

Court File No. CV-16-11389-00CL

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

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

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

**FIFTH REPORT TO THE COURT OF GUY GISSIN, IN HIS CAPACITY AS COURT
APPOINTED FUNCTIONARY AND FOREIGN REPRESENTATIVE OF URBANCORP
INC.**

(October 27, 2017)

A. PURPOSE OF THE REPORT

1. The purpose of this Fifth Report is to identify certain concerns that Guy Gissin (the "Foreign Representative") as functionary officer of UCI has in connection with the Nineteenth Report of KSV Kofman Inc., dated October 24, 2017, submitted in these CCAA Proceedings ("Nineteenth Report"). Capitalized terms not otherwise defined in this Fifth Report have the meaning ascribed thereto in the Nineteenth Report.
2. Among the specific concerns of the Foreign Representative are: (i) the proposed URPI Loan Facility (Section 3.3 of the Nineteenth Report); and (ii) the Downsview summary (Section 3.7 of the Nineteenth Report).
3. The Foreign Representative is requesting that the approval of the URPI Loan Facility be adjourned and that the approval that the Monitor requests for its activities exclude Section 3.7 of the Nineteenth Report.

B. URPI

4. UCI is the only remaining non-contingent creditor of the Cumberland One entities. The proposed funds to be used for the URPI Loan Facility are monies that should otherwise be available to UCI.
5. As noted in the decision of Judge Orenstein, attached as Appendix C to the Fourth Report of the Foreign Representative, UCI creditors are not likely to be repaid in full.
6. The first time that the Foreign Representative learned of the proposed URPI Loan Facility is at the time that the Nineteenth Report was served.
7. The Monitor gave no prior indication that it was considering using funds which otherwise could be distributed to UCI to fund the on-going URPI geothermal litigation. The Foreign Representative has advised the Monitor that it should have been consulted in advance of seeking court approval. There appears to be no immediate urgency for this funding as according to the Monitor URPI is still entitled to approximately \$268,000 on its admitted claim. There is no suggestion that URPI would exhaust its remaining funds prior to any loan being drawn down.
8. Additionally, UCI has not been provided with any detailed assessment of the litigation and accordingly is not in a position to assess the risks and benefits to UCI of the proposed loan.
9. The Monitor also reports that the Edge estate may have an interest in the Edge geothermal. There is no indication whether the Edge estate has been approached for funding.
10. The Foreign Representative has informed the Monitor that it is prepared to discuss the proposed loan with the Monitor on either October 30 or 31. In trying to assess this matter the Foreign Representative has requested that the Monitor advise on its views on the geothermal litigation and likelihood of recovery.
11. In addition, the Foreign Representative needs to be satisfied that there is no risk of the URPI Loan not being repaid. The Foreign Representative is also concerned that he may require direction from the Israeli Court in order not to object to the loan.

C. DOWNSVIEW

12. UCI is the 98% creditor of Downsview, owed about \$10million. There is no other stakeholder in this proceeding that has an economic interest in this Project. The Israeli Court has found, as a factual finding that UCI's creditors are not likely to be paid in full, the vast majority of whom are located in Israel and to whom the Foreign Representative owes a duty.
13. Given the Foreign Representative's understanding of the recent downward trends in the Toronto real estate market, along with issues that have been publicized around the first phase of this Project, the Foreign Representative is concerned that delaying the disposition of the Project will negatively impact UCI's creditors.
14. The Foreign Representative has made inquiries of the Monitor relating to the value and likely recovery scenarios and is currently awaiting a response.
15. Any approval of the Monitor's activities relating to Downsview should be deferred pending the Monitor providing information relating to Downsview that was recently requested from the Monitor and, if necessary, directions from this Court.

D. RECOMMENDATIONS

16. The Foreign Representative respectfully requests that this Honourable Court:
 - a. Adjourn the portion of the motion seeking approval of the URPI Loan Facility;
and
 - b. Exclude from the approval requested Section 3.7 of the Nineteenth Report.

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All of which is respectfully submitted this 27 day of October, 2017

**Guy Gissin, in his capacity as Court-Appointed
Functionary and Foreign Representative of
Urbancorp Inc., and not in his personal or
corporate capacity**



G. Gissin

SCHEDULE "A"**LIST OF NON APPLICANT AFFILIATES**

Urbancorp Power Holdings Inc.

Vestaco Homes Inc.

Vestaco Investments Inc.

228 Queen's Quay West Limited

Urbancorp Cumberland 1 LP

Urbancorp Cumberland 1 GP Inc.

Urbancorp Partner (King South) Inc.

Urbancorp (North Side) Inc.

Urbancorp Residential Inc.

Urbancorp Realtyco Inc.

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ONTARIO

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

Proceeding commenced at Toronto

**FIFTH REPORT TO THE COURT OF THE
FOREIGN REPRESENTATIVE OF
URBANCORP INC.**

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RESPONDING MOTION RECORD
(returnable October 30, 2017)

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