

**In the Tel Aviv District Court**

**LF 44348-04-16**

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

**The Companies Law**

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

**The Company**

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

acting by Advs. Yael Hershkovich and/or Gilad Bergstein and/or Michael  
Missul, of Gissin & Co., Law Offices, 38B Habarzel Street, Tel Aviv  
69710, Tel. 03-7467777, Fax. 03-7467700

**The Functionary**

**and in re:    The Official Receiver**

of 3 Hashlosa Street, Tel Aviv, Tel. 03-6899695, Fax. 02-6467558

**The Official Receiver**

**Update Report No. 11 on behalf of the Functionary**

Further to update report no. 10 (application no. 45) and to the update notice for report no. 10 that was filed on June 28, 2017, Urbancorp's functionary (hereinafter - the "**Functionary**" and the "**Company**"), respectfully updates the Honorable Court as follows:

**A.   Update with regard to monies expected to be received from Canada**

1. Further to the update notice of June 28, 2017 (application no. 45), the Functionary has learned that at the end of last week a bank transfer in a sum of approx. CAD 29.4 million was made to the Functionary's account. The monies are expected to be received in the account in the coming days. Shortly thereafter, the Functionary intends filing a suitable application for a first distribution to the Company's creditors.

**B.   Update with regard to the claim filed by the Functionary against the Saskins and the family companies**

2. Meanwhile, as mentioned, the Functionary filed a claim in accordance with the Honorable Court's instructions against the Saskins and the family companies (as defined in the claim) (CF 46263-06-17) (hereinafter - the "**claim**"), and on June 21, 2017 served a copy thereof on the attorney for the family companies, Adv. Ofer Tzur of Gornitzky & Co., which pursuant to decisions of the Honorable Court of April 4, 2017 and April 25, 2017 (application no. 3) constitutes "**an address for the service of process in Israel**" for these parties.
3. However, despite the Honorable Court's clear and unequivocal decisions, which were conditions for the family companies joining these proceedings, Adv. Ofer Tzur, on June 29, 2017, returned the statement of claim that was served on his firm as aforesaid on June 21, 2017 to the Functionary, claiming that Gornitzky & Co. is not the address for the service of process for the family companies and/or anyone on their behalf in the claim proceedings, but "**only**" in the framework of the insolvency proceedings.
4. Moreover, even if there was any basis to the plea that Adv. Tzur is the address for the service of process only for the insolvency proceedings (and there is no basis to this plea), the Court's attention is drawn to the fact that the choice to conduct the claim herein as separate proceedings "outside" the insolvency case (and not by way of an application for the grant of instructions in the insolvency proceedings) was made in light of the instructions of the Court's Honorable President, in a decision on a privileged application for approval to file the proceedings. By nature, this claim is an inherent part of the insolvency proceedings and it is not without reason that the plaintiff filed an application for determination of a beneficiary, so that the claim will be heard before the Honorable President who is presiding over the insolvency proceedings.
5. On July 3, 2017 the Functionary filed an application in the claim file, a copy of which is annexed hereto as **appendix 1**, for an order that the service of the statement of claim (and the ancillary applications) on Gornitzky & Co. on behalf of the First to Fifth Respondents was duly effected.
- C. **Update on the need to extend the Functionary's appointment insofar as approval is not received for the Company's creditors arrangement by July 21, 2017**
6. In accordance with the Honorable Court's decision of April 20, 2017, the Functionary's appointment was extended until July 21, 2017.
7. As is known, the Company's creditors' meetings on May 24, 2017 voted and supported approving a creditors arrangement in the framework of which, *inter alia*, a request was made for the appointment of Adv. Guy Gissin as functionary - trustee for the Company's creditors arrangement.

8. By the deadline for filing objections to the arrangement, three objections had been filed: (1) the objection of Mr. Alan Saskin, Mr. Phillip Gales, Mr. David Mandel, Mr. John Bayern and Mr. James Cameron Somerville, who are represented by Adv. Gadi Ticho, which was filed on June 21, 2017; (2) the objection of Mr. Tuvia Pechthold, who is represented by Adv. Yael Hershkovitch, which was filed on June 2, 2017; (3) the objection of The Fuller Landau Group and the family companies (The Webster Trust, Urbancorp Management Inc. and TCC/Urbancorp Bay Stadium LP), which are represented as aforesaid by Adv. Tzur, that was filed on June 19, 2017).
9. The arrangement's approval is awaiting the decision of the Honorable Court. Nonetheless, in light of the fact that in another approx. three weeks the deadline until which the Functionary's appointment was extended is expected to pass, insofar as the creditors arrangement is not approved by July 10, 2017, the Functionary will file a suitable application to extend his appointment with the Honorable Court and with the Canadian court.

(Signed)

(Signed)

(Signed)

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Adv. Yael Hershkovich

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Adv. Gilad Bergstein

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Adv. Michael Missul

**Attorneys for the Functionary of Urbancorp. Inc.**

Today, July 3, 2017, Tel Aviv