

**IN THE UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

In re:)	
)	Chapter 11
)	
NMG NOTES PROPCO LLC)	Case No. 20-32515 (DRJ)
)	
Debtor.)	
)	

**STATEMENT OF FINANCIAL AFFAIRS
OF DEBTOR NMG NOTES PROPCO LLC (CASE NO. 20-32515)**

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

In re:)	
)	Chapter 11
)	
NEIMAN MARCUS GROUP LTD LLC, <i>et al.</i> , ¹)	Case No. 20-32519 (DRJ)
)	
Debtors.)	(Jointly Administered)
)	

**GLOBAL NOTES AND STATEMENT OF LIMITATIONS, METHODOLOGY,
AND DISCLAIMERS REGARDING THE DEBTORS’ SCHEDULES
OF ASSETS AND LIABILITIES AND STATEMENTS OF FINANCIAL AFFAIRS**

General

The Schedules of Assets and Liabilities (collectively, the “Schedules”) and the Statements of Financial Affairs (collectively, the “Statements” and, together with the Schedules, the “Schedules and Statements”) filed by Neiman Marcus Group LTD LLC (the “Company”) Bergdorf Goodman, Inc.; Bergdorf Graphics, Inc.; BG Productions, Inc.; Mariposa Borrower, Inc.; Mariposa Intermediate Holdings, LLC; NEMA Beverage Corporation; NEMA Beverage Holding Corporation; NEMA Beverage Parent Corporation; NM Bermuda, LLC; NM Financial Services, Inc.; NM Nevada Trust; NMG California Salon LLC; NMG Florida Salon LLC; NMG Global Mobility, Inc.; NMG Notes Propco LLC; NMG Salon Holdings LLC; NMG Salons LLC; NMG Term Loan Propco LLC; NMG Texas Salon LLC; NMGP, LLC; The Neiman Marcus Group LLC; The NMG Subsidiary LLC; and Worth Avenue Leasing Company, as chapter 11 debtors and debtors in possession (collectively, the “Debtors”) pending in the United States Bankruptcy Court for the Southern District of Texas (the “Bankruptcy Court”) were prepared, pursuant to section 521 of title 11 of the United States Code (the “Bankruptcy Code”) and Rule 1007 of the Federal Rules of Bankruptcy Procedure, by management of the Debtors, with the assistance of the Debtors’ advisors, and are unaudited.

These Global Notes and Statement of Limitations, Methodology, and Disclaimer Regarding the Debtors’ Schedules and Statements (the “Global Notes”) are incorporated by reference in, and

¹ The Debtors in these chapter 11 cases, along with the last four digits of each debtor’s federal tax identification number, are: Neiman Marcus Group LTD LLC (9435); Bergdorf Goodman, Inc. (5530); Bergdorf Graphics, Inc. (9271); BG Productions, Inc. (3650); Mariposa Borrower, Inc. (9015); Mariposa Intermediate Holdings, LLC (5829); NEMA Beverage Corporation (3412); NEMA Beverage Holding Corporation (9264); NEMA Beverage Parent Corporation (9262); NM Bermuda, LLC (2943); NM Financial Services, Inc. (2446); NM Nevada Trust (3700); NMG California Salon LLC (9242); NMG Florida Salon LLC (9269); NMG Global Mobility, Inc. (0664); NMG Notes Propco LLC (1102); NMG Salon Holdings LLC (5236); NMG Salons LLC (1570); NMG Term Loan Propco LLC (0786); NMG Texas Salon LLC (0318); NMGP, LLC (1558); The Neiman Marcus Group LLC (9509); The NMG Subsidiary LLC (6074); and Worth Avenue Leasing Company (5996). The location of the debtors’ service address is: One Marcus Square, 1618 Main Street, Dallas, Texas 75201.

comprise an integral part of, all of the Schedules and Statements, and should be referred to and considered in connection with any review of the Schedules and Statements.²

The Schedules and Statements have been signed by Mr. Mark Weinsten, Chief Restructuring Officer of the Debtors and authorized agent at each of the Debtors. Accordingly, in reviewing and signing the Schedules and Statements, Mr. Weinsten necessarily relied upon the efforts, statements, and representations of the Debtors' other personnel and professionals. Mr. Weinsten has not (and could not have) personally verified the accuracy of each such statement and representation, including, but not limited to, statements and representations concerning amounts owed to creditors, classification of such amounts, and their addresses.

In preparing the Schedules and Statements, the Debtors relied on financial data derived from their books and records that was available at the time of such preparation. Although the Debtors have made every reasonable effort to ensure the accuracy and completeness of the Schedules and Statements, subsequent information or discovery may result in material changes to the Schedules and Statements. As a result, inadvertent errors or omissions may exist. Accordingly, the Debtors and their agents, attorneys, and financial advisors do not guarantee or warrant the accuracy or completeness of the data that is provided herein, and shall not be liable for any loss or injury arising out of or caused in whole or in part by the acts, errors, or omissions, whether negligent or otherwise, in procuring, compiling, collecting, interpreting, reporting, communicating, or delivering the information contained herein or the Schedules and Statements. In no event shall the Debtors or their agents, attorneys, and financial advisors be liable to any third party for any direct, indirect, incidental, consequential, or special damages (including, but not limited to, damages arising from the disallowance of a potential claim against the Debtors or damages to business reputation, lost business, or lost profits), whether foreseeable or not and however caused, even if the Debtors or their agents, attorneys, and financial advisors are advised of the possibility of such damages.

For the avoidance of doubt, the Debtors reserve all of their rights to amend and supplement the Schedules and Statements as may be necessary or appropriate, but the Debtors and their agents, attorneys and financial advisors expressly do not undertake any obligation to update, modify, revise, or re-categorize the information provided herein, or to notify any third party should the information be updated, modified, revised, or re-categorized, except as required by applicable law or order of the Bankruptcy Court.

Global Notes and Overview of Methodology

1. **Description of the Cases.** On May 7, 2020 (the "Petition Date"), the Debtors filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code in the Bankruptcy Court. The chapter 11 cases are being jointly administered under Case No. 20-32519 (DRJ). The Debtors continue to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. On May 7, 2020, the Court entered an order [Docket No. 23] authorizing procedural consolidation and joint

² These Global Notes supplement and are in addition to any specific notes contained in each Debtor's Schedules or Statements. The fact that the Debtors have prepared a Global Note with respect to any of the individual Debtor's Schedules and Statements and not to those of another should not be interpreted as a decision by the Debtors to exclude the applicability of such Global Note to any of the Debtors' other Schedules and Statements, as appropriate.

administration of these chapter 11 cases. On May 19, 2020, the United States Trustee for the Southern District of Texas (the “U.S. Trustee”) appointed a statutory committee of unsecured creditors pursuant to section 1102(a)(1) of the Bankruptcy Code [Docket No. 455]. Notwithstanding the joint administration of the Debtors’ cases for procedural purposes, each Debtor has filed its own Schedules and Statements. The asset information provided herein, except as otherwise noted, represents the asset data of the Debtors as of May 2, 2020, the date of the Debtors’ month end closure to their balance sheet, and the liability data of the Debtors as of the close of business on the Petition Date.

2. **Global Notes Control.** Disclosure of information in one or more Schedules, one or more Statements, or one or more exhibits or attachments to the Schedules or Statements, even if incorrectly placed, shall be deemed to be disclosed in the correct Schedules, Statements, exhibits, or attachments. In the event that the Schedules and Statements differ from the Global Notes, the Global Notes shall control.

3. **Reservations and Limitations.** Reasonable efforts have been made to prepare and file complete and accurate Schedules and Statements; however, as noted above, inadvertent errors or omissions may exist. The Debtors reserve all rights to amend and supplement the Schedules and Statements as may be necessary or appropriate. Nothing contained in the Schedules and Statements is intended to be, nor should it be construed as, a waiver of any of the Debtors’ rights or an admission of any kind with respect to these chapter 11 cases, including, but not limited to, any rights or claims of the Debtors against any third party or issues involving substantive consolidation, equitable subordination, or defenses or causes of action arising under the provisions of chapter 5 of the Bankruptcy Code or any other relevant applicable bankruptcy or non-bankruptcy laws to recover assets or avoid transfers. Any specific reservation of rights contained elsewhere in the Global Notes does not limit in any respect the general reservation of rights contained in this paragraph.
 - (a) **No Admission.** Nothing contained in the Schedules and Statements is intended as, or should be construed as, an admission or stipulation of the validity of any claim against the Debtors, any assertion made therein or herein, or a waiver of the Debtors’ rights to dispute any claim or assert any cause of action or defense against any party.

 - (b) **Recharacterization.** The Debtors have made reasonable efforts to correctly characterize, classify, categorize, or designate certain claims, assets, executory contracts, unexpired leases, and other items reported in the Schedules and Statements. However, the Debtors may have improperly characterized, classified, categorized, designated, or omitted certain items due to the complexity and size of the Debtors’ business. Accordingly, the Debtors reserve all of their rights to recharacterize, reclassify, recategorize, or redesignate items reported in the Schedules and Statements at a later time as necessary or appropriate, including, without limitation, whether contracts or leases listed herein were deemed executory or unexpired as of the Petition Date and remain executory and unexpired postpetition.

 - (c) **Classifications.** Listing (i) a claim on Schedule D as “secured,” (ii) a claim on Schedule E/F as “priority” or “unsecured,” or (iii) a contract on Schedule G as “executory” or “unexpired” does not constitute an admission by the Debtors of the

legal rights of the claimant or contract counterparty or a waiver of the Debtors' rights to recharacterize or reclassify such claim or contract.

- (d) **Claims Description.** Any failure to designate a claim in the Schedules and Statements as “contingent,” “unliquidated,” or “disputed” does not constitute an admission by the Debtors that such claim or amount is not “contingent,” “unliquidated,” or “disputed.” The Debtors reserve all of their rights to dispute, or to assert offsets or defenses to, any claim reflected on their Schedules or Statements on any grounds, including, but not limited to, amount, liability, priority, status, or classification, or to otherwise subsequently designate any claim as “contingent,” “unliquidated,” or “disputed.” Moreover, the Debtors reserve all of their rights to amend their Schedules and Statements as necessary and appropriate. Listing a claim does not constitute an admission of liability by the Debtors.
- (e) **Estimates and Assumptions.** To prepare and file the Schedules as close to the Petition Date as possible, management was required to make certain estimates and assumptions that affected the reported amounts of assets and liabilities. The Debtors reserve all rights to amend the reported amounts of assets and liability to reflect changes in estimates or assumptions.
- (f) **Causes of Action.** Despite their reasonable efforts to identify all known assets, the Debtors may not have listed all of their causes of action or potential causes of action against third parties as assets in their Schedules and Statements, including, without limitation, avoidance actions arising under chapter 5 of the Bankruptcy Code and actions under other relevant bankruptcy and non-bankruptcy laws to recover assets. The Debtors reserve all of their rights with respect to any cause of action (including avoidance actions), controversy, right of setoff, cross claim, counterclaim, or recoupment and any claim on contracts or for breaches of duties imposed by law or in equity, demand, right, action, lien, indemnity, guaranty, suit, obligation, liability, damage, judgment, account, defense, power, privilege, license, and franchise of any kind or character whatsoever, known, unknown, fixed or contingent, matured or unmatured, suspected or unsuspected, liquidated or unliquidated, disputed or undisputed, secured or unsecured, assertable directly or derivatively, whether arising before, on, or after the Petition Date, in contract or in tort, in law or in equity, or pursuant to any other theory of law (collectively, “Causes of Action”) they may have, and neither these Global Notes nor the Schedules and Statements shall be deemed a waiver of any claims or Causes of Action or in any way prejudice or impair the assertion of such claims or Causes of Action.
- (g) **Intellectual Property Rights.** Exclusion of certain intellectual property shall not be construed to be an admission that such intellectual property rights have been abandoned, have been terminated, or otherwise have expired by their terms, or have been assigned or otherwise transferred pursuant to a sale, acquisition, or other transaction. Conversely, inclusion of certain intellectual property shall not be construed to be an admission that such intellectual property rights have not been abandoned, have not been terminated, or otherwise have not expired by their terms, or have not been assigned or otherwise transferred pursuant to a sale, acquisition, or other

transaction. The Debtors have made every effort to attribute intellectual property to the rightful Debtor owner, however, in some instances, intellectual property owned by one Debtor may, in fact, be owned by another. Accordingly, the Debtors reserve all of their rights with respect to the legal status of any and all intellectual property rights.

- (h) **Insiders.** For purposes of the Schedules and Statements, the Debtors included information with respect to a range of individuals the Debtors believe could be included in the definition of “insider” set forth in section 101(31) of the Bankruptcy Code during the relevant time periods, including the following: (i) members of the Debtors’ Board of Directors and the Board of Directors of Neiman Marcus Group, Inc.; (ii) executive officers; (iii) shareholders holding in excess of 20% of the voting shares of one of the Debtor entities (whether directly or indirectly); (iv) relatives of directors, executive officers or shareholders of the Debtors (to the extent known by the Debtors); and (v) Debtor affiliates.

The listing of a party as an insider for purposes of the Schedules and Statements is not intended to be, nor should it be, construed as an admission of any fact, right, claim, or defense, and all such rights, claims, and defenses are hereby expressly reserved. Persons listed as “insiders” have been included for informational purposes only. The Debtors do not take any position with respect to: (i) such person’s influence over the control of the Debtors; (ii) the management responsibilities or functions of such individual; (iii) the decision-making or corporate authority of such individual; or (iv) whether such individual could successfully argue that he or she is not an “insider” under applicable law, including the federal securities laws, or with respect to any theories of liability or for any other purpose.

Further, certain of the individuals or entities identified as insiders, to the extent they are “insiders,” may not have been insiders for the entirety of the twelve-month period, but the Debtors have included them herein out of an abundance of caution. The Debtors reserve all rights with respect thereto. To the extent any individual may have been considered an insider at some point during the twelve-month period, but ceased being an insider during the twelve-month period, this schedule only reflects payments made during the time such party may have been considered an insider.

4. **Methodology.**

- (a) **Basis of Presentation.** For financial reporting purposes, prior to the Petition Date, the Debtors prepared financial statements that were consolidated by Debtor Neiman Marcus Group LTD LLC. Combining the assets and liabilities set forth in the Debtors’ Schedules and Statements would result in amounts that would be substantially different from financial information that would be prepared on a consolidated basis under Generally Accepted Accounting Principles (“GAAP”). Therefore, these Schedules and Statements do not purport to represent financial statements prepared in accordance with GAAP nor are they intended to fully reconcile to the financial statements prepared by the Debtors. Unlike the consolidated financial statements, these Schedules and Statements reflect the assets and liabilities of each separate Debtor, except where otherwise indicated. Information contained in the Schedules and

Statements has been derived from the Debtors' books and records and historical financial statements.

Moreover, given, among other things, the uncertainty surrounding the collection and ownership of certain assets and the valuation and nature of certain liabilities, to the extent that a Debtor shows more assets than liabilities, this is not an admission that the Debtor was solvent as of the Petition Date or at any time prior to the Petition Date. Likewise, to the extent a Debtor shows more liabilities than assets, this is not an admission that the Debtor was insolvent at the Petition Date or any time prior to the Petition Date.

- (b) **Confidential or Sensitive Information.** There may be instances in which certain information in the Schedules and Statements intentionally has been summarized or generalized due to the nature of an agreement between a Debtor and a third party, concerns about the confidential or commercially sensitive nature of certain information, or concerns for the privacy of an individual. The Debtors have not listed individual customer accounts receivable balance information as the Company considers its customer list to be proprietary and confidential. Modifications will be limited to only what is necessary to protect the applicable Debtor or third party.
- (c) **Duplication.** Certain of the Debtors' assets, liabilities, and prepetition payments may properly be disclosed in multiple parts of the Statements and Schedules. To the extent disclosures would be duplicative, the Debtors have determined to only list such assets, liabilities, and prepetition payments once.
- (d) **Umbrella or Master Agreements.** Contracts listed in the Schedules and Statements may be umbrella or master agreements that cover relationships with some or all of the Debtors. Where relevant, such agreements have been listed in the Schedules and Statements only of the Debtor that signed the original umbrella or master agreement.
- (e) **Executory Contracts.** Although the Debtors made diligent efforts to attribute an executory contract to its rightful Debtor, in certain instances, the Debtors may have inadvertently failed to do so. Accordingly, the Debtors reserve all of their rights with respect to the named parties of any and all executory contracts, including the right to amend Schedule G. In addition, although the Debtors have made diligent attempts to properly identify executory contracts and unexpired leases, the inclusion of a contract or lease on Schedule G does not constitute an admission as to the executory or unexpired nature (or non-executory or expired nature) of the contract or lease, or an admission as to the existence or validity of any Claims held by the any counterparty to such contract or lease. Furthermore, while the Debtors have made diligent attempts to properly identify all executory contracts and unexpired leases, inadvertent errors, omissions, or over inclusion may have occurred.

The contracts, agreements, and leases listed on Schedule G may have expired or may have been modified, amended, or supplemented from time to time by various amendments, restatements, waivers, estoppel certificates, letters, memoranda, and other documents, instruments, and agreements that may not be listed therein despite

the Debtors' use of reasonable efforts to identify such documents. Further, unless otherwise specified on Schedule G, each executory contract or unexpired lease listed thereon shall include all final exhibits, schedules, riders, modifications, declarations, amendments, supplements, attachments, restatements, or other agreements made directly or indirectly by any executed agreement, instrument, or other document that in any manner affects such executory contract or unexpired lease, without respect to whether such agreement, instrument, or other document is listed thereon.

- (f) **Leases.** The Debtors have not included in the Schedules and Statements the future obligations of any capital or operating leases. To the extent that there was an amount outstanding as of the Petition Date, the creditor has been included on Schedule F of the Schedules.
- (g) **Valuation.** It would be prohibitively expensive, unduly burdensome, and an inefficient use of estate assets for the Debtors to obtain current market valuations of all of their assets. Accordingly, unless otherwise indicated, net book values as of May 2, 2020 are reflected on the Schedules and Statements. Exceptions to this include operating cash and certain other assets. Operating cash is presented at bank balance as of the Petition Date. Certain other assets, such as investments in subsidiaries and other intangible assets, are listed at undetermined amounts, as the net book values may differ materially from fair market values and, in some cases, the Debtors do not carry the value of the assets on their books. Amounts ultimately realized may vary from net book value (or whatever value was ascribed), and such variance may be material. Accordingly, the Debtors reserve all of their rights to amend or adjust the value of each asset set forth herein. In addition, the amounts shown for total liabilities exclude items identified as "unknown" or "undetermined," and, thus, ultimate liabilities may differ materially from those stated in the Schedules and Statements. Also, assets that have been fully depreciated or that were expensed for accounting purposes either do not appear in these Schedules and Statements or are listed with a zero-dollar value, as such assets have no net book value. The omission of an asset from the Schedules and Statements does not constitute a representation regarding the ownership of such asset, and any such omission does not constitute a waiver of any rights of the Debtors with respect to such asset. Given, among other things, the current market valuation of certain assets and the valuation and nature of certain liabilities, nothing in the Debtors' Schedules and Statements shall be, or shall be deemed to be an admission that any Debtor was solvent or insolvent as of the Petition Date.
- (h) **Property and Equipment.** Unless otherwise indicated, owned property and equipment are stated at net book value. The Debtors may lease furniture, fixtures, and equipment from certain third party lessors. Any such leases are set forth in the Schedules and Statements. Nothing in the Schedules and Statements is or shall be construed as an admission as to the determination as to the legal status of any lease (including whether any lease is a true lease or a financing arrangement), and the Debtors reserve all of their rights with respect to same.
- (i) **Inventory.** The Company's inventory is comprised of finished merchandise and is stated at the lower of weighted average cost and net realizable value. The calculation

of cost includes merchandise purchases, the costs to bring the merchandise to distribution centers, warehousing and handling expenditures, and distributing and delivering merchandise to stores and fulfillment centers (direct and indirect). Carrying values of inventory are analyzed and, to the extent that the cost of inventory exceeds the expected selling prices less reasonable costs to sell, provisions are made to reduce the carrying amount of the inventory. The Company reviews its inventory levels in order to identify slow-moving merchandise and uses merchandise markdowns to sell such merchandise, as needed. Since the determination of net realizable value of inventory involves both estimation and judgment with regard to market values and reasonable costs to sell, differences in estimates could result in ultimate valuations that differ from the recorded asset. The majority of inventory purchases and commitments are made in U.S. dollars in order to limit the Company's exposure to foreign currency fluctuations.

- (j) **Contingent Assets.** The Debtors believe that they may possess certain claims and causes of action against various parties. Additionally, the Debtors may possess contingent claims in the form of various avoidance actions they could commence under the provisions of chapter 5 of the Bankruptcy Code and other relevant non-bankruptcy laws. The Debtors, despite reasonable efforts, may not have set forth all of their causes of action against third parties as assets in their Schedules and Statements. The Debtors reserve all of their rights with respect to any claims, causes of action, or avoidance actions they may have and nothing contained in these Global Notes or the Schedules and Statements shall be deemed a waiver of any such claims, avoidance actions, or causes of action or in any way prejudice or impair the assertion of such claims.

Additionally, prior to the relevant Petition Date, each Debtor, as plaintiff, may have commenced various lawsuits in the ordinary course of its business against third parties seeking monetary damages. Refer to each Statement, item 4(a)(i), for lawsuits commenced prior to the relevant Petition Date in which the Debtor was a plaintiff.

- (k) **Unliquidated Claim Amounts.** Claim amounts that could not be readily quantified by the Debtors are scheduled as "unliquidated."
- (l) **Undetermined Amounts.** The description of an amount as "undetermined" is not intended to reflect upon the materiality of such amount.
- (m) **Totals.** All totals that are included in the Schedules and Statements represent totals of all the known amounts included in the Schedules and Statements. To the extent there are unknown or undetermined amounts, the actual total may be different from the listed total. The description of an amount as "unknown" or "undetermined" is not intended to reflect upon the materiality of such amount. To the extent a Debtor is a guarantor of debt held by another Debtor, the amounts reflected in these Schedules are inclusive of each Debtor's guarantor obligations.
- (n) **Allocation of Liabilities.** The Debtors have sought to allocate liabilities between the prepetition and postpetition periods based on the information and research that was

conducted in connection with the preparation of the Schedules and Statements. As additional information becomes available and further research is conducted, the allocation of liabilities between prepetition and postpetition periods may change. The Debtors reserve the right to amend the Schedules and Statements as they deem appropriate in this regard.

- (o) **Paid Claims.** Pursuant to certain orders of the Bankruptcy Court entered in the Debtors' chapter 11 cases entered on or about May 8, 2020 (collectively, the "First Day Orders"), the Debtors were authorized (but not directed) to pay, among other things, certain prepetition claims of employees, lienholders, customer credits/refunds, claimants under section 503(b)(9) of the Bankruptcy Code, and taxing authorities. Accordingly, certain liabilities may have been or may be satisfied in accordance with such orders. Regardless of whether such claims are listed in the Schedules and Statements, to the extent such claims are paid pursuant to an order of the Bankruptcy Court (including the First Day Orders), the Debtors reserve all rights to amend or supplement their Schedules and Statements, as is necessary and appropriate to avoid overpayment or duplicate payment for such liabilities.
- (p) **Other Paid Claims.** To the extent the Debtors have reached any postpetition settlement with a vendor or other creditor, the terms of such settlement will prevail, supersede amounts listed in the Debtors' Schedules and Statements, and shall be enforceable by all parties, subject to any necessary Bankruptcy Court approval. To the extent the Debtors pay any of the claims listed in the Schedules and Statements pursuant to any orders entered by the Bankruptcy Court, the Debtors reserve all rights to amend and supplement the Schedules and Statements and take other action, such as filing claims objections, as is necessary and appropriate to avoid overpayment or duplicate payment for such liabilities.
- (q) **Credits and Adjustments.** The claims of individual creditors for, among other things, goods, products, services, or taxes are listed as the amounts entered on the Debtors' books and records and may not reflect credits, allowances, or other adjustments due from such creditors to the Debtors. The Debtors reserve all of their rights with regard to such credits, allowances, and other adjustments, including the right to assert claims objections and/or setoffs with respect to the same.
- (r) **Intercompany Claims.** Receivables and payables among and between the Debtors and other Debtors are reported on Schedule A/B per the Debtors' unaudited books and records. The listing of any amounts with respect to such receivables and payables is not, and should not be construed as, an admission of the characterization of such balances as debt, equity, or otherwise or an admission as to the validity of such receivables and payables. For the avoidance of doubt, the Debtors reserve all rights, claims, and defenses in connection with any and all intercompany receivables and payables, including, but not limited to, with respect to the characterization of intercompany claims, loans, and notes. Without limiting the generality of the foregoing, certain intercompany receivables and payables among and between the Debtors have been consolidated and netted in the Debtors' books and records. Such treatment is not, and should not be construed as, an admission of the amount and/or

validity of any such intercompany receivables and payables or the validity of any netting or offset per the Debtors' books and records. The Debtors take no position in these Schedules and Statements as to whether any such amounts would be allowed as a claim or an interest, or not all allowed at all. The listing of amounts is not necessarily indicative of the ultimate recovery, if any, on any intercompany asset account or the impairment or claim status of any intercompany liability account. The Debtors reserve all rights to later change the amounts, characterization, classification, categorization or designation of intercompany accounts reported in the Schedules and Statements.

In addition, certain of the Debtors act on behalf of other Debtors. Reasonable efforts have been made to indicate the ultimate beneficiary of a payment or obligation. Whether a particular payment or obligation was incurred by the entity actually making the payment or incurring the obligation is a complex question of applicable non-bankruptcy law, and nothing herein constitutes an admission that any Debtor entity is an obligor with respect to any such payment. The Debtors reserve all rights to reclassify any payment or obligation as attributable to another entity and all rights with respect to the proper accounting and treatment of such payments and liabilities.

- (s) **Payments.** Prior to the Petition Date, the Debtors maintained a cash management and disbursement system in the ordinary course of their businesses, as described in the *Debtors' Emergency Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to (A) Continue to Operate Their Cash Management System, (B) Maintain Existing Bank Accounts, and (C) Continue to Perform Intercompany Transactions, (II) Maintain Existing Business Forms, and (III) Granting Related Relief* [Docket No. 25] (the "Cash Management Motion"). Although efforts have been made to attribute open payable amounts to the correct legal entity, the Debtors reserve the right to modify or amend their Schedules and Statements to attribute such payment to a different legal entity, if appropriate.
- (t) **Guarantees and Other Secondary Liability Claims.** The Debtors have used reasonable efforts to locate and identify guarantees and other secondary liability claims (collectively, "Guarantees") in each of their executory contracts, unexpired leases, secured financings, debt instruments, and other such agreements. Where such Guarantees have been identified, they have been included in the relevant Schedule H for the Debtor or Debtors affected by such Guarantees. However, certain Guarantees embedded in the Debtors' executory contracts, unexpired leases, secured financings, debt instruments, and other such agreements may have been inadvertently omitted. Thus, the Debtors reserve all of their rights to amend the Schedules to the extent that additional Guarantees are identified.
- (u) **Claims of Third-Party Related Entities.** While the Debtors have made every effort to properly classify each claim listed in the Schedules as being either disputed or undisputed, liquidated or unliquidated, and contingent or noncontingent, the Debtors have not been able to fully reconcile all payments made to certain third parties and their related entities on account of the Debtors' obligations to same. Therefore, to the extent that the Debtors have classified their estimate of claims of a creditor as disputed,

all claims of such creditor's affiliates listed in the Schedules and Statements shall similarly be considered as disputed, whether or not they are designated as such.

- (v) **Excluded Assets and Liabilities.** The Debtors have excluded certain categories of assets, tax accruals, and liabilities from the Schedules and Statements, including without limitation, accrued salaries, employee benefit accruals and accrued accounts payable. In addition and as set forth above, the Debtors may have excluded amounts for which the Debtors have been granted authority to pay pursuant to a First Day Order or other order that may be entered by the Bankruptcy Court. The Debtors also have excluded rejection damage claims of counterparties to executory contracts and unexpired leases that may be rejected (if any), to the extent such damage claims exist. In addition, certain immaterial assets and liabilities may have been excluded.
- (w) **Liens.** The inventories, property, and equipment listed in the Statements and Schedules are presented without consideration of any asserted mechanics', materialmen, or similar liens that may attach (or have attached) to such inventories, property, and equipment. If such liens may apply, the Debtors reserve their right to dispute or challenge the validity, perfection, or immunity from avoidance of any lien purported to be perfected by a creditor.
- (x) **Currency.** Unless otherwise indicated, all amounts are reflected in U.S. dollars.
- (y) **Setoffs.** The Debtors incur certain setoffs and other similar rights during the ordinary course of business. Offsets in the ordinary course can result from various items, including, without limitation, intercompany transactions, pricing discrepancies, returns, warranties, and other disputes between the Debtors and their suppliers. Such offsets and other similar rights are consistent with the ordinary course of business in the Debtors' industry and are not tracked separately. Therefore, although such offsets and other similar rights may have been accounted for when certain amounts were included in the Schedules, offsets are not independently accounted for, and as such, are excluded from the Schedules.

5. Specific Schedules Disclosures

- (a) **Schedule A/B-2 – Cash on Hand.** Schedule A/B-2 lists cash on hand in stores as of February 28, 2020. Due to COVID-19, many stores did not submit numbers before closing.
- (b) **Schedule A/B-3 – Checking, savings, or other financial accounts, CDs, etc.** Schedule A/B-3 lists closing bank balances as of May 7, 2020. Details with respect to the Debtors' cash management system and bank accounts are also provided in the Cash Management Motion and the *Final Order (I) Authorizing the Debtors to (A) Continue to Operate their Cash Management System and Maintain Existing bank Accounts, (B) Continue to Perform Intercompany Transactions, and (C) Maintain Existing Business Forms, and (II) Granting Related Relief* [Docket No. 731].

- (c) **Schedule A/B-7 – Security deposits with public utilities, telephone companies, landlords and others.** Schedule A/B-7 does not reflect any amounts of any security deposits a supplier or factor has applied per the supplier’s or factor’s records.
- (d) **Schedule A/B-11 – Accounts receivable.** Schedule A/B-11 excludes intercompany receivables. Please see the note on page 9 of these Global Notes regarding intercompany claims.
- (e) **Schedule A/B-14 – Mutual funds or publically traded stock.** Schedule A/B-14 the Wells Fargo Investment Account was zeroed out post filing, and the funds were moved into the Master Concentration account at JPMorgan.
- (f) **Schedule A/B-15 – Stock and interests in incorporated and unincorporated businesses.** Schedule Exhibit A/B-15 includes additional businesses of which a Debtor was a parent or in which such Debtor owned a significant interest.
- (g) **Schedule A/B-21 – Inventory, excluding agricultural assets.** Inventory is shown as of the Petition Date and includes capitalized freight and overhead, as well as inventory adjustments. Inventory is shown net of reductions for shrink, lesser of cost or market, and inventory write-off reserves, as well as the unamortized portion of vendor entitlements and other credits not recorded at the SKU level.
- (h) **Schedule A/B-22 – Other Inventory and Supplier.** Schedule A/B-22 captures nominal amounts of packaging supplies, store supplies, business forms and other miscellaneous supplies used in the ordinary course of business that are not recorded on the Debtors’ books and records.
- (i) **Schedules A/B-39, A/B-40, A/B-41 and A/B 50 – Office and business equipment.** Certain of the Debtors’ office and business equipment, fixtures, machinery, furnishings, and supplies are not capitalized based on its accounting policies and procedures. The Debtors generally capitalize an asset if it has a life of more than 1 year and if it meets a certain dollar threshold in accordance with the Debtors’ accounting policy. There may be certain assets that are not capitalized because they did not meet the Debtors’ capitalization policy. Those assets that are not capitalized are not listed herein.
- (j) **Schedules A/B, Part 7, Items 42 – Collectibles.** The art collection consists of approximately 5,413 pieces on display across the Debtors’ locations, including prints and originals. The ownership (between Debtor and non-Debtor entities) and the aggregate value of the art collection have not yet been determined, but the existence of the collection is being disclosed out of an abundance of caution.
- (k) **Schedules A/B, Part 10, Items 59-66 – Intangibles and intellectual property.** The Debtors review goodwill and other intangible assets having indefinite lives for impairment annually or when events or changes in circumstances indicate the carrying value of such assets might exceed their current fair values. An impairment test has not been conducted as of the preparation of the Schedules and Statements, and therefore several of the Company’s intangible asset values may be listed as undetermined. The

Debtors report intellectual property assets as net book value based on the Debtors' books and records whenever applicable.

- (l) **Schedules A/B-74 and 75 – Causes of action against third parties (whether or not a lawsuit has been filed) and other contingent and unliquidated claims or causes of action of every nature, including counterclaims of the debtors and rights to set off claims.** The Debtors attempted to list known causes of action and other claims. Potential preference actions and/or fraudulent transfer actions were not listed because the Debtors have not completed an analysis of such potential claims. The Debtors' failure to list any cause of action, claim, or right of any nature is not an admission that such cause of action, claim, or right does not exist, and should not be construed as a waiver of such cause of action, claim, or right.

Despite their reasonable efforts to identify all known assets, the Debtors may not have listed all of their Causes of Action or potential Causes of Action against third parties as assets in the Schedules and Statements. The Debtors reserve all of their rights with respect to any Causes of Action that they may have, and neither these Global Notes nor the Schedules and Statements shall be deemed a waiver of any such claims, causes of action, or avoidance actions or in any way prejudice or impair the assertion of such claims.

- (m) **Schedule D – Creditors Who Have Claims Secured by Property.** Except as otherwise ordered by the Bankruptcy Court, the Debtors reserve their rights to dispute or challenge the validity, perfection, or immunity from avoidance of any lien purported to be granted or perfected in any specific asset for the benefit of a secured creditor listed on a Debtor's Schedule D. Moreover, although the Debtors may have scheduled claims of various creditors as secured claims, the Debtors reserve all rights to dispute or challenge the secured nature of any such creditor's claim or the characterization of the structure of any such transaction or any document or instrument (including without limitation, any intercompany agreement) related to such creditor's claim.

In certain instances, a Debtor may be a co-obligor with respect to scheduled claims of other Debtors. No claim set forth on the Schedule D of any Debtor is intended to acknowledge claims of creditors that are or may be otherwise satisfied or discharged.

Schedule D does not include beneficiaries of letters of credit. Although the claims of certain parties may be secured by a letter of credit, the Debtors' obligations under the letters of credit run to the issuers thereof, and not to the beneficiaries thereof.

The descriptions provided in Schedule D are intended only to be a summary. Reference to the applicable loan agreements and related documents is necessary for a complete description of the collateral and the nature, extent and priority of any liens. Nothing in these Global Notes or the Schedules and Statements shall be deemed a modification or interpretation of the terms of such agreements.

Except as specifically stated herein, real property lessors, utility companies, and other parties which may hold security deposits have not been listed on Schedule D.

The Debtors have not included parties that may believe their Claims are secured through setoff rights or inchoate statutory lien rights.

Detailed descriptions of the Debtors' prepetition debt structure and descriptions of collateral relating to the debt contained on Schedule D are contained in the *Debtors' Emergency Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to (A) Obtain Postpetition Financing and (B) Utilize Cash Collateral, (II) Granting Adequate Protection to Prepetition Secured Parties, (III) Modifying the Automatic Stay, (IV) Scheduling A Final Hearing, and (V) Granting Related Relief* [Docket No. 104].

(n) **Schedule E/F – Creditors Who Hold Unsecured Claims**

- (i) ***Part 1 – Creditors with Priority Unsecured Claims.*** The listing of a claim on Schedule E/F, Part 1, does not constitute an admission by the Debtors that such claim or any portion thereof is entitled to priority treatment under section 507 of the Bankruptcy Code. The Debtors reserve all of their rights to dispute the amount and the priority status of any claim on any basis at any time.

Pursuant to the *Order (I) Authorizing the Payment of Certain Taxes and Fees and (II) Granting Related Relief* [Docket No. 247], the Debtors have been granted the authority to pay certain tax liabilities that accrued prepetition. The Debtors believe that any non-disputed tax claims for prepetition amounts, whether allowable as a priority or nonpriority claim have been or will be satisfied.

Pursuant to the *Order (I) Authorizing the Debtors to (A) Pay Prepetition Wages, Salaries, Other Compensation, and Reimbursable Expenses and (B) Continue Employee Benefits Programs and (II) Granting Related Relief* [Docket No. 245] (the “Wages Order”) the Debtors received final authority to pay certain prepetition obligations, including, without limitation, obligations related to employee wages and other employee benefits, in the ordinary course of business. Accordingly, no undisputed, prepetition claims of non-insiders related to employee wages and other employee benefits that have been paid or may be paid pursuant to the Wages Order or pursuant to further Bankruptcy Court order is listed in Schedule E/F Part 1.

Schedule E/F Part 1 also includes balances for advanced deposits and special orders. Such amounts reflect instances where the Debtor has taken a cash deposit from the customer, but the vendors have not shipped the goods yet. Such balances reflect the most current balances on the Debtor's books.

- (ii) ***Part 2 – Creditors with Nonpriority Unsecured Claims.*** The liabilities identified in Schedule E/F, Part 2, are derived from the Debtors' books and records. The Debtors made a reasonable attempt to set forth their unsecured obligations, although the actual amount of claims against the Debtors may vary from those liabilities represented on Schedule E/F, Part 2. The listed liabilities

may not reflect the correct amount of any unsecured creditor's allowed claims or the correct amount of all unsecured claims.

The Debtors generally allocate individual liabilities to particular Debtors. However, in certain cases, it would be a time-consuming and inefficient use of estate resources, or impracticable, to assign a given liability to a particular Debtor based on a contractual obligation. Instead, the Schedules reflect the liability based on the Debtors' books and records.

Schedule E/F, Part 2 (Statements Part 3, Question 7), contains information regarding pending litigation involving the Debtors. The amounts for such potential claims are listed as "undetermined" and are marked as contingent, unliquidated, and disputed in the Schedules and Statements. For the avoidance of doubt, demand letters received from potential litigants that do not list a specific Debtor are listed on the Schedules for The Neiman Marcus Group LLC, as applicable.

Schedule E/F, Part 2, reflects certain prepetition amounts owing to counterparties to executory contracts and unexpired leases. Such prepetition amounts, however, may be paid in connection with the assumption or assignment and assignment of an executory contract or unexpired lease. In addition, Schedule E/F, Part 2, does not include claims that may arise in connection with the rejection of any executory contracts or unexpired leases, if any, that may or have been rejected in these chapter 11 cases.

In many cases, the claims listed on Schedule E/F, Part 2, arose, accrued, or were incurred on various dates or on a date or dates that are unknown to the Debtors or are subject to dispute. Where the determination of the date on which a claim arose, accrued, or was incurred would be unduly burdensome and costly to the Debtors' estates, the Debtors have not listed a specific date or dates for such claim.

As of the time of filing of the Schedules and Statements, the Debtors may not have received all invoices for payables, expenses, and other liabilities that may have accrued prior to the Petition Date. Accordingly, the information contained in Schedules D and E/F may be incomplete. The Debtors reserve their rights to, but undertake no obligations to, amend Schedules D and E/F if and as they receive prepetition invoices.

Liabilities listed on Schedules E/F reflect the Debtors' book and records balances as of May 7, 2020. Such amounts do not include any prepetition amounts paid under various authority granted by the Bankruptcy Court that have been issued post-petition. The Debtors expect that certain suppliers may continue to receive payments on account of prepetition amounts through the pendency of these cases (as approved by the Bankruptcy Court).

- (o) **Schedule G – Executory Contracts and Unexpired Leases.** While reasonable efforts have been made to ensure the accuracy of Schedule G, inadvertent errors, omissions, and unintended duplication of items may have occurred.

Listing a contract or agreement on Schedule G does not constitute an admission that such contract or agreement is an executory contract or unexpired lease or that such contract or agreement was in effect on the Petition Date or is valid or enforceable. The Debtors hereby reserve all their rights to dispute the validity, status, or enforceability of any contracts, agreements, or leases set forth in Schedule G and to amend or supplement such Schedule as necessary. Certain of the leases and contracts listed on Schedule G may contain renewal options, guarantees of payment, indemnifications, options to purchase, rights of first refusal, and other miscellaneous rights. Such rights, powers, duties, and obligations are not set forth separately on Schedule G. In addition, the Debtors may have entered into various other types of agreements in the ordinary course of their business, such as supplemental agreements and letter agreement, which documents may not be set forth in Schedule G.

The Debtors reserve all rights to dispute or challenge the characterization of any transaction or any document or instrument related to a creditor's claim.

In some cases, the company may have inadvertently listed the incorrect Debtor party.

In some cases, the same supplier or provider may appear multiple times in Schedule G. Multiple listings, if any, reflect distinct agreements between the applicable Debtor and such supplier or provider.

The listing of any contract on Schedule G does not constitute an admission by the Debtors as to the validity of any such contract. The Debtors reserve the right to dispute the effectiveness of any such contract listed on Schedule G or to amend Schedule G at any time to remove any contract.

Omission of a contract or agreement from Schedule G does not constitute an admission that such omitted contract or agreement is not an executory contract or unexpired lease. The Debtors' rights under the Bankruptcy Code with respect to any such omitted contracts or agreements are not impaired by the omission.

In some cases, contract counterparties from dormant legacy businesses and historical acquisitions may not have been updated to reflect assignment to active Debtor entities although the Debtors have assumed and continue to perform under the terms of such agreements. In such cases, Debtors have included such items on Schedule G of The Neiman Marcus Group LLC.

The Debtors have royalty agreements between other Debtor entities and therefore do not record such royalty agreements on their books and records and so such agreements are not included here.

Certain Debtors are guarantors and parties to guaranty agreements regarding the Debtors' prepetition credit facility. The guaranty obligations arising under such agreements are reflected on Schedules D and F only.

- (p) **Schedule H – Co-Debtors.** In the ordinary course of their business, the Debtors pay certain expenses on behalf of their subsidiaries. For purposes of Schedule H, the Debtors may not have identified certain guarantees that are embedded in the Debtors' executory contracts, unexpired leases, secured financings, debt instruments, and other agreements. Further, certain of the guarantees reflected on Schedule H may have expired or may no longer be enforceable. Thus, the Debtors reserve their rights to amend Schedule H to the extent that additional guarantees are identified, or such guarantees are discovered to have expired or become unenforceable.

The Debtors have not listed any litigation-related co-Debtors on Schedule H. Instead, all such listings can be found on the Debtors' Schedule E/F.

6. **Specific Statements Disclosures.**

- (a) **Part 1, Question 1 – Income from operations.** The values reflected in Part 1, Question 1 are at the profit-and-loss level not on a cash basis.
- (b) **Part 1, Question 2 – Non-business revenue.** Non-business revenue includes such items as royalty income, interest and other income, and management fees. This is reflected at the profit-and-loss level, not a cash basis.
- (c) **Part 2, Question 3 – Certain payments or transfers to creditors within 90 days before filing this case.** Any payments made to the Debtors' bankruptcy case professionals and/or insiders within the ninety days prior to the Petition Date are disclosed in response to SOFA 11 and SOFA 30, respectively, and therefore are not listed in response to SOFA 3. Payments made to the Debtors' non-insider employees also are not listed in SOFA 3.
- (d) **Part 2, Question 4 – Payments or other transfers of property made within 1 year before filing this case that benefited any insider.** Please refer to Question 30 of the Statements for The Neiman Marcus Group LLC regarding all payments to insiders. Individual payments to Debtor affiliates are not reflected in Question 4 due to their complexity and voluminous nature.
- (e) **Part 2, Question 5 – Repossessions, foreclosures, and returns.** In the ordinary course of business, returns are part of the Debtors' operations. This includes returns to vendors.
- (f) **Part 2, Question 6 – Setoffs.** For a discussion of setoffs and nettings incurred by the Debtors, refer to paragraph 4(t) of these Global Notes.
- (g) **Part 5, Question 10 – Certain Losses.** In the ordinary course the Debtors incur immaterial loss due to vandalism, but do not report such losses or receive payments for them.

- (h) **Part 4, Question 9 – Certain gift and charitable donations.** Charity donations from the corporate level are not tracked by the Debtors. They are paid in lump sum amounts to the third parties listed and the third parties then remit such payments to various other charities.
- (i) **Part 6, Question 11 – Certain payments or transfers.** All disbursements listed in Statement 11 were initiated and disbursed by The Neiman Marcus Group LLC but were for the benefit of all Debtors.
- (j) **Part 10, Question 20 – Off-premises storage.** The locations listed for off-premise storage do not include shippers that are holding goods in-transit, including but not limited to goods on ships, in trucks, or in warehouses where they may be temporarily stored during the transport process.
- (k) **Part 11, Question 21 – Property held for another.** In the ordinary course the Debtors sell consignment, drop-ship, and concession goods. Such goods are not included here. The Debtors also have a will call program in which the Debtor holds goods purchased by customers in the store until the customer comes to retrieve their purchase. Such goods are also excluded from the schedule. The program is further described in *Debtors' Emergency Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to Maintain and Administer Their (A) Existing Customer Programs and (B) Charity Donation Programs and (II) Granting Related Relief* [Docket No. 39].
- (l) **Part 13, Question 25 – Other businesses in which the Debtor has or has had an interest.** Certain Debtor entities had instantaneous interim ownership of businesses prior to the time that the companies came to rest under Neiman Marcus Group, Inc. (“NMGI”). Such instantaneous ownerships are not reflected in the response to Part 13, Question 25.
- (m) **Part 13, Question 26d – List all financial institutions, creditors and other parties to whom the debtor issued a financial statement within 2 years before filing this case.** In the ordinary course the Debtors provide certain parties, such as banks, auditors, potential investors, vendors, landlords and financial advisors, with financial statements that may not be part of a public filing. The Debtors do not maintain complete lists to track such disclosures. As such, the Debtors have not provided lists of such parties in response to this question.
- (n) **Part 13, Question 30 – Payments, Distributions, or Withdrawals Credited or Given to Insiders.** The information reported on Question 30 is representative of the total payments made to insiders on behalf of multiple Debtor entities during the one year prior to the Petition Date. For the avoidance of doubt, Question 30 may include payments to individuals who may have been insiders at the time they were employed by the Company, but are no longer employed by the Company.

Fill in this information to identify the case:

Debtor name: NMG Notes PropCo LLC

United States Bankruptcy Court for the: Southern District of Texas

Case number: 20-32515

Check if this is an amended filing

Official Form 207

Statement of Financial Affairs for Non-Individuals Filing for Bankruptcy

04/19

The debtor must answer every question. If more space is needed, attach a separate sheet to this form. On the top of any additional pages, write the debtor's name and case number (if known).

Part 1: Income

1. Gross revenue from business

None

Identify the beginning and ending dates of the debtor's fiscal year, which may be a calendar year	Sources of revenue Check all that apply	Gross revenue (before deductions and exclusions)
From the beginning of the fiscal year to filing date: From _____ to <u>Filing Date</u>	<input type="checkbox"/> Operating a business <input type="checkbox"/> Other	_____ \$
For prior year: From _____ to _____	<input type="checkbox"/> Operating a business <input type="checkbox"/> Other	_____ \$
For the year before that: From _____ to _____	<input type="checkbox"/> Operating a business <input type="checkbox"/> Other	_____ \$

2. Non-business revenue

Include revenue regardless of whether that revenue is taxable. Non-business income may include interest, dividends, money collected from lawsuits, and royalties. List each source and the gross revenue for each separately. Do not include revenue listed in line 1.

None

	Description of sources of revenue	Gross revenue from each source (before deductions and exclusions)
From the beginning of the fiscal year to filing date: From _____ to <u>Filing Date</u>	_____	_____ \$
For prior year: From _____ to _____	_____	_____ \$
For the year before that: From _____ to _____	_____	_____ \$

Part 2: List Certain Transfers Made Before Filing for Bankruptcy**3. Certain payments or transfers to creditors within 90 days before filing this case**

List payments or transfers - including expense reimbursements - to any creditor, other than regular employee compensation, within 90 days before filing this case unless the aggregate value of all property transferred to that creditor is less than \$6,825. (This amount may be adjusted on 4/01/22 and every 3 years after that with respect to cases filed on or after the date of adjustment.)

 None

Creditor's name and address	Dates	Total amount or value	Reasons for payment or transfer Check all that apply
3.1 _____	_____	_____ \$	<input type="checkbox"/> Secured debt <input type="checkbox"/> Unsecured loan repayments <input type="checkbox"/> Suppliers or vendors <input type="checkbox"/> Services <input type="checkbox"/> Other

4. Payments or other transfers of property made within 1 year before filing this case that benefited any insider

List payments or transfers, including expense reimbursements, made within 1 year before filing this case on debts owed to an insider or guaranteed or cosigned by an insider unless the aggregate value of all property transferred to or for the benefit of the insider is less than \$6,825. (This amount may be adjusted on 4/01/22 and every 3 years after that with respect to cases filed on or after the date of adjustment.) Do not include any payments listed in line 3. Insiders include officers, directors, and anyone in control of a corporate debtor and their relatives; general partners of a partnership debtor and their relatives; affiliates of the debtor and insiders of such affiliates; and any managing agent of the debtor. 11 U.S.C. § 101(31).

 None

Insider's name and address	Dates	Total amount or value	Reasons for payment or transfer
4.1 _____ Relationship to debtor _____	_____	_____ \$	<input type="checkbox"/> Secured debt <input type="checkbox"/> Unsecured loan repayments <input type="checkbox"/> Suppliers or vendors <input type="checkbox"/> Services <input type="checkbox"/> Other

5. Repossessions, foreclosures, and returns

List all property of the debtor that was obtained by a creditor within 1 year before filing this case, including property repossessed by a creditor, sold at a foreclosure sale, transferred by a deed in lieu of foreclosure, or returned to the seller.

Do not include property listed in line 6.

 None

Creditor's name and address	Description of the property	Date	Value of property
5.1 _____	_____	_____	_____ \$

6. Setoffs

List any creditor, including a bank or financial institution, that within 90 days before filing this case set off or otherwise took anything from an account of the debtor without permission or refused to make a payment at the debtor's direction from an account of the debtor because the debtor owed a debt.

 None

Creditor's name and address	Description of the action creditor took	Date action was taken	Amount
-----------------------------	---	-----------------------	--------

6.1

\$

Last 4 digits of account number

Part 3: Legal Actions or Assignments**7. Legal actions, administrative proceedings, court actions, executions, attachments, or governmental audits**

List the legal actions, proceedings, investigations, arbitrations, mediations, and audits by federal or state agencies in which the debtor was involved in any capacity—within 1 year before filing this case.

 None

Case title	Nature of case	Court or agency's name and address	Status of case
7.1 Name _____ Case number _____	_____	Name _____ Street _____ City State Zip _____	<input type="checkbox"/> Pending <input type="checkbox"/> On appeal <input type="checkbox"/> Concluded

8. Assignments and receivership

List any property in the hands of an assignee for the benefit of creditors during the 120 days before filing this case and any property in the hands of a receiver, custodian, or other court-appointed officer within 1 year before filing this case.

 None

Custodian's name and address	Description of the property	Value
8.1 Custodian's name and address _____ Street _____ City State Zip _____	_____ Case title _____ Case number _____ Date of order or assignment _____	_____ \$ _____ Court name and address Name _____ Street _____ City State Zip _____

Part 4: Certain Gifts and Charitable Contributions**9. List all gifts or charitable contributions the debtor gave to a recipient within 2 years before filing this case unless the aggregate value of the gifts to that recipient is less than \$1,000**
 None

Recipient's name and address	Description of the gifts or contributions	Dates given	Value
9.1 Recipient's name _____ Street _____ City State Zip _____ Recipient's relationship to debtor _____	_____	_____	_____ \$

Part 5: Losses**10. All losses from fire, theft, or other casualty within 1 year before filing this case**
 None

Description of the property lost and how the loss occurred	Amount of payments received for the loss	Date of loss	Value of property lost
_____	If you have received payments to cover the loss, for example, from insurance, government compensation, or tort liability, list the total received. List unpaid claims on Official Form 106A/B (Schedule A/B: Assets – Real and Personal Property).	_____	_____

\$

Part 6: Certain Payments or Transfers**11. Payments related to bankruptcy**

List any payments of money or other transfers of property made by the debtor or person acting on behalf of the debtor within 1 year before the filing of this case to another person or entity, including attorneys, that the debtor consulted about debt consolidation or restructuring, seeking bankruptcy relief, or filing a bankruptcy case.

 None

Who was paid or who received the transfer?	If not money, describe any property transferred	Dates	Total amount or value
11.1			\$
<hr/> Email or website address <hr/>			
<hr/> Who made the payment, if not debtor? <hr/>			

12. Self-settled trusts of which the debtor is a beneficiary

List any payments or transfers of property made by the debtor or a person acting on behalf of the debtor within 10 years before the filing of this case to a self-settled trust or similar device.

Do not include transfers already listed on this statement.

 None

Name of trust or device	Describe any property transferred	Dates transfers were made	Total amount or value
12.1			\$
<hr/> Trustee <hr/>			

13. Transfers not already listed on this statement

List any transfers of money or other property by sale, trade, or any other means made by the debtor or a person acting on behalf of the debtor within 2 years before the filing of this case to another person, other than property transferred in the ordinary course of business or financial affairs. Include both outright transfers and transfers made as security. Do not include gifts or transfers previously listed on this statement.

 None

Who received transfer?	Description of property transferred or payments received or debts paid in exchange	Date transfer was made	Total amount or value
13.1			\$
<hr/> Relationship to debtor <hr/>			

Part 7: Previous Locations**14. Previous addresses**

List all previous addresses used by the debtor within 3 years before filing this case and the dates the addresses were used.

 Does not apply

Address	Dates of occupancy
14.1 Street	From to
City State Zip	

Part 8: Health Care Bankruptcies

15. Health Care bankruptcies

Is the debtor primarily engaged in offering services and facilities for:

- diagnosing or treating injury, deformity, or disease, or
- providing any surgical, psychiatric, drug treatment, or obstetric care?
- No. Go to part 9.
- Yes. Fill in the information below.

Facility name and address	Nature of the business operation, including type of services the debtor provides	If debtor provides meals and housing, number of patients in debtor's care
15.1 Street _____	_____	_____
City _____ State _____ Zip _____	Location where patient records are maintained (if different from facility address). If electronic, identify any service provider _____	How are records kept? Check all that apply: <input type="checkbox"/> Electronically <input type="checkbox"/> Paper

Part 9: Personally Identifiable Information

16. Does the debtor collect and retain personally identifiable information of customers?

- No.
- Yes. State the nature of the information collected and retained. _____
Does the debtor have a privacy policy about that information?
 No
 Yes

17. Within 6 years before filing this case, have any employees of the debtor been participants in any ERISA, 401(k), 403(b), or other pension or profit-sharing plan made available by the debtor as an employee benefit?

- No. Go to Part 10.
- Yes. Does the debtor serve as plan administrator?
 No. Go to Part 10.
 Yes. Fill in below:

Name of plan	Employer identification number of the plan
---------------------	---

Has the plan been terminated?
 No
 Yes

Part 10: Certain Financial Accounts, Safe Deposit Boxes, and Storage Units

18. Closed financial accounts

Within 1 year before filing this case, were any financial accounts or instruments held in the debtor's name, or for the debtor's benefit, closed, sold, moved, or transferred? Include checking, savings, money market, or other financial accounts; certificates of deposit; and shares in banks, credit unions, brokerage houses, cooperatives, associations, and other financial institutions.

- None
- | | | | | |
|---|--|------------------------|---|--|
| Financial institution name and address | Last 4 digits of account number | Type of account | Date account was closed, sold, moved, or transferred | Last balance before closing or transfer |
| | | | | |

18.1 Name _____ Checking _____ \$
 _____ Savings _____
 Street _____ Money market _____
 _____ Brokerage _____
 City State Zip _____ Other _____

19. Safe deposit boxes

List any safe deposit box or other depository for securities, cash, or other valuables the debtor now has or did have within 1 year before filing this case.

None

Depository institution name and address	Names of anyone with access to it	Description of the contents	Does debtor still have it?
19.1 Name _____ Street _____ City State Zip _____	Address _____	_____	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes

20. Off-premises storage

List any property kept in storage units or warehouses within 1 year before filing this case. Do not include facilities that are in a part of a building in which the debtor does business.

None

Facility name and address	Names of anyone with access to it	Description of the contents	Does debtor still have it?
20.1 Name _____ Street _____ City State Zip _____	Address _____	_____	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes

Part 11: Property the Debtor Holds or Controls that the Debtor Does Not Own

21. Property held for another

List any property that the debtor holds or controls that another entity owns. Include any property borrowed from, being stored for, or held in trust. Do not list leased or rented property

None

Owner's name and address	Location of the property	Description of the property	Value
21.1 _____ _____	_____	_____	_____ \$

Part 12: Details About Environmental Information

For the purpose of Part 12, the following definitions apply:

- *Environmental law* means any statute or governmental regulation that concerns pollution, contamination, or hazardous material, regardless of the medium affected (air, land, water, or any other medium).
- *Site* means any location, facility, or property, including disposal sites, that the debtor now owns, operates, or utilizes or that the debtor formerly owned, operated, or utilized.
- *Hazardous material* means anything that an environmental law defines as hazardous or toxic, or describes as a pollutant, contaminant, or a similarly harmful substance.

Report all notices, releases, and proceedings known, regardless of when they occurred.

22. Has the debtor been a party in any judicial or administrative proceeding under any environmental law? Include settlements and orders

- No.
- Yes. Provide details below.

Case title	Court or agency name and address	Nature of the case	Status of case
22.1 _____ Case Number _____	Name _____ Street _____ City State Zip _____	_____	<input type="checkbox"/> Pending <input type="checkbox"/> On appeal <input type="checkbox"/> Concluded

23. Has any governmental unit otherwise notified the debtor that the debtor may be liable or potentially liable under or in violation of an environmental law?

- No
- Yes. Provide details below.

Site name and address	Governmental unit name and address	Environmental law, if known	Date of notice
23.1 Name _____ Street _____ City State Zip _____	Name _____ Street _____ City State Zip _____	_____	_____

24. Has the debtor notified any governmental unit of any release of hazardous material?

- No
- Yes. Provide details below.

Site name and address	Governmental unit name and address	Environmental law, if known	Date of notice
24.1 Name _____ Street _____ City State Zip _____	Name _____ Street _____ City State Zip _____	_____	_____

Part 13: Details About the Debtor's Business or Connections to Any Business**25. Other businesses in which the debtor has or has had an interest**

List any business for which the debtor was an owner, partner, member, or otherwise a person in control within 6 years before filing this case. Include this information even if already listed in the Schedules.

 None

Business name and address	Describe the nature of the business	Employer Identification number Do not include Social Security number or ITIN.
25.1		EIN
		Dates business existed From to

26. Books, records, and financial statements

26a. List all accountants and bookkeepers who maintained the debtor's books and records within 2 years before filing this case.

 None

Name and address	Dates of service
26a.1 Adam Orvos One Marcus Square 1618 Main Street Dallas, TX 75201	From April 2018 to October 2019
26a.2 Brandy Richardson One Marcus Square 1618 Main Street Dallas, TX 75201	From March 2006 to August 2018
26a.3 Brandy Richardson One Marcus Square 1618 Main Street Dallas, TX 75201	From December 2018 to Present
26a.4 Dale Stapleton One Marcus Square 1618 Main Street Dallas, TX 75201	From August 2001 to January 2019

26b. List all firms or individuals who have audited, compiled, or reviewed debtor's books of account and records or prepared a financial statement within 2 years before filing this case.

 None

Name and address	Dates of service
26b.1 Ernst & Young 2323 Victory Ave, Suite 2000 Dallas, TX 75219	From 3/19/2007 to Present

26c. List all firms or individuals who were in possession of the debtor's books of account and records when this case is filed.

None

Name and address

If any books of account and records are unavailable, explain why

26c.1

Brandy Richardson
One Marcus Square
1618 Main Street
Dallas, TX 75201

26d. List all financial institutions, creditors, and other parties, including mercantile and trade agencies, to whom the debtor issued a financial statement within 2 years before filing this case.

None

Name and address

26d.1

In the ordinary course the Debtors provide certain parties, such as banks, auditors, potential investors, vendors, landlords and financial advisors, with financial statements that may not be part of a public filing.

27. Inventories

Have any inventories of the debtor's property been taken within 2 years before filing this case?

No

Yes. Give the details about the two most recent inventories.

Name of the person who supervised the taking of the inventory

Date of inventory

The dollar amount and basis (cost, market, or other basis) of each inventory

28. List the debtor's officers, directors, managing members, general partners, members in control, controlling shareholders, or other people in control of the debtor at the time of the filing of this case.

Name and Address

Position and nature of any interest

% of interest, if any

28.1

See "SOFA 28 Attachment"

29. Within 1 year before the filing of this case, did the debtor have officers, directors, managing members, general partners, members in control of the debtor, or shareholders in control of the debtor who no longer hold these positions?

No

Yes. Identify below.

Name and Address

Position and nature of any interest

Period during which position or interest was held

29.1

Adam Orvos
One Marcus Square
1618 Main Street
Dallas, TX 75201

Vice President and Treasurer

From 2/29/2016 to 4/17/2020

29.2

Michael Sullivan
One Marcus Square
1618 Main Street
Dallas, TX 75201

Assistant Secretary

From 2/29/2016 to 4/17/2020

30. Payments, distributions, or withdrawals credited or given to insiders

Within 1 year before filing this case, did the debtor provide an insider with value in any form, including salary, other compensation, draws, bonuses, loans, credits on loans, stock redemptions, and options exercised?

No

Yes. Identify below.

Name and address of recipient	Amount of money or description and value of property	Dates	Reason for providing the value
30.1 _____	_____ \$	_____	_____
Relationship To Debtor _____			

31. Within 6 years before filing this case, has the debtor been a member of any consolidated group for tax purposes?

No

Yes. Identify below.

Name of the parent corporation	Employer Identification number of the parent corporation
31.1 <u>Neiman Marcus Group, Inc. & Subsidiaries</u>	EIN <u>80-0950874</u>

32. Within 6 years before filing this case, has the debtor as an employer been responsible for contributing to a pension fund?

No

Yes. Identify below.

Name of the pension fund	Employer Identification number of the pension fund
32.1 _____	EIN _____

SOFA 28 ATTACHMENT

Current officers, directors, managing members, general partners, members in control, controlling shareholders, or other people in control of the debtor at the time of filing this case

Name	Address	Position and Nature of Any Interest	% of Interest
Brandy Richardson	1618 Main St, Dallas, TX 75201, United States	VP and Treasurer	
Geoffroy van Raemdonck	1618 Main St, Dallas, TX 75201, United States	President	
Kim Yee	1618 Main St, Dallas, TX 75201, United States	VP	
Mark Weinsten	1618 Main St, Dallas, TX 75201, United States	Chief Restructuring Officer	
The Neiman Marcus Group LLC	1618 Main St, Dallas, TX 75201, United States	Owner	100.0%
Tracy Preston	1618 Main St, Dallas, TX 75201, United States	VP and Corporate Secretary	

Fill in this information to identify the case:

Debtor name: NMG Notes PropCo LLC

United States Bankruptcy Court for the: Southern District of Texas

Case number: 20-32515

Check if this is an amended filing

WARNING - Bankruptcy fraud is a serious crime. Making a false statement, concealing property, or obtaining money or property by fraud in connection with a bankruptcy case can result in fines up to \$500,000 or imprisonment for up to 20 years, or both. 18 U.S.C. §§ 152, 1341, 1519, and 3571.

I have examined the information in this Statement of Financial Affairs and any attachments and have a reasonable belief that the information is true and correct. I declare under penalty of perjury that the foregoing is true and correct.

Executed on
06/19/2020 _____

/s/ Mark Weinsten _____

Signature of individual signing on behalf of debtor

Mark Weinsten _____

Printed name

Chief Restructuring Officer _____

Position or relationship to debtor

Are additional pages to Statement of Financial Affairs for Non-Individuals Filing for Bankruptcy (Official Form 207) attached?

No

Yes