

In the Tel Aviv District Court

**LF 44348-04-16
Applications 61 and 65
Before His Honor the President E. Orenstein**

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 - Functionary - the trustee for implementing the Company's creditors arrangement

by his attorneys Advs. Yael Hershkovitz and/or Gal Lugassi and/or Sharon Eisner-Bel, of Gissin & Co., Advocates, 38B Habarzel Street, Tel Aviv, Tel. 03-7467777, Fax. 03-7467700

the Functionary

and in re: the Official Receiver

of 2 Hashlosa Street, Tel Aviv, Tel. 03-6899695, Fax. 02-6467558

the Official Receiver

**Update Report no. 18 on behalf of the Functionary
and Revision of Distribution Application**

In accordance with the Honorable Court's decision of July 25, 2018 on application no. 65 (application for publication of a tender offer) and further to update report no. 16 and update report no. 17 that included an application for approval of a dividend distribution to the Company's creditors (application no. 61) (hereinafter - "**report no. 17**"), that were filed by the Functionary on May 28, 2018 and June 19, 2018 respectively, the Functionary is applying to revise the distribution application in relation to additional proceeds in a sum of approx. CAD 2.3 million that were received, and/or the transfer of which was recently approved, and to update the Honorable Court on the following matters.

A. Introduction

1. This update report is being filed further to an application for the grant of instructions for publication of a tender offer, that was filed by Adv. Victor Tshuva on May 3, 2018 (hereinafter - the "**tender offer**") and further to the position of ISA (the Israel Securities Authority) as filed on July 19, 2018, pursuant whereto the Functionary is requested to file a revised report, prior to publication of the tender offer, that includes all the information required by the Company's bondholders for the purpose of making a decision in connection with the tender offer.
2. In addition, in the framework of application no. 61, an update notice is hereby being filed on the distribution application that was included in report no. 17 (the distribution application), also in light of the significant additional proceeds that were obtained by the creditors fund, as a result of which the Functionary is requesting that the amount of the additional interim dividend the distribution of which is applied for be increased from a sum of NIS 19.2 million to a sum of approx. NIS 25.5 million (in accordance with the conversation rates of the Canadian dollar on the date of the monies' receipt). In the framework of the distribution application a revision is also being made in the distribution ratio between the secured debt to creditors and the unsecured debt to creditors, as a result of additional checks carried out by the Functionary and of the origin of the monies that were received by the Functionary.
3. **The information presented by the Functionary in this report 18, together with amended report 17 and together with previous update reports that were filed by the Functionary, summarize most of the relevant current information in the Functionary's possession correct as at today, in accordance with the Court's decision of July 25, 2018 in the framework of application 65.**
4. The information presented in this report is partially based on financial information that has not been reviewed or audited, that was received from the books of the Company and the subsidiaries and/or on information received from third parties as detailed below. This information was furnished to the Functionary, after an enquiry and demand on his part and in accordance with the collaboration minutes signed between him and the monitors appointed by the court in Toronto, who are managing the subsidiaries in CCAA proceedings. The Functionary and his representatives in Canada are constantly working and receiving information from the Canadian monitors and their representatives. Nonetheless, to date it has not been possible to audit or verify all the information that has been furnished and hence, all the information is subject to additional checks.
5. As provided in the body of the report and its appendices, some of the information that was furnished is forward-facing information, especially with regard to proceedings for the realization of assets and rights on the one hand, and for clarification and a decision on the rights of the creditors of the various

companies in the group on the other hand. As described below, these proceedings have not yet come to an end. The information in this report is based on reasonable estimates of the Functionary and his consultants deriving from negotiations with and analyses of the Canadian monitors, regarding the scope of the disputed claims that might be accepted / rejected against the group's subsidiaries. Hence, we are dealing with information and estimates, the certainty of the realization of which is in doubt because they are dependent *inter alia* on external factors and foreign law, over which the Functionary has limited influence. It is expressed that the inclusion of the information furnished by the Canadian monitors in this report does not constitute consent and/or approval on the part of the Functionary with respect to amounts, working assumptions and/or the estimates included therein.

B. The transfer of all the distribution monies in accordance with report no. 17 to the creditors arrangement fund

6. Further to the Canadian monitor's notice (as detailed in report no. 17) regarding his intention to transfer a sum of CAD 3.05 million to the Functionary on account of the Functionary's debt claim against TCC/Urbancorp (Bay) Limited Partnership (hereinafter - "**TCC Bay**"), on June 26, 2018 the Canadian court approved the additional distribution of a dividend to the creditors arrangement fund of the Company in a sum of CAD 3.05 million, that was transferred to the creditors arrangement fund of the Company on June 29, 2018.

"1" A copy of the Canadian court's decision of June 26, 2018 in relation to the distribution from TCC Bay is annexed as **appendix 1**.

7. The Functionary acted to convert the said amount, such that on July 3, 2018 CAD 3.05 million was converted at a rate of NIS 2.7605 (a preferred conversion rate determined after negotiations with the bank and the trading room).

8. Another sum of approx. CAD 0.4 million was also recently transferred, as provided in paragraph 1 of report no. 17.

9. It is noted that the said amounts constitute part of the receipts required to make the interim distribution as provided in report no. 17 (in an original sum of approx. NIS 19.2 million).

C. Confirmation of rejection of the debt claim of Tarion by the Canadian court

10. On June 26, 2018 the Canadian court rejected the claims of Tarion Warranty Corporation - the Canadian homebuilding insurance organization (hereinafter - "**Tarion**") with regard to delays in occupation, in favor of which, as will be recalled, aggregate reserves were kept in a sum of approx. CAD 1.8 million (jointly in Cumberland 1 and TCC Bay).

11. Tarion had a right to appeal the decision within 21 days from the date of the decision, i.e. until July 17, 2018.
- "2" A copy of the Canadian court's decision of June 26, 2018 with regard to the rejection of Tarion's claim is annexed hereto as **appendix 2**.
12. Since correct as at the date of this application no appeal has been filed against the decision, it is a final decision.
13. Accordingly, on July 29, 2018 a sum of approx. CAD 1.2 million was received in the creditors fund from the aforesaid reserves in respect of reserves kept in Cumberland and another sum of approx. CAD 0.6 million will be transferred in the coming days in accordance with the Canadian court's approval as given on July 26, 2018 in relation to reserves kept in TCC Bay (as provided in Chapter D. below).
- "3" A copy of the Canadian court's decision of July 26, 2018 in relation to additional distributions from TCC Bay is annexed as **appendix 3**.

D. Approval of a debt claim filed against TCC Bay and payments approved by virtue thereof

14. As reported in report no. 16 that was filed by the Functionary on May 28, 2018 (hereinafter - "**report no. 16**"), the Functionary and another creditor of TCC Bay, Terra Firma Capital Corporation (hereinafter - "**TCC Bay**" and "**Terra Firma**", respectively), an arrangement was presented to the Canadian court for the distribution of monies that had accumulated in the TCC Bay fund, that was intended to yield for the creditors arrangement fund a minimum sum of CAD 5.5 million, in respect of the Company's debt claim against TCC Bay by virtue of promissory notes that were assigned to the Company (hereinafter - the "**TCC arrangement**").
15. The TCC arrangement was not approved in consequence of the objection of Ms. Doreen Saskin and her pleas that the Functionary does not have an approved debt claim against TCC Bay and that the monitor had not expressed his support of the arrangement.
16. Subsequently, on May 23, 2018 the monitor approved a debt claim filed by the Functionary against TCC Bay in respect of negligent representations of TCC Bay, in a principal amount of CAD 8 million.¹

¹ The interest and expense components of the Functionary have not yet been approved and are subject to further review by the monitor.

17. By virtue of the debt claim's approval, a sum of CAD 3.05 million has already been transferred to the Functionary, as provided in paragraph 7 above (that are already included in the original distribution application amounts); in addition, another sum of CAD 605,000 will be transferred in the coming days in accordance with the Canadian court's approval as given on that day, in relation to reserves kept in TCC Bay as provided in paragraph 13 above.
- "3" A copy of the Canadian court's decision of July 26, 2018 is annexed as **appendix 3** as provided in paragraph 13 above.
18. The TCC arrangement included a sweeping waiver of claims against Terra Firma, subject to the Honorable Court's approval.
19. Engagement in the TCC arrangement is currently under review, *inter alia* in light of new information that was received, as provided in Chapter I below, in relation to Terra Firma's involvement in the Company's business, that is currently being reviewed by the Functionary and his consultants.

E. Release of financial reserves and acts for the realization of other assets of subsidiaries of the Company

20. In accordance with the summary of the Canadian monitor, a sum of CAD 522,000 will be transferred to the Functionary, as a result of agreements on the release of reserves kept in the monitor's fund.
21. In addition, additional aggregate amounts of approx. CAD 1.8 million were transferred and/or the transfer thereof was approved, as a result of the release of reserves kept in favor of the Tarion claim, which was rejected, in the framework of the Cumberland 1 proceedings and in the framework of the TCC Bay proceedings, as provided in paragraphs [sic] 13 above.
22. In addition, as detailed in report no. 16, another disputed debt claim in a sum of approx. CAD 4 million in respect of a guarantee provided in favor of an external project, that are not part of the insolvency proceedings that the monitor is managing, is expected to be clarified on completion of the sale of the homes in such project, apparently towards the end of 2018.

According to the Canadian monitor's estimate, a considerable part (up to approx. 3.6 million [Canadian] dollars) of these reserves is expected to be released during the coming months and clarification of entitlement to the balance of the reserve (in a sum of approx. CAD 0.4 million) might take several more years.

23. Currently under review is realization of some of the geothermal assets, and a suitable update will be published on the negotiations' progress.

F. Revision of the distribution application regarding the amounts requested for distribution and regarding the distribution ratio between the secured creditor and the unsecured creditors

24. From other checks carried out by the Functionary from the date of filing the distribution application in relation to the sources of the receipts, with the assistance of the financial consultant of the monitor in Canada, the Functionary learned that it is necessary to revise the distribution ratio between the secured creditor and the unsecured creditors, *inter alia* in light of the fact that TCC Bay's monies should be attributed to the unsecured assets and from the need to effect a balanced distribution that will "compensate" the unsecured creditors in relation to the first distribution.
25. In accordance with information received from the Canadian monitor, it emerges that correct as at today the ratio between receipts from the backing assets is approx. 86% compared to receipts from other sources, which is approx. 14%.
26. In addition, since in the framework of the first interim distribution no distribution was made to the unsecured creditors, a calculation was made of the overall receipts due to the secured creditor and the unsecured creditors from the total sum of the distributions made and planned to be made in the framework of the current distribution, in accordance with the existing ratios between the recognized secured debt claims (approx. 72%) and the recognized unsecured debt claims (approx. 28%).²
27. In accordance with the information presented in this application, additional amounts were recently transferred to the Functionary in a sum of approx. CAD 2.3 million, that the Functionary is requesting to distribute to the Company's creditors in the framework of the upcoming distribution.
- "4" A copy of the receipts and payments report approved by the accountant and current as at July 5, 2018 is annexed hereto as **appendix 4**.³
28. Hence, a revision of the distribution application is requested, such that the distribution of the receipts will amount to an overall sum of approx. NIS 25.5 million (in accordance with the conversion rates of the CAD that are actually received), such that the second interim dividend to the secured creditor of the Company will be in an overall sum of approx. NIS 21.6 million, while the first

² 28% of the recognized unsecured debt claims relate to a debt to the bondholders, after deduction of the secured debt from the sum of the approved debt claims filed by the trustee for the bondholders.

³ It is noted that the annexed receipts-payments report is correct as at July 5, 2018, but in accordance with the additional amounts received by the creditors fund and/or approved for distribution as provided in this application, the balance in the creditors fund correct as at this date should be higher than that stated in the aforesaid report.

interim distribution to the unsecured creditors of the Company will be in a sum of approx. NIS 4 million.⁴

G. Receipt of a non-binding offer for a creditors arrangement from a company held by the controlling shareholder

29. On July 18, 2018 the Functionary received a non-binding offer from a corporation held by the controlling shareholder and/or parties related thereto - Aubergine Investments Limited (hereinafter - the "**arrangement offer**" and the "**offeror**"), accompanied by a letter of financial support from a financing entity.

"5" A copy of the non-binding arrangement offer is annexed hereto as **appendix 5**.

30. The provisions of the arrangement offer do not relate to the final proceeds that will be received by the Company's creditors after the significant deductions detailed in the arrangement offer, including the deduction of amounts that have already been paid and/or transferred and/or will be transferred during the period preceding the arrangement's completion to the Functionary or the Canadian monitors, including their consultants, as of June 14, 2018, the costs of the proceedings, demands for a waiver of claims and the like.

31. In addition, it is not clear what the impact will be of the demand for a waiver of claims and grant of an exemption to the officers, shareholders of the Company, Doreen Saskin, their relatives, related parties, under their control or on their behalf, both with regard to the class actions that are being conducted and with regard to the gatekeepers claim that was filed by the Functionary against additional defendants on December 6, 2018 [sic] (see the Company's report of December 6, 2018 [sic], reference no. 2017-01-109495) and the claim in Canada against the Canadian lawyers of the Company (see update report no. 16).

H. Completion of the review of the general charge registered in favor of the bondholders

32. As noted in report no. 3 of May 19, 2016, a general charge agreement (quasi floating charge) was executed in favor of the bondholders that includes a charge over the Company's rights in four of five backing projects as defined in the prospectus⁵ (hereinafter - the "**backing assets**"), a floating charge over the designated account and over proceedings from the backing assets.

"6" A copy of the charge agreement and a reference for the charge's registration is annexed hereto as **appendix 6**.

⁴ The exact amounts will be calculated in accordance with the representative rate on the date of actually making the distribution.

⁵ The Lawrance project, Mallow project, Patricia project, Caledonia project, but not in relation to the Downsview project, which is the fifth backing project.

33. The ability to enforce this obligation and to realize it vis-à-vis other creditors of the subsidiaries was reviewed by the Functionary with the assistance of several legal advisors in Canada.
34. From this review it emerged that a general charge in relation to rights to receive proceeds from the backing projects has in fact been made and duly registered in Canada.
35. Even though the charge agreement is not in the usual wording used in Canada, from a check made by the Functionary and according to legal advice that he received, it emerges that one can recognize by virtue thereof, pursuant to the Canadian law, a charge over all the proceeds received from the backing assets, in addition to a charge in favor of the trustee for the bondholders, over the Company's rights to receive repayment of shareholders' loans only, that have already been registered and recognized vis-à-vis all the backing projects.
36. This conclusion is also supported by the provisions of the prospectus, pursuant to which "surplus" monies will also be deposited in the designated account, that also includes all the monies deriving to the Company and/or the subsidiaries in the event of the sale of all or part of a backing project (after the repayment of loans to financing entities and permitted deductions).
37. Accordingly, insofar as monies are received from backing assets in excess of what is needed for repayment of the shareholders' loans (in a principal amount of approx. CAD 36 million), as a result of the release of reserves kept from proceeds from the sale of backing assets, they can also be recognized as proceeds attributed to the secured creditor.
38. Since correct as at today not all the shareholders' loans have been repaid, at this stage we are dealing with a theoretical issue that does not affect either the current application for a distribution to creditors, as amended in the framework of this report (application no. 61), or the relations between the secured creditor and the unsecured creditors.
39. Insofar as payments are received in respect of any of the backing assets, that exceed the amounts of the shareholders' loans, the Functionary will recognize them as proceeds on account of the secured creditor. Suitable details in such regard shall be included in the framework of reports filed by the Functionary or future dividend applications, as the case may be.

I. Receipt of an order directing the furnishing of information and documents to the Functionary

40. As detailed in previous reports,⁶ the Functionary needs, for the purpose of his investigations and legal proceedings that he is conducting, full information and documents in the possession of the Canadian monitor, primarily in relation to the involvement of third parties in acts that led to the Company's collapse.
41. On May 29, 2018, a request was sent to the Canadian monitor for receipt of all the said documents, including all the information in the Canadian monitor's possession in relation to Mr. Alan Saskin's e-mail correspondence in connection with each one of the relevant matters.
- "7" A copy of the e-mail from the firm of Dentons to the Canadian monitor regarding the documents' receipt, of May 29, 2018, is annexed hereto as **appendix 7**.
42. Mr. Alan Saskin filed an objection to the transfer of personal documents pertaining directly to him, that according to him are privileged, and an application to receive the documents for his inspection before their transfer to the Functionary.
43. On June 26, 2018 the Canadian monitor filed a notice to the effect that he wanted to send the Functionary a copy of all the requested documents. The Canadian court allowed the application and instructed the Canadian monitor to send the Functionary the requested documents, save for documents in respect of which objections were filed by July 24, 2018 and those relating personally and directly to Alan Saskin, which would be considered by the Canadian court on an individual basis in a hearing designated to take place in August 2018.
- "8" A copy of the Canadian court's decision of June 26, 2018 in relation the furnishing of documents is annexed hereto as **appendix 8**.
44. Accordingly, Mr. Saskin's attorney sent a list of the correspondence and documents the furnishing of which to the Functionary he refused. A hearing on these reservations of Mr. Saskin was fixed for the end of August. On July 26, 2018 the Functionary was furnished with the rest of the documents requested (save for those the transfer of which was objected to by Mr. Saskin as aforesaid).
45. The Functionary and his team began reviewing the materials in order to exhaust the vast information embodied therein for the purpose of completing his investigations and the legal proceedings that are being conducted by the Functionary against third parties (with regard to Terra Firma see paragraph 19 above).

⁶ See in this regard update report no. 14 of November 1, 2017 (application no. 55).

46. Insofar as necessary, the Functionary will file an up to date investigation report on completion of the materials' review.

J. Legal proceedings against third parties in the Edge group

47. Further to previous reports, in consequence of the Functionary's demands and approval of the creditors committee in the Edge group, Fuller Landau (hereinafter - the "**Edge monitor**") agreed to conduct legal proceedings against third parties, *inter alia* in relation to the unlawful transfer of residential units in the Edge project to private creditors, in aggregate amounts of approx. CAD 10 million.
48. In the scope of its work as aforesaid, it filed a "sample" claim⁷ against one of the creditors who received units in respect of personal debts of Mr. Alan Saskin, which were rejected by the Canadian court, it being held that the Edge monitor is not the proper party to file the claim, and that the claim should have been filed by a creditor of the Edge companies on the date of making the transfers.
49. In light of the aforesaid, the Functionary respectfully updates that an order was recently given enabling assignment in favor of the Functionary of all the rights of claim against each one of the third parties in relation to the unlawful transfer of residential units, including claims against Plaza Group (which alone is in a sum of approx. CAD 5 million).
50. Correct as at today, the Functionary is in advanced stages of signing a suitable agreement with the Edge monitor for assignment of the rights of claim in favor of the Company's creditors arrangement fund.
51. The Functionary is currently reviewing the prospects of the claims and costs of filing them in order to determine if it is financially viable to finance the proceedings involved in these claims.

(Signed)

Yael Hershkovitz, Adv.

(Signed)

Sharon Eisner-Bel, Adv.

Attorneys for the Functionary for Urbancorp. Inc.

⁷ A claim that served as a case study in relation to the optional ability to attack these transactions.

Appendices

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[Globes Newspaper Article]

Two years since the collapse: Urbancorp's owner is trying to buy it back

Alan Saskin, former owner of Urbancorp, is interested in again purchasing ownership thereof from its creditors in a transaction that includes a haircut of at least 15% • Adv. Guy Gissin, Urbancorp's functionary believes that he is able to obtain higher proceeds for the creditors of the Canadian real estate company.

Omri Cohen 30/7/18

A little more than two years after leading the Canadian real estate company, Urbancorp Bond A, into insolvency, the company's former owner, Alan Saskin, is seeking to again purchase ownership thereof from its creditors in a transaction that includes a haircut of 15% to 19%, so "Globes" has learned. In his offer Saskin effectively admits that the value of the company's assets is less than its obligations, but it is still far from the demand of the functionary of Urbancorp (on behalf of the Court), who believes that he is able to obtain higher proceeds for the company's creditors, headed by the bondholders.

Urbancorp, a Canadian real estate company under the ownership and management of Saskin, crashed with a big noise in the Spring of 2016, only about half a year after it raised NIS 185.5 million on the Tel Aviv Stock Exchange from an issue of bonds to the public, which was led by Apex Underwriting. Following the collapse, the Court appointed Adv. Guy Gissin as the company's functionary, while monitors were simultaneously appointed in Canada for the subsidiaries of Urbancorp, which applied to the local court for protection against creditors.

Only 42% of the debt in Israel has been repaid.

Since the collapse, the Canadian monitors have worked on the realization of assets while Adv. Gissin and a team from his firm are working to secure the rights of the Israeli creditors vis-à-vis the Canadian monitors and the courts there and here. From data presented by Adv. Gissin to the Court, it emerges that the sum of Urbancorp's debts in Israel currently amount to approx. NIS 188 million, while to date the creditors have received debt repayments in an overall amount of NIS 76 million (42 agorot per bond) thanks to the realization of assets and other acts done by the functionary.

The Saskin family's investment banker in the formulation of the current offer is Sharon Zaurbach, CEO of MNS Consulting. Earlier this month Saskin sent a letter to Adv. Gissin in which he detailed his offer. From the document it emerges that involved is a non-binding offer, in the framework of which Aubergine Investments (a company owned by the Saskin family children) is offering to purchase 100% of Urbancorp's shares, bonds and rights of claim against all the officers, in consideration for NIS 28 million (CAD 10 million).

According to the letter, the said amount together with the proceeds already received by the bondholders and those designated for receipt by them in the coming weeks will yield a return of 85% on the amount of the principal raised from the bondholders (i.e. NIS 157.7 million from NIS 185.5 million). Saskin notes that this amount does not include possible proceeds that might be received from the issue gatekeepers (accountants, underwriters, rating company and more), who or which are also being sued by the functionary for their role in the company's collapse.

Saskin is backing his offer by an undertaking that was given to a credit company by the name of Chancery Services for the financing of the transaction, after a due diligence examination for Urbancorp. In the offer Saskin emphasizes that the company will be transferred to his ownership together with all the assets and rights in its possession on June 14 this year, such that future realizations will be transferred to him. Nonetheless, these assets do not include amounts of NIS 8.3 million, that are being held, according to Saskin, by Adv. Gissin and by the trustee for the bondholders.

Nonetheless, Adv. Gissin and a team from his firm are not in a hurry to accept the offer and waive their rights of claim against Saskin, the company's other officers and the gatekeepers who or which backed it in the issue. From documents filed today in court, it emerges that the functionary is requesting to increase the additional interim amount that will be distributed to the bondholders in the coming weeks from NIS 19.8 million to NIS 25.5 million (which will increase the repayment to 54 agorot per bond), thanks to additional significant proceeds that were received in the creditors fund.

Positive or negative equity?

Thus, after this amount the consideration paid to date to the holders will amount to NIS 101.5 million, and together with the NIS 28 million that Saskin is offering, NIS 129.5 million. According to close associates of Saskin, the different between the amounts should close another amount of CAD 8 million (NIS 22.5 million) that the functionary will receive in the coming weeks from the realization of assets in Canada.

According to those in the know, the functionary is not expected to accept Saskin's offer in its current format, in light of his estimate that realization of the balance of the existing assets and rights of claim embody the possibility of obtaining a higher debt repayment amount. Nonetheless, Saskin's decision to submit an offer that embodies a haircut, *prima facie* embodies his consent to the company having a negative equity and accordingly weakens his legal pleas to the effect that the company has a positive equity and that he is therefore entitled to part of the assets still held by it after repayment of the full debt.

[The Marker newspaper article]

No limit on audacity: the debt dodger, Alan Saskin wants to purchase Urbancorp with a "haircut" of 20%

Saskin submitted an offer for the company's purchase with the special manager of Urbancorp in Israel, Adv. Guy Gissin • Alongside the financial consideration, Saskin wants to purchase the rights of claim against all the company's creditors - thus effectively avoiding private legal proceedings

17.28 30.07.2018 By: Eran Azran

Alan Saskin, former owner of the debt dodging Canadian real estate company Urbancorp, is seeking to repurchase the company for approx. CAD 10 million (approx. NIS 28 million). Saskin submitted an offer to the special manager of Urbancorp in Israel, Adv. Guy Gissin, for the purchase of the company, in a transaction that would embody a "haircut" of approx. 20% for the bondholders. The offer is intended for Urbancorp in its "thin" version, i.e. after realization of some of its assets, that are designated for repayment of the debt to the bondholders - NIS 185 million.

The story of the issue of Urbancorp bonds in Tel Aviv is one of the biggest farces of the Stock Exchange. In March 2016, only three months after Saskin issued a first series of bonds in Tel Aviv, Urbancorp's bonds collapsed in trade. The collapse occurred against the background of a decision in Canada to revoke the license of Urbancorp's contractor, because of cash flow difficulties. In consequence of the collapse, the Israeli court appointed Gissin as special manager for Urbancorp, who acts for the realization of its assets.

To date Gissin has managed to repay half of the debt to the bondholders - approx. NIS 76 million, approx. 40% of the total debt. In addition, in the coming weeks, Gissin intends distributing to creditors another NIS 25.5 million, originating in the realization of assets of Urbancorp, and another NIS 15-22 million (approx. CAD 5-8 million) in the future, from various sources, including the realization of Edge assets. In addition to the NIS 28 million that Saskin is offering, the consideration to creditors will amount to approx. NIS 150 million - approx. 80% of the debt raised in Tel Aviv.

Saskin submitted the offer to purchase Urbancorp through Aubergine Investments - a company under the ownership of the Saskin family children. Alongside the financial consideration, Saskin is seeking to purchase the rights of claim against all the company's officers, thus effectively avoiding legal private legal proceedings that are currently being conducted against him in Canada. In addition, Saskin's offer includes a problematic central clause - it is seeking to set off the consideration from the consideration any amount obtained by the special manager of Urbancorp in Canada, as of June 14.

The person who submitted the offer and is responsible for its formulation is Sharon Zaubach, CEO of MNS Consulting. Urbancorp's insolvency proceedings, are the first, and in the meantime the only, of more than 30 North American real estate companies, which raised more than NIS 25 billion in Israel. The proceedings, which were not foreseen on the local capital market, for a certain period stopped the debt raisings of the American real estate companies, but they were resumed in 2017 and 2018.

Following the collapse, Gissin submitted claims against a series of entities connected to the activity of Urbancorp and responsible, according to him, on one level or another, for the failure in Tel Aviv. *Inter alia*, claims are being filed against the accounting firm of Deloitte, Brightman, Almagor, Zohar, which served as auditor; the credit rating company Midroog, which gave Urbancorp's bonds a rating of A3; the underwriting company Apex Issuances, which issued the company on the Stock Exchange; directors and valuers.

In recent weeks, the bonds of the foreign real estate companies have fallen on the market, and the yield thereon has jumped. In consequence of the market falls, the internal yield of the Tel Bond Global Index - that incorporates series of foreign real estate companies - has jumped to a level of approx. 6.5%, the highest since the launch of the index about a year ago. The bond falls are attributed to various reasons: mutual fund redemptions, an increase in the interest rate in the United States, the big supply of issues this year, a decrease in the rating for some of the companies in the industry and concern regarding the turnover capability of some of the companies.

[Calcalist newspaper article]

Alan Saskin wants to put an end to the Urbancorp affair: he is proposing a haircut of 20% to the bondholders

The controlling shareholder of the Canadian real estate company which collapse about two years ago submitted an unofficial offer to the Company's trustee, Guy Gissin, who believes he can obtain a higher consideration for the Israeli institutional investors.

Hezi Sternlicht 30.07.18 19:43

The controlling shareholder of the Canadian real estate company Urbancorp, Alan Saskin, wants to extricate himself from the business twister that has complicated the institutional investors in Israel - after the company collapsed more than two years ago. Saskin submitted an unofficial bid to the Company's trustee, Adv. Guy Gissin, that includes a payment constituting a haircut at an estimated rate ranging between 17% and approx. 20%. According to Adv. Gissin's estimate, he is able to obtain higher consideration for the Israeli bondholders.

Adv. Gissin tonight stated that he is waiting to receive an official offer. According to a document that was filed in court on July 18, "the functionary received a non-binding offer, from a corporation owned by the controlling shareholder". In a conversation with "Calcalist", "Gissin added that any entity that brings an official offer to the bondholders will be treated in a business-like way. He also stated that already now the progress in the creditors arrangement in the case of Urbancorp is satisfactory. According to him, "with the next distribution each holder will receive 54 agorot for every shekel. There are not many cases like these in which we have managed to get such amounts back."

This evening Urbancorp published on the local capital market a report filed by Adv. Gissin with the Tel Aviv District Court. In the report, the 18th in number, details are given of the updates on the progress in the claims that are being managed in the case, the lion's share of which are being conducted before the legal authorities in Canada, since Urbancorp is a Canadian company. From the update to the Israeli court it emerges that "significant additional proceeds have been received by the creditors fund", that will increase the interim amount distributed from 19.2 to 25.5 million shekels, at the conversion rate of the Canadian dollar on the date of payment. As aforesaid the Israeli court was given a report on the status of the various claims filed as part of the creditors arrangement in the case.

Urbancorp was considered a first turning point in the wave of capital raising of the "American" companies in Tel Aviv. The company, which is a Canadian real estate company, collapsed suddenly in April 2018, only four months after it raised NIS 180 million in Israel from institutional investors. In September 2017 the judge of the Tel Aviv District Court, Eitan Orenstein, approved an arrangement and appointed Adv. Guy Gissin as trustee. As aforesaid, with the arrangement's progress and the payments

to the bondholders, according to the estimates the bondholders will be paid considerable parts of their investment.

Sharon Zaubach, CEO of MNS, is the investment banker for the Saskin family in the transaction's formulation.