGregor will continue to offer its employees optimal development and career opportunities in part through a targeted management Development & Human Resources programme.

12.5 Update financial information

McGregor expects, in line with earlier forecasts, sales for the Financial Year 2005/2006 to reach approximately EUR 120 million, a sales growth of EUR 34 million compared to the prior year (Financial Year 2004/2005: EUR 86.0 million). Around EUR 12 million of this sales growth is realised through existing activities, resulting in an organic growth in sales of 14%. The Company expects a net profit for the financial year 2005/2006 between EUR 7.5 and EUR 7.8 million (subject to audit), which in prior outlooks was forecasted at an increase by 20% to EUR 7.5 million (Financial Year 2004/2005: EUR 6.2 million). This corresponds with earnings per share of EUR 1.82 or more (Financial Year 2004/2005: EUR 1.51).

The developments in the Financial Year 2005/2006 reinforce the Management Board's confidence in the Company's long-term development. The strategy that is founded on developing strong, own brands and a variety of distribution channels is increasingly producing results and enables the Company to continue to lay a strong foundation for continued sustainable success.

However, the market in which McGregor operates continues to be highly competitive and consumer spending remains capricious. Despite of a slight recovery in consumer spending in August 2005, this does not appear to have been sustained based on the developments in the following months of the Financial Year 2005/2006.

McGregor nonetheless continues to maintain a positive outlook for the medium term. The Company foresees growth in sales and net profit once again in the current financial year. It must, however, be noted within this context that the Company is considering making additional investments in distribution and working capital in order to be able to maintain the current growth in the years ahead.

On 10 March 2006, McGregor will issue a pre-announcement of unaudited 2005/2006 figures, including an order book update, in line with previous years. On 20 March 2006, McGregor will issue an update on the pre-announcement of unaudited 2005/2006 financial figures.

12.6 Litigation

McGregor has a dispute with a person who claims damages in the amount of approximately EUR 1.7 million as a result of breach of contract. According to this person, the Company entered into an agreement with him with regard to the assignment of a lease agreement concerning allocation in Paris. In first instance, all claims of this person have been rejected. The person has appealed to this judgment at the end of January 2006.

MANAGEMENT AND EMPLOYEES

12.7 Management Board

M.J. Schothorst, Managing Director

Mr. Schothorst is one of the founders of the Company and has been the general managing director of McGregor since its establishment in 1993. Mr. Schothorst has been active in the clothing industry since he began his career in 1983.

H.B. Kolff, Commercial Director

Mr. Kolff is one of the Company's founders and was appointed commercial director in October 1994. Before the establishment of McGregor, Mr. Kolff held, together with Mr. Schothorst, a number of joint investments in various companies in the fashion industry.

On 22 January 2006, the members of the Management Board held a combined total of 1,868,374 Shares and did not hold any options in McGregor.

12.8 Supervisory Board

M.J.M. Witteveen

Appointed in 2005 for a period until April 2009 in accordance with the schedule for retirement by rotation, with the possibility of reappointment, Mr. Witteveen has extensive experience as an entrepreneur in the retail fashion trade, retail in the broadest sense and in retail real estate. He has worked in the past for a number of organisations including C&A Nederland, Healey & Baker, the family business Witteveen Mode and at Hollands Winkel Bezit. Mr. Witteveen currently holds various interests in retail companies and real estate companies. He is also a supervisory director at a number of non-listed companies. Mr. Witteveen does not hold any Shares.

J.M. Kessels

Appointed in 1999 for a period until April 2007 in accordance with the schedule for retirement by rotation, with the possibility of reappointment, Mr. Kessels was reappointed at the General Meeting of Shareholders on 24 April 2003 for a period of four years. Mr. Kessels is a partner at Channel Panel Retail Consultants and retail strategy consultant at Nolan Norton. He worked for Koninklijke Bijenkorf Beheer from 1968, becoming Chairman of the Management Board of the Bijenkorf in 1984. In 1988, he was appointed Commercial Director of Vroom & Dreesmann Department Stores. From 1994 to 1998, Mr. Kessels was Chairman of the Board of HEMA. Mr. Kessels is a member of the executive committee of NEVI and supervisory director at Bruynzeel Keukens B.V. Mr. Kessels is also a member of the

Supervisory Board at Decea/Cartesse B.V., the Dutch subsidiary of the French Group Editor. Mr. Kessels does not hold any Shares.

D.R. Hooft Graafland RA

Appointed in April 2001 for a period until April 2009 in accordance with the schedule for retirement by rotation, with the possibility of reappointment, Mr. Hooft Graafland was reappointed at the General Meeting of Shareholders on 28 April 2005 for a period of four years. At Heineken, Mr. Hooft Graafland gained extensive experience in various commercial management roles in the positioning, monitoring and developing of authentic brands. Thanks to his background as an economist and registered accountant, he combines these skills with thorough financial knowledge. Mr. Hooft Graafland joined the Management Board of Heineken N.V. on 1 May 2002. Mr. Hooft Graafland does not hold any Shares.

12.9 Employees

At the end of the Financial Year 2004/2005 the number of employees amounted to 319, expressed in FTEs (2003/2004: 299). Apart from other changes in the number of employees, during 2005/06 the number of employees increased by 115 FTEs by means of the acquisition of Adam Menswear B.V.

OTHER INFORMATION

12.10 Proposed McGregor Articles of Association

This summary of the Proposed McGregor Articles of Association is qualified in its entirety by, and should be read in conjunction with, the complete version of the Proposed McGregor Articles of Association, which is available upon request from the Exchange and Paying Agent.

The most significant terms of the Proposed McGregor Articles of Association are described below:

Please note that the Supervisory Board members shall resign in case that at least 95% of the Shares are tendered under the Offer and the listing of the Shares on Euronext Amsterdam has been terminated, in which case the Proposed McGregor Articles of Association provide to terminate any reference to the Supervisory Board and the listing of the Shares. In that situation any of the rights of the Supervisory Board as described hereafter may be exercised by the General Meeting of Shareholders, unless stated otherwise.

Objects

The objects of McGregor will be wholesale and retail trade, import and export of textile, clothing and ancillary products, as well as holding and financing businesses.

Authorised capital

The authorised capital will be EUR 1,600,000, divided into 10,000,000 ordinary shares with a nominal value of EUR 0.16 each.

Issuance of shares, limitation or exclusion of rights of pre-emption, depositary receipts for shares

Shares may be issued pursuant to a resolution of the Management Board and requires the prior approval of the Supervisory Board. If and when the Supervisory Board has ceased to exist, Shares may be issued pursuant to a resolution of the General Meeting of Shareholders.

A resolution to issue Shares shall stipulate the issue price and the other conditions of issue.

Upon issuance of Shares, each holder of Shares shall have a pre-emption right in proportion to the aggregate nominal value of its Shares.

Prior to each single issuance of Shares, the pre-emption right may be limited or excluded by the corporate body who is entitled to resolve to issue Shares.

McGregor shall not cooperate in the issuance of registered depositary receipts for shares.

Own shares, reduction of the issued capital

Own Shares or depositary receipts thereof may be acquired by McGregor and the transfer of Shares or depositary receipts thereof held by McGregor may be transferred pursuant to a resolution of the Management Board (subject to the other relevant provisions of the law).

The General Meeting of Shareholders may resolve to reduce McGregor's issued capital.

Pledging of shares and usufruct in shares

Upon the creation of a right of pledge in a share and upon the creation or transfer of a usufruct in a share, the voting rights attributable to such share may be assigned to the pledgee or the usufructuary, with due observance of the relevant provisions of the law.

Management board

The number of managing directors of McGregor shall be determined by the General Meeting of Shareholders.

Managing directors of McGregor are appointed, suspended and dismissed by the General Meeting of Shareholders. A managing director of McGregor may also be suspended by the Supervisory Board.

The authority to establish remuneration and other conditions of employment for managing directors of McGregor is vested in the Supervisory Board.

If the Management Board consists of two or more managing directors, each managing director shall be authorised to represent McGregor.

The Management Board requires the approval of the Supervisory Board and the General Meeting of Shareholders to resolve to transfer all or substantially of McGregor's assets to a third party, to conclude or cancel a material continuing cooperation, to acquire or dispose of a participation representing a certain value.

The Management Board requires the approval of the General Meeting of Shareholders to certain resolutions as described in the Proposed McGregor Articles of Association.

The General Meeting of Shareholders may require other resolutions of the Management Board to be subject to its approval. The Management Board shall be notified in writing of such resolutions, which shall be clearly specified.

Supervisory board

Supervisory directors of McGregor are appointed by the General Meeting of Shareholders.

Each supervisory director of McGregor may be suspended or removed by the General Meeting of Shareholders at any time.

The General Meeting of Shareholders shall establish the remuneration for each supervisory director of McGregor.

The Supervisory Board may appoint one of the supervisory directors of McGregor as chairperson of the Supervisory Board.

All resolutions of the Supervisory Board shall be adopted by a majority of the votes cast, in a meeting at which the majority of the supervisory directors of McGregor then in office are present or represented.

Profits and Distributions

The Management Board, resolves which part of the profits shall be reserved which resolution requires the approval of the Supervisory Board as long as the board exists. If and when the Supervisory Board ceases to exist, no prior approval is needed. The allocation of profits remaining thereafter shall be determined by the General Meeting of Shareholders.

General meeting of shareholders of McGregor

General Meeting of Shareholders are held in Driebergen-Rijsenburg, Rotterdam, The Hague or Amsterdam.

Each Shareholder and each person with the rights conferred by law upon holders of depositary receipts issued with a company's co-operation for Shares in its capital shall be entitled to attend the General Meeting of Shareholders, to address the meeting and, if the voting rights accrue to it, to exercise its voting rights.

The chairperson of a General Meeting of Shareholders shall be the chairperson of the Supervisory Board or a member of the Management Board is and when the Supervisory Board ceases to exist.

Each Share confers the right to cast one vote.

To the extent that the law does not provide otherwise, all resolutions of the General Meeting of Shareholders shall be adopted by a simple majority of the votes cast, without a quorum being required.

The General Meeting of Shareholders requires the approval of the Supervisory Board to resolve to amendment of the Company's Articles of Association, dissolution of the Company, a legal merger (*juridische fusie*) or break-up (*splitsing*), as specified in article 2:309 of the Dutch Civil Code.

Amendment of the McGregor Articles of Association

The General Meeting of Shareholders may resolve to amend the McGregor Articles of Association. Such resolution is subject to the approval of the Supervisory Board.

Dissolution and Liquidation

From the balance remaining after payment of the debts of the dissolved McGregor shall, insofar as possible, be paid on each Share, the nominal value, share premium, part of dividend reserve and any missing preferred dividends. The balance remaining thereafter shall be transferred to the holders of Shares in proportion to the aggregate nominal value of the Shares held by each.

13 INFORMATION REGARDING THE OFFEROR

GENERAL AND BUSINESS INFORMATION

13.1 Incorporation

The Offeror, a private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*), with its statutory seat in Driebergen, The Netherlands, was incorporated under Dutch law on 6 January 2006. The Offeror is a directly wholly-owned subsidiary of Toeca Fashion Holding. The majority of shares of Toeca Fashion Holding is held by holding companies of Mr. M.M.J.J. Boekhoorn, Mr. M.J. Schothorst and Mr. H.B. Kolff and the minority of shares is held by Stichting Administratiekantoor Toeca Fashion. As per the Settlement Date, the majority (approximately 94%) of the shares in Toeca Fashion Holding will be equally owned by holding companies of Mr. M.M.J.J. Boekhoorn, Mr. M.J. Schothorst and Mr. H.B. Kolff. At such time, the remaining minority of the shares (approximately 6%) will be held by Stichting Administratiekantoor Toeca Fashion. The management board of Stichting Administratiekantoor Toeca Fashion consists of Messrs. Boekhoorn, Schothorst and Kolff. Certain key employees of McGregor, including Mr. J.H. van Straaten (Chief Financial Officer of McGregor) and Mr. C.G. Schimmel (Human Resource Director of McGregor) will, in their capacity as 'key' employees of McGregor, be awarded with depository receipts of the shares in Toeca Fashion Holding by Stichting Administratiekantoor Toeca Fashion.

13.2 The registered office and Chamber of Commerce

The Offeror is registered with the Commercial Register of the Chamber of Commerce and Industry under no. 22059806.

13.3 Management board

The sole managing director of the Offeror is Toeca Fashion Holding, of which the managing directors are Mr. M.M.J.J. Boekhoorn, Mr. M.J. Schothorst, and Mr. H.B. Kolff.

13.4 Capital and shares

The authorised share capital of the Offeror amounts to EUR 18,000, and consists of 180 ordinary shares with a nominal value of EUR 100 each. All shares of the Offeror will be registered shares. On the date of the publication of the Offer Memorandum, 180 ordinary shares have been issued and fully paid up, all of which are held by Toeca Fashion Holding.

At the date of his Offer Memorandum, the Offeror has no interest in the share capital of McGregor.

13.5 Information on Boekhoorn Fashion B.V.

Boekhoorn Fashion B.V. is a special purpose vehicle of Mr. M.M.J.J. Boekhoorn. Mr. Boekhoorn invests through its companies in companies and operates either as a lead investor or as co-investor in buy-outs in the Benelux countries and Germany.

13.6 Information on management participation

Boekhoorn Fashion B.V. and the current members of the Management Board have entered into a shareholders' agreement regarding the terms on which, among other things, they participate in the Offeror through a participation in Toeca Fashion Holding. This participation is financed by private means and settled in cash.

14 DECLARATIONS PURSUANT TO THE DECREE

In addition to the other statements set out in this Offer Memorandum, the Offeror with regard to paragraphs (ii), (iii), (vi) and (vii) below, the Offeror and the Supervisory Board jointly with regard to paragraphs (i), (iv) and (v) below, hereby declare as follows:

- (i) There have been consultations between the Offeror and McGregor regarding the Offer, which have resulted in agreement regarding the Offer. Discussions regarding the Consideration per Share, the financing of the Offer and the conditions to the Offer took place between the Offeror and the Supervisory Board. Discussions regarding the future strategy of McGregor have taken place between the Offeror and the Supervisory Board.
- (ii) With due observance of and without prejudice to the restrictions referred to in section "Restrictions", the Offer concerns all outstanding Shares and applies on an equal basis to all Shares and Shareholders.
- (iii) No transactions have taken place or will take place on the basis of concluded agreements with individuals and/or legal persons within the meaning of article 9i, paragraph s and/or t and/or u of the Decree, other than with respect to certain Shareholders. See section "Committed Shares".
- (iv) At the date of his Offer Memorandum, the Offeror has no interest in the share capital of McGregor, whether directly or indirectly, and McGregor has no interest in the share capital of the Offeror, whether directly or indirectly.
- (v) The information referred to in article 9p sub 1 and 2 of the Decree, to the extent required, has been provided to the AFM.
- (vi) The AFM and Euronext Amsterdam have been informed of the Offer.
- (vii) No transactions have taken place with individuals or with legal entities within the meaning of article 9i sub s and/or sub t and/or sub u of the Decree.

15 OTHER INFORMATION

15.1 Available documents

Copies of this Offer Memorandum, the McGregor Articles of Association, the Proposed McGregor Articles of Association and the annual financial statements (*jaarrekening*) of McGregor for the Financial Year 2004/2005, the Financial Year 2003/2004 and the Financial Year 2002/2003 as adopted by the general meeting of Shareholders, which documents are incorporated by reference in, and form an integral part of, this Offer Memorandum, are available free of charge at the website www.mcgregor-fashion.nl (Dutch residents only), and at the offices of McGregor, and the Exchange and Paying Agent and can be obtained by contacting McGregor or the Exchange and Paying Agent at the addresses below:

McGregor

McGregor Fashion Group N.V.
Attn. Secretariaat Raad van Bestuur
Hoofdstraat 23-25
3971 KA Driebergen-Rijsenburg
The Netherlands

P.O. Box 260
3970 AG Driebergen-Rijsenburg
The Netherlands

Telephone: +31 343 530 101
Fax: +31 343 530 196
E-mail: secretariaat@mcgregor.nl

Exchange and Paying Agent

Rabo Securities
Attn. Mr. H. Bakker
Amstelplein 1
1096 HA Amsterdam
The Netherlands

P.O. Box 94640
1090 GP Amsterdam
The Netherlands

Telephone: +31 20 462 4602
Fax: +31 20 460 4949
E-mail: prospectus@rabobank.com

Digital copies of this Offer Memorandum are also available on the website of Euronext Amsterdam: www.euronext.com (Dutch residents only).

15.2 Exchange and Paying Agent

Rabo Securities is designated as Exchange and Paying Agent with respect to the Offer.

16 FINANCIAL STATEMENTS

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16.1 McGregor trading update for the third quarter of Financial Year 2005/2006

On 1 December 2005, McGregor announced the trading update for the third quarter of Financial Year 2005/2006. The text from the Company's press release is stated below.

"The results of McGregor Fashion Group N.V. in the third quarter of the current 2005/2006 financial year are in line with the projections. Both sales and profits developed consistently. The Company consequently maintains the profit forecast for the entire financial year 2005/2006, which ends on 31 January 2006, at EUR 7.5 million after taxes with sales of approximately EUR 120 million. This equals earnings per share of EUR 1.82 (2004/05: EUR 1.51).

Two new McGregor Shops were opened in late September in Den Bosch, The Netherlands, and Antwerp, Belgium, based on a newly developed shop concept. With total floor space of 250m² and 420m² respectively, these new shops are considerably larger than the standard size of McGregor shops to date. The two shops are the forerunners of a generation of new, larger McGregor Shops in a number of leading cities in Europe. The initial results of this new shop concept are encouraging. The shop formula will be developed further in the coming months.

The market in which McGregor Fashion Group operates continues to be highly competitive and consumer spending remains capricious. The slight recovery in consumer spending that occurred in August does not appear to have been sustained based on the developments in the following months of the year.

McGregor nonetheless continues to maintain a positive outlook for the medium term. The Company foresees growth in sales and net profit once again in the next financial year. It must, however, be noted within this context that the Company is considering making additional investments in distribution and working capital in order to be able to maintain the current growth in the years ahead."

16.2 McGregor unaudited consolidated balance sheet at 31 July 2005 (based on IFRS)

EUR ('000)	31-Jul-05*	31-Jul-04	31-Jan-05
Assets			
<i>Fixed assets</i>			
Intangible fixed assets	24,263	15,914	16,787
Tangible fixed assets	9,581	6,236	5,936
Deferred tax asset	1,881	1,820	1,874
Financial fixed assets	651	714	703
	<u>36,376</u>	<u>24,684</u>	<u>25,300</u>
<i>Current assets</i>			
Inventories	18,527	13,063	13,930
Receivables	14,681	16,648	14,786
Cash	275	351	155
	<u>33,483</u>	<u>30,062</u>	<u>28,871</u>
Total	<u>69,859</u>	<u>54,746</u>	<u>54,171</u>
Equity and liabilities			
Group equity	21,677	17,711	23,151
Provisions	1,102	1,115	1,102
Long-term debts	9,297	5,216	4,349
Short-term debts	37,783	30,704	25,569
Total	<u>69,859</u>	<u>54,746</u>	<u>54,171</u>

Development of shareholders' equity

EUR ('000)	1-Feb-05/ 31-Jul-05	1-Feb-04/ 31-Jul-04	1-Feb-04/ 31-Jan-05
Equity at beginning of financial year	23,151	19,932	19,932
Less: adjustment opening			
balance IAS32/39	(181)	-	-
Minus: dividend	(3,077)	(2,664)	(2,664)
Minus: repurchase own shares	-	(328)	(328)
Plus: proceeds from exercising options	-	35	40
Result in reporting period	1,439	734	6,201
IAS 32/39 hedging reserve	339	-	-
Other	6	2	(30)
Equity as at balance sheet date	<u>21,677</u>	<u>17,711</u>	<u>23,151</u>

* Review report issued

16.3 McGregor unaudited consolidated profit and loss statement for the first six months of Financial Year 2005/2006 (based on IFRS)

EUR ('000)	First 6 months* 2005/2006	First 6 months 2004/2005	Financial Year 2004/2005
Net sales	52,040	37,043	85,952
Cost of goods sold	(25,136)	(17,985)	(41,027)
Gross margin	26,904	19,058	44,925
Personnel expenses	(9,765)	(7,055)	(14,190)
Depreciation tangible fixed assets	(1,384)	(977)	(1,869)
Selling expenses	(6,015)	(4,770)	(9,552)
General expenses	(6,894)	(4,503)	(9,320)
Total expenses	(24,058)	(17,305)	(34,931)
Operating result	2,846	1,753	9,994
Financial expenses	(893)	(878)	(1,756)
Result from ordinary operations before taxation	1,953	875	8,238
Results of participations	8	60	96
Taxes	(522)	(201)	(2,133)
Profit after taxes	1,439	734	6,201

* Review report issued

The valuation of assets and liabilities and profit determination are included in the disclosures.

16.4 McGregor unaudited consolidated statements of cash flows for the first six months of Financial Year 2005/2006 (based on IFRS)

EUR ('000)	1-Feb-05/ 31-Jul-05	1-Feb-04/ 31-Jul-04
Net profit	1,439	734
Adjustments before depreciation and amortisation	1,384	977
Movements in working capital:		
Trade receivables	(509)	1,819
Inventories	(1,505)	(1,032)
Accounts payable	(916)	(1,123)
Other assets and liabilities	893	424
Taxes	(861)	(1,021)
	<u>(2,898)</u>	<u>(933)</u>
Cash flow from operational activities	(75)	778
Cash flow from investment activities:		
Investments in group companies	(4,930)	-
Investments in goodwill and trademarks	(7,476)	(152)
Investments in tangible fixed assets	(1,983)	(1,361)
Cash flow from financing activities:		
Repurchase of own shares	-	(328)
Dividend	(3,077)	(2,664)
Proceeds from exercising options	-	35
Other	6	(1)
Movement of long-term loans	4,948	(1,964)
Net cash flow	<u>(12,587)</u>	<u>(5,657)</u>
Credit institutions as at the beginning of the financial year (short term)	(13,185)	(14,699)
Liquid assets as at the beginning of the financial year	155	368
	<u>(13,030)</u>	<u>(14,331)</u>
Credit institutions as at the end of July (short term)	(25,892)	(20,339)
Liquid assets as at the end of July	275	351
	<u>(25,617)</u>	<u>(19,988)</u>
Movements in short-term debts	<u>(12,587)</u>	<u>(5,657)</u>

• Review report issued

16.5 Notes to the unaudited McGregor consolidated balance sheet at 31 July 2005 and the unaudited consolidated profit and loss and unaudited consolidated cash flows statement for the first six months of Financial Year 2005/2006

Disclosures

The consolidated interim condensed financial information has been compiled in accordance with the IAS 34 standard.

These interim half-year figures have been compiled in accordance with the International Financial Reporting Standards (IFRS) that have been published to date and are expected to be effective or available for early adoption as of 31 January 2006, the date upon which McGregor Fashion Group N.V. will prepare its first annual financial statements in accordance with IFRS. However, the IFRS that will be effective (or available for early adoption) on 31 January 2006 can still be subject to change and additional interpretations and cannot be determined with certainty at the time of compiling these interim half-year figures. There consequently remains a possibility that amendments to the policies as applied for these interim half-year figures may be necessary when McGregor Fashion Group N.V. compiles the 2005/2006 annual financial statements in agreement with the standards for financial reporting approved by the European Union on 31 January 2006.

Accounting policies and determination of profit/loss

As of 1 February 2005 (2005/2006 financial year), McGregor Fashion Group N.V. reports in accordance with IFRS. The comparative figures from the 2004/2005 financial year have been revised in accordance with these new accounting policies. A new opening balance sheet for the 2004/2005 financial year and an adjusted balance sheet total on 31 July 2004 have been drawn up for this purpose. The profit and loss account for the first half of 2004/2005 has also been revised in accordance with the IFRS. The related IFRS conversions are enclosed as an appendix with this interim financial report.

Please refer to the press release published on 4 August 2005 for an overview of the implications that IFRS will have on the figures.

For the accounting policies for the valuation of assets and liabilities and the determination of profit/loss please refer to the 2004/2005 annual financial statements compiled on the basis of NL-GAAP. The following principal amendments to the accounting policies for the valuation of assets and liabilities and the determination of profit/loss through the application of IFRS have been implemented:

1. Intangible fixed assets

The intangible fixed assets are valued at the original purchase price, whereby it must be noted that goodwill according to IFRS will henceforth be recognised as trademark rights. In addition, according to IFRS, the expenses related to the development of the (seasonal) collections are recorded under intangible fixed assets. According to NL-GAAP, these costs were recorded under prepaid expenses.

2. Deferred tax assets

According to NL-GAAP, deferred tax liabilities and assets were recorded in the form of a balance under current assets. In contrast, on the IFRS balance sheet the deferred tax assets are reported under the fixed assets. The deferred tax assets are valued for tax losses that can be used within a period of five years.

3. Inventories

Under IFRS the value of inventories does no longer include a cost price component for unforeseen costs, while it was included as such according to NL-GAAP.

In addition, under IFRS sample collections are included under inventories, while these samples were recorded under prepaid costs on the basis of NL-GAAP.

4. Deferred tax assets (current assets)

The deferred tax assets and liabilities that were recorded under current assets according to NL-GAAP are reclassified under IFRS. The deferred tax assets are recorded under the fixed assets (refer also to point 2) and the deferred tax liabilities are recorded under the provisions.

5. Prepaid expenses and other receivables

The collection expenses included under prepaid expenses according to NL-GAAP are reported under inventories (sample collections) and intangible fixed assets (styling expenses) in accordance with IFRS.

The pensions asset that was included in the prepaid expenses has been modified under IFRS. This item is now included on the basis of actuarial calculations for the future liabilities ensuing from a "defined benefit" scheme that applies to a limited number of employees.

The fair value (inasmuch as it is positive) of the financial instruments that McGregor Fashion Group N.V. had in use on 31 July 2005 to hedge the dollar risk is also recorded under the other receivables item. This item is included as of 1 February 2005 in connection with the implementation of IAS 32/39.

6. Shareholders' equity

In accordance with the application of IAS 32/39 (effective 1 February 2005), a hedging reserve has been included in the shareholders' equity for the fair value of financial instruments. This reserve totalled EUR 158,000 on 31 July 2005.

7. Provisions

The deferred tax liability is included under provisions. This involves the tax on the difference between the commercial and the fiscal valuation of the brands.

8. Short term liabilities

According to IFRS, the short-term liabilities item includes liabilities resulting from:

- certain contractually agreed resale guarantees;
- an earn-out arrangement, agreed as part of an acquisition in 1999;
- payment discounts on deliveries to customers before the balance sheet date that are paid at the beginning of the following financial year.

The fair value (inasmuch as this is negative) of the financial instruments that McGregor Fashion Group N.V. had in use on 31 July 2005 to hedge the dollar risk is also included under the other liabilities item. This item is included as of 1 February 2005 in connection with the implementation of IAS 32/39.

Seasonal influences

The activities of McGregor Fashion Group N.V. are extremely seasonal. As a result the bulk of the sales and profits of McGregor Fashion Group N.V. are realised in the second half of the financial year. This is explained by listing differences in deliveries as a percentage of the total order portfolio between the summer season and the winter season in the first half of the financial year in comparison to these delivery percentages in the second half of the financial year.

Other liabilities that do not appear on the balance sheet

The current liabilities, guarantees and procedures stated in the 2004/2005 annual financial statements are still in effect. No material changes have occurred in relation to the other liabilities that do not appear on the balance sheet.

Events after the balance sheet date

No specific events have taken place after the balance sheet date that must be explained within the context of this report.

16.6 Review report

Introduction

We have reviewed the consolidated interim condensed financial information on pages 47 through 51 relating to the accompanying consolidated condensed balance sheet of McGregor Fashion Group N.V. ("the Company") as of 31 July 2005, and the related consolidated condensed statements of income, consolidated condensed changes in equity and consolidated condensed cash flows for the six-month period then ended. This consolidated interim condensed financial information is the responsibility of the Company's management. Our responsibility is to issue a report on this consolidated interim condensed financial information based on our review.

Scope

We conducted our review in accordance with standards for review engagements generally accepted in The Netherlands. These standards require that we plan and perform the review to obtain moderate assurance about whether the consolidated interim condensed financial information is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and therefore provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Opinion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim condensed financial information has not been prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting".

Emphasis of matter

Without qualifying our review conclusion, we draw attention to the introduction paragraph of the consolidated interim condensed financial information that explains the Company's transition to International Financial Reporting Standards ("IFRSs"). This consolidated interim condensed financial information has been prepared in accordance with those IFRSs that are issued and expected to be effective or available for early adoption as of 31 January 2006, the Company's first annual reporting date at which IFRSs will be applied. However, the IFRSs that will be effective (or available for early adoption) as of 31 January 2006 are still subject to change and to additional interpretations and therefore cannot be determined with certainty at the time of preparing this consolidated interim condensed financial information. Accordingly, there is a possibility that the Company's management may determine that changes to the accounting policies adopted in preparing the consolidated interim condensed financial information are necessary when it prepares its first IFRS financial statements as of 31 January 2006.

Utrecht, 9 September 2005

KPMG Accountants N.V.

16.7 IFRS conversion schedules

Unaudited reconciliation IFRS balance sheet as at 1 February 2004

EUR ('000)	Note	Balance sheet as at 1 February 2004		IFRS
		NL GAAP	Adjustments	
Assets				
<i>Fixed assets</i>				
Intangible fixed assets	1	13,151	2,832	15,983
Tangible fixed assets		5,852	-	5,852
Deferred tax asset	2	-	1,819	1,819
Financial fixed assets		712	-	712
Total fixed assets		19,715	4,651	24,366
<i>Current assets</i>				
Inventories	3	11,972	252	12,224
Trade receivables		15,470	-	15,470
Deferred tax assets	4	1,499	(1,499)	-
prepaid expenses and other receivables	5	5,153	(2,429)	2,724
Total receivables		22,122	(3,928)	18,194
Cash		368	-	368
Total current assets		34,462	(3,676)	30,786
TOTAL ASSETS		54,177	975	55,152
Equity and liabilities				
Group equity	6	20,914	(982)	19,932
Provisions	7	-	1,115	1,115
Long-term liabilities		7,180	-	7,180
<i>Short-term liabilities</i>				
Credit institutions		14,699	-	14,699
Accounts payable		6,101	-	6,101
Taxes & social securities		3,629	-	3,629
Other liabilities and accrued expenses	8	1,654	842	2,496
Total short-term liabilities		26,083	842	26,925
TOTAL EQUITY & LIABILITIES		54,177	975	55,152

For explanatory notes to the adjustments, please refer to the IFRS press release published on 4 August 2005 and the notes to the accounting policies and determination of profit/loss. The explanatory notes in the press release relate to the IFRS modifications as of 31 January 2005. The above adjustments are of the same nature, but only produce different figures.

Unaudited reconciliation IFRS balance sheet as at 31 July 2004

EUR ('000)	Note	Balance sheet as at 31 July 2004		IFRS
		NL GAAP	Adjustments	
Assets				
<i>Fixed assets</i>				
Intangible fixed assets	1	12,625	3,289	15,914
Tangible fixed assets		6,236	-	6,236
Deferred tax asset	2	-	1,820	1,820
Financial fixed assets		714	-	714
Total fixed assets		19,575	5,109	24,684
<i>Current assets</i>				
Inventories	3	13,004	59	13,063
Trade receivables		13,651	-	13,651
Deferred tax assets	4	1,941	(1,941)	-
prepaid expenses and other receivables	5	5,053	(2,056)	2,997
Total receivables		20,645	(3,997)	16,648
Cash		351	-	351
Total current assets		34,000	(3,938)	30,062
TOTAL ASSETS		53,575	1,171	54,746
Equity and liabilities				
Group equity	6	18,071	(360)	17,711
Provisions	7	-	1,115	1,115
Long-term liabilities		5,216	-	5,216
<i>Short-term liabilities</i>				
Credit institutions		20,339	-	20,339
Accounts payable		4,978	-	4,978
Taxes & social securities		2,608	(442)	2,166
Other liabilities and accrued expenses	8	2,363	858	3,221
Total short-term liabilities		30,288	416	30,704
TOTAL EQUITY & LIABILITIES		53,575	1,171	54,746

For explanatory notes to the adjustments, please refer to the IFRS press release published on 4 August 2005 and the notes to the accounting policies and determination of profit/loss. The explanatory notes in the press release relate to the IFRS modifications as of 31 January 2005. The above adjustments are of the same nature, but only produce different figures.

Unaudited reconciliation IFRS balance sheet as at 31 January 2005

EUR ('000)	Note	Balance sheet as at 31 January 2005		IFRS
		NL GAAP	Adjustments	
Assets				
<i>Fixed assets</i>				
Intangible fixed assets	1	12,690	4,097	16,787
Tangible fixed assets		5,936	-	5,936
Deferred tax asset	2	-	1,874	1,874
Financial fixed assets		703	-	703
Total fixed assets		19,329	5,971	25,300
<i>Current assets</i>				
Inventories	3	13,603	327	13,930
Trade receivables		11,895	-	11,895
Deferred tax assets	4	1,599	(1,599)	-
prepaid expenses and other receivables	5	5,308	(2,417)	2,891
Total receivables		18,802	(4,016)	14,786
Cash		155	-	155
Total current assets		32,560	(3,689)	28,871
TOTAL ASSETS		51,889	2,282	54,171
Equity and liabilities				
Group equity	6	22,788	363	23,151
Provisions	7	-	1,102	1,102
Long-term liabilities		4,349	-	4,349
<i>Short-term liabilities</i>				
Credit institutions		13,185	-	13,185
Accounts payable		5,514	-	5,514
Taxes & social securities		4,252	-	4,252
Other liabilities and accrued expenses	8	1,801	817	2,618
Total short-term liabilities		24,752	817	25,569
TOTAL EQUITY & LIABILITIES		51,889	2,282	54,171

For explanatory notes to the adjustments, please refer to the IFRS press release published on 4 August 2005 and the notes to the accounting policies and determination of profit/loss.

Unaudited conversion of IFRS profit and loss account over the period 1 February 2004 through 31 July 2004

	Note	NL GAAP 04/05 H1	IFRS Adjustments	IFRS 04/05 H1
EUR ('000)				
Net sales	1	36,840	203	37,043
Cost of goods sold	2	(17,779)	(206)	(17,985)
Gross margin		19,061	(3)	19,058
Personnel expenses	3	(7,055)	-	(7,055)
Depreciation tangible fixed assets		(977)	-	(977)
Depreciation intangible fixed assets	4	(678)	678	-
Selling expenses		(4,770)	-	(4,770)
General expenses	5	(4,597)	94	(4,503)
Total expenses		(18,077)	772	(17,305)
Operating result		984	769	1,753
Financial expenses	5	(784)	(94)	(878)
Result from ordinary operations before taxation		200	675	875
Taxes		(202)	1	(201)
Results of participations		60	-	60
Net profit		58	676	734
Earnings per share (EUR)				
		0.01	0.16	0.18

For explanatory notes to the adjustments, please refer to the IFRS press release published on 4 August 2005 and the notes to the accounting policies and determination of profit/loss. The explanatory notes in the press release relate to the IFRS modifications as of 31 January 2005. The above adjustments are of the same nature, but only produce different figures.

The modification included under (5) involves a reclassification of expenses related to the credit facility that must be reported under financial expenses in accordance with IFRS.

Unaudited conversion of IFRS profit and loss account over the period 1 February 2004 through 31 January 2005

EUR ('000)	Note	NL GAAP 2004/2005	IFRS Adjustments	IFRS 2004/2005
Net sales	1	85,967	(15)	85,952
Cost of goods sold	2	(41,118)	(91)	(41,027)
Gross margin		44,849	76	44,925
Personnel expenses	3	(14,159)	(31)	(14,190)
Depreciation tangible fixed assets		(1,869)	-	(1,869)
Depreciation intangible fixed assets	4	(1,406)	1,406	-
Selling expenses		(9,552)	-	(9,552)
General expenses	5	(9,515)	195	(9,320)
Total expenses		(36,501)	1,570	(34,931)
Operating result		8,348	1,646	9,994
Financial expenses	5	(1,561)	(195)	(1,756)
Result from ordinary operations before taxation		6,787	1,451	8,238
Taxes		(2,027)	(106)	(2,133)
Results of participations		96	-	96
Net profit		4,856	1,345	6,201
Earnings per share (EUR)		1.18	0.33	1.51

For explanatory notes to the adjustments, please refer to the IFRS press release published on 4 August 2005 and the notes to the accounting policies and determination of profit/loss.

The modification included under (5) involves a reclassification of expenses related to the credit facility that must be reported under financial expenses in accordance with IFRS.

16.8 McGregor consolidated balance sheets at 31 January 2005, 2004, and 2003 (based on Dutch GAAP)

EUR ('000)	Note	2004/2005	2003/2004	2002/2003
Assets				
<i>Fixed assets</i>				
Intangible fixed assets	4	12,690	13,151	14,478
Tangible fixed assets	5	5,936	5,852	5,873
Financial fixed assets	6	703	712	659
		<u>19,329</u>	<u>19,715</u>	<u>21,010</u>
<i>Current assets</i>				
Inventories	7	13,603	11,972	13,055
Receivables	8	18,802	22,122	24,271
Cash		155	368	160
		<u>32,560</u>	<u>34,462</u>	<u>37,486</u>
		<u><u>51,889</u></u>	<u><u>54,177</u></u>	<u><u>58,496</u></u>
Equity and liabilities				
Group equity		22,788	20,914	18,945
Provisions		-	-	333
Long-term liabilities	9	4,349	7,180	4,701
Short-term liabilities	10	24,752	26,083	34,517
		<u>51,889</u>	<u>54,177</u>	<u>58,496</u>

16.9 McGregor consolidated profit and loss statements for the Financial Years 2004/2005, 2003/2004, and 2002/2003 (based on Dutch GAAP)

EUR ('000)	Note	2004/2005	2003/2004	2002/2003
Net sales	12	85,967	86,888	84,101
Cost of sales		(41,118)	(42,872)	(42,102)
Gross profit		44,849	44,016	41,999
Personnel costs	13	(14,159)	(14,374)	(13,179)
Depreciation		(1,869)	(1,850)	(1,799)
Amortisation		(1,406)	(1,382)	(1,420)
Selling expenses		(9,552)	(10,112)	(9,660)
General expenses		(9,515)	(9,718)	(9,189)
Total expenses		(36,501)	(37,436)	(35,247)
Operating profit		8,348	6,580	6,752
Financial expenses	14	(1,561)	(1,979)	(2,166)
Profit on ordinary activities before taxes		6,787	4,601	4,586
Taxes	15	(2,027)	(801)	(986)
Income from participating interest		96	226	93
Net income		4,856	4,026	3,693
Net income before amortisation		6,176	5,316	4,981
<i>Earnings per share (EUR)</i>				
Based on net income before amortisation		1.51	1.30	1.25
Ditto, including conversion rights		1.48	1.28	1.17
Based on net income		1.18	0.98	0.92
Ditto, including conversion rights		1.16	0.97	0.88

16.10 McGregor consolidated statements of cash flows for the Financial Years 2004/2005, 2003/2004, and 2002/2003 (based on Dutch GAAP)

EUR ('000)	Note	2004/2005	2003/2004	2002/2003
<i>Cash flow from operating activities:</i>				
Consolidated net income		4,856	4,026	3,693
Depreciation and amortisation adjustments	3,275		3,232	3,219
Movement in provision	-		(333)	(290)
Movement in deferred tax balances	(100)		200	(136)
		3,175	3,099	2,793
<i>Movements in working capital:</i>				
Trade receivables	3,575		1,797	(1,399)
Inventories	(1,416)		1,083	(125)
Accounts payable	(587)		(562)	(1,479)
Accruals and deferrals	(108)		328	(1,095)
Taxes	723		427	(219)
		2,187	3,073	(4,317)
Cash flow from operating activities		10,218	10,198	2,169
<i>Cash flow from investment activities:</i>				
Acquisition of participating interests	(312)		-	-
Investments in intangible fixed assets	(945)		(55)	(470)
Other investments	9		(53)	(292)
Investments in tangible fixed assets	(1,856)		(1,829)	(1,052)
Cash flow from investment activities		(3,104)	(1,937)	(1,814)
<i>Cash flow from financing activities:</i>				
Movements in long-term loans	(2,831)		2,479	390
Funds obtained by exercising options	40		523	99
Dividend	(2,664)		(2,514)	-
Repurchase of company shares	(328)		(44)	-
Other	(30)		(21)	(771)
Cash flow from financing activities		(5,813)	423	(282)
Net cash flow		1,301	8,684	73

EUR ('000)	Note	2004/2005	2003/2004	2002/2003
<i>Short term debts to credit institutions</i>				
as at 1 February		(14,699)	(23,175)	(23,088)
Cash and cash equivalents as at 1 February		368	160	-
		<u>(14,331)</u>	<u>(23,015)</u>	<u>(23,088)</u>
<i>Short-term debts to credit institutions</i>				
as at 31 January		(13,185)	(14,699)	(23,175)
Cash and cash equivalents as at 31 January		155	368	160
		<u>(13,030)</u>	<u>(14,331)</u>	<u>(23,015)</u>
Movements in short-term debts to credit institutions		<u><u>1,301</u></u>	<u><u>8,684</u></u>	<u><u>73</u></u>

16.11 Notes to the McGregor consolidated balance sheet at 31 January 2005 and the consolidated profit and loss and cash flows statement for the year 2004/2005

1. General

McGregor Fashion Group N.V. and its group companies focus on designing, purchasing, marketing, distributing and selling men's, women's and children's brand name clothing in the upper segment of the market. The Company represents the McGregor, Gaastra, King, Dimaggio, Elmior and Royal Cotton trademarks.

2. Consolidated participating interests

McGregor Fashion Group N.V. heads a group of companies. A summary of the information required pursuant to Sections 379 and 414, Book 2 of the Dutch Civil Code is included in note 20.

3. Accounting policies

Consolidation principles

The consolidated financial statements include the financial information of the group companies of McGregor Fashion Group N.V. The consolidated financial statements are prepared in accordance with the accounting policies for the valuation of assets and liabilities and determination of the financial results as applied by the Company. The financial information of the group companies is fully included in the consolidated financial statements, net of intercompany balances and transactions. The results of participating interests in group companies acquired during the year are consolidated from the date of acquisition. Goodwill relating to the acquisition of participations is capitalised and amortised over the expected useful life. The financial information relating to McGregor Fashion Group N.V. is included in the consolidated financial statements. Accordingly, pursuant to Section 402, Book 2 of the Dutch Civil Code, the company profit and loss account has been presented in a condensed form.

General principles for preparation of the consolidated financial statements

Valuation and determination of financial results are based on the historical cost convention. Assets and liabilities are stated at face value, unless mentioned otherwise. Income and expenses are accounted for on an accrual basis. Profit is included insofar as realised as at the balance sheet date. Losses and risks originating before the end of the financial year are taken into account if they have become known before the preparation of the financial statements.

Translation of foreign currencies

Receivables, debts and liabilities denominated in foreign currencies are translated at the exchange rates prevailing at balance sheet date, except insofar as the exchange risk is hedged. In such instances, valuation is based on the agreed-upon forward rate. Foreign currency transactions during the year under review are included in the financial statements at the settlement rates. Any resulting

exchange differences are taken to the profit and loss account. Foreign group companies qualify as autonomous foreign units. The balance sheets of foreign subsidiaries are translated at the *corresponding year-end exchange rates, whereas the profit and loss accounts are translated at average exchange rates*. Any exchange differences thus arising are added to or subtracted from the group equity.

Financial instruments

Foreign currency exchange risks on purchase transactions in US dollars are for the most part hedged by forward exchange contracts insofar as considered necessary.

Principles for valuation of assets and liabilities

Intangible fixed assets

The trademark rights and goodwill included under intangible fixed assets are valued at historical cost less amortisation based on the estimated useful lives of the assets. The estimated useful life is determined for each acquisition individually and is 5 or 20 years. Costs directly related to the trademark rights, such as registration costs, are capitalised and amortised over the useful life of the respective trademark right.

As a result of a change in the applicable legislation and regulations, goodwill paid on acquisitions is no longer charged directly to the shareholders' equity but capitalised under intangible fixed assets as of 1 February year 2000/2001. From the financial year 2000/2001 onwards, all trademark rights are amortised, also those acquired in prior financial years. Amortisation is based on the expected useful economic lives of the trademark rights.

Tangible fixed assets

Tangible fixed assets are generally stated at cost less accumulated depreciation. Depreciation is based on the estimated useful life of the respective asset and calculated as a fixed percentage of cost taking into account any residual value. Assets are depreciated from the date they are put into use.

Financial fixed assets

Participating interests over which the Company exercises significant operational and financial control are valued at net asset value. This value is calculated based on the same accounting policies as those applied by McGregor Fashion Group N.V.

Loans are included at face value after deducting any provisions deemed necessary.

Inventories

Inventories of fabric and supplies, and purchased inventories of finished goods (goods for resale), are valued at the lower of cost, plus any additional costs, and net realisable value.

Insofar as produced controlled by the company, inventories of finished goods are valued at the lower of production cost and net realisable value. Production cost includes materials directly used, direct wages and other production costs, together with the applicable calculated production overhead.

Where necessary, a provision is deducted for obsolescence.

Receivables

Receivables are stated at face value, less any provisions for doubtful accounts deemed necessary.

Pensions

Pension rights are insured by a third-party insurance company. Accordingly, no provision for past-service pension liabilities is formed.

Principles for determination of financial results

Net sales

Net sales represents the revenue of products and services sold and delivered during the year, less discounts and excluding value added tax.

Sold goods whose beneficial and legal ownership has been transferred to and accepted by the buyer whilst the supply is deferred at the buyer's request are stated as sales during the year under review.

Cost of sales

Cost of sales represents the cost of the products sold and delivered.

Taxes

Taxes on profits are calculated at the applicable rate on the profits for the financial year, taking into account permanent and temporary differences between profits calculated for financial reporting and tax purposes.

Principles for preparation of the consolidated cash flow statement

The cash flow statement is prepared according to the indirect method.

4. Intangible fixed assets

This predominantly concerns trade mark rights, goodwill and key money. Movements during the year were as follows:

EUR ('000)	Trade mark rights	Goodwill	Other	2004/2005 Total	2003/2004 Total
Balance as at 1 February	9,802	3,349	-	13,151	14,478
Addition	44	245	656	945	55
Amortisation	(675)	(731)	-	(1,406)	(1,382)
Balance as at 31 January	9,171	2,863	656	12,690	13,151
Historical cost	12,265	6,034	656	18,955	18,010
Accumulated amortisation	(3,094)	(3,171)	-	(6,265)	(4,859)

Additions during the year relate to the costs of maintenance of the trade mark rights plus the goodwill involved in the take-over of a shop in The Netherlands. An addition on an earn-out provision has also been included.

In addition, the Company invested in key money relating to a shop in France and in incorporation costs for an entity in that country. These investments are included under "Other".

The amortisation period for trademark rights is based on a useful life of 20 years. The useful life of goodwill varies between 5 and 20 years.

Key money is not subject to amortisation.

5. Tangible fixed assets

EUR ('000)	2004/2005	2003/2004
Balance as at 1 February	5,852	5,873
Add: purchases	1,856	1,829
Addition through acquisition	97	-
Depreciation	(1,869)	(1,850)
Balance as at 31 January	5,936	5,852
Accumulated depreciation	(12,536)	(10,667)
Depreciation rates:	10-25%	10-25%

Purchases primarily relate to investments in McGregor shops, shop-in-the-shops, showrooms and ICT related investments.

6. Financial fixed assets

The following is a statement of movements in financial fixed assets

EUR ('000)	Participating interests	Loan to shareholders	Other receivables	2004/2005 Total	2003/2004 Total
Balance as at 1 February	315	128	269	712	659
Income from participating interests	96	-	-	96	161
Other movements	-	(64)	(41)	(105)	(108)
Balance as at 31 January	411	64	228	703	712

The 30 $\frac{1}{3}$ % interest (2002: 33 $\frac{1}{3}$ %) in Suitsupply B.V., Hoofddorp, The Netherlands, is accounted for under the item "participating interests". The item "loans to shareholders" includes the long-term portion of a 4-year interest-bearing loan to shareholders which originally amounted to EUR 255,479. Up to and including the financial year 2004/2005, two instalments of the loan had been repaid. The loan was provided to the personal holdings of M.J. Schothorst (EUR 43,562), H.B. Kolff (EUR 43,562), and V.R. Muller (EUR 28,988) and to another ad-hoc board member (EUR 11,628). The current portion of the loan is stated under other receivables. The amounts stated relate to the total outstanding receivable as at the balance sheet date. The loan bears interest at EURIBOR +2%. The item "other receivables" includes a non-interest-bearing loan provided, which is stated at face value.

7. Inventories

EUR ('000)	31/01/2005	31/01/2004
Inventories reserved for customers	3,944	3,353
Finished goods and goods for resale	3,641	3,354
Inventories in shops and factory outlets	4,384	3,077
Fabrics and supplies	1,634	2,188
	<u>13,603</u>	<u>11,972</u>

The item "Inventories reserved for customers" relates to articles for the summer 2005 collection which have already been ordered by customers and will be delivered to them at the beginning of the financial year 2005/2006.

8. Receivables

EUR ('000)	31/01/2005	31/01/2004
Trade receivables	11,895	15,470
Loan to shareholders	64	64
Other receivables	1,977	2,053
Prepaid expenses	4,866	4,535
	<u>18,802</u>	<u>22,122</u>

The loan to shareholders consists of the current portion of the loan accounted under financial fixed assets. Other receivables include EUR 1,599,000 in deferred tax assets and liabilities related to the Dutch tax position. The deferred tax asset relates to differences in valuation of assets and liabilities for tax purposes and tax loss carry-forwards. The deferred tax liability concerns the difference in the valuation of trademark rights. Both deferred tax balances have been calculated at face value, less any diminutions in value. Moreover, account has been taken of the special tax credit applicable to part of the Dutch profit based on the fiscal facilities for group financing companies. This fiscal facility was granted to the Company on 1 February 1999. The majority of the deferred tax balances are considered to have a long-term character.

The deferred tax asset was written off as a result of the decrease in the tax rate to 31.5% as of 1 January 2005.

EUR ('000)	31/01/2005	31/01/2004
Deferred tax asset	2,256	2,151
Deferred tax liability	(657)	(652)
	<u>1,599</u>	<u>1,499</u>

Tax loss carry-forwards in foreign group companies may to a limited extent be utilised in the coming years. In view of the positive developments in the German market, the available German tax loss carry-forward has been valued for the expected results in the next 4 years.

9. Long-term liabilities

EUR ('000)	31/01/2005	31/01/2004
Debts to credit institutions	4,095	6,814
Other debts	254	366
	<u>4,349</u>	<u>7,180</u>

The item "debts to credit institutions" includes a 5-year loan to be repaid in equal instalments. This loan bears interest at 1.15 to 1.80% above EURIBOR. In addition, the long-term part of the subordinated convertible loan of EUR 3 million was withdrawn. During the financial year 2003/2004, it was decided not to make use of the conversion right. As a result, the loan was converted into an ordinary loan that will be repaid in 3 years as of 1 January 2004. The amount to be repaid within one year is included under short-term liabilities. The loan bears interest at 3-month's EURIBOR + 2.75%. The other debts relate to subsequent payment of part of the purchase price of an acquisition effected in the past. This debt will be repaid in the next three years.

10. Short-term liabilities

EUR ('000)	31/01/2005	31/01/2004
Credit institutions	13,185	14,699
Accounts payable	5,514	6,101
Taxes and social security contributions	4,252	3,629
Other liabilities, accruals and deferred income	1,801	1,654
	<u>24,752</u>	<u>26,083</u>

In 2003, McGregor Fashion Group N.V. concluded a loan agreement with a group of banks. The new agreement provides for a maximum credit facility of EUR 43.5 million, including a facility for possible take-overs.

Accounts receivable, inventories, equipment, other operating assets, shares in group companies and the trademark rights have been pledged as collateral for the debts to credit institutions (undisclosed pledge). In addition, the Dutch group companies agreed to be jointly and severally liable for these loans. It has also been agreed that the ratio of the total interest-bearing debt to the operating profit net of amortisation of intangible fixed assets should not be higher than 2.75 and that the consolidated equity should not decrease below 30% of the balance sheet total. The minimum interest cover before amortisation of intangible fixed assets should be 4.0 and short term interest-bearing loans plus the accounts payables should not be higher than 1.5 times the cost of sales.

11. Commitments and contingent liabilities

As at 31 January 2005, approximately EUR 1.6 million had been provided in guarantees and sureties (2003/2004: 1.8 million). The liabilities resulting from foreign exchange contracts total EUR 5,375,424 for the purchase of USD 6,610,000 (2003/2004: USD 9,500,000). Lease commitments for immovable property entered into with third parties totalled EUR 14.6 million at year-end (2003/2004: 12.8 million). These commitments expire between 2005 and 2016. The operational lease commitments totalled EUR 3.7 million at year-end (2003/2004: 2.8 million). Of these commitments, EUR 2.3 million will expire between 2 to 5 years and EUR 1.4 million in the next financial year. The purchase price of a group company acquired in 2000 is in part based on the results to be realised by this company for the

financial years up to and including 2004/2005. The estimated liability has been regarded as the purchase price. The Dutch group companies receive group tax treatment and are therefore jointly and severally liable for the tax liabilities of this group as a whole.

During the financial year 2004/2005, McGregor Fashion Group N.V. received a claim from a French company with which it had negotiated the take-over of a shop in 1999. The French company claimed EUR 1.3 million in damages allegedly incurred on the unsuccessful transaction. The case will be brought before the Dutch court. The Company considers the claim groundless and thus did not form a provision.

In December 2004, McGregor Fashion Group N.V. signed a letter of intent for the take-over of Adam Menswear B.V.

12. Net sales

Net sales by geographical area

EUR ('000)	2004/2005	2003/2004
The Netherlands	54,812	56,338
Other EU countries	27,842	26,428
Other European countries, non EU-Member States	2,950	3,570
Non-European countries	363	552
	<u>85,967</u>	<u>86,888</u>

Net sales by business unit

EUR ('000)	2004/2005	2003/2004
McGregor	39,682	40,361
Gaastra	22,215	20,851
Retail	13,230	11,597
Shirts	10,840	14,079
	<u>85,967</u>	<u>86,888</u>

13. Personnel costs

Personnel costs can be specified as follows:

EUR ('000)	2004/2005	2003/2004
Wages and salaries	11,133	11,269
Social security charges	1,748	1,667
Pension charges	746	636
Other personnel costs	532	802
	<u>14,159</u>	<u>14,374</u>

14. Financial expenses

EUR ('000)	2004/2005	2003/2004
Interest expenses	(1,561)	(1,817)
Exchange differences	-	(162)
	<u>(1,561)</u>	<u>(1,979)</u>

The exchange differences in 2003/2004 are translation differences on an intercompany loan denominated in Swiss francs.

15. Taxation

Reference is made to the note on other receivables. The reconciliation of the statutory income tax charge to the effective income tax charge included in the profit and loss account can be specified as follows:

EUR ('000)	2004/2005	2003/2004
Statutory income tax charge (34.5%)	2,324	1,587
Extraordinary items and prior year adjustments	(69)	(218)
Non-tax deductible amortisation of intangible fixed assets	395	385
Utilisation of tax losses for which no or limited asset value was included	(347)	(711)
Special tax rates	(276)	(242)
	<u>2,027</u>	<u>801</u>

Extraordinary items in 2004/2005 relate to revaluation of the deferred tax balance resulting from reduction of the tax rate and the (limited) valuation of the deferred tax balance in Germany.

OTHER NOTES

16. Number of employees

The average number of employees expressed in full time equivalents was 309 (2003/2004: 302), and can be specified as follows:

EUR ('000)	2004/2005	2003/2004
Management	4	5
Product development/Styling/Purchasing	49	52
Marketing and Sales	189	167
Other	67	78
	<u>309</u>	<u>302</u>

17. Remuneration of managing and supervisory directors

The following amounts were paid in remuneration to the managing directors:

EUR ('000)	2004/2005	2003/2004
M.J. Schothorst	241,314	237,572
H.B. Kolff	241,314	237,572
	<u>482,628</u>	<u>475,144</u>

The managing directors do not participate in any bonus, option or pension schemes.

The following amounts were paid in remuneration to the supervisory directors:

EUR ('000)	2004/2005	2003/2004
V.R. Muller	3,750	15,000
J.M. Kessels	15,000	15,000
D.R. Hooft Graafland	15,000	15,000
	<u>33,750</u>	<u>45,000</u>

18. Transactions with parties affiliated to the management board and/or majority shareholders

In the financial year 2004/2005, transactions with parties affiliated to the management board and/or majority shareholders amounted to EUR 55,000. This primarily involved lease payments for the head office in Driebergen.

19. *Post balance sheet events*

The following transactions were effected after the balance sheet date:

- Take-over of Adam Menswear B.V.;
- Discontinuation of Lapagayo activities;
- Take-over of McGregor trademark rights for North, Central and South America.

For further details, reference is made to the management board's report in McGregor's annual report 2004/2005.

20. *Group companies*

Unless mentioned otherwise, the following companies are wholly owned subsidiaries that are fully included in the consolidation:

- | | |
|---|---|
| • Emergo Sportswear B.V., Driebergen, The Netherlands | • Cofi Maastricht B.V., Maastricht, The Netherlands |
| • Emergo Fashions B.V., Driebergen, The Netherlands | • McGregor France S.A., France |
| • McGregor Finance B.V., Driebergen, The Netherlands | • SCI CB Immobilier S.A., France |
| • Beheermij. New Tested B.V., Houten, The Netherlands | • Emergo Sportswear of Scandinavia A/S, Denmark (90%) |
| • Mallangane Properties B.V., Driebergen, The Netherlands | • Casual Wear Shops Nederland B.V., Rotterdam, The Netherlands |
| • McGregor Fashion A.G., Switzerland | • Lapagayo Fashion B.V., Houten, The Netherlands |
| • EF Sportswear GmbH & Co. K.G., Germany | • New Tricolori GmbH, Germany (74%) |
| • Eurofashions S.A. GmbH, Germany | • Deno B.V., Leiden, The Netherlands |
| • McGregor Belgium N.V., Belgium | • Gaastra International Sportswear B.V., Wierden, The Netherlands |
| • McGregor Sportswear N.V., Belgium | • X-One B.V., Wierden, The Netherlands |
| • McGregor France retail, Sarl, France | • Casual Fashion Retail N.V., Belgium |
| | • Euro-Fashions Textels Lda., Portugal |
| | • EF Verwaltungs GmbH, Germany |

Other information

Statutory rules concerning appropriation of the profit

In conformity with article 29 of the Company's Articles of Association, the Board of Directors will determine with the approval of the Supervisory Board what part of the net income after taxes is to be added to the reserves. Out of the amount that has not been added to the reserves, a dividend of 6% of the nominal amount paid on the priority share has to be distributed to the Stichting Prioriteit McGregor Fashion Group. Any remaining profit will be subsequently paid as dividend on common shares. Subject to the approval of the Supervisory Board, the Board of Directors may decide to distribute interim dividends. At the proposal of the Board of Directors and subject to the approval of the Supervisory Board, the General Meeting of Shareholders may decide to fully or partly distribute dividend on common shares by allotment of shares in the Company in lieu of cash dividend.

Stichting Prioriteit McGregor Fashion Group

The Stichting Prioriteit McGregor Fashion Group (the "Foundation") holds one (1) priority share in the share capital of McGregor Fashion Group N.V. The object of the Foundation is to promote the interests of the Company, its affiliated companies and all those involved in these. The Board of the Foundation consists of members of the Company's Board of Directors (Director-Board Members) and Supervisory Board (Supervisory Director-Board Members), and shareholders (Shareholder-Board Members) who have held at least 5% of the issued share capital of the Company during a continuous period of at least one year and have therefore been appointed as Board members by the other members of the Board.

The Foundation's bye-laws stipulate that that no more than fifty percent of the number of votes represented in any of the Foundation's meetings may be cast by persons who are Shareholder-Board Member in addition to being Director-Board Member or Supervisory Director-Board Member. With this provision, the requirement contained in Article 10 of Appendix X of the Euronext Amsterdam N.V. Listing and Issuing Rules are duly complied with. These Rules provide that no more than 50 percent of the number of votes may be cast by managing directors who also are shareholders of the Company.

The Foundation may make binding recommendations for the appointment of Directors and Supervisory Directors. Board resolutions regarding issuance of shares, repurchase of own shares and conclusion of agreements between the company and shareholders in their private capacity require prior approval from the Foundation. A material change in the Company's operations and full or partial alienation of the Company also require prior approval from the Foundation.

The Foundation's board includes Mr. M.J. Schothorst and Mr. H.B. Kolff, both Director-Board Member and Shareholder-Board Member.

16.12 Auditors' report

Introduction

We have read the contents of the Offering Memorandum dated February 25, 2006 relating to McGregor Fashion Group N.V. Driebergen-Rijsenburg, for the purpose of establishing that the abbreviated financial data as included in section 16.8 through 16.11 of this Offering Memorandum, is consistent, in all material respects, with the financial statements from which they have been derived. The Offering Memorandum is the responsibility of the company's management. Our responsibility is to express an opinion on how the comparative statement in these sections has been derived from the financial statements.

Scope

Auditing standards generally accepted in the Netherlands require that we plan and perform the audit to obtain reasonable assurance that the comparative statement in this Offering Memorandum is consistent with the financial statements from which it has been derived. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, the financial data for the years 2004/2005, 2003/2004 and 2002/2003, as included in section 16.8 through 16.11 of this Offering Memorandum, are consistent, in all material respects, with the financial statements from which they have been derived. We issued unqualified auditors' opinions on these financial statements on April 8, 2005, April 2, 2004 and April 4, 2003 respectively. These auditors' reports are included in the financial statements for the years referred to, which form an integral part of this offering document.

Amsterdam, February 25, 2006
Deloitte Accountants B.V.

P.J.M. Peerlings

17 PRESS RELEASES

17.1 Press release – 13 January 2006

MCGREGOR CONDUCTS TALKS WITH CONSORTIUM REGARDING POSSIBLE PUBLIC OFFER

Driebergen-Rijsenburg, The Netherlands – McGregor Fashion Group N.V. (the "Company") is discussing the possibilities for a public offer for all outstanding shares in the Company with a consortium formed by the current management of the Company and Boekhoorn M&A B.V.

The Company confirms that it was recently approached by a consortium comprised of the current management of the Company and Boekhoorn M&A B.V. with regard to a possible public offer for the shares in the Company. This consortium's tentatively indicated, non-binding valuation of the Company is within a price range of EUR 28–EUR 30 per ordinary share. The Supervisory Board has, on the basis of this proposal and under its supervision, agreed to allow this consortium to conduct an examination of the books. This examination of the books is currently taking place. It is uncertain at this time whether the examination would result in a public bid for the shares and, if so, at what price and under which conditions.

Further announcements will be made immediately as necessary.

Driebergen-Rijsenburg, The Netherlands, 13 January 2006.

This is a public announcement as stated in article 9b, paragraph 2, sub c of the 1995 Decree on the Supervision of Securities Transactions.

17.2 Press release – 23 January 2006

CONSORTIUM PLANS TO ISSUE A CASH BID OF EUR 31 PER ORDINARY SHARE IN THE MCGREGOR FASHION GROUP

This is a joint press release of McGregor Fashion Group N.V. and a consortium consisting of the management of McGregor Fashion Group N.V. and Boekhoorn M&A B.V. This press release may not be sent, published or distributed, in part or in whole, in or to the United States, Canada, Australia or Japan. This announcement and the related documents do not contain an offer for the ordinary shares in McGregor Fashion Group N.V., although the expectation is justified that an offer will be made in due course, as explained in this press release.

McGregor Fashion Group N.V. ("McGregor") and a consortium consisting of the management of McGregor and Boekhoorn M&A B.V. ("Consortium") are jointly announcing that the expectation is justified that an agreement will be reached between McGregor and the Consortium regarding the Consortium's public bid for all the outstanding ordinary shares in the share capital of McGregor at a price of EUR 31 in cash per ordinary share, including the dividend for the year 2005/06.

The Consortium expects to make the planned bid, directly or indirectly, through a 100% subsidiary ("Bidco"). The Supervisory Board and Management Board of McGregor support the proposed bid. Parties will undertake subsequent steps in the coming weeks, including a confirmatory due diligence study, in order to reach full agreement regarding the proposed bid.

Consortium

The Consortium consists of Mr. Schothorst (Managing Director of McGregor), Mr. Kolff (Commercial Director of McGregor) and Boekhoorn M&A B.V., as well as several other members of the McGregor management team, including Mr. Van Straaten (Chief Financial Officer of McGregor) and Mr. Schimmel (Human Resources Director of McGregor).

Valuation and premiums

Based on the proposed bid price of EUR 31 per ordinary share, the total share capital of McGregor is valued at approximately EUR 129 million.

The bid price constitutes:

- a premium of 16.3% to the closing share price of 12 January 2006, the last trading day before the initial announcement on 13 January 2006, confirming the discussions between the Offeror and McGregor;

- a premium of 20.6% to the average closing share price over the last 30 days trading prior to 13 January 2006, the day of the initial announcement confirming the discussions between the Offeror and McGregor;
- a premium of 56.6% to the average closing share price over the last 12 months trading prior to 13 January 2006, the day of the initial announcement confirming the discussions between the Offeror and McGregor; and
- a premium of 99.2% to the average closing share price over the last 2 years trading prior to 13 January 2006, the day of the initial announcement confirming the discussions between the Offeror and McGregor.

The bid price per share includes the dividend for the year 2005/06.

Bidco will finance the bid through a combination of equity and bank loans.

Background of the proposed bid

McGregor's listing on Euronext Amsterdam constrains its ability to pursue the opportunities to fully exploit its strategic and financial potential:

- Structural changes in the industry in which McGregor operates (such as competitors' economies of scale and internationalisation of brands) mean that McGregor – in order to safeguard its position in the long term – will have to follow a large-scale investment strategy in which accelerated growth and international expansion will be key spearheads.
- The possibilities for raising new equity to execute this strategy are limited. This is first of all because investors are primarily interested in shares with considerable market capitalisation and less interested in small caps such as McGregor, despite the extensive efforts on the part of the Management Board to increase the interest in McGregor. In addition, a share issue would lead to substantial dilution of the current shareholders. In closing, profits are expected to be more volatile in the future, which is expected to lead to decreased interest in the share.
- With McGregor's current financial strength, it is only possible to finance accelerated growth with loan capital.
- Investment decisions that may potentially only generate positive results in the long term, cannot be easily taken in the current situation due to McGregor's conservative investment profile.
- In addition, the liquidity of the shares has already been extremely limited for a prolonged period of time. This makes it difficult for investors to increase or decrease their stakes in McGregor without causing major price movements.
- A de-listing will furthermore eliminate a number of disadvantages of a stock exchange listing, such as the substantial listing costs (in relation to the profitability) and the considerable amount of time and effort on the part of management (Investor Relations/Public Relations). McGregor and Bidco are furthermore convinced that McGregor will have greater commercial strength as a private company.
- The Dutch Public Prosecutor's announced criminal prosecution of Mr M.J. Schothorst, Managing Director of McGregor, on the grounds of articles 46 and 36b of the Securities Transactions Supervision Act, article 2 of the Disclosure of Major Holdings in Listed Companies Act and article 28 of the Trade Registers Act have not influenced the proposal to terminate the stock exchange listing, nor has it affected the price level of the proposed bid.

The proposed bid offers the following benefits:

- Bidco supports the strategy that has been formulated by the Management Board and is based on accelerated growth and international expansion.
- Bidco has the expertise and financial means to help McGregor realising this strategy. This will enable McGregor to develop its strategic position, also in an international context, both on a larger scale and at an accelerated pace.

- The proposed bid offers the current shareholders the possibility to sell their stakes in McGregor at a premium in comparison to the current share price.

The Supervisory Board and the Management Board of McGregor support the bid. They have reached the conclusion that the bid is in the best interest of the shareholders and all other stakeholders of McGregor and plan to recommend the bid to the shareholders.

Future of McGregor

McGregor will continue its activities independently under the current company name and brand names. The proposed bid will not have any negative consequences for employment and the terms of employment of the employees of McGregor. The composition of the Management Board will remain unchanged.

Providing that the proposed bid is made, the intention is to terminate McGregor's listing on the Official Market of Euronext Amsterdam N.V. as soon as possible.

Irrevocable commitments for 81% of the outstanding share capital

All the majority shareholders with a total of 3,364,844 shares (81% of the outstanding share capital), namely Mr. Schothorst (whether or not held via Investrand B.V.), Mr. Kolff (whether or not held via H.B. Kolff Beheer B.V.), Todlin N.V., Go Capital Asset Management B.V., Bibiana Beheer B.V., Investeringsmaatschappij Helvetia B.V. and Parnib B.V., support the proposed bid. They have already irrevocably committed to register their shares as assenting to the bid should the proposed bid be made.

Conditions for the execution of the proposed bid

The customary conditions for comparable transactions will apply to the execution of the proposed bid, with the understanding that no minimum number of shares must be tendered in order for the proposed bid to be declared unconditional. Bidco also has the intention, provided that the proposed bid is declared unconditional, to acquire all the shares still held by minority shareholders or to take other measures that will lead to the termination of the listing and/or the acquisition of shares that are not tendered, including starting a buy-out procedure or a sale of all or virtually all of McGregor's assets or effecting a legal merger.

Further activities

Parties will undertake further activities in the weeks ahead, including a confirmatory due diligence study, in order to reach full agreement regarding the proposed bid.

Once full agreement has been reached, the offer will be issued and the offer document will be made available. The current expectation is that this will take place at the end of February 2006. The Management Board and the Supervisory Board will then discuss the bid during a general meeting of shareholders that is expected to be held in March 2006.

The authorised competition authorities, the secretariat of the Social and Economic Council, the Financial Markets Authority and Euronext Amsterdam N.V. will be or have been informed of the proposed bid. The involved trade organisations have also been informed.

ABN AMRO Corporate Finance will serve as Bidco's financial advisor. Van Doorne N.V. will serve as Bidco's legal advisor on this matter.

PricewaterhouseCoopers Advisory N.V. – Corporate Finance will serve as McGregor's financial advisor and Allen & Overy LLP will serve as McGregor's legal advisor on this matter.

This is a public announcement in accordance with article 9b, paragraph 2, sub a of the 1995 Decree on the Supervision of Securities Transactions.

18 ADVISERS

Advisers to the Offeror

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Legal adviser
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The Netherlands

Advisers to McGregor

Financial adviser
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Advisory N.V. – Corporate Finance
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The Netherlands

Legal adviser
Allen & Overy LLP
Apollolaan 15
1077 AB Amsterdam
The Netherlands

Accountants

KPMG Accountants N.V.
Rijnzathe 14
3454 PV De Meern
The Netherlands

Deloitte Accountants B.V.
Orlyplein 50
1043 DP Amsterdam
The Netherlands

Exchange and Paying Agent

Rabo Securities
Rembrandt Tower
Amstelplein 1
1096 HA Amsterdam
The Netherlands

19 NEDERLANDSE SAMENVATTING VAN HET BOD

19.1 Belangrijke informatie

In deze paragraaf 19 wordt een samenvatting gegeven van de belangrijkste elementen uit het Biedingsbericht. Deze Nederlandse samenvatting maakt deel uit van het Biedingsbericht, maar vervangt deze niet. Deze Nederlandse samenvatting is niet volledig en bevat niet alle informatie die voor de Aandeelhouders van belang is om een afgewogen oordeel te kunnen vormen over het Bod. Het bestuderen van deze Nederlandse samenvatting mag derhalve niet worden beschouwd als een alternatief voor het bestuderen van het volledige Biedingsbericht. De Aandeelhouders wordt geadviseerd het volledige Biedingsbericht (inclusief alle documenten die daarin door middel van verwijzing zijn opgenomen) zorgvuldig te bestuderen en zo nodig onafhankelijk advies in te winnen teneinde zich een afgewogen oordeel te kunnen vormen over het Bod en de beschrijving daarvan in het Biedingsbericht. In geval van verschillen tussen deze Nederlandse samenvatting en de Engelse tekst van het Biedingsbericht prevaleert de Engelse tekst van het Biedingsbericht (inclusief alle documenten die daarin door middel van verwijzing zijn opgenomen).

19.2 Beperkingen

Dit Bod, de verspreiding van dit Biedingsbericht, aanverwante materialen en het doen van dit Bod in bepaalde jurisdicties buiten Nederland, waaronder de Verenigde Staten, Canada, Australië en Japan is wettelijk beperkt. Personen in wier bezit dit Biedingsbericht of aanverwante materialen mochten komen, dienen zich derhalve van de beperkingen op de hoogte te stellen en deze na te leven. Niet-naleving van deze beperkingen kan een schending van effectenwetgeving in dergelijke jurisdicties opleveren. Noch de Bieder noch McGregor noch één van de adviseurs die betrokken zijn bij dit Bod aanvaardt enige verantwoordelijkheid of stelt zich aansprakelijk voor de schending door enig persoon van dergelijke beperkingen.

19.3 Definities

Gedefinieerde termen in deze Nederlandse samenvatting zullende navolgende betekenis hebben:

"Aandeelhouder(s)"	De houder(s) van één of meer Aandelen
"Aande(e)l(en)"	De uitgegeven en uitstaande gewone Aande(e)l(en) in het kapitaal van McGregor, met een nominale waarde van EUR 0,16 elk
"Aanmeldingstermijn"	De periode, gedurende welke de Aandeelhouders hun Aandelen bij de Bieder kunnen aanmelden, beginnend op 27 februari 2006 om 9.00 uur (Amsterdamse tijd) en eindigend op de Sluitingsdatum om 15:00 (Amsterdamse tijd)
"Bieder"	Toeca Fashion Groep B.V., een besloten vennootschap met beperkte aansprakelijkheid naar Nederlands recht, met statutaire zetel in Driebergen, en/of één of meer van haar groepsvennootschappen, al naargelang van toepassing
"Biedingsbericht"	Dit biedingsbericht dat het Bod beschrijft, gedateerd op 25 februari 2006
"Biedprijs"	Een bedrag in contanten van EUR 31 per Aandeel dat op geldige wijze is aangemeld (of op ongeldige wijze, mits de Bieder de aanmelding daarvan desalniettemin heeft aanvaard) onder de voorschriften en beperkingen van het Bod. Dit bedrag is inclusief winst of andere uitkeringen betaalbaar op de publicatiedatum van dit Biedingsbericht en de Betaaldag
"Bod"	Het bod op de Aandelen zoals beschreven in dit Biedingsbericht
"Boekjaar 2005/2006"	Het Boekjaar van McGregor eindigend op 31 januari 2006

"Betaaldag"	De datum waarop de Bieder, in overeenstemming met de voorschriften en Voorwaarden van het Bod, de Biedprijs zal betalen aan de Aandeelhouders die op geldige wijze hun Aandelen hebben aangemeld (of op ongeldige wijze, mits de Bieder de aanmelding daarvan desalniettemin heeft aanvaard) en hebben geleverd onder het Bod, uiterlijk op de vijfde Euronext Handelsdag na de Datum van Gestanddoening, onder de voorwaarde dat het Bod gestand wordt gedaan
"Euronext Handelsdag"	Een dag waarop Euronext Amsterdam N.V. open is voor handel
"Exchange and Paying Agent"	De investeringsbank van de Coöperatieve Centrale Raffelsen-Boerenleenbank B.A., handelend onder de naam "Rabo Securities"
"Datum van Gestanddoening"	De datum waarop de Bieder aankondigt dat het Bod gestand wordt gedaan, zijnde niet later dan om 15.00 uur (Amsterdamse tijd) op de vijfde Euronext Handelsdag na de Sluitingsdatum
"McGregor" of de "Vennootschap"	McGregor Fashion Group N.V., een naamloze vennootschap naar Nederlands recht, met statutaire zetel in Driebergen-Rijsenburg, en/of één of meer van haar groepsvennootschappen, als beschreven in artikel 2:24b van het Burgerlijk Wetboek en haar verbonden vennootschappen
"Raad van Bestuur"	De raad van bestuur van McGregor
"Raad van Commissarissen"	De raad van commissarissen van McGregor
"Sluitingsdatum"	De Euronext Handelsdag waarop de Aanmeldingstermijn eindigt, zijnde 22 maart 2006, tenzij verlengt overeenkomstig artikel 90, lid 5 van het Besluit Toezicht 1995, in welk geval de Sluitingsdatum een later tijdstip en datum is
"Voorwaarden"	De voorwaarden als opgenomen in paragraaf 6.3 "Offer Conditions"

19.4 Het Bod

Voor ieder Aandeel, aangemeld conform de bepalingen en voorwaarden van het Bod, bied de Bieder een biedprijs van EUR 31 in contanten, inclusief het ult te keren dividend over het Boekjaar 2005/2006. De Aandeelhouders die hun Aandelen rechtsgeldig (of op ongeldige wijze aangemeld, mits de Bieder de aanmelding daarvan niettemin heeft aanvaard) hebben aangemeld en geleverd, zullen worden geacht een compensatie te hebben ontvangen voor het dividend over het Boekjaar 2005/2006 door middel van de Biedprijs en zullen derhalve geen separaat dividend uitgekeerd krijgen. De Biedprijs van EUR 31 per Aandeel vertegenwoordigt een aantrekkelijke prijs voor de Aandeelhouders alsmede:

- een premie van ruim 16,3% ten opzichte van de slotkoers van EUR 26,65 van een Aandeel op 12 januari 2006, de laatste handelsdag voorafgaand aan de eerste aankondiging van de gesprekken tussen McGregor en de Bieder;
- een premie van ruim 20,6% ten opzichte van de gemiddelde slotkoers van een Aandeel gedurende de laatste maand voorafgaand aan de eerste aankondiging op 13 januari 2006;
- een premie van ruim 40,1% ten opzichte van de gemiddelde slotkoers van een Aandeel gedurende de laatste 6 maanden voorafgaand aan de eerste aankondiging van 13 januari 2006; en
- een premie van ruim 56,6% ten opzichte van de gemiddelde slotkoers van een Aandeel gedurende de laatste 12 maanden voorafgaand aan de eerste aankondiging van 13 januari 2006; en
- een premie van ruim 99,2% ten opzichte van de gemiddelde slotkoers van een Aandeel gedurende de laatste 2 jaar voorafgaand aan de eerste aankondiging van 13 januari 2006.

19.5 Achtergrond van het Bod

McGregor wordt door haar beursnotering beperkt in de mogelijkheden om haar strategisch en financieel potentieel volledig te benutten:

- Door structurele veranderingen in de industrie waarin McGregor opereert (zoals schaalgrootte van concurrenten en de internationalisering van merken) zal zij – teneinde haar positie op de lange termijn te kunnen waarborgen – een omvangrijke investeringsstrategie moeten gaan uitvoeren waarbij versnelde groei en internationale expansie belangrijke pijlers zijn.
- De mogelijkheden om nieuw eigen vermogen aan te trekken voor het uitvoeren van deze strategie zijn beperkt. Allereerst zijn beleggers voornamelijk geïnteresseerd in aandelen met een grote marktkapitalisatie en veel minder in "small caps" zoals McGregor, ondanks de vele inspanningen van de Raad van Bestuur tot vergroting van de interesse in McGregor. Bovendien zou een emissie van aandelen leiden tot een grote verwatering van de huidige Aandeelhouders. Ten slotte is de verwachting dat in de toekomst de winsten volatieler zullen worden, waardoor de interesse voor het Aandeel naar verwachting verder zal afnemen.
- Met de huidige financiële slagkracht van McGregor is het slechts mogelijk om een versnelde groei met vreemd vermogen te financieren.
- Investeringsbeslissingen die pas op lange termijn mogelijk positieve resultaten hebben, zullen in de huidige situatie niet gemakkelijk kunnen worden genomen vanwege het conservatieve beleggingsprofiel van McGregor.
- Daarnaast is de liquiditeit van de Aandelen reeds geruime tijd zeer beperkt. Hierdoor worden beleggers belemmerd in het uitbreiden of verkleinen van hun belangen in McGregor zonder grote koersbewegingen te veroorzaken.
- Voorts zal door een de-listing een aantal nadelen van een beursnotering verdwijnen zoals de hoge noteringskosten (in verhouding tot de winstgevendheid) en het aanzienlijk beslag op het management (investors relations/public relations). Het is bovendien de overtuiging van McGregor en de Bieder dat McGregor als private onderneming slagvaardiger wordt.
- De door het Openbaar Ministerie aangekondigde strafvervolging tegen de heer M.J. Schothorst, algemeen directeur van McGregor, op grond van de artikelen 46 Wte 1995 en 46b Wte 1995, artikel 2 WMZ 1996 en artikel 28 Handelsregisterwet, heeft geen invloed gehad op het voornemen de beursnotering te beëindigen, noch op het voornemen van het Bod, noch op de hoogte van het Bod.

Zie ook paragraaf 7.5 "Rationale for the Offer".

19.6 Financiering van het Bod

De Bieder zal het Bod financieren door een volledig onderschreven banklening verschaft door ABN AMRO Bank N.V., Leveraged Finance en eigen vermogen (inclusief garantievermogen in de vorm van volledig achtergestelde leningen) verschaft door de Bieder.

19.7 Besluitvorming en aanbeveling door de Raad van Commissarissen en de Raad van Bestuur

Gedurende het proces hebben regelmatig ontmoetingen plaatsgevonden tussen de Raad van Commissarissen en Raad van Bestuur, waarbij de voortgang van het proces is besproken en belangrijke beslissingen met betrekking daartoe zijn genomen. Vanwege de (indirecte) deelneming van de leden van de Raad van Bestuur in de Bieder, is de Vennootschap in verband met het Bod en de voorbereidingen daarvan vertegenwoordigd door de Raad van Commissarissen. De Raad van Commissarissen heeft onafhankelijk juridisch en financieel advies ingewonnen om het Bod en de implicaties voor McGregor, de Aandeelhouders en de overige belanghebbenden grondig te kunnen beoordelen.

De Raad van Commissarissen en de Raad van Bestuur hebben grondig de strategische, financiële en sociale aspecten van het Bod tegen elkaar afgewogen en zijn tot de conclusie gekomen dat het Bod in het belang is van de Aandeelhouders en alle overige belanghebbenden van McGregor.

De Raad van Commissarissen en de Raad van Bestuur zijn van mening dat het Bod redelijk en rechtvaardig is voor de Aandeelhouders. Met betrekking hiertoe wordt verwezen naar de "fairness

opinion" die is afgegeven door PricewaterhouseCoopers Advisory N.V., zoals opgenomen in paragraaf 10 "Fairness Opinion" van dit Biedingsbericht. Om die reden ondersteunen de Raad van Commissarissen en de Raad van Bestuur het Bod volledig en bevelen het Bod aan de Aandeelhouders unaniem aan ter acceptatie.

Zie ook paragraaf 9 "Recommendation by the Supervisory Board and the Management Board".

19.8 Overzicht van Aandelen direct of indirect in het bezit van de leden van de raad van bestuur en de raad van commissarissen

Op de uitgiftedatum van dit Biedingsbericht, is 45.4% van de Aandelen direct of indirect in het bezit van de leden van de Raad van Bestuur.

19.9 Toegezegde aandelen

Alle grootaandeelhouders, welke meer dan 5% houden, te weten de heer M.J. Schothorst (al dan niet gehouden via Investrand B.V.), de heer H.B. Kolff (al dan niet gehouden via H.B. Kolff Beheer B.V.), Todlin N.V., Go Capital Asset Management B.V., Bibiana Beheer B.V., Investeringsmaatschappij Helvetia B.V. en Parnib B.V. alsmede een zeker aantal andere Aandeelhouders, welke minder dan 5% houden, dat (indirect via een stichting) zal deelnemen in de Bieder, hebben toegezegd hun Aandelen onder het Bod te zullen aanmelden onder dezelfde voorwaarden als beschreven in dit Biedingsbericht. Deze toezeggingen vertegenwoordigen in totaal 3.334.744 Aandelen, zijnde 81% van de Aandelen op de publicatiedatum van dit Biedingsbericht. Geen van de Aandeelhouders die hebben toegezegd hun Aandelen onder het Bod te zullen aanmelden, hebben ook maar enige, relevante informatie, die niet in dit Biedingsbericht is opgenomen, ontvangen met betrekking tot het Bod. Zie ook paragraaf 7.2 "Committed Shares".

19.10 Voorwaarden, aanmeldingstermijn, gestanddoening, verlenging en afwikkeling

Voorwaarden

Het Bod zal gestand worden gedaan wanneer aan de Voorwaarden beschreven in paragraaf 6.3 "Offer Conditions" is voldaan of, indien toegestaan door de van toepassing zijnde wetgeving, daarvan afstand wordt gedaan door de daartoe bevoegde partij.

Aanmeldingstermijn

De aanmeldingstermijn begint op 27 februari 2006 om 9:00 uur (Amsterdamse tijd) en eindigt, behoudens verlenging zoals bedoeld in artikel 90, lid 5 van het Besluit toezicht effectenverkeer 1995 op 22 maart 2006 om 15:00 (Amsterdamse tijd). Zie ook 6.4 "Acceptance Period".

Aandelen aangemeld op of voor de Sluitingsdatum mogen niet worden ingetrokken, behoudens het recht in te trekken gedurende enige verlenging van de aanmeldingstermijn zoals bedoeld in artikel 90, lid 5 van het Besluit toezicht effectenverkeer 1995.

In het geval aan één of meerder van de Voorwaarden niet wordt voldaan, mag de Bieder, van tijd tot tijd, de Aanmeldingstermijn verlengen tot aan alle Voorwaarden is voldaan of, waar geëigend, van de Voorwaarden afzien. Gedurende een verlenging van de Aanmeldingstermijn blijven alle aangemelde en niet ingetrokken Aandelen onderworpen van het Bod, behoudens het recht van elke Aandeelhouder om de Aandelen die hij reeds heeft aangemeld in te trekken, conform het bepaalde in artikel 90, lid 5 van het Besluit toezicht effectenverkeer 1995. Zie ook paragraaf 6.6 "Extension".

Wanneer aan alle Voorwaarden is voldaan of, waar geëigend, daarvan is afgezien, zal de Bieder alle Aandelen accepteren die rechtsgeldig zijn aangemeld (of op ongeldige wijze, mits de Bieder de aanmelding daarvan desalniettemin heeft aanvaard) en niet eerder zijn ingetrokken, conform de bepalingen van het Bod en in overeenstemming met de procedures beschreven in paragraaf 6.2 "Acceptance by Shareholders".

Gestanddoening

Het Bod wordt gedaan onder voorbehoud van vervulling van de Voorwaarden beschreven in paragraaf 6.3 "Offer Conditions". De Bieder behoudt zich het recht voor om af te zien van deze Voorwaarden, op voorwaarde dat het afzien van een aantal Voorwaarden afhankelijk is van de voorafgaande schriftelijke instemming van McGregor. Zie ook paragraaf 6.3 "Offer Conditions".

De Bieder zal binnen vijf Euronext Handelsdagen na de Sluitingsdatum, de Datum van Gestanddoening, vaststellen of aan de Voorwaarden is voldaan of dat de Bieder afstand doet van één of meer Voorwaarden en zal aankondigen of (i) het Bod gestand is gedaan, (ii) er nog onzekerheid is of aan

alle Voorwaarden is voldaan, of (iii) dat het Bod is beëindigd doordat niet aan de Voorwaarden is voldaan en daarvan geen afstand is gedaan, in overeenstemming met artikel 9t, lid 4 van het Besluit toezicht effectenverkeer 1995.

Verlenging

De Bieder mag het Bod verlengen na de Sluitingsdatum, in welk geval alle verwijzingen in dit Biedingsbericht naar de "Sluitingsdatum" of "15:00 uur (Amsterdamse tijd), op 22 maart 2006", tenzij de context anders vereist, verplaatst zullen worden naar de laatste datum en tijd tot wanneer het Bod verlengd is. De bank of aandelenhandelaar zet mogelijk een eerdere eindtijd voor berichtgeving door de Aandeelhouders om de bank of aandelenhandelaar de mogelijkheid te geven de acceptaties tijdig door te geven aan de Exchange and Paying Agent.

Indien de Aanmeldingstermijn verlengd wordt, zodanig dat de verplichting zoals bedoeld in artikel 9t van het Besluit toezicht effectenverkeer 1995 om aan te kondigen of het Bod gestandgedaan wordt is uitgesteld, zal een openbare aankondiging daarvan gedaan moeten worden niet later dan de derde Euronext Handelsdag volgend op de eerste Sluitingsdatum, in overeenstemming met het bepaalde in artikel 9o, lid 5 van het Besluit toezicht effectenverkeer 1995. Zie ook paragraaf 6.6 "Extension".

Afwikkeling

In het geval dat de Bieder aankondigt dat het Bod gestand is gedaan, zullen de Aandeelhouders die hun Aandelen ter acceptatie conform het Bod hebben aangemeld en geleverd binnen vijf Euronext Handelsdagen na de Datum van Gestanddoening de Biedprijs ontvangen voor ieder Aandeel dat rechtsgeldig (of op ongeldige wijze, mits de Bieder de aanmelding daarvan desalniettemin heeft aanvaard) aangemeld is. Zie ook paragraaf 6.7 "Settlement".

19.11 De Bieder

Toeca Fashion Groep B.V. is een besloten vennootschap met beperkte aansprakelijkheid naar Nederlands recht, met statutaire zetel in Driebergen, opgericht op 6 januari 2006. De Bieder is een directe, 100% dochteronderneming van Toeca Fashion Holding B.V. De meerderheid van de aandelen in Toeca Fashion Holding wordt gehouden door persoonlijke houdstervennootschappen van de heer M.M.J.J. Boekhoorn, de heer M.J. Schothorst en de heer H.B. Kolff en de minderheid van de aandelen wordt gehouden door Stichting Administratiekantoor Toeca Fashion. Op de Betaaldag zal de meerderheid (ongeveer 94%) van de aandelen in Toeca Fashion Holding B.V. in gelijke delen worden gehouden door persoonlijke houdstervennootschappen van de heer M.M.J.J. Boekhoorn, de heer M.J. Schothorst en de heer H.B. Kolff. Alsdan zal de resterende minderheid van de aandelen (ongeveer 6%) door Stichting Administratiekantoor Toeca Fashion worden gehouden. Het bestuur van Stichting Administratiekantoor Toeca Fashion wordt gevormd door de heren Boekhoorn, Schothorst en Kolff. Aan een aantal 'key' werknemers van McGregor, waaronder de heer J.H. van Straaten (Chief Financial Officer van McGregor) en de heer C.G. Schimmel (Human Resources Director van McGregor), zal, in hun hoedanigheid als 'key' medewerker van McGregor, certificaten van aandelen in Toeca Fashion Holding worden uitgegeven door Stichting Administratiekantoor Toeca Fashion. Zie ook paragraaf 13 "Information regarding the Offeror".

19.12 Liquiditeit en einde beursnotering

De aankoop van Aandelen door de Bieder conform het Bod zal onder andere het aantal Aandeelhouders verminderen, alsmede het aantal Aandelen dat anders openbaar verhandeld zou worden. Dit zou de liquiditeit en de marktwaarde van de resterende Aandelen die niet aangemeld zijn negatief kunnen beïnvloeden.

Mocht het Bod gestandgedaan worden, dan is de Bieder voornemens om McGregor's beursnotering zo spoedig mogelijk te beëindigen en, in voorkomend geval, zullen de Bieder en McGregor overleggen met Euronext Amsterdam N.V. met betrekking tot een dergelijk beëindiging van de beursnotering. Dit zou het negatieve effect op de liquiditeit van de nog niet aangemelde Aandelen bevorderen. Daarnaast is het mogelijk dat de Bieder één of meerdere van de procedures initieert zoals hieronder beschreven in de paragraaf "Juridische structuur van McGregor na het Bod", waaronder procedures die zouden leiden tot beëindiging van de notering van de Aandelen (inclusief niet aangemelde Aandelen).

19.13 Juridische structuur van McGregor na het Bod

De Bieder behoudt zich het recht voor om alle wettelijk toegestane mogelijkheden te benutten om 100% van de Aandelen te verkrijgen. Hiertoe zal de Bieder overwegen, onder andere afhankelijk van het aantal Aandelen dat de Bieder verkrijgt als gevolg van het Bod, om na de Betaaldag een uitkoopprocedure te starten overeenkomstig artikel 2:92a van het Burgerlijk Wetboek. De Bieder zal

ook overwegen een juridische fusie tot stand te brengen in overeenstemming met de artikelen 2:309 en 2:334 van het Burgerlijk Wetboek, tussen McGregor en de Bieder of een groepsvennootschap van de Bieder (in geval van een zogenaamde driehoeksfusie als gevolg waarvan de aandeelhouders van de verdwijnende entiteit aandeelhouder zouden worden van een groepsvennootschap van de verdwijnende vennootschap) met McGregor als verdwijnende entiteit en de Bieder, of een groepsvennootschap van de Bieder respectievelijk, als overblijvende entiteit. Ook behouden de Bieder en McGregor zich het recht voor dat de Bieder haar activa inbrengt in McGregor tegen uitgifte van aandelen in het vermogen van McGregor, terwijl tegelijkertijd het voorkeursrecht van andere Aandeelhouders mag worden uitgesloten, of dat eerst alle of vrijwel alle activa van McGregor, direct of indirect volgend op een overdracht van die activa aan een dochtervennootschap van McGregor, al dan niet gevolgd door een uitkering van de opbrengsten aan de Aandeelhouders, in overeenstemming met de Nederlandse wetgeving en met de alsdan van kracht zijnde statuten van McGregor.

Op enig moment nadat het Bod gestand is gedaan, zou het besloten kunnen worden dat McGregor wordt omgezet in een besloten vennootschap met beperkte aansprakelijkheid. Tegelijkertijd met een omzetting van McGregor in een besloten vennootschap met beperkte aansprakelijkheid zou de grootaandeelhouder van McGregor verdere aanpassingen in de statuten van McGregor kunnen doorvoeren, zoals de afschaffing van de Raad van Commissarissen.

In het geval dat de Bieder 95% of meer van McGregor's uitstaande aandelenkapitaal heeft verkregen na de Betaaldag, zou de Bieder zo snel mogelijk een uitkoopprocedure kunnen starten met als doel de resterende Aandelen die niet zijn aangemeld en niet in bezit van de Bieder of McGregor zijn, te bemachtigen.

In het geval dat de Bieder het Bod gestand heeft gedaan en niet 95% of meer van McGregor's uitstaande aandelenkapitaal heeft verkregen na de Betaaldag, zodat het niet toegestaan is om een uitkoopprocedure te starten, zoals bedoeld in artikel 2:92a van het Burgerlijk Wetboek, zou de Bieder kort daarna, afhankelijk van goedkeuring van de Raad van Commissarissen, welke in meerderheid bestaat uit onafhankelijke leden, door middel van besluit van de Algemene Vergadering van Aandeelhouders, genomen bij absolute meerderheid, kunnen besluiten tot een juridische fusie tussen de Bieder of een 100% groepsvennootschap van de Bieder en McGregor, waarbij McGregor de verdwijnende entiteit is.

In het geval een juridische fusie tot stand wordt gebracht, zullen de Aandeelhouders die niet hun Aandelen onder het Bod hebben aangemeld, aandeelhouders worden van de overblijvende entiteit, tezamen met de bestaande aandeelhouders van de overblijvende entiteit, danwel (ingeval van een driehoeksfusie) aandeelhouders van de groepsvennootschap. (Hierna, indien wordt verwezen naar de "overblijvende entiteit" zal dit mede geacht worden te omvatten het scenario waarbij een groepsvennootschap van de Bieder aandelen uitgeeft aan de Aandeelhouders in geval van een driehoeksfusie). Als, na het voltooien van een juridische fusie, de grootaandeelhouder van de overblijvende entiteit meer dan 95% van het kapitaal van de overblijvende entiteit, dan kan een dergelijke grootaandeelhouder een uitkoopprocedure starten overeenkomstig artikel 2:92a Burgerlijk Wetboek met betrekking tot de aandelen in de overblijvende entiteit die de grootaandeelhouder niet houdt.

De gewone aandelen die van rechtswege worden toegekend door de overblijvende entiteit onder de juridische fusie aan de Aandeelhouders die hun Aandelen niet hebben gemeld onder het Bod, zullen dezelfde economische en financiële rechten hebben als de gewone aandelen die zullen worden gehouden door de grootaandeelhouder. Daarnaast is het mogelijk dat de Aandeelhouders die hun Aandelen niet onder het Bod hebben aangemeld, van rechtswege conform de juridische fusie, preferente aandelen of een andere klasse aandelen in het kapitaal van de overblijvende entiteit zullen ontvangen ter compensatie voor het verschil tussen de waarde van de Aandelen vóór de juridische fusie, gebaseerd op de Biedprijs, en de waarde van hun gewone aandelen na de juridische fusie. Een Aandeelhouder die geen aandelen in de overblijvende entiteit zal ontvangen voor zijn Aandelen als gevolg van de ruilverhouding, zal een compensatie in contanten ontvangen, overeenkomstig artikel 2:325 Burgerlijk Wetboek. Dergelijke contante compensaties zullen tezamen niet meer dan één tiende van de nominale waarde van de uitgegeven aandelen als een gevolg van de juridische fusie vertegenwoordigen.

De statuten van de overblijvende entiteit zullen bepalen dat zijn algemene vergadering van aandeelhouders bij absolute meerderheid kan besluiten (op voorstel van de raad van bestuur) tot afschaffing van iedere separate klasse aandelen, indien dit geëigend is. Het ligt in de lijn der

verwachting dat na een juridische fusie, de huidige uiteindelijke aandeelhouders van de Bieder de meerderheid van de stemmen in de algemene vergadering van aandeelhouders van de overblijvende entiteit zouden hebben, en daarom in staat zullen zijn om de afschaffing van dergelijke separate klassen (preferente) aandelen door te voeren. Afschaffing van deze aandelen zal plaatsvinden overeenkomstig artikel 2:208 Burgerlijk Wetboek.

Gedurende een periode van zes maanden nadat de juridische fusie tot stand is gebracht, zullen de Aandeelhouders die aandeelhouder zijn geworden in de overblijvende entiteit als het gevolg van de juridische fusie het recht hebben om hun gewone aandelen en preferente aandelen of andere als gevolg van de juridische fusie toegewezen klasse aandelen te verkopen en te leveren aan de grootaandeelhouder van de overblijvende entiteit, waarbij de grootaandeelhouder van de overblijvende entiteit zich verplicht om deze aandelen binnen dezelfde periode van zes maanden te kopen indien deze aandeelhouders zouden besluiten over te gaan tot verkoop.

De prijs voor die aandelen zal, gedurende deze beperkte periode, zodanig vastgesteld worden dat de waarde van de gewone aandelen uitgegeven aan een dergelijke Aandeelhouder identiek zal zijn aan de Biedprijs. Aandeelhouders die gedurende die zes maanden verzoeken om een onafhankelijke waardering van hun aandelen zullen het recht behouden hun aandelen in de overblijvende entiteit aan te bieden conform de op dat moment van toepassing zijnde statuten van de overblijvende entiteit, maar zullen het recht verliezen om van de grootaandeelhouder van de overblijvende entiteit te eisen om die aandelen te kopen.

In het geval van een juridische fusie zal een onafhankelijke accountant worden verzocht om de voorgestelde juridische fusie te onderzoeken en om verklaren dat in zijn optiek de voorgestelde ruilverhouding voor de Aandelen redelijk is. Een dergelijke accountant zal worden aangewezen door de Raad van Commissarissen welke voor de meerderheid bestaat uit onafhankelijke leden.

Ten slotte behoudt de Bieder zich het recht voor om voorstellen aan de Aandeelhouders voor te leggen teneinde de bedrijfsstructuur en de kapitaalstructuur van McGregor aan te passen en/of teneinde een optimale financiële of andere structuur te bereiken, waaronder aanpassingen in de statuten van McGregor, een ontbinding en liquidatie, een splitsing overeenkomstig artikel 2:334a van het Burgerlijk Wetboek of, zoals hierboven reeds beschreven, een verkoop van alle of vrijwel alle activa van McGregor, al dan niet gevolgd door een uitkering van opbrengsten aan de Aandeelhouders, in overeenstemming met de Nederlandse wetgeving en de statuten van McGregor. Een dergelijke uitkering zou kunnen plaatsvinden in de vorm van een uitkering van reserves, een interim dividend, een dividend, of, in geval de Vennootschap ook wordt ontbonden en geliquideerd, een liquidatie uitkering. De "corporate governance" regels die van toepassing zijn op McGregor op de publicatiedatum van dit Biedingsbericht zouden gewijzigd kunnen worden in verband met (de consequenties van) het Bod. Dit zou gedaan worden om de bedrijfsstructuur van McGregor in lijn te brengen met de nieuwe holding en financingsstructuur van de groep, die van kracht zullen worden zodra het Bod gestand wordt gedaan.

Zie ook paragraaf 7.6 "Future legal structure".

19.14 Dividendbeleid

De Bieder verwacht McGregor's dividendbeleid ingrijpend te wijzigen indien het Bod gestand wordt gedaan. De Aandeelhouders dienen zich ervan bewust zijn dat McGregor in de toekomst mogelijk geen dividend (in contanten) zal uitbetalen aan haar Aandeelhouders. De Biedprijs die voor ieder Aandeel wordt geboden is inclusief dividend over het Boekjaar 2005/2006.

19.15 Organisatorische en maatschappelijke consequenties

Het Bod als zodanig heeft naar verwachting geen voorziene, negatieve consequenties voor de werkgelegenheid.

19.16 Toekomstige samenstelling Raad van Commissarissen

Indien ten minste 95% van de Aandelen onder het Bod worden aangemeld, zullen de huidige leden van de Raad van Commissarissen terugtreden.

19.17 Aankondigingen

Aankondigingen met betrekking tot de bovenstaande paragrafen zullen worden bekend gemaakt via persberichten en zullen, naar behoeven, worden gepubliceerd in ten minste Het Financieel Dagblad en de Officiële Prijscourant van Euronext Amsterdam N.V. Behoudens enige van toepassing zijnde

verplichtingen van Nederlandse openbare biedingsregels en zonder de Bieder te beperken in zijn keuze in de wijze waarop hij enige openbare aankondiging te doen, zal de Bieder geen verplichting hebben om enige openbare aankondiging te doen anders dan als hiervoor beschreven.

19.18 Voorgenomen tijdsplanning

Verwachte datum en tijd (CET)

Gebeurtenis

09:00 uur, 25 februari 2006	Publicatie van de aankondiging dat het Biedingsbericht beschikbaar is en het Bod, als bedoeld in artikel 90, lid 2 van het Besluit toezicht effectenverkeer 1995
09:00 uur, 27 februari 2006	Aanvang van de Aanmeldingstermijn van het Bod
09:00 uur, 10 maart 2006	Publicatie van de niet door de accountant gecontroleerde financiële jaarcijfers van McGregor met betrekking tot Boekjaar 2005/2006
10:30 uur, 14 maart 2006	Buitengewone Algemene Vergadering van Aandeelhouders, tijdens welke vergadering onder andere het Bod zal worden besproken, in overeenstemming met artikel 90, lid 1 van het Besluit toezicht effectenverkeer 1995
09:00 uur, 20 maart 2006	Publicatie van een herziening van de niet door de accountant gecontroleerde financiële jaarcijfers van McGregor met betrekking tot Boekjaar 2005/2006
15:00 uur, 22 maart 2006, behoudens verlenging	<i>Sluitingsdatum</i> Sluitingsdatum voor Aandeelhouders die hun Aandelen willen aanmelden
Niet later dan vijf Euronext Handelsdagen na de Sluitingsdatum	<i>Datum van Gestanddoening</i> De datum waarop de Bieder openbaar zal aankondigen of het Bod gestand wordt gedaan, zijnde niet later dan vijf Euronext Handelsdagen na de Sluitingsdatum, in overeenstemming met artikel 91, lid 4 van het Besluit toezicht effectenverkeer 1995
Niet later dan vijf Euronext Handelsdagen na de Datum van Gestanddoening	<i>Betaaldag</i> De dag waarop, in overeenstemming met de bepalingen en voorwaarden van het Bod, de Bieder de Biedprijs zal betalen aan de aandeelhouders die rechtsgeldig (of op ongeldige wijze, mits de Bieder de aanmelding daarvan desalniettemin heeft aanvaard) hun Aandelen hebben aangemeld en geleverd ten tijde van het Bod, zijnde niet later dan de vijfde Euronext Handelsdag na de Datum van Gestanddoening, behoudens gestanddoening van het Bod
09:00 uur, 13 april 2006	Publicatie van de door accountants gecontroleerde, geconsolideerde financiële informatie van McGregor met betrekking tot het Boekjaar 2005/2006