



**Twenty-Third Report to Court of  
KSV Kofman Inc. as CCAA Monitor 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.,  
KRI Residential Inc., Urbancorp 60 St.  
Clair Inc., High Res. Inc., Bridge On King  
Inc. and the Affiliated Entities Listed in  
Schedule “A” Hereto**

February 22, 2018

# Appendices

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COURT FILE NO.: CV-16-11389-00CL

**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**  
**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**

**TWENTY-THIRD REPORT OF KSV KOFMAN INC.**

**February 22, 2018**

1. On April 21, 2016, Urbancorp (St. Clair Village) Inc. ("St. Clair"), Urbancorp (Patricia) Inc. ("Patricia"), Urbancorp (Mallow) Inc. ("Mallow"), Urbancorp Downsview Park Development Inc. ("Downsview"), Urbancorp (Lawrence) Inc. ("Lawrence") and Urbancorp Toronto Management Inc. ("UTMI") each filed a Notice of Intention to Make a Proposal ("NOI") pursuant to Section 50.4(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "NOI Proceedings"). (Collectively, St. Clair, Patricia, Mallow, Downsview, Lawrence and UTMI are referred to as the "NOI Entities".) KSV Kofman Inc. ("KSV") was appointed as the Proposal Trustee in the NOI Proceedings.
2. Pursuant to an order made by the Ontario Superior Court of Justice (Commercial List) (the "Court") dated May 18, 2016, the Companies, together with the entities listed on Schedule "A" attached (collectively, the "CCAA Entities") were granted protection under the *Companies' Creditors Arrangement Act* (the "CCAA") and KSV was appointed monitor (the "Monitor") (the "CCAA Proceedings").
3. Certain CCAA Entities<sup>1</sup> are known direct or indirect wholly-owned subsidiaries of Urbancorp Cumberland 1 LP ("Cumberland"). Collectively, Cumberland and its direct and indirect subsidiaries are the "Cumberland Entities" and each individually is a "Cumberland Entity". Each Cumberland Entity is a nominee for Cumberland and, as such, the assets and liabilities of the Cumberland Entities are assets and liabilities of Cumberland. The remaining CCAA Entities<sup>2</sup>, other than UTMI, are directly or indirectly wholly owned by Urbancorp Inc. ("UCI") (collectively, the "Non-Cumberland Entities" and each individually, a "Non-Cumberland Entity"). The corporate chart for the Cumberland Entities and the Non-Cumberland Entities is provided in Appendix "A".

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<sup>1</sup> St. Clair, Patricia, Mallow, Lawrence, Urbancorp (952 Queen West) Inc., King Residential Inc., Urbancorp 60 St. Clair Inc., High Res. Inc., Urbancorp Partner (King South) Inc., Urbancorp (North Side) Inc. and Bridge on King Inc.

<sup>2</sup> Vestaco Homes Inc., Vestaco Investments Inc., Urbancorp Power Holdings Inc., UTMI, Downsview, 228 Queens Quay West Limited, Urbancorp Residential Inc., Urbancorp Realtyco Inc., Urbancorp Cumberland 1 GP Inc.

4. On April 25, 2016, the District Court in Tel Aviv-Yafo, Israel issued a decision appointing Guy Gissin as the functionary officer and foreign representative (the “Foreign Representative”) of UCI and granting him certain powers, authorities and responsibilities over UCI (the “Israeli Proceedings”).
5. On May 18, 2016, the Court issued two orders under Part IV of the CCAA which:
  - a) recognized the Israeli Proceedings as a “foreign main proceeding”;
  - b) recognized Mr. Gissin as Foreign Representative of UCI; and
  - c) appointed KSV as the Information Officer.
6. UCI was incorporated on June 19, 2015 for the purpose of raising debt in the public markets in Israel. Pursuant to a Deed of Trust dated December 7, 2015, UCI made a public offering of debentures (the “IPO”) in Israel of NIS180,583,000 (approximately \$64 million based on the exchange rate at the time of the IPO).
7. From the monies raised under the IPO, UCI made unsecured loans (the “Shareholder Loans”) totalling approximately \$46 million to each of the NOI Entities (other than UTMI). The loan agreements in respect of the Shareholder Loans set out that repayment of the Shareholder Loans is subordinate to certain other obligations of the NOI Entities (the “Permitted Obligations”).
8. The CCAA Entities have realized on all of their assets, other the certain condominiums, parking spots and lockers in the condominium projects, geothermal assets and their interests in Downsview and the Kingsclub development owned by Urbancorp New Kings Inc. (“UNKI”).<sup>3</sup>
9. On June 27, 2017, the Court made an order authorizing and directing the Monitor to pay in full the amounts owing to creditors with admitted claims against the Cumberland Entities, other than UCI. As the repayment of the Shareholder Loans is subordinated to the repayment of the Permitted Obligations, UCI was required to assign its distributions to those creditors that have claims for Permitted Obligations until those creditors’ claims were repaid in full. Since, *inter alia*, the remaining admitted unsecured claims were relatively insignificant, the Foreign Representative subordinated repayment of the Shareholder Loans to all currently admitted claims against the Cumberland Entities (but not to any disputed claims) such that all currently admitted claims have been repaid in full.
10. On June 30, 2017, the Monitor made an initial distribution to UCI in the amount of approximately \$29.6 million.
11. On November 22, 2017, the Court made an order authorizing and directing the Monitor to make a further distribution to UCI in the amount of \$750,000. Approximately \$6.8 million of UCI’s claim against the Cumberland Entities continues to be owing (the “Outstanding UCI Debt”).

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<sup>3</sup> UNKI appears to be a nominee for Cumberland. UNKI is not subject to the CCAA proceedings.

12. Pursuant to Court orders issued in the CCAA Proceedings, the Monitor is carrying out a sale process for 28 condominiums, 51 parking spots and seven lockers (collectively, the "Residential Assets") held by King Residential Inc. ("KRI"), a Cumberland Entity and Urbancorp Residential Inc. ("URI"), a Non-Cumberland Entity. URI and KRI are nominee companies for Urbancorp Realty Co. ("Realtyco") and Cumberland, respectively. As a result of sales of a number of KRI Residential Assets, additional monies are available for distribution to UCI.
13. UCI is not a creditor of URI or Realtyco. The Monitor is reviewing the ownership structure of Realtyco. Distributions from URI, net of claims and potential tax obligations, will be considered once its ownership is determined<sup>4</sup>.
14. The current bank balance of the Cumberland Entities is approximately \$20.3 million. The reserve for disputed claims against the Cumberland Entities is approximately \$12 million and the cash reserve for future costs of these proceedings is approximately \$7.2 million. Accordingly, the amount presently available for distribution to UCI is \$1.1 million.
15. Based on the foregoing, the Monitor recommends the Court issue an order approving a distribution to UCI of \$1.1 million.
16. In order to save the costs of future distribution motions, the Monitor is also seeking the Court's approval to make further distributions to UCI from time-to-time without further order of the Court until the Outstanding UCI Debt is paid in full, provided that appropriate reserves for any remaining disputed claims and future costs of the proceedings are maintained, as determined by the Monitor.

\* \* \*

All of which is respectfully submitted,



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

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<sup>4</sup> This will also need to be undertaken for other Non-Cumberland Entities with assets available for distribution; however, it is not an issue that needs to be considered in the context of this motion.

## Schedule "A"

Urbancorp Toronto Management Inc.

Urbancorp (952 Queen West) Inc.

King Residential Inc.

Urbancorp 60 St. Clair Inc.

High Res. Inc.

Bridge on King Inc.

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.

## **Appendix “A”**

