



**First Report of KSV Kofman Inc.  
As Proposal Trustee of  
58 Old Kennedy Development Inc.,  
76 Old Kennedy Development Inc.,  
82 Old Kennedy Development Inc.,  
9500 Dufferin Development Inc.,  
250 Danforth Development Inc.,  
3310 Kingston Development Inc.,  
1296 Kennedy Development Inc. and  
159 Carrville Development Inc.**

November 6, 2018

**- and -**

**Report of  
KSV Kofman Inc.  
as Proposed CCAA Monitor of  
Forme Development Group Inc.  
and the Companies Listed on  
Appendix "A"**

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ESTATE FILE NOS.: 31-2436538, 31-2436600, 31-2436604,  
31-2438977, 31-2439433, 31-2439440, 31-2439448 AND 31-2440234

COURT FILE NO.: \_\_\_\_\_

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

**IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT,  
R.S.C. 1985, c. C-36, AS AMENDED**

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT  
OF FORME DEVELOPMENT GROUP INC.  
AND THE COMPANIES LISTED ON APPENDIX "A"**

**FIRST REPORT OF KSV KOFMAN INC. AS  
PROPOSAL TRUSTEE AND  
REPORT OF KSV KOFMAN INC. AS PROPOSED MONITOR**

**November 6, 2018**

**1.0 Introduction**

1. Forme Development Group Inc. ("FDG") and its affiliated entities listed on Appendix "A" (collectively, FDG and the affiliated entities listed on Appendix "A" are referred to as the "Applicants") intend to make an application to the Ontario Superior Court of Justice (Commercial List) (the "Court") under the *Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36*, as amended (the "CCAA") for an initial order (the "Initial Order") granting the Applicants protection under the CCAA and appointing KSV Kofman Inc. ("KSV") as the CCAA monitor in these proceedings ("Monitor"). KSV has consented to act as Monitor in these proceedings. A copy of its consent is provided in Appendix "B".
2. As summarized in the table below, certain of the Applicants (the "NOI Entities") recently filed Notices of Intention to Make a Proposal under the *Bankruptcy and Insolvency Act* ("BIA") (collectively, the "NOI Proceedings"). KSV is the proposal trustee in each of the NOI Proceedings (the "Proposal Trustee").

Debtor	Date of NOI filing
58 Old Kennedy Development Inc.	October 26, 2018
76 Old Kennedy Development Inc.	October 26, 2018
82 Old Kennedy Development Inc.	October 26, 2018
9500 Dufferin Development Inc.	November 1, 2018
250 Danforth Development Inc.	November 2, 2018
3310 Kingston Development Inc	November 2, 2018
1296 Kennedy Development Inc.	November 2, 2018
159 Carrville Development Inc.	November 5, 2018

3. The Affidavit of Yuan Hua Wang (“Mr. Wang”), the Applicants’ founder, sole shareholder and director, sworn November 5, 2018 and filed in support of the Applicants’ application for CCAA protection (the “Affidavit”), provides, *inter alia*, background information concerning the Applicants, including the reasons for the commencement of these proceedings and an overview of the Applicants’ intended restructuring plan.
4. KSV is filing this report (the “Report”) in its capacity as Proposal Trustee of the NOI Entities and as proposed Monitor in the Applicants’ CCAA proceedings.

## 2.0 Executive Summary

1. The Applicants are comprised of 30 companies which own 18 real estate projects.
2. The Applicants are indebted to mortgagees in the aggregate amount of approximately \$220 million, before certain interest, costs and fees which continue to accrue.
3. Several of the Applicants’ properties have multiple mortgages.
4. Mr. Wang has personally guaranteed a large percentage of the Applicants’ mortgage obligations.
5. The Applicants are illiquid – as at the date of this Report, they have a combined bank balance of approximately \$230,000, cannot pay their obligations as they come due and have defaulted on all of their mortgages.
6. Certain of the Applicants’ projects, particularly the Pacific Properties (as defined below) are estimated to have substantial equity – estimated to be between \$30 million and \$70 million. The Applicants believe that the equity may exceed the high end of this range.
7. The Applicants’ mortgagees are frustrated due to the defaults under their mortgages and broken promises from representatives of the Applicants.
8. The Applicants contacted KSV approximately two weeks ago. Since that time, KSV has worked with TD Cornerstone Commercial Realty Inc. (“TD”) to independently consider the estimated value of the Applicants’ real property, particularly the properties (the “Pacific Properties”) owned by nine<sup>1</sup> of the Applicants (the “Pacific Entities”). The Pacific Properties are located in close proximity to the Pacific Mall in Markham, Ontario. TD is of the view that, even on an “as is” basis, the Pacific Properties have considerable equity.
9. To stabilize the situation and conduct an orderly realization process for the benefit of creditors, the Applicants require protection under the CCAA.

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<sup>1</sup> The Pacific Entities are: 186 Old Kennedy Development Inc., 31 Victory Development Inc., 58 Old Kennedy Development Inc., 82 Old Kennedy Development Inc., 76 Old Kennedy Development Inc., 22 Old Kennedy Development Inc., 35 Thelma Development Inc., 19 Turff Development Inc. and 4550 Steeles Development Inc.

10. While preparing for CCAA protection, certain of the Applicants have filed NOIs under the BIA in response to those mortgagees which commenced enforcement proceedings by issuing 244 notices under the BIA and/or have commenced power of sale proceedings.
11. If the Initial Order is granted, the Applicants intend to conduct a sale process for the majority of its properties, under the supervision of KSV, as Monitor. It is contemplated that TD would be retained as listing agent for the sale process. KSV has negotiated a favourable fee arrangement with TD for this assignment, as detailed below. It is important that the sale process be commenced forthwith for several reasons, including the significant interest and other debt costs which are accruing on the Applicants' mortgage debt.
12. Because the Applicants are without liquidity, KSV has also arranged a DIP facility (the "DIP Facility") to fund these restructuring proceedings. The DIP Facility is contemplated to have a super-priority charge on the property of the Pacific Entities (including the Pacific Properties), subordinate only to the Administration Charge (as defined and described below). The majority (but not all) of the equity in the Applicants' real properties appears to be in the Pacific Properties.
13. The Monitor, its counsel and the Applicants' counsel have not been paid retainers. The Initial Order contemplates that they would be provided a super-priority first-ranking Administration Charge on the property of the Pacific Entities (including the Pacific Properties) and a charge ranking immediately behind the other Applicants' first mortgagees for their costs and fees incurred to-date and going forward.
14. These proceedings will also provide senior ranking mortgagees with the same result as if they moved forward with their own enforcement processes – an expedited sale process. They also gain the benefit of a Court-supervised process, which assists to insulate them from improvident realization claims from junior ranking mortgagees.
15. The materials contemplate that a comeback motion will be heard within the first two weeks of these proceedings (the "Comeback Motion"). Until that time, the Administration Charge has been limited to \$300,000 and the DIP Facility has been limited to \$750,000. Increases to both amounts are contemplated at the Comeback Motion (\$1 million in the case of the Administration Charge, and \$5 million plus accrued interest, fees and expenses in the case of the DIP Facility).
16. The proposed Court-ordered charges have been situated in each entity and on each piece of real estate having consideration for the parties which will obtain the greatest benefit from the orderly sale process contemplated in these restructuring proceedings, primarily junior ranking mortgagees.
17. KSV, as the proposed Monitor, believes that these proceedings also provide benefits to senior ranking mortgagees as it provides an orderly and expedited sale process under the supervision of the Court.

18. Through the stability created, it is believed that the equity in the Pacific Properties will be realized for the benefit of those mortgagees who may suffer shortfalls but have guarantees from Mr. Wang. If it turns out that the value of the Pacific Properties is materially less than expected, the Monitor will advise the Court forthwith.

## 2.1 Purposes of this Report

1. The purposes of this Report are to:
  - a) provide KSV's qualifications to act as Monitor;
  - b) provide background information about the Applicants;
  - c) summarize the terms of a \$5 million DIP Facility (which is to have an interim borrowing limit of \$750,000 until the Comeback Motion) to be made available to the Pacific Entities by KingSett Mortgage Corporation ("KingSett" or the "DIP Lender") pursuant to a DIP term sheet dated November 6, 2018, which is proposed to be secured by a Court-ordered charge on the property of the Pacific Entities, including the Pacific Properties;
  - d) summarize the terms of a listing agreement dated November 5, 2018, pursuant to which the Applicants propose to engage TD to act as the listing brokerage for the Applicants' real property;
  - e) report on the Applicants' cash flow projection for the period November 5, 2018 to December 9, 2018 ("Cash Flow Forecast"); and
  - f) discuss the rationale for:
    - converting the NOI Proceedings into a consolidated CCAA proceeding that includes the NOI Entities and each of the Applicants which are not subject to the NOI Proceedings;
    - retaining TD at this time to prepare for a sale process<sup>2</sup>, the details of which will be subject to approval at the Comeback Motion;
    - extending the stay of proceedings to Mr. Wang to prevent enforcement actions against him;
    - an administration charge in the interim amount of \$300,000 to secure the fees and disbursements of the Applicants' counsel, the Monitor and its counsel in these proceedings (the "Administration Charge"), which is proposed to have a super-priority charge on the property of each of the Applicants. The Administration Charge is proposed to rank first on the property of the Pacific Entities (including the Pacific Properties) and to be subordinate to the first mortgagees as against the other Applicants;

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<sup>2</sup> TD's mandate includes attempting to refinance certain projects, as discussed in greater detail in Section 3 below.

- a charge in favour of the DIP Lender to secure borrowings of up to \$750,000 under the DIP Facility (the “DIP Lender’s Charge”) until the Comeback Motion, which charge is proposed to rank immediately behind the Administration Charge on the Pacific Properties. For greater certainty, the DIP Lender will only have a charge against the property of the Pacific Entities (including the Pacific Properties), and not the other Applicants;
  - a charge (the “Intercompany Charge”) in favour of any Applicant that makes an intercompany advance to another Applicant (the “Receiving Applicant”) to the extent of the intercompany advances made by those Applicants, which charge is proposed to rank subordinate to the first mortgages on each Property (as well as to the Administration Charge and DIP Lender’s Charge, where applicable); and
- g) recommend that this Court grant the relief sought by the Applicants in their CCAA application materials.

## **2.2 Restrictions**

1. In preparing this Report, KSV has relied upon the Applicants’ unaudited financial information, third party appraisals, discussions with the Applicants’ management and discussions with TD. KSV has not audited, reviewed or otherwise verified the accuracy or completeness of the information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the Chartered Professional Accountants of Canada Handbook.
2. In reviewing the Applicants’ financial information, KSV has determined that the Applicants’ books and records need to be brought current and adjustments will be required to certain of the financial statements. KSV intends to work with the Applicants in this regard if appointed Monitor.
3. KSV expresses no opinion or other form of assurance with respect to the financial information presented in this Report or relied upon by KSV in preparing this Report. Any party wishing to place reliance on the Applicants’ financial information should perform its own diligence and any reliance placed by any party on the information presented herein shall not be considered sufficient for any purpose whatsoever.
4. An examination of the Cash Flow Forecast as outlined in the Chartered Professional Accountant Canada Handbook has not been performed. Future oriented financial information relied upon in this Report is based upon the Applicants’ assumptions regarding future events; actual results achieved may vary from this information and these variations may be material. KSV expresses no opinion or other form of assurance on whether the Cash Flow Forecast will be achieved.

## **2.3 Currency**

1. All currency references in this Report are in Canadian dollars.

## 2.4 KSV's Qualifications to Act as Monitor

1. KSV is qualified to act as Monitor in these proceedings:
  - a) KSV is a trustee within the meaning of subsection 2(1) of the BIA. KSV is not subject to any of the restrictions to act as monitor set out in Section 11.7(2) of the CCAA.
  - b) KSV has been working with the Applicants' management team for the past two weeks and is presently the Proposal Trustee of the NOI Entities. KSV has familiarized itself with the Applicants' issues, financial situation and the status of their projects.
  - c) KSV has extensive experience acting as a court officer in a wide variety of industries, including several mandates in recent years acting as a Court officer in the real estate sector. Recently, as detailed below, KSV has been involved as the court officer in not less than 11 real estate related files<sup>3</sup>.

Debtor	Description	KSV's Role
Urbancorp Group	Major developer of residential properties in the GTA	CCAA Monitor
Mady Steeles (2011) Ltd.	Diversified real estate development group	Court-appointed Receiver
Textbook and Memory Care Group of Companies	Developers of student housing residences and aged care facilities.	Court-appointed Receiver in 11 separate receiverships, each with at least one piece of owned real estate
Generx (Byward Hall) Inc.	Developer of student housing residences	Court-appointed Receiver
M.Y. Residential Inc.	Owned a student housing residence	Court-appointed Receiver
Court-appointed "sales officer" of a private real estate portfolio	Shareholder dispute involving a group of private companies with a real estate portfolio in the GTA of greater than \$110 million including, development land, residential land, farm land, industrial land and industrial condominiums	Court-appointed sales officer
JD Phillip Street LP	Owner of student housing residence and development land	Court-appointed Receiver
Textbook (445 Princess Street) Inc.	Developer of student housing residences	Court-appointed Receiver
Seaway Travel Centre Ltd.	Commercial property owner	Court-appointed Receiver
3291736 Nova Scotia Limited	Owner of six condominium lots in Halifax, Nova Scotia	Court-appointed Receiver
2301132 Ontario Inc. and 2309840 Ontario Inc.	Owner of several pieces of real estate located in Georgetown, Ontario, including four of five pieces which comprise one assembly	Proposal Trustee

<sup>3</sup> Certain of these mandates have multiple insolvency processes.



### 3.0 Background

1. The Applicants are a commercial and residential real estate development group specializing in low-rise, high-rise, mixed-use and hospitality developments. The Applicants' projects are primarily located in the Greater Toronto Area with a few in Southwestern Ontario and one in Western Canada. The Applicants' organization chart is provided in Appendix "C".
2. Mr. Wang is the sole director and shareholder of each of the Applicants. FDG has 12 employees, including Mr. Wang. The Applicants' workforce is not unionized and the Applicants do not maintain a registered pension plan. Other than FDG, the other Applicants are single purpose entities that own real estate for development.
3. A table summarizing the Applicants' projects is provided below. The action plan for each project is also provided.

No.	Entity Name	Purchase Price (\$)	Acquisition Year(s)	Mortgage Debt (\$)	Appraised Value <sup>4</sup> (\$)	Appraisal Date	Action plan
1	4 Don Hillock Development Inc.	2,002,500	2017	2,400,000	3,200,000	5-Jun-17	Sell
2	250 Danforth Development Inc.	7,330,000	2014	20,300,000	32,200,000	5-Jul-18	Sell
3	3310 Kingston Development Inc.	3,830,000	2014, 2015	12,700,000	14,500,000	20-Oct-16	Sell
4	12696 Kennedy Development Inc.	2,740,000	2015	7,200,000	12,100,000	1-Jun-18	Sell
5	7397 Islington Development Inc.	3,200,000	2015	8,000,000	13,800,000	27-Oct-17	Sell
6	1326 Wilson Development Inc.	1,700,000	2016	3,000,000	10,400,000	0-Jan-00	Sell
7	101 Columbia Development Inc.	3,908,887	2016	4,345,000	11,000,000	25-Jul-18	Sell
8	4208 Kingston Development Inc.	5,878,000	2016	7,908,000	1,790,000	18-Sep-18	Sell
9	376 Derry Development Inc.; and 390 Derry Development Inc.	14,850,000	2016	19,075,000	34,600,000	1-Aug-17	Sell
10	159 Carrville Development Inc.; 169 Carrville Development Inc.; and 189 Carrville Development Inc.	10,653,000	2015, 2016, 2017	15,491,500	19,600,000	7-Nov-17	Sell
11	4439 John Development Inc.; and 5507 River Development Inc.	5,209,900	2016	4,336,930	N/A	N/A	Development under consideration
12	186 Old Kennedy Development Inc.; and 31 Victory Development Inc.	34,500,000	2015, 2016	46,350,000	77,500,000	1-Jun-18	Develop
13	58 Old Kennedy Development Inc.; 82 Old Kennedy Development Inc.; and 76 Old Kennedy Development Inc.	20,800,000	2015, 2016	21,525,000	55,600,000	3-Apr-18	Sell
14	22 Old Kennedy Development Inc.; 35 Thelma Development Inc.; and 19 Turff Development Inc.	5,262,000	2015, 2016	4,890,000	10,400,000	2017-Apr-5 and 2018-Apr-03	Sell
15	4550 Steeles Development Inc.	11,700,000	2016	12,000,000	30,900,000	3-Apr-18	Sell

<sup>4</sup> C&W prepared the appraisal for all but one property, which was prepared by Colliers. Appraisals for three properties were not available.

No.	Entity Name	Purchase Price (\$)	Acquisition Year(s)	Mortgage Debt (\$)	Appraised Value <sup>4</sup> (\$)	Appraisal Date	Action plan
16	9500 Dufferin Development Inc.	14,750,000	2017	13,500,000	14,750,000	25-Aug-17	Sell
17	27 Anglin Development Inc.; and 29 Anglin Development Inc.	6,170,000	2016	6,923,500	12,100,000	15-Jun-17	Sell
18	2358825 Ontario Ltd. (Birchmount)	N/A	N/A	8,550,000	N/A	N/A	Complete closing
<b>Total</b>		<b>154,484,287</b>		<b>220,608,930</b>	<b>354,440,000</b>		
Note: Mortgage balances above are before certain interest, costs and fees, which continue to accrue.							

4. As set out in the Affidavit, TD has reviewed certain of the Applicants' appraisals prepared by Cushman & Wakefield Ltd. ("C&W") and has provided its view of the estimated "as is" value of certain of those properties. KSV asked that TD focus its diligence on the Pacific Properties. TD's diligence included speaking to the planner retained by the Applicants on those properties, considering the development plans and development status of those sites, reviewing the C&W appraisals and looking at comparable transactions. Based on its review, TD estimates that the Pacific Properties have between \$30 million to \$70 million of value on an "as is" basis after repayment of the mortgages on those properties.
5. These proceedings contemplate that, subject to further Court approval, TD will carry out a sale process, under the supervision of the Monitor, for all of the Applicants' real property other than the following (the "Retained Properties"):
  - a) 186 Old Kennedy/31 Victory/51 Victory, which comprise one development project on the Pacific Properties. The Applicants envision that the equity in this project and the other Pacific Properties are to be used to fund shortfalls incurred on those mortgages that Mr. Wang has guaranteed. Mr. Wang believes that this property, if developed, will create significant additional value; and
  - b) Birchmount Gardens, being a group of urban townhouses in Scarborough, Ontario, which is fully sold with construction completed. The Applicants have advised KSV that closings are expected to take place before year-end and that the closing proceeds will be sufficient to repay all mortgagees on the project.
6. The Applicants are also considering whether to continue development activity on a project in Niagara Falls known as the River Development (the "River Road Project"). Additional time is required to determine whether this project should be sold or developed. A determination will be made by the Applicants, in consultation with KSV, TD and the mortgagees on this project.
7. TD has retained Kevin Schledewitz, a licensed mortgage broker with Onedin Acceptance Corporation ("Onedin"). Onedin's principal mandate will be refinancing the mortgages on 186 Old Kennedy/31 Victory/51 Victory. Onedin may also look for opportunities to refinance the River Road Project.
8. Following the Comeback Motion (but not before), the Applicants intend to service the interest on 186 Kennedy/31 Victory/51 Victory while development activity is pursued. This is also true on the River Road Project provided a decision is made to continue development activity on that project.

9. Further information concerning the Applicants, their current situation and the purpose of these proceedings is provided in the Affidavit. In order to avoid duplication, that discussion has not been repeated in this Report.

## **4.0 Creditors**

### **4.1 Secured Creditors**

1. The Applicants' mortgage debt totals approximately \$220 million.
2. As reflected in the project summary above, there is one or more mortgagees on each of the Applicants' real property, with the majority of the projects having more than one mortgagee. The Applicants have essentially no liquidity at this time. The Applicants' monthly operating and debt service costs are in excess of \$1 million. The Applicants are unable to service their mortgage debt, pay their operating costs and/or advance development activity. None of the Applicants paid their mortgage obligations due on November 1<sup>st</sup>. Each mortgage is presently in default and several mortgagees have made demand and issued notices pursuant to Section 244 of the BIA. Given the default on all mortgages on November 1, absent the commencement of restructuring proceedings, it is reasonable to assume many more demands and enforcement notices will be forthcoming.
3. KSV understands that Mr. Wang has personally guaranteed many of the mortgages granted by the Applicants.

### **4.2 Unsecured Creditors**

1. According to representatives of the Applicants, the Applicants' consolidated unsecured obligations are estimated to total approximately \$2.2 million, excluding intercompany and employee obligations. The Applicants are in the process of updating their internal accounting records and, accordingly, the amount of these obligations may need to be updated in a future Monitor's report.
2. The Applicants' arm's length unsecured creditors are largely comprised of professional firms that provided consulting and legal services related to the development of the Applicants' projects.

## **5.0 DIP Facility<sup>5</sup> and Intercompany Funding**

### **5.1 DIP Facility**

1. During the week ended November 2, 2018, KSV approached two parties to provide the DIP Facility. Each party is well known in the real estate community and provides loans to real estate development companies.

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<sup>5</sup> Terms not defined in this section have the meaning provided to them in the DIP Term Sheet.

2. The terms of the proposed DIP Facility are detailed in a DIP term sheet, a copy of which is attached as Appendix "D". The significant terms of the DIP Facility are summarized below.

- a) Borrowers: the Pacific Entities
- b) Lender: KingSett
- c) Maximum Loan Amount: \$5 million plus accrued interest and unpaid fees, to be advanced in tranches of \$250,000, limited to \$750,000 until the Comeback Motion.
- d) Repayment: the earlier of: a) demand by KingSett; b) November 15, 2019, as may be extended in writing; and c) consummation of a Sale Transaction for the Pacific Properties or implementation of a plan of compromise or arrangement or other restructuring transaction involving any of the Pacific Entities.
- e) Interest rate: Royal Bank of Canada prime rate +5% per annum.
- f) Fees and expenses: non-refundable fully earned commitment fee of \$100,000, an extension fee of \$25,000<sup>6</sup> on each four-month extension of the DIP Facility and the DIP Lender's out-of-pocket expenses, including legal expenses, incurred by the DIP Lender in connection with these proceedings.
- g) DIP Lender's Charge: all obligations under the DIP Facility are to be secured by the DIP Lender's Charge.
- h) Intercompany Charge: pursuant to the Initial Order, advances from the Pacific Entities to a Receiving Applicant are to be secured by an Intercompany Charge on the assets, property and undertaking of the Receiving Applicant, ranking immediately behind the first ranking mortgagees of the Receiving Applicant, the Administration Charge and the DIP Lender's Charge, as applicable.
- i) Reporting: reporting obligations include an update conference call on no less than a monthly basis among the Monitor, representatives of the Applicants and the DIP Lender.
- j) Conditions: the conditions precedent to the DIP Facility include the entry of the Initial Order approving the DIP Facility and the granting of the DIP Lender's Charge.

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<sup>6</sup> This fee is to be pro-rated based on the length of each extension.

## 5.2 Intercompany Funding

1. The Applicants will require funds throughout the CCAA proceedings to fund the administration and sale process costs and, where applicable, to fund additional debt or development costs. It is anticipated that most of these funds will be advanced by the Pacific Entities to the other Applicants with funds from the DIP Facility. There is a possibility that funds from other Applicants may also be available for intercompany funding purposes. The Applicants are proposing an Intercompany Charge to account for any such advances.

## 5.3 Allocation of Costs

1. Costs incurred by the Applicants throughout the CCAA proceedings (including professional fees) will be allocated across the various Properties with no single Property bearing all of the costs. KSV intends to assist the Applicants with maintaining Property specific reconciliations. Where costs can be allocated specifically to one or more Properties, those costs will be allocated accordingly. If costs cannot be attributed specifically to one or more Properties they will be allocated on a pro rata or other basis across the Properties based on a methodology to be addressed at a future motion in these proceedings.

## 5.4 Recommendation

1. KSV considered the following factors when reviewing the reasonableness of the DIP Facility, as well as those set out in Section 11.2 of the CCAA:
  - a) the DIP Lender is not willing to provide the required interim financing other than on the terms and conditions set out in the DIP term sheet;
  - b) without the DIP Facility, the Applicants will be unable to fund these proceedings and conduct an orderly sale process. In that scenario, there could be a disorganized realization process whereby the Applicants' mortgagees conduct multiple and separate power of sale or other enforcement proceedings;
  - c) the DIP Facility will provide the Applicants, and this process, with the liquidity required to orderly and expediently conduct a sale process for substantially all of the Properties, and to continue development activity for the Retained Properties and potentially the River Road Project. KSV believes that the contemplated process provides the opportunity to generate better recoveries than if the projects were sold under power of sale proceedings, while still providing mortgagees with a sale process that will be carried out in the near term under the supervision of the Court;
  - d) KSV compared the terms of the DIP Facility to other DIP facilities approved by Canadian courts in CCAA proceedings commenced in 2017 and 2018. The comparison is attached as Appendix "E". Based on the comparison, the costs of the proposed DIP Facility are superior to other DIP financings approved by this and other Canadian courts;
  - e) it is intended that DIP funds will be advanced through KSV (as Monitor) and that KSV will provide oversight as to the business and financial affairs of the Applicants during the CCAA proceedings; and

- f) KSV believes that approval of the DIP Facility is in the best interests of the Applicants' stakeholders and will enhance the prospects of maximizing value in the circumstances. The DIP Facility is projected to be sufficient to fund the costs of these proceedings, including the sale process. KSV does not believe that creditors will be prejudiced from approval of the DIP Facility particularly given the estimated value of the Pacific Properties – to the contrary, they should benefit from it as it will allow the Applicants to work with the Monitor to maximize value for as many mortgagees and other creditors as possible and will be more efficient than allowing for individual enforcement processes to be carried out on each of the Applicants' properties.
2. KSV has also considered the proposed Intercompany Charge. The Intercompany Charge is not proposed to rank in priority to any first mortgagee. Amounts funded under the Intercompany Charge are contemplated to be used for conservatory measures and professional costs to conduct the sale process. The Intercompany Charge primarily affects those creditors that will derive the greatest benefit from an orderly sale process, i.e. junior ranking mortgagees that are at greatest risk of loss.
3. Based on the foregoing, KSV believes that the terms of the DIP Facility and the Intercompany Charge are reasonable in the circumstances.

## 6.0 Cash Flow Forecast

1. The Applicants prepared the Cash Flow Forecast, which covers the period November 5, 2018 to December 9, 2018. The Cash Flow Forecast and the Applicants' statutory report on the cash flow prepared pursuant to Section 10(2)(b) of the CCAA is attached as Appendix "F".
2. The Cash Flow Forecast reflects that the DIP Facility will be required to service the mortgage debt on the Retained Projects and to pay head office costs, such as payroll and rent, some development activity and professional costs.
3. The Cash Flow Forecast also reflects that \$750,000 is sufficient to fund any costs incurred, or to be incurred, in connection with these proceedings until the Comeback Motion, at which time it is intended that approval of the full amount of the DIP Facility will be sought on notice to the Service List, including the Applicants' mortgagees.
4. Based on KSV's review of the Cash Flow Forecast, the assumptions appear reasonable. KSV's statutory report on the Cash Flow Forecast is attached as Appendix "G".

## 7.0 Proposed Engagement of TD

1. Immediately following KSV's initial meeting with the Applicants in late October, KSV contacted TD to consult with it on the Applicants' properties. KSV asked TD to perform diligence on the Applicants' properties, particularly the Pacific Properties. TD reviewed the C&W appraisals, spoke with, and received information from, the Applicants' third-party planning and development consultants and considered the value of the Pacific Projects on an "as is" basis based on comparative transactions. TD concluded that there appears to be significant value in the Pacific Properties on an "as is" basis.

2. On November 5, 2018, the Applicants, TD and KSV finalized a listing agreement, a copy of which is attached as Appendix “H”. The listing agreement is subject to Court approval. The material terms of the proposed listing agreement are as follows:
  - Fee: 1.1% of the sale price of the properties (attached as Appendix “I”, for comparative purposes, is a summary of the fees paid to realtors on certain of KSV’s other real estate mandates).
  - Term: 180-day exclusive listing term.
  - Sub-Consultant: TD is authorized to retain Onedin to provide mortgage refinancing services.
  - Other: TD may elect to retain other real estate brokerage firms to assist in the sale of certain properties.
  - Sale Process Overview: Schedule “B” of TD’s engagement letter provides an overview of the contemplated sale process. The sale process will be subject to Court approval at a subsequent motion. Neither the sale process nor its timeline have been finalized. Both will be dealt with at the Comeback Motion; however, KSV is of the view that TD should be retained immediately so that it can underwrite and prepare marketing materials that will be required for the Applicants’ real estate, which is in the interest of facilitating a timely sale of the Applicants’ real estate.
3. It is the intention of KSV and TD, if possible, to be in the market for as many properties as possible before the new year. However, with the holiday season fast approaching, it is possible that the sale process for the majority of the properties will not commence until early January.
4. A CV for the two individuals at TD who would lead this assignment, Jamie Ziegel and Ashley Martis, is provided in Appendix “J”. Messrs. Ziegel and Martis have been retained by KSV previously and have achieved successful outcomes. Messrs. Ziegel and Martis are experienced real estate professionals.

## 7.1 Recommendation

1. KSV recommends that the Court issue an order approving the retention of TD as the listing brokerage for the following reasons:
  - a) KSV is of the view that it is critical to the overall success of these proceedings for a credible realtor such as TD to be engaged at the outset;
  - b) the retention of TD is the first step in developing an efficient and orderly process to be coordinated by KSV, with the assistance of TD, to generate greater recoveries for all creditors than power of sale or other enforcement processes – any delay (even a week or two) of the approval of TD’s retention will cause delay in the work that needs to be done to commence a sale process. TD requires the certainty of Court approval of its retention to move forward with its preparatory work. Additionally, interest and other costs in these proceedings are material and accruing and accordingly, time is of the essence;



- c) TD has spent time familiarizing itself with the Applicants' properties. It is well qualified to perform this mandate. In recommending TD, KSV considered, among other things, the results it achieved working with TD on other Court-supervised matters, as well as TD's relationship with the buyer community, experience selling similar properties, time spent to-date on this assignment, ability to enhance value and its fee for this assignment;
- d) TD's team will be led by Messrs. Ziegel and Martis, each of whom has vast real estate experience in the Greater Toronto Area; and
- e) TD's fee structure is reasonable and appropriate in these circumstances, as reflected by the schedule attached as Appendix "I".

## **8.0 Stay of Proceedings against Mr. Wang**

1. Mr. Wang has guaranteed a large number of the Applicants' mortgages. His personal net worth is directly tied to the outcome of these proceedings. All of the mortgages are in default. Allowing mortgagees to enforce on Mr. Wang's guarantees during the CCAA proceedings could cause him to lose focus on the contemplated restructuring process, which is designed to maximize value for stakeholders. Mr. Wang's intention is to monetize the equity in the Applicants' projects, particularly the Pacific Properties, to repay his creditors, including his exposure under his guarantees. Absent extending the stay of proceedings to Mr. Wang, he may not accomplish the principal objective of these proceedings and may have to personally commence insolvency proceedings. KSV understands that Mr. Wang does not have the financial means to satisfy his guarantees on the mortgages without the benefit of realizing on his equity in the Properties, and accordingly, mortgagees should suffer no prejudice by having their guarantees against Mr. Wang stayed.
2. As a result of the risks identified above, KSV believes that extending the stay of proceedings to Mr. Wang is in the best interests of the Applicants and is not prejudicial to their stakeholders and these proceedings.

## **9.0 Court Ordered Charges**

### **9.1 Administration Charge**

1. The Applicants are seeking an Administration Charge in the interim amount of \$300,000 to secure the fees and expenses of the Monitor, its counsel and the Applicants' counsel to-date and going forward. The Administration Charge is to have a super-priority status over all other creditors of the Pacific Entities and is to rank immediately subordinate to the first mortgagees on the balance of the Applicants.
2. None of the professionals involved in these proceedings has received a retainer and considerable time and effort has been spent preparing for these proceedings.
3. The Administration Charge is a customary provision in an Initial Order in a CCAA proceeding - it is required to protect certain professionals in the event the debtor is unable to pay their fees and costs during the CCAA process.



4. The Applicants worked with KSV to estimate the proposed amount of the Administration Charge until the Comeback Motion. It is anticipated that an increase in the amount of the Administration Charge will be sought at the comeback motion.
5. KSV believes that the Administration Charge is reasonable and appropriate in the circumstances given the complexities of the Applicants' CCAA proceedings, the services provided by the professionals to-date and those to be provided by the professionals going forward.

## **9.2 DIP Lender's Charge**

1. The Applicants are seeking a charge over the property of the Pacific Entities (including the Pacific Properties) to secure advances under the DIP Facility ranking immediately subordinate to the Administration Charge on the property of the Pacific Entities. Until the comeback motion, it is proposed that borrowings under the DIP Facility be limited to \$750,000.
2. KSV is of the view that the DIP Lender's Charge is required and appropriate at this time for the reasons set out above as well as (i) the Applicants are in immediate need of liquidity; (ii) the financial and other terms of the DIP Facility are reasonable; (iii) no lender would be prepared to provide financing without the benefit of the DIP Lender's Charge; and (iv) it is contemplated that the DIP Lender's Charge shall only attach to the property of the Pacific Entities, most notably the Pacific Properties, which appear to have substantial equity.

## **9.3 Intercompany Charge**

1. The Applicants' cash management system is described in the Affidavit. Given the structure of the DIP Facility, in most cases, funding of the Applicants will be made by the Pacific Entities as borrowers under the DIP Facility. There is a possibility, however, that one or more of the non-Pacific Entities may fund intercompany advances if they have the available resources.
2. The proposed Initial Order contemplates that the Intercompany Advances will be secured by the Intercompany Charge over the assets of each Receiving Applicant to the extent of any advances a Receiving Applicant receives from another Applicant.
3. KSV is of the view that the Intercompany Charge is reasonable as it is required for the protection of the creditors of any lending entities and that it is proposed to be subordinate to the first mortgagees of the Receiving Applicant (it will also be subordinate to the Administration Charge and the DIP Facility, where applicable).
4. As noted above, the Intercompany Charge provides a benefit to junior ranking mortgagees because it facilitates an orderly sale process, which is in the interest of those mortgagees.

## **9.4 Priority of Charges**

1. The Initial Order provides that the Court-ordered charges shall have the following priority:
  - a) Administration Charge: first ranking charge over the property of the Pacific Entities (including the Pacific Properties) and subordinate to the first mortgagees of the other Applicants;

- b) DIP Lender's Charge: first ranking charge over the property of the Pacific Entities (including the Pacific Properties), subject only to the Administration Charge; and
  - c) Intercompany Charge: subordinate to the first mortgage on any Properties of the Receiving Entity (and immediately subordinate to the Administration Charge and the DIP Lender's Charge, where applicable).
2. The Comeback Motion will provide stakeholders with an opportunity to address their concerns regarding the Court-ordered charges and the contemplated increases thereto.

## 10.0 Conversion of NOI Proceedings

1. KSV is of the view that converting the NOI Proceedings into a single CCAA proceeding with the other Applicants will facilitate the efficiency of these proceedings by, *inter alia*, reducing professional costs. To date, no proposals in any of the NOI Proceedings have been filed and there have been no Court attendances in the NOI Proceedings. There is no benefit to continuing the NOI Proceedings and running a concurrent CCAA proceeding for related companies. Accordingly, the proposed conversion of the NOI Proceedings and the conduct of one consolidated CCAA proceeding appears reasonable and appropriate in the circumstances.

## 11.0 Relief to be Sought in the Near Term

1. Subject to the Court granting the Initial Order, KSV intends to work with the Applicants, the Applicants' legal counsel and its legal counsel to, *inter alia*:
- a) finalize a sale process, for which Court approval is expected to be sought at the Comeback Motion on notice to the Service List;
  - b) determine whether any of the Retained Properties should be listed for sale in the near term, particularly the River Road Project; and
  - c) bring a motion for an increase in the quantum of available borrowings under the DIP Facility from \$750,000 to \$5 million and to increase the Administration Charge.

## 12.0 Creditor Notification

1. The proposed Initial Order requires the Monitor to:
- a) publish without delay a notice in the national edition of *The Globe and Mail* newspaper containing the information prescribed under the CCAA; and
  - b) within five days of the issuance of the Initial Order to:
    - i. make the Initial Order publicly available in the manner prescribed under the CCAA;
    - ii. send, in the prescribed manner, a notice to every known creditor who has a claim against the Applicants of more than \$1,000 advising that the order is publicly available; and

- iii. prepare a list, showing the names and addresses of those creditors (other than employees), and the estimated amounts of those claims, and make it publicly available in the prescribed manner.
2. KSV intends to post the Initial Order and all motion materials on its website in accordance with the *E-Service Protocol*.

### **13.0 Conclusion and Recommendation**

1. Based on the foregoing, KSV respectfully recommends that this Honourable Court make an order granting the relief detailed in Section 2.1(1)(g) of this Report.

\* \* \*

All of which is respectfully submitted,

*KSV Kofman Inc.*

**KSV KOFMAN INC.  
IN ITS CAPACITY AS PROPOSED MONITOR OF  
FORME DEVELOPMENT GROUP INC. AND  
THE AFFILIATED ENTITIES LISTED ON APPENDIX "A"  
AND AS PROPOSAL TRUSTEE OF THE NOI ENTITIES  
AND NOT IN ITS PERSONAL CAPACITY**

## **Appendix “A”**

**Schedule “A” – List of Companies**

2358825 Ontario Ltd.  
27 Anglin Development Inc.  
29 Anglin Development Inc.  
4 Don Hillock Development Inc.  
250 Danforth Development Inc.  
3310 Kingston Development Inc.  
1296 Kennedy Development Inc.  
7397 Islington Development Inc.  
1326 Wilson Development Inc.  
101 Columbia Development Inc.  
4208 Kingston Development Inc.  
376 Derry Development Inc.  
390 Derry Development Inc.  
189 Carrville Development Inc.  
169 Carrville Development Inc.  
159 Carrville Development Inc.  
5507 River Development Inc.  
4439 John Development Inc.  
186 Old Kennedy Development Inc.  
31 Victory Development Inc.  
58 Old Kennedy Development Inc.  
76 Old Kennedy Development Inc.  
82 Old Kennedy Development Inc.  
22 Old Kennedy Development Inc.  
35 Thelma Development Inc.  
19 Turff Development Inc.  
4550 Steeles Development Inc.  
9500 Dufferin Development Inc.

## **Appendix “B”**

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

IN THE MATTER OF THE *COMPANIES' CREDITORS  
ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

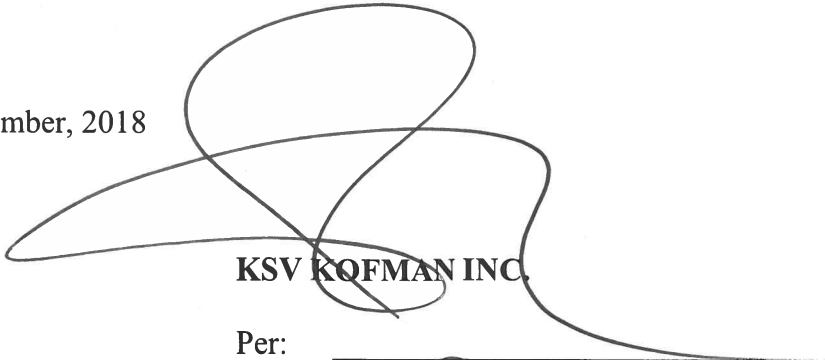
AND IN THE MATTER OF A PLAN OF COMPROMISE OR  
ARRANGEMENT OF FORME DEVELOPMENT GROUP INC.  
AND THE OTHER COMPANIES LISTED ON SCHEDULE "A"  
HERETO (the "Applicants")

APPLICATION UNDER THE *COMPANIES' CREDITORS  
ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

**CONSENT**

**KSV KOFMAN INC.** hereby consents to act as the court-appointed monitor of Forme Development Group Inc. and those other entities listed on Schedule "A" hereto in connection with their proceedings pursuant to the *Companies' Creditors Arrangement Act* and pursuant to the terms of an order substantially in the form filed.

DATED this <sup>11</sup>5 day of November, 2018



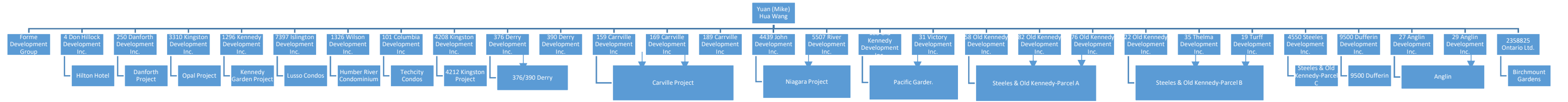
**KSV KOFMAN INC.**

Per: \_\_\_\_\_

Name: Ravi Kofman  
Title: President

## **Appendix “C”**





## **Appendix “D”**

November 6, 2018

To: The Borrowers listed on Appendix "B" hereto

c/o:

KSV Kofman Inc.,  
solely in its capacity as proposal trustee of certain of the Applicants  
listed on Appendix "A" hereto  
(the "**CCAA Entities**"),  
and not in its personal or corporate capacity

**Attention: Mr. Robert Kofman, President**

Dear Mr. Kofman:

**Re: Debtor-in-Possession Financing under the *Companies' Creditors Arrangement Act* ("CCAA")**

This agreement (the "**Agreement**") provides the terms and conditions under which KingSett Mortgage Corporation (the "**Lender**") would be prepared to provide financing to the Borrowers (defined below) during the Borrowers' proceedings under the CCAA (the "**CCAA Proceedings**"), subject to the satisfaction of the conditions summarized in this Agreement.

Borrowers	The parties listed on Appendix "B" (the " <b>Borrowers</b> ").
DIP Facility	Non-revolving, super-priority (debtor-in-possession), demand credit facility (the " <b>DIP Facility</b> ") in the aggregate principal amount of up to \$5 million, plus accrued interest and unpaid fees (the " <b>Maximum Amount</b> ").
Purpose	<p>The DIP Facility is solely for the purpose of funding the CCAA Proceedings, including: (a) the operating costs, expenses and liabilities of the CCAA Entities (including, without limitation, wages and active employee benefits, insurance, security and necessary expenditures necessary for the preservation of their business); (b) transaction costs and expenses incurred by the Borrowers in connection with the DIP Facility; (c) professional fees and expenses incurred by the CCAA Entities (including the Borrowers) and the Proposal Trustee and its counsel in respect of the DIP Facility and the CCAA Proceedings; and (d) pursuing a restructuring of the CCAA Entities or a sales process for the Borrowers' property (the "<b>Sales Process</b>") and consummating a sale transaction(s) of all or substantially all of the Borrowers' assets (a "<b>Sale Transaction</b>").</p> <p>The Borrowers may advance funds to other CCAA Entities from time to time, which advances will be secured by the Intercompany Lender's Charge as provided for and defined in the Initial Order to be sought by the</p>

	CCAA Entities (as amended from time to time, the " <b>Initial Order</b> ").
Availability	<p>Subject to the satisfaction of the conditions set out herein and compliance with the DIP Approval Order (defined below), advances (each an "<b>Advance</b>" and collectively "<b>Advances</b>") under the DIP Facility will be made available in minimum tranches of \$250,000, as requested by the Borrowers and the Proposal Trustee pursuant to a drawdown certificate they issue (each an "<b>Advance Request</b>"), and in aggregate shall not exceed the Maximum Amount.</p> <p>Advances shall be funded by wire transfer into an account designated by the Borrowers and the Proposal Trustee.</p>
Repayment	The Borrowers shall repay all obligations owing under the DIP Facility (the " <b>DIP Obligations</b> ") and the DIP Obligations shall immediately become due and payable in full on the earlier of: (a) demand by the Lender; (b) November 15, 2019, as may be extended by the Proposal Trustee, the Borrowers and the Lender in writing; and (c) consummation of a Sale Transaction or implementation of a plan of compromise or arrangement or other restructuring transaction involving any of the Borrowers (" <b>Repayment Date</b> ").
Voluntary Payments	The Borrowers may make repayments of not less than \$500,000 on account of the DIP Obligations at any time and from time to time without bonus or penalty but on not less than two business days' written notice.
Interest Rate	Interest on the principal amount of each Advance outstanding from time to time shall be calculated at a rate equal to the Royal Bank of Canada's prime rate <u>plus</u> five percent (5%) per annum, which interest shall be calculated on the daily outstanding balance owing under the DIP Facility (including accrued interest and fees), not in advance, and shall be compounded monthly on the last day of each month and shall accrue and be payable both before and after demand, judgment and the date that all indebtedness, obligations and liabilities of the Borrowers to the Lender under the DIP Facility become due and payable. All interest on the DIP Facility shall accrue and be paid on the Repayment Date.
Fees	<p>The Borrowers will pay the following fees:</p> <ul style="list-style-type: none"> <li>• a non-refundable commitment fee fully earned on execution of this Agreement in the amount of \$100,000 payable from the proceeds of the initial Advance; and</li> <li>• an extension fee of \$25,000 on each extension of the DIP Facility of 4 months payable on the date the extension is agreed. The extension fee payable in respect of any extension of less or more than 4 months shall be proportionate (i.e., for an extension of 2 months, the extension fee would be \$12,500 and for an extension of 8 months, the extension fee would be \$50,000).</li> </ul>
Joint and Several Obligations	The obligations and liabilities of the Borrowers hereunder shall be joint and several.
Security	The payment and performance of the DIP Obligations shall be secured and assured by a valid and perfected super priority Court (defined below)

	<p>ordered security interest in favour of the Lender (the "<b>DIP Charge</b>") over all of the real property of the Borrowers as listed on Appendix "C" hereto and all monies receivable by the Borrowers from their affiliates resulting from advances to such affiliates of the monies advanced to the Borrowers hereunder, which receivables are secured by the Intercompany Lender's Charge (collectively, the "<b>Collateral</b>").</p> <p>The DIP Charge will rank in priority to all other encumbrances of any kind whatsoever except for (a) a Court ordered administration charge to secure payment of professional fees of the Borrowers, the Proposal Trustee and its legal counsel in a principal amount not to exceed \$1,000,000 (the "<b>Administration Charge</b>") and (b) any permitted encumbrances as agreed to by the Lender and as provided for in the DIP Approval Order.</p>
<p>Conditions Precedent to the DIP Facility and to Advances</p>	<p>The DIP Facility will become effective upon, and the ability of the Borrowers to obtain Advances from time to time shall be subject to the satisfaction of the following conditions:</p> <ul style="list-style-type: none"><li>• the execution and delivery by the Borrowers of this Agreement and the other Loan Documents (defined below);</li><li>• review by the Lender of advance copies of all materials to be filed in respect of the CCAA Proceedings;</li><li>• the delivery to the Lender of an Advance Request;</li><li>• payment of all fees due to the Lender;</li><li>• Lender having received documentation satisfactory to it with respect to the DIP Charge and such documentation providing that the Lender has a registered security interest in the Collateral, together with supporting resolutions and certificates;</li><li>• an order in the CCAA Proceedings, in form and content satisfactory to the Lender, approving this DIP Facility and this Agreement (the "<b>DIP Approval Order</b>") will have been obtained;</li><li>• the DIP Approval Order will provide that the Lender shall be an unaffected creditor in the CCAA Proceedings;</li><li>• there will be no pending appeals, injunctions or other legal impediments relating to the completion of the DIP Facility or pending litigation restraining or prohibiting the completion of the DIP Facility;</li><li>• the representations and warranties contained in this Agreement will be true and correct in every material respect and the Borrowers shall have delivered an officer's certificate to the Lender confirming same;</li><li>• the DIP Approval Order shall be in full force and effect and shall not have been vacated, stayed, revised, modified or amended in any manner without the consent of the Lender, and the time period for seeking leave to appeal or other review of the DIP Approval Order shall have expired;</li><li>• the Borrowers shall be in full compliance with the DIP Approval Order and any amendments thereto; and</li><li>• the Lender shall be satisfied that no security ranks in priority to the DIP Charge save and except as permitted herein or by operation of law.</li></ul>

Representations and Warranties	<p>To induce the Lender to make the DIP Facility available to the Borrowers and enter into the Agreement and the other Loan Documents the Borrowers will provide the Lender with an officer's certificate representing and warranting to the Lender the following (which representations and warranties will be deemed to be repeated upon each Advance being made to the Borrowers):</p> <ul style="list-style-type: none"><li>• each Borrower is a corporation duly incorporated, and validly existing under the laws of its jurisdiction of incorporation and is duly qualified, licensed or registered to carry on business under the laws applicable to it in all jurisdictions in which the nature of its assets or business makes such qualification necessary;</li><li>• the Borrowers have all requisite corporate power and authority to own and operate their properties, assets and business, and to enter into and perform their obligations under the Loan Documents, subject to the DIP Approval Order to be issued by the Ontario Superior Court of Justice (Commercial List) (the "<b>Court</b>");</li><li>• the execution and delivery of this Agreement and any and all related loan and security documentation (collectively, the "<b>Loan Documents</b>") by the Borrowers and the performance by the Borrowers of the obligations thereunder have been duly authorized by all necessary corporate action and no authorization under any applicable law, and no registration, qualification, designation, declaration or filing with any Governmental Authority, is or was necessary therefor other than obtaining the DIP Approval Order. The term "<b>Governmental Authority</b>" where used in this Agreement means any domestic or foreign (a) federal, provincial, state, municipal, local or other government, (b) any governmental or quasi-governmental authority of any nature, including any governmental ministry, agency, branch, department, court, commission, board, tribunal, bureau or instrumentality, or (c) any body exercising or entitled to exercise any administrative, executive, judicial, legislative, regulatory or taxing authority or power of any nature;</li><li>• subject to the obtaining of the DIP Approval Order and the terms thereof, all consents, notices and approvals necessary for the Borrowers to enter into the transactions contemplated by this Agreement and the other Loan Documents to which it is a party have been obtained;</li><li>• subject to the obtaining of the DIP Approval Order and the terms thereof, the execution, delivery and performance by the Borrowers of this Agreement and the other Loan Documents do not, and will not, contravene, violate or result in a breach of, their constating documents, any shareholders' agreement, applicable laws or material contracts;</li><li>• subject to the obtaining of the DIP Approval Order and the terms thereof, this Agreement and the other Loan Documents have been duly executed and delivered by the Borrowers, and constitute legal, valid and binding obligations, enforceable in accordance with their</li></ul>
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	<p>respective terms;</p> <ul style="list-style-type: none"><li>• each of the Borrowers has in full force and effect policies of insurance in respect of the Collateral with sound and reputable insurance companies in such amounts, with such deductibles and risks as are customarily carried by companies engaged in similar businesses;</li><li>• each of the Borrowers has filed in a timely fashion all required tax returns and reports (except in respect of any prior fiscal period for which the due date for filing the applicable tax return has not yet occurred) and paid all required taxes and remittances, including all employee source deductions (including income taxes, employment insurance and Canada pension plans), sales taxes (both federal and provincial), payroll taxes and workers compensation payments, except for any taxes that are not yet due and payable or which are in dispute in which case appropriate reserves have been made;</li><li>• the businesses of the Borrowers have been and will continue to be conducted in material compliance with all laws of each jurisdiction in which the businesses have been or are being carried on;</li><li>• except as disclosed to the Lender in writing, and as it relates to the Collateral: (a) the Borrowers are and have been in material compliance with all applicable environmental laws, including obtaining, maintaining and complying with all permits required by any applicable environmental law, (b) none of the Borrowers are party to, and no real property currently or previously owned, leased or otherwise occupied by or for the Borrowers is subject to or the subject of, any contractual obligation or any pending or threatened order, action, investigation, suit, proceeding, audit, claim, demand, dispute or notice of violation or of potential liability or similar notice under or pursuant to any environmental law, (c) no encumbrance in favour of any Governmental Authority securing, in whole or in part, environmental liabilities has attached to any property of the Borrowers and no facts, circumstances or conditions exist that could reasonably be expected to result in any such encumbrance attaching to any such property, (d) the Borrowers have not caused or suffered to occur a release or conditions creating any potential for a release at, to or from any real property, (e) the Borrowers are not and have not engaged in operations that, and no facts, circumstances or conditions exist that, in the aggregate, would have a reasonable likelihood of resulting in material environmental liabilities, and (f) the Borrowers have made available to the Lender copies of all existing environmental reports, reviews and audits and all documents pertaining to actual or potential environmental liabilities, in each case to the extent such reports, reviews, audits and documents are in their possession, custody or control;</li><li>• there are no unregistered charges, carried interests, rights of first refusal, or other rights for the benefit of third parties affecting the Collateral; and</li><li>• each Borrower owns 100% of the legal and beneficial interest in, and</li></ul>
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	has good, valid and marketable title to, the real property specified next to its name in Appendix "C" hereto.
Positive Covenants	<p>Until the DIP Obligations have been repaid in full and the DIP Facility terminated, the Borrowers covenant and agree to do the following:</p> <ul style="list-style-type: none"><li>• treat the Lender as an unaffected creditor in the CCAA Proceedings in respect of the DIP Obligations;</li><li>• not attempt to compromise or arrange the DIP Obligations;</li><li>• comply with all orders made in the CCAA Proceedings except to the extent such orders have been in whole or in part stayed, reversed, modified or amended;</li><li>• keep the Lender apprised on a timely basis of all material developments with respect to the business and affairs of the Borrowers;</li><li>• deliver to the Lender such reporting and other information from time to time reasonably required by the Lender, including, without limitation, information pertaining to the status of property taxes;</li><li>• use the Advances only for the purposes contemplated hereby;</li><li>• maintain their corporate existence;</li><li>• except where the stay of proceedings applies under the CCAA, pay promptly when due all statutory priority amounts, including those payments which rank ahead of the DIP Charge or with respect to such claims arising after the commencement date of the CCAA Proceedings (the "<b>Priority Payables</b>");</li><li>• insure and keep insured, to the extent necessary, the Collateral on terms acceptable to the Lender naming the Lender as loss payees and additional insured;</li><li>• permit the Lender and its representatives access at any reasonable time to the premises, books, records, information or data of the Borrowers and permit the Lender to make copies of and abstracts from such records, information or data;</li><li>• comply with all applicable laws, rules and regulations applicable to the business of the Borrowers, including, without limitation, environmental laws;</li><li>• pay to the Lender in an amount up to the DIP Obligations then owing to the Lender, proceeds of disposition received by the Borrowers from the sale of the Collateral;</li><li>• comply with all material contracts; and</li><li>• complete all lien or other searches and any registrations as the Lender deems necessary or desirable.</li></ul>
Negative Covenants	<p>Until the DIP Obligations have been repaid in full and the DIP Facility terminated, the Borrowers covenant and agree not to do or cause to be done the following:</p> <ul style="list-style-type: none"><li>• apply for or consent to any change, amendment or modification to the DIP Approval Order without the prior written consent of the Lender, or fail to oppose any application or motion for a change, amendment or modification to the DIP Approval Order opposed by the Lender;</li></ul>



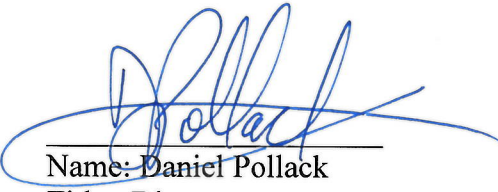
	<ul style="list-style-type: none"><li>• create, assume, incur or suffer to exist any encumbrance, without the consent of the Lender, during the CCAA Proceedings other than the DIP Charge, Intercompany Lender's Charges, any Director's Charge (as may be defined and provided for in the Initial Order) and the Administration Charge;</li><li>• initiate or consent to any order or consent to any change, amendment or modification to any order issued in the CCAA Proceedings which materially affects the Lender;</li><li>• change their respective names, or liquidate, dissolve or merge, amalgamate or consolidate with any other person;</li><li>• subject to the Initial Order, cease (or threaten to cease) to carry on their business or activities as currently being conducted or modify or alter in any material manner the nature and type of their operations, business or the manner in which such business is conducted;</li><li>• enter into any sale and leaseback agreement;</li><li>• except as contemplated in the Initial Order, make or grant any loan or guarantee to any person;</li><li>• make any corporate distributions of any kind whatsoever to any director, officer or shareholder of the Borrowers, unless approved by the Lender and the Proposal Trustee, except normal course payroll; and</li><li>• enter into any transaction without the approval of the Court whereby all or substantially all of the undertaking, property and assets of any Borrower (including, for greater certainty, any real property owned by a Borrower as indicated on Appendix "C" hereto) would become the property of any other person whether by way of restructuring, reorganization, recapitalization, consolidation, amalgamation, merger, transfer, sale or otherwise.</li></ul>
Reporting Covenants	<p>Until the DIP Obligations have been repaid in full and the DIP Facility terminated, the Borrowers covenant and agree to do or cause to be done the following:</p> <ul style="list-style-type: none"><li>• provide prompt written notice of any action, investigation, suit, proceeding, claim or dispute before any court, governmental department, bureau, agency or similar body affecting the Borrowers not stayed in the CCAA Proceedings;</li><li>• no less than on a monthly basis, on a date and at a time convenient to the Lender, acting reasonably, and starting on December 6, 2018, the Borrowers and the Proposal Trustee shall make themselves available on a conference call, in which the Borrowers, the Proposal Trustee and the Lender will participate, where the Lender will be updated with respect to developments relating to the Borrowers and the CCAA Proceedings, including, without limitation, any Sales Process; and</li><li>• provide notice of any development or event that has had or could reasonably be expected to have a material adverse effect on the Borrowers, their business or the Collateral.</li></ul>
Expenses	<p>The Borrowers shall pay, on demand, all fees, costs and expenses of the Lender incurred in connection with the preparation, due diligence,</p>

	<p>negotiation, execution, amendment, administration and enforcement of the DIP Facility, this Agreement and any other Loan Document whether or not the transactions contemplated herein or therein are completed. All such fees, disbursements and expenses shall be included in the DIP Obligations and secured by the DIP Charge. At the direction of the Lender, reimbursement of such expenses may be satisfied by deducting the applicable amounts from an Advance.</p>
Remedies	<p>Upon the making of a demand hereunder, whether or not there is availability under the DIP Facility, without any further notice or demand whatsoever, the right of the Borrowers to receive any Advance or other accommodation of credit shall be terminated and the Lender may accelerate and declare all DIP Obligations immediately due and payable and exercise any rights of set-off. Without limiting the foregoing, upon further order of the Court, the Lender shall have the right to exercise all other customary remedies, including, without limitation, the right to realize on all Collateral and to appoint a receiver. No failure or delay by the Lender in exercising any of its rights hereunder or at law shall be deemed a waiver of any kind. All payments received by the Lender shall be applied first to any fees due to the Lender and any expenses of the Lender, then to principal, and then to accrued and unpaid interest.</p>
No Setoff, Indemnity and Release	<p>The Borrowers shall not be permitted to setoff any obligations owing by the Lender or claims against the Lender against the DIP Obligations. The Borrowers hereby release any and all claims against the Lender and agree to indemnify and hold harmless the Lender against all liabilities arising from or related in any way to the DIP Facility, the Borrowers or the CCAA Proceedings.</p>
Assignment	<p>The Lender may assign the DIP Facility and the Loan Documents to an affiliate on notice to the Borrowers. The Borrowers cannot assign any of its rights or obligations herein or under any Loan Document without the prior written consent of the Lender.</p>
Governing Law	<p>The laws of the Province of Ontario and the federal laws of Canada.</p>
Currency	<p>All references to monetary amounts in this Agreement are expressed in Canadian dollars.</p>

If you are in agreement with the terms and conditions set out in this Agreement, please sign the acceptance set out below. This agreement may be executed in counterparts and so executed shall constitute a binding agreement among the parties hereto.

**KINGSETT MORTGAGE  
CORPORATION**

By:   
Name: Bryan Salazar  
Title: Executive Director

By:   
Name: Daniel Pollack  
Title: Director

The undersigned accepts and agrees to the terms and conditions set out in this Agreement.

**186 OLD KENNEDY DEVELOPMENT INC.  
31 VICTORY DEVELOPMENT INC.  
58 OLD KENNEDY DEVELOPMENT INC.  
82 OLD KENNEDY DEVELOPMENT INC.  
76 OLD KENNEDY DEVELOPMENT INC.  
22 OLD KENNEDY DEVELOPMENT INC.  
35 THELMA DEVELOPMENT INC.  
19 TURFF DEVELOPMENT INC.  
4550 STEELES DEVELOPMENT INC.**

\_\_\_\_\_  
**Yuan Hua Wang**  
**President and Director**

**Acknowledged by KSV Kofman Inc., solely in its  
capacity as Proposal Trustee of certain of the  
Applicants (including certain of the Borrowers)  
and not in its personal or corporate capacity**

By: \_\_\_\_\_  
Name: Robert Kofman  
Title: President

If you are in agreement with the terms and conditions set out in this Agreement, please sign the acceptance set out below. This agreement may be executed in counterparts and so executed shall constitute a binding agreement among the parties hereto.

**KINGSETT MORTGAGE  
CORPORATION**

By: \_\_\_\_\_  
Name: Bryan Salazar  
Title: Executive Director

By: \_\_\_\_\_  
Name: Daniel Pollack  
Title: Director

The undersigned accepts and agrees to the terms and conditions set out in this Agreement.

**186 OLD KENNEDY DEVELOPMENT INC.  
31 VICTORY DEVELOPMENT INC.  
58 OLD KENNEDY DEVELOPMENT INC.  
82 OLD KENNEDY DEVELOPMENT INC.  
76 OLD KENNEDY DEVELOPMENT INC.  
22 OLD KENNEDY DEVELOPMENT INC.  
35 THELMA DEVELOPMENT INC.  
19 TURFF DEVELOPMENT INC.  
4550 STEELES DEVELOPMENT INC.**

  
\_\_\_\_\_  
Yuan Hua Wang  
President and Director

**Acknowledged by KSV Kofman Inc., solely in its  
capacity as Proposal Trustee of certain of the  
Applicants (including certain of the Borrowers)  
and not in its personal or corporate capacity**

By: \_\_\_\_\_  
Name: Robert Kofman  
Title: President

## **APPENDIX "A"**

### **APPLICANTS**

Forme Development Group Inc.  
2358825 Ontario Ltd.  
27 Anglin Development Inc.  
29 Anglin Development Inc.  
4 Don Hillock Development Inc.  
250 Danforth Development Inc.  
3310 Kingston Development Inc.  
1296 Kennedy Development Inc.  
7397 Islington Development Inc.  
1326 Wilson Development Inc.  
101 Columbia Development Inc.  
4208 Kingston Development Inc.  
376 Derry Development Inc.  
390 Derry Development Inc.  
189 Carrville Development Inc.  
169 Carrville Development Inc.  
159 Carrville Development Inc.  
5507 River Development Inc.  
4439 John Development Inc.  
186 Old Kennedy Development Inc.  
31 Victory Development Inc.  
58 Old Kennedy Development Inc.  
76 Old Kennedy Development Inc.  
82 Old Kennedy Development Inc.  
22 Old Kennedy Development Inc.  
35 Thelma Development Inc.  
19 Turff Development Inc.  
4550 Steeles Development Inc.  
9500 Dufferin Development Inc.

## **APPENDIX "B"**

### **BORROWERS**

186 Old Kennedy Development Inc.

31 Victory Development Inc.

58 Old Kennedy Development Inc.

76 Old Kennedy Development Inc.

82 Old Kennedy Development Inc.

22 Old Kennedy Development Inc.

35 Thelma Development Inc.

19 Turff Development Inc.

4550 Steeles Development Inc.

**APPENDIX "C"**

**REAL PROPERTY**

<b>Borrower</b>	<b>Legal Description and Municipal Address</b>
186 Old Kennedy Development Inc.	<b>02953-0027 (LT)</b> PT E1/2 LT 2 CON 5 MARKHAM AS IN MA91925 EXCEPT PT 10 EXPROP PL MA66625; T/W MA91925; S/T MA91925; CITY OF MARKHAM 186 Old Kennedy Road, Markham, ON
	<b>02953-0028 (LT)</b> PT E1/2 LT 2 CON 5 MARKHAM AS IN MA97577; T/W MA97577; S/T MA97577 ; MARKHAM 51 Victory Ave., Markham
31 Victory Development Inc.	<b>02953-0029 (LT)</b> PT E1/2 LT 2 CON 5 MARKHAM AS IN R410839 EXCEPT R438796 (THIRDLY) ; MARKHAM 31 Victory Avenue, Markham, ON
58 Old Kennedy Development Inc.	<b>02953-0015 (LT)</b> PT LT 1 CON 5 MARKHAM AS IN R609686; CITY OF MARKHAM 58 Old Kennedy Road, Markham, ON
	<b>02953-0017 (LT)</b> LT 8 PL 2687 MARKHAM; LT 9 PL 2687 MARKHAM; LT 10 PL 2687 MARKHAM; LT 11 PL 2687 MARKHAM; LT 12 PL 2687 MARKHAM ; MARKHAM 20 Thelma Avenue, Markham, ON
76 Old Kennedy Development Inc.	<b>02953-0016 (LT)</b> PT LT 1 CON 5 MARKHAM AS IN R649696; MARKHAM; CITY OF MARKHAM 76 Old Kennedy Road, Markham, ON
82 Old Kennedy Development Inc.	<b>02953-0018 (LT)</b> LT 3 PL 3580 MARKHAM; MARKHAM; S/T EASE OVER PT 2, 65R25475, AS IN YR301388; S/T EASE OVER PT 3, 65R25475, AS IN YR301389 82 Old Kennedy Road, Markham, ON
22 Old Kennedy Development Inc.	<b>02953-0009 (LT)</b> PT LT 1 PL 2687 MARKHAM AS IN R291131 ; MARKHAM 16 Old Kennedy Road, Markham, ON

	<b>02953-0010 (LT)</b> LT 5 PL 2687 MARKHAM ; MARKHAM 22 Old Kennedy Road, Markham, ON
35 Thelma Development Inc.	<b>02953-0012 (LT)</b> LT 6 PL 2687 MARKHAM; LT 7 PL 2687 MARKHAM ; MARKHAM 35 Thelma Avenue, Markham, ON
19 Turff Development Inc.	<b>02953-0161 (LT)</b> LOT 4, PLAN 2687, EXCEPT PART 7, EXPROPRIATION PLAN YR2830597; CITY OF MARKHAM 19 Turff Avenue, Markham
4550 Steeles Development Inc.	<b>02952-0433 (LT)</b> PT LT 1, CON 6 (MKM) PT 12, 65R33993 & PT 14, 65R30695; SUBJECT TO A TEMPORARY EASEMENT UNTIL 2025/12/31 OVER PART 2 EXPROPRIATION PLAN YR2830228 AS IN YR2830228; CITY OF MARKHAM 4550 Steeles Avenue East, Markham, ON
	<b>02952-0430 (LT)</b> PT LT 1 CONCESSION 6 (MKM) PT 8, 65R33993; CITY OF MARKHAM 31 Old Kennedy Road, Markham, ON



## **Appendix “E”**

Summary of Debtor-in-Possession Facilities Approved in 2017 and 2018 CCAA Proceedings

As at November 4, 2018

Debtor	Jurisdiction	Monitor/Information Officer	Filing Date	Industry	Lender	Commitment (Notes 1 and 2)	Fees	Interest Rate
Discovery Air Inc.	Ontario	KSV Kofman Inc.	21-Mar-18	Aviation	Clairvest Group Inc.	\$12,600,000 (Note 3)	The DIP Lender's reasonable out of pocket expenses including legal expenses incurred in connection with these CCAA proceedings.	10%
Société en commandite Tilly de Laval et Promotions Anne Delisle Inc.	Quebec	Lemieux Nolet Inc.	14-Feb-18	Excavation	La Financiere Transcapitale Inc.	\$750,000	(Note 4)	(Note 4)
Banro Corporation, Banro Group (Barbados) Limited, Banro Congo (Barbados) Limited, Namoya (Barbados) Limited, Lugushwa (Barbados) Limited, Twangiza (Barbados) Limited, Kamituga (Barbados) Limited	Ontario	FTI Consulting Canada Inc.	22-Dec-17	Mining	Gramercy Funds Management LLC, Baiyin International Investment Limited	US\$20,000,000	All DIP lender's costs and expenses (Note 5)	12%
Copper Sands Land Corp.	Saskatchewan	Deloitte Restructuring Inc.	20-Dec-17	Mining	Staheli Construction Co. Ltd.	\$1,250,000	\$30,000 Facility Fee \$15,000 fee if the DIP Facility is repaid prior to January 31, 2018	15%
Azzimov Inc., Azzimov Mobile Inc.	Quebec	PricewaterhouseCoopers Inc.	18-Dec-17	Technology	ACG S.E. LP	\$1,000,000	Facility Fee: 4% applicable to each tranche	15%
669699 N.B. Ltd., MP Atlantic Wood Ltd. and New Future Lumber Ltd.	New Brunswick	Powell Associates Ltd.	29-Nov-17	Lumber Manufacturing	Kindred Financial Inc.	\$500,000	Commitment fee: \$25,000	12%
RCR International Inc. and WJ Dennis & Company	Quebec	Ernst & Young Inc.	21-Nov-17	Manufacturing	Bank of Montreal	\$3,000,000	All legal expenses incurred by the DIP Lender for the preparation, negotiation and performance of the DIP Financing.	11%
BuildDirect.com Technologies Inc.	British Columbia	PricewaterhouseCoopers Inc.	31-Oct-17	Technology	Pelecanus Investments Ltd., Lyra Growth Partners Inc., Beedie Capital Partners Fund 1 Limited Partnership	US\$15,000,000	Costs of the DIP Lenders including the costs of a financial advisor Administration Charge: to the maximum amount of \$500,000	12%
Java-U Group Inc., Java-U Food Services Inc., Café Java-U Inc. and Java-U RTA Inc.	Quebec	Raymond Chabot Inc.	06-Oct-17	Retail	3070352 Canada Inc.	\$400,000	(Note 4)	(Note 4)
Toys "R" Us (Canada) Ltd. Toys "R" Us (Canada) Ltee ("Toys Canada")	Ontario	Grant Thornton Limited	19-Sep-17	Retail	JPMorgan Chase Bank, N.A.	Canadian DIP Term Loan: US\$200 million Canadian DIP Revolving Loan: US\$300 million (Note 6)	US\$20.7 million (estimated fees as per the CCAA cash flow projection) Closing Fee: \$150,000	(Note 7)
WD Navarre Canada, ULC	Ontario	KSV Kofman Inc.	18-Sep-17	Distribution	Wells Fargo Bank, N.A., JPMorgan Chase Bank, N.A., SunTrust Robinson Humphrey Inc., and Sun Trust Bank	US\$15,000,000	Unused Line Fee: monthly fee of 0.25%/annum LC Facility Fees: monthly fee of 7%/annum and all customary charges in respect of the letters of credit Field Exam Fees: as detailed in the Report	10.25% - US Revolving Loan (6% plus Agent's prime rate of 4.25%) 9.2% - Canadian Revolving Loan (6% plus prime rate of 3.2%) Default Interest: 2% plus applicable Interest Rate
Index Energy Mills Corporation	Ontario	Grant Thornton Limited	16-Aug-17	Energy	Index Equity US LLC	\$5,000,000	All DIP lender's costs and expenses (Note 5)	6%
Canada North Group Inc., Canada North Camps., Campcorp Structures Ltd., D.J. Catering Ltd., 816956 Alberta Ltd., 1371047 Alberta Ltd.	Alberta	Ernst & Young Inc.	06-Jul-17	Oil and Gas	Business Development Bank of Canada	\$2,500,000	Administration fee of \$250 per month Loan Processing Fee of \$15,000	9% (Floating Base Rate per BDC (4.8%) plus 4.2%) LIBOR floor) or USPR+10% (4% USPR Floor) DIP ABL Facility: BA/LIBOR+4.5% or PR/BR+3.5% DIP ABL L/C Fees: (a) 4.5% per annum for Standby L/C and (b) 4% per annum for Commercial L/C.
Sears Canada Inc.	Ontario	FTI Consulting Canada Inc.	22-Jun-17	Retail	Wells Fargo	DIP ABL: \$300,000,000 DIP Term Loan: US\$150,000,000 (Note 8)	Structuring Fee: DIP ABL Facility: 1.25% Unused Line Fee: DIP ABL Facility: 0.375% Commitment Fee: DIP Term Loan Facility: 3.5% Exit Fee: DIP Term Loan Facility: 1.5%	
Gestion Eric Savard Inc., et al.	Quebec	Raymond Chabot Inc.	18-May-17	Medical	Fiera Capital Corporation	\$5,400,000	(Note 4)	(Note 4)
Express Fashion Apparel Canada Inc. and Express Canada GC GP Inc.	Ontario	Alvarez & Marsal Canada Inc.	04-May-17	Retail	N/A	N/A	N/A	N/A
Walton International Group Inc. et al.	Alberta	Ernst & Young Inc.	28-Apr-17	Real Estate	Century Services Corp.	\$7,000,000	Facility Fee: up front fee of 2% of the available advances Break Fee: \$250,000	12.75%
Orbite Technologies Inc. ("Orbite")	Quebec	PricewaterhouseCoopers Inc.	28-Apr-17	Industrial Technology	Orbite's debenture holders	\$6,800,000	Engagement fee: 1% of the DIP	9.25%
Alliance Hanger Inc.	Quebec	KPMG Inc.	16-Feb-17	Manufacturing and Distribution	9170-9402 Quebec Inc.	\$5,000,000	N/A	Interest free
Grafton-Fraser Inc.	Ontario	Richter Advisory Group Inc.	25-Jan-17	Retail	GSO Capital Partners	\$5,500,000	Facility Fee: \$55,000 Annual Administration Fee: US\$15,000	Approximately 15% (CDOR+14%)
Development Lachine Est Inc.	Quebec	Raymond Chabot Inc.	13-Jan-17	Real Estate	(Note 4)	(Note 4)	(Note 4)	(Note 4)

**General Notes:**

1. This analysis summarizes the majority of DIP facilities approved in 2017/2018 based on information available on the applicable Monitor's website. All currency references are in Canadian dollars, unless otherwise noted.
2. All or substantially all of the DIP facilities detailed above were granted a DIP Lender's Charge on a super priority status, other than Discovery Air Inc. (see note 3).

**Specific Notes:**

3. The DIP Facility had priority over the security held by Clairvest only and did not prime any secured creditor which ranks in priority to Clairvest.
4. The terms of the DIP facilities, if any, were not available on the applicable Monitor's website.
5. The public information did not specify the fees associated with this DIP facility other than the DIP lender's costs.
6. The DIP lender has provided funding of up to US \$2.3 billion to the direct parent of Toys Canada as the principal borrower and to Toys Canada as the Canadian borrower which includes a Canadian DIP Term Loan of US\$200 million and a Canadian DIP Revolving Loan of US \$300 million. Given the magnitude of these DIP facilities relative to the DIP Facility, KSV, as proposed Monitor, did not consider them relevant in its assessment of the DIP Facility in the context of these proceedings.
7. The public information did not specify the interest rate associated with this DIP facility other than that it will bear interest at a slightly higher marginal interest rate than the existing ABL Credit Facility.
8. Given the magnitude of the DIP facilities relative to the DIP Facility, the Proposed Monitor did not consider them relevant in its assessment of the DIP Facility in the context of these proceedings.

## **Appendix “F”**

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,  
R.S.C. 1985, c.C-36, AS AMENDED**

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT  
FORME DEVELOPMENT GROUP INC. AND THE OTHER COMPANIES  
LISTED ON SCHEDULE "A" HERETO  
MANAGEMENT'S REPORT ON CASH FLOW STATEMENT  
(paragraph 10(2)(b) of the CCAA)**

Forme Development Group and those other entities listed on Schedule "A" hereto (collectively, the "Applicants") have developed the assumptions and prepared the attached statement of projected cash flow as of the 4<sup>th</sup> day November, 2018 for the period November 6, 2018 to December 9, 2018 ("Cash Flow"). All such assumptions are disclosed in the notes to the Cash Flow.

The hypothetical assumptions are reasonable and consistent with the purpose of the Cash Flow as described in Note 1 to the Cash Flow, and the probable assumptions are suitably supported and consistent with the plans of the Applicants and provide a reasonable basis for the Cash Flow.

Since the Cash Flow is based on assumptions regarding future events, actual results will vary from the information presented and the variations may be material.

The Cash Flow has been prepared solely for the purpose outlined in Note 1 using a set of hypothetical and probable assumptions set out therein. Consequently, readers are cautioned that the Cash Flow may not be appropriate for other purposes.

Dated at Toronto, Ontario this 5<sup>th</sup> day of November, 2018.



Yuan Hua Wang,

President of the Applicants

Forme Development Group Inc. and the other companies listed on Schedule "A" (the "Applicants")

**Projected Cash Flow**

For the Period Ending December 9, 2018

(Unaudited; C\$)

	Notes	11-Nov-18	18-Nov-18	25-Nov-18	02-Dec-18	09-Dec-18	Total
	1						
<i>Receipts</i>							
Rental revenues	2	-	10,000	-	-	-	10,000
<i>Total Receipts</i>		-	10,000	-	-	-	10,000
<i>Disbursements</i>							
Consulting fees	3	-	-	2,350	19,850	2,350	24,550
Insurance		1,579	4,292	35,108	9,355	1,579	51,913
Office and general expenses	4	1,250	1,325	2,350	925	3,550	9,400
Payroll costs	5	26,000	6,750	26,000	-	26,000	84,750
Property taxes	6	-	-	-	-	-	-
Rent payments	7	5,700	-	2,373	8,073	-	16,146
Maintenance expenses	8	23,820	23,040	21,959	25,840	33,020	127,679
Bonding fees	9	-	-	-	1,937	12,250	14,187
Utility payments		10,640	620	5,150	6,935	8,750	32,095
Other operating expenses		9,200	9,200	9,200	9,200	9,200	46,000
Miscellaneous		5,000	5,000	5,000	5,000	5,000	25,000
<i>Total Disbursements</i>		83,189	50,227	109,490	87,115	101,699	431,720
<i>Net Cash Flow before the undernoted</i>		(83,189)	(40,227)	(109,490)	(87,115)	(101,699)	(421,720)
Professional fees re: restructuring	10	300,000	-	-	-	-	300,000
Debt service	11	-	-	-	275,000	-	275,000
<i>Net Cash Flow</i>		(383,189)	(40,227)	(109,490)	(362,115)	(101,699)	(996,720)
Opening cash balance	12	230,850	-	-	-	-	230,850
Net cash flow		(383,189)	(40,227)	(109,490)	(362,115)	(101,699)	(996,720)
DIP funding required	13	152,339	40,227	109,490	362,115	101,699	765,871
Closing cash balance		-	-	-	-	-	-

Forme Development Group Inc. and the other companies listed on Schedule "A" (the "Applicants")

**Notes to Projected Statement of Cash Flow**

For the Period Ending December 9, 2018

(Unaudited; \$C)

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**Purpose and General Assumptions**

1. The purpose of the projection is to present a cash forecast of Forme Development Group Inc. and the companies listed on Schedule "A" (together, the "Forme Group") for the period November 6, 2018 to December 9, 2018 in respect of their proceedings under the *Companies' Creditors Arrangement Act*.

The projected cash flow statement has been prepared based on hypothetical and most probable assumptions.

**Hypothetical Assumptions**

2. Represents rent collections from a tenant of the Pacific Gardens development.

**Most Probable Assumptions**

3. Includes fees for municipal lawyers, architects, municipal planners, civil engineers, environmental engineers, landscape architects, traffic consultants and permits.
4. Represents office supplies, IT expenses, photocopier lease expenses, postage and office cleaning costs.
5. Payroll is paid bi-weekly. Payroll includes source deductions, benefits and WSIB.
6. For the time being, no property taxes are assumed to be paid during the period.
7. Represents rent payments for the Forme Group's head office and for a sales center for the Danforth development.
8. Includes costs for fence rental, daily inspection, minor housekeeping, the removal of garbage, yard maintenance and general repairs.
9. Represents bonding fees required by Tarion in relation to purchaser deposits collected by the Forme Group on the Birchmount Gardens development.
10. The professional fees are in respect of the Monitor, its legal counsel and legal counsel to the Forme Group. Professional fees are estimated and the allocation of certain of these fees will be allocated on a basis to be determined and approved by the Court.
11. Represents debt servicing on the Pacific Gardens project.
12. Represents the opening cash balance in the Forme Group's bank accounts as at November 6, 2018. This balance is being confirmed.
13. Represents an estimate of the DIP funding requirement, before interest and fees.

**Schedule “A” – List of Companies**

2358825 Ontario Ltd.  
27 Anglin Development Inc.  
29 Anglin Development Inc.  
4 Don Hillock Development Inc.  
250 Danforth Development Inc.  
3310 Kingston Development Inc.  
1296 Kennedy Development Inc.  
7397 Islington Development Inc.  
1326 Wilson Development Inc.  
101 Columbia Development Inc.  
4208 Kingston Development Inc.  
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9500 Dufferin Development Inc.

## **Appendix “G”**



**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,  
R.S.C. 1985, c.C-36, AS AMENDED**

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF  
FORME DEVELOPMENT GROUP INC. AND THE OTHER COMPANIES LISTED ON  
SCHEDULE "A" HERETO  
MONITOR'S REPORT ON CASH FLOW STATEMENT  
(paragraph 23(1)(b) of the CCAA)**

The attached statement of projected cash-flow of Forme Development Group and those other entities listed on Schedule "A" hereto (collectively, the "Applicants"), as of the 4<sup>th</sup> day November, 2018, consisting of a weekly projected cash flow statement for the period November 6, 2018, to December 9, 2018 ("Cash Flow") has been prepared by the management of the Applicants for the purpose described in Note 1, using the probable and hypothetical assumptions set out in the notes to the Cash Flow.

Our review consisted of inquiries, analytical procedures and discussions related to information supplied by the management and employees of the Applicants. Since hypothetical assumptions need not be supported, our procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the Cash Flow. We have also reviewed the support provided by management for the probable assumptions and the preparation and presentation of the Cash Flow.

Based on our review, nothing has come to our attention that causes us to believe that, in all material respects:

- a) the hypothetical assumptions are not consistent with the purpose of the Cash Flow;
- b) as at the date of this report, the probable assumptions developed by management are not suitably supported and consistent with the plans of the Applicants or do not provide a reasonable basis for the Cash Flow, given the hypothetical assumptions; or
- c) the Cash Flow does not reflect the probable and hypothetical assumptions.

Since the Cash Flow is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, we express no assurance as to whether the Cash Flow will be achieved. We express no opinion or other form of assurance with respect to the accuracy of any financial information presented in this report, or relied upon in preparing this report.

The Cash Flow has been prepared solely for the purpose described in Note 1 and readers are cautioned that it may not be appropriate for other purposes.

Dated at Toronto this 5<sup>th</sup> day of November, 2018.

*KSV Kofman Inc*

**KSV KOFMAN INC.  
IN ITS CAPACITY AS PROPOSED CCAA MONITOR OF  
THE APPLICANTS  
AND NOT IN ITS PERSONAL CAPACITY**

## **Appendix “H”**



**EXCLUSIVE LISTING AND ADVISORY AGREEMENT**

This exclusive listing and advisory agreement (the "Agreement") is made as of the 5<sup>th</sup> day of November 2018 (the "Effective Date").

**BETWEEN:**

**TD CORNERSTONE COMMERCIAL REALTY INC.**

(the "Advisor")

and

**Forme Development Group Inc. and the entities listed on Schedule "A"**

(the "Companies")

and

**KSV KOFMAN INC.**

without personal or corporate liability and solely in its capacity as Court-appointed monitor (the "Monitor") of the Companies in proceedings commenced by the Companies under the *Companies' Creditors Arrangement Act* (the "CCAA").

In consideration of the Advisor agreeing to assist the Companies and Monitor, on behalf of the Companies, to facilitate the Sale (as defined below) of the real property and all of the assets and undertaking of the Companies acquired for or in relation to the real property (the "Property"), the Monitor and each of the Companies, hereby: (i) grants to the Advisor the sole and exclusive authority, irrevocable until the expiration of the Exclusive Listing Term (as defined below), to market the Property on behalf of the Companies; and (ii) agrees to that the Advisor will be paid the Commission (as defined below), upon and subject to the terms and conditions described in this Agreement.

- 1. TERMS OF SALE:** The Property shall be offered to the market for sale on such terms as are mutually agreed upon between the Monitor, on behalf of the Companies, and the Advisor in consultation with the Companies. For the purposes of this Agreement, "Sale" shall be defined as any disposition, refinancing, exchange or trade of the Property or any interest therein, directly or indirectly, or the granting of any option to purchase, the Property, or any issue, transfer, sale, exchange or trade of shares or other securities which results in any direct or indirect change of legal or beneficial ownership.
- 2. TERM OF EXCLUSIVE LISTING ENGAGEMENT:** This Agreement shall remain in full force and effect for **180** days following the Effective Date (the "**Exclusive Listing Term**"). Notwithstanding anything contained herein to the contrary, if a binding purchase and sale agreement or refinancing agreement with respect to the Property (a "**Transaction Agreement**") has been entered into by the Companies during the Exclusive Listing Term, and a Sale pursuant to such Transaction Agreement is subject to any condition or conditions, and if the date for the removal or satisfaction of such condition or conditions extends or is extended beyond the expiry of the Exclusive Listing Term, then the Exclusive Listing Term shall be extended and this Agreement shall continue in full force and effect until the closing of the Sale pursuant to such Transaction Agreement or, the date of termination of such Transaction Agreement due to the non-removal or non-satisfaction of such condition or conditions.

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3. **CARVE OUT OF 9500 DUFFERIN STREET:** Notwithstanding anything to the contrary in this Agreement, in the event the Companies enter into an unconditional agreement to sell the lands municipally known as 9500 Dufferin Street, City of Vaughan, prior to the approval of this Agreement by the Court, it shall be excluded from this Agreement. Further, in the event the Companies enter into an unconditional agreement to sell the lands municipally known as 9500 Dufferin Street, City of Vaughan within three months following the approval of this Agreement by the Court, there shall be no commission payable to the Advisor related to the sale of this individual property.
4. **COMMISSION**
  - 4.1 The Monitor and each of the Companies agrees that the Advisor shall be paid the commission as set out in Schedule "B".
  - 4.2 The Monitor and each of the Companies shall promptly notify the Advisor of the closing of a Sale of the Property and shall instruct the Companies' solicitors to pay the Commission to the Advisor directly out of the proceeds of Sale forthwith following such closing.
  - 4.3 This Agreement shall be subject to a Holdover Period as set out in Schedule "B".
  - 4.4 The Monitor and each of the Companies agrees that the Companies shall pay to the Advisor all applicable taxes relating to the Commission, which amounts shall be due and payable to the Advisor concurrently with the payment of the Commission in accordance with this Agreement.
5. **OBLIGATIONS AND ACKNOWLEDGMENTS OF THE MONITOR**
  - 5.1 The Companies and/or the Monitor, on behalf of the Companies, acknowledges that prior to executing this Agreement, the Advisor made available a Working with a Commercial Realtor form that describes agency relationships and the nature of services to be provided by the Advisor.
  - 5.2 All inquiries received by or on behalf of the Companies or the Monitor relating to the Sale of the Property shall be referred to the Advisor during the Exclusive Listing Term, and any offers, term sheets or letters of intent received by or on behalf of the Companies or the Monitor relating to the Sale of the Property shall, during the Exclusive Listing Term, be brought to the attention of the Advisor before any negotiation or acceptance thereof, and during the Holdover Period, if applicable, notice of the receipt of such offers, term sheets or letters of intent shall be provided to the Advisor.
  - 5.3 The Companies, and/or the Monitor on behalf of the Companies, shall furnish to, and update the Advisor on an ongoing basis in respect of all such information concerning the Property as may affect a reasonable Person's decision to purchase the Property including, without limitation, rent rolls, leases, service and supply agreements, financing agreements, co-ownership and joint venture agreements, planning and zoning materials, reports concerning soil conditions, environmental conditions and the physical condition and area of all improvements, surveys, traffic studies, reciprocal and cost sharing agreements with adjoining property owners and development agreements and development costs (collectively, the "Property Information").
  - 5.4 The Companies and the Monitor agree to make their legal counsel and consultants available to the Advisor, at no cost to the Advisor, to assist in the review of the Property Information and the preparation of the marketing materials.

- 5.5 For the purpose of showing the Property to prospective parties, the Companies, and/or the Monitor, on behalf of the Companies, agrees that the Advisor will be provided with timely access to the Property (subject to the rights of tenants of the Property) at reasonable times.

**6. OBLIGATIONS AND ACKNOWLEDGMENTS OF THE ADVISOR**

- 6.1 The Sale Process Summary is outlined in Schedule "B". The dates in the Sale Process will be finalized subsequent to the date of this engagement letter and will be subject to Court approval in the CCAA proceedings. The parties shall review and refine same as required based on market feedback.
- 6.2 In connection with the Sale Process Summary, the Advisor shall prepare, as contextually appropriate, an offering summary (the "OS") that describes the salient attributes of the Property to facilitate a Sale, and shall present such OS to the Companies and the Monitor for approval before releasing it to any prospective parties for the Property. Except with the prior written consent of the Companies or Monitor on behalf of the Companies, all prospective parties will be required to execute a confidentiality agreement prior to the release of the OS by the Advisor.
- 6.3 Expenses directly related to marketing that are incurred as part of the sale process are at the cost of the Advisor.
- 6.4 The Advisor will submit all offers or proposals that it receives to the Companies and the Monitor, on the Companies' behalf, for acceptance or rejection, and it is understood and agreed that the Companies, subject to the oversight of the Monitor, in their sole discretion may accept or reject any offer submitted to it.
7. **EXCLUSIVE LISTING:** The Companies and the Monitor, on behalf of the Companies, represent and warrant to the Advisor that upon the execution hereof, the Advisor shall be the sole and exclusive agent for the Sale of the Property during the Exclusive Listing Term.
8. **INDEMNITY:** The Companies agrees to indemnify and hold harmless the Advisor and its affiliates (including The Toronto-Dominion Bank) and each of their respective directors, officers, employees, agents and shareholders (collectively, the "Advisor Entities") from and against all losses, claims, costs, damage, expenses and liabilities of any kind or nature which the Advisor Entities may suffer or incur as a result of the Advisor's performance of its obligations under this Agreement or the breach by the Companies of any of their obligations under this Agreement. This indemnity shall not extend to losses, claims, costs, damages, expenses and liabilities directly caused by the gross negligence or fraudulent acts of the Advisor or any of its directors, officers, employees or agents.
9. **MISCELLANEOUS**
- 9.1 This Agreement constitutes the entire agreement between the Monitor, on behalf of the Companies, and the Advisor with respect to the subject matter hereof, and supersedes all prior discussions, negotiations and agreements, whether oral or written.
- 9.2 Schedule "B" attached hereto forms part of this Agreement and in the event of any discrepancy between Schedule "B" and the main body of this Agreement, the provisions of Schedule "B" shall prevail.

- 9.3 The Advisor and the Monitor, on behalf of the Companies, acknowledge that this Agreement may be expanded to include other properties and the parties agree to work in good faith to facilitate amendments to this Agreement to address such expanded mandate, provided that no amendment or alteration of this Agreement will be valid or binding unless made in writing and signed by both parties hereto.
- 9.4 The Monitor, on behalf of the Companies, acknowledges that the Advisor intends to retain Kevin Schledewitz, licensed mortgage broker with Onedin Acceptance Corporation, as a sub-consultant to provide services related to potential refinancing of certain of the Property as part of this process. The Advisor may also elect to retain other real estate brokerage firms to assist in the Sale of the Property. Fees related to any sub-consultant so retained by the Advisor shall be to its account.
- 9.5 If any provision of this Agreement is determined to be invalid or unenforceable in any respect, such determination will not affect such provision in any other respect or any other provision hereof.
- 9.6 Each party hereto represents and warrants to the other that it has full right, power and authority to enter into this Agreement and perform its obligations hereunder.
- 9.7 This Agreement shall be enforced and construed in accordance with the laws of the Province of Ontario.
- 9.8 This Agreement shall enure to the benefit of and be binding upon the respective heirs, successors, and assigns of the parties hereto. This Agreement shall not be assigned by a party without the written consent of the other party.
- 9.9 The parties hereto agree that notwithstanding the fact that this Agreement may have been primarily drafted by the Advisor, any rule of law providing that ambiguity should be construed against the drafting party will be of no force or effect.
- 9.10 Any provision of this Agreement which expressly or by its nature survives termination or expiration, or which contemplates performance or obligation subsequent to the termination or expiration of this Agreement, will survive the termination or expiration of this Agreement, together with any other provisions of this Agreement necessary for the proper interpretation of such provisions.
- 9.11 This Agreement may be executed and delivered in one or more facsimile or electronic copy counterparts, each of which will be deemed to be an original and all of which together will be deemed to be one and the same document.
- 9.12 All financial references in this Agreement are to Canadian dollars.

**[Signature page follows]**

The parties hereto have duly executed this Agreement as of the Effective Date.

**TD CORNERSTONE COMMERCIAL REALTY INC., BROKERAGE**

Name: Ashley Martis

Title: Officer

Per: 

I have authority to bind the company

**KSV KOFMAN INC., SOLELY IN ITS CAPACITY AS COURT APPOINTED MONITOR AND NOT IN ITS PERSONAL OR ANY OTHER CAPACITY**

Name: Robert Kofman

Title: President

Per: 

I have authority to bind the company

**FORME DEVELOPMENT GROUP INC. AND RELATED COMPANIES**

Name: Mike Wang

Title: President

Per: 

I have authority to bind the Companies

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**Schedule "A"**  
**Property Schedule**

No.	Entity Name	Project Name	Municipal Address(es)
1	4 Don Hillock Development Inc.	Hilton Hotel	4 Don Hillock Dr, Aurora
2	250 Danforth Development Inc.	Danforth Project	250 Danforth Road E, Toronto Three parcels - Block 53, 54, 55 0 Dainy Dr., Toronto 0 Bamblett Dr., Toronto 23 Bamblett Dr., Toronto
3	3310 Kingston Development Inc.	Opal Project	3310 & 3312 Kingston Road, Toronto 3314 Kingston Road, Toronto
4	12696 Kennedy Development Inc.	Kennedy Garden Project	1296 Kennedy Road, Toronto
5	7397 Islington Development Inc.	Lusso Condos	7397 Islington Ave, Vaughan
6	1326 Wilson Development Inc.	Humber River Condominium	1326-1328 Wilson Ave, Toronto
7	101 Columbia Development Inc.	Techcity Condos	93 Columbia St W, Waterloo 95-101 Columbia St W, Waterloo
8	4208 Kingston Development Inc.	4212 Kingston Project	4208-4208 Kingston Rd, Toronto 4212 Kingston Rd, Toronto
9	376 Derry Development Inc. and 390 Derry Development Inc.	376/390 Derry	376 Derry Rd. W., Mississauga 390 Derry Rd. W., Mississauga
10	159 Carrville Development Inc., 169 Carrville Development Inc. & 189 Carrville Development Inc.	Carrville Project	159 Carrville Rd., Richmond Hill 169 Carrville Rd., Richmond Hill 177 Carrville Rd., Richmond Hill 181 Carrville Rd., Richmond Hill 189 Carrville Rd., Richmond Hill
11	4439 John Development Inc. & 5507 River Development Inc.	Niagara Falls Project	4399 John St., Niagara Falls 4400 John St., Niagara Falls 4401 John St., Niagara Falls 4402 John St., Niagara Falls 5471, 5491 & 5507 River Road, Niagara Falls
12	186 Old Kennedy Development Inc. & 31 Victory Development Inc.	Pacific Garden	186 Old Kennedy Rd & 51 Victory Avenue, Markham 31 Victory Avenue, Markham, ON
13	58 Old Kennedy Development Inc., 82 Old Kennedy Development Inc. and 76 Old Kennedy Development Inc.	Steeles & Old Kennedy - Parcel A	64-76 Old Kennedy Rd, Markham 82 Old Kennedy Rd, Markham 58 Old Kennedy Rd, & 20 Thelma Ave, Markham
15	22 Old Kennedy Development Inc., 35 Thelma Development Inc. & 19 Turff Development Inc.	Steeles & Old Kennedy - Parcel B	16 & 22 Old Kennedy Rd, Markham 35 Thelma Ave & 19 Turff Ave, Markham
15	4550 Steeles Development Inc.	Steeles & Old Kennedy - Parcel C	4550 Steeles Ave East & 31 Old Kennedy Road, Markham
16	9500 Dufferin Development Inc.	9500 Dufferin	9500 Dufferin St, Maple
17	27 Anglin Development Inc. and 29 Anglin Development Inc.	Anglin	27 Anglin Dr, Richmond Hill 29 Anglin Dr, Richmond Hill 31 Anglin Dr, Richmond Hill

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## Schedule "B"

Notwithstanding anything contained in the main body of this Agreement, each of the Advisor, the Monitor and the Companies acknowledge and agree as follows:

1. **Termination Rights.** The Companies, or the Monitor on behalf of the Companies, may without penalty or cost to the Monitor and the Companies terminate the Agreement at any time, if the Advisor is in default hereunder or under any other agreement with the Companies and/or Monitor. In addition, unless otherwise agreed, this Agreement shall automatically terminate if: (a) the Court order appointing the Monitor and/or the Monitor's appointment as Monitor is revoked, overturned on appeal, suspended or terminated; and/or (b) the Companies and/or the Monitor are restricted in or enjoined from dealing with the Property by a court of competent jurisdiction; and/or (c) any of the mortgagees of the Property are permitted by Court order to enforce their rights and/or remedies against the Property.

2. **Price.** While it is the Companies' intention to obtain the highest and best offer for the Property, the Advisor acknowledges and agrees that the Companies, or the Monitor on the Companies' behalf, need not accept the highest offer and/or the best offer or any offer, and that acceptance by the Companies, or the Monitor on the Companies' behalf, of any offer for the Property is subject at all times to the Companies' approval in its sole and absolute discretion, and approval by the Court. No fee, commission or other compensation is payable to the Advisor in respect of the Property unless and until a Transaction Agreement for the Property has been completed and the Companies, or the Monitor on the Companies' behalf, has received the full proceeds pursuant to the Transaction Agreement (other than any portion of the purchase price to be paid by VTB mortgage or similar post-closing payment arrangement, or any adjustments to the purchase price approved by the Court).

3. **Holdover Period Commission.** Any fee, commission or other compensation payable to the Advisor in connection with a holdover period, being six months from the termination or expiration of the Listing Agreement ("Holdover Period"), shall: (a) only apply to those purchasers, or their Associates or Affiliates (as such terms are defined below), who were introduced to the Companies, or to the Monitor on the Companies' behalf, or to the Property by the Advisor during the Listing Period and who the Advisor has previously disclosed in writing to the Companies or the Monitor, on behalf of the Companies, no later than three (3) business days following the earlier of the expiration or termination of the Agreement; and (b) be reduced by any fee, commission and/or other compensation paid to another broker or agent for the sale of the Property as the new listing brokerage (the "New Agent") on the basis of an agreement with the New Agent entered into with respect to the Holdover Period. "Affiliate" and "Associate" have the meaning given to such terms in the *Canada Business Corporations Act*, as amended.

If the Advisor had introduced up to a maximum of three (3) different prospective *bona fide* purchasers to the Companies or the Monitor, on behalf of the Companies, during the Listing Period (each being a "Serious Prospect") and said Serious Prospect had entered into material negotiations with the Companies or the Monitor, on the Companies' behalf, to purchase (or refinance) the Property, but said material negotiations had not resulted in a binding agreement of purchase and sale (or refinancing commitment), to the extent that each of the Advisor and the Companies or the Monitor, on the Companies' behalf, agree in writing to designate said prospective purchaser as a Serious Prospect prior to the expiration of the Listing Period, and so long as the Companies and/or the Monitor, on Companies' behalf, is not prohibited by law or court order from doing so, and provided that the New Agent has agreed to forego its fee should a sale to a Serious Prospect be completed, the Advisor shall be entitled to its commission in connection with the transaction being completed with the Serious Prospect upon terms and conditions acceptable to the Companies, or the Monitor, on the Companies' behalf, in their sole and absolute discretion, which transaction is subject to Court approval and a binding and unconditional agreement of purchase and sale executed by each of the parties thereto prior to the expiration of the Holdover Period.

During the Holdover Period, the Advisor will not be entitled to any commission, payment or fee as the Companies agent if the Listing Team (as defined below) represents the purchaser.

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4. **Advisor's Duties.** The Advisor covenants and agrees with the Companies and the Monitor to carry out the sale process substantially on the basis described in the chart below, the dates of which will be subject to an order to be issued by a court approving the sale process:

- (a) pursuant to the Monitor's instructions, on the Companies' behalf, as outlined below, offer the Property for sale on an un-priced basis (save and except as described in (b) below with respect to the Multiple Listings Service ("MLS"));
- (b) if instructed by the Companies or the Monitor, on behalf of the Companies, offer the Property for sale on MLS, for which the listed price shall be \$1.00 (as a price is required) and the Commissions to Cooperating Brokerage shall be \$1.00 (the "Cooperating Agent Fee") (it being the intention that the buyer(s) shall be responsible for any commissions to any Cooperating Agents (as defined below));
- (c) unless otherwise agreed by the Monitor, on the Companies' behalf, diligently market the Property for sale, inclusive of seeking proposals for joint-venture development and/or refinancing, and shall use commercially reasonable efforts to complete the sale of the Property pursuant to the following process:

Summary of Sale Process		
Milestone	Description of Activities	Timeline
<i>Phase 1 – Underwriting</i>		
Finalize marketing materials	<ul style="list-style-type: none"> <li>➤ Advisor and the Monitor to:               <ul style="list-style-type: none"> <li>○ prepare an offering summary</li> <li>○ prepare a re-financing summary;</li> <li>○ populate an online data room; and</li> <li>○ prepare a confidentiality agreement ("CA").</li> </ul> </li> </ul>	●
Prospect Identification	<ul style="list-style-type: none"> <li>➤ Advisor to develop a master prospect list. Advisor will qualify and prioritize prospects.</li> <li>➤ Advisor will also have pre-marketing discussions with targeted prospects.</li> </ul>	
<i>Phase 2 – Marketing</i>		
Stage 1	<ul style="list-style-type: none"> <li>➤ Mass market introduction, including:               <ul style="list-style-type: none"> <li>○ Offering summary and marketing materials printed;</li> <li>○ publication of the acquisition opportunity in The Globe and Mail (National Edition) and other community or industry targeted publications, as applicable;</li> <li>○ telephone and email canvass of leading prospects, both from a sale and refinancing perspective; and</li> <li>○ meet with and interview prospective bidders.</li> </ul> </li> <li>➤ Assist the Monitor and its legal counsel in the preparation of a Vendor's form of Purchase and Sale Agreement (the "PSA");</li> </ul>	●

Summary of Sale Process		
Milestone	Description of Activities	Timeline
Stage 2	<ul style="list-style-type: none"> <li>➤ Advisor to provide detailed information to qualified prospects which execute the CA and depending on interest, an offering summary or re-financing summary, together with access to the data room.</li> <li>➤ Advisor to facilitate all diligence by interested parties.</li> </ul>	•
Stage 3	<ul style="list-style-type: none"> <li>➤ Prospective purchasers to submit PSAs or other proposals, including joint-venture, or re-financing proposals</li> </ul>	•
<i>Phase 3 – Offer Review and Negotiations</i>		
Short-listing of Offers	<ul style="list-style-type: none"> <li>➤ Short listing bidders / refinancing proposals</li> <li>➤ Further bidding - Interested bidders may be asked to improve their offers in as many rounds of bidding as is required to maximize the consideration.</li> </ul>	•
Selection of Successful Bid	<ul style="list-style-type: none"> <li>➤ Select successful bidder and finalize definitive documents.</li> </ul>	•
Sale Approval Motion and Closing	<ul style="list-style-type: none"> <li>➤ Motion for transaction approval and close transaction</li> </ul>	•

- (d) reasonably cooperate with all licensed real estate brokers and agents in the marketing of the Property (collectively the “Cooperating Agents” and each a “Cooperating Agent”), with any commissions or fees of such Cooperating Agents to be paid by the purchasers or by the Advisor (out of the Listing Fee (as defined below));
- (e) ensure that there is continuity in the assignment of individual staff members and partners to the work performed by the Advisor under the terms of this engagement. In particular, the Advisor agrees that Ashley Martis and Jamie Ziegel will lead the listing team (collectively the “Listing Team”) to perform work in connection with the Advisor’s engagement and that Messrs. Martis and Ziegel will each be available for the assignment (except in the event of any such individual’s sickness, incapacity, leave of absence or change of position) and will devote the time required to undertake the assignment contemplated herein. This mandate shall immediately terminate in the event that Ashley Martis and/or Jamie Ziegel is unavailable to work on the mandate;
- (f) subject to the instructions of the Monitor, on the Companies’ behalf, to assist the Monitor, on the Companies’ behalf, in negotiating binding agreements subject to Court approval. Only the Companies (under the oversight and supervision of the Monitor) shall have authority to accept offers and the Advisor shall not have any authority whatsoever to enter into any sale, financing, development or other contract on behalf of the Companies and/or to otherwise bind the Companies or the Monitor, on the Companies’ behalf, in any manner whatsoever;
- (g) continue to assist the Companies in connection with the marketing of the Property and seeking Court approval after the execution of a binding agreement with respect to the same until such sale has been successfully concluded; and
- (h) unless the Companies written consent is provided in advance, to act solely for the benefit of the Companies (or the Monitor on the Companies’ behalf) in connection with the

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marketing, sale of, or other transactions in respect of, the Property and not to have any direct or indirect interest in any entity purchasing or proposing to purchase the Property and not to receive any payments or other benefits from said purchasers or potential purchasers.

5. **Commission Payable to the Advisor.** The Monitor shall pay to the Advisor upon the successful completion of a Transaction Agreement for the Property, a commission of 1.10 % of the purchase price of the Property or refinancing proceeds (the "Listing Fee"). No additional commission or fee shall be payable by the Companies in the event that a Transaction Agreement for the Property is completed through a Cooperating Agent, it being the intention that the Cooperating Agent Fee shall be paid by the Advisor (out of the Listing Fee) to the Cooperating Agent's brokerage or by the purchaser pursuant to a separate agreement between the purchaser and the Cooperating Agent and Cooperating Agent's brokerage. The Companies, and the Monitor on the Companies' behalf, acknowledge that payment of HST applies on all commissions payable. As it relates to the commission payable, a transaction constitutes a court approved sale of the Property, development, joint venture, refinancing, share transaction, redemption, exercise of first right to purchase, option or other form of sale, transfer, exchange or trade of the rights of the subject Property (collectively a "Transaction"). The Monitor agrees to notify the Advisor of the successful completion or closing. The Monitor hereby instructs the Companies' solicitors or its solicitors and agrees to advise the court to distribute payment to the Advisor in the amount noted above directly out of the proceeds of any transaction in accordance with an accepted Transaction Agreement and to have same addressed as a closing cost to the transaction.

6. **Acknowledgments.** The Advisor acknowledges and agrees in favour of the Companies, and the Monitor on the Companies' behalf, that:

- (a) the Property is to be marketed and will be transacted on an "as is, where is" basis and, accordingly, any agreement shall provide for an acknowledgment by such purchaser that the Property is being transacted by the Companies on an "as is, where is" basis, and that no representations or warranties have been or will be made by the Monitor or the Companies, or anyone acting on their behalf, to the Advisor or such purchaser as to the condition of the Property or any buildings located thereon;
- (b) the Companies, or the Monitor on the Companies' behalf, may annex a schedule to the transfer/deed of land (or other registrable document with respect to the sale) expressly excluding any covenants deemed to be included pursuant to the *Land Registration Reform Act* of Ontario, other than one to the effect that the Companies has the right to convey the Property;
- (c) in the event of a sale of the Property, in lieu of a transfer/deed of land for the Property, the Companies, or the Monitor on the Companies' behalf, will vest title to the Property by way of a vesting order; and
- (d) any transaction for the Property requires the prior approval of the Ontario Superior Court of Justice (Commercial List) in said Court's sole and absolute discretion.

7. **Advertisement Expenses & Third Party Consultants.** All advertising and promotion costs shall be subject to the approval of the Companies, or the Monitor on behalf of the Companies, and all such advertisement and promotional material shall be prepared, published and distributed by the Advisor and shall be at the expense of the Advisor. All third party reports and legal service fees requested and/or approved by the Companies, or the Monitor on the Companies' behalf, shall be at the expense of the Companies.

8. **Confidentiality.** The Advisor shall treat and shall cause its directors, officers, employees, agents and legal and other advisors (collectively, "Representatives") to treat as confidential and shall not disclose, during as well as after the rendering of the service contracted herein, any confidential information, records or documents to which the Advisor becomes privy as a result of its performance of the Agreement ("Confidential Information") and shall take commercially reasonable steps to ensure the confidentiality of Confidential Information in the Advisor's possession or control except for disclosure that may be required for

the reasonable performance by the Advisor of its responsibilities hereunder. Confidential Information shall not include information that: (i) was previously known to or in the possession of the Advisor or its Representatives prior to receipt from the Monitor or the Companies; (ii) is independently developed by or on behalf of the Advisor or its Representatives without reference to the Confidential Information; (iii) is or becomes publicly available and/or generally known in the industry, other than through a breach of this Agreement; (iv) is disclosed to the Advisor or its Representatives by a source other than the Monitor and/or the Companies, provided such source is not known by the Advisor or its Representatives to be bound by any contractual, legal or fiduciary obligation of confidentiality to the Companies or the Monitor with respect to the information; or (v) the Advisor and/or any of its Representatives is required by any court, administrative agency, governmental or regulatory (including self-regulatory) body, or under any applicable legal process, law, rule, regulation, subpoena, order or decree (collectively, "Law") to disclose any of the Confidential Information.

9. **Assignment.** This Agreement shall not be assigned in whole or in part by the Advisor without the prior written consent of the Companies which consent may be unreasonably and/or arbitrarily withheld, and any assignment made without that consent is void and of no effect.

10. **Monitor's Capacity.** Notwithstanding the foregoing or anything else contained herein or elsewhere, the Advisor acknowledges and agrees that the Monitor's obligations under this Agreement and any transaction or transactions involving the Property require the prior approval of the Ontario Superior Court of Justice (Commercial List) in said Court's sole and absolute discretion.

11. **Warranty.** Subject always to Section 10 above and the remainder of this Section 11, the Companies and the Monitor represent and warrant that they have the exclusive authority and power to execute this Agreement and to authorize the Advisor to offer the Property. Notwithstanding the foregoing and Section 4.3 of the main body of this Agreement, the Advisor acknowledges and agrees that the Monitor has only limited knowledge about the Property and cannot confirm any third party interests or claims with respect to the Property such as rights of first refusal, options, easements, mortgages, encumbrances or other otherwise concerning the Property, which may affect the sale of the Property.

12. **Facsimile & Counterparts.** This Agreement and any other agreement delivered in connection therewith, and any amendments thereto, may be executed by facsimile transmittal facilities, or electronic copy in a portable document format or such similar format and if so executed and transmitted, will be for all purposes as effective as if the parties had delivered an executed original of this Agreement, or such other agreement or amendment, as the case may be, and shall be deemed to be made when the receiving party confirms this Agreement, or such agreement or amendment, as the case may be, to the requesting party by facsimile or by electronic copy in a portable document format or such similar format. This Agreement may be executed in several counterparts, and each of which so executed shall be deemed to be an original and such counterparts together shall constitute one and the same instrument and, notwithstanding their date of execution, shall be deemed to bear date as of the date first written above.

13. **Jurisdiction.** This Agreement shall be governed and construed in accordance with the laws of the Province of Ontario. If any provision hereof is invalid or unenforceable in any jurisdiction where this Agreement is to be performed, such provision shall be deemed to be deleted and the remaining portions of this Agreement shall remain valid and binding on the parties hereto.

14. **Acknowledgment of Advisor Activities and Finder's Fees.** TD Cornerstone Commercial Realty Inc. is wholly-owned by The Toronto-Dominion Bank, which, together with affiliates (collectively, "TD") is a full service financial institution that conducts a full range of investment banking, merchant banking, corporate banking, and security brokerage activities. TD provides loans, structured products, investment banking and financial advisory services to governments, corporations and institutions. In addition, TD has an active proprietary trading book that trades securities on behalf of TD that are issued by a wide range of public companies. In the ordinary course of its activities, and subject to compliance with applicable securities laws, TD may provide credit or other forms of financing to any person with an interest in the sale of the Property, and may hold long or short positions, may trade or otherwise effect transactions for its own account or for the account of TD's customers, in debt or equity securities or related derivative securities of the Companies or any other person with an interest in the sale of the Property. In particular, it is understood that an affiliate of

TD Cornerstone Commercial Realty Inc. may make acquisition financing (including credit and/or equity) available to prospective counterparties in a sale of the Property, as applicable. However, no affiliate of TD Cornerstone Commercial Realty Inc. will be obligated to provide acquisition financing to any counterparty in a sale of the Property except on such terms and conditions as are acceptable to an affiliate of the Advisor in its sole discretion.

Neither the Companies, nor the Monitor on the Companies' behalf, consent to the Advisor or any Cooperating Agents (or their respective affiliates) receiving and retaining, in addition to the commission provided for or otherwise contemplated in this Agreement, a finder's fee for any financing of the Property, it being acknowledged that the foregoing shall not preclude The Toronto-Dominion Bank from receiving any fees it would normally collect in the ordinary course of its lending business in connection with the financing of the purchase or development of the Property.

15. **Verification of Information.** The Companies and the Monitor, on behalf of the Companies, authorize the Advisor to obtain any information from any regulatory authorities, governments, mortgagees or others affecting the Property and the Companies agree to execute and deliver such further authorizations in this regard as may be reasonably required. For greater certainty, none of the Advisor nor the Advisor's representatives may bind the Companies or the Monitor or execute any documentation on behalf of the Companies or the Monitor. The Companies, and the Monitor on the Companies' behalf, hereby authorize, instruct and direct the above noted regulatory authorities, governments, mortgagees or others to release any and all information to the Advisor.

16. **MLS Listing.** Notwithstanding any other provision in this Agreement, the Advisor shall not advertise the Property on MLS until the Companies, or the Monitor on the Companies' behalf, provide expressed authority to do so, has executed the requisite MLS listing agreement, and all marketing materials have been approved. The Advisor shall have five (5) days following execution of the MLS listing agreement to post the Property on the MLS.

17. **Paramountcy.** In the event of any conflict or inconsistency between the provisions of the pre-printed portion of this Agreement and the provisions of this Schedule "B", the provisions of this Schedule "A" shall prevail and govern.

18. **Use of Advisor's Advice.** The Companies, and the Monitor on the Companies' behalf, acknowledge that any advice (whether written or oral) and any background or supporting material or analysis provided by the Advisor, or its sub-consultants, to the Companies or the Monitor, on the Companies' behalf, or any of the Companies or the Monitor's directors, officers or employees in connection with the Advisor's engagement hereunder, are intended solely for the use of the Companies and Monitor in connection with the sale of the Property and are not to be used or relied on by any other person or for any other purpose. The Companies and the Monitor on the Companies' behalf, agree that, except with the Advisor's prior written permission such permission not to be unreasonably withheld, no such opinion or advice or materials or analysis shall be summarized, published, reproduced, disseminated, quoted from or referred to, except to the Court as may be required, and no public reference to the Advisor shall be made by the Companies or the Monitor.

Any advice given by the Advisor hereunder will be made subject to and will be based upon such assumptions, limitations, qualifications and reservations as the Advisor, in its sole judgment, deems necessary or prudent in the circumstances.

19. **Indemnity.** The Advisor confirms that it owes an obligation to the Companies and the Monitor and their officers, employees and agents (collectively, the "Indemnified Parties") to carry out its activities in a competent and professional manner acting reasonably and in good faith. As such, the Advisor confirms that it owes an obligation to the Indemnified Parties with respect to claims made by third parties against the Indemnified Parties arising out of work performed by the Advisor or the Advisor's failure to comply with its obligations hereunder, up to a maximum of the Listing Fee actually received by the Advisor pursuant to this Agreement. This indemnity shall survive the expiration or termination of the Agreement.


Confidential

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**TD CORNERSTONE COMMERCIAL REALTY  
INC., BROKERAGE**

Per: 

Name: Ashley Martis  
Title: Officer and Broker

**KSV KOFMAN INC., SOLELY IN ITS CAPACITY  
AS COURT APPOINTED MONITOR AND  
MANAGER OF CERTAIN PROPERTY OF , AND  
NOT IN ITS PERSONAL OR IN ANY OTHER  
CAPACITY** *FORME DEVELOPMENT  
GROUP INC.  
ET AL*

Per: 

Name: Robert Kofman  
Title: President

**FORME DEVELOPMENT GROUP INC. AND  
THE ENTITIES LISTED ON SCHEDULE B-1  
ATTACHED HERETO**

Per: 

Name: MIKE WANG  
Title: PRESIDENT



## Schedule B-1

Forme Development Construction Inc.  
2358825 Ontario Ltd.  
27 Anglin Development Inc.  
29 Anglin Development Inc.  
4 Don Hillock Development Inc.  
250 Danforth Development Inc.  
3310 Kingston Development Inc.  
1296 Kennedy Development Inc.  
7397 Islington Development Inc.  
1326 Wilson Development Inc.  
101 Columbia Development Inc.  
4208 Kingston Development Inc.  
376 Derry Development Inc.  
390 Derry Development Inc.  
189 Carrville Development Inc.  
169 Carrville Development Inc.  
159 Carrville Development Inc.  
5507 River Development Inc.  
4439 John Development Inc.  
186 Old Kennedy Development Inc.  
31 Victory Development Inc.  
58 Old Kennedy Development Inc.  
76 Old Kennedy Development Inc.  
82 Old Kennedy Development Inc.  
22 Old Kennedy Development Inc.  
35 Thelma Development Inc.  
19 Turff Development Inc.  
4550 Steeles Development Inc.  
9500 Dufferin Development Inc.

Confidential

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## **Appendix “I”**

**Broker Commission Schedule**

Matter	Location	Realtor	Commission (%)
1703858 Ontario Inc.	Burlington	Colliers Macaulay Nicolls Inc. ("Colliers")	3.25%. if sold through co-operating broker, 2.25% otherwise
2332361 Ontario Ltd.	Brockville	Jones Lang Lasalle Incorporated ("JLL")	5% if sold through co-operating brokerage, 4% otherwise
2301132 Ontario Inc.; and 2309840 Ontario Inc.	Halton Hills	Colliers	1.5%
3291735 Nova Scotia Limited	Halifax	Keller Williams	5% if sold through co-operating brokerage, 4% otherwise
Confidential mandate	Toronto, Scarborough, Pickering	JLL	(i) 0.70% - 0.85% on income properties (plus 0.50% - 0.85% if sold through co-operating broker); (ii) 1.5% - 2.5% on land parcels (plus 1.20% - 1.70% if sold through co-operating broker); (iii) 1.75% - 2.5% on commercial condos (plus 2.5% if sold through co-operating broker); and (iv) bonus fee of 2% for proceeds above \$110,000,000
Genrex Byward Hall Inc.	Ottawa	SVN Rock Advisors Inc. ("SVN")	3% on first \$9,000,000; 4.5% on next \$1,500,000; and 5% on balance thereafter.
JD Development Group	Waterloo	TD Cornerstone Commercial Realty Inc. ("TD")	0.85%
Legacy Lane Investments Ltd.	Huntsville	Royal LePage	5%
Mady Steeles 2011 Ltd.	Toronto	Cushman & Wakefield Ltd.	0.85%
Memory Care Investments Kitchener Ltd.	Kitchener	Colliers	3.25%. if sold through co-operating broker, 2.25% otherwise
Memory Care Investments Oakville Ltd.	Oakville	Colliers	3.25%. if sold through co-operating broker, 2.25% otherwise
M.Y. Residential Inc.	Kingston	JLL	3% if sold through co-operating brokerage, 2.5% otherwise
Scollard Development Corporation	Whitby	TD	1.5% on first \$6,000,000; 2.5% on next \$4,000,000; 3.50% on next \$2,500,000; 5% on next \$2,500,000; and 5.50% on balance thereafter.
Seaway Travel Centre Ltd.	Cornwall	Colliers International	4%
Textbook (445 Princess Street) Inc.	Kingston	JLL	3%
Textbook (525 Princess Street) Inc.	Kingston	SVN	3%
Textbook (555 Princess Street) Inc.	Kingston	SVN	3%
Urbancorp (Bridlepath) Inc.	Toronto	TD	1% on first \$16,900,000; 3% on next \$900,000; and 5% on balance thereafter.
Urbancorp (Mallow) Inc.; Urbancorp (Patricia) Inc.; Urbancorp (St. Clair Village) Inc.; and Urbancorp (Lawrence) Inc.	Toronto	Colliers	0.90% on first \$50,000,000; 1.15% on next \$10,000,000; 1.50% on next \$10,000,000; 1.75% on next \$10,000,000; and 2.50% on balance thereafter.
Urbancorp (Woodbine) Inc.	Toronto	TD	1% on first \$7,800,000; 3% on next \$400,000; and 5% on balance thereafter.

## **Appendix “J”**

# CORE TRANSACTION TEAM

## JAMIE ZIEGEL

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### **Managing Director, Head of Property Brokerage TD Securities Inc.**

Jamie joined TD Securities in 2011 as a 25 year veteran of the Canadian commercial real estate industry.

Jamie leads TD Securities' Brokerage Team and is actively involved in all real estate M&A activities. The team is annually involved in billions of dollars of sales in office, residential, retail, industrial and development sales.

Prior to joining TD Securities, Jamie was a Senior Managing Director at Cushman & Wakefield where he oversaw all investment sales and equity and debt related activities across Canada for Cushman & Wakefield Ltd., and acted as lead agent for all major investment listings in the GTA.

Jamie is a member of the Oakville Hospital Foundation Board and has two children.

## ASHLEY MARTIS

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### **Managing Director TD Securities Inc.**

Ashley has held senior positions within the real estate industry over the past 29 years in the areas of real estate brokerage, advisory and consulting services as well as asset and property management.

Ashley has completed or advised on over \$17.0Bln in real estate transactions with notable assignments including: the \$6.0Bln acquisition of CREIT by Choice Properties, the \$5.0Bln acquisition of Primaris Retail REIT by H&R REIT and KingSett, the \$1.4Bln acquisition of Whiterock REIT by Dundee REIT, the \$1.9Bln sale of CANMARC REIT by Cominar REIT, the \$850MM sale of a 50% interest in the Bay Adelaide Centre, the \$750MM sale of a 50% interest in Scotia Plaza, the \$889MM sale of a 30% interest in the Toronto Dominion Centre on behalf of Cadillac Fairview, the \$832MM acquisition of the Slate/Blackstone office portfolio, and the \$500MM acquisition of KingSett's Industrial Portfolio by Dundee Industrial REIT.

Ashley has also been one of the most active brokers in the sale of redevelopment lands having completed numerous sales and advisory mandates including the \$825MM sale of the 365-acre Downsview Airport which is the largest land transaction in Canadian History, the sale of ~1.4M square feet of residential density in Downtown Toronto's newest district "The Well", the lead advisor to Kraft/Mondelez on the sale of the 27-acre Christie Cookie Lands at Park Lawn & Lake Shore Blvd., a member of the advisory team to Waterfront Toronto on the redevelopment of the 55 acre East Bayfront development; the sale of over 3M square feet of residential density in the 427 corridor including: 1 Valhall Inn Rd., 2 Gibbs Rd. and 2 Holiday Drive; 2183 Lakeshore Road West permitting over 950,000 square feet of high rise density; 1185 Eglinton Avenue East permitting over 500,000 square feet of high rise density; Alton Towers Circle permitting 54 single family detached homes; and the sale of 486 Shaw Street permitting redevelopment for medium density housing.