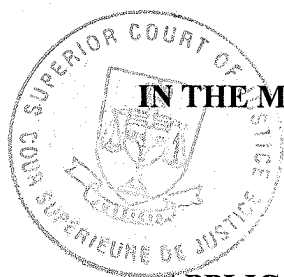


**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**  
**(COMMERCIAL LIST)**

THE HONOURABLE )  
JUSTICE NEWBOULD )

THURSDAY, THE 14TH  
DAY OF MARCH, 2017



**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,**  
**R.S.C. 1985, C. c-36, AS AMENDED**

**AND IN THE MATTER OF URBANCORP INC.**

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

**ORDER**

**THIS MOTION**, made by Guy Gissin, the Israeli Court-appointed functionary officer and foreign representative (the "**Foreign Representative**") of Urbancorp Inc. ("**UCI**"), for an order recognizing an order granted by the District Court in Tel Aviv-Jaffa, Israel (the "**Israeli Court**") on February 26, 2017 in the insolvency proceedings commenced against Urbancorp Inc., an order authorizing UCI to borrow the balance of the \$1,900,000 available under the interim lending facility approved by the Supplemental Order of this Court which was granted on May 18, 2016, and an order amending the Supplemental Order to give the Foreign Representative the benefit of the rights and protections afforded to a Monitor under the *Companies Creditors' Arrangement Act*, R.S.C. 1985, c. C-36 (the "**CCAA**"), and limiting the liability of the Foreign Representative in these proceedings to liability for gross negligence or wilful misconduct on his part in connection with the execution and submission of the Canadian income tax returns and related financial statements to the Canada Revenue Agency on behalf of UCI in his capacity as

court-appointed functionary officer and Foreign Representative of UCI and not in his personal capacity, was heard this day at 330 University Avenue, Toronto, Ontario.

**ON READING** the report of the Foreign Representative dated March 2, 2017, filed, and upon hearing the submissions of counsel for the Foreign Representative and counsel for KSV Kofman Inc. (the “**Information Officer**”), no one else appearing.

### **SERVICE**

1. **THIS COURT ORDERS** that the time for service and filing of the Motion Record is hereby abridged and validated so that this Motion is properly returnable today and any further service of the Motion Record on any interested party is hereby dispensed with.

### **RECOGNITION OF ISRAELI ORDER**

2. **THIS COURT ORDERS AND DECLARES** that the order granted by the Israeli Court on February 26, 2017, a copy of which is attached as Schedule “A” hereto, approving the Foreign Representative’s administration of the claims process, establishing a bar date for submitting a notice of objection with respect to disallowed or partially disallowed claims, and requesting the assistance of this Court in resolving the disputes of Canadian creditors who have filed a notice of objection, other than those of officers and controlling shareholders of UCI, is hereby recognized pursuant to Sections 49 and 61 of the CCAA.

### **INTERIM LENDING FACILITY**

3. **THIS COURT ORDERS** that UCI is hereby authorized and empowered to borrow the balance of the \$1,900,000 available under the interim lending facility from Urbancorp Partner (King South) Inc. or any of the Applicants in the CCAA proceeding in Court File No. CV-16-11389-00CL (each, an “**Interim Lender**”) in order to finance the reasonable expenses of the Foreign Representative, the reasonable fees and disbursements of the legal and financial advisors to the Foreign Representative, and the reasonable fees and disbursements of the Information Officer and its counsel in the proceedings, on the terms and conditions set out in the intercompany interim financing revolving credit facility term sheet between UCI and the Interim

Lender dated as of May 18, 2016, filed, and in accordance with the Supplemental Order of this Court dated May 18, 2016.

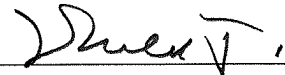
**RIGHTS AND PROTECTIONS OF THE FOREIGN REPRESENTATIVE**

4. **THIS COURT ORDERS** that the Supplemental Order granted by this Court on May 18, 2016 is hereby amended to give the Foreign Representative the benefit of the rights and protections afforded to a Monitor under the CCAA, and to limit the liability of the Foreign Representative in these proceedings to liability for gross negligence or wilful misconduct on his part in connection with the execution and submission of the Canadian income tax returns and related financial statements to the Canada Revenue Agency on behalf of UCI in his capacity as court-appointed functionary officer and Foreign Representative of UCI and not in his personal capacity

**MISCELLANEOUS**

5. **THIS COURT ORDERS** that this Order shall have full force and effect in all provinces and territories in Canada.

6. **THIS COURT REQUESTS** the aid, recognition and assistance of other courts in Canada in accordance with Section 17 of the CCAA, and requests that the Federal Court of Canada and the courts and judicial, regulatory and administrative bodies of or by the provinces and territories of Canada, the Parliament of Canada, and other nations and states act in aid, recognition and assistance of, and be complementary to, this Court in carrying out the terms of this Order and any other Order in this proceeding. The Foreign Representative shall be at liberty, and is hereby authorized and empowered, to make such further applications, motions or proceedings to or before such other court and judicial, regulatory and administrative bodies, and take such other steps, as may be necessary or advisable to give effect to this Order.



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ON / BOOK NO:  
LE / DANS LE REGISTRE NO:

MAR 14 2017

PER / PAR: 

**Schedule "A"**

TEL AVIV DISTRICT COURT

LIQUIDATION CASE 44348-04-16

REQUEST NO. \_\_\_\_\_

HONORABLE COURT PRESIDENT

JUDGE

IN RE: THE COMPANIES LAW, 5759-1999  
CORPORATE ORDINANCE [NEW VERSION] 5'  
AND IN RE: URBANCORP, INC.  
CANADIAN COMPANY NO. 2471774  
AND IN RE: ADV. GUY GISSIN – TEMPORARY FUNCTIONARY

Decision	26.2.2017
Application No. 32 in Case 44348-04-16	
Judge Eitan Orenstein	
For reasons of application and given Position of the Official Receiver, Approved as requested.	

The Position of the Official Receiver in application No. 3.

In view of the reasons for the request, inter alia, to allow the Canadian creditors to hold proceedings regarding their debt claims decision as specified in the request. Excluding the controlling shareholder and the Company's officers (the Official Receiver does not object to request in question).

(-)  
Gali Atron  
Corporate Department  
Official Receiver

26.2.2017

THE FUNCTIONARY

THE OFFICIAL  
RECEIVER

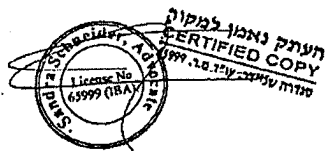
**UPDATE REPORT NO. 7 ON BEHALF OF THE FUNCTIONARY AND A  
REQUEST FOR INSTRUCTION AS TO DEBT CLAIMS PROCEDURES IN  
CANADA**

The Functionary hereby submits to the Honorable Court an update report on his behalf regarding claims procedures which are taking place simultaneously in Israel and in Canada.

The Company is, as previously mentioned, a Canadian company, the prospectus of which subjects it to Canadian Law with respect to insolvency and distribution matters, alongside the Israeli Law with respect to the Deed of Trust for the Company's Series A Bonds (hereinafter: "The Bonds"), and the Securities Law, 5728-1968 and its regulations.

As such, the claims procedures were heard and ruled on according to both the Canadian Law and the Israeli Law.

Accordingly, special procedures will be suggested in this report such that the Canadian creditors of the Company can have any disputes relating to their claims determined by the Canadian Court applying Canadian law (except for the controlling shareholders and the Company's officer who specifically agreed to be subject to Israeli law and Israeli jurisdiction).



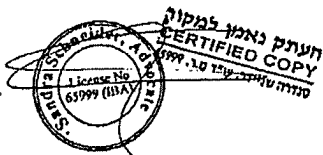
**A. PROCEDURES FOR FILING DEBT CLAIMS**

1. On 4/25/2016 the Court ordered the appointment of Adv. Guy Gissin as the Functionary to the Company, and instructed him, inter alia, to form a preliminary Creditors' Plan for the Company (hereinafter: "The Order").
2. This decision was recognized by the Canadian Court on 5/18/2016, and the Israeli proceedings were determined to be the foreign main proceeding and the Functionary was recognized as the foreign representative of the Company in Canada.
3. On 5/24/2016 the Court ordered the Functionary to publish a notice requiring the Company's creditors to file debt claims within 30 days, a period which was extended to 8/5/2016 by Court Order dated 6/14/2016, in order to synchronize with the period ordered by the Canadian Court. The Canadian Court on 6/15/2016 recognized the Court Order dated 6/14/2016.
  - Copies of the public notice in the official registry, and in newspapers in Israel and in Canada on the dates of 5/29/2016 and 6/15/2016 are attached as Appendices A1 and A2.

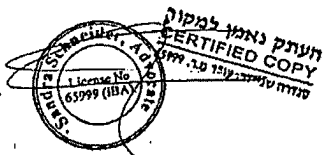
**B. PROCEDURES FOR FILING THE DEBT CLAIMS TO THE COURT**

4. To date, the Functionary received 9 debt claims from Israeli creditors and 11 debt claims from Canadian creditors, in an aggregate amount of NIS 200,405,635 (excluding contingent claims), with the majority of claims originating from a debt claim of about NIS 191 million which was filed by Trustee for the Bonds on behalf of Series A Bond holders.
5. In addition to the Bond holders, debt claims were filed in the aggregate amount of NIS 8.5 million (contingent claims excluded), by service providers, directors & officers, and other companies that were related. In addition, the Functionary received a number of contingent claims, for indemnification by the controlling shareholder, various service providers and officers of the Company under its indemnification undertaking (hereinafter: "The Indemnification Claims").
6. In addition, the Functionary received a debt claim from a former Bond holder, for losses allegedly suffered as a result of the sale of Notes during the month of April. The Functionary has disallowed this claim as more specifically set out below.
7. The following is a summary of the all debt claims which were received by the Functionary , along with the amount approved with respect to each claim:

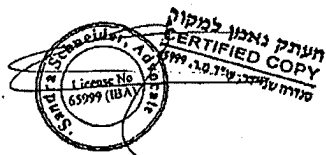
Creditor	Amount Filed	Claim Summary	Approved Amount
Shimonov & Co., Attorneys at Law	USD 10,838	Fees due for ongoing legal services provided to the Company	USD 10,838



Creditor	Amount Filed	Claim Summary	Approved Amount
	USD 20,000	Special Fee for preparing annual reports for 2015.	*****
Matri, Meiri & Co., Attorneys at Law	Up to USD 125,000	Fees for representation of the Israeli Directors in the Class Action of Tuvia Fachold Vs. Urbancorp, Inc. and Others (Class Action no. 1746-04-16) (Hereinafter: "The Class Action")	Up to USD 125,000, subject to presenting adequate invoices
PWC Canada	CAD 34,590	Fees for providing services of valuation reports audit	CAD 34,590
Mr. David Mandel (Officer / Director)	CAD 6,899	Out of pocket expenses borne by the Creditor on behalf of the Company	CAD 6,899
	CAD 7,440,020	Indemnification claim contingent upon the outcome of claims files against Mr. Mandel in his capacity as a Director of the Company	
Janterra Real Estate Advisors, Inc.	CAD 53,223	Fees for preparing appraisal opinion for commercial real estate	*****
WestSide Gallery Lofts, Inc.	CAD 256,791	Payments borne for the Company	CAD 160,000
Urbancorp Toronto Management Inc. (UTMI)	CAD 374,676	Payments for management fees and services provided as well as reimbursement for expenses borne for the Company	*****
Barry Rotenberg, Harris Sheaffer LLP	CAD 139,080	Fees for legal services provided	*****
Homelife Landmark Realty, Inc.	CAD 618,000	Commission payments for brokering services provided	*****



Creditor	Amount Filed	Claim Summary	Approved Amount
1481614 Ontario Inc. (formerly carrying on business as Coldwell Banker Case Realty)	CAD 171,592	Commission payments for brokering services provided	*****
Midnorthern Appliance	CAD 715,191 plus interest	Payments due for supply and installing of equipment	*****
Israeli Directors Dr. Eyal Geva, Mr. Ronen Nekar, Mrs. Daphna Aviram	NIS 221,018	Directors compensation - payroll	NIS 221,018
	NIS 42.2 million	Indemnification Claim – Class Action	*****
Mr. Ma'aravi Yitzhak Former Notes holder	NIS 24,484	Damages for selling Company Bonds in loss during the month of April 2016	*****
Apex Issuances Ltd.	Undisclosed	Claim contingent on the outcome of the class action suit no. 16552-04-16 based on the Company's Indemnification Undertaking	*****
Registration Co. of Mizrahi Tfahot Ltd.	NIS 32,296	Fees for registration company services provided	NIS 32,296
Raznik, Paz, Nevo - Series A Notes trustees	NIS 191,553,788	Payments of principal, interest and interest on arrears on the Bonds	NIS 186,053,675
	NIS 608,930	Trustee compensation and expense reimbursement including fees to their attorney	NIS 608,930 Subject to presenting adequate invoices
Mr. Alan Saskin	Undisclosed	Contingent claim for indemnification	*****



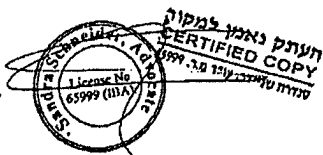


Creditor	Amount Filed	Claim Summary	Approved Amount
KSV, Monitor for the Company's subsidiaries under the CCAA ("KSV")	Undisclosed	A claim without a specified amount , which may be based on transactions and/or undertakings by and among the companies in the group, pre-insolvency	*****

**C. THE DECISION ON THE DEBT CLAIMS**

8. On December 1, 2016, the Functionary issued notices of allowance, partial disallowance and disallowance to both the Canadian and Israeli creditors other than KSV.
9. The Functionary allowed the debt claims of the Bonds Trustee in the amount of NIS 180 million for the full principal amount of the Bonds and in the amount of NIS 5.5 million for contractual interest up to the date of the Appointment Order. In light of the existence of securities granted for the benefit of the Bondholders the Functionary acknowledged the components of the debt claim of the Trustee which were allowed, as secured debt only up to the amounts which would be actually received from the repayment of any of the shareholders' loans which the Company granted to the to the companies holding the Back-up Properties (as defined in the prospectus).
10. In addition, the Functionary allowed as of the date of this update report debt claims in the aggregate amount of approximately NIS 2 million,<sup>1</sup> out of an amount of approximately NIS 8.5 million (exclusive of contingent claims), which were filed by service providers to the Company, officers and the Company subsidiaries.
11. The Functionary received a debt claim from a Former Bondholder, for damages due to an alleged loss in selling the Bonds during the month of April, 2016. The former bondholder in Motion no. 23 asked this Honorable Court to instruct the Functionary to acknowledge the debt claims of former Bondholders in accordance to the purchase price of the Bonds and the loss actually incurred. In light of the rejection of the request for instructions by this Honorable Court dated 1/24/2017, this debt claim has been disallowed as well.
12. The decisions in respect of the Israeli debt claims were made in the Hebrew language and according to Israeli law, and the decisions in respect of the Canadian debt claims were made according to Canadian law, and in the English language, by the Canadian legal advisors of the Functionary, which was in accordance to the provisions of the prospectus regarding the issuance of the Bonds which stipulated that the Canadian law will apply with respect to insolvency and distribution matters.

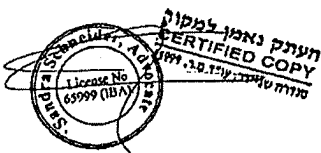
<sup>1</sup> All the amounts in this section were calculated according to the representative exchange rate (according to the rate published at the end of day by the Israeli Bank) of the Canadian Dollar and US Dollar on the day of 4/25/2016 – the date of the Order.



13. An exception to the foregoing was in respect of the debt claims filed by the controlling shareholder, Mr. Alan Saskin and Canadian officers, who made personal commitments in the prospectus including in the Deed of Trust (which was signed on December 7, 2015), that specified that Israeli law would apply in insolvency matters. Accordingly, these debt claims were decided under Israeli law but after consultation with Canadian counsel to the Functionary to confirm that under Canadian law the choice of Israeli law would be recognized in Canada.
14. The Functionary provided creditors with 45 days to appeal any disallowances from the date the decision letter was received (i.e. until 1/15/2017 with respect to the Israeli creditors and until 1/16/2017 with respect to the Canadian creditors) (hereinafter: "The Bar Date").

**D. REQUESTS AND APPEALS ON THE RULING IN THE DEBT CLAIMS**

15. As of the Bar Date, the Functionary has received several written requests for reconsideration. In addition, one appeal was filed with the Honorable Court on behalf of the directors with respect to a disallowance, as specified below.
16. The Canadian legal advisors of the Functionary received four appeals from the disallowances. As is specified in section 24 hereof, it is requested that appeals of Canadian creditors, other than the controlling shareholder, be determined by the Canadian Court applying Canadian law.
17. The applications made by one of the Israeli creditors to the Functionary requesting him to re-examine the disallowance are subject to the claimant providing additional information to the Functionary, without constituting an agreement to extension of time for filing an appeal, to the extent requested.
18. On January 15, 2017, this Honorable Court received an appeal notice regarding the disallowance of the directors indemnification claim (Civil Appeal 33007-01-17 Nakar and Others vs. Urbancorp), relating to the class action suit Tuvia Fachold vs. Urbancorp, Inc. (Class Action 1746-04-16). The date for filing the Functionary's response to the appeal notice is 2/23/2017 and the detailed response of the Functionary to the arguments in the appeal notice will be filed by that date.
19. Apex Issuances Ltd. (hereinafter: "Apex") filed a request for permission to file a third party notice against the Company, within a request for approval of a class action suit filed by another class action plaintiff – Mrs. Naomi Monrov vs. Apex, for a total amount estimated at millions of New Israeli Shekels (Request no. 24). Therefore, Apex has requested that this Honorable Court postpone the due date for appealing the debt claim filed against the Company, until such time when the honorable court has decided in the Apex request and determined that "...at this point an extension is granted as requested and until further notice." A hearing with respect to the request for permission to file a third party notice was scheduled to 3/17/2017.



**E. DEBT SETTLEMENT PROCEDURES**

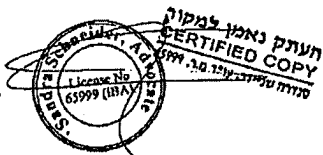
20. On 1/8/2017 the Functionary filed a request for extension of his appointment and approval of an assembly of a creditors meetings for the purpose of approving a debt settlement plan in the Company during the first quarter of 2017, so that the distribution of proceeds anticipated from the selling of a meaningful portion of the of the Company subsidiaries assets be made possible (hereinafter, the "Debt Settlement Plan").
21. The debt data used for the purposes of the distribution according to the Debt Settlement Plan will be in accordance to the decisions of the Functionary in these debt claims procedures as mentioned above, subject to appeals and the debt claims still being resolved as provided above. Creditors who have not filed their debt claim by the Bar Date may not submit any debt claims to the Functionary, unless there are circumstances which justify an extension.

**F. REMEDIES REQUESTED OF THE COURT**

22. For the purpose of completing the debt claims procedures and debt decision, and the ability to make distributions within the Debt Settlement Plan, the Honorable Court is hereby asked to approve the procedures taken thus far by the Functionary, subject to requests and appeals currently outstanding with the Functionary in Canada and in Israel. In accordance and subject to the approval of the court as mentioned above, this report will be filed for recognition in Canada as well.
23. The Israeli and Canadian courts are also requested to confirm that the Bar Date be enforced by appropriate orders prohibiting any claims being raised now. With the exception to claims received or in relation to creditors who contacted the Functionary or the Canadian representatives as set as described above.
24. In addition, the Honorable Court is hereby requested to seek the assistance of the Canadian court to determine any appeals by Canadian creditors (other than the controlling shareholder) in accordance with Canadian law. This is being requested in light of the fact that the creditors in question are Canadian creditors of a Canadian company, the prospectus specifically applies Canadian insolvency and distribution laws, and in order to enable the Canadian creditors, practically, to appeal the disallowances without having to go through a legal proceeding in Israel. Excluded from this procedure are, as mentioned above, the controlling shareholders and the Company's officers who specifically agreed to be subject to Israeli law and Israeli jurisdiction.

\_\_\_\_\_  
Yael Hershkovitz, Adv Sandra Schneider, Adv  
Attorneys of the Functionary of Urbancorp, Inc.

Today, February 8<sup>th</sup> 2017, in Tel Aviv



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

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

Proceeding commenced at Toronto

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**ORDER  
(March 14, 2017)**

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*Lawyers for the Foreign Representative*