



**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.

Appendix “A”

| Development 1 | | | | | | | | | |
|--|--------|-----|-------|--------|-------|--------------------------|-----------------------|-------------------------------------|--|
| | 1st | 2nd | Other | Total | Acres | Estimated Value Per Acre | Total Estimated Value | Estimated Value After 1st Mortgages | First Mortgagee |
| 186 Old Kennedy | 25,000 | - | - | 25,000 | 5.86 | | | | Krashnik/Gabel |
| 51 Victory | | - | - | | 3.10 | | | | |
| | 25,000 | - | - | 25,000 | 8.96 | 6,500 | 58,240 | 33,240 | Vector |
| 31 Victory | 1,650 | - | - | 1,650 | 0.67 | 6,500 | 4,355 | 2,705 | |
| | 26,650 | - | - | 26,650 | 9.63 | 6,500 | 62,595 | 35,945 | |
| Development 2 | | | | | | | | | |
| | 1st | 2nd | Other | Total | Acres | Estimated Value Per Acre | Total Estimated Value | Estimated Value After 1st Mortgages | First Mortgagee |
| 58 Old Kennedy | 5,100 | - | - | 5,100 | 0.36 | | | | All Seasons |
| 20 Thelma Ave | - | - | - | - | 1.13 | | | | |
| | 5,100 | - | - | 5,100 | 1.49 | 8,300 | 12,367 | 7,267 | Danan (Matthew Castilli) Wu's Int'l |
| 64 - 76 Old Kennedy | 2,800 | - | - | 2,800 | 0.36 | 8,300 | 2,988 | 188 | |
| 82 Old Kennedy | 8,625 | - | - | 8,625 | 1.97 | 8,300 | 16,351 | 7,726 | |
| | 16,525 | - | - | 16,525 | 3.82 | 8,300 | 31,706 | 15,181 | |
| Development 3 | | | | | | | | | |
| | 1st | 2nd | Other | Total | Acres | Estimated Value Per Acre | Total Estimated Value | Estimated Value After 1st Mortgages | First Mortgagee |
| 4550 Steeles Ave & 31 Old Kennedy | 9,000 | - | - | 9,000 | 1.56 | 9,900 | 15,444 | 6,444 | WFCU |
| Development 4 | | | | | | | | | |
| | 1st | 2nd | Other | Total | Acres | Estimated Value Per Acre | Total Estimated Value | Estimated Value After 1st Mortgages | First Mortgagee |
| 22 Old Kennedy | 1,250 | - | - | 1,250 | 0.22 | | | | Vector |
| 16 Old Kennedy | - | - | - | - | 0.20 | | | | |
| | 1,250 | - | - | 1,250 | 0.42 | 8,300 | 3,486 | 2,236 | U-Feel |
| 19 Turff | | | | | 0.23 | | | - | |
| 35 Thelma | 2,540 | | | 2,540 | 0.47 | | | | |
| | 2,540 | - | - | 2,540 | 0.70 | 8,300 | 5,810 | 3,270 | |
| | 3,790 | - | - | 3,790 | 1.12 | 8,300 | 9,296 | 5,506 | |
| Total, low end TD estimated value | | | | | | | | 63,076 | |

General notes:

1. Excludes interest, costs and fees, which continue to accrue.
2. TD is of the view that one buyer could take up the entire property.
3. TD value estimates are "conservative".
4. The above table does not list cross registered mortgages in Developments 2, 3 and 4.