



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

August 19, 2020

and

**Tenth 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**

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

August 19, 2020

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" (collectively, the "Applicants") were granted protection under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCA"), 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 (the “CCAA Proceedings”) was to create a stabilized environment to conduct a Court-approved sale process (“Sale Process”) for the Applicants’ real property. The Initial Order approved, *inter alia*, a Sale Process for the Applicants’ real estate development projects and for two residential homes located at 59 and 63 Elm Avenue (jointly, the “Elm Properties”) which were owned by Yuan Hua Wang (“Mr. Wang”), the principal of the Applicants, and his wife.
3. KSV was also appointed proposal trustee (in such capacity, the “Proposal Trustee”) of three of the Applicants’ affiliates, being 58 Old Kennedy Development Inc., 76 Old Kennedy Development Inc. and 82 Old Kennedy Development Inc. (collectively, the “NOI Debtors”) in 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”) (the “NOI Proceedings”).
4. On February 13, 2019, the NOI Debtors each filed a proposal (collectively, the “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 held 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 NOI Proceedings (the “Non-Applicants”). A list of the Non-Applicants is attached as Appendix “C”. The Non-Applicants own or owned 12 properties, of which eight have been sold and two are subject to court-approved purchase agreements that are scheduled to be sold on August 31, 2020. The Non-Applicants do not have the benefit of the CCAA stay of proceedings, and certain Non-Applicants are subject to separate receivership proceedings.
6. Pursuant to a Court order made on October 22, 2019 (the “Claims Procedure Order”), the Monitor is carrying out a claims procedure (the “Claims Procedure”) to solicit and determine claims against: the Applicants; the Non-Applicants; the NOI Debtors; the directors and officers of the Applicants, the Non-Applicants and the NOI Debtors; and Mr. Wang, solely in his capacity as a guarantor, surety or indemnitor of any obligation of any of the Applicants, the NOI Debtors or the Non-Applicants, and in his capacity as an owner of the Elm Properties and not in any other capacity.
7. KSV is filing this report (“Report”) in its capacities as Monitor and Proposal Trustee.

1.1 Purposes of this Report

1. The purposes of this Report are to:
 - a) provide background information about the CCAA Proceedings and NOI Proceedings;
 - b) summarize the status of the Claims Procedure;

- c) recommend that the Monitor be authorized to make distributions (the “Proposed Distributions”) to creditors with admitted secured claims against: (i) 22 Old Kennedy Development Inc. (“22 Old Kennedy”), a Non-Applicant; and (ii) Mr. Wang, pursuant to secured guarantees that he provided in favour of certain mortgagees;
- d) provide the Monitor’s views on a motion brought by Lerner’s LLP (“Lerner’s”) and James Grout Professional Corp. (“JGPC”) for payment of their outstanding fees from the trust funds held by the Monitor and its legal counsel, Bennett Jones LLP (“Bennett Jones”);
- e) provide the reasons the Monitor believes it is appropriate for the Court to authorize a \$75,000 increase to the Court-ordered fee cap for Koskie Minsky LLP (“Koskie”), in its capacity as Court-appointed representative counsel (“Representative Counsel”) to a group of condominium purchasers at 2358825 Ontario Ltd.’s Birchmount project (the “Birchmount Purchasers”);
- f) report on the Applicants’ cash flow projection for the period September 1, 2020 to November 30, 2020 (“Cash Flow Forecast”);
- g) discuss the reasons to extend the stay of proceedings from August 31, 2020 to November 30, 2020; and
- h) recommend that the Court issue an order:
 - i. authorizing the Monitor to make the Proposed Distributions;
 - ii. increasing Koskie’s fee cap from \$150,000 to \$225,000; and
 - iii. extending the Stay Period (as defined in the Initial Order) from August 31, 2020 to November 30, 2020.

1.2 Restrictions¹

1. In preparing this Report, KSV has relied upon the Applicants’ and the NOI Debtors’ unaudited financial information, as well as information provided by the Non-Applicants and their legal counsel. 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. KSV accepts no reliance to any party based on the information in this Report.

¹ References to KSV in this section are to its capacities as Monitor and Proposal Trustee.

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 as to whether the Cash Flow Forecast will be achieved.

2.0 Background

1. The Applicants, NOI Debtors and Non-Applicants (collectively, the “Forme Group”) are a commercial and residential real estate group of over 30 companies which sought to develop low-rise, high-rise and mixed-use 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 the commencement of the CCAA 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 the Court materials filed in the CCAA Proceedings and NOI Proceedings are available on the Monitor’s website at <https://www.ksvadvisory.com/insolvency-cases/case/forme-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 (the “Undertaking”) in favour of the Court. The Undertaking was approved pursuant to a Court order made on March 18, 2019. 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 the Undertaking is attached as Appendix “D”.
2. The purpose of the Undertaking is to, *inter alia*, provide mechanisms to facilitate the orderly sale of the Non-Applicants’ real property and to hold in a trust account any surplus funds realized therefrom for the benefit of creditors, including those with guarantee claims against Mr. Wang.
3. At the time the Undertaking was negotiated, the Monitor’s concerns included: i) the sale of Non-Applicants’ properties without disclosure to the Monitor; and ii) ensuring that net sale proceeds be available to satisfy the creditors entitled to the proceeds, being unsecured creditors with claims against the applicable Non-Applicants, as well as guarantee creditors and other potential claimants of Mr. Wang.
4. As at the date of this Report, there is approximately \$10.9 million held in trust by Bennett Jones, representing the net proceeds realized from the sale of the Non-Applicants’ real property. Those funds, together with the funds on deposit in the trust accounts of the Monitor and Proposal Trustee totalling approximately \$5.2 million, for a total of approximately \$16.1 million, are collectively referred to as the “Surplus”.

5. The Undertaking provides that the Monitor is to conduct a claims process for the Applicants, NOI Debtors, Non-Applicants and for certain claims against Mr. Wang, before any portion of the Surplus can be distributed to Mr. Wang in his capacity as shareholder.

2.2 Bankruptcy of Mr. Wang

1. On January 24, 2020, Mr. Wang filed a Notice of Intention to Make a Proposal pursuant to section 50.4 of the BIA, and on March 27, 2020, Mr. Wang filed a proposal.
2. On April 15, 2020, the Court made an order (the “Bankruptcy Order”) pursuant to subsection 50(12) of the BIA, declaring that the proposal filed by Mr. Wang was deemed to be refused by his creditors. As a result, Mr. Wang was deemed to have made an assignment in bankruptcy on that date.
3. Pursuant to the Bankruptcy Order, KSV was appointed trustee of Mr. Wang’s bankrupt estate (in such capacity, the “Trustee”). The Trustee’s appointment was affirmed by Mr. Wang’s creditors at the first meeting of creditors held on May 6, 2020.

3.0 Claims Procedure

1. The Claims Procedure is being administered to determine claims against the Surplus. Pursuant to a Court order made on February 20, 2020, creditors who have filed claims against Mr. Wang in the Claims Procedure do not need to file claims in Mr. Wang’s bankruptcy proceeding.
2. On or prior to the claims bar date (January 10, 2020), 125 creditors filed claims totaling approximately \$89 million. Of these claims, the Claims Procedure identified six secured claims totaling approximately \$11.6 million as against the Forme Group entities with surplus funds (\$2.74 million) and Mr. Wang (\$8.82 million). Those claims are discussed in Section 3.1 of this Report and, subject to Court approval of the Proposed Distributions, will materially reduce the funds available for distribution to unsecured creditors of Mr. Wang.
3. The status of the Claims Procedure is summarized below:
 - a) Notices of Revision or Disallowance (“NORDs”) and Notices of Acceptance have been issued to nearly all claimants who filed claims in the Claims Procedure against Forme Group entities with surplus funds. The Monitor has not reviewed, and does not intend to review, claims filed against Forme Group entities for which there are unlikely to be funds available for distribution;
 - b) prior to issuing NORDs and Notices of Acceptance, the Monitor consulted with Mr. Wang on behalf of the Non-Applicants, as required by the Claims Procedure Order. Mr. Wang consented to the Monitor’s NORDs and Notices of Acceptance for claims against the Non-Applicants;
 - c) the Monitor has received nine Notices of Dispute to the NORDs issued. The Monitor has resolved one such Notice of Dispute and is attempting to resolve the remaining eight disputed claims without the involvement of a Claims Officer or the Court; and

- d) there are several significant claims that the Monitor is continuing to review and discuss with claimants. Certain of these claims are duplicative. The Monitor is encouraging legal counsel to the applicable creditors, including the Birchmount Purchasers, the Birchmount Condominium Corporation and Tarion Warranty Corporation, to attempt to resolve the duplication. The Monitor has been advised that those discussions are ongoing.
4. As contemplated in the Claims Procedure Order and disclosed in the Monitor's previous reports to Court, the Monitor has been performing a review of intercompany transactions among the various entities in the Forme Group (the "Intercompany Analysis"). Prior to the CCAA Proceedings, the Forme Group commonly transferred monies between entities; however, its books and records are incomplete and/or inconsistent. To complete the Intercompany Analysis, the Monitor requires supporting documents from the Forme Group's bank, Royal Bank of Canada ("RBC"). Following multiple requests over several months for information from RBC, the Monitor received certain of the required information in late July 2020. The Monitor is now supplementing its preliminary analysis with the information provided by RBC and expects to finalize the Intercompany Analysis in the next several weeks. The Monitor will report on the intercompany claims no later than the end of the proposed stay extension period. The Monitor's recommended allocation of the intercompany claims will be subject to Court approval.
5. In addition to finalizing the outstanding claims in the Claims Procedure, the following matters must be resolved before distributions can be made to unsecured creditors from the Surplus:
- a) the Non-Applicants' remaining properties need to be sold so creditors of those entities can quantify and file claims in the Claims Procedure². There are presently four Non-Applicant properties remaining to be sold, the status of which is summarized in the following table:

Property	Status
186 Old Kennedy 31 Victory	Pollard & Associates Inc. ("Pollard") is the Court-appointed receiver of these properties. Pursuant to a Court Order dated June 10, 2020, a transaction for these two properties was approved. Pollard advises that these transactions are scheduled to close on August 31, 2020.
376 Derry Road	Subject to Power of Sale proceedings. The Monitor has been advised by counsel for the second mortgagee that the proposed sale has fallen through and that the second mortgagee recently redeemed the first mortgage and is determining next steps, including potentially engaging a new realtor to market and sell the property or taking the property off the market for some period of time.
101 Columbia Street	The Monitor was recently advised by a representative of the second mortgagee that the property is subject to an Agreement of Purchase and Sale and the parties are working to close the transaction on August 28, 2020.

² The Claims Procedure contemplates that properties would be sold following the claims bar date and addresses this by the concept of a "Sale Triggered Claims Bar Date".

- b) completion of the Intercompany Analysis and approval by the Court of an allocation; and
 - c) the claims of Canada Revenue Agency (“CRA”) need to be determined. CRA filed placeholder claims in the Claims Procedure and KPMG LLP (“KPMG”) has been engaged by the Monitor, the NOI Debtors and the Non-Applicants to perform tax work. KPMG recently provided a draft tax analysis to the Monitor and subject to receiving certain final outstanding information from the Forme Group, KPMG expects that the tax claims can be determined and the corresponding tax returns filed in the near term.
6. As a result of the Surplus (being approximately \$16.1 million) and the amount of the secured claims (being approximately \$11.6 million), it appears that the maximum amount available for distribution to unsecured creditors is approximately \$4.5 million before professional fees and costs.

3.1 Secured Claims

1. The Monitor has accepted five secured claims totaling approximately \$9.28 million, as summarized in the table below. A further claim, filed by Ferina Construction Limited (“Ferina”), is discussed below and, subject to any objections, the Monitor intends to accept.

Creditor	Claim Filed Against	Amount Accepted (\$000s)
2603616 Ontario Inc.	Mr. Wang	3,108
2557725 Ontario Inc.	22 Old Kennedy	2,741
2611622 Ontario Inc.	Mr. Wang	2,390
2612316 Ontario Inc.	Mr. Wang	614
Steve Papaikonomou	Mr. Wang	427
Total		9,280

2. Prior to issuing NORDs and Notices of Acceptance for the secured creditors referenced in the table, the Monitor instructed Bennett Jones to review the validity of their security. Bennett Jones concluded that each of these creditors has a general security agreement creating a security interest, but each creditor appears to have a deficient registration under the *Personal Property Security Act (Ontario)* (“PPSA”) resulting in each case in an unperfected secured claim. These unperfected secured claims still rank in priority to unsecured creditors pursuant to the PPSA.
3. On May 13, 2020, the Monitor received additional information supporting the secured claim filed by Ferina against Mr. Wang in the amount of approximately \$2.3 million. Ferina was a mortgagee of one of the Applicants, 3310 Kingston Development Inc. (the “Kingston Applicant”), which incurred a shortfall on the sale of the Kingston Applicant’s property³. Bennett Jones has reviewed Ferina’s security. Its review is summarized below:
- a) Ferina has a PPSA registration against Mr. Wang;

³ A transaction for the Kingston Applicant’s real property was approved pursuant to a Court order made on July 2, 2019 and completed on August 26, 2019.

- b) Ferina's secured claim against Mr. Wang is supported by a General Security Agreement dated July 20, 2016 among Ferina, the Kingston Applicant, as borrower, and Mr. Wang, as guarantor (the "Ferina GSA"). The Ferina GSA is addressed to Ferina "from" Kingston (not Mr. Wang although Mr. Wang is a signatory). A copy of the Ferina GSA is attached as Appendix "E";
- c) notwithstanding that the Ferina GSA is executed by Mr. Wang in his capacity as principal of the Kingston Applicant and in his personal capacity, Mr. Wang has advised the Monitor that the Ferina GSA was only intended to provide a security interest in the assets held by the Kingston Applicant (i.e. not Mr. Wang personally);
- d) the commitment letter entered into in connection with the Ferina mortgage contemplated a general security agreement in favour of Ferina providing a first ranking security in the assets of the Kingston Applicant (without mention of Mr. Wang). It also contemplated a guarantee by Mr. Wang, without specifying whether that guarantee would be secured or unsecured. A copy of the commitment letter is attached as Appendix "F";
- e) the Monitor did not receive an acknowledgment re: PPSA registration by Mr. Wang in respect of Ferina's PPSA registration wherein he acknowledges and consents to the filing of a PPSA registration against him personally;
- f) in response to the Monitor's request for further information, Ferina provided a letter dated June 3, 2020 from Schneider Ruggiero Spencer Milburn LLP, which represented Ferina in respect of the mortgage advanced to the Kingston Applicant. The letter, a copy of which is attached as Appendix "G", sets out Ferina's understanding of the Ferina GSA, as follows:

"the GSA was intended to be, and in fact, obtained from the Borrower and the Guarantor jointly and severally, and was drafted by our firm and obtained from the Borrower and Guarantor as counsel to Ferina on the closing of the transaction."

- 4. Based on the foregoing and absent any documentation provided by Mr. Wang to support his position, the Monitor is of the view that, on balance, Ferina has a valid secured claim against Mr. Wang. Subject to Court approval, the Monitor intends to issue a Notice of Acceptance to Ferina in respect of its secured claim against Mr. Wang.
- 5. Mr. Wang has been served with a copy of the Monitor's Motion Record.

4.0 Proposed Distributions

- Based on the results of the security reviews conducted by Bennett Jones, the Monitor believes it is appropriate for it to be authorized and directed to make an initial Proposed Distribution of approximately \$7.2 million from the Surplus, representing the full amount of the secured claim against 22 Old Kennedy (\$2.74 million) and 50% of the secured claims against Mr. Wang (\$4.41 million), as calculated in the table below.

Creditor	Claim Against	Amount Accepted (\$000s)	Initial Proposed Distribution (\$000s)
2557725 Ontario Inc.	22 Old Kennedy	2,741	2,741
2603616 Ontario Inc.	Mr. Wang	3,108	1,554
2611622 Ontario Inc.	Mr. Wang	2,390	1,195
Ferina	Mr. Wang	2,284	1,142
2612316 Ontario Inc.	Mr. Wang	614	307
Steve Papaikononou	Mr. Wang	427	214
Total		11,564	7,152

- The secured claim of 2557725 Ontario Inc. against 22 Old Kennedy (\$2.74 million) can be paid in full as the surplus realized on the sale of 22 Old Kennedy's real property exceeds \$6.6 million after paying all mortgages on that property. There are no other known valid secured or trust claims against 22 Old Kennedy and the claims bar date (January 10, 2020) has long passed. An affiliate of Gardiner Roberts LLP ("Gardiner Roberts") placed a mortgage on 22 Old Kennedy to secure amounts owing to Gardiner Roberts for services rendered to the Non-Applicants. The Monitor has concerns about the mortgage and any fees being paid to Gardiner Roberts, and particularly without an order of the Court. Among other concerns, it is the Monitor's view that such payment would contravene the Undertaking.
- The secured claims against Mr. Wang are being funded from the portion of the Surplus that he would be entitled to as shareholder of three Non-Applicants which generated a surplus on the sale of their properties, being 22 Old Kennedy, 4550 Steeles Development Inc. and 4208 Kingston Development Inc. The net surplus generated by these Non-Applicants (being \$10.9 million held in trust by Bennett Jones) is sufficient to fund the proposed interim distribution (approximately \$7.2 million, per the table in Section 4(1) above) to 22 Old Kennedy's and Mr. Wang's secured creditors and leave approximately \$3.7 million to fund any potential tax claims and/or other claims owing by these entities. KPMG's draft tax analysis reflects that only approximately \$400,000 may be owing to CRA by these entities.
- The Monitor is seeking authority at this time to pay the full amount of the secured claims without further Court order to avoid the cost of a further motion in these proceedings for the sole purpose of authorizing it to pay from the Surplus the balance of the admitted secured claims (\$4.4 million) against Mr. Wang. The Monitor intends to pay further distributions to these creditors as soon as the outstanding issues in the Claims Procedure are resolved (i.e. when the Non-Applicants' remaining properties are sold, the tax claims are determined and the allocation of the Surplus is settled).

5.0 Representative Counsel

1. Pursuant to a Court order made on May 24, 2019 (the “Rep Counsel Order”), Koskie was appointed as Representative Counsel to the Birchmount Purchasers. Pursuant to the Rep Counsel Order, Koskie’s fees were capped at \$100,000, including HST, but excluding disbursements (the “Fee Cap”). The Rep Counsel Order also authorized the Fee Cap to be increased to \$150,000 with the consent of the Monitor, which the Monitor consented to several months ago.
2. As at the date of this Report, Koskie has reached its increased Fee Cap of \$150,000 and has requested a further, and final, increase to complete its mandate. Subject to Court approval, the Monitor and Koskie have agreed to an increase of \$75,000, which is to cover certain unpaid fees to-date and fees to the completion of its mandate.
3. The Monitor believes increasing the Fee Cap from \$150,000 to \$225,000 is reasonable for the following reasons:
 - a) the Monitor has advised it will not consent to any further increase in the Fee Cap;
 - b) as detailed in prior reports to Court, the claims of the Birchmount Purchasers are complex. Koskie represents 35 Birchmount Purchasers. Each purchaser has several claims. Koskie has been helpful streamlining these claims resulting in the filing of a single \$16 million omnibus claim by the Birchmount Purchasers. Koskie and the Monitor are working to resolve these claims;
 - c) absent Koskie’s assistance in the Claims Procedure, the Monitor and Bennett Jones would need to resolve the claims of these purchasers on an individual basis, which would have resulted in fees greater than those paid to Koskie; and
 - d) the Monitor believes the increase is sufficient for Koskie to complete its mandate. The Monitor has advised Koskie that any further funding for it will need to come from the Birchmount Purchasers.

6.0 Leners

1. Leners acted as Mr. Wang’s litigation counsel from April 2019 until it was removed as his litigation counsel of record by motion of Leners on January 6, 2020. Leners’ fees for the period from April 2019 to December 31, 2019 totaled approximately \$102,000, of which approximately \$32,000 remains unpaid.
2. Pursuant to an endorsement issued by Justice Hainey on August 7, 2019 (the “Endorsement”), a portion of the fees incurred by Leners (\$70,000) and JGPC (\$147,000) were authorized to be paid from the Surplus, which was being held in a trust account of Cassels, Brock & Blackwell LLP (“CBB”), the Non-Applicants’ counsel at the time. A copy of the Endorsement is attached as Appendix “H”.
3. On March 16, 2020, Leners and JGPC filed a motion seeking payment from the Surplus of the outstanding fees owing to them in their respective capacities as Mr. Wang’s former litigation and insolvency counsel. The motion was originally returnable March 30, 2020 and is now scheduled to be heard on August 27, 2020.

4. The Monitor believes Lerner's fees are reasonable and should be authorized and paid from the Surplus given that:
 - a) Lerner's was helpful in negotiating the Claims Procedure Order, which took several months to settle and was ultimately approved by the Court on an unopposed basis;
 - b) Lerner's was asked by the Monitor to perform a preliminary review of the Wang guarantees in order to provide some initial feedback to the Monitor to understand the nature of any potential disputes that may be raised by Mr. Wang in respect of the guarantees held by various mortgagees of the Forme Group;
 - c) at a chambers appointment subsequent to the granting of the Endorsement, Justice Hailey advised the Monitor and Ms. Kuehl of Lerner's of His Honour's view that the additional work being undertaken by Lerner's in connection with a potential examination of Mr. Wang ought to be paid from the Surplus;
 - d) the Monitor is of the view that Mr. Wang was entitled to responsible legal representation; and
 - e) in the Monitor's view, Lerner's activities were not duplicative of any other lawyer that represented Mr. Wang over the course of these proceedings. The Monitor (or its legal counsel) had an ongoing dialogue with Lerner's over the course of its mandate.

7.0 James Grout Professional Corp.

1. Until February 2019, Loopstra Nixon LLP ("Loopstra") was Mr. Wang's insolvency counsel. JGPC was retained in February 2019 when Loopstra resigned due to various concerns it had not related to payment of its fees.
2. JGPC's fees for the period from February 2019 to December 31, 2019 total approximately \$171,000, of which approximately \$25,000 remains unpaid. JGPC was removed as Mr. Wang's insolvency counsel of record by motion of JGPC on January 6, 2020.
3. The Monitor's views on the fees incurred by JGPC are as follows:
 - a) JGPC's hourly rate is \$800. JGPC operates as a sole practitioner with no office, staff or overhead. JGPC's hourly rate is consistent with senior lawyers practicing in downtown Toronto law firms which have significant overhead costs to cover;
 - b) JGPC was involved in the negotiation and drafting of the Undertaking, which was approved by the Court in March 2019. The Undertaking only authorized the payment of the reasonable fees of the Non-Applicants' then legal counsel, CBB; however, JGPC received payment of a portion of its fees from the Surplus then held by CBB, notwithstanding the terms of the Undertaking, which JGPC helped draft; and
 - c) JGPC's fees exceeded Lerner's fees by approximately \$70,000 for reasons that are unclear to the Monitor.

4. The Monitor corresponded with JGPC on several occasions with respect to its fees, the last of which was sent by Bennett Jones to JGPC on June 3, 2020. No response has been received from JGPC since that time. A copy of the letter from Bennett Jones to JGPC dated June 3, 2020 is provided in Appendix “I”.

8.0 Cash Flow Forecast

1. The Cash Flow Forecast for the period September 1, 2020 to November 30, 2020 and the Applicants’ statutory report on the cash flow prepared pursuant to Section 10(2)(b) of the CCAA is attached as Appendix “J”. As reflected in the Cash Flow Forecast, there is presently approximately \$5.2 million in the trust accounts of the Monitor and the Proposal Trustee. (As noted, the balance of the Surplus (\$10.9 million), which relates to the Non-Applicants, is being held in a trust account of Bennett Jones.)
2. As “super” Monitor in these proceedings, and consistent with prior cash flow forecasts in these proceedings, the Monitor has executed the Applicants’ statutory report on the Cash Flow Forecast. The Monitor believes this is appropriate given that, *inter alia*, the principals of the Applicants did not prepare the Cash Flow Forecast nor were they required to assist with its preparation given their limited involvement in the proceedings at this stage.
3. The Monitor’s statutory report on the Cash Flow Forecast is attached as Appendix “K”.

9.0 Stay Extension

1. The Monitor supports an extension of the Stay Period from August 31, 2020 to November 30, 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. This view was affirmed by Justice Haaney in his endorsement dated February 20, 2020, which included the following comment:

“References to “Applicants” acting in good faith in this context refers to the Monitor, as it is a super-monitor in these CCAA proceedings.”

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 continue to advance the Claims Procedure and perform its obligations pursuant to the Undertaking, including monitoring the sale of the remaining Non-Applicants’ properties;
 - 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.

10.0 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)(h) of this Report.

* * *

All of which is respectfully submitted,

A handwritten signature in blue ink that reads "KSV Kofman Inc." in a cursive, slightly slanted font.

**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

AMENDED AND RESTATED 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), 1296 Kennedy Development Inc. (Estate No. 31-2439440), ¹⁵⁹ and Carrville Development Inc. (Estate No. 31-2440234) ~~and 58 Old Kennedy Development Inc. (Estate No. 31-2436538)~~ (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. 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

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, which together with the Elm Avenue Properties (defined below) are hereinafter referred to as 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 or default by Mr. Wang or Hua Zhang (collectively, the “**Wangs**”) on the mortgage obligations on the Elm Avenue Properties (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.

16A. THIS COURT ORDERS that during the Stay Period, except with the written consent of the Wangs and the Monitor, no Proceedings shall be commenced or continued against or in respect of Mr. Wang or Hua Zhang in connection with the properties known as 59 Elm Avenue and 63 Elm Avenue (the “**Elm Avenue Properties**”).

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 the Wangs, or affecting the Elm Avenue Properties or 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 the Wangs to carry on any business which the Wangs 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.

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 provided that, in the case of the Elm Avenue Properties, the listing agent shall be chosen in consultation with the first mortgagee on those Properties, 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 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 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.

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) or either or both of the Elm Avenue Properties after payment of all debts, fees and costs owing or incurred in respect of that project or either or both of the Elm Avenue Properties (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 or either or both of the Elm Avenue Properties' 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.

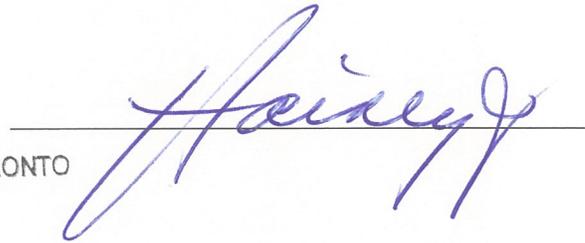
57. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Standard/Daylight Time on the date of this Order.

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

DEC 06 2018

PER / PAR:

UM



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.

250 Danforth Development Inc.

159 Carrville Development Inc.

169 Carrville Development Inc.

189 Carrville Development Inc.

27 Anglin Development Inc.

29 Anglin Development Inc.

~~58 Old Kennedy Development Inc.~~



SCHEDULE "B" – LIST OF PROPERTIES

250 Danforth Rd. E 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
159 Carrville Road, Richmond Hill, ON
169 Carville Road, Richmond Hill, ON
177 Carrville Road, Richmond Hill, ON
181 Carrville Road, Richmond Hill, ON

189 Carrville Road, Richmond Hill, ON
27 Anglin Drive, Richmond Hill, ON
29 & 31 Anglin Drive, Richmond Hill, ON
58 Old Kennedy Road and 20 Thelma Ave., Markham, 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

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

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

ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)

Proceeding commenced at Toronto

AMENDED AND RESTATED 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)**

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

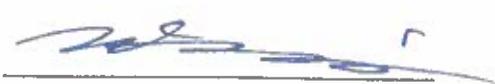
9500 Dufferin Development Inc.

By: 
Name: Yuan Hua Wang
Title: President

Witness


Name: Jessica Wang

Yuan Hua Wang (a/k/a Mike 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"

Forme 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 Papaikonomou
		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
82 Old Kennedy Development Inc.	82 Old Kennedy Rd., Markham, ON	Matthew Castelli
58 Old Kennedy Development Inc.	58 Old Kennedy Rd., Markham, ON & 20 Thelma Ave., Markham, ON	Wu's International Group Inc.
		Matthew Castelli
22 Old Kennedy Development Inc.	16 & 22 Old Kennedy Rd., Markham, ON	All Season Recycle Inc. & Sasikala Sivasorusban
		Matthew Castelli
35 Thelma Development Inc. & 19 Turff Development Inc.	35 Thelma Ave., Markham, ON & 19 Turff Ave., Markham, ON	Vector Financial Services Limited
		Wenguang Liu & Yan Yan
4550 Steeles Development Inc.	4550 Steeles Ave. E., Markham, ON & 31 Old Kennedy Rd., Markham, ON	U-Feel Inc.
		Xin Cai, Dingping Cheng, Weiguo Dai, Qing Ying Wu, Honbing Xie, Linghong Kong, & Shepherd Estate Limited Partnership
		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.

Appendix “E”

GENERAL SECURITY AGREEMENT

TO: SCHNEIDER RUGGIERO LLP

AND TO: FERINA CONSTRUCTION LIMITED

FROM: 3310 KINGSTON DEVELOPMENT INC.

RE: Ferina Construction Limited (the "Ferina" or the "Lender") loan/mortgage to 3310 Kingston Development Inc. (the "Borrower") as guaranteed by Yuan Hua Wang (the "Guarantor"), pursuant to a Commitment Letter dated July 7, 2016 as it may be amended from time to time (the "Commitment") on the security of a second mortgage against those lands and premises municipally known as 3310-3312 and 3314 Kingston Road, Toronto, Ontario (the "Real Property")

1. SECURITY INTEREST

- (a) For value received, the undersigned hereby grants to the Lender a security interest (the "**Security Interest**") in the undertaking of the Debtor, and in all of the Debtor's present and after acquired personal property including, without limitation, in all Goods (including all parts, accessories, attachments, special tools, additions and accessions thereto), Chattel Paper, Documents of Title (whether negotiable or not), Instruments, Intangibles, Money and Securities now owned or hereafter owned or acquired by or on behalf of the Debtor (including such as may be returned to or repossessed by the Debtor) and in all proceeds and renewals thereof, accretions thereto and substitutions therefore and relating to the Property (hereinafter collectively called "**Collateral**"), and including, without limitation, all of the following, now owned or hereafter owned or acquired by or on behalf of the Debtor:
- (i) all inventory of whatever kind and wherever situate;
 - (ii) all equipment (other than Inventory) of whatever kind and wherever situate, including, without limitation, all machinery, tools, apparatus, plant, furniture, fixtures and vehicles of whatsoever nature or kind;
 - (iii) all Accounts and book debts and generally all debts, dues, claims, choses in action and demands of every nature and kind howsoever arising or secured including letters of credit and advices of credit, which are now due, owing or accruing or growing due to or owned by or which may hereafter become due, owing or accruing or growing due to or owned by the Debtor (the "**Debts**");
 - (iv) all deeds, documents, writings, papers, books of account and other books relating to or being records of the Debts, Chattel Paper or Documents of Title by which such are or may hereafter be secured, evidenced, acknowledged or made payable;
 - (v) all contractual rights and insurance claims;
 - (vi) all patents, industrial designs, trade-marks, trade secrets and know-how, including without limitation environmental technology and biotechnology, confidential information, trade-names, goodwill, copyrights, personality rights, plant breeders' rights, integrated circuit topographies, software and all other forms of intellectual and industrial property, and any registrations and applications for registration of any of the foregoing (collectively, "**Intellectual Property**"); and
 - (vii) without in any way limiting the foregoing, all cash and reserve accounts of the Debtor.
- (b) The Security Interest granted hereby shall not extend or apply to, and Collateral shall not include the last day of the term of any lease or agreement therefor, but upon the enforcement of the Security Interest, the Debtor shall stand possessed of such last day in trust to assign the same to any person acquiring such term.
- (c) The terms "Goods", "Chattel Paper", "Document of Title", "Instrument", "Intangible", "Security", "proceed", "Inventory", "accession", "Money", "Account",

"financing statement" and "financing change statement" whenever used herein shall be interpreted pursuant to their respective meanings when used in the Personal Property Security Act of the Province of Ontario, as amended from time to time, which Act, including amendments thereto and any Act substituted therefor and amendments thereto is herein referred to as the "P.P.S.A.". Provided always that the term "Goods" when used herein shall not include "consumer goods" of the Debtor as that term is defined in the P.P.S.A., and the term "Inventory" when used herein shall include livestock and the young thereof after conception and crops that become such within one year of execution of this Security Agreement. Any reference herein to "**Collateral**" shall, unless the context otherwise requires, be deemed a reference to "**Collateral or any part thereof**".

2. INDEBTEDNESS SECURED

The Security Interest granted hereby secures payment and performance of any and all obligations, indebtedness and liability of the Debtor to the Lender (including interest thereon) present or future, direct or indirect, absolute or contingent, matured or not, extended or renewed, wheresoever and howsoever incurred and any ultimate unpaid balance thereof, and whether the same is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again, and whether the Debtor be bound alone or with another or others and whether as principal or surety (hereinafter collectively called the "Indebtedness"). If the Security Interest in the Collateral is not sufficient, in the event of default, to satisfy all Indebtedness of the Debtor, the Debtor acknowledges and agrees that the Debtor shall continue to be liable for any Indebtedness remaining outstanding and the Lender shall be entitled to pursue full payment thereof.

3. REPRESENTATIONS AND WARRANTIES OF DEBTOR

The Debtor represents and warrants and so long as this Security Agreement remains in effect shall be deemed to continuously represent and warrant that:

- (a) the Collateral is genuine and owned by the Debtor free of all prior security interests, mortgages, liens, claims, charges, licences, leases, infringements by third parties, encumbrances or other adverse claims or interests (hereinafter collectively called "**Encumbrances**"), save for the Security Interest and those Encumbrances shown on Schedule A;
- (b) all Intellectual Property applications and registrations are valid and in good standing, and the Debtor is the owner of the applications and registrations;
- (c) each Debt, Chattel Paper and Instrument constituting Collateral is enforceable in accordance with its terms against the party obligated to pay the same (the "**Account Debtor**"), and the amount represented by the Debtor to the Lender from time to time as owing by each Account Debtor or by all Account Debtors will be the correct amount actually and unconditionally owing by such Account Debtor or Account Debtors, except for normal cash discounts where applicable, and no Account Debtor will have any defence, set off, claim or counterclaim against the Debtor which can be asserted against the Lender, whether in any proceeding to enforce Collateral or otherwise;
- (d) the locations specified in Schedule B are accurate and complete; and
- (e) the execution, delivery and performance of the obligations under this Security Agreement and the creation of any security interest in or assignment hereunder of the Debtor's rights in the Collateral to the Lender will not result in a breach of any agreement to which the Debtor is a party.

4. COVENANTS OF THE DEBTOR

So long as this Security Agreement remains in effect the Debtor covenants and agrees:

- (a) to defend the Collateral against the claims and demands of all other parties claiming the same or an interest therein; to diligently initiate and prosecute legal action against all infringers of the Debtor's rights in Intellectual Property; to take all reasonable action to keep the Collateral free from all prior Encumbrances, except for the Security Interest, licences which are compulsory under federal or provincial legislation and those shown on Schedule A, and not to sell, exchange, transfer, assign, lease license or otherwise dispose of Collateral or any interest therein without the prior written consent of the Lender or as may be required by

law or contract; provided always that, until default, Debtor may, in the ordinary course of the Debtor's business, sell or lease inventory and, subject to Clause 7 hereof, use Money available to the Debtor;

- (b) to notify the Lender promptly of:
 - (i) any change in the information contained herein or in the Schedules hereto relating to the Debtor, the Debtor's business or Collateral;
 - (ii) the details of any significant acquisition of Collateral;
 - (iii) the details of any claims or litigation affecting the Debtor or Collateral, (iv) any loss or damage to Collateral;
 - (iv) any default by any Account Debtor in payment or other performance of his /her obligations with respect to Collateral; and
 - (v) the return to or repossession by the Debtor of Collateral.
- (c) to keep Collateral in good order, condition and repair and not to use Collateral in violations of the provisions of this Security Agreement or any other agreement relating to Collateral or any policy insuring Collateral or any applicable statute, law, by-law, rule, regulation or ordinance; to keep all agreements, registrations and applications relating to Intellectual Property and intellectual property used by the Debtor in its business in good standing and to renew all agreements and registrations as may be necessary or desirable to protect Intellectual Property, unless otherwise agreed in writing by the Lender; to apply to register all existing and future copyrights, trademarks, patents, integrated circuit topographies and industrial designs whenever it is commercially reasonable to do so;
- (d) to do, execute, acknowledge and deliver such financing statements, financing change statements and further assignment, transfers, documents, acts, matters and things (including further schedules hereto) as may be reasonably requested by the Lender of or with respect to Collateral all in order to give effect to these presents and to pay all costs for searches and filings in connection therewith;
- (e) to pay all taxes, rates, levies, assessments and other charges of every nature which may be lawfully levied, assessed or imposed against or in respect of the Debtor or Collateral as and when the same become due and payable;
- (f) to insure Collateral for such periods, in such amounts, on such terms and against loss or damage by fire and such other risks as the Lender shall reasonably direct, with loss payable to the Lender and the Debtor, as insureds, as their respective interests may appear, and to pay all premiums therefor;
- (g) to prevent Collateral, save Inventory sold or leased as permitted hereby or intended to be affixed to real property, from being or becoming an accession to other property not covered by this Security Agreement;
- (h) to carry on and conduct the business of the Debtor in a proper and efficient manner, so as to protect and preserve Collateral and to keep, in accordance with generally accepted accounting principles, consistently applied, proper books of account for the Debtor's business as well as accurate and complete records concerning Collateral, and mark any and all such records and Collateral at the Lender's request so as to indicate the Security Interest;
- (i) to deliver to the Lender from time to time promptly upon request:
 - (i) any Documents of Title, Instruments, Securities and Chattel Paper constituting, representing or relating to Collateral;
 - (ii) all books of account and all records, ledgers, reports, correspondence, schedules, documents, statements, lists and other writings relating to Collateral for the purpose of inspecting, auditing or copying the same;
 - (iii) all financial statements prepared by or for the Debtor regarding the Debtor's business;
 - (iv) all policies and certificates of insurance relating to Collateral; and

- (v) such information concerning Collateral, the Debtor and the Debtor's business and affairs as the Lender may reasonably request.

5. USE AND VERIFICATION OF COLLATERAL

Subject to any compliance with the Debtor's covenants contained herein and Clause 7 hereof, the Debtor may, until default, possess, operate, collect, use and enjoy and deal with Collateral in the ordinary course of the Debtor's business in any manner not inconsistent with the provisions hereof; provided always that the Lender shall have the right at any time and from time to time to verify the existence and state of the Collateral in any manner the Lender may consider appropriate and the Debtor agrees to furnish all assistance and information and to perform all such acts as the Lender may reasonably request in connection therewith and for such purpose to grant to the Lender or its agents access to all places where Collateral may be located and to all premises occupied by the Debtor.

6. SECURITIES

If Collateral at any time includes Securities, the Debtor authorizes the Lender to transfer the same or any part thereof into its own name or that of its nominee(s) so that the Lender or its nominee(s) may appear on record as the sole owner thereof; provided that, until default, the Lender shall deliver promptly to the Debtor all notices or other communications received by it or its nominee(s) as such registered owner and, upon demand and receipt of payment of any necessary expenses thereof, shall issue to the Debtor or its proxy to vote and take all actions with respect to such Securities. After default, the Debtor waives all rights to receive any notices or communications received by the Lender or its nominee(s) as such registered owner, and agrees that no proxy issued by the Lender to the Debtor or its order as aforesaid shall thereafter be effective.

7. COLLECTION OF DEBTS

Before or after default under this Security Agreement, the Lender may notify all or any Account Debtors of the Security Interest and may also direct such Account Debtors to make all payments on Collateral to the Lender. The Debtor acknowledges that any payments on or other proceeds of Collateral received by the Debtor from Account Debtors, whether before or after notification of this Security Interest to Account Debtors and whether before or after default under this Security Agreement shall be received and held by the Debtor in trust for The Lender and shall be turned over to the Lender upon request.

8. INCOME FROM AND INTEREST ON COLLATERAL

- (a) Until default, Debtor reserves the right to receive any Money constituting income from or interest on Collateral, except as required by law or contract and if The Lender receives any such Money prior to default, The Lender shall either credit the same against the Indebtedness or pay the same promptly to Debtor.
- (b) After default the Debtor will not request or receive any Money constituting income from or interest on Collateral except as required by law or contract, and if the Debtor receives any such Money without any request by it, the Debtor will pay the same promptly to the Lender.

9. INCREASES, PROFITS, PAYMENTS OR DISTRIBUTIONS

- (a) Whether or not default has occurred, the Debtor authorizes the Lender:
 - (i) to receive any increase in or profits on Collateral (other than Money) and to hold the same as part of Collateral. Money so received shall be treated as income for the purposes of Clause 8 hereof and deal with accordingly;
 - (ii) to receive any payment or distribution upon redemption or retirement or upon dissolution and liquidation of the issuer of Collateral; to surrender such Collateral in exchange therefor and to hold any such payment or distribution as part of Collateral.
- (b) If the Debtor receives any such increase or profits (other than Money) or payments or distributions, the Debtor will deliver the same promptly to the Lender to be held by the Lender as herein provided.

10. DISPOSITION OF MONEY

Subject to any applicable requirements of the P.P.S.A., all Money collected or received by the Lender pursuant to or in exercise of any right it possesses with respect to Collateral shall be applied on account of Indebtedness in such manner as the Lender deems best or, at the option of the Lender, may be held unappropriated in a collateral account or released to the Debtor, all without prejudice to the liability of the Debtor or the rights of the Lender hereunder, and any surplus shall be accounted for as required by law.

11. EVENTS OF DEFAULT

The happening of any of the following events or conditions shall constitute default hereunder which is herein referred to as "default":

- (a) the non-payment when due, whether by acceleration or otherwise, of any principal or interest forming part of Indebtedness or the failure of the Debtor to observe or perform any obligation, covenant, term, provision or condition contained in this Security Agreement or any other agreement between the Debtor and the Lender;
- (b) the death of or a declaration of incompetency by a court of competent jurisdiction with respect to the Debtor, if an individual;
- (c) the bankruptcy or insolvency of the Debtor; the filing against the Debtor of a petition in bankruptcy which is not being defended by the Debtor; the making of an assignment for the benefit of creditors by the Debtor; the appointment of a receiver or trustee for the Debtor of any assets of the Debtor or the institution by or against or against the Debtor of any other type of insolvency proceeding under the Bankruptcy Act or otherwise which is not being defended by the Debtor;
- (d) the institution by or against the Debtor of any formal or informal proceeding for the dissolution or liquidation of, settlement of claims against or winding-up of affairs of the Debtor which is not being defended by the Debtor;
- (e) if any prior Encumbrance affecting Collateral becomes enforceable against Collateral;
- (f) if the Debtor ceases or threatens to cease to carry on business or makes or agrees to make a bulk sale of assets without complying with applicable law;
- (g) if any execution, sequestration, extent or other process of any court becomes enforceable against the Debtor or if distress or analogous process is levied upon the assets of the Debtor or any part thereof; and
- (h) if any certificate, statement, representation, warranty or audit report heretofore or hereafter furnished by or on behalf of the Debtor pursuant to or in connection with this Security Agreement, or otherwise (including, without limitation, the representations and warranties contained herein) or as an inducement to the Lender to extend any credit to or to enter into this or any other agreement with the Debtor, proves to have been false in any material respect at the time as of which the facts therein set forth were stated or certified, or proves to have omitted any substantial contingent or unliquidated liability or claim against the Debtor; or if upon the date of execution of this Security Agreement, there shall have been any material adverse change in any of the facts disclosed by any such certificate, representation, statement, warranty or audit report, which change shall not have been disclosed to the Lender at or prior to the time of such execution.

12. ACCELERATION

The Lender, in its sole discretion, may declare all or any part of Indebtedness which is not by its terms payable on demand to be immediately due and payable, without demand or notice of any kind, in the event of default, or if the Lender considers itself insecure or that the Collateral is in jeopardy. The provisions of this clause are not intended in any way to affect any rights of the Lender with respect to any Indebtedness which may now or hereafter be payable on demand.

13. REMEDIES

- (a) Upon default, the Lender may appoint or re-appoint by instrument in writing, any person or persons, whether an officer or officers or an employee or employees of

the Lender or not, to be a receiver or receivers (hereinafter called a "Receiver", which term when used herein shall include a receiver and manager) of Collateral (including any interest, income or profits therefrom) and may remove any Receiver so appointed and appoint another in his/her stead. Any such Receiver shall, so far as concerns responsibility for his/her acts, be deemed the agent of Debtor and not the Lender, and the Lender shall not be in any way responsible for any misconduct, negligence or non-feasance on the part of any such Receiver, his/her servants, agents or employees. Subject to the provisions of the instrument appointing him/her, any such Receiver shall have power to take possession of Collateral to preserve Collateral or its value, to carry on or concur in carrying on all or any part of the business of the Debtor and to sell, lease, license or otherwise dispose of or concur in selling, leasing, licensing or otherwise disposing of Collateral. To facilitate the foregoing powers, any such Receiver may, to the exclusion of all others, including the Debtor, enter upon, use and occupy all premises owned or occupied by the Debtor wherein Collateral may be situate, maintain Collateral upon such premises, borrow money on a secured or unsecured basis and use Collateral directly in carrying on Debtor's business or as security for loans or advances to enable the Receiver to carry on Debtor's business or otherwise, as such Receiver shall, in its discretion, determine. Except as may be otherwise directed by the Lender, all Money received from time to time by such Receiver in carrying out his/her appointment shall be received in trust for and paid over to the Lender. Every such Receiver may, in the discretion of the Lender, be vested with all or any of the rights and powers of the Lender.

- (b) Upon default, the Lender may, either directly or through its agents or nominees, exercise any or all of the powers and rights given to a Receiver by virtue of the foregoing sub-clause (a).
- (c) The Lender may take possession of, collect, demand, sue on, enforce, recover and receive Collateral and give valid and binding receipts and discharges therefor and in respect thereof and, upon default, the Lender may sell, license, lease or otherwise dispose of Collateral in such manner, at such time or times and place or places, for such consideration and upon such terms and conditions as to the Lender may seem reasonable.
- (d) In addition to those rights granted herein and in any other agreement now or hereafter in effect between Debtor and the Lender, and in addition to any other rights the Lender may have at law or in equity, the Lender shall have, both before and after default, all rights and remedies of a secured party under the P.P.S.A. Provided always, that the Lender shall not be liable or accountable for any failure to exercise its remedies, take possession of; collect, enforce, realize, sell, lease, license or otherwise dispose of Collateral or to institute any proceedings for such purposes. Furthermore, the Lender shall have no obligation to take any steps to preserve rights against prior parties to any Instrument or Chattel Paper, whether Collateral or proceeds, and whether or not in the Lender's possession, and shall not be liable or accountable for failure to do so.
- (e) The Debtor acknowledges that the Lender or any Receiver appointed by it may take possession of Collateral wherever it may be located and by any method permitted by law, and Debtor agrees upon request from The Lender or any such Receiver to assemble and deliver possession of Collateral at such place or places as directed.
- (f) The Debtor agrees to be liable for and to pay all costs, charges and expenses reasonably incurred by the Lender or any Receiver appointed by it, whether directly or for services rendered (including reasonable solicitors and auditors costs and other legal expenses and Receiver remuneration), in operating Debtor's accounts, in preparing or enforcing this Security Agreement, taking and maintaining custody of; preserving, repairing, processing, preparing for disposition and disposing of Collateral and in enforcing or collecting indebtedness and all such costs, charges and expenses, together with any amounts owing as a result of any borrowing by The Lender or any Receiver appointed by it, as permitted hereby, shall be a first charge on the proceeds of realization, collection or disposition of Collateral and shall be secured hereby.
- (g) The Lender will give the Debtor such notice, if any, of the date, time and place of any public sale or of the date after which any private disposition of Collateral is to be made as maybe required by the P.P.S.A..

- (h) Upon default and receiving written demand from the Lender, the Debtor shall take such further action as may be necessary to evidence and effect any assignment or licensing of Intellectual Property to whomever the Lender directs, including to the Lender. The Debtor appoints any officer or director or branch manager of the Lender upon default to be its attorney in accordance with applicable legislation with full power of substitution and to do on the Debtor's behalf anything that is required to assign, license or transfer, and to record any assignment, licence or transfer of the Collateral. This power of attorney, which is coupled with an interest, is irrevocable until the release or discharge of the Security Interest.

14. MISCELLANEOUS

- (a) The Debtor hereby authorizes the Lender to file such financing statements, financing change statements and other documents and do such acts, matters and things (including completing and adding schedules hereto identifying Collateral or any permitted Encumbrances affecting Collateral or identifying the locations at which the Debtor's business is carried on and Collateral and records relating thereto are situate) as the Lender may deem appropriate to perfect on any ongoing basis and continue the Security Interest, to protect and preserve Collateral and to realize upon the Security Interest, and the Debtor hereby irrevocably constitutes and appoints the Manager or Acting Manager from time to time of the herein-mentioned branch of the Lender the true and lawful attorney of the Debtor, with full power of substitution, to do any of the foregoing in the name of the Debtor whenever and wherever it may be deemed necessary or expedient.
- (b) Without limiting any other right of the Lender, whenever Indebtedness is immediately due and payable or the Lender has the right to declare Indebtedness to be immediately due and payable (whether or not it has so declared), the Lender may, in its sole discretion, set off against Indebtedness any and all amounts then owned to the Debtor by the Lender in any capacity, whether or not due, and the Lender shall be deemed to have exercised such right to set off immediately at the time of making its decision to do so even though any charge therefor is made or entered on the Lender's records subsequent thereto.
- (c) Upon the Debtor's failure to perform any of its duties hereunder, the Lender may, but shall not be obligated to, perform any or all of such duties, and the Debtor shall pay to the Lender, forthwith upon written demand therefor, an amount equal to the expense incurred by the Lender in so doing plus interest thereon from the date such expense is incurred until it is paid at the rate accruing on the indebtedness, obligations and liabilities of the Debtor to the Lender.
- (d) The Lender may grant extensions of time and other indulgences, take and give up security, accept compositions, compound, compromise, settle, grant releases and discharges and otherwise deal with the Debtor, debtors of the Debtor, sureties and others and with Collateral and other security as the Lender may see fit without prejudice to the liability of the Debtor or the Lender's right to hold and realize the Security Interest. Furthermore, the Lender may demand, collect and sue on Collateral in either the Debtor's or the Lender's name, at the Lender's option, and may endorse the Debtor's name on any and all cheques, commercial paper, and any other Instruments pertaining to or constituting Collateral.
- (e) No delay or omission by the Lender in exercising any right or remedy hereunder or with respect to any Indebtedness shall operate as a waiver thereof or of any other right or remedy, and no single or partial exercise thereof shall preclude any other or further exercise thereof or the exercise of any other right or remedy. Furthermore, the Lender may remedy any default by the Debtor hereunder or with respect to any Indebtedness in any reasonable manner without waiving the default remedied and without waiving any other prior or subsequent default by the Debtor. All rights and remedies of the Lender granted or recognized herein are cumulative and may be exercised at any time and from time to time independently or in combination.
- (f) The Debtor waives protest of any Instrument constituting Collateral at any time held by the Lender on which Debtor is in any way liable and, subject to Clause 13(g) hereof, notice of any other action taken by the Lender.
- (g) This Security Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns. In any action brought by an assignee of this Security Agreement

and the Security Interest or any part thereof to enforce any rights hereunder, Debtor shall not assert against the assignee any claim or defence which Debtor now has or hereafter may have against the Lender. If more than one the Debtor executes this Security Agreement the obligations of such Debtors hereunder shall be joint and several.

- (h) Save for any schedules which may be added hereto pursuant to the provisions hereof, no modification, variation or amendment of any provision of this Security Agreement shall be made except by a written agreement, executed by the parties hereto and no waiver of any provision hereof shall be effective unless in writing.
- (i) Subject to the requirements of Clauses 13(g) and 14(j) hereof, whenever either party hereto is required or entitled to notify or direct the other or to make a demand or request upon the other, such notice, direction, demand or request shall be in writing and shall be sufficiently given, in the case of the Lender, if delivered to it or sent by prepaid registered mail addressed to it at its address herein set forth or as changed pursuant hereto, and, in the case of the Debtor, if delivered to it or if sent by prepaid registered mail addressed to it at its last address known to the Lender. Either party may notify the other pursuant hereto of any change in such party's principal address to be used for the purposes hereof.
- (j) This Security Agreement and the security afforded hereby is in addition to and not in substitution for any other security now or hereafter held by the Lender, and is intended to be a continuing Security Agreement, and shall remain in full force and effect until the Manager or Acting Manager from time to time of the herein-mentioned branch of the Lender shall actually receive written notice of its discontinuance; and, notwithstanding such notice, shall remain in full force and effect thereafter until all Indebtedness contracted for or created before the receipt of such notice by the Lender, and any extensions or renewals thereof (whether made before or after receipt of such notice) together with interest accruing thereon after such notice, shall be paid in full.
- (k) The headings used in this Security Agreement are for convenience only and are not to be considered a part of this Security Agreement and do not in any way limit or amplify the terms and provisions of this Security Agreement.
- (l) When the context so requires, the singular number shall be read as if the plural were expressed and the provisions hereof shall be read with and grammatical changes necessary dependent upon the person referred to being a male, female, firm or corporation.
- (m) In the event any provisions of this Security Agreement, as amended from time to time, shall be deemed invalid or void, in whole or in part, by any Court of competent jurisdiction, the remaining terms and provisions of this Security Agreement shall remain in full force and effect.
- (n) Nothing herein contained shall in any way obligate the Lender to grant, continue, renew, extend time for payment of or accept anything which constitutes or would constitute Indebtedness.
- (o) The Security Interest created hereby is intended to attach when this Security Agreement is signed by the Debtor and delivered to the Lender.
- (p) The Debtor acknowledges and agrees that in the event it amalgamates with any other company or companies it is the intention of the parties hereto that the term the "Debtor" when used herein shall apply to each of the amalgamating companies and to the amalgamated company, such that the Security Interest granted hereby:
 - (i) shall extend to "Collateral" (as that term is herein defined) owned by each of the amalgamating companies and the amalgamated company at the time of the amalgamation and to any "Collateral" thereafter owned or acquired by the amalgamated company, and
 - (ii) shall secure the "Indebtedness" (as that term is herein defined) of each of the amalgamating companies and the amalgamated company to the Lender at the time of amalgamation and any "Indebtedness" of the amalgamated company to the Lender thereafter arising. The Security Interest shall attach to "Collateral" owned by each company

amalgamating with the Debtor, and by the amalgamated company, at the time of the amalgamation, and shall attach to any "Collateral" thereafter owned or acquired by the amalgamated company when such becomes owned or is acquired.

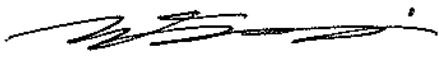
- (q) This security agreement and the transactions evidenced hereby shall be governed by and construed in accordance with the laws of the Province of Ontario, as the same may from time to time be in effect, including, where applicable, the P.P.S.A.

15. COPY OF AGREEMENT

The Debtor hereby acknowledges receipt of a copy of this Security Agreement.

DATED this 20 day of July, 2016.

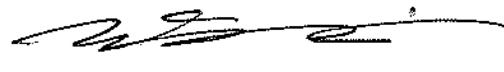
3310 KINGSTON DEVELOPMENT INC.

Per: 

Name: Yuan Hua Wang

Title: President and Secretary

I/We have the authority to bind the corporation



Yuan Hua Wang


Witness:

SCHEDULE A

SCHEDULE B

1. Location of the Debtor's Business Operations:

7100 Woodbine Ave., Suite 206
Markham, Ontario
L3R 5J2

2. Locations of Records relating to Collateral:

7100 Woodbine Ave., Suite 206
Markham, Ontario
L3R 5J2

3. Locations of Collateral:

3310-3312 and 3314 Kingston Road
Toronto, Ontario
M1M 1P8

Appendix “F”

Commitment Letter:

July 7, 2016

Re: Ferina Construction Limited in trust ("Ferina" or the "Lender") mortgage loan (the "Loan") to 3310 Kingston Development Inc. ("3310" or the "Borrower") on the security of 3310 and 3314 Kingston Road (the "Real Property") Guarantee from Mike Wang (the "Guarantor")

Please be advised that the Lender is prepared to provide to the Borrower financing on the security of the Real Property in accordance with the following terms and conditions.

Borrower: 3310 Kingston Development Inc.

Lender: Ferina Construction Limited

Indemnifier: Mike Wang

Amount: \$2,000,000.00

Amortization: Not Applicable, interest only mortgage

Purpose of Loan: To provide second mortgage funding for takeout of Borrower equity pending the obtaining of construction financing for the subject development

Term: The loan shall be due twelve months from the date of advance. Advance to take place as soon as security can be put in place.

Interest Rate: 12% per annum calculated and payable interest only monthly.

The interest for a one month period from the date of the first advance will be held back from the first advance of funds as an interest reserve. On closing, realty taxes shall be paid up to date.

The Borrower may prepay all or any part of the principal amount outstanding herein at any time upon providing one month notice or bonus. Regardless of the date of prepayment, the Lender shall have received a minimum of six months interest.

The Guarantor jointly and severally unconditionally guarantees payment to the Lender of all monies hereby secured and does further agree to postpone to and in favour of the Lender all present and future debts and



liabilities direct or indirect, absolute or contingent, now or at any time hereafter due or owing from the Borrower to the Guarantor.

Conditions:

- i) Title to the Real Property to be satisfactory to the Lender and its solicitors in their absolute discretion;
- ii) The Borrower shall provide an up to date survey of the Real Property by no later than the closing date;
- iii) The Borrower shall provide its corporate solicitor's opinion letter that all of the security documentation required hereunder has been properly authorized and executed and all of the obligations of the Borrower and the Guarantors are valid, binding and enforceable and further that all documents were executed in the office of the Borrower's solicitor and all of the parties are who they purport to be;
- iv) The Borrower to provide all corporate certificates and documentation in support of the loan as may be required by the Lender's solicitors;
- v) The Lender is to receive no adverse financial information with respect to the Borrower or any the Guarantors prior to closing or thereafter;
- vi) *The Borrower* shall provide to the Lender evidence that as of the closing date, the Real Property will comply with all provincial regulations and there will be no outstanding work orders affecting the Real Property;
- vii) The Borrower and Guarantor are to execute all of the security documentation provided for herein including the Lender's standard charge terms and any other documentation required by the Lender or its solicitors to further secure the repayment of the indebtedness;
- viii) Borrower to provide the following all of which must be satisfactory to the Lender prior to advance of funds:
 - a) evidence that the Official Plan allows the Borrower's intended development on the Real Property
 - b) personal net worth statement for the Guarantor
 - c) title insurance from Stewart Title at the expense of the borrower
 - d) confirmation that the Real Property complies with all applicable environmental regulations
 - e) letter of transmittal from Peter Chan whereby Ferina shall be entitled to rely on the appraisal dated July 4, 2016



Security:

The liability and indebtedness of the Borrower under the Loan and this Commitment shall be evidenced, governed and secured, as the case may be, by the following documents (the "**Security Documents**") completed in form and manner satisfactory to the Lender and its solicitors:

- i) Second mortgage against the Real Property subject only to a first mortgage in favour of First Source in the amount of \$5,850,000- it is understood and agreed that no consent will be sought from First Source for the registration of the second mortgage and First Source will not be contacted but Borrower to provide satisfactory evidence that the First Source mortgage is in good standing as of the closing date;
- ii) Second position General Assignment of Rents pledging the rental income of the Real Property as additional security for the repayment of the mortgage indebtedness;
- iii) General Security Agreement in favour of the Lender registered under the Personal Property Security Act providing a first position floating charge over the assets of the Borrower;
- iv) Assignment of Insurance with Loss Payable to the Lender, together with adequate public liability coverage including the Standard Mortgage clause as approved by the Insurance Bureau of Canada;
- v) Joint and Several Guarantee executed by the Guarantor;
- vi) Assignment to the Lender of all agreements of purchase and sale affecting the Real Property and of all plans, specifications, contracts, etc.;
- vii) Environmental Indemnity from the Borrower and Guarantor;
- viii) All supporting certificates, opinions and other documentation as the Lender or its solicitors may reasonably require;
- ix) Assignment of Borrower's right to return of cash or letters of credit posted with the City or any other government authority to guarantee completion of services to the Real Property;

Events of Default:

All of the standard Lender events of default shall be deemed included in the security documentation including but not limited to the following:

- a) the Borrower ceasing to carry on all or a substantial part of its business;
- b) the winding up, liquidation, bankruptcy, assignment into bankruptcy, or receivership of the Borrower or the levying of distress against the Borrower;
- c) re-organization, amalgamation, or transfer of ownership of the Borrower or the Real Property without the prior written consent of the Lender;
- d) failure of the Borrower to maintain adequate insurance coverage against the Real Property;
- e) failure of the Borrower to repair the Real Property or any other assets secured under this commitment following notice from the Borrower;
- f) failure of the Borrower to keep the Real Property free of environmental contaminants;
- g) failure of the Borrower to pay real property taxes as they fall due;
- h) failure of the Borrower to obtain any municipal approval required for the purchaser's intended development.

The occurrence of an event of default under any security document referred to in this commitment letter shall be an event of default under all other security documents referred to herein.

Insurance:

The Borrower shall provide proof of insurance by a copy of the insurance policy or a certificate thereof confirmed by the insuring company, satisfactory to the Lender and subject to review by the Lender's insurance consultant.

Financial Statements:

If requested by the Lender, the Borrower is to provide financial statements within 120 days of its fiscal year end.

Income and Operating Statements:

If requested by the Lender, the Borrower is to provide annual income and operating statements for the Real Property and annual financial statements for the Guarantors.

Corporate Documentation:

The Borrower will provide such corporate documentation in support of the loan as may be required by the Lender's solicitors as they relate to this project.

Zoning: The Borrower shall provide evidence satisfactory to the Lender to confirm that the Real Property complies with the official plan.

Expropriation: The Borrower shall acknowledge that the proceeds of any expropriation of all or any part of the Real Property shall be paid to the Lender at the option of the Lender subject to the rights of the first mortgage holder.

Access to Real Property: The Lender shall have access to the Real Property at any time during the loan term.

Representations: The Borrower and the Guarantor represent and warrant that all statements made hereunder are completely accurate and in the event of any discrepancy, at the option of the Lender, this commitment letter shall become null and void.

Solicitors: Our solicitors for the purpose of this mortgage transaction are Schneider Ruggiero LLP, Attention: George Ruggiero or such other solicitors as the Lender may designate.

Fees: By executing this commitment letter, the Borrower and the Guarantor unconditionally undertake to pay all fees and expenses (including legal fees) incurred or to be incurred in connection with this loan whether or not the loan is completed and any funds are ever advanced hereunder.

Independent Legal Advice:

The Borrower and the Guarantor acknowledge and agree that they have received independent legal advice prior to executing this Commitment and confirm that they have not looked to the Lender or the Lender's solicitor for any legal advice in connection with this transaction.

Acceptance: The Borrower and the Guarantor must execute this commitment prior to 5:00 p.m. on July 8, 2016 or at the option of the Lender, the commitment shall become null and void and of no further force or effect.

Cancellation: This commitment, once accepted, shall expire on July 31, 2016 and unless an advance of loan proceeds is made on or before that date, the commitment may be cancelled at Lender's option.

Survival of Representations and Warranties:

The representations, warranties, covenants and obligations herein set out shall not merge upon the execution and registration of the security documents and the advance of mortgage monies hereunder but shall survive until all obligations under this commitment, the mortgage as registered and any other security document executed in accordance herewith have been fully performed and all amounts outstanding to the Lender hereunder have

been paid in full.

Costs: The Borrower and the Guarantor shall be unconditionally responsible to pay all costs including but not limited to legal, appraisal, insurance consultants, environmental inspections, and any other costs incurred or to be incurred by the Lender in connection with this loan.

Authorization: The Borrower for good and valuable consideration authorizes the Lender to accept telecopier communications on behalf of the Borrower as full and sufficient authority to act in accordance with communications as received by the Lender from the Borrower.

The Borrower shall be bound by all such telecopier communications from itself in the same manner and extent as if such communications were originally handwritten and signed by the Borrower and the Borrower shall hold the Lender at all times fully indemnified from all claims and demands in respect of all such instructions, in the event such telex, and telecopier communications, were made without authority or otherwise.

Neither anything contained herein nor the execution and registration of any security documents shall obligate the Lender to advance any monies hereunder. In addition, the advance of part or parts of the monies herein shall not obligate the Lender to advance any unadvanced portion thereof.

Yours very truly,

Ferina Construction Limited

Per:

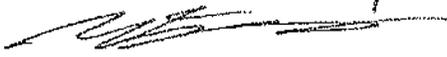
Gerardo Polsinelli, A.S.O.

by his agent George N. Ruggiero

We the undersigned do hereby accept the loan and terms above and authorize you to instruct your solicitors to prepare the necessary documentation. We hereby submit with this signed Commitment a cheque in the amount of \$10,000.00 payable to Schneider Ruggiero LLP. In the event that the loan is advanced in accordance with the terms of this Commitment, the \$10,000 will be credited to the Borrower at the time of the first advance. In the event that the Borrower defaults in performing the Borrower's obligations herein contained, the said sum shall be forfeited by the Borrower to the Lender as liquidated damages and not as a penalty.

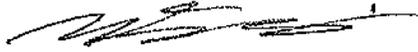


3310 Kingston Development Inc.



Authorized Signing Officer

Witness)
)
)
)
)
)
)
)
)



Mike Wang

Dated: July 6, 2016

Borrower's solicitor
Yi Zhou



The Borrower and Guarantor acknowledge and agree that in consideration of the Lender furnishing this Commitment and providing the funding as contemplated hereunder, the Borrower and the Guarantor shall pay the following fees at the times and in the amounts as follows:

- a) referral fee to Ambros Financial Corp in the amount of 2% of the loan amount herein ;
- b) a fee to 568637 Ontario Limited in the amount of 2% of the loan amount herein plus hst;
- c) legal fees to Schneider Ruggiero LLP of \$3,500 inclusive of disbursements plus hst for preparation of the mortgage commitment and legal fees for the preparation and registration of security to secure this loan transaction



Appendix “G”

Reply To: George Ruggiero
Direct Line: 416 3632212

Email: gruggiero@srlawpractice.com

June 3, 2020

Thornton Grout Finnigan LLP
Suite 3200
TD West Tower
100 Wellington Street West
Toronto, Ontario
M5K 1K7

Attention: D. J. Miller and Alexander Soutter

Dear Madam and Sir:

Re: Ferina Construction Limited (“Ferina”) loan to 3310 Kingston Development Inc. (the “Borrower”) with respect to the property municipally known as 3310 Kingston Road (the “Real Property”)

Our File Number 38640

As you are aware, we act as counsel to Ferina and our firm represented Ferina in respect of the advance of the mortgage loan to the Borrower and we prepared the security documents obtained in connection with that transaction.

The documents that our firm drafted and obtained on closing for this transaction included an unlimited written Guarantee from Mike Wang (the “Guarantor”) and a General Security Agreement (“GSA”) signed by each of the Borrower and the Guarantor.

The GSA was intended to be , and was in fact, obtained from the Borrower and the Guarantor jointly and severally, and was drafted by our firm and obtained from the Borrower and the Guarantor as counsel to Ferina on the closing of the transaction.

REPLY TO: **Toronto Office** | 1000-120 Adelaide St W, Toronto, ON M5H 3V1

Vaughan Office: 1-161 Pennsylvania Ave, Concord, ON L4K 1C3

You may feel free to advise the Monitor's counsel of the above, and to share a copy of this letter with them if you wish.

Yours truly,
SCHNEIDER RUGGIERO SPENCER MILBURN LLP


Per: George N. Ruggiero
Managing Partner
/

Appendix “H”



COUNSEL SLIP

COURT FILE NO. CV-18-608313-0001

DATE: Aug 7th, 2019

No. ON LIST 10

TITLE OF PROCEEDING

Forme Development Group Inc. et al v. Windsor Family Credit Union et al

COUNSEL FOR:

Phone & Fax No

Plaintiff (s)
Applicant (s)
Petitioner (s)

416 505 6765

COUNSEL FOR:

Phone & Fax No

Defendant (s)
Respondent (s)

416 901 7189

JTGROU JTGROU

Don Michaud

for various mortgages on Canville and Appleton

T 416 860-3795
F 416 888 0306
E dmichaud@robapp.com

D.J. Miller for Ferina Construction (mortgagee)
(T&F)

T: 416-304-0559
F: 416-304-1313
E: djmiller@tjf.ca

SHAYNE KUKULOWICZ
FOR NON-APPLICANT FORME ENTITIES

T: 416-860-6463
F: 416-640-3176
E: SKUKULOWICZ@CASSELLSBROOK.COM

Cynthia Kuehl, Lerner LLP
for Mike Wang

T: 416 601 2303
F: 416 867 2433
E: ckuehl@lerner.ca

Sean Zweig
Aiden Nelms

For KSV Kofman Inc., in its capacity
as court appointed Monitor

T: 416-777-6254
F: 416-863-1717
E: zweigs@bennettjones.com

Vince R. ... in ...

T: 416 895 9823

August 7/19

My Endorsement is
attached.

Fairy J

ENDORSEMENT

August 7, 2019

pursuant to this Endorsement

Mr. Wang's motion is adjourned sine die on the terms set out below, pending and following: (i) the expiry of the claims bar date in the claims order to be sought by the Monitor at a later date, and (ii) the filing of a budget by Mr. Wang's counsel seeking funding for any fees that may be sought to be incurred as part of the claims process, as set out below, at which time the return of Mr. Wang's motion may be scheduled on notice to the Service List, with sufficient time for arguments to be made by all parties who wish to do so (the "**Return Date**"). Capitalized terms used herein and not otherwise defined are as defined in the Undertaking attached as Schedule "B" to the Order of this Court dated March 18, 2019 (the "**Undertaking**").

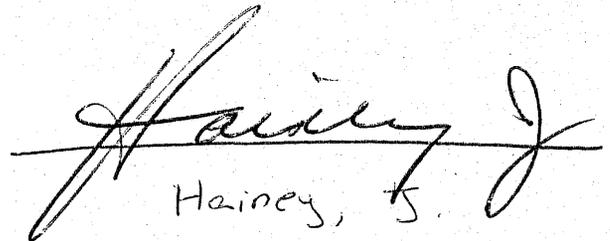
1. Amounts incurred for Mr. Wang personally by Grout to June 30, 2019 (\$127,000) and Lerner to July 24, 2019 (\$50,000) (collectively, the "**Accrued Wang Fees**") may be paid from the Trust Account. However, all such payments are subject to an undertaking from the recipient in favour of this Court and the Monitor ~~as reflected in this Endorsement to hold such amounts in trust subject to the same terms as the Undertaking, and to~~ immediately repay any or all of such amounts to the Trust Account if so Ordered by this Court.
2. On the basis of no objection by the parties represented by counsel in attendance on this motion, and expressly subject to paragraph 5 herein, Grout and Lerner shall be entitled to be paid an amount of up to \$20,000 each (including disbursements and taxes) from the Trust Account for the period from and after July 24, 2019 to the Return Date (the "**Permitted Payment**").
3. Not less than twenty-one days (21) days prior to the Return Date, counsel for Mr. Wang shall prepare and deliver to the Monitor, for delivery to the Service List, a budget outlining the fees expected to be incurred by counsel for Mr. Wang for which reimbursement is sought from the Trust Account (the "**Wang Claims Budget**"). Without waiver of any privilege, the Wang Claims Budget shall contain sufficient details to permit the Monitor and any interested stakeholder to be able to assess and consider their respective position on the hearing of Mr. Wang's motion on the Return Date.
4. All rights are expressly reserved with respect to the fees incurred by CBB on behalf of the Non-Applicants, as disclosed in the Monitor's Supplement to Seventh Report. For greater certainty, nothing in the Order or in this Endorsement constitutes an approval of such fees or an acknowledgement of their reasonableness in any way whatsoever.
5. All rights are reserved with respect to Mr. Wang's motion to be argued on the Return Date, or any further motion that may be brought or request that may be made for any other amounts sought to be paid to Grout or Lerner as counsel for Mr. Wang from the Trust Account. For greater certainty, the fact that the Permitted Payment is permitted to be made in accordance with this Endorsement negotiated by counsel shall not in any way prejudice or be perceived as waiving or pre-judging any argument that any party may wish to make on the Return Date

and the terms of paragraph 1 hereof,

the Accrued Wang Fees (as defined above),

that: (i) no amounts whatsoever ought to be paid from the Trust Account until all claims of creditors against Mr. Wang are paid in full, or that (ii) no other amounts, save and except the Permitted Payment hereunder, should be permitted to be paid to Mr. Wang's counsel from the Trust Account, regardless of whether any portion of same may have already been paid from the Trust Account.

- 6. This Court notes that the Monitor has advised counsel for Mr. Wang that, unless the Monitor is confident that there are sufficient funds in the Trust Account to repay all claims of creditors against Mr. Wang in full and amounts requested for funding, it would not be prepared to consider any request for funding of Mr. Wang's legal fees from the Trust Account, whether on the Return Date or otherwise, unless and until full financial disclosure of all of Mr. Wang's personal assets, income and interests is provided to the Monitor.*
- 7. Any objection to the Accrued Wang Fees or any or all of CBB's fees as disclosed in the Supplement to the Monitor's Seventh Report shall be brought to the Monitor's attention not later than seven (7) days' prior to the Return Date, unless otherwise agreed by the parties to the motion.*


Hainey, J.

August 7, 2019

Appendix “I”



Bennett Jones

Bennett Jones LLP

3400 One First Canadian Place, PO Box 130

Toronto, Ontario, Canada M5X 1A4

Tel: 416.863.1200 Fax: 416.863.1716

Sean H. Zweig
Partner
Direct Line: 416.777.6254
e-mail: zweigs@bennettjones.com

June 3, 2020

Via E-Mail

Mr. James H. Grout
Barrister and Solicitor
24 McMaster Avenue
Toronto, Ontario
M4V 1A9

Dear Mr. Grout:

Re: Forme Development Group ("Forme")

We are in receipt of your letter dated June 2, 2020.

We do not believe any of the information you requested is relevant. The payment of your fees (and those of Lerner) from the funds held in trust are subject to the Endorsement of the Court dated August 7, 2019. The fees of other firms have no bearing on the reasonableness of your fees.

Although we fail to see any relevance, we note that the fees of the Monitor and its counsel from the commencement of the CCAA proceedings in November, 2018 through April 30, 2020 were approved by the Court pursuant to an Order dated May 27, 2020. You can find the Order and the related motion record on the Monitor's website at <https://www.ksvadvisory.com/insolvency-cases/case/forme-development-group-inc>.

The Monitor does not intend to incur additional time and cost compiling the other information you requested.

We remain available if you have a proposal you would like to make. Otherwise, please consult with us to schedule your motion as the Monitor will file a brief report setting out its views on your motion.

Yours truly,

BENNETT JONES LLP

DocuSigned by:

65B6BE2E814144E...
Sean H. Zweig

c: KSV Kofman Inc. (Attention: David Sieradzki)

Appendix “J”

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

Projected Cash Flow

For the Period Ending November 30, 2020

(Unaudited; C\$)

	Notes	Week Ending												Total	
		7-Sep-20	14-Sep-20	21-Sep-20	28-Sep-20	5-Oct-20	12-Oct-20	19-Oct-20	26-Oct-20	2-Nov-20	9-Nov-20	16-Nov-20	23-Nov-20		30-Nov-20
	1														
<i>Receipts</i>															
Collections		-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Total Receipts</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Disbursements</i>															
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	32,500
<i>Total Disbursements</i>		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	32,500
<i>Net Cash Flow before the undernoted</i>		(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)	(32,500)
Professional fees	2	125,000	-	-	-	100,000	-	-	-	-	100,000	-	-	-	325,000
<i>Net Cash Flow</i>		(127,500)	(2,500)	(2,500)	(2,500)	(102,500)	(2,500)	(2,500)	(2,500)	(2,500)	(102,500)	(2,500)	(2,500)	(2,500)	(357,500)
Opening cash balance	3	5,211,194	5,083,694	5,081,194	5,078,694	5,076,194	4,973,694	4,971,194	4,968,694	4,966,194	4,963,694	4,861,194	4,858,694	4,856,194	5,211,194
Net cash flow		(127,500)	(2,500)	(2,500)	(2,500)	(102,500)	(2,500)	(2,500)	(2,500)	(2,500)	(102,500)	(2,500)	(2,500)	(2,500)	(357,500)
Closing cash balance		5,083,694	5,081,194	5,078,694	5,076,194	4,973,694	4,971,194	4,968,694	4,966,194	4,963,694	4,861,194	4,858,694	4,856,194	4,853,694	4,853,694

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

Notes to Projected Statement of Cash Flow

For the Period Ending November 30, 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 September 1, 2020 to November 30, 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 September 1, 2020. This balance excludes the portion of the Surplus on deposit in the trust account of Bennett Jones LLP (approximately \$10.9 million).

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 18th day August, 2020 for the period September 1, 2020 to November 30, 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 18th day of August, 2020.

KSV Kofman Inc.

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

Appendix “K”

**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 18th day August, 2020, consisting of a weekly projected cash flow statement for the period September 1, 2020, to November 30, 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 18th day of August, 2020.

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

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