

**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

**AFFIDAVIT OF ELIZABETH BROOKS
(Sworn April 17, 2017)**

1. I, Elizabeth Brooks, of the City of Brampton, in the Province of Ontario, **MAKE OATH AND SAY:**

2. I am a legal administrative assistant at Dentons Canada LLP, lawyers for Guy Gissin the Israeli Court-appointed functionary officer and foreign representative of Urbancorp Inc.

3. On April 6, 2017, Kenneth Kraft, a Partner with Dentons Canada LLP wrote to Jeremy Cole, Executive Vice-President of MNP LLP requesting a response to certain questions relating to issues raised by the Monitor in relation to the 2014 and 2015 Promissory Notes. A copy of Mr. Kraft's letter is attached hereto as **Exhibit "A"**.

4. On April 10, 2017, Mr. Cole responded to Mr. Kraft's April 6th letter. A copy of Mr. Cole's letter is attached hereto as **Exhibit "B"**.

5. This Affidavit is made in support of the within motion and for no other or improper purpose whatsoever.

SWORN before me at the City of Toronto,
in the Province of Ontario this 17th day of
April, 2017.



A Commissioner for taking affidavits, etc.

Thomas R. Wilson



ELIZABETH BROOKS

**THIS IS EXHIBIT "A"
REFERRED TO IN THE
AFFIDAVIT OF ELIZABETH BROOKS
SWORN APRIL 17, 2017**

A handwritten signature in blue ink, appearing to be 'Thomas R. Wilson', written over a horizontal line.

A Commissioner for Taking Affidavits
(or as may be)

Thomas R. Wilson

April 6, 2017

Our File: 567672-1

DELIVERED by email (jeremy.cole@mnp.ca)

Mr. Jeremy Cole
Executive Vice President
MMP LLP
Suite 300 - 111 Richmond Street West
Toronto, ON, M5H 2G4

Re: Urbancorp Inc. – CCAA Proceedings

In connection with the motion by the Israeli Functionary seeking to appeal the disallowance of the claim submitted for the \$6 million promissory note, scheduled to be heard on May 2, 2017, we would appreciate your response to the following questions. Please be advised that the responses may be submitted in evidence in connection with this motion. Thank you in advance for your cooperation and it would be appreciated if we could receive your answers by the end of the day on April 7, 2017.

1. Can you briefly explain the purpose of UTMI?
2. Were there transactions between UTMI and other Urbancorp affiliated on a daily basis (in the periods preceding the creation of UCI and the subsequent corporate reorganization) that were considered to be in the ordinary course?
3. If yes, were any of these transactions ever posted by the companies incorrectly or without understanding the tax planning implications?
4. If so, what would MNP do at year end to correct these entries?
5. Can you advise whether there was a debt owed to TCC Bay at the time the \$8 million Promissory Note was issued?
6. If your answer is yes, what was the source of the debt?
7. Would you consider the \$8m transaction between UTMI and TCC Bay to be in the ordinary course?
8. Why was this TCC Bay liability not posted to the general intercompany account between UTMI and TCC Bay?
9. KSV has reviewed the internal general ledger accounts, prior to any year end adjusting entries, of UTMI and TCC Bay in deriving its position. Should KSV have relied on these internal general ledger accounts without the year end adjusting entries being completed?

10. Is it your opinion that the intercompany accounts between UTMI and TCC Bay were completely accurate?
11. As the accountant to UTMI and TCC Bay, would MNP have posted year end adjusting entries for these companies if the intent had been to keep the \$8 million debt outstanding?
12. If yes, can you please advise what entries you would have posted in regards to this \$8m liability owed by TCC Bay?
13. Can you advise how TCC Bay was to repay the \$8million Promissory Note?
14. Why was the \$8 million split into two separate notes?
15. Why do the replacement promissory notes bear interest when the original note did not provide for any interest?
16. Are you aware of anything that would cause the \$8 million to no longer be outstanding?

Yours truly,

Dentons Canada LLP

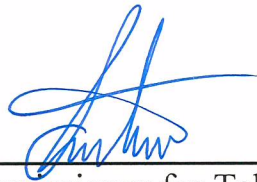


Kenneth Kraft

KK/sc

cc. Harvey Chaiton (harvey@chaitons.com)
Hylton Levy (hlevy@farberfinancial.com)
Neil Rabinovitch (Neil.rabinovitch@dentons.com)

**THIS IS EXHIBIT "B"
REFERRED TO IN THE
AFFIDAVIT OF ELIZABETH BROOKS
SWORN APRIL 17, 2017**



A Commissioner for Taking Affidavits
(or as may be)

Thomas R. Wilson

April 10, 2017

Mr. Kenneth Kraft
Dentons Canada LLP
77 King Street West, Suite 400
Toronto-Dominion Centre
Toronto, ON, Canada M5K 0A1

DELIVERED by email (Kenneth.kraft@dentons.com)

Re: Urbancorp Inc. – CCAA Proceedings

In response to your letter dated April 6, 2017, please find below responses to the questions put forward. It is understood that these responses may be submitted in evidence in connection with this motion.

1. Management Company for the employees is the holder of any excess cash from the group and funds the cash needs of various projects.
2. Yes
3. Yes
4. MNP would post adjusting entries at year-end.
5. Yes to my knowledge.
6. Management fees payable on sale of a partial interest in the Downsview contract to Mattamy.
7. Yes
8. To avoid the immediate triggering of HST.
9. No
10. No
11. Yes
12. Unsure as did not prepare the financials.
13. The proceeds from the sale of the Bayview and Woodbine projects.
14. Tax purposes, to avoid a capital gain on the transfer of certain assets to UCI subsidiaries.
15. I do not know.
16. Not to my knowledge.

Should you require further information please do not hesitate to contact us.

Yours truly,
MNP LLP



Jeremy Cole, CPA, CA, CBV
Executive Vice-President

cc. Harvey Chaiton (harvey@chaitons.com)

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, C. c-36, AS AMENDED, AND IN THE MATTER OF URBANCORP INC., APPLICATION OF GUY GISSIN, THE FOREIGN REPRESENTATIVE OF URBANCORP INC., UNDER SECTION 46 OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

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

Proceeding commenced at Toronto

**AFFIDAVIT OF ELIZABETH BROOKS
(Sworn April 17, 2017)**

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Lawyers for the Applicant