

In the Tel Aviv District Court

LF 44348-04-16

Motion No.

Before the Honorable Chief Justice E. Orenstein

in re: **The Companies Law, 5759-1999**

The Companies Ordinance, 5743-1983

the Companies Law

and in re: **Urbancorp Inc., Canadian Company No. 2471774**

The Company

and in re: **Adv. Guy Gissin - provisional functionary officer of the Company**

acting by his attorneys Adv. Yael Hershkovitz and/or Inbar Hachimian-Nahari and/or Sandra Schneider

of Gissin & Co., Law Firm, 38B Ha'Barzel Street, Tel Aviv 69710, Tel. 03-7467777, Fax. 03-7467700

The Officer

and in re: **The Official Receiver**

of 2 Ha'Shlosa Street, Tel Aviv, Tel. 03-6899695, Fax. 02-6462502

The Official Receiver

Complementary Report to Update Report No. 6 on behalf of the Official

Further to Update Report No. 6 which was filed with the honorable court on November 9, 2016, the Official hereby respectfully reports to the Court complementary information which was authorized for publication in Canada. The update will refer to the completion of the sale of the Lawrence project held by a subsidiary of the Company and to the amount of proceeds which will be received in the account of the Canadian official KSV Kofman Inc. (hereinafter, the “Monitor”) from the sale of the backing assets¹.

A. Finalization of the Sale Transaction of the Lawrence Project

1. As reported in Update Report No. 6, the sale of the Lawrence Project was to be concluded by the end of September 2016, however its finalization was delayed due to discussions with the potential buyer regarding completing the transaction’s consideration.
2. The agreement for the sale of this asset was finalized on November 11, 2016 and was approved by the Canadian court on November 16, 2016.

A copy of the order granted by the Canadian court on November 16, 2016 is enclosed and marked as **Annex A**.

B. The Consideration for Selling the Four Backing Assets

1. On November 17, 2016 the prices for the sale of the Backing Assets were authorized for publication.
2. The expected proceeds for the sale of the four Backing Assets of the subsidiaries are in a minimal amount of approximately CAD\$ 76.5 million gross [“bruto”], in accordance with the following:
 - A. St. Clair CAD\$ 15.15 million.
 - B. Patricia CAD\$ 16.8 million.
 - C. Mallow CAD\$ 21.3 million.
 - D. Lawrence CAD\$ 23.2 million, with an option to receive an additional amount of up to CAD\$ 845,000.
3. As reported earlier, as per the prospectus for the issuance of the bonds and the Company’s reports, the Company transferred to the subsidiaries holding the backing assets, out of the proceeds of the issuance of the bonds, owners’ loans in

¹ Project Lawrence, Patricia, St. Clair and Mallow (hereinafter, the “Backing Assets”). The Downsview project was also defined in the prospectus for the issuance of the bonds as a baking asset, however this project was not offered for sale within the framework of the proceedings managed by the Monitor and therefore is not included in the definition of the Backing Assets for the purpose of this report.

a total amount of approximately CAD\$ 36 million², and appropriate proofs of claim were filed in this respect by the Official towards the relevant subsidiaries.

4. However, the proofs of claim proceedings in most subsidiaries in the group being managed by the Monitor have not yet been completed, so at this time there is no full picture of the entire debts of these subsidiaries towards third parties (including among others for financing bankruptcy proceedings); and in addition, with respect to several assets there are mortgages which need to be repaid out of the sales proceeds. Accordingly at this time [there is no] sufficient information with respect to the amounts which will be received by the Company as return on owners' loans and/or investment.
5. The Official will update the honorable court as soon as possible with respect to the proceeds expected to be received by the Company as a result of realization of the backing assets, whether as return on proofs of claim filed by the Official to the Monitor and whether as dividend after repayment of all the subsidiaries' debts.
6. In addition the Official will continue to update as soon as possible with respect to realization of additional assets of the subsidiaries which are now relevant and with respect to appropriate proceedings which may be initiated with respect to the Company's rights towards third parties

Yael Hershkovitz, Adv.

Sandra Schneider, Adv.

Attorneys for the Official of Urbancorp, Inc.

Today, November 18, 2016, Tel Aviv

² An additional amount of CAD \$ 10 million was put by the Company for the benefit of the Downsview project - which is not for sale and which was not included in the prospectus as a "backing asset".