

Tel Aviv-Jaffa District Court

LF 44348-04-16

In re: **The Companies Law, 5759-1999**
The Companies Ordinance [New Version], 5743-1983

The Law

and in re: **Urbancorp Inc., Canadian company no. 2471774**

The Company

and in re: **Adv. Guy Gissin, the Company's provisional functionary**

acting by his attorneys Adv. Yael Hershkovitz and/or Gilad Bergstein and/or Sandra Schneider, of Gissin & Co., Advocates, 38B Ha'Barzel Street, Tel Aviv 69710, tel. 03-7467777; fax. 03-7467700

The Functionary

and in re: **The Official Reciver**

of 2 Ha'Shlosa Street, Tel Aviv, tel. 03-6899695, fax. 02-6467502

The Official Receiver

and in re: **1. The Fuller Landau Group Inc. (as proposal trustee of Alan Saskin)**
2. The Webster Trust
3. TCC / Urbancorp Bay Stadium LP
4. Urbancorp Management Inc.

acting by their attorneys, Adv. Ofer Tzur and/or Harel Shoham and/or Liron Karass, of Gornitzky & Co., Advocates, of 45 Rothschild Boulevard, Tel Aviv 6578403, tel. 03-7109191, fax. 03-560655

The Applicants

**Application to Join Proceedings on behalf of the Canadian Trustee
in Bankruptcy Proceedings of Mr. Alan Saskin in Canada
and on behalf of the Company's Shareholders**

The Honorable Court is moved to use its power pursuant, *inter alia*, to section 62 of the Companies (Application for a Settlement or Arrangement) Regulations, 5762-2002 (hereinafter - the "**Arrangement Regulations**") and to allow the Applicants - The Fuller Landau Group (as proposal trustee of Alan Saskin), The Webster Trust, TCC / Urbancorp Bay Stadium LP, Inc. and Urbancorp Management Inc. (all hereinafter - the "**Applicants**") to join the above proceedings as a party.

And these, *inter alia*, are the grounds of the application:

1. Proceedings are being conducted in the Honorable Court in accordance with section 350 of the Companies Law, 5759-1999, in the matter of Urbancorp Inc., a company incorporated in Canada, whose assets are in Canada, which issued bonds in Israel (hereinafter - the "**Company**").
2. On April 25, 2016, Adv. Guy Gissin was appointed as the Company's functionary. Adv. Gissin's appointment was extended from time to time, and recently, on January 10, 2017, the Honorable Court extended Adv. Gissin's appointment by another 90 days, and granted Adv. Gissin approval to convene meetings for approval of a creditors' arrangement, which will be published during the first quarter of 2017, as provided in Adv. Gissin's application of January 8, 2017.
3. The undersigned's firm was recently contacted by the Applicants, whose interest in the proceedings is as follows:
 - 3.1 **The Fuller Landau Group** - *inter alia* serves as the proposal trustee of Mr. Alan Saskin, the Company's controlling shareholder, in the framework of the bankruptcy proceedings that are being conducted against him in Canada.

The Fuller Landau Group effectively represents the interests of the collective creditors of Mr. Alan Saskin.

With regard to The Fuller Landau Group's appointment as trustee (proposal trustee) for Mr. Alan Saskin's bankruptcy, see also Adv. Gissin's application of May 2, 2016 (application no. 4).

For the sake of good order, it should be remembered that the Fuller Landau Group is **also** the trustee¹ appointed for the Edge Group companies (a group of subsidiaries of Urbancorp), and there is even a collaboration agreement between the Applicant and Adv. Gissin, as provided in Adv. Gissin's application of June 13, 2016 (application no. 12).

¹ Originally the proposal trustee and currently "monitor".

- 3.2 **The Webster Trust, TCC / Urbancorp Bay Stadium LP and Urbancorp Management Inc.** are corporations which hold shares in the Company (through a corporation by the name of Urbancorp Holdco Inc.). These Applicants' holdings as aforesaid **give them the standing of shareholders in insolvency proceedings**, who are entitled, as is known, to receive the Company's surplus asset value and/or right balances after the Company's debts have been covered.
4. In this Honorable Court's ruling, it was held that it is necessary to include, in the framework of proceedings for the approval of creditors' arrangements, also the interest of the shareholders (see for example the decision of the Honorable President in LF (TA) 49085-11-11, Israel Credit Lines Supplementary Financial Services Ltd v. The Official Receiver (published in Nevo, February 8, 2013)), and of creditors of the controlling shareholder (see for example the Honorable President's decision of January 3, 2017 in LF 45412-12-16, Bank Hapoalim Ltd v. Eilat Bakery Ltd regarding the joining of the special manager for the controlling shareholder's assets to the receivership proceedings for a company held by him).
5. In light of the aforesaid, the Honorable Court is moved to order the joining of the said Applicants as a party to these proceedings, through their undersigned attorneys, including to order the Functionary to furnish the Applicants, through the undersigned's office, with any document filed in these proceedings, including the proposed arrangement, so that the Applicants can, if they so wish, file a response / reply to any application and/or proposed arrangement in this case.
6. Of course, it will also be possible to call a shareholders' meeting, for discussion of the proposed arrangement, when published, and after a response thereto is filed.
- The Applicants are reserving all their rights to file any further application in the framework of these proceedings, and this joining application does not exhaust the rights.
7. In addition, the Honorable Court is moved to order the court clerk to join the Applicants as a party to the proceedings, in order to enable access to this file through the "Net Ha'Mishpat" system.
8. Prior to filing this application, a telephone call was made to Adv. Gissin, during which Adv. Gissin gave his consent to The Fuller Landau Group joining these proceedings. At Adv. Gissin's request, a draft of this application was sent to him before it was filed, and his response to the application is annexed hereto as **appendix 1**.
- It goes without saying that the requirements detailed in the annexed letter are not relevant to the issue of the Applicants joining the proceedings and at this stage the Applicants are not responding thereto, insofar as it is necessary to respond to them at all.
9. This application does not express the Applicants' opinion on the debt arrangement that Adv. Gissin is proposing, the final wording of which has not yet been published.

(Signed)

Ofer Tzur, Adv.

(Signed)

Harel Shoham, Adv.

(Signed)

Liron Karass, Adv.

Appendix 1

**Urbancorp. Inc., no. with Canadian Registrar of Companies - 002471774 (in
Suspension of Proceedings)**

(Tel Aviv-Jaffa District Court - LF 44348-04-16)

through Adv. Guy Gissin - the Functionary

38 Ha'Barzel Street, Entrance B, Floor 6, Tel Aviv
Tel. 03-7467777, Fax. 03-7467700

Tel Aviv, February 7, 2017

By e-mail and fax - 03-5606555

To

Advs. Ofer Tzur and/or Harel Shaham and/or Liron Karass *et al*
Gornitzky & Co., Advocates
45 Rothschild Street
Tel Aviv 6578403

Dear Sirs,

LF 44348-04-16, Urbancorp Inc. (in Suspension of Proceedings) (the "Company")

At your request, herewith our response to the draft application for approval to join the case that you sent for our review and approval:

1. From reading the draft it emerges that the you are representing both the trustee in the personal bankruptcy proceedings of Mr. Alan Saskin - the Company's controlling shareholder (hereinafter - the "**trustee for Saskin**"), and companies held by the controlling shareholder and members of his family (hereinafter - the "**companies held by Saskin**" and jointly the "**Applicants**").
2. It goes without saying that the said companies are the actual controlling shareholders of the Company (through Urbancorp Holdco Inc., which holds all the

Company's shares). Moreover, some of the companies held by Saskin transferred material assets to the Company, in the framework of the Company's issue of the bonds. The transfer of these assets was a *sine qua non* for the issue of the bonds by the Company.

As is well-known to your principals, the validity of some of these acts is currently the subject of investigations and proceedings in both Canada and Israel. In addition investigations are taking place and debt claims have been submitted in connection with transfers of monies and assets of the Company to one of the companies held by Saskin, which are represented by you.

3. In light of all the aforesaid, we would request your confirmation that you are the address for the service of court pleadings in Israel for the trustee for Saskin and for the companies held by Saskin. Kindly produce the powers of attorney that were given to you on behalf of the Applicants.
4. According to the issue prospectus for the Company's series "A" bonds of December 7, 2015, *inter alia*, the controlling shareholder undertook to recognize Israeli law and jurisdiction in relation to a settlement, arrangement and insolvency. Therefore, so that we can consider your clients' application to join the proceedings by virtue of the standing of the companies held by Saskin as "**shareholders in insolvency proceedings**" (as worded in your letter), we would ask, for the sake of good order, that you confirm that the controlling shareholder's undertaking to recognize the law and jurisdiction as aforesaid applies to the companies held by Saskin, and that they will not object to application of the Israeli law and jurisdiction to the proceedings.
5. In addition, according to information reaching the Functionary, the Company in the past bore various costs of Saskin's personal legal representation, at the expense of the Company's fund and its creditors, such being in considerable amounts.

Therefore, we are requesting advance details of the expected financing and sources for the Applicants' representation by you, in order to ascertain that they do not impose costs on the Company's fund and/or the creditors' fund in the controlling shareholder's personal bankruptcy proceedings, of which the Company is one of its main creditors.

6. In light of the fact that the companies held by Saskin **are not** in insolvency proceedings (unlike Mr. Saskin himself and many other corporations), we are requesting clarifications regarding avoidance of a conflict of interest in relation to joint representation of the trustee for Saskin's personal bankruptcy proceedings, and of the companies held by Saskin which are currently not under the supervision of any court.
7. **Our consent to your joining the proceedings as a party thereto will only be given after we receive the required clarifications and confirmations, and subject thereto.**
8. **Insofar as notwithstanding the aforesaid, you file the joining application before giving all the clarifications and confirmations required, kindly annex this letter in full.**

Yours faithfully,

(Signed)

Yael Hershkovitz, Adv.
The Functionary's Attorney
Urbancorp Inc. (in suspension of proceedings)