

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 11th day of March, 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

THE QUEEN'S BENCH
Winnipeg Centre

IN THE MATTER OF: THE APPOINTMENT OF A RECEIVER
PURSUANT TO SECTION 243 OF THE
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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 am the Director of Systems for the Nygard Group of Companies
(hereinafter "Nygard") 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. I have been directly involved with regard to the negotiation and litigation involving White Oak Commercial Finance, LLC (White Oak) and their partner Second Avenue Capital Partners (Second Avenue) and their professional advisory group Richter Advisory Group Inc. (Richter).
3. I have had an opportunity to review the Affidavit of Robert L. Dean affirmed March 9, 2020.
4. Nygard is a clothing designer, manufacturer, supplier and retailer with its head office located in Winnipeg, Manitoba. It has multiple product lines and fashion brands, including Peter Nygård Collections, Bianca Nygård, Nygård SLIMS, ALIA, ADX and TanJay. It employs approximately 1,450 people worldwide, operates 169 retail stores in North America and supplies other retailers such as Dillard's Inc., Costco Wholesale Canada Ltd. and Walmart Canada. The Nygård Group entities, either directly or through a series of holding companies, are 100% privately owned by Peter Nygård.

5. In response to paragraph 9 and 79 – 85, Nygard did appoint a reputable financial advisor, being Baker Tilly HMA LLP. Nygard advised White Oak of Baker Tilly's background and engagement details and I am unaware of any formal rejection of Baker Tilly by White Oak. The Farber Group has filed a Notice of Intention to file a proposal on Nygard's behalf.
6. In response to paragraph 9 through 11, Nygard did provide Richter with reasonable access in accordance with their requests and the loan documentation. By way of example, Nygard did not give Richter the requested contact list of its associates but did provide them with the payroll listing. Nygard did not provide Richter with the listing of the individual executives' salaries but did provide them with an aggregate total of the salaries. Nygard did advise Richter and White Oak that Peter Nygard does not draw a salary from Nygard.
7. In response to paragraphs 12 and 13, Peter Nygard has denied any wrongdoing.
8. Peter Nygard has announced his resignation as Director and Officer from Nygard.

9. In response to paragraphs 15 through 17, White Oak is over secured. They have a debenture against four properties, being 1 Niagara Street (Toronto), 1771 Inkster Boulevard (Winnipeg), 702 Broadway (Winnipeg) and 1300/1340 Notre Dame Avenue (Winnipeg). The appraisals for these properties, completed in 2018 for mortgage purposes, states the following values for the properties:

1 Niagara Street:	\$12,650,000.00
1300 Notre Dame Avenue	\$770,000.00
1340 Notre Dame Avenue	\$3,880,000.00
1771 Inkster Boulevard	\$8,435,000.00

The Notre Dame Property is considered to be one property. Nygard owns 702 Broadway, for which it does not have an appraisal. However, its assessed value with the City of Winnipeg is \$1,800,000.00. The total of the 2018 mortgage appraised value / assessed value of the buildings secured to White Oak is \$27,535,000.00.

Attached hereto and marked as **Exhibit "A"** to this my Affidavit is a true copy of the appraisal for 1 Niagara. Attached hereto and marked as **Exhibit "B"** to this my Affidavit is a true copy of the appraisal for

Notre Dame Avenue. Attached hereto and marked as **Exhibit "C"** to this my Affidavit is a true copy of the appraisal for Inkster. Attached hereto and marked as **Exhibit "D"** to this my Affidavit is the tax assessment of 702 Broadway.

10. On March 11, 2020, Nygard received an offer to purchase 1 Niagara Street for \$24,000,000.00 from New York Brand Studio Inc. in trust; pursuant to the Credit Agreement, Nygard requires White Oak's approval to accept said offer. Attached hereto and marked as **Exhibit "E"** to this my affidavit is a true copy of the said offer.
11. Nygard has a significant amount of inventory. There are documents to support said inventory:
 - a. The first document is a Tiger report that was most recently done in November 2019; this report speaks to the quality of the reporting of Nygard's inventory. By way of example, a company can inflate the true value of its inventory by leaving old inventory and calling it good inventory. This report suggests that Nygard's calculation of its inventory value is accurate. A true copy of the Tiger report is attached hereto and marked as **Exhibit "F"** to this my affidavit.

- b. Nygard has been providing weekly reports to White Oak on its current inventory and they have been accepting these reports. The most recent report, of which White Oak has a copy, shows Nygard's current inventory at \$67,000,000.00 at cost.
- 12. Approximately \$47,000,000.00 of Nygard's inventory is in warehouses operated by Nygard and \$20,000,000.00 of that inventory is in retail stores. The attached report at **Exhibit "G"** provides an aging of that inventory and detailed support documentation with respect to these calculations.
- 13. It is the position of Nygard, based on advice that it has received from its financial advisors, that a receiver would be value destructive to these assets as they would be sold in the ordinary course of a receiver as opposed to an orderly sale by Nygard who understands the business and the most logical purchasers.
- 14. In response to paragraphs 18 through 21, Nygard was in negotiations with the "Bassett Financial Corporation" referred to in paragraph 109 of Mr. Dean's Affidavit, but White Oak did not respond in a meaningful way to this proposal.

15. Nygard is currently in negotiations with Great American Capital, an alternative finance company and it is Nygard and Great American Capital's plan to complete financing by Friday March 20 to pay the loan owing to White Oak. Great American Capital has made an initial diligence request of Nygard and Nygard is preparing the requested documents for Great American Capital's review. Attached hereto and marked as **Exhibit "H"** is an email dated March 11, 2020 from Great American Capital with said request.
16. The financing from Great American Capital would both buy out White Oak and provide financing to run the company through a controlled liquidation of selected assets and a restructuring of the business under new ownership.
17. The cash which is currently being swept by White Oak must be made available to Nygard to be able to be used to run the business.
18. In response to paragraphs 22 and 23, Richter was restricted access for two days because Nygard was filing a Notice of Intention; access resumed on March 11, 2020.
19. In response to paragraph 24, I have reviewed the receipts from the Dillard store results and can report that there was, in fact, a 7%

increase in prior years sales, and that Dillard's had not initiated any significant reductions in the retail selling price of the Nygard inventory.

20. In response to paragraphs 26 through 41, it is accurate to describe Nygard as a North American company with a retail and wholesale business in Canada and a primarily wholesale business in the United States. As referred to previously, Nygard best knows its own business and to whom to sell its product and how to restructure its business.
21. Farber has filed a Notice of Intention pursuant to *The Bankruptcy and Insolvency Act* and will monitor the process to ensure the best value is obtained for both the primary creditor, the trade debtors, the employees and the ownership.
22. In response to paragraphs 42 through 57 and 74 – 78, Nygard acknowledges that White Oak and partners are the first ranking security lender with respect to the listed collateral. Nygard has been operating to date on this basis.
23. In response to paragraphs 58 through 65, Nygard acknowledges that White Oak sweeps the accounts to centralize the money deposited to Nygård. It is Nygards position that the filing of the NOI should return access to Nygard of the proceeds of its wholesale and retail sales.

24. In response to paragraphs 66 through 68, Nygard acknowledges that White Oak has registered their security interests.

25. In response to paragraphs 69 through 71, Nygard acknowledges that it has been given notice of default but it does not acknowledge that the default is of such a significant nature to trigger the ability for the creditor to make a demand for payment in full.

It is Nygard's position that it has operated the business in concurrence with the terms of the White Oak agreement but that White Oaks willful refusal to extend required funding since January 3rd has resulted in wholesale inventory receipts being unpaid and customer's and its own retail stores have suffered lost sales as a result of it. Despite numerous commitments from White Oaks to resolve this financing gap in an amicable and mutually satisfactory manner, White Oaks has not deviated from the strict calculations of available credit under the BBC weekly reporting.

26. In response to paragraphs 86 through 90, Mr. Nygård has publicly denied any wrongdoing.

27. In response to paragraph 91 - 95, Nygard acknowledges the interruption of the Dillards relationship as a result of the negative press.

Nygard is currently in active negotiations with Perry Ellis in a sale of inventory and services that would insure Dillard's can continue to serve its existing Nygard customers through a new product label. This process is encouraged by Dillard's as an effective solution for both them and Nygard International

28. In response to paragraph 93 Nygard asserts that there was never an intention to take any action that was outside of the Credit Agreement. Nygard's expectation was that it would work in conjunction with White Oak to minimize the disruption of business and the financial losses resulting from the interruption of the Dillard's supply.
29. Nygard strongly denies that White Oaks collateral is impaired. As stated in point 9 of this affidavit White Oak security is far in excess of the amount owed.
30. Pursuant to Court order, Nygard forwarded to counsel for White Oak confirmation of funds available to meet payroll via a cash injection.
31. Richter was permitted to enter the offices of Nygard on March 11, 2020.
32. Attached hereto and marked as **Exhibit "I"** to this my Affidavit is a true copy of an email from Abe Rubinfeld, general counsel for Nygard,

indicating that the contents of this affidavit is accurate to the best of his knowledge.

33. I make this Affidavit *bona fide*.

AFFIRMED before me at the)
City of Winnipeg, in the)
Province of Manitoba this 11TH)
day of March, 2020)

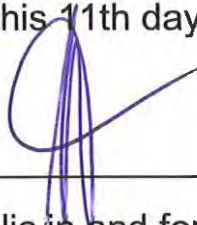


GREG FENSKE

A Barrister-at-Law 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 11th day of March, 2020



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



APPRAISAL OF REAL PROPERTY

1 Niagara Street
Toronto, ON

IN A NARRATIVE APPRAISAL REPORT
As of May 15, 2018

Prepared For:
Nygard International
1 Niagara Street,
Toronto, Ontario
M5V 1C2



Prepared By:
Cushman & Wakefield ULC
Valuation & Advisory
161 Bay Street, Suite 1500
P.O. Box 602
Toronto, ON M5J 2S1
C&W File ID: 18.900334
CONFIDENTIAL



Commercial Building
1 Niagara Street
Toronto, ON

Cushman & Wakefield ULC
161 Bay Street, Suite 1500
P.O. Box 602
Toronto, ON M5J 2S1
(416) 862 0611 Tel
(416) 359 2613 Fax
www.cushmanwakefield.com

May 15, 2018

Mr. Abe Rubinfeld
Nygard International
1 Niagara Street
Toronto, Ontario,
M5V 1C2

Re: Narrative Appraisal Report
1 Niagara Street
Toronto, Ontario

C&W File ID: 18-900334

Dear Mr. Rubinfeld:

Cushman & Wakefield ULC is pleased to transmit this Narrative Appraisal Report, estimating the market value of the above referenced subject property - 1 Niagara Street - located in the City of Toronto, based on its Highest and Best Use.

By agreement, this is a Narrative Appraisal Report, which contains all of the data, reasoning and analysis upon which our value conclusion is based. This document has been prepared in accordance with the Canadian Uniform Standards of Professional Appraisal Practice (The Standards) as adopted by the Appraisal Institute of Canada.

The purpose of this appraisal is to estimate the current market value of the subject property. It is our understanding that the intended use of the appraisal is for financing purposes. Nygard International may only rely upon the report. It is not to be referred to or quoted in any prospectus for the sale or exchange of securities, and may not be reproduced, in whole or in part, without our prior written agreement. It is subject to the Assumptions and Limiting Conditions contained in the Appendix, in addition to any in the report.

In addition, this Report or a reference to this Report may be included or quoted in any offering circular, registration statement, prospectus or sales brochure (either in electronic or hard copy format) in connection with a sale, securitization or syndication, or transaction involving such debt and or debt securities. This report has no other purpose and should not be relied upon by any other person or entity. This report may not be distributed to or relied upon by other persons or entities without written permission of the Appraiser.

MARKET VALUE

As a result of this analysis, the current market value of the leased fee interest - subject to existing leases - and subject to the assumptions, limiting conditions, certifications and definitions contained herein, as of May 15, 2018, is estimated as follows:

TWELVE MILLION SIX HUNDRED AND FIFTY THOUSAND DOLLARS

\$12,650,000

This estimate of market value is based on an exposure time of six (6) to twelve (12) months. This letter is invalid as an opinion of value if detached from the report, which contains the text, exhibits and Appendices.

Respectfully submitted,

CUSHMAN & WAKEFIELD ULC

Gary Williams, AACI, P. App
Executive Vice President
Valuation & Advisory
Gary.williams@cushwake.com
Phone Office Direct 416.359.2528



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INTRODUCTION

PURPOSE AND INTENDED USE OF THIS APPRAISAL

The purpose of this appraisal is to estimate the current market value of the subject property. It is our understanding that the intended use of the appraisal is for financing purposes. Nygard International may only rely upon this report.

PROPERTY IDENTIFICATION

The subject property is municipally addressed as 1 Niagara Street, Toronto, Ontario, and is legally described as Plan M1 Part Lot 18, Town of York in the City of Toronto.

EXTRAORDINARY ASSUMPTIONS

This appraisal does not employ any extraordinary assumptions.

HYPOTHETICAL CONDITIONS

This appraisal does not employ any hypothetical conditions.

ASSUMPTIONS AND LIMITING CONDITIONS

The report is subject to the Assumptions and Limiting Conditions contained in the Appendix, in addition to specific assumptions, which may be stated in the body of the report.

PROPERTY OWNERSHIP

According to our investigations, the current owner is Tan Jay International Ltd. (c/o Nygard International). To the best of our knowledge, no transfers involving the property have occurred in the past three years of the effective date of appraisal.

EFFECTIVE DATE OF APPRAISAL

The effective date of the appraisal is May 15, 2018.

PROPERTY RIGHTS APPRAISED

The legal interest appraised is the leased fee interest, subject to existing leases. Fee simple interest is defined as absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power and escheat.

SCOPE OF THE APPRAISAL

In forming our opinion as to the market value of the subject as of the valuation date, we have relied on information which is detailed in this report, to the extent deemed appropriate, and carried out the following specific functions:

- Made an interior and exterior inspection of the property that is the subject of this report on May 15, 2018;
- Considered information with respect to sales, listings and leases, at or about the valuation date, of properties considered similar to the subject, where we have significant knowledge of such sales, listings and leases to assess them as being relevant to our opinion, as set out herein. While we believe our review to be reasonably complete, we cannot warrant that we have:
 - i) Uncovered and assessed every real property transaction at or about the valuation date that might be said to bear on the determination of the market value of the subject, or
 - ii) fully discerned the motives behind the sales, listings and lease information considered in our analysis, such that our weighting of said information is without subjectivity;
- Reviewed land use regulations, in particular the Official Plan, as amended, and the Zoning By-Law, as amended, applicable to the subject;
- Examined the possibility of making any significant changes to the subject in terms of existing uses, land severance and/or additional development of the site;
- Reviewed available lease pertaining to the existing tenancy;
- Reviewed financial statements relating to the operation of the property;
- Ascertained the highest and best use of the property;
- Examined market conditions and analyzed their potential effect on the property; and
- Conducted discussions with both leasing and property management representatives regarding the operation and leasing of the subject.

DEFINITION OF MARKET VALUE

The Canadian Uniform Standards of Professional Appraisal Practice (The Standards) adopted by the Appraisal Institute of Canada define Market Value as:

“The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus.”

Implicit in this definition are the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised and acting in their own best interests;
- A reasonable time is allowed for exposure in the market;
- Payment is made in cash in Canadian dollars or in terms of financial arrangements comparable thereto; and
- The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

REASONABLE EXPOSURE TIME

Exposure time is always presumed to precede the effective date of the appraisal. It may be defined as:

“The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. It is a retrospective estimate based upon an analysis of past events assuming a competitive and open market.”

Based on discussions with various investors and real estate brokers familiar with assets such as the subject, and based on an analysis of comparable sales utilized in this valuation and an analysis of current listings, it is our estimate that the subject would require a six to twelve month exposure period.

PROPERTY DETAILS

SITE DESCRIPTION

<i>Location</i>	:	<p>1 Niagara Street is located at the southwest intersection of Niagara Street and Portland Street. The site is a short walk to the Financial Core and TTC subway system. The Gardiner Expressway and Lakeshore Boulevard are readily accessible being located to the south of the property.</p> <p>The subject property is located in the area west of the financial core of the City of Toronto, commonly known as the Downtown West sub market. In addition, the east side of Spadina Avenue is dotted with similar sized office buildings. The site has no parking lot, but a public lot is located across the property, on the east side of Portland Street.</p>
<i>Lot Details</i>	:	<p>Total Area : 0.18 acres</p>
<i>Easements and/or Rights of Way</i>	:	<p>The property is subject to a number of easements and rights-of-way relating to the usual provision of servicing by public utilities and/or access for persons and vehicles. We are not aware of any easements or rights-of-way that would have an adverse impact on the subject property; however, we have not carried out a title search of the subject property.</p>
<i>Topography</i>	:	<p>The site topography is generally level.</p>
<i>Sub Soil</i>	:	<p>No soil analysis has been made in conjunction with this report. Soil bearing and drainage qualities are assumed to be adequate for the existing structures and typical for the area.</p>
<i>Municipal Services</i>	:	<p>Full municipal services are available to the subject property.</p>
<i>Environmental Matters</i>	:	<p>Cushman & Wakefield ULC has no expertise or responsibility regarding environmental matters. It is recommended that, if it has not been done, a Phase One Environmental Study be undertaken.</p>

PHYSICAL IMPROVEMENTS

- General* : The site is improved with a freestanding five storey commercial building. 1 Niagara Street is improved with a “post and beam” structure with concrete block behind a glass façade. The interior features exposed brick walls, post and beams, wood floors and high ceilings. The total building area is estimated at 20,500 square feet.
- Construction* : The building is constructed of stone foundation walls, load-bearing brick walls at the exterior perimeter and a horizontal structure of wood joists supported by the masonry walls, wood and steel and exposed beams. The windows appear to be double pane across each elevation. Each elevation and roofs appear to be of steel joists. Vertical access through the building is also provided with two interior stairwells, and two exterior/emergency fire escapes.
- Accommodation* : Completely used as office space.
- Electrical* : The incoming electrical service is 800A@208V.
- HVAC* : Heating and air conditioning throughout the building is provided by rooftop HVAC units. There are supplemental electric baseboard heaters located on most floors and in the stairwells.

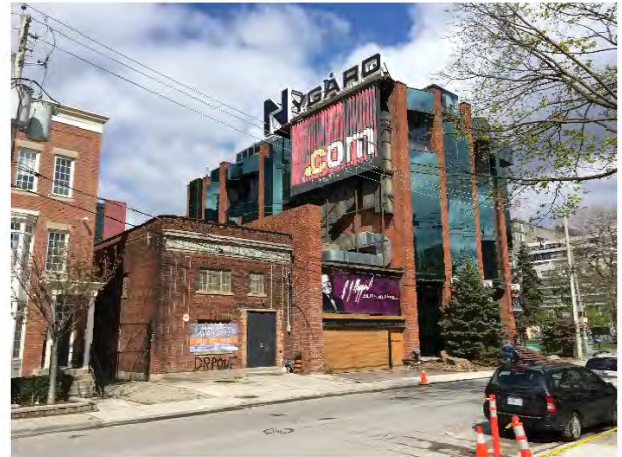
OVERALL CONDITION AND UTILITY

We have not carried out a structural audit of the building. We assume that the building is in good condition and there are no structural faults that might affect the value of the property. Wiring, plumbing and equipment have not been tested. They are assumed to be in satisfactory operating condition. Comments as to the condition and appearance of building result solely from our visual inspection. The subject building was completely renovated and retrofitted with modern and up to date standards/finishes. These factors contribute to the exceptional functionality and conveniences comparable to a modern office building. Overall, the subject appears to be in very good condition and well maintained. According to the property manager, there are no structural deficiencies at this time.

SUBJECT PROPERTY PHOTOGRAPHS



Intersection of Niagara St & Portland St



Frontage along Portland St



Frontage along Niagara St



Rooftop HVAC



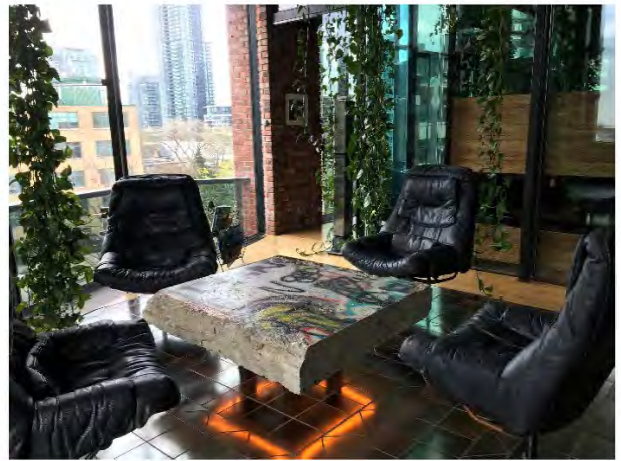
4 Car Garage



Rear Parking Lot



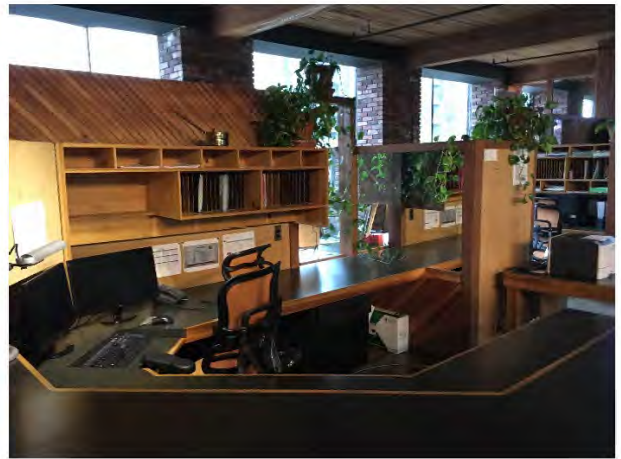
Event Space



Lounge Area



Gym



Office Area



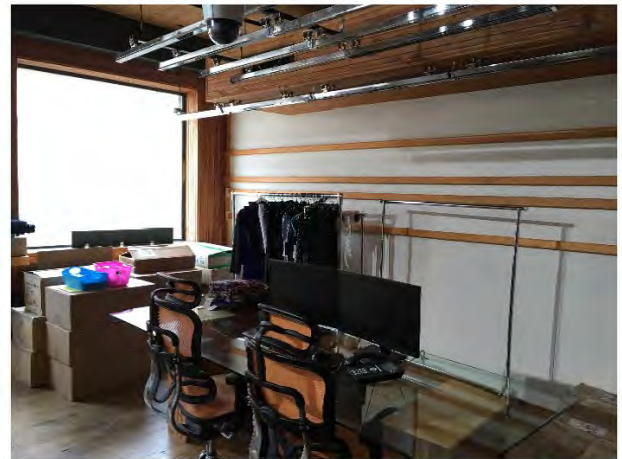
Showroom



Showroom



Function Space



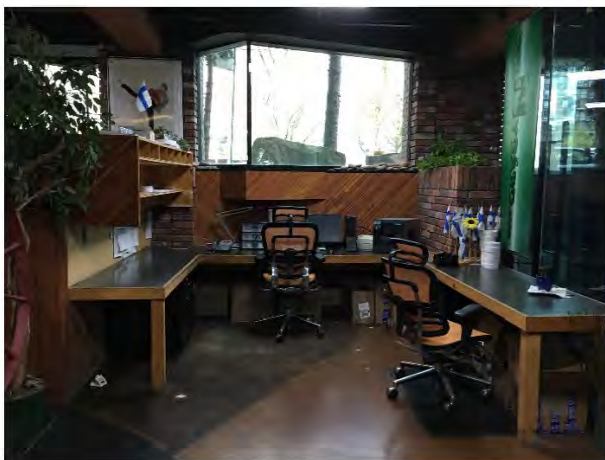
Teleconference Room



Elevator



Waterfall Installation

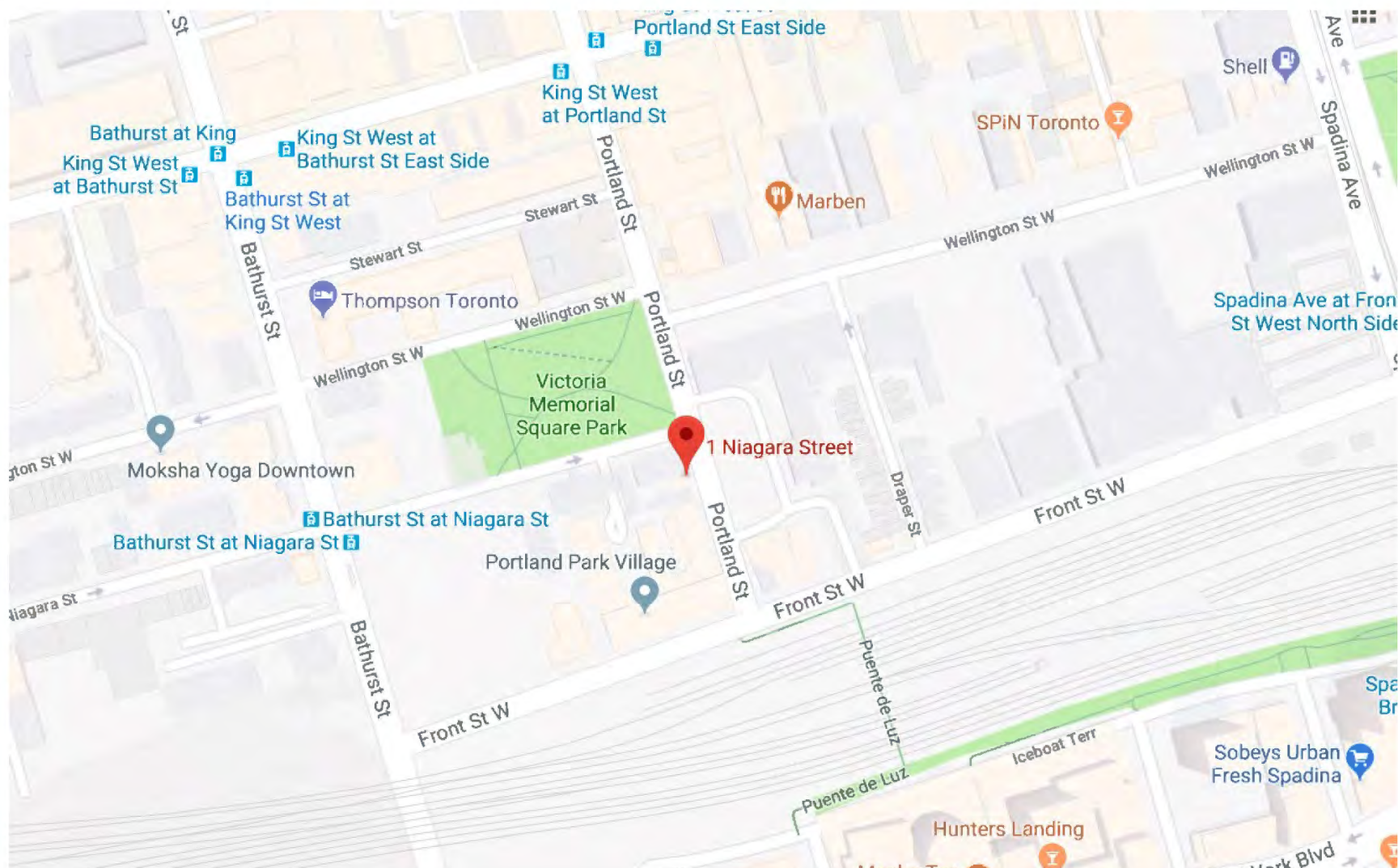


Basement Office Area



Basement Storage

LOCATION MAP OF SUBJECT



OFFICIAL PLAN

The Official Plan is a policy document that provides direction for planning activities. It is intended to co-ordinate the effects of change and future development in the best long-term interest of the municipality. It provides a framework for zoning and other local regulations.

The City of Toronto designates the subject Regeneration.

Regeneration Areas open up unique areas of the City to a wide array of uses to help attract investment, reuse buildings, encourage new construction and bring life to the streets. In regeneration Areas, commercial, residential live/work, institutional and light industrial uses can be mixed within the same block or even the same building.

These areas are key to the Plan's growth strategy, reintegrating areas of the City that are no longer in productive urban use due to shifts in the local or global economies.

ZONING

The Zoning By-law implements the Official Plan. It is a site-specific document that governs and controls the maximum height, density and form of development on any given site.

According to the City of Toronto Zoning Bylaw 438-86, the subject property is zoned RA (h). This is a reinvestment area holding zone classification which regulates maximum gross floor area through parking, setbacks and landscaping requirements. The Hold category entails that the lands cannot be used for the purposes permitted by the RA classification unless all conditions are fulfilled to allow development to proceed.

No density limits are established in an RA zone. The current height limit is 26 meters on development blocks. The RA zone permits a range of uses including industrial, light industrial, residential, non- residential, commercial, parks and institutional.

According to our investigations, the subject appears to be in conformity with the Zoning By-law and Official Plan. It is our understanding that the subject is a legal and permitted use.

CURRENT VALUE ASSESSMENT

The subject property is assessed for municipal taxation purposes as follows:

Roll No.:	19 04 041 340 06700
2017 CVA:	\$6,942,250

MARKET ANALYSIS

KEY INDICATORS

- Real GDP disappointed expectations in January, declining 0.1% on the month – the first negative growth recorded since August 2017. The reason for the soft start to 2018 was an unusual flat reading from the services sector, at the same time as a fall back in energy activity reduced goods output. Growth should rebound as energy activity regains its footing, and services resume their path of steady increases. However, the weak January figure means real GDP growth is likely to come in at only around 1.1% annualized in Q1, meaning average annual growth is likely to be 1.8% this year, compared to 2.0% in our March forecast.
- The data are likely to keep the Bank of Canada (BoC) on a path of gradual monetary policy tightening. The BoC kept its key overnight interest rate at 1.25% in March. The policy statement struck a cautious tone, saying that the economy is maintaining reasonable momentum, but that the trade and housing sectors merit continued attention. To us, the Bank of Canada looks to be priming markets for a continued gradual approach to policy tightening. We anticipate the next rate increase will come in July, and forecast a total of three rate hikes this year.
- Headline inflation rose at a 2.2% annual pace in March, while the Bank of Canada's preferred core inflation measures rose 2.0% on average last month. We think minimal excess economic slack will keep inflation close to the 2% target this year.
- The Bank of Canada's Spring 2018 Business Outlook Survey struck a generally positive tone. Business sentiment overall remains upbeat, with firms signaling they are generally optimistic on their sales prospects, and that they intend to continue hiring and increasing their investment spending – albeit businesses are concerned about the impact of rising US protectionism on their sales. Interestingly, the survey noted that the energy sector is the main area of the economy where there is still some slack.

Forecast for Canada						
(Annual percentage changes unless specified)						
	2016	2017	2018	2019	2020	2021
GDP	1.4	3.0	1.8	2.1	1.8	1.7
Private Consumption	2.3	3.4	2.4	1.9	1.8	1.7
Fixed Investment	-3.0	2.8	3.0	1.5	1.4	1.4
Stockbuilding (% of GDP)	0.1	0.7	0.2	0.1	0.0	0.0
Government Consumption	2.2	2.2	1.8	1.2	1.3	1.3
Exports of Goods and Services	1.0	1.0	2.3	4.2	3.5	2.9
Imports of Goods and Services	-1.0	3.6	2.8	2.5	2.5	2.5
Industrial Production	0.1	5.1	2.0	1.9	1.4	1.4
Consumer Prices	1.4	1.6	2.2	2.0	2.0	2.0
Current Balance (% of GDP)	-3.2	-3.0	-3.4	-2.8	-2.5	-2.2
Government Budget (% of GDP)	0.2	0.3	-0.6	-0.9	-1.0	-1.1
Short-Term Interest Rates (%)	0.83	1.10	1.76	2.32	2.94	3.11
Long-Term Interest Rates (%)	1.25	1.78	2.46	3.04	3.51	3.60
Exchange Rate (Per US\$)	1.33	1.30	1.29	1.28	1.27	1.26
Exchange Rate (Yen per Can \$)	82.0	86.4	84.3	88.5	90.2	90.8

FORECAST OVERVIEW

GROWTH DECELERATED, BUT STAYED SOLID

Canada was the envy of the other advanced economies in H1 2017, growing at a feverish 4% annualized pace – the fastest among the G7 economies. More recently, the pace of economic expansion has cooled, with real GDP slowing to an average 1.6% annualized growth in H2 2017. Slower gains in consumer spending were largely responsible for the slowdown in headline growth in the second half of the year, though activity in the rest of the economy remained resilient. This year, the economy is off to a tepid start, with real GDP falling 0.1% in January. We think the economy will expand at an average annual pace of around 1.8% in 2018, roughly in line with its underlying potential.

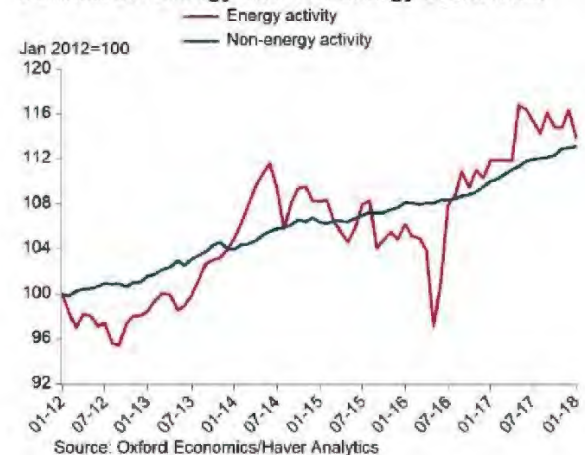
GROWTH DRIVERS WILL SHIFT IN 2018

The economy has eliminated much of the excess economic slack that developed in the wake of the plunge in oil prices that occurred in 2014 and 2015. Strong gains in consumer spending and, to a lesser extent, housing activity, helped mitigate the contraction in business investment that occurred as energy firms adjusted to the lower oil price environment. Looking ahead, we expect to see a gradual rotation in growth drivers away from a reliance on consumer spending and housing activity and towards stronger investment and exports. The energy sector has completed its adjustment to the new, lower oil price environment, while non-energy investment is slowly gaining momentum. Government infrastructure spending, meanwhile, is providing more discernible support to GDP growth. Export performance has been lackluster but we expect that solid external demand and a still fairly competitive currency will support exports in 2018.

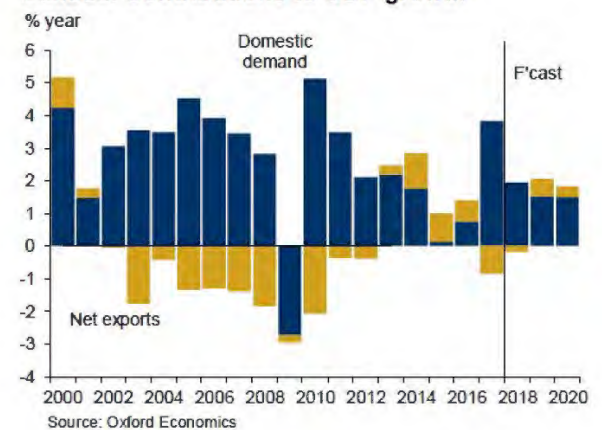
CONSUMERS WILL FACE HIGHER HURDLES

Canadian consumers have accounted for about three quarters of GDP growth since 2015. Meanwhile, income growth trends have generally not kept pace with the very strong desire among consumers to spend, leading to a drawdown in household savings. Looking ahead, lower household savings, coupled with rising interest rates, slower employment growth, and firmer inflation, will weigh on consumer spending in 2018.

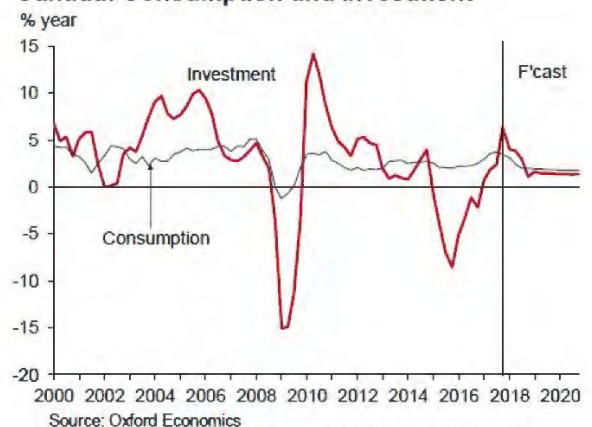
Canada: the energy and non-energy economies



Canada: Contributions to GDP growth



Canada: Consumption and Investment



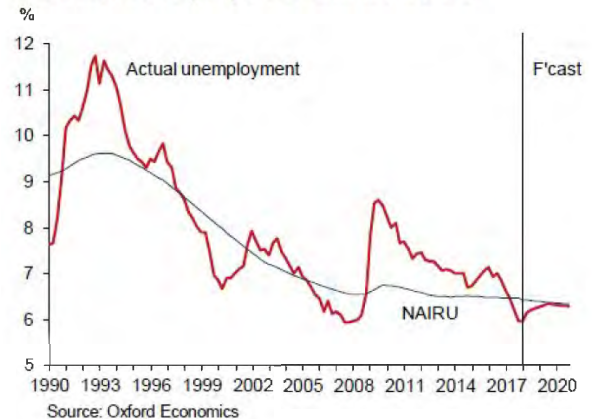
The Bank of Canada raised interest rates in January for the third time in the current hiking cycle, and we think it will continue raising rates in 2018, pushing up borrowing costs. On the labor market front, we expect jobs growth to gradually slow as the labor market approaches full employment, though stronger wage pressures will provide some offset for incomes. Meanwhile, with little excess labor slack remaining, CPI inflation is likely to stay around 2%, weighing on real disposable incomes.

Stock prices and home valuations remain elevated even after their recent dips, helping to partially offset these headwinds. Overall, we expect consumer spending growth to slow to around 2.4% on average in 2018, down from 3.4% in 2017.

Over the medium term, growth will be influenced by:

- **Persistent drag from high household debt:** over-indebtedness is an ongoing concern. We expect household debt to start falling only in the medium term. Even then, it will stay well above the level of many other developed economies. The deleveraging process will be protracted, and serve as a drag on consumer spending.
- **Housing activity will slow:** housing starts outperformed expectations in 2017, supported by strong economic activity and a growing population. We expect starts to lose some momentum in 2018, as reduced expectations for house prices and stricter regulation weigh on builder activity.
- **Better external backdrop:** global demand should strengthen steadily in 2018, with world trade weighted by Canadian export shares expected to grow a solid 5.1% per annum over the next two years. However, the Trump administration's protectionist agenda will remain a persistent trade risk.

Canada: Unemployment and the NAIRU



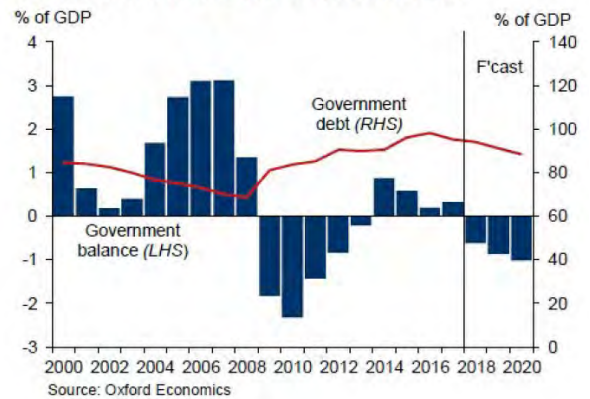
Canada & US: Manufacturing activity



KEY-LONG TERM ADVANTAGES

- **Energy sector opportunities:** Canada's vast energy reserves mean it will benefit from rising oil and gas output in the long term.
- **Healthy government finances:** the budget deficit is small, at around 1% of GDP. The Trudeau government is hiking spending to bolster the economy, but government debt as a percentage of GDP should still fall over time.
- **Growing labor supply:** although slowing, the working age population is expected to grow at a faster rate than in most other advanced economies, supporting long-term potential growth.

Canada: Government balance and debt



WHAT TO WATCH OUT FOR

- **US policy uncertainty:** Donald Trump's administration has injected a high degree of uncertainty surrounding the US economic outlook. In certain scenarios, Trump's policies could lead to weaker Canadian export growth – even if NAFTA remained intact.
- **High household indebtedness:** multiple household debt metrics, including debt-to-disposable income, are at historically high levels.
- **Excessively high house prices:** there are some signs that house prices pressures are softening in the Greater Toronto Area, while prices in Greater Vancouver are rising again. Overall, prices remain very high in both metro areas.
- **Oil prices:** a renewed and persistent decline in oil prices could slow activity in the resources sector, and hurt the growth outlook for the energy-intensive provinces.
- **Financial sector stability:** Canada's banking system remains largely stable and well-fortified, although the real estate sector and high household debt are risks.
- **Regional growth imbalances:** growth in Quebec, British Columbia, and Ontario, is expected to be solid, while the pace of activity in the energy-intensive provinces such as Alberta and Saskatchewan will slowly improve.
- **Higher interest rates:** sharply higher interest rates could threaten to choke off Canada's economic recovery.

Canada: House prices



BACKGROUND

ECONOMIC DEVELOPMENT

Canada is a market economy, where most decisions are taken by private individuals and firms. The economy is diversified, though huge deposits of tar sands give Canada the second largest reserves of oil in the world, and have increased the importance of the country's energy sector in recent years (however, the price of oil has to remain quite high to make such production economically viable). Although commodities and manufacturing account for relatively small shares of total output and employment, they account for over half of exports.

STRUCTURE OF THE ECONOMY

Canada has a reputation as a resource-based economy, but that is misleading. While it is certainly rich in resources, from energy commodities to lumber and minerals, the economy is actually service-based. About two-thirds of the nation's output originates in the services sector, and nearly three-quarters of workers are employed there. Key service sub-sectors include retail trade, business services (financial services, real estate and communications), education, and health services. The main manufacturing industry is motor vehicles and parts, which is centered in the province of Ontario. The manufacturing sector is responsible for less than 10% of total employment, while agriculture accounts for under 2%.

BALANCE OF PAYMENTS AND STRUCTURE OF TRADE

Trade is a very important sector of the economy – both imports and exports represent more than a third of GDP. About 75% of exports go to the US, and over 60% of imports originate there, so changing economic conditions in the US economy are critically important to Canada. Services are an increasingly important part of Canadian trade with foreign countries, stressing Canada's competitive advantage as a knowledge-based economy with a highly-skilled workforce.

POLICY

The Bank of Canada, the country's central bank, first implemented the policy of inflation targeting in 1991. The current inflation target is to keep inflation at a 2 percent rate, with a range of 1 to 3 percent, over the medium term. The Bank of Canada's Governing Council meets eight times a year with the goal of achieving this objective. The primary policy tool to achieve this objective is the target the central bank sets for the overnight interest rate, the interest rate financial institutions charge each other for overnight loans. The central bank's mandate is reviewed every five years in conjunction with the Federal Government. The government in power – with the Prime Minister at the helm – has control over the federal budget. Importantly, Canada's federal constitution allows the Provincial governments to pursue their own fiscal policy independent from policy set by Ottawa. This allows the Federal and Provincial governments to pursue fiscal policies pertinent to the desires of their constituencies.

SUMMARY

Politics

Head of state: Queen ELIZABETH II
 Head of government: Prime Minister Justin TRUDEAU
 Political system: Federal parliamentary democracy
 Date of next legislative election: 2019
 Currency: Canadian dollar (CAD), floating exchange rate

Long-term economic & social development

	1980	1990	2000	2016*
GDP per capita (US\$)	11135	21371	24124	42438
Inflation (%)	10.2	4.8	2.7	1.4
Population (mn)	24.54	27.69	30.65	36.21
Urban population (% of total)	75.7	76.6	79.5	82.0
Life expectancy (years)	75.1	77.4	78.0	82.1

Source : Oxford Economics & World Bank

Structure of GDP by output

	2016
Agriculture	1.6%
Industry	27.7%
Services	70.7%

Source : CIA World Fact Book

* 2016 or latest available year

Long-term sovereign credit ratings & outlook

	Foreign currency	Local currency
Fitch	AAA (Stable)	AAA (Stable)
Moody's	Aaa (Stable)	Aaa (Stable)
S&P	AAA (Stable)	AAA (Stable)

Structural economic indicators

	1990	1995	2000	2016*
Current account (US\$ billion)	-20.3	-5.2	18.5	-49.4
Trade balance (US\$ billion)	9.4	25.6	44.4	-19.6
FDI (US\$ billion)	2.4	-2.2	21.7	-36.2
Govt budget (% of GDP)	-4.1	-4.9	2.8	0.2
Govt debt (% of GDP)	73.2	102.4	84.6	98.3
Long-term interest rate	10.7	8.2	5.9	1.3

Oil production (000 bpd)	1215	1412	1547	2749
Oil consumption (000 bpd)	1722	1799	2008	2435

Source : Oxford Economics / World Bank / EIA

Destination of goods' exports 2017

United States	76.4%
European Union	7.3%
China	4.3%
Japan	2.2%
Other	9.8%

Source : IMF DOTS



Source : CIA Factbook

Location: Northern North America, bordering the North Atlantic Ocean on the east, North Pacific Ocean on the west, and the Arctic Ocean on the north, north of the conterminous US (CIA Factbook)

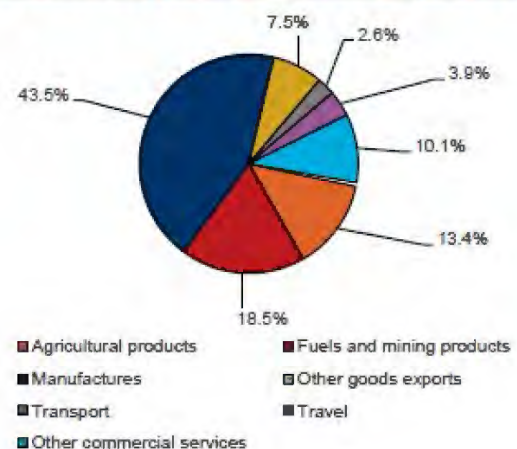
Corruption perceptions index 2017

	Score
Developed economies (average)	75.0
Emerging economies (average)	38.1
Canada	82.0

Source: Transparency International

Scoring system 100 = highly clean, 0 = highly corrupt

Composition of goods & services exports 2016



Source : WTO

PROVINCIAL AND METRO MARKETS ECONOMIC OVERVIEW

GROWTH TO VARY CONSIDERABLY AMID US TARIFF THREATS

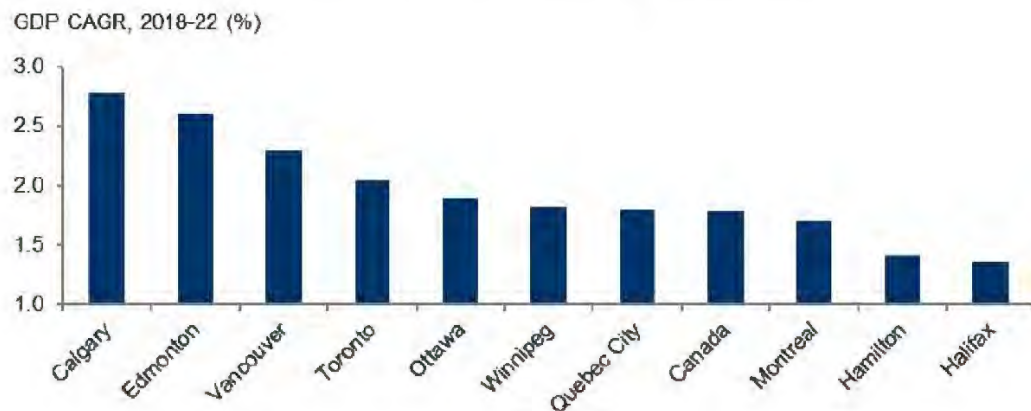
While the Canadian outlook remains steady, our most marked changes are upside revisions in Alberta. This reflects the country's most significant longer-term trend: the gap between slower-growth eastern cities and the more buoyant western region. We expect the drivers of growth to tilt away from consumption and residential investment, towards stronger business investment and exports. This will help the commodity-driven Prairies and blow a slight tailwind for durable goods producers in Ontario and Quebec.

Although growth in Alberta is improving, this does not imply economic conditions reminiscent of the 2010-14 cycle, when oil was over \$100/barrel. In the near-term, we do not expect oil prices to deviate significantly from their current level of \$60-\$70/barrel.

Despite our prediction of stronger exports, the risk of a failed NAFTA renegotiation is significant, and would especially harm Ontario and Quebec. Threats by the Trump administration to impose tariffs on Bombardier and steel exports are shots over the bow.

The impact of rising interest rates on mortgage servicing costs deserves close attention. Households in Toronto and Vancouver that borrowed aggressively to get a foot on the housing ladder are particularly vulnerable to increased costs when their mortgage deals are reset.

Economic growth is predicted to vary considerably across Canada



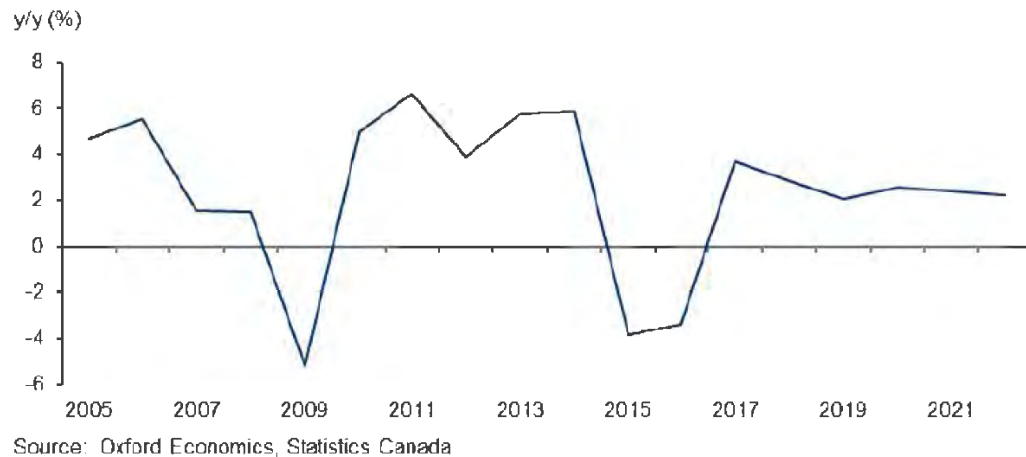
Source: Oxford Economics

ALBERTA BOUNCE BACK TO SPARK RISE IN URBAN POPULATIONS

Canada's most positive regional trend is the revival of growth in the Prairies. Having been one of the worst-performing economies in North America during 2015-16, Alberta's renewed growth is supported by greater business investment in the oil and gas sector. In Calgary, we anticipate growth will average nearly 3% annually over the next five years – more than any other large Canadian city. This is, however, still considerably less than in previous cycles (for example, 5.5% during 2010-14). We do not expect oil prices to break-away from their \$60-\$70/barrel level, and this will only support moderate levels of capital investment in the Albertan Oil Sands.

Improved business investment and growth will reverse Alberta's recent demographic trend. While 2016-17 saw a net annual outflow of 15,000 residents to other provinces, population growth should hit 2.4% and 2.1% annually in Calgary and Edmonton, respectively, through 2022, as the labor market rebounds. More households will then generate more demand for local services, perpetuating this virtuous cycle.

Alberta's GDP growth outlook



EXPORTS TO THE US TO GROW DESPITE THREATS TO KEY MANUFACTURING CITIES

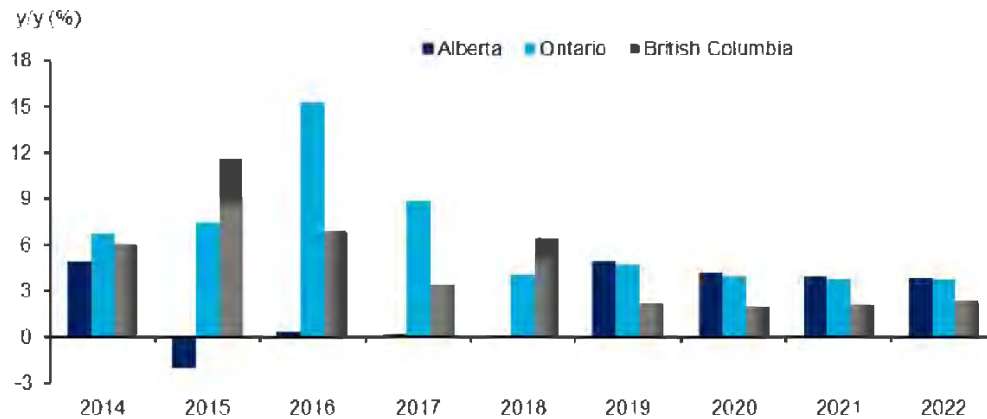
An improved US economy combined with a weaker Canadian dollar is expected to drive greater export growth, which should hit upward of 2.7% this year, and 4% in 2019. This is especially important for Quebec and Ontario, which are significant exporters of goods and services to the US. Manufacturing output in Montreal and Hamilton – focused on durables such as aerospace and steel, respectively – should grow by about 1% annually through 2019, following declines over the past two years. Both industries have been put in the spotlight by the Trump administration's proposed tariffs on Bombardier, and Hamilton narrowly missed the recent steel tariffs imposed on some US trade partners. Montreal's aerospace cluster has been damaged by Bombardier moving its production of US-bound C Series planes to an Airbus factory in Alabama. Manufacturing growth in metro Toronto and other Ontario cities is poised to slow regardless of protectionist policies, however, as North American auto sales cool.

HOMEOWNERS IN HIGH-COST CITIES RUN RISK OF RISING INTEREST RATES

Extremely high housing costs are encouraging some homebuyers – with the help of historically low interest rates – to borrow heavily. Research by the Bank of Canada shows that households with “non-traditional mortgages” (due to a purchase price of greater than \$1 million, poor credit history, or high debt-service ratios), which require a higher down-payment, are clustered in high-cost metros such as Toronto and Vancouver. The share of these loans with a loan-to-income ratio the Bank of Canada considers “high” (or greater than 450%) has risen to 31% in 2016 – an increase of eight percentage points from two years prior.

With around half of mortgages due to reset within the coming year, many households are predicted to grapple with higher costs. A spike in the base interest rate, or an increase in unemployment (possibly due to a disruption of the Canadian-US trade relationship), could seriously squeeze disposable incomes in high-cost cities. While this scenario is darker than our baseline view, we expect higher borrowing costs to soften house price inflation in Toronto and Vancouver, whereas prices could get a lift in the recovering Alberta market.

Outlook for house price appreciation



Source: Oxford Economics, CREA

Summary forecasts for Canada								
Annual % change	GDP				Total employment			
	2017	2018	2019	2018-22	2017	2018	2019	2018-22
Canada	3.0	2.0	1.8	1.8	1.9	0.9	0.3	0.6
West	3.4	2.4	2.1	2.2	2.1	0.8	0.4	0.8
Alberta	3.7	2.8	2.0	2.4	1.0	0.9	0.4	1.1
Calgary	3.7	3.0	2.5	2.8	3.3	0.8	0.7	1.3
Edmonton	2.9	3.0	2.3	2.6	-0.2	1.7	0.8	1.5
British Columbia	3.5	2.2	2.1	2.0	3.7	0.9	0.6	0.7
Vancouver	3.2	2.4	2.4	2.3	2.9	2.0	0.9	1.2
Manitoba	2.5	1.7	1.9	1.8	1.6	0.2	-0.4	0.3
Saskatchewan	2.0	2.2	2.2	1.9	-0.1	0.2	0.4	0.4
East	2.8	1.8	1.7	1.6	1.8	0.9	0.3	0.5
New Brunswick	1.5	0.7	0.9	0.9	0.4	-0.1	0.0	0.1
Newfoundland & Labrador	-2.0	0.2	1.6	0.8	-3.7	-0.8	-1.1	-0.6
Nova Scotia	1.6	0.6	0.8	0.8	0.7	0.2	-0.2	-0.1
Ontario	3.1	1.9	1.7	1.6	1.8	1.0	0.4	0.5
Toronto	3.6	2.3	2.1	2.0	1.9	1.9	0.8	1.1
Ottawa	1.8	2.3	2.0	1.9	0.9	0.0	0.6	0.5
Prince Edward Island	1.8	1.0	1.1	1.2	3.0	0.6	0.0	0.3
Quebec	2.7	1.8	1.7	1.6	2.2	1.1	0.4	0.5
Montreal	3.1	1.9	1.8	1.7	3.8	1.1	0.5	0.6
Annual % change	Office-based employment				Consumer spending			
	2017	2018	2019	2018-22	2017	2018	2019	2018-22
Canada	2.9	0.6	0.5	0.6	3.4	2.4	1.9	1.9
West	2.8	1.1	0.4	0.8	3.1	2.5	2.2	2.2
Alberta	1.8	2.4	0.4	1.3	2.3	2.5	2.2	2.4
Calgary	3.6	1.5	0.7	1.3	2.7	2.9	2.7	2.9
Edmonton	-3.1	-1.2	0.6	0.6	2.5	2.7	2.4	2.6
British Columbia	3.4	0.4	0.6	0.6	3.7	2.6	2.2	2.1
Vancouver	3.9	2.5	0.9	1.4	3.5	2.8	2.5	2.4
Manitoba	4.4	-0.3	-0.4	0.1	3.6	2.2	1.6	1.7
Saskatchewan	2.3	0.6	0.4	0.4	2.9	2.2	1.8	1.8
East	3.0	0.4	0.5	0.5	3.6	2.3	1.7	1.7
New Brunswick	0.2	-2.4	0.3	-0.2	2.5	1.4	0.8	0.9
Newfoundland & Labrador	-5.9	-1.5	-0.7	-0.4	1.6	1.1	-0.3	0.4
Nova Scotia	2.8	0.3	0.4	0.2	2.8	1.6	1.0	1.0
Ontario	2.5	-0.1	0.5	0.4	3.7	2.5	1.8	1.9
Toronto	1.3	1.2	0.9	1.0	4.1	3.0	2.3	2.4
Ottawa	6.1	-2.2	0.5	0.0	3.8	2.8	2.1	2.2
Prince Edward Island	-3.5	0.2	0.7	0.6	3.9	2.2	1.6	1.7
Quebec	4.6	1.8	0.7	0.8	3.7	2.2	1.7	1.6
Montreal	7.5	5.9	0.8	1.7	4.1	2.4	1.9	1.8

Source : Statistics Canada / Oxford Economics

TORONTO ECONOMIC OVERVIEW

Forecast for Toronto						
(Annual percentage changes unless specified)						
	2017	2018	2019	2020	2021	2018-22
GDP	3.6	2.3	2.1	2.1	1.9	2.0
Consumer spending	4.1	3.0	2.3	2.3	2.2	2.4
Employment	1.9	1.9	0.8	0.8	0.9	1.1
Unemployment rate, %	6.6	6.1	6.1	6.1	6.1	6.1
Population	2.0	1.8	1.5	1.5	1.4	1.5

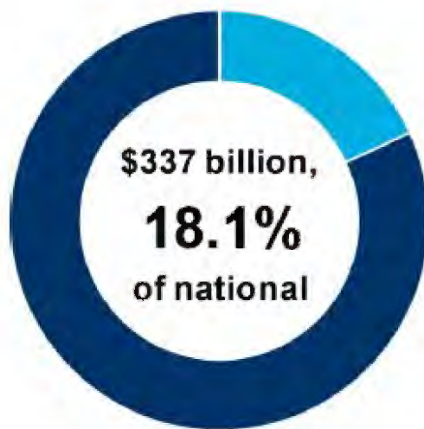
Source: Oxford Economics

We estimate that Toronto's economic performance in 2017 was solid, with economic output growing by 3.6%, and employment by nearly 2%. Although the pace of GDP growth is poised to decelerate to 2% per annum through 2022, we expect Toronto will slightly outperform the national average. Growth will partly be supported by immigration to this cosmopolitan city.

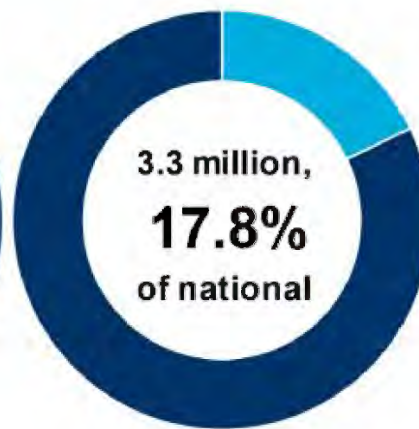
Not only is the Toronto CMA Canada's preeminent business and media center, it is one of North America's most important cities. The broader Golden Horseshoe region has a population of just over nine million, putting it on par with Chicago. Most major Canadian financial institutions, including those of global significance, are headquartered here. Further, the concentration of professional services outfits (legal, consulting, and technology) is 50% greater than Canada overall. The prospects for Toronto's technology industry are upbeat, aided by liberal immigration laws, and the University of Toronto's top-ranked computer science program. The region also houses a sizable manufacturing sector that is mainly driven by the auto sector.

US trade disputes pose a risk to Toronto's manufacturing sector, and recent attempts to impose tariffs on Canadian products are concerning for a region that has strong links to the US. There are three auto plants within metro Toronto, and the bulk of Canada's steel capacity is concentrated a short drive to the south in Hamilton; thus, any action against Canadian steel would likely bleed into Toronto. Overall, however, our baseline is for GDP growth of approximately 2%, and employment growth of 1%, over the next five years.

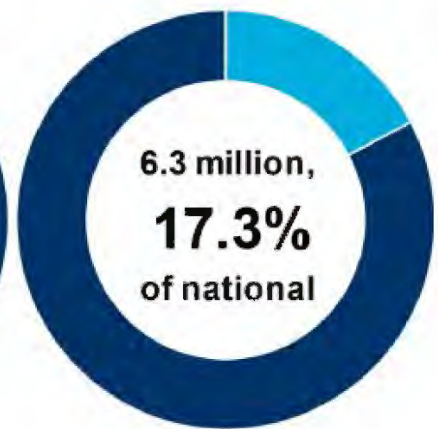
GDP, 2017



Employment, 2017



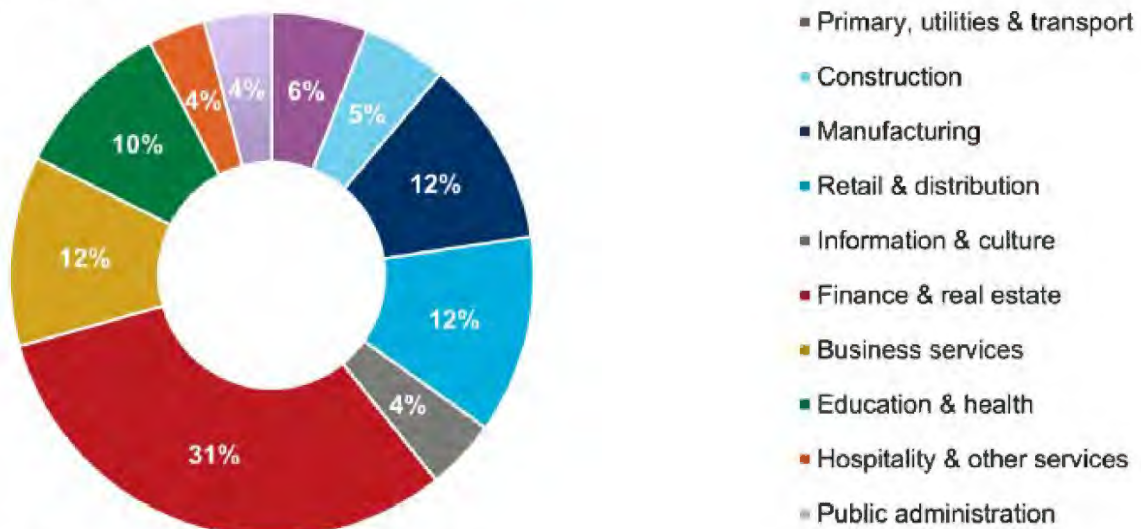
Population, 2017



Source: Oxford Economics

GDP structure, 2017

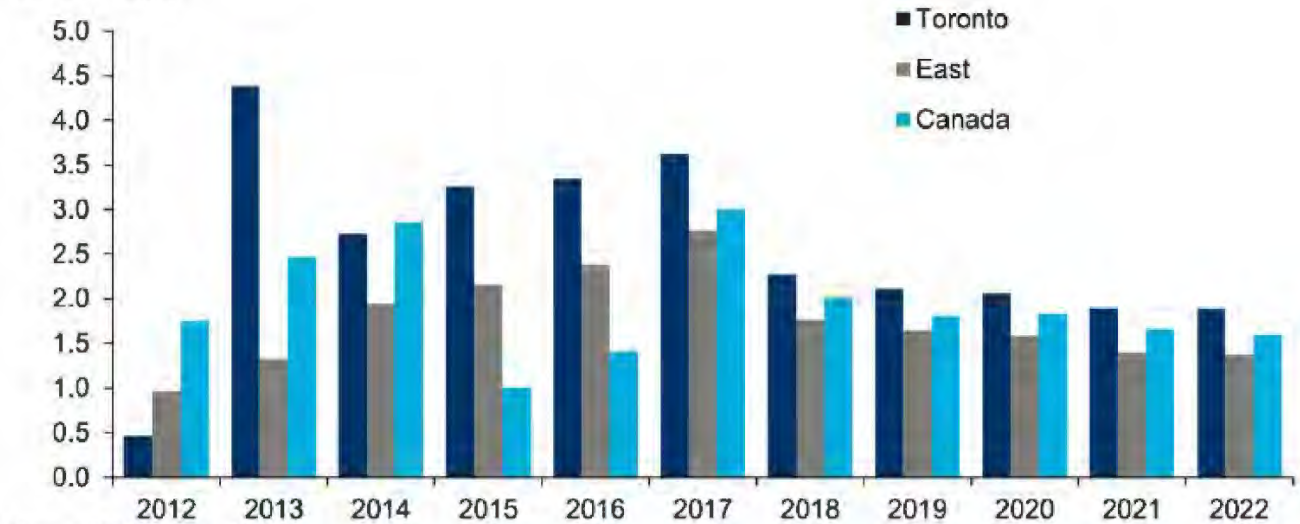
Share of total, %



Source: Oxford Economics/National Statistical Office

GDP growth, 2018-22

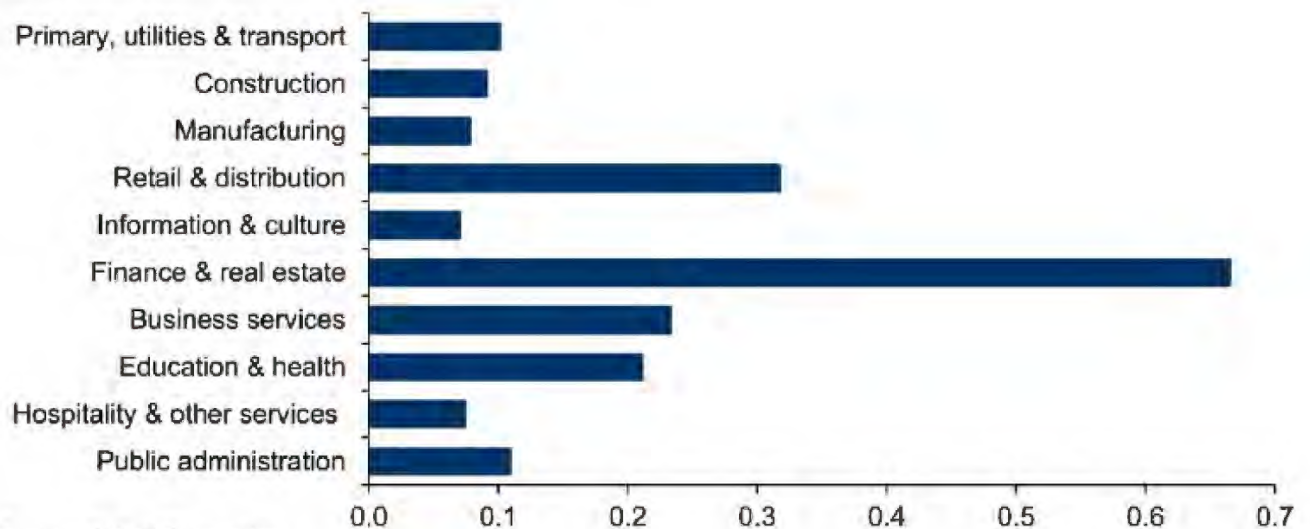
Growth, % y/y



Source: Oxford Economics

Contribution to GDP growth, 2018-22

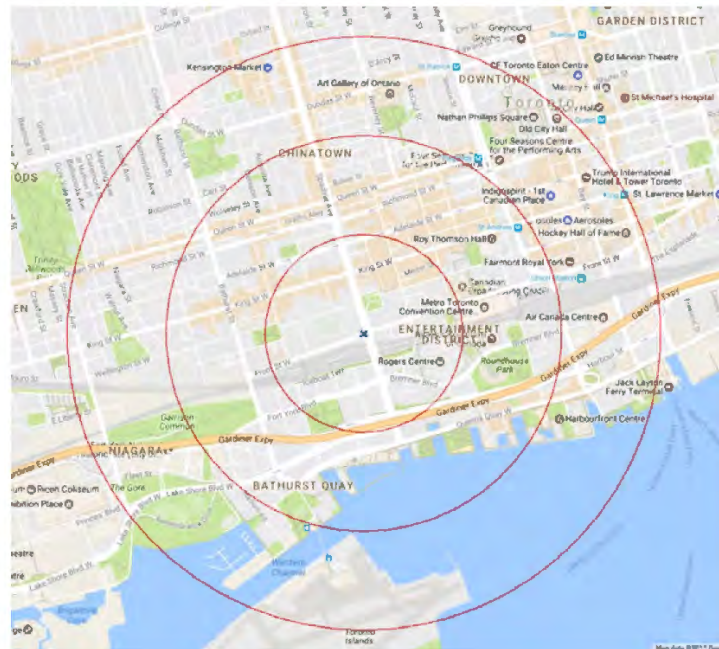
Percentage point



Source: Oxford Economics

TRADE AREA

The trade area surrounding the subject has the following characteristics:



Trade Area Socio-Economic Overview								
	0.5 km			1 km		1.5 km		Province
Total Population								
2011	11,127			33,587		64,373		12,851,820
2016	19,329			53,384		92,736		14,077,640
2019	19,703			55,019		95,331		14,621,540
2021	19,950			56,107		97,058		14,983,450
Avg. Annual Growth	34.9%			28.4%		21.0%		4.1%
Households	7,854			28,797		50,209		5,388,972
Persons Per Hhld	2.46			1.85		1.85		7.42
Population by Age								
Under 15	3.5%			4.5%		5.4%		17.0%
15-19	1.5%			1.7%		2.1%		6.7%
20-29	40.5%			33.5%		32.3%		13.0%
30-39	37.0%			34.3%		30.5%		12.8%
40-49	8.1%			10.5%		10.8%		15.4%
50-59	5.1%			7.6%		8.5%		14.6%
60-69	2.7%			5.0%		5.8%		10.3%
70+	1.5%			3.0%		4.7%		10.2%
Total Dwellings by Type								
Single-detached house	86	1.1%		584	2.0%	2,720	5.4%	58.9%
Semi-detached/row	35	0.4%		241	0.8%	1,024	2.0%	9.6%
Apartment	7,732	98.4%		27,970	97.1%	46,407	92.4%	30.1%
Other	0	0.0%		0	0.0%	49	0.1%	1.4%
Total Dwellings by Tenure								
Owned	3,640	46.3%		13,351	46.4%	23,207	46.2%	71.0%
Rented	4,214	53.7%		15,446	53.6%	27,002	53.8%	29.0%
Average Household Income								
Income Less than \$40K	2,001	25%		6,304	22%	12,327	25%	27.6%
Income \$40K to \$60K	1,075	14%		3,885	13%	6,930	14%	15.4%
Income \$60K to \$100K	2,088	27%		7,770	27%	12,837	26%	22.4%
Income Greater than \$100K	2,690	34%		10,838	38%	18,115	36%	34.5%

OFFICE OVERVIEW

INTRODUCTION

The Toronto Census Metropolitan Area (CMA) is the largest metropolitan area in Canada, with a population of 6.1 million in 2015 – up 1.3% over the previous year. The Conference Board of Canada forecasts that population in the Toronto CMA will exceed 6.5 million by the end of 2020. The Greater Toronto Area (GTA – Toronto and the four adjacent Regional municipalities) is responsible for one-fifth of Canada's GDP, and is home to nearly 40% of the nation's corporate headquarters.

Cushman & Wakefield tracks an office inventory of nearly 178.0 million sf GTA-wide, which is evenly divided between the Central Area and the Suburbs. The Central Area is home to the Downtown and Midtown submarkets; the Suburbs are comprised of GTA East, GTA North, and GTA West.

The following points describe the characteristics of each GTA submarket:

- Downtown is the largest GTA submarket. It is bounded by Bloor Street to the north, Lake Ontario to the south, the Don River to the east, and Bathurst Street to the west. Downtown Toronto is home to the Central Business District, which includes the Financial Core, and other Downtown Fringe areas. The Financial Core is centered on the intersection of Bay Street and King Street, and contains headquarters of the five largest Canadian banks, as well as the Toronto Stock Exchange. The office submarkets surrounding the Core are known as the Downtown Fringe, and contain a range of building forms, including office towers, and converted “brick and beam” industrial properties.
- The Midtown market is bounded by Bloor Street to the south, Eglinton Avenue to the north, Bayview Avenue to the east, and Marlee Avenue/Oakwood Avenue/Ossington Avenue to the west. The nodes at Yonge & Bloor, Yonge & St. Clair, and Yonge & Eglinton, are the focus of office activity in this submarket. These sites offer proximity to the Downtown market, and TTC subway accessibility, at a lower cost of occupancy.
- The GTA East market includes older business parks along the Don Valley Parkway, as well as offices located throughout Scarborough and Markham, plus Consumers Road in North York.
- The GTA North market includes the Yonge Street nodes at Sheppard Avenue and Finch Avenue, as well as other smaller office concentrations in North York, and other suburban areas to the north of the City of Toronto.
- The GTA West market includes Etobicoke, Mississauga, Brampton, Oakville, and other dispersed offices to the west of the City of Toronto.

The map on the following page provides approximate boundaries for each major GTA office submarket.



VACANCY RATE

ABSORPTION

The Central Area recorded nearly 309,000 sf of absorption in 2018 Q1. This follows eight consecutive years of positive absorption – an indicator of continued robust space demand by office occupiers. Continued desire for office space among traditional Downtown tenants – as well as tenants migrating in from the Suburbs, and new market entrants – has caused the vacancy rate to trend downward in recent years on the strength of continued space absorption, despite the significant new supply additions that have been brought to market.

NEW SUPPLY

The Downtown market has seen a resurgence in new development activity since 2009 – at the expense of the Suburbs. From 2000-2008, some 90% of the GTA's new office supply was added in the suburban markets; since 2009, this figure has declined to around 40%. New office towers have been added in the Financial Core and Downtown Fringe markets – particularly the Downtown South submarket, which has transformed into a hub of activity.

No new supply was added to the market in 2018 Q1. There is a further 3.7 million sf of new supply currently in the development pipeline, with the following notable properties:

NEW SUPPLY PIPELINE					
Project Name		Submarket	Size (sf)	Developer	Completion Date
Bathurst Centre	College	King West	70,000	RioCan REIT	2018 Q3
80 Atlantic Avenue		King West	79,758	Hullmark Developments Limited	2018 Q4
King Portland Centre		Downtown West	253,865	Allied Properties REIT	2019 Q1
500 Lake Shore Boulevard West		King West	160,989	Wittington Properties Limited	2019 Q2
CIBC Square		Downtown South	1,480,042	Ivanhoe Cambridge/Hines	2020 Q2
16 York Street		Downtown South	869,082	Cadillac Fairview/OPB	2020 Q3
Duncan House		Downtown West	146,515	Allied/Westbank	2021 Q1
LCBO Headquarters		Downtown South	600,000	Menkes Developments Limited	2021 Q2
TOTAL			3,660,251		

RENTS

The average asking Class A net rental rate for the Central Area reached \$31.00 psf at the end of 2018 Q1. This represents the highest rental rate ever recorded by Cushman & Wakefield in this market.

SUMMARY EXHIBITS

The following exhibit presents a statistical summary for the submarkets that comprise the Central Area.

STATISTICAL SUMMARY						
Market/Submarket	Inventory (sf)	Vacancy Rate (%)	Absorption YTD (sf)	New Supply YTD (sf)	Class A Asking Net Rent (\$psf)	Class A Asking Gross Rent (\$psf)
Downtown						
Financial Core	36,113,403	3.2%	120,575	0	\$33.95	\$63.34
Downtown East	2,802,886	2.4%	-2,252	0	\$30.00	\$51.07
Downtown North	15,117,603	1.7%	20,964	0	\$27.66	\$50.61
Downtown South	6,696,597	1.1%	74,057	0	\$32.02	\$57.67
Downtown West	11,601,406	1.3%	-38,167	0	\$29.18	\$52.79
King West	2,082,441	4.8%	16,376	0	\$27.59	\$46.30
TOTAL DOWNTOWN	74,414,336	2.4%	191,553	0	\$31.99	\$58.87
Midtown						
Bloor	9,114,199	2.2%	47,910	0	\$26.55	\$53.68
St. Clair	2,876,088	2.2%	12,555	0	\$23.62	\$46.00
Eglinton	4,376,549	3.9%	56,700	0	\$18.65	\$41.86
TOTAL MIDTOWN	16,366,836	2.7%	117,165	0	\$24.57	\$50.35
TOTAL CENTRAL AREA	90,781,172	2.5%	308,718	0	\$31.02	\$57.75

The following exhibit illustrates historic absorption, new supply, and vacancy rate trends for the Central Area.



The following exhibit presents the historic Class A asking net rental rate trend compared to the Class A vacancy rate for the Central Area.



SUBURBAN MARKET ANALYSIS

INVENTORY

The Suburbs have an inventory of over 86.8 million sf. GTA West accounts for a 45% share (39.2 million sf); followed by GTA East, with a 37% share (32.5 million sf); and GTA North, with an 18% share (15.1 million sf).

VACANCY RATE

The current overall vacancy rate is 11.1% – down only 10 bps from the rate recorded in 2017 Q4. Vacancy is lowest in the GTA North (7.4%); it is notably higher in GTA East (10.3%) and GTA West (13.2%). Vacancy across the Suburban markets has generally been on the rise since 2008 (post-recession).

ABSORPTION

Overall, the Suburbs saw an increase in occupied space of roughly 105,000 sf in 2018 Q1. Both GTA North and GTA West recorded positive absorption in 2018 Q1, while GTA East recorded a decrease in occupied space. A shift in tenant demand from the Suburbs to the Central Area has had a pronounced impact on existing office space in the Suburbs, with an average of only 86,000 sf of positive absorption per year, for the last five years.

NEW SUPPLY

No new supply was added to the Suburbs in 2018 Q1. The following are some of the notable properties currently in the development pipeline:

NEW SUPPLY COMPLETIONS

Project Name	Submarket	Size (sf)	Developer	Completion Date
Mississauga Gateway Centre	Hurontario Corridor	210,500	HOOPP	2018 Q2
2 International Boulevard	Airport Fringe	74,756	LaSalle	2018 Q3
Oakwoods Business Park – BP2	Oakville	89,600	Carttera Private Equities Inc.	2018 Q3
360 Oakville Place Drive	Oakville	139,132	Hood Development Corp.	2018 Q4
TOTAL		513,988		

RENTS

Despite rising levels of vacancy, the average asking Class A net rental rate for the Suburbs has been increasing at a fairly steady rate since 2008 (post-recession). The current rate is the highest recorded by Cushman & Wakefield in this market – nearly \$17.60 psf.

SUMMARY EXHIBITS

The following exhibit presents a statistical summary for the submarkets that comprise the GTA Suburbs.

STATISTICAL SUMMARY

Market/Submarket	Inventory (sf)	Vacancy Rate (%)	Absorption YTD (sf)	New Supply YTD (sf)	Class A Asking Net Rent (\$psf)	Class A Asking Gross Rent (\$psf)
GTA Suburbs						
GTA East	32,476,923	10.3%	-26,103	0	\$16.95	\$33.86
GTA North	15,137,016	7.4%	15,988	0	\$18.65	\$37.84
GTA West	39,201,247	13.2%	115,423	0	\$17.48	\$32.50
TOTAL GTA SUBURBS	86,815,186	11.1%	105,308	0	\$17.59	\$33.97

The following exhibit illustrates historic absorption, new supply, and vacancy rate trends for the Suburbs.



The following exhibit presents the historic Class A asking net rental rate trend compared to the Class A vacancy rate for the Suburbs.



HIGHEST AND BEST USE

INTRODUCTION

The Dictionary of Real Estate Appraisal, Fourth Edition (2002), a publication of the Appraisal Institute, defines the highest and best use as:

“The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum profitability.”

To determine the highest and best use we typically evaluate the subject site under two scenarios: as if vacant land and as presently improved. In both cases, the property’s highest and best use must meet the four criteria described above.

HIGHEST AND BEST USE OF PROPERTY AS IF VACANT

We considered the legal issues related to zoning and legal restrictions. We also analyzed the physical characteristics of the site to determine what legal uses would be possible, and considered the financial feasibility of these uses to determine the use that is maximally productive. Considering the subject site’s physical characteristics and location, as well as the state of the local market, it is our opinion that the Highest and Best Use of the subject site as if vacant is a residential or mixed use development built to its maximum feasible building area.

HIGHEST AND BEST USE OF PROPERTY AS IMPROVED

It is our opinion that the existing building adds value to the site as if vacant, dictating a continuation of its current use. In addition, the leases encumbering the subject property also mandate a continuation of the current use. It is our opinion that the Highest and Best Use of the subject property as improved is continuation of its existing office commercial use.

VALUATION AND FINANCIAL ANALYSIS

VALUATION METHODS

The market value of the subject property is contingent upon a number of factors such as location, replacement cost, physical condition and utility of the improvements, the market climate and general economic conditions. In the valuation process, these factors are incorporated into several approaches to value. Traditionally, the three most common approaches to the valuation of real property are:

- The **Direct Comparison Approach** involves comparing or contrasting recent sales, and current listings of comparable properties to the subject and adjusting for any significant differences between them.
- The **Income Approach** is one in which the value is estimated by capitalizing the net rental which the property can reasonably be expected to produce over the remaining economic life of the improvements.
- The **Cost Approach** involves estimating the replacement cost of the improvements located on the subject, estimating and deducting the accrued depreciation from the cost estimate and then adding the land value.

METHODOLOGY UTILIZED

The subject property is considered to be an income producing/investment property for which the Income Approach to value is the most appropriate. We have utilized the DCF method as the most appropriate test of value given that the likely buyers for the subject would be either private investors or REIT's, who uses the Discounted Cash Flow "DCF" Method as the primary test of value. The Discounted Cash Flow Method is a process that considers both the projected earnings in each year of the investment horizon, and the reversionary value of the asset. More specifically, the present worth of the property is equivalent to the discounted value of the future benefits. These benefits represent an annual cash flow (positive or negative) over a given period of time, plus the reversionary value of the property occurring in the year following the investment horizon.

We will also investigate the Direct Capitalization Method, a valuation technique that converts the stabilized net operating income for a single year into an estimate of value using a stipulated yield rate. The Direct Comparison Approach has also been utilized. The Cost Approach is not utilized by market participants for this type of property since the income stream is the primary tool used to value an investment property. Consequently, the Cost Approach would only be used to estimate the market value of a property in absence of market data needed for the other approaches. Since sufficient market data is available to undertake the Income and Direct Comparison Approaches, the Cost Approach has been set aside.

INCOME APPROACH

INTRODUCTION

This section outlines the assumptions and procedures adopted in the development of both our Direct Capitalization and DCF Analyses. We have undertaken a DCF analysis using the Argus Financial Software Program (Version 15.01). The Schedule of Prospective Cash Flow will outline all relevant revenues and expenses associated with the operation of the property.

MARKET RENT ANALYSIS

INTRODUCTION

The market rental analysis represents an important element in the valuation of an investment asset. In order to determine reasonable market rental levels, we have undertaken the following analysis:

- i) Analyzed the leasing activity from tenant within the subject complex; and
- ii) Reviewed comparable office and retail rental rates taken from competing buildings.

TENANCY

The subject property is currently improved with a five storey, single tenanted and owner occupied. For purpose of this report the net rentable area is estimated at some 20,500 square feet. In order to estimate the net rent on the subject property we have elected to utilize a notional market rent for purposes of this appraisal. As such the next section outlines our research and analysis for estimating the market rent of the subject property.

COMPARABLE RENTAL RATES

In order to ascertain a market rent for the Subject property, we have conducted a survey of competitive commercial assets throughout the downtown fringe node of office use.

Downtown West Office Lease Comparables									
Index No.	Address	City	Commencement Date	Term (mths)	Size SF	Net Rental Rate (\$ psf)	Op Costs and Taxes (\$ psf)	Gross Rent (\$ psf)	Tenant
1	590 King Street West	Toronto	Mar-18	5.10	8,471	\$50.00	\$0.00	\$50.00	Touch Bistro
2	355 Adelaide Street West	Toronto	Feb-18	0.91	2,191	\$48.00	\$0.00	\$48.00	Buzzfeed
3	355 Adelaide Street West	Toronto	Mar-18	5.45	4,447	\$47.00	\$0.00	\$47.00	M&H
4	461 King Street West	Toronto	Dec-17	1.89	2,600	\$46.50	\$12.86	\$59.36	Smart Nora
5	511 King Street West	Toronto	Sep-17	0.95	2,480	\$45.00	\$14.50	\$59.50	CSP Media Inc
6	110 Spadina Avenue	Toronto	Jun-17	4.03	4,819	\$45.00	\$12.00	\$57.00	Zynga
7	355 Adelaide Street West	Toronto	Mar-17	3.23	2,256	\$43.00	\$12.00	\$55.00	Champ & Pepper Inc
8	355 Adelaide Street West	Toronto	Sep-17	3.29	4,447	\$42.00	\$9.00	\$51.00	Pattern Energy Group Inc
9	201 Niagara Street	Toronto	Dec-17	5.14	6,000	\$35.00	\$8.90	\$43.90	Nourish Food Marketing Inc
10	80 Atlantic Avenue	Toronto	Sep-17	10.99	20,000	\$33.00	\$8.00	\$41.00	Jackman Reinvents
11	80 Atlantic Avenue	Toronto	Nov-17	15.94	7,950	\$32.50	\$8.00	\$40.50	Universal Music
12	134 Peter Street	Toronto	Mar-18	4.36	3,179	\$32.00	\$24.31	\$56.31	HomeX
13	134 Peter Street	Toronto	Feb-17	5.27	3,179	\$32.00	\$23.64	\$55.64	Parsel Inc
14	290 Adelaide Street West	Toronto	Feb-18	4.69	2,908	\$31.00	\$22.00	\$53.00	Decentral
15	355 Adelaide Street West	Toronto	Aug-17	5.47	4,447	\$31.00	\$9.00	\$40.00	Kepler Communications Inc
16	68-70 Claremont Street	Toronto	Feb-18	0.91	6,327	\$30.00	\$0.00	\$30.00	Free Setting Creators & Brands
17	225 King Street West	Toronto	Nov-17	10.61	23,432	\$30.00	\$28.69	\$58.69	Spin Master Ltd
18	100 Simcoe Street	Toronto	Sep-17	2.75	1,207	\$30.00	\$20.78	\$50.78	Hum Low Firm
19	68-70 Claremont Street	Toronto	Aug-17	5.01	5,901	\$30.00	\$9.00	\$39.00	Knix Wear Inc
20	100 Simcoe Street	Toronto	Jul-17	2.90	1,936	\$30.00	\$20.78	\$50.78	Anokhi Media
21	720 King Street West	Toronto	Jun-17	10.54	4,449	\$30.00	\$16.22	\$46.22	Infrastructures for Information Inc
22	290 Adelaide Street West	Toronto	May-17	5.56	2,908	\$30.00	\$22.00	\$52.00	Humphreys and Partners Architects, L.P.
23	134 Peter Street	Toronto	May-17	5.42	8,882	\$30.00	\$25.80	\$55.80	WGames Inc
24	68-70 Claremont Street	Toronto	Apr-17	5.35	5,496	\$30.00	\$9.00	\$39.00	Knix Wear Inc
25	720 King Street West	Toronto	Jan-17	10.35	5,194	\$30.00	\$12.20	\$42.20	DesignStor.com
26	119 Spadina Avenue	Toronto	Apr-18	5.62	4,380	\$29.70	\$17.50	\$47.20	Arts & Communications Counsellors Inc
27	171 East Liberty Street	Toronto	Apr-18	2.79	4,390	\$29.13	\$16.42	\$45.55	WatrHub
28	135 Liberty Street	Toronto	Mar-18	5.37	3,706	\$29.00	\$18.28	\$47.28	Astound Group Inc
29	49 Spadina Avenue	Toronto	Jul-17	2.35	1,135	\$28.50	\$13.00	\$41.50	PCP VR Inc
30	214 King Street West	Toronto	Mar-18	3.26	2,679	\$28.00	\$18.49	\$46.49	Peak Power Inc
31	96 Spadina Avenue	Toronto	Mar-18	3.79	10,189	\$28.00	\$24.67	\$52.67	Just-Eat Canada Inc
32	96 Spadina Avenue	Toronto	Mar-18	3.79	5,886	\$28.00	\$24.67	\$52.67	Ada Support Inc.
33	135 Liberty Street	Toronto	Dec-17	5.66	3,671	\$28.00	\$12.52	\$40.52	Tendrill Design + Animation Inc
34	370 King Street West	Toronto	Nov-17	5.69	35,000	\$28.00	\$17.77	\$45.77	Connected Lab
35	111 Peter Street	Toronto	Sep-17	4.64	1,693	\$28.00	\$18.29	\$46.29	Hedgewood Inc
36	290 Adelaide Street West	Toronto	Jul-17	5.22	3,885	\$28.00	\$22.00	\$50.00	Decentral
37	119 Spadina Avenue	Toronto	Nov-17	5.08	2,813	\$27.75	\$17.50	\$45.25	Encasa Financial Inc.
38	358-360 Dufferin Street	Toronto	Feb-18	5.23	1,553	\$27.00	\$11.50	\$38.50	Everything Touches Everything Else
39	358-360 Dufferin Street	Toronto	Dec-17	5.38	1,365	\$27.00	\$11.00	\$38.00	Ontario EcoSchools
40	358-360 Adelaide Street West	Toronto	Oct-17	5.99	17,713	\$27.00	\$17.83	\$44.83	Kanetix Ltd
41	290 Adelaide Street West	Toronto	Aug-17	5.16	4,185	\$27.00	\$22.00	\$49.00	Decentral
42	290 Adelaide Street West	Toronto	Aug-17	5.16	2,832	\$27.00	\$22.00	\$49.00	Decentral
43	257 Adelaide Street West	Toronto	Jan-18	4.85	6,555	\$26.50	\$19.91	\$46.41	Gorilla Nation Media LLC
44	376 Dufferin Street	Toronto	Mar-18	5.39	2,287	\$26.00	\$11.50	\$37.50	Architecture Unfolded
45	358-360 Dufferin Street	Toronto	Feb-18	3.31	1,180	\$26.00	\$11.50	\$37.50	Studio for Architecture and Collaboration Inc
46	358-360 Dufferin Street	Toronto	Nov-17	10.26	1,676	\$26.00	\$10.00	\$36.00	DTA Services Limited
47	2-6 Pardee Avenue	Toronto	Apr-18	5.19	2,510	\$25.75	\$15.90	\$41.65	Audience Partners Canada Inc.
48	217-225 Richmond Street West	Toronto	Nov-17	5.40	2,694	\$25.50	\$20.64	\$21.23	Lash Condo Law
49	312 Adelaide Street West	Toronto	Aug-17	1.95	3,800	\$25.50	\$14.68	\$40.18	Goods & Services Branding Inc
50	119 Spadina Avenue	Toronto	Jan-17	5.05	1,780	\$25.25	\$16.80	\$42.05	ZOI Agency Inc
51	358-360 Dufferin Street	Toronto	Mar-18	5.14	900	\$25.00	\$11.50	\$36.50	Niagara Street Consulting
52	30 Duncan Street	Toronto	Mar-18	1.91	1,801	\$25.00	\$13.17	\$38.17	Get Set Games Inc.
53	82 Peter Street	Toronto	Feb-18	5.20	16,024	\$25.00	\$23.94	\$48.94	Ritual Technologies
54	720 King Street West	Toronto	Jul-17	5.16	2,600	\$25.00	\$16.22	\$41.22	RightBlue Labs Inc
55	212 King Street West	Toronto	Mar-17	3.26	2,342	\$25.00	\$21.08	\$46.08	The Roman Group of Companies
56	171 East Liberty Street	Toronto	Feb-17	5.16	980	\$25.00	\$16.42	\$41.42	Sesler & Company
Statistics									
Min	Jan-17		0.91		900	\$25.00	\$0.00	\$21.23	
Max	Apr-18		15.94		35,000	\$50.00	\$28.69	\$59.69	
Ave	Oct-17		5.06		5,345	\$30.80	\$15.31	\$45.66	

Overall, based on our survey of competitive buildings in the subject market, actual rental rates for office range from net rental rates range from a low of approximately \$25.00 per sq. ft. to a high of \$50.00 per sq. ft., with gross rents ranging from \$21.23 to a high of \$59.60 per sq. ft. While these net rental rates are reflective of some of the most recent leasing transactions, it is also important to note that the additional rents as well because it is considered market practice to benchmark gross rental rates (net rent plus additional rents). The market comparables reflect gross rental rates for similar office space in the low \$30 psf range. Further to the preceding rental rate analysis, the following aspects of the subject property have been considered in our estimation of market rents:

- Although the mix of rental rates for Class B office buildings in the Downtown West and East submarkets vary from net to gross, the market appears to be trending towards net leases. This is mostly due to the relatively low additional costs in comparison to traditional office buildings and as such providing properties, such as the subject type, to have significant upside in net operating income. While the subject property is an older heritage building, it is renovated and retrofitted with modern and up to date building systems. As such makes

them competitive to other Class B office buildings in other areas of the downtown area, including the Financial Core. Coupled with relatively lower additional costs, and typical market gross rental rates in the high \$20 and low \$30's per square foot range, based on a review of the above information, the Year One average contract rental rate is considered well below market levels on a net basis, which is a very positive aspect for investors. The relative spread between the market rent and the contract rent for this property will place significant downward pressure on the yield required by an investor. Based on our surveys of market activity and on discussions with leasing agents, it is our opinion that appropriate market rental rates will vary by the finishes, unit size, and location. As such, these market participants indicated net rental rate of \$30.00 per square foot as reasonable rates for value price proxy for the office space within the subject property.

CASH FLOW ASSUMPTIONS

<i>Start Date</i>	:	June 1, 2018
<i>Investment Horizon</i>	:	11 years.
<i>Market Rents and Inducement</i>	:	The Market Rents, Inducements and Commissions are as discussed in the preceding section.
<i>Growth Rate</i>	:	The largest unknown component within the marketplace is where rents are heading. In order to determine where growth rates are going, we have surveyed leasing professionals and acquisition analysts within companies active in acquiring retail and office development throughout the Greater Toronto Area. We also make reference to current inflation rates, and escalations in existing leases, which indicate rates between 2.0% and 3.0%. In conclusion we anticipate that rents will grow at a long-term rate of 2.00% per annum. With regards to growth rates for realty taxes and expenses we have elected to use a long term growth rate of 2.00% per annum, which is in line with long term projections for inflation. It should be noted that this is an average rate of growth over a forecast horizon.
<i>Renewal Probability</i>	:	Most market participants typically utilize renewal probability ratios between 75% and 80% for most retail and office tenants. Discussions with the brokers familiar with the area indicate that most of the potential purchasers were running the analyses with a similar (75% to 80%) renewal probability ratio for retail and office spaces. Based on our experience and knowledge of the subject property type, we estimated a 75% renewal probability for the tenant, which are considered reasonable on this basis.
<i>Average Lease Term</i>	:	5 years.
<i>Vacancy and Lag Time</i>	:	Investors active in the Greater Toronto Area, typically project a four to six-month lag time between tenancies. Coupled with this, the subject property has historically exhibited a very low vacancy rate according to a representative of the owner. As such, we have elected to account for tenant turnover by utilizing a 0.00% vacancy allowance and a lag time - referring to the months vacant between the termination of a lease and the start of a new lease (this only applies to expiring tenancies as opposed to renewals). We have incorporated a lag time of 6 to 8 months in our analysis.
<i>Expenses</i>	:	It appears to be the policy of management to write all leases on a net basis with the tenants responsible for paying all utility bills directly.
<i>Administration and Management Fee</i>	:	A prevailing market rate of 2.00% of Base Rental Revenue has been applied as a non-recoverable management fee.

Structural Allowance

: While the improvements are fully renovated, investors typically put money from operations aside in a structural reserve for planned or unexpected repairs and/or replacements. While the building is in a good state of repair, we have utilized a rate of 1.00% EGI to account for the fact that the building is some 50 years old but in renovated condition which is representative of a modern property.

Nygard International
1 Niagara Street
Toronto, Ontario

Software: ARGUS Ver. 15.0.1.26

File: 1 Niagara Street Q2 2018

Property Type: Office/Industrial

Portfolio:

Date: 5/21/18

Time: 12:45

Ref#: APX

Page: 1

Schedule Of Prospective Cash Flow

In Inflated Dollars for the Fiscal Year Beginning 6/1/2018

For the Years Ending	Year 1 May-2019	Year 2 May-2020	Year 3 May-2021	Year 4 May-2022	Year 5 May-2023	Year 6 May-2024	Year 7 May-2025	Year 8 May-2026	Year 9 May-2027	Year 10 May-2028	Year 11 May-2029	Year 12 May-2030
Potential Gross Revenue												
Base Rental Revenue	\$615,000	\$615,000	\$615,000	\$615,000	\$615,000	\$656,000	\$656,000	\$656,000	\$656,000	\$656,000	\$768,260	\$768,260
Absorption & Turnover Vacancy											(\$128,043)	
Scheduled Base Rental Revenue	\$615,000	\$615,000	\$615,000	\$615,000	\$615,000	\$656,000	\$656,000	\$656,000	\$656,000	\$656,000	\$640,217	\$768,260
Expense Reimbursement Revenue												
Realty Tax	\$122,704	\$125,465	\$128,288	\$131,174	\$134,125	\$137,143	\$140,229	\$143,384	\$146,610	\$149,909	\$127,972	\$156,731
Management Fee	\$12,300	\$12,300	\$12,300	\$12,300	\$12,499	\$12,921	\$13,120	\$13,120	\$13,120	\$13,666	\$12,415	\$15,365
Op Costs	\$102,512	\$104,819	\$107,177	\$109,589	\$112,055	\$114,576	\$117,154	\$119,790	\$122,485	\$125,241	\$106,914	\$130,940
Total Reimbursement Revenue	\$237,516	\$242,584	\$247,765	\$253,063	\$258,679	\$264,640	\$270,503	\$276,294	\$282,215	\$288,816	\$247,301	\$303,036
Total Potential Gross Revenue	\$852,516	\$857,584	\$862,765	\$868,063	\$873,679	\$920,640	\$926,503	\$932,294	\$938,215	\$944,816	\$887,518	\$1,071,296
Effective Gross Revenue	\$852,516	\$857,584	\$862,765	\$868,063	\$873,679	\$920,640	\$926,503	\$932,294	\$938,215	\$944,816	\$887,518	\$1,071,296
Operating Expenses												
Realty Tax	\$122,689	\$125,450	\$128,272	\$131,158	\$134,109	\$137,127	\$140,212	\$143,367	\$146,593	\$149,891	\$153,264	\$156,712
Management Fee	\$12,300	\$12,300	\$12,300	\$12,300	\$12,300	\$13,120	\$13,120	\$13,120	\$13,120	\$13,120	\$15,365	\$15,365
Op Costs	\$102,500	\$104,806	\$107,164	\$109,576	\$112,041	\$114,562	\$117,140	\$119,775	\$122,470	\$125,226	\$128,043	\$130,924
Non Recoverable	\$8,525	\$8,576	\$8,628	\$8,681	\$8,737	\$9,206	\$9,265	\$9,323	\$9,382	\$9,448	\$8,875	\$10,713
Total Operating Expenses	\$246,014	\$251,132	\$256,364	\$261,715	\$267,187	\$274,015	\$279,737	\$285,585	\$291,565	\$297,685	\$305,547	\$313,714
Net Operating Income	\$606,502	\$606,452	\$606,401	\$606,348	\$606,492	\$646,625	\$646,766	\$646,709	\$646,650	\$647,131	\$581,971	\$757,582
Leasing & Capital Costs												
Tenant Improvements											\$230,625	
Leasing Commissions											\$64,063	
Structural Reserve	\$8,525	\$8,576	\$8,628	\$8,681	\$8,737	\$9,206	\$9,265	\$9,323	\$9,382	\$9,448	\$8,875	\$10,713
Total Leasing & Capital Costs	\$8,525	\$8,576	\$8,628	\$8,681	\$8,737	\$9,206	\$9,265	\$9,323	\$9,382	\$9,448	\$303,563	\$10,713
Cash Flow Before Debt Service & Taxes	\$597,977	\$597,876	\$597,773	\$597,667	\$597,755	\$637,419	\$637,501	\$637,386	\$637,268	\$637,683	\$278,408	\$746,869

DIRECT CAPITALIZATION METHOD

INVESTMENT ANALYSIS

This section sets out the data considered in establishing the investment parameters used in valuing the subject property.

1) *Investment Alternatives*

Alternate forms of investment are summarized as follows:

Investment Benchmarks Government of Canada		
Benchmark Bond Yields		
As of	3 Year	10 Year
May 15, 2018	2.17%	2.54%

In comparison to the above investment vehicles:

- Real estate offers comparatively poor liquidity, as well as the need for ongoing management and investment.
- Real estate has significantly more risk associated with it.
- A higher internal rate of return is indicated than 2.17% to 2.54% indicated by these alternative forms of investment.

2) *Investor Interviews*

As part of our investigation, we conducted interviews with investors, consultants and brokers actively involved in retail/office transactions.

Investors are generally motivated by the following investment criteria:

- Income - Current levels and anticipated.
- The security of the income stream - competitive threats in the market.
- Investors want to minimize their risks: income risks and structural risks. A well designed, properly maintained building contributes to this objective.

With respect to methodology, investors are relying on the Income Approach: Overall Capitalization Method and Discounted Cash Flow. Most investors are concerned with current income levels.

OVERALL CAPITALIZATION RATE ANALYSIS

In order to determine an Overall Capitalization Rate (OCR) for the subject property, we have examined yields produced by sales of office investment properties in the City of Toronto, with an emphasis on the sales that occurred within the Fringe markets of the downtown core. Our research is summarized in the table below, following which is a commentary on the salient points of the sales.

DOWNTOWN TORONTO OFFICE BUILDING TRANSACTIONS							
Index No.	Property	Date of Sale	Sale Price	GLA	OCR	NOI PSF	Price PSF
1	56 The Esplanade, Toronto	Aug-17	\$60,000,000	76,112	4.00%	\$31.53	\$788
1	70 The Esplanade, Toronto	Oct-17	\$17,000,000	25,699	4.00%	\$26.46	\$662
2	199 Avenue Road, Toronto	Jan-17	\$12,000,000	15,650	4.25%	\$32.59	\$767
3	261 Davenport Road, Toronto	Aug-17	\$6,976,000	10,800	4.50%	\$29.07	\$646
4	240 Logan Avenue, Toronto	Jan-18	\$7,300,000	14,435	4.75%	\$24.02	\$506
5	22 College Street, Toronto	Apr-17	\$19,500,000	33,514	4.00%	\$23.27	\$582
Statistics							
Min		Jan-17	\$6,976,000	10,800	4.00%	\$23.27	\$506
Max		Jan-18	\$19,500,000	33,514	4.75%	\$32.59	\$767
Ave		Jul-17	\$12,555,200	20,020	4.30%	\$27.08	\$632

As noted above, the sales indicate a range in overall capitalization rates from 4.00% to 4.75%. The sales also correspond to a range in rates from \$506 to \$767 per square foot. Based on our knowledge for the underwriting of other buildings under contractual sales, buyers have been relatively aggressive and bidding wars are evident. After comparing the subject to the analyzed sales in terms of building size, physical, location and market characteristics, it was felt reasonable to apply an overall capitalization rate between 4.50% to 5.00% to the stabilized net operating income for the subject property. More specifically, we would estimate a rate of 4.75% to the subject property.

STABILIZED INCOME AND EXPENSE STATEMENT

Based upon the preceding discussion, a Stabilized Income and Expense Statement have been prepared for the subject property and is presented below. We have referenced Year 1 as a stabilized income statement. This statement was reconstructed in order to calculate the net operating income to be capitalized in the Overall Capitalization Rate Method of the Income Approach, and to provide a framework for projecting the income and expenses in the Discounted Cash Flow Method.

For the Years Ending	Year 1 May-2019
Potential Gross Revenue	
Base Rental Revenue	\$615,000
Absorption & Turnover Vacancy	
Scheduled Base Rental Revenue	\$615,000
Expense Reimbursement Revenue	
Realty Tax	\$122,704
Management Fee	\$12,300
Op Costs	\$102,512
Total Reimbursement Revenue	\$237,516
Total Potential Gross Revenue	\$852,516
Effective Gross Revenue	\$852,516
Operating Expenses	
Realty Tax	\$122,689
Management Fee	\$12,300
Op Costs	\$102,500
Non Recoverable	\$8,525
Total Operating Expenses	\$246,014
Net Operating Income	\$606,502

DIRECT CAPITALIZATION METHOD

Applying an overall capitalization rate of 4.75% to the stabilized net operating income produces a value estimate by the Direct Capitalization Rate method.

For the Years Ending	Year 1 May-2019
Net Operating Income	\$606,502
Capitalization Rate	4.75%
Capitalized Value	\$12,768,463
Rounded	\$12,770,000

As a result, our estimate of value through the use of the Direct Capitalization Method was \$12,770,000 for the subject property.

DISCOUNTED CASH FLOW METHOD

REVERSIONARY CAPITALIZATION RATE

One of the components that must be selected in order to complete a discounted cash flow analysis is the reversionary or terminal capitalization rate. This rate is applied against income in the final year of the investment horizon.

Survey results indicate that many investors adopt a reversionary or terminal capitalization rate that is slightly higher than the rate indicated in present market conditions, specifically between 25 and 150 basis points higher. The reasoning is to account for the uncertainty future market conditions might have on the asset.

In some instances, investors have suggested that they will apply a similar or even lower reversionary capitalization rate to the cash flow model. Quite often, there are specific circumstances that result in a higher year one-capitalization rate, which would not necessarily apply to the reversionary year of the projection period. Instances, in which this would be applicable, include such things as an above-market rental structure, significant capital requirements, etc. These factors could warrant an upward adjustment to the capitalization rate in the initial year, but not in the latter years. With specific reference to the subject, our projection period is sufficiently long to ensure that nearly all of the leases will rollover and therefore at the end of the forecast there will be a close relationship of the rental stream to the then market conditions. The subject is currently recognized as having a good location and this is not expected to change. We have included a structural allowance in our forecast that is considered sufficient to maintain the building's current level of accommodation and appeal. In this case, we have selected a terminal OCR that is higher than the going-in rate, or 5.00% as the reversionary cap rate.


INTERNAL RATE OF RETURN

The reader will appreciate, that deriving discount rates from the market place is difficult and very sensitive to the assumptions utilized in the development of the cash flows. Issues such as market rents, vacancy, and growth factors can significantly influence the resultant internal rate of return. During the course of the last five years we have undertaken in-depth analysis of many investment grade assets that have sold. The objective of the analysis was to determine not only the overall capitalization rate but also the discount rate or internal rate of return evolving from the sales. These sales reflected discount rates generally in the 5.00% to 7.00% range for good quality assets and higher for second tier assets. A sampling of these sales and their associated internal rates of return, based on sale price, are indicated within the OCR analysis of this report. We have also surveyed a number of market participants as to what an appropriate discount rate is for urban GTA Class A and B office buildings. All of these sales were analyzed and acquired using discount rates well under 8%, with more recent sales reflecting even lower rates in the 4 – 7% range. This is a reflection of the current availability of relatively inexpensive mortgage financing, although more recently rates have started to increase, as well as the abundance of investment capital for well leased and well located income producing properties.

In selecting a discount rate or IRR for the subject property, consideration is given to the relationship between the overall discount rate and that rate consistent with the subject use classification as well as the location. Based on the above factors we have utilized Discount Rates of between 5.50% and 6.00% for the subject building.

DISCOUNTED CASH FLOW METHOD

In determining an appropriate range of rates for the subject, we have considered both the contracts in place as well as the type of tenant (i.e. the level of covenant) that would be attracted to the subject as space becomes available. On the basis of the above noted parameters, the values derived by the discounted cash flow method are as follows:



Nygard International

1 Niagara Street

Toronto, Ontario

Software: ARGUS Ver. 15.0.1.26

File: 1 Niagara Street Q2 2018

Property Type: Office/Industrial

Portfolio:

Date: 5/21/18

Time: 12:45

Ref#: APX

Page: 3

Prospective Present Value

Cash Flow Before Debt Service plus Property Resale

Discounted Annually (Endpoint on Cash Flow & Resale) over a 11-Year Period

Analysis Period	For the Year Ending	Annual Cash Flow	P.V. of Cash Flow @ 5.50%	P.V. of Cash Flow @ 5.75%	P.V. of Cash Flow @ 6.00%
Year 1	May-2019	\$597,977	\$565,463	\$564,129	\$562,802
Year 2	May-2020	\$597,876	\$534,626	\$532,108	\$529,606
Year 3	May-2021	\$597,773	\$505,470	\$501,901	\$498,368
Year 4	May-2022	\$597,667	\$477,901	\$473,409	\$468,968
Year 5	May-2023	\$597,755	\$451,982	\$446,677	\$441,447
Year 6	May-2024	\$637,419	\$455,767	\$449,355	\$443,048
Year 7	May-2025	\$637,501	\$431,041	\$423,975	\$417,041
Year 8	May-2026	\$637,386	\$407,529	\$399,904	\$392,438
Year 9	May-2027	\$637,268	\$385,300	\$377,198	\$369,285
Year 10	May-2028	\$637,683	\$364,587	\$356,079	\$347,789
Year 11	May-2029	\$278,408	\$150,521	\$146,661	\$142,910
Total Cash Flow		\$6,454,713	\$4,730,187	\$4,671,396	\$4,613,702
Property Resale @ 5% Cap Rat		\$15,151,640	\$8,191,728	\$7,981,695	\$7,777,523
Total Property Present Value			\$12,921,915	\$12,653,091	\$12,391,225
Rounded to Thousands			\$12,920,000	\$12,650,000	\$12,390,000
Per Sq Ft			\$630	\$617	\$604
Percentage Value Distribution					
Assured Income			35.89%	36.21%	36.54%
Prospective Income			0.72%	0.71%	0.69%
Prospective Property Resale			63.39%	63.08%	62.77%
			=====	=====	=====
			100.00%	100.00%	100.00%

The analysis indicates a range in value estimates, corresponding to the different discount rates, from \$12.39 million to \$12.92 million. We have selected the value derived from the mid range of discount rates or \$12.65 million as the estimated market value of the subject.

DIRECT COMPARISON APPROACH

In the Direct Comparison Approach, we developed an opinion of value by comparing the subject property with similar, recently sold properties in the market. Inherent in this approach is the principle of substitution, which states that when a property is replaceable in the market, its value tends to be set at the cost of acquiring an equally desirable substitute property, assuming that no costly delay is encountered in making the substitution. By analyzing sales that qualify as arm's-length transactions between willing and knowledgeable buyers and sellers, we can identify value and price trends. The basic steps of this approach are:

Research recent, relevant property sales and current offerings throughout the competitive area;

1. Select and analyze properties that are similar to the property appraised, analyzing changes in economic conditions that may have occurred between the sale date and the date of value, and other physical, functional, or locational factors;
2. Reduce the sale prices to a common unit of comparison such as price per square foot of net rentable area, effective gross income multiplier, or net income per square foot;
3. Make appropriate comparative adjustments to the prices of the comparable properties to relate them to the property being appraised; and
4. Interpret the adjusted sales data and draw a logical value conclusion.

The most widely used and market-oriented unit of comparison for properties such as the subject is the sale price per square foot of net rentable area. All comparable sales were analyzed on this basis.

Below we present a summary of the improved properties that we compared to the subject property.

DOWNTOWN TORONTO OFFICE BUILDING TRANSACTIONS							
Index No.	Property	Date of Sale	Sale Price	GLA	OCR	NOI PSF	Price PSF
1	56 The Esplanade, Toronto	Aug-17	\$60,000,000	76,112	4.00%	\$31.53	\$788
1	70 The Esplanade, Toronto	Oct-17	\$17,000,000	25,699	4.00%	\$26.46	\$662
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Max		Jan-18	\$19,500,000	33,514	4.75%	\$32.59	\$767
Ave		Jul-17	\$12,555,200	20,020	4.30%	\$27.08	\$632

ANALYSIS OF SALES COMPARABLES

In completing the analysis, quantitative and qualitative adjustments are required to reflect the following:

Property Rights
 Financing
 Motivation
 Market Condition
 Location
 Physical
 Tenant Profile

- None of the sales discussed in this section require adjustment for property rights, financing or motivation.
- Market conditions for Downtown office building continues to improve.
- Qualitative adjustments have been made on the basis of location, physical and tenant profile.
- Ultimately, these attributes are largely reflected in the comparable sales net operating income per s.f.
- It is the net operating income per s.f. which provides the major distinction between the comparable sales and the subject property, and thus a mathematical adjustment is required:

Fully Leased Subject

NOI Adjustment = $\text{Yr1} - 5 \text{ NOI } \$/\text{s.f.} \times \text{Comparable Sale Price } \$/\text{s.f.}$

Comparable Yr 1 - 5 NOI $\$/\text{s.f.}$

The unadjusted unit values indicate a range of \$506 to \$767 per s.f. The estimated stabilized net operating income is \$29.52 per square foot for the subject property. Considering the NOI of the subject property, the adjusted unit rates for the sales result in a range of \$600 to \$650 per s.f. Utilizing these estimated rates, our estimate of Market Value by the Direct Comparison Approach has been calculated at:

Building Area (sf)	\$ psf	Estimated Value
20,500	\$600	\$12,300,000
20,500	\$625	\$12,812,500
20,500	\$650	\$13,325,000

If asked for a specific value, we would estimate the market value of subject at the mid-point of the range or \$12,810,000 (rounded).

RECONCILIATION AND FINAL VALUE OPINION

Direct Capitalization Method	:	\$12,770,000
Discounted Cash Flow Method	:	\$12,650,000
Direct Comparison Approach	:	\$12,810,000

The subject property is an income producing/investment property for which the Income Approach to value is the most appropriate methodology.

The Discounted Cash Flow Analysis serves as a valid approach when estimating market value, particularly in cases where sharp or unusual change is expected to occur in the earnings ability of the property, such as in the case of the subject. It also has a capacity to take into consideration any abnormal vacancy factors, lease renewals or anticipated changes in the economy. This approach also displayed a number of strengths and weakness. Probably the biggest area of concern is the number of assumptions necessary, although if these assumptions are reasonable, this approach enables us to determine the probable performance of the property over the years.

The Discounted Cash Flow analysis is able to address the upcoming lease escalations and their resulting impact on the income stream. For these reasons we would lend the greatest weight to the Discounted Cash Flow method of valuation. We have selected the result of the DCF as our estimate of market value as it is the primary method used by buyers of properties such as the subject.

Therefore, based on all factors that come to bear on the future performance of the property, more particularly those examined in this report, it is our considered opinion that the market value of 1 Niagara Street, Toronto, as of May 15, 2018 was (based on an exposure period between six and twelve months):

TWELVE MILLION SIX HUNDRED AND FIFTY THOUSAND DOLLARS

\$12,650,000

ADDENDA CONTENTS

ADDENDUM A: ASSUMPTIONS AND LIMITING CONDITIONS

ADDENDUM B: CERTIFICATION

ASSUMPTIONS AND LIMITING CONDITIONS

"Report" means the appraisal report and conclusions stated therein, to which these Assumptions and Limiting Conditions are annexed.

"Property" means the subject of the Report.

"C&W ULC" means Cushman & Wakefield ULC or its subsidiary that issued the Report.

"Appraiser(s)" means the employee(s) of C&W ULC who prepared and signed the Report.

The Report has been made subject to the following assumptions and limiting conditions:

This report has been prepared at the request of **Nygard International** for the purpose of providing an estimate of the market value of **1 Niagara Street, City of Toronto** for mortgage financing purposes. It is not reasonable for any person other than the person or those to whom this report is addressed, to rely upon this appraisal without first obtaining written authorization from the client and the author of this report. This report has been prepared on the assumption that no other person will rely on it for any other purpose and all liability to all such persons is denied.

This report has been prepared at the request of **Nygard International** and for the exclusive (and confidential) use of the recipient as named herein and for the specific purpose and function as stated herein. All copyright is reserved to the author and this report is considered confidential by the author and the client. Possession of this report, or a copy thereof, does not carry with it the right to reproduction or publication in any manner, in whole or in part, nor may it be disclosed, quoted from or referred to in any manner, in whole or in part, without the prior written consent and approval of the author as to the purpose, form and content of any such disclosure, quotation or reference.

Without limiting the generality of the foregoing, neither all nor any part of the contents of this report shall be disseminated or otherwise conveyed to the public in any manner whatsoever or through any media whatsoever or disclosed, quoted from or referred to in any report, financial statement, prospectus, or offering memorandum of the client, or in any documents filed with any governmental agency without the prior written consent and approval of the author as to the purpose, form and content of such dissemination, disclosure, quotation or reference.

The estimated market value of the real property which is appraised in this report pertains to the value of the leased fee interest. The property rights appraised herein exclude mineral rights, if any.

The estimate of market value contained in this report is founded upon a thorough and diligent examination and analysis of information gathered and obtained from numerous sources. Certain information has been accepted at face value; especially if there was no reason to doubt its accuracy. Other empirical data required interpretative analysis pursuant to the objective of this appraisal. Certain inquiries were outside the scope of this mandate. For these reasons, the analyses, opinions and conclusions contained in this report are subject to all of the assumptions and limiting conditions.

The property has been valued on the basis that title to the real property herein appraised is good and marketable.

The author of this report cannot accept responsibility for legal matters, questions of survey, opinions of title, hidden or unapparent conditions of the property, toxic wastes or contaminated materials, soil or sub-soil conditions, environmental, engineering or other technical matters, which might render this property more or less valuable than as stated herein. If it came to our attention as the result of our investigation and analysis that certain problems may exist, a cautionary note has been entered in the body of the report.

The author of this report is not qualified to comment on environmental issues that may affect the market value of the property appraised, including but not limited to pollution or contamination of land, buildings, water, groundwater or air. Unless expressly stated, the property is assumed to be free and clear of pollutants and contaminants, including but not limited to moulds or mildews or the conditions that might give rise to either, and in compliance with all regulatory environmental requirements, government or otherwise, and free of any environmental condition, past, present or future, that might affect the market value of the property appraised. If the party relying on this report requires information about environmental issues, then that party is cautioned to retain an expert qualified in such issues. We expressly deny any legal liability relating to the effect of environmental issues on the market value of the property appraised.

The legal description and site area of the property were obtained from the Assessment Roll. Further, the plans and sketches contained in this report are included solely to aid the recipient in visualizing the location of the property.

The property has been valued on the basis that the real property is free and clear of all value influencing encumbrances, encroachments, restrictions or covenants except as may be noted in this report and that there are no pledges, charges, lien or social assessments outstanding against the property other than as stated and described herein.

The property has been valued on the basis that there are no outstanding liabilities except as expressly noted herein, pursuant to any agreement with a municipal or other government authority, pursuant to any contract or agreement pertaining to the ownership and operation of the real estate or pursuant to any lease or agreement to lease, which may affect the stated value or salability of the subject property or any portion thereof.

The property has been valued on the basis that all rents referred to in this report are being paid in full and when due and payable under the terms and conditions of the existing leases, agreements to lease or other contractual agreements. Further, it is assumed that all rents referred to in this report represent the rental arrangements stipulated in the leases, agreements to lease or other contractual agreements pertaining to the tenants' occupancy, to the extent that such rents have not been prepaid, abated or inflated to reflect extraordinary circumstances, and are fully enforceable notwithstanding that such documentation may not be fully executed by the parties thereto as at the effective date of valuation, unless such conditions have been identified and noted in this report.

The property has been valued on the basis that the real estate complies in all material respects with any restrictive covenants affecting the site and has been built and is occupied and being operated, in all material respects, in full compliance with all requirements of law, including all zoning, land use classification, building, planning, fire and health by-laws, rules, regulations, orders and codes of all federal, provincial, regional and municipal governmental authorities having jurisdiction with respect thereto. (It is recognized there may be work orders or other notices of violation of law outstanding with respect to the real estate and that there may be certain requirements of law preventing occupancy of the real estate as described in this report. However, such possible circumstances have not been accounted for in the appraisal process.).

Investigations have been undertaken in respect of matters, which regulate the use of land. However, no inquiries have been placed with the fire department, the building inspector, the health department or any other government regulatory agency, unless such investigations are expressly represented to have been made in this report. The subject property must comply with such regulations and, if it does not comply, its non-compliance may affect the market value of this property. To be certain of such compliance, further investigations may be necessary.

The data and statistical information contained herein were gathered from reliable sources and are believed to be correct. However, these data are not guaranteed for accuracy, even though every attempt has been made to verify the authenticity of this information as much as possible.

The estimated market value of the property does not necessarily represent the value of the underlying shares, if the asset is so held, as the value of the shares could be affected by other considerations. Further, the estimated market value does not include consideration of any extraordinary market value of the property, unless the effects of such special conditions, and the extent of any special value that may arise therefrom, have been described and measured in this report.

Should title to the real property presently be held (or changed to a holding) by a partnership, in a joint venture, through a co-tenancy arrangement or by any other form of divisional ownership, the value of any fractional interest associated therewith may be more or less than the percentage of ownership appearing in the contractual agreement pertaining to the structure of such divisional ownership.

In the event of syndication, the aggregate value of the limited partnership interests may be greater than the value of the condominium interest in the real estate, by reason of the possible contributory value of non-realty interests or benefits such as provision for tax shelter, potential for capital appreciation, special investment privileges, particular occupancy and income guarantees, special financing or extraordinary agreements for management services.

Should the author of this report be required to give testimony or appear in court or at any administrative proceeding relating to this appraisal, prior arrangements shall be made, including provisions for additional compensation to permit adequate time for preparation and for any appearances, which may be required. However, neither this nor any other of these assumptions and limiting conditions is an attempt to limit the use that might be made of this report should it properly become evidence in a judicial proceeding. In such a case, it is acknowledged that it is the judicial body that will decide the use of this report, which best serves, the administration of justice.

Because market conditions, including economic, social and political factors, change rapidly and, on occasion, without notice or warning, the estimate of market value expressed herein, as of the effective date of this appraisal, cannot necessarily be relied upon as any other date without subsequent advice of the author of this report.

The value expressed herein is in Canadian dollars.

This report is only valid if it bears the original signature of the author.

CERTIFICATION OF APPRAISAL

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased professional analyses, opinions and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.
- My compensation is not contingent upon the reporting of a predetermined value or direction in value that favours the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
- My analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Canadian Uniform Standards of Professional Appraisal Practice and with the requirements of the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute of Canada.
- The Appraisal Institute of Canada reserves the right to review this report.
- I, Gary Williams, AACI personally inspected the subject on May 15, 2018.
- The Appraisal Institute of Canada has a mandatory Continuing Professional Development program for designated members. As of the date of this report, I have fulfilled the requirements of the program and remained as a member in good standing.
- No one provided significant professional assistance to the person signing this report.
- The value estimate contained in this report applies as of May 15, 2018. This date may be referred to as the *effective date of valuation*.

FINAL ESTIMATE OF VALUE

Having regard to all of the information contained in this report, it is our professional opinion that the market value of **1 Niagara Street, Toronto**, at the effective date of valuation, was:

TWELVE MILLION SIX HUNDRED AND FIFTY THOUSAND DOLLARS

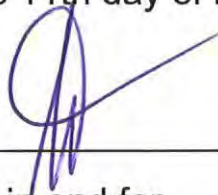
\$12,650,000

This market value estimate is based on an exposure period of six (6) to twelve (12) months.

Gary Williams, AACI, P. App

Date

This is Exhibit "B" referred to in the
Affidavit of Greg Fenske
Affirmed before me at the City of
Winnipeg, this 11th day of March, 2020



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

APPRAISAL OF
1300 / 1340 Notre Dame Avenue & 1440 Clifton Street
Winnipeg, Manitoba



Appraised by:

Timothy J. Browaty, B.R.S., AACI, P.App.

Kaitlan S. Bertouille, B. Comm. (Honours), AACI, P.App.

PART 1 – INSTRUCTION

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SUMMARY OF SALIENT FACTS

Subject Properties:	1300 / 1340 Notre Dame Avenue & 1440 Clifton Street Winnipeg, Manitoba
Type of Properties:	Two Industrial Buildings & One Retail Building
Effective Date:	April 17, 2018
Ownership:	Nygard Properties Ltd.
Realty Roll Numbers:	10310475000, 13010438100 & 13010558000
Certificates of Title:	#1957513, #1957478 & #2286292
Legal Descriptions:	See 'Property Identification'
Total 2018 Assessment:	\$3,098,000 (Combined)
2017 Gross Realty Taxes:	\$83,649.11 (Combined)
Total Site Areas:	11,937 Square Feet (1300 Notre Dame) 180,446 Square Feet (1340 Notre Dame) 7,631 Square Feet (1440 Clifton Street)
Total Building Areas:	6,680 Square Feet (1300 Notre Dame) 66,882 Square Feet (1340 Notre Dame) 3,466 Square Feet (1440 Clifton Street)
Years Built:	1949 / 1987 (1300 Notre Dame) 1950 / 1957/ 1974 / 1997 (1340 Notre Dame) 1904 / 1958 / 1960 / 2004 (1440 Clifton Street)
Zoning:	"M3" - Industrial District
Highest and Best Use:	Current Use

Income Approach to Value:

- 1300 Notre Dame Avenue	\$ 780,000
- 1340 Notre Dame Avenue	\$3,860,000
- 1440 Clifton Street	\$ <u>288,000</u>
Total	\$4,928,000

Direct Comparison Approach to Value:

- 1300 Notre Dame Avenue	\$ 770,000
- 1340 Notre Dame Avenue	\$3,880,000
- 1440 Clifton Street	\$ <u>275,000</u>
Total	\$4,925,000

FINAL ESTIMATES OF VALUE:

- 1300 Notre Dame Avenue	\$ 770,000
- 1340 Notre Dame Avenue	\$3,880,000
- 1440 Clifton Street	\$ <u>275,000</u>
Total	\$4,925,000

*Dennis T. Browaty
& Associates Ltd.*

REAL ESTATE APPRAISERS & CONSULTANTS

299 NAIRN AVE.
WINNIPEG, MANITOBA
R2L 0W8
TELEPHONE: (204) 942-7574
FAX: (204) 956-2343

May 3, 2018

Nygard Properties Ltd.
1771 Inkster Boulevard
Winnipeg, Manitoba
R2X 1R3

Attention: Mr. Abe Rubinfeld

Dear Sirs:

Acting on your instructions, this is to advise that we have personally inspected and appraised the subject properties commonly referred to as 1300 / 1340 Notre Dame Avenue & 1440 Clifton Street, located in the City of Winnipeg, in the Province of Manitoba.

The purpose of this report, as instructed, is to estimate the market value of the fee simple ownership of the subject properties. This appraisal is a **Current Market Value**, as at **April 17, 2018**.

This report is intended for use only by Nygard Properties Ltd. This report is intended for internal use and for no other use. Use of this report by others is not intended by the appraiser, and any liability in this respect is strictly denied. A party receiving a copy of an appraisal report does not become an intended user unless authorized by the appraiser and clearly identified as the intended user.

Market value is the major focus of most real property appraisal assignments. Both economic and legal definition of market value have been developed and refined. A current definition in Canada is:

"The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress."

.../2

The definition may be expanded by adding:

Implicit in this definition is the consummation of a sale as of the specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised, and acting in what they consider their best interests;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in Canadian dollars or in terms of financial arrangements comparable thereto; and
5. The price represents the normal considerations for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

This definition of market value was obtained from the Canadian Uniform Standards of Professional Appraisals Practice, effective January 1, 2018.

Based upon the data, analyses and conclusions contained herein, the market value of the interest in the properties described, located at **1300 / 1340 Notre Dame Avenue & 1440 Clifton Street**, in the **City of Winnipeg**, in the **Province of Manitoba**, as at **April 17, 2018**, linked to a reasonable exposure time of approximately six to twelve months, are estimated at:

1300 Notre Dame Avenue -	\$ 770,000
1340 Notre Dame Avenue -	\$3,880,000
1440 Clifton Street -	<u>\$ 275,000</u>
Total -	\$4,925,000

The results of our investigations and analyses are enclosed in the following pages of this report.

Respectfully submitted,

DENNIS T. BROWATY & ASSOCIATES LTD.

per:



Timothy J. Browaty, B.R.S., AACI, P.App.



**Kaitlan S. Bertouille, B. Comm (Honours), AACI,
P.App.**

PART II – FACTUAL DATA

THE PROPERTIES

The subject properties consists of two industrial buildings and one retail building.

1300 Notre Dame Avenue consists of a one storey retail building with a total building area of 6,680 square foot. It was originally constructed 1949 with an addition in 1987. The improvement is situated on a site with an area of 11,937 square feet.

1340 Notre Dame Avenue consists of a one storey, industrial building, which has a building area of 66,882 square feet and was originally constructed in 1950 with additions in 1957, 1974 and 1997. The improvement is situated on a site with an area of 180,446 square feet.

1440 Clifton Street consists of a one storey industrial building with a plan area of 3,466 square feet, plus a 354 square foot basement. It was constructed in 1904, with additions in 1958, 1960, and 2004. It is situated on a site with an area of 7,631 square feet.

Photographs of the subject properties and area are included in the addendum, of this report.

PURPOSE OF REPORT

The purpose of this report, as instructed, is to estimate the market value of the fee simple ownership of the subject properties. This appraisal is a **Current Market Value**, as at **April 17, 2018**.

PROPERTY RIGHTS

The property rights are those of **Fee Simple Estate** and are defined as: an absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, expropriation, police power, and escheat.

EFFECTIVE DATE OF REPORT

April 17, 2018, being the date of inspection.

INTENDED USE OF REPORT

This report is intended for use only by Nygard Properties Ltd. This report is intended for internal use only and for no other use. Use of this report by others is not intended by the appraiser, and any liability in this respect is strictly denied. A party receiving a copy of an appraisal report does not become an intended user unless authorized by the appraiser and clearly identified as the intended user.

Dennis T. Browaty & Associates Ltd.

DEFINITION OF MARKET VALUE

Market value is the major focus of most real property appraisal assignments. Both economic and legal definitions of market value have been developed and refined. A current definition in Canada is:

“The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress.”

The definition may be expanded by adding:

Implicit in this definition is the consummation of a sale as of the specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised, and acting in what they consider their best interests;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in Canadian dollars or in terms of financial arrangements comparable thereto; and
5. The price represents the normal considerations from the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Reasonable exposure time is one of a series of conditions in more market value definitions.

Exposure Time – is referred to in most market value definitions. In an appraisal, the term means the estimated length of time the property interest being appraised would have been offered on the market before the hypothetical consummation of a sale at the estimated value on the effective date of the appraisal; a retrospective estimate based upon an analysis of past events assuming a competitive and open market. It is always presumed to have preceded the effective date of the appraisal. The subject's exposure time is estimated at six to 12 months.

Marketing Time – Marketing time is an opinion on the amount of time it might take to sell a property interest in real estate at the concluded market value level during the period immediately after the effective date of the appraisal. The subject's marketing time is estimated at six to 12 months.

These definitions were obtained from the Canadian Uniform Standards of Professional Appraisal Practice, effective January 1, 2018.

Dennis T. Browaty & Associates Ltd.

SCOPE OF WORK

Timothy J. Browaty, B.R.S., AACI, P.App. and Kaitlan S. Bertouille, B. Comm. (Honours), AACI, P.App. conducted an interior and exterior inspection of the subject properties on April 17, 2018, accompanied by Mr. Marcel Buisse. Our identification of the properties also involved a review of mapping prepared by the local municipality and our earlier files on 1440 Clifton Street. Interior photographs of the subject properties were taken on April 17, 2018 and exterior photographs were taken May 3, 2018. Verbal permission for interior photos of the subject properties was granted by Mr. Marcel Buisse.

This Current Appraisal complies with the Canadian Uniform Standards of Professional Appraisals Practice, effective January 1, 2018, ("The Standards") as developed by the Standards Board of the Appraisal Institute of Canada. The appraiser is competent in this type of appraisal analysis, and has appraised this type of properties previously.

This appraisers received instructions from Mr. Abe Rubinfeld to proceed with this report. Introductory and descriptive information contained within this report is based upon a personal inspection of the subject property, as well as data provided by Economic Development Winnipeg and the City of Winnipeg Planning, Property & Development Department. Publications produced by the City of Winnipeg provided information on applicable land use controls. Sources of market evidence included, as appropriate, the City of Winnipeg Sale Data (SABRE Program), the local real estate board, Land Title Office transactions – including those reported by local assessors, real estate agents, vendors and purchasers active in the market. Additional data was obtained from The Johnson Report, December 2017 Market Report, Commercial Real Estate by Wayne K. Johnson, C.A. State of title to the properties was obtained through The Property Registry online services.

We did not complete technical investigations such as (where applicable): detailed inspections or engineering review of the structure, roof or mechanical systems; an environmental review of the properties; a site or building survey; investigations into the bearing qualities of soils; or audits of financial and legal arrangements.

The analysis set out in this report relied on written and verbal information obtained from a variety of sources we considered reliable. Unless otherwise stated herein, we did not verify client-supplied information, which we believe to be correct. The mandate for the appraisal did not require a report prepared to the standard appropriate for court purposes or for arbitration, so we did not fully document or confirm by reference to primary sources of all information herein.

CONTINGENT AND LIMITING CONDITIONS

The certification that appears in this appraisal report is subject to compliance with the Personal Information and Electronics Documents Act (PIPEDA), Canadian Uniform Standards of Professional Appraisal Practice ("CUSPAP") and the following conditions:

1. This report is prepared at the request of the client and for the specific use referred to herein. It is not reasonable for any other party to rely on this appraisal without first obtaining written authorization from the client, the authors, subject to the qualification below. Liability is expressly denied to any person other than the client and those who obtain written consent and, accordingly, no responsibility is accepted for any damage suffered by any such person as a result of decisions made or actions based on this report. Diligence by all intended users, is assumed.
2. Because market conditions, including economic, social and political factors change rapidly and, on occasion, without warning, the market value estimate expressed as of the date of this appraisal cannot be relied upon as of any other date except with further advice from the appraiser and confirmed in writing.
3. The legal descriptions, which have been furnished by the Winnipeg Land Titles Office, are assumed to be good and marketable, and therefore, no opinion is rendered about the titles. No registry office search has been performed and the appraiser assumes that the titles is good and marketable and free and clear of all encumbrances including leases, unless otherwise noted in this report. The properties are appraised on the basis of it being under responsible ownership.
4. The subject properties are presumed to comply with government regulations including zoning, building codes and health regulations and, if it doesn't comply, its non-compliance may affect market value.
5. No survey of the properties has been made. Accordingly, no responsibility is assumed concerning these matters or the technical or engineering techniques, which would be required to discover any inherent or hidden condition of the subject properties. Any sketches, drawings, diagrams, photographs, etc. presented in this report are included for the sole purpose of illustration to assist the reader of the report in visualizing the properties.

6. This report is completed on the basis that testimony or appearance in court concerning this appraisal is not required unless specific arrangements to do so have been made beforehand. Such arrangements will include, but not necessarily be limited to, adequate time to review the appraisal report and data related thereto and that appropriate compensation will be paid for such adequate preparation.
7. Unless otherwise stated in this report, the appraiser has no knowledge of any hidden or unapparent conditions of the properties (including, but not limited to, its soils, physical structure, mechanical or other operating systems, its foundation, etc.) or adverse environmental conditions (on it or a neighbouring property, including the presence of hazardous wastes, toxic substances, etc.), that would make the properties more or less valuable. It has been assumed that there are no such conditions, unless they were observed at the time of inspection, or became apparent during the normal research involved, in completing the appraisal. This report should not be construed as an environmental audit or detailed property condition report, as such reporting is beyond the scope of this report, and/or the qualifications of the appraiser. The author makes no guarantees or warranties, express or implied, regarding the condition of the properties, and will not be responsible for any such conditions, that do exist or for any engineering or testing that might be required to discover, whether such conditions exist. The bearing capacity of the soil is assumed to be adequate.
8. The appraiser is not qualified to comment on environmental issues that may affect the market value of the properties appraised, including but not limited to pollution or contamination of land, buildings, water, groundwater or air. Unless expressly stated, the properties are assumed to be free and clear of pollutants and contaminants, including but not limited to moulds or mildews or the conditions that might give rise to either, and in compliance with all regulatory environmental requirements, government or otherwise, and free of any environmental condition, past, present or future, that might affect the market value of the properties appraised. If the party relying on this report requires information about environmental issues then that party is cautioned to retain an expert qualified in such issues. We expressly deny, any legal liability, relating to the effect of environmental issues on the market value of the subject properties.
9. The analyses set out in this report relied on written and verbal information obtained from a variety of sources we considered reliable. Unless otherwise stated herein, we did not verify client-supplied information, which we believed to be correct. No responsibility is assumed for the accuracy of such items that were furnished by other parties.

10. The term “inspection” refers to observation and reporting of the general material finishing and conditions seen for the purposes of a standard appraisal inspection. The inspection scope of work includes the identification of marketable characteristics/amenities, offered for comparison and valuation purposes only, in accordance with the CUSPAP.
11. The opinions of value and other conclusions contained herein assume satisfactory completion of any work remaining to be completed in a good and workmanlike manner. Further inspection may be required to confirm completion of such work. The appraiser has not confirmed that all mandatory building inspections have been completed to date, nor has the availability/issuance of an occupancy permit been confirmed. The appraiser has not evaluated the quality of construction, workmanship or materials. It should be clearly understood that this physical inspection does not imply compliance with any building code requirements as this is beyond the professional expertise of the appraiser.
12. The contents of this report are confidential and will not be disclosed by the author to any party except as provided for by the provisions of the CUSPAP and/or when properly entered into evidence of a duly qualified judicial or quasi-judicial body. The appraiser acknowledges that the information collected herein is personal and confidential and shall not use or disclose the contents of this report, except as provided for in the provisions of the CUSPAP and in accordance with the appraiser's privacy policy. The client agrees that in accepting this report, it shall maintain the confidentiality and privacy of any personal information, contained herein, and shall comply in all material respects with the contents of the appraiser's privacy policy and in accordance with the PIPEDA.
13. The appraiser has agreed to enter into the assignment, as requested by the client named in the report, for the use specified by the client, which is stated in the report. The client has agreed that the performance of this appraisal and the report format are appropriate for the intended use.
14. Written consent from the author and supervisory appraiser must be obtained before all (or any part) of the content of the appraisal report can be used for any purposes by anyone except; the client specified in the report, the borrower if he or she paid the appraisal fee, the mortgagee or its successors, and assigns and the mortgage insurer. The author's written consent and approval must also be obtained before the appraisal (or any part of it) can be conveyed by anyone to the public through advertising, public relations, news, sales, or other media.

15. This report form is the property of the Appraisal Institute of Canada (AIC) and for use only by AIC members in good standing. Use by any other person is a violation of AIC copyright. This appraisal report, its content and all attachments/addendums and their content are the property of the author. The client, intended users and any appraisal facilitator are prohibited, strictly forbidden and no permission is expressly or implicitly granted or deemed to be granted, to modify, alter, merge, publish (in whole or in part) screen scrape, database scrape, exploit, reproduce, decompile, reassemble or participate in any other activity intended to separate, collect, store, reorganize, scan, copy, manipulate electronically, digitally, manually or by any other means whatsoever this appraisal report, addendum, all attachments and the data contained within for any commercial, or other, use.
16. If transmitted electronically, this report will have been digitally signed, and secured with personal passwords, to lock the appraisal file. Due to the possibility of digital modification, only originally signed reports and those reports sent directly by the appraiser, can be relied upon without fault.
17. Cost estimates contained within this report are not valid for insurance purposes.
18. It is assumed that the subject is in compliance with government regulations
19. Where the intended use of this report is for financing or mortgage lending, it is a condition of reliance on this report that the authorized user, has or will conduct, loan underwriting and rigorous due diligence, in accordance with the standards of a reasonable and prudent lender, including but not limited to ensuring the borrower's demonstrated willingness and capacity to service his/her debt obligations on a timely basis, and to conduct such loan underwriting and due diligence in accordance with the standards set out by the Office of the Superintendent of Financial Institutions (OSFI) Residential Mortgage Underwriting Practices and Procedures B-20, even when not otherwise required by law. Liability is expressly denied to those that do not meet this condition.

20. Where the intended use of this report is for mortgage insurance, it is a condition of reliance on this report that the authorized user will conduct loan insurance underwriting and rigorous due diligence in accordance with the standards of a reasonable and prudent mortgage insurer, including but not limited to ensuring the borrower's demonstrated willingness and capacity to service his/her debt obligations on a timely basis, to conduct such loan insurance underwriting and/ due diligence in accordance with the standards set out by the Office of the Superintendent of Financial Institutions (OSFI) Residential Mortgage Insurance Underwriting Practices and Procedures B-21, even when not otherwise required by law. Liability is expressly denied to those that do not meet this condition.

21. The following are *Extraordinary Limiting Conditions* of this report:

- exclusion of a relevant valuation approach;

Extraordinary Limiting Conditions include the exclusion of a Standard Rule. The Cost Approach to Value, due to the inherent difficulties in estimating accrued depreciation from all source, will not be employed. The Income and Direct Comparison Approaches to Value will be investigated to estimate market value.

PROPERTY IDENTIFICATIONS

Civic Address: 1300 Notre Dame Avenue

Winnipeg, Manitoba

Ownership: Nygard Properties Ltd.

Realty Roll Number: 13010475000

Certificate of Title: #1957513

Legal Description: Lots 1 to 4 Block 1 Plan 211 WLTO (W Div)
In RL 51 Parish of St. James

Encumbrances: There are no instruments registered to this title.

Civic Address: 1340 Notre Dame Avenue

Winnipeg, Manitoba

Ownership: Nygard Properties Ltd.

Realty Roll Number: 13010438100

Certificate of Title: #2286292

Legal Description: Firstly: Parcel A Plan 5012 WLTO
In OTM Lot 50 Parish of St. James
Secondly: Lots 111 to 121 Block 1 Plan 211 WLTO (W Div)
Exc out of said Lots 111 and 112 all those portions contained
within the limits of Parcel C Plan 5012 WLTO
In OTM Lot 51 Parish of St. James

Encumbrances: The following is summary of registrations on title.

Instrument #	Type	From/By:	To:	Registered
190940/1	Caveat	The City of Winnipeg		28-Oct-63
191006/1	Caveat	Metro Corp. of Greater Winnipeg		4-Nov-63
1078971/1	Mortgage	Alandar Properties Limited	North American Life Assurance Company	17-Oct-88
1158232/1	Caveat	North American Life Assurance Company		24-May-89
1937306/1	Amendment	North American Life Assurance Company	Alandar Properties Limited	15-Aug-95
2128864/1	Transmission of Mortgage	The Manufacturers Life Insurance Company		4-Apr-97

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Civic Address: 1440 Clifton Street
Winnipeg, Manitoba

Ownership: Nygard Properties Ltd.
Realty Roll Number: 13010558000
Certificate of Title: #1957478
Legal Description: Lots 122, 123 and 124 Block 1 Plan 211 WLTO (W Div)
In RL 51 Parish of St. James

Encumbrances: There are no instruments registered to this title.

No investigation has been conducted against any registrations made on the Certificates of Title. They are assumed to be good and marketable, and therefore, no opinion is rendered about the titles. No responsibility is assumed for matters of a legal nature that affect either the properties being appraised or the titles to it. The properties are appraised on the basis of it being under responsible ownership and based upon the premise that the properties are free and clear of all mortgage indebtedness and that there are no liens or special assessments against the properties except where noted. It is assumed that the properties do not contain any encroachments, unless otherwise noted.

Computerized printouts of the Title Searches as conducted through The Property Registry online services on April 16, 2018, are included in the addendum of this report.

HISTORICAL DATA

Ownership has remained unchanged for the past several years. 1300 Notre Dame Avenue previously transferred on July 8, 2003 for \$135,000. 1440 Clifton Street previously sold on July 8, 2003 for \$105,000.

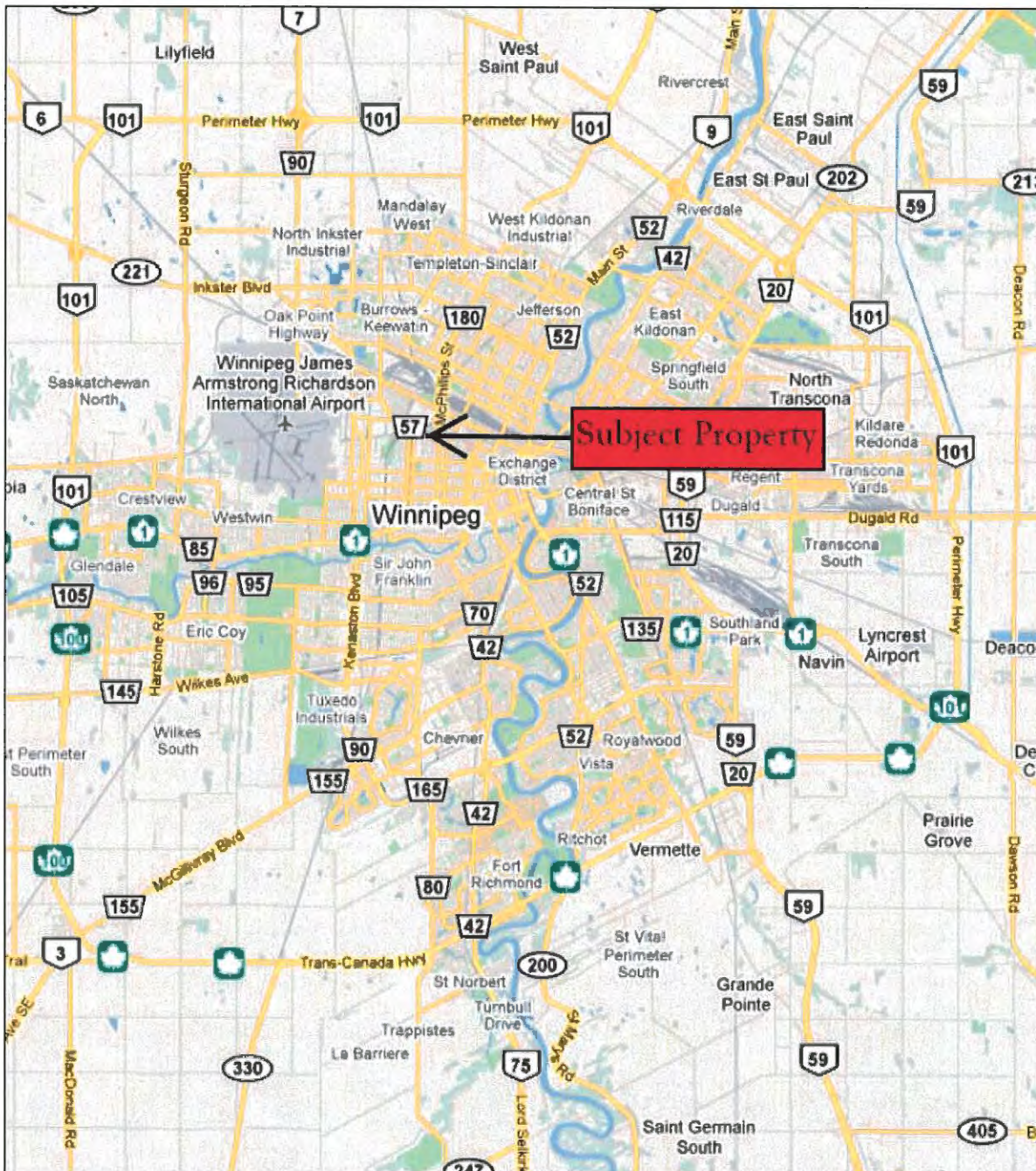
REALTY ASSESSMENT & PROPERTY TAXES

Total 2018 Assessment:	Roll #13010475000 - \$ 420,000
	Roll #13010438100 - \$2,421,000
	Roll #13010558000 - \$ <u>257,000</u>
	Total - \$3,098,000

2017 Gross Realty Taxes:	Roll #13010475000 - \$ 9,679.44
	Roll #13010438100 - \$68,395.10
	Roll #13010558000 - \$ <u>5,574.57</u>
	Total - \$83,649.11

The assessment and taxation of real property in Winnipeg is the responsibility of the City of Winnipeg. Property assessments are set using a market value based system. Reassessments are on a two year cycle with provincial legislation requiring the City to conduct a full reassessment of all properties in their jurisdiction every two years. Assessments for the years 2018 to 2019, are based on an April 1, 2016 market value.

CITY AND REGIONAL DATA



General Locale

The City of Winnipeg is the capital and the largest City in Manitoba. It is situated at the junction of the Assiniboine and the Red River, approximately 40 miles south of Lake Winnipeg and 65 miles north of the United States Border. Winnipeg lies almost at the geographical centre of Canada midway between the Atlantic and Pacific coasts.

History and Growth

Though there have been fur trading posts on the site since 1738, the first permanent settlement of the area occurred in 1812. In the 1860's, settlers flowed into the Red River Valley and a bitter struggle developed between farmers and fur traders. Manitoba entered Confederation in 1870 and the City of Winnipeg, was incorporated in 1873. After the construction of the Canadian Pacific Railway in 1881, the City expanded to become the leading commercial center of central Canada. The arrival of the Canadian Pacific Railway brought a 30 year period of growth and prosperity unequalled in Canadian urban development. A flood of immigrants, high wheat prices, improved farming techniques, and plentiful capital contributed to making Winnipeg the wholesale, administrative and financial centre of western Canada.

Since 1945, Winnipeg has grown steadily, based on its position as a major grain, financial, manufacturing and transportation centre. During the 1960's and 1970's, Winnipeg changed steadily, almost the entire urban landscape was remade. In 1972, a new era began for Winnipeg when the cities, towns and municipalities, which comprised Greater Winnipeg were united into one City.

Winnipeg has a dynamic future where the leaders in business, industry and all levels of government share a vision to actively promote existing and new development. The people of Winnipeg are working together to make this a globally competitive City, that is cost-effective for site selection. Effective partnerships are being developed to build our work force, increase our quality of products and services, encourage entrepreneurs and strengthen our infrastructure.

Population Trends

The Winnipeg Census Metropolitan Area (CMA) includes 11 municipalities including the municipalities of: Macdonald, West St. Paul, East St. Paul, Headingley, Ritchot, Tache, Springfield, Rosser, St. Francois Xavier, St. Clements and Brokenhead First Nation.

Year	City of Winnipeg	Winnipeg CMA	Province of Manitoba
2002	640,700	700,000	1,156,600
2003	644,100	704,300	1,163,500
2004	648,900	710,300	1,173,200
2005	650,700	713,100	1,178,300
2006	652,900	715,900	1,183,500
2007	654,700	719,100	1,189,400
2008	657,800	723,300	1,197,800
2009	663,000	729,300	1,208,600
2010	669,400	736,400	1,220,900
2011	677,800	746,100	1,233,700
2012	689,600	759,600	1,250,400
2013	698,700	770,400	1,265,300
2014	709,300	782,600	1,280,200
2015	718,400	793,400	1,293,400
2016	735,600	811,900	1,315,100
2017*	750,000	828,000	1,335,600
2018*	762,000	841,700	1,355,200
2019*	774,200	855,700	1,375,100
2020*	786,200	869,600	1,395,000
2021*	797,900	883,100	1,415,000
*Forecast			

Sources:

Population: City of Winnipeg/Statistics Canada

Forecast: Conference Board of Canada, Metropolitan Outlook 1 Report – March 2017

Climate

Winnipeg has a continental type climate, enjoying four distinct seasons. There are significant temperature variations through the year generally ranging from highs of +35 degrees Celsius (+95 degrees Fahrenheit) to lows of -40 degrees Celsius (-40 degrees Fahrenheit).

The average annual precipitation is approximately 1,535 millimetres (61 inches) per year, of which about 1,148 millimetres (45 inches) falls as snow. Winnipeg is the sunshine capital of Canada, with over 2,300 hours of sun annually.

Winnipeg experienced the “Flood of the Century” in 1997 when the Red River, which is normally no more than 100 to 200 feet in width, overflowed to a point where it exceeded 20 miles in width. The flooding had only a minor effect on Winnipeg, as The Floodway was able to handle the majority of the excess water.

Transportation Facilities

Air

The city ranks as a key point in Canada's transportation system and is the "Gateway to the West" with a primary market area extending from the head of the lakes to the Rocky Mountains. It is also the centre of activity for northern development and its closeness to the United States border has encouraged many manufacturers of the mid-west United States to locate branch plants here in order to compete more successfully in the western Canadian market.

The Winnipeg James Armstrong Richardson International Airport (YWG) is operated by the Winnipeg Airport Authority Inc. (WAA). YWG is the only Canadian airport between Vancouver and Toronto with a Category II Instrument Landing System. It is competitively positioned as a 24 hour airport. Only four and a half miles from the city centre, it provides convenient access for Winnipeg business and visitor traffic alike.

YWG offers a broad range of air passenger and cargo services including international carriers, commuter airlines, jet freight carriers, fixed base operators, and various charter operations. In 2016, it serviced over 4 million passengers, an increase of almost 6.25% over its 2015 figure. This marks the third consecutive record setting year for the airport. It also continues to handle a large amount of cargo annually, with 2013 handling over 175,000 tonnes of cargo. The Airport has over 800 acres of developable land within four business parks, but only 90 acres is serviced.

Completed near the end of 2011, the new YWG terminal was constructed at a cost of nearly \$600 million and offers significantly more space than the previous terminal, with 550,000 square feet of floor area. The construction of the terminal, has also led to other redevelopments in the airport, with a new Greyhound bus depot (the depot relocated from its former downtown location), a 1,559 stall parkade, a 270,000 square foot Canada Post mail processing facility (also relocated from its former downtown location), and the 101 suite luxury hotel Grand Winnipeg Airport Hotel. A Marriott hotel was completed in 2014, across from the existing Sheraton Hotel, which increased the total number of suites within the airport campus to 400. The airport's former terminal has been demolished, after a campaign to save the modernist structure failed.

Rail

Winnipeg is the only major City between Vancouver, BC and Thunder Bay, ON with direct U.S. rail connections and is on the mainline of Canada's two national rail systems: The Canadian Pacific Railway (CPR) and Canadian National Railway (CNR). Both CPR and CNR maintain extensive and modern yards with major service facilities. At CNR's Symington Yards, over 3,000 cars can be handled in a day. CPR's yard processes an average of 2,000 cars per day. (Economic Development Winnipeg). VIA Rail provides passenger service at 123 Main Street in downtown Winnipeg.

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Value of Building Permits (Value in \$000)

The following table provides a summary of the total building permits issued for the past five years in the City of Winnipeg.

Building Type	2017	2016	2015	2014	2013
Number of Residential Permits	7,218	6,946	5,986	5,844	5,795
Total Residential	\$1,193,109	\$839,220	\$822,229	\$861,481	\$768,029
% Changes Residential	42.17%	2.07%	-4.56%	12.17%	0.77%
Number of Non-Residential Permits	3,641	3,267	2,835	2,751	2,666
Total Non-Residential	\$822,433	\$965,359	\$613,740	\$676,234	\$1,013,908
% Changes Non-Residential	-14.81%	57.29%	-9.24%	-33.30%	30.17%

Source: City of Winnipeg – Property, Planning & Development

The following table indicates the largest building permits issued during 2017:

Address	Use	Type of Permit	Value
100 Ed Spencer	Sewage Treatment Plant	Interior Alteration	\$110,255,000
242 Hargrave	Office Multi-Use	New Construction	\$75,000,000
225 Carlton	Office Multi-Use	New Construction	\$150,000,000
130 Sage Creek	Apartments	New Construction	\$23,000,000
5429 Roblin	Apartments	New Construction	\$13,000,000
97 Dafoe	University/College	New Construction	\$17,000,000
1441 Main	Retail Store	Interior and Exterior Alterations	\$18,500,000
835 Sterling Lyon	Apartments	New Construction	\$32,000,000
145 Locomotive	Park Bldgs	Partial Permit-Foundation	\$15,250,000
711 Jefferson	School	Construct Addition	\$6,000,000
2405 McGillivray	Church	New Construction	\$9,000,000

Economic & Real Estate Summary

According to The Conference Board of Canada's Metropolitan Outlook: Autumn 2017, after rising by 3.2 percent last year, real GDP growth in Winnipeg is expected to reach a solid 3.6 per cent this year, before slowing sharply to 1.4 per cent in 2018.

Winnipeg's labour force growth is expected to remain steady going forward due to continued job creation. According to the Conference Board of Canada's 2017 Metropolitan Outlook report, "Winnipeg's unemployment rate will drop from 5.8% in 2017 to 5.5% by 2021. Growth in potential output in Manitoba may overtake that of all the western provinces, owing in part to the province's considerably younger demographic profile as compared to the rest of Canada."

According to the Conference Board of Canada, Winnipeg's economy is expected to tail off in 2018. The manufacturing sector in Winnipeg is being buoyed by a demand for transportation equipment, demand from the U.S., and a low Canadian dollar. The construction sector has also gotten a lift from residential demand and non-residential projects.

The Winnipeg Free Press' Martin Cash stated on December 30, 2017 that "Old money, family owned businesses in Manitoba were busy this year. The Richardsons' made their first foray overseas, acquiring Europe's second largest oat miller; the Macdonalds cashed out on MacDon for \$1.2 billion; Gerry Price's Price Industries continues to up its game in the HVAC business with Winnipeg work at the new Apple headquarters and Albert Cohen's kids are taking Gendis private.

The first multi-tenant office bundling since the early 90's is being built in downtown Winnipeg. True North Square is adding about one million square feet of office, residential and commercial property, most of it occupying the former parking lot for a couple hundred cars. The Portage and Main buildings were also spruced up in 2017. The exterior of the long-standing premier office address at 360 Main Street got a high-end facelift and some of its neighbours at Portage and Main also benefited from capital investment. And, as if to show that Winnipeg is capable of bucking development trends, there were also major retail buildings in 2017. The City's first outlet store small opened, Outlet Collection Winnipeg, with 400,000 square feet and more than 100 stores.

2017, was a year where stronger move up market activity helped offset some drop off in the first time buyer price ranges for single family homes. One clear example of higher end sales gaining ground over 2016 was the fact there were 45 million dollar plus homes sold in comparison to 30 in 2016. Even condominiums saw a spike in million dollar plus sales with six compared to none in 2016. More move up sales activity in 2017 was a contributing factor in lifting the annual average sale price upward for both residential detached and condominium property types. The residential detached average sale price went from \$302,726 in 2016 to \$315,720 in 2017. The condominium average sale price rose over \$9,000 to \$244,687 in 2017. 2017 finished up strong with a total of 13,525 sales, down less than 1% from the record year of 2016, where 13,632 sales were transacted. A new annual dollar volume record was set in 2017, with \$3.92 billion worth of MLS sales – an increase of close to 4% in comparison to 2016 (Winnipeg Realtors).

Winnipeg Realtors is forecasting MLS sales to be flat to down four per cent in 2018, with dollar values flat to up three percent. Next year is likely to be the market's first \$4 billion dollar year. When True North Square gets up and running and some of the other residential developments (including Artis REIT's residential tower south of its 360 Main building and the SkyCity condo tower), other spaces will start to fill up with independent retailers with some of those services that those residents will start to look for at a price point you would get at True North Square. Developments like the \$20 million James Avenue Pumping Station and new residential development being south for The Railside at The Forks will further shake up the downtown dynamic."

NEIGHBOURHOOD DATA



Note: Outlined areas are approximate.

The subject properties are located in the central portion of the City of Winnipeg, within the West End district. The West End district is bound by the CPR rail yards to the north; Sherbrook Street to the east; Assiniboine River to the south; and the CPR La Riviere rail line to the west.

More specifically, the subject is situated on the south side of Notre Dame Avenue, between Clifton Street and Spruce Street.

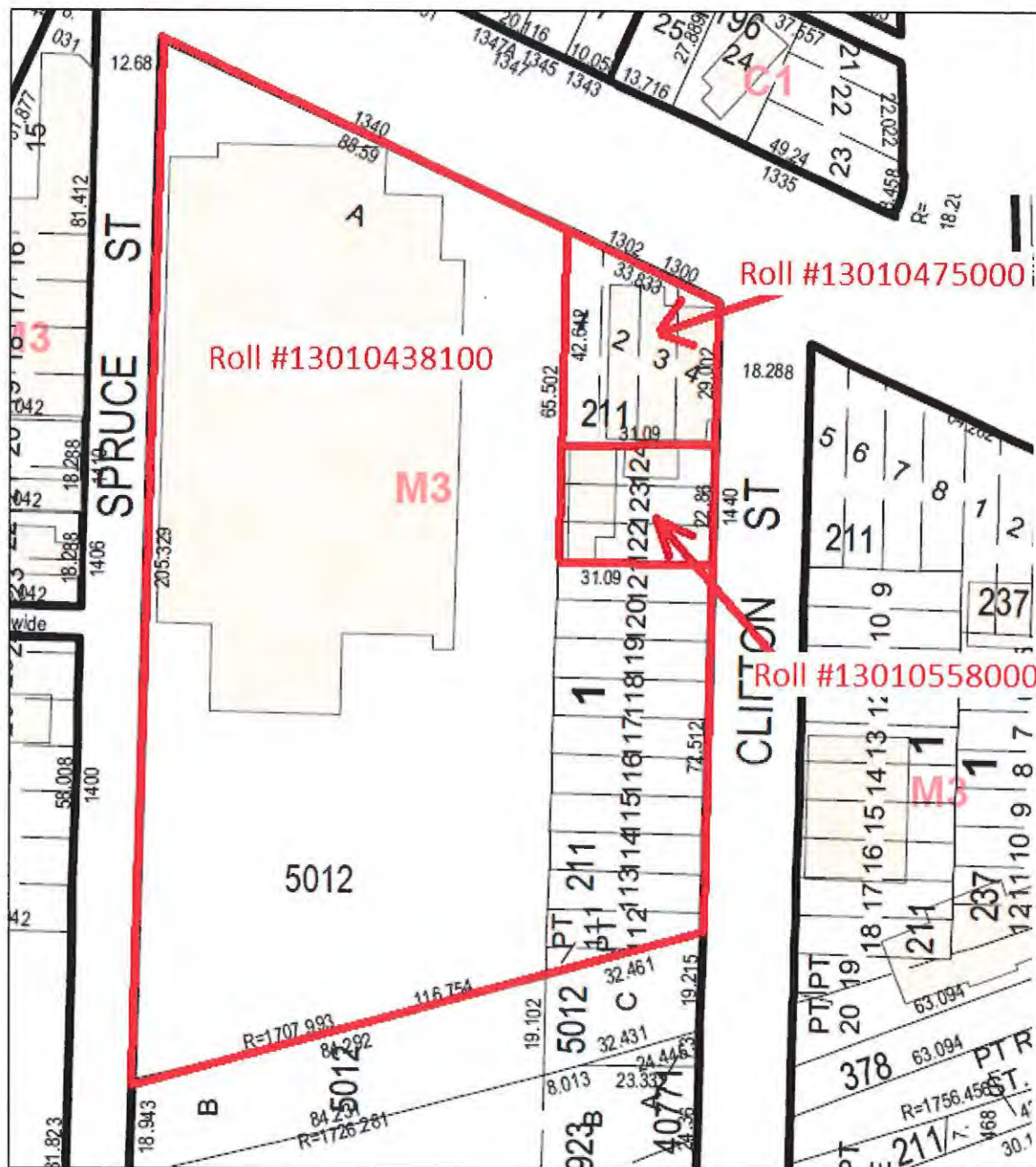
Notre Dame Avenue is a four lane roadway which commences at Portage Avenue in the Central Business District (CBD) and extends through the West End and St. James districts, ending at Brookside Boulevard. Based on the 2015 City of Winnipeg Traffic Flow Map, Notre Dame Avenue services 43,300 vehicles per weekday at the subject site.

Clifton Street and Spruce Street are north/south thoroughfares which commences at Notre Dame Avenue (at the subject) and extends south to Portage Avenue. Both streets are developed with industrial buildings north of Richard Avenue and single family dwellings south of Richard Avenue. Home within the West End district generally sell for less than \$300,000 and were constructed prior to 1950.

The subject's immediate area is developed with industrial and commercial buildings. Manitoba Hydro occupies a large industrial building along Notre Dame Avenue just northeast of the subject. Other commercial improvements are smaller in size and generally occupied by local businesses.

The Erin/Wall industrial pocket is located just south of the subject. Buildings in this area consists of one storey industrial buildings which are smaller in size.

Overall, the subject is considered to be well-located with frontage along a busy traffic thoroughfare.

LOT DESCRIPTION

1300 Notre Dame Avenue – Roll #13010475000

The subject is irregular in shape. It has a frontage of 111.00 feet along Notre Dame Avenue and 95.15 feet along Clifton Street. The southern boundary has a length of 102.00 feet and the western boundary has a length of 139.90 feet. According to the City of Winnipeg Assessment Department, the site has a total area of 11,937 square feet.

Portion of the site not covered by improvements are paved and used for parking.

The subject site appears level and adequately graded to provide drainage of surface water.

Access to the site is available from a curb cut off Notre Dame Avenue and a curb cut off Clifton Street.

The subject is serviced by electricity, natural gas, water, sewer and telephone. Local improvements fronting the subject site include a paved roadway, paved sidewalk and ornamental street lighting.

1340 Notre Dame Avenue – Roll #13010438100

The subject is irregular in shape. It has a frontage of 290.65 feet along Notre Dame Avenue and a frontage of 673.65 feet along Spruce Street. It has a southern boundary with a length of 383.05 feet. From the southeast corner of the site, the eastern boundary extends north for 237.90 feet, then west for 102.00 feet, then north for 214.90 feet. According to the City of Winnipeg Assessment Department, the site has a total area of 180,446 square feet.

Portion of the site not covered by improvements are paved and gravelled. Areas surrounding the improvement are paved and used for parking, while the southern portion of the site is gravelled covered and used for on-site storage.

The subject site appears level and adequately graded to provide drainage of surface water.

Access to the site is available from a curb cut off Notre Dame Avenue and a curb cut off Clifton Street and one off Spruce Street.

The subject is serviced by electricity, natural gas, water, sewer and telephone. Local improvements fronting the subject site include a paved roadway, paved sidewalk and ornamental street lighting.

1440 Clifton Street – Roll #13010558000

The subject is rectangular in shape. It has a frontage of 75.00 feet along Clifton Street and a depth of 102.00 feet. According to the City of Winnipeg Assessment Department, the site has a total area of 7,631 square feet.

Portion of the site not covered by improvements are paved and used for parking.

The subject site appears level and adequately graded to provide drainage of surface water.

Access to the site is available from a curb cut off Clifton Street.

The subject is serviced by electricity, natural gas, water, sewer and telephone. Local improvements fronting the subject site include a paved roadway, paved sidewalk and ornamental street lighting.

BUILDING DESCRIPTION

1300 Notre Dame Avenue

The subject improvement consists of a one storey retail building, with a building area of 6,680 square feet. The improvement was originally constructed in 1949 with an addition in 1987.

The improvement is of concrete construction and sits atop a concrete foundation. The front (north) elevation of the building includes several large store front windows, with the remaining elevations being painted masonry block. There are double doors entrances to the building on the east and south elevations. The roof was not inspected, but appears to be flat and presumed to be of built-up tar and gravel construction.

The subject's interior consists of open retail space. There are dressing rooms along the south and west exterior walls and two built-in cashier's counters. Finishes include ceramic tiled floors, painted gyproc walls, a combination of painted wood and suspended tile ceiling, and fluorescent and pot lighting. There are exposed vents and wooden columns throughout the building. Men's and women's washrooms are situated near the front of the store.

The subject is considered to be in average overall condition for its chronological age.

1340 Notre Dame Avenue

The subject improvement consists of a one storey industrial building. It has a plan area of 66,882 square feet. It was originally constructed in 1950 with a building area of 54,610 square feet, with additions in 1957 (4,788 square feet), 1974 (4,152 square feet), and 1997 (3,332 square feet).

The improvement is reportedly of masonry (1950 and 1957), steel frame (1974), and wood frame (1997) construction and sits atop a concrete foundation. The exterior of the building is finished with painted concrete blocks. There are several entrances to the subject, with windows along the front (north) office portion. The roof was not inspected, but appears to be flat and presumed to be of built-up tar and gravel construction. There are skylights in the western office portion. The improvement has wall heights ranging from 12 to 19 feet.

The subject's interior consists of a combination of office and warehouse space. The office portion located on the south side of the buildings includes a reception area, a private office, a large boardroom, a full kitchen, a gym and an executive suite including a bedroom, walk-in closet, and washroom with shower. Finishes in this section include a combination of carpet and tile floors and a combination of painted gyproc, stucco and wood panel walls. The remainder of the office space is situated along the west side of the building. It includes a reception/waiting area, private offices, and a lunchroom with kitchen. Finishes in this area include concrete floors and concrete block walls with large windows.

The warehouse is currently utilized as shop and warehouse space which is divided into several sections. The shop space is used for carpentry work, painting, welding, and general repairs to store fixtures. The warehouse space includes floor to ceiling racking, which is not considered to be part of the subject's real estate. Finishes include concrete floor, concrete block walls, a metal deck ceiling with joists, and attached fluorescent lighting. The shop/warehouse area varies from grade level to truck level with stairs leading down to the lower sections.

The entire building is heated by a boiler which is located in the southeast portion of the improvement. It is cooled by a thermal well system. The entire building is sprinklered and equipped with security cameras.

Overall, the subject is considered to be in fair to average condition for its chronological age.

1440 Clifton Street

The subject improvement consists of a one storey, plus mezzanine and basement, industrial building. It has a plan area of 3,466 square feet, plus a basement with an area of 354 square feet. It was originally constructed in 1904 (354 square feet) with additions in 1958 (725 square feet), 1960 (1,493 square feet), and 2004 (894 square feet).

The improvement is reportedly a combination of metal frame (1904 / 1960 / 2004) and wood frame (1958) construction. The original section sits atop a basement (354 square feet) while the remainder of the building sits atop a concrete slab foundation. The exterior of the improvement is finished with painted masonry blocks. The improvement includes some windows and multiple entrances. There is a 12 foot overhead door leading to additional storage. The roof was not inspected, but it appears to be flat and presumed to be built-up tar and gravel construction. The improvement has wall heights ranging from 11 to 15 feet.

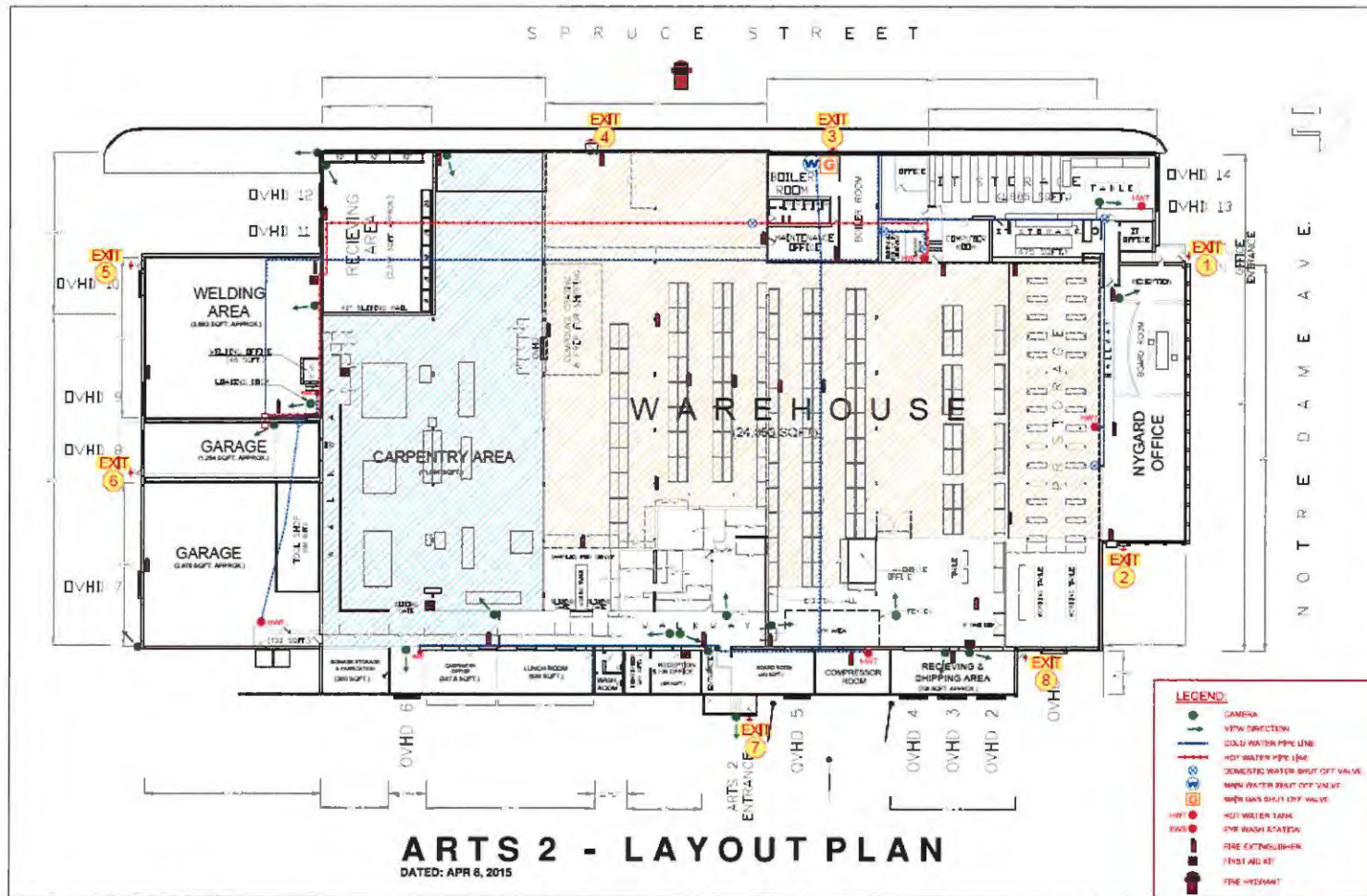
The subject's interior is developed as open shop space with an office mezzanine. The shop is finished with concrete floors, painted masonry block and metal siding walls, a painted gyproc ceiling, and attached fluorescent lighting. The mezzanine is divided into two private offices. Both offices include laminate floors and painted gyproc walls and ceiling. The subject includes an unfinished basement which is used for storage.

The improvement is heated by suspended space heaters and cooled by a window air conditioning unit.

Overall, the improvement is considered to be in fair to average overall condition.

The following is a copy of the floor plan for 1340 Notre Dame Avenue, which was provided to the writers:

1340 Notre Dame Floor Plan



Dennis T. Browaty & Associates Ltd.

ZONING

According to the City of Winnipeg Zoning By-Law No. 200/2006, effective March 1, 2008 the subject site is zoned “M3” – Industrial District.

The Manufacturing Heavy “M3” District is intended to provide for light or heavy industrial development, including heavy manufacturing, storage, major utilities, and other related uses, particularly those that require very large buildings, frequent heavy truck traffic for supplies or shipments, or that may require substantial mitigation to avoid sound, noise, and odour impacts to neighbouring properties. New “M3” zone districts should not be established within 300 feet of an existing residential zone district.

The following table lists the dimensional standards for Industrial Districts:

	Min. Lot Area	Min. Lot Width	Min. Front Yard	Min. Rear Yard	Min. Int. Side Yard	Corner Side Yard	Max. Bldg. Hgt	Floor Area Ratio
MMU	n/a	n/a	20'	0'	15'	20'	85'	2
M1	n/a	n/a	25'	0'	0'	15'	50'	2
M2	n/a	n/a	25'	0'	0'	15'	100'	2
M3	n/a	n/a	25'	0'	0'	15'	150'	3
MP	n/a	n/a	40'	0'	15'	20'	85'	1

1300 Notre Dame

The property is currently being used for retail which is not a permitted use under “M3” zoning regulations. As the subject predates the current zoning by-law it is presumed considered to be grandfathered use.

Therefore, the property appears to be a legal, non-conforming use.

1340 Notre Dame

The subject property is currently being used for light manufacturing and warehouse space, both which are permitted uses under “M3” zoning regulations. The subject is required to have one parking stall per 1,000 square feet of gross floor area, but not less than two spaces. The subject appears to meet this criteria.

Therefore, the subject appears to be a legal, conforming use under current zoning regulations.

1440 Clifton

The subject is currently being used as warehouse space, which is a permitted use under “M3” zoning regulations. The subject is required to have one parking stall per 1,000 square feet of gross floor area, but not less than two spaces. The subject appears to meet this criteria.

Therefore, the subject appears to be a legal, conforming use under current zoning regulations.

Other permitted uses under “M3” zoning regulations include, but are not limited to, heavy manufacturing, wholesaling, and contractor’s establishment.

The subject’s zoning is identified on the site plan included under the heading “Lot Description”.

PART III – ANALYSIS AND CONCLUSION

HIGHEST AND BEST USE

May be defined as:

“The reasonably probable use of a property, that is physically possible, legally permissible, financially feasible and maximally productive, and that results in the highest value”.

The highest and best use of a property is an economic concept that measures the interaction of four criteria: legal permissibility, physical possibility, financial feasibility, and maximum profitability.

This definition of Highest and Best Use was obtained from the Canadian Uniform Standards of Professional Appraisal Practice, Appraisal Standards Board, effective January 1, 2018.

Estimating the highest and best use of a property is a critical appraisal component that provides the valuation context within, which market participants and appraisers select comparable market information.

Highest and Best Use of land or a site is the use among all reasonable alternative uses that yields the highest present land value, after payment of labour, capital and co-ordination. The conclusion assumes that the parcel of land is vacant or can be made vacant by demolishing any improvements.

The subject sites are located within the West End district, along a main traffic route through the area. All three sites are zoned for industrial use, similar to other properties in the area. All three subject sites are considered to be of sufficient size to accommodate a wide range of potential uses. Therefore, the subject sites highest and best uses, as if vacant would be for some type of permitted industrial use.

1300 Notre Dame Avenue

The subject site is currently improved with a one storey retail building. It appears to be a legal, non-conforming use under current zoning regulations. It appears to be physically possible and financially feasible. The improvement is in overall average condition. With continued repairs and maintenance, the subject would be expected to have a remaining economic life of at least 25 years.

Therefore, the subject's highest and best use is considered to be for a continuation of its current use.

1340 Notre Dame Avenue

The subject site is currently improved with a one storey, plus mezzanine, industrial building which is considered to conform to the surrounding neighbourhood. It appears to be legally permissible and financially feasible. The improvement is in overall fair to average condition. With continued repairs and maintenance, the subject would be expected to have a remaining economic life of at least 25 years.

Therefore, the subject's highest and best use is considered to be for a continuation of its current use.

1440 Clifton Street

The subject site is currently improved with a one storey industrial building which is considered to conform to the surrounding neighbourhood. It appears to be legally permissible and financially feasible. The improvement is in overall fair to average condition. With continued repairs and maintenance, the subject would be expected to have a remaining economic life of 25 years.

Therefore, the subject's highest and best use is considered to be for a continuation of its current use.

METHOD OF ARRIVING AT ESTIMATE OF VALUE

Normally, the three approaches to value are used to arrive at an estimate of value, with the appraiser discussing the merits of each approach in the Reconciliation, resulting in a final estimate of value. Briefly, the three approaches are:

1.) Cost Approach

The Theory of the Cost Approach is no one will knowingly pay more for a property than it would cost to build an identical structure, providing there was no costly delay in making the substitution.

Cost Approach entails:

1. Value land as if vacant;
2. Establishing reproduction cost new of the building;
3. Deducting from this the amount of accrued depreciation; and
4. Adding land value to the depreciated cost of the improvements.

2.) Income Approach

The Income Approach of valuation is the approach whereby the estimated rental value of a property is capitalized at an appropriate rate in order to arrive at a capital value. The capital value is the price where it is expected a property would realize if offered for sale on the open market and under normal conditions.

Income Approach entails:

1. Ascertaining the gross income of the property;
2. Deducting from this an allowance for vacancy and all expenses as might be incurred by the owner; and
3. Resulting in a net annual income which is capitalized at a rate that investors demand. This rate is secured from the market.

3.) Direct Comparison Approach

This approach entails the adjustment of sales data of usually similar and, therefore comparable properties, towards a reasonable degree of identity with the subject properties.

INCOME APPROACH TO VALUE

Contract Rent

The subject properties are currently owner-occupied, therefore, the marketplace will be investigated to estimate the appropriate market rent to apply to the subject.

Market Rent – 1300 Notre Dame Avenue

Comparable No. 1

Address: 849 Notre Dame Avenue

This comparable consists of a one storey commercial building which has a building area of 3,130 square feet. The improvement was constructed in 1987 and is situated on a site with an area of 6,190 square feet.

One of the units is under lease from May 1, 2016 to October 31, 2019. The rental rate is \$1,325 per month or \$15,900 per annum. The lease is totally net and the rent changes every April 1st by the increase or decrease of the CPI for Manitoba. The rent reflects a rate of \$15.51 per square foot net, based on a leasable area of 1,025 square feet.

Comparable No. 2

Address: 883 Notre Dame Avenue

The comparable property consists of a two storey, multi-tenant commercial building with a building area of 6,370 square feet, and a leasable area of 4,837 square feet. The improvement was constructed in 1970 and is situated on a site with an area of 4,458 square feet.

The main floor was leased to two tenants. One unit has a leasable area of 1,087 square feet and was leased for a net rent of \$9.81 per square foot. The lease expired on January 31, 2017 and it is unknown whether the tenant renewed their lease.

The other unit has a leasable area of 1,250 square feet and is currently leased for a net rent of \$8.90 per square foot. The lease will expire on October 31, 2020.

Comparable No. 3

Address: 1794 Logan Avenue

The comparable consists of a one storey commercial building with an area of 1,946 square feet. The improvement was constructed in 1982 and is situated on a site with an area of 7,340 square feet.

The entire building is currently listed for an asking net rent of \$16.00 per square foot.

Comparable No. 4

Address: 1006 Nairn Avenue

This comparable consists of a one storey, multi-tenant commercial building which has a total building area of 9,211 square feet. It was constructed in 1990 and is situated on a site with an area of 1.5 acres.

One unit of the comparable, with a leasable area 2,855 square feet, is leased for a net rent of \$15.00 per square foot. This lease commenced on March 1, 2012 for a term of seven years and six months.

Comparable No. 5

Address: 930 Nairn Avenue

This comparable consists of a one storey multi-tenant commercial building with a total building area of 13,407 square feet. It was constructed in 1962 and is situated on a site with an area of 2.2 acres.

A unit with a leasable area of 4,320 square feet is leased out to a tenant for \$14.00 per square foot. This lease commenced on February 1, 2015 for a term of five years.

Comparable No. 6*Address: Main Street*

The comparable consists of a one storey, plus mezzanine, commercial building, which contains a plan area of 19,962 square feet, and a gross floor area of 21,149 square feet. The improvement was constructed in 1965 and is situated on a site with an area of 63,038 square feet.

The lease commenced on December 1, 2017 for a 12 year term, expiring on November 30, 2029. The entire building is currently leased for a net rent of \$9.75 per square foot. The tenant's rental rate increases throughout the term.

Summary of Market Rents - 1300 Notre Dame Avenue

#	Address	Leased Area	Net Rent	Commence	Expiry
1	849 Notre Dame	1,025	\$15.51	1-May-16	31-Oct-19
2a	883 Notre Dame	1,087	\$9.81	-	31-Jan-17
2b	883 Notre Dame	1,250	\$8.90	-	31-Oct-20
3	1794 Logan	4,946	\$16.00	Listing	-
4	1006 Nairn	2,855	\$15.00	1-Mar-12	31-Dec-19
5	930 Nairn	4,320	\$14.00	1-Feb-15	31-Jan-20
6	Main	19,962	\$9.75	1-Dec-17	30-Nov-29
	Subject	6,680			

Comparable Analysis - 1300 Notre Dame Avenue

The actual lease rates charged for space is determining by several factors including; size of space, type of use, degree of finish, length and signing date of lease, responsibility for expenses and ultimately location.

The forgoing comparable indicate a range from \$8.90 to \$16.00 per square foot.

Comparable No. 1 consists of a unit within a multi-tenant commercial building. It is located on the same street as the subject, a little more than a kilometer away. The improvement is of newer construction compared to the subject and is considered to be in overall superior condition. It has a smaller leasable area compared to the subject and a superior amount of on-site parking. The subject's rental rate, would be expected to fall below this comparable, given these factors.

Comparable No. 2 consists of two main floor units within a two storey commercial building. The comparable is situated on the same street as the subject, a little over a kilometer away. Both units have a smaller leasable area compared to the subject. This comparable offers no on-site parking. It is noted that Comparable No. 2a has expired and it is unclear whether the tenant signed a new lease. Comparable No. 2b is considered to be in superior overall condition compared to the subject.

Comparable No. 3 is a current listing of a single tenant commercial building. It is situated at the corner of Logan Avenue and Keewatin Street, with a good level of exposure. It has a smaller leasable area compared to the subject, but appears to be in overall similar condition with a similar amount of on-site parking. It is noted that this is an asking rent rather than an achieved rent.

Comparable No. 4 is situated along a similar commercial thoroughfare connecting the eastern portion of Winnipeg to the downtown area. Its location would be considered comparable to the subject. The improvement is of newer construction compared to the subject and appears to be in superior condition. The unit has a smaller leasable area compared to the subject and a superior amount of on-site parking. Overall, the subject's rental rate would be expected to fall below this comparable.

Comparable No. 5 is located on the same street as Comparable No. 4. It is a unit within a multi-tenant retail building, which has a smaller leasable area compared to the subject. The comparable appears to be in similar condition compared to the subject, but has a superior amount of on-site parking.

Comparable No. 6 is the only comparable in the above range which has a larger leasable area compared to the subject. The comparable is located along a major commercial thoroughfare within the North End district which would be considered a comparable location to the subject. It consists of a single tenant, retail building which offers a superior amount of on-site parking. Prior to the tenant occupying the building, the comparable underwent an extensive renovation, resulting in like new retail space.

Conclusions

As previously stated, the subject's rental rate would be expected to fall below Comparables No. 1, No. 3, and No. 4.

Comparable No. 2 would require an upward adjustment for its lack of on-site parking, while Comparable No. 5 would require a downward adjustment for its superior amount of on-site parking. However, both comparables would require downward adjustments for their smaller leasable areas.

Comparable No. 6 would require an upward adjustment for its larger leasable area, but a larger downward adjustment for its like new condition.

The subject property is considered to be well-located along a major traffic thoroughfare connecting the downtown area to the West End district. The subject is a one storey, single tenant retail building which is considered to be in overall average condition. It offers sufficient on-site parking for its use.

Based on the above factors, an estimated rental rate below Comparable No. 6, near the low end of the range, would be considered reasonable for the subject.

Therefore, an estimated rental rate of \$9.00 per square foot will be applied to 1300 Notre Dame Avenue.

Vacancy Allowance - 1300 Notre Dame Avenue

To estimate the vacancy allowance for the subject properties, 'The Johnson Report', December 2017 Market Report, Commercial Real Estate, Winnipeg, Manitoba prepared by Wayne K. Johnson, C.A. was consulted. This report states:

"Winnipeg's current retail investment inventory is over 22 million square feet and consists of enclosed malls, shopping centres, strip centres, storefronts and restaurants. Over 5 million square feet, mostly power centre and strip mall developments, has been added to the inventory since the end of 2000.

The Stores category comprises approximately 25% of the inventory, but accounts for only 12% of the overall vacant space while Malls, as a result of the Sears closures, are 20% of the inventory but 43% vacancy.

Moderate variations in retail vacancy have occurred over the past 10 years but this sector has consistently remained a top performer. The red hot Retail Sector has finally tumbled towards a "normal vacancy". Performance has fallen short of the previous 20 years results. First exasperated by the closing of Target and now, just as the former Target space is successfully leased Sears closes.

This market achieved its lowest vacancy in recent memory in 2011 but the last 5 years have seen a substantial increase in retail vacancy that erased the past 2 decades of gains. Only the closing of Sears prevented 2017 from being a very positive year for the retail sector.

While Strip Malls have remained stable throughout this past decade Malls and Power Centres have had a marked increase in their vacancy. The vacancy rate has trended downward most of this decade but has now climbed back to a rate not seen in the last 2 decades. However, during this time period the market has successfully added nearly 4 million sq. ft. of product and has maintained an acceptable vacancy rate below 6%."

District	2017	2016	2015	2014	2013
Central	4.7%	5.2%	2.1%	2.2%	1.7%
Charleswood	3.7%	2.4%	3.0%	4.8%	5.2%
Downtown	5.9%	5.9%	8.0%	7.3%	8.5%
East Kildonan	2.6%	3.0%	4.2%	3.4%	4.7%
Elmwood	12.6%	12.6%	14.4%	13.8%	8.7%
Fort Garry	5.1%	7.0%	5.7%	6.9%	6.2%
Garden City	7.9%	7.0%	9.4%	5.5%	4.4%
North End	0.9%	3.1%	4.3%	3.4%	2.1%
North Kildonan	6.6%	9.0%	6.2%	5.0%	7.6%
Osborne Vlg- Fort Rouge	5.3%	3.0%	6.2%	7.9%	4.2%
River Heights	1.1%	5.3%	2.8%	2.8%	5.0%
St. Boniface	1.7%	2.4%	2.7%	3.0%	2.4%
St. James	9.0%	8.3%	7.9%	3.1%	3.6%
St. Vital	7.0%	2.9%	1.8%	1.3%	1.1%
Transcona	7.7%	6.0%	6.9%	3.7%	3.2%
Westwood	<u>2.0%</u>	<u>2.8%</u>	<u>2.8%</u>	<u>3.4%</u>	<u>2.5%</u>
Overall	5.9%	5.8%	5.8%	4.4%	4.3%

The subject property is currently owner-occupied, resulting in no vacancy.

The subject is considered to be well-located along a major traffic thoroughfare connecting the West End district and the downtown area. It consists of a one storey retail building which is considered to be in overall average condition. The improvement offers on-site parking.

The city has an average of 5.9% for retail buildings. A study of the West End district was not completed in the December 2017 edition of 'The Johnson Report', however, the June 2017 edition shows the following West End averages over the past five years:

District	2017	2016	2015	2014	2013
West End	1.2%	1.9%	3.7%	6.3%	4.7%

Considering the subject's location, condition, and use, an estimated vacancy rate above the most recent West End average, but below the city wide average would be considered reasonable for the subject.

An estimated vacancy rate of 4.5% will be applied.

Expenses - 1300 Notre Dame Avenue

All rental rates quoted are on a triple net basis with the tenant responsible for all expenses excepting structural reports. Management companies generally allow between \$0.10 to \$0.15 per square foot for annual structural reports depending upon the age and condition of the properties. Considering the age and overall condition of the subject building, a rate of \$0.15 per square foot is considered reasonable to apply.

The owner would also be responsible for operating costs during vacancy. Based upon information available in our files, it is estimated that the operating costs for the subject properties will be in the area of \$6.00 per square foot.

Capitalization Rate - 1300 Notre Dame Avenue

To convert the net operating income indicated from the subject properties into a value, the net operating income is divided by a capitalization rate. Capitalization rates are obtained from the market by investigating sale and net operating incomes that are derived from the investment properties. Information is from sources deemed reliable.

The following are some recent sales of investment properties and the resulting capitalization rates.

Comparable No. 1

Address:	858 Corydon Avenue
Sale Date:	October 16, 2017
Sale Price:	\$650,000
Overall Rate:	5.29%

This comparable is a one and two storey, commercial building, with a partial basement of 742 square feet. This comparable previously sold on March 5, 2015, for \$506,288. The comparable is used as a bakery.

Comparable No. 2

Address: 2979 Pembina Highway
Sale Date: February 8, 2017
Sale Price: \$3,100,000
Overall Rate: 7.91%

The comparable consists of a two storey, multi-tenant commercial building, with a building area of 26,400 square feet, and a leasable area of 24,157 square feet. The improvement was constructed in 1977 and is situated on a site with an area of 33,750 square feet.

Comparable No. 3

Address: 883 Notre Dame Avenue
Sale Date: August 9, 2016
Sale Price: \$535,000
Overall Rate: 6.75%

The comparable consists of a two storey, multi-tenant commercial building, with a building area of 6,370 square feet, and a leasable area of 4,837 square feet. The improvement was constructed in 1970 and is situated on a site with an area of 4,458 square feet.

Comparable No. 4

Address: 390 Provencher Boulevard
Sale Date: June 1, 2016
Sale Price: \$4,750,000
Overall Rate: 6.22%

The comparable is a one storey, multi-tenant strip centre, with a total building area of 27,554 square feet, plus a standalone restaurant with an additional 2,250 square feet. This results in a total building area of 29,804 square feet and reportedly has a leasable area of 29,666 square feet. The strip mall was constructed in 1968 and restaurant in 1994. The entire comparable is situated on a site of 103,212 square feet, or 2.36 acres.

Comparable No. 5

Address: 353 Provencher Boulevard
Sale Date: April 12, 2016
Sale Price: \$1,300,000
Overall Rate: 6.60%

The subject property consists of a one storey commercial strip mall, with a total floor area of 8,036 square feet and constructed in 1986. The improvement is situated on a site measuring 20,200+/- square feet.

Comparable No. 6

Address: 200 Graham Avenue
Sale Date: December 29, 2015
Sale Price: \$45,300,000 (Sworn Value)
Overall Rate: 5.70%

This comparable is an 11 storey, 'Class A', office building, has a reported total leasable area of 148,164 square feet. The building is connected to the skywalk system and was constructed in 1989. The reported sale price was \$1, with the above sworn value. The comparable had a vacancy rate of 15.5% at the time of sale, with the majority occupied by a new tenant shortly after the sale.

Comparable No. 7

Address: 233 Kennedy Street
Sale Date: November 5, 2015
Sale Price: \$7,900,000
Overall Rate: 7.00%

This comparable is known as the Medical Arts Building and consists of a 15 storey medical office building, an adjacent surface parking lot (54 stalls), and a six storey parkade (384 stalls), connected to the office building. The office building contains a gross building area of 154,785 square feet, including basement, and a leasable area of 115,578 square feet and was constructed in 1972. The adjoining parkade contains a gross floor area of 167,300 square feet and was constructed in 1961. The comparable had a vacancy rate of 49% at the time of sale and the above capitalization rate is based on the actual revenue stream at the time of sale.

Comparable No. 8

Address: 1565/1571 Regent Avenue West
 Sale Date: October 2015
 Sale Price: \$9,500,000
 Overall Rate: 5.68%

The comparable consists of a multi-tenant strip centre, with a gross area of 21,868 square feet, and a reported leasable area of 21,532 square feet, plus a fast food restaurant of 4,200 square feet. The improvement is situated on a site measuring 95,493 square feet and was constructed in 1982.

Comparable No. 9

Address: 4910 Roblin Boulevard
 Sale Date: May 2015
 Sale Price: \$7,900,000
 Overall Rate: 5.75%

The comparable consists of a neighbourhood shopping centre, with a gross area of 34,747 square feet and a reported leasable area of 34,783 square feet. The improvement is situated on a site measuring 83,315 square feet and was constructed in 1978.

Capitalization Rate Summary - 1300 Notre Dame Avenue

#	Address	Sale Date	Sale Price	Overall Rate	Type
1	858 Corydon	2017 10 16	\$650,000	5.29%	2 Stry. Comm. Bldg.
2	2979 Pembina	2017 02 08	\$3,100,000	7.91%	2 Stry. Comm. Bldg.
3	883 Notre Dame	2016 08 09	\$535,000	6.75%	2 Stry. Comm. Bldg.
4	390 Provencher	2016 06 01	\$4,750,000	6.22%	Strip Mall & Restaurant
5	353 Provencher	2016 04 12	\$1,300,000	6.60%	Strip Centre
6	200 Graham	2015 12 29	\$45,300,000	5.70%	Office Building
7	233 Kennedy	2015 11 05	\$7,900,000	7.00%	Off. Bldg./Parkade
8	1565/1571 Regent	2015 10 –	\$9,500,000	5.68%	Strip Mall & Restaurant
9	4910 Roblin	2015 05 –	\$7,900,000	5.75%	Shopping Centre

Capitalization Rate Analysis - 1300 Notre Dame Avenue

A capitalization rate is an expression of risk. It considers the quality of the income stream, which includes both the financial strength and length of lease of the tenants.

The above properties provide an indication as to what an investor requires in the way of a return for an investment property. The quality and condition of the improvements are considered in the selection of a capitalization rate.

The capitalization rates indicate a range from 5.29% to 7.91%.

Comparable No. 1 is the most recent sale, has the lowest capitalization rate and is considered to be well located in the 'Corydon Village' neighbourhood. This comparable is a former residence, which is older in terms of age. The comparable is known to have been extensively renovated. It is noted that the improvement was purchased by the tenant, which could result in a motivation by the purchaser.

Comparable No. 2, consists of a two storey, multi-tenant strip centre located on a major commercial thoroughfare. It was experiencing some vacancy at the time of sale, which contributed to the higher capitalization rate.

Comparable No. 3 consists of a two storey, multi-tenant commercial building, which had a fairly high level of vacancy at the time of sale.

Comparables No. 4 and No. 5, consists of one storey strip centres, located across the street from each other. Both comparable were mostly occupied by local tenants, along with some nation/international tenants.

Comparables No. 6 and No. 7, are large, downtown office buildings.

Comparable No. 8, has one of the lowest capitalization rates. This comparable is a strip centre, located across the street from the Kildonan Place shopping centre, with strong tenants, low vacancy rates and which sold for a large sale price.

Comparable No. 9, also has a low capitalization rate, which is partially due to the fact they have a strong lease with the City of Winnipeg for a library.

In addition to these comparables, the CBRE – Q4 Canadian Cap Rates report states strip centre space has capitalization rates from 6.50% to 7.00% and neighbourhood shopping centre space has capitalization rates from 6.50% to 7.00%. These rates appear to be similar to the previously listed comparables.

Conclusions

The subject property consists of a one storey retail building, that is currently zoned for industrial use. It is considered to be well-located along a main traffic route connected the downtown area and the West End district. The subject is currently owner occupied and considered to be in average overall condition.

The subject would be considered most similar to Comparable No. 3, in terms of location, as they are situated on the same street. Comparable No. 3 is a two storey, multi-tenant, retail building, which was experiencing vacancy at the time of sale, while the subject is a one storey, single tenant building, which is owner occupied. The subject's industrial zoning is considered an inferior feature compared to this comparable. A capitalization near Comparable No. 3, similar to the CBRE range, would be considered reasonable for the subject.

A capitalization rate of 7.00% will be applied to the subject.

Summary of Income Approach to Value - 1300 Notre Dame Avenue

Potential Gross Income			
	Area	Rate	
	6,680	\$9.00	\$60,120
Less: Vacancy		4.50%	<u>\$2,705</u>
Effective Gross Income			\$57,415
Less: Expenses			
Structural Repairs		\$0.15	\$1,002
Vacancy Expense		\$6.00	<u>\$1,804</u>
			\$2,806
Net Operating Income			\$54,609
Capitalized Value		7.00%	\$780,129
Rounded To:			\$780,000

Market Rent – 1340 Notre Dame Avenue

Comparable No. 1

Address: 1395/1397 Spruce Street

The comparable consists of a one storey industrial building, which contains a gross building area of 37,520 square feet. The improvement is situated on a site measuring 72,667 square feet, and was constructed between 1970 and 1973.

The entire improvement was leased to a single tenant based on a leasable area of 37,500 square feet. The lease commenced on February 1, 2011 and expired on January 31, 2016. In the final year of the lease, the tenant paid a net rent of \$5.25 per square foot.

Comparable No. 2

Address: 1777 Ellice Avenue

This comparable consists of a commercial building originally containing 53,953 square feet plus a 26,770 foot addition or a total of 80,723 square feet.

The building was leased commencing December 1, 1999 for a twenty year term and expiring on November 30, 2019. Years 1 to 5 leased are leased at \$4.95 per square foot and is stepped up each five years to reach \$7.00 per square foot in the final five year term.

Comparable No. 3

Address: 1221 Sherwin Road

The comparable consists of a one storey single tenant industrial building containing a total area of 57,399 square feet, situated on a site containing approximately 172,756 square feet. The improvement was constructed between 1966 and 1991.

The comparable was leased to a single tenant for a 15 year term, which commenced in 2007. The tenant pays a net rent of \$4.75 during years one to five, \$5.25 per square foot net during years six to 10, and \$5.75 per square foot net during years 11 to 15.

Comparable No. 4

Address: 200 Saulteaux Crescent

The comparable is a one and two storey office located in the Murray Industrial Park. The building was constructed in 1981 and 1986, and contains a net leasable area of 80,560 square feet. The improvements are situated on a site measuring 5.92 acres.

The entire building was leased to a single tenant. The lease commenced on April 1, 1998 for a 20 year term, expiring on March 31, 2018. The comparables rent increased over the term and the tenant paid \$5.20 per square foot during the last year of the lease, based on a leasable area of 80,560 square feet.

Comparable No. 5

Address: 230 Panet Road

The comparable is a 95,331 square foot industrial building which was constructed in 1990, and is situated on a site measuring 203,740 square feet. The building area reportedly includes 6,239 square feet of mezzanine space. The average wall height is a reported 30 feet.

The writer is aware of a single tenant lease that commenced April 1, 2012 for a ten year period. The lease calls for a net rental rate of \$5.25 per square foot.

Comparable No. 6

Address: 1370 Sony Place

The comparable is a 380,394 square foot multi-tenant industrial building which was converted from a previous single tenant use. The improvement was constructed in 1988, and is situated on a site measuring 875,361 square feet.

A unit with a leasable area of 54,923 square feet is currently leased for a net rent of \$5.50 per square foot. The lease commenced on December 1, 2016 for a five year term.

Summary of Market Rents - 1340 Notre Dame Avenue

#	Address	Leased Area	Net Rent	Commence	Expiry
1	1395/1397 Spruce	37,500	\$5.25	1-Feb-11	31-Jan-16
2	1777 Ellice	53,953	\$7.00	1-Dec-99	30-Nov-19
3	1221 Sherwin	57,399	\$5.75	2007	2022
4	200 Saulteaux	80,560	\$5.20	1-Apr-98	31-Mar-18
5	230 Panet	95,331	\$5.25	1-Apr-12	31-Mar-22
6	1370 Sony	54,923	\$5.50	1-Dec-16	30-Nov-21
	Subject	66,882			

Comparable Analysis - 1340 Notre Dame Avenue

The actual lease rates charged for space is determining by several factors including; size of space, type of use, degree of finish, length and signing date of lease, responsibility for expenses and ultimately location. In addition, important factors particular to industrial/warehouse buildings must be considered and include; ceiling height, type of loading facilities, sprinklered and whether trackage is available.

The forgoing comparable indicate a range from \$5.20 to \$7.00 per square foot.

Comparable No. 1, consists of a single tenant industrial building, located within the subject's immediate neighbourhood. It consists of a one storey office/warehouse building, which has a smaller leasable area compared to the subject. The comparable is considered to be in good overall condition. It is noted that the comparables lease has expired and it is unknown whether the tenant signed a new lease. If the tenant were to sign a new lease, it would likely see an increased rental rate.

Comparable No. 2, consists of a one storey office/warehouse building located in the St. James Industrial Park. The comparable's location would be considered superior to the subject's location. It has a smaller building area compared to the subject and appears to be in good overall condition. It offers a good amount of on-site parking. The subject's rental rate would be expected to fall below this comparable, given its good location and condition.

Comparable No. 3, consists of a one storey industrial building located in the northern portion of the St. James Industrial Park. This comparable has the most similar leasable area compared to the subject, but appears to be in overall superior condition. It consists of open warehouse space which would be considered more desirable compared to the subject's divided layout.

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Comparable No. 4, has the lowest rental rate in the above range. It consists of a single tenant industrial building located in the Murray Industrial Park. The comparable's low rental rate can be partially attributed to the fact that it was signed several years ago and has recently expired. It is assumed that if the tenant were to sign a new lease, a higher rental rate would be seen. The comparable has a larger leasable area compared to the subject and appears to be in superior condition.

Comparable No. 5, consists of a one storey industrial building located in the eastern portion of Winnipeg. Similar to the subject, this comparable is not located within a major industrial park. This comparable has a larger leasable area compared to the subject and appears to be in superior overall condition.

Comparable No. 6, consists of a multi-tenant industrial building located within the Fort Garry Industrial Park. The comparable unit has a smaller leasable area compared to the subject, but is believed to be in superior condition. The comparable is situated within a multi-tenant building which would be considered less desirable compared to the subject's single tenancy.

Conclusions

As previously stated, the subject's rental rate would be expected to fall below Comparable No. 2, given its good location.

The remaining comparables create a tight range from \$5.20 to \$5.75 per square foot.

The subject property is not located within a major industrial park, but is considered to be well-located along a major traffic route, connecting the downtown area to the West End district. It is located within close proximity to Route 90, which is a major trucking route through Winnipeg, however, it would still be considered inferior to those comparables situated within major industrial parks. The subject property was constructed in several stages, resulting in varying ceiling heights, floor heights, and several interior dividing walls creating a divided interior. In general, open warehouse space is considered more desirable, compared to divided warehouse space. The subject is considered to be in overall fair to average condition, but offers a large amount of on-site parking and storage. The subject's leasable area falls within the range created by the comparables.

Considering the subject's location, divided layout, and overall condition, an estimated rental rate slightly below the range would be considered reasonable for the subject.

An estimated rental rate of \$5.00 per square foot will be applied to 1340 Notre Dame Avenue.

Dennis T. Browaty & Associates Ltd.

Vacancy Allowance - 1340 Notre Dame Avenue

To estimate the vacancy allowance for the subject properties, 'The Johnson Report', December 2017 Market Report, Commercial Real Estate, Winnipeg, Manitoba prepared by Wayne K. Johnson, C.A. was consulted. This report states:

"The Winnipeg industrial building inventory is approximately 78 million square feet, of which 65% of 51 million square feet is owner occupied, with 28 million square feet used primarily for manufacturing purposes, 19 million square feet for warehouse space and 3 million square feet of service type buildings. Investment properties represent 35% of the inventory, or approximately 27 million square feet, used primarily for warehousing and distribution.

The St. James District has the highest concentration of industrial space in the City at 18 million square feet, followed by St. Boniface, Ft Garry, Central, Inkster Districts and with about 10 million square feet each.

Industrial vacancy is a good indicator of the health of the industrial market and the overall health of the city's commerce. The market has been stable in the 1.5 million to 2.5 million sq. ft. vacancy range for more than a decade. Following three years of significant increases in vacancy, there has been only modest improvement.

Investment vacancies have increased into the mid to highest end range of their historical performance. The number of Industrial buildings for sale at the end of 2017, that are unoccupied has jumped to numbers not seen since June of 2007. As a result, overall vacancy remains elevated.

The past decade has had a series of low vacancy rates, when combining the Investment market, with the User Owned market for Industrial buildings in Winnipeg. Following a half dozen years of vacancy rates in the 3-4% range, the next 6 years averaged 2.4% while the last 4 years have hovered around 3%.

District	2017	2016	2015	2014	2013
Central	5.7%	11.6%	6.4%	5.9%	6.5%
East Kildonan	6.7%	7.3%	0.0%	0.0%	1.1%
Elmwood	8.0%	11.1%	9.3%	2.5%	3.4%
Exchange	0.0%	0.0%	0.0%	0.0%	0.0%
Fort Garry	1.0%	4.0%	2.6%	4.6%	7.0%
Inkster	5.4%	4.5%	9.1%	11.1%	9.8%
Murray Park	0.0%	0.0%	0.0%	0.0%	11.0%
St. Boniface	9.3%	7.6%	5.9%	3.3%	2.8%
St. James	8.5%	7.1%	6.9%	8.6%	3.8%
Transcona	24.1%	24.5%	22.2%	20.7%	21.8%
West End	4.6%	2.3%	5.8%	5.4%	11.7%
Overall	7.3%	7.2%	7.3%	8.0%	6.9%

The subject property is currently owner-occupied, resulting in no vacancy.

The subject property is considered to be well-located along a main traffic route connecting the downtown area to the West End district. The subject property is not located within one of Winnipeg's major industrial parks. The subject consists of a one storey industrial building, which includes a combination of office and warehouse space. The improvement is divided into several section and is considered to be in overall fair to average condition. Given the subject's unique layout with varying ceiling heights, floor heights, and divided areas, it may appeal to a limited number of potential tenants.

According to 'The Johnson Report', the West End district has an average vacancy rate of 4.6%, which falls below the city wide average of 7.3%.

Considering the subject's location, overall condition, and layout, an estimated vacancy rate between the West End average and the city wide average, would be considered reasonable for the subject.

A vacancy rate of 6.5% will be applied to the subject.

Expenses - 1340 Notre Dame Avenue

All rental rates quoted are on a triple net basis with the tenant responsible for all expenses excepting structural reports. Management companies generally allow between \$0.10 to \$0.15 per square foot for annual structural reports depending upon the age and condition of the properties. Considering the age and overall condition of the subject building, a rate of \$0.15 per square foot is considered reasonable to apply.

The owner would also be responsible for operating costs during vacancy. Based upon information available in our files, it is estimated that the operating costs for the subject properties will be in the area of \$3.00 per square foot.

Capitalization Rate - 1340 Notre Dame Avenue

To convert the net operating income indicated from the subject properties into a value, the net operating income is divided by a capitalization rate. Capitalization rates are obtained from the market by investigating sale and net operating incomes that are derived from the investment properties. Information is from sources deemed reliable.

The following are some recent sales of investment properties and the resulting capitalization rates.

Comparable No. 1

Address:	276 Holden Street
Sale Date:	July 5, 2017
Sale Price:	\$540,000
Overall Rate:	7.32%

The comparable property consists of a one storey industrial building with a total building area of 7,256 square feet. The improvement was constructed in 1960 and is situated on a site with an area of 12,232 square feet.

Comparable No. 2

Address: 1100 Waverley Street
Sale Date: August 2017
Sale Price: \$24,000,000
Overall Rate: 5.26%

The comparable consists of a four, flex-industrial buildings, with a total combined building plan area of 138,899 square feet. The improvements were originally constructed in 1973 and are located on a site of 386,898 square feet (8.88 acres).

Comparable No. 3

Address: 25 Keenleyside Street
Sale Date: March 30, 2016
Sale Price: \$825,000
Overall Rate: 7.67%

The comparable consists of a two industrial buildings, with total building areas of 9,000 and 3,024 square feet. The improvements were constructed in 1969 and 1996 and are located on a site of 28,943 square feet.

Comparable No. 4

Address: 1546 St. James Street
Sale Date: January 19, 2016
Sale Price: \$1,260,000
Overall Rate: 6.85%

The comparable property consists is a one storey, plus mezzanine, office/warehouse building with a gross upper floor area of 14,900 square foot. The improvement was constructed in 1963 and is situated on a site measuring 23,539 square feet.

Comparable No. 5

Address: 1248 Wilkes Avenue
Sale Date: June 23, 2015
Sale Price: \$1,680,000
Overall Rate: 9.32%

The comparable property is a multi-building industrial complex located in the Tuxedo Industrial Park. It consists of three buildings with areas of 2,838 square feet, 1,885 square feet and 1,344 square feet, which is a combined total of 6,067 square feet. They were constructed in 1967, 1974 and 1969, respectively. The buildings are situated on 124,498 square feet of land which is primarily used for storage/parking.

Comparable No. 6

Address: 1550 King Edward Street
Sale Date: April 4, 2014
Sale Price: \$1,310,000
Overall Rate: 6.26%

The comparable property consists of a one storey industrial building, which contains a rentable area of 18,000 square feet. The improvement is situated on a site measuring 61,101 square feet and was constructed in 1961.

Comparable No. 7

Address: 160/170 Murray Park Road
Sale Date: January 3, 2014
Sale Price: \$1,842,275
Overall Rate: 7.10%

The comparable is a multiple sale, which consists of two single tenant industrial buildings. They include buildings of 10,000 square feet (160 Murray Park) and 10,050 square feet (170 Murray Park). The improvements were constructed in 1988/1990 and are situated on a site with a total building area of 76,644 square feet.

Capitalization Rate Summary

	Address	Sale Date	Sale Price	Overall Rate	Type
1	276 Holden	2017 07 05	\$540,000	7.32%	Single Tenant Off/Wrhse.
2	1100 Waverley	2017 08 --	\$24,000,000	5.26%	Four Multi-Tenant Bldgs.
3	25 Keenleyside	2016 03 30	\$825,000	7.67%	2 Ind. Bldgs.
4	1546 St. James	2016 01 19	\$1,260,000	6.85%	Single Tenant Off/Wrhse.
5	1248 Wilkes	2015 06 23	\$1,680,000	9.32%	Multi-Tenant Off/Wrhse.
6	1550 King Edward	2014 04 04	\$1,310,000	6.26%	Multi-Tenant Off/Wrhse.
7	160/170 Murray Park	2014 01 03	\$1,842,275	7.10%	2 Ind. Bldgs.

Capitalization Rate Analysis - 1340 Notre Dame

A capitalization rate is an expression of risk. It considers the quality of the income stream, which includes both the financial strength and length of lease of the tenants.

The above properties provide an indication as to what an investor requires in the way of a return for an investment property. The quality and condition of the improvements are considered in the selection of a capitalization rate.

The capitalization rates indicate a range from 5.26% to 9.32%.

Comparable No. 1 is the most recent sale in the above range. It consists of a single tenant building, which is not located within a major industrial park. This comparable consists mostly of warehouse space, with a small amount of office space. It has less excess land compared to the subject, but it is similar in terms of being an office/warehouse building.

Comparable No. 2 has the lowest capitalization rate of the above comparables, by a fairly wide margin. It is comprised of four, stand alone, multi-tenant improvements. These buildings are quasi-commercial in nature, which contributes to the low capitalization rate. Other factors contributing to the rate include the high level of occupancy and good location. The subject would be considered inferior compared to this comparable.

Comparable No. 3 consists of two multi-tenant industrial building located in a small industrial cluster. The comparable is known to have been in poor condition at the time of sale. The subject would be considered superior to this comparable.

Comparable No. 4, consists of an industrial building, with a smaller building area compared the subject. The comparable's location would be considered superior to the subject, given it is situated within one of the most desirable industrial parks in Winnipeg.

Comparable No. 5 set the highest point of the above range. This comparable is not located in one of the major industrial parks and is a large parcel of land, with a relatively small amount of building space. This comparable has the highest rate, in part, due to accessibility issues with the site and motivated vendor/purchaser. This comparable is included for information purposes and little weight is placed on it.

Comparable No. 6 consists of a multi-tenant industrial building, which is considered to be well-located along Route 90. Its low capitalization rate can be in part attributed to its good location.

Comparable No. 7 has two industrial buildings, which have a smaller building area compared to the subject. This comparable is located within a smaller industrial area within fairly close proximity to the subject.

In addition to the above information, the Q4 2017 Cap Rate Report by CBRE states class 'A' industrial properties have a steady capitalization rate range from 6.00% to 6.50%, with class 'B' properties having an upward trend and lying between 6.50% to 7.25%. These ranges of rates are similar to the rates seen by the above comparables.

Conclusions

The subject property consists of a one storey industrial building. It is considered to be well-located along a main traffic thoroughfare connecting the downtown area to the West End district. However, the subject is not located within a major industrial park which would be considered less desirable. The subject building includes a combination of office and warehouse space which is considered to be in overall fair to average condition. The subject was constructed over several stages, resulting in varying ceiling heights, floor heights, and several interior dividing walls. If the subject were to become vacant, it may be difficult to find a new tenant, given its divided interior.

The subject's capitalization rate would be expected to lie near the high end of the comparable properties, with the exception of Comparable No. 5, as well as near the high end of the rates stated by CBRE.

Therefore, an estimated capitalization rate of 7.50% is considered reasonable and will be applied to the 1340 Notre Dame Avenue.

Summary of Income Approach to Value - 1340 Notre Dame Avenue

<u>Potential Gross Income</u>			
	<u>Area</u>	<u>Rate</u>	
	66,882	\$5.00	\$334,410
Less: Vacancy		6.50%	<u>\$21,737</u>
Effective Gross Income			\$312,673
Less: Expenses			
Structural Repairs		\$0.15	\$10,032
Vacancy Expense		\$3.00	<u>\$13,042</u>
			\$23,074
Net Operating Income			\$289,599
Capitalized Value		7.50%	\$3,861,321
Rounded To:			\$3,860,000

Market Rent – 1440 Clifton Street**Comparable No. 1**

Address: 1347 – 1393 Border Street

The comparable consists of a five building, multi-tenant industrial developed. Two units are currently leased for lease.

1866 Notre Dame Avenue has a leasable area of 4,912 square feet and is currently listed for an asking net rent of \$7.25 per square foot. The unit includes a combination of office/showroom and warehouse space.

1347 Border Street has a leasable area of 4,500 square feet and is listed for an asking net rent of \$7.25 per square foot. This unit consists of warehouse space with an 18 foot ceiling height.

Comparable No. 2

Address: 1439 Erin Street

The comparable consists of multi-tenant industrial building with a total building area of 10,892 square foot. It was constructed in 1966 and is situated on a site with an area of 17,781 square feet.

Unit 1 has a leasable area of 2,651 square feet and is currently listed for an asking rent of \$2,375 per month semi-gross, or \$10.75 per square foot, semi-gross. The unit is approximately 700 square feet of office space and 1,900 square feet of warehouse space. It has a 10 foot ceiling height.

Comparable No. 3

Address: 1355 Richard Avenue

The comparable consists of a one storey multi-tenant industrial building which is primarily being used for automotive repair. The improvement has an area of 6,675 square feet and was constructed in 1977. It is situated on a site with an area of 9,282 square feet.

Two bays are currently occupied by a single tenant, which results in a combined leasable area of 3,675 square feet. This unit is currently being leased for a net rent of \$7.84 per square foot. A single bay with a leasable area of 1,500 square feet is currently being leased for a net rent of \$8.80 per square foot. The terms of these leases are unknown, but were current in 2015.

Comparable No. 4

Address: 325 Logan Avenue

The comparable consists of one storey, industrial building with a building area of 4,772 square feet. It was constructed in 1984 and is situated on a site with an area of 11,693 square feet.

A majority of the improvement is occupied by a single tenant (4,770 square feet). The lease commenced on July 1, 2017 for a three year period, expiring on July 31, 2020. For the first year of the lease the tenant will pay a net rent of \$42,000 per annum, or \$8.81 per square foot. The rent will increase to \$43,200 per annum (\$9.06 per square foot) in Year 2, and \$44,400 per annum (\$9.31 per square foot) in Year 3.

Comparable No. 5

Address: 44 Archibald Street

The comparable is a one storey industrial, metal building which was built in 1972 and has a total area of 4,850 square feet. It is located on a site area of 14,842 square feet.

The entire building is currently leased for a net rent of \$7.07 per square foot. The lease commenced on June 1, 2013 and will expire on May 31, 2018, with an option to renew for a further five years.

Comparable No. 6

Address: 276 Holden Street

The comparable consists of a one storey industrial building with a total building area of 7,256 square feet. The improvement was constructed in 1960 and is situated on a site with an area of 12,232 square feet.

The comparable property is currently leased at \$3,600 per month net until the end of December, 2018. Based on the 7,256 square feet of building, this represents a net rental rate of \$5.95 per square foot.

Summary of Market Rents - 1440 Clifton Street

#	Address	Leased Area	Net Rent	Commence	Expiry
1a	1866 Notre Dame	4,912	\$7.25	Listing	-
1b	1347 Border	4,500	\$7.25	Listing	-
2	1439 Erin	2,651	\$10.75*	Listing	-
3a	1355 Richard	3,675	\$7.84	Current ('15)	-
3b	1355 Richard	1,500	\$8.80	Current ('15)	-
4	325 Logan	4,770	\$8.81	1-Jul-17	31-Jul-20
5	44 Archibald	4,850	\$7.07	1-Jun-13	31-May-18
6	276 Holden	7,256	\$5.95	-	31-Dec-18
	Subject	3,466			

*denotes semi-gross rent

Comparable Analysis - 1440 Clifton Street

The actual lease rates charged for space is determining by several factors including; size of space, type of use, degree of finish, length and signing date of lease, responsibility for expenses and ultimately location. In addition, important factors particular to industrial/warehouse buildings must be considered and include; ceiling height, type of loading facilities, sprinklered and whether trackage is available.

The forgoing comparable indicate a range from \$5.95 to \$10.75 per square foot.

Comparable No. 1 is a current listing of two units within a multi-tenant complex. It is located on the same street as the subject, but closer to the St. James Industrial Park. Both units have similar leasable areas compared to the subject. This comparable would require a downward adjustment as it is an asking rent rather than an achieved rent. Overall, the subject's rental rate would be expected to fall below this comparable.

Comparable No. 2 is a current listing of a unit within a multi-tenant industrial building located in the subject's immediate neighbourhood. The comparable has a similar leasable area compared to the subject and appears to be in similar condition. It is noted that this comparable would require a downward adjustment for being a semi-gross rent as well as for being an asking rent rather than an achieved rent. Overall, the subject's rental rate would be expected to fall below this comparable.

Comparable No. 3, consists of a multi-tenant industrial building located within the subject's immediate neighbourhood. The comparable consists of two units which are currently used for automotive repair. Comparable No. 3a, has a similar leasable area compared to the subject, while Comparable No. 3b has a smaller leasable area. Similar to the subject, the comparable has a limited amount of excess land. It is considered to be in overall similar condition to the subject.

Comparable No. 4 is a single tenant industrial building, which is located on the outskirts of the Exchange District. Its location is considered to be comparable to the subject. It has a similar leasable area compared to the subject and appears to be in overall similar condition.

Comparable No. 5, consists of a one storey industrial building, which has a similar leasable area compared to the subject. Similar to the subject, this comparable is not located within a major industrial park. It is a single tenant improvement, similar to the subject. The comparable appears to be in overall similar condition to the subject, within minimal finished office space.

Comparable No. 6 is a one storey, single tenant industrial building. Similar to the subject, it is not located within one of Winnipeg major industrial parks. The comparable has a larger leasable area compared to the subject, but is considered to be in overall similar condition. The comparable has minimal excess land.

Conclusions

While Comparables No. 1 and No. 2 are considered similar to the subject in terms of location, they both require downward adjustments for being asking rent rather than achieved rents. Comparable No. 2 requires a second downward adjustment for its semi-gross nature.

Comparables No. 3 through No. 6 have a narrowed range from \$5.95 to \$8.81 per square foot.

The subject is not situated within one of Winnipeg's major industrial parks, but is considered to be well-located near Notre Dame Avenue and Route 90. The subject's original structure is overall 100 years old, however, it has received renovations and upgrades over the year and is considered to be comparable to the comparables in terms of overall condition. The subject's leasable area is similar to most of the comparables, with the exception of Comparables No. 3b and No. 6.

Considering the subject's location, leasable area, and overall condition, an estimated rental rate between the low end and the midpoint of the narrowed range would be considered reasonable for the subject.

An estimated rental rate of \$6.75 per square foot will be applied to 1440 Clifton Street.

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Vacancy Allowance - 1440 Clifton Street

To estimate the vacancy allowance for the subject properties, 'The Johnson Report', December 2017 Market Report, Commercial Real Estate, Winnipeg, Manitoba prepared by Wayne K. Johnson, C.A. was consulted. This report states:

"The Winnipeg industrial building inventory is approximately 78 million square feet, of which 65% of 51 million square feet is owner occupied, with 28 million square feet used primarily for manufacturing purposes, 19 million square feet for warehouse space and 3 million square feet of service type buildings. Investment properties represent 35% of the inventory, or approximately 27 million square feet, used primarily for warehousing and distribution.

The St. James District has the highest concentration of industrial space in the City at 18 million square feet, followed by St. Boniface, Ft Garry, Central, Inkster Districts and with about 10 million square feet each.

Industrial vacancy is a good indicator of the health of the industrial market and the overall health of the city's commerce. The market has been stable in the 1.5 million to 2.5 million sq. ft. vacancy range for more than a decade. Following three years of significant increases in vacancy, there has been only modest improvement.

Investment vacancies have increased into the mid to highest end range of their historical performance. The number of Industrial buildings for sale at the end of 2017, that are unoccupied has jumped to numbers not seen since June of 2007. As a result, overall vacancy remains elevated.

The past decade has had a series of low vacancy rates, when combining the Investment market, with the User Owned market for Industrial buildings in Winnipeg. Following a half dozen years of vacancy rates in the 3-4% range, the next 6 years averaged 2.4% while the last 4 years have has hovered around 3%.

District	2017	2016	2015	2014	2013
Central	5.7%	11.6%	6.4%	5.9%	6.5%
East Kildonan	6.7%	7.3%	0.0%	0.0%	1.1%
Elmwood	8.0%	11.1%	9.3%	2.5%	3.4%
Exchange	0.0%	0.0%	0.0%	0.0%	0.0%
Fort Garry	1.0%	4.0%	2.6%	4.6%	7.0%
Inkster	5.4%	4.5%	9.1%	11.1%	9.8%
Murray Park	0.0%	0.0%	0.0%	0.0%	11.0%
St. Boniface	9.3%	7.6%	5.9%	3.3%	2.8%
St. James	8.5%	7.1%	6.9%	8.6%	3.8%
Transcona	24.1%	24.5%	22.2%	20.7%	21.8%
West End	4.6%	2.3%	5.8%	5.4%	11.7%
Overall	7.3%	7.2%	7.3%	8.0%	6.9%

The subject property is currently owner-occupied, resulting in no vacancy.

The subject property is considered to be well-located near a main traffic route connecting the downtown area to the West End district, but it is not located within one of Winnipeg's major industrial parks. The comparable is located near Notre Dame Avenue, but does not have frontage along Notre Dame Avenue. The subject consists of a one storey industrial building which is considered to be in overall fair to average condition. The subject consists mostly of shop space, with a smaller amount of office space and basement space, which would likely appeal to a wide range of business, if the space were to become vacant.

According to 'The Johnson Report', the West End district has an average vacancy rate of 4.6% which falls below the city wide average of 7.3%.

Considering the subject's location, potential use, and overall condition, an estimated vacancy rate between the West End average and the city wide average, would be considered reasonable for the subject.

A vacancy rate of 6.00% will be applied to the subject.

Expenses - 1440 Clifton Street

All rental rates quoted are on a triple net basis with the tenant responsible for all expenses excepting structural reports. Management companies generally allow between \$0.10 to \$0.15 per square foot for annual structural reports depending upon the age and condition of the properties. Considering the age and overall condition of the subject building, a rate of \$0.15 per square foot is considered reasonable to apply.

The owner would also be responsible for operating costs during vacancy. Based upon information available in our files, it is estimated that the operating costs for the subject properties will be in the area of \$3.00 per square foot.

Capitalization Rate - 1440 Clifton Street

To convert the net operating income indicated from the subject properties into a value, the net operating income is divided by a capitalization rate. Capitalization rates are obtained from the market by investigating sale and net operating incomes that are derived from the investment properties. Information is from sources deemed reliable.

The following are some recent sales of investment properties and the resulting capitalization rates.

Comparable No. 1

Address:	276 Holden Street
Sale Date:	July 5, 2017
Sale Price:	\$540,000
Overall Rate:	7.32%

The comparable property consists of a one storey industrial building with a total building area of 7,256 square feet. The improvement was constructed in 1960 and is situated on a site with an area of 12,232 square feet.

Comparable No. 2

Address: 1100 Waverley Street
Sale Date: August 2017
Sale Price: \$24,000,000
Overall Rate: 5.26%

The comparable consists of a four, flex-industrial buildings, with a total combined building plan area of 138,899 square feet. The improvements were originally constructed in 1973 and are located on a site of 386,898 square feet (8.88 acres).

Comparable No. 3

Address: 25 Keenleyside Street
Sale Date: March 30, 2016
Sale Price: \$825,000
Overall Rate: 7.67%

The comparable consists of a two industrial buildings, with total building areas of 9,000 and 3,024 square feet. The improvements were constructed in 1969 and 1996 and are located on a site of 28,943 square feet.

Comparable No. 4

Address: 1546 St. James Street
Sale Date: January 19, 2016
Sale Price: \$1,260,000
Overall Rate: 6.85%

The comparable property consists is a one storey, plus mezzanine, office/warehouse building with a gross upper floor area of 14,900 square foot. The improvement was constructed in 1963 and is situated on a site measuring 23,539 square feet.

Comparable No. 5

Address: 1248 Wilkes Avenue
Sale Date: June 23, 2015
Sale Price: \$1,680,000
Overall Rate: 9.32%

The comparable property is a multi-building industrial complex located in the Tuxedo Industrial Park. It consists of three buildings with areas of 2,838 square feet, 1,885 square feet and 1,344 square feet, which is a combined total of 6,067 square feet. They were constructed in 1967, 1974 and 1969, respectively. The buildings are situated on 124,498 square feet of land which is primarily used for storage/parking.

Comparable No. 6

Address: 1550 King Edward Street
Sale Date: April 4, 2014
Sale Price: \$1,310,000
Overall Rate: 6.26%

The comparable property consists of a one storey industrial building, which contains a rentable area of 18,000 square feet. The improvement is situated on a site measuring 61,101 square feet and was constructed in 1961.

Comparable No. 7

Address: 160/170 Murray Park Road
Sale Date: January 3, 2014
Sale Price: \$1,842,275
Overall Rate: 7.10%

The comparable is a multiple sale which consists of two single tenant industrial buildings. They include buildings of 10,000 square feet (160 Murray Park) and 10,050 square feet (170 Murray Park). The improvements were constructed in 1988/1990 and are situated on a site with a total building area of 76,644 square feet.

Capitalization Rate Summary

	Address	Sale Date	Sale Price	Overall Rate	Type
1	276 Holden	2017 07 05	\$540,000	7.32%	Single Tenant Off/Wrhse.
2	1100 Waverley	2017 08 --	\$24,000,000	5.26%	Four Multi-Tenant Bldgs.
3	25 Keenleyside	2016 03 30	\$825,000	7.67%	2 Ind. Bldgs.
4	1546 St. James	2016 01 19	\$1,260,000	6.85%	Single Tenant Off/Wrhse.
5	1248 Wilkes	2015 06 23	\$1,680,000	9.32%	Multi-Tenant Off/Wrhse.
6	1550 King Edward	2014 04 04	\$1,310,000	6.26%	Multi-Tenant Off/Wrhses.
7	160/170 Murray Park	2014 01 03	\$1,842,275	7.10%	2 Ind. Bldgs.

Capitalization Rate Analysis - 1340 Notre Dame

A capitalization rate is an expression of risk. It considers the quality of the income stream, which includes both the financial strength and length of lease of the tenants.

The above properties provide an indication as to what an investor requires in the way of a return for an investment property. The quality and condition of the improvements are considered in the selection of a capitalization rate.

The capitalization rates indicate a range from 5.26% to 9.32%.

Comparable No. 1 is the most recent sale in the above range. It consists of a single tenant building which is not located within a major industrial park. This comparable consists mostly of warehouse space, with a small amount of office space.

Comparable No. 2 has the lowest capitalization rate of the above comparables, by a fairly wide margin. It is comprised of four, stand alone, multi-tenant improvements. These buildings are quasi-commercial in nature, which contributes to the low capitalization rate. Other factors contributing to the rate include the high level of occupancy and good location. The subject would be considered inferior compared to this comparable.

Comparable No. 3, consists of two multi-tenant industrial building located in a small industrial cluster. The comparable was reportedly in poor condition at the time of sale.

Comparable No. 4, consists of an industrial building, with a larger building area compared the subject. The comparable's location would be considered superior to the subject, given it is situated within one of the most desirable industrial parks in Winnipeg.

Comparable No. 5 set the highest point of the above range. This comparable is not located in one of the major industrial parks and is a large parcel of land, with a relatively small amount of building space. This comparable has the highest rate, in part, due to accessibility issues with the site and motivated vendor/purchaser.

Comparable No. 6, consists of a multi-tenant industrial building, which is not located within one of Winnipeg's major industrial parks. It has a larger building area compared the subject.

Comparable No. 7, has two industrial buildings, which have a larger building area compared to the subject. This comparable is located within a smaller industrial area within fairly close proximity to the subject.

In addition to the above information, the Q4 2017 Cap Rate Report by CBRE states class 'A' industrial properties have a steady capitalization rate range from 6.00% to 6.50%, with class 'B' properties having an upward trend and lying between 6.50% to 7.25%. These ranges of rates are similar to the rates seen by the above comparables.

Conclusions

The subject property consists of a one storey, plus mezzanine, industrial building. It is located with close proximity and easy access to Notre Dame Avenue, but does not have frontage along this street. The subject is not located within a major industrial park, which would be considered less desirable. The improvement is almost exclusively shop space, with a two private offices situated in the mezzanine area. The improvement is considered to be in overall fair to average condition with minimal excess land.

The subject's capitalization rate would be expected to lie near Comparables No. 1 and No. 3, given their condition at their times of sale.

The subject's capitalization rate would be expected to fall above Comparable No. 4, given its superior location within the St. James Industrial Park. The subject would also be expected to lie near the high end of the CBRE range.

Therefore, an estimated capitalization rate of 7.25% is considered reasonable and will be applied to 1440 Clifton Street.

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Summary of Income Approach to Value - 1440 Clifton Street

Potential Gross Income			
	Area	Rate	
	3,466	\$6.75	\$23,396
Less: Vacancy		6.00%	<u>\$1,404</u>
Effective Gross Income			\$21,992
Less: Expenses			
Structural Repairs		\$0.15	\$520
Vacancy Expense		\$3.00	<u>\$624</u>
			\$1,144
Net Operating Income			\$20,848
Capitalized Value		7.25%	\$287,558
Rounded To:			\$288,000

DIRECT COMPARISON APPROACH TO VALUE – 1300 Notre Dame Avenue

The following sale are considered to be comparable to the subject properties:

Comparable No. 1

Location:	1280 Notre Dame Avenue
Sale Date:	January 17, 2017
Sale Price:	\$1,400,000
Rentable Area:	2,618 Square Feet
Sale Price/Sq.Ft.:	\$534.76
Site Area:	67,760 Square Feet
Zoning:	M3
Year Constructed:	2000

Remarks: This comparable is located on the southwest corner of Notre Dame Avenue and Erin Street. It previously sold on April 15, 2011 for \$1,100,000.

Comparable No. 2

Location:	939 Notre Dame Avenue
Sale Date:	December 20, 2017
Sale Price:	\$230,000
Building Area:	2,542 Square Feet
Sale Price/Sq.Ft.:	\$90.48
Site Area:	3,669 Square Feet
Zoning:	C2
Year Constructed:	1953 / 1974
No. of Storeys:	1

Remarks: This comparable consists of a one storey retail buildings.

Comparable No. 3

Location:	849 Notre Dame Avenue
Sale Date:	March 7, 2017
Sale Price:	\$480,000
Building Area:	3,130 Square Feet
Sale Price/Sq.Ft.:	\$153.35
Site Area:	6,156 Square Feet
Zoning:	C2
Year Constructed:	1987
No. of Storeys:	1

Remarks: This comparable consists of a one storey, multi-tenant office building.

Comparable No. 4

Location:	1695 Ellice Avenue
Sale Date:	November 8, 2017
Sale Price:	\$2,700,000
Building Area:	19,740 Square Feet
Sale Price/Sq.Ft.:	\$136.78
Site Area:	81,809
Zoning:	C2
Year Constructed:	1967

Remarks: One-storey commercial building which formerly held a Value Village retailer.

Comparable No. 5

Location:	577 Sargent Avenue
Sale Date:	December 27, 2017
Sale Price:	\$390,000
Building Area:	4,000 Square Feet
Sale Price/Sq.Ft.:	\$97.50
Site Area:	4,966 Square Feet
Zoning:	C2
Year Constructed:	1929/2002
No. of Storeys:	1

Remarks: This comparable consists of a one storey, plus partial basement, retail building. The basement has an area of 544 square feet. It previously sold on December 5, 2008 for \$320,000.

Comparable No. 6

Location:	595 Sargent Avenue
Sale Date:	February 14, 2018
Sale Price:	\$1,010,000
Building Area:	9,551 Square Feet
Sale Price/Sq.Ft.:	\$105.75
Site Area:	9,994 Square Feet
Zoning:	C2
Year Constructed:	1958
No. of Storeys:	1

Remarks: This comparable consists of a one storey, plus basement, retail building. It was listed for \$1,890,000 and previously sold on September 13, 2002 for \$190,000.

Comparable No. 7

Location:	1820 Arlington Street
Sale Date:	January 11, 2017
Sale Price:	\$340,000
Building Area:	4,083 Square Feet
Sale Price/Sq.Ft.:	\$83.27
Site Area:	6,284 Square Feet
Zoning:	C1
Year Constructed:	1953
No. of Storeys:	1

Remarks: This comparable consists of a one storey commercial building.

Summary of Sales

#	Address	Sale Date	Sale Price	Bldg.Area	S.P./sf	Site Area	Age	Flr. Area Ratio
1	1280 Notre Dame	17-Jan-17	\$1,400,000	2,618	\$534.76	67,760	2000	25.88
2	939 Notre Dame	20-Dec-17	\$230,000	2,542	\$90.48	3,669	1953/74	1.44
3	849 Notre Dame	7-Mar-17	\$480,000	3,130	\$153.35	6,156	1987	1.97
4	1695 Ellice	8-Nov-17	\$2,700,000	19,740	\$136.78	81,809	1967	4.14
5	577 Sargent	27-Dec-17	\$390,000	4,000	\$97.50	4,966	1929/02	1.24
6	595 Sargent	14-Feb-18	\$1,010,000	9,551	\$105.75	9,994	1958	1.05
7	1820 Arlington	11-Jan-17	\$340,000	4,083	\$83.27	6,284	1953	1.54
	Subject			6,680		11,937	1949/87	1.79

Comparable Analysis

The above comparables indicate sale prices ranging from \$83.27 to \$534.76 per square foot.

Comparable No. 1 is situated directly east of the subject and has the highest sale price per square foot in the above range, but a large margin. While the comparable was improved with a restaurant, the majority of the value is in the comparable's land. Dividing the sale price by the site area, results in a value of \$20.66 per square foot for the land, which is considered somewhat reasonable for the site. Overall, this comparable is not a good indicator of value for the subject, but was included given its proximity to the subject.

Comparable No. 2 is located approximately one and a half kilometers east of the subject, on the same street. It consists of a one storey retail building, which has a smaller building area compared to the subject. The comparable is similar to the subject in terms of age and condition, but has an inferior floor area ratio. As a result, the subject would be expected to fall slightly above this sale price per square foot.

Comparable No. 3, consists of a one storey office building located on the same street as the subject, approximately one and a half kilometers to the east. The comparable has a smaller building area compared to the subject and a similar floor area ratio. It is of newer construction compared to the subject and is considered to be in overall superior condition. Overall, the subject's value per square foot would be expected to fall below this comparable given its newer age and superior condition.

Comparable No. 4, consists of a one storey retail building located in the St. James district. The comparable's location would be considered superior to the subject's location, given its close proximity to the CF Polo Park shopping centre. It has a larger building area compared to the subject and a superior floor area ratio. This comparable is of newer construction compared to the subject's original section and appears to be in overall superior condition. Overall, the subject's value per square foot would be expected to fall below this comparable, given its superior location and overall condition.

Comparable No. 5, consists of a one storey, plus partial basement, retail building located in a comparable neighbourhood to the subject. It has a smaller building area compared to the subject and an inferior floor area ratio. The comparable's original structure is of older construction compared to the subject's original structure. It appears to be in inferior condition to the subject.

Comparable No. 6, consists of a one storey, plus basement, retail building which was currently used as a grocery store. It is situated within a comparable location to the subject. The comparable has a larger building area compared to the subject and an inferior floor area ratio. Given its former use, the comparable would be expected to have a lower level of finish compared to the subject.

Comparable No. 7, has the lowest sale price per square foot in the above range. While it is considered to be located in a comparable neighbourhood to the subject, it has a lower level of exposure, resulting in an upward adjustment. The comparable has a smaller building area compared to the subject and a fairly similar floor area ratio. It appears to be in similar physical condition to the subject. Overall, the subject's value per square foot would be expected to fall above this comparable, given its lack of exposure.

Conclusions

As previously stated, Comparable No. 1 is not considered to be a good indicator of value for the subject and will be eliminated from the range. This results in tighter range from \$83.27 to \$153.35 per square foot. It is noted that these remaining comparables all have commercial zonings, while the subject is zoned for industrial use.

As previously stated, the subject's value per square foot would be expected to fall below Comparables No. 3 and No. 4, but above Comparables No. 2 and No. 7.

The subject property is considered to be well-located along a major route connecting the downtown area and the West End district. It consists of a one storey retail store which is considered to be in overall average condition. The subject's floor area ratio is similar to the comparables, with the exception of Comparables No. 1 and No. 4 which are considered to have quite high floor area ratios.

Overall, an estimated value above Comparable No. 7, but below Comparables No. 1, No. 3, and No. 4 is considered reasonable for the subject.

Therefore, an estimated value of \$115 per square foot is considered reasonable for 1300 Notre Dame Avenue.

Applying this value to the subject's total building area of 6,680 square feet, results in a total estimated value of \$768,200, rounded to \$770,000.

DIRECT COMPARISON APPROACH TO VALUE – 1340 Notre Dame Avenue

The following sale are considered to be comparable to the subject properties:

Comparable No. 1

Location:	1270 Notre Dame Avenue
Sale Date:	February 22, 2018
Sale Price:	\$1,300,000
Building Area:	68,583 Square Feet
Sale Price/Sq.Ft.:	\$18.96
Site Area:	39,145 Square Feet
Zoning:	M2
Year Constructed:	1921/ 1935 / 1941 / 1947 / 1971
Ceiling:	13 Feet
Office Space:	N/A

Remarks: This comparable consists of a multi-storey, plus full basement (21,730 square feet). The improvement is reportedly fully sprinklered. It previously sold on May 30, 2012 for \$860,000 and on June 11, 2007 for \$700,000.

Comparable No. 2

Location:	1586 Wall Street
Sale Date:	July 4, 2016
Sale Price:	\$2,200,000
Building Area:	69,696 Square Feet
Sale Price/Sq.Ft.:	\$31.57
Site Area:	110,266 Square Feet
Zoning:	M2
Year Constructed:	1956
Ceiling:	14 Feet
Office Space:	15%

Remarks: This comparable consists of a two storey, single tenant, industrial building. At the time of sale, the office portion had recently been renovated and is considered to be in good condition. The second floor has a total area of 34,848 square feet, which is included in the above building area. The improvement is known to have contained asbestos in 2016. It previously sold on January 15, 2010 for \$1,400,000, October 17, 2005 for \$1,050,000, and October 3, 2003 for \$740,000.

Comparable No. 3

Location:	1525 Erin Street
Sale Date:	April 2, 2015
Sale Price:	\$3,100,000
Building Area:	54,564 Square Feet
Sale Price/Sq.Ft.:	\$56.81
Site Area:	80,800 Square Feet
Zoning:	M2
Year Constructed:	1952/1964/1975
Ceiling:	20 Feet
Office Space:	N/A

Remarks: This comparable consists of a one storey, plus mezzanine, industrial building with a plan area of 54,564 square feet, plus a mezzanine of 3,744 square feet which is not included in the above building area.

Comparable No. 4

Location:	1034 Arlington Street
Sale Date:	October 4, 2017
Sale Price:	\$1,840,000
Building Area:	33,226 Square Feet
Sale Price/Sq.Ft.:	\$55.38
Site Area:	93,321 Square Feet
Zoning:	M2
Year Constructed:	1921 / 1951 / 1966 / 1980
Ceiling:	N/A
Office Space:	N/A

Remarks: This comparable consists of a one storey industrial building. This comparable previously sold on October 13, 2016 for \$1,672,000.

Comparable No. 5

Location:	58 Weston Street
Sale Date:	January 5, 2016
Sale Price:	\$2,450,000
Building Area:	41,157 Square Feet
Sale Price/Sq.Ft.:	\$59.53
Site Area:	126,808 Square Feet
Zoning:	M2
Year Constructed:	1966/1967/1979/1997
Ceiling:	20 Feet (Approximately)
Office Space:	N/A

Remarks: This comparable is comprised of two free standing industrial buildings. It reportedly has a small mezzanine area of 2,985 square feet, which is included in the above building area.

Comparable No. 6

Location:	51 Aikins Street
Sale Date:	September 11, 2017
Sale Price:	\$1,750,000
Building Area:	53,606 Square Feet
Sale Price/Sq.Ft.:	\$32.65
Site Area:	87,191 Square Feet
Zoning:	M2
Year Constructed:	1941/1969/1971/1976
Ceiling:	15 - 28 Feet
Office Space:	10.5%

Remarks: This comparable is a one and two storey building with a gross area of 53,606 square feet. The improvement was originally constructed in 1941, but received additions in 1969, 1971 and 1976. This comparable consists of main floor warehouse space as well as second floor office space. The comparable contains a mezzanine with an area of 5,100 square feet, which is fully developed with office space. It is equipped with two, three tone cranes. This comparable previously sold on August 5, 2014 for \$1,715,000, on November 6, 2007 for \$1,350,000 and on December 13, 2004 for \$900,000.

Comparable No. 7

Location:	1205 Sherwin Road
Sale Date:	April 15, 2016
Sale Price:	\$3,800,000
Building Area:	54, 094 square feet
Sale Price/Sq.Ft.:	\$70.25
Site Area:	120,809 square feet
Zoning:	M2
Year Constructed:	1966/2005
Ceiling:	16 to 24 feet
Office Space:	12%

Remarks: This comparable is a one storey office/warehouse building, and also features 1,780 square feet of mezzanine space (not included in the above area). The comparable was severely damaged by a fire in January 2012. The comparable had an asking price of \$5,300,000 prior to this sale and was owner occupied at the time. It reportedly has both dock and grace loading and is fully sprinklered. It previously sold on June 4, 2013 for \$1,357,500, on November 2, 2007 for \$1 (sworn value: \$3,595,000).

Summary of Sales

#	Address	Sale Date	Sale Price	Bldg. Area	S.P./sf	Site Area	Age	Flr. Area Ratio	Ceil.
1	1270 Notre Dame	22-Feb-18	\$1,300,000	68,583	\$18.96	39,145	1921-71	0.57	13'
2	1586 Wall	4-Jul-16	\$2,200,000	69,696	\$31.57	110,266	1956	1.58	14'
3	1525 Erin	2-Apr-15	\$3,100,000	54,564	\$56.81	80,800	1952-75	1.48	20'
4	1034 Arlington	4-Oct-17	\$1,840,000	33,226	\$55.38	93,321	1921-80	2.81	-
5	58 Weston	5-Jan-16	\$2,450,000	41,157	\$59.53	126,808	1966-97	3.08	20'
6	51 Aikins	11-Sep-17	\$1,750,000	53,606	\$32.65	87,191	1941-76	1.63	15'-28'
7	1205 Sherwin	15-Apr-16	\$3,800,000	54,094	\$70.25	120,809	1966/05	2.23	16'-24'
	Subject			66,882		180,446	1950-97	2.70	12'-19'

Comparable Analysis

The above comparables indicate sale prices ranging from \$18.96 to \$70.25 per square foot.

Comparable No. 1 is the most recent sale in the above range and is situated two blocks east of the subject. The comparable is similar to the subject in terms of building area, however, it is a multi-storey building. It appears to be in overall poor condition with minimal excess land. Given this comparables poor condition and multi-storey design, it is not considered to be a good indicator of value for the subject, but was included as it is a very recent sale which is located within the subject's immediate area.

Comparable No. 2 is located a few blocks east of the subject, with exposure along Notre Dame Street. This comparable consists of a two storey industrial building with a similar building area compared to the subject. In general, two storey space is considered less desirable compared to single-storey space. The comparable is similar to the subject's original section in terms of age, but the comparable was constructed in one stage, while the subject was added to over the years. The comparable's floor area ratio is inferior to the subject.

Comparable No. 3 is the most dated sale in the above range, and would require an upward time adjustment. It consists of a one storey, plus mezzanine, industrial building located less than one kilometer south of the subject. The comparable has a similar building area compared to the subject, but a superior ceiling height. It has an inferior floor area ratio compared to the subject. Similar to the subject, the comparable was constructed in several stages around the same time as the subject. It appears to be in similar condition.

Comparable No. 4, consists of a one storey industrial building located in the West End district. The comparable is not located along a major route, resulting in an inferior level of exposure compared to the subject. It has a smaller building area compared to the subject, but a similar floor area ratio. Similar to the subject, the comparable was constructed in several stages and appears to be in similar overall condition.

Comparable No. 5 consists of two free standing industrial building located in the West End district. The comparable is not located along a major route, resulting in an inferior level of exposure compared to the subject. The comparable is superior to the subject in terms of floor area ratio and ceiling height. It has a smaller building area compared to the subject, which was constructed in stages.

Comparable No. 6, consists of a one storey, plus mezzanine, industrial building located within the Jarvis/Dufferin industrial pocket. Similar to the subject, the comparable is not located within a major industrial park, however, the comparable's location would be considered inferior to the subject. Similar to the subject, the comparable was constructed in several stages around the same time as the subject's stages. It has an inferior floor area ratio compared to the subject, but a higher maximum ceiling height.

Comparable No. 7, consists of a one storey, plus mezzanine, industrial building located in the northern portion of the St. James Industrial Park. The comparables location would be considered slightly superior to the subject. It has a smaller building area compared to the subject and an inferior ceiling height. The comparable appears to be in overall good condition, with a greater maximum ceiling height compared to the subject.

Conclusions

As previously mentioned, the subject's value per square foot would be expected to fall well above Comparable No. 1, given its inferior condition and multi-storey design.

The subject would also be expected to fall above Comparable No. 2, due to its two storey layout, and Comparable No. 6, due to its inferior location.

The subject's value per square foot would be expected to fall below Comparable No. 7, given its superior location.

The remaining three comparables create a range from \$55.38 to \$59.53 per square foot.

The subject property is not located within one of Winnipeg's major industrial parks. It is considered to be well-located along a major traffic thoroughfare. The subject improvement was constructed in several stages which has resulted in the interior being choppy with varying ceiling heights, floor heights, and interior walls. It consists of a combination of office and warehouse space which is considered to be in overall fair to average condition. The subject's floor area ratio falls near the high end of the range, resulting in a good amount of on-site parking and storage. Overall, an estimated value per square foot similar to Comparables No. 3, No. 4, and No. 5, would be considered reasonable for the subject.

An estimated value of \$58.00 per square foot is considered reasonable for 1340 Notre Dame Avenue.

Applying this value to the subject's total building area of 66,882 square feet, results in a total value of \$3,879,156, rounded to \$3,880,000.

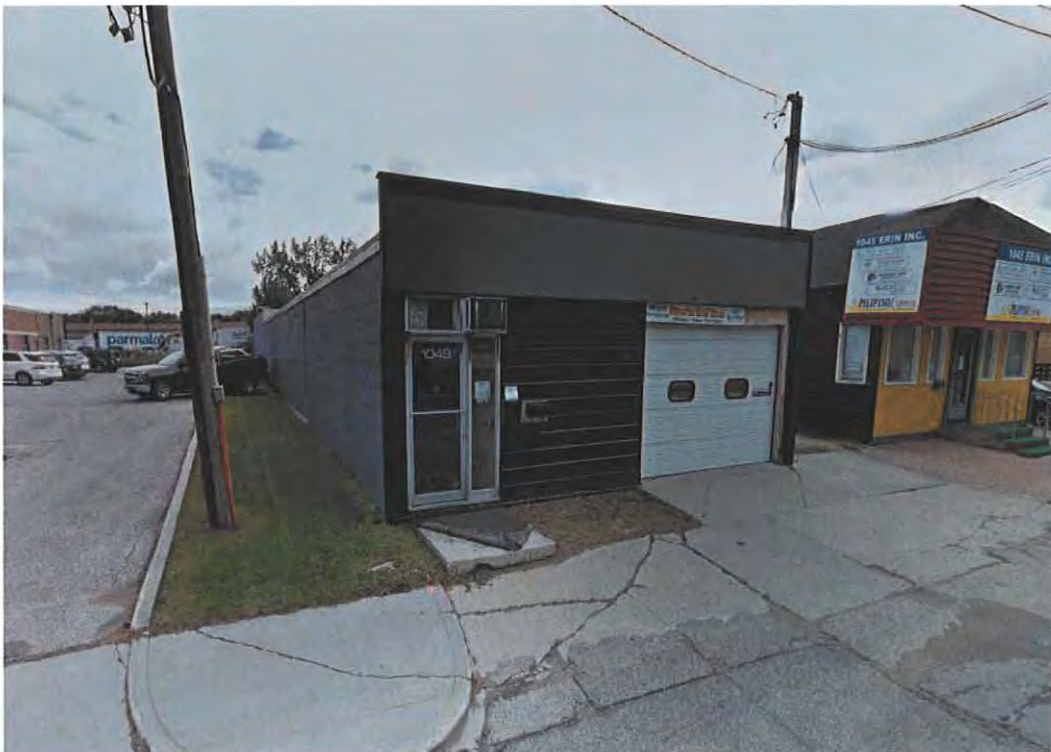
DIRECT COMPARISON APPROACH TO VALUE – 1440 Clifton Street

The following sale are considered to be comparable to the subject properties:

Comparable No. 1

Location:	1069 Notre Dame Avenue & 1090 Winnipeg Avenue
Sale Date:	October 25, 2016
Sale Price:	\$430,000
Building Area:	7,610 Square Feet
Sale Price/Sq.Ft.:	\$56.50
Site Area:	8,360 Square Feet
Zoning:	C2 & M2
Year Constructed:	1951 / 1979

Remarks: This comparable consists of a multiple sale of two industrial buildings 1069 Notre Dame Avenue was constructed in 1951 with a building area of 2,810 square feet and a C2 zoning. 1090 Winnipeg Avenue was constructed in 1979, with a building area of 4,800 square feet and a M2 zoning.

Comparable No. 2

Location:	1049 Erin Street
Sale Date:	September 7, 2016
Sale Price:	\$325,000
Building Area:	6,480 Square Feet
Sale Price/Sq.Ft.:	\$50.15
Site Area:	7,540 Square Feet
Zoning:	M1
Year Constructed:	1946

Remarks: This comparable consists of a one storey, single tenant industrial building. The comparable has a ceiling height of 12 feet and approximately 7% office space. It previously sold on July 13, 2006 for \$101,250.

Comparable No. 3

Location:	1150 Wall Street
Sale Date:	November 23, 2016
Sale Price:	\$730,000
Building Area:	8,434 Square Feet
Sale Price/Sq.Ft.:	\$86.55
Site Area:	18,093 Square Feet
Zoning:	M1
Year Constructed:	1957/1959/1960

Remarks: This comparable consists of a one storey industrial building with a 700 square foot basement. It has a ceiling height which ranges from 10 to 15 feet and approximately 8% office space. The comparable's exterior appears to have been updated prior to this sale. It previously sold on December 31, 2013 for \$405,000 and on May 1, 2007 for \$275,000.

Comparable No. 4

Location:	731 Wall Street
Sale Date:	February 1, 2016
Sale Price:	\$415,000
Building Area:	5,280 Square Feet
Sale Price/Sq.Ft.:	\$78.60
Site Area:	6,403 Square Feet
Zoning:	M1
Year Constructed:	1955/1956

Remarks: This comparable consists of a one storey industrial building. Its ceiling height ranges from 12 to 14 feet and it includes approximately 21% office space. This comparable previously sold on March 13, 2007 for \$210,000 and on November 18, 2014 for \$259,999.

Comparable No. 5

Location:	731 Ellice Avenue
Sale Date:	September 19, 2016
Sale Price:	\$125,000
Building Area:	1,974 Square Feet
Sale Price/Sq.Ft.:	\$63.32
Site Area:	7,590 Square Feet
Zoning:	C2
Year Constructed:	1953

Remarks: This comparable consists of a one storey automotive repair shop. It previously sold on November 6, 2012 for \$250,000.

Comparable No. 6

Location:	64 Salter Street
Sale Date:	August 9, 2017
Sale Price:	\$823,000
Building Area:	8,440 Square Feet
Sale Price/Sq.Ft.:	\$97.51
Site Area:	22,165 Square Feet
Zoning:	M1
Year Constructed:	1925

Remarks: This comparable consists of a one storey automotive repair shop.

Comparable No. 7

Location:	300 Stanley Street
Sale Date:	April 10, 2017
Sale Price:	\$140,000
Building Area:	1,536 Square Feet
Sale Price/Sq.Ft.:	\$91.15
Site Area:	4,901 Square Feet
Zoning:	M2
Year Constructed:	1983

Remarks: The comparable property improvement consists of a one storey concrete block office warehouse building, built on slab, with a gross building area of 1,536 square feet. The building height is approximately 14 feet with the roof being flat tar and gravel type on metal deck supported by steel web trusses. It previously sold on March 2, 2001 for \$77,000.

Summary of Sales

#	Address	Sale Date	Sale Price	Bldg. Area	S.P./sf	Site Area	Age	<u>Flr. Area</u> Ratio	<u>Ceil.</u>
1	1069 Notre Dame, etc.	25-Oct-16	\$430,000	7,610	\$56.50	8,360	1951/79	1.10	-
2	1049 Erin	7-Sep-16	\$325,000	6,480	\$50.15	7,540	1946	1.16	12'
3	1150 Wall	23-Nov-16	\$730,000	8,434	\$86.55	18,093	1957-60	2.15	10'-15'
4	731 Wall	1-Feb-16	\$415,000	5,280	\$78.60	6,403	1955-56	1.21	12'-14'
5	731 Ellice	19-Sep-16	\$125,000	1,974	\$63.32	7,590	1953	3.84	-
6	64 Salter	9-Aug-17	\$823,000	8,440	\$97.51	22,165	1925	2.63	-
7	300 Stanley	10-Apr-17	\$140,000	1,536	\$91.15	4,901	1983	3.19	-
	Subject			3,466		7,631	1904-04	2.20	13'-15'

Comparable Analysis

The above comparables indicate sale prices ranging from \$50.15 to \$97.51 per square foot.

Comparable No. 1 is a multiple sale of two industrial buildings located in the West End district. The comparables have similar building areas to the subject individually, but are larger combined. The comparables were constructed during the same period of some of the subject's additions, but the subject's original structure is much older. The comparables have an inferior floor area ratio compared to the subject. Overall, the subject's value per square foot would be expected to fall above this comparable, given its inferior floor area ratio and the fact that it consists of two buildings with a larger total building area.

Comparable No. 2, consists of a one storey, industrial building, located approximately one and a half kilometers south of the subject, in the Erin/Wall industrial pocket. Its location would be considered comparable to the subject. The comparable has a larger building area compared to the subject and a similar ceiling height. It is of newer construction compared to the subject's original section, similar to its additions. The comparable has an inferior floor area ratio compared to the subject.

Comparable No. 3, consists of a one storey, industrial building, located approximately one and a half kilometers south of the subject, in the Erin/Wall industrial pocket. The comparable has a larger building area compared to the subject, but is similar in terms of floor area ratio and overall condition. Similar to the subject, this comparable includes a small amount of basement space. Its ceiling height is fairly similar to the subject and is similar in terms of age to the subject's additions.

Comparable No. 4, consists of a one storey, industrial building, located approximately two and a half kilometers south of the subject, in the Erin/Wall industrial pocket. The comparable has a larger building area compared to the subject, which appears to be in good overall condition. It is similar to the subject in terms of ceiling height, but has an inferior floor area ratio. The comparable is similar to the subject's additions in terms of age.

Comparable No. 5, consists of a one storey, automotive repair shop, located in the West End district. Its location would be considered comparable to the subject. This comparable has a smaller building area, compared to the subject, and a superior floor area ratio. The comparable is similar to the subject's additions in terms of age and appears to be in overall similar condition.

Comparable No. 6, consists of a one storey, automotive repair shop, located in the North End district, which is considered comparable to the subject's location. It has a larger building area compared to the subject and a superior floor area ratio. This comparable has the oldest construction date in the above range, but it is still more recent compared to the subject's original section. It appears to be in good overall condition, which would be considered superior to the subject's condition. Overall, the subject's value per square foot would be expected to fall below this comparable given its good condition.

Comparable No. 7, consists of a one storey, automotive repair shop, located on the outskirts of the Exchange district. Its location would be considered comparable to the subject. This comparable has a smaller building area, and superior floor area ratio, compared to the subject. It is of newer construction compared to the subject, but appears to be in fairly similar condition.

Conclusions

Comparables No. 1 through No. 4, are most similar to the subject in terms of location. All four comparables are fairly similar in terms of ceiling height.

As previously stated, the subject's value per square foot would be expected to fall above Comparable No. 1, given its inferior floor area ratio, and the fact that it consists of two buildings, with a larger total building area.

Comparable No. 3 is most similar to the subject in terms of floor area ratio, however, it includes more finished office space, compared to the subject, resulting in a downward adjustment.

Out of the first four comparables, Comparable No. 4 is most similar to the subject in terms of building area. However, it would require an upward adjustment for its inferior floor area ratio.

Overall, the subject's value per square foot would be expected to fall above Comparables No. 1, No. 2, and No. 4, but below Comparable No. 3.

An estimated value of \$80.00 per square foot is considered reasonable for the subject.

Applying this value to the subject's total building area of 3,466 square feet, results in a total value of \$277,280, rounded to \$275,000.

RECONCILIATION & FINAL ESTIMATE OF VALUE

Two approaches to value have been investigated and produced the followings results:

Income Approach to Value:

1300 Notre Dame Avenue -	\$ 780,000
1340 Notre Dame Avenue -	\$3,860,000
1440 Clifton Street -	\$ <u>288,000</u>
Total -	\$4,928,000

Direct Comparison Approach to Value:

1300 Notre Dame Avenue -	\$ 770,000
1340 Notre Dame Avenue -	\$3,880,000
1440 Clifton Street -	\$ <u>275,000</u>
Total -	\$4,925,000

Two approaches to value were applied to arrive at the estimated market value of the subject, the Income and Direct Comparison Approaches.

The Income Approach considered market rental rates for similar buildings and a market rent was estimated for the subject. Deductions were made for vacancy, operating expenses during the vacancy and a structural repair allowance. The resulting net operating income was then capitalized by a rate found in the market.

The Direct Comparison Approach considered sales of properties in the neighbourhood, and other comparable locations, and adjustments were made for physical differences between the subject and these sales. Based on what properties were considered superior and inferior, the square foot range was narrowed to a reasonable range, from which, a square foot rate, was applied to the subject.

Both approaches result in similar estimates of value and are considered to be reliable. The subject properties are currently owner-occupied and are not used as an income producing property. Therefore, more emphasis will be put on the Direct Comparison Approach.

Therefore, the final estimates of value are:

1300 Notre Dame Avenue -	\$ 770,000
1340 Notre Dame Avenue -	\$3,880,000
1440 Clifton Street -	\$ <u>275,000</u>
Total -	\$4,925,000

Dennis T. Browaty & Associates Ltd.

APPRAISER'S CERTIFICATION

We certify to the best of our knowledge and belief that:

- the statements of fact contained in this report are true and correct;
- the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal impartial, and unbiased professional analyses, opinions, and conclusions;
- we have no present or prospective interest in the properties that is the subject of this report, and no personal interest with respect to the parties involved;
- we have no bias with respect to the properties that is the subject of this report or to the parties involved with this assignment;
- our engagement in and compensation for this assignment were not contingent upon developing or reporting predetermined results, the amount of the value estimate, or a conclusion favouring the client;
- our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Canadian Uniform Standards of Professional Appraisal Practice and IVS;
- we have the knowledge and experience to complete the assignment competently (with respect to Section 5.4 in the 2018 edition of the CUSPAP);
- no one provided significant professional assistance to the person(s) signing this report;
- as of the date of this report, the undersigned have fulfilled the requirements of The Appraisal Institute of Canada Continuing Professional Development Program for members;
- the undersigned is are members in good standing of the Appraisal Institute of Canada; and
- we did personally inspect the subject properties of the report under review on **April 17, 2018**.

The appraiser's qualifications are located in the addendum of this report.

Dennis T. Browaty & Associates Ltd.

Based on the data, analyses and conclusions contained herein, the market value of the interest in the properties described, located at 1300 / 1340 Notre Dame Avenue & 1440 Clifton Street, in the City of Winnipeg, in the Province of Manitoba, as at April 17, 2018, linked to a reasonable exposure time of approximately six to twelve months, are estimated at:

1300 Notre Dame Avenue -	\$770,000
1340 Notre Dame Avenue -	\$3,880,000
1440 Clifton Street -	<u>\$275,000</u>
Total -	\$4,925,000

DENNIS T. BROWATY & ASSOCIATES LTD.

Dated: May 3, 2018



Timothy, J. Browaty, B.R.S., AACI, P.App.



Kaitlan S. Bertouille, B.Comm. (Honours), AACI,
P.App.

Dennis T. Browaty & Associates Ltd.

PART IV – ADDENDUM

Photographs of the Subject Property and Area



1300 Notre Dame Avenue – North and West Elevations



1300 Notre Dame Avenue – North and East Elevations



1300 Notre Dame Avenue – South and East Elevations



1300 Notre Dame Avenue – South Elevation



1340 Notre Dame Avenue – North and East Elevations



1340 Notre Dame Avenue – North and East Elevations



1340 Notre Dame Avenue – North Elevation



1340 Notre Dame Avenue – North and West Elevations



1340 Notre Dame Avenue - South and West Elevations



1340 Notre Dame Avenue - South and East Elevations



1340 Notre Dame Avenue – East Elevation



1440 Clifton Street – East Elevation



1440 Clifton Street



1440 Clifton Street - South and West Elevations



1340 Notre Dame Avenue - Subject Site



Looking East on Notre Dame Avenue



Looking West on Notre Dame Avenue



Looking North on Clifton Street



Looking South on Clifton Street



1300 Notre Dame Avenue – Retail Space



1300 Notre Dame Avenue – Retail Space



1300 Notre Dame Avenue – Retail Space



1300 Notre Dame Avenue – Retail Space



1300 Notre Dame Avenue – Retail Space



1300 Notre Dame Avenue – Rear Entrance



1340 Notre Dame Avenue – Reception



1340 Notre Dame Avenue – Reception



1340 Notre Dame Avenue –Boardroom



1340 Notre Dame Avenue – Executive Suite



1340 Notre Dame Avenue – Executive Suite



1340 Notre Dame Avenue – Executive Suite



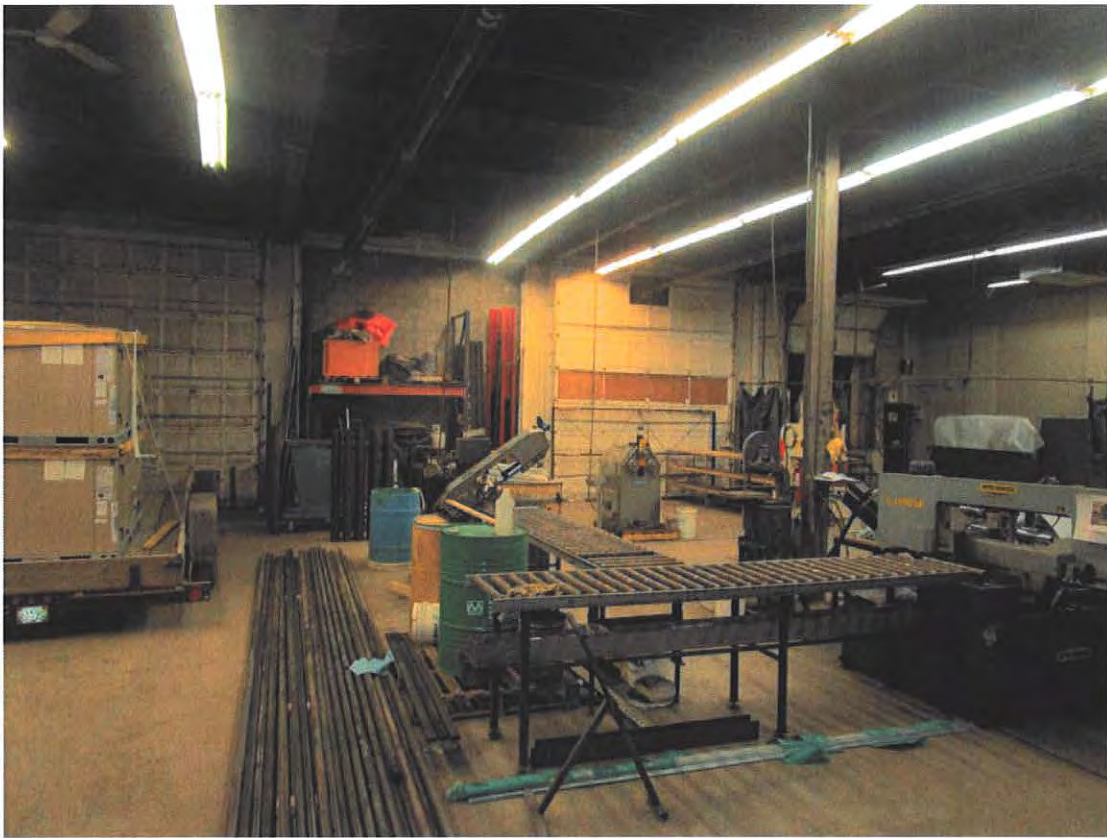
1340 Notre Dame Avenue – Office Area



1340 Notre Dame Avenue - Office Area



1340 Notre Dame Avenue - Office Area



1340 Notre Dame Avenue - Warehouse



1340 Notre Dame Avenue - Warehouse



1340 Notre Dame Avenue – Warehouse



1340 Notre Dame Avenue – Warehouse



1340 Notre Dame Avenue – Warehouse



1340 Notre Dame Avenue – Warehouse



1340 Notre Dame Avenue - Warehouse



1340 Notre Dame Avenue - Warehouse Washroom



1340 Notre Dame Avenue - Heating System



1440 Clifton Street - Shop



1440 Clifton Street - Shop



1440 Clifton Street - Shop



1440 Clifton Street - Mezzanine



1440 Clifton Street - Mezzanine



1440 Clifton Street - Basement

STATUS OF TITLE

Title Number **1957478/1**
Title Status **Accepted**
Client File **NotreDame1300.1340&Clifton.1440**

The Property Registry

A Service Provider for the Province of Manitoba



1. REGISTERED OWNERS, TENANCY AND LAND DESCRIPTION

NYGARD PROPERTIES LTD.

IS REGISTERED OWNER SUBJECT TO SUCH ENTRIES RECORDED HEREON IN THE FOLLOWING DESCRIBED LAND:

LOTS 122, 123 AND 124 BLOCK 1 PLAN 211 WLTO (W DIV)
IN RL 51 PARISH OF ST JAMES

The land in this title is, unless the contrary is expressly declared, deemed to be subject to the reservations and restrictions set out in section 58 of *The Real Property Act*.

2. ACTIVE INSTRUMENTS

No active instruments

3. ADDRESSES FOR SERVICE

NYGARD PROPERTIES LTD.
1771 INKSTER BLV
WINNIPEG, MANITOBA
R2X 1R3

4. TITLE NOTES

No title notes

5. LAND TITLES DISTRICT

Winnipeg

6. DUPLICATE TITLE INFORMATION

Duplicate not produced

7. FROM TITLE NUMBERS

1656392/1 All

8. REAL PROPERTY APPLICATION / CROWN GRANT NUMBERS

No real property application or grant information

9. ORIGINATING INSTRUMENTS

Instrument Type: **Transfer Of Land**
Registration Number: **2866379/1**

Registration Date: 2003-07-08
From/By: 3637108 MANITOBA LTD.
To: NYGARD PROPERTIES LTD.
Consideration: \$105,000.00

10. LAND INDEX

Lot 122 Block 1 Plan 211
RL 51 JA W DIV

Lot 123 Block 1 Plan 211
RL 51 JA W DIV

Lot 124 Block 1 Plan 211
RL 51 JA W DIV

**CERTIFIED TRUE EXTRACT PRODUCED FROM THE LAND TITLES DATA STORAGE
SYSTEM OF TITLE NUMBER 1957478/1**

STATUS OF TITLE

Title Number **1957513/1**
Title Status **Accepted**
Client File **NotreDame1300.1340&Clifton.1440**

The Property Registry

A Service Provider for the Province of Manitoba



1. REGISTERED OWNERS, TENANCY AND LAND DESCRIPTION

NYGARD PROPERTIES LTD.

IS REGISTERED OWNER SUBJECT TO SUCH ENTRIES RECORDED HEREON IN THE FOLLOWING DESCRIBED LAND:

LOTS 1 TO 4 BLOCK 1 PLAN 211 WLTO (W DIV)
IN RL 51 PARISH OF ST JAMES

The land in this title is, unless the contrary is expressly declared, deemed to be subject to the reservations and restrictions set out in section 58 of *The Real Property Act*.

2. ACTIVE INSTRUMENTS

No active instruments

3. ADDRESSES FOR SERVICE

NYGARD PROPERTIES LTD.
1771 INKSTER BLVD
WINNIPEG MB
R2X 1R3

4. TITLE NOTES

No title notes

5. LAND TITLES DISTRICT

Winnipeg

6. DUPLICATE TITLE INFORMATION

Duplicate not produced

7. FROM TITLE NUMBERS

1570490/1 All

8. REAL PROPERTY APPLICATION / CROWN GRANT NUMBERS

No real property application or grant information

9. ORIGINATING INSTRUMENTS

Instrument Type:	Transfer Of Land
Registration Number:	2866376/1
Registration Date:	2003-07-08
From/By:	3637108 MANITOBA LTD.
To:	NYGARD PROPERTIES LTD.
Consideration:	\$135,000.00

10. LAND INDEX

Lot 1 Block 1 Plan 211
RL 51 JA (W DIV)

Lot 2 Block 1 Plan 211
RL 51 JA (W DIV)

Lot 3 Block 1 Plan 211
RL 51 JA (W DIV)

Lot 4 Block 1 Plan 211
RL 51 JA (W DIV)

**CERTIFIED TRUE EXTRACT PRODUCED FROM THE LAND TITLES DATA STORAGE
SYSTEM OF TITLE NUMBER 1957513/1**

STATUS OF TITLE

Title Number **2286292/1**
Title Status **Accepted**
Client File **NotreDame1300.1340&Clifton.1440**

The Property Registry

A Service Provider for the Province of Manitoba



1. REGISTERED OWNERS, TENANCY AND LAND DESCRIPTION

NYGARD PROPERTIES LTD.

IS REGISTERED OWNER SUBJECT TO SUCH ENTRIES RECORDED
HEREON IN THE FOLLOWING DESCRIBED LAND:

FIRSTLY: PARCEL A PLAN 5012 WLTO
IN OTM LOT 50 PARISH OF ST JAMES

SECONDLY: LOTS 111 TO 121 BLOCK 1 PLAN 211 WLTO (W DIV)
EXC OUT OF SAID LOTS 111 AND 112 ALL THOSE PORTIONS CONTAINED WITHIN
THE LIMITS OF PARCEL C PLAN 5012 WLTO
IN OTM LOT 51 PARISH OF ST JAMES

The land in this title is, unless the contrary is expressly declared, deemed to be subject to the reservations and restrictions set out in section 58 of *The Real Property Act*.

2. ACTIVE INSTRUMENTS

Instrument Type: **Caveat**
Registration Number: **190940/1**
Instrument Status: **Accepted**

Registration Date: 1963-10-28
From/By: THE CITY OF WINNIPEG
To:

Amount:
Notes: No notes
Description: No description

Instrument Type: **Caveat**
Registration Number: **191006/1**
Instrument Status: **Accepted**

Registration Date: 1963-11-04
From/By: METRO CORP. OF GREATER WINNIPEG
To:

Amount:
Notes: No notes
Description: No description

Instrument Type: **Mortgage**
Registration Number: **1078971/1**
Instrument Status: **Accepted**

Registration Date: 1988-10-17
From/By: ALANDAR PROPERTIES LIMITED
To: NORTH AMERICAN LIFE ASSURANCE COMPANY

Amount: \$1,300,000.00
Notes: No notes
Description: No description

INSTRUMENTS THAT AFFECT THIS INSTRUMENT

<u>Registration Number</u>	<u>Instrument Type</u>	<u>Status</u>
1937306/1	Agreement To Extend/Amend Mortgage	Accepted
2128864/1	Transmission Of Mortgage	Accepted

Instrument Type: **Caveat**
Registration Number: **1158232/1**
Instrument Status: **Accepted**

Registration Date: 1989-05-24
From/By: NORTH AMERICAN LIFE ASSURANCE COMPANY
To:

Amount:
Notes: No notes
Description: ASSIGNMENT OF LEASES AND RENTS

Instrument Type:	Agreement To Extend/Amend Mortgage
Registration Number:	1937306/1
Instrument Status:	Accepted
Registration Date:	1995-08-15
From/By:	NORTH AMERICAN LIFE ASSURANCE COMPANY
To:	ALANDAR PROPERTIES LIMITED
Amount:	
Notes:	No notes
Description:	EXTEND

Instrument Type:	Transmission Of Mortgage
Registration Number:	2128864/1
Instrument Status:	Accepted
Registration Date:	1997-04-04
From/By:	THE MANUFACTURERS LIFE INSURANCE COMPANY
To:	
Amount:	
Notes:	No notes
Description:	AMALGAMATION 1995211

3. ADDRESSES FOR SERVICE
NYGARD PROPERTIES LTD 1771 INKSTER BLVD WINNIPEG MB R2X 1R3

4. TITLE NOTES
No title notes

5. LAND TITLES DISTRICT
Winnipeg

6. DUPLICATE TITLE INFORMATION
Duplicate not produced

7. FROM TITLE NUMBERS
1337250/1 All

8. REAL PROPERTY APPLICATION / CROWN GRANT NUMBERS
No real property application or grant information

9. ORIGINATING INSTRUMENTS

Instrument Type:	Request To Issue Title
Registration Number:	3586644/1
Registration Date:	2008-03-12
From/By:	ALANDAR PROPERTIES LTD.
To:	NYGARD PROPERTIES LTD.
Amount:	

10. LAND INDEX

Lot 111 Block 1 Plan 211
OTM LOT 51 JA W DIV EXC PARCEL C PL 5012

Lot 112 Block 1 Plan 211
OTM LOT 51 JA W DIV EXC PARCEL C PL 5012

Lot 113 Block 1 Plan 211
OTM LOT 51 JA W DIV

Lot 114 Block 1 Plan 211
OTM LOT 51 JA W DIV

Lot 115 Block 1 Plan 211
OTM LOT 51 JA W DIV

Lot 116 Block 1 Plan 211
OTM LOT 51 JA W DIV

Lot 117 Block 1 Plan 211
OTM LOT 51 JA W DIV

Lot 118 Block 1 Plan 211
OTM LOT 51 JA W DIV

Lot 119 Block 1 Plan 211
OTM LOT 51 JA W DIV

Lot 120 Block 1 Plan 211
OTM LOT 51 JA W DIV

Lot 121 Block 1 Plan 211
OTM LOT 51 JA W DIV

Lot A Plan 5012
OTM LOT 50 JA

**CERTIFIED TRUE EXTRACT PRODUCED FROM THE LAND TITLES DATA STORAGE
SYSTEM OF TITLE NUMBER 2286292/1**

QUALIFICATIONS OF APPRAISER

TIMOTHY J. BROWATY, B.R.S. AACI, P.App.

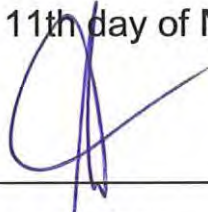
1. The Appraiser is a member in good standing of the Appraisal Institute of Canada and is an Accredited Appraiser of the Appraisal Institute of Canada under Certificate No. 4260.
2. The Appraiser graduated from the University of Manitoba in 2003 with a Bachelor of Recreation Studies.
3. Between 2003 and 2009, the Appraiser was enrolled in the University of British Columbia Real Estate Division. The Appraiser completed all of the courses required for and AACI, P.App. designation.
4. The Appraiser has been employed at Dennis T. Browaty & Associates Ltd. since 2005, and has apprenticed under the tutelage of Mr. Dennis T. Browaty, AACI, P.App. prior to receiving his designation.
5. Since 2005, the Appraiser has been involved in valuing numerous different types of commercial and residential properties throughout Winnipeg and Manitoba.
6. The Appraiser's clientele includes several major financial institutions/various real estate companies.

QUALIFICATIONS OF APPRAISER

KAITLAN S. BERTOUILLE, B. Comm. (Honours), AACI, P.App.

1. The Appraiser is in good standing of the Appraisal Institute of Canada and is a Candidate Member of the Appraisal Institute of Canada under Certificate No. 909201.
2. The Appraiser graduated from the University of Manitoba in April 2014 with a Bachelor of Commerce (Honours).
3. In December 2014, the Candidate Member enrolled in the University of British Columbia Real Estate Division. The Candidate Member is currently working towards the completion on all of the courses required for an AACI, P.App. designation.
4. The Appraiser has been employed at Dennis T. Browaty & Associates Ltd. since March 2015, and apprenticed under the tutelage of Mr. Timothy J. Browaty, B.R.S., AACI, P.App. prior to receiving her designation.
5. The Appraiser received her AACI, P.App. designation in February 2018.
6. Since 2015, the Candidate Member has been involved in valuing numerous different types of commercial properties throughout Winnipeg and Manitoba.

This is Exhibit "C" referred to in the
Affidavit of Greg Fenske
Affirmed before me at the City of
Winnipeg, this 11th day of March, 2020

A handwritten signature in blue ink, appearing to be 'Wayne Onchulenکو', is written over a horizontal line.

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

APPRAISAL OF
1771 Inkster Boulevard
Winnipeg, Manitoba



Appraised by:

Timothy J. Browaty, B.R.S., AACI, P.App.

Kaitlan S. Bertouille, B. Comm. (Honours), AACI, P.App.

PART I – INSTRUCTION

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PART I – INSTRUCTION

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SUMMARY OF SALIENT FACTS

Subject Property:	1771 Inkster Boulevard Winnipeg, Manitoba
Type of Property:	Office/Warehouse Building
Effective Date:	April 17, 2018
Ownership:	Nygard Properties Ltd.
Realty Roll Number:	14062730100
Certificate of Title:	2286531/1
Legal Description:	See 'Property Identification'
Total 2018 Assessment:	\$7,317,000
2017 Gross Realty Taxes:	\$159,324.71
Total Site Area:	8.6 Acres (376,203 Square Feet)
Total Building Area:	120,500 Square Feet (Gross Floor Area)
Year Built:	1974 / 2018
Zoning:	"M2" - Industrial District
Highest and Best Use:	Current Use
Income Approach to Value:	\$8,465,000
Direct Comparison Approach to Value	\$8,435,000
FINAL ESTIMATE OF VALUE:	\$8,435,000

Dennis T. Browaty
& Associates Ltd.

REAL ESTATE APPRAISERS & CONSULTANTS

299 NAIRN AVE.
WINNIPEG, MANITOBA
R2L 0W8
TELEPHONE: (204) 942-7574
FAX: (204) 956-2343

May 3, 2018

Nygard Properties Ltd.
1771 Inkster Boulevard
Winnipeg, Manitoba
R2X 1R3

Attention: Mr. Abe Rubinfeld

Dear Sirs:

Acting on your instructions, this is to advise that we have personally inspected and appraised the subject property commonly referred to as **1771 Inkster Boulevard**, located in the **City of Winnipeg**, in the **Province of Manitoba**.

The purpose of this report, as instructed, is to estimate the market value of the fee simple ownership of the subject property. This appraisal is a **Current Market Value**, as at **April 17, 2018**.

This report is intended for use only by Nygard Properties Ltd. This report is intended for internal use only and for no other use. Use of this report by others is not intended by the appraiser, and any liability in this respect is strictly denied. A party receiving a copy of an appraisal report does not become an intended user unless authorized by the appraiser and clearly identified as the intended user.

Market value is the major focus of most real property appraisal assignments. Both economic and legal definition of market value have been developed and refined. A current definition in Canada is:

"The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which, the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress."

.../2

The definition may be expanded by adding:

Implicit in this definition is the consummation of a sale as of the specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised, and acting in what they consider their best interests;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in Canadian dollars or in terms of financial arrangements comparable thereto; and
5. The price represents the normal considerations for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

This definition of market value was obtained from the Canadian Uniform Standards of Professional Appraisals Practice, effective January 1, 2018.

Based upon the data, analyses and conclusions contained herein, the market value of the interest in the property described, located at 1771 Inkster Boulevard, in the City of Winnipeg, in the Province of Manitoba, as at April 17, 2018 is estimated at EIGHT MILLION FOUR HUNDRED THIRTY FIVE THOUSAND (\$8,435,000) DOLLARS, linked to a reasonable exposure time of approximately six to twelve months.

The results of our investigations and analyses are enclosed in the following pages of this report.

Respectfully submitted,

DENNIS T. BROWATY & ASSOCIATES LTD.

per:



Timothy J. Browaty, B.R.S., AACI, P.App.



Kaitlan S. Bertouille, B. Comm (Honours), AACI,
P.App.

PART II – FACTUAL DATA

THE PROPERTY

The subject property consists of a one storey, plus mezzanine, office/warehouse building, with a gross building area of approximately 120,500 square feet. The improvement was constructed in 1974 with an addition in 2017. The improvement is situated on a site with an area of 8.6 acres.

Photographs of the subject property and area are included in the addendum, of this report.

PURPOSE OF REPORT

The purpose of this report, as instructed, is to estimate the market value of the fee simple ownership of the subject property. This appraisal is a **Current Market Value**, as at **April 17, 2018**.

PROPERTY RIGHTS

The property rights are those of **Fee Simple Estate** and are defined as: an absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, expropriation, police power, and escheat.

EFFECTIVE DATE OF REPORT

April 17, 2018, being the date of inspection.

INTENDED USE OF REPORT

This report is intended for use only by Nygard Properties Ltd..

This report is intended for internal use only and for no other use. Use of this report by others is not intended by the appraiser, and any liability in this respect is strictly denied. A party receiving a copy of an appraisal report does not become an intended user unless authorized by the appraiser and clearly identified as the intended user.

DEFINITION OF MARKET VALUE

Market value is the major focus of most real property appraisal assignments. Both economic and legal definitions of market value have been developed and refined. A current definition in Canada is:

“The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress.”

The definition may be expanded by adding:

Implicit in this definition is the consummation of a sale as of the specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised, and acting in what they consider their best interests;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in Canadian dollars or in terms of financial arrangements comparable thereto; and
5. The price represents the normal considerations from the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Reasonable exposure time is one of a series of conditions in more market value definitions.

Exposure Time – is referred to in most market value definitions. In an appraisal, the term means the estimated length of time the property interest being appraised would have been offered on the market before the hypothetical consummation of a sale at the estimated value on the effective date of the appraisal; a retrospective estimate based upon an analysis of past events assuming a competitive and open market. It is always presumed to have preceded the effective date of the appraisal. The subject's exposure time is estimated at six to 12 months.

Marketing Time – Marketing time is an opinion on the amount of time it might take to sell a property interest in real estate at the concluded market value level during the period immediately after the effective date of the appraisal. The subject's marketing time is estimated at six to 12 months.

These definitions were obtained from the Canadian Uniform Standards of Professional Appraisal Practice, effective January 1, 2018.

Dennis J. Browaty & Associates Ltd.

SCOPE OF WORK

Timothy J. Browaty, B.R.S., AACI, P.App. and Kaitlan S. Bertouille, B. Comm. (Honours), AACI, P.App. conducted an interior and exterior inspection of the subject property on April 17, 2018, accompanied by Mr. Marcel Buisse. Our identification of the property also involved a review of mapping prepared by the local municipality. Photographs of the subject property and the neighbourhood, were taken on the same date. Verbal permission for interior photos of the subject property was granted by Mr. Marcel Buisse.

This Current Appraisal complies with the Canadian Uniform Standards of Professional Appraisals Practice, effective January 1, 2018, ("The Standards") as developed by the Standards Board of the Appraisal Institute of Canada. The appraiser is competent in this type of appraisal analysis, and has appraised this type of property previously.

This appraisers received instructions from Mr. Abe Rubinfeld to proceed with this report. Introductory and descriptive information contained within this report is based upon a personal inspection of the subject property, as well as data provided by Economic Development Winnipeg and the City of Winnipeg Planning, Property & Development Department. Publications produced by the City of Winnipeg provided information on applicable land use controls. Sources of market evidence included, as appropriate, the City of Winnipeg Sale Data (SABRE Program), the local real estate board, Land Title Office transactions – including those reported by local assessors, real estate agents, vendors and purchasers active in the market. Additional data was obtained from The Johnson Report, December 2017 Market Report, Commercial Real Estate by Wayne K. Johnson, C.A. State of title to the property was obtained through The Property Registry online services.

We did not complete technical investigations such as (where applicable): detailed inspections or engineering review of the structure, roof or mechanical systems; an environmental review of the property; a site or building survey; investigations into the bearing qualities of soils; or audits of financial and legal arrangements.

The analysis set out in this report relied on written and verbal information obtained from a variety of sources we considered reliable. Unless otherwise stated herein, we did not verify client-supplied information, which we believe to be correct. The mandate for the appraisal did not require a report prepared to the standard appropriate for court purposes or for arbitration, so we did not fully document or confirm by reference to primary sources of all information herein.

CONTINGENT AND LIMITING CONDITIONS

The certification that appears in this appraisal report is subject to compliance with the Personal Information and Electronics Documents Act (PIPEDA), Canadian Uniform Standards of Professional Appraisal Practice ("CUSPAP") and the following conditions:

1. This report is prepared at the request of the client and for the specific use referred to herein. It is not reasonable for any other party to rely on this appraisal without first obtaining written authorization from the client, the authors, subject to the qualification below. Liability is expressly denied to any person other than the client and those who obtain written consent and, accordingly, no responsibility is accepted for any damage suffered by any such person as a result of decisions made or actions based on this report. Diligence by all intended users, is assumed.
2. Because market conditions, including economic, social and political factors change rapidly and, on occasion, without warning, the market value estimate expressed as of the date of this appraisal cannot be relied upon as of any other date except with further advice from the appraiser and confirmed in writing.
3. The legal description, which has been furnished by the Winnipeg Land Titles Office, is assumed to be good and marketable, and therefore, no opinion is rendered about the title. No registry office search has been performed and the appraiser assumes that the title is good and marketable and free and clear of all encumbrances including leases, unless otherwise noted in this report. The property is appraised on the basis of it being under responsible ownership.
4. The subject property is presumed to comply with government regulations including zoning, building codes and health regulations and, if it doesn't comply, its non-compliance may affect market value.
5. No survey of the property has been made. Accordingly, no responsibility is assumed concerning these matters or the technical or engineering techniques, which would be required to discover any inherent or hidden condition of the subject property. Any sketches, drawings, diagrams, photographs, etc. presented in this report are included for the sole purpose of illustration to assist the reader of the report in visualizing the property.

6. This report is completed on the basis that testimony or appearance in court concerning this appraisal is not required unless specific arrangements to do so have been made beforehand. Such arrangements will include, but not necessarily be limited to, adequate time to review the appraisal report and data related thereto and that appropriate compensation will be paid for such adequate preparation.
7. Unless otherwise stated in this report, the appraiser has no knowledge of any hidden or unapparent conditions of the property (including, but not limited to, its soils, physical structure, mechanical or other operating systems, its foundation, etc.) or adverse environmental conditions (on it or a neighbouring property, including the presence of hazardous wastes, toxic substances, etc.), that would make the property more or less valuable. It has been assumed that there are no such conditions, unless they were observed at the time of inspection, or became apparent during the normal research involved, in completing the appraisal. This report should not be construed as an environmental audit or detailed property condition report, as such reporting is beyond the scope of this report, and/or the qualifications of the appraiser. The author makes no guarantees or warranties, express or implied, regarding the condition of the property, and will not be responsible for any such conditions, that do exist or for any engineering or testing that might be required to discover, whether such conditions exist. The bearing capacity of the soil is assumed to be adequate.
8. The appraiser is not qualified to comment on environmental issues that may affect the market value of the property appraised, including but not limited to pollution or contamination of land, buildings, water, groundwater or air. Unless expressly stated, the property is assumed to be free and clear of pollutants and contaminants, including but not limited to moulds or mildews or the conditions that might give rise to either, and in compliance with all regulatory environmental requirements, government or otherwise, and free of any environmental condition, past, present or future, that might affect the market value of the property appraised. If the party relying on this report requires information about environmental issues then that party is cautioned to retain an expert qualified in such issues. We expressly deny, any legal liability, relating to the effect of environmental issues on the market value of the subject property.
9. The analyses set out in this report relied on written and verbal information obtained from a variety of sources we considered reliable. Unless otherwise stated herein, we did not verify client-supplied information, which we believed to be correct. No responsibility is assumed for the accuracy of such items that were furnished by other parties.

10. The term “inspection” refers to observation and reporting of the general material finishing and conditions seen for the purposes of a standard appraisal inspection. The inspection scope of work includes the identification of marketable characteristics/amenities, offered for comparison and valuation purposes only, in accordance with the CUSPAP.
11. The opinions of value and other conclusions contained herein assume satisfactory completion of any work remaining to be completed in a good and workmanlike manner. Further inspection may be required to confirm completion of such work. The appraiser has not confirmed that all mandatory building inspections have been completed to date, nor has the availability/issuance of an occupancy permit been confirmed. The appraiser has not evaluated the quality of construction, workmanship or materials. It should be clearly understood that this physical inspection does not imply compliance with any building code requirements as this is beyond the professional expertise of the appraiser.
12. The contents of this report are confidential and will not be disclosed by the author to any party except as provided for by the provisions of the CUSPAP and/or when properly entered into evidence of a duly qualified judicial or quasi-judicial body. The appraiser acknowledges that the information collected herein is personal and confidential and shall not use or disclose the contents of this report, except as provided for in the provisions of the CUSPAP and in accordance with the appraiser's privacy policy. The client agrees that in accepting this report, it shall maintain the confidentiality and privacy of any personal information, contained herein, and shall comply in all material respects with the contents of the appraiser's privacy policy and in accordance with the PIPEDA.
13. The appraiser has agreed to enter into the assignment, as requested by the client named in the report, for the use specified by the client, which is stated in the report. The client has agreed that the performance of this appraisal and the report format are appropriate for the intended use.
14. Written consent from the author and supervisory appraiser must be obtained before all (or any part) of the content of the appraisal report can be used for any purposes by anyone except; the client specified in the report, the borrower if he or she paid the appraisal fee, the mortgagee or its successors, and assigns and the mortgage insurer. The author's written consent and approval must also be obtained before the appraisal (or any part of it) can be conveyed by anyone to the public through advertising, public relations, news, sales, or other media.

15. This report form is the property of the Appraisal Institute of Canada (AIC) and for use only by AIC members in good standing. Use by any other person is a violation of AIC copyright. This appraisal report, its content and all attachments/addendums and their content are the property of the author. The client, intended users and any appraisal facilitator are prohibited, strictly forbidden and no permission is expressly or implicitly granted or deemed to be granted, to modify, alter, merge, publish (in whole or in part) screen scrape, database scrape, exploit, reproduce, decompile, reassemble or participate in any other activity intended to separate, collect, store, reorganize, scan, copy, manipulate electronically, digitally, manually or by any other means whatsoever this appraisal report, addendum, all attachments and the data contained within for any commercial, or other, use.
16. If transmitted electronically, this report will have been digitally signed, and secured with personal passwords, to lock the appraisal file. Due to the possibility of digital modification, only originally signed reports and those reports sent directly by the appraiser, can be relied upon without fault.
17. Cost estimates contained within this report are not valid for insurance purposes.
18. It is assumed that the subject is in compliance with government regulations
19. Where the intended use of this report is for financing or mortgage lending, it is a condition of reliance on this report that the authorized user, has or will conduct, loan underwriting and rigorous due diligence, in accordance with the standards of a reasonable and prudent lender, including but not limited to ensuring the borrower's demonstrated willingness and capacity to service his/her debt obligations on a timely basis, and to conduct such loan underwriting and due diligence in accordance with the standards set out by the Office of the Superintendent of Financial Institutions (OSFI) Residential Mortgage Underwriting Practices and Procedures B-20, even when not otherwise required by law. Liability is expressly denied to those that do not meet this condition.
20. Where the intended use of this report is for mortgage insurance, it is a condition of reliance on this report that the authorized user will conduct loan insurance underwriting and rigorous due diligence in accordance with the standards of a reasonable and prudent mortgage insurer, including but not limited to ensuring the borrower's demonstrated willingness and capacity to service his/her debt obligations on a timely basis, to conduct such loan insurance underwriting and/ due diligence in accordance with the standards set out by the Office of the Superintendent of Financial Institutions (OSFI) Residential Mortgage Insurance Underwriting Practices and Procedures B-21, even when not otherwise required by law. Liability is expressly denied to those that do not meet this condition.

21. The following are *Extraordinary Assumptions* of this report:

- area of addition is correct;

The original building area is based on information from the City of Winnipeg, while the area of the addition is approximated, due to construction work being completed on this area at the time of construction. It is an Extraordinary Assumption of this appraisal that the area of the addition is correct.

22. The following are *Extraordinary Limiting Conditions* of this report:

- exclusion of a relevant valuation approach;

Extraordinary Limiting Conditions include the exclusion of a Standard Rule. The Cost Approach to Value, due to the inherent difficulties in estimating accrued depreciation from all source, will not be employed. The Income and Direct Comparison Approaches to Value will be investigated to estimate market value.

PROPERTY IDENTIFICATION

Civic Address: 1771 Inkster Boulevard
Winnipeg, Manitoba

Realty Roll Number: 14062730100

Certificate of Title: 2286531/1

Ownership: Nygard Properties Ltd.

Legal Description: Firstly: SP Lot 6 Plan 26533 WLTO in OTM Lots 2 and 3
Parish of Kildonan
Secondly: Parcel 3 Plan 11773 WLTO exc out of said parcel
all mines and minerals whether solid liquid or gaseous and
the right to work the same in said parish

Encumbrances: The following is summary of registrations on title.

<u>Instrument #</u>	<u>Type</u>	<u>From/By:</u>	<u>To:</u>	<u>Registered</u>
228203/1	Caveat	The City of Winnipeg		26-Oct-73
228344/1	Caveat	The City of Winnipeg		6-Nov-73
1122591/1	Caveat	The Great-West Life Assurance Company	By agent: Richard H.G. Adams	13-Feb-89

No investigation has been conducted against any registrations made on the Certificate of Title. It is assumed to be good and marketable and, therefore, no opinion is rendered about the title. No responsibility is assumed for matter of a legal nature that affect either the property being appraised or the title to it. The property is appraised on the basis of it being under responsible ownership and based upon the premise that the property is free and clear of all mortgage indebtedness and that there are no liens or special assessments against the property except where noted. It is assumed that the property does not contain any encroachments, unless otherwise noted.

A computerized printout of the Title Search as conducted through The Property Registry online services on April 11, 2018 is included in the addendum of this report.

Dennis T. Browaty & Associates Ltd.

HISTORICAL DATA

Ownership has remained unchanged for the past several years.

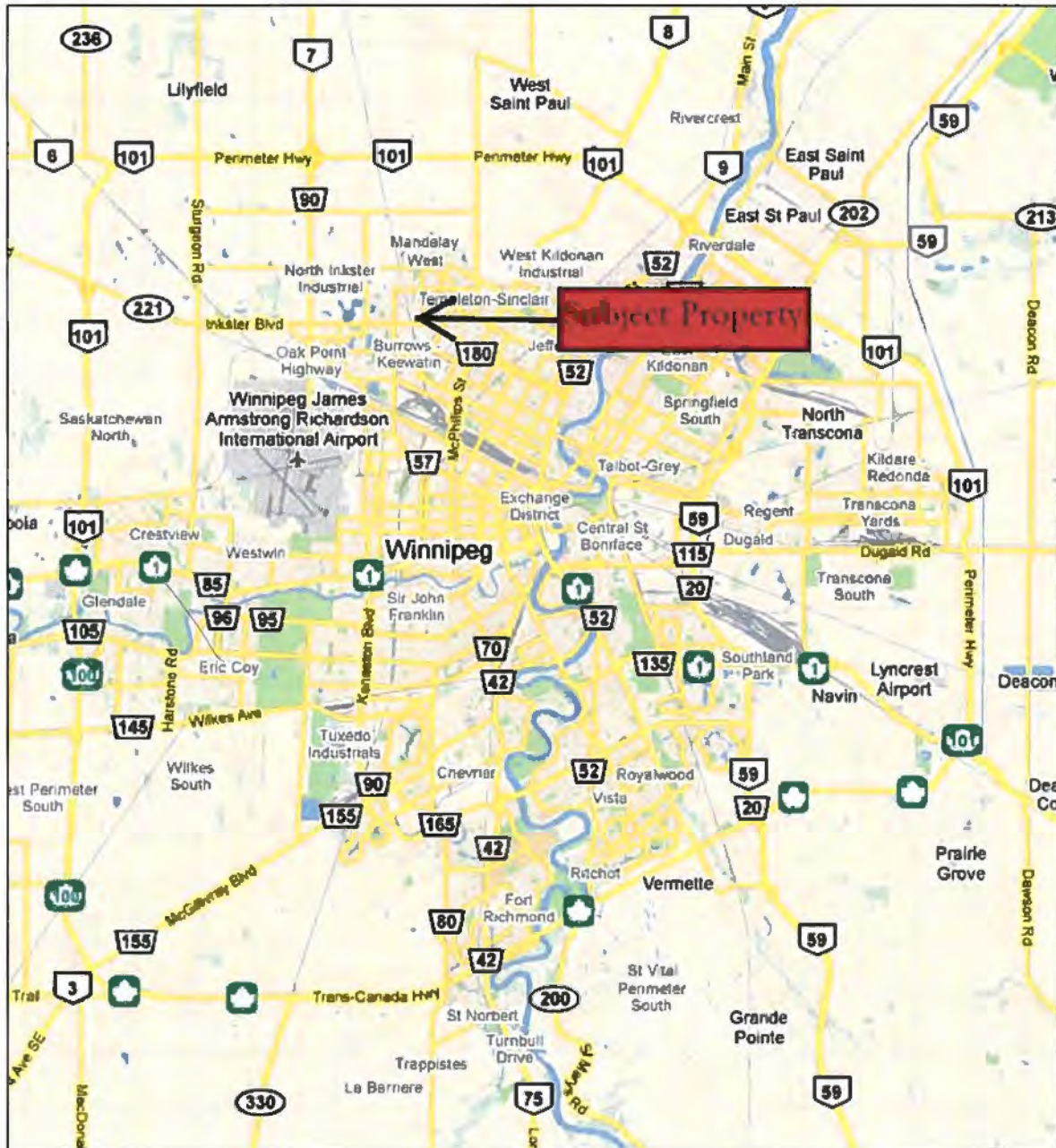
REALTY ASSESSMENT & PROPERTY TAXES

Total 2018 Assessment	\$7,317,000
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2017 Gross Realty Taxes: \$159,324.71

The assessment and taxation of real property in Winnipeg is the responsibility of the City of Winnipeg. Property assessments are set using a market value based system. Reassessments are on a two year cycle with provincial legislation requiring the City to conduct a full reassessment of all properties in their jurisdiction every two years. Assessments for the years 2018 to 2019, are based on an April 1, 2016 market value.

CITY AND REGIONAL DATA



General Locale

The City of Winnipeg is the capital and the largest City in Manitoba. It is situated at the junction of the Assiniboine and the Red River, approximately 40 miles south of Lake Winnipeg and 65 miles north of the United States Border. Winnipeg lies almost at the geographical centre of Canada midway between the Atlantic and Pacific coasts.

History and Growth

Though there have been fur trading posts on the site since 1738, the first permanent settlement of the area occurred in 1812. In the 1860's, settlers flowed into the Red River Valley and a bitter struggle developed between farmers and fur traders. Manitoba entered Confederation in 1870 and the City of Winnipeg, was incorporated in 1873. After the construction of the Canadian Pacific Railway in 1881, the City expanded to become the leading commercial center of central Canada. The arrival of the Canadian Pacific Railway brought a 30 year period of growth and prosperity unequalled in Canadian urban development. A flood of immigrants, high wheat prices, improved farming techniques, and plentiful capital contributed to making Winnipeg the wholesale, administrative and financial centre of western Canada.

Since 1945, Winnipeg has grown steadily, based on its position as a major grain, financial, manufacturing and transportation centre. During the 1960's and 1970's, Winnipeg changed steadily, almost the entire urban landscape was remade. In 1972, a new era began for Winnipeg when the cities, towns and municipalities, which comprised Greater Winnipeg were united into one City.

Winnipeg has a dynamic future where the leaders in business, industry and all levels of government share a vision to actively promote existing and new development. The people of Winnipeg are working together to make this a globally competitive City, that is cost-effective for site selection. Effective partnerships are being developed to build our work force, increase our quality of products and services, encourage entrepreneurs and strengthen our infrastructure.

Population Trends

The Winnipeg Census Metropolitan Area (CMA) includes 11 municipalities including the municipalities of: Macdonald, West St. Paul, East St. Paul, Headingley, Ritchot, Tache, Springfield, Rosser, St. Francois Xavier, St. Clements and Brokenhead First Nation.

Year	City of Winnipeg	Winnipeg CMA	Province of Manitoba
2002	640,700	700,000	1,156,600
2003	644,100	704,300	1,163,500
2004	648,900	710,300	1,173,200
2005	650,700	713,100	1,178,300
2006	652,900	715,900	1,183,500
2007	654,700	719,100	1,189,400
2008	657,800	723,300	1,197,800
2009	663,000	729,300	1,208,600
2010	669,400	736,400	1,220,900
2011	677,800	746,100	1,233,700
2012	689,600	759,600	1,250,400
2013	698,700	770,400	1,265,300
2014	709,300	782,600	1,280,200
2015	718,400	793,400	1,293,400
2016	735,600	811,900	1,315,100
2017*	750,000	828,000	1,335,600
2018*	762,000	841,700	1,355,200
2019*	774,200	855,700	1,375,100
2020*	786,200	869,600	1,395,000
2021*	797,900	883,100	1,415,000
*Forecast			

Sources:

Population: City of Winnipeg/Statistics Canada

Forecast: Conference Board of Canada, Metropolitan Outlook I Report - March 2017

Climate

Winnipeg has a continental type climate, enjoying four distinct seasons. There are significant temperature variations through the year generally ranging from highs of +35 degrees Celsius (+95 degrees Fahrenheit) to lows of -40 degrees Celsius (-40 degrees Fahrenheit).

The average annual precipitation is approximately 1,535 millimetres (61 inches) per year, of which about 1,148 millimetres (45 inches) falls as snow. Winnipeg is the sunshine capital of Canada, with over 2,300 hours of sun annually.

Winnipeg experienced the "Flood of the Century" in 1997 when the Red River, which is normally no more than 100 to 200 feet in width, overflowed to a point where it exceeded 20 miles in width. The flooding had only a minor effect on Winnipeg, as The Floodway was able to handle the majority of the excess water.

Transportation Facilities

Air

The city ranks as a key point in Canada's transportation system and is the "Gateway to the West" with a primary market area extending from the head of the lakes to the Rocky Mountains. It is also the centre of activity for northern development and its closeness to the United States border has encouraged many manufacturers of the mid-west United States to locate branch plants here in order to compete more successfully in the western Canadian market.

The Winnipeg James Armstrong Richardson International Airport (YWG) is operated by the Winnipeg Airport Authority Inc. (WAA). YWG is the only Canadian airport between Vancouver and Toronto with a Category II Instrument Landing System. It is competitively positioned as a 24 hour airport. Only four and a half miles from the city centre, it provides convenient access for Winnipeg business and visitor traffic alike.

YWG offers a broad range of air passenger and cargo services including international carriers, commuter airlines, jet freight carriers, fixed base operators, and various charter operations. In 2016, it serviced over 4 million passengers, an increase of almost 6.25% over its 2015 figure. This marks the third consecutive record setting year for the airport. It also continues to handle a large amount of cargo annually, with 2013 handling over 175,000 tonnes of cargo. The Airport has over 800 acres of developable land within four business parks, but only 90 acres is serviced.

Completed near the end of 2011, the new YWG terminal was constructed at a cost of nearly \$600 million and offers significantly more space than the previous terminal, with 550,000 square feet of floor area. The construction of the terminal, has also led to other redevelopments in the airport, with a new Greyhound bus depot (the depot relocated from its former downtown location), a 1,559 stall parkade, a 270,000 square foot Canada Post mail processing facility (also relocated from its former downtown location), and the 101 suite luxury hotel Grand Winnipeg Airport Hotel. A Marriott hotel was completed in 2014, across from the existing Sheraton Hotel, which increased the total number of suites within the airport campus to 400. The airport's former terminal has been demolished, after a campaign to save the modernist structure failed.

Rail

Winnipeg is the only major City between Vancouver, BC and Thunder Bay, ON with direct U.S. rail connections and is on the mainline of Canada's two national rail systems: The Canadian Pacific Railway (CPR) and Canadian National Railway (CNR). Both CPR and CNR maintain extensive and modern yards with major service facilities. At CNR's Symington Yards, over 3,000 cars can be handled in a day. CPR's yard processes an average of 2,000 cars per day. (Economic Development Winnipeg). VIA Rail provides passenger service at 123 Main Street in downtown Winnipeg.

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Value of Building Permits (Value in \$000)

The following table provides a summary of the total building permits issued for the past five years in the City of Winnipeg.

Building Type	2017	2016	2015	2014	2013
Number of Residential Permits	7,218	6,946	5,986	5,844	5,795
Total Residential	\$1,193,109	\$839,220	\$822,229	\$861,481	\$768,029
% Changes Residential	42.17%	2.07%	-4.56%	12.17%	0.77%
Number of Non-Residential Permits	3,641	3,267	2,835	2,751	2,666
Total Non-Residential	\$822,433	\$965,359	\$613,740	\$676,234	\$1,013,908
% Changes Non-Residential	-14.81%	57.29%	-9.24%	-33.30%	30.17%

Source: City of Winnipeg – Property, Planning & Development

The following table indicates the largest building permits issued during 2017:

Address	Use	Type of Permit	Value
100 Ed Spencer	Sewage Treatment Plant	Interior Alteration	\$110,255,000
242 Hargrave	Office Multi-Use	New Construction	\$75,000,000
225 Carlton	Office Multi-Use	New Construction	\$150,000,000
130 Sage Creek	Apartments	New Construction	\$23,000,000
5429 Roblin	Apartments	New Construction	\$13,000,000
97 Dafoe	University/College	New Construction	\$17,000,000
1441 Main	Retail Store	Interior and Exterior Alterations	\$18,500,000
835 Sterling Lyon	Apartments	New Construction	\$32,000,000
145 Locomotive	Park Bldgs	Partial Permit-Foundation	\$15,250,000
711 Jefferson	School	Construct Addition	\$6,000,000
2405 McGillivray	Church	New Construction	\$9,000,000

Economic & Real Estate Summary

According to The Conference Board of Canada's Metropolitan Outlook: Autumn 2017, after rising by 3.2 percent last year, real GDP growth in Winnipeg is expected to reach a solid 3.6 per cent this year, before slowing sharply to 1.4 per cent in 2018.

Winnipeg's labour force growth is expected to remain steady going forward due to continued job creation. According to the Conference Board of Canada's 2017 Metropolitan Outlook report, "Winnipeg's unemployment rate will drop from 5.8% in 2017 to 5.5% by 2021. Growth in potential output in Manitoba may overtake that of all the western provinces, owing in part to the province's considerably younger demographic profile as compared to the rest of Canada."

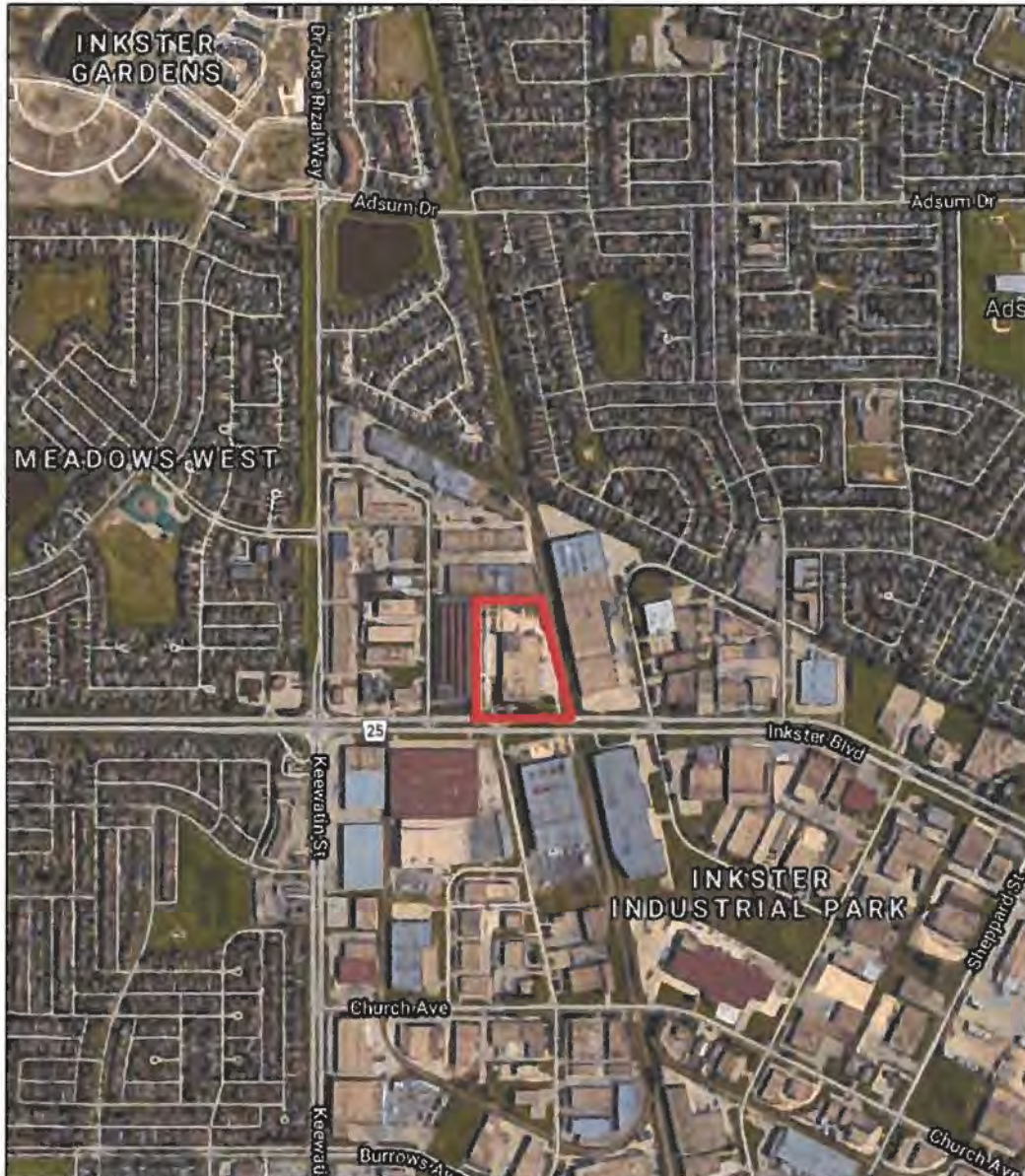
According to the Conference Board of Canada, Winnipeg's economy is expected to tail off in 2018. The manufacturing sector in Winnipeg is being buoyed by a demand for transportation equipment, demand from the U.S., and a low Canadian dollar. The construction sector has also gotten a lift from residential demand and non-residential projects.

The Winnipeg Free Press' Martin Cash stated on December 30, 2017 that "Old money, family owned businesses in Manitoba were busy this year. The Richardsons' made their first foray overseas, acquiring Europe's second largest oat miller; the Macdonalds cashed out on MacDon for \$1.2 billion; Gerry Price's Price Industries continues to up its game in the HVAC business with Winnipeg work at the new Apple headquarters and Albert Cohen's kids are taking Gendis private.

The first multi-tenant office bundling since the early 90's is being built in downtown Winnipeg. True North Square is adding about one million square feet of office, residential and commercial property, most of it occupying the former parking lot for a couple hundred cars. The Portage and Main buildings were also spruced up in 2017. The exterior of the long-standing premier office address at 360 Main Street got a high-end facelift and some of its neighbours at Portage and Main also benefited from capital investment. And, as if to show that Winnipeg is capable of bucking development trends, there were also major retail buildings in 2017. The City's first outlet store small opened, Outlet Collection Winnipeg, with 400,000 square feet and more than 100 stores.

2017, was a year where stronger move up market activity helped offset some drop off in the first time buyer price ranges for single family homes. One clear example of higher end sales gaining ground over 2016 was the fact there were 45 million dollar plus homes sold in comparison to 30 in 2016. Even condominiums saw a spike in million dollar plus sales with six compared to none in 2016. More move up sales activity in 2017 was a contributing factor in lifting the annual average sale price upward for both residential detached and condominium property types. The residential detached average sale price went from \$302,726 in 2016 to \$315,720 in 2017. The condominium average sale price rose over \$9,000 to \$244,687 in 2017. 2017 finished up strong with a total of 13,525 sales, down less than 1% from the record year of 2016, where 13,632 sales were transacted. A new annual dollar volume record was set in 2017, with \$3.92 billion worth of MLS sales – an increase of close to 4% in comparison to 2016 (Winnipeg Realtors).

Winnipeg Realtors is forecasting MLS sales to be flat to down four per cent in 2018, with dollar values flat to up three percent. Next year is likely to be the market's first \$4 billion dollar year. When True North Square gets up and running and some of the other residential developments (including Artis REIT's residential tower south of its 360 Main building and the SkyCity condo tower), other spaces will start to fill up with independent retailers with some of those services that those residents will start to look for at a price point you would get at True North Square. Developments like the \$20 million James Avenue Pumping Station and new residential development being south for The Railside at The Forks will further shake up the downtown dynamic."

NEIGHBOURHOOD DATA

Note: Outlined area is approximate.

The subject property is located in the northwest quadrant of the City of Winnipeg, in the northwest corner of the Inkster Industrial Park. The Inkster Industrial Park occupies a total land area of approximately 567 acres, and is zoned "M2". The industrial park is bound by Keewatin Street on the west, the Maples residential subdivision on the north, the Manitoba Hydro Transmission Line on the east and by Burrows Avenue and Redwood Avenue on the south.

More specifically, the subject is located on the north side of Inkster Boulevard, between Paramount Road and Wyatt Road.

Inkster Boulevard is a major traffic thoroughfare through the northwest quadrant of Winnipeg. It commences just east of Main Street and extends west of Route 90 where it becomes CentrePort Canada Way. Development along Inkster Boulevard includes residential, commercial and industrial buildings. At the subject site, Inkster Boulevard is a four lane, divided roadway which is developed with industrial buildings.

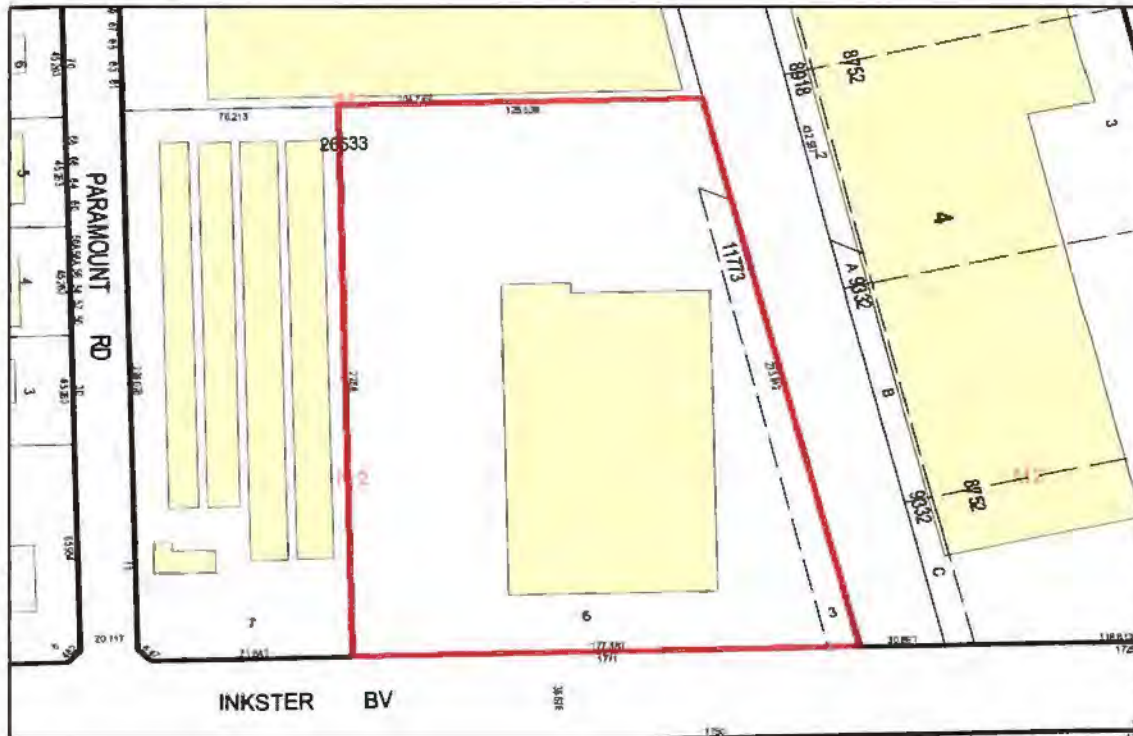
The industrial park is developed with a combination of owner-occupied, multi-tenant and single tenant industrial buildings, primarily used for manufacturing or warehousing purposes. In total, the Inkster Industrial Park contains 9,279,931 square feet of industrial space (Johnson Report), making it the fourth largest industrial park in Winnipeg behind St. James, St. Boniface and Fort Garry. The park is nearly 100% developed, with very few parcels of undeveloped land remaining.

The subject's immediate area includes single and multi-tenant industrial buildings of a similar vintage. Development in the subject area has been very limited, with only a handful of buildings constructed over the last several years. The majority of the existing buildings were generally constructed between the 1960's and the 1970's. Roads in the area easily link-up to the Perimeter Highway, which in turn links to the Trans-Canada Highway as well as Highway No. 75. Highway No. 75 is the major transportation route to the United States. In addition, the subject properties are located approximately four kilometres northeast of the Winnipeg J.A.R. International Airport.

Located to the west of the subject is the CentrePort Canada development. CentrePort Canada is Canada's first inland port and will be comprised of a 20,000 acre parcel of land adjacent to the Winnipeg J.A.R. International Airport. The land will be used for distribution, warehousing and manufacturing plants, due to Winnipeg's central location and additional benefits of the conditions that will be set in place. It is being developed as a sustainable transportation and distribution center. Since CentrePort's inception, over 250 acres have been sold to at least 44 new companies in two business parks on the CentrePort footprint.

The subject's area is a carefully planned industrial park characterized by a high standard of strictly controlled industrial uses. The park was established by the City of Winnipeg with the objective of stimulating industrial development. There have been ongoing attempts to maintain the high level of development in the park.

Overall, the subject property is considered to be well-located.

LOT DESCRIPTION

The subject site is irregular in shape. It has a frontage of 581.96 feet along Inkster Boulevard. It has a western boundary with a length of 750 feet, a northern boundary with a length of 421.71 feet, and an eastern boundary with a length of 767.10 feet. It has a reported total site area of 8.6 acres, or 376,203 square feet.

Portion of the site not covered by improvements are paved, gravelled, and landscaped. The southern portion of the site, fronting along Inkster Boulevard is landscaped. The northern portion of the site is gravel covered and used for parking and on-site storage. The middle portion of the site is paved and used for on-site parking and loading. It is noted that paving is generally in poor condition. The subject's on-site parking stalls are electrified. Portions of the site along the north side of the improvement are dug out to allow for truck level loading.

The subject site appears level and adequately graded to provide drainage of surface water.

Access to the site is available from three curb cuts off Inkster Boulevard.

The subject is serviced by electricity, natural gas, water, sewer and telephone. Local improvements fronting the subject site include a paved roadway, paved sidewalk and ornamental street lighting.

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BUILDING DESCRIPTION

The subject property consists of a one storey, plus mezzanine, industrial building. It had a plan area of 101,000 square feet, plus an 18,000 square foot mezzanine. The improvement was originally constructed in 1974. The subject is currently receiving an addition which is almost complete. The addition is approximately 1,500 square feet, resulting in a plan area of 102,500 square feet, and a gross floor area of 120,500 square feet.

The subject property is of concrete block construction and sits atop a reinforced concrete slab foundation. The subject's exterior is finished with a combination of scored and painted concrete blocks with some metal siding on the south elevation. There are several entrance to the improvement, but the main entrance is on the west elevation, through the new addition. There are several overhead doors on the north and east elevations. There are windows along the south and west elevations. The roof was not inspected, but appears to be flat and presumed to be of built-up tar and gravel construction. There are skylights throughout the building. The subject has a wall height of 22 feet.

The subject's consists of a combination of office and warehouse space. The subject's office area is considered to be of good quality and includes a number of different areas. The main floor includes a reception area, a sample show room, a gym area, a photography studio and a cafeteria. The subject's 18,000 square foot mezzanine is located above the office portion, but does not cover the entire main floor commercial space.

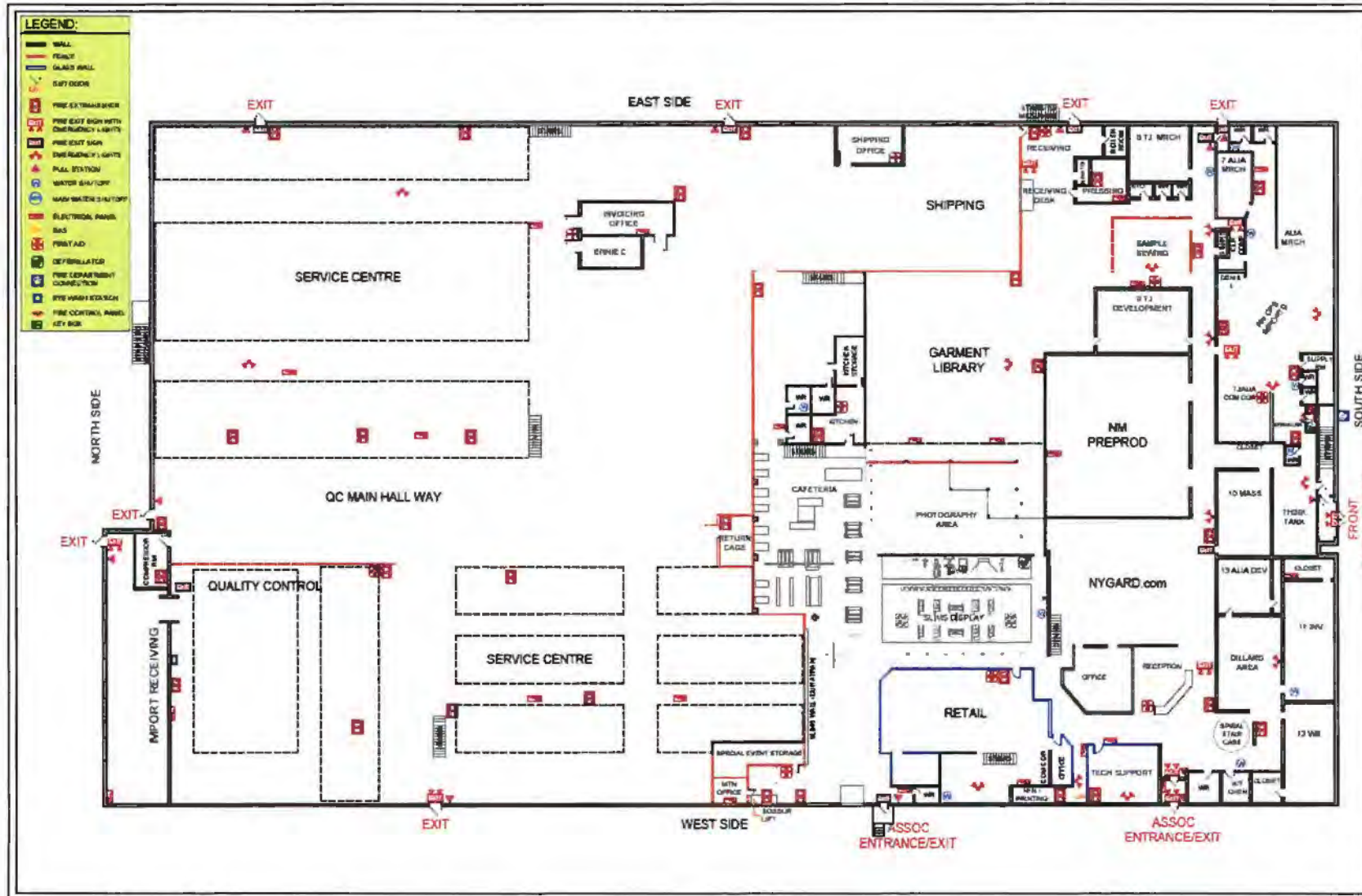
The office portion is developed with several private offices, work rooms, boardrooms, classrooms (with stadium seating), and storage areas. The work rooms are large in size and are used to create samples as well as featuring several computer work stations. The main floor and mezzanine have similar finishes including a combination of polished concrete, vinyl and carpeted floors, painted gyproc and glass walls, a metal deck ceiling with joists, and attached fluorescent and pot lights.

The warehouse section also includes mezzanine space, however, it is created by metal racking and would not be considered part of the subject's real estate or building area. The warehouse has extensive racking systems for product movement, however, this is also not included in the subject's real estate. The warehouse is used for product distribution including shipping, receiving, and storage. It is finished with treated concrete floors, a combination of painted gyproc and painted concrete block walls, a metal deck ceiling with joists, and hanging fluorescent lighting. There are two loading docks located in the warehouse (north and east elevations) which include multiple loading doors each. The clear ceiling height in the warehouse is 20 feet.

There are several staircases between the main floor and mezzanine as well as an elevator. There are several men's and women's washrooms located throughout the building. The office area includes an air-making up unit. The entire building is sprinklered. There are several security cameras situated throughout the subject.

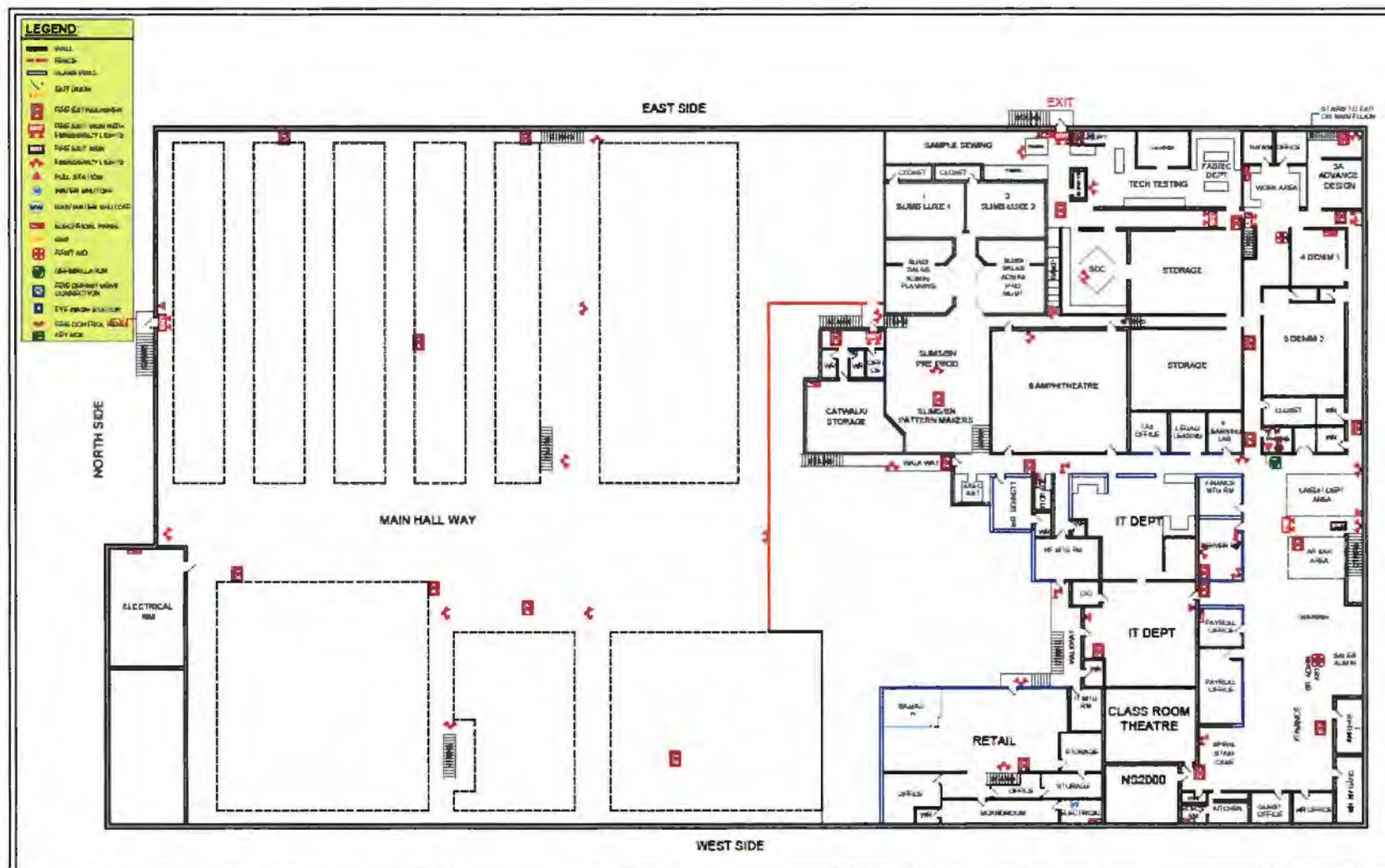
Overall, the subject is considered to be in good condition for its chronological age.

The following are copies of floor plans provided to the writers of the main floor and mezzanine level:

Main Floor

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Mezzanine Level



ZONING

According to the City of Winnipeg Zoning By-Law No. 200/2006, effective March 1, 2008 the subject site is zoned “M2” – Industrial District.

The Manufacturing General “M2” District is intended to provide for light manufacturing, processing, service, storage, wholesale and distribution operations, with some limited outside operations and storage.

The following table lists the dimensional standards for Industrial Districts:

	<u>Min. Lot Area</u>	<u>Min. Lot Width</u>	<u>Min. Front Yard</u>	<u>Min. Rear Yard</u>	<u>Min. Int. Side Yard</u>	<u>Corner Side Yard</u>	<u>Max. Bldg. Hgt</u>	<u>Floor Area Ratio</u>
MMU	n/a	n/a	20'	0'	15'	20'	85'	2
M1	n/a	n/a	25'	0'	0'	15'	50'	2
M2	n/a	n/a	25'	0'	0'	15'	100'	2
M3	n/a	n/a	25'	0'	0'	15'	150'	3
MP	n/a	n/a	40'	0'	15'	20'	85'	1

The subject's current use appears to be an office/warehouse, which is a permitted use under “M2” zoning regulations. The subject is required to have one parking stall per 1,000 square feet of gross floor area, but not less than two spaces. The subject appears to meet this criteria.

Overall, the subject appears to be a legal, conforming use under current zoning regulations.

Other permitted uses under “M2” zoning regulations include, but are not limited to, auto parts and supplies sales, light manufacturing, warehouse.

The subject's zoning is identified on the site plan included under the heading “Lot Description”.

PART III – ANALYSIS AND CONCLUSION

HIGHEST AND BEST USE

May be defined as:

“The reasonably probable use of a property, that is physically possible, legally permissible, financially feasible and maximally productive, and that results in the highest value”.

The highest and best use of a property is an economic concept that measures the interaction of four criteria: legal permissibility, physical possibility, financial feasibility, and maximum profitability.

This definition of Highest and Best Use was obtained from the Canadian Uniform Standards of Professional Appraisal Practice, Appraisal Standards Board, effective January 1, 2018.

Estimating the highest and best use of a property is a critical appraisal component that provides the valuation context within, which market participants and appraisers select comparable market information.

Highest and Best Use of land or a site is the use among all reasonable alternative uses that yields the highest present land value, after payment of labour, capital and co-ordination. The conclusion assumes that the parcel of land is vacant or can be made vacant by demolishing any improvements.

The subject site is located along the main street through the Inkster Industrial Park. It is zoned for industrial use, which is the same as all other sites within the park. The site is of sufficient size to accommodate a wide range of potential uses. Overall, the subject's highest and best use, as if vacant, would be for some type of permitted industrial use.

The subject site is currently improved with a one storey, plus mezzanine, industrial building which conforms to the surrounding neighbourhood. The improvement is considered to be a legal, conforming use under current zoning regulations and appears to be financially feasible. The improvement physically exists and is considered maximally productive. The subject is considered to be in overall good condition and with continued repairs and maintenance, would have a remaining economic life of at least 25 years.

Therefore, the subject's highest and best use is considered to be for a continuation of its current use.

METHOD OF ARRIVING AT ESTIMATE OF VALUE

Normally, the three approaches to value are used to arrive at an estimate of value, with the appraiser discussing the merits of each approach in the Reconciliation, resulting in a final estimate of value. Briefly, the three approaches are:

1.) Cost Approach

The Theory of the Cost Approach is no one will knowingly pay more for a property than it would cost to build an identical structure, providing there was no costly delay in making the substitution.

Cost Approach entails:

1. Value land as if vacant;
2. Establishing reproduction cost new of the building;
3. Deducting from this the amount of accrued depreciation; and
4. Adding land value to the depreciated cost of the improvements.

2.) Income Approach

The Income Approach of valuation is the approach whereby the estimated rental value of a property is capitalized at an appropriate rate in order to arrive at a capital value. The capital value is the price where it is expected a property would realize if offered for sale on the open market and under normal conditions.

Income Approach entails:

1. Ascertaining the gross income of the property;
2. Deducting from this an allowance for vacancy and all expenses as might be incurred by the owner; and
3. Resulting in a net annual income which is capitalized at a rate that investors demand. This rate is secured from the market.

3.) Direct Comparison Approach

This approach entails the adjustment of sales data of usually similar and, therefore comparable properties, towards a reasonable degree of identity with the subject property.

INCOME APPROACH TO VALUE

Contract Rent

The subject property is currently owner-occupied, therefore, the marketplace will be investigated to estimate the appropriate market rent to apply to the subject.

Market Rent

Comparable No. 1

Address: 10 Hutchings Street

The comparable consists of an industrial building with a plan area of 177,494 square foot. The improvement was constructed in 1974 and is situated on a site with an area of 357,554 square feet. The comparable also has 5,493 square feet of office mezzanine space, which is not included in the above area.

The entire building is currently listed for lease for an asking net rent of \$6.55 per square foot, based on a leasable area of 177,742 square feet (not including mezzanine). The improvement includes approximately 6% office space and has a 24 foot ceiling height.

Comparable No. 2

Address: 1370 Sony Place

The comparable is a 380,394 square foot multi-tenant industrial building, which was converted from a previous single tenant use. The improvement was constructed in 1988, and is situated on a site measuring 875,361 square feet.

The comparable has a unit with a leasable area of 192,968 square feet, which is currently leased for a net rent of \$5.00 per square foot. The lease commenced on July 1, 2008 and will expire on December 31, 2018. The comparable experienced as step up after five years.

The comparable also has a unit with a leasable area of 54,923 square feet, which is current leased for a net rent of \$5.50 per square foot. The lease commenced on December 1, 2016 for a five year term.

Comparable No. 3

Address: 1451 Saskatchewan Avenue

The comparable consists of a multi-tenant, industrial building, with a total building area of 93,591 square feet. The improvement was constructed in stages from 1977 to 1983 and is situated on a site with an area of 189,395 square feet.

In 2017, Unit A has a leasable area of 35,280 square feet, which includes office and warehouse, space. The unit includes seven dock level loading doors and ceiling heights of 14 and 30 feet. It was listed for an asking net rent of \$5.95 per square foot, in 2017.

In 2017, Unit B has a leasable area of 61,100 square feet, which includes office, warehouse, and mezzanine space. The unit includes three 18 foot overhead doors and one, ten foot overhead door, and a 30 foot ceiling height. It was listed for an asking net rent of \$5.95 per square foot, in 2017.

It is noted that the entire building could have been leased to a single tenant for an asking net rent of \$5.95 per square foot, based on a leasable area of 96,380 square feet.

Comparable No. 4

Address: 410 De Baets Street

The comparable property consists of an industrial building, with a total plan area of 84,745 square feet. The improvement was constructed in 2002 and is situated on a site with an area of 4.4 acres.

A portion of the improvement (60,180 square feet) is leased for a net rental rate of \$6.16 per square foot. The lease commenced on February 7, 2003 for a 20 year and 11 month term.

Comparable No. 5

Address: 770 Pandora Avenue East

The comparable consists of a large, single tenant improvement with a total building area of 346,746 square feet. It is comprised of 35,009 square feet of office space and 311,737 square feet of production space. This comparable contains ceiling height from 20 to 30 feet and a large amount of on-site parking.

A portion of the building with a leasable area of 120,000 square feet is currently listed for lease. The warehouse/manufacturing space is listed for a modified gross lease of \$6.25 per square foot. The comparable has a ceiling height of 18.5 feet.

Comparable No. 6*Address: 55 Rothwell Road*

The subject property consists of an office warehouse building containing a total of 189,280 square feet and situated on a site containing approximately 18 acres or 784,080 square feet.

The majority of the building is currently being leased to a single tenant for a net rent of \$4.10 per square foot (based on a leasable area of 184,280 square feet) in 2016, with step-ups each year. The lease commenced on March 14, 2006 for a 20 year term.

Summary of Market Rents

#	Address	Leased Area	Net Rent	Commence	Expiry
1	10 Hutchings	177,742	\$6.55	Current Listing	-
2a	1370 Sony	192,968	\$5.00	1-Jul-08	31-Dec-18
2b	1370 Sony	54,923	\$5.50	1-Dec-16	30-Nov-21
3a	1451 Saskatchewan	35,280	\$5.95	Listing ('17)	-
3b	1451 Saskatchewan	61,100	\$5.95	Listing ('17)	-
3c	1451 Saskatchewan	96,380	\$5.95	Listing ('17)	-
4	410 DeBaets	60,180	\$6.16	7-Feb-03	2024
5	770 Pandora	120,000	\$6.25*	Current Listing	-
6	55 Rothwell	184,280	\$4.10	14-Mar-06	13-Mar-26

*Denotes modified gross lease

Comparable Analysis

The actual lease rates charged for space is determining by several factors including; size of space, type of use, degree of finish, length and signing date of lease, responsibility for expenses and ultimately location. In addition, important factors particular to industrial/warehouse buildings must be considered and include; ceiling height, type of loading facilities, sprinklered and whether trackage is available.

The forgoing comparable indicate a range from \$4.10 to \$6.55 per square foot.

Comparable No. 1 is a current listing of a single tenant industrial building located within the subject's immediate neighbourhood. Similar to the subject, it is a one storey building, with an office mezzanine. However, the comparable has a larger building area compared to the subject and less office space. It is similar to the subject in terms of age and is considered to be in good overall condition.

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Comparable No. 2, consists of a multi-tenant industrial building located in the Fort Garry Industrial Park. The comparable improvement is larger in size and occupied by multiple tenants. Comparable No. 1a, has a larger leasable area compared to the subject, while Comparable No. 1b, has a smaller leasable area. It is noted that the leasable area for Comparable No. 2a, does not include a covered loading dock, which is used by the tenant. Comparable No. 2a consists almost exclusively of warehouse space, while Comparable No. 2b, includes a combination of office and warehouse space. Given that Comparable No. 2 is a multi-tenant building, which would be considered less desirable compared to the subject's single tenant occupancy, the subject's rental rate would be expected to fall above this comparable.

Comparable No. 3 is a former listing of an industrial building, located in the St. James Industrial Park. The comparable was listed for lease in 2017, but has since sold and is no longer listed for lease. The comparable's total building area is similar in size compared to the subject, while its leasable area would be less than the subject if it were divided into two units. It is of newer construction compared to the subject, but appears to be in overall inferior condition with an inferior floor area ratio.

Comparable No. 4 consists of multi-tenant industrial building located in the St. Boniface Industrial Park. The comparable is of newer construction compared to the subject, but appears to be in similar condition. It has an inferior floor area ratio compared to the subject, resulting in less on-site parking, loading, and storage. It is noted that the subject's lease was signed some time ago.

Comparable No. 5 is a current listing of a multi-tenant industrial building located in the western portion of Winnipeg. The improvement is situated within the Transcona district, which is not one of Winnipeg's major industrial parks, resulting in an inferior location. It has a fairly similar leasable area compared to the subject and consists of a combination of office and warehouse space. The asking rent for this comparable is given as a modified gross lease and would require a downward adjustment to make it a net amount.

Comparable No. 6, consists of a single tenant industrial building (with the exception of 5,000 square feet) which is located within the Tuxedo Industrial area. The improvement is almost exclusively warehouse space which is in overall similar condition to the subject. The comparable has a larger building area compared to the subject.

Conclusions

The subject's rental rate would be expected to fall above Comparable No. 2, given its multi-tenant layout and Comparable No. 6, given its larger leasable area.

Comparable No. 1 is most similar to the subject in terms of location and being single tenant in nature. It has a larger leasable area compared to the subject, which would require an upward adjustment to account for. However, it would require a downward adjustment for being an asking rent rather than an achieved rent. The subject includes a large mezzanine, which is developed as good quality office space. The subject has a superior amount of office space and has been well maintained. Overall, an estimated rental rate similar to Comparable No. 1 would be considered reasonable for the subject.

The subject property includes a mezzanine, which is developed as good quality office space. Comparable No. 1, also features good quality office mezzanine space, but does not appear to be included in the leasable area. As a result, the estimated value will be applied to the subject's plan area only.

An estimated rental rate of \$6.50 per square foot will be applied to the subject's plan area of 102,500 square feet.

Vacancy Allowance

To estimate the vacancy allowance for the subject property, 'The Johnson Report', December 2017 Market Report, Commercial Real Estate, Winnipeg, Manitoba prepared by Wayne K. Johnson, C.A. was consulted. This report states:

"The Winnipeg industrial building inventory is approximately 78 million square feet, of which 65% of 51 million square feet is owner occupied, with 28 million square feet used primarily for manufacturing purposes, 19 million square feet for warehouse space and 3 million square feet of service type buildings. Investment properties represent 35% of the inventory, or approximately 27 million square feet, used primarily for warehousing and distribution.

The St. James District has the highest concentration of industrial space in the City at 18 million square feet, followed by St. Boniface, Ft Garry, Central, Inkster Districts and with about 10 million square feet each.

Industrial vacancy is a good indicator of the health of the industrial market and the overall health of the city's commerce. The market has been stable in the 1.5 million to 2.5 million square feet, vacancy range, for more than a decade. Following three years of significant increases in vacancy, there has been only modest improvement.

Investment vacancies have increased into the mid to highest end range of their historical performance. The number of Industrial buildings for sale at the end of 2017, that are unoccupied has jumped to numbers not seen since June of 2007. As a result, overall vacancy remains elevated.

The past decade has had a series of low vacancy rates, when combining the Investment market, with the User Owned market for Industrial buildings in Winnipeg. Following a half dozen years of vacancy rates in the 3-4% range, the next 6 years averaged 2.4% while the last 4 years have hovered around 3%.

District	2017	2016	2015	2014	2013
Central	5.7%	11.6%	6.4%	5.9%	6.5%
East Kildonan	6.7%	7.3%	0.0%	0.0%	1.1%
Elmwood	8.0%	11.1%	9.3%	2.5%	3.4%
Exchange	0.0%	0.0%	0.0%	0.0%	0.0%
Fort Garry	1.0%	4.0%	2.6%	4.6%	7.0%
Inkster	5.4%	4.5%	9.1%	11.1%	9.8%
Murray Park	0.0%	0.0%	0.0%	0.0%	11.0%
St. Boniface	9.3%	7.6%	5.9%	3.3%	2.8%
St. James	8.5%	7.1%	6.9%	8.6%	3.8%
Transcona	24.1%	24.5%	22.2%	20.7%	21.8%
West End	4.6%	2.3%	5.8%	5.4%	11.7%
Overall	7.3%	7.2%	7.3%	8.0%	6.9%

The subject property is currently owner-occupied, resulting in no vacancy. It is situated within the Inkster Industrial Park which has a vacancy rate of 5.4%, which falls below the city wide average of 7.3%.

The subject property consists of a one storey, plus mezzanine, industrial building, which is currently occupied by a single tenant (the owner). It is considered to be well-located along the main route through the Inkster Industrial Park. The subject is also located within close proximity to Route 90 which provides access to the Perimeter Highway, the Winnipeg J.A.R. International Airport, and other industrial parks. The improvement includes a combination of good quality office space and warehouse space. The subject is considered to be in overall good condition and offers a large amount of on-site parking.

Considering the subject's large size, it would likely have an extended vacancy should it become vacant. As a result, an estimated vacancy rate slightly above the current Inkster district average, but still below the city wide average would be considered reasonable for the subject.

Therefore, an estimated vacant rate of 6.0% will be applied.

Expenses

All rental rates quoted are on a triple net basis with the tenant responsible for all expenses excepting structural reports. Management companies generally allow between \$0.10 to \$0.15, per square foot, for annual structural reports depending upon the age and condition of the property. Considering the age and overall condition of the subject building, a rate of \$0.15 per square foot is considered reasonable to apply.

The owner would also be responsible for operating costs during vacancy. Based upon information available in our files, it is estimated that the operating costs for the subject property will be in the area of \$3.00 per square foot.

Capitalization Rate

To convert the net operating income indicated from the subject property into a value, the net operating income is divided by a capitalization rate. Capitalization rates are obtained from the market by investigating sale and net operating incomes that are derived from the investment properties. Information is from sources deemed reliable.

The following are some recent sales of investment properties and the resulting capitalization rates.

Comparable No. 1

Address:	276 Holden Street
Sale Date:	July 5, 2017
Sale Price:	\$540,000
Overall Rate:	7.32%

The comparable property consists of a one storey industrial building with a total building area of 7,256 square feet. The improvement was constructed in 1960 and is situated on a site with an area of 12,232 square feet.

Comparable No. 2

Address: 1100 Waverley Street
Sale Date: August 2017
Sale Price: \$24,000,000
Overall Rate: 5.26%

The comparable consists of a four, flex-industrial buildings, with a total combined building plan area of 138,899 square feet. The improvements were originally constructed in 1973 and are located on a site of 386,898 square feet (8.88 acres).

Comparable No. 3

Address: 25 Keenleyside Street
Sale Date: March 30, 2016
Sale Price: \$825,000
Overall Rate: 7.67%

The comparable consists of a two industrial buildings, with total building areas of 9,000 and 3,024 square feet. The improvements were constructed in 1969 and 1996 and are located on a site of 28,943 square feet.

Comparable No. 4

Address: 1546 St. James Street
Sale Date: January 19, 2016
Sale Price: \$1,260,000
Overall Rate: 6.85%

The comparable property consists is a one storey, plus mezzanine, office/warehouse building with a gross upper floor area of 14,900 square foot. The improvement was constructed in 1963 and is situated on a site measuring 23,539 square feet.

Comparable No. 5

Address: 1248 Wilkes Avenue
Sale Date: June 23, 2015
Sale Price: \$1,680,000
Overall Rate: 9.32%

The comparable property is a multi-building industrial complex located in the Tuxedo Industrial Park. It consists of three buildings with areas of 2,838 square feet, 1,885 square feet and 1,344 square feet, which is a combined total of 6,067 square feet. They were constructed in 1967, 1974 and 1969, respectively. The buildings are situated on 124,498 square feet of land which is primarily used for storage/parking.

Comparable No. 6

Address: 1550 King Edward Street
Sale Date: April 4, 2014
Sale Price: \$1,310,000
Overall Rate: 6.26%

The comparable property consists of a one storey industrial building which contains a rentable area of 18,000 square feet. The improvement is situated on a site measuring 61,101 square feet and was constructed in 1961.

Comparable No. 7

Address: 160/170 Murray Park Road
Sale Date: January 3, 2014
Sale Price: \$1,842,275
Overall Rate: 7.10%

The comparable is a multiple sale, which consists of two single tenant industrial buildings. They include buildings of 10,000 square feet (160 Murray Park) and 10,050 square feet (170 Murray Park). The improvements were constructed in 1988/1990 and are situated on a site with a total building area of 76,644 square feet.

Capitalization Rate Summary

	Address	Sale Date	Sale Price	Overall Rate	Type
1	276 Holden	2017 07 05	\$540,000	7.32%	Single Tenant Off/Wrhse.
2	1100 Waverley	2017 08 –	\$24,000,000	5.26%	Four Multi-Tenant Bldgs.
3	25 Keenleyside	2016 03 30	\$825,000	7.67%	2 Ind. Bldgs.
4	1546 St. James	2016 01 19	\$1,260,000	6.85%	Single Tenant Off/Wrhse.
5	1248 Wilkes	2015 06 23	\$1,680,000	9.32%	Multi-Tenant Off/Wrhse.
6	1550 King Edward	2014 04 04	\$1,310,000	6.26%	Multi-Tenant Off/Wrhse.
7	160/170 Murray Park	2014 01 03	\$1,842,275	7.10%	2 Ind. Bldgs.

Capitalization Rate Analysis

A capitalization rate is an expression of risk. It considers the quality of the income stream, which includes both the financial strength and length of lease of the tenants.

The above properties provide an indication as to what an investor requires in the way of a return for an investment property. The quality and condition of the improvements are considered in the selection of a capitalization rate.

The capitalization rates indicate a range from 5.26% to 9.32%.

Comparable No. 1 is the most recent sale in the above range. It consists of a single tenant building which is not located in a major industrial park. This comparable consists mostly of warehouse space, with a small amount of office space. It has a significantly smaller building area compared to the subject.

Comparable No. 2, has the lowest capitalization rate of the above comparables, by a fairly wide margin. It is comprised of four, stand alone, multi-tenant improvements. These buildings are quasi-commercial in nature, which contributes to the low capitalization rate. Other factors contributing to the rate include the high level of occupancy and good location. The subject would be considered inferior compared to this comparable.

Comparable No. 3, consists of two multi-tenant industrial building located in a small industrial cluster. The comparable is known to have been in poor condition at the time of sale. The subject would be considered superior to this comparable.

Comparable No. 4, consists of an industrial building, with a smaller buildings area compared the subject. The comparable's location would be considered slightly superior to the subject, given it is situated within one of the most desirable industrial parks in Winnipeg.

Comparable No. 5, set the highest point of the above range. This comparable is not located in one of the major industrial parks and is a large parcel of land, with a relatively small amount of building space. This comparable has the highest rate, in part, due to accessibility issues with the site and motivated vendor/purchaser. This comparable is included for information purposes and little weight is placed on it.

Comparable No. 6, consists of a multi-tenant industrial building, which is considered to be well-located along Route 90. Its low capitalization rate can be in part attributed to its good location.

Comparable No. 7, has two industrial buildings, which have a smaller building area compared to the subject. This comparable is located within a smaller industrial area within fairly close proximity to the subject.

In addition to the above information, the Q4 2017 Cap Rate Report by CBRE states class 'A' industrial properties have a steady capitalization rate range from 6.00% to 6.50%, with class 'B' properties having an upward trend and lying between 6.50% to 7.25%. These ranges of rates are similar to the rates seen by the above comparables.

Conclusions

The subject property consists of a one storey, plus mezzanine, industrial building, which is considered to be well-located. It is situated along the main route through the Inkster Industrial Park, within close proximity to Route 90. The subject consists of a combination of good quality office and warehouse space which is considered to be in overall good condition. It is currently owner-occupied and set up for single tenant occupancy. The subject is situated on a large parcel of land which allows for on-site parking, loading and storage.

The subject has a significantly larger building area compared to most of the above comparables. These comparables represent various types of industrial investment properties. The subject is a good quality building, which is well located, but its single tenant design and large size are considered to be less desirable features. Considering its large size, good location, and overall condition, a capitalization rate closer to the high end of the comparables and the CBRE range would be considered reasonable for the subject.

An estimated capitalization rate of 7.00% will be applied.

Summary of Income Approach to Value

<u>Potential Gross Income</u>			
	<u>Area</u>	<u>Rate</u>	
	102,500	\$6.50	\$666,250
Less: Vacancy		6.00%	<u>\$39,975</u>
Effective Gross Income			\$626,275
Less: Expenses			
Structural Repairs		\$0.15	\$15,375
Vacancy Expense		\$3.00	<u>\$18,450</u>
			\$33,825
Net Operating Income			\$592,450
Capitalized Value		7.00%	\$8,463,571
Rounded To:			\$8,465,000

DIRECT COMPARISON APPROACH TO VALUE

The following sale are considered to be comparable to the subject property:

Comparable No. 1

Location:	255 Hutchings Street
Sale Date:	July 21, 2016
Sale Price:	\$3,200,000
Building Area:	81,392 Square Feet
Sale Price/Sq.Ft.:	\$39.32
Site Area:	140,000 Square Feet
Zoning:	M2
Year Constructed:	1968 / 1970 / 1972
Ceiling:	14 to 22 Feet
Office Space:	11%

Remarks: This comparable was constructed in several stages. It contains a combination of office and warehouse space. The office space occupies approximately 8,800 square feet of the improvement and consists of 11 private offices, lunchroom, showroom, boardroom, and training room. The warehouse features four overhead doors. The comparable was occupied by American Standard Brands, which decided to close this plant. Prior to this sale, the comparable was listed with an asking price of \$5,200,000, which was then lowered to \$4,455,000. It previously sold on February 11, 2005 for \$405,084.

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Comparable No. 2

Location:	1551 Church Avenue
Sale Date:	February 20, 2018
Sale Price:	\$3,600,000
Building Area:	83,454 Square Feet
Sale Price/Sq.Ft.:	\$43.14
Site Area:	251,748 Square Feet
Zoning:	M2
Year Constructed:	1970/1974
Ceiling:	20 Feet
Office Space:	23%

Remarks: This comparable is located on the northeast corner of Church Avenue and Hutchings Street. It consists of a single tenant warehouse which has 9,795 square feet of mezzanine office space which is included in the above building area. The comparable reportedly sold in September 2008 for \$3,100,000. It also sold on March 2, 2004 for \$2,680,000 and on November 4, 2002 for \$2,200,000.

Comparable No. 3

Location:	89 Bunting Street
Sale Date:	September 5, 2017
Sale Price:	\$3,900,000
Building Area:	65,938 Square Feet
Sale Price/Sq.Ft.:	\$59.15
Site Area:	232,474 Square Feet
Zoning:	M2
Year Constructed:	1964/1967
Ceiling:	24 to 26 Feet
Office Space:	13%

Remarks: This comparable consists of a one storey, plus partial basement and mezzanine, industrial building. The basement has an area of 4,323 square feet. It has a 12 inch floor and has been utilized for heavy manufacturing. The improvement previously sold on October 5, 2010 for \$2,400,000.

Comparable No. 4

Location:	879 Keewatin Street
Sale Date:	August 4, 2015
Sale Price:	\$8,200,000
Building Area:	100,267 Square Feet
Sale Price/Sq.Ft.:	\$81.78
Site Area:	314,514 Square Feet
Zoning:	M2
Year Constructed:	1968
Ceiling:	Up To 20 Feet
Office Space:	N/A

Remarks: This comparable consists of a one storey, plus mezzanine, industrial building. The improvement includes a mezzanine with an area of 5,268 square feet, which is included in the above building area. The comparable includes some finished showroom space, however, the exact amount is unknown.

Comparable No. 5

Location:	1451 Saskatchewan Avenue
Sale Date:	August 29, 2017
Sale Price:	\$7,250,000
Building Area:	93,595 Square Feet
Sale Price/Sq.Ft.:	\$77.46
Site Area:	189,395 Square Feet
Zoning:	M3
Year Constructed:	1977 / 1983
Ceiling:	14 to 30 Feet
Office Space:	10%

Remarks: This comparable consists of a one storey, plus mezzanine, multi-tenant industrial building. The comparable has a plan area of 91,431 square feet which mostly consists of warehouse space. The mezzanine has an area of 2,160 square feet (included in above building area) and is finished as office space. The improvement is fully sprinklered and includes ten dock level overhead doors, plus one, 18 foot overhead door and one, ten foot overhead door. This comparable previously sold on August 24, 2015 for \$6,000,000.

Comparable No. 6

Location:	1 Warman Road
Sale Date:	March 1, 2018
Sale Price:	\$11,012,500
Building Area:	122,016 Square Feet
Sale Price/Sq.Ft.:	\$90.25
Site Area:	1,030,826 Square Feet
Zoning:	M3
Year Constructed:	1997/2004
Ceiling:	28 Feet
Office Space:	N/A

Remarks: This comparable consists of office space and processing plant. It previously sold on October 13, 2015 for \$5,100,000 and on March 6, 2001 for \$15,850,000. It was formerly occupied by Maple Leaf Foods (prior to 2015 sale). The improvement includes a mezzanine with an area of 18,552 square feet, which is included in the above building area. It appears the comparable was completely vacant at the time of the 2015 sale.

Comparable No. 7

Location:	230 Panet Road
Sale Date:	December 15, 2017
Sale Price:	\$7,950,000
Building Area:	96,670 Square Feet
Sale Price/Sq.Ft.:	\$82.24
Site Area:	203,740 Square Feet
Zoning:	M3
Year Constructed:	1990 / 1998 / 2000 / 2001 / 2003
Ceiling:	18 to 30 Feet
Office Space:	> 7%

Remarks: This comparable consists of a one storey, plus mezzanine, industrial building. The improvement has a mezzanine with an area of 6,239 square feet which is included in the above building area. The comparable previously sold on March 1, 2012 for \$6,850,000.

Summary of Sales

#	Address	Sale Date	Sale Price	Bldg. Area	S.P./sf	Site Area	Age	Fir. Area Ratio	Ceil.	Office
1	255 Hutchings	21-Jul-16	\$3,200,000	81,392	\$39.32	140,000	1968-72	1.72	14'-22'	11%
2	1551 Church	20-Feb-18	\$3,600,000	83,454	\$43.14	251,748	1970/74	3.02	20'	23%
3	89 Bunting	5-Sep-17	\$3,900,000	65,938	\$59.15	232,474	1964/67	3.53	24'-26'	13%
4	879 Keewatin	4-Aug-15	\$8,200,000	100,267	\$81.78	314,514	1968	3.14	< 20'	-
5	1451 Saskatchewan	29-Aug-17	\$7,250,000	93,595	\$77.46	189,395	1977/83	2.02	14'-30'	10%
6	1 Warman	1-Mar-18	\$11,012,500	122,016	\$90.25	1,030,826	1997/04	8.45	28'	-
7	230 Panet	15-Dec-17	\$7,950,000	96,670	\$82.24	203,740	1990-03	2.11	18'-30'	> 7%
	Subject			120,500		376,203	1974/17	3.12	20'	

Comparable Analysis

The above comparables indicate sale prices ranging from \$39.32 to \$90.25 per square foot, and are industrial buildings located throughout the city.

Comparable No. 1 has the lowest sale price per square foot in the above range. It consists of an industrial building located within the subject's immediate neighbourhood. The comparable is not located along the main thoroughfare through the industrial park, resulting in an inferior level of exposure. The improvement is similar to the subject in terms of age, but has a smaller amount of finished space compared to the subject. It has a smaller building area compared to the subject and an inferior floor area ratio. The comparable's maximum ceiling height is greater compared to the subject.

Comparable No. 2 is a recent sale of a one storey, plus mezzanine, industrial building located within the Inkster Industrial Park. The comparable is not located along the main thoroughfare through the industrial park, resulting in an inferior level of exposure. It is similar to the subject in terms of age and ceiling height, but it has a smaller building area compared to the subject. The comparable has an inferior floor area ratio compared to the subject.

Comparable No. 3 consists of a one storey, plus mezzanine, industrial building located in the Inkster Industrial Park. The comparable is not located along the main thoroughfare through the industrial park, resulting in an inferior level of exposure. It is similar to the subject in terms of age, but it has a smaller building area. The comparable has a superior floor area ratio and ceiling height compared to the subject.

Comparable No. 4 consists of a one storey, plus mezzanine, industrial building located in the Inkster Industrial Park. Keewatin Street is a major traffic route through the area, resulting in a similar level of exposure compared to the subject. This comparable has a smaller building area compared to the subject, but is similar in terms of floor area ratio, age and ceiling height.

Comparable No. 5, consists of a one storey, plus mezzanine, industrial building located in the St. James Industrial Park. The St. James Industrial Park is one of Winnipeg's most desirable industrial parks, resulting in a superior location compared to the subject. The improvement has a smaller building area compared to the subject, but a superior maximum ceiling height. The comparable is similar to the subject in terms of age, but is considered to be in overall inferior condition with an inferior floor area ratio. The subject's value per square foot would be expected to fall below this comparable, given its superior location.

Comparable No. 6, has the highest sale price per square foot in the above range and is also the most recent sale. The comparable is a one storey, plus mezzanine, industrial building. This comparable has a similar building area compared to the subject and includes a large amount of mezzanine space, similar to the subject. The comparable is of newer construction compared to the subject and has a superior floor area ratio and ceiling height. Overall, the subject's value per square foot would be expected to fall slightly below this comparable, given its much greater floor area ratio and ceiling height.

Comparable No. 7, consists of a one storey, plus mezzanine, industrial building which is located near Comparable No. 6. It has a smaller building area compared to the subject. It is of newer construction compared to the subject, but appears to be in overall similar condition. The comparable has an inferior floor area ratio compared to the subject, but a superior maximum ceiling height.

Conclusions

The subject property would be considered most physically similar to Comparable No. 6, given they have a similar building area and the comparable includes a large amount of mezzanine space. However, the comparable would require a large downward adjustment for its newer age, far superior floor area ratio, and superior ceiling height.

The subject's value per square foot would be expected to fall below Comparable No. 5, given its superior location within the St. James Industrial Park.

Comparables No. 1 through No. 4 are most similar to the subject in terms of location within the Inkster Industrial Park. Comparables No. 1 through No. 3 would require upward adjustments for their inferior level of exposure. The range would require an overall downward adjustment for buildings area, as smaller buildings generally sell for more per square foot compared to larger buildings, all other factors considered equal. All four comparables are considered similar to the subject in terms of age. However, the subject includes a larger mezzanine which is developed as good quality office space. The exact percentage of office space the subject has is not known, but it is above 30%. This is superior compared to all of the comparables.

The subject's floor area ratio and ceiling height falls within the range created by Comparables No. 1 through No. 4.

Overall, an estimated value per square foot above Comparables No. 1, No. 2, and No. 3, but below Comparable No. 4 would be considered reasonable for the subject.

An estimated value of \$70 per square foot would be considered reasonable for the subject.

Applying this value to the subject's total building area of 120,500 square feet, results in a total value of \$8,435,000.

RECONCILIATION & FINAL ESTIMATE OF VALUE

Two approaches to value have been investigated and produced the followings results:

Income Approach to Value	\$8,465,000
Direct Comparison Approach to Value	\$8,435,000

Two approaches to value were applied to arrive at the estimated market value of the subject, the Income and Direct Comparison Approaches.

The Income Approach considered market rental rates for similar buildings and a market rent was estimated for the subject. Deductions were made for vacancy, operating expenses during the vacancy and a structural repair allowance. The resulting net operating income was then capitalized by a rate found in the market.

The Direct Comparison Approach considered sales of properties in the neighbourhood, and other comparable neighbourhoods, and adjustments were made for physical differences between the subject and these sales. Based on what properties were considered superior and inferior, the square foot range was narrowed to a reasonable range, from which, a square foot rate, was applied to the subject.

Both the Income Approach and the Direct Comparison Approach resulted in similar values and are both considered to be reliable. The subject property is currently owner-occupied. The subject's interior is developed to accommodate the needs of the owner and it is unlikely to be rented out in the near future. Therefore, the Direct Comparison Approach will be relied upon.

Therefore, the final estimate of value is \$8,435,000.

APPRAISER'S CERTIFICATION

We certify to the best of our knowledge and belief that:

- the statements of fact contained in this report are true and correct;
- the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal impartial, and unbiased professional analyses, opinions, and conclusions;
- we have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved;
- we have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment;
- our engagement in and compensation for this assignment were not contingent upon developing or reporting predetermined results, the amount of the value estimate, or a conclusion favouring the client;
- our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Canadian Uniform Standards of Professional Appraisal Practice and IVS;
- we have the knowledge and experience to complete the assignment competently (with respect to Section 5.4 in the 2018 edition of the CUSPAP);
- no one provided significant professional assistance to the person(s) signing this report;
- as of the date of this report, the undersigned have fulfilled the requirements of The Appraisal Institute of Canada Continuing Professional Development Program for members;
- the undersigned is are members in good standing of the Appraisal Institute of Canada; and
- we did personally inspect the subject property of the report under review on April 17, 2018.

The appraiser's qualifications are located in the addendum of this report.

Based on the data, analyses and conclusions contained herein, the market value of the interest in the property described, located at 1771 Inkster Boulevard, in the City of Winnipeg, in the Province of Manitoba, as at April 17, 2018, is estimated EIGHT MILLION FOUR HUNDRED THIRTY FIVE THOUSAND (\$8,435,000) DOLLARS, linked to a reasonable exposure time of approximately six to twelve months.

DENNIS T. BROWATY & ASSOCIATES LTD.

Dated: May 3, 2018



Timothy, J. Browaty, B.R.S., AACI, P.App.



Kaitlan S. Bertouille, B.Comm. (Honours), AACI,
P.App.

Dennis T. Browaty & Associates Ltd.

PART IV – ADDENDUM

ADDENDA

1. Photographs of the Subject Property & Area
2. Copy of Title Search
3. Qualifications of Appraisers

Photographs of the Subject Property and Area



South and West Elevations



Addition on West Elevation



North and West Elevations



North Elevation



North and East Elevations



East and South Elevations



Subject Parking



Subject Parking



Looking West on Inkster Boulevard



Looking East on Inkster Boulevard



Addition Entrance



Addition Reception



Addition Entrance



Cafeteria



Sample Retail Display



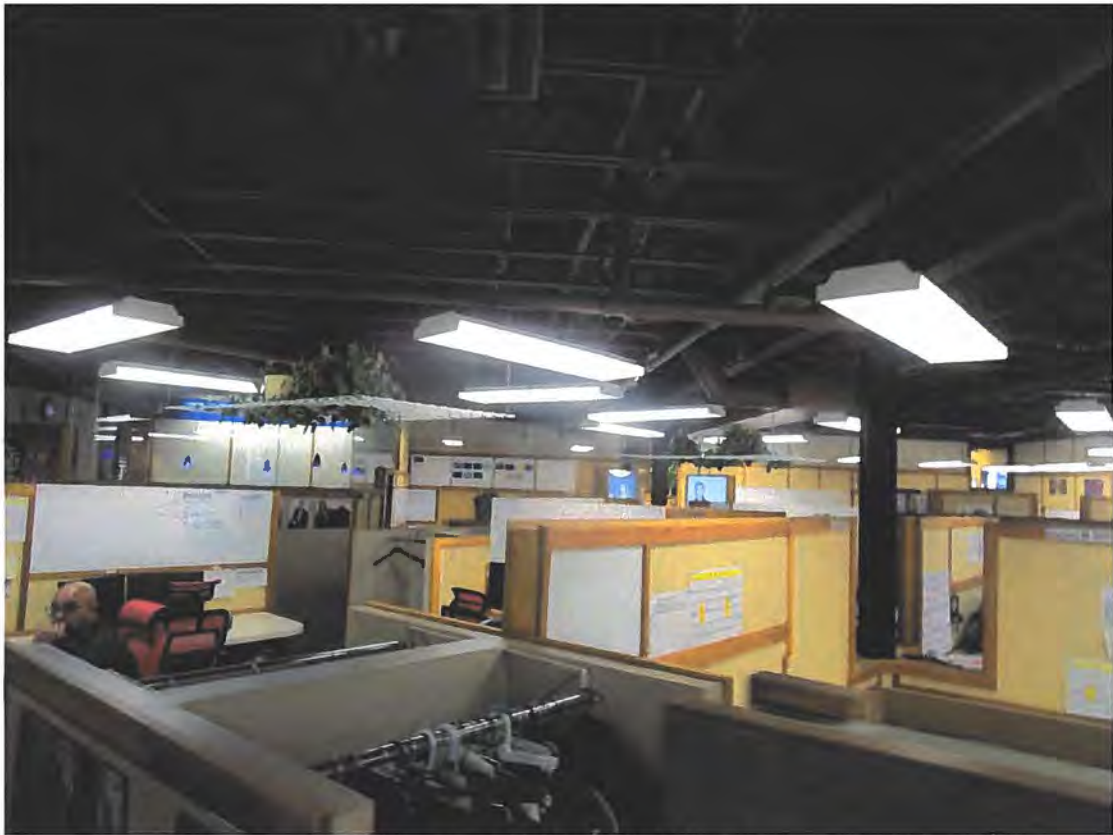
Sample Retail Display



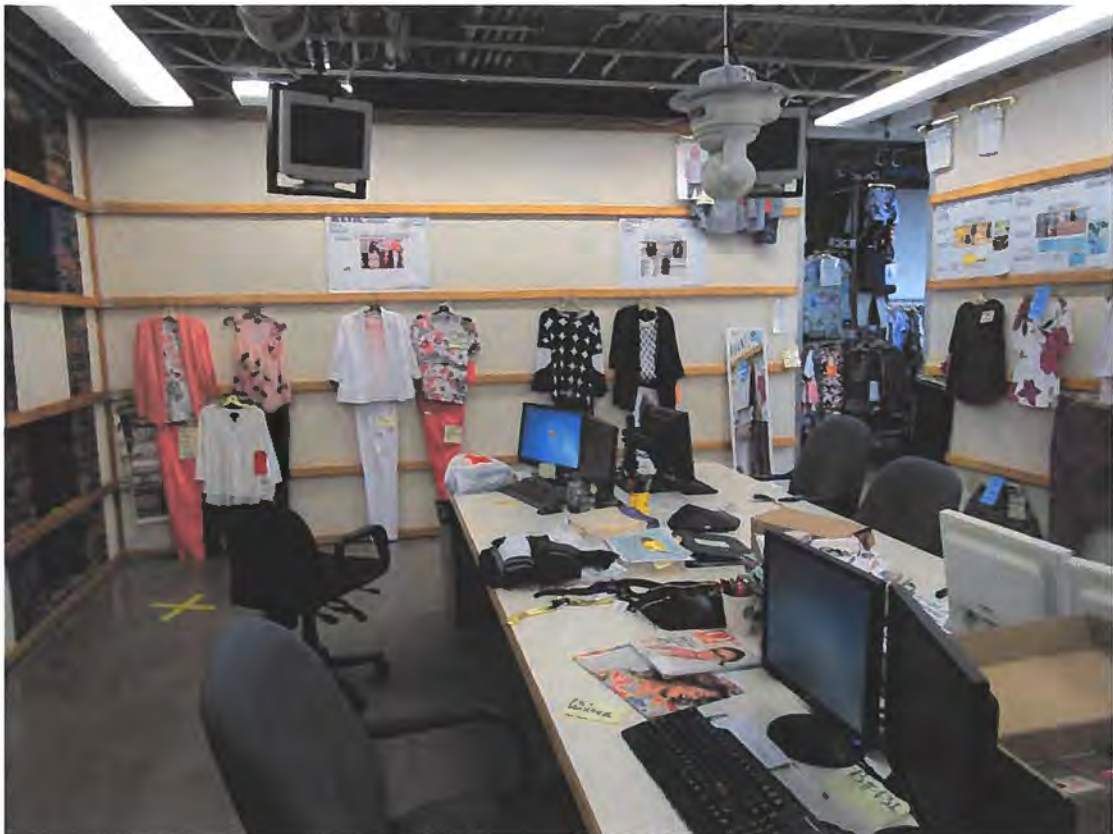
Main Floor – Hallway



Main Floor – Work Room



Main Floor - Open Work Space



Main Floor - Work Room



Main Floor - Distribution Warehouse



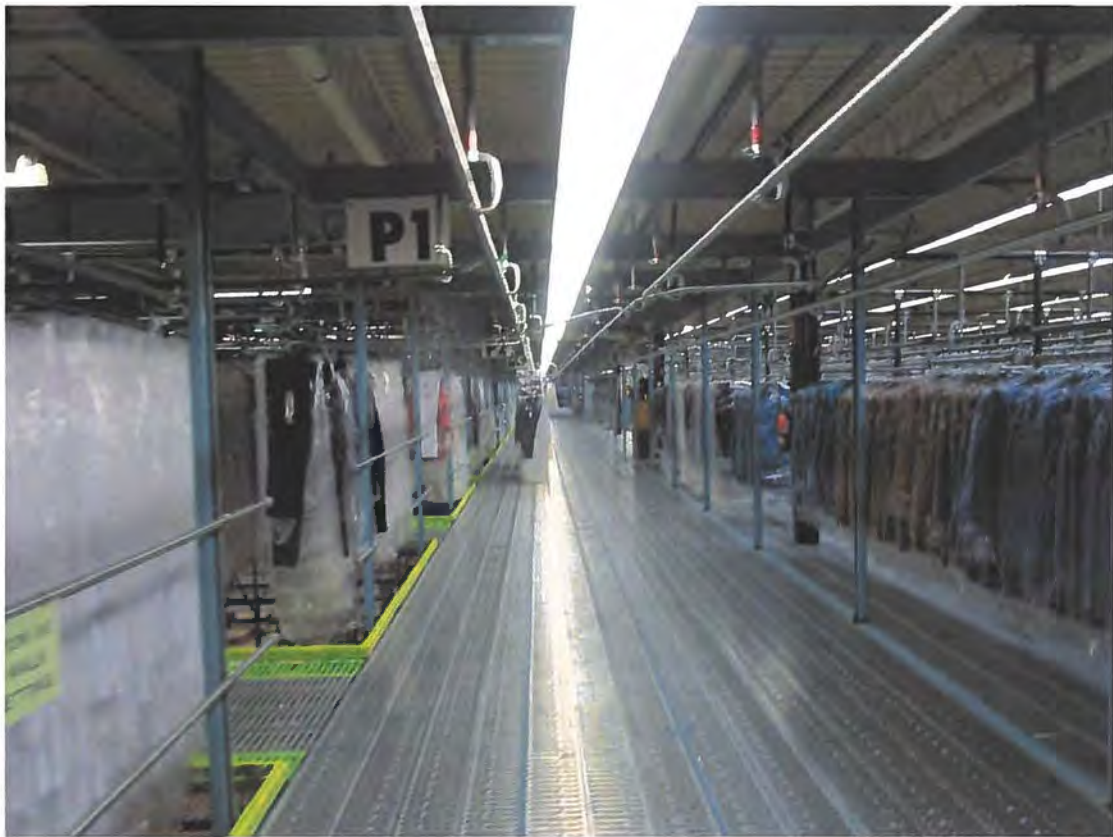
Main Floor - Distribution Warehouse



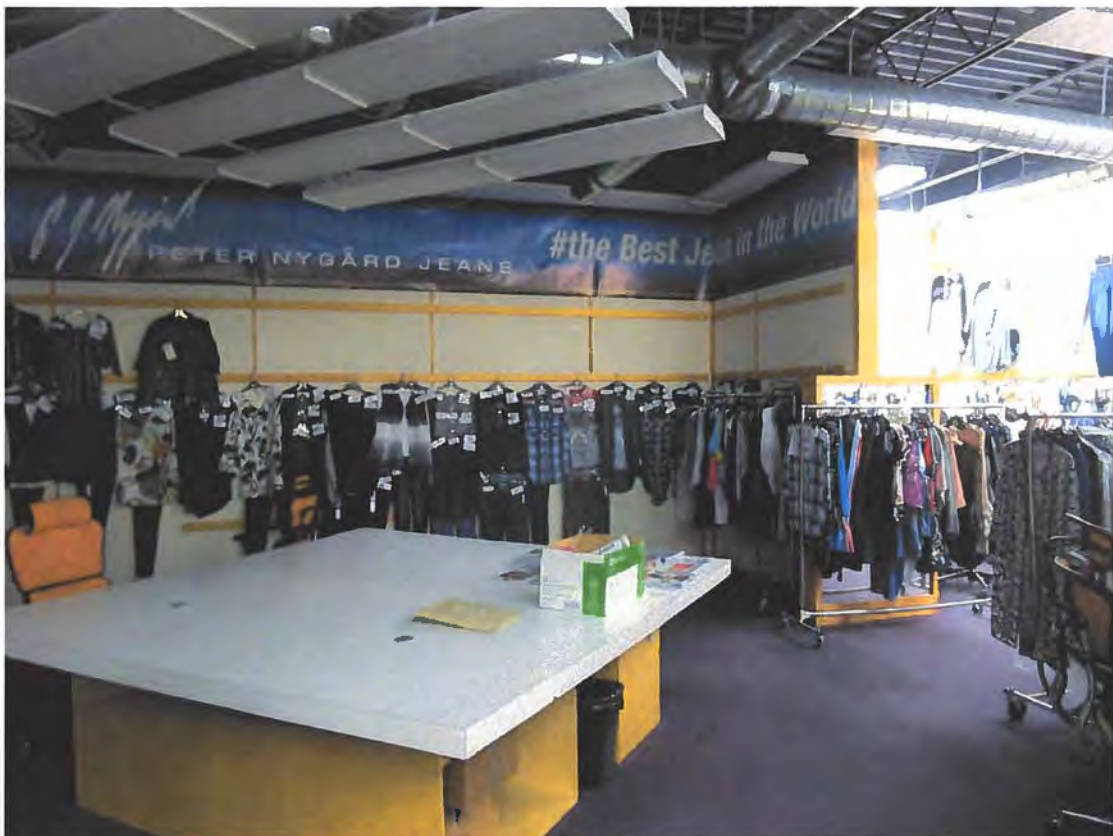
Main Floor - Distribution Warehouse



Distribution Warehouse Mezzanine



Distribution Warehouse Mezzanine



Mezzanine - Work Room



Mezzanine - Common Work Space



Mezzanine - Work Room



Mezzanine - Boardroom



Typical Washroom

STATUS OF TITLE

Title Number **2286531/1**
Title Status **Accepted**
Client File **Inkster.1771**

The Property Registry

A Service Provider for the Province of Manitoba



1. REGISTERED OWNERS, TENANCY AND LAND DESCRIPTION

NYGARD PROPERTIES LTD.

IS REGISTERED OWNER SUBJECT TO SUCH ENTRIES RECORDED HEREON, IN THE FOLLOWING DESCRIBED LAND:

FIRSTLY: SP LOT 6 PLAN 26533 WLTO
IN OTM LOTS 2 AND 3 PARISH OF KILDONAN

SECONDLY: PARCEL 3 PLAN 11773 WLTO
EXC OUT OF SAID PARCEL ALL MINES AND MINERALS WHETHER SOLID
LIQUID OR GASEOUS AND THE RIGHT TO WORK THE SAME IN SAID
PARISH

The land in this title is, unless the contrary is expressly declared, deemed to be subject to the reservations and restrictions set out in section 58 of *The Regl Property Act*.

2. ACTIVE INSTRUMENTS

Instrument Type: **Caveat**
Registration Number: **228203/1**
Instrument Status: **Accepted**

Registration Date: 1973-10-26
From/By: **THE CITY OF WINNIPEG**
To:

Amount:

Notes: **No notes**
Description: **No description**

Instrument Type: **Caveat**
Registration Number: **228344/1**
Instrument Status: **Accepted**

Registration Date: 1973-11-06
From/By: THE CITY OF WINNIPEG
To:

Amount:
Notes: No notes
Description: No description

Instrument Type: **Caveat**
Registration Number: **1122591/1**
Instrument Status: **Accepted**

Registration Date: 1989-02-13
From/By: THE GREAT-WEST LIFE ASSURANCE COMPANY
To: BY AGENT: RICHARD H. G. ADAMS

Amount:
Notes: No notes
Description: No description

3. ADDRESSES FOR SERVICE

NYGARD PROPERTIES LTD.
1771 INKSTER BLVD.
WINNIPEG, MANITOBA
R2X 1R3

4. TITLE NOTES

No title notes

5. LAND TITLES DISTRICT

Winnipeg

6. DUPLICATE TITLE INFORMATION

Duplicate not produced

7. FROM TITLE NUMBERS

1197810/1 All

8. REAL PROPERTY APPLICATION / CROWN GRANT NUMBERS

No real property application or grant information

9. ORIGINATING INSTRUMENTS

Instrument Type:	Request To Issue Title
Registration Number:	3586653/1
Registration Date:	2008-03-12
From/By:	NYGARD PROPERTIES LTD.
To:	
Amount:	

10. LAND INDEX

Lot 3 Plan 11773
EXC RES

Lot 6 Plan 26533

**CERTIFIED TRUE EXTRACT PRODUCED FROM THE LAND TITLES DATA STORAGE
SYSTEM OF TITLE NUMBER 2286531/1**

QUALIFICATIONS OF APPRAISER

TIMOTHY J. BROWATY, B.R.S. AACI, P.App.

1. The Appraiser is a member in good standing of the Appraisal Institute of Canada and is an Accredited Appraiser of the Appraisal Institute of Canada under Certificate No. 4260.
2. The Appraiser graduated from the University of Manitoba in 2003 with a Bachelor of Recreation Studies.
3. Between 2003 and 2009, the Appraiser was enrolled in the University of British Columbia Real Estate Division. The Appraiser completed all of the courses required for and AACI, P.App. designation.
4. The Appraiser has been employed at Dennis T. Browaty & Associates Ltd. since 2005, and has apprenticed under the tutelage of Mr. Dennis T. Browaty, AACI, P.App. prior to receiving his designation.
5. Since 2005, the Appraiser has been involved in valuing numerous different types of commercial and residential properties throughout Winnipeg and Manitoba.
6. The Appraiser's clientele includes several major financial institutions/various real estate companies.

QUALIFICATIONS OF APPRAISER

KAITLAN S. BERTOUILLE, B. Comm. (Honours), AACI, P.App.

1. The Appraiser is in good standing of the Appraisal Institute of Canada and is a Candidate Member of the Appraisal Institute of Canada under Certificate No. 909201.
2. The Appraiser graduated from the University of Manitoba in April 2014 with a Bachelor of Commerce (Honours).
3. In December 2014, the Candidate Member enrolled in the University of British Columbia Real Estate Division. The Candidate Member is currently working towards the completion on all of the courses required for an AACI, P.App. designation.
4. The Appraiser has been employed at Dennis T. Browaty & Associates Ltd. since March 2015, and apprenticed under the tutelage of Mr. Timothy J. Browaty, B.R.S., AACI, P.App. prior to receiving her designation.
5. The Appraiser received her AACI, P.App. designation in February 2018.
6. Since 2015, the Candidate Member has been involved in valuing numerous different types of commercial properties throughout Winnipeg and Manitoba.

This is Exhibit "D" referred to in the
Affidavit of Greg Fenske
Affirmed before me at the City of
Winnipeg, this 11th day of March, 2020



Notary Public in and for
the Province of Manitoba

WAYNE ONCHULENKO
Notary Public and
Practising Manitoba Lawyer
701-330 St. Mary Avenue
Winnipeg, MB R3C 3Z5

702 Broadway

Roll Number: 12097678100

West Broadway

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2020 Assessment Roll (Market value as at April 1,2018)

Property Class(es)	Status(es)	Assessed Value
Other	Taxable	\$1,800,000

Property Information

Property Use Code

CMRST - Store

Assessed Land Area

21,776 sq. ft.

Zoning

C2 - Com - Community

Water Frontage Measurement

300.20 ft.

Sewer Frontage Measurement

300.20 ft.

Property Influences

Heavy Traffic
External Corner
Bus Route
Bus Stop
Traffic Lights

This is Exhibit "E" referred to in the
Affidavit of Greg Fenske
Affirmed before me at the City of
Winnipeg, this 11th day of March, 2020



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

**Agreement of Purchase and Sale
Commercial****Form 500**

for use in the Province of Ontario

This Agreement of Purchase and Sale dated this 11 day of March, 2020**BUYER:** New York Brand Studio Inc. In Trust, agrees to purchase from
(Full legal names of all Buyers)**SELLER:** NYGARD PROPERTIES LTD., the following
(Full legal names of all Sellers)**REAL PROPERTY:**Address 1 Niagara Stfronting on the South side of Niagara Stin the City Of Torontoand having a frontage of 110 (as per MPAC) more or less by a depth of 75 (as per MPAC) more or lessand legally described as PT LT 18 SEC A PL MILITARY RESERVE TORONTO AS IN CT603366, EXCEPT THE EASEMENT THEREIN; CITY OF TORONTO

(Legal description of land including easements not described elsewhere) (the "property")

PURCHASE PRICE: Dollars (CDN\$) 24,000,000.00Twenty-Four Million Dollars**DEPOSIT:** Buyer submits upon acceptance
(Herewith/Upon Acceptance/as otherwise described in this Agreement)Five Hundred Thousand Dollars (CDN\$) 500,000.00by negotiable cheque payable to Royal LePage Real Estate Professionals Or As Directed By The Court "Deposit Holder"
to be held in trust pending completion or other termination of this Agreement and to be credited toward the Purchase Price on completion. For the purposes of this Agreement, "Upon Acceptance" shall mean that the Buyer is required to deliver the deposit to the Deposit Holder within 24 hours of the acceptance of this Agreement. The parties to this Agreement hereby acknowledge that, unless otherwise provided for in this Agreement, the Deposit Holder shall place the deposit in trust in the Deposit Holder's non-interest bearing Real Estate Trust Account and no interest shall be earned, received or paid on the deposit.**Buyer agrees to pay the balance as more particularly set out in Schedule A attached.****SCHEDULE(S) A** & B attached hereto form(s) part of this Agreement.**1. IRREVOCABILITY:** This offer shall be irrevocable by Buyer until 5 on
(Seller/Buyer) (a.m./p.m.)
the 31 day of March, 2020, after which time, if not accepted, this offer shall be null and void and the deposit shall be returned to the Buyer in full without interest.**2. COMPLETION DATE:** This Agreement shall be completed by no later than 6:00 p.m. on the -- day of --
See Schedule A, 20-- Upon completion, vacant possession of the property shall be given to the Buyer unless otherwise provided for in this Agreement.

INITIALS OF BUYER(S):



INITIALS OF SELLER(S):



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3. **NOTICES:** The Seller hereby appoints the Listing Brokerage as agent for the Seller for the purpose of giving and receiving notices pursuant to this Agreement. Where a Brokerage (Buyer's Brokerage) has entered into a representation agreement with the Buyer, the Buyer hereby appoints the Buyer's Brokerage as agent for the purpose of giving and receiving notices pursuant to this Agreement. **Where a Brokerage represents both the Seller and the Buyer (multiple representation), the Brokerage shall not be appointed or authorized to be agent for either the Buyer or the Seller for the purpose of giving and receiving notices.** Any notice relating hereto or provided for herein shall be in writing. In addition to any provision contained herein and in any Schedule hereto, this offer, any counter-offer, notice of acceptance thereof or any notice to be given or received pursuant to this Agreement or any Schedule hereto (any of them, "Document") shall be deemed given and received when delivered personally or hand delivered to the Address for Service provided in the Acknowledgement below, or where a facsimile number or email address is provided herein, when transmitted electronically to that facsimile number or email address, respectively, in which case, the signature(s) of the party (parties) shall be deemed to be original.

FAX No.:
(For delivery of Documents to Seller)

FAX No.: **416-743-7195**
(For delivery of Documents to Buyer)

Email Address: **abe.rubinfeld@nygard.com**
(For delivery of Documents to Seller)

Email Address: **notschjoe@gmail.com**
(For delivery of Documents to Buyer)

4. **CHATELS INCLUDED:**
All Light Fixtures, All Window Coverings, All HVAC Systems, all those belonging to the seller and have to do with maintenance of the property and all other items used to operate the building.

Unless otherwise stated in this Agreement or any Schedule hereto, Seller agrees to convey all fixtures and chattels included in the Purchase Price free from all liens, encumbrances or claims affecting the said fixtures and chattels.

5. **FIXTURES EXCLUDED:**
n/a

6. **RENTAL ITEMS (Including Lease, Lease to Own):** The following equipment is rented and **not** included in the Purchase Price. The Buyer agrees to assume the rental contract(s), if assumable:
n/a

The Buyer agrees to co-operate and execute such documentation as may be required to facilitate such assumption.

7. **HST: If the sale of the property (Real Property as described above) is subject to Harmonized Sales Tax (HST), then such tax shall be in addition to the Purchase Price.** The Seller will not collect HST if the Buyer provides to the Seller a warranty that the Buyer is registered under the Excise Tax Act ("ETA"), together with a copy of the Buyer's ETA registration, a warranty that the Buyer shall self-assess and remit the HST payable and file the prescribed form and shall indemnify the Seller in respect of any HST payable. The foregoing warranties shall not merge but shall survive the completion of the transaction. If the sale of the property is not subject to HST, Seller agrees to certify on or before closing, that the transaction is not subject to HST. Any HST on chattels, If applicable, is not included in the Purchase Price.

INITIALS OF BUYER(S):



INITIALS OF SELLER(S):





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8. **TITLE SEARCH:** Buyer shall be allowed until 6:00 p.m. on the day of, 20....., (Requisition Date) to examine the title to the property at his own expense and until the earlier of: (i) thirty days from the later of the Requisition Date or the date on which the conditions in this Agreement are fulfilled or otherwise waived or; (ii) five days prior to completion, to satisfy himself that there

are no outstanding work orders or deficiency notices affecting the property, that its present use (..... **Office Building**) may be lawfully continued and that the principal building may be insured against risk of fire. Seller hereby consents to the municipality or other governmental agencies releasing to Buyer details of all outstanding work orders and deficiency notices affecting the property, and Seller agrees to execute and deliver such further authorizations in this regard as Buyer may reasonably require.

9. **FUTURE USE:** Seller and Buyer agree that there is no representation or warranty of any kind that the future intended use of the property by Buyer is or will be lawful except as may be specifically provided for in this Agreement.

10. **TITLE:** Provided that the title to the property is good and free from all registered restrictions, charges, liens, and encumbrances except as otherwise specifically provided in this Agreement and save and except for (a) any registered restrictions or covenants that run with the land providing that such are complied with; (b) any registered municipal agreements and registered agreements with publicly regulated utilities providing such have been complied with, or security has been posted to ensure compliance and completion, as evidenced by a letter from the relevant municipality or regulated utility; (c) any minor easements for the supply of domestic utility or telecommunication services to the property or adjacent properties; and (d) any easements for drainage, storm or sanitary sewers, public utility lines, telecommunication lines, cable television lines or other services which do not materially affect the use of the property. If within the specified times referred to in paragraph 8 any valid objection to title or to any outstanding work order or deficiency notice, or to the fact the said present use may not lawfully be continued, or that the principal building may not be insured against risk of fire is made in writing to Seller and which Seller is unable or unwilling to remove, remedy or satisfy or obtain insurance save and except against risk of fire (Title Insurance) in favour of the Buyer and any mortgagee, (with all related costs at the expense of the Seller), and which Buyer will not waive, this Agreement notwithstanding any intermediate acts or negotiations in respect of such objections, shall be at an end and all monies paid shall be returned without interest or deduction and Seller, Listing Brokerage and Co-operating Brokerage shall not be liable for any costs or damages. Save as to any valid objection so made by such day and except for any objection going to the root of the title, Buyer shall be conclusively deemed to have accepted Seller's title to the property.

11. **CLOSING ARRANGEMENTS:** Where each of the Seller and Buyer retain a lawyer to complete the Agreement of Purchase and Sale of the property, and where the transaction will be completed by electronic registration pursuant to Part III of the Land Registration Reform Act, R.S.O. 1990, Chapter L4 and the Electronic Registration Act, S.O. 1991, Chapter 44, and any amendments thereto, the Seller and Buyer acknowledge and agree that the exchange of closing funds, non-registrable documents and other items (the "Requisite Deliveries") and the release thereof to the Seller and Buyer will (a) not occur at the same time as the registration of the transfer/deed (and any other documents intended to be registered in connection with the completion of this transaction) and (b) be subject to conditions whereby the lawyer(s) receiving any of the Requisite Deliveries will be required to hold same in trust and not release same except in accordance with the terms of a document registration agreement between the said lawyers. The Seller and Buyer irrevocably instruct the said lawyers to be bound by the document registration agreement which is recommended from time to time by the Law Society of Ontario. Unless otherwise agreed to by the lawyers, such exchange of Requisite Deliveries shall occur by the delivery of the Requisite Deliveries of each party to the office of the lawyer for the other party or such other location agreeable to both lawyers.

12. **DOCUMENTS AND DISCHARGE:** Buyer shall not call for the production of any title deed, abstract, survey or other evidence of title to the property except such as are in the possession or control of Seller. If requested by Buyer, Seller will deliver any sketch or survey of the property within Seller's control to Buyer as soon as possible and prior to the Requisition Date. If a discharge of any Charge/Mortgage held by a corporation incorporated pursuant to the Trust And Loan Companies Act (Canada), Chartered Bank, Trust Company, Credit Union, Caisse Populaire or Insurance Company and which is not to be assumed by Buyer on completion, is not available in registrable form on completion, Buyer agrees to accept Seller's lawyer's personal undertaking to obtain, out of the closing funds, a discharge in registrable form and to register same, or cause same to be registered, on title within a reasonable period of time after completion, provided that on or before completion Seller shall provide to Buyer a mortgage statement prepared by the mortgagee setting out the balance required to obtain the discharge, and, where a real-time electronic cleared funds transfer system is not being used, a direction executed by Seller directing payment to the mortgagee of the amount required to obtain the discharge out of the balance due on completion.

13. **INSPECTION:** Buyer acknowledges having had the opportunity to inspect the property and understands that upon acceptance of this offer there shall be a binding agreement of purchase and sale between Buyer and Seller.

14. **INSURANCE:** All buildings on the property and all other things being purchased shall be and remain until completion at the risk of Seller. Pending completion, Seller shall hold all insurance policies, if any, and the proceeds thereof in trust for the parties as their interests may appear and in the event of substantial damage, Buyer may either terminate this Agreement and have all monies paid returned without interest or deduction or else take the proceeds of any insurance and complete the purchase. No insurance shall be transferred on completion. If Seller is taking back a Charge/Mortgage, or Buyer is assuming a Charge/Mortgage, Buyer shall supply Seller with reasonable evidence of adequate insurance to protect Seller's or other mortgagee's interest on completion.

INITIALS OF BUYER(S):

INITIALS OF SELLER(S):



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- 15. PLANNING ACT:** This Agreement shall be effective to create an interest in the property only if Seller complies with the subdivision control provisions of the Planning Act by completion and Seller covenants to proceed diligently at his expense to obtain any necessary consent by completion.
- 16. DOCUMENT PREPARATION:** The Transfer/Deed shall, save for the Land Transfer Tax Affidavit, be prepared in registrable form at the expense of Seller, and any Charge/Mortgage to be given back by the Buyer to Seller at the expense of the Buyer. If requested by Buyer, Seller covenants that the Transfer/Deed to be delivered on completion shall contain the statements contemplated by Section 50(22) of the Planning Act, R.S.O. 1990.
- 17. RESIDENCY:** (a) Subject to (b) below, the Seller represents and warrants that the Seller is not and on completion will not be a non-resident under the non-residency provisions of the Income Tax Act which representation and warranty shall survive and not merge upon the completion of this transaction and the Seller shall deliver to the Buyer a statutory declaration that Seller is not then a non-resident of Canada;
(b) provided that if the Seller is a non-resident under the non-residency provisions of the Income Tax Act, the Buyer shall be credited towards the Purchase Price with the amount, if any, necessary for Buyer to pay to the Minister of National Revenue to satisfy Buyer's liability in respect of tax payable by Seller under the non-residency provisions of the Income Tax Act by reason of this sale. Buyer shall not claim such credit if Seller delivers on completion the prescribed certificate.
- 18. ADJUSTMENTS:** Any rents, mortgage interest, realty taxes including local improvement rates and unmetered public or private utility charges and unmetered cost of fuel, as applicable, shall be apportioned and allowed to the day of completion, the day of completion itself to be apportioned to Buyer.
- 19. TIME LIMITS:** Time shall in all respects be of the essence hereof provided that the time for doing or completing of any matter provided for herein may be extended or abridged by an agreement in writing signed by Seller and Buyer or by their respective lawyers who may be specifically authorized in that regard.
- 20. PROPERTY ASSESSMENT:** The Buyer and Seller hereby acknowledge that the Province of Ontario has implemented current value assessment and properties may be re-assessed on an annual basis. The Buyer and Seller agree that no claim will be made against the Buyer or Seller, or any Brokerage, Broker or Salesperson, for any changes in property tax as a result of a re-assessment of the property, save and except any property taxes that accrued prior to the completion of this transaction.
- 21. TENDER:** Any tender of documents or money hereunder may be made upon Seller or Buyer or their respective lawyers on the day set for completion. Money shall be tendered with funds drawn on a lawyer's trust account in the form of a bank draft, certified cheque or wire transfer using the Large Value Transfer System.
- 22. FAMILY LAW ACT:** Seller warrants that spousal consent is not necessary to this transaction under the provisions of the Family Law Act, R.S.O. 1990 unless the spouse of the Seller has executed the consent hereinafter provided.
- 23. UFI:** Seller represents and warrants to Buyer that during the time Seller has owned the property, Seller has not caused any building on the property to be insulated with insulation containing ureaformaldehyde, and that to the best of Seller's knowledge no building on the property contains or has ever contained insulation that contains ureaformaldehyde. This warranty shall survive and not merge on the completion of this transaction, and if the building is part of a multiple unit building, this warranty shall only apply to that part of the building which is the subject of this transaction.
- 24. LEGAL, ACCOUNTING AND ENVIRONMENTAL ADVICE:** The parties acknowledge that any information provided by the brokerage is not legal, tax or environmental advice, and that it has been recommended that the parties obtain independent professional advice prior to signing this document.
- 25. CONSUMER REPORTS:** The Buyer is hereby notified that a consumer report containing credit and/or personal information may be referred to in connection with this transaction.
- 26. AGREEMENT IN WRITING:** If there is conflict or discrepancy between any provision added to this Agreement (including any Schedule attached hereto) and any provision in the standard pre-set portion hereof, the added provision shall supersede the standard pre-set provision to the extent of such conflict or discrepancy. This Agreement including any Schedule attached hereto, shall constitute the entire Agreement between Buyer and Seller. There is no representation, warranty, collateral agreement or condition, which affects this Agreement other than as expressed herein. For the purposes of this Agreement, Seller means vendor and Buyer means purchaser. This Agreement shall be read with all changes of gender or number required by the context.
- 27. TIME AND DATE:** Any reference to a time and date in this Agreement shall mean the time and date where the property is located.

INITIALS OF BUYER(S):



INITIALS OF SELLER(S):





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28. SUCCESSORS AND ASSIGNS: The heirs, executors, administrators, successors and assigns of the undersigned are bound by the terms herein.
SIGNED, SEALED AND DELIVERED in the presence of: IN WITNESS whereof I have hereunto set my hand and seal:

.....
(Witness)
.....
(Witness)

New York Brand Studio Inc. In Trust

.....
(Buyer/Authorized Signing Officer)
.....
(Buyer/Authorized Signing Officer)

.....
(Seal) (Date)
.....
(Seal) (Date)

I, the Undersigned Seller, agree to the above offer. I hereby irrevocably instruct my lawyer to pay directly to the brokerage(s) with whom I have agreed to pay commission, the unpaid balance of the commission together with applicable Harmonized Sales Tax (and any other taxes as may hereafter be applicable), from the proceeds of the sale prior to any payment to the undersigned on completion, as advised by the brokerage(s) to my lawyer.
SIGNED, SEALED AND DELIVERED in the presence of: IN WITNESS whereof I have hereunto set my hand and seal:

Nygard Properties Ltd.

.....
(Witness)

.....
(Seller/Authorized Signing Officer)

.....
(Seal) (Date)

.....
(Witness)

.....
(Seller/Authorized Signing Officer)

.....
(Seal) (Date)

SPOUSAL CONSENT: The undersigned spouse of the Seller hereby consents to the disposition evidenced herein pursuant to the provisions of the Family Law Act, R.S.O.1990, and hereby agrees to execute all necessary or incidental documents to give full force and effect to the sale evidenced herein.

.....
(Witness)

.....
(Spouse)

.....
(Seal) (Date)

CONFIRMATION OF ACCEPTANCE: Notwithstanding anything contained herein to the contrary, I confirm this Agreement with all changes both typed and written was finally accepted by all parties at this day of....., 20.....
(a.m./p.m.)

.....
(Signature of Seller or Buyer)

INFORMATION ON BROKERAGE(S)

Listing Brokerage (Tel.No.)
.....
(Salesperson/Broker/Broker of Record Name)
Co-op/Buyer Brokerage **Royal LePage Real Estate Professionals** **416-743-5000**
..... (Tel.No.)
Joe Notsch-Kupcho & Jason Notsch-Kupcho
.....
(Salesperson/Broker/Broker of Record Name)

ACKNOWLEDGEMENT

I acknowledge receipt of my signed copy of this accepted Agreement of Purchase and Sale and I authorize the Brokerage to forward a copy to my lawyer.

I acknowledge receipt of my signed copy of this accepted Agreement of Purchase and Sale and I authorize the Brokerage to forward a copy to my lawyer.

.....
(Seller) **NYGARD PROPERTIES LTD.** (Date)

.....
(Buyer) **New York Brand Studio Inc. In Trust** (Date)

.....
(Seller) (Date)

.....
(Buyer) (Date)

Address for Service

Address for Service

.....
(Tel. No.)

.....
(Tel. No.)

Seller's Lawyer

Buyer's Lawyer

Address

Address

Email

Email

.....
(Tel. No.)

.....
(Fax. No.)

.....
(Tel. No.)

.....
(Fax. No.)

FOR OFFICE USE ONLY

COMMISSION TRUST AGREEMENT

To: Co-operating Brokerage shown on the foregoing Agreement of Purchase and Sale:

In consideration for the Co-operating Brokerage procuring the foregoing Agreement of Purchase and Sale, I hereby declare that all moneys received or receivable by me in connection with the Transaction as contemplated in the MLS® Rules and Regulations of my Real Estate Board shall be receivable and held in trust. This agreement shall constitute a Commission Trust Agreement as defined in the MLS® Rules and shall be subject to and governed by the MLS® Rules pertaining to Commission Trust.

DATED as of the date and time of the acceptance of the foregoing Agreement of Purchase and Sale.

Acknowledged by:

.....
(Authorized to bind the Listing Brokerage)

.....
(Authorized to bind the Co-operating Brokerage)



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This Schedule is attached to and forms part of the Agreement of Purchase and Sale between:

BUYER: New York Brand Studio Inc. In Trust, and

SELLER: NYGARD PROPERTIES LTD.

for the purchase and sale of 1 Niagara St

dated the 11 day of March, 2020

Buyer agrees to pay the balance as follows:

1. Buyer agrees to pay the balance of the purchase price in cash, certified cheque or by bank draft or by wire transfer from solicitors trust account, to the Seller upon closing, subject to the usual adjustments.
2. For the purpose of this agreement, the terms "business days" or "banking days" shall mean any day other than a Saturday, Sunday, or Statutory Holiday in the Province of Ontario.
3. Seller agrees to discharge any mortgages, liens or other encumbrances now registered against the properties on or before closing.
4. The buyer agrees to pay a further sum of five hundred thousand dollars (\$500,000), to "Royal LePage Real Estate Professionals, In Trust", by certified cheque, within 5 business days of notification of fulfillment or removal of the conditions pertaining to said property, as an addition deposit to be held in trust pending completion or other termination of this agreement, this amount is to be credited towards the purchase price on completion of this transaction.
5. The Seller shall keep this Agreement and all information that the Seller receives regarding the property confidential but may provide this Agreement and such information to its legal counsel and other advisors on a "need to know" basis provided such persons agree to keep any information so provided confidential.
6. This Agreement shall, when signed and accepted as aforesaid, constitute the entire Agreement between the Buyer and Seller, and there is no representation, warranty, collateral agreement or condition affecting this Agreement or the Property or supported hereby other than as is in writing and signed by both parties. The provisions hereof shall not merge on closing, but shall continue to ensure to the benefit of and be binding upon the parties hereto and their respective successors and assigns (who shall from time to time upon request execute further documents to give full force and effect to the intent and fair meaning hereof).
7. The Buyer shall have the right to view the interior of the property Three (3) times prior to completion, at a mutually agreed upon time, providing Twenty Four (24) hour notice. The seller agrees to provide access to the property for the purpose of this viewing.
8. The seller agrees in the event that the Buyer does not waive the conditions within the dates and times as set out in this agreement and its amendments, the Seller give the Deposit Holder, the brokerage or other party holding the deposit an irrevocable direction to release the deposit to the buyer without the necessity of a Mutual Release signed by either party.
9. The Buyer shall have the right at any time prior to closing, to assign the within offer to any person, persons or corporations, either existing or to be incorporated, and upon deliver to the Seller of notice of such assignment, together with the assignee's covenant in favor of the Seller to be bound hereby as Buyer, the buyer herein before named shall stand released from all prior liability hereunder.

This form must be initialed by all parties to the Agreement of Purchase and Sale.

INITIALS OF BUYER(S):

INITIALS OF SELLER(S):



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This Schedule is attached to and forms part of the Agreement of Purchase and Sale between:

BUYER: New York Brand Studio Inc. In Trust, and

SELLER: NYGARD PROPERTIES LTD.

for the purchase and sale of 1 Niagara St

dated the 11 day of March, 2020

Buyer agrees to pay the balance as follows:

10. Seller agrees and warrants that there are no Agreements of any kind whatsoever made between the Seller herein, or its predecessors on title and any abutting landowners that may withhold or delay, or cause to withhold or delay the use of the herein properties directly or indirectly.

11. The Buyer represents that it is now or will by no later than the closing date be registered for the purpose of the Harmonized Tax ("HST") in accordance with the applicable provisions in that regard pursuant to the Excise Tax Act of Canada, as amended. The Buyer covenants to deliver a Statutory Declaration on closing confirming its HST registration number, which shall be conclusive of such HST registration, and shall preclude the Seller from collection of HST from the Buyer on closing. The Buyer further covenants to deliver an indemnity in favor of the Seller on closing as to any obligation or liability for payment of HST arising from completion of this Agreement.

12. The Seller agrees to deliver to the Buyer within two (2) business days after the confirmation of Acceptance date of this Agreement, the following documents (the 'Deliveries'):

a) An existing survey of the property completed by a registered Ontario Land Surveyor showing the structures situated hereon, land elevation, and any rights of way, encroachments, easements or other encumbrances if in the sellers possession;

b) Copies of all the "as built" plans, specifications and appraisals, and all plans for mechanical, electrical and structural systems if in the sellers possession;

13. The Agreement shall be completed thirty (30) days after the Seller's receipt in writing of the Buyer's waiver or satisfaction of the Buyers Conditions identified herein, or as otherwise mutually agreed upon by the parties. If that day falls on a Saturday, Sunday, or statutory holiday in the Province Of Ontario, the closing will move to the next business day following.

14. This offer is conditional for thirty days (30) 'Due Diligence Period' to satisfy itself in its absolute and unfettered discretion with but not limited to:

a) The physical condition of the property is acceptable to the buyer in the buyers absolute and unfettered discretion;

b) The suitability, feasibility and viability is satisfactory to the buyer for the buyers intended use, in the buyers absolute and unfettered discretion;

During the Buyer 'Due Diligence Period' the Seller agrees to allow the Buyer access to the property providing Twenty Four (24) hour notice to the seller for any needs for fulfilling the conditions. In the event the Buyer is satisfied in its absolute and unfettered discretion, the buyer must notify the Seller in writing within the aforementioned time limit that the condition is waived and the Agreement shall continue in full force and effect. If no such notice is delivered within the said time period stated herein, or the Buyer gives notice of its dissatisfaction with any of the foregoing items within such time limit, this Agreement shall be considered null and void and Buyer's deposit shall be returned without interest, deduction or penalty.

This form must be initialed by all parties to the Agreement of Purchase and Sale.

INITIALS OF BUYER(S):

INITIALS OF SELLER(S):



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Schedule B
Agreement of Purchase and Sale - Commercial

This Schedule is attached to and forms part of the Agreement of Purchase and Sale between:

BUYER: New York Brand Studio Inc. In Trust, and

SELLER: Nygard Properties Ltd.

for the purchase and sale of 1 Niagara St
..... dated the 11 day of March, 2020

TRUST DEPOSIT INTEREST AGREEMENT AND DIRECTION

In accordance with Subsection 27 of the Real Estate and Business Brokers Act, 202, (the "Act"), Royal LePage Real Estate Professionals (the "Brokerage"), will be the deposit holder of the Buyer's deposit which is given to the Brokerage to be held in trust with respect to this transaction. The deposit will be held by Royal LePage Real Estate Professionals and will be placed in the Brokerage's non interest bearing Real Estate Trust Account.

If the deposit to be held in Trust by the Brokerage is One Hundred Thousand Dollars (\$100,000.00) or greater and will be held for 60 days or more, the Brokerage shall place the deposit in a Term Deposit.

The Brokerage shall pay to the beneficial owner of the trust money upon completion of this transaction (referred to above) any interest it receives on the deposit provided that the total interest earned on the deposit is greater than \$100.00. The Brokerage shall be entitled to retain any interest earned on the deposit which is less than or equal to \$100.00. If required, a T5 will be issued for the interest amount as soon as possible after the closing or following the end of each calendar year, whichever comes first. Any interest cheques issued by the Brokerage and not negotiated within 6 months following completion of this transaction shall be forfeited to the Brokerage.

No interest shall be paid to the Buyer unless the Buyer provides the Brokerage with a Social Insurance Number prior to the completion of this transaction. Buyer's Social Insurance Number is:

All deposit cheques to be held for (15) banking days from the date of deposit or verification that the funds have cleared from the bank.

For the purpose of this Agreement, the terms "banking days" or "business days" shall mean any day other than a Saturday or a Sunday or Statutory Holiday in the Province of Ontario.

Buyer shall submit deposit by one of the following: either certified cheque, money order, or bank draft, payable to Royal LePage Real Estate Professionals Brokerage (exact name in full). Personal cheques or cash will not be accepted.

In the event no deposit is received by the Listing Brokerage's office by the next business day following the date of acceptance of this Agreement of Purchase and Sale, the Seller shall have the option to exercise his right to unilaterally declare this Agreement of Purchase and Sale null and void, at which time the Seller shall be at liberty to accept a new offer, in the absence of a Mutual Release executed by the Buyer.

This form must be initialed by all parties to the Agreement of Purchase and Sale.

INITIALS OF BUYER(S):**INITIALS OF SELLER(S):**

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BUYER: New York Brand Studio Inc. In Trust, and

SELLER: Nygard Properties Ltd.

for the purchase and sale of 1 Niagara St

dated the 11 day of March, 2020

In the event no waiver(s) signed by the Buyer arrived at the Listing Brokerage's office within the time limit for each and every condition provided herein, as evidenced by the Seller's or his agent's acknowledgement otherwise, the Seller shall exercise his right by virtue of the condition, to unilaterally declare this Agreement of Purchase and Sale null and void, at which time the Seller shall be at liberty to accept a new offer, in the absence of a Mutual Release executed by the Buyer.

This form must be initiated by all parties to the Agreement of Purchase and Sale.

INITIALS OF BUYER(S):



INITIALS OF SELLER(S):





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Confirmation of Co-operation and Representation

BUYER: New York Brand Studio Inc. In TrustSELLER: NYGARD PROPERTIES LTD.For the transaction on the property known as: 1 Niagara St**DEFINITIONS AND INTERPRETATIONS:** For the purposes of this Confirmation of Co-operation and Representation:

"Seller" includes a vendor, a landlord, lessor, or a prospective, seller, vendor, landlord or lessor and "Buyer" includes a purchaser, a tenant, lessee or a prospective, buyer, purchaser, tenant or lessee and "sale" includes a lease, and "Agreement of Purchase and Sale" includes an Agreement to Lease. Commission shall be deemed to include other remuneration.

The following information is confirmed by the undersigned salesperson/broker representatives of the Brokerage(s). If a Co-operating Brokerage is involved in the transaction, the brokerages agree to co-operate, in consideration of, and on the terms and conditions as set out below.

DECLARATION OF INSURANCE: The undersigned salesperson/broker representative(s) of the Brokerage(s) hereby declare that he/she is insured as required by the Real Estate and Business Brokers Act, 2002, (REBBA).

1. LISTING BROKERAGE

a) ☐ The Listing Brokerage represents the interests of the Seller in this transaction. It is further understood and agreed that:

- 1) ☐ The Listing Brokerage is not representing or providing Customer Service to the Buyer.
(If the Buyer is working with a Co-operating Brokerage, Section 3 is to be completed by Co-operating Brokerage)
- 2) ☐ The Listing Brokerage is providing Customer Service to the Buyer.

b) ☐ **MULTIPLE REPRESENTATION:** The Listing Brokerage has entered into a Buyer Representation Agreement with the Buyer and represents the interests of the Seller and the Buyer, with their consent, for this transaction. The Listing Brokerage must be impartial and equally protect the interests of the Seller and the Buyer in this transaction. The Listing Brokerage has a duty of full disclosure to both the Seller and the Buyer, including a requirement to disclose all factual information about the property known to the Listing Brokerage. However, the Listing Brokerage shall not disclose:

- That the Seller may or will accept less than the listed price, unless otherwise instructed in writing by the Seller;
- That the Buyer may or will pay more than the offered price, unless otherwise instructed in writing by the Buyer;
- The motivation of or personal information about the Seller or Buyer, unless otherwise instructed in writing by the party to which the information applies, or unless failure to disclose would constitute fraudulent, unlawful or unethical practice;
- The price the Buyer should offer or the price the Seller should accept;
- And; the Listing Brokerage shall not disclose to the Buyer the terms of any other offer.

However, it is understood that factual market information about comparable properties and information known to the Listing Brokerage concerning potential uses for the property will be disclosed to both Seller and Buyer to assist them to come to their own conclusions.

Additional comments and/or disclosures by Listing Brokerage: (e.g. The Listing Brokerage represents more than one Buyer offering on this property.)

2. PROPERTY SOLD BY BUYER BROKERAGE - PROPERTY NOT LISTED

☒ The Brokerage does represent the Buyer and the property is not listed with any real estate brokerage. The Brokerage will be paid (does/does not)

or: ☒ by the Seller in accordance with a Seller Customer Service Agreement
☐ by the Buyer directly

Additional comments and/or disclosures by Buyer Brokerage: (e.g. The Buyer Brokerage represents more than one Buyer offering on this property.)

The Seller Agrees To Pay The Buyers Agent 1.5% Plus HST of the Final Sale Price.

INITIALS OF BUYER(S)/SELLER(S)/BROKERAGE REPRESENTATIVE(S) (Where applicable)

BUYER




CO-OPERATING/BUYER BROKERAGE



SELLER



LISTING BROKERAGE

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3. Co-operating Brokerage completes Section 3 and Listing Brokerage completes Section 1.

CO-OPERATING BROKERAGE- REPRESENTATION:

- a) ☐ The Co-operating Brokerage represents the interests of the Buyer in this transaction.
b) ☐ The Co-operating Brokerage is providing Customer Service to the Buyer in this transaction.
c) ☐ The Co-operating Brokerage is not representing the Buyer and has not entered into an agreement to provide customer service(s) to the Buyer.

CO-OPERATING BROKERAGE- COMMISSION:

- a) ☐ The Listing Brokerage will pay the Co-operating Brokerage the commission as indicated in the MLS® information for the property
..... to be paid from the amount paid by the Seller to the Listing Brokerage.
(Commission As Indicated In MLS® Information)
b) ☐ The Co-operating Brokerage will be paid as follows:

Additional comments and/or disclosures by Co-operating Brokerage: (e.g., The Co-operating Brokerage represents more than one Buyer offering on this property.)

Commission will be payable as described above, plus applicable taxes.

COMMISSION TRUST AGREEMENT: If the above Co-operating Brokerage is receiving payment of commission from the Listing Brokerage, then the agreement between Listing Brokerage and Co-operating Brokerage further includes a Commission Trust Agreement, the consideration for which is the Co-operating Brokerage procuring an offer for a trade of the property, acceptable to the Seller. This Commission Trust Agreement shall be subject to and governed by the MLS® rules and regulations pertaining to commission trusts of the Listing Brokerage's local real estate board, if the local board's MLS® rules and regulations so provide. Otherwise, the provisions of the OREA recommended MLS® rules and regulations shall apply to this Commission Trust Agreement. For the purpose of this Commission Trust Agreement, the Commission Trust Amount shall be the amount noted in Section 3 above. The Listing Brokerage hereby declares that all monies received in connection with the trade shall constitute a Commission Trust and shall be held, in trust, for the Co-operating Brokerage under the terms of the applicable MLS® rules and regulations.

SIGNED BY THE BROKER/SALESPERSON REPRESENTATIVE(S) OF THE BROKERAGE(S) (Where applicable)

Royal LePage Real Estate Professionals
(Name of Co-operating/Buyer Brokerage)
8551 Weston Rd Vaughan On
Tel: **416-743-5000** Fax: **416-743-7195**
March 11, 2020
(Authorized to bind the Co-operating/Buyer Brokerage) (Date)
Joe Notsch-Kupcho & Jason Notsch-Kupcho
(Print Name of Salesperson/Broker/Broker of Record)

(Name of Listing Brokerage)
.....
Tel: Fax:
.....
(Authorized to bind the Listing Brokerage) (Date)
.....
(Print Name of Salesperson/Broker/Broker of Record)

CONSENT FOR MULTIPLE REPRESENTATION (To be completed only if the Brokerage represents more than one client for the transaction)

The Buyer/Seller consent with their initials to their Brokerage representing more than one client for this transaction.

.....
BUYER'S INITIALS

.....
SELLER'S INITIALS

ACKNOWLEDGEMENT

I have received, read, and understand the above information.

March 11, 2020
(Signature of Buyer) (Date)

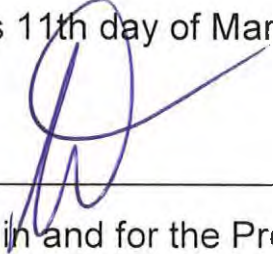
(Signature of Seller) (Date)

(Signature of Buyer) (Date)

(Signature of Seller) (Date)

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This is Exhibit "F" referred to in the
Affidavit of Greg Fenske
Affirmed before me at the City of
Winnipeg, this 11th day of March, 2020



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

TIGER

ASSET INTELLIGENT

November 14, 2019

Nygård International Partnership


Inventory Appraisal

Net Orderly Liquidation Value

PREPARED FOR Nygård International Partnership

INVENTORY DATE August 31, 2019



 NEW YORK | LOS ANGELES | BOSTON | CHICAGO | HOUSTON | TORONTO



Collateral Snapshot

Headquartered in Winnipeg, Manitoba, Nygård International Partnership is a distributor and retailer of Company-branded women's apparel. Nygård sells on a wholesale basis (\$133.6 million in sales during the 12 months ended August 2019), with customers consisting of department stores, big-box retailers, apparel retailers, and discount retailers. The Company also sells directly to consumers through its retail stores (171 locations as of the appraisal date, \$103.2 million in sales), and through its e-commerce site, Nygård.com (\$5.9 million in sales). Nygård operates three distribution centers: one each in Winnipeg, Manitoba; Vaughan, Ontario; and Gardena, Calif.

Key Valuation Considerations

Separate NOLVs – Tiger provided separate NOLVs for warehouse inventory, inventory at retail stores, and in-transit inventory; Tiger has assumed that in a liquidation, products on hand at stores would be sold through their respective locations, with no further replenishment from warehouses. Tiger further separated NOLVs for warehouse inventory by age. The Company tracks aging by lot and provided reporting categorizing inventory into three aging classifications: aged less than 196 days, aged between 197 and 365 days, and aged more than 365 days.

Sales Trend – Sales through all three channels during the 12 months ended August 2019 declined compared to the year prior. The Company's wholesale sales declined by 13.6%, retail store comparable sales declined by 5.9%, and e-commerce sales declined by 14.4%.

Wholesale – Tiger has assumed that in a liquidation, customers that purchase on a wholesale basis would continue purchasing SKUs they currently carry in quantities sufficient to keep store shelves stocked but would not increase purchasing velocity. Warehouse and in-transit inventory not sold to current customers would be marketed to opportunistic buyers, including e-tailers, discount retailers that do not currently purchase from the Company, and jobbers; opportunistic buyers would require lower prices than current customers to encourage purchases.

Retail – Tiger has assumed that retail inventory would be liquidated under a court-protected going-out-of-business sale, in which the Company would be permitted to use highly promotional signage; Tiger has assumed that the liquidator would employ sign walkers at freestanding stores and stores within power centers and utilize liquidation signage advertising available discounts to drive traffic to stores, with discounts increasing as the sale progresses.

Customer Concentration – During the 12 months ended August 2019, top customer Dillard's accounted for 87.0% of wholesale sales in the U.S. Tiger has assumed that in a liquidation, Dillard's would continue purchasing; Tiger cautions that if Dillard's stopped purchasing from the Company prior to the start of a liquidation, or declined to participate in a liquidation sale, recovery values would be negatively affected.

Appraisal Facts	
Company Name	Nygård International Partnership
Industry	Women's Apparel and Accessories
Corporate Office	1771 Inkster Blvd. Winnipeg, MB R2X 1R3
No. of Stores	169 throughout Canada. 2 in the U.S.
Major Inv. Categories	Pants, Blouses/Shirts/Tunic, and Sweaters
Fiscal Year End	January
Cost Methodology	Invoice Cost, FIFO
Inventory Date	August 31, 2019

Key Indicators (CAD \$ in 000s)				
12 Month Business Indicators	Wholesale		Direct to Consumer	Total
	Canada	U.S.		
Sales to 3rd Party	\$29,106	\$103,464	\$109,026	\$241,596
Intracompany Sales	59,141	1,030	N/A	N/A
Total Sales	\$88,247	\$104,495	\$109,026	\$301,768
Gross Margin (1)	37.7%	45.3%	46.2%	43.5%
Inv. Turnover (1)	3.1	2.7	3.1	2.9

(1) Includes intracompany and e-commerce sales.

Current Pro Forma (CAD \$ in 000s)				
Assumptions	Warehouse	In-Transit	Retail	Total
Eligible Inv. at Cost	\$29,077	\$10,138	\$17,908	\$57,123
Projected GOLV	23,669	8,583	20,299	52,550
% of Cost	81.4%	84.7%	113.4%	92.0%
Liquidation Expenses	4,498	3,250	9,977	17,725
% of Cost	15.5%	32.1%	55.7%	31.0%
Projected NOLV	\$19,170	\$5,333	\$10,322	\$34,825
% of Cost	65.9%	52.6%	57.6%	61.0%
Estimated Sale Term	12.0 Weeks	12.0 Weeks	6.6 Weeks	N/A
Multiplier	N/A	N/A	1.54	N/A

Monthly Pro Forma (NOLV % of Cost)				
Sale Start Date	Warehouse	In-Transit	Retail	Total
September 2019	65.9%	52.6%	57.6%	61.0%
October	65.4%	52.5%	57.0%	60.4%
November	65.7%	51.8%	60.0%	61.1%
December 2019	64.9%	48.9%	60.3%	60.4%
January 2020	65.0%	53.1%	51.0%	57.1%
February	66.1%	53.4%	52.2%	57.2%
March	66.0%	52.2%	56.4%	60.0%
April	64.4%	50.5%	59.9%	60.5%
May	64.1%	50.7%	62.1%	60.4%
June	64.2%	51.5%	64.6%	62.3%
July	64.6%	52.0%	59.7%	60.8%
August 2020	66.5%	53.6%	57.8%	60.8%
Average	65.2%	52.0%	58.5%	60.2%

CONTACT

JASON RAE Managing Director

t (617) 523-7022

e JRae@TigerGroup.com

RYAN DAVIS Managing Director

t (617) 523-5863

e RDavis@TigerGroup.com

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Scope of Work

Client / Company

Tiger Valuation Services, LLC ("Tiger") has been retained by Peter Nygard of Nygård International Partnership ("Nygård" or the "Client") to provide a Net Orderly Liquidation Value ("NOLV") for Nygård International Partnership's ("Nygård" or the "Company") inventory. The following appraisal focuses on the realizable value of the eligible inventory from an orderly liquidation sale. Tiger understands that this appraisal will be used for asset-based lending purposes by a Lender.

Basis of Sale

Tiger has assumed that the liquidation would be conducted on a non-guaranteed commission basis. A guaranteed equity bid would result in lower net recovery values.

For businesses with both wholesale and retail operations, it is common that following bankruptcy, the retail portion of the business liquidates, while the wholesale business remains in operation. In its analysis, Tiger has assumed that in a liquidation, inventory would not be transferred from the warehouses to the Company's retail locations. Tiger notes that both the retail wholesale businesses liquidate, it is likely that at least a portion of the inventory in-transit and at the Company's Canada warehouses would be sold through retail stores.

Tiger has assumed that retail store inventory would be sold under the guidance and protections of a court-authorized going-out-of-business ("GOB") sale, in which the inventory would be sold to the general public through the Company's retail locations in a widely advertised liquidation event. Court protection provides the Company with the ability to use highly promotional store signage that is otherwise prohibited within lease agreements, the ability to vacate stores, and other rights to maximize the value of its assets.

Management Discussions

Tiger conducted management interviews with the following key personnel:

Name	Position Title
Sajjad Hudda	Chief Executive Officer
Kevin Carkner	Director of Finance

Site Visits

Nygård operates three distribution centers – one in Winnipeg, Canada and one in Gardena, Calif. – and 171 retail stores: 169 locations in Canada and two in the U.S. Tiger conducted on-site evaluations of the Gardena and Vaughan distribution centers and 31 retail stores.

Information Sources

Tiger based its analysis on the Company's reported eligible inventory as of August 31, 2019. Also presented in the report

are sales and gross margin data for the 12 months ended August 2019. Liquidation expenses were calculated using operating expenses for the 12 months ended August 2019. Company-provided documents can be furnished for review upon request.

Currency

Nygård records sales and inventory in both USD and CAD. Consistent with the borrowing base, Tiger has presented all figures in CAD.

Expenses

The expenses budgeted in Tiger's model include only those that would be incurred during the sale term. Expenses do not include any payroll or other payments in arrears nor does the analysis give credit for any prepaid expenses such as insurance or property taxes. Budgeted occupancy costs assume quiet, unencumbered use of the Company's corporate office, stores, and warehouses. It is assumed that the liquidator could vacate Company facilities with standard notice, incurring no further occupancy costs for the locations.

Payment Terms

Tiger has assumed that in a liquidation, payment terms would be extended to credit-worthy wholesale customers that have received terms from the Company in the past. Tiger has assumed that sales to all other buyers would be made with cash-on-delivery payment terms.

Ineligible Inventory

Tiger has considered certain inventory to be ineligible. Further information about ineligible inventory is presented in the Eligible Inventory section of this report (page 5).

Monthly Pro Forma

Nygård's sales are highest in fall and spring, when wholesale customers place initial orders, and are significantly lower in the winter. Inventory also fluctuates seasonally, with levels typically highest in the months ahead of the peak selling season, and lowest at the end of the winter. In order to account for the changes in sales and inventory levels, Tiger has projected monthly NOLVs for the 12 months ended August 2020. When developing monthly NOLVs, Tiger utilized Company-provided projections for store count. Inventory at cost projections were provided by the Company and adjusted for expected ineligible merchandise. Tiger estimated rollforward warehouse inventory at sell price using the maintained markup (MMU) as of August 31, 2019, and estimated rollforward retail store inventory at retail using the initial markup (IMU) as of the same date (Exhibit I-2).

Confidentiality

The contents of this appraisal and valuation are to be considered confidential and for the use of the Client only and shall not be transmitted to any third party without the express written consent of Tiger.

Company Overview

Headquartered in Winnipeg, Manitoba, Nygård International Partnership is a distributor and retailer of women's apparel. Founded by Peter Nygård in 1967, Nygård International Partnership originally specialized in women's sportswear; over the years, the Company expanded its product selection, and today sells a wide variety of women's apparel, such as jeans, sweaters, shirts, outerwear, swimwear, and accessories.

Nygård utilizes three Company-operated facilities for all inventory storage and distribution; two of the Company's distribution centers are located in Canada – with one in Winnipeg, Manitoba and one in Vaughan, Ontario – while the third is located in Gardena, Calif. The two distribution centers in Canada are used to fulfill wholesale orders for customers in Canada, replenish stores in Canada, and fulfill Canada e-commerce orders, while the U.S. warehouse is used to replenish U.S. stores and fulfill wholesale and e-commerce orders for customers in the U.S.

Products

Nygård sells apparel under six Company-owned brand names – Nygård SLIMS, Peter Nygård, Bianca Nygård, Alia, TanJay, and ADX. Each brand is differentiated from the others by target consumer or product type. For example, Peter Nygård products are designed for women between the ages of 25 and 45, while Alia-branded products are intended for women age 65 and older. The Nygård SLIMS, ADX, and Bianca Nygård brands, meanwhile, are differentiated by product type; Nygård SLIMS and ADX products consist primarily of shapewear pants, while Briana Nygård products consist primarily of sweaters.

Products sold under each brand include both core styles, which are generally carried for multiple years, and seasonal styles. The Company has two seasonal fashion lines – fall and spring – and introduces new styles for each season every year. Management stated that the Company presents the new styles for a given season to wholesale customers a few months ahead of each fashion season; the same styles are rolled out in stores throughout the season, with new products typically arriving every four weeks.



Nygård SLIMS pants, TanJay shirt, and Alia pants

Sales Channels

Nygård sells both on a wholesale basis and directly to consumers through retail stores and a Company-operated e-commerce website. The Company sells largely the same products through all three channels; when inventory is transferred to retail stores, it is sold by the wholesale division to the retail division at an intracompany margin.

The table below shows eligible inventory as of the appraisal date, as well as sales, gross margin, and turnover for the 12 months ended August 2019.

Key Metrics					
Division Name	Average Inventory	Net Sales	Gross Margin %	Inventory Turnover	Days Sales in Inv.
Wholesale					
Canada	\$17,734	\$88,247	37.7%	3.1	118
United States	21,442	105,525	45.3%	2.7	136
Subtotal	39,176	193,772	41.9%	2.9	127
Retail	19,256	109,741	46.2%	3.1	119
Total	\$58,432	\$303,513	43.5%	2.9	124

Wholesale

Nygård sells on a wholesale basis to retailers in both the U.S. and Canada, with customers in both countries consisting primarily of department stores, big-box retailers, and club stores. During the 12 months ended August 2019, Nygård's top wholesale customers was Dillard's, which accounted for 87.0% of sales in the U.S.

The majority of Nygård's customers purchase the same products that the Company sells through its retail stores and website. Costco and Walmart, meanwhile, purchase products made specifically for their stores; the Costco and Walmart items are typically similar in style to the Company's other products, but have different labels, are made from less-expensive materials, and generally sell at lower retail price points.

Retailers of all types stock the Company's products. Most retailers – with the exception of Costco – place regular replenishment orders for core styles throughout the year; customers also place initial orders for seasonal products ahead of each season, followed by replenishment orders throughout the season. Costco, meanwhile, purchases more intermittently, generally selling through all merchandise on hand before placing a new order.

The order submission process varies by customer. Nygård sends sales representatives to some customers' corporate offices to take initial orders for seasonal goods and plan replenishment; other customers submit orders via EDI.

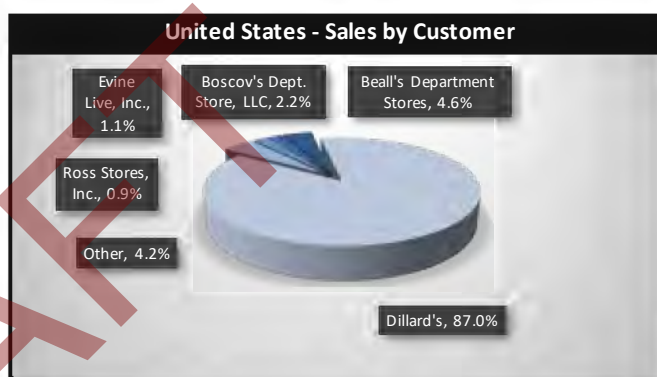
The Company fulfills the majority of orders from on hand inventory, while initial shipments for Walmart are drop shipped directly from vendors to Walmart's facilities. Management stated that drop shipments account for about 5% of annual wholesale sales.

The Company regularly reviews warehouse inventory to identify past season products and excess core inventory. The Company sells products from past seasons and slow-moving core inventory primarily on a wholesale basis to discount retailers located in Canada; management stated that the Company occasionally transfers goods from the U.S. to Canada for sale to close out customers, but noted that Nygård generally only transfers inventory that has been marked down (see *Inventory Cost Methodology*, page 6).

Belk is Nygård's top closeout customer, although the retailer has reduced purchases from the Company in recent years; other discount retailers the Company sells to include Winners, Ross Stores, and Red Apple Stores.

Management stated that Nygård also sells slow-moving warehouse inventory at warehouse sales and estimated that each warehouse sale generates approximately \$500 thousand in sales.

The following chart summarizes the Company's wholesale sales by customer during the 12 months ended August 2019:



Nygård provides 60-day payment terms to Dillard's and 30-day terms to most other customers; the Company requires other retailers to pay before items are shipped.

Retail

The Company operates its stores under six banners: Nygård, Nygård Fashion Park, Nygård Fashion, Nygård Fashion World, Alia N TanJay, and Jay Set. The product mix in stores varies by banner. Stores under the four Nygård banners carry products from all six of the Company's brands; some Alia N TanJay stores – typically higher-volume locations – also carry products from all brands, while others carry a more limited selection of labels – generally only the TanJay, Alia, and ADX brands. JaySet stores, meanwhile, are outlet locations; Jay Set stores carry excess and past season products from all brands.

The Company regularly marks down seasonal inventory in its stores; mark downs on core inventory, meanwhile, are limited. Markdowns for products at full price stores are based on target sell through rates determined by management. Products are first marked down by 30%, with the initial mark down occurring as early as three

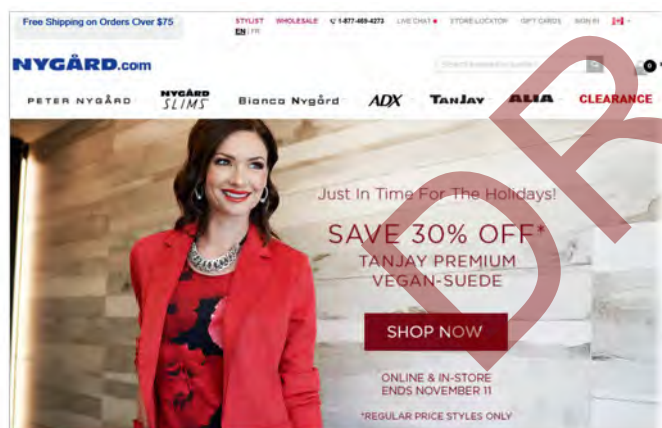
weeks after introduction and as late as 16 weeks post-introduction, according to management. If they still do not meet sell through targets, the Company then marks the products down by 50%; products that remain unsold after the 50% mark down are transferred to Jay Set stores.

The mark down cadence at Jay Set stores is based on how long products are on hand. The Company marks products at Jay Set stores down by 25% if they are still on hand after four weeks, followed by a 50% markdown after eight weeks; any inventory that remains unsold after the 50% mark down is first reduced to 75% off and then offered at \$2 to \$3 dollars.

E-Commerce

Nygård sells products from all of its brands through its e-commerce website, Nygård.com. The prices for products on the website are the same as those in stores; management stated that when an item is marked down in stores, the web price is also typically reduced.

Nygård uses the Magento Cloud e-commerce platform and maintains the site in house.



Nygård.com homepage as of November 2019

Vendors

Nygård sources inventory from overseas garment manufacturers, including vendors in China, Indonesia, Jordan, Bangladesh, India, and Vietnam. Vendors offer 30-day terms.

Nygård determines the quantity of inventory to source by utilizing wholesale customers' initial orders and replenishment forecasts as well as the Company's internal forecasts for its retail stores. Management stated that orders typically have a lead time of size months.

Marketing

Nygård markets both to wholesale customers and to consumers. The Company employs 10 wholesale salespeople and also utilizes third-party sale representatives to market to wholesale customers. Both Company-employed and contract salespeople manage relationships with existing customers and market to potential customers. Company-employed sales personnel are compensated with salary and commission, while third-party representatives are compensated solely with commissions.

Nygård markets inventory to consumers with the following methods:

- **VIP Contacts:** Nygård has a customer contact database containing names and contact information for frequent customers. The Company also sends emails to customer contact, and sales associates at each store call contacts on their lists.
- **Social Media:** The Company promotes its merchandise on social media platforms, including Facebook, Twitter, Instagram, and Snapchat; Nygård manages its social media marketing in house.

Returns

The Company's return policy varies by channel:

- **Wholesale:** Nygård does not accept returns of items purchased on a wholesale basis; the Company provides customers with credits for slow-moving and consumer returns.
- **Retail:** Nygård's return policy varies by store type. At full price stores, the Company accepts returns of non-clearance items within 30 days of purchase when the item is accompanied by a receipt and its original product tags. Nygård provides a refund via the original method of purchase; for returns without a receipt, store managers may provide store credit. Items purchased from clearance locations cannot be refunded, although they may be exchanged within 14 days of the purchase date if accompanied by a receipt.

Nygård did not provide information on returns and customer credits by sales channel, but did provide the total returns, credits, and discounts issued by the Company. During the 12 months ended January 2019, credits, discounts, and allowances totaled 34.8% of gross sales.

Eligible Inventory

Inventory Availability

As part of its diligence, Tiger reconciled the inventory in the Company's borrowing base certificate to the reporting provided by the Company to Tiger. The table below summarizes the Company's borrowing base certificate and the perpetual inventory report used in the analysis (also shown in Exhibit B).

Inventory Items	Wholesale				Total	Retail	Total
	Finished Goods		Raw Materials	Total			
	On-Hand	In-Transit					
Borrowing Base Certificate							
<u>Gross Inventory</u>							
Perpetual Reports	\$29,276	\$10,138	\$39,414	\$224	\$39,639	\$18,453	\$58,091
<u>Ineligible Inventory</u>							
Raw Material	-	-	-	(224)	(224)	-	(224)
Mark Up-Retail Inventory	-	-	-	-	-	(6,491)	(6,491)
Closed Retail Stores	-	-	-	-	-	(21)	(21)
Retail Stores < \$50M	-	-	-	-	-	(99)	(99)
Test Count reserve @ 5%	-	-	-	-	-	(511)	(511)
Consignment Inventory	-	(8,516)	(8,516)	-	(8,516)	-	(8,516)
>52 Weeks	(465)	-	(465)	-	(465)	(1,614)	(2,079)
Provision for Shrink	(199)	-	(199)	-	(199)	-	(199)
Subtotal	(665)	(8,516)	(9,181)	(224)	(9,405)	(8,735)	(18,140)
Eligible Inventory	\$28,611	\$1,622	\$30,234	\$0	\$30,234	\$9,718	\$39,951
Tiger Valuation's Analysis							
<u>Gross Inventory</u>							
Perpetual Reports	\$29,276	\$10,138	\$39,414	\$224	\$39,639	\$18,539	\$58,177
<u>Ineligible Inventory</u>							
Raw Material	-	-	-	(224)	(224)	-	(224)
Mark Up-Retail Inventory	-	-	-	-	-	-	-
Closed Retail Stores	-	-	-	-	-	(21)	(21)
Retail Stores < \$50M	-	-	-	-	-	(99)	(99)
Test Count reserve @ 5%	-	-	-	-	-	(511)	(511)
Consignment Inventory	-	-	-	-	-	-	-
>52 Weeks	-	-	-	-	-	-	-
Provision for Shrink	(199)	-	(199)	-	(199)	-	(199)
Subtotal	(199)	-	(199)	(224)	(423)	(631)	(1,054)
Eligible Inventory	\$29,077	\$10,138	\$39,215	\$0	\$39,215	\$17,908	\$57,123
Report Variances							
<u>Gross Inventory</u>							
Perpetual Reports	\$0	\$0	\$0	\$0	\$0	(\$86)	(\$86)
<u>Ineligible Inventory</u>							
Raw Material	-	-	-	-	-	-	-
Mark Up-Retail Inventory	-	-	-	-	-	(6,491)	(6,491)
Closed Retail Stores	-	-	-	-	-	-	-
Retail Stores < \$50M	-	-	-	-	-	-	-
Test Count reserve @ 5%	-	-	-	-	-	-	-
Consignment Inventory	-	(8,516)	(8,516)	-	(8,516)	-	(8,516)
>52 Weeks	(465)	-	(465)	-	(465)	(1,614)	(2,079)
Provision for Shrink	-	-	-	-	-	-	-
Subtotal	(465)	(8,516)	(8,982)	-	(8,982)	(8,104)	(17,086)
Eligible Inventory	(\$465)	(\$8,516)	(\$8,982)	\$0	(\$8,982)	(\$8,190)	(\$17,172)

Gross Inventory

As of the appraisal date, \$10.1 million of inventory at cost was in transit from vendors to the Company's warehouses. It typically takes four weeks for in-transit inventory to arrive at the Company's facilities.

Ineligible Inventory

The following categories are considered ineligible on the borrowing base certificate or in Tiger's analysis:

- **Raw Materials** – Nygård has raw materials on hand remaining from when the Company used to manufacture apparel in Canada; consistent with the borrowing base, Tiger considered raw materials to be ineligible.
- **Mark Up Retail Inventory** – When inventory is transferred to retail stores, it is sold by the wholesale division to the retail division at an intracompany margin. Inventory at the retail stores is recorded at gross cost (including the intracompany margin). The borrowing base includes a reserve for the intracompany margin; however, at the Client's request, Tiger valued inventory at gross cost and did not match the reserve.
- **Closed Retail Stores** – A portion of inventory was located at retail stores that the Company had closed; inventory at closed stores was considered ineligible on the borrowing base and in Tiger's analysis.
- **Retail Stores < \$50M** – Inventory at stores with less than \$50 thousand of inventory at cost on hand was considered ineligible.
- **Test Count Reserve** – The borrowing base includes a reserve to account for the potential difference in the amount of retail inventory recorded on the perpetual report and the amount observed to be on hand during test counts; Tiger matched the reserve in its analysis.
- **Consignment Inventory** – Inventory classified as Consignment on the borrowing base consists of in-transit products for which the Company has not yet paid vendors. At the Client's request, Tiger did not match the Consignment ineligible.
- **>52 Weeks** – Inventory that had been on hand for more than 52 weeks was considered ineligible on the borrowing base; at the Client's request, Tiger considered this inventory to be eligible.
- **Provision for Shrink** – The borrowing base includes a reserve to account for potential missing and damaged items. Tiger matched the reserve in its analysis but notes that in a liquidation, actual shrink could be significantly lower or higher than the provided estimate. In GOB proceedings, it is typical for a physical inventory count to be performed to determine actual on-hand inventory amounts.

Inventory Cost Methodology

When products are designated for sale through retail stores, the items are sold by the wholesale division to the retail division at an intracompany margin. The cost of inventory at the warehouse – including in-transit products – includes the invoice price of the product and capitalized freight and duty; no other expenses are included in the cost of inventory. Inventory at retail stores is recorded at the price paid to the wholesale division, including the intracompany margin.

The Company writes down the perpetual cost of seasonal inventory at the warehouse based on how long it has been on hand. The first write-down is typically done after the inventory has been on hand for 13 weeks, with additional write-downs at 28 weeks, 39 weeks, and 52 weeks.

Inventory Aging

Nygård tracks inventory aging by lot, categorizing inventory into three age classifications: 0 to 196 days, 197 to 365 days, and over 365 days old; Tiger provided separate NOLVs for each aging classification.

Inventory at Sell Price

Tiger utilized the gross margin by category for the 12 months ended August 2019 to estimate the selling price for warehouse inventory on hand as of the appraisal date; the Company provided the original ticketed retail price for inventory at retail stores.

Information Systems

The Company uses Microsoft Dynamics AX to maintain its perpetual inventory and for financial reporting. Tiger found the Company's information systems to be sufficient to support a liquidation sale.

Inventory by Location






Nygård operates three distribution centers and 171 retail stores. The distribution centers – which are located in Winnipeg, Manitoba; Vaughan, Ontario; and Gardena, Calif. – are all utilized both to fulfill wholesale and e-commerce orders and to replenish the retail stores. Eligible on-hand wholesale inventory was located at the distribution centers, while retail inventory was located in stores. The table summarizes the wholesale and retail inventory on hand by location as of the appraisal date.

Inventory by Location					
Location Name	Address	City	State	Inventory at Cost	
				\$	% of Total
<u>Corporate Office</u>					
Corporate Headquarters	1771 Inkster Blvd	Winnipeg	MB	\$4,324	9.1%
<u>Company-Operated Warehouses</u>					
Vaughn Warehouse	239 Chrislea Road	Vaughan	ON	7,001	14.7%
Gardena Warehouse	14702 S Maple Avenue	Gardena	CA	0	0.0%
Gardena Warehouse	312 S Rosecrans Avenue	Gardena	CA	2,410	5.1%
Gardena Warehouse	332 S Rosecrans Avenue	Gardena	CA	4,354	9.1%
Gardena Warehouse	14401 S San Pedro Street	Gardena	CA	11,187	23.5%
Subtotal				24,952	52.3%
<u>Retail Stores</u>					
Canada	N/A	N/A	N/A	18,138	38.0%
United States	N/A	N/A	N/A	283	0.6%
Subtotal				18,421	38.6%
Total				\$47,697	100.0%

Nature of Inventory

Both wholesale and retail inventory consist of products from Nygård's six Company-owned brands: Nygård, Nygård Fashion Park, Nygård Fashion, Nygård Fashion World, Alia N TanJay, and Jay Set. The Company sells a broad assortment of apparel – ranging from shirts and sweaters to shorts and jeans – under both the Nygård labels and the Alia brand, and carries a smaller selection of product types under the Nygård SLIMS, ADX, and Bianca Nygård brands. The top product categories are summarized in the table below.

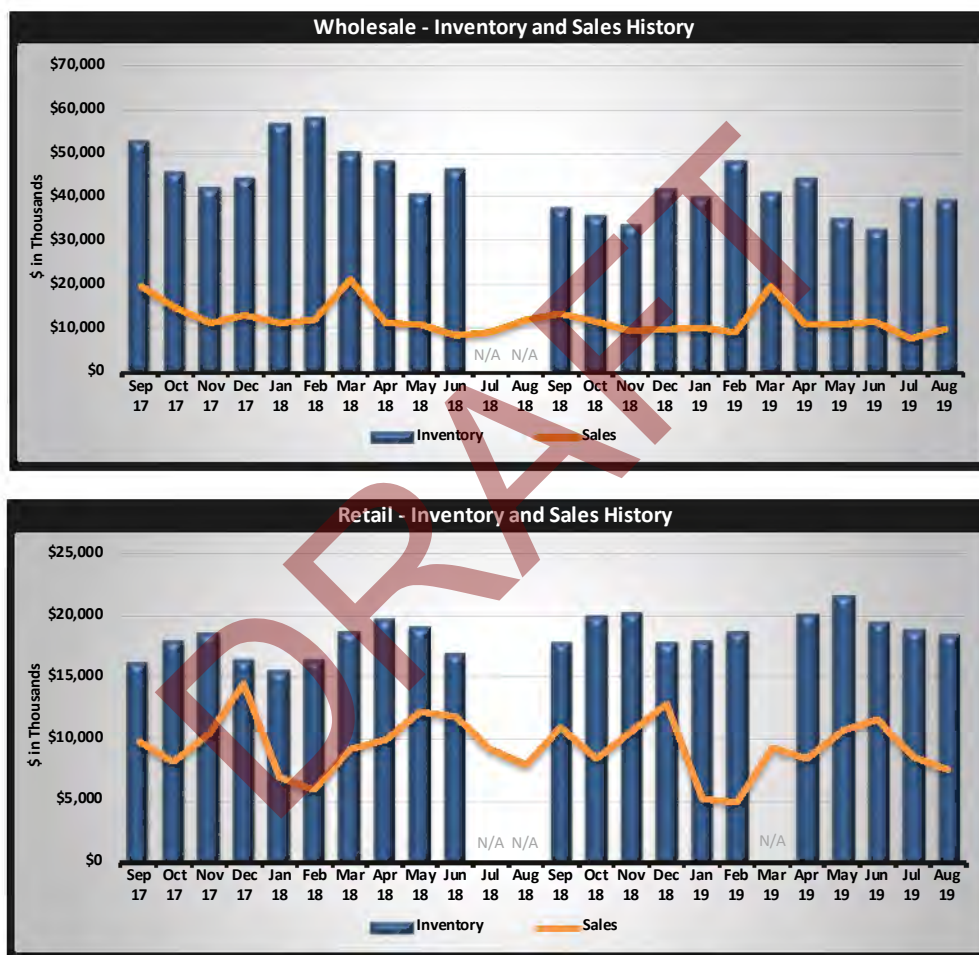
Products

Category	Description	Image
Pants (38.5% of eligible wholesale inventory as of the appraisal date, 16.7% of retail inventory)	Nygård sells a variety of women's pants, such as jeans, leggings, jeggings, and boot cut pants. Many of the Company's pants – including all jeans – are made from stretch fabrics; Nygård SLIMS pants in particular are made from 360-degree stretch fabric meant to provide form control, similar to shapewear.	
Shorts/Capri/Crops (6.5%, 2.9%)	In addition to full-length pants, Nygård offers shorts, capris, and cropped pants, with many products made from rayon, nylon, spandex, and other stretch fabrics.	
Cut & Sew/T-Shirts (11.3%, 11.0%)	The Cut&Sew/T-Shirts category consists of casual shirts, such as tank tops and t-shirts, in a variety of cuts, colors, and patterns.	
Blouses/Shirts/Tunic (11.4%, 5.3%)	The Company offers a wide selection of tops, including tunics, dress tank tops, blouses, and button-up shirts.	
Sweaters (10.9%, 6.0%)	Nygård's sells cardigans, capes, ponchos, and cowl-neck sweaters, among various other sweater styles. Nygård's sweaters are made from materials such as cotton, acrylic, polyester, and rayon.	
Other (11.5%, 8.2%)	Other products the Company sells include accessories, jackets, vests, and knitwear.	

Sales and Inventory History

Tiger examined Nygård's sales and inventory history for the 24 months leading up to the appraisal date in order to establish whether there are patterns or trends to the changes in the Company's monthly sales and inventory levels; for some of the months requested, the Company did not provide inventory data.

Sales and inventory levels for both wholesale and retail products fluctuate throughout the year, driven primarily by the introduction of new seasonal products. Wholesale inventory is highest in the late winter/early spring and late summer, when the Company receives shipments of seasonal products from vendors, while sales are higher in the early spring and fall when wholesale customers receive their initial orders. Sales at the Company's retail stores, meanwhile, are higher in the spring and fall, when new styles are introduced; sales also spike in December, during the holiday shopping season.



Inventory by Season

Definition

Tiger examined the Company's inventory by season classification. Nygård carries both core items, which are typically carried for multiple years, and seasonal items, which are carried for a single season; the Company introduces seasonal products ahead the spring, summer, fall, and winter holiday seasons.

Data Sources

Tiger received the following reporting from the Company:

- **Perpetual inventory report as of Augst 31, 2019** – Nygård tracks season by SKU in its perpetual report.

Data Interpretation

The table below summarizes wholesale inventory composition by season classification for both Canada and the U.S.

Inventory By Season						
Season	Canada		United States		Total	
	\$	% of Total	\$	% of Total	\$	% of Total
Core	\$5,444	48.1%	\$12,849	71.6%	\$18,293	62.5%
Holiday 20	0	0.0%	3	0.0%	4	0.0%
Fall 20	4,411	39.0%	3,910	21.8%	8,322	28.4%
Spring 19	1,290	11.4%	999	5.6%	2,289	7.8%
Holiday 19	119	1.0%	152	0.8%	271	0.9%
Older than Holiday 19	61	0.5%	37	0.2%	99	0.3%
Total	\$11,325	100.0%	\$17,951	100.0%	\$29,276	100.0%

Conclusions

The majority of wholesale inventory on hand as of the appraisal date consisted of core styles (48.1% of eligible warehouse inventory in Canada and 71.6% in the U.S.) and current seasonal items (Fall and Holiday 2020: 21.8% of inventory in the U.S. and 39.0% in Canada). Seasonal styles from past seasons, meanwhile, only accounted for a minimal proportion of inventory. Management stated that the Company typically writes down the cost of past season items and sells the products both at discounts to wholesale customers and through its outlet stores. Management noted that the Company had an excess supply of wholesale core items on hand as of the appraisal date; management stated that the Company had sourced a selection of core styles – primarily consisting of Nygård SLIMS pants – for wholesale customers that went out of business or otherwise declined to purchase the inventory. The Company subsequently reduced sourcing of core items, and has been selling through the products on hand.

In a liquidation, the excess core products in wholesale inventory – as well as most products from past seasons – would be sold primarily to opportunistic buyers, which would require lower prices than current customers to encourage purchases. Tiger took inventory by season into consideration when determining the proportion of inventory that would be sold to opportunistic buyers in a liquidation.

Value Conclusions

Projected Net Orderly Liquidation Value

The net orderly liquidation value (NOLV) represents the proceeds from the liquidation of inventory after all associated operating costs and other fees have been deducted. In a liquidation, there are expenses that are directly related to a certain asset type, as well as general expenses that are incurred regardless of the inventory type. For example, landing costs are directly related to in-transit goods, while corporate overhead, such as occupancy and utilities, is not related to any specific asset type. Expenses that are directly related to an inventory type were allocated to these assets. General expenses were allocated based on the eligible inventory mix.

Consistent with the borrowing base certificate, Tiger has presented separate NOLVs for inventory aged less than 196 days, inventory aged between 197 and 365 days, and inventory aged over 365 days. The Company tracks inventory by lot, and, as a result, a portion of SKUs are present in multiple aging classifications; Tiger has assumed that orders for SKUs present in multiple aging classifications would be fulfilled first with the newer products.

Monthly Pro Forma

Over the course of the year, changing inventory levels and sales capacities impact achievable recovery values; in order to account for such factors, Tiger has projected monthly NOLVs for the 12 months ending August 2020. The optimal starting point for most GOB events is just prior to a company's busiest sales seasons. Nygård's wholesale sales volumes tend to peak prior to the winter holiday selling season and during the late winter, when customers place orders for new spring collections. Store and e-commerce sales volumes, meanwhile, are typically highest during the winter holiday shopping season and in the spring, when new styles are made available to consumers. NOLVs for warehouse and in-transit inventory are therefore expected to be highest for sales commencing during the months of July through March, while NOLVs for retail inventory are projected to be highest from April through June and October through December.

Tiger's projected NOLVs for each of the 12 months ending August 2020 are presented on Exhibit A.

Liquidation Strategy

Tiger has assumed that the Company's inventory would be liquidated under an Orderly Liquidation Sale.

On-Hand and In-Transit Wholesale Inventory

Nygård sells on a wholesale basis to department stores; big-box retailers; apparel retailers; club stores, including Costco; and discount retailers. Most retailers, with the exception of Costco, place regular replenishment orders throughout the year for core styles, and place initial orders for seasonal products ahead of each fashion season, followed by regular replenishment orders throughout the season. Costco, meanwhile, purchases intermittently, generally selling through all merchandise on hand before placing a new order.

Tiger has assumed that in a liquidation, retailers that buy on a regular basis would continue purchasing, but would not increase purchase velocities; Tiger has assumed that Costco, meanwhile, would not participate in a liquidation. Payment terms would be extended to credit-worthy customers that had received terms in the past, while all other buyers would be required to pay in cash; discounts would be offered to current customers to account for final sale terms, early delivery, and the partial completion of some orders.

In-transit inventory typically takes four weeks to arrive at the Company's distribution centers, and Tiger has assumed that it would arrive within the first four weeks of the sale term; in-transit inventory would be marketed to current customers along with on-hand inventory.

In the normal course of business, the Company arranges for Walmart's initial orders to be drop shipped directly from vendors; replenishment orders of these same SKUs are shipped from Nygård's warehouses. Tiger has assumed that drop shipments would cease at the start of a liquidation.

The Company typically sells excess core inventory and past season products to discount retailers, including Winners, Ross Stores, and Red Apple Stores. Tiger has considered the Company's relationship with these buyers to be beneficial, as they would already be familiar with Nygård's products. In a liquidation, warehouse and in-transit inventory not sold to current customers would be marketed to opportunistic buyers, including discount retailers that have purchased the Company's products in the past, as well as other discount retailers, e-tailers, and jobbers. Tiger notes that in a liquidation, sales to current customers would consist primarily of the fastest-turning core products and current season merchandise, while sales to secondary buyers would consist primarily of slower-moving core inventory and past season goods; opportunistic buyers would require lower prices than those offered to current customers to encourage purchases of these items, leading to lower recovery values on sales made through this channel.

Retail Inventory

As of the appraisal date, the Company operated 169 stores throughout Canada and two stores in the U.S. – one each in New York City and Los Angeles. Tiger has assumed that in a liquidation, all products on hand at stores would be sold through their respective locations; there would be no further replenishment from warehouses. The liquidator would employ sign walkers at freestanding stores and stores within power centers, and utilize liquidation signage advertising available discounts to drive traffic to stores, with discounts offered on merchandise increasing as the sale progressed.

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Liquidation Costs

Tiger has budgeted only for direct liquidation costs that would be incurred during the sale period, including payroll, advertising, and occupancy.

Employee Retention

Warehouse, finance, and administrative staffing would be gradually reduced throughout the sale in order to minimize liquidation expenses. Core administrative employees would be retained to handle accounting and other general support functions. Store sales associates would also be retained to facilitate sales to customers and continue other store operations.

Payroll costs assume an employee incentive program budgeted at 10% of base wages in order to secure employment of “key” employees for the duration of the sale and minimize inventory shrinkage.

Advertising and Marketing

Nygård employs salespeople to market its products to wholesale customers and markets products to consumers using email campaigns, social media, and in-store signage. Tiger has assumed that the liquidator would use print advertising, email campaigns, and direct mail to drive sales. At stores, the liquidator would utilize promotional sign packages and sign walkers to generate customer traffic.

The liquidator would also market to opportunistic wholesale buyers through the use of print advertising, web advertising, email campaigns, and direct mail.

Facilities

As of the appraisal date, 61.4% of eligible on-hand inventory was located at warehouses, while 38.6% was on hand at retail stores (Exhibit H-1 and H-2).

Tiger has assumed that in a liquidation, warehouses would remain open for the duration of the sale term, while stores would remain open for an average of 6.7 weeks. Tiger budgeted for the cost to continue operating the Company’s distribution centers and stores in the liquidation expenses of this report.

In-Transit

As of the appraisal date, 25.9% of the Company’s wholesale inventory was in transit. This inventory typically takes four weeks to arrive at the Company’s distribution centers. Management stated that landing costs typically amount between 15% and 20% of the cost of in-transit inventory. Tiger has assumed that in-transit inventory would arrive within the first four weeks of the sale term and has accounted for the cost to receive in-transit inventory in its budgeted expenses.

Transportation and Logistics

The Company typically ships orders to wholesale customers via third-party carriers, with customers paying for freight.

Tiger has assumed that shipments to current wholesale customers would continue using historical methods, while opportunistic wholesale buyers would be responsible for arranging and paying for freight on purchases.

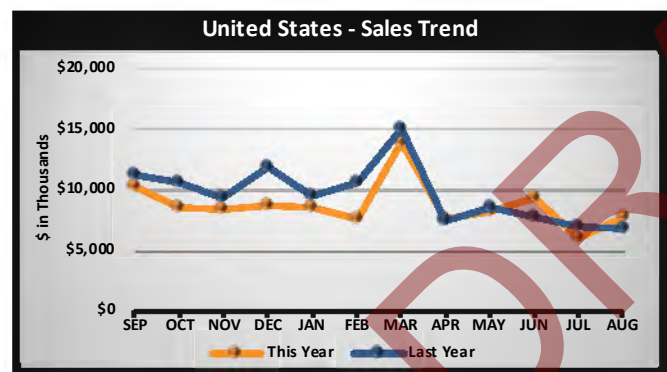
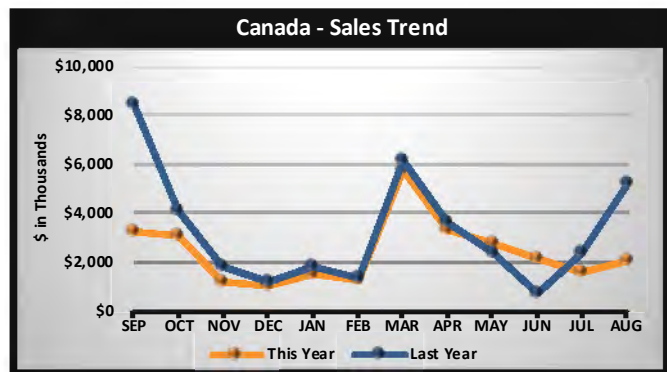
Staffing and Management

In the event of a liquidation, a liquidating agent would provide an on-site management team for the duration of the sale. For the wholesale sale, this would include one Lead Liquidator, two Assistant Lead Liquidators, two Field Consultants, and two distribution center Consultants. For the retail store sale, the management team would include one Lead Liquidator, one Assistant Lead Liquidator, 19 Field Consultants, and one F&A Lead. In addition, Tiger has assumed that the liquidating agent would charge a fee of 2.0% of gross proceeds.

Financial Trends – Wholesale

Sales Trend

Nygård's wholesale sales in Canada, meanwhile, totaled \$29.1 million during the 12 months ended August 2019, a decrease of \$10.2 million, or 25.9%, from the year prior. Nygård's wholesale sales in the U.S., meanwhile, totaled \$104.5 million during the 12 months ended August 2019, a decrease of \$10.9 million, or 9.4%, from the year prior.

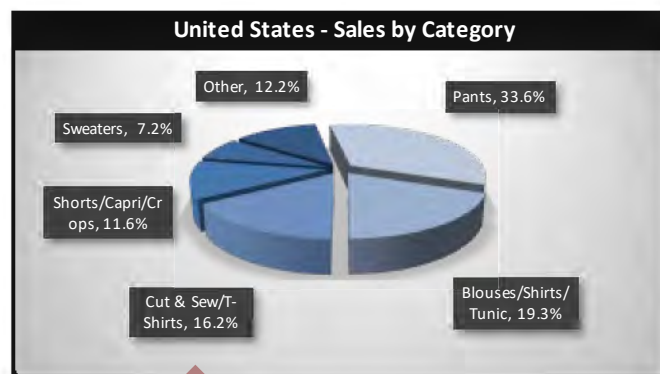


Sales by Category

Tiger also examined the Company's wholesale sales history by category (Exhibit E). During the 12 months ended August 2019, the top-selling inventory categories in Canada were Cut & Sew/T-Shirts (25.0%), Pants (21.3%), and Sweaters (15.7%).

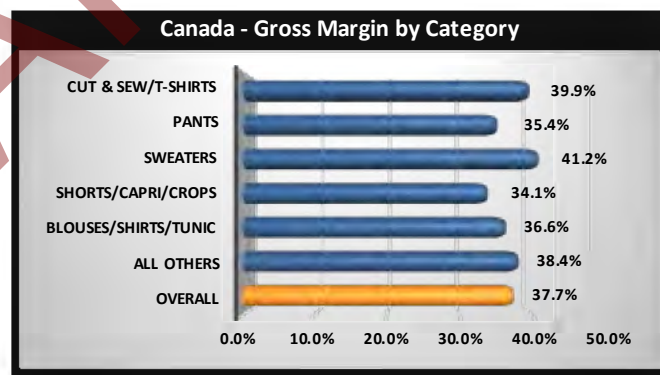


During the 12 months ended August 2019, the top-selling inventory categories in the U.S. were Pants (33.6%), Blouses/Shirts/Tunics (19.3%), and Cut & Sew/T-Shirts (16.2%).

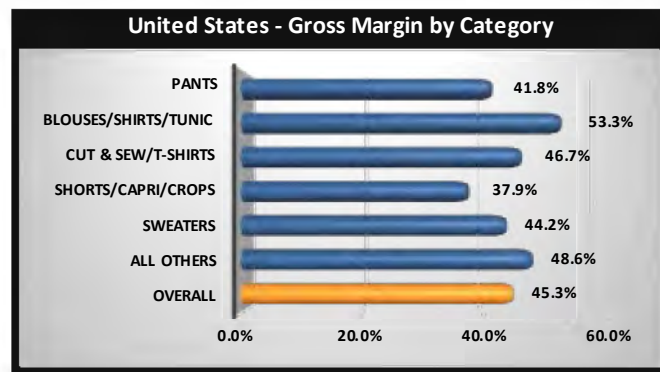


Gross Margin

During the 12 months ended August 2019, the Company achieved a gross margin of 37.7% on wholesale sales in Canada. Cut & Sew/T-Shirts had a gross margin of 39.9%. Pants had a margin of 35.4% and Sweaters had a margin of 41.2%.



During the 12 months ended August 2019, the Company achieved a gross margin of 45.3% on wholesale sales in the U.S. Pants had a gross margin of 41.8%. Blouses/Shirts/Tunics had a margin of 53.3% and Cut & Sew/T-Shirts had a margin of 46.7%.



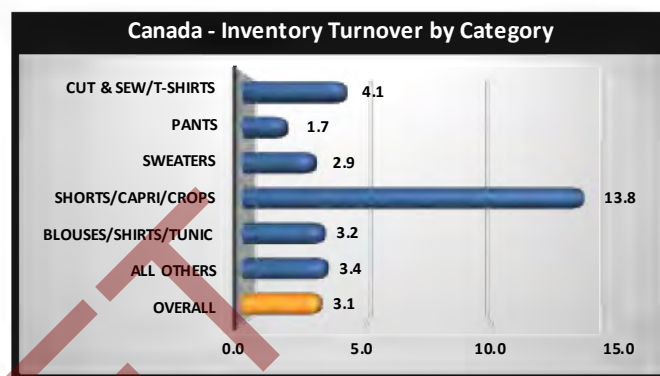
During the normal course of business, the Company provides its wholesale customers with various credits. Most customers receive credits to account for slow-moving inventory in stores, consumer returns, and early payment. Top customer Dillard's receives additional discounts; the Company guarantees Dillard's margin on Nygård products and provides the retailer with credits when Dillard's lowers the selling prices of the products in its stores. Management stated that as a part of the Company's agreement with Dillard's, the retailer cannot discount products without Nygård's permission.

During the 12 months ended August 2019, discounts and allowances totaled 35.6% of gross sales. The table below shows discounts and other allowances made during this period.

Discounts & Allowances		
	\$	% of Gross Sales
Revenue		
Sales	\$261,921	98.3%
Other Income	4,425	1.7%
Subtotal	266,346	100.0%
Discounts & Allowances		
Reductions	(15,713)	(5.9%)
Promotions	(2,859)	(1.1%)
Discounts	(76,142)	(28.6%)
Subtotal	(94,713)	(35.6%)
Total	\$171,633	64.4%

Inventory Turnover

Tiger calculated the turnover of wholesale based on cost of sales and average inventory for the 12 months ended August 2019. The Company's Canada wholesale inventory exhibited an average inventory turnover of 3.1, which translates to 136 days' sales in inventory. Cut & Sew/T-Shirt generated turns of 4.1 times per annum (88 days' sales). Pants had turns of 1.7 (216 days' sales) and Sweaters had turns of 2.9 (127 days' sales).



The Company's U.S. wholesale inventory exhibited an average inventory turnover of 2.7, which translates to 136 days' sales in inventory. Pants generated turns of 1.8 times per annum (207 days' sales). Blouses/Shirts/Tunics had turns of 3.4 (108 days' sales) and Cut & Sew/T-Shirts had turns of 7.4 (49 days' sales).



Financial Trends – Retail

Sales Trend

Nygård's retail sales totaled \$103.2 million during the 12 months ended August 2019, a decrease of \$6.0 million, or 3.6%, from the year prior. Nygård's e-commerce sales totaled \$5.9 million during the 12 months ended August 2019, a decrease of \$989 thousand, or 12.8%, from the year prior.

Sales by Department

Tiger also examined the Company's retail sales history by category (Exhibit E). During the 12 months ended August 2019, the top-selling inventory categories were Pants (25.4%), Cut & Sew/T-Shirts (24.7%), and Sweaters (14.4%).



Gross Margin

During the 12 months ended August 2019, the Company achieved an overall gross margin of 46.2% on retail and e-commerce sales. Pants had a gross margin of 54.2%. Cut & Sew/T-Shirts had a margin of 44.1% and Sweaters had a margin of 38.1%.



The retail gross margin during the 12 months ended August 2019 has increased by 0.5 percentage points from the year prior.

Inventory Turnover

Tiger calculated the turnover for inventory at retail stores based on cost of sales and average inventory for the 12 months ended August 2019. The Company exhibited an average inventory turnover of 3.1, which translates to 119 days' sales in inventory. Pants generated turns of 2.0 times per annum (183 days' sales). Cut & Sew/T-Shirts had turns of 3.6 (102 days' sales) and Sweaters had turns of 4.2 (86 days' sales).



Collateral Monitoring Points

Frequency and Timing

In the calculation of NOLV, Tiger utilized inventory as of August 31, 2019, as well as sales and gross margin for the 12 months ended August 2019. Any material change in inventory mix, sales mix, or gross margin could significantly impact the value of the inventory in a liquidation. Tiger recommends this appraisal be updated semi-annually.

Monitoring Points

The following items should be reviewed on a regular basis. Tiger has listed the current metric or ratio for the monitoring point:

Factor	Current Metric	Exhibit	Significance
Sales Trend	Wholesale: Decrease of 25.9% for Canada and 9.4% for U.S. during the 12 months ended August 2019 Retail Stores: Decrease of 3.9% E-Commerce: Decrease of 14.4%	Exhibits F, F-1, and F-2	A significant increase or decrease in sales may impact the NOLV.
Intracompany Markup	Approximately 40% for inventory on hand as of the appraisal date	N/A	Tiger recommends that the any potential Lender monitor the intracompany markup on transfers from the warehouse to retail stores, as changes could affect retail NOLVs as a percentage of cost.
Gross Margin	Wholesale: 45.3% for the U.S. and 37.7% for Canada during the 12 months ended August 2019 Retail: 46.2%	Exhibit E, E-1, and E-2	A significant change in gross margin could indicate a change in business strategy or material prices, and the effect may be positive or negative depending on the situation.
Inventory Turnover	Wholesale: 3.1 for Canada and 2.7 times per annum for the U.S. Retail: 3.1 times per annum	Exhibit E, E-1, and E-2	A material change in the inventory turnover ratio could indicate a change in the potential sales capacity, which would affect the amount of inventory that could be sold to current customers – and therefore affect GOLVs.
Customer Concentration	Canada: Top three customers 21.5% of sales U.S.: Top customer Dillard's – 87.0% of sales	Exhibit G-1 and G-2	The loss of a major customer could negatively impact the projected liquidation value.
Returns, Discounts, and Allowances	Wholesale: 35.6% of gross sales during the 12 months ended August 2019		An increase in returns or discounts during the normal course of business would lead to an increase in discounts that would be required in a liquidation, negatively impacting recovery values.

Field Visit Evaluations

Distribution Center

Tiger visited the Company's leased distribution center in Vaughan, Ontario on October 23, 2019. The facility measures 117,000 square feet, including 10,000 square feet of office space and a 11,700 square-foot retail store.



Facility exterior

General Operations

The Company utilizes the Vaughan warehouse to distribute to wholesale customers in Eastern Canada and to replenish retail stores in the same area. In addition to distribution, the Company receives e-commerce sales at this facility.

The facility is in operation from 7 a.m. to 4 p.m. Sunday through Friday, with Saturday hours added during peak periods. At the time of Tiger's visit, there were three managers, three supervisors, and between thirty and forty warehouse workers. The managers receive salaries; Some of the other warehouse workers are compensated hourly, while some – such as pickers, packers, and loaders – are paid by the piece. Management stated that the Company occasionally hires temporary workers for projects, such as reticketing, and during busy periods.

Receiving

Inventory arrives pre-ticketed from the Company's vendors. Nygård classifies incoming inventory into two categories – Certified and Uncertified – depending on the vendor. Products from certified vendors – which have an established history of sending complete and correct shipments – are entered into inventory immediately upon receipt, although management noted that approximately 10% of items are spot checked. Uncertified products, meanwhile, are inspected and scanned piece-by-piece into the system.



Pre-ticketed products

Approximately 55% of incoming inventory – generally consisting of new seasonal products for both Nygård stores and wholesale customers – is prepacked for a specific destination. Most other inventory is on hanging racks, with a small proportion is in pouch packs. Hanging products are stored on the facility's mezzanine, while prepacked boxed item are stores on the lower level.

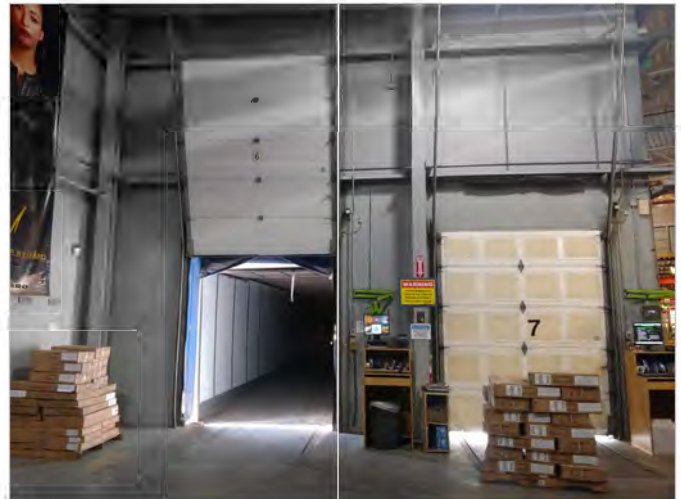


Boxed goods on the floor level and hanging garments on the mezzanine

Shipping

The picking and shipping process is different for retail and wholesale orders. Workers at the facility pick orders for retail stores on Mondays, Wednesdays, and Fridays, and pick orders for wholesale customers on Tuesdays and Thursdays. Retail replenishment orders are typically picked in break packs, while initial orders for retail stores and all wholesale orders are picked in full cases. Management stated that overall, retail orders account for 60% of shipments; wholesale orders account for 35%, and e-commerce orders account for 5%.

The Company ships approximately 5,000 cases per day from the Vaughan facility. Orders are shipped via Purolator, FedEx, Canadian Post, Fabtrans, and NSD.



Shipping doors

Security and Loss Prevention

The facility is equipped with security cameras, perimeter and fire alarms, and a locked cage for jewelry and high-end items. The Company performs cycle counts three times per week.

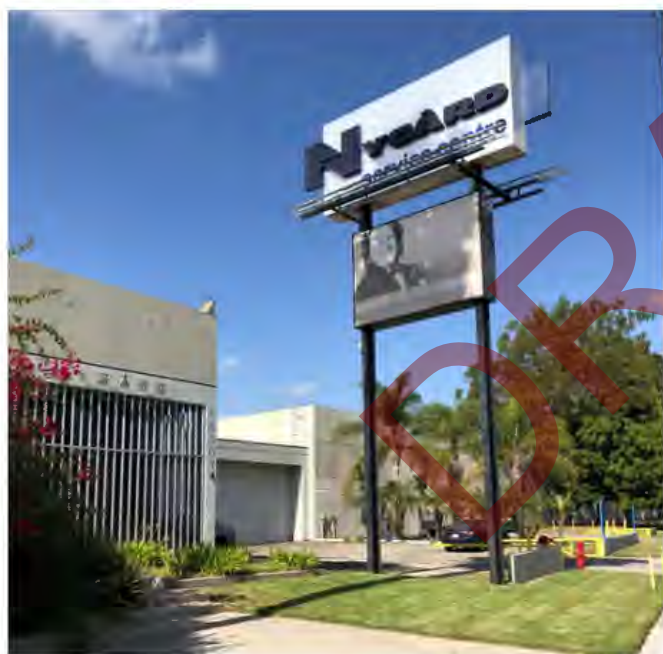
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Distribution Center

Tiger visited the Company's distribution center in Gardena, Calif. on October 29, 2019. The distribution center is located in an industrial area approximately 15 miles from Los Angeles.

There are four separate warehouse facilities – 6U, 7U, 8U, and 9U – on the site, measuring 80,000 square feet in total. Building 6U devoted almost entirely to Dillard's merchandise; the other facilities housed a variety of merchandise for a variety of wholesale customers. Each building has two levels; the first level used for shipping, receiving, and storage of boxed inventory, while the mezzanine level is utilized for hanging storage.

There is also a 3,000 square-foot outlet store located at the site, where the Company sells merchandise to consumers at markdowns. The store is open Monday through Saturday from 10 a.m. to 6 p.m.



Facility Exterior

General Operations

At the time of Tiger's visit, there were 45 employees. The facility is in operation Monday through Friday from 7 a.m. to 3:30 p.m., with a four-and-a-half-hour shift for e-commerce distribution on Saturdays.

Receiving

Buildings 7U, and 8U each have four receiving doors and four shipping doors, while 6U has four doors total, all of which are used for both receiving and shipping. truck-accessible bays. Building 9U has 12 bays in total, with six used for receiving and

Inventory arrives daily to all buildings in full containers, with all products pre-ticketed by vendors. Nygård classifies incoming inventory into two categories – Certified and Uncertified – depending on the vendor. Products from certified vendors – which have an established history of sending complete and correct shipments – are entered into inventory immediately upon receipt, although management noted that approximately 10% of items are spot checked.

Approximately 60% of inventory – including all orders for Dillard's – is pre-packed for delivery to a designated location; these items are typically cross docked and shipped within a week, with only a small subset of items unpacked and checked. Cross docked inventory is labeled both with a pre-pack label and an MH10 shipping label.



Labels on cross-docked box for Dillard's

For non-cross docked inventory – which includes all shipments arriving at the 7U, 8U, and 9U buildings – most products are unboxed and hung on garment racks, while other items remain in boxes and flat packs. Each un-boxed piece is individually scanned and received against the purchase order, after which it is checked for quality. Once the products pass inspection, they can be put away; garment-on-hanger merchandise is scanned to a trolley, which is marked with a donut that indicates the location code. The trolley is then wheeled to a storage location and a single item on the trolley is scanned to the warehouse location.

Boxed goods, meanwhile, are palletized and scanned to a warehouse shelf location. Stored inventory is generally organized by brand and style. Once inventory has been scanned to a location, the products are available for picking.

The Company classifies inventory at each facility into “divisions;” some divisions correspond to the Company’s brands – such as SLIMS and Bianca Nygard – while others correspond to customer type (Mass Retail). At the time of Tiger’s visit there was inventory from numerous divisions on hand at each building. For example, inventory at the 6U facility included SLIMS, Mass Retail, and Alia inventory while the inventory at 9U consisted primarily of SLIMS and Mass Retail products.



Hanging garment storage



Boxed product storage

In addition to receiving vendors’ shipments, the Company also received e-commerce returns from consumers. E-commerce returns are inspected for damages and typically sent to the Company’s retail stores for resale.

Picking

The picking process varies by building. Inventory at 6U is primarily cross docked, while products at the other three buildings are manually picked out of storage. When an order comes in, the inventory system generates pick tickets; workers then pick the designated items, with picking routes organized by route efficiency and customer. Once the items for an order have been picked, workers prepare the shipping manifest, compare it to the order, and send the products to the shipping area.

Shipping

Items are boxed and labeled at the shipping area; once items are boxed, workers stage the order for shipment and invoice the customer, at which point items are removed from the system.



Security and Loss Prevention

The Company has closed-circuit cameras and alarms for security, and all employees and visitors to the facility are required to enter and exist through a single gate.

Employees conduct cycle counts on a regular basis, as directed by corporate. Count information is then reviewed by the Company’s auditing firm.

Retail Stores

As part of its diligence, Tiger visited 31 of the Company's stores.

NOTE: Tiger did not note any significant changes in merchandising strategy, staffing levels, or discounting since the field visits conducted in February 2019 for the previous report.

Nygård's stores are located in shopping malls and in urban and suburban areas as freestanding locations. Store operating hours vary slightly by location, but in general are from 9:30 a.m. to 9 p.m., Monday through Friday; 9:30 a.m. to 6 p.m. on Saturday; and 12 p.m. to 6 p.m. on Sunday.



Alia N Tanjay storefront

Layout

Sales floor layouts for all full price stores are determined by the corporate office, although store managers have some leeway in adjusting floor merchandise as inventory sells through. Management updates floor plans for full price stores twice per year, for the spring and fall fashion seasons. Floor plans for outlet stores, meanwhile, are determined by store managers, although the corporate office sets rules and limitations for the layout; for example, managers are instructed to keep the store organized by collection and season.



Salesfloor

The décor and fixtures are also consistent across stores. The Company's retail locations typically feature gray or white tile floors and purple neon accent lighting. Products are displayed on tables, hanging racks, mannequins, wall racks, and shelving units. Field representatives noted display fixtures to be in good condition.



Salesfloor

Merchandising

The Company's stores carry a variety of women's apparel, including pants, tops, sweaters, footwear, handbags, and jewelry. The product mix varies by banner. While all stores can carry products from all of the Company's brands, the Company's Nygård banners are targeted at women between the ages of 25 and 45, while the Alia and TanJay stores are targeted at women aged over 45. All of the visited stores offered regular sizes ranging from 8 to 18, as well as petite sizes ranging from 6 to 18. Nygård stores also carry plus sizes.



Assortment of tops

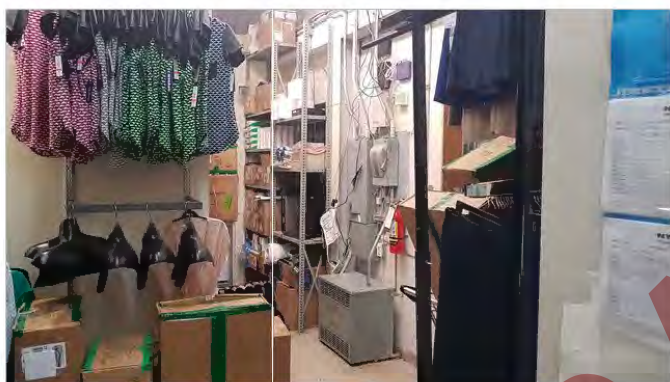
Personnel

The store base is divided into four regions, each of which is overseen by a regional director; each region also has regional managers who are each responsible for 10 to 12 stores and who report to the regional directors. Store's staff typically includes a store manager, an

assistant manager, and between four and 20 sales associates, some of whom are full-time. Store managers are paid salaries, while all other employees receive hourly wages. All employees also receive commissions based on sales made and hours worked.

Replenishment

Some stores receive replenishment shipments on a weekly basis, while others receive daily shipments. When a shipment arrives, store employees scan products into the system. The vast majority of the inventory that arrives is moved directly to the sales floor; stores also have small stockrooms where a portion of inventory is stored prior to being moved to floors.



Stockroom

Ticketing

Merchandise is pre-ticketed by manufacturers. If an item needs reticketing, store employees handwrite the product information on a blank tag. Product tickets typically contain the item's style number, size, color, unique product code, description, and retail price.



Tickets on SLIMS pants

Discounting

The Company utilizes hard markdowns to sell through inventory. Products are first marked down by 30%, with the initial mark down occurring as early as three weeks after introduction and as late as 16 weeks post-introduction, according to management. The Company then marks products down by 50%, and adds a red tag to the ticket; if they still do not meet sell through targets; products that remain unsold after the 50% mark down are transferred to outlet stores, where they are further discounted as needed to sell through the products. Tiger's representatives noted that most inventory at the outlet stores was marked at 50% off, with some 50% off items marked down by another 25%.; store management noted that sometimes the Company will mark products down to 90% off to sell through inventory.

In addition to hard markdowns, the Company runs temporary promotional events. At the time of Tiger's visits, Alia N TanJay stores were offering 30% off Outerwear, and a two-vests for \$60 promotion, 30% off suede products, and two seaters for \$30 each, among other discounts.



Discount ticket



Discount signage

Returns

Nygård accepts returns of products bought at full-price stores within 30 days of purchase; for a full refund, merchandise must have tags and be accompanied by a receipt. If an item is returned without a receipt, store managers may issue store credit.

Items purchased from clearance stores cannot be returned, although they may be exchanged within 14 days of the purchase date if accompanied by a receipt.

Loss Prevention

The Company's store security measures generally only include using customer service techniques – such as approaching all customers – to deter theft.

Inventory Control

A physical inventory count is conducted at each store once per year by third-party firm RGIS.

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Statement of Limitations

The following assumptions are subject to economic, competitive, and operational risks that may significantly change the NOLV and are beyond the control of either the Company or Tiger Valuation:

- **Eligible inventory subject to liquidation would be approximately \$57.1 million at cost as of August 31, 2019.** Changes in the eligible inventory level or the inventory mix could significantly affect both the GOLV and NOLV.
- **Inventory would be liquidated based on sale conditions outlined in the Exit Strategy.** Previous customer incentives and discounts would not be honored during the sale term. All liquidation sales would be final and not subject to the Company's customary return and warranty policies.
- **Inventory would not be returned to the vendors.** It is assumed that suppliers would apply a credit against any outstanding accounts payable.
- **All selling, general, and operating expenses have been considered in the calculation of the NOLV.** These expenses include payroll and related benefits and taxes, sales incentives and commissions, occupancy, advertising, and sales supervision and liquidation cost and fees. An employee incentive program may be considered to retain key associates during the duration of the sale. Employee severance costs have not been factored into the cost structure.
- **The liquidation agent would be given uninterrupted access to the distribution facilities and offices without interference from creditors and landlords.** Furthermore, the agent would be able to vacate the facilities at the end of the sale, thus incurring no further occupancy costs.
- **The NOLV in this appraisal report applies to the eligible inventory of the Company on a lot basis.** A partial liquidation of the inventory may produce a significantly different result.
- **Environmental clean-up costs** have not been considered in the appraisal report.
- **The Company's current financial condition and inventory costs are factored into the NOLV.** A significant deterioration of inventory prior to the sale would materially affect the inventory mix and adversely affect the projected NOLV.
- **Collateral access agreements or landlord waivers are assumed to be in place for all inventory located at Company-operated facilities** in order to ensure access in a liquidation event.
- **The projected NOLV is subject to Tiger Valuation's certification and limitations** (refer to the Appraisal Certification and Limitations of Appraisal sections).

Engagement Letter

TIGER

October 1, 2019

Mr. Peter Nygard
Chairman and Founder
Nygard International Partnership
1771 Inkster Blvd
Winnipeg, MB R2X 1R3
peter.nygard@nygard.com

RE: Nygard International Partnership Inventory Appraisal

Dear Peter,

This letter will set forth a proposal by Tiger Valuation Services, LLC ("Tiger") to provide Nygard International Partnership (the "Client") with an assessment of the Net Orderly Liquidation Value of the Company's inventory, for the most recent period for which financial data is available, which is expected to be August 2019.

The **Net Orderly Liquidation Value** ("NOLV") represents a professional, unbiased opinion of the proceeds that could be expected from the liquidation of inventory after all associated operating costs and other fees have been deducted. The NOLV provided will be based on the assumption that the inventory would be sold in a scenario in which a liquidation firm would manage the sale on a "fee" basis.

The inventory appraisal process may include, but will not necessarily be limited to, the following due diligence:

- a) The request of financial statements and detailed internal management reports,
- b) On-site management interview(s) and facility tour(s),
- c) The development of a GOLV and NOLV supported by the information provided by the Company, and
- d) Documenting the assumptions and limiting conditions upon which the conclusions of the appraisal were based.

Fee & Timing

Tiger's fee for the appraisal described will be [REDACTED] plus actual out-of-pocket expenses.

Upon receipt of the signed engagement letter, we will contact the suggested individuals at the Company. Tiger estimates completion of the report will be approximately three weeks from receipt of the requested information, with a target delivery date of November 1, 2019. This is only possible with the Company's timely delivery of necessary information and Company management's availability for interviews and site visits.

Deposit

We require a deposit in the amount of \$ [REDACTED] prior to beginning the diligence process. You will be invoiced the balance of the fee and the travel costs as the report nears completion. The appraisal report will be forwarded upon completion and receipt of the final payment.

Please remit payment by electronic wire transfer or check to the following address/account:

Office Location

Tiger Valuation Services, LLC
Attn: Michelle Chin
60 State Street, 11th Floor
Boston, MA 02109
(617) 523-1003

Bank Information

Wells Fargo
111 W. Ocean Blvd
Long Beach, CA 90802
Acct#: 4320728983
ABA#: 121000248

Confidentiality

Tiger will be requesting information from the Company concerning its inventory and financial performance, including sales, gross margin, and operating expenses. We acknowledge that information and documentation received in conjunction with this engagement is proprietary and confidential, including, but without limitation, non-public financial and business information furnished by the Company. We agree not to disclose, distribute, publish or release any of the information, without written consent of the Company, to any third-party except as directed to by law or to our representatives for the purpose of evaluating the possible transaction, in which event such representatives will agree to be bound by this confidentiality agreement.

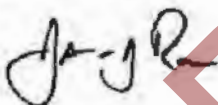
Delivery of Final Report

Tiger will email a PDF version of the appraisal report upon completion of the project. In the event that you would like bound copies of the appraisal report, we will overnight them upon request.

If the terms and conditions of this letter are acceptable, please acknowledge your acceptance below by executing and returning this letter via email to jrae@tigergroup.com.

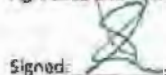
If you have any questions, please do not hesitate to contact me at (617) 523-7022. We look forward to working with you on this project.

Very truly yours,



Jason Rae
Managing Director

Agreed to and accepted:



Signed:

Mr. Peter Nygard
Chairman and Founder
Nygard International Partnership

GREEN KENSER
NO REC. FUTURE NYGARD

Date: DEC 2, 2019

TIGER Tiger Group, LLC

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 - J-1c – Inventory Composition – Top 50 SKUs – Wholesale – On-Hand – U.S. – Aged > 365 Days
- J-2 – Inventory Composition – Top 50 SKUs – Wholesale – On-Hand – Canada
 - J-2a – Inventory Composition – Top 50 SKUs – Wholesale – On-Hand – U.S. – Aged < 196 Days
 - J-2b – Inventory Composition – Top 50 SKUs – Wholesale – On-Hand – U.S. – Aged 196-365 Days
 - J-2c – Inventory Composition – Top 50 SKUs – Wholesale – On-Hand – U.S. – Aged > 365 Days
- J-3 – Inventory Composition – Top 50 SKUs – Wholesale – In-Transit– U.S
- J-4 – Inventory Composition – Top 50 SKUs – Wholesale – In-Transit– Canada

Nygård International Partnership
Total Company
Monthly Pro Forma Summary
Projected for the 12 Months Ending August 2020
(\$ in 000s)

Sale Start Date (1)	Wholesale															Retail			Total Inventory					
	On-Hand										In-Transit			Total			Cost \$	NOLV		Cost \$	NOLV			
	Aged < 196 Days			Aged 197 - 365 Days			Aged > 365 Days			Total			Cost \$	NOLV		Cost \$		NOLV						
	Cost \$	NOLV		Cost \$	NOLV		Cost \$	NOLV		Cost \$	NOLV			NOLV \$	% of Cost									
		NOLV \$	% of Cost		NOLV \$	% of Cost		NOLV \$	% of Cost		NOLV \$	% of Cost			NOLV \$			% of Cost						
September 2019	\$22,287	\$18,030	80.9%	\$2,573	\$600	23.3%	\$4,217	\$540	12.8%	\$29,077	\$19,170	65.9%	\$10,138	\$5,333	52.6%	\$39,215	\$24,503	62.5%	\$17,908	\$10,322	57.6%	\$57,123	\$34,825	61.0%
October	20,181	16,223	80.4%	2,349	547	23.3%	3,853	495	12.8%	26,383	17,265	65.4%	9,132	4,797	52.5%	35,515	22,062	62.1%	17,924	10,208	57.0%	53,439	32,270	60.4%
November	18,406	15,040	81.7%	2,219	494	22.2%	3,652	427	11.7%	24,277	15,960	65.7%	9,686	5,015	51.8%	33,963	20,975	61.8%	19,544	11,731	60.0%	53,507	32,706	61.1%
December 2019	17,264	13,997	81.1%	2,127	461	21.7%	3,507	394	11.2%	22,899	14,852	64.9%	8,793	4,302	48.9%	31,692	19,155	60.4%	19,437	11,720	60.3%	51,129	30,875	60.4%
January 2020	14,458	11,644	80.5%	1,643	312	19.0%	2,688	248	9.2%	18,789	12,204	65.0%	11,009	5,844	53.1%	29,797	18,048	60.6%	16,732	8,536	51.0%	46,529	26,585	57.1%
February	12,256	10,050	82.0%	1,437	306	21.3%	2,359	254	10.8%	16,052	10,610	66.1%	15,999	8,548	53.4%	32,052	19,158	59.8%	17,043	8,903	52.2%	49,094	28,061	57.2%
March	23,339	18,785	80.5%	2,579	650	25.2%	4,209	455	10.8%	30,127	19,891	66.0%	15,589	8,132	52.2%	45,716	28,022	61.3%	17,351	9,790	56.4%	63,067	37,812	60.0%
April	22,260	17,440	78.4%	2,468	572	23.2%	4,029	512	12.7%	28,756	18,524	64.4%	10,146	5,128	50.5%	38,902	23,652	60.8%	19,021	11,385	59.9%	57,923	35,038	60.5%
May	18,687	14,641	78.3%	2,136	494	23.1%	3,497	447	12.8%	24,320	15,582	64.1%	12,938	6,564	50.7%	37,258	22,146	59.4%	20,410	12,681	62.1%	57,668	34,827	60.4%
June	18,386	14,571	79.2%	2,159	481	22.3%	3,545	419	11.8%	24,090	15,471	64.2%	9,173	4,724	51.5%	33,264	20,195	60.7%	22,043	14,242	64.6%	55,307	34,437	62.3%
July	17,864	14,266	79.9%	2,066	437	21.1%	3,386	360	10.6%	23,316	15,062	64.6%	7,595	3,950	52.0%	30,912	19,012	61.5%	19,090	11,389	59.7%	50,002	30,401	60.8%
August 2020	18,909	15,391	81.4%	2,153	504	23.4%	3,525	451	12.8%	24,587	16,346	66.5%	11,735	6,287	53.6%	36,322	22,633	62.3%	18,135	10,476	57.8%	54,457	33,109	60.8%
Weighted Avg.	\$18,691	\$15,007	80.3%	\$2,159	\$488	22.6%	\$3,539	\$417	11.8%	\$24,389	\$15,911	65.2%	\$10,995	\$5,719	52.0%	\$35,384	\$21,630	61.1%	\$18,720	\$10,949	58.5%	\$54,104	\$32,579	60.2%

Note(s):
(1) Tiger Valuation's rollforward analysis represents a sale starting at the beginning of each of the 12 months ending August 2020.

Nygård International Partnership
Wholesale
Monthly Pro Forma Summary
Projected for the 12 Months Ending August 2020
(CAD \$ in 000s)

Sale Start Date (1)	On-Hand									In-Transit						Total		
	Aged < 196 Days			Aged 197 - 365 Days			Aged > 365 Days			Total			NOLV			NOLV		
	NOLV			NOLV			NOLV			NOLV			NOLV			NOLV		
	Cost \$	NOLV \$	% of Cost	Cost \$	NOLV \$	% of Cost	Cost \$	NOLV \$	% of Cost	Cost \$	NOLV \$	% of Cost	Cost \$	NOLV \$	% of Cost	Cost \$	NOLV \$	% of Cost
United States																		
September	\$12,796	\$10,882	85.0%	\$1,884	\$441	23.4%	\$3,149	\$404	12.8%	\$17,828	\$11,726	65.8%	\$3,622	\$1,875	51.8%	\$21,450	\$13,601	63.4%
October	11,842	10,004	84.5%	1,743	408	23.4%	2,914	374	12.8%	16,499	10,786	65.4%	5,711	2,971	52.0%	22,211	13,757	61.9%
November	11,834	10,115	85.5%	1,742	389	22.3%	2,912	340	11.7%	16,487	10,845	65.8%	6,578	3,377	51.3%	23,065	14,222	61.7%
December	11,714	9,882	84.4%	1,724	376	21.8%	2,882	324	11.2%	16,320	10,581	64.8%	6,267	3,043	48.6%	22,588	13,624	60.3%
January	7,943	6,751	85.0%	1,169	224	19.2%	1,955	180	9.2%	11,067	7,155	64.6%	6,484	3,404	52.5%	17,552	10,558	60.2%
February	7,337	6,327	86.2%	1,080	231	21.4%	1,805	194	10.8%	10,223	6,753	66.1%	10,189	5,391	52.9%	20,411	12,144	59.5%
March	11,848	10,103	85.3%	1,744	450	25.8%	2,915	315	10.8%	16,507	10,868	65.8%	8,542	4,408	51.6%	25,049	15,276	61.0%
April	11,409	9,477	83.1%	1,679	392	23.3%	2,807	357	12.7%	15,895	10,226	64.3%	5,608	2,803	50.0%	21,503	13,029	60.6%
May	10,437	8,625	82.6%	1,536	357	23.3%	2,568	328	12.8%	14,541	9,311	64.0%	7,736	3,885	50.2%	22,277	13,195	59.2%
June	11,047	9,220	83.5%	1,626	364	22.4%	2,718	322	11.8%	15,392	9,906	64.4%	5,861	2,990	51.0%	21,253	12,896	60.7%
July	10,302	8,691	84.4%	1,516	322	21.3%	2,535	269	10.6%	14,353	9,283	64.7%	4,675	2,406	51.5%	19,029	11,689	61.4%
August	10,460	9,003	86.1%	1,540	362	23.5%	2,574	329	12.8%	14,573	9,695	66.5%	6,955	3,688	53.0%	21,528	13,382	62.2%
Weighted Avg.	\$10,747	\$9,090	84.6%	\$1,582	\$360	22.7%	\$2,645	\$311	11.8%	\$14,974	\$9,761	65.2%	\$6,519	\$3,353	51.4%	\$21,493	\$13,115	61.0%
Canada																		
September	\$9,491	\$7,149	75.3%	\$689	\$158	23.0%	\$1,068	\$137	12.8%	\$11,248	\$7,444	66.2%	\$6,517	\$3,458	53.1%	\$17,765	\$10,902	61.4%
October	8,339	6,220	74.6%	606	139	22.9%	939	121	12.8%	9,883	6,479	65.6%	3,421	1,826	53.4%	13,304	8,305	62.4%
November	6,573	4,924	74.9%	477	104	21.9%	740	86	11.7%	7,790	5,115	65.7%	3,108	1,638	52.7%	10,898	6,753	62.0%
December	5,550	4,115	74.1%	403	86	21.3%	625	70	11.2%	6,578	4,271	64.9%	2,526	1,259	49.9%	9,104	5,530	60.7%
January	6,515	4,893	75.1%	473	88	18.7%	733	68	9.2%	7,722	5,049	65.4%	4,524	2,441	53.9%	12,246	7,490	61.2%
February	4,919	3,723	75.7%	357	75	20.9%	554	60	10.8%	5,830	3,857	66.2%	5,811	3,157	54.3%	11,640	7,015	60.3%
March	11,491	8,682	75.6%	835	200	24.0%	1,294	140	10.8%	13,620	9,022	66.2%	7,048	3,724	52.8%	20,667	12,746	61.7%
April	10,851	7,963	73.4%	788	180	22.8%	1,222	155	12.7%	12,861	8,298	64.5%	4,538	2,325	51.2%	17,399	10,623	61.1%
May	8,250	6,016	72.9%	599	137	22.8%	929	119	12.8%	9,778	6,271	64.1%	5,202	2,679	51.5%	14,980	8,950	59.7%
June	7,339	5,350	72.9%	533	117	21.9%	826	98	11.8%	8,698	5,565	64.0%	3,312	1,734	52.4%	12,011	7,300	60.8%
July	7,562	5,575	73.7%	549	114	20.8%	851	90	10.6%	8,963	5,780	64.5%	2,920	1,544	52.9%	11,883	7,323	61.6%
August	8,449	6,388	75.6%	614	142	23.1%	951	122	12.8%	10,014	6,651	66.4%	4,779	2,600	54.4%	14,794	9,251	62.5%
Weighted Avg.	\$7,944	\$5,917	74.5%	\$577	\$128	22.2%	\$894	\$105	11.8%	\$9,415	\$6,150	65.3%	\$4,475	\$2,365	52.9%	\$13,891	\$8,516	61.3%
Total																		
September	\$22,287	\$18,030	80.9%	\$2,573	\$600	23.3%	\$4,217	\$540	12.8%	\$29,077	\$19,170	65.9%	\$10,138	\$5,333	52.6%	\$39,215	\$24,503	62.5%
October	20,181	16,223	80.4%	2,349	547	23.3%	3,853	495	12.8%	26,383	17,265	65.4%	9,132	4,797	52.5%	35,515	22,062	62.1%
November	18,406	15,040	81.7%	2,219	494	22.2%	3,652	427	11.7%	24,277	15,960	65.7%	9,686	5,015	51.8%	33,963	20,975	61.8%
December	17,264	13,997	81.1%	2,127	461	21.7%	3,507	394	11.2%	22,899	14,852	64.9%	8,793	4,302	48.9%	31,692	19,155	60.4%
January	14,458	11,644	80.5%	1,643	312	19.0%	2,688	248	9.2%	18,789	12,204	65.0%	11,009	5,844	53.1%	29,797	18,048	60.6%
February	12,256	10,050	82.0%	1,437	306	21.3%	2,359	254	10.8%	16,052	10,610	66.1%	15,999	8,548	53.4%	32,052	19,158	59.8%
March	23,339	18,785	80.5%	2,579	650	25.2%	4,209	455	10.8%	30,127	19,891	66.0%	15,589	8,132	52.2%	45,716	28,022	61.3%
April	22,260	17,440	78.4%	2,468	572	23.2%	4,029	512	12.7%	28,756	18,524	64.4%	10,146	5,128	50.5%	38,902	23,652	60.8%
May	18,687	14,641	78.3%	2,136	494	23.1%	3,497	447	12.8%	24,320	15,582	64.1%	12,938	6,564	50.7%	37,258	22,146	59.4%
June	18,386	14,571	79.2%	2,159	481	22.3%	3,545	419	11.8%	24,090	15,471	64.2%	9,173	4,724	51.5%	33,264	20,195	60.7%
July	17,864	14,266	79.9%	2,066	437	21.1%	3,386	360	10.6%	23,316	15,062	64.6%	7,595	3,950	52.0%	30,912	19,012	61.5%
August	18,909	15,391	81.4%	2,153	504	23.4%	3,525	451	12.8%	24,587	16,346	66.5%	11,735	6,287	53.6%	36,322	22,633	62.3%
Weighted Avg.	\$18,691	\$15,007	80.3%	\$2,159	\$488	22.6%	\$3,559	\$417	11.8%	\$24,589	\$15,911	65.2%	\$10,995	\$5,719	52.0%	\$35,584	\$21,630	61.1%

Note(s):

(1) Tiger Valuation's rollforward analysis represents a sale starting at the beginning of each of the 12 months ending August 2020.

Nygård International Partnership
Wholesale
 Monthly Pro Forma Detail
 Projected for the 12 Months Ending August 2020
 (\$ in 000s)

Assumptions	Sep 2019	Oct 2019	Nov 2019	Dec 2019	Jan 2020	Feb 2020	Mar 2020	Apr 2020	May 2020	Jun 2020	Jul 2020	Aug 2020	12 Month Average
Eligible Inv. at Cost	\$39,215	\$35,515	\$33,963	\$31,692	\$29,797	\$32,052	\$45,716	\$38,902	\$37,258	\$33,264	\$30,912	\$36,322	\$35,384
IMU (%)	41.7%	41.6%	41.9%	42.0%	41.4%	41.5%	41.2%	41.3%	41.5%	41.7%	41.6%	41.4%	41.6%
Eligible Inv. at Selling Price	\$67,207	\$60,848	\$58,426	\$54,676	\$50,863	\$54,808	\$77,813	\$66,238	\$63,647	\$57,043	\$52,922	\$62,034	\$60,544
Gross Recovery	\$32,251	\$29,581	\$28,561	\$26,545	\$25,787	\$27,768	\$36,778	\$31,380	\$30,309	\$27,675	\$26,197	\$30,606	\$29,453
Gross Recovery % of Cost	82.2%	83.3%	84.1%	83.8%	86.5%	86.6%	80.4%	80.7%	81.3%	83.2%	84.7%	84.3%	83.2%
Gross Recovery % of Selling Price	48.0%	48.6%	48.9%	48.5%	50.7%	50.7%	47.3%	47.4%	47.6%	48.5%	49.5%	49.3%	48.6%
Liquidation Expenses													
Payroll Expenses													
Payroll	\$1,694	\$1,694	\$1,694	\$1,694	\$1,694	\$1,694	\$1,694	\$1,694	\$1,694	\$1,694	\$1,694	\$1,694	\$1,694
Commissions	33	30	30	27	28	30	37	31	30	28	27	32	30
Benefits & Taxes	311	310	310	310	310	310	311	310	310	310	310	311	310
Incentive & Retention	173	172	172	172	172	172	173	172	172	172	172	173	172
Subtotal: Payroll	2,210	2,207	2,206	2,203	2,203	2,206	2,215	2,208	2,207	2,204	2,203	2,209	2,207
Other Expenses													
Occupancy	2,336	2,336	2,336	2,336	2,336	2,336	2,336	2,336	2,336	2,336	2,336	2,336	2,336
Operating	433	433	433	433	433	433	433	433	433	433	433	433	433
Advertising	85	78	75	70	68	73	97	83	80	73	69	81	78
Landing Costs	1,673	1,507	1,598	1,451	1,816	2,640	2,572	1,674	2,135	1,514	1,253	1,936	1,814
Subtotal: Other	4,526	4,353	4,442	4,289	4,653	5,481	5,438	4,525	4,983	4,355	4,091	4,785	4,660
Liquidator Costs and Fees													
On-site Supervision	367	367	367	367	367	367	367	367	367	367	367	367	367
Agent Fees	645	592	571	531	516	555	736	628	606	554	524	612	589
Subtotal: Liq. Costs and Fees	1,012	959	938	898	883	923	1,103	995	973	921	891	979	956
Total Liquidation Expenses:	\$7,748	\$7,519	\$7,586	\$7,390	\$7,739	\$8,610	\$8,755	\$7,728	\$8,163	\$7,480	\$7,185	\$7,973	\$7,823
Liquidation Exp. % of Cost	19.8%	21.2%	22.3%	23.3%	26.0%	26.9%	19.2%	19.9%	21.9%	22.5%	23.2%	22.0%	22.1%
Liquidation Exp. % of Selling Price	11.5%	12.4%	13.0%	13.5%	15.2%	15.7%	11.3%	11.7%	12.8%	13.1%	13.6%	12.9%	12.9%
NOLV (\$)	\$24,503	\$22,062	\$20,975	\$19,155	\$18,048	\$19,158	\$28,022	\$23,652	\$22,146	\$20,195	\$19,012	\$22,633	\$21,630
NOLV % of Cost	62.5%	62.1%	61.8%	60.4%	60.6%	59.8%	61.3%	60.8%	59.4%	60.7%	61.5%	62.3%	61.1%
NOLV % of Selling Price	36.5%	36.3%	35.9%	35.0%	35.5%	35.0%	36.0%	35.7%	34.8%	35.4%	35.9%	36.5%	35.7%

Nygård International Partnership Retail Stores

Monthly Pro Forma Detail
Projected for the 12 Months Ending August 2020
(CAD \$ in 000s)

Assumptions	Sep 2019	Oct 2019	Nov 2019	Dec 2019	Jan 2020	Feb 2020	Mar 2020	Apr 2020	May 2020	Jun 2020	Jul 2020	Aug 2020	12 Month Average
Eligible Inv. at Cost	\$17,908	\$17,924	\$19,544	\$19,437	\$16,732	\$17,043	\$17,351	\$19,021	\$20,410	\$22,043	\$19,090	\$18,135	\$18,720
IMU (%)	66.6%	66.6%	66.6%	66.6%	66.6%	66.6%	66.6%	66.6%	66.6%	66.6%	66.6%	66.6%	66.6%
Eligible Inv. at Retail	\$53,653	\$53,700	\$58,554	\$58,233	\$50,130	\$51,059	\$51,983	\$56,986	\$61,149	\$66,042	\$57,194	\$54,332	\$56,085
Gross Recovery	\$20,299	\$20,317	\$22,154	\$22,032	\$18,966	\$19,318	\$19,667	\$21,560	\$23,135	\$24,986	\$21,639	\$20,556	\$21,219
Gross Recovery % of Cost	113.4%	113.4%	113.4%	113.4%	113.4%	113.4%	113.4%	113.4%	113.4%	113.4%	113.4%	113.4%	113.4%
Gross Recovery % of Retail	37.8%	37.8%	37.8%	37.8%	37.8%	37.8%	37.8%	37.8%	37.8%	37.8%	37.8%	37.8%	37.8%
Liquidation Expenses:													
Payroll and Benefits													
Admin Payroll	\$434	\$434	\$434	\$434	\$484	\$480	\$434	\$434	\$434	\$434	\$434	\$434	\$442
Store Payroll	2,427	2,498	2,484	2,456	2,739	2,717	2,427	2,427	2,441	2,441	2,456	2,456	2,498
Commissions	187	188	205	203	175	178	182	199	214	231	200	190	196
Benefits & Taxes	435	447	447	442	485	482	434	437	442	445	442	440	448
Incentive & Retention	243	250	248	246	274	272	243	243	244	244	246	246	250
Subtotal	3,726	3,816	3,818	3,781	4,156	4,129	3,719	3,740	3,775	3,795	3,777	3,765	3,833
Adv. & Promos	609	610	665	661	383	383	590	647	694	750	649	617	605
Store Occ.	3,133	3,165	3,311	3,252	3,318	3,320	3,098	3,203	3,301	3,403	3,231	3,171	3,242
Other													
Store Misc.	300	309	307	303	338	336	300	300	302	302	303	303	308
Credit Card Fees	365	366	399	397	341	348	354	388	416	450	390	370	382
Inv. Insurance	45	45	49	49	42	43	43	47	51	55	48	45	47
Inv. Taking	134	134	146	146	125	128	130	142	153	165	143	136	140
Subtotal	844	853	901	894	847	854	827	878	922	971	883	854	877
Liquidator Costs and Fees													
Supervision	967	967	967	967	1,074	1,066	967	967	967	967	967	967	984
Agent's Costs & Fees	697	698	761	757	652	664	676	741	795	859	744	706	729
Subtotal	1,665	1,665	1,728	1,724	1,726	1,730	1,643	1,708	1,762	1,826	1,711	1,673	1,713
Total Liquidation Expenses:	\$9,977	\$10,109	\$10,423	\$10,312	\$10,430	\$10,415	\$9,878	\$10,175	\$10,454	\$10,745	\$10,250	\$10,080	\$10,271
Liquidation Exp. % of Cost	55.7%	56.4%	53.3%	53.1%	62.3%	61.1%	56.9%	53.5%	51.2%	48.7%	53.7%	55.6%	54.9%
Liquidation Exp. % of Retail	18.6%	18.8%	17.8%	17.7%	20.8%	20.4%	19.0%	17.9%	17.1%	16.3%	17.9%	18.6%	18.3%
NOLV (\$)	\$10,322	\$10,208	\$11,731	\$11,720	\$8,536	\$8,903	\$9,790	\$11,385	\$12,681	\$14,242	\$11,389	\$10,476	\$10,949
NOLV % of Cost	57.6%	57.0%	60.0%	60.3%	51.0%	52.2%	56.4%	59.9%	62.1%	64.6%	59.7%	57.8%	58.5%
NOLV % of Retail	19.2%	19.0%	20.0%	20.1%	17.0%	17.4%	18.8%	20.0%	20.7%	21.6%	19.9%	19.3%	19.5%

Nygård International Partnership Wholesale

Projected Net Orderly Liquidation Value

As of August 31, 2019

(CAD \$ in 000s)

	Notes	On-Hand		In-Transit		Total	
		\$	% of Cost	\$	% of Cost	Total \$	% of Cost
Gross Inventory at Cost	(1)	\$29,276		\$10,138		\$39,414	
Ineligible Inventory		(199)		-		(199)	
Eligible Inventory at Cost		29,077		10,138		39,215	
Projected GOLV		23,669	81.4%	8,583	84.7%	32,251	82.2%
Liquidation Expenses							
Payroll Expenses							
Payroll	(2)	1,256	4.3%	438	4.3%	1,694	4.3%
Commissions	(2)	24	0.1%	9	0.1%	33	0.1%
Benefits & Taxes	(2)	230	0.8%	80	0.8%	311	0.8%
Incentive & Retention	(3)	128	0.4%	45	0.4%	173	0.4%
Subtotal: Payroll		1,638	5.6%	572	5.6%	2,210	5.6%
Other Expenses							
Occupancy	(2)	1,732	6.0%	604	6.0%	2,336	6.0%
Operating	(2)	321	1.1%	112	1.1%	433	1.1%
Advertising	(3)	62	0.2%	23	0.2%	85	0.2%
Landing Costs	(2)	-	-	1,673	16.5%	1,673	4.3%
Subtotal: Other		2,115	7.3%	2,411	23.8%	4,526	11.5%
Liquidator Costs and Fees							
On-site Supervision	(3)	272	0.9%	95	0.9%	367	0.9%
Agent Fees	(3)(4)	473	1.6%	172	1.7%	645	1.6%
Subtotal: Liq. Costs and Fees		746	2.6%	267	2.6%	1,012	2.6%
Total Liquidation Expenses		\$4,498	15.5%	\$3,250	32.1%	\$7,748	19.8%
Projected NOLV		\$19,170	65.9%	\$5,333	52.6%	\$24,503	62.5%

Note(s):

(1) Tiger Valuation estimated a sale term of 12 weeks.

(2) Expenses based on Company supplied data.

(3) Expenses based on Tiger's liquidation experience.

(4) Tiger assumed that the liquidator would charge a fee of 2.0% of the GOLV.

Nygård International Partnership

Retail Stores

Projected Net Orderly Liquidation Value

As of August 31, 2019

(CAD \$ in 000s)

	Notes	As of August 31, 2019		
		Total \$	% of Cost	% of Retail
Gross Inventory at Cost		\$18,539		
Ineligible Inventory		(631)		
Eligible Inventory at Cost	(1)	\$17,908		
Eligible Inventory at Retail	(1)	53,653		
Projected GOLV		20,299	113.4%	37.8%
Liquidation Expenses:				
Payroll and Benefits				
Admin Payroll	(2)	434	2.4%	0.8%
Store Payroll	(2)	2,427	13.6%	4.5%
Commissions	(2)	187	1.0%	0.3%
Benefits & Taxes	(2)(3)	435	2.4%	0.8%
Incentive & Retention	(4)	243	1.4%	0.5%
Subtotal		3,726	20.8%	6.9%
Adv. & Promos	(4)	609	3.4%	1.1%
Store Occ.	(2)	3,133	17.5%	5.8%
Other				
Store Misc.	(2)	300	1.7%	0.6%
Credit Card Fees	(4)	365	2.0%	0.7%
Inv. Insurance	(4)	45	0.2%	0.1%
Inv. Taking	(4)	134	0.7%	0.3%
Subtotal		844	4.7%	1.6%
Liquidator Costs and Fees				
Supervision	(4)	967	5.4%	1.8%
Agent's Costs & Fees	(4)(5)	697	3.9%	1.3%
Subtotal		1,665	9.3%	3.1%
Total Liquidation Expenses		9,977	55.7%	18.6%
Projected NOLV		\$10,322	57.6%	19.2%

Note(s):

- (1) As of the appraisal date, eligible inventory at Company stores and DC(s)/WH(s).
- (2) Expenses based on Company supplied data.
- (3) Assumes the DC/WH(s) will remain open for the duration of the retail sale.
- (4) Expenses based on Tiger's liquidation experience.
- (5) Agent's fees include cost of capital expense and profit margin.

Data Source(s):

"SEP 12 MO Rolling - MO - CONSOL AND DIV BREAKDOWN - TIGER (v2)"

Nygård International Partnership

Total Company

Inventory Reconciliation

As of August 31, 2019

(CAD \$ in 000s)

Inventory Items	Notes	Wholesale				Retail	Total	
		Finished Goods		Raw Materials	Total			
		On-Hand	In-Transit					
Borrowing Base Certificate								
Gross Inventory								
Perpetual Reports		\$29,276	\$10,138	\$39,414	\$224	\$39,639	\$18,453	\$58,091
Ineligible Inventory								
Raw Material		-	-	-	(224)	(224)	-	(224)
Mark Up-Retail Inventory		-	-	-	-	-	(6,491)	(6,491)
Closed Retail Stores		-	-	-	-	-	(21)	(21)
Retail Stores < \$50M		-	-	-	-	-	(99)	(99)
Test Count reserve @ 5%		-	-	-	-	-	(511)	(511)
Consignment Inventory		-	(8,516)	(8,516)	-	(8,516)	-	(8,516)
>52 Weeks		(465)	-	(465)	-	(465)	(1,614)	(2,079)
Provision for Shrink		(199)	-	(199)	-	(199)	-	(199)
Subtotal		(665)	(8,516)	(9,181)	(224)	(9,405)	(8,735)	(18,140)
Eligible Inventory		\$28,611	\$1,622	\$30,234	\$0	\$30,234	\$9,718	\$39,951
Tiger Valuation's Analysis								
Gross Inventory								
Perpetual Reports		\$29,276	\$10,138	\$39,414	\$224	\$39,639	\$18,539	\$58,177
Ineligible Inventory								
Raw Material	(1)	-	-	-	(224)	(224)	-	(224)
Mark Up-Retail Inventory	(2)	-	-	-	-	-	-	-
Closed Retail Stores	(3)	-	-	-	-	-	(21)	(21)
Retail Stores < \$50M	(3)	-	-	-	-	-	(99)	(99)
Test Count reserve @ 5%	(2)	-	-	-	-	-	(511)	(511)
Consignment Inventory		-	-	-	-	-	-	-
>52 Weeks		-	-	-	-	-	-	-
Provision for Shrink	(2)	(199)	-	(199)	-	(199)	-	(199)
Subtotal		(199)	-	(199)	(224)	(423)	(631)	(1,054)
Eligible Inventory		\$29,077	\$10,138	\$39,215	\$0	\$39,215	\$17,908	\$57,123
Report Variances								
Gross Inventory								
Perpetual Reports		\$0	\$0	\$0	\$0	\$0	(\$86)	(\$86)
Ineligible Inventory								
Raw Material		-	-	-	-	-	-	-
Mark Up-Retail Inventory		-	-	-	-	-	(6,491)	(6,491)
Closed Retail Stores		-	-	-	-	-	-	-
Retail Stores < \$50M		-	-	-	-	-	-	-
Test Count reserve @ 5%		-	-	-	-	-	-	-
Consignment Inventory		-	(8,516)	(8,516)	-	(8,516)	-	(8,516)
>52 Weeks		(465)	-	(465)	-	(465)	(1,614)	(2,079)
Provision for Shrink		-	-	-	-	-	-	-
Subtotal		(465)	(8,516)	(8,982)	-	(8,982)	(8,104)	(17,086)
Eligible Inventory		(\$465)	(\$8,516)	(\$8,982)	\$0	(\$8,982)	(\$8,190)	(\$17,172)

Note(s):

(1) Detailed descriptions of ineligible categories are provided in the Eligible Inv. section of the report.

(2) Identified using current inventory mix.

(3) Identified using store code indicators in the perpetual file.

Data Source(s):

"4. INV - AUG31 - FG & WIP" and "BBC 2019-7 Nygard Monthly - BBC Template - AUG 2019" reports.

Nygård International Partnership

Wholesale

Eligible Inventory

As of August 31, 2019

(CAD \$ in 000s)

Category	Beginning Inventory		Raw Material		Provision for Shrink (1)		Eligible Inventory			
	Units	Cost	Units	Cost	Units	Cost	Units	Unit Cost	Cost	% of Total
Finished Goods										
On-Hand										
Canada										
Aged < 196 Days										
Blouses/Shirts/Tunic	84,145	\$1,052	-	\$0	(573)	(\$7)	83,572	\$12.51	\$1,045	2.7%
Cut & Sew/T-Shirts	206,185	1,537	-	-	(1,404)	(10)	204,781	7.46	1,527	3.9%
Dresses/Coats	20,763	292	-	-	(141)	(2)	20,622	14.05	290	0.7%
Jackets/Vests	45,489	671	-	-	(310)	(5)	45,179	14.75	666	1.7%
Pants	400,096	4,136	-	-	(2,724)	(28)	397,372	10.34	4,108	10.5%
Shorts/Capri/Crops	48,496	417	-	-	(330)	(3)	48,166	8.59	414	1.1%
Skirts	3,153	44	-	-	(21)	(0)	3,132	13.82	43	0.1%
Sweaters	119,013	1,407	-	-	(810)	(10)	118,203	11.82	1,397	3.6%
Subtotal	927,340	9,556	-	-	(6,314)	(65)	921,026	10.30	9,491	24.2%
Aged 197 - 365 Days										
Accessories	435	1	-	-	(3)	(0)	432	3.40	1	0.0%
Blouses/Shirts/Tunic	12,072	62	-	-	(82)	(0)	11,990	5.15	62	0.2%
Cut & Sew/T-Shirts	15,437	46	-	-	(105)	(0)	15,332	3.00	46	0.1%
Dresses/Coats	2,558	8	-	-	(17)	(0)	2,541	3.15	8	0.0%
Jackets/Vests	2,087	14	-	-	(14)	(0)	2,073	6.80	14	0.0%
Pants	48,338	449	-	-	(329)	(3)	48,009	9.30	446	1.1%
Shorts/Capri/Crops	2,774	47	-	-	(19)	(0)	2,755	16.88	46	0.1%
Skirts	2	0	-	-	(0)	(0)	2	11.06	0	0.0%
Sweaters	20,636	66	-	-	(140)	(0)	20,496	3.19	65	0.2%
Subtotal	104,339	694	-	-	(710)	(5)	103,629	6.65	689	1.8%
Aged > 365 Days										
Accessories	491	1	-	-	(3)	(0)	488	2.60	1	0.0%
Blouses/Shirts/Tunic	44,639	77	-	-	(304)	(1)	44,335	1.72	76	0.2%
Cut & Sew/T-Shirts	14,555	34	-	-	(99)	(0)	14,456	2.36	34	0.1%
Dresses/Coats	88	(0)	-	-	(88)	0	-	-	-	-
Jackets/Vests	10,971	54	-	-	(75)	(0)	10,896	4.88	53	0.1%
Pants	222,487	745	-	-	(1,515)	(5)	220,972	3.35	740	1.9%
Shorts/Capri/Crops	29,533	161	-	-	(201)	(1)	29,332	5.45	160	0.4%
Skirts	14	0	-	-	(0)	(0)	14	7.70	0	0.0%
Sweaters	2,806	3	-	-	(19)	(0)	2,787	1.22	3	0.0%
Subtotal	325,584	1,076	-	-	(2,304)	(7)	323,280	3.31	1,068	2.7%
Total: Canada	1,357,263	\$11,325	-	\$0	(9,328)	(\$77)	1,347,935	\$8.34	\$11,248	28.7%
United States										
Aged < 196 Days										
Blouses/Shirts/Tunic	172,811	\$2,366	-	\$0	(1,177)	(\$16)	171,634	\$13.69	\$2,350	6.0%
Cut & Sew/T-Shirts	94,227	832	-	-	(642)	(6)	93,585	8.83	827	2.1%
Dresses/Coats	23,495	349	-	-	(160)	(2)	23,335	14.84	346	0.9%
Jackets/Vests	52,493	1,148	-	-	(357)	(8)	52,136	21.88	1,141	2.9%
Pants	555,942	6,426	-	-	(3,785)	(44)	552,157	11.56	6,383	16.3%
Shorts/Capri/Crops	86,574	891	-	-	(589)	(6)	85,985	10.29	885	2.3%
Skirts	5,771	76	-	-	(39)	(1)	5,732	13.20	76	0.2%
Sweaters	49,162	795	-	-	(335)	(5)	48,827	16.17	790	2.0%
Subtotal	1,040,475	12,884	-	-	(7,084)	(88)	1,033,391	12.38	12,796	32.6%
Aged 197 - 365 Days										
Accessories	123	1	-	-	(1)	(0)	122	4.19	1	0.0%
Blouses/Shirts/Tunic	17,688	103	-	-	(120)	(1)	17,568	5.83	102	0.3%
Cut & Sew/T-Shirts	11,888	22	-	-	(81)	(0)	11,807	1.88	22	0.1%
Dresses/Coats	7,930	34	-	-	(54)	(0)	7,876	4.25	33	0.1%
Jackets/Vests	2,467	22	-	-	(17)	(0)	2,450	8.81	22	0.1%
Pants	124,391	1,374	-	-	(847)	(9)	123,544	11.05	1,365	3.5%
Shorts/Capri/Crops	30,343	316	-	-	(207)	(2)	30,136	10.42	314	0.8%
Skirts	195	2	-	-	(1)	(0)	194	9.99	2	0.0%
Sweaters	5,778	23	-	-	(39)	(0)	5,739	3.94	23	0.1%
Subtotal	200,805	1,897	-	-	(1,367)	(13)	199,436	9.44	1,884	4.8%

Nygård International Partnership

Wholesale

Eligible Inventory

As of August 31, 2019

(CAD \$ in 000s)

Category	Beginning Inventory		Raw Material		Provision for Shrink (1)		Eligible Inventory			
	Units	Cost	Units	Cost	Units	Cost	Units	Unit Cost	Cost	% of Total
Aged > 365 Days										
Accessories	1,127	2	-	-	(8)	(0)	1,119	1.77	2	0.0%
Blouses/Shirts/Tunic	125,723	250	-	-	(856)	(2)	124,867	1.99	248	0.6%
Cut & Sew/T-Shirts	15,750	16	-	-	(107)	(0)	15,643	1.00	16	0.0%
Dresses/Coats	1,837	5	-	-	(13)	(0)	1,824	2.68	5	0.0%
Jackets/Vests	26,409	39	-	-	(180)	(0)	26,229	1.49	39	0.1%
Pants	517,060	2,078	-	-	(3,520)	(14)	513,540	4.02	2,064	5.3%
Shorts/Capri/Crops	152,694	750	-	-	(1,040)	(5)	151,654	4.91	745	1.9%
Skirts	4,658	14	-	-	(32)	(0)	4,626	3.04	14	0.0%
Sweaters	8,431	16	-	-	(57)	(0)	8,374	1.91	16	0.0%
Subtotal	853,689	3,170	-	-	(5,812)	(22)	847,877	3.71	3,149	8.0%
Total: United States	2,094,967	\$17,951	-	\$0	(14,263)	(\$122)	2,080,704	\$8.57	\$17,828	45.5%
Total: On-Hand	3,452,230	\$29,276	-	\$0	(23,591)	(\$199)	3,428,639	\$8.48	\$29,077	74.1%
In-Transit										
Canada										
Blouses/Shirts/Tunic	49,470	505	-	-	-	-	49,470	10.21	505	1.3%
Cut & Sew/T-Shirts	244,285	1,614	-	-	-	-	244,285	6.61	1,614	4.1%
Dresses/Coats	16,935	167	-	-	-	-	16,935	9.87	167	0.4%
Jackets/Vests	54,932	954	-	-	-	-	54,932	17.36	954	2.4%
Pants	190,493	1,900	-	-	-	-	190,493	9.98	1,900	4.8%
Skirts	113	2	-	-	-	-	113	19.41	2	0.0%
Sweaters	133,837	1,375	-	-	-	-	133,837	10.27	1,375	3.5%
Subtotal	690,065	6,517	-	-	-	-	690,065	9.44	6,517	16.6%
United States										
Blouses/Shirts/Tunic	8,076	\$101	-	\$0	-	\$0	8,076	\$12.45	\$101	0.3%
Cut & Sew/T-Shirts	34,318	366	-	-	-	-	34,318	10.66	366	0.9%
Dresses/Coats	970	15	-	-	-	-	970	15.57	15	0.0%
Jackets/Vests	30,061	578	-	-	-	-	30,061	19.24	578	1.5%
Pants	131,625	1,914	-	-	-	-	131,625	14.54	1,914	4.9%
Shorts/Capri/Crops	221	3	-	-	-	-	221	12.90	3	0.0%
Skirts	1,648	22	-	-	-	-	1,648	13.61	22	0.1%
Sweaters	40,502	623	-	-	-	-	40,502	15.37	623	1.6%
Subtotal	247,421	3,622	-	-	-	-	247,421	14.64	3,622	9.2%
Total: In-Transit	937,486	\$10,138	-	\$0	-	\$0	937,486	\$10.81	\$10,138	25.9%
Total: Finished Goods	4,389,716	\$39,414	-	\$0	(23,591)	(\$199)	4,366,125	\$8.98	\$39,215	100.0%
Raw Materials	169,335	224	(169,335)	(224)	-	-	-	-	-	-
Total	4,559,051	\$39,639	(169,335)	(\$224)	(23,591)	(\$199)	4,366,125	\$8.98	\$39,215	100.0%

Note(s):

(1) Allocated based on current inventory mix.

Data Source(s):

"4. INV - AUG31 - FG & WIP" report.

Nygård International Partnership

Retail Stores

Eligible Inventory

As of August 31, 2019

(CAD \$ in 000s)

Category	Beginning Inventory			Ineligible Closed Stores (1)			Ineligible < 50 M (1)			Ineligible Test Count (1)			Eligible Inventory		
	Units on Hand	Inv. at Cost	Inv. at Retail	Units on Hand	Inv. at Cost	Inv. at Retail	Units on Hand	Inv. at Cost	Inv. at Retail	Units on Hand	Inv. at Cost	Inv. at Retail	Units on Hand	Inv. at Cost	Inv. at Retail
Accessories	2,328	\$7	\$79	(3)	(\$0)	(\$0)	(13)	(\$0)	(\$0)	(65)	(\$0)	(\$2)	2,247	\$7	\$76
Blouses/Shirts/Tunic	113,780	1,971	6,266	(126)	(2)	(7)	(606)	(10)	(33)	(3,140)	(54)	(173)	109,908	1,904	6,053
Cut & Sew/T-Shirts	302,117	4,076	10,486	(335)	(5)	(12)	(1,607)	(22)	(56)	(8,336)	(112)	(289)	291,839	3,937	10,129
Dresses/Coats	66,414	1,434	3,936	(74)	(2)	(4)	(354)	(8)	(21)	(1,833)	(40)	(109)	64,153	1,385	3,803
Jackets/Vests	64,029	1,288	4,070	(71)	(1)	(5)	(341)	(7)	(22)	(1,767)	(36)	(112)	61,850	1,244	3,931
Knits	23,684	129	253	(27)	(0)	(0)	(126)	(1)	(1)	(654)	(4)	(7)	22,877	124	244
Pants	562,347	6,162	19,492	(623)	(7)	(22)	(2,991)	(33)	(104)	(15,515)	(170)	(538)	543,218	5,953	18,829
Shorts/Capri/Crops	84,807	1,072	3,499	(94)	(1)	(4)	(452)	(6)	(19)	(2,340)	(30)	(97)	81,921	1,036	3,380
Skirts	10,475	171	456	(12)	(0)	(1)	(56)	(1)	(2)	(289)	(5)	(13)	10,118	166	440
Sweaters	158,010	2,229	7,005	(175)	(2)	(8)	(841)	(12)	(37)	(4,360)	(61)	(193)	152,634	2,153	6,767
Total	1,387,991	\$18,539	\$55,542	(1,540)	(\$21)	(\$61)	(7,387)	(\$99)	(\$295)	(38,299)	(\$511)	(\$1,532)	1,340,765	\$17,908	\$53,653

Note(s):

(1) Ineligible inventory was allocated using the beginning inventory mix at cost. Units were estimated using the departmental unit cost, and retail price estimated using the departmental IMU.

Data Source(s):

"6. RTL Units & Cost - AUG19" and "BBC 2019-7 Nygard Monthly - BBC Template - AUG 2019" reports.

Nygård International Partnership

Wholesale

Projected Gross Orderly Liquidation Value

As of August 31, 2019

(CAD \$ in 000s)

		Eligible Inventory				Estimated GOLV			
Category	Units	Unit Cost	Inventory at Cost			Selling Price (1)	GOLV \$	GOLV %	
			\$	% of Sub.	% of Total			Cost	Sell Price
On-Hand									
Canada									
Aged < 196 Days									
Blouses/Shirts/Tunic	83,572	\$12.51	\$1,045	11.0%	2.7%	\$1,649	\$944	90.3%	57.3%
Cut & Sew/T-Shirts	204,781	7.46	1,527	16.1%	3.9%	2,540	1,439	94.2%	56.6%
Dresses/Coats	20,622	14.05	290	3.1%	0.7%	479	272	93.8%	56.7%
Jackets/Vests	45,179	14.75	666	7.0%	1.7%	1,019	587	88.1%	57.6%
Pants	397,372	10.34	4,108	43.3%	10.5%	6,359	3,656	89.0%	57.5%
Shorts/Capri/Crops	48,166	8.59	414	4.4%	1.1%	628	362	87.6%	57.7%
Skirts	3,132	13.82	43	0.5%	0.1%	72	41	93.7%	56.7%
Sweaters	118,203	11.82	1,397	14.7%	3.6%	2,375	1,339	95.9%	56.4%
Subtotal	921,026	10.30	9,491	100.0%	24.2%	15,119	8,640	91.0%	57.1%
Aged 197 - 365 Days									
Accessories	432	3.40	1	0.2%	0.0%	2	1	36.8%	26.3%
Blouses/Shirts/Tunic	11,990	5.15	62	9.0%	0.2%	97	23	37.4%	23.7%
Cut & Sew/T-Shirts	15,332	3.00	46	6.7%	0.1%	76	17	37.6%	22.6%
Dresses/Coats	2,541	3.15	8	1.2%	0.0%	13	3	37.6%	22.7%
Jackets/Vests	2,073	6.80	14	2.0%	0.0%	22	5	37.2%	24.3%
Pants	48,009	9.30	446	64.7%	1.1%	691	166	37.3%	24.1%
Shorts/Capri/Crops	2,755	16.88	46	6.7%	0.1%	71	17	37.2%	24.5%
Skirts	2	11.06	0	0.0%	0.0%	0	0	37.6%	22.7%
Sweaters	20,496	3.19	65	9.5%	0.2%	111	25	37.7%	22.2%
Subtotal	103,629	6.65	689	100.0%	1.8%	1,083	257	37.3%	23.8%
Aged > 365 Days									
Accessories	488	2.60	1	0.1%	0.0%	2	0	27.0%	19.2%
Blouses/Shirts/Tunic	44,335	1.72	76	7.1%	0.2%	120	21	27.0%	17.1%
Cut & Sew/T-Shirts	14,456	2.36	34	3.2%	0.1%	57	9	27.0%	16.2%
Jackets/Vests	10,896	4.88	53	5.0%	0.1%	81	14	27.0%	17.6%
Pants	220,972	3.35	740	69.3%	1.9%	1,146	200	27.0%	17.4%
Shorts/Capri/Crops	29,332	5.45	160	15.0%	0.4%	243	43	27.0%	17.8%
Skirts	14	7.70	0	0.0%	0.0%	0	0	27.0%	16.3%
Sweaters	2,787	1.22	3	0.3%	0.0%	6	1	27.0%	15.9%
Subtotal	323,280	3.31	1,068	100.0%	2.7%	1,654	288	27.0%	17.4%
Total: Canada	1,347,935	\$8.34	\$11,248		28.7%	\$17,856	\$9,185	81.7%	51.4%
United States									
Aged < 196 Days									
Blouses/Shirts/Tunic	171,634	\$13.69	\$2,350	18.4%	6.0%	\$5,032	\$2,711	115.4%	53.9%
Cut & Sew/T-Shirts	93,585	8.83	827	6.5%	2.1%	1,551	855	103.4%	55.1%
Dresses/Coats	23,335	14.84	346	2.7%	0.9%	707	384	110.9%	54.3%
Jackets/Vests	52,136	21.88	1,141	8.9%	2.9%	2,097	1,160	101.7%	55.3%
Pants	552,157	11.56	6,383	49.9%	16.3%	10,959	6,144	96.3%	56.1%
Shorts/Capri/Crops	85,985	10.29	885	6.9%	2.3%	1,424	809	91.4%	56.8%
Skirts	5,732	13.20	76	0.6%	0.2%	131	73	96.6%	56.0%
Sweaters	48,827	16.17	790	6.2%	2.0%	1,415	787	99.6%	55.6%
Subtotal	1,033,391	12.38	12,796	100.0%	32.6%	23,315	12,923	101.0%	55.4%
Aged 197 - 365 Days									
Accessories	122	4.19	1	0.0%	0.0%	1	0	38.9%	18.5%
Blouses/Shirts/Tunic	17,568	5.83	102	5.4%	0.3%	219	40	39.0%	18.2%
Cut & Sew/T-Shirts	11,807	1.88	22	1.2%	0.1%	42	8	38.2%	20.4%
Dresses/Coats	7,876	4.25	33	1.8%	0.1%	68	13	38.7%	19.0%
Jackets/Vests	2,450	8.81	22	1.1%	0.1%	40	8	38.1%	20.7%
Pants	123,544	11.05	1,365	72.5%	3.5%	2,343	515	37.8%	22.0%
Shorts/Capri/Crops	30,136	10.42	314	16.7%	0.8%	506	118	37.4%	23.3%
Skirts	194	9.99	2	0.1%	0.0%	3	1	37.8%	21.9%
Sweaters	5,739	3.94	23	1.2%	0.1%	41	9	38.0%	21.2%
Subtotal	199,436	9.44	1,884	100.0%	4.8%	3,263	712	37.8%	21.8%

Nygård International Partnership Wholesale

Projected Gross Orderly Liquidation Value

As of August 31, 2019

(CAD \$ in 000s)

Category	Eligible Inventory					Estimated GOLV			
	Units	Unit Cost	Inventory at Cost			Selling Price (1)	GOLV \$	GOLV %	
			\$	% of Sub.	% of Total			Cost	Sell Price
Aged > 365 Days									
Accessories	1,119	1.77	2	0.1%	0.0%	4	1	27.0%	12.8%
Blouses/Shirts/Tunic	124,867	1.99	248	7.9%	0.6%	532	67	27.0%	12.6%
Cut & Sew/T-Shirts	15,643	1.00	16	0.5%	0.0%	29	4	27.0%	14.4%
Dresses/Coats	1,824	2.68	5	0.2%	0.0%	10	1	27.0%	13.2%
Jackets/Vests	26,229	1.49	39	1.2%	0.1%	72	11	27.0%	14.7%
Pants	513,540	4.02	2,064	65.6%	5.3%	3,544	556	27.0%	15.7%
Shorts/Capri/Crops	151,654	4.91	745	23.6%	1.9%	1,199	201	27.0%	16.7%
Skirts	4,626	3.04	14	0.4%	0.0%	24	4	27.0%	15.6%
Sweaters	8,374	1.91	16	0.5%	0.0%	29	4	27.0%	15.0%
Subtotal	847,877	3.71	3,149	100.0%	8.0%	5,443	849	27.0%	15.6%
Total: United States	2,080,704	\$8.57	\$17,828		45.5%	\$32,020	\$14,484	81.2%	45.2%
Total: On-Hand	3,428,639	\$8.48	\$29,077		74.1%	\$49,877	\$23,669	81.4%	47.5%
In-Transit									
Canada									
Blouses/Shirts/Tunic	49,470	10.21	505	7.8%	1.3%	978	471	93.3%	48.2%
Cut & Sew/T-Shirts	244,285	6.61	1,614	24.8%	4.1%	2,823	1,391	86.2%	49.3%
Dresses/Coats	16,935	9.87	167	2.6%	0.4%	309	151	90.0%	48.7%
Jackets/Vests	54,932	17.36	954	14.6%	2.4%	1,584	789	82.8%	49.9%
Pants	190,493	9.98	1,900	29.2%	4.8%	3,144	1,569	82.6%	49.9%
Skirts	113	19.41	2	0.0%	0.0%	4	2	84.0%	49.6%
Sweaters	133,837	10.27	1,375	21.1%	3.5%	2,380	1,175	85.5%	49.4%
Subtotal	690,065	9.44	6,517	100.0%	16.6%	11,221	5,548	85.1%	49.4%
United States									
Blouses/Shirts/Tunic	8,076	\$12.45	\$101	2.8%	0.3%	\$195	\$94	93.3%	48.2%
Cut & Sew/T-Shirts	34,318	10.66	366	10.1%	0.9%	640	315	86.2%	49.3%
Dresses/Coats	970	15.57	15	0.4%	0.0%	28	14	90.0%	48.7%
Jackets/Vests	30,061	19.24	578	16.0%	1.5%	960	479	82.8%	49.9%
Pants	131,625	14.54	1,914	52.9%	4.9%	3,167	1,580	82.6%	49.9%
Shorts/Capri/Crops	221	12.90	3	0.1%	0.0%	4	2	79.0%	50.6%
Skirts	1,648	13.61	22	0.6%	0.1%	38	19	84.0%	49.6%
Sweaters	40,502	15.37	623	17.2%	1.6%	1,078	532	85.5%	49.4%
Subtotal	247,421	14.64	3,622	100.0%	9.2%	6,110	3,035	83.8%	49.7%
Total: In-Transit	937,486	\$10.81	\$10,138		25.9%	\$17,331	\$8,583	84.7%	49.5%
Total	4,366,125	\$8.98	\$39,215		100.0%	\$67,207	\$32,251	82.2%	48.0%

Note(s):

(1) Inventory at selling price was calculated using the gross margin by category for the 12 months ended August 2019.

Data Source(s):

"4. INV - AUG31 - FG & WIP" report.

Nygård International Partnership

Retail Stores

Projected Gross Orderly Liquidation Value

As of August 31, 2019

(CAD \$ in 000s)

Category	Eligible Inventory								Projected Gross Recovery			
	Units	Unit Cost	Inventory at Cost		Initial Mark-Up	Unit Price	Inventory at Retail		Unit GOLV	GOLV \$	GOLV %	
			\$	% of Total			\$	% of Total			Cost	Retail
Accessories	2,247	\$2.94	\$7	0.0%	91.3%	\$33.79	\$76	0.1%	\$3.38	\$8	115.0%	10.0%
Blouses/Shirts/Tunic	109,908	17.32	1,904	10.6%	68.5%	55.08	6,053	11.3%	17.62	1,937	101.7%	32.0%
Cut & Sew/T-Shirts	291,839	13.49	3,937	22.0%	61.1%	34.71	10,129	18.9%	13.88	4,052	102.9%	40.0%
Dresses/Coats	64,153	21.59	1,385	7.7%	63.6%	59.27	3,803	7.1%	20.75	1,331	96.1%	35.0%
Jackets/Vests	61,850	20.12	1,244	6.9%	68.3%	63.56	3,931	7.3%	19.70	1,219	97.9%	31.0%
Knits	22,877	5.43	124	0.7%	49.1%	10.67	244	0.5%	3.52	81	64.9%	33.0%
Pants	543,218	10.96	5,953	33.2%	68.4%	34.66	18,829	35.1%	15.25	8,285	139.2%	44.0%
Shorts/Capri/Crops	81,921	12.64	1,036	5.8%	69.4%	41.26	3,380	6.3%	14.03	1,149	111.0%	34.0%
Skirts	10,118	16.37	166	0.9%	62.4%	43.53	440	0.8%	13.93	141	85.1%	32.0%
Sweaters	152,634	14.11	2,153	12.0%	68.2%	44.34	6,767	12.6%	13.74	2,098	97.4%	31.0%
Total	1,340,765	\$13.36	\$17,908	100.0%	66.6%	\$40.02	\$53,653	100.0%	\$15.14	\$20,299	113.4%	37.8%

Nygård International Partnership
Total Company
Inventory History
For the 12 Months Ended August 2019 vs. August 2018
(CAD \$ in 000s)

	12 Months Ended August 2019 (1)					12 Months Ended August 2018 (1)					Increase / (Decrease)							
Month	Wholesale			Total		Wholesale			Total		Wholesale				Retail		Total	
	On-Hand	In-Transit	Retail	\$	% of Avg.	On-Hand	In-Transit	Retail	\$	% of Avg.	On-Hand		In-Transit		\$	%	\$	%
											\$	%	\$	%				
September	\$27,961	\$9,613	\$17,811	\$55,385	95.2%	\$38,687	\$14,211	\$16,148	\$69,046	104.4%	(\$10,726)	(27.7%)	(\$4,598)	(32.4%)	\$1,663	10.3%	(\$13,661)	(19.8%)
October	25,730	10,196	20,007	55,933	96.1%	35,464	10,355	17,951	63,770	96.4%	(9,734)	(27.4%)	(159)	(1.5%)	2,056	11.5%	(7,837)	(12.3%)
November	24,269	9,256	20,245	53,770	92.4%	33,891	8,449	18,608	60,948	92.1%	(9,622)	(28.4%)	806	9.5%	1,637	8.8%	(7,179)	(11.8%)
December	23,647	18,348	17,808	59,803	102.8%	31,130	13,060	16,513	60,704	91.8%	(7,484)	(24.0%)	5,288	40.5%	1,295	7.8%	(901)	(1.5%)
January	20,203	19,999	17,946	58,148	99.9%	40,466	16,354	15,519	72,339	109.3%	(20,263)	(50.1%)	3,646	22.3%	2,427	15.6%	(14,190)	(19.6%)
February	31,930	16,410	18,684	67,023	115.2%	39,106	18,936	16,492	74,533	112.7%	(7,176)	(18.4%)	(2,526)	(13.3%)	2,192	13.3%	(7,510)	(10.1%)
March	30,477	10,680	N/A	N/A	N/A	38,925	11,482	18,750	69,156	104.5%	(8,448)	(21.7%)	(802)	(7.0%)	N/A	N/A	N/A	N/A
April	30,608	13,619	20,057	64,283	110.5%	38,606	9,734	19,685	68,025	102.8%	(7,998)	(20.7%)	3,885	39.9%	372	1.9%	(3,741)	(5.5%)
May	25,532	9,656	21,680	56,868	97.7%	36,381	4,327	19,072	59,780	90.4%	(10,849)	(29.8%)	5,329	123.1%	2,608	13.7%	(2,912)	(4.9%)
June	24,712	7,995	19,430	52,136	89.6%	31,889	14,423	17,000	63,312	95.7%	(7,177)	(22.5%)	(6,428)	(44.6%)	2,429	14.3%	(11,176)	(17.7%)
July	27,506	12,352	18,900	58,759	101.0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
August	29,276	10,138	18,453	57,867	99.5%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Average	\$26,821	\$12,355	\$19,184	\$58,180	100.0%	\$36,454	\$12,133	\$17,574	\$66,161	100.0%	(\$9,633)	(26.4%)	\$222	1.8%	\$1,610	9.2%	(\$7,982)	(12.1%)
% of Total	46.1%	21.2%	33.0%	100.3%		55.1%	18.3%	26.6%	100.0%									

Note(s):

(1) Gross of ineligible inventory, and excludes raw material and retail inventory.

Data Source(s):

Consolidated "Nygard Month End - BBC Template" reports.

Nygård International Partnership

Retail Stores

Inventory History

12 Months Ending August 2019 vs. August 2018

(CAD \$ in 000s)

Month	12 Months Ending August 2019 (1)				12 Months Ending August 2018 (1)				Change	
	Inv. at Cost	No. of Stores	Cost Inv. Per Store		Inv. at Cost	No. of Stores	Cost Inv. Per Store		Cost Inv. Per Store	
			\$	% to Avg.			\$	% to Avg.	\$	%
September	\$17,811	174	\$102	93.2%	\$16,148	158	\$102	98.2%	\$0	0.2%
October	20,007	173	116	105.3%	17,951	165	109	104.5%	7	6.3%
November	20,245	176	115	104.8%	18,608	169	110	105.8%	5	4.5%
December	17,808	176	101	92.1%	16,513	170	97	93.3%	4	4.2%
January	17,946	176	102	92.9%	15,519	170	91	87.7%	11	11.7%
February	18,684	178	105	95.6%	16,492	168	98	94.3%	7	6.9%
March	N/A	175	N/A	N/A	18,750	172	109	104.7%	N/A	N/A
April	20,057	175	115	104.4%	19,685	172	114	109.9%	0	0.1%
May	21,680	175	124	112.8%	19,072	171	112	107.1%	12	11.1%
June	19,430	174	112	101.7%	17,000	173	98	94.4%	13	13.6%
July	18,900	174	109	98.9%	N/A	173	N/A	N/A	N/A	N/A
August	18,453	171	108	98.3%	N/A	172	N/A	N/A	N/A	N/A
Average	\$19,184	175	\$110	100.0%	\$17,574	169	\$104	100.0%	\$6	5.5%

Note(s):

(1) Inventory is show gross of adjustments of ineligible inventory.

Data Source(s):

Consolidated "Nygard Month End - BBC Template" reports.

Nygård International Partnership
Wholesale

Inventory by Season

As of August 31, 2019

(CAD \$ in 000s)

Inventory at Cost (1) (2)															
Category	Core		Holiday 20		Fall 20		Spring 19		Holiday 19		Older than Holiday 19		Total Inventory		
	\$	% of Total	\$	% of Total	\$	% of Total	\$	% of Total	\$	% of Total	\$	% of Total	\$	% of Subtotal	% of Total
Canada															
Accessories	\$1	46.3%	\$0	-	\$0	-	\$0	-	\$1	53.7%	\$0	-	\$3	0.0%	0.0%
Blouses/Shirts/Tunic	396	33.2%	0	0.0%	528	44.3%	232	19.5%	26	2.2%	9	0.7%	1,191	10.5%	4.1%
Cut & Sew/T-Shirts	59	3.7%	-	-	1,093	67.5%	423	26.1%	25	1.5%	18	1.1%	1,618	14.3%	5.5%
Dresses/Coats	3	1.0%	-	-	187	62.5%	102	34.0%	4	1.4%	3	1.1%	300	2.6%	1.0%
Jackets/Vests	55	7.5%	0	0.0%	636	86.1%	40	5.4%	7	0.9%	1	0.1%	739	6.5%	2.5%
Pants	4,547	85.3%	-	-	594	11.1%	169	3.2%	12	0.2%	9	0.2%	5,331	47.1%	18.2%
Shorts/Capri/Crops	375	60.0%	-	-	3	0.5%	246	39.4%	-	-	0	0.1%	625	5.5%	2.1%
Skirts	4	8.0%	-	-	18	40.6%	22	51.4%	-	-	-	-	44	0.4%	0.1%
Sweaters	4	0.3%	-	-	1,352	91.6%	56	3.8%	43	2.9%	21	1.4%	1,476	13.0%	5.0%
Subtotal	5,444	48.1%	0	0.0%	4,411	39.0%	1,290	11.4%	119	1.0%	61	0.5%	11,325	100.0%	38.7%
United States															
Accessories	2	79.5%	-	-	-	-	-	-	1	20.5%	-	-	3	0.0%	0.0%
Blouses/Shirts/Tunic	1,054	38.8%	0	0.0%	1,238	45.5%	367	13.5%	50	1.8%	10	0.4%	2,719	15.1%	9.3%
Cut & Sew/T-Shirts	183	21.0%	-	-	428	49.2%	235	27.1%	18	2.0%	6	0.7%	870	4.8%	3.0%
Dresses/Coats	29	7.4%	-	-	245	63.2%	93	24.1%	16	4.2%	4	1.2%	387	2.2%	1.3%
Jackets/Vests	114	9.5%	0	0.0%	1,049	86.7%	37	3.0%	4	0.4%	5	0.4%	1,210	6.7%	4.1%
Pants	9,523	96.4%	-	-	194	2.0%	138	1.4%	22	0.2%	2	0.0%	9,879	55.0%	33.7%
Shorts/Capri/Crops	1,819	92.9%	-	-	5	0.2%	102	5.2%	31	1.6%	0	0.0%	1,957	10.9%	6.7%
Skirts	83	90.2%	-	-	7	8.0%	1	1.6%	-	-	0	0.2%	92	0.5%	0.3%
Sweaters	41	4.9%	3	0.3%	744	89.3%	26	3.1%	11	1.3%	9	1.1%	834	4.6%	2.8%
Subtotal	12,849	71.6%	3	0.0%	3,910	21.8%	999	5.6%	152	0.8%	37	0.2%	17,951	100.0%	61.3%
Total	\$18,293	62.5%	\$4	0.0%	\$8,322	28.4%	\$2,289	7.8%	\$271	0.9%	\$99	0.3%	\$29,276		100.0%

Note(s):

(1) Excludes in-transit, and raw material inventory.

(2) The Company provided inventory aging based upon receipt date by lot.

Data Source(s):

"4. INV - AUG31 - FG & WIP" report.

Nygård International Partnership
Wholesale
Sales, Gross Margin, and Inventory Turnover by Category
For the 12 Months Ended August 2019
(CAD \$ in 000s)

Category	Net Sales (1)		Cost of Goods Sold		Gross Margin		Average Inventory (2)		Inventory Turnover (3)	Days Sales in Inventory
	\$	% of Total	COGS \$	Sales / COGS	\$	%	\$	% of Total		
Wholesale										
Canada										
Accessories	\$38	0.0%	\$27	140.3%	\$11	28.7%	\$3	0.0%	9.9	37
Blouses/Shirts/Tunic	8,614	2.8%	5,460	157.8%	3,154	36.6%	1,686	2.9%	3.2	113
Cut & Sew/T-Shirts	22,056	7.3%	13,262	166.3%	8,794	39.9%	3,212	5.5%	4.1	88
Dresses/Coats	5,162	1.7%	3,122	165.3%	2,040	39.5%	464	0.8%	6.7	54
Jackets/Vests	5,974	2.0%	3,908	152.9%	2,066	34.6%	1,682	2.9%	2.3	157
Pants	18,790	6.2%	12,138	154.8%	6,651	35.4%	7,187	12.3%	1.7	216
Samples	268	0.1%	-	-	268	100.0%	-	-	-	-
Shorts/Capri/Crops	12,973	4.3%	8,554	151.7%	4,419	34.1%	621	1.1%	13.8	26
Skirts	520	0.2%	315	165.2%	205	39.5%	46	0.1%	6.9	53
Sweaters	13,853	4.6%	8,152	169.9%	5,702	41.2%	2,833	4.8%	2.9	127
Subtotal	88,247	29.1%	54,937	160.6%	33,310	37.7%	17,734	30.4%	3.1	118
United States										
Accessories	198	0.1%	94	210.7%	104	52.5%	2	0.0%	37.7	10
Blouses/Shirts/Tunic	20,314	6.7%	9,487	214.1%	10,828	53.3%	2,803	4.8%	3.4	108
Cut & Sew/T-Shirts	17,051	5.6%	9,090	187.6%	7,961	46.7%	1,229	2.1%	7.4	49
Dresses/Coats	6,565	2.2%	3,216	204.1%	3,349	51.0%	400	0.7%	8.0	45
Jackets/Vests	5,327	1.8%	2,898	183.8%	2,429	45.6%	1,777	3.0%	1.6	224
Pants	35,484	11.7%	20,666	171.7%	14,818	41.8%	11,721	20.1%	1.8	207
Samples	62	0.0%	-	-	62	100.0%	-	-	-	-
Shorts/Capri/Crops	12,245	4.0%	7,606	161.0%	4,639	37.9%	1,948	3.3%	3.9	93
Skirts	677	0.2%	392	172.5%	285	42.0%	114	0.2%	3.4	106
Sweaters	7,602	2.5%	4,243	179.2%	3,359	44.2%	1,448	2.5%	2.9	125
Subtotal	105,525	34.8%	57,693	182.9%	47,833	45.3%	21,442	36.7%	2.7	136
Total: Wholesale	\$193,772	63.8%	\$112,630	172.0%	\$81,143	41.9%	\$39,176	67.0%	2.9	127
Retail										
Accessories	\$83	0.0%	\$47	176.0%	\$36	43.2%	\$7	0.0%	6.6	55
Blouses/Shirts/Tunic	12,500	4.1%	6,484	192.8%	6,017	48.1%	2,047	3.5%	3.2	115
Cut & Sew/T-Shirts	27,057	8.9%	15,130	178.8%	11,927	44.1%	4,234	7.2%	3.6	102
Dresses/Coats	6,566	2.2%	3,832	171.3%	2,733	41.6%	1,489	2.5%	2.6	142
Jackets/Vests	10,186	3.4%	5,419	188.0%	4,767	46.8%	1,338	2.3%	4.1	90
Knits	428	0.1%	217	197.6%	212	49.4%	133	0.2%	1.6	225
Pants	27,895	9.2%	12,782	218.2%	15,113	54.2%	6,401	11.0%	2.0	183
Shorts/Capri/Crops	8,261	2.7%	4,779	172.9%	3,482	42.1%	1,114	1.9%	4.3	85
Skirts	940	0.3%	517	181.9%	423	45.0%	178	0.3%	2.9	126
Sweaters	15,825	5.2%	9,793	161.6%	6,032	38.1%	2,315	4.0%	4.2	86
Subtotal: Retail	109,741	36.2%	58,999	186.0%	50,742	46.2%	19,256	33.0%	3.1	119
Total	\$303,513	100.0%	\$171,629	176.8%	\$131,884	43.5%	\$58,432	100.0%	2.9	124

Note(s):

(1) Sales figures are net of discounts and include e-commerce and intracompany sales.

(2) Average inventory includes in-transit inventory and has been allocated based on current inventory mix.

(3) Inventory turnover has been calculated based on the COGS and the average inventory for the 12 months ended August 2019.

Data Source(s):

Tiger - ITEM 24 25 - 24 MTHS" report.

Nygård International Partnership
Wholesale

Sales, Gross Margin, and Inventory Turnover by Category - Comparison
For the 12 Months Ended August 2019 vs. the 12 Months Ended February 2019
(CAD \$ in 000s)

Category	Sales Comparison				Gross Margin %			Sales % of COGS			Inventory Turnover			Days Sales in Inventory		
	Aug 2019	Feb 2019	Change		Aug 2019	Feb 2019	Increase / (Decrease)	Aug 2019	Feb 2019	Increase / (Decrease)	Aug 2019	Feb 2019	Increase / (Decrease)	Aug 2019	Feb 2019	Increase / (Decrease)
			\$	%												
Accessories	\$236	\$3,007	(\$2,771)	(92.1%)	48.7%	1.0%	47.7%	195.0%	101.0%	94.0%	23.1	12.2	11.0	16	30	(14)
Blouses/Shirts/Tunic	28,928	31,025	(2,097)	(6.8%)	48.3%	49.6%	(1.2%)	193.5%	198.2%	(4.7%)	3.3	3.0	0.3	110	120	(10)
Cut & Sew/T-Shirts	39,107	41,259	(2,152)	(5.2%)	42.8%	48.6%	(5.7%)	175.0%	194.5%	(19.5%)	5.0	4.3	0.7	73	85	(12)
Dresses/Coats	11,727	8,740	2,987	34.2%	46.0%	45.9%	0.1%	185.0%	184.7%	0.3%	7.3	2.7	4.6	50	135	(85)
Jackets/Vests	11,301	10,102	1,199	11.9%	39.8%	45.0%	(5.2%)	166.1%	181.8%	(15.7%)	2.0	4.0	(2.1)	186	91	95
Knits	-	0	(0)	N/A	-	86.3%	N/A	-	727.6%	N/A	-	N/A	N/A	-	N/A	N/A
Pants	54,273	59,028	(4,755)	(8.1%)	39.6%	40.1%	(0.6%)	165.4%	167.0%	(1.5%)	1.7	2.1	(0.4)	210	171	40
Samples	330	186	143	76.9%	100.0%	100.0%	(0.0%)	-	-	N/A	-	N/A	N/A	-	N/A	N/A
Shorts/Capri/Crops	25,218	26,017	(799)	(3.1%)	35.9%	42.0%	(6.1%)	156.1%	172.4%	(16.4%)	6.3	1.3	5.0	58	285	(227)
Skirts	1,197	1,283	(86)	(6.7%)	40.9%	45.2%	(4.2%)	169.3%	182.4%	(13.1%)	4.4	5.6	(1.2)	82	65	18
Sweaters	21,456	19,617	1,838	9.4%	42.2%	48.5%	(6.2%)	173.1%	194.0%	(20.9%)	2.9	8.4	(5.5)	126	44	83
Total	\$193,772	\$200,265	(\$6,492)	(3.2%)	41.9%	44.4%	(2.5%)	172.0%	179.8%	(7.7%)	2.9	2.6	0.3	127	141	(14)

Nygård International Partnership

Retail Stores

Sales, Gross Margin, and Inventory Turnover by Category - Comparison

12 Months Ending August 2019 vs. February 2019

(CAD \$ in 000s)

Category	Net Sales						Gross Margin %			Net Sales % of COGS			Inventory Turnover			Days' Sales in Inventory		
	Aug 2019		Feb 2019		Change		Aug 2019	Feb 2019	Pct. Pt. Chg.	Aug 2019	Feb 2019	Pct. Pt. Chg.	Aug 2019	Feb 2019	Chg.	Aug 2019	Feb 2019	Days Chg.
	\$	% Total	\$	% Total	\$	% Total												
Accessories	\$83	0.1%	\$4,245	3.7%	(\$4,162)	(3.7%)	43.2%	46.2%	(3.0%)	176.0%	186.0%	(9.9%)	6.6	0.9	5.7	55	392	(337)
Blouses/Shirts/Tunic	12,500	11.4%	14,907	13.1%	(2,406)	(1.7%)	48.1%	49.0%	(0.9%)	192.8%	196.2%	(3.4%)	3.2	3.6	(0.4)	115	102	13
Cut & Sew/T-Shirts	27,057	24.7%	27,246	24.0%	(190)	0.7%	44.1%	43.8%	0.3%	178.8%	177.9%	1.0%	3.6	4.7	(1.1)	102	77	25
Dresses/Coats	6,566	6.0%	5,607	4.9%	959	1.0%	41.6%	44.0%	(2.4%)	171.3%	178.6%	(7.3%)	2.6	5.0	(2.4)	142	73	69
Jackets/Vests	10,186	9.3%	7,628	6.7%	2,559	2.6%	46.8%	45.2%	1.6%	188.0%	182.6%	5.4%	4.1	3.1	1.0	90	119	(29)
Knits	428	0.4%	0	0.0%	428	0.4%	49.4%	(3.0%)	52.4%	197.6%	97.1%	100.5%	1.6	10.6	(8.9)	225	35	190
Pants	27,895	25.4%	28,102	24.7%	(207)	0.7%	54.2%	53.1%	1.1%	218.2%	213.2%	5.0%	2.0	3.1	(1.1)	183	118	64
Samples	-	-	152	0.1%	(152)	(0.1%)	N/A	83.9%	N/A	N/A	619.4%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Shorts/Capri/Crops	8,261	7.5%	9,373	8.3%	(1,112)	(0.7%)	42.1%	47.1%	(4.9%)	172.9%	188.9%	(16.0%)	4.3	8.8	(4.5)	85	41	44
Skirts	940	0.9%	1,014	0.9%	(74)	(0.0%)	45.0%	42.2%	2.8%	181.9%	173.1%	8.9%	2.9	9.8	(6.9)	126	37	89
Sweaters	15,825	14.4%	15,308	13.5%	517	0.9%	38.1%	39.8%	(1.7%)	161.6%	166.1%	(4.5%)	4.2	2.8	1.5	86	132	(45)
Total	\$109,741	100.0%	\$113,582	100.0%	(\$3,841)	-	46.2%	46.7%	(0.5%)	186.0%	187.8%	(1.8%)	3.1	3.4	(0.3)	119	109	10

Nygård International Partnership

Total Company

Monthly Sales Comparison

For the 12 Months Ended August 2019 vs. August 2018

(CAD \$ in 000s)

Month	Wholesale				Direct to Consumer				Total	
	Canada	United States	Total		Retail	E-Commerce	Total		\$	% of Total
			\$	% of Total			\$	% of Total		
12 Months Ended August 2019 (1)										
September	\$3,254	\$10,200	\$13,453	10.1%	\$10,279	\$619	\$10,898	10.0%	\$24,351	10.0%
October	3,084	8,474	11,558	8.7%	7,945	517	8,462	7.8%	20,020	8.3%
November	1,205	8,332	9,537	7.1%	9,899	626	10,526	9.7%	20,063	8.3%
December	1,025	8,714	9,739	7.3%	12,275	561	12,836	11.8%	22,575	9.3%
January	1,529	8,466	9,995	7.5%	4,865	311	5,176	4.7%	15,171	6.3%
February	1,298	7,637	8,935	6.7%	4,515	397	4,912	4.5%	13,847	5.7%
March	5,786	13,798	19,584	14.7%	8,818	529	9,347	8.6%	28,931	11.9%
April	3,336	7,622	10,958	8.2%	7,929	466	8,395	7.7%	19,353	8.0%
May	2,752	8,150	10,902	8.2%	10,163	580	10,743	9.9%	21,645	8.9%
June	2,177	9,290	11,468	8.6%	11,107	534	11,641	10.7%	23,109	9.5%
July	1,604	6,016	7,620	5.7%	8,208	348	8,555	7.8%	16,175	6.7%
August	2,056	7,796	9,852	7.4%	7,152	382	7,534	6.9%	17,386	7.2%
Total	\$29,106	\$104,495	\$133,601	100.0%	\$103,155	\$5,871	\$109,026	100.0%	\$242,627	100.0%
% of Total	12.0%	43.1%	55.1%		42.5%	2.4%	44.9%		100.0%	
12 Months Ended August 2018 (1)										
September	\$8,453	\$11,228	\$19,681	14.7%	\$9,312	\$555	\$9,867	9.1%	\$29,548	10.9%
October	4,125	10,614	14,739	11.0%	7,705	474	8,179	7.5%	22,918	8.5%
November	1,813	9,357	11,170	8.4%	9,812	641	10,453	9.6%	21,623	8.0%
December	1,189	11,775	12,964	9.7%	13,728	750	14,478	13.3%	27,442	10.1%
January	1,840	9,494	11,334	8.5%	6,422	499	6,921	6.3%	18,255	6.7%
February	1,350	10,620	11,970	9.0%	5,361	500	5,861	5.4%	17,831	6.6%
March	6,116	14,901	21,017	15.7%	8,540	610	9,150	8.4%	30,167	11.1%
April	3,641	7,402	11,043	8.3%	9,408	528	9,936	9.1%	20,979	7.8%
May	2,352	8,467	10,819	8.1%	11,564	704	12,268	11.3%	23,087	8.5%
June	778	7,780	8,559	6.4%	11,192	639	11,831	10.9%	20,389	7.5%
July	2,366	6,895	9,261	6.9%	8,685	440	9,125	8.4%	18,386	6.8%
August	5,239	6,853	12,092	9.1%	7,381	520	7,901	7.2%	19,993	7.4%
Total	\$39,265	\$115,385	\$154,650	115.8%	\$109,110	\$6,859	\$115,969	106.4%	\$270,619	100.0%
% of Total	14.5%	42.6%	57.1%		40.3%	2.5%	42.9%		100.0%	
Increase / (Decrease)										
September	(\$5,199)	(\$1,028)	(\$6,227)	(31.6%)	\$967	\$64	\$1,031	10.4%	(\$5,196)	(17.6%)
October	(1,041)	(2,140)	(3,181)	(21.6%)	240	43	284	3.5%	(2,898)	(12.6%)
November	(608)	(1,025)	(1,633)	(14.6%)	87	(14)	73	0.7%	(1,560)	(7.2%)
December	(164)	(3,061)	(3,225)	(24.9%)	(1,453)	(189)	(1,642)	(11.3%)	(4,867)	(17.7%)
January	(311)	(1,028)	(1,339)	(11.8%)	(1,556)	(188)	(1,744)	(25.2%)	(3,083)	(16.9%)
February	(52)	(2,983)	(3,035)	(25.4%)	(846)	(103)	(949)	(16.2%)	(3,984)	(22.3%)
March	(330)	(1,103)	(1,433)	(6.8%)	278	(81)	197	2.2%	(1,236)	(4.1%)
April	(305)	220	(85)	(0.8%)	(1,479)	(62)	(1,541)	(15.5%)	(1,626)	(7.8%)
May	399	(316)	83	0.8%	(1,402)	(124)	(1,525)	(12.4%)	(1,442)	(6.2%)
June	1,399	1,510	2,909	34.0%	(85)	(104)	(189)	(1.6%)	2,720	13.3%
July	(762)	(879)	(1,641)	(17.7%)	(477)	(92)	(570)	(6.2%)	(2,211)	(12.0%)
August	(3,183)	943	(2,240)	(18.5%)	(229)	(138)	(367)	(4.6%)	(2,607)	(13.0%)
Total	(\$10,159)	(\$10,890)	(\$21,049)	(13.6%)	(\$5,954)	(\$989)	(\$6,943)	(6.0%)	(\$27,992)	(10.3%)
% Change	(25.9%)	(9.4%)	(13.6%)		(5.5%)	(14.4%)	(6.0%)		(10.3%)	

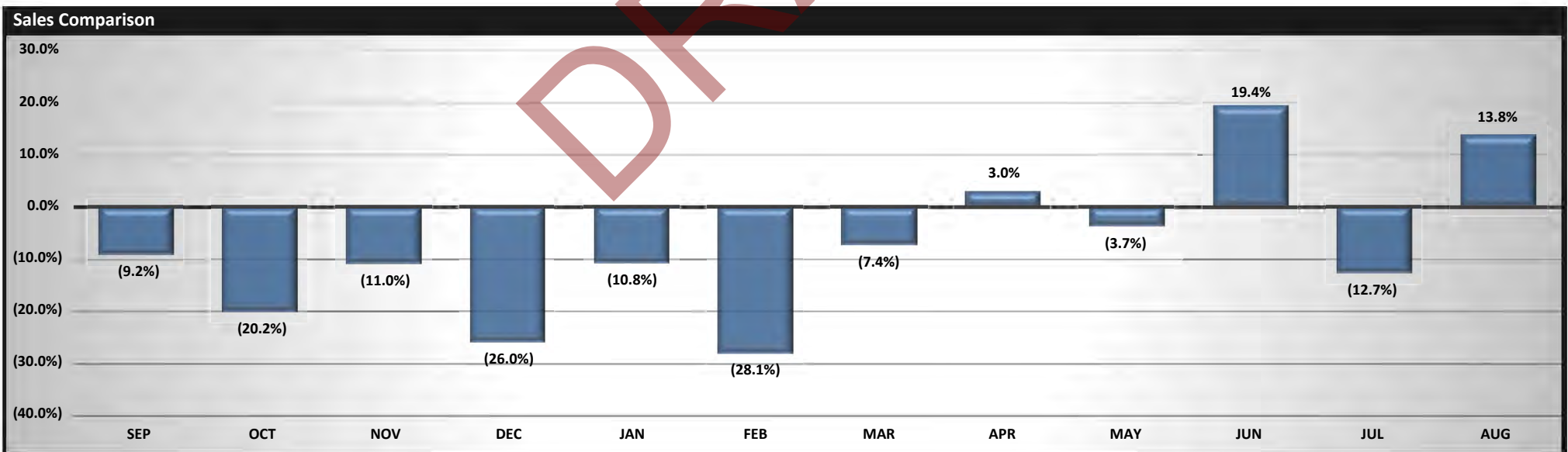
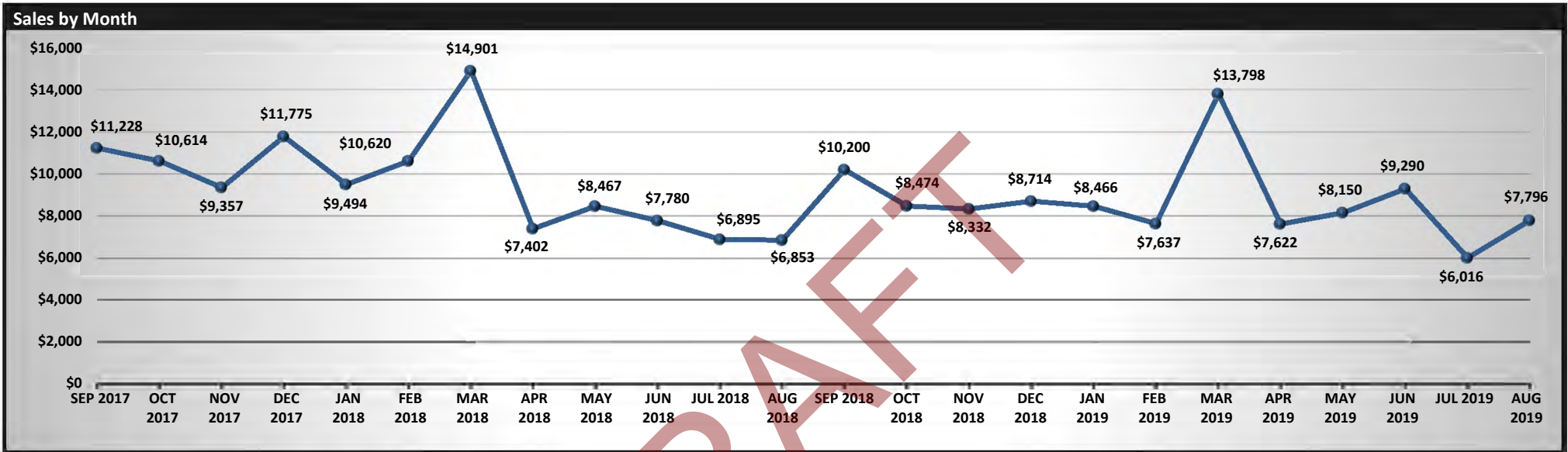
Note(s):

(1) Sales figures are net of discounts and exclude intracompany sales.

Data Source(s):

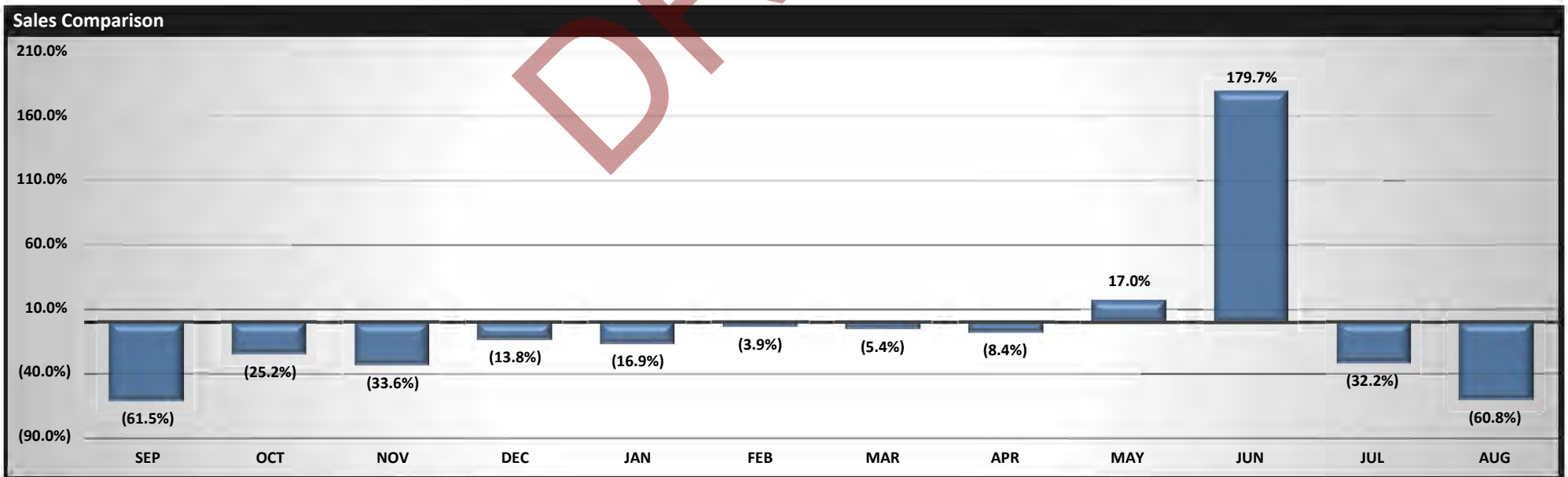
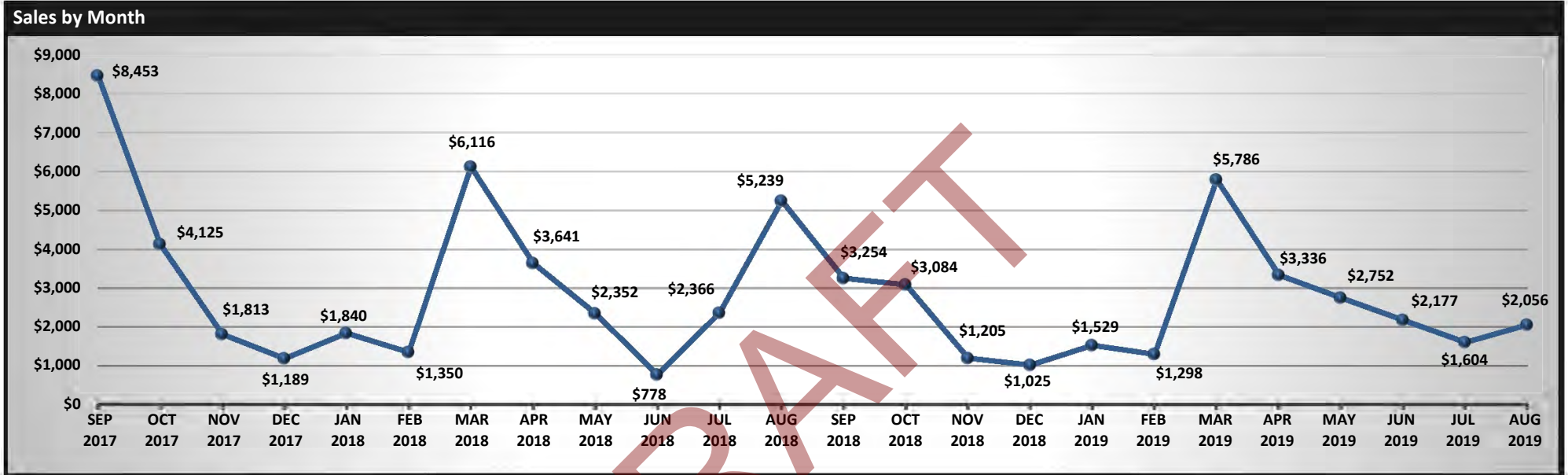
"Tiger - ITEM 24 25 - 24 MTHS" & "19. RTL - Net SLS - 24mths - AUG19" reports.

Nygård International Partnership
Wholesale
 Monthly Sales Chart - Canada
 For the 12 Months Ended August 2019 vs. August 2018
 (CAD \$ in 000s)



Nygård International Partnership Wholesale

Monthly Sales Chart - United States
For the 12 Months Ended August 2019 vs. August 2018
(CAD \$ in 000s)



Nygård International Partnership

Retail Stores

Seasonality & Comparable Store Sales

12 Months Ending August 2019 vs. August 2018

(CAD \$ in 000s)

Month	12 Months Ending August 2019					Comparable Store Sales			
	Net Sales \$	No. of Stores	Store Weeks	Sales Per Store Week		Comp. Sales \$		Change	
				\$	% to Total	TY	LY	\$	%
September	\$10,279	174	5	\$11.8	8.7%	\$9,086	\$8,787	\$300	3.4%
October	7,945	173	4	11.5	8.5%	7,080	7,114	(34)	(0.5%)
November	9,899	176	4	14.1	10.4%	8,996	9,175	(179)	(2.0%)
December	12,275	176	5	13.9	10.3%	11,112	12,662	(1,550)	(12.2%)
January	4,865	176	4	6.9	5.1%	4,367	5,984	(1,616)	(8.8%)
February	4,515	178	4	6.3	4.7%	4,046	5,047	(1,001)	(19.8%)
March	8,818	175	5	10.1	7.4%	8,051	7,975	77	1.0%
April	7,929	175	4	11.3	8.4%	7,486	9,039	(1,553)	(17.2%)
May	10,163	175	4	14.5	10.7%	9,650	11,139	(1,489)	(13.4%)
June	11,107	174	5	12.8	9.4%	10,536	10,725	(189)	(1.8%)
July	8,208	174	4	11.8	8.7%	7,815	8,295	(480)	(5.8%)
August	7,152	171	4	10.5	7.7%	6,841	7,071	(230)	(3.3%)
Total	\$103,155		52	\$135.5	100.0%	\$95,067	\$103,012	(\$7,945)	(5.9%)
Average	\$8,752	175		\$11.4					

Data Source(s):

"19. RTL - Net SLS - 24mths - AUG19" report.

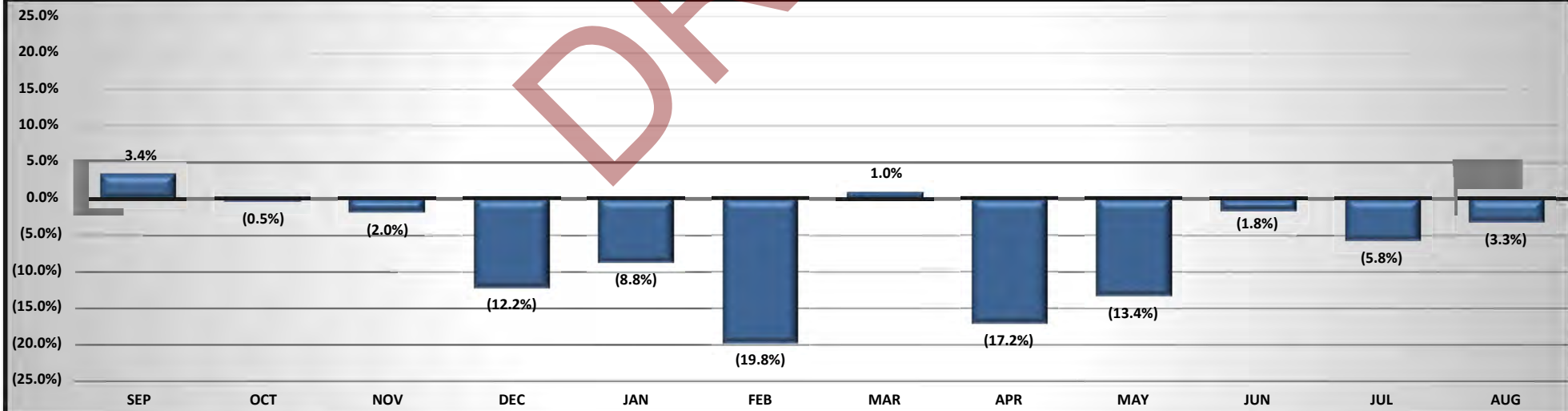
Nygård International Partnership Retail Stores

Graphs: Sales Per Store Week and Comparable Store Sales by Month
12 Months Ending August 2019 vs. August 2018
(CAD \$ in 000s)

Sales Per Store Week



Comparable Store Sales



Nygård International Partnership Wholesale

Customer Profile - Canada
For the 12 Months Ended August 2019
(CAD \$ in 000s)

Customer	Net Sales (1)		Cost of Goods Sold		Gross Margin	
	\$	% of Total	\$	Sales / COGS	\$	%
Wal-Mart Canada Corp.	\$8,689	9.8%	\$5,936	146.4%	\$2,753	31.7%
Costco Wholesale Canada	7,870	8.9%	5,268	149.4%	2,602	33.1%
Rogers Media Inc.	2,411	2.7%	1,930	124.9%	480	19.9%
Auld Phillips	1,650	1.9%	980	168.3%	670	40.6%
Fashion Plus	231	0.3%	121	191.0%	110	47.7%
Personal Touch Fashions	227	0.3%	112	202.8%	115	50.7%
Red Apple Stores Inc.	202	0.2%	29	700.5%	173	85.7%
Dressing Room For Seniors	191	0.2%	95	201.0%	96	50.2%
Craig's Store Ltd.	185	0.2%	94	197.4%	91	49.3%
Stedman's Variety Store	174	0.2%	84	206.8%	90	51.6%
Samuel & Co.	166	0.2%	95	174.3%	71	42.6%
Discovery Co-Operative Ltd.	150	0.2%	76	197.1%	74	49.3%
Wasaga Casual Wear & Btq.	149	0.2%	74	202.3%	76	50.6%
New For You	146	0.2%	75	194.1%	71	48.5%
Shop Easy Fashions Ltd.	131	0.1%	66	200.0%	66	50.0%
Geri Fashions of London	128	0.1%	62	204.3%	65	51.1%
Stephen Street Wear	117	0.1%	57	207.2%	61	51.7%
Collection Normandin	114	0.1%	56	203.4%	58	50.8%
Otter Co-Op	109	0.1%	53	202.9%	55	50.7%
Roberts & Co.	101	0.1%	49	206.3%	52	51.5%
Total - Top 20 Customers	\$23,142	26.2%	\$15,313	151.1%	\$7,829	33.8%
Intracompany Sales	\$59,141	67.0%	\$36,702	161.1%	\$22,439	37.9%
All Other (381 Customers)	5,964	6.8%	2,922	204.1%	3,042	51.0%
Total Sales	\$88,247	100.0%	\$54,937	160.6%	\$33,310	37.7%

Note(s):

(1) Sales figures are net of discounts and include e-commerce and intracompany sales.

Data Source(s):

"Tiger - ITEM 24 25 - 24 MTHS" report.

Nygård International Partnership Wholesale

Customer Profile - United States
For the 12 Months Ended August 2019
(CAD \$ in 000s)

Customer	Net Sales (1)		Cost of Goods Sold		Gross Margin	
	\$	% of Total	\$	Sales / COGS	\$	%
Dillard's	\$91,788	87.0%	\$49,475	185.5%	\$42,313	46.1%
Beall's Department Stores	4,878	4.6%	2,957	165.0%	1,921	39.4%
Bosco's Dept. Store, LLC	2,330	2.2%	1,481	157.3%	849	36.4%
Evine Live, Inc.	1,142	1.1%	658	173.7%	485	42.4%
Ross Stores, Inc.	955	0.9%	510	187.3%	445	46.6%
H-E-B	873	0.8%	569	153.5%	304	34.8%
Hamrick's Inc.	622	0.6%	465	133.9%	157	25.3%
Rural King Supply, Inc.	213	0.2%	141	151.1%	72	33.8%
Marshall Retail Group	148	0.1%	73	202.7%	75	50.7%
Wakefield's, Inc.	142	0.1%	90	158.3%	52	36.8%
GWK Enterprises Inc.	116	0.1%	71	163.0%	45	38.6%
Amazon.com, Inc.	106	0.1%	61	174.0%	45	42.5%
Foulase Fashion	73	0.1%	48	152.0%	25	34.2%
QVC, Inc.	46	0.0%	21	217.8%	25	54.1%
Blain Supply Inc.	43	0.0%	3	1668.0%	41	94.0%
HSE24 S.P.A.	39	0.0%	49	79.2%	(10)	(26.2%)
Fox's Inc.	33	0.0%	3	1159.1%	30	91.4%
Boutique 23	26	0.0%	11	237.8%	15	57.9%
San Manuel Casino	24	0.0%	7	367.1%	18	72.8%
Lisa Lenchner	22	0.0%	10	224.2%	12	55.4%
Total - Top 20 Customers	\$103,621	98.2%	\$56,701	182.7%	\$46,920	45.3%
Intracompany Sales	\$1,030	1.0%	\$667	154.4%	\$363	35.2%
All Other (449 Customers)	874	0.8%	324	269.8%	550	62.9%
Total Sales	\$105,525	100.0%	\$57,693	182.9%	\$47,833	45.3%

Note(s):

(1) Sales figures are net of discounts and include e-commerce and intracompany sales.

Data Source(s):

"Tiger - ITEM 24 25 - 24 MTHS" report.

Nygård International Partnership Wholesale

Inventory by Location

As of August 31, 2019

(CAD \$ in 000s)

Loc. No.	Location Name	Address	City	State	Postal Code	Units on Hand	Inventory at Cost (1)	
							\$	% of Total
Corporate Locations								
2 (IKSC)	Corporate Headquarters	1771 Inkster Blvd	Winnipeg	MB	R2X1R3	483,274	\$4,324	14.8%
Company-Operated Warehouses								
4 (TSC4)	Vaughn Warehouse	239 Chrislea Road	Vaughan	ON	L4L8N6	873,989	7,001	23.9%
5 (LASC)	Gardena Warehouse	14702 S Maple Avenue	Gardena	CA	90248	140	0	0.0%
7 (LASC)	Gardena Warehouse	312 S Rosecrans Avenue	Gardena	CA	90248	350,550	2,410	8.2%
8 (LASC)	Gardena Warehouse	332 S Rosecrans Avenue	Gardena	CA	90248	441,082	4,354	14.9%
9 (LASC)	Gardena Warehouse	14401 S San Pedro Street	Gardena	CA	90248	1,303,195	11,187	38.2%
Subtotal: Company-Operated						2,968,956	24,952	85.2%
Total						3,452,230	\$29,276	100.0%

Note(s):

(1) Excludes in-transit, retail, and raw material inventory.

Data Source(s):

"4. INV - AUG31 - FG & WIP" report.

Nygård International Partnership

Retail Stores

Location Profile

As of August 31, 2019

Loc. No.	Location Name	Address	City	State	Postal Code	Inv. at Cost (1)	12 Mos. Sales (1)	Total Sq. Ft.	Inv. Per Sq. Ft.	Sales Per Sq. Ft.
Corporate Locations and Warehouses:										
98	Corporate Misc.	N/A	N/A	N/A	N/A	\$1,833	\$0	N/A	N/A	N/A
800	Nygård.com - Canada	N/A	N/A	N/A	N/A	-	4,838,240	N/A	N/A	N/A
801	Nygård.com - U.S.	N/A	N/A	N/A	N/A	-	1,032,359	N/A	N/A	N/A
Total: Corp. & WH						\$1,833	\$5,870,599	N/A	N/A	N/A
Canada Stores:										
7	Town & Country	10-1235 Main St N	Moose Jaw	SK	S6H6M4	\$74,182	\$401,966	1,560	\$47.6	\$257.7
19	Kingsway	708A-109 St & Princess Elizabe	Edmonton	AB	T5G3A6	85,783	520,234	2,087	41.1	249.3
21	Bower Pl	124-4900 Molly Bannister Dr	Red Deer	AB	T4R1N9	90,524	670,290	1,659	54.6	404.0
34	Devonshire	C4B - 3100 Howard Ave	Windsor	ON	N8X3Y8	103,015	525,884	1,752	58.8	300.2
42	Capilano	100 - 935 Marine Dr	North Vancouver	BC	V7P1S3	73,886	471,820	2,051	36.0	230.0
44	Carlingwood	36 - 2121 Carling Ave	Ottawa	ON	K2A1H2	113,387	810,897	2,525	44.9	321.1
51	Georgian	J020 - 509 Bayfield	Barrie	ON	L4M4Z8	83,870	601,338	1,827	45.9	329.1
55	Festival	E11 - 1067 Ontario St	Stratford	ON	N5A6W6	89,158	565,030	1,400	63.7	403.6
80	Cloverdale	276 - 250 East Mall	Etobicoke	ON	M9B4Y8	76,696	914,615	1,819	42.2	502.8
91	The Village	59 - 430 Topsail Rd	St Johns	NL	A1E4N1	98,386	621,292	2,668	36.9	232.9
93	Pickering	184 - 1355 Kingston Rd	Pickering	ON	L1V1B8	101,631	898,024	2,950	34.5	304.4
124	Sun Coast	397 Bayfield Rd	Goderich	ON	N7A4E9	42,116	308,385	1,041	40.5	296.2
131	Pembroke	320 - 1100 Pembroke St E	Pembroke	ON	K8A6Y7	77,076	467,090	1,606	48.0	290.8
135	Seven Oaks	313 - 32900 South Fraser Way	Abbotsford	BC	V2S5A1	78,384	533,150	1,968	39.8	270.9
138	North Hill	1729 - 1632 14Th Ave Nw	Calgary	AB	T2N1M7	73,214	561,541	2,010	36.4	279.4
139	Cataraqui	L052A Cataraqui Town Centre	Kingston	ON	K7M7H4	77,092	579,737	1,799	42.9	322.3
141	Aberdeen	234-1320 West Trans Canada Hwy	Kamloops	BC	V1S1J2	74,824	410,280	1,771	42.2	231.7
144	Quinte	L1 - 390 North Front St	Belleville	ON	K8P3E1	79,864	698,230	2,093	38.2	333.6
147	Sherwood Park	24/25 - 2020 Sherwood Dr	Sherwood Park	AB	T8A3H9	87,004	674,909	1,948	44.7	346.5
148	Brentwood	33 - 4567 Lougheed Hwy	Burnaby	BC	V5C3Z6	55,179	370,635	1,577	35.0	235.0
151	Burlington	777 Guelph Line	Burlington	ON	L7R3N2	93,589	799,657	2,576	36.3	310.4
155	Highland Sq	265 - 689 Westville Rd	New Glasgow	NS	B2H2J6	74,919	385,739	1,771	42.3	217.8
156	Regent	112 - N008 1381 Regent St	Fredericton	NB	E3C1A2	78,191	502,216	1,965	39.8	255.6
158	Mcallister Pl	B016A - 519 Westmorland Rd	St John	NB	E2J3W9	89,382	766,369	1,797	49.7	426.5
160	Thunder Bay	7 - 787 Memorial Ave	Thunder Bay	ON	P7B3Z7	237,470	1,114,980	10,034	23.7	111.1
162	W. Edmonton	Unit 2071 - 8882 170Th Street	Edmonton	AB	T5T3J7	113,525	706,369	3,770	30.1	187.4
169	Pickering	105 - 1355 Kingston Rd	Pickering	ON	L1V1B8	95,232	833,171	2,848	33.4	292.5
170	Northgate	100/101 - 489 Albert St N	Regina	SK	S4R3C4	160,358	759,502	3,616	44.3	210.0
171	Station Mall	H4/5 - 293 Bay St	Sault Ste Marie	ON	P6A1X3	98,035	604,070	3,082	31.8	196.0
173	Kenaston	1626 Kenaston Boulevard	Winnipeg	MB	R3P0Y4	404,718	1,683,947	13,476	30.0	125.0
174	Sunridge	420-2929 Sunridge Way Ne	Calgary	AB	T1Y7K7	285,622	1,388,043	12,300	23.2	112.8
176	Big Bend	5751 Marine Way	Burnaby	BC	V5J0A6	300,550	1,315,617	10,849	27.7	121.3
179	Tsc4	239 Chrislea Rd	Vaughan	ON	L4L8N6	367,378	1,190,047	13,000	28.3	91.5
180	Kings Crossing	101 Dalton Ave, Unit B	Kingston	ON	K7K0C4	342,577	1,431,591	13,000	26.4	110.1
181	Londonderry	171 - 137Th Ave & 66Th St	Edmonton	AB	T5C3C8	112,392	503,190	2,384	47.1	211.1
182	Sunnyside	1595 Bedford Hwy	Bedford	NS	B4A3Y4	113,596	382,695	3,290	34.5	116.3
184	Lawson Heights	55B - 134 Primrose Dr	Saskatoon	SK	S7K5S6	189,195	749,406	4,147	45.6	180.7
186	Bonnie Doon	128/129 - 82 Ave & 83 St	Edmonton	AB	T6C4E3	128,948	635,177	2,786	46.3	228.0
187	Broadway	702 Broadway Ave	Winnipeg	MB	R3G0X1	255,895	471,798	10,000	25.6	47.2
192	Eglinton Sq	14 - 1 Eglinton Sq	Toronto	ON	M1L2K1	108,196	692,854	2,136	50.7	324.4
193	Northumberland	N10/N10A - 1111 Elgin St W	Cobourg	ON	K9A5H7	100,933	678,730	3,098	32.6	219.1
194	Truro	A10/A11 - 245 Robie St	Truro	NS	B2N5N6	77,010	449,226	2,897	26.6	155.1
195	Market Mall	102 - 2325 Preston Ave	Saskatoon	SK	S7J2G2	113,407	720,421	2,369	47.9	304.1
197	Sunnyside	37 - 1595 Bedford Hwy	Bedford	NS	B4A3Y4	79,608	469,848	1,847	43.1	254.4
198	Bridgewater	340 - 421 Lahave St	Bridgewater	NS	B4V3A2	68,117	343,860	1,920	35.5	179.1
199	Merivale	1642 Merivale Road - Unit 380	Ottawa	ON	K2G4A1	118,836	535,362	2,964	40.1	180.6
200	Hazeldean	300 Eagleson Road - Unit 16B	Kanata	ON	K2M1C9	99,428	836,358	2,354	42.2	355.3
229	Windsor Cr	4 - 1555 Talbot	Windsor	ON	N9H2N2	61,346	507,609	2,701	22.7	187.9
240	Notre Dame	1300 Notre Dame	Winnipeg	MB	R3E0P4	167,230	693,779	6,000	27.9	115.6
241	Bayers Lake	17/18 - 201 Chain Lake Dr	Halifax	NS	B3S1C1	115,275	726,148	3,157	36.5	230.0
246	Niagara Falls	B13 - 7500 Ludys Lane	Niagara Falls	ON	L2H1G8	125,879	881,959	3,600	35.0	245.0
250	Bridlewood	259 - 2900 Warden Ave	Scarborough	ON	M1W2S8	58,119	567,441	2,196	26.5	258.4
257	Amherst	147 South Albion St	Amherst	NS	B4H2X2	51,755	391,331	2,143	24.2	182.6
273	Heartland	21 - 6075 Mavis Rd	Mississauga	ON	L5R4G6	263,461	1,205,994	10,500	25.1	114.9
279	Tecumseh	H16 - 7654 Tecumseh Rd East	Windsor	ON	N8T1E9	100,884	705,958	2,070	48.7	341.0
290	Royal City Ctr	110 - 610 6Th St	New Westminster	BC	V3L3C2	63,646	519,937	2,118	30.1	245.5
297	Shawnessy	C300 - 303 Shawville Blvd Se	Calgary	AB	T2Y3W6	231,939	1,364,475	9,747	23.8	140.0
400	Northland	Unit 1160/5111 Northland Dr Nw	Calgary	AB	T2L2J8	94,529	672,717	1,895	49.9	355.0
401	Milton	55 Ontario St S - Unit A5	Milton	ON	L9T2M3	107,226	482,828	3,500	30.6	138.0
402	Tillicum	3170 Tillicum Rd - Unit127/128	Victoria	BC	V9A7C5	157,141	747,893	4,166	37.7	179.5
403	Lambton	60 - 1380 London Rd	Sarnia	ON	N7S1P8	117,031	924,084	2,487	47.1	371.6
404	St Albert	131 - 375 St Albert Trail	St Albert	AB	T8N3K8	107,175	609,166	2,520	42.5	241.7
405	Mayflower	68 - 800 Grand Lake Rd	Sydney	NS	B1P6S9	127,729	627,400	2,913	43.8	215.4
406	Woodgrove	129 - 6631 Island Hwy N	Nanaimo	BC	V9T4T7	119,685	903,723	2,755	43.4	328.0
407	Victoria Sq	2223 Victoria Ave East	Regina	SK	S4N6E4	95,020	467,256	2,542	37.4	183.8
408	Swift Current	1 Springs Drive	Swift Current	SK	S9H3X6	97,453	388,760	2,725	35.8	142.7
410	Shoppers Mall	96 - 1570 18Th Street	Brandon	MB	R7A5C5	98,819	762,739	2,428	40.7	314.1
411	Avalon	480 - 48 Kenmount Rd	St Johns	NL	A1B1W3	99,649	722,806	2,009	49.6	359.8
412	Prairie Mall	Unit 246B - 11801 100 Street	Grand Prairie	AB	T8V3Y2	95,819	660,028	2,257	42.5	292.4
413	Granville	3C - 454 Granville St	Summerside	PE	C1N4K7	119,802	723,281	4,000	30.0	180.8
414	Fairville Plaza	6A-30 Plaza Ave	Saint John	NB	E2M0C3	113,988	685,433	3,058	37.3	224.1
415	Parkland Mall	4-277 Broadway St E	Yorkton	SK	S3N3G7	90,854	474,945	2,100	43.3	226.2
416	Mayfield Common	I3 - 320 Mayfield Common	Edmonton	AB	T5P4B3	246,856	813,357	5,125	48.2	158.7
418	Chapman Mills	A8 - 3161 Greenbank Road	Nepean	ON	K2J4H9	186,036	1,086,169	4,712	39.5	230.5
419	Granite Dr Plaza	6 - 54 Silver Fox Ave	New Minas	NS	B4N0E4	128,826	599,096	3,418	37.7	175.3
420	Heritage Place	Unit E5 - 1350 16Th St. East	Owen Sound	ON	N4K6N7	80,584	495,332	2,025	39.8	244.6
421	Dartmouth Cross	90 Hector Gate	Dartmouth	NS	B3B0C1	109,901	536,759	3,605	30.5	148.9

Nygård International Partnership

Retail Stores

Location Profile

As of August 31, 2019

Loc. No.	Location Name	Address	City	State	Postal Code	Inv. at Cost (1)	12 Mos. Sales (1)	Total Sq. Ft.	Inv. Per Sq. Ft.	Sales Per Sq. Ft.
423	Cambridge Centre	355 Hespeler Road	Cambridge	ON	N1R6B3	87,606	889,259	2,383	36.8	373.2
424	Orillia Square	Unit 30 - 1029 Brodie Dr	Severn	ON	L3V0V2	105,302	576,489	2,761	38.1	208.8
425	Place D Orleans	Unit 1065 110 Place Dorleans D	Orleans	ON	K1C2L9	85,089	570,381	2,071	41.1	275.4
427	Central City	Unit 218 - 2153 Central City	North Surrey	BC	V3T2W1	63,863	465,579	2,359	27.1	197.4
429	Lynden Park	Unit E3 - 84 Lynden Road	Brantford	ON	N3R6B8	84,828	840,925	2,363	35.9	355.9
431	Southland Mall	Unit 104 - 2965 Gordon Rd	Regina	SK	S4S6H7	101,330	509,193	2,502	40.5	203.5
433	Yarmouth Mall	76 Starrs Road	Yarmouth	NS	B5A2T5	99,648	366,647	2,634	37.8	139.2
435	Park Place Sc	Unit A19 - 201 1st Avenue S	Lethbridge	AB	T1J4L9	95,735	757,054	2,545	37.6	297.5
436	Tacoma Plaza	Unit 6 - 50 Tacoma Drive	Dartmouth	NS	B2W3E6	102,585	514,656	3,260	31.5	157.9
437	Charlottetown	Unit 15B - 670 University Ave	Charlottetown	PE	C1E1H6	81,808	617,668	2,230	36.7	277.0
438	Upper Canada	Unit D - 17600 Yonge St	Newmarket	ON	L3Y4Z1	87,892	811,753	2,279	38.6	356.2
440	Coquitlam Centre	2324-2929 Barnet Hwy	Coquitlam	BC	V3B5R5	103,954	570,715	2,184	47.6	261.3
442	Garden City	157-2305 McPhillips Street	Winnipeg	MB	R2V3E1	95,001	519,365	2,360	40.3	220.1
445	Georgetown Nm	Unit 44 - 280 Guelph Street	Georgetown	ON	L7G4B1	82,611	469,477	2,246	36.8	209.0
446	Elgin Mall	Unit 146 - 417 Wellington St	St Thomas	ON	N5R5J5	69,523	429,673	2,127	32.7	202.0
448	Billings Brg Plz	2269 Riverside Dr	Ottawa	ON	K1H8K2	98,253	554,752	2,438	40.3	227.5
452	Westshore	Unit 180 - 2495 Jacklin Rd	Victoria	BC	V9B5E3	164,903	520,798	3,715	44.4	140.2
454	Hillside Centre	1644 Hillside Ave	Victoria	BC	V8T2C5	81,925	694,747	2,403	34.1	289.1
455	Oshawa Centre	Unit 2320-419 King St W	Oshawa	ON	L1J2K5	99,733	848,894	1,907	52.3	445.1
456	Medicine Hat	Unit 112 - 3292 Dunmore Rd Se	Medicine Hat	AB	T1B1R4	88,562	634,154	2,075	42.7	305.6
457	Mill Woods	411 - 2331 66Th Str Nw	Edmonton	AB	T6K4B5	71,982	622,083	2,758	26.1	225.6
458	Gateway	Unit 200 - 450 Garrison Road	Fort Erie	ON	L2A1N2	100,796	623,831	5,100	19.8	122.3
459	Pine Centre	Unit 230 - 3055 Massey Drive	Prince George	BC	V2N2S9	73,036	514,142	1,868	39.1	275.2
461	Smythe & Dund	528 Smythe St	Fredericton	NB	E3B3E6	66,803	495,262	2,727	24.5	181.6
462	Keltic Plaza	6 - 45 Keltic Dr	Sydney	NS	B1S1P4	106,319	561,481	4,313	24.7	130.2
464	Ctr Vaudreuil	Unité 142 - 3120 Boul De La Gare	Vaudreuil-Dorion	QC	J7V0J5	182,915	888,784	6,500	28.1	136.7
465	Fleur De Lys	Unité E4 - 550 Boul. Wilfrid-Hamell	Québec City	QC	G1M2S6	80,915	565,184	2,559	31.6	220.9
466	Orfus Rd	Unit G - 39 Orfus Rd	North York	ON	M6A1L7	167,631	707,162	9,302	18.0	76.0
469	Reg Chateauguay	Unité 401 - 200 Boul. D Anjou	Chateauguay	QC	J6K1C5	93,564	331,458	2,803	33.4	118.3
470	Prom Beaufort	Unité 164 - 3333 Du Carrefour St	Québec City	QC	G1C5R9	77,506	441,205	2,350	33.0	187.7
472	Centre Laval	29/30 - 1600 Boul Le Corbusier	Laval	QC	H7S1Y9	81,989	418,093	2,291	35.8	182.5
473	Eastgate	E013 - 75 Centennial Pkwy N	Stoney Creek	ON	L8E2P2	92,841	602,837	1,960	47.4	307.6
475	Erin Mills	Unit E225 - 5100 Erin Mills Parkway	Mississauga	ON	L5M4Z5	65,604	419,173	2,111	31.1	198.6
477	Spruce Grove	Unit 26 - 96 Campsite Rd.	Spruce Grove	AB	T7X4J3	96,923	529,036	2,660	36.4	198.9
478	Sunrise Ctr	Unit A-12 - 1400 Ottawa St. South	Kitchener	ON	N2E4E2	165,820	698,956	4,860	34.1	143.8
479	Jackson Square	Unit 231 - 2 King St West	Hamilton	ON	L8P1A1	110,744	713,448	3,340	33.2	123.6
481	Trinity Concept	Unit 6 - 120 Columbus Dr.	Carbonear	NL	A1Y1B3	83,552	394,922	2,798	29.9	141.1
482	Kildonan Place	Unit T23B - 1555 Regent Ave. W	Winnipeg	MB	R2C4J2	83,533	450,776	2,091	39.9	215.6
483	Dixie Mall	Unit 17 - 1250 S Service Rd	Mississauga	ON	L5E1V4	65,660	612,531	2,743	23.9	223.3
486	Bramalea	539 - 25 Peel Centre Drive	Brampton	ON	L6T3R5	102,085	374,492	2,111	48.4	177.4
488	Tanger Outlets	Unit D05 - 3311 Simcoe Rd	Cookstown	ON	L0L1L0	86,021	602,598	3,630	23.7	166.0
489	Sudbury	Unit H9 - 110 Donna Drive	Sudbury	ON	P3B4K6	122,120	711,899	4,734	25.8	150.4
490	Crossroads Ldn	C1B - 765 Exeter Rd	London	ON	N6E3T1	160,173	861,430	6,819	23.5	126.3
491	Bowmanville	Unit106 - 243 King Street E	Bowmanville	ON	L1C3X1	69,540	603,302	2,589	26.9	233.0
492	Oakville	Unit 228A - 240 Leighland Ave	Oakville	ON	L6H3H6	98,847	387,459	2,176	45.4	178.1
493	Oakville	Unit 217 - 240 Leighland Ave	Oakville	ON	L6H3H6	58,354	431,769	1,878	31.1	229.9
495	Place Royaume	197-1401 Talbot Boulevard	Chicoutimi	QC	G7H5N6	106,249	510,498	3,342	31.8	152.8
496	Angrignon	Unit 980 - 7077 Boulevard Newman	Lasalle Quebec	QC	H8N 1X1	90,401	473,266	3,302	27.4	143.3
497	Seaway Mall	Unit E2 - 800 Niagara St N	Welland	ON	L3C5Z4	83,574	479,084	2,370	35.3	202.1
498	White Oaks	Unit 179 - 1105 Wellington Rd	London	ON	N6E1V4	116,513	754,590	2,145	54.3	351.8
499	Northgate	Unit 188 - 1500 Fisher St	North Bay	ON	P1B 2H3	79,150	630,151	2,392	33.1	263.4
502	Centerpoint Mall	Unit 172A - 6464 Yonge Sreet	Toronto	ON	M2M3X4	54,209	442,420	1,903	28.5	232.5
504	Place Rosemere	Unit M13 - 401 Label Le Boulevard	Rosemere	QC	J7A3T2	92,792	406,698	3,953	23.5	102.9
505	Galleries Chagnon	Unit 00070-- 1200 Alphonse-Desjardins Blvd	Levis	QC	G6V6Y8	74,950	351,616	2,018	37.1	174.2
507	Tsawwassen Mills	Unit 414, 5000 Canoe Pass Way	Tsawwassen	BC	V4M0B3	104,532	416,925	3,964	26.4	105.2
508	Cornwall Square	Unit T014 - 1 Water St.	Cornwall	ON	K6H6M2	69,724	528,696	2,395	29.1	220.8
510	Mountainview Mall	Unit6 - 9226 Hwy 93 Rr2	Midland	ON	L4R4K4	85,627	592,490	2,844	30.1	208.3
511	Stone Road Mall	Unit H1, 435 Stone Rd W	Guelph	ON	N1G2X6	81,783	427,312	1,765	46.3	242.1
512	Wheeler Park	Unit 7 - 167 Trinity Dr	Moncton	NB	E1G2J7	188,004	1,023,604	5,013	37.5	204.2
513	Lansdowne Place	Unit 141 - 645 Lansdowne St	Peterborough	ON	K9J7Y5	72,693	664,059	2,008	36.2	330.7
514	Guildford	Unit 2390 10355 152 Street	Surrey	BC	V3R7C1	75,016	274,935	2,020	37.1	136.1
515	Bramalea	Unit 205, 25 Peel Centre Drive	Brampton	ON	L6T3R5	69,198	455,531	2,241	30.9	203.3
516	Carrefour Du Nord	Unit 850 900 Grignon Boulevard	Saint-Jerome	QC	J7Y3S7	80,583	322,768	2,104	38.3	153.4
517	Cornerstone Camrose	Unit314, 6800 48 Ave	Camrose	AB	T4V4T1	110,033	538,204	4,084	26.9	131.8
518	Grant Park	Unit 3560 - 1120 Grant Avenue	Winnipeg	MB	R3M2A6	79,703	249,075	1,823	43.7	136.6
519	Lime Ridge Mall	0262 999 Upper Wentworth St	Hamilton	ON	L9A4X5	72,743	403,315	1,848	39.4	218.2
520	Promenade	Unit 0215A - 1 Promenade Circle	Thornhill	ON	L4J4P8	85,132	582,939	3,018	28.2	193.2
524	Place Laurier	2768 2700, Boulevard Laurier	Québec City	QC	G1V4J9	103,438	512,317	2,881	35.9	177.8
525	Mail Champlain	G26 2151, Boulevard Lapiniere	Brossard	QC	J4W2T5	128,604	630,419	4,544	28.3	138.7
526	Woodgrove	61 6631 Island Hwy N	Nanaimo	BC	V9T4T7	86,289	305,803	1,988	43.4	153.8
527	Centre Les Rivières	H6A 4225, Boul. Des Forges	Trois-Rivières	QC	G8Y1W2	64,052	340,521	1,957	32.7	174.0
529	Devonshire Mall	1803 3100 Howard Ave	Windsor	ON	N8X3Y8	98,445	461,412	3,200	30.8	144.2
531	St. Vital	40 1225 St. Mary Road	Winnipeg	MB	R2M5E5	101,498	630,194	3,554	28.6	177.3
532	St. Laurent	145 1200 St. Laurent Boulevard	Ottawa	ON	K1K3B8	205,897	913,134	5,590	36.8	163.4
533	Smartctr London N	101 1300 Fanshawe Park Road West	London	ON	N6G5B1	151,684	733,248	5,118	29.6	143.3
535	Place Rosemere	I-13 401 Label Le Boulevard	Rosemere	QC	J7A3T2	76,229	254,954	2,261	33.7	112.8
536	St. Vital	65 1225 St. Mary Road	Winnipeg	MB	R2M5E5	66,775	308,527	2,309	28.9	133.6
537	Bayshore	T5 100 Bayshore Drive	Ottawa	ON	K2B8C1	71,714	322,819	3,376	21.2	95.6
539	Seaway Mall	K10 800 Niagara Street	Welland	ON	L3C5Z4	116,762	255,874	3,721	31.4	68.8
540	Medicine Hat	123 3292 Dunmore Rd Se	Medicine Hat	AB	T1B2R4	58,044	245,391	3,583	16.2	82.2
541	Promenade	0220A 1 Promenade Circle	Thornhill	ON	L4J4P8	57,909	282,683	1,633	35.5	173.1
542	Edmonton Ne	E5 13804-40Th Street Northwest	Edmonton	AB	T5Y3E6	73,603	503,557	5,511	13.4	91.4
545	Exploits Valley	32 19 Cromer Ave	Grand Falls-Windsor	NL	A2A2K5	106,718	595,067	2,720	39.2	218.8
546	The Village	Unit 12 - 430 Topsail Rd	St Johns	NL	A1E4N1	76,306	234,098	3,838	19.9	66.5

Nygård International Partnership

Retail Stores

Location Profile

As of August 31, 2019

Loc. No.	Location Name	Address	City	State	Postal Code	Inv. at Cost (1)	12 Mos. Sales (1)	Total Sq. Ft.	Inv. Per Sq. Ft.	Sales Per Sq. Ft.	
547	Carlingwood	Unit 20 - 2121 Carling Ave	Ottawa	ON	K2A1H2	79,862	320,235	4,209	19.0	76.1	
548	Lynden Park	F12 84 Lynden Rd	Brantford	ON	N3R6B8	53,806	148,564	2,001	26.9	127.3	
549	Londonderry	Unit 229 - 1 Londonderry Mall Nw	Edmonton	AB	T5C3C8	80,359	196,648	2,734	29.4	71.9	
550	Station Mall	K06 293 Bay St	Sault Ste Marie	ON	P6A1X3	65,558	252,525	4,598	14.3	65.9	
551	W. Edmonton	A216 - 2021 8882 170 St Nw	Edmonton	AB	T5T3J7	86,413	163,528	3,730	23.2	75.2	
553	Fairview Mall	E3, 285 Geneva St.	St. Catharines	ON	L2N2G1	89,117	355,728	2,036	43.8	209.7	
554	Corner Brook	44 Maple Valley Rd	Corner Brook	NL	A2H6L8	101,719	188,705	3,500	29.1	161.7	
555	Champlain	477 Paul St	Dieppe	NB	E1A4X5	42,908	20,863	2,180	19.7	114.8	
169	Total: Canada Stores						\$18,137,781	\$99,934,475	556,096	\$32.6	\$179.7
	Average						\$107,324	\$591,328	3,291	\$32.6	\$179.7
Total: Closed Stores						\$29,799	\$2,229,945	N/A	N/A	N/A	
United States Stores:											
313	Gardena	14421 S San Pedro St	Los Angeles	CA	90248	\$175,756	\$501,507	3,780	46.5	132.7	
350	Broadway	1431 Broadway 1st Floor	New York	NY	10018	107,393	489,478	2,000	53.7	244.7	
2	Total: United States Stores						\$283,149	\$990,986	5,780	\$49.0	\$171.5
	Average						\$141,575	\$495,493	2,890	\$49.0	\$171.5
Grand Total						\$18,452,562	\$109,026,004				

Note(s):

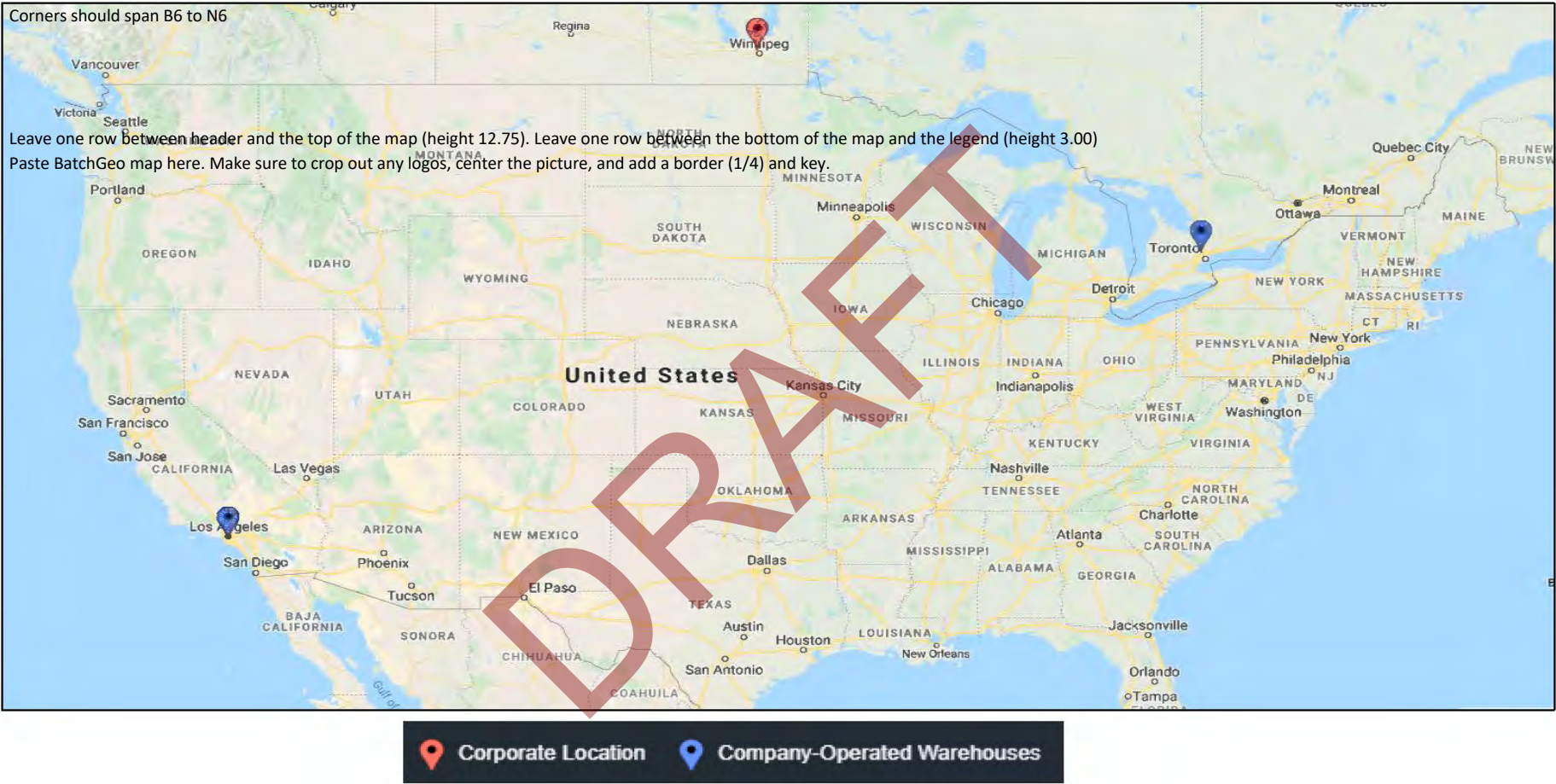
(1) Inventory represents retail store inventory only. Sales include retail stores and E-Commerce sales only.

Data Source(s):

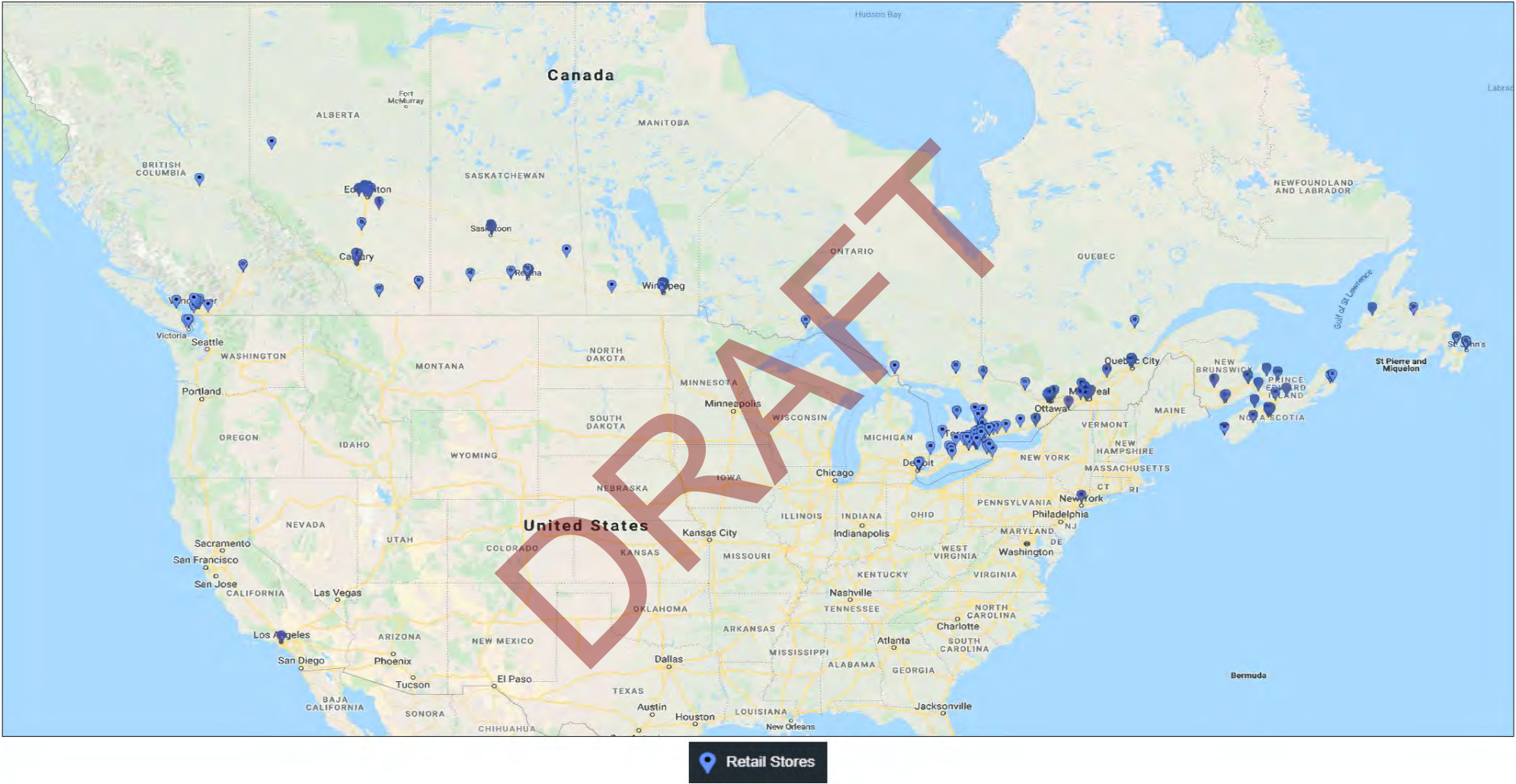
"1, Tiger Valuation - ITEM 1 - Store Warehouse Corporate Locations", "2, Tiger Valuation - ITEM 2 - Retail Location list", and "19, RTL - Net SLS - 24mths - AUG19" reports.

DRAFT

Nygård International Partnership
Wholesale
Location Map
As of August 31, 2019



Nygård International Partnership
Retail Stores
Location Map
As of August 31, 2019



Nygård International Partnership
Wholesale
Inventory Forecast
Projected for the 12 Months Ending August 2020
(CAD \$ in 000s)

Month	Projected Inventory at Cost (1)				Projected Inventory at Selling Price			
	Canada	United States	In-Transit	Total	Canada	United States	In-Transit	Total
September 2019	\$9,883	\$16,499	\$9,132	\$35,515	\$15,689	\$29,634	\$15,525	\$60,848
October	7,790	16,487	9,686	33,963	12,366	29,612	16,449	58,426
November	6,578	16,320	8,793	31,692	10,442	29,312	14,922	54,676
December 2019	7,722	11,067	11,009	29,797	12,257	19,877	18,729	50,863
January 2020	5,830	10,223	15,999	32,052	9,255	18,360	27,193	54,808
February	13,620	16,507	15,589	45,716	21,620	29,648	26,545	77,813
March	12,861	15,895	10,146	38,902	20,416	28,548	17,274	66,238
April	9,778	14,541	12,938	37,258	15,522	26,117	22,007	63,647
May	8,698	15,392	9,173	33,264	13,808	27,644	15,591	57,043
June	8,963	14,353	7,595	30,912	14,228	25,779	12,915	52,922
July	10,014	14,573	11,735	36,322	15,897	26,174	19,963	62,034
August 2020	10,686	16,937	9,632	37,255	16,964	30,419	16,378	63,761
Average	\$9,369	\$14,900	\$10,952	\$35,221	\$14,872	\$26,760	\$18,624	\$60,257

Note(s):

(1) Inventory is net of ineligible inventory based on current inventory mix.

Data Source(s):

Consolidated "Nygard Month End - BBC Template" reports.

Nygård International Partnership Retail Stores

Inventory & Store Count Forecast
Projected for the 12 Months Ending August 2020
(CAD \$ in 000s)

Month	Inventory at Cost and Store Count (1)					Inventory at Retail (2)	Proj. IMU
	Inventory at Cost			No. of Stores	Inv. at Cost Per Store		
	Beginning	Ineligible	Eligible				
September 2019	\$18,555	(\$631)	\$17,924	176	\$102	\$53,700	66.6%
October	20,232	(688)	19,544	175	112	58,554	66.6%
November	20,121	(684)	19,437	173	112	58,233	66.6%
December 2019	17,321	(589)	16,732	173	97	50,130	66.6%
January 2020	17,643	(600)	17,043	173	99	51,059	66.6%
February	17,962	(611)	17,351	171	101	51,983	66.6%
March	19,691	(670)	19,021	171	111	56,986	66.6%
April	21,129	(719)	20,410	172	119	61,149	66.6%
May	22,819	(776)	22,043	172	128	66,042	66.6%
June	19,763	(672)	19,090	173	110	57,194	66.6%
July	18,774	(639)	18,135	173	105	54,332	66.6%
August 2020	18,539	(631)	17,908	173	104	53,653	66.6%
Average	\$19,379	(\$659)	\$18,720	173	\$108	\$56,085	66.6%

Note(s):

- (1) The Company provided projected inventory at cost and store count. Tiger estimated ineligible inventory using the current ineligible inventory as a percent of beginning inventory.
 (2) Inventory at retail was calculated using the current blended IMU.

Data Source(s):

"13. RTL - INV Projection as at AUG19" report.

Nygård International Partnership
Inventory Sold Through Retail Stores
Capacity Analysis
Projected for the 12 Months Ending August 2020
(CAD \$ in 000s)

Factors	Sep 2019	Oct 2019	Nov 2019	Dec 2019	Jan 2020	Feb 2020	Mar 2020	Apr 2020	May 2020	Jun 2020	Jul 2020	Aug 2020
Proj. Inventory:												
Inv. at Cost	\$17,908	\$17,924	\$19,544	\$19,437	\$16,732	\$17,043	\$17,351	\$19,021	\$20,410	\$22,043	\$19,090	\$18,135
IMU (%)	66.6%	66.6%	66.6%	66.6%	66.6%	66.6%	66.6%	66.6%	66.6%	66.6%	66.6%	66.6%
Inv. at Retail	\$53,653	\$53,700	\$58,554	\$58,233	\$50,130	\$51,059	\$51,983	\$56,986	\$61,149	\$66,042	\$57,194	\$54,332
Proj. Gross Recovery:												
Proj. Gross Rec. (\$)	\$20,299	\$20,317	\$22,154	\$22,032	\$18,966	\$19,318	\$19,667	\$21,560	\$23,135	\$24,986	\$21,639	\$20,556
Proj. Retail Rec. (%)	37.8%	37.8%	37.8%	37.8%	37.8%	37.8%	37.8%	37.8%	37.8%	37.8%	37.8%	37.8%
Proj. Cost Rec. (%)	113.4%	113.4%	113.4%	113.4%	113.4%	113.4%	113.4%	113.4%	113.4%	113.4%	113.4%	113.4%
Proj. Sale Term:												
No. of Stores	171	176	175	173	173	173	171	171	172	172	173	173
Sale Term (days)	46	46	46	46	51	51	46	46	46	46	46	46
Sale Term (weeks)	6.6	6.6	6.6	6.6	7.3	7.3	6.6	6.6	6.6	6.6	6.6	6.6
Sale Term (store weeks)	1,124	1,157	1,150	1,137	1,268	1,258	1,124	1,124	1,130	1,130	1,137	1,137
Sales per store week	\$18	\$18	\$19	\$19	\$15	\$15	\$18	\$19	\$20	\$22	\$19	\$18
Prior Period:												
Adj. Net Sales	\$13,187	\$14,447	\$16,120	\$13,945	\$8,434	\$10,092	\$11,661	\$14,132	\$15,635	\$14,167	\$12,812	\$12,491
Store Weeks	1,124	1,157	1,150	1,137	1,268	1,258	1,124	1,124	1,130	1,130	1,137	1,137
Sales per store week	\$12	\$12	\$14	\$12	\$7	\$8	\$10	\$13	\$14	\$13	\$11	\$11
Multiplier	1.54	1.41	1.37	1.58	2.25	1.91	1.69	1.53	1.48	1.76	1.69	1.65

Nygård International Partnership

Wholesale

Inventory Composition - Top 50 SKUs - On-Hand - United States

As of August 31, 2019

(CAD \$ in 000s)

Style Number	Category	Inventory On Hand (1)				Sales and Turnover Data (2) (3)						Unit Cost Analysis		
		Units	Unit Cost	Cost		Sales		COGS	Gross Margin %	Inventory Turnover		COGS / Unit	Cost/Unit - COGS/Unit	
				\$	% of Total	Units	\$						\$ Per Unit	%
3317M482	Jackets/Vests	10,361	\$24.73	\$256	1.4%	-	\$0	\$0	-	-		\$0.00	N/A	N/A
511G9117	Pants	14,293	11.25	161	0.9%	1,126	13	12	4.6%	0.1		11.05	0.20	1.8%
A1269111	Pants	13,474	11.34	153	0.9%	15,605	261	161	38.4%	1.1		10.31	1.03	9.1%
3347M482	Jackets/Vests	5,026	28.44	143	0.8%	-	-	-	-	-		-	N/A	N/A
512G9117	Pants	11,933	10.99	131	0.7%	1,295	15	14	3.0%	0.1		11.02	(0.03)	(0.3%)
A1169111	Pants	11,082	11.53	128	0.7%	13,737	230	143	37.7%	1.1		10.43	1.09	9.5%
1211S1J0	Pants	8,316	15.28	127	0.7%	758	16	9	42.0%	0.1		12.47	2.80	18.3%
VA513100	Pants	10,478	11.98	126	0.7%	24,423	485	292	39.7%	2.3		11.97	0.01	0.1%
3B13J623	Blouses/Shirts/Tunic	7,561	16.43	124	0.7%	6,146	212	103	51.3%	0.8		16.78	(0.35)	(2.1%)
3B125623	Blouses/Shirts/Tunic	9,498	13.00	123	0.7%	6,702	198	89	55.1%	0.7		13.24	(0.24)	(1.8%)
33125621	Blouses/Shirts/Tunic	9,798	12.30	120	0.7%	-	-	-	-	-		-	N/A	N/A
3L1W51J6	Pants	5,038	22.68	114	0.6%	2,689	107	61	43.3%	0.5		22.54	0.14	0.6%
VA613100	Pants	9,427	11.19	106	0.6%	32,373	573	364	36.5%	3.4		11.23	(0.04)	(0.3%)
5R28H110	Pants	9,840	10.68	105	0.6%	3,249	44	34	21.7%	0.3		10.61	0.07	0.7%
5R18H110	Pants	9,610	10.85	104	0.6%	3,302	45	36	21.5%	0.3		10.78	0.07	0.6%
VA113100	Pants	8,195	11.67	96	0.5%	34,835	628	408	35.1%	4.3		11.71	(0.03)	(0.3%)
515G9117	Pants	7,147	13.07	93	0.5%	591	9	8	16.4%	0.1		12.94	0.13	1.0%
3L1JH1J6	Pants	5,351	17.27	92	0.5%	1,112	47	15	67.9%	0.2		13.41	3.87	22.4%
VA413100	Pants	7,483	12.31	92	0.5%	19,309	383	237	38.1%	2.6		12.28	0.03	0.3%
3B425623	Blouses/Shirts/Tunic	5,714	15.24	87	0.5%	5,627	194	82	57.7%	0.9		14.55	0.69	4.5%
A1669111	Pants	7,887	11.02	87	0.5%	13,247	222	132	40.5%	1.5		9.96	1.06	9.6%
VA013100	Pants	7,623	11.37	87	0.5%	25,942	459	296	35.5%	3.4		11.40	(0.03)	(0.3%)
5R48H110	Pants	7,163	11.89	85	0.5%	359	5	4	23.1%	0.0		11.73	0.15	1.3%
3L1SV1A4	Pants	6,881	12.34	85	0.5%	13,480	401	175	56.4%	2.1		12.99	(0.65)	(5.3%)
3301S110	Pants	4,490	18.64	84	0.5%	3,387	102	60	40.7%	0.7		17.80	0.84	4.5%
VA1P9120	Pants	5,736	14.47	83	0.5%	13,695	305	203	33.7%	2.4		14.79	(0.33)	(2.3%)
87186870	Cut & Sew/T-Shirts	9,861	8.39	83	0.5%	-	-	-	-	-		-	N/A	N/A
3311S110	Pants	5,370	15.30	82	0.5%	18,519	569	347	39.0%	4.2		18.75	(3.44)	(22.5%)
5R58H110	Pants	7,079	11.53	82	0.5%	343	5	4	25.6%	0.0		11.38	0.15	1.3%
VB1131A2	Pants	7,957	10.20	81	0.5%	20,554	338	215	36.5%	2.6		10.45	(0.26)	(2.5%)
3307M482	Jackets/Vests	3,296	23.98	79	0.4%	-	-	-	-	-		-	N/A	N/A
38191746	Sweaters	3,662	21.40	78	0.4%	-	-	-	-	-		-	N/A	N/A
VA213100	Pants	6,736	11.49	77	0.4%	27,755	501	320	36.0%	4.1		11.54	(0.05)	(0.4%)
514G9117	Pants	6,005	12.65	76	0.4%	475	8	6	22.4%	0.1		12.92	(0.27)	(2.2%)
331XD6KD	Blouses/Shirts/Tunic	5,489	13.83	76	0.4%	-	-	-	-	-		-	N/A	N/A
A1069111	Pants	6,760	11.19	76	0.4%	10,446	175	106	39.6%	1.4		10.10	1.09	9.7%
33425621	Blouses/Shirts/Tunic	5,180	14.15	73	0.4%	-	-	-	-	-		-	N/A	N/A
A1569111	Pants	5,876	12.46	73	0.4%	7,682	142	86	39.7%	1.2		11.13	1.33	10.6%
87261138	Pants	7,672	9.36	72	0.4%	7,792	132	74	43.8%	1.0		9.53	(0.17)	(1.8%)
87661138	Pants	7,592	9.31	71	0.4%	7,476	127	69	45.5%	1.0		9.22	0.08	0.9%
511G9185	Pants	5,981	11.73	70	0.4%	157	2	2	14.1%	0.0		10.59	1.13	9.7%
516G9117	Pants	6,018	11.29	68	0.4%	434	3	5	(86.1%)	0.1		11.04	0.25	2.2%
3341S110	Pants	3,554	19.02	68	0.4%	5,080	169	103	39.1%	1.5		20.25	(1.23)	(6.4%)
51280111	Pants	8,288	7.70	64	0.4%	16,049	218	123	43.8%	1.9		7.65	0.05	0.6%
A1469111	Pants	4,955	12.84	64	0.4%	6,548	121	75	38.1%	1.2		11.43	1.42	11.0%
51680111	Pants	8,509	7.47	64	0.4%	24,239	333	181	45.7%	2.8		7.45	0.02	0.3%
3B13V623	Blouses/Shirts/Tunic	4,322	14.62	63	0.4%	2,980	102	45	55.6%	0.7		15.19	(0.56)	(3.9%)
3D189744	Sweaters	2,712	23.04	62	0.3%	-	-	-	-	-		-	N/A	N/A
87161138	Pants	6,484	9.63	62	0.3%	6,681	113	65	42.6%	1.0		9.73	(0.10)	(1.0%)
VA6P9120	Pants	4,328	14.00	61	0.3%	12,096	264	170	35.5%	2.8		14.07	(0.07)	(0.5%)
Total - Top 50 SKUs		365,091	\$12.99	\$4,717	26.3%	418,293	\$8,273	\$4,933	40.4%	1.0		\$11.79	N/A	N/A
All Other SKUs (3,426 Unique SKUs)		1,731,876	7.64	13,234	73.7%	1,826,944	37,226	21,463	42.3%	1.6		11.75	N/A	N/A
Total		2,096,967	\$8.37	\$17,951	100.0%	2,245,237	\$45,501	\$26,396	42.0%	1.3		\$11.76	N/A	N/A

Note(s):

(1) Inventory is gross of ineligible but excludes raw materials.

(2) Sales and COGS are shown for items on hand as of August 31, 2019.

(3) Inventory turnover has been calculated using the COGS for the 12 months ended August 2019 and the inventory on hand as of August 31, 2019.

Data Source(s):

Nygård - ITEM 24 25 - 24 MTHS" and "4. INV - AUG31 - FG & WIP" reports.

Nygård International Partnership

Wholesale

Inventory Composition - Top 50 SKUs - On-Hand - United States - Aged < 196 Days

As of August 31, 2019

(CAD \$ in 000s)

Style Number	Category	Inventory On Hand (1)			
		Units	Unit Cost	Cost	
				\$	% of Total
3317M482	Jackets/Vests	10,361	\$24.73	\$256	2.0%
A1269111	Pants	13,474	11.34	153	1.2%
3347M482	Jackets/Vests	5,026	28.44	143	1.1%
A1169111	Pants	11,082	11.53	128	1.0%
VA513100	Pants	10,463	11.98	125	1.0%
3B13J623	Blouses/Shirts/Tunic	7,561	16.43	124	1.0%
3B125623	Blouses/Shirts/Tunic	9,336	13.17	123	1.0%
33125621	Blouses/Shirts/Tunic	9,798	12.30	120	0.9%
3L1W51J6	Pants	5,038	22.68	114	0.9%
VA613100	Pants	9,393	11.19	105	0.8%
VA113100	Pants	8,119	11.67	95	0.7%
VA413100	Pants	7,472	12.31	92	0.7%
3L1JH1J6	Pants	5,315	17.30	92	0.7%
3B425623	Blouses/Shirts/Tunic	5,715	15.24	87	0.7%
A1669111	Pants	7,887	11.02	87	0.7%
VA013100	Pants	7,627	11.37	87	0.7%
3L1SV1A4	Pants	6,816	12.34	84	0.7%
VA1P9120	Pants	5,733	14.46	83	0.6%
87186870	Cut & Sew/T-Shirts	9,861	8.39	83	0.6%
VB1131A2	Pants	7,941	10.20	81	0.6%
3307M482	Jackets/Vests	3,296	23.98	79	0.6%
38191746	Sweaters	3,662	21.40	78	0.6%
VA213100	Pants	6,730	11.49	77	0.6%
331XD6KD	Blouses/Shirts/Tunic	5,489	13.83	76	0.6%
A1069111	Pants	6,760	11.19	76	0.6%
33425621	Blouses/Shirts/Tunic	5,180	14.15	73	0.6%
A1569111	Pants	5,876	12.46	73	0.6%
87661138	Pants	7,485	9.31	70	0.5%
87261138	Pants	7,108	9.60	68	0.5%
3311S1L0	Pants	4,386	14.75	65	0.5%
A1469111	Pants	4,955	12.84	64	0.5%
3B13V623	Blouses/Shirts/Tunic	4,322	14.62	63	0.5%
3D189744	Sweaters	2,712	23.04	62	0.5%
VA6P9120	Pants	4,328	14.00	61	0.5%
VA5P9120	Pants	3,869	15.64	60	0.5%
3B025623	Blouses/Shirts/Tunic	4,667	12.93	60	0.5%
3E4Y7262	Shorts/Capri/Crops	3,592	16.53	59	0.5%
87161138	Pants	6,050	9.77	59	0.5%
VA0P9120	Pants	4,041	14.17	57	0.4%
VA2P9120	Pants	3,998	14.29	57	0.4%
87086870	Cut & Sew/T-Shirts	6,947	8.11	56	0.4%
3L1SV185	Pants	5,060	10.89	55	0.4%
VA4P9120	Pants	3,312	16.01	53	0.4%
51080111	Pants	7,044	7.47	53	0.4%
51680111	Pants	7,039	7.47	53	0.4%
87486870	Cut & Sew/T-Shirts	5,360	9.37	50	0.4%
51280111	Pants	6,520	7.70	50	0.4%
AB269111	Pants	4,533	11.06	50	0.4%
3L1SV1A8	Pants	3,608	13.88	50	0.4%
3815G48K	Jackets/Vests	2,079	24.06	50	0.4%
Total - Top 50 SKUs		314,026	\$13.13	\$4,122	32.0%
All Other SKUs (1,362 Unique SKUs)		726,449	12.06	8,762	68.0%
Total		1,040,475	\$12.38	\$12,884	100.0%

Note(s):

(1) Inventory is gross of ineligibles but excludes raw materials.

Data Source(s):

Tiger - ITEM 24 25 - 24 MTHS" and "4. INV - AUG31 - FG & WIP" reports.

Nygård International Partnership

Wholesale

Inventory Composition - Top 50 SKUs - On-Hand - United States - Aged 197 - 365 Days

As of August 31, 2019

(CAD \$ in 000s)

Style Number	Category	Inventory On Hand (1)			
		Units	Unit Cost	Cost	
				\$	% of Total
511G9117	Pants	11,879	\$11.63	\$138	7.3%
512G9117	Pants	9,682	11.63	113	5.9%
5R28H110	Pants	9,840	10.68	105	5.5%
5R18H110	Pants	9,610	10.85	104	5.5%
5R48H110	Pants	7,163	11.89	85	4.5%
5R58H110	Pants	7,079	11.53	82	4.3%
515G9117	Pants	5,834	13.36	78	4.1%
514G9117	Pants	4,640	13.36	62	3.3%
5R18H263	Shorts/Capri/Crops	5,877	10.01	59	3.1%
516G9117	Pants	5,117	11.29	58	3.0%
510G9117	Pants	4,741	11.29	54	2.8%
5R48H263	Shorts/Capri/Crops	4,712	10.78	51	2.7%
5R68H110	Pants	4,818	10.37	50	2.6%
510G9202	Shorts/Capri/Crops	3,206	12.59	40	2.1%
5R08H110	Pants	3,672	10.56	39	2.0%
5R08H263	Shorts/Capri/Crops	3,300	9.75	32	1.7%
51469185	Pants	2,446	11.98	29	1.5%
51069185	Pants	2,650	10.80	29	1.5%
331P72C4	Shorts/Capri/Crops	1,204	23.36	28	1.5%
51569185	Pants	2,379	11.66	28	1.5%
51189111	Pants	2,666	9.00	24	1.3%
514G9202	Shorts/Capri/Crops	1,625	13.39	22	1.1%
51669185	Pants	1,991	10.64	21	1.1%
51489197	Pants	2,089	8.93	19	1.0%
3A7SV1E6	Pants	1,593	10.74	17	0.9%
51189197	Pants	1,958	8.16	16	0.8%
3B1WG609	Blouses/Shirts/Tunic	1,085	14.16	15	0.8%
51269185	Pants	1,270	10.90	14	0.7%
331P71L0	Pants	750	17.86	13	0.7%
3301S1L0	Pants	695	18.29	13	0.7%
51680111	Pants	1,470	7.47	11	0.6%
3301S1J7	Pants	618	17.43	11	0.6%
511G9202	Shorts/Capri/Crops	918	11.63	11	0.6%
WB4DQ260	Shorts/Capri/Crops	665	15.10	10	0.5%
3311S1J7	Pants	557	17.74	10	0.5%
3341S1J7	Pants	562	17.46	10	0.5%
51248102	Pants	1,322	5.97	8	0.4%
630X9204	Shorts/Capri/Crops	1,463	5.32	8	0.4%
72152877	Cut & Sew/T-Shirts	5,237	1.44	8	0.4%
64186542	Dresses/Coats	2,070	3.59	7	0.4%
51080111	Pants	889	7.47	7	0.4%
3301S1A4	Pants	382	15.34	6	0.3%
51089197	Pants	717	7.95	6	0.3%
3F1LW52A	Dresses/Coats	461	12.23	6	0.3%
3L4SV2B5	Shorts/Capri/Crops	384	14.48	6	0.3%
3311S2A6	Shorts/Capri/Crops	221	24.85	5	0.3%
WB6G9111	Pants	468	11.71	5	0.3%
51289111	Pants	601	8.84	5	0.3%
510G9268	Shorts/Capri/Crops	408	12.95	5	0.3%
3F1X5609	Blouses/Shirts/Tunic	327	16.09	5	0.3%
Total - Top 50 SKUs		145,311	\$10.91	\$1,586	83.6%
All Other SKUs (525 Unique SKUs)		55,492	5.60	311	16.4%
Total		200,803	\$9.44	\$1,897	100.0%

Note(s):

(1) Inventory is gross of ineligible but excludes raw materials.

Data Source(s):

Tiger - ITEM 24 25 - 24 MTHS" and "4. INV - AUG31 - FG & WIP" reports.

Nygård International Partnership

Wholesale

Inventory Composition - Top 50 SKUs - On-Hand - United States - Aged > 365 Days

As of August 31, 2019

(CAD \$ in 000s)

Style Number	Category	Inventory On Hand (1)			
		Units	Unit Cost	Cost	
				\$	% of Total
1211S1J0	Pants	8,316	\$15.28	\$127	4.0%
511G9185	Pants	5,981	11.73	70	2.2%
51169117	Pants	5,002	11.07	55	1.7%
51269117	Pants	4,963	10.92	54	1.7%
3L1SV1D5	Pants	3,302	15.63	52	1.6%
51669117	Pants	4,750	10.64	51	1.6%
511G9204	Shorts/Capri/Crops	4,488	10.97	49	1.6%
51080219	Shorts/Capri/Crops	8,085	5.98	48	1.5%
514G9267	Shorts/Capri/Crops	3,406	13.31	45	1.4%
510G9204	Shorts/Capri/Crops	4,206	10.64	45	1.4%
51069117	Pants	4,067	10.80	44	1.4%
3E0Y7262	Shorts/Capri/Crops	3,206	13.40	43	1.4%
514G9204	Shorts/Capri/Crops	3,243	12.60	41	1.3%
51169185	Pants	3,650	11.06	40	1.3%
3A1Y7111	Pants	17,444	2.20	38	1.2%
515G9185	Pants	2,841	13.48	38	1.2%
3E0Y7267	Shorts/Capri/Crops	3,721	9.96	37	1.2%
3301S1L0	Pants	1,931	19.08	37	1.2%
510G9185	Pants	3,168	11.38	36	1.1%
512G9185	Pants	3,018	11.43	34	1.1%
5823D128	Pants	3,606	9.36	34	1.1%
3E0Y7214	Shorts/Capri/Crops	2,362	13.69	32	1.0%
5813D128	Pants	2,924	9.64	28	0.9%
514G9185	Pants	2,080	13.48	28	0.9%
GE1V7268	Shorts/Capri/Crops	2,818	9.81	28	0.9%
51569117	Pants	2,256	11.67	26	0.8%
XB47V1W2	Pants	2,578	9.81	25	0.8%
516G9185	Pants	2,188	11.38	25	0.8%
51469117	Pants	2,060	11.99	25	0.8%
XB27V1W2	Pants	5,050	4.89	25	0.8%
XB4712X3	Shorts/Capri/Crops	2,336	9.81	23	0.7%
511G9117	Pants	2,414	9.36	23	0.7%
3L0SV1A8	Pants	1,661	13.33	22	0.7%
AB162260	Shorts/Capri/Crops	2,729	8.06	22	0.7%
XB47V1W0	Pants	2,186	9.81	21	0.7%
3341S1L0	Pants	980	21.75	21	0.7%
3312S1K2	Pants	1,454	14.23	21	0.7%
514W5107	Pants	1,679	12.14	20	0.6%
3312S1J6	Pants	2,032	9.81	20	0.6%
AB062260	Shorts/Capri/Crops	2,539	7.82	20	0.6%
3312S1L0	Pants	1,995	9.81	20	0.6%
51480219	Shorts/Capri/Crops	2,700	7.09	19	0.6%
3E4Y7267	Shorts/Capri/Crops	1,537	12.24	19	0.6%
512G9117	Pants	2,251	8.22	19	0.6%
3312S1J7	Pants	1,721	9.81	17	0.5%
3F1XK68J	Blouses/Shirts/Tunic	764	21.75	17	0.5%
515W5107	Pants	1,393	11.74	16	0.5%
XB0711X1	Pants	1,963	8.14	16	0.5%
515G9117	Pants	1,313	11.77	15	0.5%
3L1SV1W3	Pants	2,153	6.88	15	0.5%
Total - Top 50 SKUs		164,510	\$10.01	\$1,647	52.0%
All Other SKUs (1,680 Unique SKUs)		689,179	2.21	1,523	48.0%
Total		853,689	\$3.71	\$3,170	100.0%

Note(s):

(1) Inventory is gross of ineligible but excludes raw materials.

Data Source(s):

Tiger - ITEM 24 25 - 24 MTHS" and "4. INV - AUG31 - FG & WIP" reports.

Nygård International Partnership

Wholesale

Inventory Composition - Top 50 SKUs - On-Hand - Canada

As of August 31, 2019

(CAD \$ in 000s)

Style Number	Category	Inventory On Hand (1)				Sales and Turnover Data (2) (3)					Unit Cost Analysis		
		Units	Unit Cost	Cost		Units	\$	COGS	Gross Margin %	Inventory Turnover	COGS / Unit	Cost/Unit - COGS/Unit	
				\$	% of Total							\$ Per Unit	%
7W098111	Pants	22,438	\$7.31	\$164	1.4%	23,148	\$222	\$156	29.7%	1.0	\$6.74	\$0.57	7.8%
7W498111	Pants	15,366	8.36	128	1.1%	4,260	45	30	32.2%	0.2	7.16	1.21	14.4%
7W598111	Pants	15,092	8.16	123	1.1%	5,420	57	38	33.7%	0.3	6.99	1.17	14.3%
5B0H6113	Pants	11,561	9.49	110	1.0%	32,132	498	284	42.9%	2.6	8.84	0.65	6.9%
5B069129	Pants	8,976	11.90	107	0.9%	12,436	249	140	43.8%	1.3	11.23	0.67	5.7%
5B088102	Pants	10,895	8.47	92	0.8%	18,336	281	153	45.5%	1.7	8.36	0.11	1.3%
5J0B3111	Pants	9,537	8.90	85	0.7%	-	-	-	-	-	-	N/A	N/A
52192735	Sweaters	7,435	10.19	76	0.7%	-	-	-	-	-	-	N/A	N/A
3311S1J7	Pants	3,981	18.38	73	0.6%	5,614	138	96	30.7%	1.3	17.08	1.30	7.0%
7W198111	Pants	9,757	7.50	73	0.6%	20,985	201	148	26.6%	2.0	7.04	0.45	6.0%
3311S1J6	Pants	4,306	16.18	70	0.6%	10,059	230	172	24.9%	2.5	17.15	(0.97)	(6.0%)
470W5117	Pants	6,622	10.41	69	0.6%	11,862	206	122	40.7%	1.8	10.31	0.11	1.0%
7W18V102	Pants	11,709	5.87	69	0.6%	13,108	88	72	17.9%	1.1	5.51	0.36	6.1%
521927X0	Sweaters	6,374	10.64	68	0.6%	-	-	-	-	-	-	N/A	N/A
53149833	Cut & Sew/T-Shirts	7,672	8.82	68	0.6%	-	-	-	-	-	-	N/A	N/A
52092735	Sweaters	6,568	10.19	67	0.6%	-	-	-	-	-	-	N/A	N/A
541B97X5	Sweaters	4,926	13.47	66	0.6%	-	-	-	-	-	-	N/A	N/A
7G192720	Sweaters	7,476	8.62	64	0.6%	-	-	-	-	-	-	N/A	N/A
520927X0	Sweaters	5,925	10.64	63	0.6%	-	-	-	-	-	-	N/A	N/A
53049833	Cut & Sew/T-Shirts	7,368	8.55	63	0.6%	-	-	-	-	-	-	N/A	N/A
7C19C483	Jackets/Vests	8,940	6.96	62	0.5%	-	-	-	-	-	-	N/A	N/A
5B169129	Pants	5,045	12.21	62	0.5%	7,576	150	87	42.0%	1.4	11.53	0.68	5.6%
51069111	Pants	6,306	9.77	62	0.5%	9,794	159	88	44.3%	1.4	9.03	0.74	7.6%
3311S1L0	Pants	3,927	15.51	61	0.5%	12,650	297	230	22.6%	3.8	18.19	(2.69)	(17.3%)
7W08V102	Pants	10,486	5.74	60	0.5%	16,283	109	87	20.8%	1.4	5.32	0.42	7.3%
5B1H6113	Pants	6,139	9.75	60	0.5%	17,240	270	158	41.7%	2.6	9.14	0.61	6.3%
470W5107	Pants	5,535	10.60	59	0.5%	7,402	118	77	34.3%	1.3	10.43	0.16	1.5%
3L1SV1A4	Pants	4,579	12.51	57	0.5%	5,452	118	66	44.0%	1.2	12.16	0.35	2.8%
7E152877	Cut & Sew/T-Shirts	12,468	4.59	57	0.5%	-	-	-	-	-	-	N/A	N/A
3311S1A4	Pants	3,406	16.72	57	0.5%	6,494	145	118	18.6%	2.1	18.13	(1.41)	(8.4%)
7E1R0877	Cut & Sew/T-Shirts	10,500	5.41	57	0.5%	-	-	-	-	-	-	N/A	N/A
7E19V877	Cut & Sew/T-Shirts	12,528	4.52	57	0.5%	-	-	-	-	-	-	N/A	N/A
5J6B3111	Pants	6,242	8.73	55	0.5%	-	-	-	-	-	-	N/A	N/A
5J1S9452	Jackets/Vests	3,145	17.22	54	0.5%	-	-	-	-	-	-	N/A	N/A
5L192757	Sweaters	5,429	9.62	52	0.5%	-	-	-	-	-	-	N/A	N/A
3F1X5621	Blouses/Shirts/Tunic	3,581	14.53	52	0.5%	1,779	43	25	41.2%	0.5	14.19	0.34	2.3%
5S154877	Cut & Sew/T-Shirts	6,571	7.80	51	0.5%	-	-	-	-	-	-	N/A	N/A
540B97X5	Sweaters	3,800	13.47	51	0.5%	-	-	-	-	-	-	N/A	N/A
5B188102	Pants	5,506	8.74	48	0.4%	10,317	153	89	41.9%	1.8	8.63	0.12	1.3%
5L092757	Sweaters	4,902	9.62	47	0.4%	-	-	-	-	-	-	N/A	N/A
5J0S9452	Jackets/Vests	2,824	16.70	47	0.4%	-	-	-	-	-	-	N/A	N/A
87461135	Pants	3,159	13.82	44	0.4%	496	9	3	69.6%	0.1	5.27	8.55	61.9%
AB469111	Pants	4,307	10.03	43	0.4%	491	4	3	27.8%	0.1	6.08	3.95	39.4%
511B3111	Pants	4,548	9.15	42	0.4%	-	-	-	-	-	-	N/A	N/A
51669111	Pants	4,326	9.60	42	0.4%	6,211	98	55	43.7%	1.3	8.85	0.75	7.8%
3B13J623	Blouses/Shirts/Tunic	2,500	16.49	41	0.4%	1,347	38	22	41.5%	0.5	16.42	0.07	0.4%
471W5107	Pants	3,735	10.91	41	0.4%	5,191	79	56	29.7%	1.4	10.77	0.14	1.3%
5B069111	Pants	4,217	9.56	40	0.4%	7,164	115	64	44.6%	1.6	8.87	0.70	7.3%
47072126	Pants	3,033	12.85	39	0.3%	11,960	239	144	39.9%	3.7	12.02	0.82	6.4%
3301S1L0	Pants	2,564	15.10	39	0.3%	4,087	90	69	23.4%	1.8	16.80	(1.70)	(11.3%)
Total - Top 50 SKUs		348,232	\$9.29	\$3,238	28.0%	289,294	\$4,449	\$2,832	35.9%	0.9	\$9.88	N/A	N/A
All Other SKUs (3,620 Unique SKUs)		1,009,031	8.02	8,090	71.4%	769,464	10,678	6,797	36.3%	0.8	8.83	N/A	N/A
Total		1,357,263	\$8.34	\$11,328	100.0%	1,058,758	\$15,127	\$9,629	36.2%	0.9	\$9.11	N/A	N/A

Note(s):

(1) Inventory is gross of ineligible but excludes raw materials.

(2) Sales and COGS are shown for items on hand as of August 31, 2019 and exclude intracompany sales.

(3) Inventory turnover has been calculated using the COGS for the 12 months ended August 2019 and the inventory on hand as of August 31, 2019.

Data Source(s):

Nygård - ITEM 24 25 - 24 MTHS" and "4. INV - AUG31 - FG & WIP" reports.

Nygård International Partnership

Wholesale

Inventory Composition - Top 50 SKUs - On-Hand - Canada - Aged < 196 Days

As of August 31, 2019

(CAD \$ in 000s)

Style Number	Category	Inventory On Hand (1)			
		Units	Unit Cost	Cost	
				\$	% of Total
7W098111	Pants	16,241	\$7.40	\$120	1.3%
5B0H6113	Pants	11,204	9.51	107	1.1%
5B069129	Pants	8,946	11.90	106	1.1%
7W498111	Pants	12,387	8.44	105	1.1%
7W598111	Pants	12,633	8.22	104	1.1%
5B088102	Pants	10,802	8.48	92	1.0%
5J0B3111	Pants	9,537	8.90	85	0.9%
52192735	Sweaters	7,435	10.19	76	0.8%
7W18V102	Pants	11,701	5.87	69	0.7%
521927X0	Sweaters	6,374	10.64	68	0.7%
53149833	Cut & Sew/T-Shirts	7,672	8.82	68	0.7%
52092735	Sweaters	6,568	10.19	67	0.7%
541B97X5	Sweaters	4,926	13.47	66	0.7%
7G192720	Sweaters	7,476	8.62	64	0.7%
520927X0	Sweaters	5,925	10.64	63	0.7%
53049833	Cut & Sew/T-Shirts	7,368	8.55	63	0.7%
7C19C483	Jackets/Vests	8,940	6.96	62	0.7%
5B169129	Pants	5,056	12.19	62	0.6%
51069111	Pants	6,306	9.77	62	0.6%
7W08V102	Pants	10,485	5.74	60	0.6%
470W5117	Pants	5,621	10.46	59	0.6%
470W5107	Pants	5,536	10.60	59	0.6%
7E152877	Cut & Sew/T-Shirts	12,468	4.59	57	0.6%
5B1H6113	Pants	5,808	9.79	57	0.6%
7E1R0877	Cut & Sew/T-Shirts	10,500	5.41	57	0.6%
7E19V877	Cut & Sew/T-Shirts	12,528	4.52	57	0.6%
7W198111	Pants	7,444	7.58	56	0.6%
5J6B3111	Pants	6,242	8.73	55	0.6%
5J1S9452	Jackets/Vests	3,145	17.22	54	0.6%
3L1SV1A4	Pants	4,275	12.52	54	0.6%
3311S1J7	Pants	2,898	18.38	53	0.6%
5L192757	Sweaters	5,429	9.62	52	0.5%
3F1X5621	Blouses/Shirts/Tunic	3,581	14.53	52	0.5%
5S154877	Cut & Sew/T-Shirts	6,571	7.80	51	0.5%
540B97X5	Sweaters	3,800	13.47	51	0.5%
5B188102	Pants	5,497	8.74	48	0.5%
5L092757	Sweaters	4,902	9.62	47	0.5%
5J0S9452	Jackets/Vests	2,824	16.70	47	0.5%
3311S1A4	Pants	2,670	16.77	45	0.5%
5J1B3111	Pants	4,548	9.15	42	0.4%
51669111	Pants	4,326	9.60	42	0.4%
3B13J623	Blouses/Shirts/Tunic	2,500	16.49	41	0.4%
471W5107	Pants	3,704	10.91	40	0.4%
5B069111	Pants	4,217	9.56	40	0.4%
47072126	Pants	2,979	12.87	38	0.4%
7B19C483	Jackets/Vests	5,448	6.96	38	0.4%
5J076753	Sweaters	3,698	10.04	37	0.4%
3D189744	Sweaters	1,648	21.78	36	0.4%
5Z1A97X7	Sweaters	2,480	14.47	36	0.4%
51092723	Sweaters	2,829	12.49	35	0.4%
Total - Top 50 SKUs		328,098	\$9.15	\$3,004	31.4%
All Other SKUs (1,815 Unique SKUs)		599,242	10.93	6,552	68.6%
Total		927,340	\$10.30	\$9,556	100.0%

Note(s):

(1) Inventory is gross of ineligible but excludes raw materials.

Data Source(s):

Tiger - ITEM 24 25 - 24 MTHS" and "4. INV - AUG31 - FG & WIP" reports.

Nygård International Partnership

Wholesale

Inventory Composition - Top 50 SKUs - On-Hand - Canada - Aged 197 - 365 Days

As of August 31, 2019

(CAD \$ in 000s)

Style Number	Category	Inventory On Hand (1)			
		Units	Unit Cost	Cost	
				\$	% of Total
7W098111	Pants	6,197	\$7.07	\$44	6.3%
3311S1J6	Pants	1,471	16.88	25	3.6%
3301S1J6	Pants	1,526	15.95	24	3.5%
7W498111	Pants	2,979	8.05	24	3.5%
3311S1L0	Pants	1,375	16.08	22	3.2%
3311S1J7	Pants	1,066	18.38	20	2.8%
7W598111	Pants	2,459	7.84	19	2.8%
3301S1L0	Pants	1,144	15.58	18	2.6%
3L1SV1A9	Pants	1,467	11.70	17	2.5%
3L0SV1A4	Pants	1,403	12.17	17	2.5%
7W198111	Pants	2,313	7.23	17	2.4%
331P72C4	Shorts/Capri/Crops	811	19.78	16	2.3%
3311S1A4	Pants	732	16.64	12	1.8%
3301S1J7	Pants	623	17.95	11	1.6%
5B1H7113	Pants	1,099	9.87	11	1.6%
3L0SV1D5	Pants	648	15.25	10	1.4%
3311S2A6	Shorts/Capri/Crops	330	24.48	8	1.2%
3L0SV1O4	Pants	710	9.80	7	1.0%
3301S1A4	Pants	424	16.12	7	1.0%
3L4SV1A4	Pants	476	13.77	7	0.9%
3L0SV1D0	Pants	578	10.97	6	0.9%
3A0SV1Q6	Pants	713	8.32	6	0.9%
3311P1L0	Pants	284	19.38	6	0.8%
3311S2C4	Shorts/Capri/Crops	290	18.51	5	0.8%
3F1XK68J	Blouses/Shirts/Tunic	232	22.98	5	0.8%
3F1X5609	Blouses/Shirts/Tunic	301	16.17	5	0.7%
5B033656	Blouses/Shirts/Tunic	890	5.00	4	0.6%
RC16X114	Pants	3,736	1.12	4	0.6%
5E19F432	Jackets/Vests	448	8.95	4	0.6%
X70G1849	Cut & Sew/T-Shirts	463	8.65	4	0.6%
3L1SV2B5	Shorts/Capri/Crops	332	11.81	4	0.6%
3L1SV1D0	Pants	335	11.48	4	0.6%
3L1SV1A4	Pants	292	12.68	4	0.5%
3L1UA1P4	Pants	264	13.57	4	0.5%
3311P1J6	Pants	172	20.60	4	0.5%
51148102	Pants	586	6.00	4	0.5%
51048102	Pants	593	5.87	3	0.5%
X71G1849	Cut & Sew/T-Shirts	388	8.91	3	0.5%
5B0H6113	Pants	357	8.90	3	0.5%
331P71L0	Pants	204	15.06	3	0.4%
3301P1J6	Pants	153	20.03	3	0.4%
5B1H6113	Pants	331	9.16	3	0.4%
470W5117	Pants	290	10.28	3	0.4%
3B025623	Blouses/Shirts/Tunic	218	12.66	3	0.4%
5C1B9754	Sweaters	678	3.99	3	0.4%
3L1SV2Y4	Shorts/Capri/Crops	201	12.89	3	0.4%
3T31W1L0	Pants	111	22.07	2	0.4%
3311P1A4	Pants	120	20.14	2	0.3%
3A4SV1QA	Pants	214	11.25	2	0.3%
3L1ZC2D1	Shorts/Capri/Crops	200	11.74	2	0.3%
Total - Top 50 SKUs		43,227	\$10.35	\$447	64.4%
All Other SKUs (760 Unique SKUs)		61,112	4.04	247	35.6%
Total		104,339	\$6.65	\$694	100.0%

Note(s):

(1) Inventory is gross of ineligible but excludes raw materials.

Data Source(s):

Tiger - ITEM 24 25 - 24 MTHS" and "4. INV - AUG31 - FG & WIP" reports.

Nygård International Partnership

Wholesale

Inventory Composition - Top 50 SKUs - On-Hand - Canada - Aged > 365 Days

As of August 31, 2019

(CAD \$ in 000s)

Style Number	Category	Inventory On Hand (1)			
		Units	Unit Cost	Cost	
				\$	% of Total
87461135	Pants	3,159	\$13.82	\$44	4.1%
AB469111	Pants	4,307	10.03	43	4.0%
3A1Y7114	Pants	3,671	10.44	38	3.6%
3F12S44B	Jackets/Vests	1,416	26.06	37	3.4%
GE1V7268	Shorts/Capri/Crops	4,643	7.00	33	3.0%
XB1711Y2	Pants	2,241	10.38	23	2.2%
1211S1J0	Pants	1,336	17.39	23	2.2%
3311S1L0	Pants	1,415	14.37	20	1.9%
2E1Y7114	Pants	1,229	15.32	19	1.8%
XB17V1W2	Pants	1,323	13.51	18	1.7%
3311S1J6	Pants	1,103	16.01	18	1.6%
3341S1J7	Pants	894	18.45	16	1.5%
3E0Y7262	Shorts/Capri/Crops	1,168	13.08	15	1.4%
3G1V7218	Shorts/Capri/Crops	2,132	7.12	15	1.4%
3A0Y7166	Pants	7,427	1.90	14	1.3%
X61G1849	Cut & Sew/T-Shirts	1,517	8.91	14	1.3%
XB47V1W2	Pants	944	14.27	13	1.3%
3L1SV1A8	Pants	1,715	7.77	13	1.2%
XB17V1W0	Pants	1,049	12.55	13	1.2%
XB47V1W0	Pants	959	13.46	13	1.2%
2E1Y7267	Shorts/Capri/Crops	1,447	8.83	13	1.2%
XB2711X2	Pants	2,037	5.94	12	1.1%
3312S1J7	Pants	1,636	7.12	12	1.1%
3B1DP68A	Blouses/Shirts/Tunic	2,137	4.99	11	1.0%
XB17V1W3	Pants	1,734	5.94	10	1.0%
XB47V2Z1	Shorts/Capri/Crops	947	10.42	10	0.9%
XB17V1W1	Pants	735	13.36	10	0.9%
87461138	Pants	883	10.46	9	0.9%
47057122	Pants	817	11.26	9	0.9%
XB07V1W1	Pants	681	13.10	9	0.8%
5B07V254	Shorts/Capri/Crops	951	9.30	9	0.8%
XB1711X2	Pants	996	8.11	8	0.8%
5B07V115	Pants	781	9.92	8	0.7%
3L0D51J6	Pants	447	16.75	7	0.7%
470W5117	Pants	711	10.09	7	0.7%
87161135	Pants	514	13.91	7	0.7%
5B069266	Shorts/Capri/Crops	739	9.65	7	0.7%
3A0Y7116	Pants	3,609	1.90	7	0.6%
XB1712X3	Shorts/Capri/Crops	571	11.77	7	0.6%
3301S1L0	Pants	494	13.25	7	0.6%
XB07V1W2	Pants	488	13.25	6	0.6%
3L0SV1A8	Pants	491	13.04	6	0.6%
3E0Y7169	Pants	2,734	2.28	6	0.6%
GE0V7119	Pants	2,832	2.16	6	0.6%
XB4712Z4	Shorts/Capri/Crops	860	7.12	6	0.6%
AB224186	Pants	1,725	3.49	6	0.6%
XB07V1W0	Pants	448	12.33	6	0.5%
3L0SV1A9	Pants	463	11.74	5	0.5%
3L4SV185	Pants	426	12.46	5	0.5%
87161127	Pants	2,978	1.75	5	0.5%
Total - Top 50 SKUs		79,960	\$8.51	\$680	63.2%
All Other SKUs (1,138 Unique SKUs)		245,624	1.61	395	36.8%
Total		325,584	\$3.30	\$1,076	100.0%

Note(s):

(1) Inventory is gross of ineligibles but excludes raw materials.

Data Source(s):

Tiger - ITEM 24 25 - 24 MTHS" and "4. INV - AUG31 - FG & WIP" reports.

Nygård International Partnership

Wholesale

Inventory Composition - Top 50 SKUs - In-Transit - United States

As of August 31, 2019

(CAD \$ in 000s)

Style Number	Category	Inventory On Hand			
		Units	Unit Cost	Cost	
				\$	% of Total
33140739	Sweaters	10,074	\$19.54	\$197	5.4%
3311S1J6	Pants	9,957	14.16	141	3.9%
3L1W51J6	Pants	4,227	22.68	96	2.6%
33440739	Sweaters	5,098	18.23	93	2.6%
3L1DJ1J6	Pants	3,393	20.43	69	1.9%
3311S1JL	Pants	2,874	22.06	63	1.8%
3L1SV1A4	Pants	4,849	12.34	60	1.7%
AZ11J823	Cut & Sew/T-Shirts	4,840	11.42	55	1.5%
33040739	Sweaters	3,456	15.86	55	1.5%
3311S1J7	Pants	3,505	15.38	54	1.5%
3L2SV1A4	Pants	4,063	11.95	49	1.3%
381KY46D	Jackets/Vests	2,002	22.97	46	1.3%
3311S1L0	Pants	3,156	14.52	46	1.3%
AG1387X4	Sweaters	3,410	12.99	44	1.2%
3615A4FA	Jackets/Vests	2,058	21.40	44	1.2%
AZ01J823	Cut & Sew/T-Shirts	3,919	11.07	43	1.2%
331P91J6	Pants	2,700	14.98	40	1.1%
3L4SV1A4	Pants	2,918	13.57	40	1.1%
811KP4F3	Jackets/Vests	1,828	21.40	39	1.1%
810KP4F3	Jackets/Vests	1,676	20.77	35	1.0%
8K1EP486	Jackets/Vests	1,204	28.19	34	0.9%
3321S1A4	Pants	2,197	15.09	33	0.9%
VA113100	Pants	2,780	11.67	32	0.9%
AN11U682	Blouses/Shirts/Tunic	2,420	13.31	32	0.9%
VA54C120	Pants	1,755	17.90	31	0.9%
3L4DJ1J6	Pants	1,361	22.34	30	0.8%
3G19K42C	Jackets/Vests	1,558	18.83	29	0.8%
AN01U682	Blouses/Shirts/Tunic	2,174	12.90	28	0.8%
3311S1A4	Pants	1,827	15.09	28	0.8%
39189737	Sweaters	1,392	19.54	27	0.8%
3L1SV185	Pants	2,480	10.89	27	0.7%
AN41U682	Blouses/Shirts/Tunic	1,756	15.29	27	0.7%
AN1927X0	Sweaters	2,190	12.18	27	0.7%
VA64C120	Pants	1,622	16.43	27	0.7%
VA1C2120	Pants	1,697	15.69	27	0.7%
AN14F474	Jackets/Vests	2,147	12.38	27	0.7%
3A1SV1QB	Pants	2,681	9.71	26	0.7%
VA14C120	Pants	1,482	17.11	25	0.7%
AZ41J823	Cut & Sew/T-Shirts	1,905	13.12	25	0.7%
VA44C120	Pants	1,323	18.39	24	0.7%
AN0927X0	Sweaters	1,959	12.18	24	0.7%
AN19K840	Cut & Sew/T-Shirts	2,190	10.85	24	0.7%
AN04F474	Jackets/Vests	1,959	12.01	24	0.6%
814KP4F3	Jackets/Vests	952	24.62	23	0.6%
AY1N3452	Jackets/Vests	1,103	20.71	23	0.6%
VA6C2120	Pants	1,443	15.13	22	0.6%
A5154823	Cut & Sew/T-Shirts	2,450	8.83	22	0.6%
AG4387X4	Sweaters	1,498	14.29	21	0.6%
VA5C2120	Pants	1,228	17.31	21	0.6%
391SV43E	Jackets/Vests	779	25.90	20	0.6%
Total - Top 50 SKUs		133,515	\$15.73	\$2,100	58.0%
All Other SKUs (195 Unique SKUs)		113,906	13.36	1,522	42.0%
Total		247,421	\$14.64	\$3,622	100.0%

Data Source(s):

"Tiger - ITEM 24 25 - 24 MTHS" and "4. INV - AUG31 - FG & WIP" reports.

Nygård International Partnership

Wholesale

Inventory Composition - Top 50 SKUs - In-Transit - Canada

As of August 31, 2019

(CAD \$ in 000s)

Style Number	Category	Inventory On Hand			
		Units	Unit Cost	Cost	
				\$	% of Total
7W1R0877	Cut & Sew/T-Shirts	43,380	\$5.41	\$235	3.6%
7W152877	Cut & Sew/T-Shirts	39,960	4.59	183	2.8%
7W098111	Pants	21,225	7.40	157	2.4%
7Y1387X0	Sweaters	22,092	6.91	153	2.3%
7W452877	Cut & Sew/T-Shirts	22,365	5.25	117	1.8%
56092728	Sweaters	8,452	12.12	102	1.6%
3L1W51J6	Pants	4,323	23.01	99	1.5%
7Y138754	Sweaters	14,076	6.98	98	1.5%
7W198111	Pants	12,704	7.58	96	1.5%
5B088102	Pants	11,083	8.48	94	1.4%
56192728	Sweaters	7,579	12.12	92	1.4%
541387X4	Sweaters	8,409	10.11	85	1.3%
540387X4	Sweaters	7,644	10.11	77	1.2%
7U13Y843	Cut & Sew/T-Shirts	13,536	5.23	71	1.1%
5L192758	Sweaters	6,839	9.62	66	1.0%
7W598111	Pants	7,942	8.22	65	1.0%
5B0H6113	Pants	6,854	9.51	65	1.0%
57192735	Sweaters	5,126	12.17	62	1.0%
57092735	Sweaters	5,094	12.17	62	1.0%
7W498111	Pants	7,193	8.44	61	0.9%
5H049833	Cut & Sew/T-Shirts	6,938	8.55	59	0.9%
5H149833	Cut & Sew/T-Shirts	6,698	8.82	59	0.9%
5L092758	Sweaters	5,589	9.62	54	0.8%
5B688102	Pants	6,023	8.78	53	0.8%
5C1BM452	Jackets/Vests	2,979	16.42	49	0.8%
5C0BM452	Jackets/Vests	3,024	15.93	48	0.7%
3317M482	Jackets/Vests	1,889	25.42	48	0.7%
3A1DA64Y	Blouses/Shirts/Tunic	2,758	17.25	48	0.7%
7W18V102	Pants	8,004	5.87	47	0.7%
5B188102	Pants	5,196	8.74	45	0.7%
5R138789	Sweaters	3,549	12.63	45	0.7%
5R038789	Sweaters	3,537	12.63	45	0.7%
7T452540	Dresses/Coats	5,139	8.51	44	0.7%
7R16R647	Blouses/Shirts/Tunic	7,032	6.17	43	0.7%
5Y0N3452	Jackets/Vests	2,708	15.64	42	0.6%
5TOPN472	Jackets/Vests	3,034	13.91	42	0.6%
7W08V102	Pants	7,344	5.74	42	0.6%
5T1PN472	Jackets/Vests	2,868	14.34	41	0.6%
5Y1N3452	Jackets/Vests	2,463	16.13	40	0.6%
5B1H6113	Pants	4,026	9.79	39	0.6%
571927W1	Sweaters	3,483	11.28	39	0.6%
570927W1	Sweaters	3,340	11.28	38	0.6%
7W13A111	Pants	5,208	7.10	37	0.6%
551SQ474	Jackets/Vests	2,524	14.26	36	0.6%
7R13J826	Cut & Sew/T-Shirts	7,500	4.80	36	0.6%
7W03A111	Pants	5,208	6.90	36	0.6%
3311S1JL	Pants	1,503	23.80	36	0.5%
3L1D51J6	Pants	1,730	19.81	34	0.5%
5Y092757	Sweaters	3,171	10.78	34	0.5%
7R13Y877	Cut & Sew/T-Shirts	7,488	4.46	33	0.5%
Total - Top 50 SKUs		407,829	\$8.18	\$3,335	51.2%
All Other SKUs (379 Unique SKUs)		282,236	11.27	3,181	48.8%
Total		690,065	\$9.44	\$6,517	100.0%

Data Source(s):

"Tiger - ITEM 24 25 - 24 MTHS" and "4. INV - AUG31 - FG & WIP" reports.

Nygård International Partnership

Retail Stores

Store Visits

(CAD \$ in 000s)

Loc. No.	Location Name	State	Inv. at Cost (1)	% to Total
Stores in Operation:				
44	Carlingwood	ON	\$113	0.6%
80	Cloverdale	ON	77	0.4%
138	North Hill	AB	73	0.4%
174	Sunridge	AB	286	1.5%
179	Tsc4	ON	367	2.0%
181	Londonderry	AB	112	0.6%
199	Merivale	ON	119	0.6%
200	Hazeldean	ON	99	0.5%
273	Heartland	ON	263	1.4%
297	Shawnessy	AB	232	1.3%
400	Northland	AB	95	0.5%
401	Milton	ON	107	0.6%
416	Mayfield Common	AB	247	1.3%
418	Chapman Mills	ON	186	1.0%
445	Georgetown Nm	ON	83	0.4%
448	Billings Brg Plz	ON	98	0.5%
464	Ctr Vaudreuil	QC	183	1.0%
466	Orfus Rd	ON	168	0.9%
469	Reg Chateauguay	QC	94	0.5%
472	Centre Laval	QC	82	0.4%
483	Dixie Mall	ON	66	0.4%
496	Angrignon	QC	90	0.5%
502	Centerpoint Mall	ON	54	0.3%
515	Bramalea	ON	69	0.4%
520	Promenade	ON	85	0.5%
525	Mail Champlain	QC	129	0.7%
532	St. Laurent	ON	206	1.1%
537	Bayshore	ON	72	0.4%
547	Carlingwood	ON	80	0.4%
549	Londonderry	AB	80	0.4%
551	W. Edmonton	AB	86	0.5%
31	Visit Totals		\$4,101	22.2%
	Total Inventory		\$18,453	100.0%

Note(s):

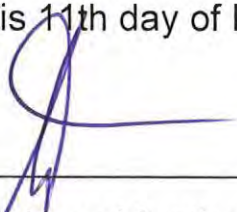
(1) Inventory amounts are shown gross of adjustments.

Limitations on Appraisal

The appraisal incorporates the following limitations, which if violated, weaken the validity of the appraisal or render the appraisal void:

1. No responsibility for matters of a legal nature, which might affect the property that is the subject of this appraisal. In particular, but without limiting the generality of the foregoing, the annexed appraisal assumes that the property is not subject to any liens, encumbrances, or impediments to its free transferability and that such property conforms to all statutes, regulations, and codes that might relate to or affect the use, sale, or other disposition of such property.
2. The appraisal is based on the following:
 - a. Tiger Valuation relied upon Company reports and management representation and has assumed without independent verification that all such information was accurate and complete in all material respect.
 - b. These appraisals are based upon the value of assets as of the date indicated in this report and subsequent changes, including changes in the market or in the composition, location, or condition of inventory, which could have a significant effect on the projected NOLV, have not been considered. Tiger Valuation assumes no responsibility for economic or physical factors occurring subsequent to the date of this report.
 - c. The opinions as to value stated in this report are premised upon the specific methods of sale discussed herein and must not be used in conjunction with any other proposed method of disposition.
 - d. The appraiser is not an attorney at law. The reader is advised to consult with an attorney on general rules of law as they apply to the property.
 - e. All opinions as to value are presented as the Tiger Valuation's considered opinion, based on the facts and data set forth in the report. The values reported herein are an opinion only and are not a warranty or a representation of fact. No responsibility is assumed for any inability to sell the inventory at the values projected herein. Other than stated herein, no representation, warrant, or statement is made as to the value or marketability of the assets.
 - f. The opinions expressed herein are valid only for the express and stated purpose of providing information and assistance to the parties to whom this report is specifically addressed and to their counsel in connection with the proposed financing and are not in any way, implied or expressed, to be construed, used, circulated, quoted, relied upon, or otherwise referred to for any other purpose or by any other person or entity without prior written consent of Tiger Valuation.
 - g. It is an express condition of this report that the appraiser is not required to give testimony or appear in court regarding this appraisal, unless arrangements have been previously made thereof.

This is Exhibit "G" referred to in the
Affidavit of Greg Fenske
Affirmed before me at the City of
Winnipeg, this 11th day of March, 2020



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

INV SUMMARY

TIGER VALUATION

PRE: Proj 103
AS400 - Style - CLR

MAR7, 2020				
Age	U	Mix %	TTL IVL \$	Mix %
0 - 196 Day	2,083,704	59%	22,860,733	74%
197 - 365 D	415,185	12%	3,360,204	11%
Over 365 D	1,060,365	30%	4,879,195	16%
FG Grand TTI	3,559,254	100%	31,100,133	100%
In Transit INV	1,494,236		15,677,178	
Warehouse T	5,053,490		46,777,310	
RTL INV	1,487,289		20,601,664	
TTL	6,540,779		67,378,974	

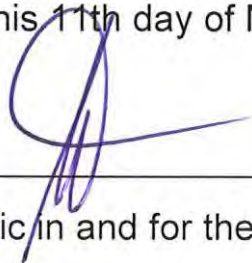
RTL Ageing	Units	RTL Cost	%
CURRENT	711,031	11,006,588	53%
14 - 27 Wks	257,402	4,421,923	21%
28 - 38 Wks	145,922	1,744,280	8%
39 - 51 Wks	131,800	1,412,483	7%
TTL<52Wks	1,246,155	18,585,274	90%
52+ Wks	241,134	2,016,390	10%
TTL	1,487,289	20,601,664	100%

Row Labels	Sum of qty	Sum of <197	Sum of >196<365	Sum of >365
Age A	2,083,704	22,861,585	-	-
Age B	415,185	-	3,361,343	-
Age C	1,060,365	(851)	(1,139)	4,550,462
Grand Total	3,559,254	22,860,733	3,360,204	4,550,462

Warehouse	Units	Value (CAD)
1	2	1
2	536,696	4,592,553
4	1,073,307	8,945,472
5	140	482
7	284,893	1,715,255
8	444,792	4,708,543
9	1,221,419	11,163,617
D	-	-
H	(2,008)	(25,807)
(13	16
Grand Total	3,559,254	31,100,132.91

4,566,764.03

This is Exhibit "H" referred to in the
Affidavit of Greg Fenske
Affirmed before me at the City of
Winnipeg, this 11th day of March, 2020



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

From: Jonathan Yin <jyin@gacapitalpartners.com>

Sent: March 11, 2020 3:02 PM

To: Peter Nygård PJN5577 <peter.nygard@nygard.com>; Greg Fenske GGF5140 <Greg.Fenske@Nygard.com>; Hylton Levy <hlevy@farbergroup.com>; Robert Hine <r.hine@goldmanhine.com>; Abe Rubinfeld AXR6966 <Abraham.Rubinfeld@Nygard.com>

Cc: Alex Zuckerman <azuckerman@gacapitalpartners.com>; Robert Louzan <rlouzan@gacapitalpartners.com>

Subject: Nygard / GACP Initial Diligence List

All,

As referenced on the call – please find our initial diligence request list below. Let us know if you have any questions.

- Most recent White Oak borrowing base certificate
- Executed White Oak Credit Agreement and Security Agreement, along with copies of any waivers or amendments
- Latest field exam, if available
- Latest AR Aging report and AP Aging Report
- All updated appraisal reports, including:
 - Tiger Inventory Appraisal report, as of November 2019
 - Updated 2019 Real Estate appraisals for Canadian properties, including Inkster, Niagara St, Notre Dame, Broadway
- Information on any US Real Estate or other assets that could potentially serve as collateral, with appraisals if available
- 2017 – 2018 audited financials
- 2019 unaudited financials
- Detailed business plan, including:
 - Cash flow forecasts
 - Any potential asset sales, accompanied by estimates of valuation and potential timeframe
 - List of strategic or financial buyers that have previously expressed interest in each asset outlined

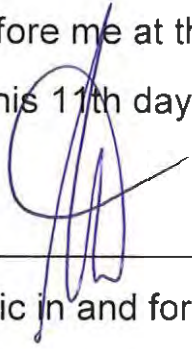
Thanks
Jonathan

Jonathan Yin
Associate

Great American Capital Partners, LLC
11100 Santa Monica Blvd., Suite 800
Los Angeles, CA 90025
www.gacapitalpartners.com

(310) 689-5234 Direct
(631) 880-9874 Mobile
jyin@gacapitalpartners.com

This is Exhibit "I" referred to in the
Affidavit of Greg Fenske
Affirmed before me at the City of
Winnipeg, this 11th day of March, 2020



Notary Public in and for the Province of
Manitoba

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and
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Wayne M. Onchulenko

From: Abe Rubinfeld AXR6966 <Abraham.Rubinfeld@Nygard.com>
Sent: March 11, 2020 9:24 PM
To: Greg Fenske GGF5140
Cc: Wayne M. Onchulenko
Subject: Affidavit of Greg Fenske - March 11, 2020
Attachments: Affidavit of Greg Fenske Aff March 11.2020 v 6.docx

To the best of my belief and knowledge the contents of the attached affidavit are true.

Abe.Rubinfeld@Nygard.com

VP General Counsel
Toronto 416 598 6966
Visit: www.Nygard.com