

**FORM 51-102F3**  
**MATERIAL CHANGE REPORT**

**Item 1 Name and Address of Corporation**

Groupe Bikini Village inc. (the “**Corporation**”)  
2101-A Nobel Street  
Ste-Julie, Québec J3E 1Z8

**Item 2 Date of Material Change**

May 13, 2014

**Item 3 News Release**

A news release with respect to the material change referred to in this report was disseminated on May 13, 2014 through Marketwired.

**Item 4 Summary of Material Change**

On May 13, 2014, the Corporation completed a \$2,000,000 private placement of unsecured debentures and share purchase warrants.

**Item 5 Full Description of Material Change**

**5.1 Full Description of Material Change**

The Corporation completed a private placement with certain shareholders (the “**Private Placement**”) of unsecured redeemable debentures for an aggregate principal amount of \$2,000,000 (the “**Debentures**”) and 1,600,000 share purchase warrants (“**Warrants**”). The Private Placement was completed for the purpose of providing the Corporation with funds necessary to complete the reimbursement of demand notes issued on March 1, 2014 for an aggregate amount of \$500,000, as additional working capital and to continue to finance its store renovation program.

The Debentures will mature 18 months after their issuance (the “**Maturity**”). They will bear interest at an annual rate of 7%, which is payable in three installments, the first installment to be paid on February 1, 2015, the second installment to be paid on August 1, 2015 and the final installment to be paid, along with any outstanding principal, at Maturity. The Debentures are convertible into common shares of the Corporation (“**Shares**”), at their holders’ option, if the Corporation defaults on the Debentures. In such circumstances, the Debentures will be convertible into Shares at a price equal to the volume weighted average price of the five preceding trading days. The conversion of the Debentures is subject to the approval by the Toronto Stock Exchange (the “**TSX**”). In all cases, the Corporation has the option to redeem the Debentures, in whole or in part, before Maturity.

The Warrants will expire 18 months after their issuance. They may be exercised, in whole or in part, at any time until their expiry, at an exercise price of \$1.25 per Share. Proceeds from any exercised Warrants will be used to redeem any outstanding Debentures in accordance with their terms.

Takota Asset Management (“**Takota**”) (which currently has ownership or control of 329,687 Shares, representing 17.24% of all outstanding Shares) and Elmag Investments Inc. (“**Elmag**”) (which currently has ownership or control of 380,000 Shares, representing 19.87% of all outstanding Shares) (collectively, the “**Subscribers**”) subscribed to the Debentures in amounts of \$1,000,000 each, and received 800,000 Warrants. In connection with the Private Placement, the Subscribers are entitled to a commitment fee of up to \$50,000 each. It is not currently possible to determine the number of Shares into which the Debentures could be converted given the approval required by the TSX and future market price fluctuations. 1,912,230 Shares are currently issued and outstanding.

Please see attached news release for additional information.

## **5.2 Disclosure for Restructuring Transactions**

Not applicable.

### **Item 6 Reliance on Subsection 7.1(2) of National Instrument 51-102**

This report is not being filed on a confidential basis.

### **Item 7 Omitted Information**

None.

### **Item 8 Executive Officer**

For further information, please contact Ms. Chantal Létourneau, Interim President and Chief Executive Officer, Groupe Bikini Village Inc., (450) 449-1310 ext. 4335, cletourneau@bikinivillage.com.

### **Item 9 Date of Report**

May 14, 2014



**NEWS RELEASE**

TSX symbol: GBV

**GROUPE BIKINI VILLAGE INC. COMPLETES \$2,000,000 PRIVATE PLACEMENT OF UNSECURED DEBENTURES AND SHARE PURCHASE WARRANTS**

**Sainte-Julie, Quebec, May 13, 2014** – Groupe Bikini Village inc. (TSX: GBV) (“**Groupe Bikini Village**” or the “**Corporation**”) today announced the successful completion of a private placement with certain shareholders (the “**Private Placement**”) of unsecured redeemable debentures for an aggregate principal amount of \$2,000,000 (the “**Debentures**”) and 1,600,000 share purchase warrants (“**Warrants**”). The Private Placement was completed for the purposes of providing the Corporation with funds necessary to complete the reimbursement of demand notes issued on March 1, 2014 for an aggregate amount of \$500,000, as additional working capital and to continue to finance its store renovation program. The Private Placement was approved by the Toronto Stock Exchange (the “**TSX**”) and was completed upon the terms previously disclosed by the Corporation on May 1, 2014.

The Debentures will mature 18 months after their issuance (the “**Maturity**”). They will bear interest at an annual rate of 7%, which is payable in three installments, the first installment to be paid on February 1, 2015, the second installment to be paid on August 1, 2015 and the final installment to be paid, along with any outstanding principal, at Maturity. The Debentures are convertible into common shares of the Corporation (“**Shares**”), at their holders’ option, if the Corporation defaults on the Debentures. In such circumstances, the Debentures will be convertible into Shares at a price equal to the volume weighted average price of the five preceding trading days, which may be a more advantageous price than the current market price. The conversion of the Debentures is subject to the approval by the TSX. In all cases, the Corporation has the option to redeem the Debentures, in whole or in part, before Maturity.

The Warrants will expire 18 months after their issuance. They may be exercised, in whole or in part, at any time until their expiry, at an exercise price of \$1.25 per Share. Proceeds from any exercised Warrants will be used to redeem any outstanding Debentures in accordance with their terms.

Takota Asset Management (“**Takota**”) (which currently has ownership or control of 329,687 Shares, representing 17.24% of all outstanding Shares) and Elmag Investments Inc. (“**Elmag**”) (which currently has ownership or control of 380,000 Shares, representing 19.87% of all outstanding Shares) (collectively, the “**Subscribers**”) subscribed to the Debentures in amounts of \$1,000,000 each, and each received 800,000 Warrants. In connection with the Private Placement, the Subscribers are entitled to a commitment fee of up to \$50,000 each. It is not currently possible to determine the number of Shares into which the Debentures could be converted given the approval required by the TSX and future market price fluctuations. 1,912,230 Shares are currently issued and outstanding.

A copy of the Subscribers’ reports under *National Instrument 62-103 - The Early Warning System and Related Take-Over Bid and Insider Reporting Issues* will be available on SEDAR at [www.sedar.com](http://www.sedar.com) or by contacting Ms. Chantal Létourneau, Interim President and Chief Executive Officer at (450) 449-1310. The Subscribers have purchased the Debentures solely for investment purposes. The Private Placement is exempt from prospectus requirements under section 2.10 of NI 45-106 and from valuation and minority shareholder approval under Section 5.5(g) of *Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions*. The Corporation did not file a material change report less than 21 days before the closing of the Private Placement given its purpose.

Groupe Bikini Village inc.'s shareholder reports and other information of interest to investors, are available on SEDAR at [www.sedar.com](http://www.sedar.com), and on the Corporation's website at [www.bikinivillage.com](http://www.bikinivillage.com).

The issuance of this news release is not an admission that an entity named in this news release owns or controls any described securities or is a joint actor with another named entity.

"Group Bikini Village would like to take this opportunity to once again thank our shareholders for their continued support of the Corporation," said Chantal Letourneau, Interim President and Chief Executive Officer.

### **About Groupe Bikini Village**

Groupe Bikini Village inc., serving Canadians for more than a quarter-century, is a leader in the retail sale of beachwear products, with a network of boutiques across Eastern Canada. In its bright and inviting stores with comfortable change rooms and knowledgeable staff, Groupe Bikini Village helps its customers choose from among Canada's widest selection of swimsuits, beach and cruise wear and accessories, in the most popular brands the industry has to offer and in styles to suit every figure. Headquartered in Sainte-Julie, Quebec, Groupe Bikini Village operates 54 stores and employs approximately 425 people; its securities trade on the Toronto Stock Exchange under the stock symbol GBV. For more information about Groupe Bikini Village, please visit our website at [www.bikinivillage.com](http://www.bikinivillage.com).

### **Forward-looking statements**

This news release contains certain forward-looking statements concerning Groupe Bikini Village inc.'s future operations, economic performance, financial conditions and financing plans. These statements are based on certain assumptions and analyses made by management in light of their experience and their perception of historical trends, current conditions and expected future developments, as well as other factors they believe are appropriate under the circumstances. However, whether actual results and developments will conform to management's expectations and predictions is subject to a number of risks, uncertainties and assumptions. Consequently, all of the forward-looking statements made in this news release are qualified by these cautionary statements, and there can be no assurance that the results or developments anticipated by management will be realized or, even if substantially realized, that they will have the expected consequences or effects on the Corporation. Management undertakes no obligation and does not intend to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise, except as may be required under applicable law.

**The addresses of the Subscribers are the following:** (i) Canaccord In trust for Takota Asset Management, 609 Granville Street, 19th Floor, Vancouver, British Columbia V7H 1H2; and (ii) Investissements Elmag Inc., 3678 de la Montagne, Montreal, Quebec H3G 2A8.

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### ***For more information, please contact:***

Chantal Letourneau

Interim President and Chief Executive Officer

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