

Court File No.: 31-2114850 / Estate File No.: 31-2114850
Court File No.: 31-2114843 / Estate File No.: 31-2114843

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
IN BANKRUPTCY AND INSOLVENCY

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
URBANCORP (WOODBINE) INC.**

**AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL
OF URBANCORP (BRIDLEPATH) INC.**

NOTICE OF MOTION

URBANCORP (WOODBINE) INC. and **URBANCORP (BRIDLEPATH) INC.**
(together, the “**Urbancorp Entities**”) will make a motion before a Judge of the Ontario Superior Court of Justice, Commercial List, on Tuesday, May 24, 2016 at 10:00 am, or soon after that time as the motion can be heard, at 330 University Avenue, Toronto, Ontario, for Orders pursuant to sections 50.4(9) and 64.2(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 (the “**BIA**”).

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

THE MOTION IS FOR:

1. Orders substantially in the forms attached as **Schedule “A”** and **Schedule “B”** hereto:
 - (a) abridging the time for service of this Notice of Motion and the Motion Records of each of the Urbancorp Entities so that this motion is properly returnable on May 24, 2016;

- (b) approving the administrative consolidation of the proposal proceedings (together, the “**Proposal Proceedings**”) of the Urbancorp Entities under one title of proceedings;
 - (c) approving and adopting the E-Service Protocol of the Commercial List (the “**Protocol**”) such that service of court documents by email in accordance with the Protocol shall be deemed valid and effective service in the Proposal Proceedings; and
 - (d) extending the time within which to file a proposal with the Official Receiver by each of the Urbancorp Entities under section 62(1) of the BIA to July 8, 2016;
 - (e) approving the activities and actions of the Proposal Trustee as set out in the First Report of the Proposal Trustee dated May 19, 2016;
 - (f) granting an administration charge in favour of the Proposal Trustee, counsel to the Proposal Trustee and counsel to the Urbancorp Entities, such charge to be in an amount of \$250,000 with respect to each Urbancorp Entity, for a total charge not exceeding an aggregate amount of \$500,000, subject to further Order of this Court, over all of the Property (as defined in the Initial Order) of each of the Urbancorp Entities, each ranking subordinate to existing security interests and liens over the Property as of the date of this Initial Order; and
2. 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 application are as follows, namely:

1. on April 25, 2016, each of the Urbancorp Entities filed a notice of intention to make a proposal pursuant to section 50.4 of the BIA (each an “**NOI**”);

2. KSV Kofman Inc. was appointed as Proposal Trustee in respect of each NOI proceeding;
3. each of the Urbancorp Entities is an Ontario corporation with their registered office in Toronto, Ontario, and is indirectly owned by Alan Saskin and members of his family. Each of the Urbancorp Entities is involved in the development of real estate projects in the Greater Toronto Area, with no employees or assets other than the projects in which they hold an interest;
4. each of the Urbancorp Entities is a single purpose entity that owns specific real property for the purpose of developing and constructing residential projects;
5. the Urbancorp Entities, together with numerous related entities, comprise the Urbancorp Group (the “**Group**”);
6. on February 4, 2016, Laurentian Bank of Canada (“**LBC**”) issued a Notice of Intention to Enforce Security pursuant to section 244(1) of the BIA against UC Woodbine;
7. on March 4, 2016, LBC initiated enforcement proceedings as against UC Woodbine pursuant to its security over all of the personal and real property of UC Woodbine, including under the *Mortgages Act* (Ontario) in respect of UC Woodbine’s real property municipally known as 9064, 9074, 9084, 9100 and 9110 Woodbine Avenue, Markham, Ontario (the “**Woodbine Property**”);
8. on March 31, 2016, Tarion Warranty Corporation (“**Tarion**”), which provides warranties on new homes in Ontario, issued a notice of proposal to revoke registration of 17 of the Group’s entities, including the registrations of the Urbancorp Entities, as a result of concerns over the Group’s financial position and the high number of warranty claims made in respect of the Group’s projects;
9. on April 11, 2016, Terra Firma Capital Corporation and Atrium Mortgage Investment Corporation (together, “**Terra Firma**”) initiated enforcement proceedings as against UC

Bridlepath pursuant to its security over the real property municipally known as 2425 Bayview Avenue, Toronto, Ontario (the “**Bridlepath Property**”);

10. on April 24, 2016, the debenture holders’ trustee, in respect of debentures on the Tel Aviv Stock Exchange issued by Urbancorp Inc., the parent company of the Urbancorp Group, brought an ex-parte application under Section 350 of the Companies Law (Israel) in the Tel Aviv District Court (the “**Israeli Court**”) for, among other things, an order appointing an officeholder to Urbancorp Inc.;
11. on April 25, 2016, the Israeli Court issued an Order appointing Adv. Guy Gissin as a temporary officeholder of Urbancorp Inc.;
12. on May 18, 2016, the majority of the Urbancorp Inc. subsidiaries sought and obtained protection under the *Companies’ Creditors Arrangement Act* (“CCAA”), including six subsidiaries which had filed NOIs on April 18, 2016;
13. as a result of project costs, obligations to secured and unsecured lenders, and the above mentioned issues, each of the Urbancorp Entities has experienced significant financial difficulties and liquidity problems such that it is not able to meet its respective obligations and liabilities generally as they become due;
14. UC Woodbine has notified LBC of its NOI proceedings. The NOI proceedings will not affect LBC’s current enforcement proceedings in connection with the Woodbine Property, though the Proposal Trustee and UC Woodbine have asked for LBC’s cooperation in allowing the Proposal Proceedings to proceed;
15. UC Bridlepath has notified Terra Firma of its NOI Proceedings. The Proposal Proceedings will not affect Terra Firma’s current enforcement proceedings in connection with the Bridlepath Property though the Proposal Trustee and UC Bridlepath have asked for Terra Firma’s cooperation in allowing the Proposal Proceedings to proceed;

16. the Urbancorp Entities will likely be applying at future dates for various relief, including approval of a sale process and interim financing of the Proposal Proceedings;
17. the Urbancorp Entities seek an order administratively consolidating the Proposal Proceedings of the Urbancorp Entities, in order to avoid a multiplicity of proceedings. Terra Firma has second mortgages over both the Woodbine Property and the Bridlepath Property, as security for guarantees of a loan made by Terra Firma to Urbancorp Holdco Inc., the parent corporation to Urbancorp Inc.;
18. each of the Urbancorp Entities and the Proposal Trustee are of the view that given the closely-related proceedings and overlapping security and creditors, an administrative consolidation of these proceedings will secure a just, expeditious and cost efficient process and no creditor of either of the Urbancorp Entities will be prejudiced if the Proposal Proceedings were administratively consolidated;
19. at all material times since the filing of the NOIs, each of the Urbancorp Entities have acted, and continue to act, in good faith and with due diligence;
20. each of the Urbancorp Entities would likely be able to make a viable proposal if the extension being applied for were granted;
21. no creditor of either of the Urbancorp Entities will be materially prejudiced if the extension being applied for is granted;
22. the facts and circumstances set out in the First Report of the Proposal Trustee dated May 19, 2016;
23. Rules 1.04, 1.05, 2.01, 2.03, 16.04 and 37 of the *Rules of Civil Procedure* (Ontario); and
24. sections 2, 50.4(9), 64.2(1) and 183(1) of the BIA;

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

- (a) this Notice of Motion;
- (b) the First Report of KSV Advisory Inc. dated May 19, 2016; and
- (c) such further and other material as counsel may advise and this Honourable Court may allow.

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Lawyers for the Urbancorp Entities

TO: THE ATTACHED SERVICE LIST

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SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN BANKRUPTCY AND INSOLVENCY
PROCEEDINGS COMMENCED AT TORONTO

NOTICE OF MOTION
(Returnable May 24, 2016)

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