

**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 URBANCORP (WOODBINE) INC. AND URBANCORP (BRIDLEPATH) INC., THE TOWNHOUSES OF HOGG'S HOLLOW INC., KING TOWNS INC., NEWTOWNS AT KINGTOWNS INC. AND DEAJA PARTNER (BAY) INC. (COLLECTIVELY, THE "APPLICANTS")**

**AND IN THE MATTER OF TCC URBANCORP (BAY) LIMITED PARTNERSHIP**

**MOTION RECORD**

February 22, 2017

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Court-appointed Functionary

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# TAB 1

**ONTARIO**  
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**AND IN THE MATTER OF TCC URBANCORP (BAY) LIMITED PARTNERSHIP**

**NOTICE OF MOTION**

**THE MOVING PARTY**, Guy Gissin, the Israeli Court-appointed functionary officer and foreign representative (the "**Foreign Representative**") of Urbancorp Inc. ("**UCI**"), will make a motion to a judge presiding over the Commercial List on a date to be fixed by the Commercial List, at 10:00 a.m., or as soon after that time as the motion can be heard, at 330 University Avenue, Toronto, Ontario.

**THE PROPOSED METHOD OF HEARING:** The motion is to be heard orally.

**THE MOTION IS FOR an Order:**

1. Setting aside the disallowance of the proof of claim that the Foreign Representative received from KSV Kofman Inc. ("**KSV**"), in its capacity as monitor ("**Monitor**") of TCC Urbancorp (Bay) Limited Partnership ("**TCC Bay**") in relation to the \$6 million promissory note, dated December 11, 2015 (the "**\$6 Million Promissory Note**"), originally issued in favour of Urbancorp Toronto Management Inc. ("**UTMI**") and then

assigned to UCI, and allowing the claim in relation to the \$6 Million Promissory Note in full;

2. Confirming the validity of the \$2 million promissory note, dated December 11, 2015 (the “**\$2 Million Promissory Note**”), originally issued in favour of UTMI and then assigned by UTMI to Urbancorp Realtyco Inc. (“**RealtyCo**”) for the benefit of UCI;
3. In the alternative, a declaration that first \$8 million, plus interest of funds that Vestaco Investments Inc. (“**Vestaco**”) receives from TCC Bay are held in trust for UCI and RealtyCo and be paid to the Foreign Representative on behalf of UCI; and
4. Such further and other relief that the moving party may request and this Honourable Court may consider just.

**THE GROUNDS FOR THE MOTION ARE:**

1. On December 15, 2014, TCC Bay issued a promissory note to in the principal amount of \$8 million (the “**2014 Promissory Note**”). The 2014 Promissory Note was issued in consideration of management fees that were owed to UTMI in an amount equal to at least \$8 million;
2. The 2014 Promissory Note expressly excluded set-off;
3. In anticipation of UCI’s bond issuance, and for tax reasons, the 2014 Promissory Note was replaced with two promissory notes that were issued in favour of UTMI on December 11, 2015 (the “**2015 Promissory Notes**”). The terms of the 2015 Promissory Notes were otherwise identical to the 2014 Promissory Note and again, expressly excluded any rights of set-off;
4. UTMI assigned the \$6 Million Promissory Note to UCI and assigned the \$2 million promissory note to RealtyCo, for the benefit of UCI;

**UCI is a “Holder” Of The Promissory Note and is Entitled to Enforce it on its Terms**

5. The \$6 Million and \$2 Million Promissory Notes (collectively, the “**2015 Promissory Notes**”) are “promissory notes” pursuant to subsection 176(1) of the *Bills of Exchange Act*, R.S.C.1985, c.B.-4 (the “**BEA**”). It is an unconditional promise, signed by the TCC Bay as the maker, engaging to pay \$8 million to UTMI on demand;
6. UCI and RealtyCo are “holders in due course” of the Promissory Notes, pursuant to Section 55 of the BEA, and are entitled to enforce it against all parties liable on those notes, without regard for any defect in title or any personal defences;
7. When UCI and RealtyCo became the holders of the Promissory Notes, they were neither overdue (as they are payable on demand) nor had they been previously dishonoured;
8. UCI and RealtyCo acquired the Promissory Notes for value as the assignment was part of the consideration related to the Israeli bond issuance (the “**Bond Issuance**”);
9. UCI was created for the sole purpose of the Bond Issuance;
10. UCI and the bondholders were consistently reassured through representations in the prospectus (the “**Prospectus**”) issued in respect of the Bond Issuance that the 2015 Promissory Notes were valid, enforceable, and would be transferred to UCI and RealtyCo as a prerequisite to the Bond Issuance;
11. Alternatively, even if UCI and RealtyCo. are not “holders in due course”, they nevertheless are “holders for value” pursuant to Section 53 of the BEA, having given value and taken possession of the 2015 Promissory Notes, and are therefore entitled to enforce the 2015 Promissory Notes on their terms;
12. No defects in title or personal defences apply to invalidate or preclude enforcement of the 2015 Promissory Notes;
13. At the time the 2014 Promissory Note was issued, TCC Bay owed \$8 million to UTMI on account of management fees;
14. The 2014 Promissory Note excluded the application of any set-off rights and the 2015 Promissory Notes contained the exact same terms;

15. At the time that the 2015 Promissory Notes were issued, the 2014 Promissory Note had not been repaid;
16. The 2015 Promissory Notes were issued in respect of the \$8 million owing on the 2014 Promissory Note;
17. On their face, the Promissory Notes provide that they were issued by TCC Bay "For Value Received";

**First \$8 Million, plus interest in TCC Bay Proceeds that would be payable to Vestaco in the event the disallowance is maintained should be held in trust for UCI and RealtyCo**

18. If the disallowance of the Monitor is not set aside, then the first \$8 million of TCC Bay proceeds that would otherwise be remitted to Vestaco after payment in full of TCC Bay's creditors should be held in trust for UCI and RealtyCo and paid to the Foreign Representative;
19. As it is likely that all creditors of TCC Bay will be paid in full, the dispute over the amount owing under the 2015 Promissory Notes will be between UCI/RealtyCo and Doreen Saskin, through her ownership/control of Vestaco, in which she apparently has an entitlement to a preferred return of \$12 million prior to any distributions from Vestaco to Alan Saskin;
20. It would be grossly unjust and inequitable to allow TCC Bay proceeds to flow to an entity under Doreen Saskin's control to the prejudice of UCI and UCI's creditors;
21. The Prospectus expressly committed Alan Saskin and his family to assign to UCI the right to repayment of loans held by entities within the Urbancorp Group in the amount of \$8 million, as consideration for the Bond Issuance. This occurred with the assignment of the 2015 Promissory Notes;
22. UCI was created for the Bond Issuance. It did not carry on any operations nor did it have any assets, until assets (which included the Promissory Notes) were transferred to it by Alan Saskin and his family in contemplation of the Bond Issuance;

23. The bondholders reasonably relied on the representations made in the Prospectus that the 2015 Promissory Notes would be transferred to UCI and RealtyCo and would be enforceable to recover proceeds for UCI. The bondholders are deemed to have relied on these representations to their detriment;
24. The Bondholders invested in UCI on the expectation that the 2015 Promissory Notes, would be available to assist with the repayment of the bonds and, ultimately, the recovery of their investment. The bondholders would be deprived of these proceeds if they are transferred to Vestaco before the bondholders are repaid in full;
25. Vestaco should be estopped from recovering the TCC Bay proceeds, otherwise a member of Saskin's family would benefit from false representations and avoid obligations that the bondholders relied upon in the Prospectus;
26. Vestaco would be unjustly enriched if it, as an entity under Doreen Saskin's control, is entitled to recover any TCC Bay proceeds ahead of the UCI bondholders;
27. Vestaco's enrichment would be at the expense of a corresponding detriment to the bondholders, who purchased the UCI bonds on the expectation that in accordance with the representations in the Prospectus, the Saskin family, including Doreen Saskin, would cause the transfer of the 2015 Promissory Notes, to UCI.
28. There is no juristic reason for Vestaco or Doreen Saskin's enrichment;
29. Accordingly, any monies received by Vestaco from TCC Bay up to \$8 million, plus interest should be held in trust for UCI and RealtyCo in satisfaction of the 2015 Promissory Notes;

**THE FOLLOWING DOCUMENTARY EVIDENCE WILL BE USED AT THE HEARING OF THE MOTION:**

1. First Report of the Foreign Representative, dated February 22, 2017; and
2. Such further and other evidence as counsel may advise and this Honourable Court may admit.

February 22, 2017

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**TO: THE SERVICE LIST**

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, C. c-36, AS AMENDED, AND  
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**ONTARIO**  
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Proceeding commenced at Toronto

**NOTICE OF MOTION**

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# TAB 2

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
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**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985,  
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**AND IN THE MATTER OF TCC URBANCORP (BAY) LIMITED PARTNERSHIP**

**FIRST REPORT TO THE COURT  
OF GUY GISSIN, IN HIS CAPACITY AS COURT APPOINTED  
FUNCTIONARY AND FOREIGN REPRESENTATIVE OF URBANCORP INC.**

**February 22, 2017**

**A. BACKGROUND**

1. On April 21, 2016, certain direct and indirect subsidiaries (the "**NOI Entities**") of Urbancorp Inc. ("**UCI**") commenced bankruptcy proposal proceedings pursuant to Section 50.4(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. C-36, as amended (the "**NOI Proceedings**"). KSV Kofman Inc. ("**KSV**") was appointed as the Proposal Trustee for each of the NOI Entities.
2. On April 25, 2016, pursuant to an application under Israel's insolvency regime (the "**Israeli Proceedings**") brought by the indenture trustee of certain notes issued by UCI to bond holders on the Tel Aviv Stock Exchange (the "**Bond Issuance**"), the District Court in Tel Aviv-Jaffa, Israel (the "**Israeli Court**") granted an order giving the Foreign Representative certain management powers, authorities and responsibilities over UCI (the "**Initial Israeli Order**").

3. Also, on April 25, 2016, Urbancorp (Woodbine) Inc. (“**Woodbine**”) and Urbancorp (Bridlepath) Inc. (“**Bridlepath**”) each filed a NOI. KSV was also appointed as the Proposal Trustee for both Bridlepath and Woodbine.
4. On May 11, 2016, the Israeli Court granted an order authorizing the Foreign Representative to enter into a protocol between the Foreign Representative and KSV (the “**Protocol**”). The Protocol contemplated, among other things, that the NOI Entities and certain other entities (together, the “**Cumberland CCAA Entities**”) would file for protection under the *Companies’ Creditors Arrangement Act* (the “**CCAA**”) (the “**CCAA Proceedings**”).
5. On May 18, 2016, the Ontario Superior Court of Justice (Commercial List) (the “**Ontario Court**”) granted an initial order (the “**Initial Order**”) under the CCAA in respect of the Cumberland CCAA Entities and appointed KSV as monitor (the “**Monitor**”) of the Cumberland CCAA Entities. The Initial Order also approved the Protocol.
6. On May 18, 2016, the Ontario Court also granted two orders under Part IV of the CCAA, which:
  - (a) recognized the Israeli Proceedings in respect of UCI as a “foreign main proceeding”;
  - (b) recognized the Foreign Representative as the foreign representative of Urbancorp Inc.; and
  - (c) appointed KSV as the Information Officer (the “**Information Officer**”) in respect of UCI.
7. On October 18, 2016, the Ontario Court granted an initial order under the CCAA in respect of Bridlepath, Woodbine and certain other entities (together, the “**Bay CCAA Entities**”) and KSV was appointed Monitor of the Bay CCAA Entities.

**B. PURPOSE OF THE REPORT**

8. The purpose of this First Report is to:

(A) Report to the Court on:

- (i) The disallowance by the Monitor of the claim of UCI in relation to the \$6 million promissory note, dated December 11, 2015 (the “**\$6 Million Promissory Note**”), originally issued by TCC Urbancorp (Bay) Limited Partnership (“**TCC Bay**”) to Urbancorp Toronto Management Inc. (“**UTMI**”) and which UTMI subsequently assigned to UCI;
- (ii) The related \$2 million promissory note, dated December 11, 2015 (the “**\$2 Million Promissory Note**”), originally issued by TCC Bay to UTMI and which UTMI subsequently assigned to Urbancorp Realtyco Inc. (“**Realtyco**”), one of the CCAA Cumberland Entities (the \$6 Million Promissory Note and the \$2 Million Promissory Note are collectively referred to as the “**2015 Promissory Notes**”); and
- (iii) representations made in the prospectus (the “**Prospectus**”), issued in respect of the Israeli bond issuance (the “**Bond Issuance**”), regarding the 2015 Promissory Notes;

(B) Request an Order of the Court:

- (i) setting aside the disallowance of the proof of claim that the Foreign Representative received from the Monitor in relation to the \$6 Million Promissory Note (the “**\$6 Million Disallowance**”) and allowing the claim in full;
- (ii) confirming the validity of the \$2 Million Promissory Note (the “**\$2 Million Disallowance**”);
- (iii) In the alternative, should the 2015 Promissory Notes not be enforceable, a declaration that first \$8 million of funds from TCC Bay that would otherwise be received by Vestaco Investments Inc. (“**Vestaco**”) be held in trust for UCI and Realtyco and be paid to the Foreign Representative on behalf of UCI instead of to Vestaco.

### C. THE PROMISSORY NOTES

- 9. On December 15, 2014, TCC Bay issued a promissory note in the principal amount of \$8 million (the “**2014 Promissory Note**”). The 2014 Promissory Note was issued in consideration of management fees that were owed to UTMI in an amount equal to at least \$8 million. A copy of the 2014 Promissory Note is attached as Appendix “A”.
- 10. The 2014 Promissory Note expressly excluded set-off.

11. On December 11, 2015, in anticipation of the Bond Issuance, and for tax reasons, the 2014 Promissory Note was replaced with the 2015 Promissory Notes. The terms of the 2015 Promissory Notes were otherwise identical to the 2014 Promissory Note and again, expressly excluded any rights of set-off. Copies of the 2015 Promissory Notes are attached as Appendix “B”.
12. On December 11, 2015, UTMI assigned the \$6 Million Promissory Note to UCI and assigned the \$2 Million Promissory Note to Realtyco. When UCI and RealtyCo became the holders of the 2015 Promissory Notes, the 2015 Promissory Notes were neither overdue (as they are payable on demand) nor had they been previously dishonoured. Copies of the assignments are attached as Appendix “C”.
13. Jeremy Cole of MNP LLP (“MNP”), the accountants to the Urbancorp Group of companies, has advised the Foreign Representative that when the 2014 Promissory Note was issued, TCC Bay owed UTMI \$8 million in management fees and that this debt was recorded in the books of UTMI.
14. Mr. Cole further advises the Foreign Representative that MNP is not aware of any payment having been made on account of the 2014 Promissory Note or the 2015 Promissory Notes.
15. UCI was created for the sole purpose of the Bond Issuance. It did not carry on any operations nor did it have any material assets at the time of incorporation. In contemplation of the Bond Issuance, Alan Saskin and his family caused a transfer of the Cumberland CCAA Entities so as to become indirect subsidiaries of UCI. Additionally, as further consideration for the Bond Issuance, the \$6 Million Promissory Note was assigned to UCI and the \$2 Million Promissory Note was assigned to Realtyco for the benefit of UCI.
16. The Prospectus expressly committed Alan Saskin and his family (the “**Rights Holders**”) to assign to UCI the right to repayment of loans held by entities within the Urbancorp group of companies in the amount of \$8 million as part of the Bond Issuance.

“The Rights Holders (as defined above) have committed that, prior to the listing for trading [of the bonds]...they would transfer to [UCI] their rights (including indirectly through corporations owned thereby) in the transferred entities which indirectly hold rights to rental investment property....and would assign [UCI] their right to the

repayment of loans held be [sic] them, which amounts to CAD 8,000 thousand (hereinafter together “the **Transferred Rights**”)...”

The relevant excerpt of the Prospectus is attached hereto as Appendix “D”.

17. On April 7, 2016, PricewaterhouseCoopers LLP (“**PwC**”) was engaged to review the financial forecasts for certain real estate projects (Bayview, Woodbine, Epic and Valermo) in order to assess the likelihood that the 2015 Promissory Notes would be repaid.
18. PwC issued a draft report dated April 15, 2016 (the “**PwC Report**”). The PwC Report stated that UCI had pledged cash flows from certain projects (the \$8 million in liabilities) toward extinguishment of an \$8 million obligation to bondholders and estimates this obligation to be approximately \$8.2 million, inclusive of interest. The PwC Report further supports the position that the 2015 Promissory Notes have consistently been recognized being as valid and enforceable and that, even in 2016, UCI’s management believed that they were outstanding. Relevant excerpts from the draft PwC Report are attached hereto as Appendix “E” (the balance of the PwC Report is not included due to the commercially sensitive nature of the valuation information for various assets that are included in the PwC Report). Due to the commencement of these proceedings the PwC Report was never finalized.
19. Internal UCI information, provided to its audit committee, in April of 2016, also refer to the existence and rights granted under the 2015 Promissory Notes. A redacted copy of the material provided to the audit committee is attached as Appendix “F”. (As with the PwC Report, this presentation is redacted as it contains valuation information related to various assets beyond just the 2015 Promissory Notes.)
20. The Foreign Representative further understands that UCI provided information to the Israeli Securities Authority as to the conditions and value of the underlying obligations of 2015 Promissory Notes on or around April 11, 2016.
21. The Foreign Representative has been advised that since receiving notice of the Monitor's disallowance of the claim in relation to the \$6 Million Promissory Note, both MNP and Alan Saskin have advised the Monitor that they believe the 2014 Promissory Note was not repaid and have supplied further information to the Monitor to support the 2015 Promissory Notes.

22. If for any reason the 2015 Promissory Notes are determined not to be valid, fully outstanding and enforceable, then the representations in the Prospectus relating to the 2015 Promissory Notes would be untrue. The Foreign Representative has been advised that after the claims of creditors of TCC Bay have been satisfied, the next \$12 million would otherwise be paid to Vestaco, the limited partner of TCC Bay and an entity under the control of Doreen Saskin. In that circumstance, it would be unjust for Vestaco to benefit from the misrepresentations relating to the 2015 Promissory Notes.

**D. RECOMMENDATIONS**

23. The Foreign Representative respectfully requests that this Honourable Court grant an Order:

- (i) setting aside the disallowance of the proof of claim that the Foreign Representative received from the Monitor in relation to the \$6 Million Promissory Note;
- (ii) confirming the validity of the \$2 Million Promissory Note; and
- (iii) in the alternative, should the 2015 Promissory Notes not be enforceable, a declaration that first \$8 million, plus interest of funds from TCC Bay that would otherwise be paid to Vestaco be held in trust for UCI and Realtyco and should be paid to the Foreign Representative on behalf of UCI instead of to Vestaco.

**ALL OF WHICH IS RESPECTFULLY  
SUBMITTED THIS 22nd DAY OF  
FEBRUARY, 2017.**

**Guy Gissin, in his capacity as Court-Appointed  
Functionary and Foreign Representative of  
Urbancorp Inc., and not in his personal or  
corporate capacity**



## Appendix "A"

**PROMISSORY NOTE**

CANADIAN \$8,000,000  
Toronto, Ontario

DUE: On Demand  
Date: December 15<sup>th</sup>, 2014

**FOR VALUE RECEIVED**, the undersigned **TCC/URBANCORP (BAY) LIMITED PARTNERSHIP** (the "**Borrower**"), hereby promises to pay to the order **URBANCORP TORONTO MANAGEMENT INC.** (the "**Holder**"), which term shall include its successors and assigns at 120 Lynn Williams Street, Suite 2A Toronto, Ontario, M6K 3P6 or at such other place as the Holder may from time to time in writing designate, in lawful money of Canada, the principal sum of Eight Million (\$8,000,000) Dollars or so much thereof as may be outstanding from time to time (hereinafter referred to as the "**Principal Balance**"), with no interest.

Provided this Promissory Note may be repaid in whole without interest or penalty upon ten days prior written notice.

If this Promissory Note is placed in the hands of a solicitor for collection or if collected through any legal proceeding, the Borrower promises to pay all costs of collection including the Holder's solicitors' fees and Court costs as between a solicitor and his own client.

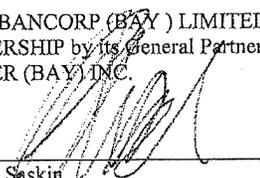
All payments to be made by the Borrower pursuant to this Promissory Note are to be made in freely transferrable, immediately available funds and without set-off, withholding or deduction of any kind whatsoever except to the extent required by applicable law and, if any such set-off, withholding or deduction is so required and is made, the Borrower will, as a separate and independent obligation to the Holder, be obligated to pay to the Holder all such additional amounts as may be required to fully indemnify and save harmless the Holder from such set-off, withholding or deduction and as will result in the effective receipt by the Holder of all the amounts otherwise payable in accordance with the terms of this Promissory Note.

The undersigned and all persons liable or to become liable on this Promissory Note waive presentment, protest and demand, notice of protest, demand and dishonour and non-payment of this Promissory Note, and consent to any and all renewals and extensions in the time of payment hereof, and agree further that, at any time and from time to time without notice, the terms of payment herein may be modified, without affecting the liability of any party to this instrument or any person liable or to become liable with respect to any indebtedness evidenced hereby.

Time is of the essence hereof.

This Promissory Note shall be governed by the laws of the Province of Ontario and shall not be changed, modified, discharged or cancelled orally or in any manner other than by agreement in writing signed by the parties hereto or their respective successors and assigns and the provisions hereof shall bind and enure to the benefit of their respective heirs, executors, administrations, successors and assigns forever.

TCC/URBANCORP (BAY) LIMITED  
PARTNERSHIP by its General Partner DEAJA  
PARTNER (BAY) INC.

Per:   
Alan Saskin  
President

I have the authority to bind the Corporation

## Appendix "B"

PROMISSORY NOTE

CANADIAN \$6,000,000  
Toronto, Ontario

DUE: On Demand  
Date: December 11<sup>th</sup>, 2015

**FOR VALUE RECEIVED**, the undersigned **TCC/URBANCORP (BAY) LIMITED PARTNERSHIP** (the "**Borrower**"), hereby promises to pay to the order **URBANCORP TORONTO MANAGEMENT INC.** (the "**Holder**"), which term shall include its successors and assigns at 120 Lynn Williams Street, Suite 2A Toronto, Ontario, M6K 3P6 or at such other place as the Holder may from time to time in writing designate, in lawful money of Canada, the principal sum of Six Million (\$6,000,000) Dollars or so much thereof as may be outstanding from time to time (hereinafter referred to as the "**Principal Balance**"), together with interest thereon at the rate of One (1%) per annum, which interest shall be calculated daily and compounded monthly as hereinafter set forth, as well after as before demand or maturity and both before and after default and judgment as follows:

Interest calculated daily not in advance at the aforesaid rate on the amount outstanding from time to time shall become due and be payable monthly on the 1st day of January in each and every year commencing on the 1st day of January, 2017. The first payment of interest is to be computed from the 11th day of December, 2015 on the amount outstanding from time to time, to become due and payable on the 1st day of January, 2017.

Provided this Promissory Note may be repaid in whole without bonus or penalty upon ten days prior written notice.

If this Promissory Note is placed in the hands of a solicitor for collection or if collected through any legal proceeding, the Borrower promises to pay all costs of collection including the Holder's solicitors' fees and Court costs as between a solicitor and his own client.

All payments to be made by the Borrower pursuant to this Promissory Note are to be made in freely transferrable, immediately available funds and without set-off, withholding or deduction of any kind whatsoever except to the extent required by applicable law and, if any such set-off, withholding or deduction is so required and is made, the Borrower will, as a separate and independent obligation to the Holder, be obligated to pay to the Holder all such additional amounts as may be required to fully indemnify and save harmless the Holder from such set-off, withholding or deduction and as will result in the effective receipt by the Holder of all the amounts otherwise payable in accordance with the terms of this Promissory Note.

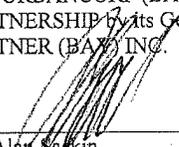
The undersigned and all persons liable or to become liable on this Promissory Note waive presentment, protest and demand, notice or protest, demand and dishonour and non-payment of this Promissory Note, and consent to any and all renewals and extensions in the time of payment hereof, and agree further that, at any time and from time to time without notice, the terms of payment herein may be modified, without affecting the liability of any party to this instrument or any person liable or to become liable with respect to any indebtedness evidenced hereby.

Time is of the essence hereof.

This Promissory Note shall be governed by the laws of the Province of Ontario and shall not be changed, modified, discharged or cancelled orally or in any manner other than by agreement in writing signed by the parties hereto or their respective successors and assigns and the provisions hereof shall bind and enure to the benefit of their respective heirs, executors, administrations, successors and assigns forever.

This Promissory Note is in substitution for a portion of a Promissory Note in the amount of \$8,000,000 between the Borrower and Holder dated the 11<sup>th</sup> day of December, 2015.

TCC/URBANCORP (BAY) LIMITED  
PARTNERSHIP by its General Partner DEAJA  
PARTNER (BAY) INC.

Per:   
Alan Siskin  
President

I have the authority to bind the Corporation

PROMISSORY NOTE

CANADIAN \$2,000,000  
Toronto, Ontario

DUE: On Demand  
Date: December 11<sup>th</sup>, 2015

**FOR VALUE RECEIVED**, the undersigned **TCC/URBANCORP (BAY) LIMITED PARTNERSHIP** (the "**Borrower**"), hereby promises to pay to the order **URBANCORP TORONTO MANAGEMENT INC.** (the "**Holder**"), which term shall include its successors and assigns at 120 Lynn Williams Street, Suite 2A Toronto, Ontario, M6K 3P6 or at such other place as the Holder may from time to time in writing designate, in lawful money of Canada, the principal sum of Two Million (\$2,000,000) Dollars or so much thereof as may be outstanding from time to time (hereinafter referred to as the "**Principal Balance**"), together with interest thereon at the rate of One (1%) per annum, which interest shall be calculated daily and compounded monthly as hereinafter set forth, as well after as before demand or maturity and both before and after default and judgment as follows:

Interest calculated daily not in advance at the aforesaid rate on the amount outstanding from time to time shall become due and be payable monthly on the 1st day of January in each and every year commencing on the 1st day of January, 2017. The first payment of interest is to be computed from the 11th day of December, 2015 on the amount outstanding from time to time, to become due and payable on the 1st day of January, 2017.

Provided this Promissory Note may be repaid in whole without bonus or penalty upon ten days prior written notice.

If this Promissory Note is placed in the hands of a solicitor for collection or if collected through any legal proceeding, the Borrower promises to pay all costs of collection including the Holder's solicitors' fees and Court costs as between a solicitor and his own client.

All payments to be made by the Borrower pursuant to this Promissory Note are to be made in freely transferrable, immediately available funds and without set-off, withholding or deduction of any kind whatsoever except to the extent required by applicable law and, if any such set-off, withholding or deduction is so required and is made, the Borrower will, as a separate and independent obligation to the Holder, be obligated to pay to the Holder all such additional amounts as may be required to fully indemnify and save harmless the Holder from such set-off, withholding or deduction and as will result in the effective receipt by the Holder of all the amounts otherwise payable in accordance with the terms of this Promissory Note.

The undersigned and all persons liable or to become liable on this Promissory Note waive presentment, protest and demand, notice or protest, demand and dishonour and non-payment of this Promissory Note, and consent to any and all renewals and extensions in the time of payment hereof, and agree further that, at any time and from time to time without notice, the terms of payment herein may be modified, without affecting the liability of any party to this instrument or any person liable or to become liable with respect to any indebtedness evidenced hereby.

Time is of the essence hereof.

This Promissory Note shall be governed by the laws of the Province of Ontario and shall not be changed, modified, discharged or cancelled orally or in any manner other than by agreement in writing signed by the parties hereto or their respective successors and assigns and the provisions hereof shall bind and enure to the benefit of their respective heirs, executors, administrations, successors and assigns forever.

This Promissory Note is in substitution for a portion of a Promissory Note in the amount of \$8,000,000 between the Borrower and Holder dated the 11<sup>th</sup> day of December, 2015.

TCC/URBANCORP (BAY) LIMITED  
PARTNERSHIP by its General Partner DEAJA  
PARTNER (BAY) INC.

Per:   
Alan Saskin  
President

I have the authority to bind the Corporation

## Appendix "C"

ASSIGNMENT

TO: URBANCORP INC.

WE HEREBY ASSIGN TO URBANCORP INC. all of our right, title and interest in a \$6,000,000 Promissory Note dated the 11<sup>th</sup> day of December, 2015, a copy of which is attached hereto, outstanding to us from TFCC/Urbancorp (Bay) Limited Partnership.

DATED at Toronto, this 11<sup>th</sup> day of December, 2015.

URBANCORP TORONTO MANAGEMENT INC.

Per:   
Alan Saskin  
President

I have the authority to bind the Corporation

*M:\15\150105\assignment of promissory note from utmi to urbancorp inc..docx*

ASSIGNMENT

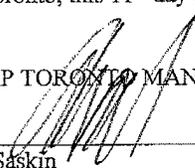
TO: URBANCORP MANAGEMENT INC.

WE HEREBY ASSIGN TO URBANCORP MANAGEMENT INC. all of our right, title and interest in a Promissory Note dated the 11<sup>th</sup> day of December, 2015, a copy of which is attached hereto, in the principal amount of \$2,000,000 outstanding to us from TFCC/Urbancorp (Bay) Limited Partnership.

DATED at Toronto, this 11<sup>th</sup> day of December, 2015.

URBANCORP TORONTO MANAGEMENT INC.

Per: \_\_\_\_\_

  
Alan Saskin  
President

I have the authority to bind the Corporation

ASSIGNMENT

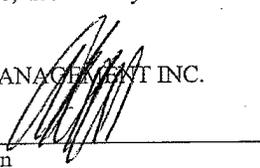
TO: URBANCORP REALTYCO INC.

WE HEREBY ASSIGN TO URBANCORP REALTYCO INC. all of our right, title and interest in a Promissory Note dated the 11<sup>th</sup> day of December, 2015, a copy of which is attached hereto, in the principal amount of \$2,000,000 outstanding to us from TFCC/Urbancorp (Bay) Limited Partnership.

DATED at Toronto, this 11<sup>th</sup> day of December, 2015.

URBANCORP MANAGEMENT INC.

Per: \_\_\_\_\_

  
Alan Saskin  
President

I have the authority to bind the Corporation

*M:\5150105\assignment of promissory note from urbancor managemtn to urbancor realty.docx*

## Appendix "D"

## Definitions

For convenience, below are key definitions used in this chapter:

<b>"The Company"</b>	Urbancorp Inc.
<b>"Group companies" or "the Group"</b>	The Company, subsidiaries and associates.
<b>"Saskin" or "the controlling shareholder"</b>	Alan Saskin, the controlling shareholder of the Company and founder of Urbancorp Group, serves as Chairman and CEO of the Company.
<b>"The rights holders"</b>	Alan Saskin and his family.
<b>"Urbancorp Group"</b>	<p>A commercial name comprised of private corporations held by Alan Saskin (directly or indirectly through other entities controlled thereby), alone, including with his family members or with partners, that hold, as of the prospectus date and prior to transfer of Alan's holdings in the transferred companies to the Company, real estate properties in and outside Toronto (whether development projects, rental properties and/or land classified as investment property). Note that <u>not</u> all Urbancorp Group companies would be transferred to the Company.</p> <p>Consequently, after completion of the issuance pursuant to this prospectus and transfer of Alan's holdings in the transferred companies to the Company, Urbancorp Group would still consist of companies that hold development and investment real estate properties which would not be transferred to the Company.</p>
<b>"The Transferred Rights"</b>	As these terms are defined in section 7.1.7 below.
<b>"The Transferred Companies"</b>	As defined in section 3.3.2.
<b>"Condominium"</b>	As this term is defined in section 7.8.1(h) below.
<b>"Dollar" or "CAD"</b>	Canadian Dollar.
<b>"Square feet" or "sqft"</b>	To convert square feet to square meters, $10 \text{ sqft} = 0.9290 \text{ m}^2$ . For example, a property with an area of 5,000 sqft has an area of $464.5 \text{ m}^2$ .

proposal, the proposal would be deemed to have been rejected (by the Audit Committee); in case of rejection of or non-response to the proposal, the controlling shareholder may (directly or indirectly) accept the proposal. Furthermore, in case where, despite acceptance of the proposal by the Company, no agreement for investment in the new project and/or acquisition of the new project by the Company shall materialize (for reasons not contingent on the controlling shareholder), the controlling shareholder may (directly or indirectly) make such investment and/or acquisition, subject to the right of refusal provision as set forth above in this section.

- (c) The Company will issue an Immediate Report concerning any decisions by the Company's Audit Committee and Board of Directors after every such decision concerning delimitation of activities.
- (d) The commitment by the controlling shareholder to delimit his activities, in conjunction of the framework decision above, and the right-of-first-refusal granted to the Company, are given for no consideration.

Note that as of the prospectus date, Saskin owns multiple real estate development projects in Toronto, which would not be transferred to the Company in conjunction with transfer of the transferred rights to the Company.

7.1.6 Acquisition of the transferred companies by the Company from the Rights Holders against share allocation

The Rights Holders (as defined above) have committed that, prior to listing for trading on the stock exchange of debentures (Series A) offered to the public pursuant to this prospectus, and subject to successful issuance to the public, they would transfer to the Company their rights (including indirectly through corporations owned thereby) in the transferred entities which indirectly hold rights to rental investment property, development property and geothermal assets in Toronto, Ontario in Canada, including liabilities with respect thereto, and would assign the Company their right to the repayment of loans from entities held by them, which amounts to CAD 8,000 thousand (hereinafter together: "the **Transferred Rights**") against issuance of class shares to Urbancorp Holdco Inc, a corporation wholly-owned by Saskin, which will issue similar class shares to the Interest Holders, and will be fully controlled by Saskin.

## Appendix "E"

CONFIDENTIAL

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*Private and Confidential  
Draft  
April 15, 2016*

*Urbancorp Inc.*

Valuation Comments

December 31, 2015

# Redacted

## **Background**

1. Urbancorp is a real estate developer with projects in the Greater Toronto Area. We understand that its projects consist of single-family and multi-family residential developments.
2. Urbancorp also owns interests in certain geothermal heating/cooling projects installed and operating in fully-built multi-family residential complexes.
3. We understand that Urbancorp is ultimately 100% owned by Alan Saskin and certain of his family members.

## **Current circumstances**

4. Urbancorp forms separate entities for each of its major residential development projects. Interests in these entities of varying ownership percentages are held by an entity named TCC/Urbancorp (Bay) LP ("Ownerco"). Ownerco is a partnership owned by Mr. Saskin (general partner) and Dorren Saskin (limited partner).
5. We understand that an entity under the Urbancorp umbrella has issued certain debt instruments to investors outside of Canada. At the Review Date, Urbancorp had pledged cash flows from certain projects towards the extinguishment of an \$8.0 million obligation to these bondholders.
6. We understand that these pledged cash flows would come from four project entities (collectively, the "Projects"): Urbancorp (Bridlepath) Inc. ("Bayview"), Urbancorp (Woodbine) Inc. ("Woodbine"), Urbancorp (Valermo) Inc. ("Valermo"), and Epic on Triangle Park Inc. ("Epic"). Collectively we refer to Bayview, Woodbine, Valermo and Epic as the "Reviewed Projects".

# Redacted

## ***Comparison of Illustrative Discounted Cash Flow Calculations to Ownerco-level Claims***

75. We understand that the debt obligations at the Ownerco level are comprised of three significant obligations (Schedule 1):

- c) The aforementioned \$8.0 million obligation to bond holders outside of Canada plus \$173,000 in interest for a total obligation of approximately \$8.2 million ("UTM Obligation").

# Redacted

Accordingly, we have assumed that proceeds from these three projects can be applied directly first against the UTM Obligations the low scenario is already negative, it would fall short of this obligation by \$7.9 million.

79-81. The low scenario, which resulted in a combined illustrative value of \$1.1 million, would leave \$7.1 million of the UTM Obligation.

80-82. The mid scenario would result in a combined discounted cash flow of \$28,000,000. 7.1 million, which would result in \$1.9 million remaining on the Terra Firma Debt falling short of the UTM Obligation by \$1.1 million.

84-83. The high scenario would extinguish the \$2.8 million with \$4.5 million left over UTM Obligation with \$3.0 million to spare.

## Appendix "F"

# Urbancorp Inc

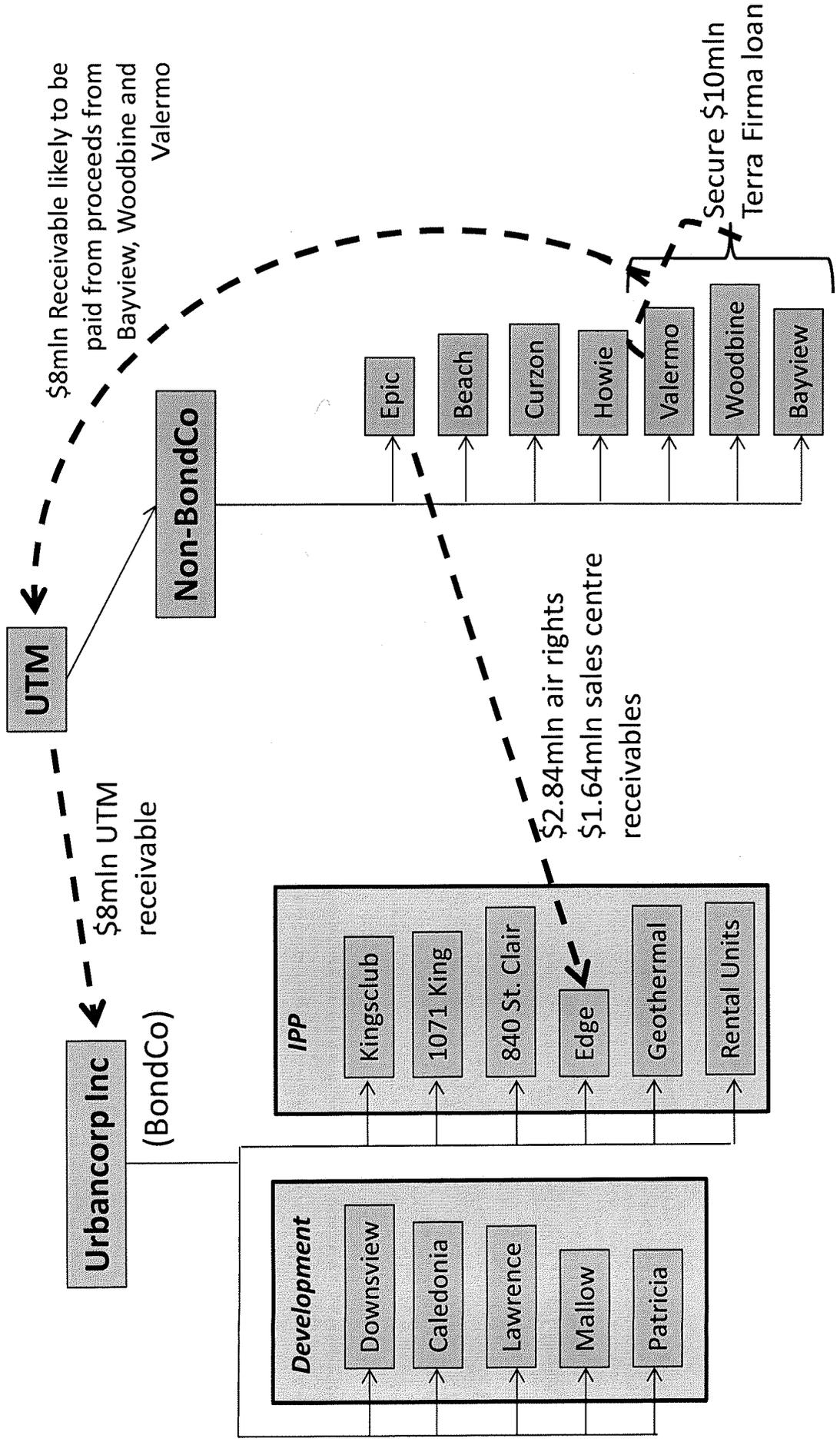
## Receivables Overview

\$8mln UTM Receivable

\$2.84mln Epic Air Rights

\$1.64mln Epic Sales Centre

# Diagram of Receivables



# Sources of Cashflow in Non-BondCo

7 projects in the Urbancorp group are held outside Urbancorp Inc, collectively in "Non-BondCo"

These projects are described below: -

Summary of Non-BondCo Projects	Description	Alan's Ownership	Expected Completion Date	Expected Proceeds (excluding tax)
<b>Epic</b>	High-rise condo block of 460 units, complete and with purchasers moving in currently. 50-50 JV with Plaza Corp, but termination agreement leaves all remaining profits to Non-BondCo	50%	Apr-2016	<b>Redacted</b>
<b>Beach (Leslieville site)</b>	Low-rise site of 33 houses, of which 25 are complete and purchasers have moved in and closed, and 8 are still to be built. Delays and cost overruns have eroded profit to zero. Bank may execute Power of Sale.	100%	n/a	
<b>Curzon (Leslieville site)</b>	Low-rise site of 55 townhouses, 90% complete, purchasers have not moved in. Delays and cost overruns have eroded profit to zero. Bank may execute Power of Sale	100%	n/a	
<b>Howie (Leslieville site)</b>	Low-rise site of 44 townhouses, complete, purchasers moved in over 2 years ago, but closing has not occurred and titles have not been transferred. Delays and cost overruns have eroded profit to zero. Bank may execute Power of Sale	100%	n/a	
<b>Bayview</b>	Low-rise site of 37 homes to be built by Urbancorp	100%	Jan-2018	
<b>Woodbine</b>	Low-rise site of 28 homes to be built by Urbancorp	100%	Mar-2018	
<b>Valermo</b>	50-50 JV with Mattamy Homes of 98 low-rise houses, being constructed by Mattamy	50%	Sep-2017	
<b>Fuzion Geothermal</b>	50% share of Fuzion geothermal, previously owned by FCR, purchased by Alan using purchase option and injected into Urbancorp Inc	50%	Mar-2016	

# Claims on Cashflow from Non-BondCo

Urbancorp Inc has a number of receivables on its Balance Sheet due from Non-BondCo projects  
Non-BondCo companies have a number of obligations and liabilities to pay in addition to these, as outlined below: -

## Claims on Cashflow from Non-BondCo Projects

Redacted

UTM \$8mIn Receivable	(8,000,000)
Interest on UTM \$8mIn Receivable	(129,912)

# Redacted

Particular points to note: -

Redacted

- \$8mIn UTM Receivable due to Urbancorp Inc (Non-Current Asset) (plus accruing interest thereupon @ 1% p.a.) is likely to be paid from proceeds from Bayview and Woodbine

# Redacted

# Summary

Management believes that these projections show that the \$8mIn UTM Receivable, -  
Redacted receivables will be covered by proceeds

Cashflows from non-BondCo Projects	Redacted
Bayview	
Valermo	
Woodbine	
Epic	
Fuzion Geothermal (equity gain)	—
	==

Claims on Cashflow from Non-BondCo Projects	Redacted
UTM \$8mIn Receivable	(8,000,000)
Interest on UTM \$8mIn Receivable	(139,305)

# Redacted

Coverage of Payables	Redacted
Margin over requirements	

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 URBANCORP (WOODBINE) INC. AND URBANCORP (BRIDLEPATH) INC., THE TOWNHOUSES OF HOGG'S HOLLOW INC., KING TOWNS INC., NEWTOWNS AT KINGTOWNS INC. AND DEAJA PARTNER (BAY) INC. (COLLECTIVELY, THE "APPLICANTS") AND IN THE MATTER OF TCC URBANCORP (BAY) LIMITED PARTNERSHIP

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

Proceeding commenced at Toronto

**MOTION RECORD**

**DENTONS CANADA LLP**  
77 King Street West, Suite 400  
Toronto-Dominion Centre  
Toronto, ON M5K 0A1  
**Kenneth Kraft (LSUC No. 31919P)**  
Tel: 416-863-4374  
Email: [kenneth.kraft@dentons.com](mailto:kenneth.kraft@dentons.com)

**Neil Rabinovitch (LSUC No. 33442F)**  
Tel: 416-863-4656  
Email: [neil.rabinovitch@dentons.com](mailto:neil.rabinovitch@dentons.com)

*Lawyers for the Moving Party, Guy Giassin the  
Israeli Court-appointed, functional officer and  
foreign representative of Urbancorp Inc.*