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TEL AVIV – YAFFO DISTRICT COURT

CD 44348 – 04 – 16 REZNIK PAZ NEVO TRUSTS LTD. VS

May 22nd 2016

Urbancorp Inc., Canadian Company 2471774 et al.

Before the honorable Judge Eitan Orenstein, Vice-President

1 Concerning: Companies Law, 5759 – 1999
2 Companies Regulations (Request for a Settlement or Arrangement), 5762-2002

3 And Concerning: Urbancorp Inc.
4 Canadian Company no. – 2471774

Company

6 And Concerning: Adv. Guy Gissin
7 Personally and/or by representative Adv. Nahari & Co.

Officeholder

9 And Concerning: REZNIK PAZ NEVO TRUSTS LTD. -
10 Trustee for Bondholders (Series A) of Company

Trustee

12 And Concerning: Official Receiver
13 By representative Adv. Roni Hirshenzon

OR

15 Attendants:
16 Adv. Gissin, the Officeholder and also representative Adv. Nahari and Adv. Genya Bluchman
17 Mr. Reznik, Trustee's representative
18 Adv. Hirshenzon, the OR's representative
19 -

PROTOCOL

21 Adv. Gissin:
22 We have managed to reach, I think, a situation in which the legal problem – to the Court's question I reply that the
23 arrangement has been approved in Court, in light of the arrangement, I have attached to the Court on Friday when we filed the
24 report, and I understand that it did not reach the Court.



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1 The Canadian Court has fully approved this proceeding as the primary insolvency proceeding, and my appointment as an
2 Officeholder. Appendix 3 is an order of acknowledgement of my powers.

3 In the Toronto Court, the ongoing insolvency proceedings pertain to all companies and the bankruptcy proceeding of the
4 controlling shareholder. There are 2 officeholders, the primary officeholder is Mr. Kaufman, with whom I have reached the
5 cooperation agreement in which applications have been submitted to CCAA upon Kaufman's appointment as the super-
6 monitor, the supervisor of such companies. Insofar, there was a problem that the controlling shareholder was the manager of
7 such companies, and then it was solved. There are 6 companies that jointly hold a project called Edge, to which he was
8 appointed in this stage – the project is not one of the projects backed by bonds; currently no other trustee has been appointed
9 there. This has been done without our consent and we have the option of objecting to it. They argue that it has no value and we
10 reason otherwise. Thus, I am submitting a confidential request.

11 We request two things: an extension of my order of appointment by an additional four months. The order expires today. The
12 second request is in fact, part of the previous ruling, which I shall attempt to form a creditor arrangement proposal in the next
13 couple of weeks.

14 The arrangement that I intend to propose is focusing the method of conduct – I think it is very important to eventually reach a
15 situation in which creditors are on a reasonable schedule, and file debt claims. There is a situation in which I must choose the
16 way. Eventually, I want to offer the Company's assets for realization and jointly formalize and organize the claiming rights in this
17 relation – part of the claiming rights allegedly belong with the bond's trustee and that is one of the things that can be
18 contributed to the arrangement fund in a creditor arrangement.

19 To the Court's question, I reply that indeed, they still do not know what they will be receiving. To the Court's question I reply
20 that indeed there is no better alternative.

21 Realization of encumbrances, same as liquidation, is not a good method and even a problematic one, therefore the right
22 solution is in the form of a principle creditor arrangement in which a test will be made. The creditors have provided a cushion of
23 money, there is a total of CAD 1.9 million that was in one of the subsidiaries. This money was transferred to Mr. Kaufman on
24 the day of his appointment. We argued that this company has no creditors and that is why he needs to go up. The arrangement
25 that we reached was, in case this company has no creditors, the money should go up to the company in the title. This concerns
26 CAD 1.9 million that we agreed that we could use, so that we could at least make some use of the money in the Israeli fund.
27 This is a very substantial sum. This process has saved us a great deal.

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Adv. Hirshenzon:

The OR has no principal objection to the requested.

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RULING

On day 04.25.16 I have given a ruling in the Bondholders Trust Request of "Urbancorp Inc.", which is a company registered in Canada, to appoint an officeholder according to the Companies Regulations (Request for a Settlement or Arrangement), 5762 – 2002. The following day, a hearing took place in the presence of the Parties, after which I have given a ruling that accepts the request, by which I have appointed Adv. Guy Gissin as the Officeholder in the Company and have vested powers in him as specified in section 9 of the Ruling.

The Officeholder executed various actions, *inter alia*, had words with officeholders who have been appointed as part of the insolvency proceedings that had been taken in Toronto, Canada. Recently, on day 05.18.16, a hearing took place in the Toronto Court, and resulted in the issuance of various orders, *inter alia*, acknowledgment of the proceeding herein. The Officeholder submitted a report to the Court on Friday, to which appendices have been attached, which describe the actions that have been taken and also the arrangement that has been made with the Officeholder in Canada.

In the hearing today, the Officeholder updated the Court on developments, also on the proceedings' continuance. In such setting, the Court has been requested to extend the Officeholder's appointment and also to allow him to submit a request for an outline of a creditor arrangement that is considered as the preferred alternative over other insolvency alternatives.

The Official Receiver's representative does not object to the appointment's extension.

I have reviewed the report and made note of the Officeholder's words.

Due to the reasons in the request, I extend the Officeholder's appointment up to day 09.22.16.

I approve that the Officeholder may operate to form an outline of creditor arrangement, convene the creditors and as set in the Regulations.

Another update will be submitted as necessary.

Sandra Schneider, Advocate
License No 65999 (IBA)

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1 Given and announced today, 14 Iyar 5766, 05/22/2016 in the presence of the Parties.

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5 Typed by Oria Oren

Eitan Orenstein, Judge
Vice President

