

**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 TORONTO
MANAGEMENT INC., URBANCORP (ST. CLAIR
VILLAGE) INC., URBANCORP (PATRICIA) INC.,
URBANCORP (MALLOW) INC., URBANCORP
(LAWRENCE) INC., URBANCORP DOWNSVIEW PARK
DEVELOPMENT INC., URBANCORP (952 QUEEN WEST)
INC., KING RESIDENTIAL INC., URBANCORP 60 ST.
CLAIR INC., HIGH RES. INC., BRIDGE ON KING INC.
(collectively, the "Applicants") AND THE AFFILIATED
ENTITIES LISTED IN SCHEDULE "A" HERETO**

**MOTION RECORD
(Returnable August 29, 2016)**

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NOTICE OF MOTION

THE APPLICANTS will make a motion before a Judge of the Ontario Superior Court of Justice, Commercial List, on Monday, August 29, 2016 at 10:00 am, or soon after that time as the motion can be heard, at 330 University Avenue, Toronto, Ontario.

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

THE MOTION IS FOR:

1. An Order substantially in the form attached at Tab 3 of the Motion Record, *inter alia*:
 - (a) if necessary, abridging the time for service of this Notice of Motion and the Motion Record so that the motion is properly returnable on August 29, 2016, and dispensing with service on any person other than those served;
 - (b) extending the Stay Period (as defined in paragraph 17 of the Initial Order (as defined herein)) until and including November 25, 2016;

- (c) approving the third report of KSV Kofman Inc. (“**KSV**” or the “**Monitor**”), in its capacity as Court-appointed Monitor, dated August 23, 2016 and the activities described therein (the “**Third Report**”);
- (d) sealing the Offer Summary (as defined herein) attached as Confidential Appendix “1” to the Third Report until after closing of all sale transactions in respect of the Properties (as defined in the Third Report) or further order of this Honourable Court; and
- (e) such other and further relief as counsel may request and this Honourable Court may allow.

AND FURTHER TAKE NOTICE that the grounds to be argued in support of this motion are as follows:

- 2. Capitalized terms not otherwise defined herein have the meaning given to them in the Initial Order (as defined herein);

Background

- 3. Each of the Urbancorp CCAA Entities is an Ontario corporation or limited partnership with their registered office in Toronto, Ontario, and is a direct or indirect subsidiary of Urbancorp Inc. (“**UC Inc.**”). All of the Urbancorp CCAA Entities, other than Urbancorp Toronto Management Inc. (“**UTMI**”), are involved in the management and development of real estate projects across the greater Toronto area, with no employees or assets other than the projects in which they hold an interest. The Urbancorp CCAA Entities also own certain rental properties and geothermal assets;
- 4. UTMI is a management company which currently employs approximately 13 non-unionized employees, and carries out the day-to-day operations of the Urbancorp group of companies, including human resources and accounting functions for the other Urbancorp entities;

5. The Urbancorp CCAA Entities have several real estate projects in various stages of development and construction, which require significant capital in order to be completed;
6. In December 2015, UC Inc. offered to the public certain debentures under the terms and conditions set forth in a Deed of Trust dated December 7, 2015 (the “**Israeli Deed of Trust**”) entered into between UC Inc. and Reznik Paz Nevo Trusts Ltd., in its capacity as the indenture trustee (the “**Israeli Trustee**”);
7. As a result of the initial public offering, UC Inc. raised approximately \$62.0 million (the “**Debenture Funds**”), which debentures traded on the Tel Aviv Stock Exchange;
8. A majority of the Debenture Funds were used to finance certain of the projects of certain of the Urbancorp CCAA Entities, all in accordance with the terms of certain loan agreements that were entered into between UC Inc. and each of the applicable Urbancorp CCAA Entities, which terms coincided with the Israeli Deed of Trust;
9. The facts are as more particularly set out in the previous reports filed by the Monitor in these proceedings, copies of which are available on the Monitor’s website;

Overview of Proceedings

10. On April 21, 2016, the Urbancorp NOI Entities each filed a Notice of Intention to Make a Proposal (“**NOI**”) pursuant to section 50.4(1) of the *Bankruptcy and Insolvency Act* (Canada) (the “**BIA**”) and KSV was appointed as Proposal Trustee in each of the NOI proceedings;
11. The Urbancorp CCAA Entities (which includes the Urbancorp NOI Entities) were granted protection from their creditors under the *Companies’ Creditors Arrangement Act* (Canada) (the “**CCAA**”), pursuant to the Initial Order of the Ontario Superior Court of Justice, Commercial List, dated May 18, 2016 (the “**Initial Order**”);
12. KSV was appointed in the Initial Order to act as the Monitor in these CCAA proceedings;

Israeli Proceedings

13. Prior to the commencement of these CCAA proceedings, the Israeli Trustee alleged that UC Inc. defaulted under the terms of the Israeli Deed of Trust and, on or about April 24, 2016, the Israeli Trustee initiated court proceedings as against UC Inc. in Israel;
14. On April 25, 2016, the Tel Aviv District Court issued an Order appointing Adv. Guy Gissin as temporary functionary of UC Inc. (the “**Foreign Representative**”);
15. On May 18, 2016, the Foreign Representative was granted an Initial Recognition Order under Part IV of the CCAA in respect of the proceedings commenced in the Israeli Court (the “**Foreign Proceedings**”) against UC Inc. and the Foreign Proceeding were recognized as a “foreign main proceeding”;
16. Concurrently with the issuance of the Initial Recognition Order, the Foreign Representative was also granted a Supplemental Order under section 46 of the CCAA whereby the Court ordered, among other things, (i) the appointment of KSV as the Information Officer in respect of the Initial Recognition Order and the Foreign Proceedings, and (ii) the implementation of the Protocol between the Monitor and the Foreign Representative;

Grounds for this Motion

17. The Initial Order granted, among other things, a stay of proceedings until June 17, 2016, or such later date as this Honourable Court may order;
18. By Order of the Court dated June 15, 2016, the Court, among other things, extended the Stay Period until September 2, 2016;
19. By Order of the Court dated June 30, 2016, the Court approved, among other things, a sale process, as set out in Monitor’s Second Report dated June 29, 2016, including the engagement of Colliers Macaulay Nicolls Ontario Inc. (“**Colliers**”) as listing agent to assist the Monitor with the preparation and implementation of the Sales Process;

Sale Process

20. At the end of June 2016, Colliers, in consultation with the Monitor, developed and commenced a marketing process to solicit interests from prospective purchasers for all or any of the Properties;
21. Pursuant to the terms of the Sale Process, prospective purchasers were required to submit offers, by way of purchase and sale agreement, on or before August 16, 2016;
22. A summary of the offers received for the Properties (the “**Offer Summary**”) is included at Confidential Appendix “1” of the Third Report;

Additional Grounds

23. Extending the Stay Period will allow the Urbancorp CCAA Entities to continue to seek to maximize the value of their assets, including completing a sale transaction or sale transactions for the Properties;
24. The cash-flow statements prepared by the Monitor indicate that the Applicants will have sufficient cash to operate for the proposed extended Stay Period;
25. At all material times, the Urbancorp CCAA Entities have been acting, and continue to act, in good faith and with due diligence in these CCAA proceedings;
26. It is just and convenient and in the interests of the Urbancorp CCAA Entities and their respective stakeholders that the requested Order be granted and the Stay Period be extended;
27. The extension of the Stay Period is supported by the Monitor;
28. Such further and other grounds as set out in the Third Report of the Monitor;
29. The provisions of the CCAA and the inherent and equitable jurisdiction of this Honourable Court;

30. Section 11.2 of the CCAA;
31. Rules 1.04, 1.05, 2.01, 2.03, 16 and 37 of the *Rules of Civil Procedure*, R.R.O 1990, Reg. 194, as amended, and section 106 of the Ontario *Courts of Justice Act*, R.S.O 1990, c. C.43, as amended.

AND FURTHER TAKE NOTICE that the following materials will be filed in support of this application, namely:

- (a) this Notice of Motion;
- (b) the Third Report; and
- (c) such further and other material as counsel may advise and this Honourable Court may allow.

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- Vestaco Homes Inc.
- Vestaco Investments Inc.
- 228 Queen's Quay West Limited
- Urbancorp Cumberland 1 LP
- Urbancorp Cumberland 1 GP Inc.
- Urbancorp Partner (King South) Inc.
- Urbancorp (North Side) Inc.
- Urbancorp Residential Inc.
- Urbancorp Realtyco Inc.

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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 TORONTO MANAGEMENT
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ONTARIO
SUPERIOR COURT OF JUSTICE
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PROCEEDINGS COMMENCED AT TORONTO

NOTICE OF MOTION
(Returnable August 29, 2016)

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Lawyers for the Urbancorp CCAA Entities

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3

ON READING the Motion Record of the Applicants, the Third Report of KSV Advisory Inc. (“**KSV**”), in its capacity as Monitor (the “**Monitor**”), dated August 23, 2016 (the “**Third Report**”), and on hearing the submissions of counsel for the Urbancorp CCAA Entities (as defined in the Initial Order), the Monitor, counsel for the Monitor, and those other parties listed on the counsel slip, no one else appearing for any other person although duly served as appears from the affidavit of service of Danny M. Nunes sworn August 22, 2016, filed.

SERVICE

1. **THIS COURT ORDERS** that the time for service and filing of the Notice of Motion and the Motion Record is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.

EXTENSION OF STAY PERIOD

2. **THIS COURT ORDERS** that the Stay Period (as defined in paragraph 17 of the Initial Order) is hereby extended until and including November 25, 2016.

APPROVAL OF MONITOR’S REPORT AND ACTIVITIES

3. **THIS COURT ORDERS** that the Third Report of KSV and the activities of KSV described therein are hereby approved.

SEALING

4. **THIS COURT ORDERS AND DIRECTS** that Confidential Appendix “1” to the Third Report be sealed pending closing of all sale transactions in respect of the Properties (as defined in the Third Report) or further order of this Honourable Court.

GENERAL

5. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, the United States, or Israel to give effect to this Order and to assist the Urbancorp CCAA Entities, 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 Urbancorp CCAA Entities 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 Urbancorp CCAA Entities and the Monitor and their respective agents in carrying out the terms of this Order.

6. **THIS COURT ORDERS** that each of the Urbancorp CCAA Entities and the Monitor shall be at liberty and are 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.

SCHEDULE "A"

List of Non Applicant Affiliates

- Urbancorp Power Holdings Inc.
- Vestaco Homes Inc.
- Vestaco Investments Inc.
- 228 Queen's Quay West Limited
- Urbancorp Cumberland 1 LP
- Urbancorp Cumberland 1 GP Inc.
- Urbancorp Partner (King South) Inc.
- Urbancorp (North Side) Inc.
- Urbancorp Residential Inc.
- Urbancorp Realtyco Inc.

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF URBANCORP TORONTO MANAGEMENT INC.,
URBANCORP (ST. CLAIR VILLAGE) INC., URBANCORP (PATRICIA) INC., URBANCORP (MALLOW) INC., URBANCORP
(LAWRENCE) INC., URBANCORP DOWNSVIEW PARK DEVELOPMENT INC., URBANCORP (952 QUEEN WEST) INC., KING
RESIDENTIAL INC., URBANCORP 60 ST. CLAIR INC., HIGH RES. INC., BRIDGE ON KING INC. (THE "APPLICANTS") AND
THE AFFILIATED ENTITIES LISTED IN SCHEDULE "A" HERETO

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

PROCEEDINGS COMMENCED AT TORONTO

ORDER RE: STAY EXTENSION
(August 29, 2016)

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AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF URBANCORP TORONTO MANAGEMENT
INC., URBANCORP (ST. CLAIR VILLAGE) INC., URBANCORP (PATRICIA) INC., URBANCORP (MALLOW) INC.,
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PROCEEDINGS COMMENCED AT TORONTO

MOTION RECORD re: STAY EXTENSION
(Returnable August 29, 2016)

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