



**Third Report to Court of
KSV Kofman Inc. as
Proposal Trustee of
58 Old Kennedy Development Inc.,
76 Old Kennedy Development Inc. and
82 Old Kennedy Development Inc.**

December 14, 2018

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ESTATE FILE NO.: 31-2436538

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
(IN BANKRUPTCY AND INSOLVENCY)

IN THE MATTER OF THE PROPOSAL 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., 159 CARRVILLE DEVELOPMENT INC., ALL
CORPORATIONS INCORPORATED UNDER THE LAWS OF ONTARIO

THIRD REPORT OF KSV KOFMAN INC.
AS PROPOSAL TRUSTEE
DECEMBER 14, 2018

1.0 Introduction

1. This report ("Report") is filed by KSV Kofman Inc. ("KSV") in its capacity as proposal trustee ("Proposal Trustee") in connection with Notices of Intention to Make a Proposal ("NOI") filed on October 26, 2018 by 58 Old Kennedy Development Inc. ("58 Old Kennedy"), 76 Old Kennedy Development Inc. ("76 Old Kennedy") and 82 Old Kennedy Development Inc. ("82 Old Kennedy", and together with 58 Old Kennedy and 76 Old Kennedy, the "Companies") pursuant to Section 50.4(1) of the *Bankruptcy and Insolvency Act, R.S.C. 1985, c. B-3*, as amended ("BIA").
2. Pursuant to an order of the Ontario Superior Court of Justice (Commercial List) ("Court") made on November 26, 2018 (the "November 26th Order"), the Companies' NOI proceedings were administratively consolidated and the deadline to file a proposal with the Official Receiver was extended to January 8, 2019. A copy of the November 26th Order is attached as Appendix "A".
3. KSV is filing this Report in its capacity as Proposal Trustee of the Companies.

1.1 Purposes of this Report

1. The purposes of this Report are to:
 - a) provide background information about the Companies and these proceedings;
 - b) summarize the terms of a proposed sale process ("Sale Process") to be carried out for the Companies' real property, including the retention of TD Cornerstone Commercial Realty Inc. ("TD") pursuant to a listing agreement dated December 12, 2018 (the "TD Listing Agreement");

- c) discuss the rationale for retaining TD and commencing the Sale Process;
- d) report on the Companies' unconsolidated cash flow projections for the period December 17, 2018 to February 22, 2019 (the "Cash Flow Forecasts");
- e) discuss the Companies' request to extend the NOI proceedings to February 22, 2019; and
- f) recommend that the Court make an order, *inter alia*:
 - i. approving the Companies' request for an extension of the time to file a proposal with the Official Receiver to February 22, 2019; and
 - ii. approving the TD Listing Agreement and the Sale Process contemplated thereby.

1.2 Currency

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

1.3 Restrictions

1. In preparing this Report, the Proposal Trustee has relied upon unaudited financial information prepared by the Companies' management, their books and records and discussions with management. The Proposal Trustee 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. The Proposal Trustee expresses no opinion or other form of assurance with respect to the financial information presented in this Report or relied upon by the Proposal Trustee in preparing this Report. Any party wishing to place reliance on the Companies' 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.
3. An examination of the Cash Flow Forecasts as outlined in the *Chartered Professional Accountants Canada Handbook* has not been performed. Future oriented financial information relied upon in this Report is based upon the Companies' assumptions regarding future events; actual results achieved may vary from this information and these variations may be material.

2.0 Background

1. The Companies are affiliates of Forme Development Group Inc. and approximately 30 affiliated real estate holding companies (collectively, the "Forme Group"). Yuan Hua Wang is the sole shareholder and director of each entity in the Forme Group, including the Companies.

2. Forme Group is a commercial and residential real estate development group specializing in low-rise, high-rise, mixed-use and hospitality developments. Forme Group's projects are primarily located in the Greater Toronto Area, with a few located in Southwestern Ontario.
3. Pursuant to a Court order made on November 30, 2018 (as amended and restated, the "Initial Order"), Forme Development Group Inc. and certain affiliated entities were granted protection under the *Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36*, as amended (the "CCAA"), and KSV was appointed monitor (the "Monitor"). The Companies are not subject to the CCAA proceedings.
4. The Companies own three properties¹ in Markham, Ontario, which together form an assembly that is to be a single development project. The mortgages on each of the properties owned by the Companies are detailed in the table below.

Property	Mortgagee	Principal Amount (\$000s)	Priority ²
58 Old Kennedy Rd. & 20 Thelma Ave. (collectively "58 Old Kennedy Road")	All Season Recycle Inc.	5,100	First
58/76/82 Old Kennedy Rd.	Danan Investments Inc. / Matthew Castelli ("Danan")	5,000	Second on all three parcels
76 Old Kennedy Rd.	Danan	2,800	First
82 Old Kennedy Rd.	Wu's International Group Inc.	8,625	First

5. KSV filed a report to Court dated November 6, 2018 in its capacity as Proposal Trustee and as proposed CCAA monitor (the "Pre-Filing Report"). KSV subsequently filed three supplements to the First Report (the "Supplemental Reports"). Detailed information about the Companies, real property value estimates, the reasons for filing the NOIs and the intended restructuring plan is set out in the First Report and the Supplemental Reports and, accordingly, that information is not repeated in this Report. On December 14, 2018, KSV filed its first report as Monitor in the CCAA proceedings (the "First Report"). Copies of the Pre-Filing Report and the Supplemental Reports, each without appendices, are attached as Appendices "B" and "C", respectively.
6. The Pre-Filing Report, Supplemental Reports, First Report and all other materials filed in these proceedings are available on KSV's website at <http://www.ksvadvisory.com/insolvency-cases/forme-development-group-inc/>.

¹ 58 Old Kennedy Road and 20 Thelma Avenue merged on title.

² The Proposal Trustee's counsel has not completed security reviews for any of the mortgages. This information is based on what is registered on title only.

3.0 Retention of TD

1. The Initial Order approved a sale process for the properties subject to the CCAA proceedings, including the retention of TD as the listing agent for that process. It has been KSV's view from the outset of its involvement with the Forme Group that there should be one coordinated sale process that would be intended to maximize value for all of its properties, particularly where there are multiple properties comprising one development (which is commonly referred to as an "assembly") (as is the case with the Companies).
2. KSV is of the view that the value of the properties if sold as an assembly is greater than the sale of the properties individually if the purchaser (or purchasers) do not intend to advance the intended development. This view is substantiated by the preliminary valuation work that has been performed by TD. As there are three first mortgagees on the Companies' four properties comprising the assembly (as well as subordinate ranking mortgagees), none of the mortgagees is able to convey the assembly on its own. The Sale Process to be conducted by TD is intended to achieve that result.
3. The Sale Process would not affect the rights of the Companies' mortgagees, who are (or will be) carved out of the NOI process – no mortgagee will be stayed from taking any enforcement action as a result of the NOIs generally or the Sale Process specifically. That said, the Proposal Trustee believes that the Sale Process benefits all creditors as it is intended to sell the Companies' properties as an assembly, which should maximize value. In advance of these proceedings, TD provided KSV with an estimate of the equity in the Companies' real estate, after repayment of the mortgages on the properties. TD advised that it is its view that there is several million dollars of equity in the Companies' real property. Additionally, KSV has received, in advance of the launch of the Sale Process, at least two unsolicited offers for the Companies' real property for amounts in excess of the value of the mortgages on those properties³.
4. Since the making of the Initial Order, the Monitor, the CCAA applicants and their respective legal counsel have engaged in a dialogue and exchanged further information with the Companies' mortgagees, particularly with Danan, which sought to have the Companies' NOI proceedings continued and taken up under the CCAA so that their properties could be marketed by TD as part of its sale process in the CCAA proceedings. While progress was made in this respect in advance of the last motion in these proceedings, ultimately the Companies were not prepared to agree to the arrangements that had been negotiated with Danan, and it appeared as though at least one of the Companies' other mortgagees would have strongly opposed such an arrangement. Accordingly, the present intention is to have TD run the Sale Process for the Companies' real property in these NOI proceedings. A copy of TD's listing agreement for this mandate is provided in Appendix "D".

³ One of those offers, which as of the date of this Report is being negotiated, is for three of the Pacific Garden assemblies owned by Forme Group. The value of the offer exceeds by far the sum of the value of mortgages on those properties. The offer has standard diligence conditions.

5. The TD Listing Agreement is subject to Court approval. The material terms are as follows:
- Fee: commission payable to TD of 1.5% of the sale price of the properties and a commission payable to a co-operating brokerage of 1% of the sale price. Attached as Appendix “E”, for comparative purposes, is a summary of the fees paid to realtors on certain of KSV’s other real estate mandates;
 - Carveout: TD’s fee is reduced to 1% should a transaction be completed with a party specified in the listing agreement;
 - Listing period: six months; and
 - Sale Process Overview: Schedule “B” of the TD Listing Agreement provides an overview of the contemplated Sale Process, which is also provided in Section 4 of this Report.

3.1 Recommendation

1. The Proposal Trustee recommends that the Court issue an order approving the TD Listing Agreement for the following reasons:
- a) TD is well qualified to perform this assignment. The individuals leading the team have vast real estate experience and KSV has worked with the team to achieve successful outcomes on other insolvency mandates;
 - b) having one listing brokerage market all of the Forme Group’s real property will provide efficiencies and will facilitate an orderly and timely Sale Process;
 - c) TD has spent time familiarizing itself with the Companies’ properties and its representatives. In recommending TD, the Proposal Trustee 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 fee structure is reasonable and appropriate in these circumstances, as reflected by the schedule attached as Appendix “E”; and
 - e) KSV and TD both believe that selling the Companies’ assembly will maximize value, whereas selling each individually is likely to be value destructive.

4.0 Sale Process

- The proposed Sale Process and related timelines are summarized in the table below. The timelines in this process assume a commencement date of December 21, 2018.

Summary of Sale Process		
Milestone	Description of Activities	Timeline
<i>Phase 1 – Underwriting</i>		
Finalize marketing materials	<ul style="list-style-type: none"> ➤ Listing Brokerage, with the assistance of the Companies and the Proposal Trustee to: <ul style="list-style-type: none"> ○ prepare an offering summary ○ populate an online data room; and ○ prepare a confidentiality agreement (“CA”). 	By January 8, 2019
Prospect Identification	<ul style="list-style-type: none"> ➤ Listing Brokerage to develop a master prospect list. Listing Brokerage will qualify and prioritize prospects. ➤ Listing Brokerage will also have pre-marketing discussions with targeted prospects. 	
<i>Phase 2 – Marketing</i>		
Stage 1	<ul style="list-style-type: none"> ➤ Mass market introduction, including: <ul style="list-style-type: none"> ○ Offering summary and marketing materials printed; ○ publication of the acquisition opportunity in The Globe and Mail (National Edition) and other community or industry targeted publications, as applicable; ○ telephone and email canvass of leading prospects, both from a sale and refinancing perspective; and ○ meet with and interview prospective bidders. ➤ Assist the Proposal Trustee and its legal counsel in the preparation of a Vendors' form of Purchase and Sale Agreement (the “PSA”); ➤ Listing Brokerage to provide detailed information to qualified prospects which execute the CA including an offering summary and access to the data room. ➤ Listing Brokerage to facilitate all diligence by interested parties. 	January 9, 2019 to February 6, 2019
Stage 2	<ul style="list-style-type: none"> ➤ Prospective purchasers to submit PSAs 	February 7, 2019

Summary of Sale Process		
Milestone	Description of Activities	Timeline
<i>Phase 3 – Offer Review and Negotiations</i>		
Short-listing of Offers	<ul style="list-style-type: none"> ➤ Short listing bidders ➤ Further bidding - Interested bidders may be asked to improve their offers in as many rounds of bidding as is required to maximize the consideration. 	One week
Selection of Successful Bid	<ul style="list-style-type: none"> ➤ Select successful bidder and finalize definitive documents. 	One week
Sale Approval Motion and Closing	<ul style="list-style-type: none"> ➤ Motion for transaction approval and close transaction 	Three weeks

4.1 Sale Process Recommendation

1. The Proposal Trustee recommends that this Honourable Court approve the Sale Process for essentially the same reasons set out in the Supplemental Reports filed in the Forme Group’s CCAA proceedings, including:
 - a) it is consistent with sale processes approved by this Court with respect to other real estate insolvencies, including in the related CCAA proceeding;
 - b) it is consistent with the overall objective of these proceedings, which is to maximize value on a timely basis;
 - c) senior mortgagees will have the benefit of an expedited sale process completed under the supervision of the Court. The Sale Process timelines are intended to be consistent with or superior to their enforcement rights under their mortgages, such as a power of sale. Senior mortgagees also gain the benefit of a Court-supervised process, which assists to insulate them from improvident realization claims from junior ranking mortgagees;
 - d) subordinate ranking mortgagees gain the benefit of an orderly sale process, which is more likely to maximize value than separate mortgagee enforcement processes, especially since the Companies’ properties are part of an assembly; and
 - e) the timeline is expedited but realistic based on, *inter alia*, TD’s input and the unsolicited offers received to date by the Proposal Trustee. Additionally, interest and other costs in these proceedings are material and accruing and, accordingly, time is of the essence.

5.0 Cash Flow Forecasts

1. Pursuant to the provisions of the BIA, the Companies are required to prepare a cash flow forecast. The Companies do not have an operating business. Each of the Companies holds a real property development project. The Cash Flow Forecasts of each of the Companies, which reflect no forecasted receipts or disbursements⁴, together with Management's Reports on the Cash Flow Statements as required by Section 50.4(2)(c) of the BIA, are provided in Appendix "F". If sundry expenses arise that need to be funded in respect of the Companies' properties during the Sale Process, the Proposal Trustee will discuss their funding with the relevant mortgagees.
2. Based on the Proposal Trustee's review of the Cash Flow Forecasts, there are no material assumptions which seem unreasonable in the circumstances. The Proposal Trustee's Reports on the Cash Flow Statements for each of the Companies as required by Section 50.4(2)(b) of the BIA are attached as Appendix "G".

6.0 Request for an Extension

1. The Companies are seeking an extension of the time to file a proposal with the Official Receiver to February 22, 2019.
2. The Proposal Trustee supports this request for the following reasons:
 - a) the Proposal Trustee is working with the Companies to the extent possible to ensure that the Companies are acting in good faith and with due diligence in these proceedings;
 - b) the mortgagees are carved out of these proceedings and can advance their enforcement remedies if they so choose; and
 - c) an extension will allow TD to initiate and carry out the Sale Process, subject to Court approval.

⁴ The Forme Group has guaranteed the fees and disbursements of the Proposal Trustee, its counsel and the Companies' Counsel (the "NOI Professionals"). The NOI Professionals have registered a mortgage against certain of the Forme Group properties (including those of the Companies) to secure their fees and disbursements. The Forme Group has also provided a Direction of a portion of its equity, if any, on its Birchmount project that is scheduled to close in the near term in favour of the NOI Professionals.

7.0 Conclusion and Recommendation

1. Based on the foregoing, the Proposal Trustee respectfully recommends that this Honourable Court make an order granting the relief detailed in Section 1.1(1)(f) of this Report.

* * *

All of which is respectfully submitted,

A handwritten signature in blue ink that reads "KSV Kofman Inc". The signature is written in a cursive, flowing style.

**KSV KOFMAN INC.
SOLELY IN ITS CAPACITY AS TRUSTEE UNDER THE
NOTICES OF INTENTION TO MAKE A PROPOSAL OF
THE COMPANIES
AND NOT IN ITS PERSONAL CAPACITY**

Appendix “A”

IN THE MATTER OF THE PROPOSAL OF 1296 KENNEDY
DEVELOPMENT INC., A CORPORATION INCORPORATED UNDER
THE LAWS OF ONTARIO
AND

Estate No. 31-2440234

IN THE MATTER OF THE PROPOSAL OF 159 CARVILLE
DEVELOPMENT INC., A CORPORATION INCORPORATED UNDER
THE LAWS OF ONTARIO

ORDER

(Procedural Consolidation of Estates and Extension of Time to File A Proposal)

THIS MOTION made by 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 Carville Development Inc., (collectively, the “**NOI Companies**”) for an order authorizing and directing the procedural consolidation of the NOI Companies’ proceedings (the “**NOI Proceedings**”) under Section 50.4 of the *Bankruptcy and Insolvency Act* (“**BIA**”) and extending the time to file a proposal, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the NOI Companies’ Motion Record in respect of this motion and the Second Report dated November 20, 2018 (the “**Second Report**”) of KSV Kofman Inc., in its capacity as proposal trustee (the “**Proposal Trustee**”).

AND UPON hearing the submissions of counsel for the NOI Companies, the Proposal Trustee and those other parties present, no one else appearing for any other person on the service list, although duly served as appears from the affidavit of service of Katie Parent sworn November 21, 2018, filed;

NOTICE AND SERVICE

1. **THIS COURT ORDERS** that the time for service of the Motion Record in respect of this motion and the Second Report is hereby abridged and validated so that the motion is properly returnable today, and that further service thereof is hereby dispensed with.

CONSOLIDATION OF ESTATES

2. **THIS COURT ORDERS** that the NOI Proceedings shall be administratively and procedurally consolidated and the Proposal Trustee shall be authorized and directed to administer the NOI Companies on a consolidated basis for all purposes in carrying out its administrative duties and other responsibilities as trustee under the Bankruptcy and Insolvency Act, R.S.C. 1985, c. B-3, as amended.

3. **THIS COURT ORDERS** that the single Court file number of 31-2436538 and the title of proceeding of shall be assigned to the NOI Proceedings as follows:

**IN THE MATTER OF THE PROPOSAL 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., 159
CARVILLE DEVELOPMENT INC., ALL CORPORATIONS INCORPORATED UNDER
THE LAWS OF ONTARIO**

4. **THIS COURT ORDERS** that a copy of this Order shall be filed by NOI Companies in the Court file for the Estate numbers 31-2436538, 31-2436600, 31-2436604, 31-2438977, 31-2439433, 2439448, 31-2439440 and 31-2440234 but that any other document required to be filed in this proceeding shall hereafter only be required to be filed in Court file number 31-2436538.

5. **THIS COURT ORDERS** that the procedural and administrative consolidation of the NOI Proceedings shall not: (i) affect the separate legal status and corporate structures of any of the NOI Companies; (ii) cause any of the NOI Companies to be liable for any claim for which it otherwise is not liable; or (iii) affect the Proposal Trustee's right to seek to disallow any claim, including on the basis that such claim is a duplicative claim.

EXTENSION OF TIME TO FILE A PROPOSAL

6. **THIS COURT ORDERS** that, pursuant to Section 50.4(9) of the BIA, the time for filing a proposal with the Official Receiver in each of the NOI Proceedings be and is hereby extended to January 8, 2019.

7. **THIS COURT ORDERS** that the Proposal Trustee be and is hereby authorized to confirm in writing to any mortgagees holding a charge on a property of an NOI Company and who wishes to enforce its remedies as mortgagees against such property, that it is entitled to proceed to do so, notwithstanding the currency of any stay of proceedings imposed by operation of the BIA.

GENERAL

8. **THIS COURT ORDERS** that this Order shall have full force and effect in all provinces and territories in Canada against all persons, firms, corporations, governmental, municipal and regulatory authorities against whom it may be enforceable.

9. **THIS COURT ORDERS AND REQUESTS** the aid and recognition of any court or any judicial, regulatory or administrative body in any province or territory of Canada and the Federal Court of Canada and any judicial, regulatory or administrative tribunal or other court constituted pursuant to the Parliament of Canada or the legislature of any province to act in aid of and to be complementary to this Court in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance as may be necessary or desirable to give effect to the Order or to assist the Trustee and its agents in carrying out the terms of this Order.

A handwritten signature in black ink, appearing to read "Hainey J.", is written over a horizontal line. The signature is cursive and stylized, with a long, sweeping tail on the final letter.

IN THE MATTER OF THE PROPOSAL OF 58 OLD KENNEDY DEVELOPMENT INC., A CORPORATION INCORPORATED UNDER THE LAWS OF ONTARIO
IN THE MATTER OF THE PROPOSAL OF 76 OLD KENNEDY DEVELOPMENT INC., A CORPORATION INCORPORATED UNDER THE LAWS OF ONTARIO
IN THE MATTER OF THE PROPOSAL OF 82 OLD KENNEDY DEVELOPMENT INC., A CORPORATION INCORPORATED UNDER THE LAWS OF ONTARIO
IN THE MATTER OF THE PROPOSAL OF 9500 DUFFERIN DEVELOPMENT INC., A CORPORATION INCORPORATED UNDER THE LAWS OF ONTARIO
IN THE MATTER OF THE PROPOSAL OF 250 DANFORTH DEVELOPMENT INC., A CORPORATION INCORPORATED UNDER THE LAWS OF ONTARIO
IN THE MATTER OF THE PROPOSAL OF 3310 KINGSTON DEVELOPMENT INC., A CORPORATION INCORPORATED UNDER THE LAWS OF ONTARIO
IN THE MATTER OF THE PROPOSAL OF 1296 KENNEDY DEVELOPMENT INC., A CORPORATION INCORPORATED UNDER THE LAWS OF ONTARIO
IN THE MATTER OF THE PROPOSAL OF 159 CARVILLE DEVELOPMENT INC., A CORPORATION INCORPORATED UNDER THE LAWS OF ONTARIO

Estate File Nos: 31-2436538
31-2436600
31-2436604
31-2438977
31-2439433
31-2439448
31-2439440
31-2440234

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced TORONTO

ORDER
**(Procedural Consolidation of Estates and
Extension of Time to File a Proposal)**

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Appendix “B”



**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 nine¹ 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.

¹ 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 process², 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;

² 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 files³.

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

³ 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 ⁴ (\$)	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

⁴ 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 ⁴ (\$)	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
Total		154,484,287		220,608,930	354,440,000		
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 1st. 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 Facility⁵ 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.

⁵ 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 \$25,000⁶ 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.

⁶ 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 “C”



**Supplement to the 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 7, 2018

- and -

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

COURT FILE NO.:CV-18-608313-00CL

**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"**

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

November 7, 2018

1.0 Introduction

1. This report ("Supplemental Report") supplements KSV's report dated November 6, 2018 (the "First Report"). Capitalized terms not otherwise defined herein have the meanings given to such terms in the First Report.
2. This Supplemental Report provides:
 - a. a letter from TD concerning its preliminary view of the value of the Pacific Properties (the "TD Letter"); and
 - b. further details concerning the Administration Charge and the DIP Lender's Charge.

2.0 Background

1. The Applicants sought protection under the CCAA on November 6, 2018 (the "Initial Application"). At the return of the Application, due to concerns raised by legal counsel representing certain mortgagees regarding short service, Mr. Justice Hainey issued an endorsement adjourning the application until November 8, 2018 (the "Return Date") and providing the Applicants an interim stay of proceedings until the Return Date. A copy of the Endorsement is provided in Appendix "B".

2. A copy of the TD Letter is provided in Appendix “C”. The letter provides further details concerning TD’s preliminary views of the values of the Pacific Properties.
3. The primary issue that arises is that the Pacific Properties are assembled into four developments. The table provided in Appendix “D” details the entities which comprise each development. Each entity owns its own real estate and each piece of real estate has its own mortgagees. To maximize value, it is likely, but not certain, that the Pacific Properties will be sold as their intended development versus as separate parcels of real estate.
4. The table in Appendix “D” illustrates KSV’s view that an orderly sale process is required given the multiple mortgages on the Pacific Properties. It is possible that each mortgagee will have its own view as to the best way to realize on the real property. It is KSV’s view at this time, based on, among other things, discussions with TD, that value is more likely to be maximized for the benefit of all stakeholders if the Pacific Properties are sold on the basis of their intended developments. That said, KSV and TD are prepared to sell the properties on the basis of any value maximizing opportunity that arises and the contemplated sale process would allow for that.
5. Chief among the concerns raised by mortgagees on the Pacific Properties has been the attachment of the DIP Lender’s Charge to each Pacific Property in the full amount. KSV is of the view that is a cost allocation issue – and is further of the view that none of the Pacific Properties’ mortgagees (the “Mortgagees”) should be prejudiced by an unfavourable allocation. KSV recommends that any equity realized from the sale of any of the Applicants’ properties, including, but not limited to the Pacific Properties, first be used to pay the amounts owing under the Administration Charge and the DIP Lender’s Charge so that no Pacific Properties’ mortgagee suffers a shortfall. In the event that the equity in all of the Applicants’ properties is insufficient to repay in full the Administration Charge and the DIP Lender’s Charge (which is not expected at this time), then any amounts required to satisfy that shortfall would be allocated pro-rata based on the value received for each of the Pacific Properties.
6. Since the Initial Application, the Company’s counsel, Goldman Sloan Nash & Haber LLP, KSV, as proposed Monitor, and its counsel, Bennett Jones LLP, have had discussions with, and corresponded with, representatives of certain lenders concerning the matters discussed herein. As detailed below, the contemplated Initial Order has been amended to reflect feedback received from these parties – a summary of the proposed changes is listed below:
 - a. The proposed Initial Order already provided the proposed Monitor with oversight and required consents for any disbursements made by the Applicants, as well as control over the DIP funds and that any further development work by the Applicants must be consented to by the Monitor – further changes have been made to clarify those provisions;
 - b. The priority of the proposed Administration Charge has been amended such that it will rank immediately below the first mortgagee on all Properties (not just the non-Pacific Properties) and further, the priority of the Administration Charge on the non-Pacific Properties will be deferred until the comeback

hearing as certain affected mortgagees on those properties may not have received notice; and

- c. the provisions and protections regarding allocation of costs as described above have been added – namely that costs that are not attributable to a specific Property or Properties will first be allocated to unencumbered funds or equity in Properties or, where there are no unencumbered funds on a pro rata basis, based on the sale price for the Properties (or if not sold, an appraised value approved by KSV).
7. KSV understands that as discussions continue before the Return Date, there may be further proposed changes to the proposed Initial Order and that further revisions may be circulated prior to the Court hearing tomorrow morning.

* * *

All of which is respectfully submitted,

A handwritten signature in blue ink that reads "KSV Kofman Inc". The signature is written in a cursive, flowing style.

**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**



**Second Supplement to the 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 7, 2018

- and -

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

**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"
TO THE FIRST REPORT**

**SECOND SUPPLEMENT TO THE FIRST REPORT OF KSV
KOFMAN INC. AS
PROPOSAL TRUSTEE AND
REPORT OF KSV KOFMAN INC. AS PROPOSED MONITOR**

November 7, 2018

1.0 Introduction

1. This report (the "Second Supplemental Report") further supplements KSV's report dated November 6, 2018 (the "First Report"). Capitalized terms not otherwise defined herein have the meanings given to such terms in the First Report.
2. This Second Supplemental Report provides:
 - a. the schedule (attached) reflecting the value in the Pacific Properties after the first mortgagees (the "First Mortgage Schedule"); and
 - b. a summary of reductions in the cost of the DIP Facility.

2.0 First Mortgage Schedule

1. The First Mortgage Schedule (attached as Appendix "A") reflects that there is an estimated value of approximately \$63.1 million after the first mortgages on the Pacific Properties.

3.0 DIP Facility

1. The DIP Lender has agreed to:
 - a. reduce the interest rate on the DIP Facility from the Royal Bank of Canada (“RBC”)¹ prime rate plus 5% to the RBC rate plus 4.55%, with a minimum interest rate of 8.5%; and
 - b. reduce the commitment fee from \$100,000 to \$75,000.

* * *

All of which is respectfully submitted,



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

¹ As at October 25, 2018.



**Third Supplement to the 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 29, 2018

- and -

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

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COURT FILE NO.:CV-18-608313-00CL

**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"
TO THE FIRST REPORT**

**THIRD SUPPLEMENT TO THE FIRST REPORT OF
KSV KOFMAN INC. AS
PROPOSAL TRUSTEE AND
REPORT OF KSV KOFMAN INC. AS PROPOSED MONITOR**

November 29, 2018

1.0 Introduction

1. This report (the "Third Supplemental Report") further supplements KSV's report dated November 6, 2018 (the "First Report"). Capitalized terms not otherwise defined herein have the meanings given to such terms in the First Report.
2. This Third Supplemental Report provides:
 - a. a summary of the activities of KSV, as Proposed Monitor, Bennett Jones, as counsel to the Proposed Monitor, and GSNH, counsel to the Applicants, since the CCAA application on November 6, 2018 (the "Initial Application");
 - b. the framework for these proceedings ("Framework"), including a sale process ("Sale Process") for each of the properties other than the Birchmount Gardens project ("Birchmount");
 - c. a summary on the Applicants' cash flow projection for the period November 30, 2018 to February 10, 2019 (the "Cash Flow Forecast"); and
 - d. KSV's recommendation that the entities listed in Appendix "A" be subject to the CCAA proceedings, including the rationale for that recommendation.

2.0 Activities Since the Initial Application

1. Since the Initial Application, KSV, Bennett Jones and GSNH have worked diligently to develop the Framework. This has required countless communications and meetings with substantially all of the Applicants' mortgagees and/or their legal counsel.
2. The first mortgagees of the properties owned by the companies listed on Appendix "A" now appear supportive of the CCAA proceedings, provided it is conducted in a manner consistent with the Framework.
3. There are three projects and/or properties where the first mortgagees are supportive of the process but subsequent ranking mortgagees have contacted the proposed Monitor, its counsel or counsel to the Applicants, and advised that they are opposed to it, or as at the date of this Report, had not conclusively confirmed that they were supportive. These are: 58 Old Kennedy Development Inc. (opposed), the Carrville Development¹ (undetermined) and the Anglin Development (undetermined)². A motion is scheduled to be heard on December 6, 2018 (the "December 6th Motion") in order to determine whether any disputed properties should be part of the CCAA proceedings.
4. There is one project, 4 Don Hillock Development Inc., where a decision is pending from the first mortgagee. That project is not contemplated to be included in these proceedings at this time.
5. There is one project, 376 Derry, where the first mortgagee has not contacted any of the proposed Monitor, Bennett Jones or GSNH. The first mortgagee was served on November 19, 2018. It is contemplated that 376 Derry will be part of these proceedings.
6. The key provisions of the Framework include, *inter alia*, the following:

Super Monitor

- a. KSV would be appointed "super monitor" under the Initial Order and would, to the exclusion of any other person, have all of the rights and powers of the Applicants, including collecting all receipts and making all disbursements;
- b. KSV would have exclusive authority over the Sale Process;

Sale Process Overview

- c. All of the properties subject to the Initial Order (with the exception of Birchmount) would be made available for sale. Birchmount is a completed condominium project. The Applicants' real estate counsel (not GSNH) is working to close the sale of each condominium. The transactions are expected to close in December 2018 or early in 2019;

¹ 159, 169 and 189 Carrville Road, Richmond Hill

² 29 and 31 Anglin Drive, Richmond Hill

- d. TD will be retained as the exclusive listing agent in the Sale Process. Its fee will be based on the aggregate purchase paid by the Applicants for each of the properties subject to these proceedings. TD's fee is contemplated to range from 1.25% to 1.75% of the gross selling price of the properties;
- e. Offers will be solicited in the Sale Process for each property separately, and where applicable, as an assembly;
- f. The timelines for the Sale Process are provided in Section 3(1) below;
- g. TD will provide bi-weekly written updates to the Monitor, which will be shared with the relevant mortgagees, subject to each mortgagee entering into confidentiality arrangements satisfactory to the Monitor. Each mortgagee shall be entitled to make reasonable inquiries on the subject matter of these reports and additional details with respect to its particular Property;
- h. Any mortgagee can credit bid its debt at the conclusion of the sale process if the Sale Process does not generate proceeds sufficient to repay it in full. Subsequent mortgagees opting to credit bid will be required to pay out or reach terms acceptable to prior ranking creditors (in their sole discretion) to assume their obligations;
- i. Any and all principal, interest and costs will continue to accrue on each mortgage in accordance with its terms;

“Equity Kicker”

- j. To the extent there is equity available in any project of the Applicants after payment of all debt, fees and costs owing or incurred in respect of that project (in each case, the "Project Equity"), each mortgagee of that project will be entitled to receive in cash an amount equal to 10% of the principal amount of its mortgage prior to any payment to the project's shareholder (the "Equity Kicker"); provided that to the extent there is insufficient Project Equity to pay the Equity Kicker in full, each such mortgagee shall be entitled to its *pro-rata* share of the Equity Kicker based on the principal amount of its mortgage. Any mortgagee entitled to the Equity Kicker with a collateral mortgage on a separate Property will be entitled to collect its Equity Kicker in respect of any Property where it has a mortgage; provided: i) that in no event shall such mortgagee receive in the aggregate an Equity Kicker that is greater than 10% of the principal amount of its mortgage owed by the primary mortgagor; and ii) the advances it provided were used either for the property subject to the mortgage or for another property in the same assembly;
- k. The Equity Kicker is a gratuitous incentive created to encourage mortgagees to participate in the CCAA process. It allows the mortgagees the opportunity to recover more than what they are owed at the expense of the Applicants' shareholder;

Funding

- I. The Administration Charge will be for the benefit of the Monitor, Bennett Jones and GSNH. The Administration Charge shall rank immediately subordinate to the first mortgagee on each property, except in the case of Birchmount, where the Administration Charge will rank subordinate to all mortgagees;
- m. The Monitor, Bennett Jones and GSNH will only be paid from proceeds of sale after the first mortgagees on each property are paid in full (but before the Equity Kicker);
- n. The Administration Charge on each Property will only secure the fees directly allocable to the particular Property and such Property's share of the costs not-directly allocable to a particular Property;
- o. To the extent that the proceeds of realization are not sufficient to repay in full the amounts due under the Administration Charge on a particular Property, such deficiency can be satisfied from the proceeds of any transaction which remain after all mortgagees have been paid in full on any other Property;
- p. Any costs directly allocable to a particular Property will be so allocated. Those costs will be funded as follows:
 - i. The first mortgagee on the Property will have the right (but not the obligation) to fund such amount as an advance under its mortgage at an interest rate accruing at a rate that is the higher of (i) the applicable rate under its mortgage and (ii) 9.5% per annum, calculated monthly in arrears;
 - ii. If the first mortgagee does not fund such amount, the second mortgagee on the Property will have the right (but not the obligation) to fund such amount as an advance under its mortgage at an interest rate accruing at a rate that is the higher of (i) the applicable rate under its mortgage and (ii) 9.5% per annum, calculated monthly in arrears. The amount advanced will have a first-ranking super-priority charge over the applicable Property only. If necessary, this process will continue until all mortgagees on a Property have been given the opportunity to fund;
 - iii. If no mortgagee on the Property funds such amount, the Monitor will be entitled to draw on a standby DIP facility to be arranged by the Monitor³. The amount advanced will have a first-ranking super-priority charge over the applicable Property only.

³ The Monitor has arranged this facility and approval will be sought at a subsequent motion.

- q. Any costs not directly allocable to a particular property (such as the head office lease and skeletal employee staff⁴)⁵ will be allocated *pro-rata* based on the principal amount of the first mortgage and funded by:
- i. First, using existing available cash of the Applicants;
 - ii. Second, to the extent required and available, using any equity generated by the sale of any of the Applicants' Properties, including, but not limited to, Birchmount⁶;
 - iii. Third, to the extent required, the first mortgagee on each Property will have right (but not the obligation) to fund its share as an advance under its mortgage at an interest rate accruing at a rate that is the higher of (i) the applicable rate under its mortgage and (ii) 9.5% per annum, calculated monthly in arrears;
 - iv. If the first mortgagee does not fund such amount, the second mortgagee on the Property will have the right (but not the obligation) to fund such amount as an advance under its mortgage at an interest rate accruing at a rate that is the higher of (i) the applicable rate under its mortgage and (ii) 9.5% per annum, calculated monthly in arrears. The amount advanced will have a first-ranking super-priority charge over the applicable Property only. If necessary, this process will continue until all mortgagees on a Property have been given the opportunity to fund; and
 - v. If no mortgagee on the Property funds such amount, the Monitor shall be entitled to draw such amount under a standby DIP facility to be arranged by the Monitor. The amount advanced will have a first-ranking super-priority charge over the applicable Property only.
7. The Monitor will prepare rolling monthly cash flows in respect of costs that cannot be directly allocated to a particular property. Such cash flows will be provided to each mortgagee. The total indirect costs for the duration of the Sale Process is estimated to be less than \$400,000⁷, which amount is to be controlled by the Monitor, as funded, and is to be allocated across all first mortgagees on a pro-rata basis based on the principal amount of their mortgage. These costs include payroll for a small number of the Applicants' employees who have knowledge of the projects and who will facilitate the sale process.

⁴ No wages or other amounts will be paid to Mr. Wang or any known relative of his.

⁵ These amounts are currently estimated not to exceed \$50,000 per month in the aggregate.

⁶ The Applicants have advised that there may be at least \$1 million of net proceeds from this transaction available to fund costs of these proceedings. KSV has been trying to confirm this with the Applicant's real estate counsel (not GSNH) who is handling this matter.

⁷ Subject to adjustment, which is not anticipated to be material.

3.0 Sale Process

- The intended Sale Process and related timelines are summarized in the table below. The timelines in this process assume a CCAA commencement date of November 30, 2018. Delays commencing the CCAA will result in corresponding delays in the Sale Process timeline. Properties added to the CCAA after November 30, 2018 may have corresponding delays in the timeline. If the commencement of these proceedings is delayed until the holiday season, a short additional delay is likely.

Summary of Sale Process		
Milestone	Description of Activities	Timeline
<i>Phase 1 – Underwriting</i>		
Finalize marketing materials	<ul style="list-style-type: none"> ➤ Advisor and the Monitor to: <ul style="list-style-type: none"> ○ prepare an offering summary; ○ populate an online data room; and ○ prepare a confidentiality agreement (“CA”). 	November 30, 2018 to February 5, 2019
Prospect Identification	<ul style="list-style-type: none"> ➤ Advisor to develop a master prospect list. ➤ Advisor will qualify and prioritize prospects. ➤ Advisor will have pre-marketing discussions with targeted prospects. 	
<i>Phase 2 – Marketing</i>		
Stage 1	<ul style="list-style-type: none"> ➤ Mass market introduction, including: <ul style="list-style-type: none"> ○ Offering summary and marketing materials printed; ○ publication of the acquisition opportunity in The Globe and Mail (National Edition) and other community or industry targeted publications, as applicable; ○ telephone and email canvass of leading prospects, both from a sale and refinancing perspective; and ○ meet with and interview prospective bidders. ➤ Assist the Monitor and its legal counsel in the preparation of a Vendor’s form of Purchase and Sale Agreement (the “PSA”). ➤ Advisor to provide detailed information to qualified prospects which execute the CA including an offering summary and access to the data room. ➤ Advisor to facilitate all diligence by interested parties. 	February 6, 2019 to March 26, 2019

Summary of Sale Process		
Milestone	Description of Activities	Timeline
Stage 3	➤ Prospective purchasers to submit PSAs.	March 27, 2019
<i>Phase 3 – Offer Review and Negotiations</i>		
Short-listing of Offers	<ul style="list-style-type: none"> ➤ Short listing bidders. ➤ Further bidding - Interested bidders may be asked to improve their offers in as many rounds of bidding as is required to maximize the consideration. 	April 3, 2019
Selection of Successful Bid	➤ Select successful bidder and finalize definitive documents.	April 10, 2019
Sale Approval Motion and Closing	➤ Motion for transaction approval and close transaction.	April 17, 2019 to April 24, 2019

4.0 Cash Flow Forecast

1. The Applicants have prepared a Cash Flow Forecast for the period November 30, 2018 to February 10, 2019. 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 "C".
2. 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 "D".

5.0 Conclusion and Recommendation

1. At the commencement of this process, the Applicants were comprised of 30 companies which own 18 real estate projects and owe more than \$220 million in mortgage debt. At the last two Court attendances in this matter, the senior mortgagees on several projects were permitted to move forward with their own enforcement processes and accordingly the entities that own that real estate are not part of the contemplated CCAA proceedings.
2. TD is to be the listing brokerage in the Sale Process. TD's commission is significantly less than the commission that would be payable if the properties were sold separately. A copy of TD's Listing Agreement is attached as Appendix "B". At the time this Third Supplemental Report was finalized, the Listing Agreement had been signed by TD and KSV, as Proposed Monitor, and it was with the Applicants' representative to be executed.

3. This CCAA is focused on the overriding goal of maximizing value on a timely basis. In this regard,
 - a. senior mortgagees will have the benefit of an expedited sale process completed under the supervision of the Court. The Sale Process timelines are intended to be consistent with or superior to their enforcement rights under their mortgages, such as a power of sale. Senior mortgagees also gain the benefit of a Court-supervised process, which assists to insulate them from improvident realization claims from junior ranking mortgagees; and
 - b. subordinate ranking mortgagees gain the benefit of an orderly sale process, which is more likely to maximize value than a mortgagee enforcement process, especially in the case of properties that are part of an assembly.
4. Since the date of the Initial Application:
 - a. KSV, Bennett Jones and GSNH have discussed with each of the mortgagees their concerns with the proposed CCAA. The intended CCAA process responds to those concerns, including:
 - i. KSV will be appointed "Super Monitor" given concerns about the Applicants' management raised by several mortgagees;
 - ii. the Monitor, its counsel and the Company's counsel will defer payment of their fees until each property is sold – fees are to be paid from sale proceeds;
 - iii. neither the proposed stay of proceedings in the Initial Order nor the extensions under the NOIs restrict mortgagees on the excluded properties from enforcing their mortgages, including guarantee claims they have against Forme Development Group Inc. or Mike Wang personally;
 - iv. the mortgagees will have the option to fund all disbursements on the basis set out in the proposed Initial Order, which is intended to minimize drawings under the Standby DIP facility;
 - v. mortgagees will be entitled to a fee of up to 10% of the principal amount of their mortgages; and
 - vi. any mortgagee will have the right to credit bid its debt if the mortgagee is not paid in full from the transaction proceeds. Any subsequent ranking mortgagee would also have the right to pay out prior ranking creditors or assume the prior ranking creditors on terms acceptable to those creditors in their sole discretion.
5. Given the significant debt carrying costs and the Applicants' negligible liquidity, it is important that these proceedings, and the Sale Process, commence forthwith.

6. In respect of the December 6th Motion, KSV is of the view that the rights of a subsequent mortgagee should not trump those of prior ranking mortgagees. To the extent that a subsequent ranking mortgagee does not wish to participate in this process, they should be obligated to repay in full prior ranking mortgagees or to participate in the CCAA proceedings. This is not an issue for the present motion.

7. The Proposed Monitor continues to be of the view that this process is in the interest of the mortgagees. It is to be conducted on a timely basis and is cost effective. It also preserves the rights of mortgagees. It will not unnecessarily tie up any property for an extended period of time. Offers for the properties will be received early in 2019, and if those offers are not acceptable, the mortgagees have a right to credit bid or otherwise enforce their mortgages. The process will be transparent and the Proposed Monitor intends to communicate frequently with the mortgagees concerning the Sale Process.

* * *

All of which is respectfully submitted,

A handwritten signature in blue ink that reads "KSV Kofman Inc". The signature is written in a cursive, flowing style.

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

Appendix “D”

Listing Agreement
Seller Representation Agreement
Authority to Offer for Sale

This is a Multiple Listing Service® Agreement



OR

Exclusive Listing Agreement

EXCLUSIVE



BETWEEN:

BROKERAGE: See "Rider to Listing Agreement"

(the "Listing Brokerage") Tel.No. _____

SELLER(S): _____

(the "Seller")

In consideration of the Listing Brokerage listing the real property for sale known as _____

(the "Property")

the Seller hereby gives the Listing Brokerage the See "Rider to Listing Agreement" exclusive and irrevocable right to act as the Seller's agent, commencing at 12:01 a.m. on the _____ day of _____, 20____, until 11:59 p.m. on the _____ day of _____, 20____ (the "Listing Period").

Seller acknowledges that the length of the Listing Period is negotiable between the Seller and the Listing Brokerage and, if an MLS® listing, may be subject to minimum requirements of the real estate board, however, in accordance with the Real Estate and Business Brokers Act (2002), if the Listing Period exceeds six months, the Listing Brokerage must obtain the Seller's initials.



to offer the Property for sale at a price of:

One Dollars (CDN\$) 1.00 in the Seller's sole and absolute discretion

and upon the terms particularly set out herein, or at such other price and/or terms acceptable to the Seller, it is understood that the price and/or terms set out herein are at the Seller's personal request, after full discussion with the Listing Brokerage's representative regarding potential market value of the Property.

The Seller hereby represents and warrants that the Seller is not a party to any other listing agreement for the Property or agreement to pay commission to any other real estate brokerage for the sale of the Property.

1. DEFINITIONS AND INTERPRETATIONS: For the purposes of this Agreement ("Authority" or "Agreement"): "Seller" includes vendor, a "buyer" includes a purchaser, or a prospective purchaser. A "real estate board" includes a real estate association. A purchase shall be deemed to include the entering into of any agreement to exchange, or the obtaining of an option to purchase which is subsequently exercised. Commission shall be deemed to include other remuneration. This Agreement shall be read with all changes of gender or number required by the context. For purposes of this Agreement, anyone introduced to or shown the Property shall be deemed to include any spouse, heirs, executors, administrators, successors, assigns, related corporations and affiliated corporations. Related corporations or affiliated corporations shall include any corporation where one half or a majority of the shareholders, directors or officers of the related or affiliated corporation are the same person(s) as the shareholders, directors, or officers of the corporation introduced to or shown the Property.

2. COMMISSION: In consideration of the Listing Brokerage listing the Property, the Seller agrees to pay the Listing Brokerage a commission of _____% of the sale price of the Property or See "Rider to Listing Agreement" for any valid offer to purchase the Property from any source whatsoever obtained during the Listing Period and on the terms and conditions set out in this Agreement ~~or such other terms and conditions as the Seller may accept.~~ Subject to the terms and conditions set out in the Listing Agreement The Seller authorizes the Listing Brokerage to co-operate with any other registered real estate brokerage (co-operating brokerage) and to offer to pay the co-operating brokerage a commission of _____% of the sale price of the Property or See "Rider to Listing Agreement" out of the commission the Seller pays the Listing Brokerage. The Seller further agrees to pay such commission as calculated above if an agreement to purchase is agreed to or accepted by the Seller or anyone on the Seller's behalf within See "Rider to Listing Agreement" days after the expiration of the Listing Period (Holdover Period), so long as such agreement is with anyone who was introduced to the Property from any source whatsoever during the Listing Period or shown the Property during the Listing Period. If, however, the offer for the purchase of the Property is pursuant to a new agreement in writing to pay commission to another registered real estate brokerage, the Seller's liability for commission shall be reduced by the amount paid by the Seller under the new agreement. ~~The Seller further agrees to pay such commission as calculated above even if the transaction contemplated by an agreement to purchase agreed to or accepted by the Seller or anyone on the Seller's behalf is not completed, if such non-completion is owing or attributable to the Seller's default or neglect, said commission to be payable on the date set for completion of the purchase of the Property.~~ Any deposit in respect of any agreement where the transaction has been completed shall first be applied to reduce the commission payable. Should such amounts paid to the Listing Brokerage from the deposit or by the Seller's solicitor not be sufficient, the Seller shall be liable to pay to the Listing Brokerage on demand, any deficiency in commission and taxes owing on such commission. All amounts set out as commission are to be paid plus applicable taxes on such commission.

INITIALS OF LISTING BROKERAGE:



INITIALS OF SELLER(S):



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the Seller's personal information as is consistent with listing and marketing of the Property. The Seller consents, if this is an MLS® Listing, to placement of the listing information and sales information by the Brokerage into the database(s) of the MLS® System of the appropriate Board, and to the posting of any documents and other information (including, without limitation, photographs, images, graphics, audio and video recordings, virtual tours, drawings, floor plans, architectural designs, artistic renderings, surveys and listing descriptions) provided by or on behalf of the Seller into the database(s) of the MLS® System of the appropriate Board. The Seller hereby indemnifies and saves harmless the Brokerage and/or any of its employees, servants, brokers or sales representatives from any and all claims, liabilities, suits, actions, losses, costs and legal fees caused by, or arising out of, or resulting from the posting of any documents or other information (including, without limitation, photographs, images, graphics, audio and video recordings, virtual tours drawings, floor plans, architectural designs, artistic renderings, surveys and listing descriptions) as aforesaid. The Seller acknowledges that the database, within the board's MLS® System is the property of the real estate board(s) and can be licensed, resold, or otherwise dealt with by the board(s). The Seller further acknowledges that the real estate board(s) may, during the term of the listing and thereafter, distribute the information in the database, within the board's MLS® System to any persons authorized to use such service which may include other brokerages, government departments, appraisers, municipal organizations and others; market the Property, at its option, in any medium, including electronic media; during the term of the listing and thereafter, compile, retain and publish any statistics including historical data within the board's MLS® System and retain, reproduce and display photographs, images, graphics, audio and video recordings, virtual tours, drawings, floor plans, architectural designs, artistic renderings, surveys and listing descriptions which may be used by board members to conduct comparative analysis; and make such other use of the information as the Brokerage and/or real estate board(s) deem appropriate, in connection with the listing, marketing and selling of real estate during the term of the listing and thereafter. The Seller acknowledges that the information, personal or otherwise ("information"), provided to the real estate board or association may be stored on databases located outside of Canada, in which case the information would be subject to the laws of the jurisdiction in which the information is located.

In the event that this Agreement expires or is cancelled or otherwise terminated and the Property is not sold, the Seller, by initialling: Does Does Not

consent to allow other real estate board members to contact the Seller after expiration or other termination of this Agreement to discuss listing or otherwise marketing the Property.

- 12. **SUCCESSORS AND ASSIGNS:** The heirs, executors, administrators, successors and assigns of the undersigned are bound by the terms of this Agreement.
- 13. **CONFLICT OR DISCREPANCY:** If there is any conflict or discrepancy between any provision added to this Agreement (including any Schedule attached hereto) and any provision in the standard pre-set portion hereof, the added provision shall supersede the standard pre-set provision to the extent of such conflict or discrepancy. This Agreement, including any Schedule attached hereto, shall constitute the entire Agreement between the Seller and the Listing Brokerage. There is no representation, warranty, collateral agreement or condition which affects this Agreement other than as expressed herein.
- 14. **ELECTRONIC COMMUNICATION:** This Agreement and any agreements, notices or other communications contemplated thereby may be transmitted by means of electronic systems, in which case signatures shall be deemed to be original. The transmission of this Agreement by the Seller by electronic means shall be deemed to confirm the Seller has retained a true copy of the Agreement.
- 15. **ELECTRONIC SIGNATURES:** If this Agreement has been signed with an electronic signature the parties hereto consent and agree to the use of such electronic signature with respect to this Agreement pursuant to the *Electronic Commerce Act 2000, S.O. 2000, c17* as amended from time to time.
- 16. **SCHEDULE(S):** See "Rider to Listing Agreement" and data form attached hereto form(s) part of this Agreement.

THE LISTING BROKERAGE AGREES TO MARKET THE PROPERTY ON BEHALF OF THE SELLER AND REPRESENT THE SELLER IN AN ENDEAVOUR TO OBTAIN A VALID OFFER TO PURCHASE THE PROPERTY ON THE TERMS SET OUT IN THIS AGREEMENT OR ON SUCH OTHER TERMS SATISFACTORY TO THE SELLER.

(Authorized to bind the Listing Brokerage) _____ DATE Dec 12/2018 Ashley Martis
 (Name of Person Signing)

THIS AGREEMENT HAS BEEN READ AND FULLY UNDERSTOOD BY ME AND I ACKNOWLEDGE THIS DATE I HAVE SIGNED UNDER SEAL. Any representations contained herein or as shown on the accompanying data form respecting the Property are true to the best of my knowledge, information and belief.

SIGNED, SEALED AND DELIVERED I have hereunto set my hand and seal:

(Signature of Seller) _____ DATE DEC 12. 2018 (Seal) _____ (Tel. No.) _____

(Signature of Seller) _____ DATE _____ (Seal) _____

SPOUSAL CONSENT: The undersigned spouse of the Seller hereby consents to the listing of the Property herein pursuant to the provisions of the Family Law Act, R.S.O. 1990 and hereby agrees to execute all necessary or incidental documents to further any transaction provided for herein.

(Spouse) _____ DATE _____ (Seal) _____

DECLARATION OF INSURANCE

The salesperson/broker/broker of record Ashley Martis
 (Name of Salesperson/Broker/Broker of Record)
 hereby declares that he/she is insured as required by the Real Estate and Business Brokers Act (REBBA) and Regulations.

 (Signature[s] of Salesperson/Broker/Broker of Record)

ACKNOWLEDGEMENT

The Seller(s) hereby acknowledge that the Seller(s) fully understand the terms of this Agreement and have received a true copy of this Agreement on the _____ day of _____, 20____.

(Signature of Seller) _____ Date: _____

(Signature of Seller) _____ Date: _____

3. **REPRESENTATION:** The Seller acknowledges that the Listing Brokerage has provided the Seller with information explaining agency relationships, including information on Seller Representation, Sub-agency, Buyer Representation, Multiple Representation and Customer Service.

The Seller understands that unless the Seller is otherwise informed, the co-operating brokerage is representing the interests of the buyer in the transaction. The Seller further acknowledges that the Listing Brokerage may be listing other properties that may be similar to the Seller's Property and the Seller hereby consents to the Listing Brokerage listing other properties that may be similar to the Seller's Property without any claim by the Seller of conflict of interest. The Seller hereby appoints the Listing Brokerage as the Seller's agent for the purpose of giving and receiving notices pursuant to any offer or agreement to purchase the Property. Unless otherwise agreed in writing between Seller and Listing Brokerage, any commission payable to any other brokerage shall be paid out of the commission the Seller pays the Listing Brokerage, said commission to be disbursed in accordance with the Commission Trust Agreement.

MULTIPLE REPRESENTATION: The Seller hereby acknowledges that the Listing Brokerage may be entering into buyer representation agreements with buyers who may be interested in purchasing the Seller's Property. In the event that the Listing Brokerage has entered into or enters into a buyer representation agreement with a prospective buyer for the Seller's Property, the Listing Brokerage will obtain the Seller's written consent to represent both the Seller and the buyer for the transaction at the earliest practicable opportunity and in all cases prior to any offer to purchase being submitted or presented.

The Seller understands and acknowledges that the Listing Brokerage must be impartial when representing both the Seller and the buyer and equally protect the interests of the Seller and buyer. The Seller understands and acknowledges that when representing both the Seller and the buyer, the Listing Brokerage shall have a duty of full disclosure to both the Seller and the buyer, including a requirement to disclose all factual information about the Property known to the Listing Brokerage.

However, the Seller further understands and acknowledges that the Listing Brokerage shall not disclose:

- that the Seller may or will accept less than the listed price, unless otherwise instructed in writing by the Seller;
- that the buyer may or will pay more than the offered price, unless otherwise instructed in writing by the buyer;
- the motivation of or personal information about the Seller or buyer, unless otherwise instructed in writing by the party to which the information applies or unless failure to disclose would constitute fraudulent, unlawful or unethical practice;
- the price the buyer should offer or the price the Seller should accept; and
- the Listing Brokerage shall not disclose to the buyer the terms of any other offer.

However, it is understood that factual market information about comparable properties and information known to the Listing Brokerage concerning potential uses for the Property will be disclosed to both Seller and buyer to assist them to come to their own conclusions.

Where a Brokerage represents both the Seller and the Buyer (multiple representation), the Brokerage shall not be entitled or authorized to be agent for either the Buyer or the Seller for the purpose of giving and receiving notices.

MULTIPLE REPRESENTATION AND CUSTOMER SERVICE: The Seller understands and agrees that the Listing Brokerage also provides representation and customer service to other sellers and buyers. If the Listing Brokerage represents or provides customer service to more than one seller or buyer for the same trade, the Listing Brokerage shall, in writing, at the earliest practicable opportunity and before any offer is made, inform all sellers and buyers of the nature of the Listing Brokerage's relationship to each seller and buyer.

4. **FINDERS FEES:** The Seller acknowledges that the Brokerage may be receiving a finder's fee, reward and/or referral incentive, and the Seller consents to any such benefit being received and retained by the Brokerage in addition to the Commission as described above.
5. **REFERRAL OF ENQUIRIES:** The Seller agrees that during the Listing Period, the Seller shall advise the Listing Brokerage immediately of all enquiries from any source whatsoever, and all offers to purchase submitted to the Seller shall be immediately submitted to the Listing Brokerage before the Seller accepts or rejects the same. If any enquiry during the Listing Period results in the Seller accepting a valid offer to purchase during the Listing Period or within the Holdover Period after the expiration of the Listing Period, the Seller agrees to pay the Listing Brokerage the amount of Commission set out above, payable within five (5) days following the Listing Brokerage's written demand therefor.
6. **MARKETING:** The Seller agrees to allow the Listing Brokerage to show and permit prospective buyers to fully inspect the Property during reasonable hours and the Seller gives the Listing Brokerage the sole and exclusive right to place "For Sale" and "Sold" sign(s) upon the Property. The Seller consents to the Listing Brokerage including information in advertising that may identify the Property. The Seller further agrees that the Listing Brokerage shall have sole and exclusive authority to make all advertising decisions relating to the marketing of the Property for sale during the Listing Period. The Seller agrees that the Listing Brokerage will not be held liable in any manner whatsoever for any acts or omissions with respect to advertising by the Listing Brokerage or any other party, other than by the Listing Brokerage's gross negligence or willful act.
7. **WARRANTY:** The Seller represents and warrants that the Seller has the exclusive authority and power to execute this Authority to offer the Property for sale and that the Seller has informed the Listing Brokerage of any third party interests or claims on the Property such as rights of first refusal, options, easements, mortgages, encumbrances or otherwise concerning the Property, which may affect the sale of the Property.
8. **INDEMNIFICATION AND INSURANCE:** The Seller will not hold the Listing Brokerage and representatives of the Brokerage responsible for any loss or damage to the Property or contents occurring during the term of this Agreement caused by the Listing Brokerage or anyone else by any means, including theft, fire or vandalism, other than by the Listing Brokerage's gross negligence or willful act. The Seller agrees to indemnify and save harmless the Listing Brokerage and representatives of the Brokerage and any co-operating brokerage from any liability, claim, loss, cost, damage or injury, including but not limited to loss of the Commission payable under this Agreement, caused or contributed to by the breach of any warranty or representation made by the Seller in this Agreement or the accompanying data form. The Seller warrants the Property is insured, including personal liability insurance against any claims or lawsuits resulting from bodily injury or property damage to others caused in any way on or at the Property and the Seller indemnifies the Brokerage and all of its employees, representatives, salespersons and brokers (Listing Brokerage) and any co-operating brokerage and all of its employees, representatives, salespersons and brokers (co-operating brokerage) for and against any claims against the Listing Brokerage or co-operating brokerage made by anyone who attends or visits the Property.
9. **FAMILY LAW ACT:** The Seller hereby warrants that spousal consent is not necessary under the provisions of the Family Law Act, R.S.O. 1990, unless the spouse of the Seller has executed the consent hereinafter provided.
10. **VERIFICATION OF INFORMATION:** The Seller authorizes the Listing Brokerage to obtain any information affecting the Property from any regulatory authorities, governments, mortgagees or others and the Seller agrees to execute and deliver such further authorizations in this regard as may be reasonably required. The Seller hereby appoints the Listing Brokerage or the Listing Brokerage's authorized representative as the Seller's attorney to execute such documentation as may be necessary to effect obtaining any information as aforesaid. The Seller hereby authorizes, instructs and directs the above noted regulatory authorities, governments, mortgagees or others to release any and all information to the Listing Brokerage.
11. **USE AND DISTRIBUTION OF INFORMATION:** The Seller consents to the collection, use and disclosure of personal information by the Brokerage for the purpose of listing and marketing the Property including, but not limited to: listing and advertising the Property using any medium including the Internet; disclosing Property information to prospective buyers, brokerages, salespersons and others who may assist in the sale of the Property; such other use of

INITIALS OF LISTING BROKERAGE:

INITIALS OF SELLER(S):



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Schedule "A"

Re: Listing Agreement (the "Agreement") for the Companies and properties listed on Schedule "B" (the "Property") between TD CORNERSTONE COMMERCIAL REALTY INC. (the "Listing Brokerage"), 58 OLD KENNEDY DEVELOPMENT INC., 76 OLD KENNEDY DEVELOPMENT INC. AND 82 OLD KENNEDY DEVELOPMENT INC. (the "Companies") and KSV KOFMAN INC. (the "Proposal Trustee") solely in its capacity as Proposal Trustee of the entities listed on Schedule and not in its personal or any other capacity.

Notwithstanding anything contained in the Agreement, each of the Listing Brokerage, the Proposal Trustee and the Companies acknowledge and agree as follows:

1. **Termination Rights.** The Companies, or the Proposal Trustee on behalf of the Companies, may without penalty or cost to the Proposal Trustee and the Companies terminate the Agreement at any time, if the Listing Brokerage is in default hereunder or under any other agreement with the Companies and/or Proposal Trustee. In addition, unless otherwise agreed, this Agreement shall automatically terminate if the Companies and/or the Proposal Trustee are restricted in or enjoined from dealing with the Property by a court of competent jurisdiction or if the Proposal proceedings are terminated and the Companies become bankrupt, in which case the continuation of this agreement will be subject to approval in such bankruptcy proceedings.
2. **Price.** While it is the Companies' intention to obtain the highest and best offer for the Property, the Listing Brokerage acknowledges and agrees that the Companies, or the Proposal Trustee 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 Proposal Trustee 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 Listing Brokerage in respect of the Property unless and until a Transaction Agreement for the Property has been completed and the Companies, or the Proposal Trustee 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).

Notwithstanding the foregoing or any other provision of this Agreement, if the Companies enter into an agreement and sell any of the Property to Cheng Yi Wei (or his nominee), the commission shall be 1% with no cooperating broker commission.

3. **Holdover Period Commission.** Any fee, commission or other compensation payable to the Listing Brokerage 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 Proposal Trustee on the Companies' behalf, or to the Property by the Listing Brokerage during the Listing Period and who the Listing Brokerage has previously disclosed in writing to the Companies or the Proposal Trustee, 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 Listing Brokerage had introduced up to a maximum of three (3) different prospective *bona fide* purchasers to the Companies or the Proposal Trustee, 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 Proposal Trustee, on the Companies' behalf, to purchase the Property, but said material negotiations had not resulted in a binding agreement of purchase and sale, to the extent that each of the Listing Brokerage and the Companies or the Proposal Trustee, 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 Proposal Trustee, 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 Listing Brokerage shall be entitled to its commission in connection with the

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transaction being completed with the Serious Prospect upon terms and conditions acceptable to the Companies, or the Proposal Trustee, 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 Listing Brokerage will not be entitled to any commission, payment or fee as the Companies agent if the Listing Team (as defined below) represents the purchaser.

4. **Listing Brokerage's Duties.** The Listing Brokerage covenants and agrees with the Companies and the Proposal Trustee 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 Proposal Trustee'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) 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 as set out in Section 5 (the "Cooperating Agent Fee");
- (c) unless otherwise agreed by the Proposal Trustee, on the Companies' behalf, diligently market the Property for sale and 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"> ➤ Listing Brokerage, with the assistance of the Companies and the Proposal Trustee to <ul style="list-style-type: none"> ○ prepare an offering summary ○ populate an online data room, and ○ prepare a confidentiality agreement ("CA"). 	By January 8, 2019
Prospect Identification	<ul style="list-style-type: none"> ➤ Listing Brokerage to develop a master prospect list. Listing Brokerage will qualify and prioritize prospects. ➤ Listing Brokerage will also have pre-marketing discussions with targeted prospects. 	
<i>Phase 2 – Marketing</i>		
Stage 1	<ul style="list-style-type: none"> ➤ Mass market introduction, including <ul style="list-style-type: none"> ○ Offering summary and marketing materials printed, ○ publication of the acquisition opportunity in The Globe and Mail (National Edition) and other community or industry targeted publications, as applicable, ○ telephone and email canvass of leading prospects, both from a sale and refinancing perspective; and ○ meet with and interview prospective bidders. ➤ Assist the Proposal Trustee and its legal counsel in the preparation of a Vendor's form 	January 9, 2019 to February 6, 2019

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Summary of Sale Process		
Milestone	Description of Activities	Timeline
	<ul style="list-style-type: none"> of Purchase and Sale Agreement (the "PSA"). ➤ Listing Brokerage to provide detailed information to qualified prospects which execute the CA including an offering summary and access to the data room ➤ Listing Brokerage to facilitate all diligence by interested parties. 	
Stage 2	➤ Prospective purchasers to submit PSAs	February 7, 2019
<i>Phase 3 – Offer Review and Negotiations</i>		
Short-listing of Offers	<ul style="list-style-type: none"> ➤ Short listing bidders ➤ Further bidding - Interested bidders may be asked to improve their offers in as many rounds of bidding as is required to maximize the consideration. 	One week
Selection of Successful Bid	➤ Select successful bidder and finalize definitive documents.	One week
Sale Approval Motion and Closing	➤ Motion for transaction approval and close transaction	Three weeks

- (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 Listing Brokerage (out of the Listing Fee (as defined below));
- (c) ensure that there is continuity in the assignment of individual staff members and partners to the work performed by the Listing Brokerage under the terms of this engagement. In particular, the Listing Brokerage agrees that Ashley Martis and Thaine Carter will lead the listing team (collectively the "Listing Team") to perform work in connection with the Listing Brokerage's engagement and that Messrs. Martis and Carter 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 Thaine Carter is unavailable to work on the mandate;
- (f) subject to the instructions of the Proposal Trustee, on the Companies' behalf, to assist the Proposal Trustee, on the Companies' behalf, and the Companies, in negotiating binding agreements subject to Court approval. Only the Companies (under the oversight and supervision of the Proposal Trustee) shall have authority to accept offers and the Listing Brokerage 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 Proposal Trustee, 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 Proposal Trustee on the Companies' behalf) in connection with the 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

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purchasers.

5. **Commission Payable to the Listing Brokerage.** The Proposal Trustee shall pay to the Listing Brokerage upon the successful completion of a Transaction Agreement for the Property, a commission (the "Listing Fee") of 1.50% (plus HST) and a co-operating brokerage commission of 1% (plus HST), if applicable, based on the purchase price paid for each Property included in the Sale Process (the "Purchase Price").

For greater certainty, in the event that a Transaction Agreement for the Property is completed through a Cooperating Agent, it being the intention that a Cooperating Agent Fee equal to 1.00% (plus HST) based on the purchase price paid for each Property (or Properties) for which a Cooperating Agent is involved shall be paid by the Listing Brokerage (on top of of the Listing Fee) to the Cooperating Agent's brokerage pursuant to a separate cooperating brokerage commission agreement between the Listing Brokerage and the Cooperating Agent's brokerage. The Companies, and the Proposal Trustee 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", with the agreement arising therefrom a "Transaction Agreement"). The Proposal Trustee agrees to notify the Listing Brokerage of the successful completion or closing. The Proposal Trustee hereby instructs the Companies' solicitors or its solicitors and agrees to advise the court to distribute payment to the Listing Brokerage 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 Listing Brokerage acknowledges and agrees in favour of the Companies, and the Proposal Trustee 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 Proposal Trustee or the Companies, or anyone acting on their behalf, to the Listing Brokerage or such purchaser as to the condition of the Property or any buildings located thereon;
- (b) the Companies, or the Proposal Trustee 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 Proposal Trustee 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 Proposal Trustee on behalf of the Companies, and all such advertisement and promotional material shall be prepared, published and distributed by the Listing Brokerage and shall be at the expense of the Listing Brokerage. All third party reports and legal service fees requested and/or approved by the Companies, or the Proposal Trustee on the Companies' behalf, shall be at the expense of the Companies.

8. **Confidentiality.** The Listing Brokerage 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.

Confidential

records or documents to which the Listing Brokerage 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 Listing Brokerage's possession or control except for disclosure that may be required for the reasonable performance by the Listing Brokerage of its responsibilities hereunder. Confidential Information shall not include information that: (i) was previously known to or in the possession of the Listing Brokerage or its Representatives prior to receipt from the Proposal Trustee or the Companies; (ii) is independently developed by or on behalf of the Listing Brokerage 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 Listing Brokerage or its Representatives by a source other than the Proposal Trustee and/or the Companies, provided such source is not known by the Listing Brokerage or its Representatives to be bound by any contractual, legal or fiduciary obligation of confidentiality to the Companies or the Proposal Trustee with respect to the information; or (v) the Listing Brokerage 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 Listing Brokerage 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. **Proposal Trustee's Capacity.** Notwithstanding the foregoing or anything else contained herein or elsewhere, the Listing Brokerage acknowledges and agrees that the Proposal Trustee'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 Proposal Trustee represent and warrant that they have the exclusive authority and power to execute this Agreement and to authorize the Listing Brokerage to offer the Property. Notwithstanding the foregoing and Section 7 of the pre-printed portion of this Agreement, the Listing Brokerage acknowledges and agrees that the Proposal Trustee 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. Section 7 of the pre-printed portion of this Agreement is qualified by the previous sentence.

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 Listing Brokerage 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 Listing Brokerage in its sole discretion.

Neither the Companies, nor the Proposal Trustee on the Companies' behalf, consent to the Listing Brokerage 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 Proposal Trustee, on behalf of the Companies, authorize the Listing Brokerage 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 Listing Brokerage nor the Listing Brokerage's representatives may bind the Companies or the Proposal Trustee or execute any documentation on behalf of the Companies or the Proposal Trustee. The Companies, and the Proposal Trustee 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 Listing Brokerage.

16. **MLS Listing.** Notwithstanding any other provision in this Agreement, the Listing Brokerage shall not advertise the Property on MLS until the Companies, or the Proposal Trustee on the Companies' behalf, provide expressed authority to do so, has executed the requisite MLS agreements, and all marketing materials have been approved (collectively the "Listing Approval"). The Listing Brokerage shall have five (5) days following receipt of the Listing Approval to post the Property on the M.L.S.

17. **Listing Period.** The term of this Agreement shall begin upon acceptance of this Agreement (the "Commencement Date") and shall expire one minute before midnight on the six month anniversary of the Commencement Date or upon earlier termination as otherwise prescribed herein.

18. **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 "A", the provisions of this Schedule "A" shall prevail and govern.

19. **Use of Listing Brokerage's Advice.** The Companies, and the Proposal Trustee on the Companies' behalf, acknowledge that any advice (whether written or oral) and any background or supporting material or analysis provided by the Listing Brokerage, or its sub-consultants, to the Companies or the Proposal Trustee, on the Companies' behalf, or any of the Companies or the Proposal Trustee's directors, officers or employees in connection with the Listing Brokerage's engagement hereunder, are intended solely for the use of the Companies and Proposal Trustee 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 Proposal Trustee on the Companies' behalf, agree that, except with the Listing Brokerage'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 Listing Brokerage shall be made by the Companies or the Proposal Trustee.

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

Confidential

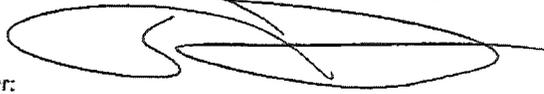
20. **Indemnity.** The Listing Brokerage confirms that it owes an obligation to the Companies and the Proposal Trustee and their officers, employees and agents (collectively, the "Indemnified Parties") to carry out its activities in a competent and professional manner acting reasonably and in good faith.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

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

Per: 

Name: Ashley Martis
Title: Officer and Broker

**KSV KOFMAN INC., SOLELY IN ITS CAPACITY
AS COURT APPOINTED PROPOSAL TRUSTEE
AND MANAGER OF CERTAIN PROPERTY OF
FORME DEVELOPMENT GROUP INC. AND THE
ENTITIES LISTED ON SCHEDULE B, AND NOT IN
ITS PERSONAL OR IN ANY OTHER CAPACITY**

Per: 

Name: ~~Robert Kofman~~ DAVID SIERADZKI
Title: ~~President~~ MANAGING DIRECTOR

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

Per: 

Name: Yuan Hua Wang
Title: President

Confidential

Schedule "B"

MUNICIPAL ADDRESS "Property"	OWNERSHIP ENTITY "Companies"
20 Thelma Avenue, City of Markham	58 OLD KENNEDY DEVELOPMENT INC.
58 Old Kennedy Road, City of Markham	58 OLD KENNEDY DEVELOPMENT INC.
76 Old Kennedy Road, City of Markham	76 OLD KENNEDY DEVELOPMENT INC.
82 Old Kennedy Road, City of Markham	82 OLD KENNEDY DEVELOPMENT INC.

Confidential

Appendix “E”

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 “F”

58 Old Kennedy Development Inc
 Projected Statement of Cash Flow
 For the Period December 17, 2018 to February 22, 2019
 (CS, unaudited)

	Notes	Week Ending								Total		
		23-Dec-18	30-Dec-18	06-Jan-19	13-Jan-19	20-Jan-19	27-Jan-19	03-Feb-19	10-Feb-19		17-Feb-19	22-Feb-19
<i>Total Receipts</i>	1	-	-	-	-	-	-	-	-	-	-	-
<i>Disbursements</i>												
Mortgage payments	2	-	-	-	-	-	-	-	-	-	-	-
Property Taxes	3	-	-	-	-	-	-	-	-	-	-	-
<i>Total Operating Disbursements</i>		-	-	-	-	-	-	-	-	-	-	-
<i>Net Cash Flow before the Undernoted Professional Fees</i>	4	-	-	-	-	-	-	-	-	-	-	-
<i>Net Cash Flow</i>		-	-	-	-	-	-	-	-	-	-	-
Opening Cash Balance		-	-	-	-	-	-	-	-	-	-	-
Closing Cash Balance		-	-	-	-	-	-	-	-	-	-	-

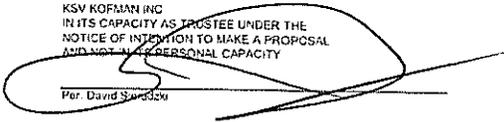
The above financial projections are based on management's assumptions detailed in Appendix "1-1".
 The note references correspond to the assumption numbers shown in Appendix "1-1".

The statement of projected cash-flow of 58 Old Kennedy Development Inc. has been prepared in accordance with the provisions of the *Bankruptcy and Insolvency Act* and should be read in conjunction with the Trustee's Report on Cash-flow Statement.

58 OLD KENNEDY DEVELOPMENT INC


 Per: Yuan Hua Wang

December 12, 2018
 Date

KSV KOFMAN INC
 IN ITS CAPACITY AS TRUSTEE UNDER THE
 NOTICE OF INTENTION TO MAKE A PROPOSAL
 AND NOT IN A PERSONAL CAPACITY

 Per: David Szwedzko

December 12, 2018
 Date

58 Old Kennedy Development Inc.

Notes to Projected Statement of Cash Flow

For the Period December 17, 2018 to February 22, 2019

(C\$; unaudited)

Purpose and General Assumptions

1. The purpose of the projection is to present a forecast of the cash-flow of 58 Old Kennedy Development Inc. (the "Company") for the period December 17, 2018 to February 22, 2019 (the "Period") in respect of its proposal proceedings under the *Bankruptcy and Insolvency Act*.

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

Hypothetical and Probable Assumptions

2. The cash-flow assumes that principal and interest on all secured obligations will accrue and not be paid by the Company during the NOI proceedings. To the extent not paid, these amounts will be added to the respective indebtedness of the secured creditors and will be addressed upon the sale of the properties or in accordance with a proposal to creditors to be filed by the Company (the "Proposal").
3. Property taxes will be settled as an adjustment when the properties are sold or as part of the Proposal.
4. Professional fees will accrue through the Period and are to be paid from proceeds of the sale of the properties or from a DIP loan, subject to Court approval.

**Report on Cash Flow Statement by the Person Making the Proposal
(Paragraphs 50(6)(c) and 50.4(2)(c) of the BIA)**

The management of 58 Old Kennedy Development Inc. (the "Company") has developed the assumptions and prepared the attached statement of projected cash flow of the Company for the period ending February 22, 2019.

The hypothetical assumptions are reasonable and consistent with the purpose of the projection described in Note 1, and the probable assumptions are suitably supported and consistent with the plans of the Company and provide a reasonable basis for the projection. All such assumptions are disclosed in Notes 1 to 5.

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

The projection has been prepared solely for the purpose described in Note 1, using a set of hypothetical and probable assumptions set out in Notes 2 to 5. Consequently, readers are cautioned that it may not be appropriate for other purposes.

Dated at Toronto, Ontario, this 12th day of December, 2018.

58 Old Kennedy Development Inc.



Per: Yuan Hua Wang

76 Old Kennedy Development Inc.
Projected Statement of Cash Flow
 For the Period December 17, 2018 to February 22, 2019
 (CS, unaudited)

	Note	Week Ending									6 Days Ending	Total	
		23-Dec-18	30-Dec-18	06-Jan-19	13-Jan-19	20-Jan-19	27-Jan-19	03-Feb-19	10-Feb-19	17-Feb-19			22-Feb-19
Total Receipts	1	-	-	-	-	-	-	-	-	-	-	-	-
Disbursements													
Mortgage payments	2	-	-	-	-	-	-	-	-	-	-	-	-
Property taxes	3	-	-	-	-	-	-	-	-	-	-	-	-
Total Operating Disbursements		-	-	-	-	-	-	-	-	-	-	-	-
Net Cash Flow before the Undermoted		-	-	-	-	-	-	-	-	-	-	-	-
Professional fees	4	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash Flow		-	-	-	-	-	-	-	-	-	-	-	-
Opening Cash Balance		-	-	-	-	-	-	-	-	-	-	-	-
Closing Cash Balance		-	-	-	-	-	-	-	-	-	-	-	-

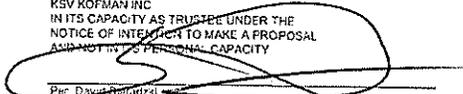
The above financial projections are based on management's assumptions detailed in Appendix "1-1"
 The note references correspond to the assumption numbers shown in Appendix "1-1"

The statement of projected cash-flow of 58 Old Kennedy Development Inc. has been prepared in accordance with the provisions of the *Bankruptcy and Insolvency Act* and should be read in conjunction with the Trustee's Report on Cash-flow Statement

76 OLD KENNEDY DEVELOPMENT INC


 Per: Yuan Hua Wang

December 12, 2018
 Date

KSV KOFMAN INC
 IN ITS CAPACITY AS TRUSTEE UNDER THE
 NOTICE OF INTENTION TO MAKE A PROPOSAL
 AND NOT IN ITS PERSONAL CAPACITY

 Per: David Smirnov

December 12, 2018
 Date

76 Old Kennedy Development Inc.

Notes to Projected Statement of Cash Flow

For the Period December 17, 2018 to February 22, 2019

(C\$; unaudited)

Purpose and General Assumptions

1. The purpose of the projection is to present a forecast of the cash-flow of 76 Old Kennedy Development Inc. (the "Company") for the period December 17, 2018 to February 22, 2019 (the "Period") in respect of its proposal proceedings under the *Bankruptcy and Insolvency Act*.

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

Hypothetical and Probable Assumptions

2. The cash-flow assumes that principal and interest on all secured obligations will accrue and not be paid by the Company during the NOI proceedings. To the extent not paid, these amounts will be added to the respective indebtedness of the secured creditors and will be addressed upon the sale of the properties or in accordance with a proposal to creditors to be filed by the Company (the "Proposal").
3. Property taxes will be settled as an adjustment when the properties are sold or as part of the Proposal.
4. Professional fees will accrue through the Period and are to be paid from proceeds of the sale of the properties or from a DIP loan, subject to Court approval.

**Report on Cash Flow Statement by the Person Making the Proposal
(Paragraphs 50(6)(c) and 50.4(2)(c) of the BIA)**

The management of 76 Old Kennedy Development Inc. (the "Company") has developed the assumptions and prepared the attached statement of projected cash flow of the Company for the period ending February 22, 2019.

The hypothetical assumptions are reasonable and consistent with the purpose of the projection described in Note 1, and the probable assumptions are suitably supported and consistent with the plans of the Company and provide a reasonable basis for the projection. All such assumptions are disclosed in Notes 1 to 5.

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

The projection has been prepared solely for the purpose described in Note 1, using a set of hypothetical and probable assumptions set out in Notes 2 to 5. Consequently, readers are cautioned that it may not be appropriate for other purposes.

Dated at Toronto, Ontario, this 12th day of December, 2018.

76 Old Kennedy Development Inc.


Per: Yuan Hua Wang

82 Old Kennedy Development Inc
 Projected Statement of Cash Flow
 For the Period December 17, 2018 to February 22, 2019
 (CS, unaudited)

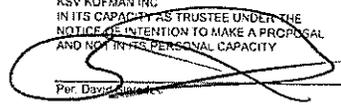
	Note	Week Ending									Total	
		23-Dec-18	30-Dec-18	06-Jan-19	13-Jan-19	20-Jan-19	27-Jan-19	03-Feb-19	10-Feb-19	17-Feb-19		22-Feb-19
<i>Total Receipts</i>	1	-	-	-	-	-	-	-	-	-	-	-
<i>Disbursements</i>												
Mortgage payments	2	-	-	-	-	-	-	-	-	-	-	-
Property taxes	3	-	-	-	-	-	-	-	-	-	-	-
<i>Total Operating Disbursements</i>		-	-	-	-	-	-	-	-	-	-	-
<i>Net Cash Flow before the Underwriting</i>		-	-	-	-	-	-	-	-	-	-	-
Professional fees	4	-	-	-	-	-	-	-	-	-	-	-
<i>Net Cash Flow</i>		-	-	-	-	-	-	-	-	-	-	-
Opening Cash Balance		-	-	-	-	-	-	-	-	-	-	-
Closing Cash Balance		-	-	-	-	-	-	-	-	-	-	-

The above financial projections are based on management's assumptions detailed in Appendix "1-1"
 The note references correspond to the assumption numbers shown in Appendix "1-1"

The statement of projected cash-flow of 82 Old Kennedy Development Inc. has been prepared in accordance with the provisions of the *Bankruptcy and Insolvency Act* and should be read in conjunction with the Trustee's Report on Cash-flow Statement

82 OLD KENNEDY DEVELOPMENT INC


 Per Yuan Hus Wang

KSV KOFMAN INC
 IN ITS CAPACITY AS TRUSTEE UNDER THE
 NOTICE OF INTENTION TO MAKE A PROPOSAL
 AND NOT IN ITS PERSONAL CAPACITY

 Per David Kofman

December 12, 2018
 Date

December 12, 2018
 Date

82 Old Kennedy Development Inc.

Notes to Projected Statement of Cash Flow

For the Period December 17, 2018 to February 22, 2019

(C\$; unaudited)

Purpose and General Assumptions

1. The purpose of the projection is to present a forecast of the cash-flow of 82 Old Kennedy Development Inc. (the "Company") for the period December 17, 2018 to February 22, 2019 (the "Period") in respect of its proposal proceedings under the *Bankruptcy and Insolvency Act*.

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

Hypothetical and Probable Assumptions

2. The cash-flow assumes that principal and interest on all secured obligations will accrue and not be paid by the Company during the NOI proceedings. To the extent not paid, these amounts will be added to the respective indebtedness of the secured creditors and will be addressed upon the sale of the properties or in accordance with a proposal to creditors to be filed by the Company (the "Proposal").
3. Property taxes will be settled as an adjustment when the properties are sold or as part of the Proposal.
4. Professional fees will accrue through the Period and are to be paid from proceeds of the sale of the properties or from a DIP loan, subject to Court approval.

**Report on Cash Flow Statement by the Person Making the Proposal
(Paragraphs 50(6)(c) and 50.4(2)(c) of the BIA)**

The management of 82 Old Kennedy Development Inc. (the "Company") has developed the assumptions and prepared the attached statement of projected cash flow of the Company for the period ending February 22, 2019.

The hypothetical assumptions are reasonable and consistent with the purpose of the projection described in Note 1, and the probable assumptions are suitably supported and consistent with the plans of the Company and provide a reasonable basis for the projection. All such assumptions are disclosed in Notes 1 to 5.

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

The projection has been prepared solely for the purpose described in Note 1, using a set of hypothetical and probable assumptions set out in Notes 2 to 5. Consequently, readers are cautioned that it may not be appropriate for other purposes.

Dated at Toronto, Ontario, this 12th day of December, 2018.

82 Old Kennedy Development Inc.


Per: Yuan Hua Wang

Appendix “G”

**Trustee's Report on Cash-flow Statement
(Paragraphs 50(6)(b) and 50.4(2)(b) of the Act)**

The attached statement of projected cash-flow of 58 Old Kennedy Development Inc., as of the 12th day of December, 2018, consisting of a weekly cash flow statement for the period December 17th, 2018 to February 22nd, 2019, has been prepared by the management of the insolvent person for the purpose described in Note 1, using the probable and hypothetical assumptions set out in Notes 2-4.

Our review consisted of inquiries, analytical procedures and discussion related to information supplied to us by the management and employees of the insolvent person. 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 projection. We have also reviewed the support provided by management for the probable assumptions and the preparation and presentation of the projection.

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

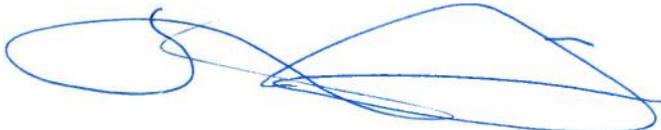
- (a) the hypothetical assumptions are not consistent with the purpose of the projection;
- (b) as at the date of this report, the probable assumptions developed by management are not suitably supported and consistent with the plans of the insolvent person or do not provide a reasonable basis for the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

Since the projection 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 projection will be achieved.

The projection 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 this 12th day of December, 2018.

KSV KOFMAN INC.
TRUSTEE



Per: David Sieradzki

**Trustee's Report on Cash-flow Statement
(Paragraphs 50(6)(b) and 50.4(2)(b) of the Act)**

The attached statement of projected cash-flow of 76 Old Kennedy Development Inc., as of the 12th day of December, 2018, consisting of a weekly cash flow statement for the period December 17th, 2018 to February 22nd, 2019, has been prepared by the management of the insolvent person for the purpose described in Note 1, using the probable and hypothetical assumptions set out in Notes 2-4.

Our review consisted of inquiries, analytical procedures and discussion related to information supplied to us by the management and employees of the insolvent person. 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 projection. We have also reviewed the support provided by management for the probable assumptions and the preparation and presentation of the projection.

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

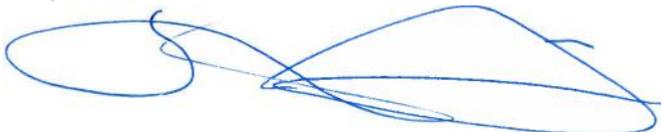
- (a) the hypothetical assumptions are not consistent with the purpose of the projection;
- (b) as at the date of this report, the probable assumptions developed by management are not suitably supported and consistent with the plans of the insolvent person or do not provide a reasonable basis for the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

Since the projection 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 projection will be achieved.

The projection 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 this 12th day of December, 2018.

KSV KOFMAN INC.
TRUSTEE



Per: David Sieradzki

**Trustee's Report on Cash-flow Statement
(Paragraphs 50(6)(b) and 50.4(2)(b) of the Act)**

The attached statement of projected cash-flow of 82 Old Kennedy Development Inc., as of the 12th day of December, 2018, consisting of a weekly cash flow statement for the period December 17th, 2018 to February 22nd, 2019, has been prepared by the management of the insolvent person for the purpose described in Note 1, using the probable and hypothetical assumptions set out in Notes 2-4.

Our review consisted of inquiries, analytical procedures and discussion related to information supplied to us by the management and employees of the insolvent person. 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 projection. We have also reviewed the support provided by management for the probable assumptions and the preparation and presentation of the projection.

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

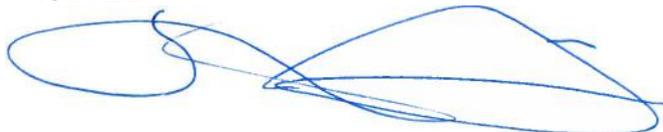
- (a) the hypothetical assumptions are not consistent with the purpose of the projection;
- (b) as at the date of this report, the probable assumptions developed by management are not suitably supported and consistent with the plans of the insolvent person or do not provide a reasonable basis for the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

Since the projection 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 projection will be achieved.

The projection 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 this 12th day of December, 2018.

KSV KOFMAN INC.
TRUSTEE



Per: David Sieradzki