



**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 “A”

List of Applicants

Forme Development Group Inc.
250 Danforth Development Inc.
3310 Kingston Development Inc.
1296 Kennedy Development Inc.
1326 Wilson Development Inc.
376 Derry Development Inc.
5507 River Development Inc.
4439 John Development Inc.
9500 Dufferin Development Inc.
2358825 Ontario Ltd.

Appendix “B”



EXCLUSIVE LISTING AND ADVISORY AGREEMENT

This exclusive listing and advisory agreement (the "Agreement") is made as of the

29th day of November 2018 (the "Effective Date").

BETWEEN:

TD CORNERSTONE COMMERCIAL REALTY INC.

(the "Advisor")

and

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

(the "Companies")

and

KSV KOFMAN INC.

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

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

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

Confidential

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

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

6. OBLIGATIONS AND ACKNOWLEDGMENTS OF THE ADVISOR

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



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

[Signature page follows]

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

TD CORNERSTONE COMMERCIAL REALTY INC., BROKERAGE

Name: Ashley Martis

Title: Officer

Per: _____

I have authority to bind the company

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

Name: Robert Kofman

Title: President

Per: _____

I have authority to bind the company

FORME DEVELOPMENT GROUP INC. AND RELATED COMPANIES

Name: Mike Wang

Title: President

Per: _____

I have authority to bind the Companies

Confidential

Schedule "A"

Forme Development Group Inc.
250 Danforth Development Inc.
3310 Kingston Development Inc.
1296 Kennedy Development Inc.
1326 Wilson Development Inc.
376 Derry Development Inc.
5507 River Development Inc.
4439 John Development Inc.
9500 Dufferin Development Inc.
2358825 Ontario Ltd.

A handwritten signature in black ink, consisting of a large, stylized initial 'A' followed by a wavy line.

Schedule "B"

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

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

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

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

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

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

Confidential



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

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

Summary of Sale Process		
Milestone	Description of Activities	Timeline
<i>Phase 1 – Underwriting</i>		
Finalize marketing materials	<ul style="list-style-type: none"> ➤ 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 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 Monitor and its legal counsel in the preparation of a Vendor's form of Purchase and Sale Agreement (the "PSA"); 	February 6, 2019 to March 26, 2019

Summary of Sale Process		
Milestone	Description of Activities	Timeline
	<ul style="list-style-type: none"> ➤ 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. 	
Stage 2	<ul style="list-style-type: none"> ➤ 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	<ul style="list-style-type: none"> ➤ Select successful bidder and finalize definitive documents. 	April 10, 2019
Sale Approval Motion and Closing	<ul style="list-style-type: none"> ➤ Motion for transaction approval and close transaction 	April 17, 2019 to April 24, 2019

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

5. **Commission Payable to the Advisor.** The Monitor shall pay to the Advisor upon the successful completion of a Transaction Agreement for the Property, a commission (the "Listing Fee") ranging from 1.75% (plus HST) to 1.25% (plus HST) based on the combined purchase price paid by the respective Former entity for each property included in the Sale Process (the "Purchase Price"). Assuming the combined purchase price is a minimum of \$45 million (the "Low Value"), the Advisor's commission shall be 1.75% and assuming the combined purchase price is a maximum of \$78 million (the "High Value"), the Advisor's commission shall be 1.25%. The Advisor's commission will be adjusted on a pro-rata basis to the extent that the Purchase Price is between the Low Value and the High Value. Further pro-rata adjustments will be made to the Advisor's commission if the Purchase Price exceeds \$78 million, provided the Advisor's commission will not be less than 1.10% (plus HST).

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

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

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

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

8. **Confidentiality.** The Advisor shall treat and shall cause its directors, officers, employees, agents and legal and other advisors (collectively, "Representatives") to treat as confidential and shall not disclose, during as well as after the rendering of the service contracted herein, any confidential information, records or

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

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

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

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

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

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

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

and may hold long or short positions, may trade or otherwise effect transactions for its own account or for the account of TD's customers, in debt or equity securities or related derivative securities of the Companies or any other person with an interest in the sale of the Property. In particular, it is understood that an affiliate of TD Cornerstone Commercial Realty Inc. may make acquisition financing (including credit and/or equity) available to prospective counterparties in a sale of the Property, as applicable. However, no affiliate of TD Cornerstone Commercial Realty Inc. will be obligated to provide acquisition financing to any counterparty in a sale of the Property except on such terms and conditions as are acceptable to an affiliate of the Advisor in its sole discretion.

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

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

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

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

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

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

19. **Indemnity.** The Advisor confirms that it owes an obligation to the Companies and the Monitor and their officers, employees and agents (collectively, the "Indemnified Parties") to carry out its activities in a competent and professional manner acting reasonably and in good faith. As such, the Advisor confirms that it owes an obligation to the Indemnified Parties with respect to claims made by third parties against the Indemnified Parties arising out of work performed by the Advisor or the Advisor's failure to comply with its

obligations hereunder, up to a maximum of the Listing Fee actually received by the Advisor pursuant to this Agreement. This indemnity shall survive the expiration or termination of the Agreement.

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

Per: _____

Name: Ashley Martis
Title: Officer and Broker

**KSV KOEMAN INC., SOLELY IN ITS CAPACITY
AS COURT APPOINTED MONITOR AND
MANAGER OF CERTAIN PROPERTY OF FORME
DEVELOPMENT GROUP INC. AND THE ENTITIES
LISTED ON SCHEDULE B-1, AND NOT IN ITS
PERSONAL OR IN ANY OTHER CAPACITY**

Per: _____

Name: Robert Kofman
Title: President

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

Per: _____

Name:
Title:

Schedule B-1

Forme Development Group Inc.
250 Danforth Development Inc.
3310 Kingston Development Inc.
1296 Kennedy Development Inc.
1326 Wilson Development Inc.
376 Derry Development Inc.
5507 River Development Inc.
4439 John Development Inc.
9500 Dufferin Development Inc.
2358825 Ontario Ltd.

Appendix “C”

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

Projected Cash Flow

For the Period Ending February 10, 2019

(Unaudited; C\$)

	Notes	02-Dec-18	09-Dec-18	16-Dec-18	23-Dec-18	30-Dec-18	06-Jan-19	13-Jan-19	20-Jan-19	27-Jan-19	03-Feb-19	10-Feb-19	Total
	1												
<i>Receipts</i>													
Collections	2	-	-	-	-	-	70,000	-	-	-	-	-	70,000
Total Receipts		-	-	-	-	-	70,000	-	-	-	-	-	70,000
<i>Disbursements</i>													
Consulting fees	3	-	-	-	-	-	-	-	-	-	-	-	-
Insurance		-	-	13,960	-	-	-	-	9,868	-	-	-	23,827
Office and general expenses	4	1,250	1,325	2,350	925	3,550	1,250	2,350	850	2,350	850	2,750	19,800
Payroll costs	5	26,000	6,750	26,000	-	15,000	6,750	10,000	-	10,000	-	10,000	110,500
Property taxes	6	-	-	-	-	-	-	-	-	-	-	-	-
Rent payments	7	8,073	-	-	-	8,073	-	-	-	-	8,073	-	24,219
Maintenance expenses	8	6,050	6,050	6,050	6,050	6,050	6,050	6,050	6,050	6,050	6,050	6,050	66,550
Utility payments		2,440	-	-	560	1,900	-	-	-	1,700	1,600	-	8,200
Other operating expenses		2,950	2,950	2,950	2,950	2,950	2,950	2,950	2,950	2,950	2,950	2,950	32,450
Miscellaneous		5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	55,000
Total Disbursements		51,763	22,075	56,310	15,485	42,523	22,000	26,350	24,718	28,050	24,523	26,750	340,546
Net Cash Flow before the undernoted		(51,763)	(22,075)	(56,310)	(15,485)	(42,523)	48,000	(26,350)	(24,718)	(28,050)	(24,523)	(26,750)	(270,546)
Professional fees re: restructuring	9	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash Flow		(51,763)	(22,075)	(56,310)	(15,485)	(42,523)	48,000	(26,350)	(24,718)	(28,050)	(24,523)	(26,750)	(270,546)
Opening cash balance	10	169,450	117,687	95,612	39,303	23,818	-	48,000	21,650	-	-	-	169,450
Net cash flow		(51,763)	(22,075)	(56,310)	(15,485)	(42,523)	48,000	(26,350)	(24,718)	(28,050)	(24,523)	(26,750)	(270,546)
DIP funding required	11	-	-	-	-	18,705	-	-	3,068	28,050	24,523	26,750	101,096
Closing cash balance		117,687	95,612	39,303	23,818	-	48,000	21,650	-	-	-	-	-

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

Notes to Projected Statement of Cash Flow

For the Period Ending February 10, 2019

(Unaudited; \$C)

Purpose and General Assumptions

1. The purpose of the projection is to present a cash forecast of Forme Development Group Inc. and the companies listed on Schedule "A" (together, the "Forme Group") for the period November 30, 2018 to February 10, 2019 (the "Period") in respect of their proceedings under the *Companies' Creditors Arrangement Act*.

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

Hypothetical Assumptions

2. Represents forecasted cost contributions from the mortgagees during the Period.

Most Probable Assumptions

3. No consulting fees and expenses for municipal lawyers, architects, municipal planners, civil engineers, environmental engineers, landscape architects, traffic consultants and permits have been forecasted during the Period. These costs will be reviewed on a project-by-project basis as they arise to determine what further costs, if any, should be incurred during the Period. These costs, to the extent necessary, would be funded by the mortgagees and they would receive a DIP certificate in respect of the amounts funded.
4. Represents office supplies, IT expenses, photocopier lease expenses, postage and office cleaning costs.
5. Payroll is paid bi-weekly. Payroll includes source deductions, benefits and WSIB.
6. For the time being, no property taxes are assumed to be paid during the Period.
7. Represents rent payments for the Forme Group's head office and a sales center for the Danforth development.
8. Includes costs for fence rental, daily inspection, minor housekeeping, the removal of garbage, yard maintenance and general repairs.
9. Represents professional fees for the Monitor, its legal counsel and legal counsel to the Forme Group. Professional fees will accrue through the Period and are to be paid from proceeds of the sale of each property.
10. Represents the opening cash balance in the Forme Group's bank accounts as at November 30, 2018. This balance is being confirmed.
11. Represents an estimate of the funding requirement, before interest and fees. Funding to be provided by mortgagees or the Standby DIP Lender.

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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

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

Forme Development Group Inc. and those other entities listed on Schedule "A" hereto (collectively, the "Applicants") have developed the assumptions and prepared the attached statement of projected cash flow as of the 29th day November, 2018 for the period November 30, 2018 to February 10, 2019 ("Cash Flow"). All such assumptions are disclosed in the notes to the Cash Flow.

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

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

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

Dated at Toronto, Ontario this 29th day of November, 2018.



Yuan Hua Wang,

President of the Applicants

Appendix “D”

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

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

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

The attached statement of projected cash-flow of Forme Development Group and those other entities listed on Schedule "A" hereto (collectively, the "Applicants"), as of the 29th day November, 2018, consisting of a weekly projected cash flow statement for the period November 30, 2018, to February 10, 2019 ("Cash Flow") has been prepared by the management of the Applicants for the purpose described in Note 1, using the probable and hypothetical assumptions set out in the notes to the Cash Flow.

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

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

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

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

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

Dated at Toronto this 29th day of November, 2018.

KSV Kofman Inc

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