



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

October 10, 2019

and

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

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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 OTHER COMPANIES
LISTED ON APPENDIX "A"**

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

ESTATE FILE NO.: 31-2436568

**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. AND
82 OLD KENNEDY DEVELOPMENT INC.,
ALL CORPORATIONS INCORPORATED UNDER THE LAWS OF ONTARIO**

**TENTH REPORT OF KSV KOFMAN INC. AS MONITOR AND
SIXTH REPORT OF KSV KOFMAN INC. AS PROPOSAL
TRUSTEE**

October 10, 2019

1.0 Introduction

1. Pursuant to an order of the Ontario Superior Court of Justice (Commercial List) (the "Court") made on November 30, 2018, as amended and restated on December 6, 2018 (the "Initial Order"), Forme Development Group Inc. and the affiliated entities listed on Appendix "A" (the "Applicants") were granted protection under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA"), and KSV Kofman Inc. ("KSV") was appointed monitor (in such capacity, the "Monitor"). A copy of the Initial Order is attached as Appendix "B".

2. The principal purpose of these proceedings was to create a stabilized environment to conduct a Court-approved sale process (the "Sale Process") for the Applicants' real property. The Initial Order approved the Sale Process for all of the Applicants' real estate development projects and 59 and 63 Elm Avenue (jointly, the "Elm Properties"), being two residential homes co-owned by Yuan Hua Wang ("Mr. Wang") and his wife.
3. KSV was also appointed proposal trustee (in such capacity, the "Proposal Trustee") of three of the Applicants' affiliated entities, being 58 Old Kennedy Development Inc., 76 Old Kennedy Development Inc. and 82 Old Kennedy Development Inc. (collectively, the "NOI Debtors"), in proposal proceedings commenced on October 26, 2018 by the NOI Debtors under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "BIA").
4. On February 13, 2019, the NOI Debtors each filed proposals. The proposals contemplate that any monies available for distribution will be paid to creditors in accordance with priorities. The proposals were unanimously accepted by creditors at creditors' meetings convened on March 6, 2019. The proposals were approved by the Court on March 14, 2019.
5. Mr. Wang is the sole shareholder of the Applicants, the NOI Debtors and 14 affiliated real estate development companies which are not subject to the CCAA proceedings or the BIA proceedings (the "Non-Applicants"). A list of the Non-Applicants is attached as Appendix "C". As described in further detail below, the Non-Applicants have sold, or are in the process of selling, their real estate development projects.
6. KSV is filing this report (the "Report") in its capacity as Monitor and Proposal Trustee.

1.1 Purposes of this Report

1. The purposes of this Report are to:
 - a) provide background information about these CCAA and BIA proceedings;
 - b) summarize the proposed claims process (the "Claims Procedure") for soliciting and determining certain claims against the Applicants, the Non-Applicants, the NOI Debtors, the directors and officers of the Applicants, Non-Applicants and NOI Debtors and Mr. Wang, solely in his capacity as a guarantor, surety or indemnitor of any obligation of any of the Applicants, NOI Debtors or Non-Applicants and in his capacity as an owner of the Elm Properties, and not in any other capacity;
 - c) report on the Applicants' cash flow projection for the period October 7, 2019 to February 28, 2020 ("Cash Flow Forecast");
 - d) summarize the status of the sale process for the Applicants' and Non-Applicants' properties;
 - e) discuss the reasons to extend the stay of proceedings from October 31, 2019 to February 28, 2020; and

- f) recommend that the Court issue orders:
 - i. approving the Claims Procedure and authorizing the Monitor to carry out the Claims Procedure on the basis set out in the proposed order (the “Claims Procedure Order”); and
 - ii. extending the Stay Period (as defined in the Initial Order) from October 31, 2019 to February 28, 2020.

1.2 Restrictions

1. In preparing this Report, KSV has relied upon the Applicants’ and the NOI Debtors’ unaudited financial information. 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 Canada Handbook.
2. 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’ or NOI Debtors’ financial information should perform its own due diligence and any reliance placed by any party on the information presented herein shall not be sufficient for any purpose whatsoever.
3. An examination of the Cash Flow Forecast 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 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.
4. **This Report summarizes and discusses the Claims Procedure. Interested parties are strongly encouraged to read the Claims Procedure in its entirety. To the extent there are inconsistencies between this Report and the Claims Procedure, the Claims Procedure shall prevail. There may be matters in the Claims Procedure which are not summarized or discussed in this Report.**

2.0 Background

1. The Applicants, NOI Debtors and Non-Applicants are a commercial and residential real estate group of 29 companies comprising 18 projects (the “Forme Group”) which sought to develop low-rise, high-rise, mixed-use and hospitality projects in the Greater Toronto Area.
2. In advance of the CCAA proceedings, KSV filed a report to Court dated November 6, 2018 in its capacity as proposed CCAA monitor (the “Proposed Monitor’s Report”). KSV also filed three supplements to the Proposed Monitor’s Report (the “Supplemental Reports”). Detailed information about the Forme Group and these proceedings is set out in the Proposed Monitor’s Report and the Supplemental Reports and, accordingly, that information is not repeated in this Report.

3. Copies of all Court materials filed in the CCAA and BIA proceedings are available on the Monitor's website at <https://www.ksvadvisory.com/insolvency-cases/case/former-development-group-inc> and the Proposal Trustee's website at <https://www.ksvadvisory.com/insolvency-cases/case/58-old-kennedy-development-inc-76-old-kennedy-development-inc-82-old-kennedy-development-inc>.

2.1 The Undertaking

1. On March 11, 2019, Mr. Wang and the Non-Applicants executed an undertaking in favour of the Court (the "Undertaking"), which was approved pursuant to a Court order made on March 18, 2019 (the "March 18th Order"). A copy of the March 18th Order is attached as Appendix "D"¹. The issues which caused the Undertaking to be put in place are detailed in the Monitor's Supplement to its Third Report to Court dated March 12, 2019, a copy of which is attached as Appendix "E", without appendices (the "Monitor's Supplemental Report").
2. The purpose of the Undertaking is to, *inter alia*, provide a mechanism to facilitate the orderly sale of the Non-Applicants' real property and to hold in a trust account of Cassels Brock & Blackwell LLP ("CBB"), the Non-Applicants' legal counsel², any surplus funds realized therefrom for the benefit of all creditors, including those with guarantee claims against Mr. Wang. According to CBB, surplus funds of approximately \$11.2 million are presently on deposit in its trust account. As detailed in the Monitor's Supplemental Report, the Monitor was concerned with the proceeds of the Non-Applicants' properties being paid directly to Mr. Wang or otherwise not being made available to satisfy unsecured claims against the Non-Applicants, as well as guarantee and other potential claims against Mr. Wang.
3. The Undertaking, *inter alia*, provides that the Monitor will conduct a claims process for the Applicants, NOI Debtors, Non-Applicants and Mr. Wang prior to the distribution of any funds in CBB's trust account to Mr. Wang in his capacity as shareholder.

3.0 Claims Procedure³

1. The Claims Procedure was drafted by the Monitor and its counsel in accordance with the Undertaking. The purpose of the Claims Procedure is to solicit and determine any and all Pre-filing Claims, D&O Claims, NOI Claims, Non-Applicant Claims, Wang Claims and/or Restructuring Claims, each as defined in the proposed Claims Procedure Order and described below.
2. As at the date of this Report, there is an aggregate surplus of approximately \$17.5 million on deposit in the trust accounts of the Monitor, the Proposal Trustee and CBB. Professional and other costs will reduce the cash balance. The Claims Procedure is required to determine the creditors with claims against the funds being held in trust.

¹ The Undertaking is appended to the March 18th Order.

² Mr. Wang, on behalf of 186 Old Kennedy Development Inc. and 31 Victory Development Inc., recently retained Gardiner Roberts LLP ("Gardiner Roberts") in the context of pending receivership applications by their first mortgagees over real property owned by those entities. The Monitor only learned of the retention of Gardiner Roberts when these Non-Applicants filed materials responding to the receivership applications. It is unclear to the Monitor how Gardiner Roberts is being paid.

³ Capitalized terms in this section have the meaning provided to them in the Claims Procedure Order unless otherwise defined herein.

3. The key terms and provisions of the Claims Procedure are summarized in the following sections of this Report.

3.1 Notice

1. The Claims Procedure contemplates a notice (the “Notice Letter”) being published in *The Globe and Mail* (National Edition) and a local Mandarin publication to be determined by the Monitor on or before November 1, 2019.
2. The Monitor will post the Claims Package on its website as soon as possible. The Claims Package includes the Instruction Letter, the Notice Letter, a Proof of Claim and any other materials the Monitor considers appropriate.
3. The Monitor will send a Claims Package to each Known Creditor of the applicable Forme Group entities within five Business Days following:
 - a) the granting of the Claims Procedure Order;
 - b) each Sale Triggered Date, being the closing date for a sale of any unsold real property of the Non-Applicants at the time the Claims Procedure Order is granted; or
 - c) the date on which a Restructuring Claim arises, being a claim resulting from the restructuring, disclaimer, resiliation, termination or breach of any lease, contract or other agreement/obligation.
4. The Monitor intends to send a Claims Package to Known Creditors, including:
 - a) each registered mortgagee of the Applicants and Non-Applicants. In the case of the Forme Group’s syndicated mortgage investors (“SMLs”), the Claims Package will be sent to the applicable trustee only;
 - b) the creditors listed in the Forme Group’s books and records;
 - c) any party that commenced a legal proceeding against the Applicants, the NOI Debtors, the Non-Applicants, including their directors and officers, or Mr. Wang in respect of a Claim, provided that the Monitor has notice of such legal proceeding; and
 - d) any party who has contacted the Monitor during these proceedings about amounts that may be owing to them by the Forme Group and/or the process by which they may file a claim.
5. The Known Creditors include purchasers of the Applicants’ condominium development known as “Birchmount Gardens”. Pursuant to a Court Order made on May 24, 2019, Koskie Minsky LLP (“Koskie”) is the Court-appointed Representative Counsel to the Birchmount purchasers. The Monitor supported Koskie’s retention as Representative Counsel in order to streamline the Claims Procedure, including to potentially file an omnibus claim or claims on behalf of the Birchmount purchasers.

3.2 Filing a Proof of Claim

1. Any person that intends to file a Claim shall deliver to the Monitor a Proof of Claim prior to 5:00 p.m. (Toronto time) on November 25, 2019 (the "Claims Bar Date"), being over 30 days from the granting of the proposed Claims Procedure Order.
2. The Restructuring Claims Bar Date is the later of the Claims Bar Date and the date that is 10 business days after the Monitor sends a Claims Package with respect to a Restructuring Claim.
3. The Sale Triggered Claims Bar Date is 25 days after the Monitor sends a notice advising of the Sale Triggered Date.
4. Any Claimant that does not file a Proof of Claim prior to the Claims Bar Date, the Restructuring Claims Bar Date or the Sale Triggered Claims Bar Date, as applicable, shall not be entitled to attend or vote at a Meeting in respect of such Claim, shall not be entitled to receive any distribution in respect of such Claim pursuant to a Plan or otherwise and shall be forever extinguished and barred from making or enforcing any Claim.
5. In the case of SMIs, only the applicable trustees, or their designee(s), shall be entitled to file Claims on their behalf. The Claims Procedure Order provides that any claims filed by an individual SMI will be rejected.

3.3 Determination of Claims

1. The proposed Claims Procedure Order provides:
 - a) in the case of Pre-Filing Claims, Restructuring Claims and NOI Claims, the Monitor shall either accept, revise or disallow the amount claimed for voting and/or distribution purposes under the Plan;
 - b) in the case of Non-Applicant Claims, the Monitor shall, with the consent of the Non-Applicant Entities, either accept, revise or disallow the amount claimed for voting and/or distribution purposes under the Plan. The Non-Applicants are required to provide their input within three business days from the date the Monitor consults with them, failing which the Monitor may seek such relief as the Monitor considers necessary or appropriate; and
 - c) in the case of Wang Claims, Mr. Wang shall review each Proof of Claim and shall, with the consent of the Monitor, either accept, revise or disallow the amount claimed for voting and/or distribution purposes under the Plan within 15 days of the applicable Claims Bar Date.
2. If the Monitor and the Non-Applicants are unable to reach a mutually agreeable determination of the nature and/or amount of a Claim or Claims for voting and/or distribution purposes under the Plan, the Monitor shall bring a motion before the Court or a Claims Officer (in the Monitor's sole discretion) as soon as reasonably possible.

3. If Mr. Wang and the Monitor are unable to reach a mutually agreeable determination of the nature and/or amount of a Claim or Claims for voting and/or distribution purposes under the Plan, then Mr. Wang shall bring a motion before the Court or a Claims Officer as soon as reasonably possible. The Monitor shall participate in any such hearing or procedure to the extent the Monitor deems necessary or appropriate, in its sole discretion.
4. If the Monitor, with the consent of the Non-Applicants as it relates only to Non-Applicant Claims, determines to revise or disallow a Claim for voting and/or distribution purposes, the Monitor shall send a Notice of Revision or Disallowance of the Claim to the Claimant.
5. If Mr. Wang, with the consent of the Monitor, determines to revise or disallow a Wang Claim for voting and/or distribution purposes under the Plan, Mr. Wang shall send a Notice of Revision or Disallowance of the Claim to the Claimant within 15 days of the applicable Claims Bar Date.
6. Any Claimant who disputes the Notice of Revision or Disallowance issued by the Monitor or Mr. Wang, as applicable, shall deliver a Notice of Dispute to the Monitor by 5:00p.m. (Eastern Time) on the day which is 14 days after the date of the Notice of Revision or Disallowance. Should the Claimant fail to deliver a Notice of Dispute by that date, the Claimant shall be deemed to accept the nature and amount of its Claim as such Claim is set out in the Notice of Revision or Disallowance.
7. The Claims Procedure Order proposes to appoint Matthew P. Gottlieb as Claims Officer, and such other Persons as may be appointed by the Court from time to time on application of the Monitor, in consultation with the Non-Applicants and Mr. Wang. Mr. Gottlieb is a litigator with Lax O'Sullivan Lisus Gottlieb LLP with extensive insolvency experience.
8. Upon receipt of a Notice of Dispute, the Monitor may, with the consent of the Non-Applicants for Non-Applicant Claims: (a) attempt to consensually resolve the Claim, or (b) bring a motion before the Court or the Claims Officer (in the Monitor's sole discretion) in these CCAA proceedings to determine the nature and/or amount of the Claim for voting and/or distribution purposes under the Plan.
9. In the case of Wang Claims, upon receipt of a Notice of Dispute, Mr. Wang may, with the consent of the Monitor: (a) attempt to consensually resolve the Claim, or (b) bring a motion before the Court or the Claims Officer (with the agreement of all parties or in the Monitor's sole discretion) in these CCAA proceedings within 15 days of receipt of the Notice of Dispute, to determine the nature and/or amount of the Claim for voting and/or distribution purposes under the Plan.
10. Any determination made by the Claims Officer may be appealed by a Claimant, the Monitor, Mr. Wang, the Applicants, the NOI Debtors or the Non-Applicants, as applicable, within 10 days of such party being deemed to have received a notice of the Claims Officer's determination of the value of the Claim, failing which the Claims Officer's determination shall be final and binding on the applicable parties and there shall be no further right of appeal. Any determination by the Court of a disputed Claim is subject to each party's rights of appeal.

3.4 Excluded Claims

1. The proposed Claims Procedure Order excludes the following claims:
 - a) claims secured by any of the Court-ordered Charges in these CCAA proceedings;
 - b) any claim against Mr. Wang other than a claim against him as a Director or Officer or in his capacity as guarantor, surety or indemnitor of any obligation of an Applicant, NOI Debtor or Non-Applicant and in his capacity as an owner of the Elm Properties;
 - c) any claim against the Applicants or the Elm Properties arising after the Filing Date, except for Restructuring Claims; and
 - d) Intercompany Claims, subject to the Monitor filing an Intercompany Claims Report (discussed below) with this Court recommending an alternative treatment for the Intercompany Claims which the Monitor believes is appropriate in the circumstances.

3.4.1 Intercompany Claims

1. As detailed in the Monitor's Ninth Report to Court dated September 11, 2019 (the "Ninth Report"), the Monitor's review of the Forme Group's general ledger reflects significant transfers of monies among the entities in the Forme Group. Despite several months of requesting the bank statements and general ledger information from the Forme Group required to consider the Intercompany Claims, the Forme Group only recently provided a portion of the required information to the Monitor. The Monitor requires this information to determine whether the general ledgers can be relied upon for the purpose of determining whether the transactions are consistent with the flow of funds. If so, the Monitor intends to file the Intercompany Claims Report with the Court recommending that the general ledgers be used as a basis for the Monitor to file the Intercompany Claims in the Claim Procedure on behalf of each entity. Should the general ledgers be determined to be unreliable, the Monitor will consider whether there is any basis on which to include the Intercompany Claims in the Claims Procedure. As at the date of this Report, the review is ongoing as the Forme Group only provided the Monitor with a second package of bank statements on September 30, 2019.
2. In order to avoid further delay to the commencement of the Claims Procedure, the Monitor is proposing that the Intercompany Claims be treated as Excluded Claims at this time. To the extent that the Monitor recommends including the Intercompany Claims in the Claims Procedure, it will file the Intercompany Claims Report setting out its proposed treatment for the Intercompany Claims. The Claims Procedure Order expressly reserves the Monitor's right to seek an alternative treatment for the Intercompany Claims should one be recommended by the Monitor and approved by the Court. The Monitor's Intercompany Claims Report will include a description of its process to review the Intercompany Claims and the basis for its recommendation. If the Monitor serves and files an Intercompany Claims Report and no objections are received, the intercompany claims process proposed in the Intercompany Claims Report will be implemented without further Order of the Court.

3.5 Recommendation re: Claims Procedure

1. The Monitor believes the Claims Procedure is reasonable and appropriate for the following reasons:
 - a) the stated purpose of these CCAA proceedings was to allow for an orderly sale process of the Applicants' and Non-Applicants' real property so that Mr. Wang could maximize recoveries for the benefit of the Applicants', NOI Debtors' and Non-Applicants' creditors, including his obligations under his personal guarantees. In his affidavit dated November 5, 2018 filed in support of the Forme Group's application for relief under the CCAA, Mr. Wang stated that he was prepared to use the surplus generated from the sale of the real property owned by the Forme Group to pay his guarantee obligations in those entities where guarantee creditors suffer a shortfall. This was fundamental to the Monitor's support for the Forme Group's application for CCAA protection;
 - b) the Court-approved Undertaking requires that a claims process be conducted by the Monitor for the Applicants, the NOI Debtors, the Non-Applicants and Mr. Wang. Having the Monitor involved in the process to determine the Wang Claims will keep the process focused and expedited, and will help ensure claims are dealt with fairly and appropriately;
 - c) given that the Sale Process is nearing completion and the Applicants, NOI Debtors and Non-Applicants have either sold or are in the process of selling their respective properties, the Monitor believes it is appropriate for the Claims Procedure to commence at this time;
 - d) the proposed notice provisions set out in the Claims Procedure Order are consistent with those typically approved by this Court and, in the Monitor's view, should allow for the identification of Claimants;
 - e) the general Claims Bar Date applicable to most claims is sufficient for creditors to file a Proof of Claim with the Monitor and is not unnecessarily lengthy;
 - f) the Claims Procedure provides certain consultative and consent rights to the Non-Applicants and Mr. Wang, as applicable, which the Monitor believes are appropriate in the circumstances. Any disputes will ultimately be determined by a Claims Officer or the Court and the Monitor's involvement will assist to have them resolved without delay;
 - g) the inclusion of a Claims Officer in the Monitor's sole discretion provides an efficient mechanism to determine disputed claims to the extent the Monitor determines a Claims Officer is required;
 - h) treating the Intercompany Claims as Excluded Claims, while preserving the ability to amend their treatment, allows the Claims Procedure to commence without further delay;
 - i) given that there is an aggregate surplus of approximately \$17.5 million on deposit in the trust accounts of the Monitor, the Proposal Trustee and CBB, a Claims Procedure is required to solicit and determine all claims against those funds in order to advance and ultimately conclude these proceedings; and

- j) the Monitor provided a draft version of the Claims Procedure Order to Mr. Wang's legal counsel, legal counsel to any mortgagees that requested it and to Koskie. The proposed Claims Procedure Order reflects comments received from those parties that the Monitor believes are appropriate.

4.0 Remaining Properties

1. At the commencement of the Sale Process, the Applicants owned several properties comprising seven developments. At the request of the senior ranking mortgagee of the Elm Properties, Home Trust Company, the Elm Properties were also included in the Sale Process. As reflected below, each of the Applicants' properties has been sold, with the exception of one property.

Development	Court Approval Date	Closing Date
Niagara Falls	April 15, 2019	April 30, 2019
Anglin	May 3, 2019	May 22, 2019
Wilson	May 3, 2019	June 14, 2019
Carrville	May 24, 2019	June 5, 2019
Danforth	July 2, 2019	August 26, 2019
Kingston	July 2, 2019	August 26, 2019
59 Elm Ave.	August 27, 2019	September 18, 2019
63 Elm Ave.	August 27, 2019	Scheduled to close October 28, 2019
Kennedy	Unsold.	

2. Transactions for the NOI Debtors' real property were approved by the Court and completed on January 28, 2019 and January 31, 2019, respectively.
3. In respect of the remaining properties of the Applicants and the Non-Applicants:
- discussions are ongoing regarding a potential transaction for the Applicants' property at 1296 Kennedy Road;
 - the Court-approved transaction for 63 Elm Avenue is scheduled to close on October 28, 2019; and
 - the Non-Applicants' remaining properties are municipally described as 186 Old Kennedy Road, 31 Victory Avenue, 376 Derry Road, 390 Derry Road, 101 Columbia Street, 4 Don Hillock Drive and 68 Elm Avenue (which is not an Elm Property). The status of the Non-Applicants' sale process was summarized in the Ninth Report. Since the date of the Ninth Report, the Monitor understands that the Non-Applicants have entered into conditional purchase agreements for the remaining properties; however, those transactions are not supported by the first mortgagees of the properties at 186 Old Kennedy Road and 31 Victory Avenue, both of which have brought applications to appoint Pollard & Associates Inc. as receiver and manager. On October 9, 2019, the receivership application was adjourned to October 16, 2019.

5.0 Cash Flow Forecast

1. 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". As reflected in the Cash Flow Forecast, there is presently approximately \$6.3 million in the trust accounts of the Monitor and the Proposal Trustee.
2. As "super" Monitor in these proceedings, the Monitor has executed the Applicants' statutory report on the Cash Flow Forecast. The Monitor believes this is appropriate in the circumstances given, *inter alia*, that the Applicants did not prepare the Cash Flow Forecast nor were they required to assist with its preparation.
3. Based on the Monitor's review of the Cash Flow Forecast, the assumptions appear reasonable. The Monitor's statutory report on the Cash Flow Forecast is attached as Appendix "G".

6.0 Stay Extension

1. The Monitor supports an extension of the stay of proceedings from October 31, 2019 to February 28, 2020 for the following reasons:
 - a) as "super" Monitor in these CCAA proceedings, it is the Monitor's view that the good faith and due diligence standard should focus on the Monitor's conduct. In this regard, the Monitor is discharging its duties and obligations under the Initial Order and other orders made in these CCAA proceedings in good faith and with due diligence;
 - b) it will enable the Monitor to: (i) carry out the proposed Claims Procedure as contemplated by the Undertaking approved by this Court on March 18, 2019; (ii) complete transactions for the properties subject to these CCAA proceedings which have not yet been sold, being 1296 Kennedy Road and 63 Elm Avenue; (iii) continue to perform its obligations pursuant to the Undertaking, including monitoring the sale of the remaining Non-Applicant properties; and (iv) remain apprised of the Non-Applicants' use of the net proceeds generated from real property sale transactions, as contemplated by the Undertaking;
 - c) the Cash Flow Forecast reflects that there is sufficient funding in place for the extension period; and
 - d) no creditor will be prejudiced if the extension is granted.

7.0 Conclusion and Recommendation

1. Based on the foregoing, the Monitor 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,

KSV Kofman Inc

KSV KOFMAN INC.

SOLELY IN ITS CAPACITIES AS MONITOR OF

FORME DEVELOPMENT GROUP INC. AND

THE AFFILIATED ENTITIES LISTED ON APPENDIX "A"

AND AS PROPOSAL TRUSTEE OF

58 OLD KENNEDY DEVELOPMENT INC., 76 OLD KENNEDY DEVELOPMENT INC. AND

82 OLD KENNEDY DEVELOPMENT INC.

AND NOT IN ITS PERSONAL CAPACITY

Appendix “A”

2358825 Ontario Ltd.

27 Anglin Development Inc.

29 Anglin Development Inc.

250 Danforth Development Inc.

3310 Kingston Development Inc.

1296 Kennedy Development Inc.

1326 Wilson Development Inc.

189 Carrville Development Inc.

169 Carrville Development Inc.

159 Carrville Development Inc.

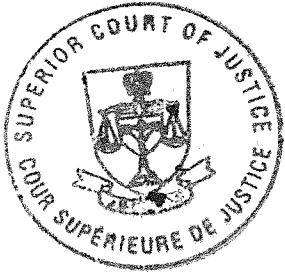
5507 River Development Inc.

4439 John Development Inc.

Appendix “B”

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE MR.) FRIDAY, THE 30TH
JUSTICE HAINEY) DAY OF NOVEMBER, 2018



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

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

INITIAL ORDER

THIS APPLICATION, made by Forme Development Group Inc. and those other parties listed on Schedule "A" (collectively, the "**Applicants**"), pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Yuan Hua Wang sworn November 5, 2018 and the Exhibits thereto (the "**Wang Affidavit**"), the affidavit of Katie Parent sworn November 6, 2018 and the Exhibit thereto (the "**Parent Affidavit**"), and on reading the consent of KSV Kofman Inc. ("**KSV**") to act as the Monitor (in such capacity, the "**Monitor**"), and upon reading the pre-filing report of KSV dated November 6, 2018 (the "**Report**"), in its capacity as Proposal Trustee and the proposed Monitor, the supplemental report of KSV dated November 7, 2018 (the "**Supplemental Report**"), the second supplemental report of KSV dated November 7, 2018 (the

“**Second Supplemental Report**”), and the third supplemental report of KSV dated November 29, 2018 (the “**Third Supplemental Report**”), and on hearing the submissions of counsel for the Applicants, the proposed Monitor and those other parties present, no one appearing for any other party although duly served as appears from the affidavits of service of Katie Parent sworn November 6, 2018, November 7, 2018 and November 29, 2018.

SERVICE

1. **THIS COURT ORDERS** that the time for service of each of the Notice of Application, the Application Record, the Parent Affidavit, the Report, the Supplemental Report, the Second Supplemental Report and the Third Supplemental Report is hereby abridged and validated so that this Application is properly returnable today and hereby dispenses with further service thereof.

APPLICATION

2. **THIS COURT ORDERS AND DECLARES** that the Applicants are companies to which the CCAA applies.

3. **THIS COURT ORDERS AND DECLARES** that the proposal proceedings (the “**Proposal Proceedings**”) of each of 9500 Dufferin Development Inc. (Estate No. 31-2438977), 250 Danforth Development Inc. (Estate No. 31-2439433), 3310 Kingston Development Inc. (Estate No. 31-2439448) and 1296 Kennedy Development Inc. (Estate No. 31-2439440) (collectively the “**NOI Entities**”) commenced under Part III of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”), be taken up and continued under the CCAA and that the provisions of Part III of the BIA shall have no further application to the NOI Entities.

TITLE OF PROCEEDINGS

4. **THIS COURT ORDERS** that the title of proceedings in this matter be amended as follows:

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., 3310 KINGSTON DEVELOPMENT INC., 1296 KENNEDY DEVELOPMENT INC., 1326 WILSON DEVELOPMENT INC., 376 DERRY DEVELOPMENT INC., 9500 DUFFERIN DEVELOPMENT INC., 4439 JOHN DEVELOPMENT INC., 5507 RIVER DEVELOPMENT INC. and 2358825 ONTARIO LTD.

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

PLAN OF ARRANGEMENT

5. **THIS COURT ORDERS** that, subject to paragraph 24 of this Order, the Applicants shall have the authority to file and may, subject to further order of this Court, file with this Court a plan or plans of compromise or arrangement (hereinafter referred to as the “**Plan**” or “**Plans**”).

POSSESSION OF PROPERTY AND OPERATIONS

6. **THIS COURT ORDERS** that the Applicants shall remain in possession and control of their current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (including, without limitation, those properties listed on Schedule “B” hereto, the “**Property**”). Subject to further Order of this Court, the Applicants shall continue to carry on business in a manner consistent with the preservation of their business (the “**Business**”) and Property. The Applicants are authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively “**Assistants**”) currently retained or employed by them, with liberty to retain such further Assistants as they deem reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order. For greater certainty, the retention of TD Cornerstone Commercial Realty Inc. (“**TD**”) is hereby approved substantially on the terms of the listing agreement appended to the Third Supplemental Report.

7. **THIS COURT ORDERS** that the Applicants shall be entitled but not required to pay the following expenses whether incurred prior to or after this Order:

- (a) all outstanding and future wages, salaries, employee and pension benefits, vacation pay and expenses payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements; provided that no such amounts shall be paid to Mr. Wang (as defined below) or any known relative of Mr. Wang without further Order of this Court; and
- (b) subject to paragraph 30 below, the fees and disbursements of any Assistants retained or employed by the Applicants in respect of these proceedings, at their standard rates and charges.

8. **THIS COURT ORDERS** that, except as otherwise provided to the contrary herein, the Applicants shall be entitled but not required to pay all reasonable expenses incurred by the Applicants in carrying on the Business in the ordinary course after this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

- (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance, maintenance and security services; and
- (b) payment for goods or services actually supplied to the Applicants following the date of this Order.

9. **THIS COURT ORDERS** that the Applicants shall remit, in accordance with legal requirements, or pay:

- (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan and (iii) income taxes;
- (b) all goods and services or other applicable sales taxes (collectively, "**Sales Taxes**") required to be remitted by the Applicants in connection with the sale of goods and services by the Applicants, but only where such Sales Taxes are accrued or collected

after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order, and

- (c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the Applicants.

10. **THIS COURT ORDERS** that until a real property lease is disclaimed in accordance with the CCAA, the Applicants shall pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under the lease) or as otherwise may be negotiated between the Applicants and the landlord from time to time (“**Rent**”), for the period commencing from and including the date of this Order, twice-monthly in equal payments on the first and fifteenth day of each month, in advance (but not in arrears). On the date of the first of such payments, any Rent relating to the period commencing from and including the date of this Order shall also be paid.

11. **THIS COURT ORDERS** that, except as specifically permitted herein, the Applicants are hereby directed, until further Order of this Court: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Applicants to any of its creditors as of this date; (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of its Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business.

RESTRUCTURING

12. **THIS COURT ORDERS** that, subject to paragraph 24 of this Order, the Applicants shall, subject to such requirements as are imposed by the CCAA, have the right to:

- (a) permanently or temporarily cease, downsize or shut down any of its business or operations, and to dispose of redundant or non-material assets not exceeding, in the aggregate \$200,000, in any one or more transactions; and
- (b) terminate the employment of such of its employees or temporarily lay off such of its employees as it deems appropriate,

provided however, and without limiting the provisions of paragraphs 24 and 25, all disbursements shall require the advance consent of the Monitor, and all of the foregoing to permit the Applicants to proceed with an orderly restructuring of the Business (the “**Restructuring**”).

13. **THIS COURT ORDERS** that the Applicants shall provide each of the relevant landlords with notice of the Applicants’ intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Applicants’ entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Applicants, or by further Order of this Court upon application by the Applicants on at least two (2) days notice to such landlord and any such secured creditors. If the Applicants disclaim the lease governing such leased premises in accordance with Section 32 of the CCAA, it shall not be required to pay Rent under such lease pending resolution of any such dispute (other than Rent payable for the notice period provided for in Section 32(5) of the CCAA), and the disclaimer of the lease shall be without prejudice to the Applicants’ claim to the fixtures in dispute.

14. **THIS COURT ORDERS** that if a notice of disclaimer is delivered pursuant to Section 32 of the CCAA, then (a) during the notice period prior to the effective time of the disclaimer, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the Applicants and the Monitor 24 hours’ prior written notice, and (b) at the effective time of the disclaimer, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the Applicants in respect of such lease or leased premises, provided that

nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

NO PROCEEDINGS AGAINST THE APPLICANTS OR THE PROPERTY

15. **THIS COURT ORDERS** that until and including December 28, 2018 or such later date as this Court may order (the “**Stay Period**”), no proceeding or enforcement process in any court or tribunal (each, a “**Proceeding**”) shall be commenced or continued against or in respect of the Applicants or the Monitor, or affecting the Business or the Property, except with the written consent of the Applicants and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Applicants or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court. Notwithstanding the foregoing, no stay shall apply to Forme Development Group Inc. with respect to the enforcement of mortgages on properties not included in these CCAA proceedings.

16. **THIS COURT ORDERS** that during the Stay Period, except with the written consent of the Applicants and the Monitor, or with leave of this Court, no Proceedings shall be commenced or continued against or in respect of Yuan Hua Wang (“**Mr. Wang**”) or any of his current and future assets, businesses, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (collectively, the “**Wang Property**”), arising upon or as a result of any default under the terms of any document entered into in connection with any of Mr. Wang’s guarantees of any of the commitments or loans of any of the Applicants (collectively, the “**Wang Default Events**”). Without limitation, the operation of any provision of a contract or agreement between Mr. Wang and any other Person (as hereinafter defined) that purports to effect or cause a termination or cessation of any rights of Mr. Wang, or to accelerate, terminate, discontinue, alter, interfere with, repudiate, cancel, suspend, amend or modify such contract or agreement, in each case as a result of one or more Wang Default Events, is hereby stayed and restrained during the Stay Period.

NO EXERCISE OF RIGHTS OR REMEDIES

17. **THIS COURT ORDERS** that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the

foregoing, collectively being “**Persons**” and each being a “**Person**”) against or in respect of the Applicants or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the Applicants and the Monitor, or leave of this Court, provided that nothing in this Order shall (i) empower the Applicants to carry on any business which the Applicants are not lawfully entitled to carry on, (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

18. **THIS COURT ORDERS** that during the Stay Period, all rights and remedies of any Person against or in respect of Mr. Wang, or affecting the Wang Property, as a result of a Wang Default Event are hereby stayed and suspended except with the written consent of the Applicants and the Monitor, or leave of this Court, provided that nothing in this Order shall (i) empower Mr. Wang to carry on any business which Mr. Wang is not lawfully entitled to carry on, (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH RIGHTS

19. **THIS COURT ORDERS** that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Applicants, except with the written consent of the Applicants and the Monitor, or leave of this Court.

20. **THIS COURT ORDERS** that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by any other party as a result of a Wang Default Event, except with the written consent of the Applicants and the Monitor, or leave of this Court.

CONTINUATION OF SERVICES

21. **THIS COURT ORDERS** that during the Stay Period, all Persons having oral or written agreements with the Applicants or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Business or the Applicants, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Applicants, and that the Applicants shall be entitled to the continued use of its current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Applicants in accordance with normal payment practices of the Applicants or such other practices as may be agreed upon by the supplier or service provider and each of the Applicants and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

22. **THIS COURT ORDERS** that, notwithstanding anything else in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of lease or licensed property or other valuable consideration provided on or after the date of this Order, nor shall any Person be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to the Applicants. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

23. **THIS COURT ORDERS** that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the Applicants with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Applicants whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such

obligations, until a compromise or arrangement in respect of the Applicants, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicants or this Court.

APPOINTMENT OF MONITOR

24. **THIS COURT ORDERS** that KSV Kofman Inc. is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the Applicants with the powers and obligations set out in the CCAA or set forth herein and that the Applicants and its shareholders, officers, directors, and Assistants shall not take any steps with respect to the Applicants, the Business or the Property save and except at the direction of the Monitor pursuant to paragraph 25 of this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

25. **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

- (a) cause the Applicants, or any one or more of them, to exercise rights under and observe its obligations under this Order;
- (b) cause the Applicants to perform such functions or duties as the Monitor considers necessary or desirable in order to facilitate or assist the Applicants in dealing with the Property;
- (c) monitor the Applicants' receipts and disbursements, and if necessary or convenient, in the Monitor's sole discretion, take control of the Applicants' receipts and disbursements;
- (d) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;
- (e) if applicable, reporting to the DIP Lender (as defined below) on a basis to be agreed with the DIP Lender;

- (f) report to and advise mortgagees and other stakeholders of the Applicants as to the status of the sale process and, to the extent requested by mortgagees, convene a bi-weekly conference call with mortgagees, to report on the status of the Property;
- (g) advise the Applicants in its preparation of the Applicants' cash flow statements;
- (h) borrow funds in accordance with the terms of this Order;
- (i) conduct and carry out a sale process or sales processes for all of the Applicants' Property in accordance with the sale process described in the Third Supplemental Report and retain or consult with the agents, consultants or other parties;
- (j) propose or cause the Applicants to propose one or more Plans in respect of the Applicants or any one or more of them;
- (k) provide any consents that are contemplated by this Order;
- (l) assist the Applicants, to the extent required by the Applicants, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;
- (m) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Applicants, to the extent that is necessary to adequately assess the Applicants' business and financial affairs or to perform its duties arising under this Order;
- (n) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order; and
- (o) perform such other duties as are required by this Order or by this Court from time to time.

26. **THIS COURT ORDERS** that the Monitor shall not take possession of the Property and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or the Property, or any part thereof and that nothing in this

Order, or anything done in pursuance of the Monitor's duties and powers under his Order, shall deem the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the Ontario *Environmental Protection Act*, the *Ontario Water Resources Act*, or the Ontario *Occupational Health and Safety Act* and regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

27. **THIS COURT ORDERS** that without limiting the provisions herein, each employee of an Applicant shall remain an employee of that Applicant until such time as the applicable Applicant may terminate the employment of such employee. Nothing in this Order shall, in and of itself, cause the Monitor to be liable for any employee-related liabilities or duties, including, without limitation, wages, severance pay, termination pay, vacation pay and pension or benefit amounts, as applicable.

28. **THIS COURT ORDERS** that that the Monitor shall provide any creditor of the Applicants and the DIP Lender (if applicable) with information provided by the Applicants in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Applicants is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Applicants may agree.

29. **THIS COURT ORDERS** that, in addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

30. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor and counsel to the Applicants shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, by the Applicants as part of the costs of these proceedings. The Applicants' counsel, the Monitor and the Monitor's counsel shall be entitled to invoice on a monthly or other periodic basis in their discretion provided that such fees and disbursements shall be paid out of sale proceeds of the Property in accordance with the priority set out below.

31. **THIS COURT ORDERS** that the Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

32. **THIS COURT ORDERS** that, as security for their professional fees and disbursements incurred at their standard rates and charges, both before and after the making of this Order in respect of these proceedings ("**Administration Fees**"), the Monitor, counsel to the Monitor and the Applicants' counsel shall be entitled to the benefit of and are hereby granted a charge (the "**Administration Charge**") on all of the Applicants' Property on the following terms:

- (a) the maximum amount of the Administration Charge per Property shall only be for security of the applicable Administration Fees that constitute Property Specific Costs (as defined below) for that particular Property and any pro rata portion of General Costs (as defined below) attributable to such Property in accordance with paragraph 34(b) below; and
- (b) the Administration Charge shall automatically attach to any Property that is unencumbered or not fully secured.

33. **THIS COURT ORDERS** that the Administration Charge shall rank in priority to all security interests, trusts, deemed trusts, liens, charges and encumbrances, claims of secured

creditors, statutory or otherwise (collectively, “**Encumbrances**”) in favour of any Person, other than (a) any first mortgagee on a Property (in respect of the first mortgage registered on the Property only); (b) the DIP Lender’s Charge (as defined below, and to the extent applicable); and (c) the second mortgagee on the Property owned by 2358825 Ontario Ltd. (1483 Birchmount Road).

FUNDING

34. **THIS COURT ORDERS** that these CCAA Proceedings shall be funded in the following manner:

- (a) With respect to costs related to a specific Property (a “**Property Specific Cost**”),
 - (i) the first mortgagee on such 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 in arrears;
 - (ii) if the first mortgagee does not fund such amount, the second mortgagee 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 of the higher of (i) the applicable rate under its mortgage; and (ii) 9.5% per annum, calculated 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) where no mortgagee funds such amount, the Monitor shall draw such amount on the Standby DIP (defined below);
- (b) with respect to costs not specific to a particular Property (“**General Costs**”) in an amount up to \$400,000 in the aggregate, if there is not sufficient funding through the Applicant’s cash on hand or cash immediately available generated by the sale of any Properties (after repayment of all known debts):
 - (i) each first mortgagee shall have the right (but not the obligation) to fund its pro-rated estimated share of such funding based on the principal amount of its first mortgage as an advance under its mortgage at an interest rate accruing at a rate that is the of the higher of (i) the applicable rate under its mortgage; and (ii) 9.5% per annum, calculated in arrears;

- (ii) if the first mortgagee does not fund such amount, the second mortgagee 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 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) where no mortgagee funds such amount, the Monitor shall draw such amount on the Standby DIP.

35. **THIS COURT ORDERS** that the Monitor shall be at liberty and it is hereby empowered to cause any Applicant to borrow by way of a revolving credit or otherwise (the “**Standby DIP**”) from such lender as it may arrange in accordance with paragraph 34 (whether an existing mortgagee or otherwise, a “**DIP Lender**”), such monies from time to time as it may consider necessary or desirable to fund Project Specific Costs and General Costs in accordance with paragraph 34.

36. **THIS COURT ORDERS** that the Monitor is at liberty and authorized to issue certificates substantially in the form annexed as Schedule “C” hereto (the “**DIP Certificates**”) for any amount borrowed pursuant to paragraph 35 and, for greater certainty, each DIP Certificate shall indicate the Property to be charged and the amount to be charged pursuant to the DIP Certificate.

37. **THIS COURT ORDERS** that any DIP Lender shall be entitled to the benefit of and is hereby granted a fixed and specific charge on the Property identified in a DIP Certificate (the “**DIP Lender's Charge**”) as security for the payment of the principal amount set out in any DIP Certificate, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, including, without limitation, the Administration Charge, provided however, that the amount of any DIP Lender’s Charge shall attach only to the Property identified in a DIP Certificate with respect to that borrowing.

38. **THIS COURT ORDERS** that the monies from time to time borrowed pursuant to paragraph 35 and any and all DIP Certificates evidencing the same or any part thereof shall rank

on a *pari passu* basis per Property, unless otherwise agreed to by the holders of any prior issued DIP Certificates.

VALIDITY OF CHARGES CREATED BY THIS ORDER

39. **THIS COURT ORDERS** that the filing, registration or perfection of the Administration Charge and DIP Lender's Charge (collectively, the "**Charges**") shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

40. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicants shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Charges, unless the Applicants also obtain the prior written consent of the beneficiaries of the applicable Charges or further Order of this Court.

41. **THIS COURT ORDERS** that the Charges shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "**Chargees**") thereunder shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein or by the Proposal Proceedings and the declarations of insolvency made therein; (b) any application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "**Agreement**") which binds the Applicants, and notwithstanding any provision to the contrary in any Agreement:

- (a) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance in connection thereof shall create or be deemed to constitute a breach by the Applicants of any Agreement to which it is a party;

- (b) the payments made by the Applicants pursuant to this Order and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

42. **THIS COURT ORDERS** that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the Applicants' interest in such real property leases.

SALE PROCESS

43. **THIS COURT ORDERS** that the sale process (the "Sale Process"), as described in Section 3.0 of the Third Supplemental Report be and is hereby approved.

44. **THIS COURT ORDERS** that the Monitor and TD be and are hereby authorized and directed to perform their obligations under and in accordance with the Sale Process, and to take such further steps as they consider necessary or desirable in carrying out the Sale Process as described in the Third Supplemental Report, subject to prior approval of this Court being obtained before completion of any transactions under the Sale Process.

45. **THIS COURT ORDERS** that without limiting the terms of the Sale Process as set out in the Third Supplemental Report, to the extent that a mortgagee will not be paid in cash in full through bids received through the Sale Process, such mortgagee will be entitled to credit bid its indebtedness and purchase the Property over which it has a mortgage provided that such mortgagee pays any prior ranking indebtedness in full in cash (or such other arrangement to which a prior ranking creditor may in its sole discretion agree).

46. **THIS COURT ORDERS** that the Monitor, and its affiliates, partners, directors, employees, agents and controlling persons shall have no liability with respect to any and all losses, claims, damages or liabilities, of any nature or kind, to any person in connection with or as a result of performing its obligations under the Sale Process, except to the extent such losses, claims, damages or liabilities result from the gross negligence or willful misconduct of the Monitor in performing its obligations under the Sale Process (as determined by this Court).

47. **THIS COURT ORDERS** that in connection with the Sale Process and pursuant to clause 7(3)(c) of the *Personal Information and Electronic Documents Act* (Canada), the Monitor, the Applicants and TD are authorized and permitted to disclose personal information of identifiable individuals to prospective purchasers or offerors and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more transactions (each, a "**Transaction**"). Each prospective purchaser or offeror to whom such information is disclosed shall maintain and protect the privacy of such information and shall limit the use of such information to its evaluation of the Transaction, and if it does not complete a Transaction, shall: (i) return all such information to the Monitor, the Applicants or TD, as applicable; (ii) destroy all such information; or (iii) in the case of such information that is electronically stored, destroy all such information to the extent it is reasonably practical to do so. The transacting party with respect to any Property shall be entitled to continue to use the Personal Information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Applicants, and shall return all other personal information to the Monitor, the Applicants, or TD, as applicable, or ensure that all other personal information is destroyed.

48. **THIS COURT ORDERS** that to the extent there is equity available in any project of the Applicants (each of the projects is set out in Section 3.0(3) of the Report) after payment of all debts, 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; and further provided that any mortgagee with a collateral mortgage will be entitled to collect its Equity Kicker in respect of any Property where it has a mortgage, provided that (i) in no event will 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 project.

SERVICE AND NOTICE

49. **THIS COURT ORDERS** that the Monitor shall (i) without delay, publish in the Globe and Mail (National Edition) a notice containing the information prescribed under the CCAA, (ii) within five days after the date of this Order, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, in the prescribed manner, a notice to every known creditor who has a claim against the Applicants of more than \$1,000, and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder.

50. **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (the “**Protocol**”) is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL ‘<http://www.ksvadvisory.com/insolvency-cases/forme-development-group/>’.

51. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, the Applicants and the Monitor are at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Applicants’ creditors or other interested parties at their respective addresses as last shown on the records of the Applicants and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

GENERAL

52. **THIS COURT ORDERS** that the Applicants or the Monitor may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

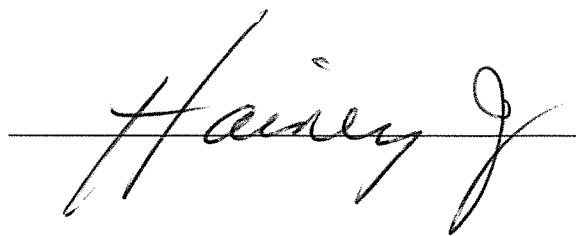
53. **THIS COURT ORDERS** that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Applicants, the Business or the Property.

54. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Applicants, the Monitor and their respective agents 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 to the Applicants and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

55. **THIS COURT ORDERS** that each of the Applicants and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Monitor is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

56. **THIS COURT ORDERS** that any interested party (including the Applicants and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

57. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Standard/Daylight Time on the date of this Order.

A handwritten signature in cursive script, reading "Hainey J.", is written over a horizontal line.

ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO:

NOV 30 2018

PER / PAR: RW

Schedule "A" – List of Applicants

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.

SCHEDULE "B" – LIST OF PROPERTIES

Block 55 - Dairy Dr., Toronto, ON (PIN 06449-0741)
Block 53 - Bamblett Dr., Toronto, ON (PIN 06449-0739)
Block 54 - Bamblett Dr., Toronto, ON (PIN 06449-0740)
3314 Kingston Rd., Toronto, ON
1296 Kennedy Rd., Toronto, ON
1326 Wilson Ave, Toronto, ON
1328 Wilson Ave, Toronto, ON
376 Derry Rd. W., Mississauga, ON
4439 John St., Niagara Falls, ON
4407 John St., Niagara Falls, ON
4413 John St., Niagara Falls, ON
4427 John St., Niagara Falls, ON
5507 River Rd. Niagara Falls, ON
5471 River Rd., Niagara Falls, ON
5491 River Rd., Niagara Falls, ON
9500 Dufferin St., Maple, ON
1483 Birchmount Rd., Toronto, ON

SCHEDULE "C" – FORM OF DIP CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

AFFECTED PROPERTY _____ (the "**Charged Property**")

1. THIS IS TO CERTIFY that KSV Kofman Inc., the monitor (the "**Monitor**") in the CCAA proceedings of Forme Development Group Inc. and certain of its affiliates (the "**Applicants**") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated the ___ day of _____, 2018 (the "**Initial Order**") made in an action having Court file number CV-18-608313-00CL, has received as such Monitor from the holder of this certificate (the "**DIP Lender**") the principal sum of \$ _____.

2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded monthly not in advance on the first day of each month after the date hereof at a notional rate of _____ per annum equal.

3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Monitor pursuant to the Initial Order or to any further order of the Court, a charge upon the Charged Property which charge shall have the priority set out in the Initial Order.

4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Toronto, Ontario.

5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate on the Charge Property shall be issued by the Monitor to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

6. The charge securing this certificate shall operate so as to permit the Monitor to deal with the Charged Property as authorized by the Initial Order and as authorized by any further or other order of the Court.

7. The Monitor does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the _____ day of _____, 20__.

KSV KOFMAN INC., solely in its capacity
as Monitor in the CCAA proceedings of Forme
Development Group Inc. and the other parties
therein, and not in its personal capacity

Per: _____

Name:

Title:

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

Court File No. CV-18-608313-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)

Proceeding commenced at Toronto

INITIAL ORDER

GOLDMAN SLOAN NASH & HABER LLP
480 University Avenue, Suite 1600
Toronto, Ontario M5G 1V2
Fax: 416-597-6477

Mario Forte (LSUC#: 27293F)
Tel: 416.597.6477
Email: forte@gsnh.com

Jennifer Stam (LSUC#: 46735J)
Tel: 416.597.5017
Email: stam@gsnh.com

Lawyers for the Applicants

Appendix “C”

Appendix “C” – Non-Applicants

4 Don Hillock Development Inc.
7397 Islington Development Inc.
101 Columbia Development Inc.
4208 Kingston Development Inc.
376 Derry Development Inc.
390 Derry Development Inc.
186 Old Kennedy Development Inc.
31 Victory Development Inc.
22 Old Kennedy Development Inc.
35 Thelma Development Inc.
19 Turff Development Inc.
4550 Steeles Development Inc.
9500 Dufferin Development Inc.
2495393 Ontario Inc.

Appendix “D”

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE MR.

JUSTICE HAINEY

)
)
)

MONDAY, THE 18TH

DAY OF MARCH, 2019



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

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

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

ORDER

THIS MOTION, made by KSV Kofman Inc. ("**KSV**"), solely in its capacity as Court-appointed monitor (the "**Monitor**") in the proceedings of the Applicants pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. c-36, as amended ("**CCAA**"), was heard this day at 330 University Avenue, Toronto, Ontario, M5G 1R7.

ON READING the Motion Record of the Monitor, including the Third Report of the Monitor dated February 26, 2019 (the "**Third Report**") and the First Supplement to the Third Report of the Monitor dated March 12, 2019, and upon hearing the submissions of counsel for the Monitor and such other parties as were present, no one else appearing although duly served as appears from the affidavit of service of Jason M. Berall sworn February 26, 2019 and the affidavit of service of Aiden Nelms sworn March 12, 2019, filed;

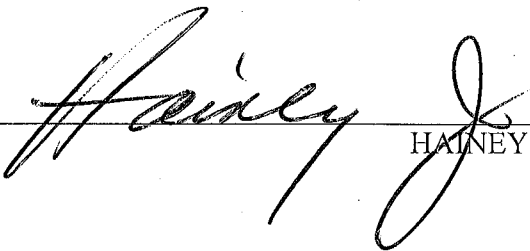
1. **THIS COURT ORDERS** that the Undertaking of the Forme Group (the "**Undertaking**") attached hereto as Schedule "B" be and is hereby approved.
2. **THIS COURT ORDERS** that the Forme Group and the Principal (each as defined in the Undertaking) and all other persons referenced in the Undertaking are authorized and directed to perform their obligations thereunder.
3. **THIS COURT ORDERS** that Confidential Appendix "1" to the Third Report be sealed, kept confidential and not form part of the public record pending further Order of this Court.
4. **THIS COURT ORDERS** that if an intercompany advance is made in accordance with Section 5(a), 5(b) or 5(d) of the Undertaking with the consent of the Monitor or further Order of this Court (each an "**Intercompany Advance**") the funding Non-Applicant shall be entitled to the benefit of a charge (each an "**Intercompany Charge**") on the receiving Non-Applicant's real property, which Intercompany Charge shall not secure an obligation that exists before this Order is made.
5. **THIS COURT ORDERS** that such Intercompany Charge shall be limited to the amount of the Intercompany Advance.
6. **THIS COURT ORDERS** that the filing, registration or perfection of the Intercompany Charge shall not be required, and that the Intercompany Charge shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Intercompany Charge coming into existence, notwithstanding any such failure to file, register, record or perfect.

7. **THIS COURT ORDERS** that each Intercompany Charge shall constitute a charge on the receiving Non-Applicant's real property and such Intercompany Charge shall rank immediately subordinate to the mortgages registered against the receiving Non-Applicant's real property as of the date of this Order.

8. **THIS COURT ORDERS** that except as may be approved by this Court, the receiving Non-Applicant shall not grant any mortgages or other encumbrances over the receiving Non-Applicant's real property that rank in priority to, or *pari passu* with the Intercompany Charge, unless the receiving Non-Applicant also obtains the prior written consent of the Monitor.

9. **THIS COURT ORDERS** that the Intercompany Charge shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Intercompany Charge (collectively, the "**Chargees**") thereunder shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to the *Bankruptcy and Insolvency Act* (the "**BIA**"), or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "**Agreement**") which binds the receiving Non-Applicant, and notwithstanding any provision to the contrary in any Agreement:

- (a) neither the creation of the Intercompany Charge nor the execution of the Undertaking shall create or be deemed to constitute a breach by the receiving Non-Applicant of any Agreement to which it is a party;
- (b) none of the Chargees shall have any liability to any person whatsoever as a result of any breach of any Agreement caused by or resulting from the receiving Non-Applicant entering into the Undertaking or by the creation of the Intercompany Charge; and
- (c) the payments made by the receiving Non-Applicant pursuant to this Order, the Undertaking and the granting of the Intercompany Charge, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.


HAYLEY J.

ENTERED AT / INSCRIT A TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO:

MAR 18 2019

PER/PAR: RW

SCHEDULE "A"

2358825 Ontario Ltd.

27 Anglin Development Inc.

29 Anglin Development Inc.

250 Danforth Development Inc.

3310 Kingston Development Inc.

1296 Kennedy Development Inc.

1326 Wilson Development Inc.

189 Carrville Development Inc.

169 Carrville Development Inc.

159 Carrville Development Inc.

5507 River Development Inc.

4439 John Development Inc.

SCHEDULE "B"

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 OTHER COMPANIES LISTED
ON SCHEDULE "A" HERETO (the "Applicants")

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

UNDERTAKING OF THE FORME GROUP

TO: THIS HONOURABLE COURT
FROM: THE CORPORATIONS LISTED ON SCHEDULE "B" HERETO
AND FROM: YUAN HUA WANG (a/k/a MIKE WANG) ("**Principal**")

WHEREAS:

- (a) the Principal is the sole shareholder, director and directing mind of the corporations listed on Schedule "B" hereto (collectively the "**Forme Group**")
- (b) the entities in the Forme Group own real property on which the Forme Group intended to develop various real estate projects ("**Projects**");
- (c) the entities in the Forme Group have granted mortgages ("**Mortgages**") to the parties listed on Schedule "C" hereto ("**Mortgagees**");
- (d) the Principal has guaranteed the obligations of the entities of the Forme Group to certain of the Mortgagees ("**Guarantees**");
- (e) the Applicants are subject to proceedings under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 ("**CCAA**"). The Applicants are represented by Goldman, Sloan, Nash & Haber LLP ("**GSNH**");
- (f) the Initial Order granted in the CCAA proceedings provides the Monitor (as defined below) with powers and duties beyond those contemplated by the model Initial Order;

- (g) within the CCAA proceedings, a sale process is being conducted by KSV Kofman Inc. ("KSV"), as Monitor ("Monitor"), under the supervision of this Honourable Court pursuant to which the Projects owned by the Applicants will be sold;
- (h) three entities of the Forme Group, 58 Old Kennedy Development Inc., 76 Old Kennedy Development Inc., and 82 Old Kennedy Development Inc. (collectively, the "NOI Entities"), filed notices of intention to make proposals under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 ("BIA") and transactions were completed for the sale of the real properties owned by the NOI Entities. The NOI Entities are represented by GSNH;
- (i) the proceeds from the sale of the property owned by the NOI Entities are being held by KSV as Proposal Trustee ("Trustee");
- (j) the remaining members of the Forme Group other than the Applicants and the NOI Entities ("Non-Applicants") are not subject to proceedings under the CCAA or the BIA. The Non-Applicants are represented by Cassels Brock & Blackwell LLP ("CBB");
- (k) the Non-Applicants are in default of certain of the mortgages granted by them to their respective Mortgagees;
- (l) the Non-Applicants are marketing their respective Projects for sale in order to generate funds to pay their respective creditors;
- (m) certain of the Mortgagees of the Non-Applicants have commenced power of sale proceedings;
- (n) the Principal anticipates that the sale of certain entities or their real property will generate more than sufficient funds to pay the creditors of those entities in full;
- (o) the Principal also anticipates that the sale of certain other entities or their real property will not generate sufficient funds to pay the creditors of those entities in full;
- (p) the Principal anticipates that the proceeds of the sale of those entities or real property that are sold or refinanced will generate sufficient proceeds to pay all secured claims and guarantee obligations of the Forme Group and the Principal;
- (q) for greater certainty, absent an agreement or other entitlement to the contrary, the unsecured creditors of each Non-Applicant shall only have recourse to the sale proceeds of that Non-Applicant's property, net of the claims of secured creditors of that Non-Applicant, and not to any sale proceeds generated by the sale of other Non-Applicants' property;
- (r) a claims process is required to determine all of the claims that may exist against the Forme Group and the Principal in order to determine whether

the proceeds are sufficient to satisfy the amount owing to creditors, including creditors with guarantee claims;

- (s) the Principal has advised this Honourable Court that he intends to ensure that the funds received from the sale of the Projects (including those owned by the Non-Applicants) are used to repay the creditors of the Forme Group and of the Principal, in accordance with the intentions expressed above, before any amounts are distributed to the Principal; and
- (t) the Forme Group and the Principal are giving this Undertaking to this Honourable Court in order to effectuate such intention.

The Non-Applicants and the Principal hereby undertake to this Honourable Court as follows:

1. Subject to paragraph 9 below or any earlier sale by a Mortgagee pursuant to its enforcement rights, they will sell the Projects owned by the Non-Applicants ("NA Projects", and each a "NA Project") in a commercially reasonable fashion with the intention of maximizing the sale proceeds;
2. They will work cooperatively and transparently with the Monitor/Trustee in all respects, including, without limitation, by providing all information required or requested of them on a timely basis and by providing and executing such documents as are required to close the sale of the Birchmount condominiums;
3. Without limiting the generality of the foregoing, they will (A) keep the Monitor/Trustee apprised, on a confidential basis, of their efforts to sell the NA Projects (including, without limitation, providing a weekly written update each Tuesday by noon detailing the status of each NA Project, with the first update to be provided on March 19, 2019), (B) forthwith provide copies of all offers (whether binding or otherwise) to purchase the NA Projects to the Monitor/Trustee on a confidential basis, and (C) advise the Monitor/Trustee in advance of any expecting closing dates;
4. The purchase price (including any deposits) in respect of the sale of any NA Project will be delivered by the purchaser(s) to CBB. Upon the closing of such sale, the Non-Applicants and the Principal will cause to be repaid the amounts owing to the Mortgagees of that NA Project. If there are funds remaining after repayment of the Mortgagees ("**Balance**"), the Balance will be held by CBB in trust for that entity's remaining creditors. For greater certainty, the Balance shall not be provided to any member of the Forme Group or the Principal without further Order of this Honourable Court. CBB will maintain separate trust accounts and will account separately for each NA Project, and will provide the Monitor with updates concerning the account balances and the accounting for same from time to time upon request by the Monitor;
5. Notwithstanding paragraph 4, above, it is understood and agreed that the Balance may be accessed for the following purposes and on the following terms:

- a. with the prior written consent of the Monitor, or upon a further order of this Honourable Court, proceeds from the sale of the Non-Applicants' real property may be used to maintain mortgages of other Non-Applicants in good standing and thereby attempt to avoid power of sale proceedings; provided that there is a reasonable prospect that the funding Non-Applicant will be repaid. In the event any such advance of funds is made as between Non-Applicant entities, any such advance will be made on a priority basis ranking immediately subordinate to any mortgages of the receiving Non-Applicant;
 - b. with the prior written consent of the Monitor, or upon a further order of this Honourable Court, proceeds from the sale of the Non-Applicants' real property may be used to pay other expenses of the Non-Applicants that are conducive to maintaining and maximizing the value of their assets for creditors; provided that there is a reasonable prospect that the funding Non-Applicant will be repaid;
 - c. with the prior written consent of the Monitor, or upon a further order of this Honourable Court, proceeds from the sale of the Non-Applicants' real property may be used to pay ordinary course creditors with outstanding claims against the relevant Non-Applicant; and
 - d. the Non-Applicants may pay the reasonable professional fees and disbursements of CBB, provided that the Monitor shall receive an accounting of all amounts so paid forthwith following payment;
6. Each Non-Applicant with a Balance shall participate in a Court-approved claims process conducted by the Monitor pursuant to which the claims of creditors of the Non-Applicant will be proven and quantified and the Balance distributed to those creditors, provided that no claims will be accepted without the consent of the Non-Applicants or order of the Court. Such proceedings include the BIA proceedings already underway;
 7. In the event that the creditors of a Non-Applicant are paid in full and there are funds remaining ("**Surplus**"), CBB shall continue to hold the Surplus in trust until the conclusion of the claims process and no amounts will be distributed to the Forme Group, the Principal or any other entity without the consent of the Monitor/Trustee or an order of the Court;
 8. Any Surplus, after payment of all claims guaranteed by the Principal and payment of all professional fees of KSV, its counsel Bennett Jones LLP, CBB, and GSNH, shall be distributed to or at the direction of the Principal. For greater certainty, absent an agreement or other entitlement to the contrary, there is no requirement to use the Surplus to fund any unsecured deficiency in an entity of the Forme Group where unsecured creditors are not paid in full;
 9. Subject to the rights and remedies of any applicable Mortgagee, the Non-Applicants reserve the right to retain such Projects as need not be sold to repay Forme Group creditors; provided, however, that in the event of a

deficiency to creditors of the Forme Group, as many Projects as is necessary will be sold or refinanced until sufficient proceeds are available to repay the creditors of the Forme Group as detailed above;

10. It is understood and agreed that the professional fees and disbursements of Cassels Brock & Blackwell LLP, counsel for the Non-Applicants, will be paid from the proceeds of sale of the NA Projects;
11. Any distributions to be made will be made net of any tax liabilities that may exist;
12. GSNH and KSV shall discharge their mortgage registrations as against each of the Non-Applicant properties upon Court approval of this Undertaking;
13. Any dispute arising out of this Undertaking shall be determined by this Honourable Court by way of a motion in the CCAA proceeding;
14. If the Forme Group or its Principal breaches the terms of this Undertaking and fails to remedy such breach within three business days, the Monitor/Trustee shall forthwith bring a motion seeking such relief as it deems appropriate;
15. The Monitor/Trustee reserves the right to seek an order of the Court compelling the sale of a property for any Non-Applicant's real property that the Forme Group and/or the Principal wishes to refinance if the proceeds from the refinancing are not expected to be sufficient to repay in full the guarantee claims;
16. None of the Principal, Jessica Wang, Aimie Yang or any their respective relatives or proxies shall, directly or indirectly, purchase or acquire any interest in any of the Applicants' properties;
17. The Monitor shall provide timely disclosure of any and all offers received for the purchase of the Applicants' properties ("**Offers**") to the Principal or his representatives, and will meet with them to discuss the Offers; and
18. The Principal, Jessica Wang and Aimie Yang, and their agents, advisors and representatives, shall keep the terms of the Offers strictly confidential.


DATED at Toronto this 11th day of March, 2019

101 Columbia Development Inc.


By: _____

Name: Yuan Hua Wang
Title: President


186 Old Kennedy Development Inc.

By: 
Name: Yuan Hua Wang
Title: President


19 Turff Development Inc.

By: 
Name: Yuan Hua Wang
Title: President


22 Old Kennedy Development Inc.

By: 
Name: Yuan Hua Wang
Title: President


31 Victory Development Inc.

By: 
Name: Yuan Hua Wang
Title: President


35 Thelma Development Inc.

By: 
Name: Yuan Hua Wang
Title: President


376 Derry Development Inc.

By: 
Name: Yuan Hua Wang
Title: President


390 Derry Development Inc.

By: 
Name: Yuan Hua Wang
Title: President

4 Don Hillock Development Inc.

By: 
Name: Yuan Hua Wang
Title: President


4208 Kingston Development Inc.

By: 
Name: Yuan Hua Wang
Title: President


4550 Steeles Development Inc.

By: 
Name: Yuan Hua Wang
Title: President

7397 Islington Development Inc.

By: 
Name: Yuan Hua Wang
Title: President

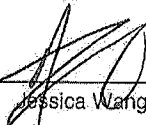
9500 Dufferin Development Inc.

By: 
Name: Yuan Hua Wang
Title: President

Yuan Hua Wang (a/k/a Mike Wang)



Witness


Name: Jessica Wang

SCHEDULE "A"

3310 Kingston Development Inc.

1296 Kennedy Development Inc.

1326 Wilson Development Inc.

5507 River Development Inc.

4439 John Development Inc.

2358825 Ontario Ltd.

250 Danforth Development Inc.

159 Carrville Development Inc.

169 Carrville Development Inc.

189 Carrville Development Inc.

27 Anglin Development Inc.

29 Anglin Development Inc

SCHEDULE "B"

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

35 Thelma Development Inc

19 Turff Development Inc.

4550 Steeles Development Inc.

9500 Dufferin Development Inc.

SCHEDULE "C"

Former Group Entity	Municipal Address(es)	Mortgagees
3310 Kingston Development Inc.	3314 Kingston Rd., Toronto, ON	First Source Financial Management Inc. Ferina Construction Limited Yuce Baykara & Olympia Trust Company Yi Zhou, Jack Ya Jyue Chen, Wei Zhu, Yu Wang, Hong Xie, Zhengxie Yu, Vera Kevic, Community Trust Company, Shuxin Liu, & Li Hu
1296 Kennedy Development Inc.	1296 Kennedy Rd., Toronto, ON	First Source Financial Management Inc. Yi Zhou, Community Trust Company, Yu Kai Wong, & Lenny Wong
1326 Wilson Development Inc.	1326-1328 Wilson Ave., Toronto, ON	Morrison Financial Mortgage Corporation 2586614 Ontario Inc. 2348793 Ontario Ltd. & JYR Real Capital Mortgage Investment Corporation
5507 River Development Inc.	5471, 5491 & 5507 River Rd., Niagara Falls, ON	Home Trust Company Niagara Falls Pointe General Partner, Inc.
4439 John Development Inc.	4439 John St., Niagara Falls, ON, 4407 John St., Niagara Falls, ON, 4413 John St., Niagara Falls, ON & 4427 John St., Niagara Falls, ON	Home Trust Company Sentrix Financial Corporation
2358825 Ontario Ltd. (Birchmount)	1483 Birchmount Rd., Toronto, ON	MCAP Financial Corporation HMT Holdings Inc. Trisura Guarantee Insurance Company
250 Danforth Development Inc.	250 Danforth Rd. E., Toronto, ON, Three Parcels (Block 53, 54, 55), 0 Dairy Dr., Toronto, ON, 0 Bamblett Dr., Toronto, ON, & 23 Bamblett Dr., Toronto, ON	First Source Financial Management Inc. & Community Trust Company Yuce Baykara, Olympia Trust Company, & Community Trust Company Yi Zhou, Dunliang Zhang, Liying Zhao, Yong Jiang, Rensong Dou, Xuefen Song, Jinxi Liu, Min He, Lin Li, CX Financial Investing Inc., Wen

		Wei Zhang, Jun Wang, Zhengxie Yu, Hsing Ching Fan, Kung Chan Fan, Martin Zamora, Hao Li, Lijie Wang, Yifei Wang, and Xuemei Yuan
		Trisura Guarantee Insurance Company
159 Carrville Development Inc.	159 Carrville Rd., Richmond Hill, ON	2611809 Ontario Inc. 2611622 Ontario Inc. 2612316 Ontario Inc.
169 Carrville Development Inc.	169 Carrville Rd., Richmond Hill, ON	Home Trust 2557725 Ontario Inc. 10226190 Canada Ltd 2611622 Ontario Inc. 2612316 Ontario Inc.
189 Carrville Development Inc.	177 Carrville Rd., Richmond Hill, ON, 181 Carrville Rd., Richmond Hill, ON & 189 Carrville Rd., Richmond Hill, ON	Home Trust 2557725 Ontario Inc. 10226190 Canada Ltd 2611622 Ontario Inc. 2612316 Ontario Inc.
27 Anglin Development Inc.	27 Anglin Dr., Richmond Hill, ON	Home Trust Company 2603616 Ontario Inc.
29 Anglin Development Inc.	29 Anglin Dr., Richmond Hill, ON & 31 Anglin Dr., Richmond Hill, ON	Home Trust Company 2603616 Ontario Inc.
4 Don Hillock Development Inc.	4 Don Hillock Dr., Aurora, ON	Perdy Building Corporation Canada Access Capital Ltd.
7397 Islington Development Inc.	7397 Islington Ave., Vaughan, ON	739572 Ontario Limited Empirical Capital Corp. Yuce Baykara & Computershare Trust Company of Canada
101 Columbia Development Inc.	93-101 Columbia St. W., Waterloo, ON	Foremost Mortgage Holding Corporation Ivy Hong Chih-Huang Lin
4208 Kingston Development Inc.	4206-4208 Kingston Rd., Toronto, ON & 4212 Kingston Rd., Toronto, ON	Foremost Mortgage Holding Corporation Xin Cai, Dingping Cheng, Weiguo Dai, Qing Ying Wu, Hongbing Xie, Linghong Kong & Shepherd Estate Limited Partnership
		Royal Bank of Canada

376 Derry Development Inc.	376 Derry Rd. W., Mississauga, ON	2348793 Ontario Ltd. & JYR Real Capital Mortgage Investment Corporation 2348793 Ontario Ltd., 5F Secondary Investment Group Inc. & JYR Real Capital MIC
390 Derry Development Inc.	390 Derry Rd. W., Mississauga, ON	Firm Capital Mortgage Fund Inc. Lora & Steve Papaikononmou 2592898 Ontario Inc. 2620094 Ontario Inc.
186 Old Kennedy Development Inc.	186 Old Kennedy Rd., Markham, ON & 51 Victory Ave., Markham, ON	Krashnik Investments Limited & Gabel Investments Limited 2592898 Ontario Inc., 2620094 Ontario Inc., 2627235 Ontario Inc. 2638796 Ontario Inc., & 2646429 Ontario Inc. Yi Zhou, Jin Fen Zheng, Xiang Hong Zheng, BAI (Bild Alternative Investment) Corporation, Dong Hui Wang, Guifang Wang & Community Trust Company Matthew Franklin Santiso
31 Victory Development Inc.	31 Victory Ave., Markham, ON	Vector Financial Services Limited 10226190 Canada Ltd.
76 Old Kennedy Development Inc.	64-76 Old Kennedy Rd., Markham, ON	Matthew Castelli Matthew Castelli
82 Old Kennedy Development Inc.	82 Old Kennedy Rd., Markham, ON	Wu's International Group Inc. Matthew Castelli
58 Old Kennedy Development Inc.	58 Old Kennedy Rd., Markham, ON & 20 Thelma Ave., Markham, ON	All Season Recycle Inc. & Sasikala Sivasorusban Matthew Castelli
22 Old Kennedy Development Inc.	16 & 22 Old Kennedy Rd., Markham, ON	Vector Financial Services Limited Wenguang Liu & Yan Yan
35 Thelma Development Inc. & 19 Turff Development Inc.	35 Thelma Ave., Markham, ON & 19 Turff Ave., Markham, ON	U-Feel Inc. Xin Cai, Dingping Cheng, Weiguo Dai, Qing Ying Wu, Honbing Xie, Linghong Kong, & Shepherd Estate Limited Partnership
4550 Steeles Development Inc.	4550 Steeles Ave. E., Markham, ON & 31 Old Kennedy Rd., Markham, ON	Windsor Family Credit Union Limited 2586614 Ontario Inc.

		2348793 Ontario Ltd., 5F Secondary Investment Group Inc., & JYR Real Capital MIC
9500 Dufferin Development Inc.	9500 Dufferin St., Maple, ON	Solaris Holdings Inc.
Yuan Hua Wang & Hua Qin Zhang (in their personal capacity)	59 Elm Ave., Richmond Hill, ON	Home Trust Company, 348 Mortgage Investments Ltd., & 2603616 Ontario Inc.
Yuan Hua Wang & Hua Qin Zhang (in their personal capacity)	63 Elm Ave., Richmond Hill, ON	Home Trust Company, 348 Mortgage Investments Ltd., & 2603616 Ontario Inc.

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

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

Court File No: CV-18-608313-00CL

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

PROCEEDING COMMENCED AT TORONTO

ORDER

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Fax: (416) 863-1716

Counsel to KSV Kofman Inc. solely in its capacity as Court-
appointed monitor, and not in its personal capacity

Appendix “E”



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

March 12, 2019

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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 OTHER COMPANIES
LISTED ON APPENDIX "A"**

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

**SUPPLEMENT TO THIRD REPORT OF KSV KOFMAN INC.
AS MONITOR**

MARCH 12, 2019

1.0 Introduction

1. This report (the "Supplemental Report") supplements the Monitor's third report to Court dated February 26, 2019 (the "Third Report"). Capitalized terms not otherwise defined herein have the meanings given to them in the Third Report.

1.1 Purposes of this Report

1. The purposes of this Supplemental Report are to:
 - a) provide a high-level summary of the feedback from stakeholders received by the Monitor concerning the relief sought in the Third Report;
 - b) summarize the terms of an undertaking provided by the Non-Applicants and Wang (the "Undertaking"), which provides a consensual resolution to the issues raised by the Monitor in the Third Report; and
 - c) recommend that the Court make an order (i) approving the Undertaking and (ii) granting a priority charge in respect of any intercompany advances made pursuant to Section 5(a) of the Undertaking, which charge would rank immediately subordinate to the existing mortgages of the receiving Non-Applicant.

2.0 Feedback from Stakeholders

1. Following service of the Third Report, the Monitor discussed the Third Report with various stakeholders in these proceedings, including several mortgagees and the representative (the “Representative”) of purchasers of condominiums in the Birchmount Gardens project. Each of the mortgagees with whom the Monitor communicated, and the Representative, expressed support for the Monitor’s relief sought in the Third Report. The Monitor is not aware of any mortgagee which opposes the relief sought by the Monitor in the Third Report. Because the Monitor, the Non-Applicants and Wang have agreed to enter into the Undertaking, the Monitor has not provided copies of the emails and other communications with the mortgagees or the Representative. The Monitor has not yet discussed the terms of the Undertaking with the Representative or any of the mortgagees.

3.0 Developments Since the Third Report

1. Following service of the Third Report, the Monitor learned that Wang had retained new counsel, Jim Grout, to represent him personally. Wang’s prior counsel resigned for reasons unrelated to fees, as noted in the Third Report. As also noted in the Third Report, the Monitor learned while preparing the Third Report that the Non-Applicants had retained Cassels Brock & Blackwell LLP (“CBB”).
2. Since the date of the Third Report, the Monitor and its counsel, Bennett Jones LLP (“Bennett Jones”), have been negotiating the Undertaking with CBB.
3. On March 6, 2019, the Monitor was provided with responses to information requested of the Non-Applicants, particularly as it relates to deposits received in respect of transactions for three properties owned by the Non-Applicants. Based on the information provided, the deposits appear to be non-refundable and were largely used to fund interest obligations owing by the Non-Applicants to certain mortgagees. The use of transaction proceeds by the Non-Applicants was one of the central issues raised in the Third Report.

4.0 The Undertaking¹

1. The Undertaking was executed on March 11, 2019. A copy of the Undertaking is provided in Appendix “B”. The key terms of the Undertaking include the following:
 - a) subject to subsection (h) below, the Non-Applicants and Wang are to market the Non-Applicants’ real property in a commercially reasonable fashion in order to maximize its realizable value. The Non-Applicants are required to keep the Monitor apprised of these efforts on a confidential basis, including providing weekly written updates and copies of all offers;
 - b) the Non-Applicants will work cooperatively and transparently with the Monitor in all respects, including, without limitation, by providing all information required or requested of them on a timely basis;

¹ Capitalized terms in this section have the meanings provided to them in the Undertaking.

- c) the purchase price (including any deposits) in respect of the sale of any NA Project will be delivered by the purchaser(s) to CBB to be held in trust. Upon the closing of such sale, the Non-Applicants and Wang will cause to be repaid the amounts owing to the Mortgagees of that NA Project. If there are funds remaining after repayment of the Mortgagees (“Balance”), the Balance will be held by CBB in trust for that entity's remaining creditors. For greater certainty, the Balance shall not be provided to any member of the Forme Group or Wang without further Court order. CBB will maintain separate trust accounts for each NA Project, and will provide the Monitor with updates concerning the account balances and the accounting for same from time to time upon request by the Monitor;
- d) notwithstanding the foregoing, the Non-Applicants may pay the reasonable professional fees and disbursements of CBB, provided that the Monitor shall receive an accounting of all such amounts forthwith following payment. In addition, with the prior written consent of the Monitor, or upon a further order of the Court, the Balance may be accessed for the following purposes and on the following terms:
- proceeds from the sale of the Non-Applicants' real property may be used to maintain mortgages of other Non-Applicants in good standing and thereby attempt to avoid power of sale proceedings, provided that there is a reasonable prospect that the funding Non-Applicant will be repaid. In the event any such advance of funds is made as between Non-Applicant entities, any such advance will be made on a priority basis ranking immediately subordinate to any mortgages of the receiving Non-Applicant;
 - proceeds from the sale of the Non-Applicants' real property may be used to pay expenses of the Non-Applicants that are conducive to maintaining and maximizing the value of their assets for creditors, provided that there is a reasonable prospect that the funding advanced to the Non-Applicant will be repaid; and
 - proceeds from the sale of the Non-Applicants' real property may be used to pay ordinary course creditors with outstanding claims against that particular Non-Applicant;
- e) each Non-Applicant with a Balance shall participate in a Court-approved claims process to be conducted by the Monitor pursuant to which the claims of creditors of the Non-Applicant will be proven and quantified and the Balance distributed to those creditors, provided that no claims will be accepted without the consent of the Non-Applicants or order of the Court;
- f) in the event that the creditors of a Non-Applicant are paid in full and there are funds remaining (“Surplus”), CBB shall continue to hold the Surplus in trust until the conclusion of the claims process and no amounts will be distributed to the Forme Group, Wang or any other entity without the consent of the Monitor or an order of the Court;

- g) any Surplus, after payment of all claims guaranteed by Wang and payment of all professional fees of KSV, Bennett Jones, CBB and GSNH, shall be distributed to or at the direction of Wang. For greater certainty, absent an agreement or other entitlement to the contrary, there is no requirement to use the Surplus to fund any unsecured deficiency in an entity of the Forme Group where unsecured creditors are not paid in full;
- h) subject to the rights and remedies of any applicable Mortgagee, the Non-Applicants reserve the right to retain such Projects as need not be sold to repay Forme Group creditors; provided, however, that in the event of a deficiency to creditors of the Forme Group, as many Projects as is necessary will be sold or refinanced until sufficient proceeds are available to repay the creditors of the Forme Group;
- i) any dispute arising out of the Undertaking shall be determined by this Court by way of a motion in the CCAA proceeding;
- j) if the Forme Group or Wang breaches the terms of the Undertaking and fails to remedy such breach within three (3) business days, the Monitor shall be entitled to forthwith bring a motion seeking such relief as it deems appropriate;
- k) the Monitor reserves the right to seek an order of the Court compelling the sale of a property for any Non-Applicant's real property that the Forme Group and/or Wang wishes to refinance if the proceeds from the refinancing are not expected to be sufficient to repay in full the guarantee claims;
- l) none of Wang, Jessica Wang, Aimie Yang or any of their respective relatives or proxies shall, directly or indirectly, purchase or acquire any interest in any of the Applicants' properties; and
- m) the Monitor shall provide to Wang or his representatives on a confidential basis timely disclosure of any and all offers received for the purchase of the Applicants' properties, and the Monitor will meet with Wang or his representatives to discuss the Offers.

5.0 Recommendation

1. The Monitor believes that the Undertaking should be approved by this Honourable Court for the following reasons:
 - a) it provides for a result consistent with the stated purpose of the CCAA proceedings, which is to allow for an orderly sale process of the Forme Group's real property so that Wang can maximize recoveries for the benefit of the Forme Group's creditors, including his obligations under his personal guarantees;
 - b) it provides a mechanism to address the Monitor's concerns about Wang and his conduct in these CCAA proceedings as set out in the Third Report, including concerns about the level of transparency and the use of proceeds generated from the sale of the Non-Applicants' real property;

- c) it contemplates that a claims process will be carried out by the Monitor and establishes that any surplus funds that may be required to deal with Wang's guarantee claims are to remain in CBB's trust account until the conclusion of the claims process and/or Wang's guarantee claims are crystalized;
- d) it provides for any permitted intercompany advances to be made on a priority basis in order to avoid any prejudice to creditors of a funding Non-Applicant; and
- e) it does not preclude the Monitor from seeking the relief set out in the Third Report, or other relief as appropriate in the circumstances, should Wang and/or the Forme Group default on their obligations under the Undertaking and not remedy any such default within three (3) business days.

6.0 Conclusion

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

* * *

All of which is respectfully submitted,



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

Appendix “F”

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

Projected Cash Flow

For the Period Ending February 28, 2020

(Unaudited; C\$)

Notes	Week Ending																				5 Days Ending	Total		
	13-Oct-19	20-Oct-19	27-Oct-19	03-Nov-19	10-Nov-19	17-Nov-19	24-Nov-19	01-Dec-19	08-Dec-19	15-Dec-19	22-Dec-19	29-Dec-19	05-Jan-20	12-Jan-20	19-Jan-20	26-Jan-20	02-Feb-20	09-Feb-20	16-Feb-20	23-Feb-20	28-Feb-20			
Receipts																								
Collections	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Total Receipts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Disbursements																								
Miscellaneous	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500		52,500
Total Disbursements	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500		52,500
Net Cash Flow before the undemoted	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)		(52,500)
Professional fees																								
Net Cash Flow	(2,500)	(2,500)	(2,500)	(2,500)	200,000	(2,500)	(2,500)	(2,500)	(2,500)	175,000	(2,500)	(2,500)	(2,500)	(2,500)	150,000	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	125,000	(2,500)		650,000
Net Cash Flow	(2,500)	(2,500)	(2,500)	(2,500)	(202,500)	(2,500)	(2,500)	(2,500)	(2,500)	(177,500)	(2,500)	(2,500)	(2,500)	(2,500)	(152,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(127,500)	(2,500)		(702,500)
Opening cash balance	6,289,813	6,287,313	6,284,813	6,282,313	6,279,813	6,077,313	6,074,813	6,072,313	6,069,813	5,892,313	5,889,813	5,887,313	5,884,813	5,882,313	5,729,813	5,727,313	5,724,813	5,722,313	5,719,813	5,592,313	5,722,313	5,722,313		6,289,813
Net cash flow	(2,500)	(2,500)	(2,500)	(2,500)	(202,500)	(2,500)	(2,500)	(2,500)	(2,500)	(177,500)	(2,500)	(2,500)	(2,500)	(2,500)	(152,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(127,500)	(2,500)		(702,500)
Closing cash balance	6,287,313	6,284,813	6,282,313	6,279,813	6,077,313	6,074,813	6,072,313	6,069,813	5,892,313	5,889,813	5,887,313	5,884,813	5,882,313	5,729,813	5,727,313	5,724,813	5,722,313	5,719,813	5,592,313	5,589,813	5,719,813	5,587,313		5,587,313

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

Notes to Projected Statement of Cash Flow

For the Period Ending February 28, 2020

(Unaudited; \$C)

Purpose and General Assumptions

1. The purpose of the projection is to present a cash flow forecast of Forme Development Group Inc. and the companies listed on Schedule "A" (together, the "Applicants") for the period October 7, 2019 to February 28, 2020 (the "Period") in respect of their proceedings under the *Companies' Creditors Arrangement Act*.

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

Hypothetical and Most Probable Assumptions

2. Represents the estimated fees of the Monitor and its counsel during the Period.
3. The opening cash balance represents the funds on deposit in the trust accounts of the Monitor and the Proposal Trustee as at October 7, 2019.

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

Schedule "A"

3310 Kingston Development Inc.

1296 Kennedy Development Inc.

1326 Wilson Development Inc.

5507 River Development Inc.

4439 John Development Inc.

2358825 Ontario Inc.

250 Danforth Development Inc.

159 Carrville Development Inc.

169 Carrville Development Inc.

189 Carrville Development Inc.

27 Anglin Development Inc.

29 Anglin Development Inc.

**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 7th day October, 2019 for the period October 7, 2019 to February 28, 2020 ("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 7th day of October, 2019.

A handwritten signature in blue ink that reads "KSV Kofman Inc".

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

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

Schedule "A"

3310 Kingston Development Inc.

1296 Kennedy Development Inc.

1326 Wilson Development Inc.

5507 River Development Inc.

4439 John Development Inc.

2358825 Ontario Inc.

250 Danforth Development Inc.

159 Carrville Development Inc.

169 Carrville Development Inc.

189 Carrville Development Inc.

27 Anglin Development Inc.

29 Anglin Development Inc.

Appendix “G”

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

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

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

The attached statement of projected cash-flow of Forme Development Group and those other entities listed on Schedule "A" hereto (collectively, the "Applicants"), as of the 7th day October, 2019, consisting of a weekly projected cash flow statement for the period October 7, 2019, to February 28, 2020 ("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 7th day of October, 2019.

KSV Kofman Inc

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

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

Schedule "A"

3310 Kingston Development Inc.

1296 Kennedy Development Inc.

1326 Wilson Development Inc.

5507 River Development Inc.

4439 John Development Inc.

2358825 Ontario Inc.

250 Danforth Development Inc.

159 Carrville Development Inc.

169 Carrville Development Inc.

189 Carrville Development Inc.

27 Anglin Development Inc.

29 Anglin Development Inc.