

THE QUEEN'S BENCH
Winnipeg Centre

IN THE MATTER OF: THE APPOINTMENT OF A RECEIVER
PURSUANT TO SECTION 243 OF THE
BANKRUPTCY AND INSOLVENCY ACT,
R.S.C., C.B-3, AS AMENDED, AND SECTION 55
OF THE COURT OF QUEEN'S BENCH ACT,
C.C.S.M., C. C280, AS AMENDED

BETWEEN:

WHITE OAK COMMERCIAL FINANCE, LLC,

Applicant,

- and -

NYGARD HOLDINGS (USA) LIMITED, NYGARD INC., FASHION
VENTURES, INC., NYGARD NY RETAIL, LLC., NYGARD ENTERPRISES
LTD., NYGARD PROPERTIES LTD., 4093879 CANADA LTD., 4093887
CANADA LTD., and NYGARD INTERNATIONAL PARTNERSHIP,

Respondents.

AFFIDAVIT OF GREG FENSKE

AFFIRMED this 20th day of October, 2020

LEVENE TADMAN GOLUB LAW CORPORATION

Barristers and Solicitors
700 - 330 St. Mary Avenue
Winnipeg, MB R3C 3Z5

WAYNE M. ONCHULENKO

Telephone No. (204) 957-6402
Fax No. (204) 957-1696
File No. 113885/WMO
QB BOX 105

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Respondents.

AFFIDAVIT OF GREG FENSKE

I, GREG FENSKE, of the City of Winnipeg, in the Province of
Manitoba, AFFIRM:

1. I was the Director of Systems for the Nygard Group of Companies
(and I am now a director of the Debtors) and as such have personal
knowledge of the facts and matters which are hereinafter deposed to
be me except where same are stated to be based on information and
belief, and which I believe to be true.

2. The Winnipeg Industrial Real Estate Market has improved since May 2020. Attached hereto and marked as **Exhibit "A"** to this my Affidavit is a true copy of an Industrial Real Estate Market Report evidencing this improvement.
3. Attached hereto and marked as **Exhibit "B"** to this my Affidavit is a true copy of an email from Bryan Gelman relating to the financial status of NPL.
4. I make this Affidavit *bona fide*.

AFFIRMED before me at the)
City of Winnipeg, in the)
Province of Manitoba this 20th)
day of October 2020)
)
)



GREG FENSKE



A Notary Public in and for the
Province of Manitoba

WAYNE ONCHULENKO
Notary Public and
Practising Manitoba Lawyer
700 - 330 St. Mary Avenue
Winnipeg, MB R3C 3Z5

This is Exhibit "A" referred to in the
Affidavit of Greg Fenske
Affirmed before me at the City of
Winnipeg, this 20th day of October, 2020



A Notary Public in and for the
Province of Manitoba

WAYNE ONCHULENKO
Notary Public and
Practising Manitoba Lawyer
700 - 330 St. Mary Avenue
Winnipeg, MB R3C 3Z5

The following independent market analysis from CCRE brings to question the value of the conditional offer made in May - when the market was at an all-time recent low. Based on the data below it is clear that there is no urgency to sell and that NPL will achieve better value by allowing the Inkster property to appreciate.

WINNIPEG MANITOBA industrial market snapshot



Winnipeg Industrial Real Estate growth Q1 to Q3 2020

Winnipeg average price has increased from \$133.60/SqFt to \$136.30/SqFt an increase of \$2.70/SqFt or 2%.

Focusing on the Northwest - where Inkster building is located:

Rent Increase

There was an average rent increase from \$7.97/SqFt to \$8.12/SqFt for a \$.15 or 2% increase

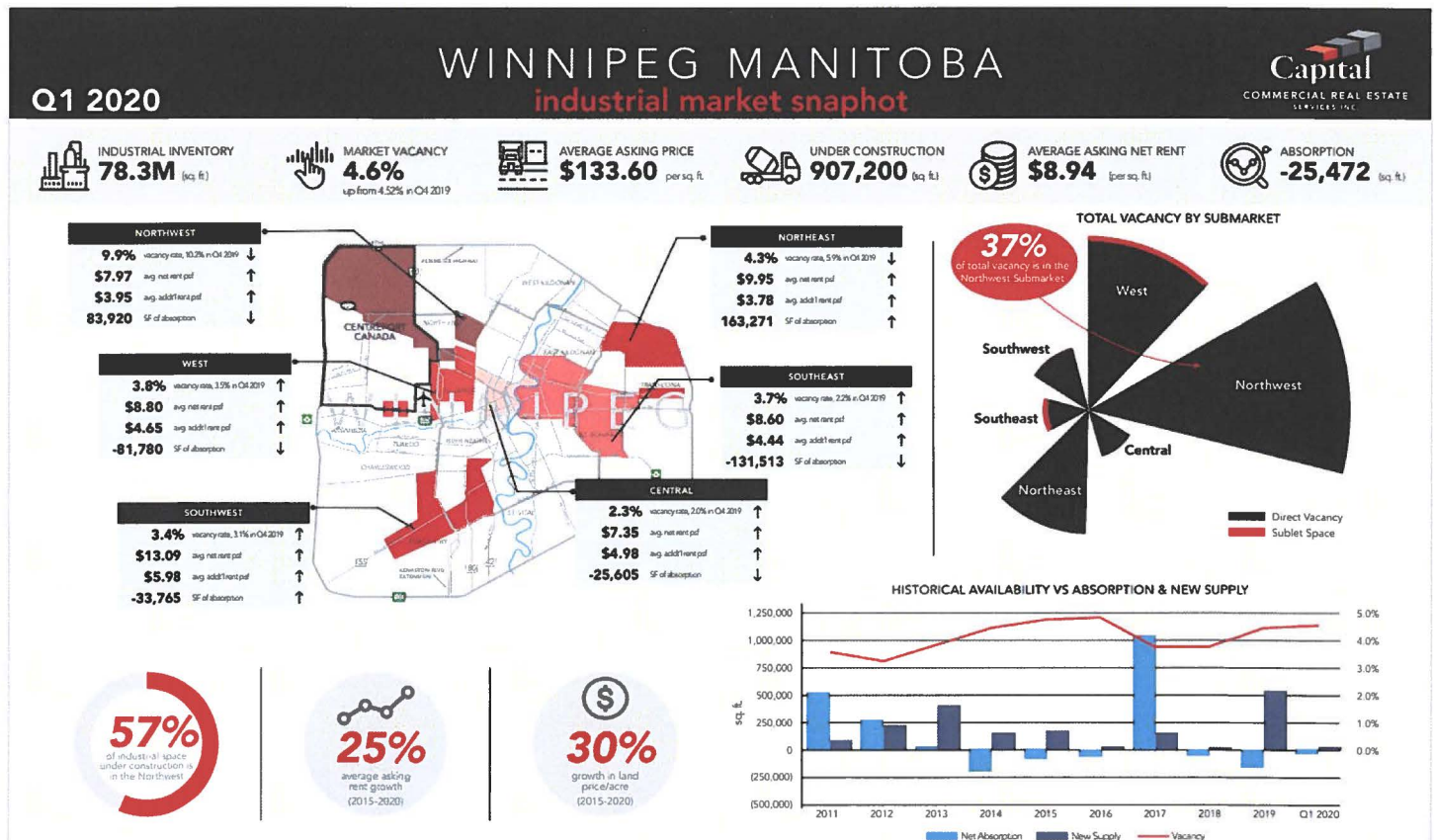
Absorption (Sales)

Market SF of absorption has grown from 83,920 SqFt in Q1 to 613,521 SqFt in Q3. This is an 8x or 800% increase in the rate of sale.

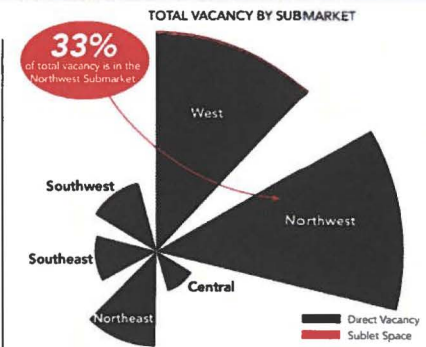
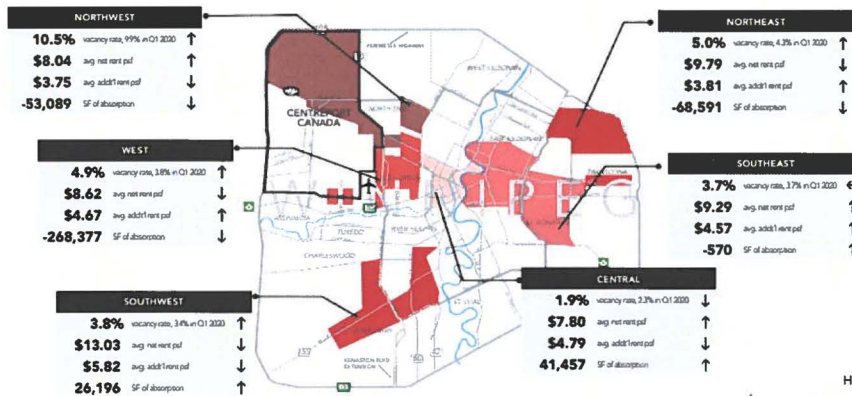
Q2 had an all time recent low absorption rate of -53,089 SqFt – meaning more space came on the market than was sold. However, there was a huge recovery from Q2 (May – when the Conditional Offer was received) to Q3 (end Sept) where 613,521/SqFt had been sold.

As illustrated by the **bar graph** below:

The Q2 absorption (sales) result was by far the worst performance of the decade with a negative 53k. The Q3 absorption was the second highest volume in the past decade.



Q2 2020

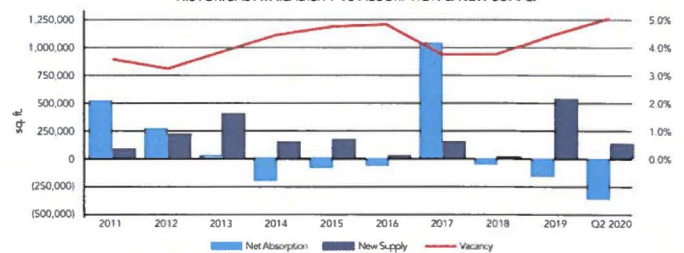
WINNIPEG MANITOBA
industrial market snapshotCapital
COMMERCIAL REAL ESTATE
SERVICES INC.INDUSTRIAL INVENTORY
78.5M (sq. ft.)MARKET VACANCY
5.1%
up from 4.6% in Q1 2020AVERAGE ASKING PRICE
\$138.18 per sq. ft.UNDER CONSTRUCTION
825,200 (sq. ft.)AVERAGE ASKING NET RENT
\$9.01 (per sq. ft.)ABSORPTION IN THE QUARTER
-322,974 (sq. ft.)

66%
of industrial space under construction is outside city limits

27%
average asking rent growth (2015-2020)

1M
sq. ft. of new industrial space is projected to be completed in 2020

HISTORICAL AVAILABILITY VS ABSORPTION & NEW SUPPLY



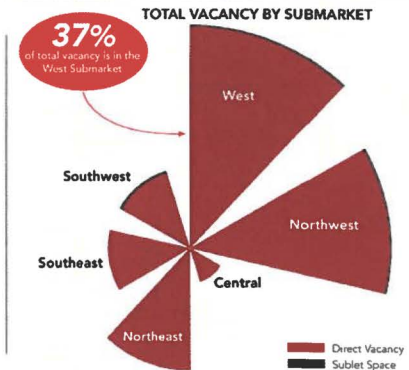
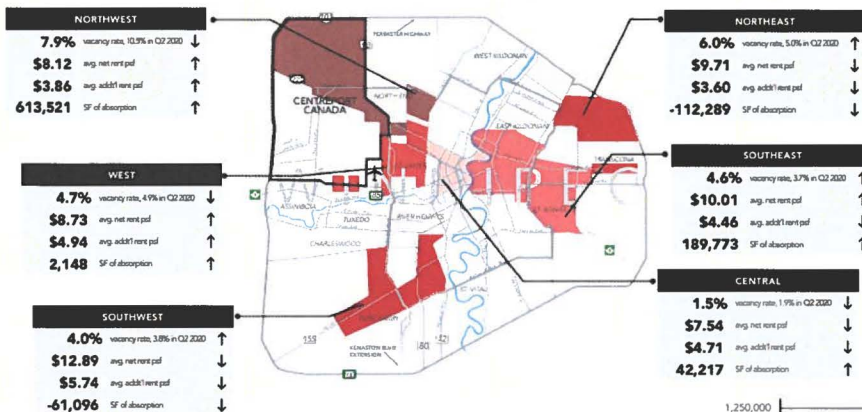
Capital Commercial Real Estate Services Inc. | 2-570 Portage Avenue, Winnipeg, Manitoba R3C 0G4 | (204) 943-5700 | capitalgrp.ca

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Get connected!



Q3 2020

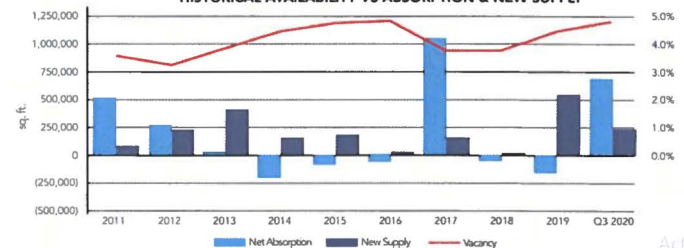
WINNIPEG MANITOBA
industrial market snapshotCapital
COMMERCIAL REAL ESTATE
SERVICES INC.INDUSTRIAL INVENTORY
79.1M (sq. ft.)MARKET VACANCY
4.8%
down from 5.1% in Q2 2020AVERAGE ASKING PRICE
\$136.30 per sq. ft.UNDER CONSTRUCTION
237,000 (sq. ft.)AVERAGE ASKING NET RENT
\$9.26 (per sq. ft.)ABSORPTION IN THE QUARTER
325,828 (sq. ft.)

39%
of industrial space under construction is outside city limits

30%
average asking rent growth (2015-2020)

1M+
sq. ft. of new industrial space is projected to be completed in 2020

HISTORICAL AVAILABILITY VS ABSORPTION & NEW SUPPLY



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This is Exhibit "B" referred to in the
Affidavit of Greg Fenske
Affirmed before me at the City of
Winnipeg, this 20th day of October, 2020



A Notary Public in and for the
Province of Manitoba

WAYNE ONCHULENKO
Notary Public and
Practising Manitoba Lawyer
700 - 330 St. Mary Avenue
Winnipeg, MB R3C 3Z5

Brittni Van Dasselaar

From: Leiba Feldman
Sent: October 20, 2020 11:53 AM
To: Brittni Van Dasselaar
Subject: Fwd: Nygard Properties Limited - Trial Balance as at October 3, 2020

From: Bryan Gelman <bghelman@albertghelman.com>

Sent: October 20, 2020 11:33 AM
To: Greg <Greg@elij.ca>
Cc: Wayne M. Onchulenko <WOnchulenko@ltglc.ca>
Subject: Nygard Properties Limited - Trial Balance as at October 3, 2020

Greg,

As requested the following is a summary of the material assets of Nygard Properties Limited ("NPL") of the October 3, 2020, based on a trial balance report produced by the Nygard Accounting staff and provided by the Receiver:

Assets:

- Due from Nygard Partnership International – book value at \$17,137,641
- Inventory (construction) – book value at \$8,690,211
- Land and Building - net book value of \$2,747,720. I have been advised by management of NPL has a net market value of greater than \$10,000,000
- Long term loans – book value of \$786,104
- Income tax refund – book value of \$798,516

Liabilities:

- Intercompany liabilities of \$370,239

Note that I have excluded (i) the intercompany receivable and investment in Nygard Business Consultancy (Shanghai) Co. Ltd. as I have been advised by management of NPL that they are not realizable; and (2) investment in 4093887 Canada Ltd., the corporate partner in Nygard International Partnership.

Bryan A. Gelman, CIRP, Licensed Insolvency Trustee

Managing Director



Albert Gelman Inc. | T: 416.504.1650 ext. 115 | E: bgelman@albertgelman.com | A: 100 Simcoe Street, Suite 125,
Toronto, ON, M5H 3G2

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