

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**

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

(November 3, 2017)

**A. PURPOSE OF THE REPORT**

1. Guy Gissin (the "Foreign Representative") as functionary officer of Urbancorp Inc. ("UCI") submits this confidential report: (a) in response to the Twentieth Report of KSV Kofman Inc., dated November 2, 2017, submitted in these CCAA Proceedings ("Twentieth Report"); and (b) to request that the Monitor be directed to appoint a project auditor pursuant to the rights that Urbancorp Downsview Park Development Inc. ("UDPDI") has in the relevant agreements with Mattamy (Downsview) Limited ("Mattamy") in respect of the Downsview Park Development project (the "Project").

**B. TWENTIETH REPORT**

2. UCI is the only remaining non-contingent creditor of the Cumberland One entities.
3. UCI is the 98% creditor of Downsview, owed about \$10 million. The remaining 2% is owed to non-arm's length parties. There is no other stakeholder in this proceeding that has

an economic interest in this Project. To the extent that the Twentieth Report states concerns around “extra costs” and “to unnecessarily run up costs”, for example, there is no other stakeholder other than UCI. The Foreign Representative is responsible to account to the court in Israel for all its activities. The Foreign Representative is concerned that the Monitor is providing gratuitous comments critical of another court officer, in circumstances where the criticism has no bearing on the proceeding for the reasons above as well as the fact that the Monitor should be focused on the interests of the most critical stakeholder remaining in this proceeding.

4. Pursuant to the authority granted to it by the Israeli Court, the Foreign Representative has brought a motion to the Israeli Court seeking production of certain information relating to the Project. The Monitor is seeking to pre-empt the ability of the Israeli Court to determine the motion which is currently before it. The Israeli court should first rule on the appropriateness of the request that the Foreign Representative has made to the Israeli court. The Monitor has had counsel in Israel throughout the proceeding and is entitled, if it chooses, to make submissions relating to the relief sought from the Israeli Court. The Israeli Court has repeatedly demonstrated that it respects the on-going companion CCAA proceedings shown and the jurisdiction of the Canadian court either by direct requests for assistance or recognition or by making orders that are conditional upon this Court deciding that the relief is appropriate.<sup>1</sup>
5. The Foreign Representative’s request to the Israeli Court does not detract from the Monitor’s powers nor does it interfere with these CCAA proceedings. The Foreign Representative is not seeking the ability to realize UCI’s property. As is set out in more below, the Foreign Representative is trying to determine when and how best to monetize the remaining assets, of which the Project was represented in the Prospectus as being a very material asset. Additionally, the information being sought is further to the

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<sup>1</sup> For example, in the context of disputed claims the Israeli Court requested that this Court deal with the claims of Canadian creditors, other than Alan Saskin who attorned to Israeli jurisdiction, even though it could have required the claims be decided in the main Israeli proceeding. In the context of an action against Alan Saskin, the Israeli court in deference to the Canadian BIA proposal proceedings expressly conditioned its approval on this Court granting leave (a matter that will be the subject of a future motion in that proceeding).

investigative mandate which the Israeli Court granted the Foreign Representative in respect of a subsidiary of UCI, which was recognized by the Canadian Court in these proceedings.

6. Should the Israeli Court decide to grant the Foreign Representative's motion, it will then seek recognition of the Order from this Court.
7. Accordingly, the Foreign Representative respectfully requests that the Monitor's motion be dismissed.
8. The Foreign Representative further notes, that the actual owner of the Project, Downsview Park Homes Inc. ("DPHI"), in neither a CCAA Applicant, nor is it a company listed in Schedule A to the initial CCAA Order in this proceeding (which are collectively defined as the "Urbancorp CCAA Entities"). Even if seeking information related to the Project could somehow be construed as a "Proceeding" it is not in respect of the "Urbancorp CCAA Entities", nor of the "Business", as those terms are both defined in the initial order granted in this proceeding.<sup>2</sup>

#### C. DOWNSVIEW PROJECT AUDITOR

9. Due to confidentiality concerns around financial information that it had received, the Foreign Representative previously advised this Court as to general concerns around the Project related to 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 has been concerned for some time, and remains concerned, that delaying the disposition of the Project would negatively impact UCI's creditors. The Foreign Representative has made inquiries of the Monitor relating to the value and likely recovery scenarios and is currently awaiting a response. REDACTED

REDACTED

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<sup>2</sup> The Order is attached as Appendix A to the Twentieth Report.

REDACTED

18. The Monitor repeatedly refused the Foreign Representative's requests to meet with Mattamy to discuss the Project. On September 29, 2017, the Monitor partially relented but more recently Mattamy has advised that it is not prepared to meet with the Foreign Representative. REDACTED

19. The Foreign Representative then followed up with questions to the Monitor. The gist of the response was that due to a series of amendments to the Co-Ownership Agreement that preceded these proceedings, the Monitor was entirely dependent on the goodwill of Mattamy to get financial information and that it has no consent or approval rights.

REDACTED

REDACTED

24. REDACTED

Therefore the Foreign Representative is of the view that information is contractually obliged to be provided, not solely as a result of Mattamy's goodwill.

REDACTED

REDACTED

26. REDACTED the Foreign Representative requested that the Monitor retain an independent expert to review the Project and financial information from Mattamy. To date, the Monitor has not responded to this request. The Foreign Representative believes it urgent that the Monitor be directed to retain an independent expert to review the budgets and financial information received from Mattamy and report to the Monitor and the Foreign Representative.

27. The Foreign Representative understands that several qualified firms could take on such a mandate including Avison Young and Pelican Woodcliff. If this Court sees fit to direct the Monitor to retain an independent expert, the Foreign Representative would propose to agree on such expert with the Monitor.

#### D. RECOMMENDATIONS

28. The Foreign Representative respectfully requests that this Honourable Court:

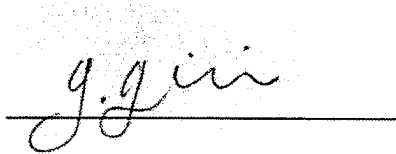
- (a) Dismiss the Monitor's motion;
- (b) Alternatively, adjourn the Monitor's motion pending the determination of the Foreign Representative's motion by the Israeli Court; and
- (c) Direct that the Monitor retain an independent expert to review and report on the financial information related to the Project.

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<sup>5</sup> Monitor's Nineteenth Report, Section 3.7, par. 6.

All of which is respectfully submitted this 3<sup>rd</sup> day of November, 2017

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

A handwritten signature in cursive script, appearing to read "g. gissin", is written above a solid horizontal line.

**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.