

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.

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**AFFIDAVIT OF GREG FENSKE**  
AFFIRMED this 20<sup>th</sup> day of October, 2020

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**LEVENE TADMAN GOLUB LAW CORPORATION**

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

**WAYNE M. ONCHULENKO**

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File No. 113885/WMO  
QB BOX 105

THE QUEEN'S BENCH  
Winnipeg Centre

IN THE MATTER OF: THE APPOINTMENT OF A RECEIVER  
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Respondents.

AFFIDAVIT OF GREG FENSKE

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

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

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

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

---

A Notary Public in and for the  
 Province of Manitoba

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GREG FENSKE

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 20<sup>th</sup> day of October, 2020



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A Notary Public in and for the  
Province of Manitoba

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

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

# WINNIPEG MANITOBA

## industrial market snapshot



### Winnipeg Industrial Real Estate growth Q1 to Q3 2020

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

Focusing on the Northwest - where Inkster building is located:

#### Rent Increase

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

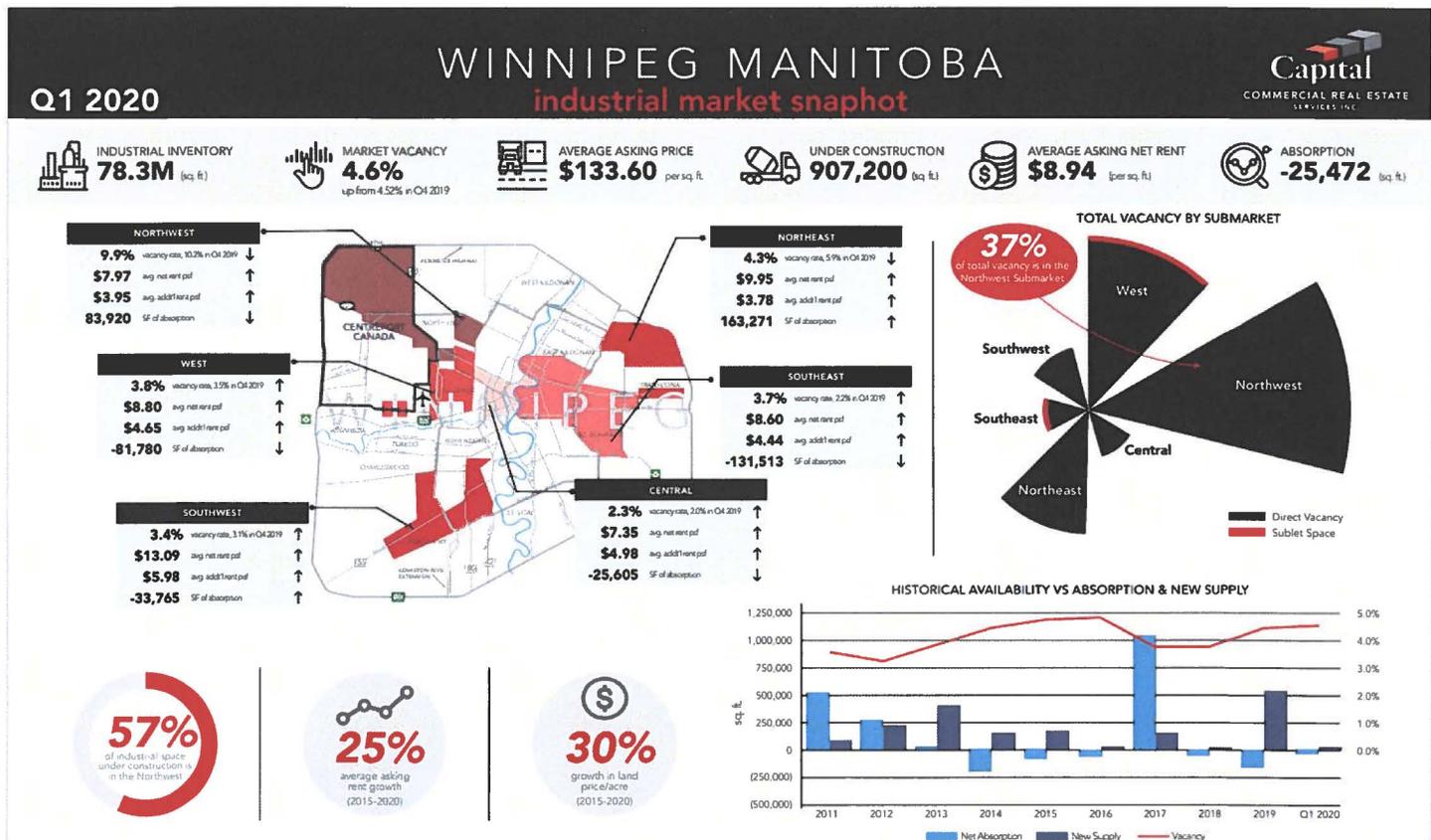
#### Absorption (Sales)

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

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

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

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



# WINNIPEG MANITOBA

## industrial market snapshot



Q2 2020

**INDUSTRIAL INVENTORY**  
78.5M (sq. ft.)

**MARKET VACANCY**  
5.1%  
up from 4.6% in Q1 2020

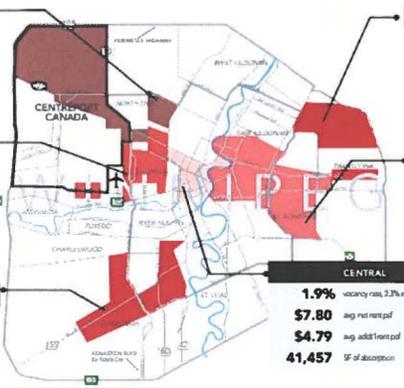
**AVERAGE ASKING PRICE**  
\$138.18 per sq. ft.

**UNDER CONSTRUCTION**  
825,200 (sq. ft.)

**AVERAGE ASKING NET RENT**  
\$9.01 (per sq. ft.)

**ABSORPTION IN THE QUARTER**  
-322,974 (sq. ft.)

**NORTHWEST**  
10.5% vacancy rate, 9.9% in Q1 2020 ↑  
\$8.04 avg. net rent pfd ↓  
\$3.75 avg. add'l rent pfd ↓  
-53,089 SF of absorption ↓



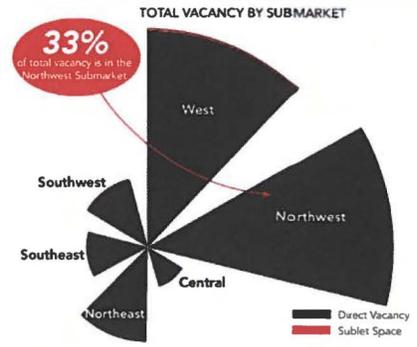
**NORTHEAST**  
5.0% vacancy rate, 4.2% in Q1 2020 ↑  
\$9.79 avg. net rent pfd ↓  
\$3.81 avg. add'l rent pfd ↓  
-68,591 SF of absorption ↓

**WEST**  
4.9% vacancy rate, 3.8% in Q1 2020 ↑  
\$8.62 avg. net rent pfd ↓  
\$4.67 avg. add'l rent pfd ↓  
-268,377 SF of absorption ↓

**SOUTHEAST**  
3.7% vacancy rate, 3.7% in Q1 2020 ↔  
\$9.29 avg. net rent pfd ↑  
\$4.57 avg. add'l rent pfd ↑  
-570 SF of absorption ↑

**SOUTHWEST**  
3.8% vacancy rate, 3.4% in Q1 2020 ↓  
\$13.03 avg. net rent pfd ↓  
\$5.82 avg. add'l rent pfd ↓  
26,196 SF of absorption ↑

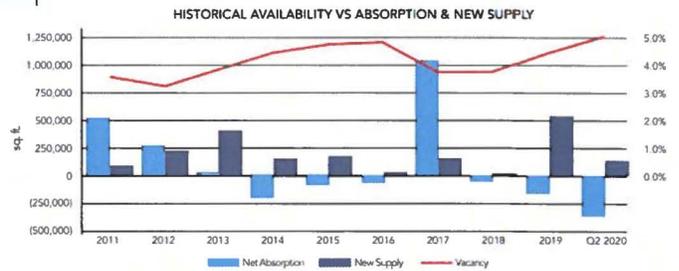
**CENTRAL**  
1.9% vacancy rate, 2.3% in Q1 2020 ↓  
\$7.80 avg. net rent pfd ↑  
\$4.79 avg. add'l rent pfd ↓  
41,457 SF of absorption ↑



66% of industrial space under construction is outside city limits

27% average asking rent growth (2015-2020)

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



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# WINNIPEG MANITOBA

## industrial market snapshot



Q3 2020

**INDUSTRIAL INVENTORY**  
79.1M (sq. ft.)

**MARKET VACANCY**  
4.8%  
down from 5.1% in Q2 2020

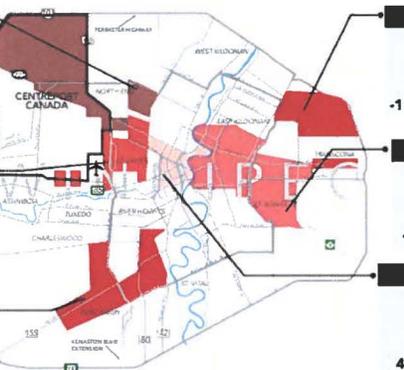
**AVERAGE ASKING PRICE**  
\$136.30 per sq. ft.

**UNDER CONSTRUCTION**  
237,000 (sq. ft.)

**AVERAGE ASKING NET RENT**  
\$9.26 (per sq. ft.)

**ABSORPTION IN THE QUARTER**  
325,828 (sq. ft.)

**NORTHWEST**  
7.9% vacancy rate, 10.3% in Q2 2020 ↓  
\$8.12 avg. net rent pfd ↑  
\$3.86 avg. add'l rent pfd ↑  
613,521 SF of absorption ↑



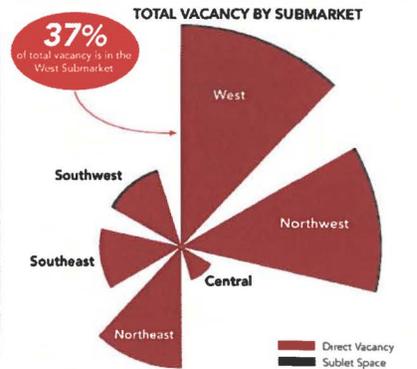
**NORTHEAST**  
6.0% vacancy rate, 5.0% in Q2 2020 ↑  
\$9.71 avg. net rent pfd ↓  
\$3.60 avg. add'l rent pfd ↓  
-112,289 SF of absorption ↓

**WEST**  
4.7% vacancy rate, 4.9% in Q2 2020 ↓  
\$8.73 avg. net rent pfd ↑  
\$4.94 avg. add'l rent pfd ↑  
2,148 SF of absorption ↑

**SOUTHEAST**  
4.6% vacancy rate, 3.7% in Q2 2020 ↑  
\$10.01 avg. net rent pfd ↑  
\$4.46 avg. add'l rent pfd ↓  
189,773 SF of absorption ↓

**SOUTHWEST**  
4.0% vacancy rate, 3.8% in Q2 2020 ↑  
\$12.89 avg. net rent pfd ↓  
\$5.74 avg. add'l rent pfd ↓  
-61,096 SF of absorption ↓

**CENTRAL**  
1.5% vacancy rate, 1.9% in Q2 2020 ↓  
\$7.54 avg. net rent pfd ↓  
\$4.71 avg. add'l rent pfd ↓  
42,217 SF of absorption ↑



39% of industrial space under construction is outside city limits

30% average asking rent growth (2015-2020)

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

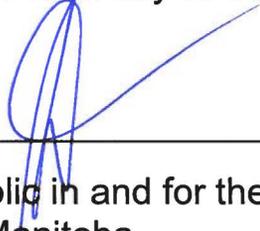


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This is Exhibit "B" referred to in the  
Affidavit of Greg Fenske  
Affirmed before me at the City of  
Winnipeg, this 20th day of October, 2020

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

A Notary Public in and for the  
Province of Manitoba

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

## **Brittni Van Dasselaar**

---

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

**From:** Bryan Gelman <bgelman@albertgelman.com>

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

Greg,

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

### Assets:

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

### Liabilities:

- Intercompany liabilities of \$370,239

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

**Bryan A. Gelman**, CIRP, Licensed Insolvency Trustee

*Managing Director*



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Toronto, ON, M5H 3G2

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