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

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.

MOTION RECORD
(Returnable May 24, 2016)

BORDEN LADNER GERVAIS LLP
Barristers and Solicitors
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Lawyers for Urbancorp (Woodbine) Inc.

TO: SEE ATTACHED SERVICE LIST

SERVICE LIST

URBANCORP (WOODBINE) INC. and URBANCORP (BRIDLEPATH) INC.
(Updated May 19, 2016)

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and Urbancorp (Bridlepath Inc.)

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

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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 20, 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, compromise 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 20, 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 20, 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**

SCHEDULE "A"

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

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

THE HONOURABLE	)	**TUESDAY, THE 24TH**
	)	
JUSTICE	)	**DAY OF MAY, 2016**

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

ORDER

THIS MOTION, made by Urbancorp (Woodbine) Inc. ("**UC Woodbine**"), pursuant to Sections 50.4(9) and 64.2(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**"), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Motion Records of each of UC Woodbine and Urbancorp (Bridlepath) Inc. ("**UC Bridlepath**", and together with UC Woodbine, the "**Urbancorp Entities**"), the First Report of the KSV Advisory Inc., in its capacity as Proposal Trustee (the "**Proposal Trustee**") of each of the Urbancorp Entities, dated May 20, 2016 (the "**First Report**"), and the affidavit of service of Rachael Belanger sworn May 20, 2016, filed, and on hearing the submissions of counsel for the Urbancorp Entities, counsel for the Proposal Trustee, counsel for [•], no one else appearing for any other person;

SERVICE

1. **THIS COURT ORDERS** that the time for service and filing of each the Notice of Motions and the Motion Records filed by each the Urbancorp Entities is hereby abridged and

validated so that this motion is properly returnable today and hereby dispenses with further service thereof.

ADMINISTRATIVE CONSOLIDATION

2. **THIS COURT ORDERS** that the proposal proceedings of each of UC Woodbine (Estate No. 31-2114850) and UC Bridlepath (Estate No. 31-2114843) (collectively, the "**Proposal Proceedings**") are hereby administratively consolidated and the Proposal Proceedings are hereby authorized and directed to continue under the following joint title of proceedings:

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

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

3. **THIS COURT ORDERS** that all further materials in the Proposal Proceedings shall be filed with the Commercial List Office only in the UC Woodbine estate and court file, under Estate No. 31-2114850 and Court File No. 31-2114850.

SUBSTITUTED SERVICE AND CASE WEBSITE

4. **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (the "Protocol" is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at: http://www.ontariocourts.ca/scj/practice/practice-direction/toronto/#Commercial_List), shall be valid and effective service. Subject to Rule 17.05, this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that

a Case Website shall be established in accordance with the Protocol with the following URL: http://www.ksvadvisory.com/insolvency-cases-2/urbancorp/

5. **THIS COURT ORDERS** that the E-Service List Keeper and the Webhost (as such terms are defined in the Protocol) for the purpose of this proceeding shall be the Proposal Trustee.

EXTENSION OF TIME

6. **THIS COURT ORDERS** that, pursuant to subsection 50.4(9) of the BIA, the time for filing a proposal with the Official Receiver in each of the proceedings of the Urbancorp Entities be and is hereby extended to July 8, 2016.

ACTIVITIES OF THE PROPOSAL TRUSTEE

7. **THIS COURT ORDERS** that the actions and activities of the Proposal Trustee described in the First Report be and are hereby approved.

ADMINISTRATIVE CHARGE

8. **THIS COURT ORDERS** that the Proposal Trustee, counsel to the Proposal Trustee, and the Urbancorp Entities' counsel shall be entitled to the benefit of and are hereby granted a charge (the "**Administration Charge**") on the current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof of each of the Urbancorp Entities (the "**Property**"), which charge shall not exceed an aggregate amount of $250,000 with respect to each Urbancorp Entity, for a total charge not exceeding an aggregate amount of $500,000, as security for their professional fees and disbursements incurred at the standard rates and charges of the Proposal Trustee and such counsel, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs 9 and 10 hereof.

9. **THIS COURT ORDERS** that the filing, registration or perfection of the Administration Charge shall not be required, and that the Administrative Charge shall be valid and enforceable

for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Administration Charge coming into existence, notwithstanding any such failure to file, register, record or perfect.

10. **THIS COURT ORDERS** that the Administrative Charge shall rank as against the Property subordinate to all valid perfected security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise granted by each respective Urbancorp Entity or to which each respective Urbancorp Entity is subject (collectively, "**Encumbrances**") as of the date of this Order.

11. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by further order of this Court, the Urbancorp Entities shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, the Administration Charge.

12. **THIS COURT ORDERS** that the Administration Charge shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Administration Charge (collectively, the "**Chargees**") thereunder shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; (e) the pendency of the Israeli Court Proceedings; or (f) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "**Agreement**") which binds the Urbancorp Entities, and notwithstanding any provision to the contrary in any Agreement:

(a) the creation of the Administration Charge shall not create or be deemed to constitute a breach by the Urbancorp Entities of any Agreement to which it is a party;

(b) (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the creation of the Administration Charge; and

(c) (c) the payments made by the Urbancorp Entities pursuant to this Order, and the granting of the Administrative Charge, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

13. **THIS COURT ORDERS** that the Administration Charge created by this Order over leases of real property in Canada shall only be an Administration Charge in the Urbancorp Entities' interest in such real property leases.

GENERAL

14. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Urbancorp Entities, the Proposal Trustee 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 Entities and to the Proposal Trustee, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Proposal Trustee in any foreign proceeding, or to assist the Urbancorp Entities and the Proposal Trustee and their respective agents in carrying out the terms of this Order.

15. **THIS COURT ORDERS** that each of the Urbancorp Entities and the Proposal Trustee 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.

16. **THIS COURT ORDERS** that nothing in this Order shall prevent the Proposal Trustee from acting as *Companies' Creditors Arrangement Act* monitor, interim receiver, receiver,

receiver and manager, or trustee in bankruptcy of the Urbancorp Entities or any corporations related thereto.

_____

SCHEDULE "B"

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

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

THE HONOURABLE	)	**TUESDAY, THE 24TH**
	)	
JUSTICE	)	**DAY OF MAY, 2016**

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

ORDER

THIS MOTION, made by Urbancorp (Bridlepath) Inc. ("**UC Bridlepath**"), pursuant to Sections 50.4(9) and 64.2(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**"), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Motion Records of each of UC Bridlepath and Urbancorp (Woodbine) Inc. ("**UC Woodbine**", and together with UC Bridlepath, the "**Urbancorp Entities**"), the First Report of the KSV Advisory Inc., in its capacity as Proposal Trustee (the "**Proposal Trustee**") of each of the Urbancorp Entities, dated May 20, 2016 (the "**First Report**"), and the affidavit of service of Rachael Belanger sworn May 20, 2016, filed, and on hearing the submissions of counsel for the Urbancorp Entities, counsel for the Proposal Trustee, counsel for [●], no one else appearing for any other person;

SERVICE

1. **THIS COURT ORDERS** that the time for service and filing of each the Notice of Motions and the Motion Records filed by each the Urbancorp Entities is hereby abridged and

validated so that this motion is properly returnable today and hereby dispenses with further service thereof.

ADMINISTRATIVE CONSOLIDATION

2. **THIS COURT ORDERS** that the proposal proceedings of each of UC Woodbine (Estate No. 31-2114850) and UC Bridlepath (Estate No. 31-2114843) (collectively, the "**Proposal Proceedings**") are hereby administratively consolidated and the Proposal Proceedings are hereby authorized and directed to continue under the following joint title of proceedings:

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

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

3. **THIS COURT ORDERS** that all further materials in the Proposal Proceedings shall be filed with the Commercial List Office only in the UC Woodbine estate and court file, under Estate No. 31-2114850 and Court File No. 31-2114850.

SUBSTITUTED SERVICE AND CASE WEBSITE

4. **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (the "Protocol" is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at: http://www.ontariocourts.ca/scj/practice/practice-direction/toronto/#Commercial_List), shall be valid and effective service. Subject to Rule 17.05, this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that

a Case Website shall be established in accordance with the Protocol with the following URL: http://www.ksvadvisory.com/insolvency-cases-2/urbancorp/

5. **THIS COURT ORDERS** that the E-Service List Keeper and the Webhost (as such terms are defined in the Protocol) for the purpose of this proceeding shall be the Proposal Trustee.

EXTENSION OF TIME

6. **THIS COURT ORDERS** that, pursuant to subsection 50.4(9) of the BIA, the time for filing a proposal with the Official Receiver in each of the proceedings of the Urbancorp Entities be and is hereby extended to July 8, 2016.

ACTIVITIES OF THE PROPOSAL TRUSTEE

7. **THIS COURT ORDERS** that the actions and activities of the Proposal Trustee described in the First Report be and are hereby approved.

ADMINISTRATIVE CHARGE

8. **THIS COURT ORDERS** that the Proposal Trustee, counsel to the Proposal Trustee, and the Urbancorp Entities' counsel shall be entitled to the benefit of and are hereby granted a charge (the "**Administration Charge**") on the current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof of each of the Urbancorp Entities (the "**Property**"), which charge shall not exceed an aggregate amount of $250,000 with respect to each Urbancorp Entity, for a total charge not exceeding an aggregate amount of $500,000, as security for their professional fees and disbursements incurred at the standard rates and charges of the Proposal Trustee and such counsel, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs 9 and 10 hereof.

9. **THIS COURT ORDERS** that the filing, registration or perfection of the Administration Charge shall not be required, and that the Administrative Charge shall be valid and enforceable

for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Administration Charge coming into existence, notwithstanding any such failure to file, register, record or perfect.

10. **THIS COURT ORDERS** that the Administrative Charge shall rank as against the Property subordinate to all valid perfected security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise granted by each respective Urbancorp Entity or to which each respective Urbancorp Entity is subject (collectively, "**Encumbrances**") as of the date of this Order.

11. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by further order of this Court, the Urbancorp Entities shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, the Administration Charge.

12. **THIS COURT ORDERS** that the Administration Charge shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Administration Charge (collectively, the "**Chargees**") thereunder shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; (e) the pendency of the Israeli Court Proceedings; or (f) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "**Agreement**") which binds the Urbancorp Entities, and notwithstanding any provision to the contrary in any Agreement:

(a) the creation of the Administration Charge shall not create or be deemed to constitute a breach by the Urbancorp Entities of any Agreement to which it is a party;

(b) (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the creation of the Administration Charge; and

(c) (c) the payments made by the Urbancorp Entities pursuant to this Order, and the granting of the Administrative Charge, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

13. **THIS COURT ORDERS** that the Administration Charge created by this Order over leases of real property in Canada shall only be an Administration Charge in the Urbancorp Entities' interest in such real property leases.

GENERAL

14. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Urbancorp Entities, the Proposal Trustee 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 Entities and to the Proposal Trustee, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Proposal Trustee in any foreign proceeding, or to assist the Urbancorp Entities and the Proposal Trustee and their respective agents in carrying out the terms of this Order.

15. **THIS COURT ORDERS** that each of the Urbancorp Entities and the Proposal Trustee 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.

16. **THIS COURT ORDERS** that nothing in this Order shall prevent the Proposal Trustee from acting as *Companies' Creditors Arrangement Act* monitor, interim receiver, receiver,

receiver and manager, or trustee in bankruptcy of the Urbancorp Entities or any corporations related thereto.

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

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

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

ONTARIO
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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Lawyers for the Urbancorp Entities

TAB

2

First Report to Court of KSV Kofman Inc. as Proposal Trustee of Urbancorp (Woodbine) Inc. and Urbancorp (Bridlepath) Inc.

May 20, 2016

Contents

Appendices

COURT FILE NOS.: 31-2114843; 31-2114850

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.
OF THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
URBANCORP (BRIDLEPATH) INC.
OF THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO

MAY 20, 2016

1.0 Introduction

1. This report ("Report") is filed by KSV Kofman Inc. ("KSV") in its capacity as proposal trustee ("Proposal Trustee") in connection with Notices of Intention to Make a Proposal ("NOI") filed on April 25, 2016 ("Filing Date") by Urbancorp (Woodbine) Inc. ("Woodbine") and Urbancorp (Bridlepath) Inc. ("Bridlepath") pursuant to Section 50.4(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended ("BIA"). (Jointly, Bridlepath and Woodbine are defined herein as the "Companies".)

2. On April 21, 2016, Urbancorp (St. Clair Village) Inc., Urbancorp (Patricia) Inc., Urbancorp (Mallow) Inc., Urbancorp (Lawrence) Inc., Urbancorp Downsview Park Development Inc. and Urbancorp Toronto Management Inc., affiliates of the Companies, also filed NOIs (the "NOI Filing Entities"). KSV was appointed the Proposal Trustee in those BIA proceedings.

3. On May 18, 2016, the NOI Filing Entities and several other related companies filed for, and were granted, protection under the *Companies' Creditors Arrangement Act*.

4. The principal purpose of these proceedings is to create a stabilized environment to allow the Companies to consider their restructuring options, including considering development opportunities and/or selling the Properties (as defined below) through a court-supervised process.

1.1 Purposes of this Report

1. The purposes of this Report are to:

   a) provide background information about the Companies;

   b) apprise the Court of the Companies' restructuring options, including development opportunities and a sale process for the Properties;

   c) report on the Companies' unconsolidated weekly cash flow projections for the period April 25, 2016 to July 8, 2016 ("Cash Flow Forecasts");

   d) discuss a contemplated debtor-in-possession ("DIP") financing solicitation process;

   e) discuss the Companies' request for an extension of the stay of proceedings from May 25, 2016 to July 8, 2016;

   f) discuss the rationale for a $250,000 charge on each of the Properties ($500,000 total) to secure the fees and disbursements of the Proposal Trustee, the Proposal Trustee's counsel, Davies Ward Phillips and Vineberg LLP, and the Companies' counsel, Borden Ladner Gervais LLP ("Administration Charge");

   g) discuss the rationale for administratively consolidating the NOI proceedings of the Companies; and

   h) recommend that this Honourable Court make an order:

      i) approving the Companies' request for an extension of the time to file a proposal with the Official Receiver from May 25, 2016 to July 8, 2016;

      ii) approving the Administration Charge; and

      iii) consolidating administratively the Companies' NOI proceedings.

1.2 Currency

1. Unless otherwise noted, all currency references in this Report are to Canadian dollars.

1.3 Restrictions

1. In preparing this Report, the Proposal Trustee has relied upon unaudited financial information prepared by the Companies' representatives, the books and records of the Companies and discussions with representatives of the Companies, including their lawyers and accountants. The Proposal Trustee has not performed an audit or other verification of such information. An examination of the Companies' financial forecasts as outlined in the Chartered Professional Accountant Canada Handbook has not been performed. Future oriented financial information relied upon in this

Report is based on the Companies' representatives' assumptions regarding future events; actual results achieved may vary from this information and these variations may be material. The financial information discussed herein is preliminary and remains subject to further review. The Proposal Trustee has not performed a review of inter-company transactions.

2. The Proposal Trustee also references its report on the Companies' cash flow projections and underlying assumptions and notes that its review and commentary thereon was performed in accordance with the requirements set out in the Canadian Association of Insolvency and Restructuring Professionals' Standards of Professional Practice No. 99-5 (Trustee's Report on Cash Flow Statement).

2.0 Background

1. The Companies, together with numerous other entities, comprise the Urbancorp Group ("Group"). The business of the Group commenced in 1991. The Group primarily engages in the development, construction and sale of residential properties in the Greater Toronto Area ("GTA"). The Group also owns rental properties and geothermal assets. The geothermal assets use green technology to provide heating and cooling to residential developments. A condensed organization chart for the Group is provided in Appendix "A".

2. The ultimate shareholders of the Companies are Alan Saskin and members of his family.

3. It should be noted that the Companies are <u>not</u> direct or indirect subsidiaries of Urbancorp Inc.

4. The table below provides a description of the "Properties".

Company	Address of Owned Property	Date Purchased	Purchase Price
Woodbine	9064 Woodbine Avenue, Markham	January 30, 2014	$5,250,000
Bridlepath	2425 Bayview Avenue, Toronto	March 20, 2014	$11,500,000

5. The Properties were purchased in order to develop residential projects ("Projects"). A summary of the current status of each of the Projects is provided below:

Company	Project Description	Current Status	Deposits Received
Woodbine	28 low rise residential units	Raw land	Yes
Bridlepath	37 low rise residential units	Raw land[1]	Yes

[1] There has been some servicing work completed on the property. The previous owner commenced construction of an underground garage on the property.

6. The Proposal Trustee understands that the Companies pre-sold freehold homes for the Projects and collected deposits totalling $7.4 million related thereto (the "Deposits"). As these are freehold home projects, the Companies were not required to hold the Deposits in trust. The Proposal Trustee understands that the Deposits have been spent.

2.1 Secured Lenders

1. The table below summarizes the mortgages on the Properties. The indebtedness to the lenders totals $20,075,000.

Company	Lender	Security	Amount ($)
Woodbine	Laurentian Bank of Canada ("Laurentian")	9064 Woodbine Ave.	4,725,000[2]
Bridlepath	Atrium Mortgage Investment Corporation ("AMIC"), Terra Firma Capital Corporation ("TFCC")	2425 Bayview Ave.	10,350,000[3]
Woodbine and Bridlepath (as guarantors of Urbancorp Holdco Inc.[4])	TFCC – collateral mortgage	2425 Bayview Ave., 9064 Woodbine Ave.	5,000,000
			20,075,000[5]

2.2 Unsecured Creditors

1. The table below provides the third party unsecured obligations of each of the Companies as at April 25, 2016.

Company	Amount ($)
Woodbine	2,197,031
Bridlepath	5,871,358
Total	8,068,389

2. The unsecured obligations include the Deposits of $7.4 million. The remaining obligations relate to general operating expenses, including professional fees related to the development of the Projects, marketing expenses and construction services.

---

[2] Principal amount outstanding as at March 4, 2016.

[3] Principal amount outstanding as at April 11, 2016.

[4] Urbancorp Holdco Inc. ("Holdco") owns 100% of the shares of Urbancorp Inc. The Companies are guarantors of the TFCC loan to Holdco. TFCC has a registered mortgage on the title to the Properties.

[5] Total amount owing is likely not inclusive of all interest and other fees that may be payable.

3. The creditors' lists for the Companies also include numerous intercompany obligations totaling $392,021. According to management, the Companies received funds from their affiliates based on the cash balances and cash requirements of the entities. Intercompany transactions remain subject to review by the Proposal Trustee.

2.3 Events Leading to the NOI Filings

1. The Projects require significant capital to develop; however, the Projects are illiquid.

2. On February 4, 2016, Laurentian issued a Notice of Intention to Enforce Security pursuant to section 244(1) of the BIA against Woodbine, On March 4, 2016, Laurentian initiated power of sale proceedings against Woodbine.

3. Tarion Warranty Corporation ("Tarion") provides warranties on new homes in Ontario for registered builders. On March 31, 2016, Tarion issued a notice of proposal to revoke registration of 17 of the Group's entities (the "Tarion Decision"), including all registrations of the Companies, as a result of concerns about the Group's financial position and the high number of warranty claims made against entities within the Group.

4. On April 11, 2016, TFCC and AMIC initiated power of sale proceedings against Bridlepath, including issuing a Notice of Intention to Enforce Security pursuant to section 244(1) of the BIA. TFCC and AMIC are participants in the same mortgage on the Bridlepath property.

5. Urbancorp Inc. made an initial public offering of bonds ("Bonds") in the amount of NIS 180,583,000 (approximately C$64 million based on the exchange rate at the time of the offering) pursuant to a deed of trust dated December 7, 2015. The Bonds traded on the Tel Aviv Stock Exchange ("TASE"). Urbancorp Inc. is alleged to have defaulted on the Bonds and trading in the Bonds has been suspended by the TASE. Although the Bonds are not an obligation of the Companies, the negative publicity resulting from the Bond issuance has adversely impacted the Group, including the ability to continue to fund the Projects.

6. As a result of issues concerning the Bonds, Urbancorp Inc.'s Israeli auditors, Israeli legal counsel and its Board of Directors in Israel resigned. Guy Gissin, a representative of the law firm that represents the trustee under the Bonds, Reznik, Paz, Nevo Trusts Ltd. ("Bond Trustee") has been appointed by the Israeli Court ("Israeli Court") as "Functionary" in respect of Urbancorp Inc., with certain interim powers and responsibilities pursuant to the order issued by the Israeli Court.

7. On April 21, 2016, the NOI Filing Entities filed their NOIs.

8. As a result of the above and other issues, Mr. Saskin determined it was necessary for the Companies to each file a NOI in order to stabilize its businesses, provide liquidity to the Projects and consider their restructuring options.

3.0 Restructuring

1. The Companies are considering their restructuring options, including development opportunities and/or selling their Properties through a Court-supervised process. A summary of the status of these initiatives is summarized below.

3.1 Redevelopment Opportunities

1. Since the commencement of these proceedings, the Proposal Trustee has been contacted by several developers and prospective purchasers interested in purchasing the Properties.

2. The Proposal Trustee and counsel for the Companies have been in contact with legal counsel to Laurentian and TFCC to determine whether they intend to continue with their enforcement processes. It was communicated to counsel for Laurentian and TFCC that the management of the Group is of the view that there is considerable equity in the Properties after repayment of the mortgages and that an orderly sale process conducted in a restructuring proceeding was more likely to maximize recoveries than if the Properties were sold through a power of sale process.

3. Laurentian and TFCC were asked if they object to a Court-supervised sale process for the Properties conducted by the Proposal Trustee, even though the mortgagees are not legally stayed by the NOI filings since their BIA Section 244 Notices had both expired prior to the filing of the NOIs by the Companies. The Proposal Trustee also made initial inquiries to determine whether Laurentian and TFCC would be willing to advance DIP financing to the Companies. The Proposal Trustee intends to follow-up regarding these inquiries.

4. In early May, 2016, the Proposal Trustee met with a significant Canadian real estate developer which indicated that it may submit a letter of intent ("LOI") for the Projects and/or the Properties. If received, the LOI will be considered together with other restructuring options that may be available to the Companies.

3.2 Request for Proposals from Real Estate Brokers

1. Subject to the development option discussed in paragraph 3.1.4 above, the Proposal Trustee intends to solicit proposals from real estate brokers to act as listing agents to sell the Properties.

2. If a sale process is to be commenced, proposals would be sought from realtors who have experience selling development properties. The Companies and the Proposal Trustee will also consider unsolicited proposals from other realtors.

3. Listing proposals will be evaluated based on, *inter alia*, the following criteria:

   a. marketing plan;

   b. Brokers' reach;

c. qualifications of the individuals to be assigned to the project;

d. compensation structure; and

e. other factors as determined by the Companies and the Proposal Trustee.

4. Once a broker is selected, a sale process will be developed. The terms of any sale process, including the retention of a real estate broker, will be subject to Court approval.

4.0 Cash Flow Forecast

1. Pursuant to the provisions of the BIA, each of the Companies is required to prepare a cash flow forecast. The Cash Flow Forecasts of each of the Companies and their related assumptions, together with Management's Reports on the Cash-Flow Statements as required by Section 50.4(2)(c) of the BIA, are provided in Appendix "B". The Cash Flow Forecasts for the Companies are for the period April 25, 2016 to July 8, 2016 (the "Period").

2. The Companies are illiquid. The Cash Flow Forecasts contemplate payment of professional fees and critical expenses required to advance the Projects, including fees in respect of municipal lawyers, architects and municipal planners. The Companies have advised that the Projects may be delayed and their value could be impaired if these expenses are not paid. In order to fund the cash shortfall and costs beyond the Period, DIP financing will be required. A DIP solicitation process is discussed in Section 5 below.

3. Based on the Proposal Trustee's review of the Cash Flow Forecasts, there are no material assumptions which seem unreasonable in these circumstances. The Proposal Trustee's Reports on the Cash Flow Statements for each of the Companies as required by Section 50.4(2)(b) of the BIA are attached as Appendix "C".

5.0 DIP Solicitation Process

1. It is contemplated that a process will be undertaken to secure DIP financing.

2. It is intended that a letter will be sent to parties detailing the opportunity to provide DIP financing ("Solicitation Letter"). Attached to the Solicitation Letter will be a: (i) confidentiality agreement ("CA"); and (ii) form of term sheet to be used by interested financiers to submit their bids. Parties that sign a CA will be granted access to financial and other information relevant to the Companies. The Proposal Trustee has also drafted a term sheet, which is intended to be used as the structure for the DIP Facility, to the extent practical.

3. In evaluating the proposals, the following will be considered:

   a) committed amount;

   b) term;

   c) interest rate and fees; and

   d) conditions.

4. The terms of the successful bidder would be subject to Court approval.

6.0 Companies' Request for an Extension

1. The Companies are seeking an extension of the time to file a proposal with the Official Receiver from May 25, 2016 to July 8, 2016.

2. The Proposal Trustee supports the Companies' request for the following reasons:

   a) the Companies are acting in good faith and with due diligence;

   b) the Companies would likely be able to make a viable proposal if the extension being applied for is granted;

   c) no creditor would be materially prejudiced if the extension being applied for is granted;

   d) it will allow the Companies the opportunity to consider the next steps in these proceedings, including considering development opportunities and/or selling some or all of the Properties;

   e) it will provide the Companies the opportunity to put in place a DIP facility, which will be subject to Court approval; and

   f) as of the date of this report, the Proposal Trustee is not aware of any party opposed to an extension.

7.0 Administration Charge

1. The Companies are seeking an Administration Charge in the amount of $250,000 on each of the Properties ($500,000 total) in respect of the fees and expenses of the Proposal Trustee, the Proposal Trustee's legal counsel, and the Companies' legal counsel. An Administration Charge is common in restructuring proceedings. The Proposal Trustee is of the view that the Administration Charge is appropriate in the present case due to the Companies' lack of liquidity. The professionals covered by the Administration Charge require the benefit of the Administration Charge to secure payment of their fees and expenses.

2. Absent further order of the Court, the Administration Charge is to rank behind the existing mortgages.

8.0 Administrative Consolidation

1. The Companies are seeking an order to consolidate the insolvency administration of the Companies into one estate.

2. Each of the Companies would remain a separate estate for purpose of conducting a claims process, filing a proposal or making distributions to creditors.

3. The Companies believe that administratively consolidating the proceedings is appropriate as:

   a) TFCC is a secured creditor to both of the Companies;

   b) a buyer may have an interest in a transaction for both of the Properties;

   c) it will facilitate the orderly administration of these proceedings;

   d) the Companies have common management; and

   e) it will reduce costs, including by filing materials in one proceeding only.

4. Based on the foregoing, the Proposal Trustee recommends that the Court make an order administratively consolidating the NOI proceedings of the Companies.

9.0 Conclusion and Recommendation

1. Based on the foregoing, the Proposal Trustee respectfully recommends that this Honourable Court make an order granting the relief detailed in Section 1.1 (h) of this Report.

* * *

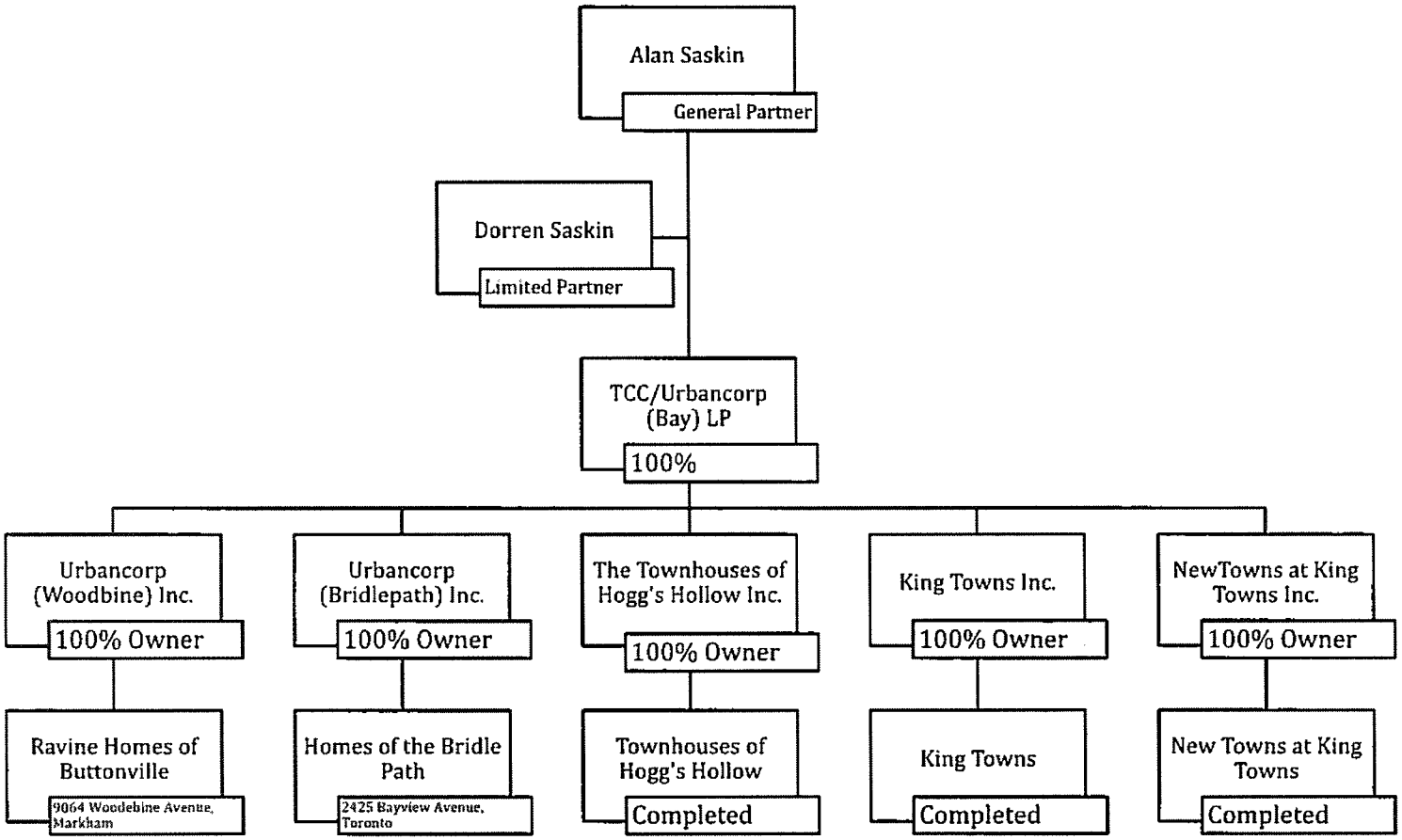
All of which is respectfully submitted,

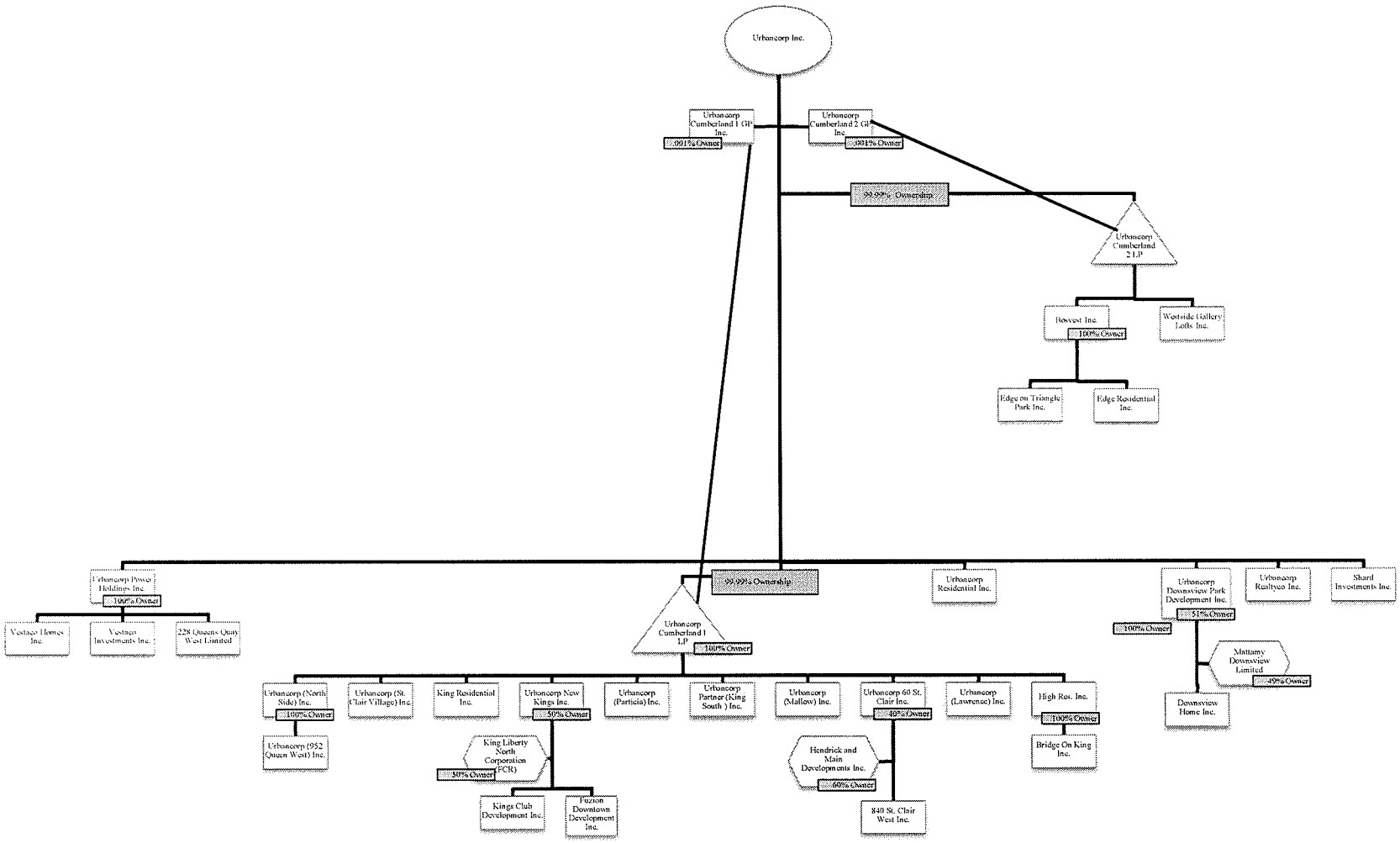
KSV Kofman Inc.

KSV KOFMAN INC.
IN ITS CAPACITY AS TRUSTEE UNDER THE
NOTICES OF INTENTION TO MAKE A PROPOSAL OF
URBANCORP (WOODBINE) INC. AND URBANCORP (BRIDLEPATH) INC.
AND NOT IN ITS PERSONAL CAPACITY

Appendix "A"

TCC/URBANCORP (BAY) LP




Urbancorp Inc.
Urbancorp Cumberland 1 GP Inc.
.0001% Owner
Urbancorp Cumberland 2 GP Inc.
.0001% Owner
99.99% Ownership
Urbancorp Cumberland 2 LP
Bosvest Inc.
100% Owner
Westside Gallery Lofts Inc.
Edge on Triangle Park Inc.
Edge Residential Inc.
Urbancorp Power Holdings Inc.
100% Owner
Vestaco Homes Inc.
Vestaco Investments Inc.
228 Queens Quay West Limited
99.99% Ownership
Urbancorp Cumberland 1 LP
100% Owner
Urbancorp Residential Inc.
Urbancorp Downsview Park Development Inc.
51% Owner
100% Owner
Mattamy Downsview Limited
49% Owner
Downsview Home Inc.
Urbancorp Realtyco Inc.
Shard Investments Inc.
Urbancorp (North Side) Inc.
100% Owner
Urbancorp (952 Queen West) Inc.
Urbancorp (St. Clair Village) Inc.
King Residential Inc.
Urbancorp New Kings Inc.
50% Owner
King Liberty North Corporation (FCR)
50% Owner
Kings Club Development Inc.
Fuzion Downtown Development Inc.
Urbancorp (Partiela) Inc.
Urbancorp Partner (King South) Inc.
Urbancorp (Mallow) Inc.
Hendrick and Main Developments Inc.
60% Owner
Urbancorp 60 St. Clair Inc.
40% Owner
840 St. Clair West Inc.
Urbancorp (Lawrence) Inc.
High Res. Inc.
100% Owner
Bridge On King Inc.

Appendix "B"

Urbancorp (Woodbine) Inc.
Projected Statement of Cash Flow [1]
For the Period Ending July 8, 2016
(Unaudited, $C)

Appendix "1"

	Note	Week Ending 29-Apr-16	06-May-16	13-May-16	20-May-16	27-May-16	03-Jun-16	10-Jun-16	17-Jun-16	24-Jun-16	01-Jul-16	08-Jul-16	Total
Total Receipts		-	-	-	-	-	-	-	-	-	-	-	-
Disbursements													
Consulting fees	2	-	-	-	-	-	62,400	10,400	10,400	10,400	10,400	-	104,000
Site maintenance costs	3	-	-	-	-	-	4,500	750	750	750	750	750	8,250
Property taxes	4	-	-	-	-	-	-	-	-	-	-	6,620	6,620
Insurance	5	-	-	-	-	-	-	-	-	-	635	-	635
Contingency	6	-	-	-	-	-	40,000	2,000	2,000	2,000	2,000	2,000	50,000
Total Operating Disbursements		-	-	-	-	-	106,900	13,150	13,150	13,150	13,785	9,370	169,505
Net Cash Flow Before the Undernoted		-	-	-	-	-	(106,900)	(13,150)	(13,150)	(13,150)	(13,785)	(9,370)	(169,505)
Professional fees re: NOI proceedings	7	-	-	-	-	-	75,000	-	50,000	-	-	75,000	200,000
		-	-	-	-	-	(181,900)	(13,150)	(63,150)	(13,150)	(13,785)	(84,370)	(369,505)
Funding required	8	-	-	-	-	-	182,000	14,000	63,000	13,000	14,000	84,000	370,000
Net Cash Flow		-	-	-	-	-	100	850	(150)	(150)	215	(370)	495
Opening cash balance		-	-	-	-	-	-	100	950	800	650	865	-
Closing cash balance		-	-	-	-	-	100	950	800	650	865	495	495

The above financial projections are based on management's assumptions detailed in Appendix "1-1".
The note references correspond to the assumption numbers shown in Appendix "1-1"

URBANCORP (WOODBINE) INC.

Per:

May 19/16

Date

KSV KOFMAN INC.
IN ITS CAPACITY AS TRUSTEE UNDER THE
NOTICE OF INTENTION TO MAKE A PROPOSAL OF
URBANCORP (WOODBINE) INC. AND NOT IN ITS PERSONAL CAPACITY

Per:

May 19 16

Date

Urbancorp (Woodbine) Inc. Appendix "1-1"
Notes to Projected Statement of Cash Flow
For the Period Ending July 8, 2016
(Unaudited; $C)

Purpose and General Assumptions

1. The purpose of the projection is to present a forecast of the cash flow of Urbancorp (Woodbine) Inc. (the "Company") for the period ending July 8, 2016 ("Period") in respect of its proposal proceedings under the *Bankruptcy and Insolvency Act*.

   The projected cash flow statement has been prepared based on hypothetical and most probable assumptions developed and prepared by the Company.

Hypothetical and Most Probable Assumptions

2. Includes fees for municipal lawyers, architects, and municipal planners.

3. Includes allowance for daily inspection, minor housekeeping and the removal of garbage.

4. Represents a 2016 property tax installment due to the Town of Markham.

5. Represents the Company's annual insurance premium payment.

6. Includes potential pre-filing costs that the Company may be required to pay in order to advance the project.

7. Represents professional fees in respect of the Proposal Trustee, its counsel and counsel to the Company. Professional fees are estimated and the allocation of these fees across entities is subject to change.

8. A debtor-in-possession financing facility is being considered to finance the Company's proceedings. Discussions in this regard are ongoing. The Proposal Trustee expects that such financing will be arranged in due course.

Exhibit "A"

Report on Cash Flow Statement by the Person Making the Proposal
(Paragraphs 50(6)(c) and 50.4(2)(c) of the BIA

The management of Urbancorp (Woodbine) Inc. has developed the assumptions and prepared the attached statement of projected cash flow of Urbancorp (Woodbine) Inc. for the period ending July 8, 2016.

The hypothetical assumptions are reasonable and consistent with the purpose of the projection described in Note 1, and the probable assumptions are suitably supported and consistent with the plans of Urbancorp (Woodbine) Inc. and provide a reasonable basis for the projection. All such assumptions are disclosed in Notes 2 to 8.

Since the projection is based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material.

The projection has been prepared solely for the purpose described in Note 1, using a set of hypothetical and probable assumptions set out in Notes 2 to 8. Consequently, readers are cautioned that it may not be appropriate for other purposes.

Dated at Toronto, Ontario, this 19th day of May, 2016

URBANCORP (WOODBINE) INC.

Per:

Urbancorp (Bridlepath) Inc.
Projected Statement of Cash Flow [1]
For the Period Ending July 8, 2016
(Unaudited; $C)

Appendix "1"

		Week Ending											
	Note	29-Apr-16	06-May-16	13-May-16	20-May-16	27-May-16	03-Jun-16	10-Jun-16	17-Jun-16	24-Jun-16	01-Jul-16	08-Jul-16	Total
Total Receipts		-	-	-	-	-	-	-	-	-	-	-	-
Disbursements													
Consulting fees	2	-	-	-	-	-	2,700	450	450	450	450	-	4,500
Site maintenance costs	3	-	-	-	-	-	4,500	750	750	750	750	750	8,250
Property taxes	4	-	-		-	-	12,139	-	-	-	12,139	-	24,278
Insurance	5	-	-	-	-	-	-	-	-	-	635	-	635
Contingency		-	-	-	-	-	12,000	2,000	2,000	2,000	2,000	2,000	22,000
Total Operating Disbursements		-	-	-	-	-	31,339	3,200	3,200	3,200	15,974	2,750	59,663
Net Cash Flow Before the Undernoted		-	-	-	-	-	(31,339)	(3,200)	(3,200)	(3,200)	(15,974)	(2,750)	(59,663)
Professional fees re: NOI proceedings	6	-	-	-	-	-	75,000	-	50,000	-	-	75,000	200,000
		-	-	-	-	-	(106,339)	(3,200)	(53,200)	(3,200)	(15,974)	(77,750)	(259,663)
Funding required	7	-	-	-	-	-	110,000	-	60,000	-	20,000	70,000	260,000
Net Cash Flow		-	-	-	-	-	3,661	(3,200)	6,800	(3,200)	4,026	(7,750)	337
Opening cash balance		-	-	-	-	-	-	3,661	461	7,261	4,061	8,087	-
Closing cash balance		-	-	-	-	-	3,661	461	7,261	4,061	8,087	337	337

The above financial projections are based on management's assumptions detailed in Appendix "1-1".
The note references correspond to the assumption numbers shown in Appendix "1-1".

URBANCORP (BRIDLEPATH) INC.

Per:

May 19/16
Date

KSV KOFMAN INC.
IN ITS CAPACITY AS TRUSTEE UNDER THE
NOTICE OF INTENTION TO MAKE A PROPOSAL OF
URBANCORP (BRIDLEPATH) INC. AND NOT IN ITS PERSONAL CAPACITY

Per:

May 19/16
Date

Urbancorp (Bridlepath) Inc. Appendix "1-1"
Notes to Projected Statement of Cash Flow
For the Period Ending July 8, 2016
(Unaudited; $C)

Purpose and General Assumptions

1. The purpose of the projection is to present a forecast of the cash flow of Urbancorp (Bridlepath) Inc. (the "Company") for the period ending July 8, 2016 ("Period") in respect of its proposal proceedings under the *Bankruptcy and Insolvency Act*.

   The projected cash flow statement has been prepared based on hypothetical and most probable assumptions developed and prepared by the Company.

Hypothetical and Most Probable Assumptions

2. Includes fees for municipal lawyers, architects, and municipal planners.

3. Includes allowance for daily inspection, minor housekeeping and the removal of garbage.

4. Represents the third 2016 property tax installment due to the City of Toronto.

5. Represents the Company's annual insurance premium payment.

6. Represents professional fees in respect of the Proposal Trustee, its counsel and counsel to the Company. Professional fees are estimated and the allocation of these fees across entities is subject to change.

7. A debtor-in-possession financing facility is being considered to finance the Company's proceedings. Discussions in this regard are ongoing. The Proposal Trustee expects that such financing will be arranged in due course.

Exhibit "A"

Report on Cash Flow Statement by the Person Making the Proposal
(Paragraphs 50(6)(c) and 50.4(2)(c) of the BIA

The management of Urbancorp (Bridlepath) Inc. has developed the assumptions and prepared the attached statement of projected cash flow of Urbancorp (Bridlepath) Inc. for the period ending July 8, 2016.

The hypothetical assumptions are reasonable and consistent with the purpose of the projection described in Note 1, and the probable assumptions are suitably supported and consistent with the plans of Urbancorp (Bridlepath) Inc. and provide a reasonable basis for the projection. All such assumptions are disclosed in Notes 2 to 7.

Since the projection is based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material.

The projection has been prepared solely for the purpose described in Note 1, using a set of hypothetical and probable assumptions set out in Notes 2 to 7. Consequently, readers are cautioned that it may not be appropriate for other purposes.

Dated at Toronto, Ontario, this 19th day of May, 2016

URBANCORP (BRIDLEPATH) INC.

Per: _____

Appendix "C"

Trustee's Report on Cash Flow Statement
(Paragraphs 50(6)(b) and 50.4(2)(b) of the BIA

The attached statement of projected cash-flow of Urbancorp (Woodbine) Inc., as of the 19th day of May, 2016, consisting of a weekly cash flow statement for the period April 25, 2016, to July 8, 2016, has been prepared by the management of the insolvent person for the purpose described in Note 1, using the probable and hypothetical assumptions set out in Notes 2 to 8.

Our review consisted of inquiries, analytical procedures and discussion related to information supplied to us by the management and employees of the insolvent person. Since hypothetical assumptions need not be supported, our procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the projection. We have also reviewed the support provided by management for the probable assumptions and the preparation and presentation of the projection.

Based on our review, nothing has come to our attention that causes us to believe that, in all material respects:

(a) the hypothetical assumptions are not consistent with the purpose of the projection;

(b) as at the date of this report, the probable assumptions developed by management are not suitably supported and consistent with the plans of the insolvent person or do not provide a reasonable basis for the projection, given the hypothetical assumptions; or

(c) the projection does not reflect the probable and hypothetical assumptions.

Since the projection is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, we express no assurance as to whether the projection will be achieved.

The projection has been prepared solely for the purpose described in Note 1, and readers are cautioned that it may not be appropriate for other purposes.

Dated at Toronto, Ontario, this 19th day of May, 2016

KSV Kofman Inc.

KSV KOFMAN INC.
IN ITS CAPACITY AS TRUSTEE UNDER THE
NOTICE OF INTENTION TO MAKE A PROPOSAL OF
URBANCORP (WOODBINE) INC. AND NOT IN ITS PERSONAL CAPACITY

Trustee's Report on Cash Flow Statement
(Paragraphs 50(6)(b) and 50.4(2)(b) of the BIA

The attached statement of projected cash-flow of Urbancorp (Bridlepath) Inc., as of the 19th day of May, 2016, consisting of a weekly cash flow statement for the period April 25, 2016, to July 8, 2016, has been prepared by the management of the insolvent person for the purpose described in Note 1, using the probable and hypothetical assumptions set out in Notes 2 to 7.

Our review consisted of inquiries, analytical procedures and discussion related to information supplied to us by the management and employees of the insolvent person. Since hypothetical assumptions need not be supported, our procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the projection. We have also reviewed the support provided by management for the probable assumptions and the preparation and presentation of the projection.

Based on our review, nothing has come to our attention that causes us to believe that, in all material respects:

(a) the hypothetical assumptions are not consistent with the purpose of the projection;

(b) as at the date of this report, the probable assumptions developed by management are not suitably supported and consistent with the plans of the insolvent person or do not provide a reasonable basis for the projection, given the hypothetical assumptions; or

(c) the projection does not reflect the probable and hypothetical assumptions.

Since the projection is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, we express no assurance as to whether the projection will be achieved.

The projection has been prepared solely for the purpose described in Note 1, and readers are cautioned that it may not be appropriate for other purposes.

Dated at Toronto, Ontario, this 19th day of May, 2016

KSV Kofman Inc

KSV KOFMAN INC.
IN ITS CAPACITY AS TRUSTEE UNDER THE
NOTICE OF INTENTION TO MAKE A PROPOSAL OF
URBANCORP (BRIDLEPATH) INC. AND NOT IN ITS PERSONAL CAPACITY

TAB
3

SCHEDULE "A"

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

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

THE HONOURABLE	)	TUESDAY, THE 24TH
	)	
JUSTICE	)	DAY OF MAY, 2016

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

ORDER

THIS MOTION, made by Urbancorp (Woodbine) Inc. ("**UC Woodbine**"), pursuant to Sections 50.4(9) and 64.2(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**"), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Motion Records of each of UC Woodbine and Urbancorp (Bridlepath) Inc. ("**UC Bridlepath**", and together with UC Woodbine, the "**Urbancorp Entities**"), the First Report of the KSV Advisory Inc., in its capacity as Proposal Trustee (the "**Proposal Trustee**") of each of the Urbancorp Entities, dated May 20, 2016 (the "**First Report**"), and the affidavit of service of Rachael Belanger sworn May 20, 2016, filed, and on hearing the submissions of counsel for the Urbancorp Entities, counsel for the Proposal Trustee, counsel for [•], no one else appearing for any other person;

SERVICE

1. **THIS COURT ORDERS** that the time for service and filing of each the Notice of Motions and the Motion Records filed by each the Urbancorp Entities is hereby abridged and

validated so that this motion is properly returnable today and hereby dispenses with further service thereof.

ADMINISTRATIVE CONSOLIDATION

2. **THIS COURT ORDERS** that the proposal proceedings of each of UC Woodbine (Estate No. 31-2114850) and UC Bridlepath (Estate No. 31-2114843) (collectively, the "**Proposal Proceedings**") are hereby administratively consolidated and the Proposal Proceedings are hereby authorized and directed to continue under the following joint title of proceedings:

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

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

3. **THIS COURT ORDERS** that all further materials in the Proposal Proceedings shall be filed with the Commercial List Office only in the UC Woodbine estate and court file, under Estate No. 31-2114850 and Court File No. 31-2114850.

SUBSTITUTED SERVICE AND CASE WEBSITE

4. **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (the "Protocol" is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at: http://www.ontariocourts.ca/scj/practice/practice-direction/toronto/#Commercial_List), shall be valid and effective service. Subject to Rule 17.05, this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that

a Case Website shall be established in accordance with the Protocol with the following URL: http://www.ksvadvisory.com/insolvency-cases-2/urbancorp/

5. **THIS COURT ORDERS** that the E-Service List Keeper and the Webhost (as such terms are defined in the Protocol) for the purpose of this proceeding shall be the Proposal Trustee.

EXTENSION OF TIME

6. **THIS COURT ORDERS** that, pursuant to subsection 50.4(9) of the BIA, the time for filing a proposal with the Official Receiver in each of the proceedings of the Urbancorp Entities be and is hereby extended to July 8, 2016.

ACTIVITIES OF THE PROPOSAL TRUSTEE

7. **THIS COURT ORDERS** that the actions and activities of the Proposal Trustee described in the First Report be and are hereby approved.

ADMINISTRATIVE CHARGE

8. **THIS COURT ORDERS** that the Proposal Trustee, counsel to the Proposal Trustee, and the Urbancorp Entities' counsel shall be entitled to the benefit of and are hereby granted a charge (the "**Administration Charge**") on the current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof of each of the Urbancorp Entities (the "**Property**"), which charge shall not exceed an aggregate amount of $250,000 with respect to each Urbancorp Entity, for a total charge not exceeding an aggregate amount of $500,000, as security for their professional fees and disbursements incurred at the standard rates and charges of the Proposal Trustee and such counsel, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs 9 and 10 hereof.

9. **THIS COURT ORDERS** that the filing, registration or perfection of the Administration Charge shall not be required, and that the Administrative Charge shall be valid and enforceable

for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Administration Charge coming into existence, notwithstanding any such failure to file, register, record or perfect.

10. **THIS COURT ORDERS** that the Administrative Charge shall rank as against the Property subordinate to all valid perfected security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise granted by each respective Urbancorp Entity or to which each respective Urbancorp Entity is subject (collectively, "**Encumbrances**") as of the date of this Order.

11. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by further order of this Court, the Urbancorp Entities shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, the Administration Charge.

12. **THIS COURT ORDERS** that the Administration Charge shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Administration Charge (collectively, the "**Chargees**") thereunder shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; (e) the pendency of the Israeli Court Proceedings; or (f) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "**Agreement**") which binds the Urbancorp Entities, and notwithstanding any provision to the contrary in any Agreement:

(a) the creation of the Administration Charge shall not create or be deemed to constitute a breach by the Urbancorp Entities of any Agreement to which it is a party;

(b) (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the creation of the Administration Charge; and

(c) (c) the payments made by the Urbancorp Entities pursuant to this Order, and the granting of the Administrative Charge, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

13. **THIS COURT ORDERS** that the Administration Charge created by this Order over leases of real property in Canada shall only be an Administration Charge in the Urbancorp Entities' interest in such real property leases.

GENERAL

14. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Urbancorp Entities, the Proposal Trustee 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 Entities and to the Proposal Trustee, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Proposal Trustee in any foreign proceeding, or to assist the Urbancorp Entities and the Proposal Trustee and their respective agents in carrying out the terms of this Order.

15. **THIS COURT ORDERS** that each of the Urbancorp Entities and the Proposal Trustee 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.

16. **THIS COURT ORDERS** that nothing in this Order shall prevent the Proposal Trustee from acting as *Companies' Creditors Arrangement Act* monitor, interim receiver, receiver,

receiver and manager, or trustee in bankruptcy of the Urbancorp Entities or any corporations related thereto.

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

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

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

Proceedings commenced at Toronto

MOTION RECORD
(Returnable May 24, 2016)

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