

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENTS ACT*,  
R.S.C. 1985, c. C-36, AS AMENDED**

**AND IN THE MATTER OF URBANCORP INC.**

**APPLICATION OF GUY GISSIN, THE FOREIGN REPRESENTATIVE OF  
URBANCORP INC., UNDER SECTION 46 OF THE *COMPANIES' CREDITORS  
ARRANGEMENTS ACT*, R.S.C. 1985, c. C-36, AS AMENDED**

**APPLICATION RECORD  
(FOREIGN MAIN PROCEEDING)**

**Volume 2 of 2**

May 16, 2016

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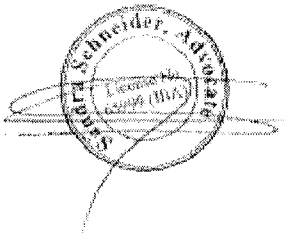
**B**



This is Exhibit "B" referred to in the Affidavit of Guy Gissin  
sworn May 16, 2016

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A Commissioner for Taking Affidavits



## Loan Agreement

Conducted and signed in Toronto, Canada, on the 21<sup>st</sup> day of December, 2015

Between: **Urbancorp Inc.**

A company incorporated in the Province of Ontario, Canada, the registered office of which is at the following address:

120 Lynn Williams Street, Suite 2A, Toronto Canada

Tel: (416) 928-5001

Facsimile: (416) 928-9501

(Hereinafter, the "Company")

On the one hand;

And between: **URBANCORP (LAWRENCE) INC.**

A company incorporated in the Province of Ontario, Canada, the registered office of which is at the following address:

120 Lynn Williams Street, Suite 2A, Toronto Canada

Tel: (416) 928-5001

Facsimile: (416) 928-9501

(hereinafter: the "Subsidiary")

On the other hand;

(The Company and the Subsidiary shall be hereinafter jointly referred to as: the "Parties")

- WHEREAS:** On 30<sup>th</sup> of November, 2015, the Company published a supplementary prospectus, as amended on December 7, 2015, and supplementary notice published on December 8, 2015 (hereinafter: the "**Prospectus**"), within which the Company offered to the public debentures (series A) par value NIS 1 each (hereinafter: the "**Debentures**") under the terms as set forth in The Deed of Trust (as defined below); and
- WHEREAS:** Pursuant to the results of the issuance under the Prospectus, the Company issued on 10<sup>th</sup> of December, 2015, NIS 180,583,000 par value of Debentures; and
- WHEREAS:** The Company has decided to provide an amount of CAD 8,577,389.00 Million (out of The Maximum Owners Loan Amount) as a loan to the Subsidiary with terms of interest and arrears interest (if any) that are identical to the terms of the Debentures, and that will be repaid on (2) two business days prior to the final repayment date of the principal of the Debentures (hereinafter: the "**Owners Loan**"), all such that the Company shall repay the debt to the Debentures Holders, inter alia, through a repayment of the Owners Loan; and

**WHEREAS:** The Owners Loan shall be used by the Subsidiary to provide working capital for the Backup Project and/or to repay financing loans provided to the Backup Project, as set forth in the Prospectus and the Deed of Trust; and

**WHEREAS:** The Subsidiary wishes that the Company provide it with the Owners Loan, and the parties wish to set forth the terms of the Owners Loan and payment dates, all pursuant to the terms and conditions set forth in this Agreement;

**Therefore, it is declared, stipulated and agreed between the parties as follows:**

1. Preambles, Titles and Appendices

- 1.1. The Preamble to this Agreement and the appendices attached hereto constitute integral parts hereof.
- 1.2. The titles of the sections in this Agreement are provided for the sake of conciseness alone, and shall not be used for the sake of interpretation.

2. Definitions

- 2.1. **"Business Day"** A day on which, the banks in Israel and Canada are open for the performance of transactions in foreign currency.
- 2.2. **"Canadian Legal Counsel"** Legal counsel (one or more lawyers) from the law firm of Harris, Sheaffer LLP, located in Ontario, Canada or another law firm hired by the Company and/or the Subsidiary on their behalf that is recognized as a leading law firm in the field of real estate in the Province of Ontario, Canada. The Canadian Legal Counsel will be appointed by the parties as the Trustee for receiving all of the revenue for the housing units (deposits and final payment) in connection with any of the Backup Project in the Trust Account managed thereby, wherein it is the sole authorized signatory for the release of the said revenues from the said account. The Canadian Legal Counsel will act to release the Surplus of the Backup Project to the Dedicated Account in accordance with the instructions of the Inspector only, in accordance with reports to be submitted by the Inspector on a monthly basis until the end of the project, and the Inspector will have no discretion in connection with the release of the Surplus.
- 2.3. **"Dedicated Account"** An account in the name of the Company, held in the State of Israel, number 136001795 in branch

100 at Israel Discount Bank Ltd., for which the signatory rights shall be joint between the Company and the Trustee. The full rights of the Company in the account will be pledged in favor of the Trustee, as set forth in section 6.4 to the Deed of Trust.

- 2.4. "Nominee Company" Mizrahi Tefahot Bank Registration Company Ltd. or any substitute nominee company.
- 2.5. "Stock Exchange" The Tel-Aviv Stock Exchange Ltd.
- 2.6. "Surplus" The funds which the Subsidiary will be entitled to receive, in practice, in respect of the Backup Project during the construction of the Backup Project and/or on the completion of construction and population of the Backup Project following the payment of all debts to the lenders financing the Backup Project, with respect to that Backup Project, the Surplus will include Working Capital (as defined below), which the Company and/or the Subsidiary provided and/or will provide in favor of the Backup Project, and earnings derived thereto from the Backup Project. The Surplus will not include Permitted Amounts. "Permitted Amounts" – means funds designated for compulsory payments, including payments of taxes and levies; payments to service providers, suppliers or subcontractors, which will provide the Subsidiary with services in respect of the Backup Project; undertakings to the purchasers of units in the Backup Project; management fees and project overheads which will be paid by the Subsidiary, except for pending and future expenses which in the reasonable opinion of the Inspector (as defined above) are required to be held as a reserve, all in accordance with the budget of the project which will be administered by the Inspector. In addition, the Surplus will include all funds which will be due to the Company and/or the Subsidiary in the event of the sale of the Backup Project, partly or wholly, except for the amounts required for the payment of all debts to the lenders financing the Backup Project, with respect to that Backup Project, plus the Permitted Amounts. In this regard it should be clarified that the Company and/or the

Subsidiary will be permitted, at any time, at their sole discretion, without obtaining the approval of the Trustee and/or the Debentures Holders to sell the Backup Project, provided that the proceeds due to the Company will be transferred to the Designated Account.

2.7. **"The Backup Project"**

1780 Lawrence Avenue West, Toronto

Lawrence is a development project consisting of 88 low-rise residential units with a total saleable area of 236,478 square feet (the project has a total land area of 324,633 square feet) to be classified as development property – land reserve

2.8. **"The Deed of Trust"**

The Deed of Trust which was signed between the Company and the Trustee dated December 7<sup>th</sup> 2015, attached as Appendix A to this Agreement.

2.9. **"The Maximum Owners Loan Amount"**

CAD 46 Million.

2.10. **"The Repayment Interest"**

The unpaid balance of the principal of the loan shall bear fixed annual interest at the interest rate borne by the Debentures, as it may be from time to time, including regarding arrears interest, as applicable, and additional interest for certain events set forth in the Deed of Trust.

Initially this rate is 8.15% per annum and subject to change in accordance with Sections 5.2 and 5.3 of the Deed Trust.

It being understood and agreed that if the interest rate due pursuant to the Debenture increases or otherwise changes in accordance with Section 5.2 or 5.3 of the Deed of Trust and section 4(a) to the first schedule of the Deed of Trust, the interest rate pursuant to the Owners Loan shall change accordingly and on the same date or dates, but shall not be less than 8.15% per annum.

2.11. **"Working capital"**

In this matter: the funds invested by the Company and/or the Subsidiary in the Backup Project, whether by way of a loan (including the Owners Loan) or by way of a capital investment.

2.12. **The "Trustee"**

Reznik Paz Nevo Trusts Ltd.

3. The Loan

- 3.1. It is hereby agreed that no later than three business days after the receipt of the Trustee's confirmation for such in accordance with provision 6.8 to the Deed of Trust, the Company shall provide the Subsidiary the Owners Loan in the total amount of CAD 8,577,389.00 (hereinafter: the "**Principal of the Loan**").
- 3.2. The Owners Loans will be provided to the Subsidiary by the Company with terms of interest and arrears interest (if any) that are identical to the terms of the Debentures.
- 3.3. Uses. Owners Loan funds will be used by the Subsidiary to provide working capital for the Backup Project and/or to repay financing loans provided to the Backup Project.
- 3.4. Interest, Principal Payments. The terms of interest and arrears interest (if any) shall be identical to the terms of the Debentures. Meaning, for each CAD 1 of the Principal of the Loan, a total of CAD 1 plus the Repayment Interest will be repaid (hereinafter: the "**Repayment Amount**"). The Repayment Amount (principal and interest) will be repaid on (2) two business days prior to the final repayment date of the principal of the Debentures ("The Maturity Date of the Owners Loan"), currently December 2019, subject to Section 4.2 below.
- 3.5. The Subsidiary, through the Canadian Legal Counsel, will transfer all payments in connection with Owners Loan directly into the Dedicated Account and/or directly to the Nominee Company, for the purpose of repayments to the Debenture Holders.
- 3.6. Early Redemption. The Subsidiary is entitled to repay amounts, by early redemption, into the Dedicated Account, on account of the Owners Loan.
- 3.7. The Subsidiary shall not be entitled to withhold and/or offset any amount of their debt pursuant to this Agreement against any debt or liability of the Company of any kind to the Subsidiary.
- 3.8. Any provision which reduces the amount of the loan amount will not be valid, except against the said repayments amounts and dates as specified above in this section 3 alone.
- 3.9. The Company and the Subsidiary undertake not to perform any change to this Agreement, including to the terms of the repayment of the Owners Loan and/or to forgive or in any way release or compromise the Owners Loan in whole or in part and/or convert the Owners Loan to other rights, other than subject to approval by the General Meeting of Debenture Holders by an ordinary majority or approval by the Trustee, provided that such change will not damage the rights of the Debenture Holders.
- 3.10. The Company may increase the Owners Loan provided that the total of all Owners Loans to the Backup Projects shall not exceed the Maximum Owners Loan Amount.

4. Representations and Warranties of the Subsidiary

The Subsidiary declares, represents and warrants as follows:

- 4.1. The Subsidiary is aware that all the rights and interests of the Company pursuant to this Agreement will be pledged in favor of the Trustee on behalf of the Debentures Holders, with a fixed, exclusive first lien, unlimited in amount, for as long as the Debentures have not been repaid in full by the Company, and in accordance with the terms of the Deed of Trust.
- 4.2. The Subsidiary undertakes that upon receiving notice from the Trustee, that the Debenture Holders have cause to call for immediate repayment of the Debentures or for exercise of collateral, it will transfer all payments with respect to the Owners Loans directly to the Trustee, as instructed by the Trustee.
- 4.3. The repayment of the Owners Loan to the Company by the Subsidiary is subject to the repayment conditions of the Debentures by the Company (excluding The Maturity Date of the Owners Loan), including in the case of immediate repayment of the Debentures demanded by the Trustee or the Debentures holders and/or early repayment required following the deleting from trade of the Debentures by of the Stock Exchange, all subject and the Deed of Trust it being understood and agreed that if the debentures become due and payable in full in accordance with the terms of the Deed of Trust, the Owners Loan shall become due and payable.
- 4.4. The Subsidiary is aware of the grounds for calling for immediate repayment of the Debentures, including that non-compliance of the Company with the payment dates of the Debentures constitutes grounds as stated, and the Subsidiary undertakes to refrain from performance of any action which may place the Company in a situation constituting grounds for immediate repayment, including non-compliance with the repayment dates of the Owners Loan, set forth in this Agreement, in order to allow the Company to meet the repayment dates of the Debentures.
- 4.5. the Subsidiary undertakes that any amounts which it will be entitled to withdraw as Surplus will first be used to repay Owners Loan and accordingly if the date on which the Subsidiary will be entitled to withdraw the Surplus, in part or in full, including Backup Project profits is prior to the Maturity Date of the Owners Loan, the Subsidiary will implement an early redemption of the Owners Loan in the full amount it is entitled to withdraw.
- 4.6. On the date of the signing of this Agreement the Subsidiary (and/or companies under its control) is not in a process of liquidation and/or receivership (temporary or permanent) and/or a stay of proceedings and no application for liquidation and/or receivership and/or a stay of proceedings has been filed against the Subsidiary (and/or companies under its control) and the Subsidiary is not aware of any threat of applying or taking such actions. In addition, the Subsidiary declares that it (and/or companies under its control) have not passed a resolution of liquidation.
- 4.7. The Subsidiary undertakes to cause that as part of the financing loans to be assumed by the Subsidiary (and/or companies under its control) in the Backup Project, the lenders financing the Backup Project have not and will not be awarded the right to offset in connection with the properties and/or other accounts and no cross lien of any kind or type whatsoever will be given with respect to the properties that are under the Subsidiary (and/or companies under its control).

5. Indemnification

Without derogating from any remedy and/or relief and/or other or additional right granted to the Company under this Agreement and any law, the Subsidiary undertakes to indemnify the Company for any damage and/or cost caused to the Company for any event of a delay in the repayment of the Repayment Amount to the Company as stated in Section 3 above and/or a delay in the repayment of the Owners Loan, if required pursuant to the terms of the Prospectus and the Deed of Trust. The amount of the indemnification shall be the cost of damage caused to the Company pursuant to the terms specified in the Prospectus, the Deed of Trust and the remedies available to the Debentures Holders from the Company. All such indemnification will be paid directly to the Dedicated Account or to the trustee's account in compliance with the provisions of clause 4.2 above.

6. Miscellaneous

- 6.1. The parties may not assign their rights and/or liabilities under this Agreement without the prior written consent of the other party to this Agreement and of an assembly of the Debentures Holders.
- 6.2. The parties will take all of the additional measures, including signing the additional documents required for the application and performance of this Agreement in letter and in spirit.
- 6.3. In any event where any party does not use any right granted thereto under this Agreement or under any law, the matter shall not be considered a waiver on its part of the same right, and the party may again use these rights. The breaching party may not claim a delay or waiver.
- 6.4. The terms of this Agreement include all of the stipulations and agreements between the parties, and govern over the engagements, consents, representations and warranties which preceded the signature of this Agreement, and which were conducted in writing or orally.
- 6.5. Any change and/or termination of any of the provisions of this Agreement shall occur solely through a written document, which shall be signed by all of the parties. Any change to this Agreement and/or the termination thereof shall be subject to the consent of an assembly of the Debentures Holders or the approval of the Trustee, if there is no change to the above, in order to harm the rights of the Debentures Holders.
- 6.6. The addresses of the sections to this Agreement are as written in the Preamble hereto. Any notice sent via registered mail based on one of the addresses above shall be considered to have arrived within 72 hours from dispatch, and if delivered by hand, upon delivery thereof.
- 6.7. This Agreement shall be construed in accordance with the laws of the Province of Ontario.
- 6.8. Time is and shall continue to be of the essence of this Agreement.
- 6.9. This Agreement constitutes the entire agreement between the parties and may not be amended in any manner except by written instrument signed by both of them.
- 6.10. This Agreement supercedes all previous agreements entered into between the parties.



In witness whereof, the parties affix their signatures:

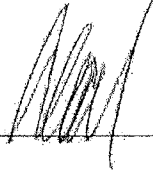
Urbancorp Inc.

Per: \_\_\_\_\_

Alan Saskin

President

I have the authority to bind the  
Corporation



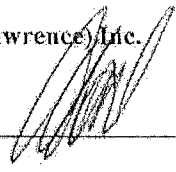
Urbancorp (Lawrence) Inc.

Per: \_\_\_\_\_

Alan Saskin

President

I have the authority to bind the  
Corporation



Appendix A

The Deed of Trust (Hebrew) and a translated copy of the Deed of Trust (English)

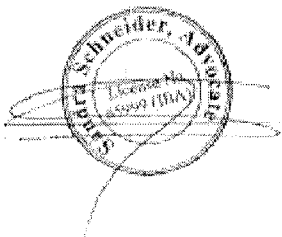
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**C**

This is Exhibit "C" referred to in the Affidavit of Guy Gissin  
sworn May 16, 2016

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A Commissioner for Taking Affidavits



## Loan Agreement

Conducted and signed in Toronto, Canada, on the 21<sup>st</sup> day of December, 2015

Between: **Urbancorp Inc.**

A company incorporated in the Province of Ontario, Canada, the registered office of which is at the following address:

120 Lynn Williams Street, Suite 2A, Toronto Canada

Tel: (416) 928-5001

Facsimile: (416) 928-9501

(Hereinafter, the "Company")

On the one hand:

And between: **URBANCORP (MALLOW) INC.**

A company incorporated in the Province of Ontario, Canada, the registered office of which is at the following address:

120 Lynn Williams Street, Suite 2A, Toronto Canada

Tel: (416) 928-5001

Facsimile: (416) 928-9501

(hereinafter: the "Subsidiary")

On the other hand:

(The Company and the Subsidiary shall be hereinafter jointly referred to as: the "Parties")

- WHEREAS:** On 30<sup>th</sup> of November, 2015, the Company published a supplementary prospectus, as amended on December 7, 2015, and supplementary notice published on December 8, 2015 (hereinafter: the "**Prospectus**"), within which the Company offered to the public debentures (series A) par value NIS 1 each (hereinafter: the "**Debentures**") under the terms as set forth in the Deed of Trust (as defined below); and
- WHEREAS:** Pursuant to the results of the issuance under the Prospectus, the Company issued on 10<sup>th</sup> of December, 2015, NIS 180,583,000 par value of Debentures; and
- WHEREAS:** The Company has decided to provide an amount of CAD \$ 9,758,287.00 Million (out of The Maximum Owners Loan Amount) as a loan to the Subsidiary with terms of interest and arrears interest (if any) that are identical to the terms of the Debentures, and that will be repaid on (2) two business days prior to the final repayment date of the principal of the Debentures (hereinafter: the "**Owners Loan**"), all such that the Company shall repay the debt to the Debentures Holders, inter alia, through a repayment of the Owners Loan; and

**WHEREAS:** The Owners Loan shall be used by the Subsidiary to provide working capital for the Backup Project and/or to repay financing loans provided to the Backup Project, as set forth in the Prospectus and the Deed of Trust; and

**WHEREAS:** The Subsidiary wishes that the Company provide it with the Owners Loan, and the parties wish to set forth the terms of the Owners Loan and payment dates, all pursuant to the terms and conditions set forth in this Agreement;

**Therefore, it is declared, stipulated and agreed between the parties as follows:**

1. Preambles, Titles and Appendices

- 1.1. The Preamble to this Agreement and the appendices attached hereto constitute integral parts hereof.
- 1.2. The titles of the sections in this Agreement are provided for the sake of conciseness alone, and shall not be used for the sake of interpretation.

2. Definitions

- 2.1. **"Business Day"** A day on which, the banks in Israel and Canada are open for the performance of transactions in foreign currency.
- 2.2. **"Canadian Legal Counsel"** Legal counsel (one or more lawyers) from the law firm of Harris, Sheaffer LLP, located in Ontario, Canada or another law firm hired by the Company and/or the Subsidiary on their behalf that is recognized as a leading law firm in the field of real estate in the Province of Ontario, Canada. The Canadian Legal Counsel will be appointed by the parties as the Trustee for receiving all of the revenue for the housing units (deposits and final payment) in connection with any of the Backup Project in the Trust Account managed thereby, wherein it is the sole authorized signatory for the release of the said revenues from the said account. The Canadian Legal Counsel will act to release the Surplus of the Backup Project to the Dedicated Account in accordance with the instructions of the Inspector only, in accordance with reports to be submitted by the Inspector on a monthly basis until the end of the project, and the Inspector will have no discretion in connection with the release of the Surplus.
- 2.3. **"Dedicated Account"** An account in the name of the Company, held in the State of Israel, number 136001795 in branch

100 at Israel Discount Bank Ltd., for which the signatory rights shall be joint between the Company and the Trustee. The full rights of the Company in the account will be pledged in favor of the Trustee, as set forth in section 6.4 to the Deed of Trust.

2.4. "Nominee Company"

Mizrahi Tefahot Bank Registration Company Ltd. or any substitute nominee company.

2.5. "Stock Exchange"

The Tel-Aviv Stock Exchange Ltd.

2.6. "Surplus"

The funds which the Subsidiary will be entitled to receive, in practice, in respect of the Backup Project during the construction of the Backup Project and/or on the completion of construction and population of the Backup Project following the payment of all debts to the lenders financing the Backup Project, with respect to that Backup Project. The Surplus will include Working Capital (as defined below), which the Company and/or the Subsidiary provided and/or will provide in favor of the Backup Project, and earnings derived thereto from the Backup Project. The Surplus will not include Permitted Amounts. "Permitted Amounts" means funds designated for compulsory payments, including payments of taxes and levies; payments to service providers, suppliers or subcontractors, which will provide the Subsidiary with services in respect of the Backup Project; undertakings to the purchasers of units in the Backup Project; management fees and project overheads which will be paid by the Subsidiary, except for pending and future expenses which in the reasonable opinion of the Inspector (as defined above) are required to be held as a reserve, all in accordance with the budget of the project which will be administered by the Inspector. In addition, the Surplus will include all funds which will be due to the Company and/or the Subsidiary in the event of the sale of the Backup Project, partly or wholly, except for the amounts required for the payment of all debts to the lenders financing the Backup Project, with respect to that Backup Project, plus the Permitted Amounts. In this regard it should be clarified that the Company and/or the

Subsidiary will be permitted, at any time, at their sole discretion, without obtaining the approval of the Trustee and/or the Debentures Holders to sell the Backup Project, provided that the proceeds due to the Company will be transferred to the Designated Account.

- 2.7. "The Backup Project" 15 Mallow Road, Toronto  
Mallow is a development project consisting of 39 low-rise residential units with a total saleable area of 109,280 square feet (the project has a total land area of 134,402 square feet) to be classified as development property – land reserve
- 2.8. "The Deed of Trust" The Deed of Trust which was signed between the Company and the Trustee dated December 7<sup>th</sup> 2015, attached as Appendix A to this Agreement.
- 2.9. "The Maximum Owners Loan Amount" CAD 46 Million.
- 2.10. "The Repayment Interest" The unpaid balance of the principal of the loan shall bear fixed annual interest at the interest rate borne by the Debentures, as it may be from time to time, including regarding arrears interest, as applicable, and additional interest for certain events set forth in the Deed of Trust.  
Initially this rate is 8.15% per annum and subject to change in accordance with Sections 5.2 and 5.3 of the Deed of Trust.  
It being understood and agreed that if the interest rate due pursuant to the Debenture increases or otherwise changes in accordance with Section 5.2 or 5.3 of the Deed of Trust and section 4(a) to the first schedule of the Deed of Trust, the interest rate pursuant to the Owners Loan shall change accordingly and on the same date or dates, but shall not be less than 8.15% per annum.
- 2.11. "Working capital" In this matter: the funds invested by the Company and/or the Subsidiary in the Backup Project, whether by way of a loan (including the Owners Loan) or by way of a capital investment.
- 2.12. The "Trustee" Reznik Paz Nevo Trusts Ltd.

3. The Loan



- 3.1. It is hereby agreed that no later than three business days after the receipt of the Trustee's confirmation for such in accordance with provision 6.8 to the Deed of Trust, the Company shall provide the Subsidiary the Owners Loan in the total amount of CAD \$9,758,287.00 (hereinafter: the "**Principal of the Loan**").
  - 3.2. The Owners Loans will be provided to the Subsidiary by the Company with terms of interest and arrears interest (if any) that are identical to the terms of the Debentures.
  - 3.3. Uses. Owners Loan funds will be used by the Subsidiary to provide working capital for the Backup Project and/or to repay financing loans provided to the Backup Project.
  - 3.4. Interest, Principal Payments. The terms of interest and arrears interest (if any) shall be identical to the terms of the Debentures. Meaning, for each CAD 1 of the Principal of the Loan, a total of CAD 1 plus the Repayment Interest will be repaid (hereinafter: the "**Repayment Amount**"). The Repayment Amount (principal and interest) will be repaid on (2) two business days prior to the final repayment date of the principal of the Debentures ("The Maturity Date of the Owners Loan"), currently December 2019, subject to Section 4.2 below.
  - 3.5. The Subsidiary, through the Canadian Legal Counsel, will transfer all payments in connection with Owners Loan directly into the Dedicated Account and/or directly to the Nominee Company, for the purpose of repayments to the Debenture Holders.
  - 3.6. Early Redemption. The Subsidiary is entitled to repay amounts, by early redemption, into the Dedicated Account, on account of the Owners Loan.
  - 3.7. The Subsidiary shall not be entitled to withhold and/or offset any amount of their debt pursuant to this Agreement against any debt or liability of the Company of any kind to the Subsidiary.
  - 3.8. Any provision which reduces the amount of the loan amount will not be valid, except against the said repayments amounts and dates as specified above in this section 3 alone.
  - 3.9. The Company and the Subsidiary undertake not to perform any change to this Agreement, including to the terms of the repayment of the Owners Loan and/or to forgive or in any way release or compromise the Owners Loan in whole or in part and/or convert the Owners Loan to other rights, other than subject to approval by the General Meeting of Debenture Holders by an ordinary majority or approval by the Trustee, provided that such change will not damage the rights of the Debenture Holders.
  - 3.10. The Company may increase the Owners Loan provided that the total of all Owners Loans to the Backup Projects shall not exceed the Maximum Owners Loan Amount.
4. Representations and Warranties of the Subsidiary
- The Subsidiary declares, represents and warrants as follows:
- 4.1. The Subsidiary is aware that all the rights and interests of the Company pursuant to this Agreement will be pledged in favor of the Trustee on behalf of the Debentures Holders, with a fixed, exclusive first lien, unlimited in amount, for as long as the Debentures have not been repaid in full by the Company, and in accordance with the terms of the Deed of Trust.

- 4.2. The Subsidiary undertakes that upon receiving notice from the Trustee, that the Debenture Holders have cause to call for immediate repayment of the Debentures or for exercise of collateral, it will transfer all payments with respect to the Owners Loans directly to the Trustee, as instructed by the Trustee.
- 4.3. The repayment of the Owners Loan to the Company by the Subsidiary is subject to the repayment conditions of the Debentures by the Company (excluding The Maturity Date of the Owners Loan), including in the case of immediate repayment of the Debentures demanded by the Trustee or the Debentures holders and/or early repayment required following the deleting from trade of the Debentures by of the Stock Exchange, all subject and the Deed of Trust it being understood and agreed that if the debentures become due and payable in full in accordance with the terms of the Deed of Trust, the Owners Loan shall become due and payable.
- 4.4. The Subsidiary is aware of the grounds for calling for immediate repayment of the Debentures, including that non-compliance of the Company with the payment dates of the Debentures constitutes grounds as stated, and the Subsidiary undertakes to refrain from performance of any action which may place the Company in a situation constituting grounds for immediate repayment, including non-compliance with the repayment dates of the Owners Loan, set forth in this Agreement, in order to allow the Company to meet the repayment dates of the Debentures.
- 4.5. the Subsidiary undertakes that any amounts which it will be entitled to withdraw as Surplus will first be used to repay Owners Loan and accordingly if the date on which the Subsidiary will be entitled to withdraw the Surplus, in part or in full, including Backup Project profits is prior to the Maturity Date of the Owners Loan, the Subsidiary will implement an early redemption of the Owners Loan in the full amount it is entitled to withdraw.
- 4.6. On the date of the signing of this Agreement the Subsidiary (and/or companies under its control) is not in a process of liquidation and/or receivership (temporary or permanent) and/or a stay of proceedings and no application for liquidation and/or receivership and/or a stay of proceedings has been filed against the Subsidiary (and/or companies under its control) and the Subsidiary is not aware of any threat of applying or taking such actions. In addition, the Subsidiary declares that it (and/or companies under its control) have not passed a resolution of liquidation.
- 4.7. The Subsidiary undertakes to cause that as part of the financing loans to be assumed by the Subsidiary (and/or companies under its control) in the Backup Project, the lenders financing the Backup Project have not and will not be awarded the right to offset in connection with the properties and/or other accounts and no cross lien of any kind or type whatsoever will be given with respect to the properties that are under the Subsidiary (and/or companies under its control).

5. Indemnification

Without derogating from any remedy and/or relief and/or other or additional right granted to the Company under this Agreement and any law, the Subsidiary undertakes to indemnify the Company for any damage and/or cost caused to the Company for any event of a delay in the repayment of the Repayment Amount to the Company as stated in Section 3 above and/or a delay in the repayment of the Owners Loan, if required pursuant to the terms of the Prospectus and the Deed of Trust. The amount of the indemnification shall be the cost of damage caused to the Company pursuant to the terms specified in the Prospectus, the Deed of Trust and the remedies available to the Debentures Holders from the Company. All such indemnification will be paid directly to the Dedicated Account or to the trustee's account in compliance with the provisions of clause 4.2 above.

6. Miscellaneous

- 6.1. The parties may not assign their rights and/or liabilities under this Agreement without the prior written consent of the other party to this Agreement and of an assembly of the Debentures Holders.
- 6.2. The parties will take all of the additional measures, including signing the additional documents required for the application and performance of this Agreement in letter and in spirit.
- 6.3. In any event where any party does not use any right granted thereto under this Agreement or under any law, the matter shall not be considered a waiver on its part of the same right, and the party may again use these rights. The breaching party may not claim a delay or waiver.
- 6.4. The terms of this Agreement include all of the stipulations and agreements between the parties, and govern over the engagements, consents, representations and warranties which preceded the signature of this Agreement, and which were conducted in writing or orally.
- 6.5. Any change and/or termination of any of the provisions of this Agreement shall occur solely through a written document, which shall be signed by all of the parties. Any change to this Agreement and/or the termination thereof shall be subject to the consent of an assembly of the Debentures Holders or the approval of the Trustee, if there is no change to the above, in order to harm the rights of the Debentures Holders.
- 6.6. The addresses of the sections to this Agreement are as written in the Preamble hereto. Any notice sent via registered mail based on one of the addresses above shall be considered to have arrived within 72 hours from dispatch, and if delivered by hand, upon delivery thereof.
- 6.7. This Agreement shall be construed in accordance with the laws of the Province of Ontario.
- 6.8. Time is and shall continue to be of the essence of this Agreement.
- 6.9. This Agreement constitutes the entire agreement between the parties and may not be amended in any manner except by written instrument signed by both of them.
- 6.10. This Agreement supercedes all previous agreements entered into between the parties.

In witness whereof, the parties affix their signatures:

Urbancorp Inc.

Per: \_\_\_\_\_

Alan Saskin

President

I have the authority to bind the  
Corporation

Urbancorp (Mallow) Inc.

Per: \_\_\_\_\_

Alan Saskin

President

I have the authority to bind the  
Corporation

Appendix A

The Deed of Trust (Hebrew) and a translated copy of the Deed of Trust (English)

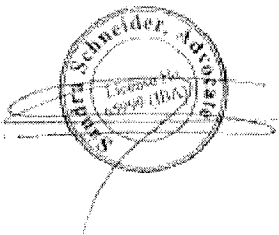
*MAJ3U50105M\_loan Agreements\Loan Agreement - mallow- v2 FINAL.doc*

**D**

This is Exhibit "D" referred to in the Affidavit of Guy Gissin  
sworn May 16, 2016

---

A Commissioner for Taking Affidavits



## Loan Agreement

Conducted and signed in Toronto, Canada, on the 21<sup>st</sup> day of December, 2015

Between: **Urbancorp Inc.**

A company incorporated in the Province of Ontario, Canada, the registered office of which is at the following address:

120 Lynn Williams Street, Suite 2A, Toronto Canada

Tel: (416) 928-5001

Facsimile: (416) 928-9501

(Hereinafter, the "Company")

On the one hand:

And between: **Urbancorp (Patricia) Inc.**

A company incorporated in the Province of Ontario, Canada, the registered office of which is at the following address:

120 Lynn Williams Street, Suite 2A, Toronto Canada

Tel: (416) 928-5001

Facsimile: (416) 928-9501

(hereinafter: the "Subsidiary")

On the other hand:

(The Company and the Subsidiary shall be hereinafter jointly referred to as: the "Parties")

- WHEREAS:** On 30<sup>th</sup> of November, 2015, the Company published a supplementary prospectus, as amended on December 7, 2015, and supplementary notice published on December 8, 2015 (hereinafter: the "Prospectus"), within which the Company offered to the public debentures (series A) par value NIS 1 each (hereinafter: the "Debentures") under the terms as set forth in The Deed of Trust (as defined below); and
- WHEREAS:** Pursuant to the results of the issuance under the Prospectus, the Company issued on 10<sup>th</sup> of December, 2015, NIS 180,583,000 par value of Debentures; and
- WHEREAS:** The Company has decided to provide an amount of CAD \$ 9,881,072.00 Million (out of The Maximum Owners Loan Amount) as a loan to the Subsidiary with terms of interest and arrears interest (if any) that are identical to the terms of the Debentures, and that will be repaid on (2) two business days prior to the final repayment date of the principal of the Debentures (hereinafter: the "Owners Loan"), all such that the Company shall repay the debt to the Debentures Holders, inter alia, through a repayment of the Owners Loan; and



**WHEREAS:** The Owners Loan shall be used by the Subsidiary to provide working capital for the Backup Project and/or to repay financing loans provided to the Backup Project, as set forth in the Prospectus and the Deed of Trust; and

**WHEREAS:** The Subsidiary wishes that the Company provide it with the Owners Loan, and the parties wish to set forth the terms of the Owners Loan and payment dates, all pursuant to the terms and conditions set forth in this Agreement;

**Therefore, it is declared, stipulated and agreed between the parties as follows:**

1. **Preambles, Titles and Appendices**

- 1.1. The Preamble to this Agreement and the appendices attached hereto constitute integral parts hereof.
- 1.2. The titles of the sections in this Agreement are provided for the sake of conciseness alone, and shall not be used for the sake of interpretation.

2. **Definitions**

- 2.1. **"Business Day"** A day on which, the banks in Israel and Canada are open for the performance of transactions in foreign currency.
- 2.2. **"Canadian Legal Counsel"** Legal counsel (one or more lawyers) from the law firm of Harris, Sheaffer LLP, located in Ontario, Canada or another law firm hired by the Company and/or the Subsidiary on their behalf that is recognized as a leading law firm in the field of real estate in the Province of Ontario, Canada. The Canadian Legal Counsel will be appointed by the parties as the Trustee for receiving all of the revenue for the housing units (deposits and final payment) in connection with any of the Backup Project in the Trust Account managed thereby, wherein it is the sole authorized signatory for the release of the said revenues from the said account. The Canadian Legal Counsel will act to release the Surplus of the Backup Project to the Dedicated Account in accordance with the instructions of the Inspector only, in accordance with reports to be submitted by the Inspector on a monthly basis until the end of the project, and the Inspector will have no discretion in connection with the release of the Surplus.
- 2.3. **"Dedicated Account"** An account in the name of the Company, held in the State of Israel, number 136001795 in branch

100 at Israel Discount Bank Ltd., for which the signatory rights shall be joint between the Company and the Trustee. The full rights of the Company in the account will be pledged in favor of the Trustee, as set forth in section 6.4 to the Deed of Trust.

2.4. **"Nominee Company"**

Mizrahi Tefahot Bank Registration Company Ltd. or any substitute nominee company.

2.5. **"Stock Exchange"**

The Tel-Aviv Stock Exchange Ltd.

2.6. **"Surplus"**

The funds which the Subsidiary will be entitled to receive, in practice, in respect of the Backup Project during the construction of the Backup Project and/or on the completion of construction and population of the Backup Project following the payment of all debts to the lenders financing the Backup Project, with respect to that Backup Project, the Surplus will include Working Capital (as defined below), which the Company and/or the Subsidiary provided and/or will provide in favor of the Backup Project, and earnings derived thereto from the Backup Project. The Surplus will not include Permitted Amounts. "Permitted Amounts" – means funds designated for compulsory payments, including payments of taxes and levies; payments to service providers, suppliers or subcontractors, which will provide the Subsidiary with services in respect of the Backup Project; undertakings to the purchasers of units in the Backup Project; management fees and project overheads which will be paid by the Subsidiary, except for pending and future expenses which in the reasonable opinion of the Inspector (as defined above) are required to be held as a reserve, all in accordance with the budget of the project which will be administered by the Inspector. In addition, the Surplus will include all funds which will be due to the Company and/or the Subsidiary in the event of the sale of the Backup Project, partly or wholly, except for the amounts required for the payment of all debts to the lenders financing the Backup Project, with respect to that Backup Project, plus the Permitted Amounts. In this regard it should be clarified that the Company and/or the

Subsidiary will be permitted, at any time, at their sole discretion, without obtaining the approval of the Trustee and/or the Debentures Holders to sell the Backup Project, provided that the proceeds due to the Company will be transferred to the Designated Account.

- 2.7. **“The Backup Project”** 425 Patricia Avenue, Toronto  
Patricia is a development project consisting of 39 low-rise residential units with a total saleable area of 126,690 square feet (the project has a total land area of 119,361 square feet), to be classified as development property – land reserve
- 2.8. **“The Deed of Trust”** The Deed of Trust which was signed between the Company and the Trustee dated December 7<sup>th</sup> 2015, attached as Appendix A to this Agreement.
- 2.9. **“The Maximum Owners Loan Amount”** CAD 46 Million.
- 2.10. **“The Repayment Interest”** The unpaid balance of the principal of the loan shall bear fixed annual interest at the interest rate borne by the Debentures, as it may be from time to time, including regarding arrears interest, as applicable, and additional interest for certain events set forth in the Deed of Trust.  
Initially this rate is 8.15% per annum and subject to change in accordance with Sections 5.2 and 5.3 of the Deed of Trust.  
It being understood and agreed that if the interest rate due pursuant to the Debenture increases or otherwise changes in accordance with Section 5.2 or 5.3 of the Deed of Trust and section 4(a) to the first schedule of the Deed of Trust, the interest rate pursuant to the Owners Loan shall change accordingly and on the same date or dates, but shall not be less than 8.15% per annum.
- 2.11. **“Working capital”** In this matter: the funds invested by the Company and/or the Subsidiary in the Backup Project, whether by way of a loan (including the Owners Loan) or by way of a capital investment.
- 2.12. **The “Trustee”** Reznik Paz Nevo Trusts Ltd.

3. **The Loan**

- 3.1. It is hereby agreed that no later than three business days after the receipt of the Trustee's confirmation for such in accordance with provision 6.8 to the Deed of Trust, the Company shall provide the Subsidiary the Owners Loan in the total amount of CAD \$9,881,072.00 (hereinafter: the "**Principal of the Loan**").
- 3.2. The Owners Loans will be provided to the Subsidiary by the Company with terms of interest and arrears interest (if any) that are identical to the terms of the Debentures.
- 3.3. Uses. Owners Loan funds will be used by the Subsidiary to provide working capital for the Backup Project and/or to repay financing loans provided to the Backup Project.
- 3.4. Interest, Principal Payments. The terms of interest and arrears interest (if any) shall be identical to the terms of the Debentures. Meaning, for each CAD 1 of the Principal of the Loan, a total of CAD 1 plus the Repayment Interest will be repaid (hereinafter: the "**Repayment Amount**"). The Repayment Amount (principal and interest) will be repaid on (2) two business days prior to the final repayment date of the principal of the Debentures, (the "**Maturity Date of the Owners Loan**"), currently December 2019, subject to Section 4.2 below.
- 3.5. The Subsidiary, through the Canadian Legal Counsel, will transfer all payments in connection with Owners Loan directly into the Dedicated Account and/or directly to the Nominee Company, for the purpose of repayments to the Debenture Holders.
- 3.6. Early Redemption. The Subsidiary is entitled to repay amounts, by early redemption, into the Dedicated Account, on account of the Owners Loan.
- 3.7. The Subsidiary shall not be entitled to withhold and/or offset any amount of their debt pursuant to this Agreement against any debt or liability of the Company of any kind to the Subsidiary.
- 3.8. Any provision which reduces the amount of the loan amount will not be valid, except against the said repayments amounts and dates as specified above in this section 3 alone.
- 3.9. The Company and the Subsidiary undertake not to perform any change to this Agreement, including to the terms of the repayment of the Owners Loan and/or to forgive or in any way release or compromise the Owners Loan in whole or in part and/or convert the Owners Loan to other rights, other than subject to approval by the General Meeting of Debenture Holders by an ordinary majority or approval by the Trustee, provided that such change will not damage the rights of the Debenture Holders.
- 3.10. The Company may increase the Owners Loan provided that the total of all Owners Loans to the Backup Projects shall not exceed the Maximum Owners Loan Amount.

4. **Representations and Warranties of the Subsidiary**

The Subsidiary declares, represents and warrants as follows:

- 4.1. The Subsidiary is aware that all the rights and interests of the Company pursuant to this Agreement will be pledged in favor of the Trustee on behalf of the Debentures Holders, with a fixed, exclusive first lien, unlimited in amount, for as long as the Debentures have not been repaid in full by the Company, and in accordance with the terms of the Deed of Trust.
- 4.2. The Subsidiary undertakes that upon receiving notice from the Trustee, that the Debenture Holders have cause to call for immediate repayment of the Debentures or for exercise of collateral, it will transfer all payments with respect to the Owners Loans directly to the Trustee, as instructed by the Trustee.
- 4.3. The repayment of the Owners Loan to the Company by the Subsidiary is subject to the repayment conditions of the Debentures by the Company (excluding The Maturity Date of the Owners Loan), including in the case of immediate repayment of the Debentures demanded by the Trustee or the Debentures holders and/or early repayment required following the deleting from trade of the Debentures by the Tel Aviv Stock Exchange, all subject to the Deed of Trust it being understood and agreed that if the debentures become due and payable in full in accordance with the terms of the Deed of Trust, the Owners Loan shall become due and payable.
- 4.4. The Subsidiary is aware of the grounds for calling for immediate repayment of the Debentures, including that non-compliance of the Company with the payment dates of the Debentures constitutes grounds as stated, and the Subsidiary undertakes to refrain from performance of any action which may place the Company in a situation constituting grounds for immediate repayment, including non-compliance with the repayment dates of the Owners Loan, set forth in this Agreement, in order to allow the Company to meet the repayment dates of the Debentures.
- 4.5. the Subsidiary undertakes that any amounts which it will be entitled to withdraw as Surplus will first be used to repay Owners Loan and accordingly if the date on which the Subsidiary will be entitled to withdraw the Surplus, in part or in full, including Backup Project profits is prior to the Maturity Date of the Owners Loan, the Subsidiary will implement an early redemption of the Owners Loan in the full amount it is entitled to withdraw.
- 4.6. On the date of the signing of this Agreement the Subsidiary (and/or companies under its control) is not in a process of liquidation and/or receivership (temporary or permanent) and/or a stay of proceedings and no application for liquidation and/or receivership and/or a stay of proceedings has been filed against the Subsidiary (and/or companies under its control) and the Subsidiary is not aware of any threat of applying or taking such actions. In addition, the Subsidiary declares that it (and/or companies under its control) have not passed a resolution of liquidation.
- 4.7. The Subsidiary undertakes to cause that as part of the financing loans to be assumed by the Subsidiary (and/or companies under its control) in the Backup Project, the lenders financing the Backup Project have not and will not be awarded the right to offset in connection with the properties and/or other accounts and no cross lien of any kind or type whatsoever will be given with respect to the properties that are under the Subsidiary (and/or companies under its control).

5. **Indemnification**

Without derogating from any remedy and/or relief and/or other or additional right granted to the Company under this Agreement and any law, the Subsidiary undertakes to indemnify the Company for any damage and/or cost caused to the Company for any event of a delay in the repayment of the Repayment Amount to the Company as stated in Section 3 above and/or a delay in the repayment of the Owners Loan, if required pursuant to the terms of the Prospectus and the Deed of Trust. The amount of the indemnification shall be the cost of damage caused to the Company pursuant to the terms specified in the Prospectus, the Deed of Trust and the remedies available to the Debentures Holders from the Company. All such indemnification will be paid directly to the Dedicated Account or to the trustee's account in compliance with the provisions of clause 4.2 above.

6. **Miscellaneous**

- 6.1. The parties may not assign their rights and/or liabilities under this Agreement without the prior written consent of the other party to this Agreement and of an assembly of the Debentures Holders.
- 6.2. The parties will take all of the additional measures, including signing the additional documents required for the application and performance of this Agreement in letter and in spirit.
- 6.3. In any event where any party does not use any right granted thereto under this Agreement or under any law, the matter shall not be considered a waiver on its part of the same right, and the party may again use these rights. The breaching party may not claim a delay or waiver.
- 6.4. The terms of this Agreement include all of the stipulations and agreements between the parties, and govern over the engagements, consents, representations and warranties which preceded the signature of this Agreement, and which were conducted in writing or orally.
- 6.5. Any change and/or termination of any of the provisions of this Agreement shall occur solely through a written document, which shall be signed by all of the parties. Any change to this Agreement and/or the termination thereof shall be subject to the consent of an assembly of the Debentures Holders or the approval of the Trustee, if there is no change to the above, in order to harm the rights of the Debentures Holders.
- 6.6. The addresses of the sections to this Agreement are as written in the Preamble hereto. Any notice sent via registered mail based on one of the addresses above shall be considered to have arrived within 72 hours from dispatch, and if delivered by hand, upon delivery thereof.
- 6.7. This Agreement shall be construed in accordance with the laws of the Province of Ontario.
- 6.8. Time is and shall continue to be of the essence of this Agreement.
- 6.9. This Agreement constitutes the entire agreement between the parties and may not be amended in any manner except by written instrument signed by both of them.
- 6.10. This Agreement supercedes all previous agreements entered into between the parties.

In witness whereof, the parties affix their signatures:

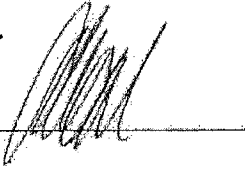
**Urbancorp Inc.**

Per: \_\_\_\_\_

**Alan Saskin**

**President**

**I have the authority to bind the  
Corporation**



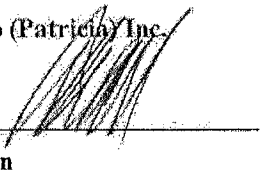
**Urbancorp (Patricia) Inc.**

Per: \_\_\_\_\_

**Alan Saskin**

**President**

**I have the authority to bind the  
Corporation**



Appendix A

The Deed of Trust (Hebrew) and a translated copy of the Deed of Trust (English)

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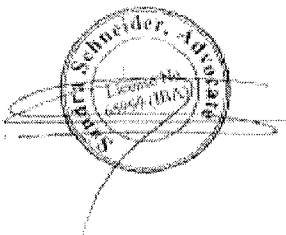


**E**

This is Exhibit "E" referred to in the Affidavit of Guy Gissin  
sworn May 16, 2016

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A Commissioner for Taking Affidavits



## Loan Agreement

Conducted and signed in Toronto, Ontario, on the 21<sup>st</sup> day of December, 2015

Between: **Urbancorp Inc.**

A company incorporated in the Province of Ontario, Canada, the registered office of which is at the following address:

120 Lynn Williams Street, Suite 2A, Toronto Canada

Tel: (416) 928-5001

Facsimile: (416) 928-9501

(Hereinafter, the "Company")

On the one hand;

And between: **Urbancorp (St. Clair Village) Inc.**

A company incorporated in the Province of Ontario, Canada, the registered office of which is at the following address:

120 Lynn Williams Street, Suite 2A, Toronto Canada

Tel: (416) 928-5001

Facsimile: (416) 928-9501

(hereinafter: the "Subsidiary")

On the other hand;

(The Company and the Subsidiary shall be hereinafter jointly referred to as: the "Parties")

- WHEREAS:** On 30<sup>th</sup> of November, 2015, the Company published a supplementary prospectus, as amended on December 7, 2015, and supplementary notice published on December 8, 2015 (hereinafter: the "**Prospectus**"), within which the Company offered to the public debentures (series A) par value NIS 1 each (hereinafter: the "**Debentures**") under the terms as set forth in The Deed of Trust (as defined below); and
- WHEREAS:** Pursuant to the results of the issuance under the Prospectus, the Company issued on 10<sup>th</sup> of December, 2015, NIS 180,583,000 par value of Debentures; and
- WHEREAS:** The Company has decided to provide an amount of CAD \$ 7,688,690 Million (out of The Maximum Owners Loan Amount) as a loan to the Subsidiary with terms of interest and arrears interest (if any) that are identical to the terms of the Debentures, and that will be repaid on (2) two business days prior to the final repayment date of the principal of the Debentures (hereinafter: the "**Owners Loan**"), all such that the Company shall repay the debt to the Debentures Holders, inter alia, through a repayment of the Owners Loan; and
- WHEREAS:** The Owners Loan shall be used by the Subsidiary to provide working capital for the Backup Project and/or to repay financing loans provided to the Backup Project, as set forth in the Prospectus and the Deed of Trust; and

WHEREAS: The Subsidiary wishes that the Company provide it with the Owners Loan, and the parties wish to set forth the terms of the Owners Loan and payment dates, all pursuant to the terms and conditions set forth in this Agreement;

Therefore, it is declared, stipulated and agreed between the parties as follows:

1. Preambles, Titles and Appendices

- 1.1. The Preamble to this Agreement and the appendices attached hereto constitute integral parts hereof.
- 1.2. The titles of the sections in this Agreement are provided for the sake of conciseness alone, and shall not be used for the sake of interpretation.

2. Definitions

- 2.1. "Business Day" A day on which, the banks in Israel and Canada are open for the performance of transactions in foreign currency.
- 2.2. "Canadian Legal Counsel" Legal counsel (one or more lawyers) from the law firm of Harris, Sheaffer LLP, located in Ontario, Canada or another law firm hired by the Company and/or the Subsidiary on their behalf that is recognized as a leading law firm in the field of real estate in the Province of Ontario, Canada. The Canadian Legal Counsel will be appointed by the parties as the Trustee for receiving all of the revenue for the housing units (deposits and final payment) in connection with any of the Backup Project in the Trust Account managed thereby, wherein it is the sole authorized signatory for the release of the said revenues from the said account. The Canadian Legal Counsel will act to release the Surplus of the Backup Project to the Dedicated Account in accordance with the instructions of the Inspector only, in accordance with reports to be submitted by the Inspector on a monthly basis until the end of the project, and the Inspector will have no discretion in connection with the release of the Surplus.
- 2.3. "Dedicated Account" An account in the name of the Company, held in the State of Israel, number 13600179 in branch 100 at Israel Discount Bank Ltd., for which the signatory rights shall be joint between the Company and the Trustee. The full rights of the Company in the account will be pledged in

favor of the Trustee, as set forth in section 6.4 to the Deed of Trust.

2.4. "Nominee Company"

Mizrahi Tefahot Bank Registration Company Ltd. or any substitute nominee company.

2.5. "Stock Exchange"

The Tel-Aviv Stock Exchange Ltd.

2.6. "Surplus"

The funds which the Subsidiary will be entitled to receive, in practice, in respect of the Backup Project during the construction of the Backup Project and/or on the completion of construction and population of the Backup Project following the payment of all debts to the lenders financing the Backup Project, with respect to that Backup Project, the Surplus will include Working Capital (as defined below), which the Company and/or the Subsidiary provided and/or will provide in favor of the Backup Project, and earnings derived thereto from the Backup Project. The Surplus will not include Permitted Amounts. "Permitted Amounts" – means funds designated for compulsory payments, including payments of taxes and levies; payments to service providers, suppliers or subcontractors, which will provide the Subsidiary with services in respect of the Backup Project; undertakings to the purchasers of units in the Backup Project; management fees and project overheads which will be paid by the Subsidiary, except for pending and future expenses which in the reasonable opinion of the Inspector (as defined above) are required to be held as a reserve, all in accordance with the budget of the project which will be administered by the Inspector. In addition, the Surplus will include all funds which will be due to the Company and/or the Subsidiary in the event of the sale of the Backup Project, partly or wholly, except for the amounts required for the payment of all debts to the lenders financing the Backup Project, with respect to that Backup Project, plus the Permitted Amounts. In this regard it should be clarified that the Company and/or the Subsidiary will be permitted, at any time, at their sole discretion, without obtaining the approval of the Trustee and/or the Debentures

Holders to sell the Backup Project, provided that the proceeds due to the Company will be transferred to the Designated Account.

- 2.7. **“The Backup Project”** 19 Innes Avenue and 177 Caledonia Road, Toronto  
St. Clair Village is a development project under planning. The project consists of 41 residential semi-detached townhouses with an area of 118,300 square feet
- 2.8. **“The Deed of Trust”** The Deed of Trust which was signed between the Company and the Trustee dated December 7<sup>th</sup> 2015, attached as Appendix A to this Agreement.
- 2.9. **“The Maximum Owners Loan Amount”** CAD 46 Million.
- 2.10. **“The Repayment Interest”** The unpaid balance of the principal of the loan shall bear fixed annual interest at the interest rate borne by the Debentures, as it may be from time to time, including regarding arrears interest, as applicable, and additional interest for certain events set forth in the Deed of Trust.  
Initially this rate is 8.15% per annum and subject to change in accordance with Sections 5.2 and 5.3 of the Deed of Trust.  
It being understood and agreed that if the interest rate due pursuant to the Debenture increases or otherwise changes in accordance with Section 5.2 or 5.3 of the Deed of Trust and section 4(a) to the first schedule of the Deed of Trust , the interest rate pursuant to the Owners Loan shall change accordingly and on the same date or dates, but shall not be less than 8.15% per annum.
- 2.11. **“Working capital”** In this matter: the funds invested by the Company and/or the Subsidiary in the Backup Project, whether by way of a loan (including the Owners Loan) or by way of a capital investment.
- 2.12. **The “Trustee”** Reznik Paz Nevo Trusts Ltd.

3. **The Loan**

- 3.1. It is hereby agreed that no later than three business days after the receipt of the Trustee’s confirmation for such in accordance with provision 6.8 to the Deed of Trust, the Company shall provide the Subsidiary the Owners Loan in the total amount of CAD \$7,688,690 (hereinafter: the **“Principal of the Loan”**).

- 3.2. The Owners Loans will be provided to the Subsidiary by the Company with terms of interest and arrears interest (if any) that are identical to the terms of the Debentures.
- 3.3. Uses. Owners Loan funds will be used by the Subsidiary to provide working capital for the Backup Project and/or to repay financing loans provided to the Backup Project.
- 3.4. Interest, Principal Payments. The terms of interest and arrears interest (if any) shall be identical to the terms of the Debentures. Meaning, for each CAD 1 of the Principal of the Loan, a total of CAD 1 plus the Repayment Interest will be repaid (hereinafter: the "Repayment Amount"). The Repayment Amount (principal and interest) will be repaid on (2) two business days prior to the final repayment date of the principal of the Debentures ("The Maturity Date of the Owners Loan"), currently December 2019, subject to Section 4.2 below.
- 3.5. The Subsidiary, through the Canadian Legal Counsel, will transfer all payments in connection with Owners Loan directly into the Dedicated Account and/or directly to the Nominee Company, for the purpose of repayments to the Debenture Holders.
- 3.6. Early Redemption. The Subsidiary is entitled to repay amounts, by early redemption, into the Dedicated Account, on account of the Owners Loan.
- 3.7. The Subsidiary shall not be entitled to withhold and/or offset any amount of their debt pursuant to this Agreement against any debt or liability of the Company of any kind to the Subsidiary.
- 3.8. Any provision which reduces the amount of the loan amount will not be valid, except against the said repayments amounts and dates as specified above in this section 3 alone.
- 3.9. The Company and the Subsidiary undertake not to perform any change to this Agreement, including to the terms of the repayment of the Owners Loan and/or to forgive or in any way release or compromise the Owners Loan in whole or in part and/or convert the Owners Loan to other rights, other than subject to approval by the General Meeting of Debenture Holders by an ordinary majority or approval by the Trustee, provided that such change will not damage the rights of the Debenture Holders.
- 3.10. The Company may increase the Owners Loan provided that the total of all Owners Loans to the Backup Projects shall not exceed the Maximum Owners Loan Amount.

4. Representations and Warranties of the Subsidiary

The Subsidiary declares, represents and warrants as follows:

- 4.1. The Subsidiary is aware that all the rights and interests of the Company pursuant to this Agreement will be pledged in favor of the Trustee on behalf of the Debentures Holders, with a fixed, exclusive first lien, unlimited in amount, for as long as the Debentures have not been repaid in full by the Company, and in accordance with the terms of the Deed of Trust.

- 4.2. The Subsidiary undertakes that upon receiving notice from the Trustee, that the Debenture Holders have cause to call for immediate repayment of the Debentures or for exercise of collateral, it will transfer all payments with respect to the Owners Loans directly to the Trustee, as instructed by the Trustee.
- 4.3. The repayment of the Owners Loan to the Company by the Subsidiary is subject to the repayment conditions of the Debentures by the Company (excluding The Maturity Date of the Owners Loan), including in the case of immediate repayment of the Debentures demanded by the Trustee or the Debentures holders and/or early repayment required following the deleting from trade of the Debentures by the Tel Aviv Stock Exchange, all subject to the Deed of Trust it being understood and agreed that if the debentures become due and payable in full in accordance with the terms of the Deed of Trust, the Owners Loan shall become due and payable.
- 4.4. The Subsidiary is aware of the grounds for calling for immediate repayment of the Debentures, including that non-compliance of the Company with the payment dates of the Debentures constitutes grounds as stated, and the Subsidiary undertakes to refrain from performance of any action which may place the Company in a situation constituting grounds for immediate repayment, including non-compliance with the repayment dates of the Owners Loan, set forth in this Agreement, in order to allow the Company to meet the repayment dates of the Debentures.
- 4.5. the Subsidiary undertakes that any amounts which it will be entitled to withdraw as Surplus will first be used to repay Owners Loan and accordingly if the date on which the Subsidiary will be entitled to withdraw the Surplus, in part or in full, including Backup Project profits is prior to the Maturity Date of the Owners Loan, the Subsidiary will implement an early redemption of the Owners Loan in the full amount it is entitled to withdraw.
- 4.6. On the date of the signing of this Agreement the Subsidiary (and/or companies under its control) is not in a process of liquidation and/or receivership (temporary or permanent) and/or a stay of proceedings and no application for liquidation and/or receivership and/or a stay of proceedings has been filed against the Subsidiary (and/or companies under its control) and the Subsidiary is not aware of any threat of applying or taking such actions. In addition, the Subsidiary declares that it (and/or companies under its control) have not passed a resolution of liquidation.
- 4.7. The Subsidiary undertakes to cause that as part of the financing loans to be assumed by the Subsidiary (and/or companies under its control) in the Backup Project, the lenders financing the Backup Project have not and will not be awarded the right to offset in connection with the properties and/or other accounts and no cross lien of any kind or type whatsoever will be given with respect to the properties that are under the Subsidiary (and/or companies under its control).

5. Indemnification



Without derogating from any remedy and/or relief and/or other or additional right granted to the Company under this Agreement and any law, the Subsidiary undertakes to indemnify the Company for any damage and/or cost caused to the Company for any event of a delay in the repayment of the Repayment Amount to the Company as stated in Section 3 above and/or a delay in the repayment of the Owners Loan, if required pursuant to the terms of the Prospectus and the Deed of Trust. The amount of the indemnification shall be the cost of damage caused to the Company pursuant to the terms specified in the Prospectus, the Deed of Trust and the remedies available to the Debentures Holders from the Company. All such indemnification will be paid directly to the Dedicated Account or to the trustee's account in compliance with the provisions of clause 4.2 above.

6. Miscellaneous

- 6.1. The parties may not assign their rights and/or liabilities under this Agreement without the prior written consent of the other party to this Agreement and of an assembly of the Debentures Holders.
- 6.2. The parties will take all of the additional measures, including signing the additional documents required for the application and performance of this Agreement in letter and in spirit.
- 6.3. In any event where any party does not use any right granted thereto under this Agreement or under any law, the matter shall not be considered a waiver on its part of the same right, and the party may again use these rights. The breaching party may not claim a delay or waiver.
- 6.4. The terms of this Agreement include all of the stipulations and agreements between the parties, and govern over the engagements, consents, representations and warranties which preceded the signature of this Agreement, and which were conducted in writing or orally.
- 6.5. Any change and/or termination of any of the provisions of this Agreement shall occur solely through a written document, which shall be signed by all of the parties. Any change to this Agreement and/or the termination thereof shall be subject to the consent of an assembly of the Debentures Holders or the approval of the Trustee, if there is no change to the above, in order to harm the rights of the Debentures Holders.
- 6.6. The addresses of the sections to this Agreement are as written in the Preamble hereto. Any notice sent via registered mail based on one of the addresses above shall be considered to have arrived within 72 hours from dispatch, and if delivered by hand, upon delivery thereof.
- 6.7. This Agreement shall be construed in accordance with the laws of the Province of Ontario.
- 6.8. Time is and shall continue to be of the essence of this Agreement.
- 6.9. This Agreement constitutes the entire agreement between the parties and may not be amended in any manner except by written instrument signed by both of them.
- 6.10. This Agreement supercedes all previous agreements entered into between the parties.

(BALANCE OF PAGE INTENTIONALLY LEFT BLANK – SIGNATURE PAGE TO FOLLOW)

In witness whereof, the parties affix their signatures:

**Urbancorp Inc.**

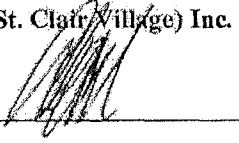
Per: \_\_\_\_\_ 

**Alan Saskin**

**President**

**I have the authority to bind the  
Corporation**

**Urbancorp (St. Clair Village) Inc.**

Per: \_\_\_\_\_ 

**Alan Saskin**

**President**

**I have the authority to bind the  
corporation**

Appendix A

The Deed of Trust (Hebrew) and a translated copy of the Deed of Trust (English)

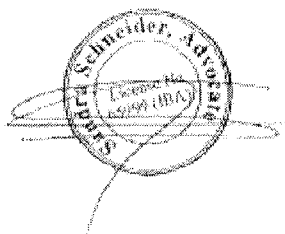
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**F**

This is Exhibit "F" referred to in the Affidavit of Guy Gissin  
sworn May 16, 2016

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A Commissioner for Taking Affidavits



## Loan Agreement

Conducted and signed in Toronto, Canada, on the 21<sup>st</sup> day of December, 2015

Between: **Urbancorp Inc.**

A company incorporated in the District of Ontario, Canada, the registered office of which is at the following address:

120 Lynn Williams Street, Suite 2A, Toronto Canada

Tel: (416) 928-5001

Facsimile: (416) 928-9501

(Hereinafter, the "Company")

On the one hand:

And between: **URBANCORP DOWNSVIEW PARK DEVELOPMENT INC.**

A company incorporated in the Province of Ontario, Canada, the registered office of which is at the following address:

120 Lynn Williams Street, Suite 2A, Toronto Canada

Tel: (416) 928-5001

Facsimile: (416) 928-9501

(hereinafter: the "Subsidiary")

On the other hand:

(The Company and the Subsidiary shall be hereinafter jointly referred to as: the "Parties")

- WHEREAS:** On 30<sup>th</sup> of November, 2015, the Company published a supplementary prospectus, as amended on December 7, 2015, and supplementary notice published on December 8, 2015 (hereinafter: the "**Prospectus**"), within which the Company offered to the public debentures (series A) par value NIS 1 each (hereinafter: the "**Debentures**") at a price of NIS 1 per Debenture and under the terms as set forth The Deed of Trust (as defined below); and
- WHEREAS:** Pursuant to the results of the issuance under the Prospectus, the Company issued on 10<sup>th</sup> of December, 2015, NIS 180,583,000 par value of Debentures; and
- WHEREAS:** The Company has decided to provide an amount of CAD \$10,094,562 Million (out of The Maximum Owners Loan Amount) as a loan to the Subsidiary with terms of interest and arrears interest (if any) that are identical to the terms of the Debentures, and that will be repaid two business days prior to the final repayment date of the principal of the Debentures (hereinafter: the "**Owners Loan**"), all such that the Company shall repay the debt to the Debentures Holders, inter alia, through a repayment of the Owners Loan; and

**WHEREAS:** The Owners Loan shall be used by the Subsidiary to provide working capital for the Backup Project and/or to repay financing loans provided to the Backup Project, as set forth in the Prospectus and the Deed of Trust; and

**WHEREAS:** The Subsidiary wishes that the Company provide it with the Owners Loan, and the parties wish to set forth the terms of the Owners Loan and payment dates, all pursuant to the terms and conditions set forth in this Agreement;

**Therefore, it is declared, stipulated and agreed between the parties as follows:**

1. Preambles, Titles and Appendices

- 1.1. The Preamble to this Agreement and the appendices attached hereto constitute integral parts hereof.
- 1.2. The titles of the sections in this Agreement are provided for the sake of conciseness alone, and shall not be used for the sake of interpretation.

2. Definitions

- 2.1. **"Business Day"** A day on which, the banks in Israel and Canada are open for the performance of transactions in foreign currency.
- 2.2. **"Debenture Holders"** Each holder of the Debentures, whose name a debenture is registered with a Stock Exchange member or whose name is registered with the Company's register of debenture holders.
- 2.3. **"Dedicated Account"** An account in the name of the Company, held in the State of Israel, number 136001795 in branch 100 at Israel Discount Bank Ltd., for which the signatory rights shall be joint between the Company and the Trustee. The full rights of the Company in the account will be pledged in favor of the Trustee, as set forth in section 6.4 to the Deed of Trust.
- 2.4. **"Mattamy"** Downsview Park Management Inc. who are the Development Manager of the Backup Project.
- 2.5. **"Nominee Company"** Mizrahi Tefahot Bank Registration Company Ltd. or any substitute nominee company.
- 2.6. **"Stock Exchange"** The Tel-Aviv Stock Exchange Ltd.
- 2.7. **"Surplus"** The funds which the Subsidiary will be entitled to receive, in practice, in respect of the Backup Project during the construction of the Backup Project and/or on the completion of construction and population of the Backup Project following



the payment of all debts to the lenders financing the Backup Project, with respect to that Backup Project, the Surplus will include Working Capital (as defined below), which the Company and/or the Subsidiary provided and/or will provide in favor of the Backup Project, and earnings derived thereto from the Backup Project. The Surplus will not include Permitted Amounts. "Permitted Amounts" – means funds designated for compulsory payments, including payments of taxes and levies: payments to service providers, suppliers or subcontractors, which will provide the Subsidiary or the Backup Project with services in respect of the Backup Project: undertakings to the purchasers of units in the Backup Project: management fees and project overheads which will be paid with respect to the Backup Project, except for pending and future expenses which are required to be held as a reserve, all in accordance with the budget of the project which. In addition, the Surplus will include all funds which will be due to the Company and/or the Subsidiary in the event of the sale of the company's share of the Backup Project, partly or wholly, except for the amounts required for the payment of the company's share in all debts to the lenders financing the Backup Project, with respect to that Backup Project, plus the Permitted Amounts. In this regard it should be clarified that the Company and/or the Subsidiary will be permitted, at any time, at their sole discretion, without obtaining the approval of the Trustee and/or the Debentures Holders to sell the company's share in the Backup Project, provided that the proceeds due to the Company will be transferred to the Designated Account.

2.8. "The Backup Project"

Blocks 30, 31, 34, 35, 37,38, 39, 41, 42, 43 and 44, Plan 66M-2520

This is a mixed-use project consisting of rental and development portions. The project consists of 526 residential units in two towers, with a total above grade buildable floor area of 408,308 square feet, of which 473 residential units with a total saleable floor area of 367,166 square feet

to be the development portion of this project, which would be classified as development property under planning.

Phase I of the project comprised a large low-rise residential development of 491 units for sale, out of them 176 are stacked townhomes, 293 are townhomes and 22 in semi-detached townhomes.

Lot 1 to 29 both inclusive, Plan 66M-2520

This is a development property under planning. The project consists of 60 low-rise residential buildings, with a total area of 168,000 square feet, which would be classified as development property under planning.

- 2.9. **“The Deed of Trust”** The Deed of Trust which was signed between the Company and the Trustee dated December 7<sup>th</sup> 2015, attached as Appendix A to this Agreement.
- 2.10. **“The Maximum Owners Loan Amount”** CAD 46 Million.
- 2.11. **“The Repayment Interest”** The unpaid balance of the principal of the loan shall bear fixed annual interest at the interest rate borne by the Debentures, as it may be from time to time, including regarding arrears interest, as applicable, and additional interest for certain events set forth in the Deed of Trust.
- Initially this rate is 8.15% per annum and subject to change in accordance with Sections 5.2 and 5.3 of the Deed of Trust.
- It being understood and agreed that if the interest rate due pursuant to the Debenture increases or otherwise changes in accordance with Section 5.2 or 5.3 of the Deed of Trust and section 4(a) to the first schedule of the Deed of Trust, the interest rate pursuant to the Owners Loan shall change accordingly and on the same date or dates, but shall not be less than 8.15% per annum.
- 2.12. **“Working capital”** In this matter: the funds invested by the Company and/or the Subsidiary in the Backup Project, whether by way of a loan (including the Owners Loan) or by way of a capital investment.
- 2.13. **The “Trustee”** Reznik Paz Nevo Trusts Ltd.

3. **The Loan**

- 3.1. It is hereby agreed that no later than three business days after the receipt of the Trustee's confirmation for such in accordance with provision 6.8 to the Deed of Trust, the Company shall provide the Subsidiary the Owners Loan in the total amount of CAD \$ 10,094,562.00 (hereinafter: the "**Principal of the Loan**").
- 3.2. The Owners Loans will be provided to the Subsidiary by the Company with terms of interest and arrears interest (if any) that are identical to the terms of the Debentures to be issued pursuant to the Prospectus.
- 3.3. Uses. Owners Loan funds will be used by the Subsidiary to provide working capital for the Backup Project and/or to repay financing loans provided to the Backup Project.
- 3.4. Interest, Principal Payments. The terms of interest and arrears interest (if any) shall be identical to the terms of the Debentures. Meaning, for each CAD 1 of the Principal of the Loan, a total of CAD 1 plus the Repayment Interest will be repaid (hereinafter: the "**Repayment Amount**"). The Repayment Amount (principal and interest) will be repaid on 2 two business days prior to the final repayment date of the principal of the Debentures ("The Maturity Date of the Owners Loan"), currently December 2019, subject to Section 4.2 below.
- 3.5. The Subsidiary, through Mattamy, will transfer all payments in connection with Owners Loan directly into the Dedicated Account and/or directly to the Nominee Company, for the purpose of repayments to the Debenture Holders.
- 3.6. Early Redemption. The Subsidiary is entitled to repay amounts, by early redemption, into the Dedicated Account, on account of the Owners Loan.
- 3.7. The Subsidiary shall not be entitled to withhold and/or offset any amount of their debt pursuant to this Agreement against any debt or liability of any kind of the Company to the Subsidiary.
- 3.8. Any provision which reduces the amount of the loan amount will not be valid, except against the said repayments amounts and dates as specified above in this section 3 alone.
- 3.9. The Company and the Subsidiary undertake not to perform any change to this Agreement, including to the terms of the repayment of the Owners Loan and/or to forgive or in any way release or compromise the Owners Loan in whole or in part and/or convert the Owners Loan to other rights, other than subject to approval by the General Meeting of Debenture Holders by an ordinary majority or approval by the Trustee, provided that such change will not damage the rights of the Debenture Holders.
- 3.10. The Company may increase the Owners Loan provided that the total of all Owners Loans to the Backup Projects shall not exceed the Maximum Owners Loan Amount.

4. Representations and Warranties of the Subsidiary

The Subsidiary declares, represents and warrants as follows:

- 4.1. The Subsidiary is aware that all the rights and interests of the Company pursuant to this Agreement will be pledged in favor of the Trustee on behalf of the Debentures Holders, with a fixed, exclusive first lien, unlimited in amount, for as long as the Debentures have not been repaid in full by the Company, and in accordance with the terms of the Deed of Trust.
- 4.2. The Subsidiary undertakes that upon receiving notice from the Trustee, that the Debenture Holders have cause to call for immediate repayment of the Debentures or for exercise of collateral, it will transfer all payments with respect to the Owners Loans directly to the Trustee, as instructed by the Trustee.
- 4.3. The repayment of the Owners Loan to the Company by the Subsidiary is subject to the repayment conditions of the Debentures by the Company (excluding The Maturity Date of the Owners Loan), including in the case of immediate repayment of the Debentures demanded by the Trustee or the Debentures holders and/or early repayment required following the deleting from trade of the Debentures by of the Stock Exchange, all subject and the Deed of Trust it being understood and agreed that if the debentures become due and payable in full in accordance with the terms of the Deed of Trust, the Owners Loan shall become due and payable.
- 4.4. The Subsidiary is aware of the grounds for calling for immediate repayment of the Debentures, including that non-compliance of the Company with the payment dates of the Debentures constitutes grounds as stated, and the Subsidiary undertakes to refrain from performance of any action which may place the Company in a situation constituting grounds for immediate repayment, including non-compliance with the repayment dates of the Owners Loan, set forth in this Agreement, in order to allow the Company to meet the repayment dates of the Debentures.
- 4.5. the Subsidiary undertakes that any amounts which it will be entitled to withdraw as Surplus will first be used to repay Owners Loan and accordingly if the date on which the Subsidiary will be entitled to withdraw the Surplus, in part or in full, including Backup Project profits is prior to the Maturity Date of the Owners Loan, the Subsidiary will implement an early redemption of the Owners Loan in the full amount it is entitled to withdraw.
- 4.6. On the date of the signing of this Agreement the Subsidiary (and/or companies under its control) is not in a process of liquidation and/or receivership (temporary or permanent) and/or a stay of proceedings and no application for liquidation and/or receivership and/or a stay of proceedings has been filed against the Subsidiary (and/or companies under its control) and the Subsidiary is not aware of any threat of applying or taking such actions. In addition, the Subsidiary declares that it (and/or companies under its control) have not passed a resolution of liquidation.
- 4.7. The Subsidiary undertakes to cause that as part of the financing loans to be assumed by the Subsidiary (and/or companies under its control) in the Backup Project, the lenders financing the Backup Project have not and will not be awarded the right to offset in connection with the properties and/or other accounts and no cross lien of any kind or type whatsoever will be given with respect to the properties that are under the Subsidiary (and/or companies under its control).

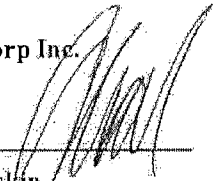
5. **Indemnification**

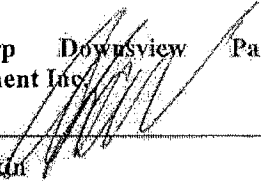
Without derogating from any remedy and/or relief and/or other or additional right granted to the Company under this Agreement and any law, the Subsidiary undertakes to indemnify the Company for any damage and/or cost caused to the Company for any event of a delay in the repayment of the Repayment Amount to the Company as stated in Section 3 above and/or a delay in the repayment of the Owners Loan, if required pursuant to the terms of the Prospectus and the Deed of Trust. The amount of the indemnification shall be the cost of damage caused to the Company pursuant to the terms specified in the Prospectus, the Deed of Trust and the remedies available to the Debentures Holders from the Company. All such indemnification will be paid directly to the Dedicated Account or to the trustee's account in compliance with the provisions of clause 4.2 above.

6. **Miscellaneous**

- 6.1. The parties may not assign their rights and/or liabilities under this Agreement without the prior written consent of the other party to this Agreement and of an assembly of the Debentures Holders.
- 6.2. The parties will take all of the additional measures, including signing the additional documents required for the application and performance of this Agreement in letter and in spirit.
- 6.3. In any event where any party does not use any right granted thereto under this Agreement or under any law, the matter shall not be considered a waiver on its part of the same right, and the party may again use these rights. The breaching party may not claim a delay or waiver.
- 6.4. The terms of this Agreement include all of the stipulations and agreements between the parties, and govern over the engagements, consents, representations and warranties which preceded the signature of this Agreement, and which were conducted in writing or orally.
- 6.5. Any change and/or termination of any of the provisions of this Agreement shall occur solely through a written document, which shall be signed by all of the parties. Any change to this Agreement and/or the termination thereof shall be subject to the consent of an assembly of the Debentures Holders or the approval of the Trustee, if there is no change to the above, in order to harm the rights of the Debentures Holders.
- 6.6. The addresses of the sections to this Agreement are as written in the Preamble hereto. Any notice sent via registered mail based on one of the addresses above shall be considered to have arrived within 72 hours from dispatch, and if delivered by hand, upon delivery thereof.
- 6.7. This Agreement shall be construed in accordance with the laws of the Province of Ontario.
- 6.8. Time is and shall continue to be of the essence of this Agreement.
- 6.9. This Agreement constitutes the entire agreement between the parties and may not be amended in any manner except by written instrument signed by both of them.
- 6.10. This Agreement supersedes all previous agreements entered into between the parties.

In witness whereof, the parties affix their signatures:

Urbancorp Inc.   
Per: \_\_\_\_\_  
Alan Saskin  
President  
I have the authority to bind the  
Corporation

Urbancorp Downsview Park  
Development Inc.   
Per: \_\_\_\_\_  
Alan Saskin  
President  
I have the authority to bind the  
Corporation

Appendix A

The Deed of Trust (Hebrew) and a translated copy of the Deed of Trust (English)

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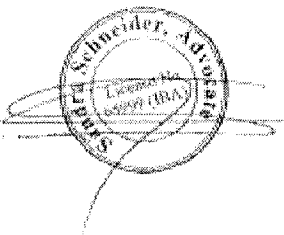
**G**



This is Exhibit "G" referred to in the Affidavit of Guy Gissin  
sworn May 16, 2016

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A Commissioner for Taking Affidavits



**LOAN AGREEMENT PLEDGE AGREEMENT**

**THIS AGREEMENT** made as of the 21<sup>st</sup> day of December, 2015.

**B E T W E E N:**

**URBANCORP INC.**

(hereinafter called the "Pledgor" or the "Debtor"),

OF THE FIRST PART;

- and -

**REZNIK PAZ NEVO TRUSTS LTD.**

(hereinafter called the "Pledgee" or the "Secured Party"),

OF THE SECOND PART.

**WHEREAS** the Pledgor has entered into a Loan Agreement with one of its subsidiaries, Urbancorp (Lawrence) Inc. on December 21<sup>st</sup>, 2015;

**AND WHEREAS** On 30<sup>th</sup> of November, 2015, the pledgor published a supplementary prospectus, as amended on December 7, 2015, and supplementary notice published on December 8, 2015 (hereinafter: the "**Prospectus**"), within which the pledgor offered to the public debentures (series A) par value NIS 1 each (hereinafter: the "**Debentures**") under the terms as set forth in The Deed of Trust (as defined below);

**AND WHEREAS** Pursuant to the results of the issuance under the Prospectus, the pledgor issued the Debentures on 10<sup>th</sup> of December, 2015;

**AND WHEREAS** the Secured Party is a Trustee to the Debenture holders pursuant to a Deed of Trust dated December 7<sup>th</sup>, 2015 between the Pledgor and Pledgee;

**AND WHEREAS** the Pledgor has agreed to pledge all of its rights under the Loan Agreement to the Pledgee as general and continuing collateral security for the Obligations (as hereinafter defined);

**AND WHEREAS** pursuant to the Deed of Trust, the Pledgor is obligated to pledge all of its rights under the Loan Agreement to the Pledgee as security for repayment of the Debentures;

**NOW THEREFORE THIS AGREEMENT WITNESSETH** that in consideration of the respective covenants hereinafter contained and for other good and valuable

consideration and the sum of \$2.00 of lawful money of Canada (the receipt and sufficiency of which are hereby acknowledged by the Pledgor), it is hereby agreed by and between the parties hereto as follows:

## ARTICLE 1

### INTERPRETATION

#### 1.01 Defined Terms

In this Agreement or any amendment to this Agreement, unless the context requires otherwise:

“Act” means the Personal Property Security Act (Ontario) and all regulations enacted thereunder, as amended from time to time;

“Affiliate” shall have the meaning ascribed thereto by the Business Corporations Act, (Ontario) as of the date hereof;

“Business Day” means a day that Canadian chartered banks are open for business in the City of Toronto;

“Deed of Trust” means a Deed of Trust between the Pledgor and the Pledgee with respect to the Debentures dated December 7<sup>th</sup>, 2015 an English version of which is attached hereto as Appendix “B”

“Debentures” means Debentures issued by Urbancorp Inc. in Israel;

“Event of Default” shall have the meaning ascribed thereto in Article 5 hereof;

“Expenses” means all reasonable costs, fees and expenses (including legal fees and disbursements on a solicitor and his own client basis) incurred by or on behalf of the Secured Party in connection with the Obligations and in connection with or arising out of or from any one or more of the following:

- (a) any act done or taken by the Secured Party, or any action or other proceeding instituted by the Secured Party, the Debtor or any other person, firm or corporation, in connection with or in any way relating to any one or more of the following:
  - (i) the Act;
  - (ii) this Agreement or any part hereof;
  - (iii) the preservation, protection, enforcement or realization of the

- Pledged Collateral or Security Interest or both; and  
(iv) the recovery of the Obligations.

“Interest Rate” means that annual rate of interest which is the applicable rate of interest as set forth in the Loan Agreement;

“Loan Agreement” means a Loan Agreement entered into by the Debtor and its subsidiary Urbancorp (Lawrence) Inc. dated the 21<sup>st</sup> day of December, 2015 granting an owners loan in the amount of \$ 8,577,389.00 Million upon the terms set forth in the loan agreement, attached herein as appendix “A”;

“Obligations” means the obligations, indebtedness and liability of the Debtor referred to in Article 2.01 hereof.

“Person” includes any individual, corporation, partnership, firm, joint venture, syndicate, association, trust, trustee, government, governmental agency or board or commission or authority and any other form of entity or organization whatsoever, whether incorporated or not;

“Pledged Collateral” or “Collateral” means collectively:

- (i) the Loan Agreement;
- (ii) in accordance with Paragraph 3.01(g) hereof, all repayment of capital, interest, dividends, income, revenue or other distributions made or paid in respect of the Pledged Loan Agreement, and
- (iii) all rights and claims of the Pledgor in respect of the foregoing or evidenced thereby;

“Pledged Loan Agreement” means this pledge of the Loan Agreement;

“Proceeds” shall have the meaning ascribed thereto by the Act;

“Security Interest” means the security interest referred to in Section 2.01 hereof;

“Subsidiary” means Urbancorp (Lawrence) Inc.

All definitions utilized herein, unless defined pursuant to this Agreement shall have the same meaning attributed to them pursuant to the Deed of Trust.

## ARTICLE 2

**THE SECURITY INTEREST**

2.01 Grant of Security Interest

As security for the payment and satisfaction of any and all obligations, liability and indebtedness of the Debtor to the Secured Party (including without limitation the obligations of the Debtor under the Debenture and under this Agreement), present or future, direct or indirect, absolute or contingent, matured or unmatured, extended or renewed, wherever and however incurred and whether from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again and whether the Debtor is bound alone or with others and whether as principal or surety (such obligations, indebtedness and liability being hereinafter collectively called the "Obligations"), the Debtor hereby grants to the Secured Party a continuing and specific security interest in, and mortgages, charges, transfers and conveys, as and by way of an exclusive first fixed charge of the Loan Agreement and all interest, income, revenue, repayments or other distributions thereon and the proceeds thereof.

2.02 Pledge of Collateral

It is the express intention of the parties hereto that the Security Interest shall attach with respect to the Pledged Collateral contemporaneously with the execution and delivery of this Agreement.

2.03 Intentionally Deleted.

2.04 Attachment of Security

For the purposes of the Act, the parties hereby acknowledge:

- (a) their mutual intention that the security interest created by this Agreement is to attach upon the execution of this Agreement by the Pledgor;
- (b) that value has been given by the Pledgee to the Pledgor; and
- (c) that the Pledgor has rights in the Pledged Collateral (other than future property) as of the date hereof.

**ARTICLE 3**

**COVENANTS OF THE DEBTOR**

3.01 The Debtor agrees with the Secured Party that so long as the Obligations or any part thereof remain outstanding:

- (a) Except as otherwise provided in this Agreement, without the prior written

consent of the Secured Party, the Debtor will not sell or otherwise dispose of the Pledged Collateral and will not create, assume or have outstanding, except to the Secured Party, any mortgage, charge, lien, security interest or other encumbrance on all or any part of the Pledged Collateral;

- (b) The Debtor shall deliver or cause to be delivered to the Secured Party:
  - (i) a copy of all written notices given under, in connection with or pursuant to the Pledged Collateral or any part thereof that are:
    - (1) received by the Debtor, forthwith upon the receipt of same; and
    - (2) delivered by the Debtor contemporaneously with the deliver of same;
- (c) The Debtor will from time to time at the request of the Secured Party and at the expense of the Debtor, make and do all such acts and things and execute and deliver all such instruments, security agreements and other writings and assurances required by the terms and conditions of this Agreement with respect to this Agreement or the Pledged Collateral or in order to perfect, keep perfected, maintain and preserve the Security Interest;
- (d) The Debtor will pay or reimburse the Secured Party upon demand for all Expenses together with interest thereon from the date of payment by the Secured Party until paid in full to the Secured Party by the Debtor at the Interest Rate calculated and compounded monthly before and after demand, default and judgment, together with interest on overdue interest at the same rate;
- (e) Without the prior written consent of the Secured Party, the Debtor will not permit any direct or indirect change in the ownership interests of the Debtor;
- (f) The Debtor will defend the Pledged Collateral against the claims and demands of all other persons claiming the same or any interest therein and will promptly notify the Secured Party of the details of any such claims and demands and of any loss of or damage to the Pledged Collateral;
- (g) The Debtor irrevocably authorizes and directs the Subsidiary to deliver to the Secured Party all entitlements and other amounts payable, and all property distributable, to the Debtor by, from or in respect of the Pledged Collateral and whether on account of principal or interest or otherwise, as

long as the Obligations remains outstanding. Upon receipt of such amounts payable, the Secured Party shall apply such amounts first, to the payment of interest, and secondly, in reduction of the balance of the Obligations remaining. All monies received by the Debtor from the Subsidiary shall be received by him in trust for the Secured Party and forthwith upon receipt shall be paid over to the Secured Party;

- (h) The Debtor irrevocably authorizes the Secured Party, in the name of the Debtor, to obtain any written consent the Secured Party deems necessary or advisable from any person or regulating authority or otherwise in order to effect a change of registered ownership of the Pledged Collateral forthwith after the happening of an Event of Default pursuant to which the Secured Party transfers the Pledged Collateral pursuant to the terms of this Agreement;
- (i) The Debtor shall not permit the Subsidiary to and the Debtor shall not itself do, anything contrary to, or omit to do anything required by, the terms and provisions of the Loan Agreement;
- (j) The Debtor hereby covenants and agrees with the Secured Party that he shall do all things necessary and shall cast all votes necessary to cause the directors of the Debtor to authorize the transfer of the Pledged Collateral from the Debtor to the Secured Party upon the occurrence of an Event of Default (as herein defined) and shall not permit or suffer such resolution to be revoked, amended or changed in any manner without the prior written consent of the Secured Party; and
- (k) The Debtor shall not, without the consent of the Secured Party, which consent may be unreasonably withheld by the Secured Party, change, reclassify, subdivide, convert, issue or in any other way deal with the Pledged Collateral.

#### ARTICLE 4

##### REPRESENTATIONS AND WARRANTIES OF DEBTOR

4.01 The Debtor hereby represents and warrants as follows:

- (a) the Debtor is the legal and beneficial owner of all the Pledged Collateral with good and marketable title thereto, free and clear of any assignments, executions, mortgages, charges, hypothecation's, pledges, security interests, liens, demands, adverse claims and any other encumbrances whatsoever (except for the encumbrance created by this Agreement);

- (b) no person, firm or corporation has any agreement or option, or any right or privilege capable of becoming an agreement or option, for the purchase from the Debtor of any of the Pledged Collateral;
- (c) the Debtor has the exclusive and unfettered right and full power to create, in favour of the Secured Party, the Security Interest and to comply with all of the covenants and obligations set out herein;
- (d) all necessary acts have been duly taken by the Debtor to authorize the granting of the Security Interest to the Secured Party as provided for herein; and
- (e) there are no covenants, obligations or conditions to be performed, fulfilled or ratified by the Debtor under any material contract or agreement in order to give effect to the provisions of this Agreement;

## ARTICLE 5

### DEFAULT AND ENFORCEMENT

#### 5.01 Events of Default

The Security Interest shall become enforceable upon the happening of any one or more of the following events ("Events of Default"):

- (a) If the Debtor fails to pay when due any amount owing by it to the Secured Party and such default continues for 14 days, or otherwise is in default of any term or provision of this Agreement or of the Deed of Trust or if the Debtor is in default of any term or provision of the Loan Agreement;
- (b) If the debtor is in default in the performance or observance of any of the provisions of the Deed of Trust under which the Secured Creditor is entitled to enforce the pledge created herein.
- (c) Notwithstanding anything herein contained, all rights of the Debtor to give consents, waivers and ratifications shall cease immediately upon the occurrence and during the continuance of any Event of Default. Such rights shall be revived in favour of the Debtor if the Debtor rectifies any Event of Default within any period of grace provided under the provisions of the Deed of Trust or at law;
- (d) If the Debtor commits an act of bankruptcy or becomes an insolvent person (as such terms are defined by the Bankruptcy and Insolvency Act (Canada)), if a petition for a receiving order is filed against the Debtor, or if proceedings for a composition with or proposal to the Debtor's creditors or for the winding-up, liquidation or other dissolution of the Debtor should be instituted by or against the



Debtor under any federal or provincial law;

- (e) If a receiver or other custodian (interim or permanent) of the Pledged Collateral or any part thereof is appointed by private instrument or by court order, if any execution/sequestration, extent or other process of any court becomes enforceable against the Debtor or the Pledged Collateral or any part thereof, or if distress or analogous process is made against the Pledged Collateral or any part thereof;

5.02 Remedies Upon Default

Upon the Security Interest becoming enforceable, in addition to any rights and remedies of the Secured Party as a secured party under the Act:

- (a) The Secured Party may, at its sole option, declare that the whole or any part of any indebtedness forming a part of the Obligations is immediately due and payable in full, without demand or notice of any kind;
- (b) The Secured Party may at its option appoint by instrument in writing, any person (including the Secured Party), as receiver or as receiver and manager of all or any part of the Pledged Collateral. Hereinafter in this security agreement the word "receiver" shall include both a receiver and a receiver and manager. The Secured Party may from time to time remove or replace any receiver so appointed, or may institute proceedings in any court of competent jurisdiction for the appointment of a receiver of all or any part of the Pledged Collateral. Any receiver so appointed or replaced shall have and may exercise all powers conferred upon the Secured Party under this Agreement. Any receiver so appointed or replaced shall be considered to be the agent of the Debtor so far as the responsibility for his acts is concerned and the Secured Party shall not in any way be responsible for any act or omission on the part of such receiver, whether willful, negligent, imprudent or otherwise. Where the Secured Party is hereafter in this security agreement referred to, the term shall, where the context permits, include any receiver so appointed or replaced and the officers, employees, servants and agents of such receiver;
- (c) The Secured Party may at its option take such steps as it considers necessary or desirable to obtain possession of all or any part of the Pledged Collateral;
- (d) Subject to the Act, the Secured Party may, without notice, elect to retain all or any part of the Pledged Collateral in satisfaction of the Indebtedness or any part thereof and to effect such retention or any purchase or other acquisition by the Secured Party of the Pledged Collateral or any part thereof, the Secured Party and its officers and employees are authorized on

behalf of the Debtor, to complete any blank spaces to be bound any forms of transfer or powers of attorney to transfer the Pledged Collateral with such names and other information and in such manner as the Secured Party may determine in its absolute discretion, and to deliver any such forms of transfer or powers of attorney forms to the Secured Party in order to have the Pledged Collateral transferred to the name of the Secured Party or any purchaser thereof;

- (e) The Secured Party may seize, collect, realize, borrow money on the security of, sell, obtain payment for, give valid receipts and discharges for, release to third parties or otherwise deal with the Pledged Collateral or any part thereof in such manner, upon such terms and conditions and at such time or times as may seem to it advisable, without notice to the Debtor. The mode of disposition of the Pledged Collateral or any part thereof shall be in the sole discretion of the Secured Party and it shall be deemed to be commercially reasonable for the Secured Party to dispose of the Pledged Collateral or any part thereof in the ordinary course of its business. The Secured Party may purchase all or any part of the Pledged Collateral at a public sale;
- (f) The Secured Party may charge on its own behalf and pay to others reasonable sums for expenses incurred and for services rendered (including legal fees on a solicitor and client basis and fees for receivers, managers, accountants and other professionals) in connection with the Secured Party's realizing the Pledged Collateral or otherwise dealing with the Pledged Collateral in accordance with the provisions of this security agreement or the Act and all such sums shall be payable to the Secured Party on demand and until paid in full shall bear interest at the Interest Rate;
- (g) The Secured Party may, if it deems it necessary for the proper realization of all or any part of the Pledged Collateral, pay any claim, lien, security interest or other encumbrance that may exist or be threatened against the Pledged Collateral, in which event the amount so paid, together with all costs and expenses of the Secured Party incurred in connection therewith, shall be payable to the Secured Party on demand and until paid in full shall bear interest at the Interest Rate;
- (h) The Secured Party shall have the right to postpone indefinitely the sale of the Pledged Collateral or any part thereof and shall further have the right, pending any such sale, to lease the Pledged Collateral or any part thereof to any person for such period as the Secured Party in its absolute discretion deems necessary in order to recover or to attempt to recover any indebtedness forming a part of the Obligations;

- (i) The Secured Party shall not be liable or accountable for any failure to realize or otherwise deal with the Pledged Collateral or any part thereof and shall not be bound to institute proceedings for the purpose of effecting any of the foregoing or for the purpose of preserving any rights of the Secured Party, the Debtor or any other person in respect of the Pledged Collateral; and
- (j) All monies received or collected by the Secured Party in respect of the Pledged Collateral may be applied on account of such part of the Obligations as the Secured Party deems fit.

## ARTICLE 6

### GENERAL

#### 6.01 Continuing Security

The security interest constituted hereby shall be deemed to be a continuing security for the Obligations until the earlier (a) such time as the Pledgor has received all amounts due to the Debtor pursuant to the Loan Agreement and deposited same in the Dedicated Account or (b) the Debentures are repaid in full, together with accrued and unpaid interest and costs on account of the Obligations. Upon the occurrence of (a) or (b) above, the Pledgee shall forthwith release the Pledged Collateral from the assignment, hypothecation, pledge and security interest herein contained and return to the Pledgor all documents evidencing ownership or title to the Pledged Collateral.

#### 6.02 Calculation of Interest

Whenever in this Agreement any amount owing to the Secured Party is expressed to bear interest at the Interest Rate, such interest shall be calculated monthly, not in advance, both before and after default and judgment, with interest on overdue interest as defined in the Deed of Trust.

#### 6.03 Failure to Perform Obligations

Upon the Debtor's failure to perform any of its obligations under this Agreement, the Secured Party may at its option perform such obligations and the expenses of the Secured Party in so doing shall be payable by the Debtor to the Secured Party upon demand, and until paid in full shall bear interest at the Interest Rate.

#### 6.04 Grant of Extensions

The Secured Party may grant extensions of time and other indulgences, take and give up securities, accept compositions, grant releases and discharges, release any part of the

Collateral to third parties and otherwise deal with any person as the Secured Party may see fit without prejudice to the liability of the Debtor or to the Secured Party's right to hold, realize and deal with the Collateral.

6.05 Additional Security

The security hereby constituted is in addition to and not in substitution for any other security now or hereafter held by the Pledgee.

6.06 No Merger

The Pledged Collateral and the security hereby constituted shall not operate by way of merger of any of the Obligations or of any present or future indebtedness, liabilities or obligations of any other person to the Pledgee. The taking of a judgment or judgements with respect to any of the Obligations shall not operate by way of merger of or otherwise affect the security created hereby or any of the covenants, rights or remedies contained in this agreement.

6.07 Entire Agreement

This Agreement together with the Deed of Trust constitutes the entire agreement between the parties hereto and supersedes any and all prior agreements, understandings, representations or undertakings, whether written or verbal, in respect of the subject matter hereof.

6.08 Notice

Any demand, notice or other communication in connection with this Agreement shall be in writing and shall be personally delivered to an officer or other responsible employee of the addressee, mailed by registered mail or sent by, telefacsimile, email or other direct written electronic means, charges prepaid, at or to the address, telefacsimile number or email address of the party set out opposite its name below or to such other address or addresses, telefacsimile number, email address or numbers as either party may from time to time designate to the other party in such manner.

In case of the Pledgor:

120 Lynn Williams Street  
Suite 2A  
Toronto, Ontario  
M6K 3N6

Telephone: (416) 928-5001

Fax: (416) 928-9501

Attention: Alan Saskin

In case of the Pledgee:

REZNIK PAZ NEVO TRUSTS LTD.  
14 Yad Haratzim Street,  
Tel Aviv,  
Israel  
67778  
Telephone: 972-3-6389200  
Fax: 972-3-6389222

Any communication which is personally delivered as aforesaid shall be deemed to have been validly and effectively given on the date of such delivery if such date is a Business Day and such delivery was made during normal business hours of the recipient; otherwise, it shall be deemed to have been validly and effectively given on the Business Day next following such date of delivery. Any communication mailed as aforesaid shall be deemed to have been validly and effectively given on the first Business Day following the date of mailing provided that, in the event of an interruption in postal service before such first Business Day, such communication shall be given by one of the other means. Any communication which is transmitted by telefacsimile or other direct written electronic means as aforesaid shall be deemed to have been validly and effectively given on the date of transmission if such date is a Business Day and such transmission was made during normal business hours of the recipient; otherwise, it shall be deemed to have been validly and effectively given on the Business Day next following such date of transmission.

6.09 Successors and Assigns

This Agreement shall enure to the benefit of the Pledgee and its successors and assigns and shall be binding upon the Pledgor and its successors and assigns.

6.10 Applicable Law

This Agreement and all documents pursuant hereto shall be deemed to be interpreted in accordance with the laws of the Province of Ontario.

Notwithstanding the provisions of Clause 6.10 above, any and all disputes regarding the existence of Event of Default shall be governed by the Israeli law and shall be settled by a competent court of Tel Aviv, Israel which will have exclusive jurisdiction to settle any such dispute.

The Debtor undertakes not to claim outside of Israel against the existence of an Event of Default or against the debt, in case a procedure in Israel has taken place.

6.11 Prohibited Provisions

In the event that any provision or any part of any provision hereof is deemed to be invalid by reason of the operation of any law or by reason of the interpretation placed thereon by a court, this agreement shall be construed as not containing such provision or such part of such provision and the invalidity of such provision or such part shall not affect the validity of any other provision or the remainder of such provision hereof, and all other provisions hereof which are otherwise lawful and valid shall remain in full force and effect.

6.12 Number and Gender

Where the context so requires, the singular number shall include the plural, the plural shall include the singular, and the use of any gender shall be applicable to all genders (including the neuter).

6.13 Time of the Essence

Time shall in all respects be of the essence of this Agreement.

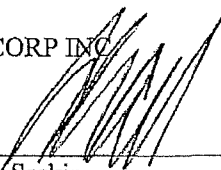
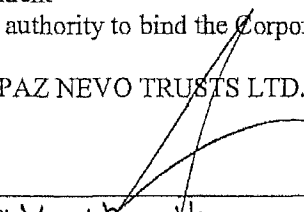
6.14 Acknowledgement by Debtor

The Debtor acknowledges receipt of a duplicate executed copy of this Agreement.

(BALANCE OF PAGE INTENTIONALLY LEFT BLANK – SIGNATURE PAGE TO FOLLOW)

WITNESS WHEREOF the parties hereto have executed this Agreement as of the date first above written.

SIGNED, SEALED & DELIVERED)  
in the presence of

) URBANCORP INC  
)  
)  
) Per:   
) Alar Saskin  
) President  
) I have the authority to bind the Corporation  
)  
) REZNIK PAZ NEVO TRUSTS LTD.  
)  
) Per:   
) Name: Yossi Reznik  
) Title: Joint-CEO  
) I have the authority to bind the Corporation  
)

LOAN AGREEMENT

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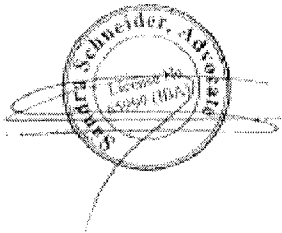


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This is Exhibit "H" referred to in the Affidavit of Guy Gissin  
sworn May 16, 2016

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A Commissioner for Taking Affidavits



**LOAN AGREEMENT PLEDGE AGREEMENT**

**THIS AGREEMENT** made as of the 21<sup>st</sup> day of December, 2015.

**B E T W E E N:**

**URBANCORP INC.**

(hereinafter called the "Pledgor" or the "Debtor"),

**OF THE FIRST PART;**

- and -

**REZNIK PAZ NEVO TRUSTS LTD.**

(hereinafter called the "Pledgee" or the "Secured Party"),

**OF THE SECOND PART.**

**WHEREAS** the Pledgor has entered into a Loan Agreement with one of its subsidiaries, Urbancorp (Mallow) Inc. on December 21<sup>st</sup>, 2015;

**AND WHEREAS** On 30<sup>th</sup> of November, 2015, the pledgor published a supplementary prospectus, as amended on December 7, 2015, and supplementary notice published on December 8, 2015 (hereinafter: the "**Prospectus**"), within which the pledgor offered to the public debentures (series A) par value NIS 1 each (hereinafter: the "**Debentures**") under the terms as set forth in The Deed of Trust (as defined below);

**AND WHEREAS** Pursuant to the results of the issuance under the Prospectus, the pledgor issued the Debentures on 10<sup>th</sup> of December, 2015;

**AND WHEREAS** the Secured Party is a Trustee to the Debenture holders pursuant to a Deed of Trust dated December 7<sup>th</sup>, 2015 between the Pledgor and Pledgee;

**AND WHEREAS** the Pledgor has agreed to pledge all of its rights under the Loan Agreement to the Pledgee as general and continuing collateral security for the Obligations (as hereinafter defined);

**AND WHEREAS** pursuant to the Deed of Trust, the Pledgor is obligated to pledge all of its rights under the Loan Agreement to the Pledgee as security for repayment of the Debentures;

**NOW THEREFORE THIS AGREEMENT WITNESSETH** that in consideration of the respective covenants hereinafter contained and for other good and valuable consideration and the sum of \$2.00 of lawful money of Canada (the receipt and sufficiency of which are hereby acknowledged by the Pledgor), it is hereby agreed by and between the parties hereto as follows:

## ARTICLE 1

### INTERPRETATION

#### 1.01 Defined Terms

In this Agreement or any amendment to this Agreement, unless the context requires otherwise:

“Act” means the Personal Property Security Act (Ontario) and all regulations enacted thereunder, as amended from time to time;

“Affiliate” shall have the meaning ascribed thereto by the Business Corporations Act, (Ontario) as of the date hereof;

“Business Day” means a day that Canadian chartered banks are open for business in the City of Toronto;

“Deed of Trust” means a Deed of Trust between the Pledgor and the Pledgee with respect to the Debentures dated December 7<sup>th</sup>, 2015 an English version of which is attached hereto as Appendix “B”;

“Debentures” means Debentures issued by Urbancorp Inc. in Israel;

“Event of Default” shall have the meaning ascribed thereto in Article 5 hereof;

“Expenses” means all reasonable costs, fees and expenses (including legal fees and disbursements on a solicitor and his own client basis) incurred by or on behalf of the Secured Party in connection with the Obligations and in connection with or arising out of or from any one or more of the following:

(a) any act done or taken by the Secured Party, or any action or other proceeding instituted by the Secured Party, the Debtor or any other person, firm or corporation, in connection with or in any way relating to any one or more of the following:

(i) the Act;

- (ii) this Agreement or any part hereof;
- (iii) the preservation, protection, enforcement or realization of the Pledged Collateral or Security Interest or both; and
- (iv) the recovery of the Obligations.

“Interest Rate” means that annual rate of interest which is the applicable rate of interest as set forth in the Loan Agreement;

“Loan Agreement” means a Loan Agreement entered into by the Debtor and its subsidiary Urbancorp (Mallow) Inc. dated the 21<sup>st</sup> day of December, 2015 granting an owners loan in the amount of \$ 9,758,287.00 Million upon the terms set forth in the loan agreement, attached herein as appendix “A”;

“Obligations” means the obligations, indebtedness and liability of the Debtor referred to in Article 2.01 hereof.

“Person” includes any individual, corporation, partnership, firm, joint venture, syndicate, association, trust, trustee, government, governmental agency or board or commission or authority and any other form of entity or organization whatsoever, whether incorporated or not;

“Pledged Collateral” or “Collateral” means collectively:

- (i) the Loan Agreement;
- (ii) in accordance with Paragraph 3.01(g) hereof, all repayment of capital, interest, dividends, income, revenue or other distributions made or paid in respect of the Pledged Loan Agreement, and
- (iii) all rights and claims of the Pledgor in respect of the foregoing or evidenced thereby;

“Pledged Loan Agreement” means this pledge of the Loan Agreement;

“Proceeds” shall have the meaning ascribed thereto by the Act;

“Security Interest” means the security interest referred to in Section 2.01 hereof;

“Subsidiary” means Urbancorp (Mallow) Inc.

All definitions utilized herein, unless defined pursuant to this Agreement shall have the same meaning attributed to them pursuant to the Deed of Trust.

ARTICLE 2

THE SECURITY INTEREST

2.01 Grant of Security Interest

As security for the payment and satisfaction of any and all obligations, liability and indebtedness of the Debtor to the Secured Party (including without limitation the obligations of the Debtor under the Debenture and under this Agreement), present or future, direct or indirect, absolute or contingent, matured or unmatured, extended or renewed, wherever and however incurred and whether from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again and whether the Debtor is bound alone or with others and whether as principal or surety (such obligations, indebtedness and liability being hereinafter collectively called the "Obligations"), the Debtor hereby grants to the Secured Party a continuing and specific security interest in, and mortgages, charges, transfers and conveys, as and by way of an exclusive first fixed charge of the Loan Agreement and all interest, income, revenue, repayments or other distributions thereon and the proceeds thereof.

2.02 Pledge of Collateral

It is the express intention of the parties hereto that the Security Interest shall attach with respect to the Pledged Collateral contemporaneously with the execution and delivery of this Agreement.

2.03 Intentionally Deleted.

2.04 Attachment of Security

For the purposes of the Act, the parties hereby acknowledge:

- (a) their mutual intention that the security interest created by this Agreement is to attach upon the execution of this Agreement by the Pledgor;
- (b) that value has been given by the Pledgee to the Pledgor; and
- (c) that the Pledgor has rights in the Pledged Collateral (other than future property) as of the date hereof.

ARTICLE 3

COVENANTS OF THE DEBTOR

3.01 The Debtor agrees with the Secured Party that so long as the Obligations or any part thereof remain outstanding:

- (a) Except as otherwise provided in this Agreement, without the prior written consent of the Secured Party, the Debtor will not sell or otherwise dispose of the Pledged Collateral and will not create, assume or have outstanding, except to the Secured Party, any mortgage, charge, lien, security interest or other encumbrance on all or any part of the Pledged Collateral;
- (b) The Debtor shall deliver or cause to be delivered to the Secured Party:
  - (i) a copy of all written notices given under, in connection with or pursuant to the Pledged Collateral or any part thereof that are:
    - (1) received by the Debtor, forthwith upon the receipt of same; and
    - (2) delivered by the Debtor contemporaneously with the deliver of same;
- (c) The Debtor will from time to time at the request of the Secured Party and at the expense of the Debtor, make and do all such acts and things and execute and deliver all such instruments, security agreements and other writings and assurances required by the terms and conditions of this Agreement with respect to this Agreement or the Pledged Collateral or in order to perfect, keep perfected, maintain and preserve the Security Interest;
- (d) The Debtor will pay or reimburse the Secured Party upon demand for all Expenses together with interest thereon from the date of payment by the Secured Party until paid in full to the Secured Party by the Debtor at the Interest Rate calculated and compounded monthly before and after demand, default and judgment, together with interest on overdue interest at the same rate;
- (e) Without the prior written consent of the Secured Party, the Debtor will not permit any direct or indirect change in the ownership interests of the Debtor;
- (f) The Debtor will defend the Pledged Collateral against the claims and demands of all other persons claiming the same or any interest therein and will promptly notify the Secured Party of the details of any such claims and demands and of any loss of or damage to the Pledged Collateral;
- (g) The Debtor irrevocably authorizes and directs the Subsidiary to deliver to the Secured Party all entitlements and other amounts payable, and all

property distributable, to the Debtor by, from or in respect of the Pledged Collateral and whether on account of principal or interest or otherwise, as long as the Obligations remains outstanding. Upon receipt of such amounts payable, the Secured Party shall apply such amounts first, to the payment of interest, and secondly, in reduction of the balance of the Obligations remaining. All monies received by the Debtor from the Subsidiary shall be received by him in trust for the Secured Party and forthwith upon receipt shall be paid over to the Secured Party;

- (h) The Debtor irrevocably authorizes the Secured Party, in the name of the Debtor, to obtain any written consent the Secured Party deems necessary or advisable from any person or regulating authority or otherwise in order to effect a change of registered ownership of the Pledged Collateral forthwith after the happening of an Event of Default pursuant to which the Secured Party transfers the Pledged Collateral pursuant to the terms of this Agreement;
- (i) The Debtor shall not permit the Subsidiary to and the Debtor shall not itself do, anything contrary to, or omit to do anything required by, the terms and provisions of the Loan Agreement;
- (j) The Debtor hereby covenants and agrees with the Secured Party that he shall do all things necessary and shall cast all votes necessary to cause the directors of the Debtor to authorize the transfer of the Pledged Collateral from the Debtor to the Secured Party upon the occurrence of an Event of Default (as herein defined) and shall not permit or suffer such resolution to be revoked, amended or changed in any manner without the prior written consent of the Secured Party; and
- (k) The Debtor shall not, without the consent of the Secured Party, which consent may be unreasonably withheld by the Secured Party, change, reclassify, subdivide, convert, issue or in any other way deal with the Pledged Collateral.

#### ARTICLE 4

##### REPRESENTATIONS AND WARRANTIES OF DEBTOR

4.01 The Debtor hereby represents and warrants as follows:

- (a) the Debtor is the legal and beneficial owner of all the Pledged Collateral with good and marketable title thereto, free and clear of any assignments, executions, mortgages, charges, hypothecation's, pledges, security interests, liens, demands, adverse claims and any other encumbrances



whatsoever (except for the encumbrance created by this Agreement);

- (b) no person, firm or corporation has any agreement or option, or any right or privilege capable of becoming an agreement or option, for the purchase from the Debtor of any of the Pledged Collateral;
- (c) the Debtor has the exclusive and unfettered right and full power to create, in favour of the Secured Party, the Security Interest and to comply with all of the covenants and obligations set out herein;
- (d) all necessary acts have been duly taken by the Debtor to authorize the granting of the Security Interest to the Secured Party as provided for herein; and
- (e) there are no covenants, obligations or conditions to be performed, fulfilled or ratified by the Debtor under any material contract or agreement in order to give effect to the provisions of this Agreement;

## ARTICLE 5

### DEFAULT AND ENFORCEMENT

#### 5.01 Events of Default

The Security Interest shall become enforceable upon the happening of any one or more of the following events ("Events of Default"):

- (a) (a) If the Debtor fails to pay when due any amount owing by it to the Secured Party and such default continues for 14 days, or otherwise is in default of any term or provision of this Agreement or of the Deed of Trust or if the Debtor is in default of any term or provision of the Loan Agreement;
- (b) If the debtor is in default in the performance or observance of any of the provisions of the Deed of Trust under which the Secured Creditor is entitled to enforce the pledge created herein.
- (c) Notwithstanding anything herein contained, all rights of the Debtor to give consents, waivers and ratifications shall cease immediately upon the occurrence and during the continuance of any Event of Default. Such rights shall be revived in favour of the Debtor if the Debtor rectifies any Event of Default within any period of grace provided under the provisions of the Deed of Trust or at law;
- (d) If the Debtor commits an act of bankruptcy or becomes an insolvent person (as such terms are defined by the Bankruptcy and Insolvency Act (Canada)), if a petition for a receiving order is filed against the Debtor, or if proceedings for a

composition with or proposal to the Debtor's creditors or for the winding-up, liquidation or other dissolution of the Debtor should be instituted by or against the Debtor under any federal or provincial law;

- (c) If a receiver or other custodian (interim or permanent) of the Pledged Collateral or any part thereof is appointed by private instrument or by court order, if any execution/sequestration, extent or other process of any court becomes enforceable against the Debtor or the Pledged Collateral or any part thereof, or if distress or analogous process is made against the Pledged Collateral or any part thereof;

5.02 Remedies Upon Default

Upon the Security Interest becoming enforceable, in addition to any rights and remedies of the Secured Party as a secured party under the Act:

- (a) The Secured Party may, at its sole option, declare that the whole or any part of any indebtedness forming a part of the Obligations is immediately due and payable in full, without demand or notice of any kind;
- (b) The Secured Party may at its option appoint by instrument in writing, any person (including the Secured Party), as receiver or as receiver and manager of all or any part of the Pledged Collateral. Hereinafter in this security agreement the word "receiver" shall include both a receiver and a receiver and manager. The Secured Party may from time to time remove or replace any receiver so appointed, or may institute proceedings in any court of competent jurisdiction for the appointment of a receiver of all or any part of the Pledged Collateral. Any receiver so appointed or replaced shall have and may exercise all powers conferred upon the Secured Party under this Agreement. Any receiver so appointed or replaced shall be considered to be the agent of the Debtor so far as the responsibility for his acts is concerned and the Secured Party shall not in any way be responsible for any act or omission on the part of such receiver, whether willful, negligent, imprudent or otherwise. Where the Secured Party is hereafter in this security agreement referred to, the term shall, where the context permits, include any receiver so appointed or replaced and the officers, employees, servants and agents of such receiver;
- (c) The Secured Party may at its option take such steps as it considers necessary or desirable to obtain possession of all or any part of the Pledged Collateral;
- (d) Subject to the Act, the Secured Party may, without notice, elect to retain all or any part of the Pledged Collateral in satisfaction of the Indebtedness or any part thereof and to effect such retention or any purchase or other

acquisition by the Secured Party of the Pledged Collateral or any part thereof, the Secured Party and its officers and employees are authorized on behalf of the Debtor, to complete any blank spaces to be bound any forms of transfer or powers of attorney to transfer the Pledged Collateral with such names and other information and in such manner as the Secured Party may determine in its absolute discretion, and to deliver any such forms of transfer or powers of attorney forms to the Secured Party in order to have the Pledged Collateral transferred to the name of the Secured Party or any purchaser thereof;

- (e) The Secured Party may seize, collect, realize, borrow money on the security of, sell, obtain payment for, give valid receipts and discharges for, release to third parties or otherwise deal with the Pledged Collateral or any part thereof in such manner, upon such terms and conditions and at such time or times as may seem to it advisable, without notice to the Debtor. The mode of disposition of the Pledged Collateral or any part thereof shall be in the sole discretion of the Secured Party and it shall be deemed to be commercially reasonable for the Secured Party to dispose of the Pledged Collateral or any part thereof in the ordinary course of its business. The Secured Party may purchase all or any part of the Pledged Collateral at a public sale;
- (f) The Secured Party may charge on its own behalf and pay to others reasonable sums for expenses incurred and for services rendered (including legal fees on a solicitor and client basis and fees for receivers, managers, accountants and other professionals) in connection with the Secured Party's realizing the Pledged Collateral or otherwise dealing with the Pledged Collateral in accordance with the provisions of this security agreement or the Act and all such sums shall be payable to the Secured Party on demand and until paid in full shall bear interest at the Interest Rate;
- (g) The Secured Party may, if it deems it necessary for the proper realization of all or any part of the Pledged Collateral, pay any claim, lien, security interest or other encumbrance that may exist or be threatened against the Pledged Collateral, in which event the amount so paid, together with all costs and expenses of the Secured Party incurred in connection therewith, shall be payable to the Secured Party on demand and until paid in full shall bear interest at the Interest Rate;
- (h) The Secured Party shall have the right to postpone indefinitely the sale of the Pledged Collateral or any part thereof and shall further have the right, pending any such sale, to lease the Pledged Collateral or any part thereof to any person for such period as the Secured Party in its absolute

discretion deems necessary in order to recover or to attempt to recover any indebtedness forming a part of the Obligations;

- (i) The Secured Party shall not be liable or accountable for any failure to realize or otherwise deal with the Pledged Collateral or any part thereof and shall not be bound to institute proceedings for the purpose of effecting any of the foregoing or for the purpose of preserving any rights of the Secured Party, the Debtor or any other person in respect of the Pledged Collateral; and
- (j) All monies received or collected by the Secured Party in respect of the Pledged Collateral may be applied on account of such part of the Obligations as the Secured Party deems fit.

## ARTICLE 6

### GENERAL

#### 6.01 Continuing Security

The security interest constituted hereby shall be deemed to be a continuing security for the Obligations until the earlier (a) such time as the Pledgor has received all amounts due to the Debtor pursuant to the Loan Agreement and deposited same in the Dedicated Account or (b) the Debentures are repaid in full, together with accrued and unpaid interest and costs on account of the Obligations. Upon the occurrence of (a) or (b) above, the Pledgee shall forthwith release the Pledged Collateral from the assignment, hypothecation, pledge and security interest herein contained and return to the Pledgor all documents evidencing ownership or title to the Pledged Collateral.

#### 6.02 Calculation of Interest

Whenever in this Agreement any amount owing to the Secured Party is expressed to bear interest at the Interest Rate, such interest shall be calculated monthly, not in advance, both before and after default and judgment, with interest on overdue interest as defined in the Deed of Trust.

#### 6.03 Failure to Perform Obligations

Upon the Debtor's failure to perform any of its obligations under this Agreement, the Secured Party may at its option perform such obligations and the expenses of the Secured Party in so doing shall be payable by the Debtor to the Secured Party upon demand, and until paid in full shall bear interest at the Interest Rate.

#### 6.04 Grant of Extensions

The Secured Party may grant extensions of time and other indulgences, take and give up securities, accept compositions, grant releases and discharges, release any part of the Collateral to third parties and otherwise deal with any person as the Secured Party may see fit without prejudice to the liability of the Debtor or to the Secured Party's right to hold, realize and deal with the Collateral.

6.05 Additional Security

The security hereby constituted is in addition to and not in substitution for any other security now or hereafter held by the Pledgee.

6.06 No Merger

The Pledged Collateral and the security hereby constituted shall not operate by way of merger of any of the Obligations or of any present or future indebtedness, liabilities or obligations of any other person to the Pledgee. The taking of a judgment or judgements with respect to any of the Obligations shall not operate by way of merger of or otherwise affect the security created hereby or any of the covenants, rights or remedies contained in this agreement.

6.07 Entire Agreement

This Agreement together with the Deed of Trust constitutes the entire agreement between the parties hereto and supersedes any and all prior agreements, understandings, representations or undertakings, whether written or verbal, in respect of the subject matter hereof.

6.08 Notice

Any demand, notice or other communication in connection with this Agreement shall be in writing and shall be personally delivered to an officer or other responsible employee of the addressee, mailed by registered mail or sent by telefacsimile, email or other direct written electronic means, charges prepaid, at or to the address or telefacsimile number or email address of the party set out opposite its name below or to such other address or addresses, telefacsimile number, email address or numbers as either party may from time to time designate to the other party in such manner.

In case of the Pledgor:

120 Lynn Williams Street  
Suite 2A  
Toronto, Ontario  
M6K 3N6  
Telephone: (416) 928-5001  
Fax: (416) 928-9501

Attention: Alan Saskin

In case of the Pledgee:

REZNIK PAZ NEVO TRUSTS LTD.  
14 Yad Haratzim Street,  
Tel Aviv,  
Israel  
67778  
Telephone: 972-3-6389200  
Fax: 972-3-6389222

Any communication which is personally delivered as aforesaid shall be deemed to have been validly and effectively given on the date of such delivery if such date is a Business Day and such delivery was made during normal business hours of the recipient; otherwise, it shall be deemed to have been validly and effectively given on the Business Day next following such date of delivery. Any communication mailed as aforesaid shall be deemed to have been validly and effectively given on the first Business Day following the date of mailing provided that, in the event of an interruption in postal service before such first Business Day, such communication shall be given by one of the other means. Any communication which is transmitted by telefacsimile or other direct written electronic means as aforesaid shall be deemed to have been validly and effectively given on the date of transmission if such date is a Business Day and such transmission was made during normal business hours of the recipient; otherwise, it shall be deemed to have been validly and effectively given on the Business Day next following such date of transmission.

6.09 Successors and Assigns

This Agreement shall enure to the benefit of the Pledgee and its successors and assigns and shall be binding upon the Pledgor and its successors and assigns.

6.10 Applicable Law

This Agreement and all documents pursuant hereto shall be deemed to be interpreted in accordance with the laws of the Province of Ontario.

Notwithstanding the provisions of Clauses 6.10 above, any and all disputes regarding the existence of Event of default shall be governed exclusively by the Israeli law and shall be settled by competent court of Tel-Aviv, Israel which will have exclusive jurisdiction to settle any such dispute.

The Debtor undertakes not to claim outside of Israel against the existence of an Event of Default or against the debt, in case a procedure in Israel has taken place.

6.11 Prohibited Provisions

In the event that any provision or any part of any provision hereof is deemed to be invalid by reason of the operation of any law or by reason of the interpretation placed thereon by a court, this agreement shall be construed as not containing such provision or such part of such provision and the invalidity of such provision or such part shall not affect the validity of any other provision or the remainder of such provision hereof, and all other provisions hereof which are otherwise lawful and valid shall remain in full force and effect.

6.12 Number and Gender

Where the context so requires, the singular number shall include the plural, the plural shall include the singular, and the use of any gender shall be applicable to all genders (including the neuter).

6.13 Time of the Essence

Time shall in all respects be of the essence of this Agreement.


6.14 Acknowledgement by Debtor

The Debtor acknowledges receipt of a duplicate executed copy of this Agreement.

(BALANCE OF PAGE INTENTIONALLY LEFT BLANK – SIGNATURE PAGE TO FOLLOW)

WITNESS WHEREOF the parties hereto have executed this Agreement as of the date first above written.

SIGNED, SEALED & DELIVERED)  
in the presence of

) URBANCORP INC.  
)  
)  
) Per:   
) Alan Saskin  
) President  
) I have the authority to bind the Corporation  
)  
) REZNIK PAZ NEVO TRUSTS LTD.  
)  
) Per: \_\_\_\_\_  
) Name: Yossi Reznik  
) Title: Joint-CEO  
) I have the authority to bind the Corporation  
)



LOAN AGREEMENT

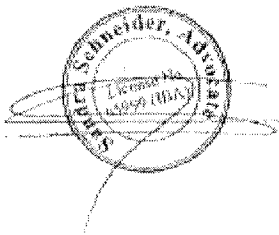
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This is Exhibit "I" referred to in the Affidavit of Guy Gissin  
sworn May 16, 2016

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A Commissioner for Taking Affidavits



**LOAN AGREEMENT PLEDGE AGREEMENT**

**THIS AGREEMENT** made as of the 21<sup>st</sup> day of December, 2015.

**B E T W E E N:**

**URBANCORP INC.**

(hereinafter called the "Pledgor" or the "Debtor"),

OF THE FIRST PART;

- and -

**REZNIK PAZ NEVO TRUSTS LTD.**

(hereinafter called the "Pledgee" or the "Secured Party"),

OF THE SECOND PART.

**WHEREAS** the Pledgor has entered into a Loan Agreement with one of its subsidiaries, Urbancorp (Patricia) Inc. on December 21<sup>st</sup>, 2015;

**AND WHEREAS** On 30<sup>th</sup> of November, 2015, the pledgor published a supplementary prospectus, as amended on December 7, 2015, and supplementary notice published on December 8, 2015 (hereinafter: the "**Prospectus**"), within which the pledgor offered to the public debentures (series A) par value NIS 1 each (hereinafter: the "**Debentures**") under the terms as set forth in The Deed of Trust (as defined below);

**AND WHEREAS** Pursuant to the results of the issuance under the Prospectus, the pledgor issued the Debentures on 10<sup>th</sup> of December, 2015;

**AND WHEREAS** the Secured Party is a Trustee to the Debenture holders pursuant to a Deed of Trust dated December 7<sup>th</sup>, 2015 between the Pledgor and Pledgee;

**AND WHEREAS** the Pledgor has agreed to pledge all of its rights under the Loan Agreement to the Pledgee as general and continuing collateral security for the Obligations (as hereinafter defined);

**AND WHEREAS** pursuant to the Deed of Trust, the Pledgor is obligated to pledge all of its rights under the Loan Agreement to the Pledgee as security for repayment of the Debentures;

**NOW THEREFORE THIS AGREEMENT WITNESSETH** that in consideration of the respective covenants hereinafter contained and for other good and valuable

consideration and the sum of \$2.00 of lawful money of Canada (the receipt and sufficiency of which are hereby acknowledged by the Pledgor), it is hereby agreed by and between the parties hereto as follows:

## ARTICLE 1

### INTERPRETATION

#### 1.01 Defined Terms

In this Agreement or any amendment to this Agreement, unless the context requires otherwise:

“Act” means the Personal Property Security Act (Ontario) and all regulations enacted thereunder, as amended from time to time;

“Affiliate” shall have the meaning ascribed thereto by the Business Corporations Act, (Ontario) as of the date hereof;

“Business Day” means a day that Canadian chartered banks are open for business in the City of Toronto;

“Deed of Trust” means a Deed of Trust between the Pledgor and the Pledgee with respect to the Debentures dated December 7<sup>th</sup>, 2015 an English version of which is attached hereto as Appendix “B”

“Debentures” means Debentures issued by Urbancorp Inc. in Israel;

“Event of Default” shall have the meaning ascribed thereto in Article 5 hereof;

“Expenses” means all reasonable costs, fees and expenses (including legal fees and disbursements on a solicitor and his own client basis) incurred by or on behalf of the Secured Party in connection with the Obligations and in connection with or arising out of or from any one or more of the following:

- (a) any act done or taken by the Secured Party, or any action or other proceeding instituted by the Secured Party, the Debtor or any other person, firm or corporation, in connection with or in any way relating to any one or more of the following:
  - (i) the Act;
  - (ii) this Agreement or any part hereof;
  - (iii) the preservation, protection, enforcement or realization of the Pledged Collateral or Security Interest or both; and
  - (iv) the recovery of the Obligations.

“Interest Rate” means that annual rate of interest which is the applicable rate of interest as set forth in the Loan Agreement;

“Loan Agreement” means a Loan Agreement entered into by the Debtor and its subsidiary Urbancorp (Patricia) Inc. dated the 21<sup>st</sup> day of December, 2015 granting an owners loan in the amount of \$ 9,881,072.00 Million upon the terms set forth in the loan agreement, attached herein as appendix “A”;

“Obligations” means the obligations, indebtedness and liability of the Debtor referred to in Article 2.01 hereof;

“Person” includes any individual, corporation, partnership, firm, joint venture, syndicate, association, trust, trustee, government, governmental agency or board or commission or authority and any other form of entity or organization whatsoever, whether incorporated or not;

“Pledged Collateral” or “Collateral” means collectively:

- (i) the Loan Agreement;
- (ii) in accordance with Paragraph 3.01(g) hereof, all repayment of capital, interest, dividends, income, revenue or other distributions made or paid in respect of the Pledged Loan Agreement, and
- (iii) all rights and claims of the Pledgor in respect of the foregoing or evidenced thereby;

“Pledged Loan Agreement” means this pledge of the Loan Agreement;

“Proceeds” shall have the meaning ascribed thereto by the Act;

“Security Interest” means the security interest referred to in Section 2.01 hereof;

“Subsidiary” means Urbancorp (Patricia) Inc.

All definitions utilized herein, unless defined pursuant to this Agreement shall have the same meaning attributed to them pursuant to the Deed of Trust.

## ARTICLE 2

### THE SECURITY INTEREST

2.01 Grant of Security Interest

As security for the payment and satisfaction of any and all obligations, liability and indebtedness of the Debtor to the Secured Party (including without limitation the obligations of the Debtor under the Debenture and under this Agreement), present or future, direct or indirect, absolute or contingent, matured or unmatured, extended or renewed, wherever and however incurred and whether from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again and whether the Debtor is bound alone or with others and whether as principal or surety (such obligations, indebtedness and liability being hereinafter collectively called the "Obligations"), the Debtor hereby grants to the Secured Party a continuing and specific security interest in, and mortgages, charges, transfers and conveys, as and by way of an exclusive first fixed charge of the Loan Agreement and all interest, income, revenue, repayments or other distributions thereon and the proceeds thereof.

2.02 Pledge of Collateral

It is the express intention of the parties hereto that the Security Interest shall attach with respect to the Pledged Collateral contemporaneously with the execution and delivery of this Agreement.

2.03 Intentionally Deleted.

2.04 Attachment of Security

For the purposes of the Act, the parties hereby acknowledge:

- (a) their mutual intention that the security interest created by this Agreement is to attach upon the execution of this Agreement by the Pledgor;
- (b) that value has been given by the Pledgee to the Pledgor; and
- (c) that the Pledgor has rights in the Pledged Collateral (other than future property) as of the date hereof.

ARTICLE 3

COVENANTS OF THE DEBTOR

3.01 The Debtor agrees with the Secured Party that so long as the Obligations or any part thereof remain outstanding:

- (a) Except as otherwise provided in this Agreement, without the prior written consent of the Secured Party, the Debtor will not sell or otherwise dispose of the Pledged Collateral and will not create, assume or have outstanding,

except to the Secured Party, any mortgage, charge, lien, security interest or other encumbrance on all or any part of the Pledged Collateral;

- (b) The Debtor shall deliver or cause to be delivered to the Secured Party:
  - (i) a copy of all written notices given under, in connection with or pursuant to the Pledged Collateral or any part thereof that are:
    - (1) received by the Debtor, forthwith upon the receipt of same; and
    - (2) delivered by the Debtor contemporaneously with the deliver of same;
- (c) The Debtor will from time to time at the request of the Secured Party and at the expense of the Debtor, make and do all such acts and things and execute and deliver all such instruments, security agreements and other writings and assurances required by the terms and conditions of this Agreement with respect to this Agreement or the Pledged Collateral or in order to perfect, keep perfected, maintain and preserve the Security Interest;
- (d) The Debtor will pay or reimburse the Secured Party upon demand for all Expenses together with interest thereon from the date of payment by the Secured Party until paid in full to the Secured Party by the Debtor at the Interest Rate calculated and compounded monthly before and after demand, default and judgment, together with interest on overdue interest at the same rate;
- (e) Without the prior written consent of the Secured Party, the Debtor will not permit any direct or indirect change in the ownership interests of the Debtor;
- (f) The Debtor will defend the Pledged Collateral against the claims and demands of all other persons claiming the same or any interest therein and will promptly notify the Secured Party of the details of any such claims and demands and of any loss of or damage to the Pledged Collateral;
- (g) The Debtor irrevocably authorizes and directs the Subsidiary to deliver to the Secured Party all entitlements and other amounts payable, and all property distributable, to the Debtor by, from or in respect of the Pledged Collateral and whether on account of principal or interest or otherwise, as long as the Obligations remains outstanding. Upon receipt of such amounts payable, the Secured Party shall apply such amounts first, to the



payment of interest, and secondly, in reduction of the balance of the Obligations remaining. All monies received by the Debtor from the Subsidiary shall be received by him in trust for the Secured Party and forthwith upon receipt shall be paid over to the Secured Party;

- (h) The Debtor irrevocably authorizes the Secured Party, in the name of the Debtor, to obtain any written consent the Secured Party deems necessary or advisable from any person or regulating authority or otherwise in order to effect a change of registered ownership of the Pledged Collateral forthwith after the happening of an Event of Default pursuant to which the Secured Party transfers the Pledged Collateral pursuant to the terms of this Agreement;
- (i) The Debtor shall not permit the Subsidiary to and the Debtor shall not itself do, anything contrary to, or omit to do anything required by, the terms and provisions of the Loan Agreement;
- (j) The Debtor hereby covenants and agrees with the Secured Party that he shall do all things necessary and shall cast all votes necessary to cause the directors of the Debtor to authorize the transfer of the Pledged Collateral from the Debtor to the Secured Party upon the occurrence of an Event of Default (as herein defined) and shall not permit or suffer such resolution to be revoked, amended or changed in any manner without the prior written consent of the Secured Party; and
- (k) The Debtor shall not, without the consent of the Secured Party, which consent may be unreasonably withheld by the Secured Party, change, reclassify, subdivide, convert, issue or in any other way deal with the Pledged Collateral.

#### ARTICLE 4

##### REPRESENTATIONS AND WARRANTIES OF DEBTOR

4.01 The Debtor hereby represents and warrants as follows:

- (a) the Debtor is the legal and beneficial owner of all the Pledged Collateral with good and marketable title thereto, free and clear of any assignments, executions, mortgages, charges, hypothecation's, pledges, security interests, liens, demands, adverse claims and any other encumbrances whatsoever (except for the encumbrance created by this Agreement);
- (b) no person, firm or corporation has any agreement or option, or any right or privilege capable of becoming an agreement or option, for the purchase

from the Debtor of any of the Pledged Collateral;

- (c) the Debtor has the exclusive and unfettered right and full power to create, in favour of the Secured Party, the Security Interest and to comply with all of the covenants and obligations set out herein;
- (d) all necessary acts have been duly taken by the Debtor to authorize the granting of the Security Interest to the Secured Party as provided for herein; and
- (e) there are no covenants, obligations or conditions to be performed, fulfilled or ratified by the Debtor under any material contract or agreement in order to give effect to the provisions of this Agreement;

## ARTICLE 5

### DEFAULT AND ENFORCEMENT

#### 5.01 Events of Default

The Security Interest shall become enforceable upon the happening of any one or more of the following events ("Events of Default"):

- (a) If the Debtor fails to pay when due any amount owing by it to the Secured Party and such default continues for 14 days, or otherwise is in default of any term or provision of this Agreement or of the Deed of Trust or if the Debtor is in default of any term or provision of the Loan Agreement;
- (b) If the debtor is in default in the performance or observance of any of the provisions of the Deed of Trust under which the Secured Creditor is entitled to enforce the pledge created herein.
- (c) Notwithstanding anything herein contained, all rights of the Debtor to give consents, waivers and ratifications shall cease immediately upon the occurrence and during the continuance of any Event of Default. Such rights shall be revived in favour of the Debtor if the Debtor rectifies any Event of Default within any period of grace provided under the provisions of the Deed of Trust or at law;
- (d) If the Debtor commits an act of bankruptcy or becomes an insolvent person (as such terms are defined by the Bankruptcy and Insolvency Act (Canada)), if a petition for a receiving order is filed against the Debtor, or if proceedings for a composition with or proposal to the Debtor's creditors or for the winding-up, liquidation or other dissolution of the Debtor should be instituted by or against the Debtor under any federal or provincial law;

- (e) If a receiver or other custodian (interim or permanent) of the Pledged Collateral or any part thereof is appointed by private instrument or by court order, if any execution/sequestration, extent or other process of any court becomes enforceable against the Debtor or the Pledged Collateral or any part thereof, or if distress or analogous process is made against the Pledged Collateral or any part thereof;

5.02 Remedies Upon Default

Upon the Security Interest becoming enforceable, in addition to any rights and remedies of the Secured Party as a secured party under the Act:

- (a) The Secured Party may, at its sole option, declare that the whole or any part of any indebtedness forming a part of the Obligations is immediately due and payable in full, without demand or notice of any kind;
- (b) The Secured Party may at its option appoint by instrument in writing, any person (including the Secured Party), as receiver or as receiver and manager of all or any part of the Pledged Collateral. Hereinafter in this security agreement the word "receiver" shall include both a receiver and a receiver and manager. The Secured Party may from time to time remove or replace any receiver so appointed, or may institute proceedings in any court of competent jurisdiction for the appointment of a receiver of all or any part of the Pledged Collateral. Any receiver so appointed or replaced shall have and may exercise all powers conferred upon the Secured Party under this Agreement. Any receiver so appointed or replaced shall be considered to be the agent of the Debtor so far as the responsibility for his acts is concerned and the Secured Party shall not in any way be responsible for any act or omission on the part of such receiver, whether willful, negligent, imprudent or otherwise. Where the Secured Party is hereafter in this security agreement referred to, the term shall, where the context permits, include any receiver so appointed or replaced and the officers, employees, servants and agents of such receiver;
- (c) The Secured Party may at its option take such steps as it considers necessary or desirable to obtain possession of all or any part of the Pledged Collateral;
- (d) Subject to the Act, the Secured Party may, without notice, elect to retain all or any part of the Pledged Collateral in satisfaction of the Indebtedness or any part thereof and to effect such retention or any purchase or other acquisition by the Secured Party of the Pledged Collateral or any part thereof, the Secured Party and its officers and employees are authorized on behalf of the Debtor, to complete any blank spaces to be bound any forms of transfer or powers of attorney to transfer the Pledged Collateral with

such names and other information and in such manner as the Secured Party may determine in its absolute discretion, and to deliver any such forms of transfer or powers of attorney forms to the Secured Party in order to have the Pledged Collateral transferred to the name of the Secured Party or any purchaser thereof;

- (e) The Secured Party may seize, collect, realize, borrow money on the security of, sell, obtain payment for, give valid receipts and discharges for, release to third parties or otherwise deal with the Pledged Collateral or any part thereof in such manner, upon such terms and conditions and at such time or times as may seem to it advisable, without notice to the Debtor. The mode of disposition of the Pledged Collateral or any part thereof shall be in the sole discretion of the Secured Party and it shall be deemed to be commercially reasonable for the Secured Party to dispose of the Pledged Collateral or any part thereof in the ordinary course of its business. The Secured Party may purchase all or any part of the Pledged Collateral at a public sale;
- (f) The Secured Party may charge on its own behalf and pay to others reasonable sums for expenses incurred and for services rendered (including legal fees on a solicitor and client basis and fees for receivers, managers, accountants and other professionals) in connection with the Secured Party's realizing the Pledged Collateral or otherwise dealing with the Pledged Collateral in accordance with the provisions of this security agreement or the Act and all such sums shall be payable to the Secured Party on demand and until paid in full shall bear interest at the Interest Rate;
- (g) The Secured Party may, if it deems it necessary for the proper realization of all or any part of the Pledged Collateral, pay any claim, lien, security interest or other encumbrance that may exist or be threatened against the Pledged Collateral, in which event the amount so paid, together with all costs and expenses of the Secured Party incurred in connection therewith, shall be payable to the Secured Party on demand and until paid in full shall bear interest at the Interest Rate;
- (h) The Secured Party shall have the right to postpone indefinitely the sale of the Pledged Collateral or any part thereof and shall further have the right, pending any such sale, to lease the Pledged Collateral or any part thereof to any person for such period as the Secured Party in its absolute discretion deems necessary in order to recover or to attempt to recover any indebtedness forming a part of the Obligations;
- (i) The Secured Party shall not be liable or accountable for any failure to

realize or otherwise deal with the Pledged Collateral or any part thereof and shall not be bound to institute proceedings for the purpose of effecting any of the foregoing or for the purpose of preserving any rights of the Secured Party, the Debtor or any other person in respect of the Pledged Collateral; and

- (j) All monies received or collected by the Secured Party in respect of the Pledged Collateral may be applied on account of such part of the Obligations as the Secured Party deems fit.

## ARTICLE 6

### GENERAL

#### 6.01 Continuing Security

The security interest constituted hereby shall be deemed to be a continuing security for the Obligations until the earlier (a) such time as the Pledgor has received all amounts due to the Debtor pursuant to the Loan Agreement and deposited same in the Dedicated Account or (b) the Debentures are repaid in full, together with accrued and unpaid interest and costs on account of the Obligations. Upon the occurrence of (a) or (b) above, the Pledgee shall forthwith release the Pledged Collateral from the assignment, hypothecation, pledge and security interest herein contained and return to the Pledgor all documents evidencing ownership or title to the Pledged Collateral.

#### 6.02 Calculation of Interest

Whenever in this Agreement any amount owing to the Secured Party is expressed to bear interest at the Interest Rate, such interest shall be calculated monthly, not in advance, both before and after default and judgment, with interest on overdue interest as defined in the Deed of Trust.

#### 6.03 Failure to Perform Obligations

Upon the Debtor's failure to perform any of its obligations under this Agreement, the Secured Party may at its option perform such obligations and the expenses of the Secured Party in so doing shall be payable by the Debtor to the Secured Party upon demand, and until paid in full shall bear interest at the Interest Rate.

#### 6.04 Grant of Extensions

The Secured Party may grant extensions of time and other indulgences, take and give up securities, accept compositions, grant releases and discharges, release any part of the Collateral to third parties and otherwise deal with any person as the Secured Party may see fit without prejudice to the liability of the Debtor or to the Secured Party's right to hold, realize and

deal with the Collateral.

6.05 Additional Security

The security hereby constituted is in addition to and not in substitution for any other security now or hereafter held by the Pledgee.

6.06 No Merger

The Pledged Collateral and the security hereby constituted shall not operate by way of merger of any of the Obligations or of any present or future indebtedness, liabilities or obligations of any other person to the Pledgee. The taking of a judgment or judgements with respect to any of the Obligations shall not operate by way of merger of or otherwise affect the security created hereby or any of the covenants, rights or remedies contained in this agreement.

6.07 Entire Agreement

This Agreement together with the Deed of Trust constitutes the entire agreement between the parties hereto and supersedes any and all prior agreements, understandings, representations or undertakings, whether written or verbal, in respect of the subject matter hereof.

6.08 Notice

Any demand, notice or other communication in connection with this Agreement shall be in writing and shall be personally delivered to an officer or other responsible employee of the addressee, mailed by registered mail or sent by telefacsimile, email or other direct written electronic means, charges prepaid, at or to the address, telefacsimile number or email address of the party set out opposite its name below or to such other address or addresses, telefacsimile number, email address or numbers as either party may from time to time designate to the other party in such manner.

In case of the Pledgor:

120 Lynn Williams Street  
Suite 2A  
Toronto, Ontario  
M6K 3N6  
Telephone: (416) 928-5001  
Fax: (416) 928-9501  
Attention: Alan Saskin

In case of the Pledgee:

REZNIK PAZ NEVO TRUSTS LTD.  
14 Yad Haratzim Street,  
Tel Aviv,  
Israel  
67778  
Telephone: 972-3-6389200  
Fax: 972-3-6389222

Any communication which is personally delivered as aforesaid shall be deemed to have been validly and effectively given on the date of such delivery if such date is a Business Day and such delivery was made during normal business hours of the recipient; otherwise, it shall be deemed to have been validly and effectively given on the Business Day next following such date of delivery. Any communication mailed as aforesaid shall be deemed to have been validly and effectively given on the first Business Day following the date of mailing provided that, in the event of an interruption in postal service before such first Business Day, such communication shall be given by one of the other means. Any communication which is transmitted by telefacsimile or other direct written electronic means as aforesaid shall be deemed to have been validly and effectively given on the date of transmission if such date is a Business Day and such transmission was made during normal business hours of the recipient; otherwise, it shall be deemed to have been validly and effectively given on the Business Day next following such date of transmission.

6.09 Successors and Assigns

This Agreement shall enure to the benefit of the Pledgee and its successors and assigns and shall be binding upon the Pledgor and its successors and assigns.

6.10 Applicable Law

This Agreement and all documents pursuant hereto shall be deemed to be interpreted in accordance with the laws of the Province of Ontario.

Notwithstanding the provisions of Clauses 6.10 above, any and all disputes regarding the existence of Event of Default shall be governed exclusively by the Israeli law and shall be settled by competent court of Tel-Aviv, Israel which will have exclusive jurisdiction to settle any such dispute.

The Debtor undertakes not to claim outside of Israel against the existence of an Event of Default or against the debt, in case a procedure in Israel has taken place.

6.11 Prohibited Provisions

In the event that any provision or any part of any provision hereof is deemed to be invalid by reason of the operation of any law or by reason of the interpretation placed thereon by

a court, this agreement shall be construed as not containing such provision or such part of such provision and the invalidity of such provision or such part shall not affect the validity of any other provision or the remainder of such provision hereof, and all other provisions hereof which are otherwise lawful and valid shall remain in full force and effect.

6.12 Number and Gender

Where the context so requires, the singular number shall include the plural, the plural shall include the singular, and the use of any gender shall be applicable to all genders (including the neuter).

6.13 Time of the Essence

Time shall in all respects be of the essence of this Agreement.

6.14 Acknowledgement by Debtor

The Debtor acknowledges receipt of a duplicate executed copy of this Agreement.

(BALANCE OF PAGE INTENTIONALLY LEFT BLANK – SIGNATURE PAGE TO FOLLOW)



WITNESS WHEREOF the parties hereto have executed this Agreement as of the date first above written.

SIGNED, SEALED & DELIVERED)  
in the presence of

) URBANCORP INC.

)

)

) Per: \_\_\_\_\_

) Alan Saskin

) President

) I have the authority to bind the Corporation

)

) REZNIK PAZ NEVO TRUSTS LTD.

)

) Per: \_\_\_\_\_

) Name: Goss/Reznik

) Title: Joint-CEOs

) I have the authority to bind the Corporation

)

Page 15

LOAN AGREEMENT

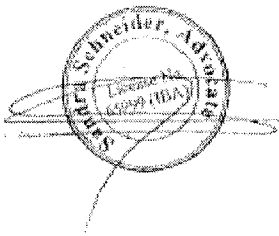
*M:\1515010\PLEDGE OF LOAN AGREEMENT\pledge of loan agreement patricia v2.doc*

J

This is Exhibit "J" referred to in the Affidavit of Guy Gissin  
sworn May 16, 2016

---

A Commissioner for Taking Affidavits



**LOAN AGREEMENT PLEDGE AGREEMENT**

**THIS AGREEMENT** made as of the 21<sup>st</sup> day of December, 2015.

**B E T W E E N:**

**URBANCORP INC.**

(hereinafter called the "Pledgor" or the "Debtor"),

**OF THE FIRST PART;**

- and -

**REZNIK PAZ NEVO TRUSTS LTD.**

(hereinafter called the "Pledgee" or the "Secured Party"),

**OF THE SECOND PART.**

**WHEREAS** the Pledgor has entered into a Loan Agreement with one of its subsidiaries, Urbancorp (St. Clair Village) Inc. on December 21<sup>st</sup>, 2015;

**AND WHEREAS** On 30<sup>th</sup> of November, 2015, the pledgor published a supplementary prospectus, as amended on December 7, 2015, and supplementary notice published on December 8, 2015 (hereinafter: the "**Prospectus**"), within which the pledgor offered to the public debentures (series A) par value NIS 1 each (hereinafter: the "**Debentures**") under the terms as set forth in The Deed of Trust (as defined below);

**AND WHEREAS** Pursuant to the results of the issuance under the Prospectus, the pledgor issued the Debentures on 10<sup>th</sup> of December, 2015;

**AND WHEREAS** the Secured Party is a Trustee to the Debenture holders pursuant to a Deed of Trust dated December 7<sup>th</sup>, 2015 between the Pledgor and Pledgee;

**AND WHEREAS** the Pledgor has agreed to pledge all of its rights under the Loan Agreement to the Pledgee as general and continuing collateral security for the Obligations (as hereinafter defined);

**AND WHEREAS** pursuant to the Deed of Trust, the Pledgor is obligated to pledge all of its rights under the Loan Agreement to the Pledgee as security for repayment of the Debentures;

**NOW THEREFORE THIS AGREEMENT WITNESSETH** that in consideration of the respective covenants hereinafter contained and for other good and valuable consideration and the sum of \$2.00 of lawful money of Canada (the receipt and sufficiency of which are hereby acknowledged by the Pledgor), it is hereby agreed by and between the parties hereto as follows:

## ARTICLE 1

### INTERPRETATION

#### 1.01 Defined Terms

In this Agreement or any amendment to this Agreement, unless the context requires otherwise:

“Act” means the Personal Property Security Act (Ontario) and all regulations enacted thereunder, as amended from time to time;

“Affiliate” shall have the meaning ascribed thereto by the Business Corporations Act, (Ontario) as of the date hereof;

“Business Day” means a day that Canadian chartered banks are open for business in the City of Toronto;

“Deed of Trust” means a Deed of Trust between the Pledgor and the Pledgee with respect to the Debentures dated December 7<sup>th</sup>, 2015 an English version of which is attached hereto as Appendix “B”;

“Debentures” means Debentures issued by Urbancorp Inc. in Israel;

“Event of Default” shall have the meaning ascribed thereto in Article 5 hereof;

“Expenses” means all reasonable costs, fees and expenses (including legal fees and disbursements on a solicitor and his own client basis) incurred by or on behalf of the Secured Party in connection with the Obligations and in connection with or arising out of or from any one or more of the following:

- (a) any act done or taken by the Secured Party, or any action or other proceeding instituted by the Secured Party, the Debtor or any other person, firm or corporation, in connection with or in any way relating to any one or more of the following:

- (i) the Act;

- (ii) this Agreement or any part hereof;
- (iii) the preservation, protection, enforcement or realization of the Pledged Collateral or Security Interest or both; and
- (iv) the recovery of the Obligations.

“Interest Rate” means that annual rate of interest which is the applicable rate of interest as set forth in the Loan Agreement;

“Loan Agreement” means a Loan Agreement entered into by the Debtor and its subsidiary Urbancorp (St. Clair Village) Inc. dated the 21<sup>st</sup> day of December, 2015 granting an owners loan in the amount of \$ 7,688,690.00 Million upon the terms set forth in the loan agreement, attached herein as appendix “A”;

“Obligations” means the obligations, indebtedness and liability of the Debtor referred to in Article 2.01 hereof.

“Person” includes any individual, corporation, partnership, firm, joint venture, syndicate, association, trust, trustee, government, governmental agency or board or commission or authority and any other form of entity or organization whatsoever, whether incorporated or not;

“Pledged Collateral” or “Collateral” means collectively:

- (i) the Loan Agreement;
- (ii) in accordance with Paragraph 3.01(g) hereof, all repayment of capital, interest, dividends, income, revenue or other distributions made or paid in respect of the Pledged Loan Agreement, and
- (iii) all rights and claims of the Pledgor in respect of the foregoing or evidenced thereby;

“Pledged Loan Agreement” means this pledge of the Loan Agreement;

“Proceeds” shall have the meaning ascribed thereto by the Act;

“Security Interest” means the security interest referred to in Section 2.01 hereof;

“Subsidiary” means Urbancorp (St. Clair Village) Inc.

All definitions utilized herein, unless defined pursuant to this Agreement shall have the same meaning attributed to them pursuant to the Deed of Trust.

ARTICLE 2

THE SECURITY INTEREST

2.01 Grant of Security Interest

As security for the payment and satisfaction of any and all obligations, liability and indebtedness of the Debtor to the Secured Party (including without limitation the obligations of the Debtor under the Debenture and under this Agreement), present or future, direct or indirect, absolute or contingent, matured or unmatured, extended or renewed, wherever and however incurred and whether from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again and whether the Debtor is bound alone or with others and whether as principal or surety (such obligations, indebtedness and liability being hereinafter collectively called the "Obligations"), the Debtor hereby grants to the Secured Party a continuing and specific security interest in, and mortgages, charges, transfers and conveys, as and by way of an exclusive first fixed charge of the Loan Agreement and all interest, income, revenue, repayments or other distributions thereon and the proceeds thereof.

2.02 Pledge of Collateral

It is the express intention of the parties hereto that the Security Interest shall attach with respect to the Pledged Collateral contemporaneously with the execution and delivery of this Agreement.

2.03 Intentionally Deleted.

2.04 Attachment of Security

For the purposes of the Act, the parties hereby acknowledge:

- (a) their mutual intention that the security interest created by this Agreement is to attach upon the execution of this Agreement by the Pledgor;
- (b) that value has been given by the Pledgee to the Pledgor; and
- (c) that the Pledgor has rights in the Pledged Collateral (other than future property) as of the date hereof.

ARTICLE 3

COVENANTS OF THE DEBTOR

3.01 The Debtor agrees with the Secured Party that so long as the Obligations or any part thereof remain outstanding:



- (a) Except as otherwise provided in this Agreement, without the prior written consent of the Secured Party, the Debtor will not sell or otherwise dispose of the Pledged Collateral and will not create, assume or have outstanding, except to the Secured Party, any mortgage, charge, lien, security interest or other encumbrance on all or any part of the Pledged Collateral;
- (b) The Debtor shall deliver or cause to be delivered to the Secured Party:
  - (i) a copy of all written notices given under, in connection with or pursuant to the Pledged Collateral or any part thereof that are:
    - (1) received by the Debtor, forthwith upon the receipt of same; and
    - (2) delivered by the Debtor contemporaneously with the deliver of same;
- (c) The Debtor will from time to time at the request of the Secured Party and at the expense of the Debtor, make and do all such acts and things and execute and deliver all such instruments, security agreements and other writings and assurances required by the terms and conditions of this Agreement with respect to this Agreement or the Pledged Collateral or in order to perfect, keep perfected, maintain and preserve the Security Interest;
- (d) The Debtor will pay or reimburse the Secured Party upon demand for all Expenses together with interest thereon from the date of payment by the Secured Party until paid in full to the Secured Party by the Debtor at the Interest Rate calculated and compounded monthly before and after demand, default and judgment, together with interest on overdue interest at the same rate;
- (e) Without the prior written consent of the Secured Party, the Debtor will not permit any direct or indirect change in the ownership interests of the Debtor;
- (f) The Debtor will defend the Pledged Collateral against the claims and demands of all other persons claiming the same or any interest therein and will promptly notify the Secured Party of the details of any such claims and demands and of any loss of or damage to the Pledged Collateral;
- (g) The Debtor irrevocably authorizes and directs the Subsidiary to deliver to the Secured Party all entitlements and other amounts payable, and all

property distributable, to the Debtor by, from or in respect of the Pledged Collateral and whether on account of principal or interest or otherwise, as long as the Obligations remains outstanding. Upon receipt of such amounts payable, the Secured Party shall apply such amounts first, to the payment of interest, and secondly, in reduction of the balance of the Obligations remaining. All monies received by the Debtor from the Subsidiary shall be received by him in trust for the Secured Party and forthwith upon receipt shall be paid over to the Secured Party;

- (h) The Debtor irrevocably authorizes the Secured Party, in the name of the Debtor, to obtain any written consent the Secured Party deems necessary or advisable from any person or regulating authority or otherwise in order to effect a change of registered ownership of the Pledged Collateral forthwith after the happening of an Event of Default pursuant to which the Secured Party transfers the Pledged Collateral pursuant to the terms of this Agreement;
- (i) The Debtor shall not permit the Subsidiary to and the Debtor shall not itself do, anything contrary to, or omit to do anything required by, the terms and provisions of the Loan Agreement;
- (j) The Debtor hereby covenants and agrees with the Secured Party that he shall do all things necessary and shall cast all votes necessary to cause the directors of the Debtor to authorize the transfer of the Pledged Collateral from the Debtor to the Secured Party upon the occurrence of an Event of Default (as herein defined) and shall not permit or suffer such resolution to be revoked, amended or changed in any manner without the prior written consent of the Secured Party; and
- (k) The Debtor shall not, without the consent of the Secured Party, which consent may be unreasonably withheld by the Secured Party, change, reclassify, subdivide, convert, issue or in any other way deal with the Pledged Collateral.

#### ARTICLE 4

##### REPRESENTATIONS AND WARRANTIES OF DEBTOR

4.01 The Debtor hereby represents and warrants as follows:

- (a) the Debtor is the legal and beneficial owner of all the Pledged Collateral with good and marketable title thereto, free and clear of any assignments, executions, mortgages, charges, hypothecation's, pledges, security interests, liens, demands, adverse claims and any other encumbrances

whatsoever (except for the encumbrance created by this Agreement);

- (b) no person, firm or corporation has any agreement or option, or any right or privilege capable of becoming an agreement or option, for the purchase from the Debtor of any of the Pledged Collateral;
- (c) the Debtor has the exclusive and unfettered right and full power to create, in favour of the Secured Party, the Security Interest and to comply with all of the covenants and obligations set out herein;
- (d) all necessary acts have been duly taken by the Debtor to authorize the granting of the Security Interest to the Secured Party as provided for herein; and
- (e) there are no covenants, obligations or conditions to be performed, fulfilled or ratified by the Debtor under any material contract or agreement in order to give effect to the provisions of this Agreement;

## ARTICLE 5

### DEFAULT AND ENFORCEMENT

#### 5.01 Events of Default

The Security Interest shall become enforceable upon the happening of any one or more of the following events ("Events of Default"):

- (a) (a) If the Debtor fails to pay when due any amount owing by it to the Secured Party and such default continues for 14 days, or otherwise is in default of any term or provision of this Agreement or of the Deed of Trust or if the Debtor is in default of any term or provision of the Loan Agreement;
- (b) If the debtor is in default in the performance or observance of any of the provisions of the Deed of Trust under which the Secured Creditor is entitled to enforce the pledge created herein.
- (c) Notwithstanding anything herein contained, all rights of the Debtor to give consents, waivers and ratifications shall cease immediately upon the occurrence and during the continuance of any Event of Default. Such rights shall be revived in favour of the Debtor if the Debtor rectifies any Event of Default within any period of grace provided under the provisions of the Deed of Trust or at law;
- (d) If the Debtor commits an act of bankruptcy or becomes an insolvent person (as such terms are defined by the Bankruptcy and Insolvency Act (Canada)), if a petition for a receiving order is filed against the Debtor, or if proceedings for a

composition with or proposal to the Debtor's creditors or for the winding-up, liquidation or other dissolution of the Debtor should be instituted by or against the Debtor under any federal or provincial law;

- (e) If a receiver or other custodian (interim or permanent) of the Pledged Collateral or any part thereof is appointed by private instrument or by court order, if any execution/sequestration, extent or other process of any court becomes enforceable against the Debtor or the Pledged Collateral or any part thereof, or if distress or analogous process is made against the Pledged Collateral or any part thereof;

#### 5.02 Remedies Upon Default

Upon the Security Interest becoming enforceable, in addition to any rights and remedies of the Secured Party as a secured party under the Act:

- (a) The Secured Party may, at its sole option, declare that the whole or any part of any indebtedness forming a part of the Obligations is immediately due and payable in full, without demand or notice of any kind;
- (b) The Secured Party may at its option appoint by instrument in writing, any person (including the Secured Party), as receiver or as receiver and manager of all or any part of the Pledged Collateral. Hereinafter in this security agreement the word "receiver" shall include both a receiver and a receiver and manager. The Secured Party may from time to time remove or replace any receiver so appointed, or may institute proceedings in any court of competent jurisdiction for the appointment of a receiver of all or any part of the Pledged Collateral. Any receiver so appointed or replaced shall have and may exercise all powers conferred upon the Secured Party under this Agreement. Any receiver so appointed or replaced shall be considered to be the agent of the Debtor so far as the responsibility for his acts is concerned and the Secured Party shall not in any way be responsible for any act or omission on the part of such receiver, whether willful, negligent, imprudent or otherwise. Where the Secured Party is hereafter in this security agreement referred to, the term shall, where the context permits, include any receiver so appointed or replaced and the officers, employees, servants and agents of such receiver;
- (c) The Secured Party may at its option take such steps as it considers necessary or desirable to obtain possession of all or any part of the Pledged Collateral;
- (d) Subject to the Act, the Secured Party may, without notice, elect to retain all or any part of the Pledged Collateral in satisfaction of the Indebtedness or any part thereof and to effect such retention or any purchase or other

acquisition by the Secured Party of the Pledged Collateral or any part thereof, the Secured Party and its officers and employees are authorized on behalf of the Debtor, to complete any blank spaces to be bound any forms of transfer or powers of attorney to transfer the Pledged Collateral with such names and other information and in such manner as the Secured Party may determine in its absolute discretion, and to deliver any such forms of transfer or powers of attorney forms to the Secured Party in order to have the Pledged Collateral transferred to the name of the Secured Party or any purchaser thereof;

- (e) The Secured Party may seize, collect, realize, borrow money on the security of, sell, obtain payment for, give valid receipts and discharges for, release to third parties or otherwise deal with the Pledged Collateral or any part thereof in such manner, upon such terms and conditions and at such time or times as may seem to it advisable, without notice to the Debtor. The mode of disposition of the Pledged Collateral or any part thereof shall be in the sole discretion of the Secured Party and it shall be deemed to be commercially reasonable for the Secured Party to dispose of the Pledged Collateral or any part thereof in the ordinary course of its business. The Secured Party may purchase all or any part of the Pledged Collateral at a public sale;
- (f) The Secured Party may charge on its own behalf and pay to others reasonable sums for expenses incurred and for services rendered (including legal fees on a solicitor and client basis and fees for receivers, managers, accountants and other professionals) in connection with the Secured Party's realizing the Pledged Collateral or otherwise dealing with the Pledged Collateral in accordance with the provisions of this security agreement or the Act and all such sums shall be payable to the Secured Party on demand and until paid in full shall bear interest at the Interest Rate;
- (g) The Secured Party may, if it deems it necessary for the proper realization of all or any part of the Pledged Collateral, pay any claim, lien, security interest or other encumbrance that may exist or be threatened against the Pledged Collateral, in which event the amount so paid, together with all costs and expenses of the Secured Party incurred in connection therewith, shall be payable to the Secured Party on demand and until paid in full shall bear interest at the Interest Rate;
- (h) The Secured Party shall have the right to postpone indefinitely the sale of the Pledged Collateral or any part thereof and shall further have the right, pending any such sale, to lease the Pledged Collateral or any part thereof to any person for such period as the Secured Party in its absolute

discretion deems necessary in order to recover or to attempt to recover any indebtedness forming a part of the Obligations;

- (i) The Secured Party shall not be liable or accountable for any failure to realize or otherwise deal with the Pledged Collateral or any part thereof and shall not be bound to institute proceedings for the purpose of effecting any of the foregoing or for the purpose of preserving any rights of the Secured Party, the Debtor or any other person in respect of the Pledged Collateral; and
- (j) All monies received or collected by the Secured Party in respect of the Pledged Collateral may be applied on account of such part of the Obligations as the Secured Party deems fit.

## ARTICLE 6

### GENERAL

#### 6.01 Continuing Security

The security interest constituted hereby shall be deemed to be a continuing security for the Obligations until the earlier (a) such time as the Pledgor has received all amounts due to the Debtor pursuant to the Loan Agreement and deposited same in the Dedicated Account or (b) the Debentures are repaid in full, together with accrued and unpaid interest and costs on account of the Obligations. Upon the occurrence of (a) or (b) above, the Pledgee shall forthwith release the Pledged Collateral from the assignment, hypothecation, pledge and security interest herein contained and return to the Pledgor all documents evidencing ownership or title to the Pledged Collateral.

#### 6.02 Calculation of Interest

Whenever in this Agreement any amount owing to the Secured Party is expressed to bear interest at the Interest Rate, such interest shall be calculated monthly, not in advance, both before and after default and judgment, with interest on overdue interest as defined in the Deed of Trust.

#### 6.03 Failure to Perform Obligations

Upon the Debtor's failure to perform any of its obligations under this Agreement, the Secured Party may at its option perform such obligations and the expenses of the Secured Party in so doing shall be payable by the Debtor to the Secured Party upon demand, and until paid in full shall bear interest at the Interest Rate.

#### 6.04 Grant of Extensions

The Secured Party may grant extensions of time and other indulgences, take and give up securities, accept compositions, grant releases and discharges, release any part of the Collateral to third parties and otherwise deal with any person as the Secured Party may see fit without prejudice to the liability of the Debtor or to the Secured Party's right to hold, realize and deal with the Collateral.

6.05 Additional Security

The security hereby constituted is in addition to and not in substitution for any other security now or hereafter held by the Pledgee.

6.06 No Merger

The Pledged Collateral and the security hereby constituted shall not operate by way of merger of any of the Obligations or of any present or future indebtedness, liabilities or obligations of any other person to the Pledgee. The taking of a judgment or judgments with respect to any of the Obligations shall not operate by way of merger of or otherwise affect the security created hereby or any of the covenants, rights or remedies contained in this agreement.

6.07 Entire Agreement

This Agreement together with the Deed of Trust constitutes the entire agreement between the parties hereto and supersedes any and all prior agreements, understandings, representations or undertakings, whether written or verbal, in respect of the subject matter hereof.

6.08 Notice

Any demand, notice or other communication in connection with this Agreement shall be in writing and shall be personally delivered to an officer or other responsible employee of the addressee, mailed by registered mail or sent by telefacsimile, email or other direct written electronic means, charges prepaid, at or to the address, telefacsimile number or email address of the party set out opposite its name below or to such other address or addresses or telefacsimile number, email address or numbers as either party may from time to time designate to the other party in such manner.

In case of the Pledgor:

120 Lynn Williams Street  
Suite 2A  
Toronto, Ontario  
M6K 3N6

Telephone: (416) 928-5001

Fax: (416) 928-9501

Attention: Alan Saskin

In case of the Pledgee:

REZNIK PAZ NEVO TRUSTS LTD.  
14 Yad Haratzim Street,  
Tel Aviv,  
Israel  
67778  
Telephone: 972-3-6389200  
Fax: 972-3-6389222

Any communication which is personally delivered as aforesaid shall be deemed to have been validly and effectively given on the date of such delivery if such date is a Business Day and such delivery was made during normal business hours of the recipient; otherwise, it shall be deemed to have been validly and effectively given on the Business Day next following such date of delivery. Any communication mailed as aforesaid shall be deemed to have been validly and effectively given on the first Business Day following the date of mailing provided that, in the event of an interruption in postal service before such first Business Day, such communication shall be given by one of the other means. Any communication which is transmitted by telefacsimile or other direct written electronic means as aforesaid shall be deemed to have been validly and effectively given on the date of transmission if such date is a Business Day and such transmission was made during normal business hours of the recipient; otherwise, it shall be deemed to have been validly and effectively given on the Business Day next following such date of transmission.

6.09 Successors and Assigns

This Agreement shall enure to the benefit of the Pledgee and its successors and assigns and shall be binding upon the Pledgor and its successors and assigns.

6.10 Applicable Law

This Agreement and all documents pursuant hereto shall be deemed to be interpreted in accordance with the laws of the Province of Ontario.

Notwithstanding the provisions of Clauses 6.10 above, any and all disputes regarding the existence of Event of default shall be governed exclusively by the Israeli law and shall be settled by competent court of Tel-Aviv, Israel which will have exclusive jurisdiction to settle any such dispute.

The Debtor undertakes not to claim outside of Israel against the existence of an Event of Default or against the debt, in case a procedure in Israel has taken place.



6.11 Prohibited Provisions

In the event that any provision or any part of any provision hereof is deemed to be invalid by reason of the operation of any law or by reason of the interpretation placed thereon by a court, this agreement shall be construed as not containing such provision or such part of such provision and the invalidity of such provision or such part shall not affect the validity of any other provision or the remainder of such provision hereof, and all other provisions hereof which are otherwise lawful and valid shall remain in full force and effect.

6.12 Number and Gender

Where the context so requires, the singular number shall include the plural, the plural shall include the singular, and the use of any gender shall be applicable to all genders (including the neuter).

6.13 Time of the Essence

Time shall in all respects be of the essence of this Agreement.

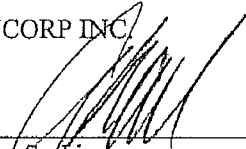
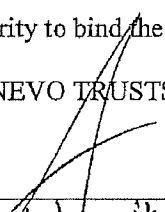
6.14 Acknowledgement by Debtor

The Debtor acknowledges receipt of a duplicate executed copy of this Agreement.

(BALANCE OF PAGE INTENTIONALLY LEFT BLANK – SIGNATURE PAGE TO FOLLOW)

WITNESS WHEREOF the parties hereto have executed this Agreement as of the date first above written.

SIGNED, SEALED & DELIVERED)  
in the presence of

) URBANCORP INC  
)  
)  
) Per:   
) Alan Saskin  
) President  
) I have the authority to bind the Corporation  
)  
) REZNIK PAZ NEVO TRUSTS LTD.  
)  
) Per:   
) Name: Yossi Benik  
) Title: Joint-CEO  
) I have the authority to bind the Corporation  
)

LOAN AGREEMENT

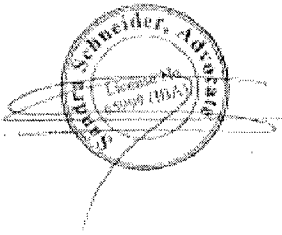
M:\15150105\PLEDGE OF LOAN AGREEMENT\pledge of loan agreement st.clair village v3.doc

**K**

This is Exhibit "K" referred to in the Affidavit of Guy Gissin  
sworn May 16, 2016

---

A Commissioner for Taking Affidavits



**LOAN AGREEMENT PLEDGE AGREEMENT**

**THIS AGREEMENT** made as of the 21<sup>st</sup> day of December, 2015.

**B E T W E E N:**

**URBANCORP INC.**

(hereinafter called the "Pledgor" or the "Debtor"),

OF THE FIRST PART;

- and -

**REZNIK PAZ NEVO TRUSTS LTD.**

(hereinafter called the "Pledgee" or the "Secured Party"),

OF THE SECOND PART.

**WHEREAS** the Pledgor has entered into a Loan Agreement with one of its subsidiaries, Downsview Park Development Inc. on December 21<sup>st</sup>, 2015;

**AND WHEREAS** On 30<sup>th</sup> of November, 2015, the pledgor published a supplementary prospectus, as amended on December 7, 2015, and supplementary notice published on December 8, 2015 (hereinafter: the "**Prospectus**"), within which the pledgor offered to the public debentures (series A) par value NIS 1 each (hereinafter: the "**Debentures**") under the terms as set forth in The Deed of Trust (as defined below);

**AND WHEREAS** Pursuant to the results of the issuance under the Prospectus, the pledgor issued the Debentures on 10<sup>th</sup> of December, 2015;

**AND WHEREAS** the Secured Party is a Trustee to the Debenture holders pursuant to a Deed of Trust dated December 7<sup>th</sup>, 2015 between the Pledgor and Pledgee;

**AND WHEREAS** the Pledgor has agreed to pledge all of its rights under the Loan Agreement to the Pledgee as general and continuing collateral security for the Obligations (as hereinafter defined);

**AND WHEREAS** pursuant to the Deed of Trust, the Pledgor is obligated to pledge all of its rights under the Loan Agreement to the Pledgee as security for repayment of the Debentures;

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the respective covenants hereinafter contained and for other good and valuable consideration and the sum of \$2.00 of lawful money of Canada (the receipt and sufficiency of which are hereby acknowledged by the Pledgor), it is hereby agreed by and between the parties hereto as follows:

## ARTICLE 1

### INTERPRETATION

#### 1.01 Defined Terms

In this Agreement or any amendment to this Agreement, unless the context requires otherwise:

“Act” means the Personal Property Security Act (Ontario) and all regulations enacted thereunder, as amended from time to time;

“Affiliate” shall have the meaning ascribed thereto by the Business Corporations Act, (Ontario) as of the date hereof;

“Business Day” means a day that Canadian chartered banks are open for business in the City of Toronto;

“Deed of Trust” means a Deed of Trust between the Pledgor and the Pledgee with respect to the Debentures dated December 7<sup>th</sup>, 2015 an English version of which is attached hereto as Appendix “B”;

“Debentures” means Debentures issued by Urbancorp Inc. in Israel;

“Event of Default” shall have the meaning ascribed thereto in Article 5 hereof;

“Expenses” means all reasonable costs, fees and expenses (including legal fees and disbursements on a solicitor and his own client basis) incurred by or on behalf of the Secured Party in connection with the Obligations and in connection with or arising out of or from any one or more of the following:

- (a) any act done or taken by the Secured Party, or any action or other proceeding instituted by the Secured Party, the Debtor or any other person, firm or corporation, in connection with or in any way relating to any one or more of the following:
  - (i) the Act;
  - (ii) this Agreement or any part hereof;

- (iii) the preservation, protection, enforcement or realization of the Pledged Collateral or Security Interest or both; and
- (iv) the recovery of the Obligations.

“Interest Rate” means that annual rate of interest which is the applicable rate of interest as set forth in the Loan Agreement;

“Loan Agreement” means a Loan Agreement entered into by the Debtor and its subsidiary Urbancorp Downsview Park Development Inc. dated the 21<sup>st</sup> day of December, 2015 granting an owners loan in the amount of \$ 10,094,562.00 Million upon the terms set forth in the loan agreement, attached herein as appendix “A”;

“Obligations” means the obligations, indebtedness and liability of the Debtor referred to in Article 2.01 hereof;

“Person” includes any individual, corporation, partnership, firm, joint venture, syndicate, association, trust, trustee, government, governmental agency or board or commission or authority and any other form of entity or organization whatsoever, whether incorporated or not;

“Pledged Collateral” or “Collateral” means collectively:

- (i) the Loan Agreement;
- (ii) in accordance with Paragraph 3.01(g) hereof, all repayment of capital, interest, dividends, income, revenue or other distributions made or paid in respect of the Pledged Loan Agreement, and
- (iii) all rights and claims of the Pledgor in respect of the foregoing or evidenced thereby;

“Pledged Loan Agreement” means this pledge of the Loan Agreement;

“Proceeds” shall have the meaning ascribed thereto by the Act;

“Security Interest” means the security interest referred to in Section 2.01 hereof;

“Subsidiary” means Urbancorp Downsview Park Development Inc.

All definitions utilized herein, unless defined pursuant to this Agreement shall have the same meaning attributed to them pursuant to the Deed of Trust.



ARTICLE 2

THE SECURITY INTEREST

2.01 Grant of Security Interest

As security for the payment and satisfaction of any and all obligations, liability and indebtedness of the Debtor to the Secured Party (including without limitation the obligations of the Debtor under the Debenture and under this Agreement), present or future, direct or indirect, absolute or contingent, matured or unmatured, extended or renewed, wherever and however incurred and whether from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again and whether the Debtor is bound alone or with others and whether as principal or surety (such obligations, indebtedness and liability being hereinafter collectively called the "Obligations"), the Debtor hereby grants to the Secured Party a continuing and specific security interest in, and mortgages, charges, transfers and conveys, as and by way of an exclusive first fixed charge of the Loan Agreement and all interest, income, revenue, repayments or other distributions thereon and the proceeds thereof.

2.02 Pledge of Collateral

It is the express intention of the parties hereto that the Security Interest shall attach with respect to the Pledged Collateral contemporaneously with the execution and delivery of this Agreement.

2.03 Intentionally Deleted.

2.04 Attachment of Security

For the purposes of the Act, the parties hereby acknowledge:

- (a) their mutual intention that the security interest created by this Agreement is to attach upon the execution of this Agreement by the Pledgor;
- (b) that value has been given by the Pledgee to the Pledgor; and
- (c) that the Pledgor has rights in the Pledged Collateral (other than future property) as of the date hereof.

ARTICLE 3

COVENANTS OF THE DEBTOR

3.01 The Debtor agrees with the Secured Party that so long as the Obligations or any part thereof remain outstanding:

- (a) Except as otherwise provided in this Agreement, without the prior written consent of the Secured Party, the Debtor will not sell or otherwise dispose of the Pledged Collateral and will not create, assume or have outstanding, except to the Secured Party, any mortgage, charge, lien, security interest or other encumbrance on all or any part of the Pledged Collateral;
- (b) The Debtor shall deliver or cause to be delivered to the Secured Party:
  - (i) a copy of all written notices given under, in connection with or pursuant to the Pledged Collateral or any part thereof that are:
    - (1) received by the Debtor, forthwith upon the receipt of same; and
    - (2) delivered by the Debtor contemporaneously with the deliver of same;
- (c) The Debtor will from time to time at the request of the Secured Party and at the expense of the Debtor, make and do all such acts and things and execute and deliver all such instruments, security agreements and other writings and assurances required by the terms and conditions of this Agreement with respect to this Agreement or the Pledged Collateral or in order to perfect, keep perfected, maintain and preserve the Security Interest;
- (d) The Debtor will pay or reimburse the Secured Party upon demand for all Expenses together with interest thereon from the date of payment by the Secured Party until paid in full to the Secured Party by the Debtor at the Interest Rate calculated and compounded monthly before and after demand, default and judgment, together with interest on overdue interest at the same rate;
- (e) Without the prior written consent of the Secured Party, the Debtor will not permit any direct or indirect change in the ownership interests of the Debtor;
- (f) The Debtor will defend the Pledged Collateral against the claims and demands of all other persons claiming the same or any interest therein and will promptly notify the Secured Party of the details of any such claims and demands and of any loss of or damage to the Pledged Collateral;
- (g) The Debtor irrevocably authorizes and directs the Subsidiary to deliver to the Secured Party all entitlements and other amounts payable, and all

property distributable, to the Debtor by, from or in respect of the Pledged Collateral and whether on account of principal or interest or otherwise, as long as the Obligations remains outstanding. Upon receipt of such amounts payable, the Secured Party shall apply such amounts first, to the payment of interest, and secondly, in reduction of the balance of the Obligations remaining. All monies received by the Debtor from the Subsidiary shall be received by him in trust for the Secured Party and forthwith upon receipt shall be paid over to the Secured Party;

- (h) The Debtor irrevocably authorizes the Secured Party, in the name of the Debtor, to obtain any written consent the Secured Party deems necessary or advisable from any person or regulating authority or otherwise in order to effect a change of registered ownership of the Pledged Collateral forthwith after the happening of an Event of Default pursuant to which the Secured Party transfers the Pledged Collateral pursuant to the terms of this Agreement;
- (i) The Debtor shall not permit the Subsidiary to and the Debtor shall not itself do, anything contrary to, or omit to do anything required by, the terms and provisions of the Loan Agreement;
- (j) The Debtor hereby covenants and agrees with the Secured Party that he shall do all things necessary and shall cast all votes necessary to cause the directors of the Debtor to authorize the transfer of the Pledged Collateral from the Debtor to the Secured Party upon the occurrence of an Event of Default (as herein defined) and shall not permit or suffer such resolution to be revoked, amended or changed in any manner without the prior written consent of the Secured Party; and
- (k) The Debtor shall not, without the consent of the Secured Party, which consent may be unreasonably withheld by the Secured Party, change, reclassify, subdivide, convert, issue or in any other way deal with the Pledged Collateral.

#### ARTICLE 4

##### REPRESENTATIONS AND WARRANTIES OF DEBTOR

4.01 The Debtor hereby represents and warrants as follows:

- (a) the Debtor is the legal and beneficial owner of all the Pledged Collateral with good and marketable title thereto, free and clear of any assignments, executions, mortgages, charges, hypothecation's, pledges, security interests, liens, demands, adverse claims and any other encumbrances

whatsoever (except for the encumbrance created by this Agreement);

- (b) no person, firm or corporation has any agreement or option, or any right or privilege capable of becoming an agreement or option, for the purchase from the Debtor of any of the Pledged Collateral;
- (c) the Debtor has the exclusive and unfettered right and full power to create, in favour of the Secured Party, the Security Interest and to comply with all of the covenants and obligations set out herein;
- (d) all necessary acts have been duly taken by the Debtor to authorize the granting of the Security Interest to the Secured Party as provided for herein; and
- (e) there are no covenants, obligations or conditions to be performed, fulfilled or ratified by the Debtor under any material contract or agreement in order to give effect to the provisions of this Agreement;

## ARTICLE 5

### DEFAULT AND ENFORCEMENT

#### 5.01 Events of Default

The Security Interest shall become enforceable upon the happening of any one or more of the following events ("Events of Default"):

- (a) If the Debtor fails to pay when due any amount owing by it to the Secured Party and such default continues for 14 days, or otherwise is in default of any term or provision of this Agreement or of the Deed of Trust or if the Debtor is in default of any term or provision of the Loan Agreement;
- (b) If the debtor is in default in the performance or observance of any of the provisions of the Deed of Trust under which the Secured Creditor is entitled to enforce the pledge created herein.
- (c) Notwithstanding anything herein contained, all rights of the Debtor to give consents, waivers and ratifications shall cease immediately upon the occurrence and during the continuance of any Event of Default. Such rights shall be revived in favour of the Debtor if the Debtor rectifies any Event of Default within any period of grace provided under the provisions of the Deed of Trust or at law;
- (d) If the Debtor commits an act of bankruptcy or becomes an insolvent person (as such terms are defined by the Bankruptcy and Insolvency Act (Canada)), if a petition for a receiving order is filed against the Debtor, or if proceedings for a

composition with or proposal to the Debtor's creditors or for the winding-up, liquidation or other dissolution of the Debtor should be instituted by or against the Debtor under any federal or provincial law;

- (e) If a receiver or other custodian (interim or permanent) of the Pledged Collateral or any part thereof is appointed by private instrument or by court order, if any execution/sequestration, extent or other process of any court becomes enforceable against the Debtor or the Pledged Collateral or any part thereof, or if distress or analogous process is made against the Pledged Collateral or any part thereof;

#### 5.02 Remedies Upon Default

Upon the Security Interest becoming enforceable, in addition to any rights and remedies of the Secured Party as a secured party under the Act:

- (a) The Secured Party may, at its sole option, declare that the whole or any part of any indebtedness forming a part of the Obligations is immediately due and payable in full, without demand or notice of any kind;
- (b) The Secured Party may at its option appoint by instrument in writing, any person (including the Secured Party), as receiver or as receiver and manager of all or any part of the Pledged Collateral. Hereinafter in this security agreement the word "receiver" shall include both a receiver and a receiver and manager. The Secured Party may from time to time remove or replace any receiver so appointed, or may institute proceedings in any court of competent jurisdiction for the appointment of a receiver of all or any part of the Pledged Collateral. Any receiver so appointed or replaced shall have and may exercise all powers conferred upon the Secured Party under this Agreement. Any receiver so appointed or replaced shall be considered to be the agent of the Debtor so far as the responsibility for his acts is concerned and the Secured Party shall not in any way be responsible for any act or omission on the part of such receiver, whether willful, negligent, imprudent or otherwise. Where the Secured Party is hereafter in this security agreement referred to, the term shall, where the context permits, include any receiver so appointed or replaced and the officers, employees, servants and agents of such receiver;
- (c) The Secured Party may at its option take such steps as it considers necessary or desirable to obtain possession of all or any part of the Pledged Collateral;
- (d) Subject to the Act, the Secured Party may, without notice, elect to retain all or any part of the Pledged Collateral in satisfaction of the Indebtedness or any part thereof and to effect such retention or any purchase or other

acquisition by the Secured Party of the Pledged Collateral or any part thereof, the Secured Party and its officers and employees are authorized on behalf of the Debtor, to complete any blank spaces to be bound any forms of transfer or powers of attorney to transfer the Pledged Collateral with such names and other information and in such manner as the Secured Party may determine in its absolute discretion, and to deliver any such forms of transfer or powers of attorney forms to the Secured Party in order to have the Pledged Collateral transferred to the name of the Secured Party or any purchaser thereof;

- (e) The Secured Party may seize, collect, realize, borrow money on the security of, sell, obtain payment for, give valid receipts and discharges for, release to third parties or otherwise deal with the Pledged Collateral or any part thereof in such manner, upon such terms and conditions and at such time or times as may seem to it advisable, without notice to the Debtor. The mode of disposition of the Pledged Collateral or any part thereof shall be in the sole discretion of the Secured Party and it shall be deemed to be commercially reasonable for the Secured Party to dispose of the Pledged Collateral or any part thereof in the ordinary course of its business. The Secured Party may purchase all or any part of the Pledged Collateral at a public sale;
- (f) The Secured Party may charge on its own behalf and pay to others reasonable sums for expenses incurred and for services rendered (including legal fees on a solicitor and client basis and fees for receivers, managers, accountants and other professionals) in connection with the Secured Party's realizing the Pledged Collateral or otherwise dealing with the Pledged Collateral in accordance with the provisions of this security agreement or the Act and all such sums shall be payable to the Secured Party on demand and until paid in full shall bear interest at the Interest Rate;
- (g) The Secured Party may, if it deems it necessary for the proper realization of all or any part of the Pledged Collateral, pay any claim, lien, security interest or other encumbrance that may exist or be threatened against the Pledged Collateral, in which event the amount so paid, together with all costs and expenses of the Secured Party incurred in connection therewith, shall be payable to the Secured Party on demand and until paid in full shall bear interest at the Interest Rate;
- (h) The Secured Party shall have the right to postpone indefinitely the sale of the Pledged Collateral or any part thereof and shall further have the right, pending any such sale, to lease the Pledged Collateral or any part thereof to any person for such period as the Secured Party in its absolute

discretion deems necessary in order to recover or to attempt to recover any indebtedness forming a part of the Obligations;

- (i) The Secured Party shall not be liable or accountable for any failure to realize or otherwise deal with the Pledged Collateral or any part thereof and shall not be bound to institute proceedings for the purpose of effecting any of the foregoing or for the purpose of preserving any rights of the Secured Party, the Debtor or any other person in respect of the Pledged Collateral; and
- (j) All monies received or collected by the Secured Party in respect of the Pledged Collateral may be applied on account of such part of the Obligations as the Secured Party deems fit.

## **ARTICLE 6**

### **GENERAL**

#### **6.01            Continuing Security**

The security interest constituted hereby shall be deemed to be a continuing security for the Obligations until the earlier (a) such time as the Pledgor has received all amounts due to the Debtor pursuant to the Loan Agreement and deposited same in the Dedicated Account or (b) the Debentures are repaid in full, together with accrued and unpaid interest and costs on account of the Obligations. Upon the occurrence of (a) or (b) above, the Pledgee shall forthwith release the Pledged Collateral from the assignment, hypothecation, pledge and security interest herein contained and return to the Pledgor all documents evidencing ownership or title to the Pledged Collateral.

#### **6.02            Calculation of Interest**

Whenever in this Agreement any amount owing to the Secured Party is expressed to bear interest at the Interest Rate, such interest shall be calculated monthly, not in advance, both before and after default and judgment, with interest on overdue interest as defined in the Deed of Trust.

#### **6.03            Failure to Perform Obligations**

Upon the Debtor's failure to perform any of its obligations under this Agreement, the Secured Party may at its option perform such obligations and the expenses of the Secured Party in so doing shall be payable by the Debtor to the Secured Party upon demand, and until paid in full shall bear interest at the Interest Rate.

#### **6.04            Grant of Extensions**

The Secured Party may grant extensions of time and other indulgences, take and give up securities, accept compositions, grant releases and discharges, release any part of the Collateral to third parties and otherwise deal with any person as the Secured Party may see fit without prejudice to the liability of the Debtor or to the Secured Party's right to hold, realize and deal with the Collateral.

6.05 Additional Security

The security hereby constituted is in addition to and not in substitution for any other security now or hereafter held by the Pledgee.

6.06 No Merger

The Pledged Collateral and the security hereby constituted shall not operate by way of merger of any of the Obligations or of any present or future indebtedness, liabilities or obligations of any other person to the Pledgee. The taking of a judgment or judgements with respect to any of the Obligations shall not operate by way of merger of or otherwise affect the security created hereby or any of the covenants, rights or remedies contained in this agreement.

6.07 Entire Agreement

This Agreement together with the Deed of Trust constitutes the entire agreement between the parties hereto and supersedes any and all prior agreements, understandings, representations or undertakings, whether written or verbal, in respect of the subject matter hereof.

6.08 Notice

Any demand, notice or other communication in connection with this Agreement shall be in writing and shall be personally delivered to an officer or other responsible employee of the addressee, mailed by registered mail or sent by, telefacsimile, email or other direct written electronic means, charges prepaid, at or to the address, telefacsimile number or email address of the party set out opposite its name below or to such other address or addresses, telefacsimile number, email address or numbers as either party may from time to time designate to the other party in such manner.

In case of the Pledgor:

120 Lynn Williams Street  
Suite 2A  
Toronto, Ontario  
M6K 3N6  
Telephone: (416) 928-5001  
Fax: (416) 928-9501



Attention: Alan Saskin

In case of the Pledgee:

REZNIK PAZ NEVO TRUSTS LTD.  
14 Yad Haratzim Street,  
Tel Aviv,  
Israel  
67778  
Telephone: 972-3-6389200  
Fax: 972-3-6389222

Any communication which is personally delivered as aforesaid shall be deemed to have been validly and effectively given on the date of such delivery if such date is a Business Day and such delivery was made during normal business hours of the recipient; otherwise, it shall be deemed to have been validly and effectively given on the Business Day next following such date of delivery. Any communication mailed as aforesaid shall be deemed to have been validly and effectively given on the first Business Day following the date of mailing provided that, in the event of an interruption in postal service before such first Business Day, such communication shall be given by one of the other means. Any communication which is transmitted by telefacsimile or other direct written electronic means as aforesaid shall be deemed to have been validly and effectively given on the date of transmission if such date is a Business Day and such transmission was made during normal business hours of the recipient; otherwise, it shall be deemed to have been validly and effectively given on the Business Day next following such date of transmission.

6.09 Successors and Assigns

This Agreement shall enure to the benefit of the Pledgee and its successors and assigns and shall be binding upon the Pledgor and its successors and assigns.

6.10 Applicable Law

This Agreement and all documents pursuant hereto shall be deemed to be interpreted in accordance with the laws of the Province of Ontario.

Notwithstanding the provisions of Clauses 6.10 above, any and all disputes regarding the existence of Event of default shall be governed exclusively by the Israeli law and shall be settled by competent court of Tel-Aviv, Israel which will have exclusive jurisdiction to settle any such dispute.

The Debtor undertakes not to claim outside of Israel against the existence of an Event of Default or against the debt, in case a procedure in Israel has taken place.

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In the event that any provision or any part of any provision hereof is deemed to be invalid by reason of the operation of any law or by reason of the interpretation placed thereon by a court, this agreement shall be construed as not containing such provision or such part of such provision and the invalidity of such provision or such part shall not affect the validity of any other provision or the remainder of such provision hereof, and all other provisions hereof which are otherwise lawful and valid shall remain in full force and effect.

6.12 Number and Gender

Where the context so requires, the singular number shall include the plural, the plural shall include the singular, and the use of any gender shall be applicable to all genders (including the neuter).

6.13 Time of the Essence

Time shall in all respects be of the essence of this Agreement.

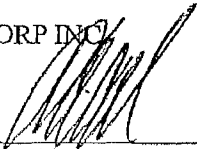
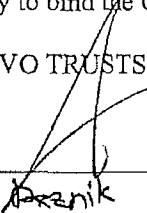
6.14 Acknowledgement by Debtor

The Debtor acknowledges receipt of a duplicate executed copy of this Agreement.

(BALANCE OF PAGE INTENTIONALLY LEFT BLANK – SIGNATURE PAGE TO FOLLOW)

WITNESS WHEREOF the parties hereto have executed this Agreement as of the date first above written.

SIGNED, SEALED & DELIVERED)  
in the presence of

) URBANCORP INC.  
)  
)  
) Per:   
) Alan Saskin  
) President  
) I have the authority to bind the Corporation  
)  
) REZNIK PAZ NEVO TRUSTS LTD.  
)  
) Per:   
) Name: Yossi Aronik  
) Title: Joint-CEO  
) I have the authority to bind the Corporation  
)

Page 15

LOAN AGREEMENT

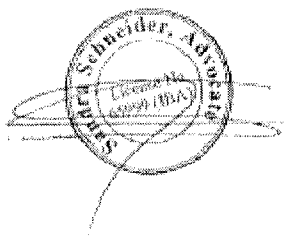
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This is Exhibit "L" referred to in the Affidavit of Guy Gissin  
sworn May 16, 2016

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A Commissioner for Taking Affidavits



16.5.2016

מאיה-מערכת אינטרנט להודעות החברות

ת121

פומבי

**אורבנקורפ אינק**  
**Urbancorp Inc.**

מספר ברשם: 002471774

ניירות ערך של התאגיד רשומים למסחר בבורסה בתל-אביב

שם מקוצר:

רחוב: Lynn Williams Street, Suite 2A 120 , Toronto 416

טלפון: 14169285001 , , פקס: 14169289501

דואר אלקטרוני: davidm@urbancorp.com

אתר החברה: www.urbancorp.com

שודר במגנא: 02/01/2016

אסמכתא: 2016-01-000094

לכבוד

הבורסה לניירות ערך בת"א בע"מ

www.tase.co.il

לכבוד

רשות ניירות ערך

www.isa.gov.il

**דוח מיידי**

הסבר: אין להשתמש בטופס זה כאשר קיים טופס מותאם לארוע המדווח

תוצאות הנפקה יש לדווח בת20 ולא בטופס זה.

דיווח על דירוג אגרות חוב או דירוג תאגיד יש להגיש באמצעות טופס ת125

מהות האירוע: תרומת בעלים להון החברה

החברה מתכבדת להודיע כי בהמשך לאמור בסעיף 1.4.2 לתשקיף להשלמה של החברה נושא תאריך 30 במבמבר 2015, כפי שתוקן בתיקון תשקיף מיום 7 בדצמבר 2015 (להלן: "התשקיף"), ביום 31 בדצמבר 2015 העמיד מר אלן ססקין, בעל השליטה בחברה, באמצעות חברה המוחזקת במלואה על ידו, תרומת בעלים המסתכמת לסך של כ-12 מיליון דולר קנדי להון החברה. לפרטים מספיים, ראו סעיף 1.4.2 לתשקיף.

מצורף קובץ \_\_\_\_\_

המועד בו נודע לתאגיד לראשונה על הארוע: 31/12/2015 בשעה: 23:00

נתתם על ידי מר אלן ססקין, נשיא, מנכ"ל ויו"ר הדירקטוריון

מספרי אסמכתאות של מסמכים קודמים בנושא (אין האזכור מהווה הכללה על דרך הפניה):

16.5.2016

מאיה-מערכת אינטרנט להודעות החברות

שמות קודמים של ישות מדווחת:

תאריך עדכון מבנה הטופס: 31/12/2015

---

שם מדווח אלקטרוני: פלדר רן , תפקידו: יועץ משפטי חיצוני , שם חברה מעסיקה: שמעונב ושות' - עורכי דין .  
מנחם בגין 11 רמת גן 52681 , טלפון: 03-6111000 , פקס: 03-6133355 , דואר אלקטרוני: ran@is-adv.com

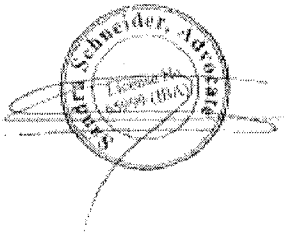


**M**

This is Exhibit "M" referred to in the Affidavit of Guy Gissin  
sworn May 16, 2016

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A Commissioner for Taking Affidavits





מספרי אסמכתאות של מסמכים קודמים בנושא (אין האזכור מהווה הכללה על דרך הפניה):

שמות קודמים של ישות מדווחת:

תאריך עדכון מבנה הטופס: 03/03/2016

---

שם מדווח אלקטרוני: כהן ששון ניר , תפקידו: יועץ משפטי חיצוני , שם חברה מעסיקה: שמעונב ושות' - עורכי דין .  
מנחם בגין 11 רמת גן 52681 , טלפון: 03-6111000 , פקס: 03-6133355 , דואר אלקטרוני: nir@is-adv.com

1. "חברת" (Urbancorp Inc.)  
 2. "חברת" (Urbancorp Inc.)  
 3. "חברת" (Urbancorp Inc.)  
 4. "חברת" (Urbancorp Inc.)

1. "חברת" (Urbancorp Inc.)  
 2. "חברת" (Urbancorp Inc.)  
 3. "חברת" (Urbancorp Inc.)  
 4. "חברת" (Urbancorp Inc.)

**א. תנאים כלליים**

1. "חברת" (Urbancorp Inc.)  
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 3. "חברת" (Urbancorp Inc.)  
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 1977 "חברת" (Urbancorp Inc.)

www.fase.co.il  
 1977 "חברת" (Urbancorp Inc.)

**Urbancorp Inc.**  
 ("חברת")

החברה תפעל כחברת בע"מ, וכל המניות בה יחזיקו בעלי חלקים. החברה תפעל כחברת בע"מ, וכל המניות בה יחזיקו בעלי חלקים. החברה תפעל כחברת בע"מ, וכל המניות בה יחזיקו בעלי חלקים.

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- 1. החברה תפעל כחברת בע"מ, וכל המניות בה יחזיקו בעלי חלקים.
- 2. החברה תפעל כחברת בע"מ, וכל המניות בה יחזיקו בעלי חלקים.
- 3. החברה תפעל כחברת בע"מ, וכל המניות בה יחזיקו בעלי חלקים.

**החברה תפעל כחברת בע"מ, וכל המניות בה יחזיקו בעלי חלקים.**

החברה תפעל כחברת בע"מ, וכל המניות בה יחזיקו בעלי חלקים. החברה תפעל כחברת בע"מ, וכל המניות בה יחזיקו בעלי חלקים. החברה תפעל כחברת בע"מ, וכל המניות בה יחזיקו בעלי חלקים.

**החברה תפעל כחברת בע"מ, וכל המניות בה יחזיקו בעלי חלקים.**

- 4. החברה תפעל כחברת בע"מ, וכל המניות בה יחזיקו בעלי חלקים.
- 5. החברה תפעל כחברת בע"מ, וכל המניות בה יחזיקו בעלי חלקים.
- 6. החברה תפעל כחברת בע"מ, וכל המניות בה יחזיקו בעלי חלקים.



התמורה וכנגד מניות רגילות, באופן שלאחר השלמת העסקה הנ"ל מחזיקה החברה (באמצעות Urbancorp Kings) 100% מהזכויות בנכס הגיאותרמי. לפרטים בקשר עם הכנסות הנכס הגיאותרמי, ראו סעיף 7.9.1.9 לתשקיף. יצוין כי שווי הזכויות של החברה (50%) בנכס הגיאותרמי הנ"ל בספרי החברה נכון ליום 30 בספטמבר 2015 הינו כ-4,720 אלפי דולר קנדי.

התמורה כאמור תשולם ל- King Liberty על ידי חברת ססקין, מן המקורות המפורטים להלן:

- א. סך של 350 אלפי דולר קנדי במזומן ישולם מתוך הסכום הכולל שקיבלה החברה ממכירת הזכויות בפרויקט 1071 Kings, כמתואר בסעיף 2 להלן;
- ב. סך של 2,000 אלפי דולר קנדי יועמד ל-Urbancorp Kings כהלוואת מוכר (VTB, Vendor Take Back), לתקופה של שנתיים, נושאת ריבית שנתית בשיעור של 6% (אשר תחושב ותשולם באופן חודשי, החל מיום 1 באפריל 2016), המובטחת בשעבוד ראשון על הזכויות הנרכשות בנכס הגיאותרמי. חברת ססקין ערבה להתחייבות Urbancorp Kings כלפי King Liberty.

## 2. מכירת החזקות החברה בקרקע לפרויקט 1071 King<sup>7</sup>

Urbancorp Partner (King South) Inc, חברה המוחזקת במלואה (100%) בשרשור על ידי החברה (להלן בסעיף זה: "המוכרת"), התקשרה בהסכם עם First Capital 1071 Corporation, המוחזקת למיטב ידיעת החברה על ידי First Capital Realty (להלן בסעיף זה: "הרוכשת"), במסגרתו תמכור המוכרת לרוכשת את החזקותיה בשיעור של 50% בפרויקט 1071 King (להלן: "הזכויות הנמכרות בפרויקט 1071 King"), בתמורה לסך של 7,600 אלפי דולר קנדי (להלן: "הסכם המכר"). הערכת השווי של הזכויות הנמכרות בפרויקט 1071 King נכון ליום 30 בספטמבר 2015 הינה בגובה של כ-7,280 אלפי דולר קנדי.

התמורה כאמור תשולם למוכרת על ידי הרוכשת כמפורט להלן:

- א. סך של 365 אלפי דולר קנדי, אשר יהווה תשלום מלא על חלק המזומן ברכישת הנכס הגיאותרמי בפרויקט Fuzion, כמתואר בסעיף 1 להלן;
- ב. סך של כ-46 אלפי דולר קנדי, אשר יהווה תשלום מלא בגין תשלום הריבית על הלוואה שהעמידה הרוכשת למוכרת לרכישת הקרקע בפרויקט (להלן: "הלוואת הקרקע");
- ג. סך של כ-2,103 אלפי דולר קנדי, אשר יהווה תשלום מלא בגין תשלום הקרן על הלוואת הקרקע;
- ד. יתרת התמורה, בסך של כ-5,079 אלפי דולר קנדי תועמד למוכרת במזומן.

<sup>7</sup> לפרטים בקשר עם פרויקט 1071 King, ראו סעיפים 7.1.8.1 ו-7.14 לתשקיף.



יצוין כי עם השלמת העסקה בסעיף 2 כאמור, תפקענה ההתחייבויות בגין הלוואת הקרקע (לרבות ערבות שהועמדה על ידי Urbancorp Toronto Management Inc. חברה בבעלות מלאה של מר אלן ססקין, בעל השליטה בחברה<sup>8</sup> (להלן: "חברת הניהול").

במסגרת הסכם המכר, יפקעו הסכם פיתוח ושיווק והסכם בניה בקשר עם הפרויקט<sup>9</sup> וכן יפקעו הסכם שכירות משרד מכירות בקשר עם הפרויקט בין הצדדים לבין חברת הניהול ותקוצר תקופת הסכם השכירות במסגרתו שוכרת חברת הניהול שטחי משרדים תאגיד קשור ל-First Capital Realty. בנוסף, תבוצע חלוקה של 150 אלפי דולר קנדי לכל אחד מבין Urbancorp Kings ו-King Liberty על ידי חברת הנכס של פרויקט Fuzion.

### 3. סיום הסכם שירותי פיתוח בפרויקט Kingsclub<sup>10</sup>

Urbancorp Kings ו-King Liberty התקשרו עם חברת הניהול בהסכם לסיום שירותי הפיתוח בפרויקט Kingsclub, במסגרתו העמידה חברת הניהול שירותי פיתוח לפרויקט. בגין סיום הסכם שירותי הפיתוח כאמור חברת הניהול תקבל מהצדדים סך של כ-1,120 אלפי דולר קנדי (מתוכו תשלם Urbancorp Kings סך של כ-560 אלפי דולר קנדי) אשר יהווה את יתרת הסכומים להם זכאית חברת הניהול בקשר עם פיתוח הפרויקט.

### 4. סיום הסכם שירותי בניה בפרויקט Kingsclub<sup>11</sup>

Urbancorp Kings ו-King Liberty התקשרו עם חברת הניהול בתיקון להסכם שירותי הבניה בפרויקט Kingsclub, במסגרתו העמידה חברת הניהול שירותי בניה לפרויקט. במסגרת התיקון להסכם, תסיים חברת הניהול לתת שירותי בניה לפרויקט ביום 15 באפריל 2016 (להלן: "מועד הסיום"), כאשר במסגרת סיום הסכם שירותי הפיתוח כאמור חברת הניהול תקבל מהצדדים סך של כ-1,012 אלפי דולר קנדי (מתוכו תשלם Urbancorp Kings סך של כ-506 אלפי דולר קנדי) אשר יהווה את יתרת הסכומים להם זכאית חברת הניהול בקשר עם בניית הפרויקט.

בהקשר זה יצוין כי במסגרת התיקון להסכם נקבע כי ככל שעלויות הבניה הכוללות בפועל מיום תחילת בניית הפרויקט ועד לסיום הפרויקט (בין אם של חברת הניהול ובין אם של מנהל אשר יחליף את חברת הניהול), יפחת מסך של כ-6,247 אלפי דולר קנדי, סכום ההפרש כאמור ישולם על ידי הצדדים לחברת הניהול (מתוכו תשלם Urbancorp Kings שיעור של 50%).

### 5. תיקון הסכמי הלוואה בקשר עם פרויקט Kingsclub<sup>12</sup>

הסכם הלוואה בין King Liberty ל-Urbancorp Kings לרכישת הקרקע של הפרויקטים הידועים בשם Fuzion ו-Kingsclub תוקן כך שהריבית לשנת 2016 בקשר עם הלוואה כאמור תחושב ותשולם באופן שנתי (ביום 1 בדצמבר 2016), חלף חישוב ותשלום חצי שנתי.

<sup>8</sup> לפרטים נוספים בקשר עם הערבות כאמור, ראו סעיף 9.2.9 לתשקיף.

<sup>9</sup> לפרטים נוספים בקשר עם הסכם פיתוח ושיווק והסכם בניה, ראו סעיף 9.2.10 לתשקיף.

<sup>10</sup> לפרטים נוספים בקשר עם הסכם הפיתוח האמור, ראו סעיף 9.2.10 לתשקיף.

<sup>11</sup> לפרטים נוספים בקשר עם הסכם הפיתוח האמור, ראו סעיף 9.2.10 לתשקיף.

<sup>12</sup> לפרטים נוספים בקשר עם הסכמי הלוואה כאמור והסכמים נוספים בין הצדדים, ראו סעיף 7.7.6.2 לתשקיף.

הסכם ההלוואה בין King Liberty ו-Urbancorp Kings לבין תאגיד קשור ל- First Capital Realty (להלן: "מלווה FCR"), לפיתוח הקרקע של הפרויקטים הידועים בשם Fuzion ו-Kingsclub תוקן כך החל מיום 3 בספטמבר 2016 ועד למועד הפירעון האחרון של ההלוואה כאמור<sup>13</sup>, מלווה FCR יעמיד לרשות הצדדים סכומי הלוואה בקשר עם הניהול היומיומי של הפרויקט ובקשר עם האופציה של King Liberty לרכישת החלק המסחרי בפרויקט, וזאת עד לסך העולה על שיעור של 1.15 מסכום ההלוואה (העומד נכון למועד זה על סך של 80,000 אלפי דולר קנדי)<sup>14</sup>.

#### ד. עיכוב דיווח וביטול המניעה לדיווח

בשל המשא ומתן עם המלווה בדבר ההלוואה החדשה, החליטה החברה בהתאם לתקנה 36(ב) לתקנות ניירות ערך (זוהות תקופתיים ומיידים) התשי"ל-1970, לעכב את הדיווח המיידים, זאת מאחר וכל פרסום מוקדם בדבר הנושאים המפורטים לעיל שקשורים כולם למשא ומתן עם המלווה, היו עשויים לסכל את המשא ומתן עם המלווה ולגרום לנזק בלתי הפיך לחברה. ביום 10 במרץ 2016, עם השלמת ההסכם בקשר עם ההלוואה החדשה, הוסרה המניעה לדיווח.

בכבוד רב,

Urbancorp Inc.

נחתם על ידי מר אלן ססקין, נשיא, מנכ"ל ויו"ר הדירקטוריון

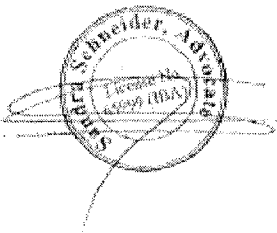
<sup>13</sup> לפרטים נוספים בקשר עם מועד הפירעון האחרון, ראו סעיף 7.7.6.2 ד. לתשקיף.  
<sup>14</sup> הגידול בסכום ההלוואה כאמור ייעשה במקביל לגידול זחה בסכום השעבוד על זכויות הבעלות בנכס. יצוין בנוסף כי ועדת הניהול של הפרויקט החליטה במקביל שלא למשוך כספים מההלוואה עד ליום 2 בספטמבר 2016.

**N**

This is Exhibit "N" referred to in the Affidavit of Guy Gissin  
sworn May 16, 2016

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A Commissioner for Taking Affidavits



16.5.2016

מאיה-מערכת אינטרנט להודעות החברות

ת053  
פומבי

**אורבנקורפ אינק**  
**Urbancorp Inc.**

מספר ברשם: 002471774

ניירות ערך של התאגיד רשומים למסחר בבורסה בתל-אביב

שם מקוצר:

רחוב: Lynn Williams Street, Suite 2A 120 , Toronto 416

טלפון: 14169285001 , , פקס: 14169289501

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שודר במגא: 20/04/2016

אסמכתא: 2016-01-052786

לכבוד

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**דוח מידי על אירוע או עניין החורגים מעסקי התאגיד הרגילים**

תקנה 36 (א) לתקנות ניירות ערך (דוחות תקופתיים ומיידים), תש"ל - 1970

תוצאות הנפקה יש לדווח בת 20 ולא בטופס זה.

דיווח על דירוג אגרות חוב או דירוג תאגיד יש להגיש באמצעות טופס ת125

מהות האירוע: עדכון בקשר לדוח התקופתי

1. \_\_\_\_\_  
דיווח isa.pdf 2042016

2. החברה היא חברת מעטפת כהגדרתה בתקנון הבורסה

3. התאריך והשעה בהם נדע לתאגיד לראשונה על האיחוד או העניין:

19/04/2016 בשעה 23:30

המחנה על-פי אל ססקו, נשיא, מנהל "זיו"ר הדרסקוריון:

מספר אסמכתאות של קודמים קונסול (אין האזנה מוחלטת) 2016-01-003711 2016-01-040618

שמות קודמים של ישות מוחלט:

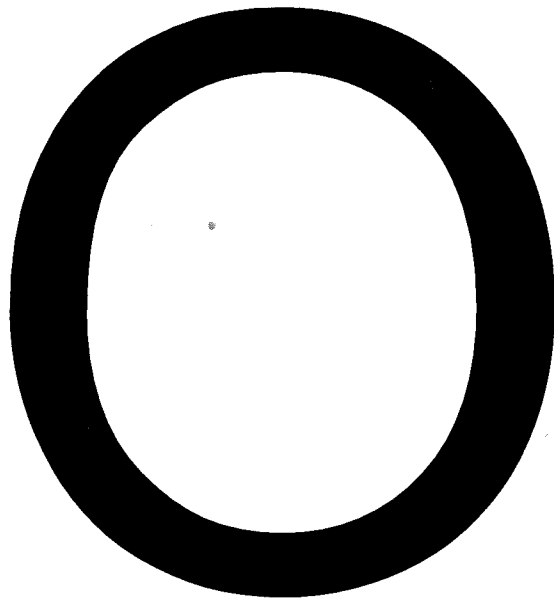
תאריך עדכון מנהל מוחלט: 03/04/2016

שם מוחלט אלקטרוני: ליליבט ויקטוריה, מפקדת, משרת החברה, שם החברה משיקה: .  
בן גמלא יהושע 7 מוד משרת 45322, טלפון: 054-7949047, 09-7714413, פקס: 054-7949047, דואר אלקטרוני: mckooliv@gmail.com





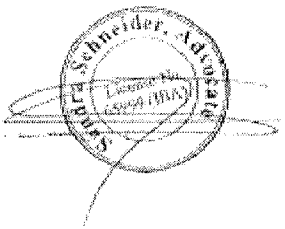




This is Exhibit "O" referred to in the Affidavit of Guy Gissin  
sworn May 16, 2016

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A Commissioner for Taking Affidavits





officeholders (Israeli and foreign alike),<sup>1</sup> the Company remained in a position where its only director is the sole controlling shareholder, without having an audit committee in place and without meeting the minimal terms for supervision and control, and in explicit contrast with the prospectus-related obligations it has taken upon itself and with provisions of the Securities Law.

Furthermore, considering the circumstances which led to the aforementioned resignations and the Company's loss of controllability, including: (a) the resignation of all of Company's Israeli representatives and proxies<sup>2</sup> (b) allegations and suspicions regarding the correctness of presentations made by the controlling shareholder and Company in the prospectus; (c) not meeting ambiguous obligations; (d) as a result of the aforesaid insolvency procedures which were taken by the Canadian subsidiaries, and appointment of a trustee to the subsidiaries – a possible loss of control over the subsidiaries including assets in general, and assets backing up the bonds in particular (for which the issuance monies, every penny of them, have been streamlined for repayment of earlier liabilities in relation with such assets, including for the controlling shareholder or by releasing him from guarantees);

There is a very urgent need to appoint an officeholder to the Company without any delay so that the assets, actions and possibilities facing the Company's creditors (headed by the bondholders – the Company's sole financial creditors), to receive information and protect their rights.

Thus the honorable Court is hereby requested to exercise its powers and order as follows:

- A. Order the appointment of Adv. Guy Gissin as a temporary officeholder in Company, and that he shall be given all powers and obligations as set by the Court, including imparting him with all powers required for managing the Company, supervising its operation and safekeeping its assets and the rights of its creditors, collecting and gathering information from Company including gathering information pertaining to the status of the subsidiaries and/or any thereof, concerning their businesses and assets and also formalize, inasmuch as possible according to the information that will be revealed, **a Company recovery plan pursuant to Section 350 of the Law;**
- B. Moreover, to order that the following powers shall be vested in the temporary officeholder:
  - To temporarily vest powers of the Company's Board in the officeholder;
  - To allow the officeholder to exercise judgment and make decisions, in accordance with instructions that will be requested from the Court, regarding his use of control over Company's subsidiaries;
  - To order that the Officeholder, for the purpose of effectively fulfilling his office, may examine the insolvency procedures that have been filed by the subsidiaries; negotiate with their appointed trustee; address the local Canadian Court with applications that

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<sup>1</sup> See current officeholder status (Appendix 4 herewith) and the resignation letter of the Israeli and foreign directors (Appendix 2 herewith).

<sup>2</sup> See the resignation letter of SHIMONOV & CO. LAW OFFICES in which they resign from their legal counsel position and as the Company's representative in Israel, and also the notice of AGMON & CO. who were appointed as legal counsels only a month ago, and notified their resignation in the past weekend – Appendix 14 herewith.

will assist him in fulfilling his office, among others by recognizing his status as a Foreign Representative.

- Order that the officeholder shall act to obtain all required information, among others in accordance with requirements of the prospectus by which bonds have been raised in Israel in December 2015, and in accordance with requirements of the Securities Law, in order to act, in accordance with provisions that will be requested from the honorable Court, to complete the drafting and publication of the Company's financial statements;
- To order that the officeholder shall act, inasmuch as possible considering the Company's asset and financial situation, to formalize a Company Recover Plan, and inasmuch as it is not possible, additional instructions shall be requested concerning other legal procedures that must be taken in relation with Company;
- To enter Company's premises and offices and seize, receive, hold, keep and manage, either personally or by others, all Company assets whatsoever, including monetary accounts and deposits that are managed in any and all banks, and including all chattel assets and rights of any kind and sort that are owned by Company;
- To employ and hire the services of any persona and/or body as he sees fit, subject to the approval of the honorable Court, including appointing directors, an observer on his behalf in Company, CPAs and any of Company's former employees for the purpose of executing the actions specified hereinabove;
- Moreover, the officeholder shall be entitled to receive any and all information he requires for the purpose of executing his office and that is from any factor in Company and/or any on its behalf and/or who is in contacts with Company, including the Authorities, past and present controlling shareholders, Company's contractings with various financial factors that have provided direct or indirect financing to Company or projects owned by Company and by companies under its control or to their controlling shareholders, including all information required for the purpose of evaluating the value of the relevant assets;
- **Any other power as deemed proper and right by the Court under the circumstance of the matter. And it shall be clarified that in accordance with the variable circumstance, the Applicant reserves his right to apply for an extension of the officeholder's powers, inasmuch as required;**

Furthermore, the honorable Court is requested to charge the Company with payment of Applicant's expenses for the filing of this Application, including payment of lawyers' fee and all with lawfully added VAT.

**The urgency of the Application, which is filed ex-part during the recess, has reached its peak in light of a notice that has been received by the trustee on the holiday eve, 22.4.2016, by which Company, who has issued bonds in total of ILS 180 million in the Tel Aviv Stock Exchange, which served for replacing the self-capital financing in real estate projects in Canada, had led, behind Trustee's back, a series of procedures with that caused its subsidiaries, to which rights in such projects have been registered – to file insolvency procedures. According to the issuance documents and the deed of trust, such projects**

should generate the flow form which the bonds are to be repaid and in lack thereof, there is grave and immediate risk to Company's ability to repay the bonds.

The Trustee has no way of knowing whether these insolvency procedures are proper procedures or rather filed artificially in order to try and avoid dealing with the bondholders' trustee. And as illustration, the bonds were issued only in late 2015 and Company did not voluntarily report any cash flow or other difficulties that put the Company at risk of insolvency.

And it shall be emphasized that in accordance with information that has been delivered to the Trustee by his legal counsels in Canada, the procedure taken by the subsidiaries is a "fast-tracked" procedure in which the Applying Company (in our matter – the Company's subsidiaries) files a form that includes a nono-specified statement concerning its solvency, and a trustee is then automatically appointed to it. The Applicant has no information that could indicate on whether this is a proper procedure or if the subsidiaries are indeed insolvent and what caused that, considering that only several months ago the Company and its managers stated their financial viability thereupon the issuance of bonds in Israel.

This taking of insolvency procedures comes after highly suspicious conduct of Company and its management in recent times, which has reached its peak in the week before Passover holiday eve. In the past week, there have been contacts between the trustee and Company for the purpose of obtaining information, after a series of very gross braches on part of Company in regards to provisions of the prospectus, the deed of trust and the Securities laws – including, but without derogating form the generality of the aforesaid, the breaches – non-publication of financial statements, serial resignation of directors and officeholders, loss of license that allows Company to continue and practice its operations and all with an improper reporting regime, whereby Company does not provide information as required.

In retrospect it appears that in the past week, Company has mislead the trustee – thereafter Company has notified that it will comply with Trustee's requirements, and will stipulate to a stand-still concerning its assets and operation, and provide trustee with all the information he and the Company's creditors require, and thereafter Company had even advertised such intent in an immediate statement to the bondholder public and created a presentation in which it intends to publish a letter of obligation as aforesaid (See the immediate report that was issued only on day 20.4.2016 – Appendix 9 herewith) then in retrospect it appears that such conduct was meant to stall time in order to allow Company to take suspicious insolvency procedures in the matter of the subsidiaries, and purported to appoint them a trustee.

It shall already be mentioned that the meaning of the specified in this Application herein is that bondholders now have several causes to call the Company's debt to immediate repayment, but the lack of clarity concerning the Groups true financial state, lack of information concerning propriety and quality of insolvency procedures taken in the subsidiaries, lack of information and data regarding the remainder of Company assets, lack of Company's cooperation with representatives of the Trustee and evasions from providing clear answers – all require the Trustee to already take action to protect the rights of holders as required by his office, simultaneously with convening a meeting that has the calling for immediate debt repayment on its agenda.

#### A. Application in Abstract

1. This concerns a Company that is associated in Canada and was established in June 2015 for the purpose of raising bonds from the Israeli public. It shall already be said that **the prospectus and deed of trust specify an unconditional term that exclusive jurisdiction, including in insolvency procedures, shall be given to the competent Court in Tel Aviv** and that Company and any on its behalf shall be prevented from arguing or operating otherwise.<sup>3</sup>
2. Furthermore, it shall be said in this context that section 39a(a) of the Securities Law, by which the Company's bonds have been issued, applies provisions from Companies Laws (including in relation with settlement or arrangement procedures as aforesaid) on a company that has associated outside of Israel and offers its securities to the Israeli public.
3. To much surprise, it first appeared on the holiday eve that Company had caused 6 of its subsidiaries, 5 of which constitute "asset companies" (real estate projects) that their cash flows should have served the debt to Company's bondholders, to take an independent insolvency procedure, whereby they state that they are insolvent and seek a Canadian Court-appointed trustee (automatic process). Concerning the Company itself, no insolvency procedures have been taken, apparently in light of Company's prospectus-related obligation (which will be discussed hereinafter) not to take insolvency procedures other than in an Israeli Court.
  - Copy of notices on appointing an officeholder in the Canadian subsidiaries and copy of the immediate report concerning the insolvency procedures dated 24.4.2016 at 06:31 AM are attached herewith as **Appendix 1**.
4. Company's conduct in the past days is added to a long list of severe faults that have been discovered in its operation and for which the bondholders' trustee demanded Company's real-time repair, while Company and its representatives went about their way and avoided providing coherent answers. The faults as aforesaid were expressed in two planes – the management plane and financial/asset plane. *Inter alia*, Company avoided (1) publishing financial statements (the publication date of which has expired on day 31.3.2016); (2) information discovery as required in accordance with provisions of the prospectus and the deed of trust; (3) holding a stable management headquarters in Israel (all Israeli officeholders have already resigned); (4) signing a letter of obligation to prohibit disposition and repair the breaches, in accordance with specific obligations they had taken upon themselves.
5. Therefore, there is a grave fear (which unfortunately, a person on behalf of Company that wants or can dispel it has not been found) **that such severe faults, which on their own merits require the appointment of an officeholder, constitute a concealment screen hiding the Company and its Group's financial and asset status.**
6. **By the partial information that was published thereafter the insistency of the Trustee on his demands from Company, it appears, unfortunately, that: (1) Company had suffered heavy**

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<sup>3</sup> See in this matter p. 2 of the Prospectus, Appendix A herewith

losses which erase a significant part of its self-capital; (2) the Company's known asset value should be significantly reduced; (3) Company had lost or might lose the license which allows it to practice its fields of operation (for the purposes of which it had raised debt), and that is as specified extensively hereinbelow.

Some of the events that have occurred in recent days, in which faults and breaches on part of Company have accrued, shall now be presented in a nutshell:

7. **The height of the disturbing circumstances came in an official meeting dated 19.4.2016 to which the Trustee and his representatives were invited by the Company.** This meeting was scheduled thereafter two weeks in which the bondholders' trustee has been responding to disturbing news that shall be specified immediately hereinafter, by requests for information and the signing of a "STAND STILL" document by Company, whereas the demands are being responded with feet-dragging, time-stalling and without any real cooperation.

To the surprise of the trustee and his representatives, it appeared that in the meeting to which they were invited, on day 19.4.2016, no competent factor whatsoever on behalf of the controlling shareholder was in attendance, rather only an external director of Company whose only "news" was that all Israeli directors in Company (who were appointed merely a month ago – two external directors and the independent director) intend to resign that night.

Furthermore, the Trustee and his representatives were told: the resignation is due to the inability to complete the financial statements; that the Company intends to publish an unaudited financial statement with significant negative consequences regarding its status; that there is no way of telling when, if at all, the Company could publish financial statements for year 2015; that there are gross managerial faults that prevent Company from meeting regulatory and other requirements that bind it; and they were further told that the insurance company is no longer willing to insure such directors with an officeholders' policy.

Following that meeting, the Company's published two significant immediate statements, as follows:

- i. Immediate statement on the resignation of the two external directors and the independent director
8. In the short interval in which Company operated as of its establishment and bond raising, Company managed to notify about the resignation of the secretary, the legal advisers (SHIMONOV & CO. LAW OFFICSE), Israeli and Canadian Board members and the Israeli internal auditor.
9. Thus, in Company's statement dated 4.4.2016 (see Appendix 14 hereinafter) concerning the resignation of the legal advisers, it was mentioned that it was done: "**following, *inter alia*,**



unsettled disputed”- word is enough to the wise.

10. And it shall be noted that on day 20.4.2016 Company had reported the resignation of the Israeli Board members who were appointed merely a month ago. Notwithstanding that thereafter the aforementioned notice of resignation, Company was found in breach of the prospectus-related liabilities pertaining to the Board’s structure and its Israeli representation, then the argument for resignation indicates to the severe circumstances under which the colossal management vacuum has been created, which by itself establishes an urgent need for appointing an officeholder who will at least clarify the aforementioned faults, and in the text of the notice:

**“... We have discovered that Company’s management in Canada is unprepared and is not properly staffed considering the nature and scope of its operation and by being a corporation that is reported in Israel... We have reached the conclusion that under the circumstances that have been created, we cannot properly fulfill our office since we cannot effectively supervise the Company’s conduct. In addition, we discovered that the Company apparently is unable to meet some of its obligations at such time in accordance with the office’s terms”** (emphases hereinabove and hereinbelow are not at source – the undersigned)

11. If the aforementioned arguments are not sufficiently severe, the honorable Court’s attention is referred to the English text of the resignation notice, from which it can be discerned that **there is no management whatsoever** except the controlling shareholder and his family members:

**“The Company is lacking an Israeli management and the Canadian management as well”.**

- Copy of the immediate report on the resignation of Israeli directors dated 20.4.2016, copy of the immediate report on the resignation of foreign directors dated 24.4.2016 are attached herewith as **Appendix 1**.

12. The following day, the Company published another immediate report on the resignation of the internal auditor. In the letter of resignation, the internal auditor, Mr. Doron Rosenblum, mentions that ***“since his appointment, and even before he began executing the auditing work on Company’s activity, it appeared to him that in the current state, inter alia given the ambiguousness that can be seen in Company’s statements and the resignation of the audit committee, that he will not be able to execute the auditing work”***. On day 22.4.2016, its new proxies, AGMON & CO. LAW OFFICES, have notified.

13. Therefore, according to the list of officeholders published by Company thereafter the aforementioned letters of resignation, it is obvious that no Israeli officeholders remain in Company. This state constitutes a specific breach of an irrevocable obligation in accordance with the prospectus, by which at least three Israeli residents shall serve as directors in Company (including the external directors).<sup>4</sup>

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<sup>4</sup> See in this matter p. 3 of the Prospectus, Appendix B herewith.

- Copy of the immediate report on the resignation of the internal auditor is attached herewith as **Appendix 1**.
- Copy of the list of officeholders of Company dated 24.4.2016 is attached herewith as **Appendix 2**.

ii. **Immediate Report on an Update Related with Company's Financial Data for Year-End 2015**

14. Furthermore, Company has notified on day 20.4.2016 that based on unaudited and tentative data, significantly negative data have been "discovered" as follows:

- Loss in total of 15 million Canadian Dollars in relation with the current operations of Q4 2015 and also due to the decrease in the real estate's value and payment of real estate transfer taxes;<sup>5</sup>
- A need for reducing the value of the controlling shareholder's right to receive loans from corporations held by them (which are not part of the Group) that has been assigned to Company. According to the publication, even though such rights have been estimated to be worth 8 million Canadian Dollars, then as per Company's current estimation, the right's value as of day 31.12.2015 "***is significantly lower than 8 million Canadian Dollars and might even be negligible***".
- According to results of a test held by an independent expert who was appointed by Company, the Company might reduce the fair value of geothermic assets for day 31.12.2015 by a total of 4-6 million Canadian Dollars and that "***the results of such test might lead to an additional significant reduction in the value of the geothermic assets that are registered in Company's books***".
- In the survey's conclusion it was even stated that it is possible that Company's state is much worse and that Company's losses in the fourth quarter of 2015 "***shall be different and even higher and/or that the value of Company's registered assets shall be reduced and shall be significantly different***" **In these words!**

- Copy of the immediate report on financial data dated 20.4.2016 is attached herewith as **Appendix 1**.

15. The significance of such data is an inherent lack of certainty concerning the Company's asset and financial state as well as in relation with its self-capital and the ability of the controlling shareholder and/or companies under its control to support Company and provide it with monies. Another suspicion arose that the data, combined with the non-publication of financial statements for year 2015 and the gross managerial faults were all meant to conceal an even

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<sup>5</sup> For good measure, it shall be mentioned that the bond issue was executed in December 2015 and based on data in audited financial statements for year-half 2015.

worse situation. This suspicion came to bear in proceedings that have been taken by the subsidiaries on day 22.4.2016, the significance of which is an expected breach of liabilities to bondholders thereupon their maturity.

16. Furthermore, on day 21.4.2016 the Tel Aviv Stock Exchange notified on the suspension of trading in Company's securities "***due to lack of clarity in Company affairs***". Furthermore, the MIDRUG company notified on day 23.4.2016 (which as described herein, has published from time to time and even thereafter the issuance, rating reports for Company) on suspending the Company's bond rating in accordance with the provisions of section 12(e) of the Law to Arrange Activity of Credit Rating Companies, 5774-2014.

- Copy of the Stock Exchange's notice dated 21.4.2016 is attached herewith as **Appendix 1**.
- Copy of MIDRUG's notice on suspending rating dated 23.4.2016 is attached herewith as **Appendix 1**.

17. If the Company's management 'pandemonium' is not enough, then Company also methodically violates the reporting obligations imposed on it by force of Israeli securities laws. Thus, for instance – notwithstanding the non-publication of financial statements for year 2015 – just this morning, 24.4.2016 (over 48 hours after-the-fact) the Company reported about the taking of insolvency procedures by the subsidiaries in Canada and/or various legal procedures that have been taken against it and against the subsidiaries. This information has been received by the Trustee only after he had begun examining the Company's situation on his own with local lawyers in Canada.

- A printout of a Suits Registry as received by the lawyers in Canada is attached herewith as **Appendix 2**.

18. **And thus, even though Company and its controlling shareholder, who were represented in Israel by a leading law office that well understands the severity of the indications specified hereinabove, the Company and the controlling shareholder did not take any meaningful step to ease the minds of Company creditors or that of the Securities Authority, and the feeling is like "there is nobody home".**

19. The Company did not respond to legitimate demands for information and for signing on a stand still document that was forwarded to it already 10 days before then. Only in the immediate report dated 20.4.2016 did the Company notify its *intent* to sign the liability as aforesaid, even though expressing such "intent" does not constitute replacement for the signed deposit of liabilities that has not been signed so far and in fact, is not expected to be signed at all.

- Copy of the Company's statement about the intention to sign the Stand Still dated 20.4.2016 is attached herewith as **Appendix 1**.

20. In an email correspondence dated 21.4.2016 between the Trustee's representative and the Company's controlling shareholder, Mr. Suskin clarified that no agreements have been reached between the Parties in regards to the Stand Still obligations and that he believes (despite the message's evasive tongue) that there is no more justification for a true exchange between the Parties.
21. This concerns a **sharp and severe turn** in contrast with the position that was presented by Company and Mr. Suskin himself during the bondholder meeting that was convened urgently that very day (21.4.2016) and even in contrast with the Company's immediate report dated 20.4.2016 concerning its "intention" to sign a letter of obligation that imposes restrictions on it as per the text that was acceptable to the Trustee.
- Copy of the email correspondence dated 21.4.2016 between the Trustee's representative and Mr. Allen Suskin is attached herewith as **Appendix 1**.
22. And thus, simultaneously with the changing of Company and Mr. Suskin's skin as aforesaid in the correspondence hereinabove, the Group acted behind the Trustee's back and in an attempt to go over the honorable Court's power and their prospectus obligation to not take procedures against the Company herein, in Canada – Company caused the subsidiaries that hold the major assets of the Group and its significant potential to serve its obligations – to file insolvency claims with the Canadian Court.

#### **B. Parties to the Application**

23. This Application is filed by REZNIK PAZ NEVO TRUSTS LTD. Company, which serve as the Company Bondholders' Trustee (Series A) (hereinabove and hereinafter: "**Trustee**"). The Applicant/Trustee is a private company limited in stocks that provides trust services for liability certificates which are offered to the public in accordance with a prospectus and the Securities Law, 5728-1968.
24. **The Respondent – Urbancorp** – a Company associated in Ontario District, Canada in June 2015 **only for the purpose** of raising bonds from the public in Israel. In December 2015, the Company issued bonds in total of ILS 180,000,000 face value in accordance with a prospectus dated 30.11.2015 (on day 9.12.2015 the Company published complementary notices to the prospectus, herein and jointly: "**Prospectus**"). As part of the Prospectus, the Company offered the public bonds in total of ILS 200 million face value (Series A) that were meant to be repaid in five unequal, semi-annual payments as of day 31.12.2017.<sup>6</sup> It was further determined in the Prospectus that the bonds shall accrue annual (non-linked) interest at a fixed rate of 8.15%,

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<sup>6</sup> The first payment was meant to constitute 10% of the face value principle of the bonds, the second-fourth payments were meant to constitute 22% of the principle and the last payment 24% of the face value of the principle.

which will be paid on a semi-annual basis as of day 30.6.2016.

- Copy of the issuance prospectus is attached herewith in a separate volume as **Appendix B**.

The Company is part of the Urbancorp Group that was founded in 1991 by the controlling shareholder, Mr. Allen Suskin, and deals in real estate in Toronto, Canada. The Urbancorp Group has been described in a presentation published by the Company thereafter the issuance as an initiator and constructor of apartments for sale and rent and also initiates and operates geothermal systems that are used by the residential buildings.

- Copy of the presentation to investors that was published on day 10.11.2015 is attached herewith as **Appendix 1**.

25. Mr. Suskin has attested<sup>7</sup> that he, as one of the leading real estate entrepreneurs in Toronto and one of the heads of the real estate investors community which combines urban development and community empowerment in culture and arts, is personally involved in all aspects of development from designing the vision through acquisition, financing and construction planning. Mr. Suskin serves from the date of the bonds issuance as the chairman of Company's Board, CEO and President, and holds (through a corporation under its ownership) 100% of its share capital and voting rights.

26. On day 6.12.2015 and following an initial report it had published on day 10.11.2015, MIDRUG LTD. Company (herein: "MIDRUG") notified that it sets a 3A rating with a stable horizon for the issuance of the Company's new bond series.

- Copy of MIDRUG's notice dated 6.12.2015 is attached herewith as **Appendix 1**.

27. The designation of the issuance monies, as specified in the Prospectus, was for the purpose of financing the Company's operations, including: (1) provision of owner's loans to owned Companies for the purpose of providing self-capital and repaying loans in several projects<sup>8</sup> and (2) payment of transfer taxes.

28. Simultaneously with the issuance as aforesaid, the Company signed a deed of trust on day 7.12.2015 with the Applicant, which was inclined to serve as a trustee for the Company's bondholders (Series A).

- Copy of the deed of trust dated 7.12.2015 is attached herewith as **Appendix 1**.

### **C. Company's Assets and Operations**

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<sup>7</sup> See Capital Market Presentation that was published thereafter the bond issuance (Appendix 11 herewith)

<sup>8</sup> See p. F-1 of the Prospectus, Appendix B herewith

29. As aforesaid, Company was established for the purpose of raising capital, by way of issuing bonds, to invest in real estate in Canada (see section 3.7.1 of the Prospectus). The right owners (Mr. Suskin and his family members) have stipulated that prior to registering for trade listing and subject to the issuance's success, they will transfer to the Company their rights in Urbancorp Group companies that hold the real estate and geothermal assets, and will assign to Company all of their rights vis-à-vis a share issuance in a company controlled by Mr. Suskin (see section 7.1.6 of the Prospectus).
30. The controlling shareholder and his family members have stipulated to transfer to the Company the rights in the following companies which hold the assets:
- 30.1. Urbancorp Residential Inc. – a company that holds the assets The Curve (see sub-section 31.1) and Westside (see sub-section 31.2);
  - 30.2. Urbancorp Cumberland 2 L.P- a partnership that holds the rights in the asset Edge (see sub-section 31.3);
  - 30.3. Urbancorp Cumberland 1 L.P – a partnership that holds rights in the assets The Bridge (see sub-section 31.4); Kingsclub (see sub-section 31.5); 1071 King (see sub-section 31.931.6); St. Clair (see sub-section 31.7); Caledonia (see sub-section 31.931.8); Lawrence (see sub-section 31.9); Mallow (see sub-section 31.931.10); Patricia (see sub-section 31.11);
  - 30.4. Urbancorp Downview Park Development Inc. – a company that holds rights in the asset Downview (see sub-section 31.12);
  - 30.5. Urbancorp Power Holdings Inc. – a company that holds the geothermal assets;
31. The following is an abstract description of the Company's assets as specified in the Issuance Prospectus:

**i. Existing Projects**

- 31.1. The Curve** – an 8-storey building that includes 133 residential units, of which 11 residential units are held by Company;
- 31.2. Westside** – a building constructed by Company as a condo asset in August 2012 that includes 354 residential units, of which 7 residential units are held by Company;
- 31.3. Edge** – a project that includes 2 21 and 22-storey buildings located on a 7-storey podium. The asset (1) has 666 residential units, of which 87 rental residential units in a total area of 46,576 Sqm (in accordance with the Prospectus, the Company contracted on day 22.6.2015 in an agreement with the partner in the asset to terminate the partnership agreement in a form in which the Company only holds 53 residential units in the project); (2) an area of 38,954 Sqm meant for rental and the Company awaits obtainment of an office area designation approval, and also (3) a commercial area of 3,7000 Sqm. The Company holds 66.67% of the rights in the asset jointly with a partner, in accordance with the issuance Prospectus; the project was completed in May 2015.
- 31.4. Bridge** – a 22-storey building that includes 533 residential units, of which 13 units are held by Company. In accordance with the issuance prospectus, the other units have already been sold and are not held by Company. The project was completed in November 2010;

**31.5. Kingsclub** – the project includes 3 inter-connected residential buildings that are located atop 2 podium stories and includes commercial areas and 4 underground parking levels. The project includes 506 residential units for 15 commercial units. The Company holds 50% of the rights in the asset jointly with a partner. In accordance with the issuance Prospectus, the project began construction in November 2012 and is expected to reach completion in Q1 2018. As of the publishing of the Prospectus, the project does not generate incomes.

ii. **Planned Projects**

**31.6. 1071 King** – a planned project for establishing a 30-storey residential building that will include 50 residential units, a commercial area for rent of 7,361 Sqm and an office area for rent of 21,447 Sqm. The project's construction should have begun in Q2 2016. The Company holds 50% of the rights in the asset jointly with a partner. As of the publishing of the Prospectus, the project has been defined as a non-income generating project. In the Company's statement dated 10.3.2016, the Company notified that it has sold the rights in the project to a partner, a corporation from the First Capital Realty group, in return for a total of 7.6 million Canadian Dollars in cash (as Company argues, a tad over fair value) and that is in order to allegedly increase the Company's liquidity.

31.6.1. A copy of the immediate statement dated 10.3.2016 is attached herewith as **Appendix 1.**

**31.7. St. Clair** – a planned project for establishing an 8-storey building with 138 residential units and a commercial part for rent. Project construction should have begun in Q1 2016. The Company holds 40% of the rights in the Asset jointly with a partner. As of the publishing of the Prospectus, the project does not generate incomes;

**31.8. Caledonia** – an entrepreneurial project in planning for the establishment of 41 two-family cottages for sale. The project should have begun in Q4 2015 (the Company had contracted in early sale agreements for all units in the project). This project is a "backup project" as defined herein – the asset company holding this project has taken independent insolvency procedures in Canada as described in the introduction to this Application;

**31.9. Lawrence** – an entrepreneurial project in planning for the establishment of 88 residential units that should have begun in Q4 2016 (the Company had contracted in early sale agreements for 33 units in the project). This project is a "backup project" as defined herein – the asset company holding this project has taken independent insolvency procedures in Canada as described in the introduction to this Application;

**31.10. Mallow** – an entrepreneurial project in planning for the establishment of 39 low residential units that should have begun in Q1 2016 (the Company had contracted in early sale agreements for 17 units in the project). This project is a "backup project" as defined herein – the asset company holding this project has taken independent insolvency

procedures in Canada as described in the introduction to this Application;

**31.11. Patricia** – an entrepreneurial project in planning for the establishment of 39 low residential units that should have begun in Q1 2017. As of the publishing of the Prospectus, the Company has yet to begin marketing and construction of the project since it has yet to contract in the financing agreement required for its establishment, and has also yet to contract with the executing contractors. Moreover, Company has mentioned that it is unable to currently estimate the scope of the expected costs of its completion. This project is a “backup project” as defined herein – the asset company holding this project has taken independent insolvency procedures in Canada as described in the introduction to this Application;<sup>9</sup>

**31.12. Downsview** – in 2011 the Company contracted with the Canadian Government to acquire development lands. Initially the Company planned to establish 491 residential units for sale in the asset, of which 176 units are in joint buildings, 293 units in low residential buildings and 22 one-family cottages. The project should have begun in Q4 2015. The remainder of land was designated for later stages for the establishment of affordable residential units and additional residential units for sale. The Company holds 51% of the rights in the asset jointly with a partner.<sup>10</sup> This project is a “backup project” as defined herein – the asset company holding this project has taken independent insolvency procedures in Canada as described in the introduction to this Application<sup>11</sup>;

iii. Geothermal Assets

32. The “Geothermal System” is an integrated system that supplies heating and cooling to the building in which it is installed, combines green technologies for producing energy by using existing energy in the ground. As part of Company’s operations in Toronto, Canada, it holds four geothermal assets that supply heating and cooling for projects constructed by the Group in return for payment that is composed of: (1) fixed amount (2) with the addition of 50% of the monetary value of the cost reduction to the building in comparison with the asset’s cost without the system (3) current costs for the system’s operation in accordance with a supply agreement.

33. As part of the stipulations made by the controlling shareholder and his family members in the Issuance Prospectus, the aforementioned have stipulated to transfer to the Company rights in

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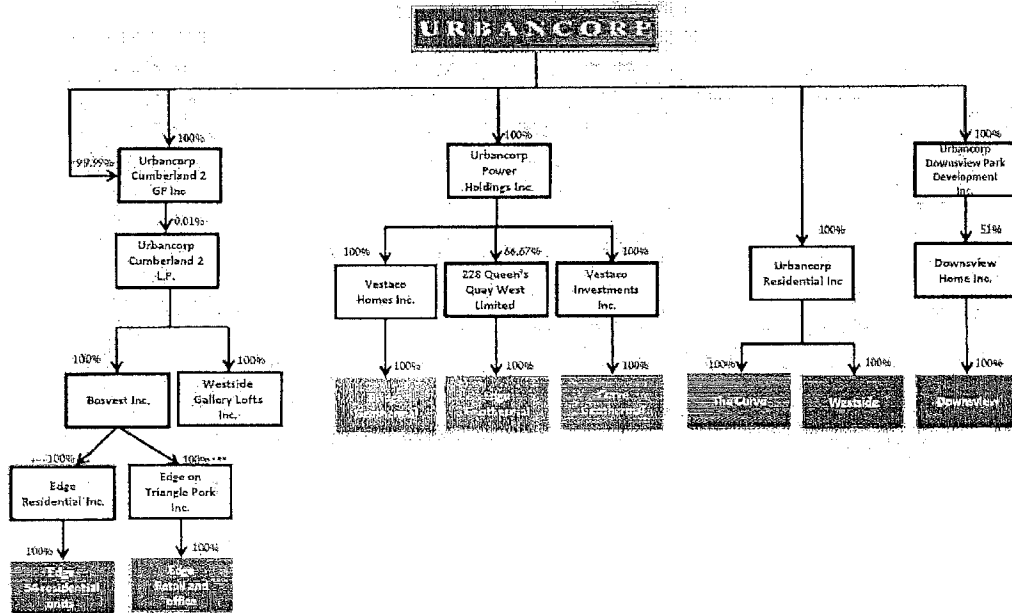
<sup>9</sup> On day 10.3.2016 the Company notified, *inter alia*, that it is in contacts toward contracting with a partner in the Downsview project, Mattamy Homes Inc. Company, in which the partner will take upon itself the development and establishment of the Mallow, Lawrence, Caledonia and Patricia projects, and loan the Company approx. USD 46 million for the purposes of paying the bondholders by day 30.6.2016. As of the filing of this Application, the Company did not produce any document backing or confirming its aforementioned notice.

<sup>10</sup> In accordance with section 6.1.19 of the Deed of Trust, the partner in the project is Mattamy Company, which is unrelated to the controlling shareholder of Urbancorp Group or any on its behalf.

<sup>11</sup> The sixth company to take independent insolvency procedures is a company owned by the controlling shareholder, which is not part of the Group but is used as the management/marketing company of the aforementioned projects and additional projects.







**D. Company had Breached its Obligations and Additional Events that Require Giving the Requested Orders**

- 35. Bonds issued by Company have been guaranteed with encumbrances as follows:
  - 35.1. First-order, single and unlimited fixed-encumbrance on the designated account (as defined in the deed of trust and hereinafter);
  - 35.2. First-order, single and unlimited fixed-encumbrance of all Company's rights by force of the Owner's loans (as defined in the Deed of Trust and herein).
  
- 36. The bonds have allegedly been guaranteed in valuable encumbrances, however in practice and unfortunately, it appears that under the circumstances such guarantees are worth no more than the paper on which they are written, **as follows:**
  - i. **The Designated Account and Significance of Cancelling the Tarion License**
  
- 37. The deed of trust set five projects from the Company's assets that have been defined as "backup projects" (Lawrence, Downsview, Caledonia, Patricia, Mallow) in accordance with the Prospectus, we are dealing with planned projects that the establishment of which has yet to begin.
  
- 38. It was further determined that in accordance with statements that shall be produced by a supervising factor (external, allegedly, to the Company) to a Canadian lawyer who will be

appointed and serve as a trustee for the proceeds of the residential units in the backup projects – the Canadian lawyer shall transfer the surplus proceeds<sup>16</sup> from the backup project to the designated account that will be opened in the Company's name in Israel.

39. In other words – monies originating only in the surplus of the backup projects' proceeds shall be transferred to the designated account in Israel that is encumbered to the Trustee, subject to the decision of such supervising factor and the execution of the Trustee Canadian lawyer. It was further clarified in the deed of trust that such "surplus" is the monies that will be left thereafter clearing all debts to the lenders who are financing the relevant project.

40. On day 4.4.2016, the Company notified about the intention of Tarion<sup>17</sup> to refuse to renew the registration of the Company under the Home Warranties Program to operate, initiate, sell and market real estate due to very disturbing arguments, as follows:

"The main basis for Tarion's notice includes: (a) argument for the Company's alleged non-compliance with the obligation to complete warranty works without unjustified delay; (b) argument for the alleged non-provision of answers to questions pertaining to the Company's financial state."

40.1. Copy of the immediate statement dated 4.4.2016 is attached herewith as Appendix 1.

41. To the best of the Trustee's understanding and by the (lacking) information as given by the Company, the significance of Tarion's notice, in excess of the disturbing arguments as aforesaid hereinabove, is that the Company may not continue the initiating and sale operations of the planned projects, for which the bond monies have been raised – i.e. shutting down the operations of the Company and the subsidiaries and all severe implications implied by it.

42. Furthermore, it appeared that the initial notice of Tarion was already given on day 30.11.15 before the issuance or in parallel thereto, and despite this the Company did not see fit to bring it to public knowledge (surely not during the issuance stage or thereafter, rather only on day 4.4.2016).

43. Immediately thereafter the Company's notice dated 4.4.2016 hereinabove, the Trustee addressed the Company, *inter alia* to receive clarifications in relation with the notice as aforesaid (see the addresses of the Trustee and his representatives, Appendix 19 herewith). In a meeting that took place on day 7.4.2016, the Trustee's representatives asked the Company and Mr. Suskin to provide a full and specified report, and clarification on the significance of the Tarion license and of Tarion's notice as aforesaid. Moreover, the Company and Mr. Suskin were required to describe such things in the

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<sup>16</sup> "Surpluses" as defined in section 6.1.20 of the Deed of Trust.

<sup>17</sup> Entity established by the Ontario District Government, Canada, in accordance with the relevant provisions of law (Ontario New Home Warranties Plan Act)

bondholders meeting that was convened on day 10.4.2016.

44. Accordingly, in the morning of the holders' meeting, the Company published an immediate statement with alleged clarifications to the Tarion notice, as follows: "based on complaints and suits of unit acquirers in external projects, Tarion had held several meetings with representatives of the Group during 2015 and has issued a letter to the Group dated 11.2015.30 in which it was mentioned, *inter alia*, that Tarion is disturbed by the Group's customer service and financial situation. The letter mentioned that the quantity of complaints made by acquirers that have been found to be justified is higher than the industry's acceptable amount, and also further arguments have been brought up in writing, *inter alia*, about faulty handling of acquirers' complaints and lack of response on part of customer service. The letter mentioned that Tarion sees such problems with high severity and expects full cooperation. The Company estimates that problems that have been discovered in external projects as specified hereinabove are the main reason why Tarion requested to examine the Group's financial state".

44.1. Copy of the immediate statement dated 10.4.2016 is attached herewith as Appendix 1.

45. It was further mentioned that Tarion's notice referred in fact to violations that have been executed in a low-figure of projects managed by Company. However according to Tarion's policy, as a result of the severity of violating the licenses of all subsidiaries under the Group, the non-renewal status is in place.

46. As of the date of filing this Application and since most backup projects have yet to be executed, in noticing the notification of Tarion (as specified herein) and the taking of procedures by subsidiaries, then there is real concern that the money surpluses for such projects will not be transferred to the designated account.

ii. Assignment of Owner's Loan

47. As part of obligations the Company had undertaken in accordance with the Prospectus, it has been determined that Company will encumber all of its rights by force of the Owner's loans (as defined in the deed of trust – loans that the Company shall provide for the subsidiaries out of the return of the bond issuance, and which will be used for repaying an existing debt or for the purpose of providing self-capital in relation with the relevant backup project). This right means that inasmuch as the subsidiaries (in the backup projects) will be requested to repay such owner's loans – either as early repayment or as surplus profits as defined in the deed of trust and hereinabove – then the monies shall be transferred to the designated account.

48. To clarify, in accordance with Company's statements, thereafter the Owner's loans have been streamlined as aforesaid to the subsidiaries, the Company specified the list of liabilities of the

subsidiaries in relation with the backup projects.

48.1. Copy of immediate statements dated 23.12.2015 and dated 14.4.2016 is attached herewith as **Appendix 1**.

49. Under the existing circumstances and given the procedures that have been opened by the subsidiaries (who hold the backup projects) there is real concern that the guarantee will be impacted until it has been stripped of its worth.

iii. **Lowering of Bond Rating and the Capital Market's Response to the Coming Collapse**

50. As known, investors in the capital market are based, *inter alia*, on debt rating that is given by the various rating companies which has turned into a significant criterion in examining the worthwhileness of investing in bonds of issued companies, and the company's ability to repay (i.e the likelihood that a corporation will meet the payments in accordance with terms as set in the issuance).

51. Thereafter the Company's issuance of bonds, it had contracted with the rating company MIDRUG which in November published an initial report that rated the Company's bonds during the issuance with the highest rating – A3.il with a stable horizon (see Appendix 12 herein). However, already in day 13.3.2016 MIDRUG published an updated report by which the credit review of the bonds has been lowered to the "examination" status with negative implications.

52. About two weeks thereafter, on day 29.3.2016 MIDRUG has updated the Company's rating **and downgraded it by one grade** to Baa1.il. Two more weeks have passed and on day 14.4.2016 MIDRUG lowered the rating **once more to Baa2.il** and left the credit review with negative implications. MIDRUG specified here as well:

"The rating downgrade reflects the continued worsening of the risk profile as reflected by Company's statement as of the last rating report dated 29.3.2016. Such reports include, *inter alia*, information regarding a notice that was received from Tarion, by which Tarion intends to not renew the registration or expropriate the registration of Company's projects, in a manner that will prevent Company from constructing and selling new projects. Tarion is an entity that was established by the Ontario, Canada government to manage the Ontario New Home Warranties Plan Act. According to issuance Prospectus, the contractor and vendor of condominiums (residential units) are unable to sell or construct houses without being registered with Tarion's warranty corporation.

52.1. Copies of MIDRUG's reports is attached herewith as **Appendix 18**.

53. It is understood that inasmuch as the bond rating is lower, it means the issuing Company is unable to repay the bond. Therefore, the investment risk inherent in bonds is a risk that becomes greater by the minute. Moreover, then on day 4.2016.23 MIDRUG notified on

stopping the bond rating – and word is enough to the wise (see Appendix 7 hereinabove).

iv. **Ignoring the Trustee's Requests for Information**

54. Given the Company's recurrent violations of its obligations as per the law, Prospectus obligations and provisions of the Deed of Trust as described in this Application hereinabove, the Trustee and his representatives addresses the Company and its representatives in several letters with requests to repair the violations and provide crucial information and documents.

54.1. Copy of the Trustee and his representatives' addresses to the Company and its representatives is attached herewith as **Appendix 19**.

55. However, the Trustee and his representatives were met with almost total ignorance or with flat attempts at stalling time.

56. Company's failure, as well as its unwillingness or inability to provide information and data, indicate that there is more than meets the eye.

57. As aforesaid hereinabove, in a situation in which Company, its management and its controlling shareholder fail to provide any horizon that could ease the Company's creditors, it seems that there is no choice but to file this Application and appoint a temporary officeholder to Company.

E. **Court's Jurisdiction and the Need for Granting the Requested Reliefs**

i. **The material and international jurisdiction is vested in the Tel Aviv District Court**

58. The unique jurisdiction in accordance with the issuance prospectus and the deed of trust is vested in the Tel Aviv District Court. As per p. 34, section 34 of the Deed of Trust:

**"The sole Court that will be competent to rule on the matters related with this Deed and its appendices and the bond that is attached as an Appendix thereto, shall be the Competent Tel-Aviv – Yaffo Court.**

The Company, the controlling shareholder and the officeholders in Company, at the time of the Prospectus, not to object to the Trustee and/or bondholders (Series A) which will be filed with the Israeli Court for applying Israeli laws to the matter of settlement and arrangement and insolvency, inasmuch as it is filed, shall not voluntarily address a Court outside of Israel to receive protection from a procedure that is being taken by the Trustee and/or bondholders (Series A) of the Company in the matter of a settlement, arrangement and/or insolvency and also shall not object whereupon the Israeli Court seeks to apply Israeli laws to the matter of settlement and arrangement and insolvency. Furthermore, the Company, the controlling shareholder and the officeholders in Company, at the time of the Prospectus, irrevocably stipulate to not raising arguments against the local jurisdiction of the Israeli Court in relation with procedures which will be filed by the Trustee and/or the bondholders (Series A) as

aforesaid hereinabove”.

59. Therefore, not only does jurisdiction lie with the Tel Aviv Court, the parties are also prevented from addressing any other Court in the matters regarded in this Application.
60. However, p. A1 of the Prospectus has an additional provision concerning choice of law (in contrast with the issue of jurisdiction) that determines: *“following the aforesaid hereinabove, it shall be mentioned that in the matter of distribution laws, insolvency laws, including asset realization procedures, only the laws of Ontario District, Canada shall apply to Company”*. However, in this stage where there is no foreseeable “distribution” event by way of insolvency, or “asset realization”, the choice of law issue is unrequired.
61. In any event, the Prospectus rushes to clarify the matter of jurisdiction and choice of law in the situation we are dealing with, immediately thereafter this reservation, and again determines in the Prospectus’ cover:

**“Notwithstanding the aforesaid hereinabove, it shall be emphasized that the Deed of Trust and its appendices, including the bonds, are subject to Israeli laws... The sole Court that will be competent to rule on the matters related with this Deed and its appendices and the bond that is attached as an Appendix thereto, shall be the Competent Tel-Aviv – Yaffo Court. For information about the irrevocable stipulation of the Company, the controlling shareholder and the officeholders in Company, at the time of the Prospectus, not to object to the Trustee and/or bondholders (Series A) which will be filed with the Israeli Court for applying Israeli laws to the matter of settlement and arrangement and insolvency, inasmuch as it is filed, to not object whereupon the Israeli Court seeks to apply Israeli laws to the matter of settlement and arrangement and insolvency, and also to not raising arguments against the local jurisdiction of the Israeli Court in relation with procedures which will be filed by the Trustee and/or the bondholders (Series A), see section 1.1 of the Prospectus. To remove any doubt, it shall be clarified and emphasized that the stipulation of the controlling shareholders and officeholders shall specifically include an irrevocable stipulation not to drive, on their own volition, a procedure of insolvency in accordance with foreign laws and in a jurisdiction that is not Israel.”**

62. If the aforesaid hereinabove is not enough, then the Prospectus also acknowledges the applicability of section 39a of the Securities Law, which sets that the provisions of the Companies Law (Section 350 of the Companies Law among them) shall apply to any foreign company that has issued securities in Israel.
63. Concerning the jurisdiction of the Trustee to take the legal actions requested herein, see section 9 of the Deed of Trust (Appendix 13 herewith), then the ruling has defined the main capacity of the Trustee as keeping and protecting the rights of bondholders, for instance:

**The Trustee’s capacities are many; he is in a tripartite relationship with the Company and the bondholders, to each he has obligations. However, the core definition of the Trustee’s job is**

to preserve the rights of bondholders; it is the job that he was destined to fill and must form a balance between this job and the Company's interest, which is also a part of the bondholders' interests. As such, in the matter of LENUX INVESTMENTS (EO (TA) 1353/09) LENUX INVESTMENTS LTD. VS. ZIV HAFT – TRUST COMPANY LTD. [published in Nevo] (14.9.2009) p. 12 (herein: "Linux Matter")) Judge Pilpel ruled: 'where there is contradiction between the provisions of the Trust Contract and the Trustee's duties (in this case his duties to the investor public), the Trustee must ignore the provisions of the Contract (between him and Company) and act at his discretion to achieve the Trust's purpose".<sup>18</sup>

64. In the circumstances described in this Application hereinabove, the Trustee reasons that filing an application to appoint an officeholder **constitutes a crucial and acute action** for the purpose of implementing and executing the required and urgent actions for protecting the rights of holders and the assets encumbered to them, **whereby the entire process is at all times under the watchful eye of the honorable Court, and all with a purpose to serve the goals of the Trustee's position in accordance with the law.**
65. **In light of insolvency procedures in relation with the subsidiaries that should have generated the flow which serves the bonds, it is nothing short of the Company stating an expected violation of the bonds' repayment terms, setting up another clear cause for calling the debt to immediate repayment.**
66. Bondholders require the appointment of a temporary officeholder so that he may enter the Company's shoes – considering, as specified hereinabove – that the Company operates by way of false presentations and concealment of information, violates its obligations, and operates toward causing its subsidiaries to take insolvency procedures (the nature and justification of their taking cannot be known) and puts the Israel investor public at a high risk.
67. **The officeholder is also required to "bring" the Company's creditors closer to the assets held by subsidiaries, which as aforesaid have begun insolvency procedures. As is known, such assets are supposed to serve the bondholders. However, they are held by the subsidiaries. In this state of affairs, it appears that the Company's creditors have no standing in the insolvency procedures of the subsidiaries (and such procedures might even impact their rights) and there is a need for appointing an officeholder to the Company itself, so that he could grant standing rights in the subsidiaries' insolvency procedures, examine their nature, necessity and preserve the interests of Company's creditors.**
68. There is no doubt that the Company violates its obligations, does not publish financial statements, there is great danger (that cannot be audited in lack of reports) in regards to a very significant reduction of its assets value and that in fact, Company is being run without any corporate regime.

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<sup>18</sup> CA (TA District) 30614-12-12 SKYLEX CORPORATION LTD. VS. ZOMER (published in Nevo 10.2.2013) see paragraph 93; see also CA (TA) 61115-01-12 Maybelle Investments Ltd. Vs. Orora Fidelity Trust Company Ltd. (published in Nevo, 27.10.2013).



69. This state of affairs is more severe than a state in which Company enters an environment of insolvency but runs properly, since at such time measured control and supervision mechanisms can be activated, the Company's situation can be evaluated in an educated manner and appropriate procedures can be taken.
70. In the Company's state of reporting and management as described hereinabove, the worst should be suspected – that a real catastrophe is taking place underneath the surface and that is the real reason why the Company does not present proper administration, reporting and discovery in the required standards
71. In the current state of affairs there is no choice but to appoint an officeholder who will initially supervise its operation and clarify the Company's true situation, be empowered to demand and receive data from Company, the controlling shareholders and the subsidiaries, and that actions of the Group that raise concerns that they are executed not as part of the normal course of business shall be examined on its merits and inasmuch as required, shall receive the honorable Court's approval.
72. The purpose of the temporary relief, as defined in section 1 of the Regulations, is to ensure the proper holding of the procedure or the efficient execution of the judgment. Regulation 374(b) of the Regulations uses this text:
- “374. (B) The Court or Registrar may impose a temporary foreclosure order on assets of the Respondent which are under its possession, the possession of the Applicant or a holder, subject to the provisions of Schedule A, and if convinced based on allegedly reliable evidence that there is reasonable concern that not issuing the order shall impact the judgment's execution.”***
73. The Trustee has real concern that in lack of the appointment as requested, when all required information is received from the controlling shareholder and the Group's companies, inasmuch as it is indeed discovered that the financial and asset state of the Company is in poor shape and they require additional insolvency procedures, then bondholders will be left in a broken alley and without having any other assets from which they can be repaid. **Things are validated given the multiple legal proceedings that have been taken in recent months against Group companies, and particularly in light of Tarion's notice as described hereinabove and the insolvency procedures of the subsidiaries.**
74. As aforesaid hereinabove, by information that has been delivered to the Trustee and from tests that were conducted in Canada, and given the conduct of Company and its representatives along the way, there are multiple indications of a possible and significant impact to the rights of holders, which necessitates approving the requested herein.
75. For good measure, the terms specified in the provisions of the Civil Procedures Regulations allowing for issuing the order as requested already in this preliminary stage, and implementing them in our matter, shall be specified herein: (a) **an evidentiary basic premise that is required for providing the requested relief** – as part of this Application, a sufficient evidentiary

foundation that justifies issuing orders as requested has been laid before the honorable Court. Conduct of the Company and the controlling shareholder constitutes failed management to say the least, and there is real concern that actions which would severely impact the Company's value and assets in a manner that will not allow Company to meet its obligations whenever they are due. (b) Existence of Causes for Suit – as specified in this Application hereinabove, it seems that the Trustee already has solid causes for suit against Company, and it would be proper to clarify them thereafter receiving the information and documents, and the officeholder's action as requested in this Application. (c) Balance of Comfort – under the described circumstances, the comfort balance significantly tends toward protecting the creditors' rights.

76. In light of the aforesaid hereinabove, the honorable Court is requested to order as requested in the introduction hereto, to appoint Adv. Guy Gissin as an officeholder as offered in this Application, and grant him all powers as specified in the introduction hereto.
77. This Application is supported by the affidavit of the Trustee's co-COE, Mr. Yossi Reznik, and with the agreement of Adv. Guy Gissin (see Appendix A herewith).
78. It is lawful and just to approve this Application.

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Yoel Freilich, Adv.

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Inbar Hachimian-Nahari, Adv.

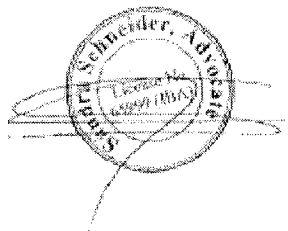
Representative of the Trustee to Urbancorp Inc.'s Bondholders (Series A)

P

This is Exhibit "P" referred to in the Affidavit of Guy Gissin  
sworn May 16, 2016

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A Commissioner for Taking Affidavits



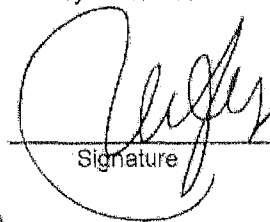
מס' 3180 No.

**CERTIFICATE OF TRANSLATION**

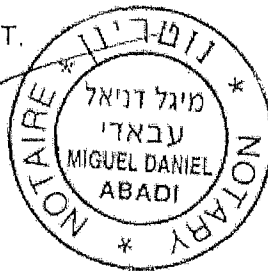
I the undersigned, Miguel Daniel Abadi, Notary at 20 Borochov St. Raanana, Israel, hereby declare that I am well acquainted with the **Hebrew** and **English** languages and that the document attached to this certification marked "A" is a correct **English translation** of the **original** document drawn up in the **Hebrew** language which has been produced to me and a photocopy of which is also attached hereto and marked "B".

In witness whereof I certify the correctness of the said translation, and that is a correct copy of the **original document**, by my signature and seal. This 1 day of May 2016.

Notary Fee: 3657 NIS + V.A.T.



Signature



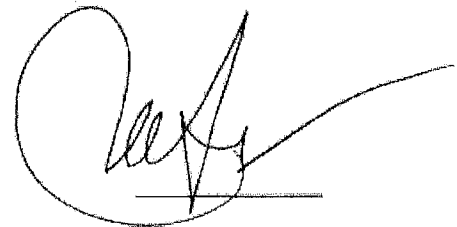
Notary's Seal

**אישור תרגום**

אני הח"מ, מיגל דניאל עבאדי, נוטריון ברעננה, רח' בורוכוב 20, רעננה מצהיר כי אני שולט בשפות אנגלית ועברית, וכי המסמך המצורף ומסומן באות "A" הינו תרגום באנגלית מדויק של המסמך הערוך בשפה העברית שהוצג בפניי ומצורף עתק ממנו גם הוא לאישור זה ומסומן באות "B".

ולראיה הנני מאשר את דיוק התרגום הנ"ל בחתימת ידי ובחותמתי, היום 1 לחודש מאי 2016.

שכר נוטריון 3657 ש"ח + מע"מ.



חתימה

חותם הנוטריון



סיגלית שורץ  
SIGALIT SCHWARTZ  
- 1-05-2016  
כפר סבא

סיגלית שורץ  
SIGALIT SCHWARTZ  
- 1-05-2016  
כפר סבא

# APOSTILLE

(Convention de la Haye du 5 Octobre 1961)

## 1. STATE OF ISRAEL

## 1. מדינת ישראל

This public document

מסמך ציבורי זה

2. Has been signed by

מיגל דניאל עבאדי, עו"ד  
MIGUEL DANIEL ABADI, ADV.

2. נחתם בידי

Advocate

עו"ד

3. Acting in capacity of Notary

3. המכתן בתור נוטריון.

4. Bears the seal/stamp of

4. נושא את החותם/החותמת

the above Notary

של הנוטריון הנ"ל

**Certified**

**אושר**

5. At the Magistrates Court of Kfar Sava

5. בבית משפט השלום בכפר סבא

6. Date

1-05-2016

6. ביום

7. By an official appointed by

7. על ידי מי שמונה בידי שר

Minister of Justice under the

המשפטים לפי חוק הנוטריונים,

Notaries Law, 1976.

התש"ל - 1976

8. Serial number

2682

8. מס' סידורי

2682

9. Seal/Stamp

9. החותם / חותמת

10. Signature

10. חתימה



סיגלית שורץ  
SIGALIT SCHWARTZ  
- 1-05-2016  
כפר סבא

סיגלית שורץ  
SIGALIT SCHWARTZ  
- 1-05-2016  
כפר סבא

"A"

25/04/2016



The District Court in Tel-Aviv – Yafo

Liquidation File 44348-04-16 Reznik Paz Nevo Trusts Ltd. Vs. Urbancorp Inc.

Before the Honorable Justice Eitan Orenstein, Vice President

On the matter of: the Companies Act, 5759-1999

And on the matter of: the Companies Regulations (Request for Compromise or Arrangement), 5762-2002

And on the matter of: Article 350 of the Companies Act, 5759-1999

And on the matter of: Reznik Paz Nevo Trusts Ltd.  
Trustee of holders of bonds (class A) of the company  
By its representatives: Yoel Freilich, Adv., Yael Herschkowitz, Adv., Inbar Hakmian-Nahari, Adv., and Evgeniya Gluchman, Adv.

The Applicant

And on the matter of: Urbancorp Inc.  
By its representative: Gad Ticho, Adv.

The Company

And on the matter of: the Official Receiver  
By its representative: Roni Hirschenzon, Adv.

Decision

General

1. Before me is an urgent request for the provision of temporary reliefs and for the appointment of a functionary in Urbancorp Inc. (hereinafter: "the Company"), pursuant to Regulation 14(a) of the Companies Regulations ((Request for Compromise or Arrangement), 5762-2002 (hereinafter: "the Arrangement Regulations") and Article 350 of the Companies Act, 5759-1999 (hereinafter: "the Companies Act").

Summary of the Facts

2. The Company incorporated in Canada and it is registered in the county of Ontario. Its main occupation is leasing and initiating real-estate for residential and commercial



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purposes at the location of its incorporation. The Company operates geothermal systems in several of its projects, which are used for providing heating and cooling for the properties, while using green energy. It is in the control of Mr. Alan Saskin, a citizen of Canada and a resident thereof (hereinafter: “**the Controlling Party**”).

In December 2015 the Company raised bonds from the Israeli public, amounting to approximately 180 million ILS, with an interest of 8.15%. The bonds were raised pursuant to a prospectus dated 30/11/2015 and later completions thereof, and were registered for trade at the Tel-Aviv Stock Exchange. It shall be stated that Midroog Ltd. has granted the bonds a rating of A3, a medium-high rank. The underwriter of the issuance was Apex Issuances Ltd., the prospectus was drafted by Shimonov & Co. Law Firm, and the Deloitte firm Brightman, Almagor, Zohar & Co., Accountants. The trustee for the bond holders is Reznik Paz Nevo Trusts Ltd., which has submitted the application (hereinafter: “**the Trustee**”).

The consideration of the issuance was intended to serve for shareholders’ loan for the Company’s subsidiaries which are also incorporated in Canada (hereinafter: “**the Subsidiaries**”) and for providing equity for paying off loans in their various projects, as specified in the bill of trust, as well as for the payment of taxes.

The application states that during the months following the issuance, there has been a severe deterioration in the Company’s financial state and in its capability to sustain itself, which is the result of a number of events, when according to the Applicant it is impossible to rule out that the share of those had already been known prior to the issuance, but they were not reported. The outcome was that all Company directors, apart from the Controlling Party, have resigned; the Company’s trade in securities has ceased; the ranking has ceased, and more. In light of the foregoing, there has been very intensive contact with the Controlling Party, who was supposed to sign a Stand-Still document, and has asked to delay the taking of actions against the Company. Nevertheless, the Trustee was surprised to find out that the Subsidiaries, which excess cash flows were supposed to serve the debt for the holders of bonds, have recently begun an insolvency proceeding in Canada, and a trustee on behalf of the court there has been appointed to them.

The Request

3. The Trustee points in his request, to a series of severe failures in the Company’s conduct, which also constitute a breach of the bill of trust, and give rise to a cause for providing





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the debt for immediate repayment and taking proceedings against the Company. For this matter, it has been claimed that it is necessary to immediately intervene in the Company's businesses by appointing a functionary, who shall be granted the authorities of the Company's directorate; who shall exercise the Company's power of control in its Subsidiaries; who shall examine the insolvency proceedings taken by the Subsidiaries; who shall negotiate with the trustee appointed to them; who shall act to obtain all required information pertaining to raising the capital; who shall formulate a recovery plan for the Company, inasmuch as it shall be possible; and who shall enter the Company's premises and its offices and shall seize its assets, including accounts and financial deposits.

4. The request was submitted on 24/04/2016, during the Passover recess, and I have instructed holding an urgent discussion today in the presence of the Company, its former functionaries who provide services to it, the Israeli Securities Authority, the Official Receiver and more. In my decision from yesterday, an order for the prohibition of disposition was also granted, according to which the Company and anyone on its behalf is prevented from making any transaction, of any sort and type whatsoever, with its property.

**The Court Discussion**

5. The following were present at the discussion: the Trustee and its representatives; the representative of the recently resigned Company directors; the Company's former legal consultants; the representative of the Tel-Aviv Stock Exchange and members of its legal department; the representative of the Official Receiver, as well as Gad Ticho, Adv., on behalf of the Company, who has notified that he had taken on representing the Company the previous evening.

The Trustee's representative, Yoel Freilich, Adv., has repeated the request during the discussion, and has emphasized the need for granting the urgent reliefs. He clarified that the Trustee has engaged with a law firm in Canada, which shall assist the functionary, should he be appointed, in fulfilling his position; that there is no conflict of interests for the intended functionary; and more.

According to the Company's representative, its client does not object to leaving the order of prohibition of disposition effective, however she does not see the need for appointing a functionary and for granting the requested authorities, and she objects to the identity of



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the suggested functionary due to conflict of interests. In addition, the Company's representative has claimed that there is no need for the drastic requested reliefs, that the Company should be given leave to submit a proper response, that in any case a meeting of the holders of bonds is scheduled for May 1, 2016 – in which the meeting shall decide with regards to continuing the proceeding – and that no irreversible damage shall occur should the order not be granted.

The representative of the Official Receiver holds the opinion that the state of the Company justifies granting a relief against it, similar to other cases in which the court has instructed appointing a functionary, even if it is for a limited period of time, until the situation is clarified.

Discussion and Ruling

6. We are dealing with a request which was submitted urgently during the Passover recess, and which requires an urgent decision, therefore I shall suffice with a brief reasoning.

The Rule

The request, by nature, is a request for temporary relief, and prior to submitting the primary proceeding. Therefore, it should be examined by the rules used for temporary reliefs, namely, does the Applicant meet the test of *prima facie* reliable evidence in the cause of the action as well as the balance of convenience test, and as set in the Civil Procedure Regulations, 5744-1984 and in rulings, when between the two there is a "parallelogram of forces" (see Civil Leave of Appeal 2174/13 **D.K. Shops for Rent in Herzlia HaTze'ira Ltd. Vs. Avraham Cohen & Co. Contracting Company Ltd.** (published on the website of the Judicial Authority, 19/04/2016).

I shall emphasize, that under the circumstances of the request before me, when the primary relief has not yet been requested, the court is required to take extra precautions when ruling on a request for temporary relief, especially given the drastic temporary reliefs requested therein.

The request is accompanying to a primary proceeding which the Trustee is intending to submit pursuant to the provisions of Article 350 of the Companies Act, which deals with an arrangement between a company and its creditors, a proceeding which, according to the word of the law, can also be taken by a creditor of the company, in addition to the company itself, or a participant or a liquidator. As is known, it is possible to appeal for



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temporary reliefs even before beginning the primary proceeding, provided that the applicant has met the required conditions stated above.

Another basis for the request, as mentioned, is Regulation 14(a) of the Arrangement Regulations, which authorizes the court to appoint a functionary when discussing a request for arrangement in accordance with Article 350 of the Companies Act, saying:

**“To appoint a functionary, who shall have all authorities and duties which shall be determined by the court, including managing the company or supervising its management, keeping its assets, as well as examining claims of debt and claims for amending the registry of shareholders in the method specified in Chapter C; the court shall appoint a functionary once it was convinced that the candidate is suitable for the position due to his skills or his experience in formulating compromise arrangements or an arrangement[...].”**

**From the General to the Specific**

7. Viewing the statements of claim and their appendixes paints a grim picture, to say the least, of the state of the Company.

On the surface it appears that it is failing to meet the conditions of the bill of trust, in a way which gives rise to a cause for providing the debt for immediate repayment. For this matter, I shall list the breaches, each of which is sufficient to give rise to the stated cause, let alone when put together: the trade in the Company's bonds has been stopped; the Company's rating by Midroog Ltd. has also been stopped; all of the Company's Israeli directors have resigned, as well as its legal consultants and its internal auditor;

And severe failures in the Company's activity have been found, as specified in the report it submitted pertaining to its financial data, dated April 20, 2016. Amongst those: a loss of 15 million Canadian Dollars compared with the current activity in the last quarter of 2015; a decrease in the value of the right of the Controlling Party assigned to the Company to receive loans from corporations in his control, thus from an estimated value of approximately eight million Dollars, the value is expected to drop to an insignificant amount; concern that the Company shall decrease the value of the geothermal assets at a total ranging between four and six million Canadian Dollars. The end of the report even



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states that it is possible that the Company's state is far worse and that its losses shall be high.

Another event teaching of failures in the Company which should be stated, is the decision of the Canadian Home Organization Trion dated April 4, 2016, to not extend the Company's license, namely, the Company is not entitled to continue its activity of initiating and selling planned projects.

This is joined by the fact stated above, that the Subsidiaries have recently begun a stay of proceedings in Canada, as part of which a trustee was appointed to them. The Company and the Controlling Party have not brought this important fact to the knowledge of the Trustee, let alone given details pertaining to the proceeding taken, its significance, its implication on the Company and such.

The conclusion drawn from the stated above is that there is total uncertainty with regards to the Company's financial state, its equity, its capability of sustaining itself, and concern for the fate of the investments made by the holders of bonds. Another conclusion is that there is a substantial lack of information pertaining to the occurrences in the Company, and the Trustee is forced to seek in the dark, all when there is concern for the fate of the Company and its assets, including with regards to the occurrences in the Subsidiaries and their assets, which have enjoyed the monies of capital raised by the holders of bonds.

In my opinion, the stated above is sufficient basis for appointing a functionary to the Company, who shall be authorized to receive all information pertaining to the Company, its activity, its property and its rights, including the Subsidiaries and the proceedings conducted in Canada. Simultaneously, the functionary shall be able to track the Company's property, to locate it, to seize it and to prevent making irreversible actions. I shall add that obtaining the information shall also enable making an educated decision regarding taking appropriate proceedings with regards to the Company, to minimize damages and to redirect, as much as possible, the monies which would be could be paid to the holders of bonds.

Needless to say, the Company is in the twilight zone of insolvency, when there is concern for its fate and for the fate of the monies of investors, unless urgent actions are taken. As stated by the representative of the Official Receiver, the court discussing insolvency has a wide range of reliefs at its disposal, which also apply to a situation where the Company is in the twilight zone of insolvency. In this regard I shall refer to a recent ruling by the



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Supreme Court, as said by the Honorable Justice E. Hayut in Civil Appeal 3791/15 Synergy Cables vs. Hever, paragraph 8 (published on the website of the Judicial Authority on 19/04/2016):

The District Court has not ruled pursuant to which legal authority it appoints the respondent, but as rightfully stated by the respondent, reality shows that there are cases [...] where the court appoints **functionaries in proceedings in which the corporation is in the “zone of insolvency”, even prior to issuing an order for stay of proceedings or for the liquidation of the company (compare, for example: Liquidation File (Tel-Aviv) 36681-04-13 Hermetic Trusts (1975) Ltd. vs. IDB Development Ltd. (30/04/2013), in which the District Court in Tel-Aviv (Justice E. Orenstein) has decided to appoint a functionary who was defined as an “observer” for the company, while relying for this purpose of the wide authority granted to him in accordance with Regulation 14(a)(1) of the Companies Regulations [...]**

(Emphasis not in the original – E.O.)

This rule also applies to the matter before us.

In my opinion, the circumstances of the case meet the tests required for granting a temporary relief. For this matter, the Company has allegedly breached its undertakings towards the holders of bonds in a way which grants the holders of bonds the right to provide the debt for immediate repayment, and to claim the reliefs due as a result thereof. I shall add that the balance of convenience also leans towards granting the temporary relief. In this context, I shall state that according to the Company's representative, these days a substantial transaction is to be executed, of selling the Company's property, which should provide it with a substantial amount of money; it is not improbable that the consideration shall not be given to the holders of bonds, despite the order of prohibition of disposition, in the absence of practical capability for enforcement, thus causing irreversible damage. Therefore, only a functionary who could also track the stated transaction, could possibly prevent irreversible damage to the holders of bonds.

This conclusion is emphasized noticing the recent problematic conduct of the Controlling Party. As is evident in the request, he has failed to disclose to the Trustee during contacts



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conducted these days that the Subsidiaries intend on taking the proceeding of insolvency as they have done.

In fact, the Company has no management core, whereas all directors, apart from the Controlling Party, have resigned, it has no internal auditor, and even the legal consultants have terminated their engagement with it. In this state of affairs, the Company is given to the good will of the Controlling Party, and in light of the problems I have pointed pertaining to him, and in the absence of supervision on his conduct, it would be best to appoint an authority who shall take the Company's reigns and shall supervise the occurrences in the Company at least until the picture is clarified.

I have not ignored the claim made by the Company's representative regarding the damage which could be caused to the Company due to appointing the functionary, but I have not seen that it leads to a different conclusion. I believe that the weight of the reasons I have specified above, exceeds by far the concern raised by Advocate Ticho in this regard. In any case, it is possible to find the required balance between guaranteeing the Company's conduct and the argued damage, by limiting the authorities which shall be granted to the Trustee and the period of time in which he shall be appointed. I shall emphasize that the concern raised by Advocate Ticho, which, according to him, may be a result of appointing a temporary liquidator to the Company, can be abated by not appointing a temporary liquidator, which has not even been requested.

I have also answered the argument made by Advocate Ticho regarding the conflict of interest in which the offered functionary is allegedly in, due to him representing the Trustee. I have not found this argument sufficient reason for not appointing Advocate Gissin, and I shall clarify: Gissin & Co. Law Firm has accepted the representation of the Trustee only recently, as Advocate Freilich has said in the discussion. The firm has not represented the Trustee in the process of preparing the prospectus, its publication and the issuance of the bonds, nor in the following period, but only following the Company's getting into trouble. Therefore, it is impossible to say that he is involved in proceedings preceding this request. In addition, should it be found out in the future, that there is a conflict of interest, the argument shall be made before the court and shall be examined by itself, and the argument shall not prevent the appointment at the preliminary stage we are in.



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8. To complete the picture I shall state that there is no dispute regarding the authority of the court in Israel to grant the requested relief. In this context, I shall refer to the various documents attached by the Trustee to the request, including the prospectus and the bill of trust, which state that the Company acknowledges the authority of the court in Israel to grant the reliefs (see clause 34 of the bill). In addition, I shall state that Article 39a of the Securities Law, 5728-1968, which applies to the prospectus, rules that the provisions of the Companies Act shall apply to any foreign company which has issued securities. Needless to say, the authority of the court to discuss the request is also pursuant to the court ruling given in a case with similar circumstances, and I shall refer to Civil Appeal 2706/11 **Sybil Germany Public Co. Limited vs. Hermetic Trusts (1975) Ltd.** (published on the website of the Judicial Authority on 04/09/2015).

**9. In light of the foregoing I hereby instruct as follows:**

I appoint Advocate Gissin as functionary in Urbancorp Inc. and grant him the authority to exercise the Company's authorities, for all following actions:

- ✦ To locate, to track and to seize all Company assets, of any sort and type whatsoever, including its monies and rights in the Subsidiaries;
- ✦ To exercise the Company's power of control in the Subsidiaries;
- ✦ To obtain all information, of any sort and type whatsoever, pertaining to the Company's activity, its property and its rights; the same applies to the Subsidiaries;
- ✦ To negotiate with the Subsidiaries' trustee, and for this purpose, to also approach the Canadian court as an authorized representative of the Company;
- ✦ To track the Company's activities prior to the prospectus and thereafter.

For the purpose of exercising these authorities, the functionary is hereby authorized to appear in the Company's name before any body, authority or person in Israel and abroad; to obtain any information whatsoever from any of the Company's factors, from the Controlling Parties, from the authorities and from any person who has provided or is providing services for the Company; and to obtain from them all documents he believes shall be required for fulfilling his position.



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The functionary shall be authorized to formulate an initial outline of a creditors' arrangement.

The functionary shall approach the court if necessary, and shall request its permission to exercise Company authorities not expressly specified in the decision.

For the avoidance of doubt: the functionary is not authorized to realize the Company's property.

A condition for the appointment is the functionary depositing a personal bond at a total of 250,000 ILS.

The functionary shall do all that he can for obtaining the required information in the coming days, so that it can be presented, as much as possible, before the meeting of holders of bonds set for next Sunday, May 1, 2016.

At this point I set the appointment until May 22, 2016 or as shall be otherwise decided.

A first report of the functionary's actions shall be submitted by May 8, 2016.

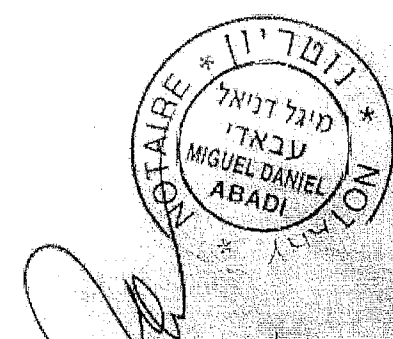
The case has been set for discussion for May 22, 2016 at 11:30.

The secretariat shall notify of the decision by telephone and shall also send it by fax.

Given today, 17 Nisan 5776 (25<sup>th</sup> of April 2016), *ex parte*.

Eitan Orenstein, Justice

Vice President

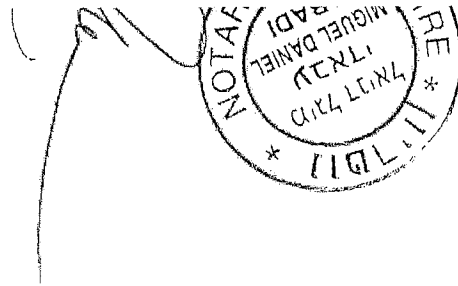












2016

למטרת פיקציה זו, המטרת היא להעביר את כל הרכוש של המטא-ארגון למטרת פיקציה זו.

המטרת היא להעביר את כל הרכוש של המטא-ארגון למטרת פיקציה זו, וזוהי מטרת פיקציה זו.

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UrbanCorp Inc. 16-44348-04

בית המשפט המחוזי - אילינוי





**בית המשפט המחוזי בתל-אביב-יפו**

**מ"ק 44348-04-16 רזניק מו נבו נאמגויות בע"מ נ' Urbancorp Inc.**

**לפני כבוד השופט איתן אורנשטיין, סגן נשיאה**

האחרון של שנת 2015, הפחתת שווי זכותו של בעל השליטה שהומחתה לחברה, לקבל הלוואות מתאגידים המוחזקים בידיו, כך שמשווי מוערך בסך כשמונה מיליון דולר הערך צפוי לצנוח לסכום זניח; חשש שהחברה תפחית את שוויים של הנכסים הגאונרמיים בסך הענ בין ארבעה לשישה מיליון דולר קנדי. בסוף הדיווח אף נכתב כי ייתכן שמצב של החברה גרוע בחובה וכי הפסדיה יהיו גבוהים.

אירוע נוסף המלמד על כשלים בחברה ושיש לצינו הוא החלטת ארגון הבתים הקנדי Tidon מיום 04.04.16 שלא להאריך את תוקפו של רישיון החברה, משמע החברה אינה רשאית להמשיך בפעילות הייזום והמכירה במיזמים בתכנון.

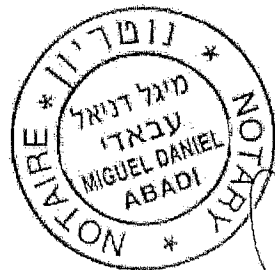
לכך מצטרפת העובדה שצוינה לעיל, החברות הבנות נקטו בימים האחרונים בחליץ של חקפאת החליכים בקגדה שבמסגרתו מונה לחן נאמן. החברה ובעל השליטה לא הביאו עובדה חשובה זו לדעת הטאמן, ומקל וחומר לא ניתנו פרטים באשר לחליץ שנקט, למשמעותו, להשלכתו על החברה וכיוצא באלה.

המסקנה המתבקשת מהמקובץ דלעיל היא שקיים חוסר ודאות מוחלט באשר למצב החספי של החברה, להונה העצמי, ליכולתה לחזקי ולזהקיים, וחשש לגורל השקעתם של מחזיקי האגיה. מסקנה נוספת הינה שקיים חוסר מידע מהותי באשר למתרחש בחברה והנאמן נאלץ לגשש באפלה וחכל כאשר קיים חשש לגורל החברה ולנכסיה, לרבות באשר למתרחש בחברות הבנות ונכסיהם, שחן אשר נהנו מכספי גיוס התון מן המחזיקים באירות החוב.

לטעמי האמור מקים מסד מספק למינוי בעל תפקיד לחברה שיוסמך לקבל את מלוא המידע בנוגע לחברה, פעילותה, לרכושה ולזכויותיה לרבות בחברות הבנות והחליכים חמותהלים בקגדה. במקביל יוכל בעל התפקיד להתחקות אחר רכוש החברה, לאתרו, לתופסו ולמנע ביצוע פעולות בלתי הפיכות. אוסיף שקבלת המידע תאפשר גם קבלת החלטה מושכלת על נקיטה בהליכים מותאימים לגבי החברה, למוער נזקים ולהשיא במידת האפשר את החספים שיהיה ניתן לשלם למחזיקי איגרות החוב.

לא למותר לציין שהחברה נמצאת באיזור הדמדומים של חדלות פירעון, כאשר קיים חשש לגורלה ולגורל חספי המשקיעים אם לא ינקטו פעולות דחופות. כפי שציין בארכוח הכניר, באמנתו של בית המשפט חון בחדלות פירעון מנגד רחב של סעדים, ואלה חלים גם במצב שבו חברה נמצאת באזור הדמדומים של חדלות הפירעון. בחקשר זה אפנה לפסיקות בית המשפט העליון מהענת האחרונה, לדברי כבוד השופטת א' חיות בע"א 3791/15 סינגריי כבלים נ' חבר, פסקה 8 (פורסם באריש, 19.04.2016).

**בית המשפט המחוזי לא קבע מתוקף איוו סמכות שבדין הוא ממנה את המשיב, אך כפי שציין המשיב בצדק, המציאות מלמדת כי ייתכנו מקרים [...] בהם ממנה**









בית המשפט המחוזי בתל-אביב-יפו

פר"ק 16-04-44348 רזניק פז נבו נאמנויות בע"מ נ/ Urbancorp Inc.

לפני כבוד השופט איתן אורנשטיין, סגן נשיאה

שנתן או נותן שירותים לחברה; ולקבל מהם את כל המסמכים שיהיה סבור כי הם דרושים למילוי תפקידיו.

בעל התפקיד יוסמוך לגבש מתווה ראשוני של הסדר נושים.

בעל התפקיד ימנה לבית המשפט במידת הצורך ויבקש אישורו לתפעלת סמכויות החברה שלא פורטו במפורש בהחלטה.

לחסרת ספק: בעל התפקיד אינו מוסמך לממש רכוש של החברה.

תנאי למינוי הוא הפקדת התחייבות עצמית של בעל התפקיד בסך של 250,000 ₪.

בעל התפקיד יעשה כל שניתן בשביל לקבל את המידע הדרוש כבר בימים הקרובים, כך שניתן יהיה להציגו במידת האפשר לפני מחזיקי איגרות החוב באספה שקבועה ליום א הקרוב, 01.05.16.

בשלב זה אני קוצב את המינוי עד ליום 22.05.16 או עד החלטה אחרת.

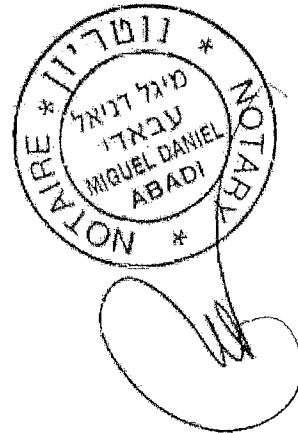
דוח ראשון על פעולותיו של בעל התפקיד יוגש עד ליום 08.05.16.

חתיק נקבע לדיון ביום 22.5.16 בשעה 11:30.

המזכירות תחזיר על החלטה טלפונית וכן תשלח אותה בפקס

ניתנה היום, י"ז ניסן תשע"ו (25 באפריל 2016), בהעדר הצדדים.

איתן אורנשטיין, שופט  
סגן נשיאה



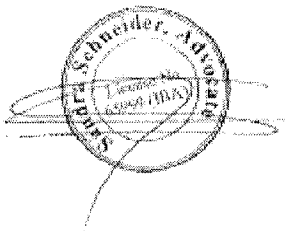


**Q**

This is Exhibit "Q" referred to in the Affidavit of Guy Gissin  
sworn May 16, 2016

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A Commissioner for Taking Affidavits



מס' 3175 No.

CERTIFICATE OF TRANSLATION

I the undersigned, Miguel Daniel Abadi, Notary at 20 Borochoy St. Raanana, Israel, hereby declare that I am well acquainted with the **Hebrew** and **English** languages and that the document attached to this certification marked "A" is a correct **English translation** of the document drawn up in the **Hebrew** language which has been produced to me and is attached hereto and marked "B".

In witness whereof I certify the correctness of the said translation by my signature and seal. This 24 day of April 2016.

Notary Fee: 1026 NIS + V.A.T.

Signature

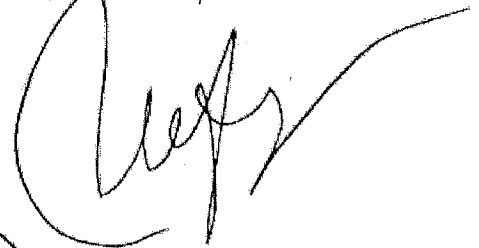
Notary's Seal

אישור תרגום

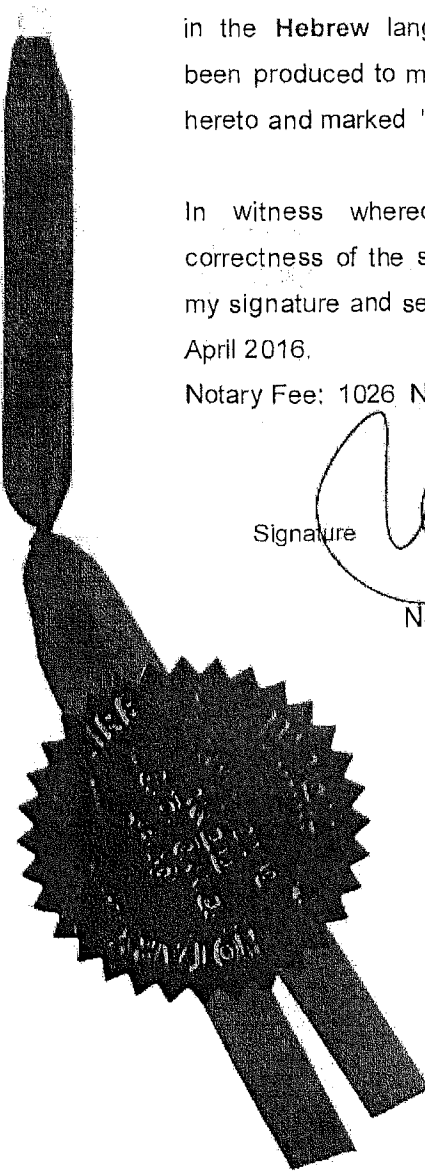
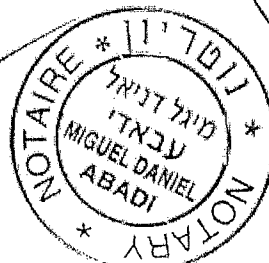
אני הח"מ, מיגל דניאל עבאדי, נוטריון ברעננה, רח' בורוכוב 20, רעננה מצהיר כי אני שולט בשפות אנגלית ועברית, וכי המסמך המצורף ומסומן באות "A" הינו תרגום באנגלית מדויק של המסמך הערוך בשפה העברית שחוצג בפניי מצורף ומסומן באות "B".

ולראיה הנני מאשר את דיוק התרגום הנ"ל בחתימת ידי ובחותמתי, היום 24 לחודש אפריל 2016.

שכר נוטריון 1026 ₪ + מע"מ.



חתימה



סיגליט שוורץ  
SIGALIT SCHWARTZ  
1-05-2016  
כפר סבא Kfar-Saba

סיגליט שוורץ  
SIGALIT SCHWARTZ  
1-05-2016  
כפר סבא Kfar-Saba

# APOSTILLE

(Convention de la Haye du 5 Octobre 1961)

## 1. STATE OF ISRAEL

## 1. מדינת ישראל

This public document

מיגל דניאל עבאדי, עו"ד

מסמך ציבורי זה

2. Has been signed by

MIGUEL DANIEL ABADI, עבאדי, מיגל דניאל

2. נחתם בידי

Advocate

עו"ד

3. Acting in capacity of Notary

3. המוכרן בתור נוטריון.

4. Bears the seal/stamp

4. נושא את החותם/החותמת

the above Notary

של הנוטריון הנ"ל

Certified

אושר

5. At the Magistrates Court of Kfar Sava

5. בבית משפט השלום בכפר סבא

6. Date

1-05-2016

6. ביום

7. By an official appointed by

7. על ידי מי שמונה בידי שר

Minister of Justice under the

המושפטום לפי חוק הנוטריונים,

Notaries Law, 1976.

החש"י - 1976

8. Serial number

2680

8. מס' סידורי

2680

9. Seal/Stamp

9. החותם / החותמת

10. Signature

10. התנמה



סיגליט שוורץ  
SIGALIT SCHWARTZ  
1-05-2016  
כפר סבא Kfar-Saba

סיגליט שוורץ  
SIGALIT SCHWARTZ  
1-05-2016  
כפר סבא Kfar-Saba

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24.4.2016



[State of Israel symbol]

Tel Aviv – Yaffo District Court

CD 44348-04-16 REZNIK PAZ NEVO TRUSTS LTD. VS. URBANCORP UNC, Company in Canada, 2471774 et al.

Before his Honorable Judge Eitan Orenshtein, Vice President

IN THE MATTER OF: Companies Law 5759-1999

AND IN THE MATTER OF: Section 350 of the Companies Law

AND IN THE MATTER OF: REZNIK PAZ NEVO TRUSTS LTD.

Bondholders Trustee (Series A)

By Representative Yoel Freulich

Applicant

AND IN THE MATTER OF: URBANCORP INC.

Company

AND IN THE MATTER OF: Official Receiver

RULING

Before me is an urgent Application for a temporary relief during the Passover recess to appoint an officeholder in **Urbancorp Inc.**, which is a company associated in Canada, registered as per Ontario District laws and primarily practices in real estate in Toronto (herein: "Company"). Company is controlled by Mr. Alan Saskin who is a Canadian citizen and resident (herein: "Controlling Shareholder").

In recent months, Company had raised bonds from the Israeli public in total of about NIS 180 million (New Israeli Shekel), and that is in accordance with a prospectus dated 30.11.15 and later additions thereto. The bonds are registered for trade in the Tel Aviv Stock Exchange.

*Yoel Freulich*  
נוטריון  
מיגל דניאל עבאדי  
MIGUEL DANIEL ABADI  
NOTARY

24.4.2016

It has been argued in the Application that Company's subsidiaries, whose excess flows should serve the debt owed to bondholders, have now become insolvent in Canada and a Canadian Court trustee has been appointed to them. Moreover, no officeholder has been appointed to the company itself.

The Application is filed by the Bondholders Trustee and it argues the urgent need for appointing an officeholder to Company, who will be given extensive powers, including receiving powers of the Company's Board. In accordance with Applicant's position, serious faults have been discovered in Company's conduct, which have grown worse as of late and caused the collective resignation of Israeli directors and officeholders, the termination of Company's representation by its lawyers in Israel and the cessation of the bond trade. In the Application, the Applicant specifies a series of urgent actions that he believes must be taken and justify an urgent hearing during the Passover recess and receipt of the requested reliefs. The Trustee also points to the Israeli Court's jurisdiction to hear this Application in light of provisions on jurisdiction and applicable laws, as specified in the prospectus and the Deed of Trust.


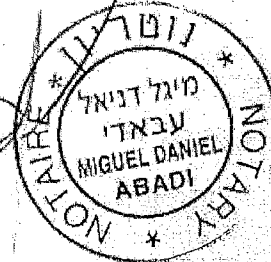
Having reviewed the Application and its Appendices, I order as follows:

An Order is hereby given, which prohibits the execution of any action in Company's assets of any kind and sort. The Order also applies to whomever operates on behalf of Company, either directly or indirectly, including the Controlling Shareholder, pending another ruling.

The Application shall be heard tomorrow, 25.4.16 at 09:00 AM.

Already today, the Applicant shall produce an English translation of the Application and Ruling to the Company and the Controlling Shareholder and also, if possible, to the Trustee who has been appointed to the subsidiaries. Notification on the Application and the hearing shall also be delivered by phone.

Simultaneously, the Applicant shall produce the Application and the Ruling to the Stock Exchange, the Israeli Securities Authority, the Official Receiver, and also to the Israeli directors and legal counsel who have resigned, and the representatives of all the aforementioned shall attend the hearing. WHEREAS AND we are in the midst of the Passover recess, the Applicant shall locate the representatives of all the aforementioned factors by phone and ensure the provision of the Application and Ruling to each of them.

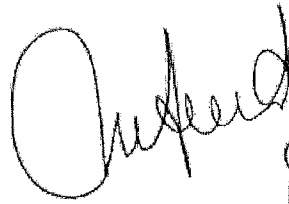
24.4.2016

The secretariat shall notify the Applicant's representative by phone and fax.

Given today, 16 Nissan 5776, April 24<sup>th</sup> 2016, in absence of parties.

(Signature)

Eitan Orenshtein, Judge, Vice President





בית המשפט המחוזי בתל אביב - יפו

פרי"ק 44348-04-16 רזניק פז נבו נאמנויות בע"מ נ' Urbancorp Inc. חברה בקנדה  
2471774 ואח'

לפני כב' השופט איתן אורנשטיין, סגן נשיאה

בעניין:	חוק החברות התשנ"ט-1999
ובעניין:	סעיף 350 לחוק החברות
ובעניין:	רזניק פז נבו נאמנויות בע"מ תנאמן למחזיקי אגרות החוב (סדרה א') ע"י ב"ב יואל פרויליך
	<u>המבקש</u>
ובעניין:	Urbancorp Inc.
	<u>החברה</u>
ובעניין:	כונס הנכסים הרשמי

החלטה

- 1
- 2 לפני בקשה דחופה למתן סעד זמני בתקופת פגרת הפסח למינוי בעל תפקיד לחברת **Urbancorp**
- 3 **Inc.** שהינה חברה מאוגדת בקנדה, רשומה על פי הדין שחל במחוז Ontario ועיסוקה העיקרי הוא
- 4 נדל"ן בעיר Toronto (להלן: "החברה"). החברה נמצאת בשליטתו של מר Alan Saskin שהינו אזרח
- 5 (ותושב קנדה (להלן: "בעל השליטה").
- 6
- 7 החברה גייסה בחודשים האחרונים אגרות חוב מהציבור בישראל בסך של כ- 180 מיליון ש"ח וזאת על
- 8 פי תשקיף מיום 30.11.15 והשלמות מאוחרות לו. אגרות החוב רשומים למסחר בבורסה לניירות
- 9 ערך בתל אביב.
- 10
- 11 נטען בבקשה שחברות תבנות של החברה שעודפי התזרמים שלהן אמורים לשרת את החוב למחזיקי
- 12 האג"ח פתחו בימים אלה בהליך חדלות פירעון בקנדה וכי מונה להן נאמן מטעם בית המשפט
- 13 מקנדה, הגם שלא מונה בעל תפקיד לחברה עצמה.
- 14
- 15 הבקשה נוגשת על ידי תנאמן למחזיקי האג"ח ונטען בה לעורך דחוף למינוי בעל תפקיד לחברה
- 16 שיוקנו לו סמכויות נרחבות ובין אלה לקבל את סמכויות הדירקטוריון של החברה. לעומדת המבקש

1 מתוך 3







בית המשפט המחוזי בתל אביב - יפו

פר"ק 16-04-44348 רזניק מז נבו נאמנויות בע"מ נ' Urbancorp one. חברה בקנדח  
2471774 ואח'

לפני כב' השופט איתן אורנשטיין, סגן נשיאה

1 התגלו כשלים חמורים בהתנהלות החברה, שהלכו והחמירו בעת האחרונה וגרמו להתפטרות  
2 קולקטיבית של חדיקטורים ונושאי המשרה הישראלים, להפסקת הייצוג של החברה על ידי משרד  
3 עורכי דינה בישראל ולהפסקת המסחר באג"ח. בבקשה מפרט המבקש שורת פעולות דחופות שיש  
4 לנקוט לטעמו והמצדיקות דיון דחוף בפגרה וקבלת הסעדים המבוקשים. הנאמן מצביע גם על  
5 סמכות בית המשפט בישראל לדון בבקשה לאור הוראות בנושא הסמכות והדיון החל, כמופיע  
6 בתסקיף ובשטר הנאמנות.

7  
8 לאחר שעיינתי בבקשה ובנספחיה אני מורה כדלקמן:

9  
10 ניתן בזאת צו האוסר על ביצוע כל פעולה בנכסי החברה מכל מין וסוג. הצו חל גם על כל מי שפועל  
11 בשם החברה, בין במישרין ובין בעקיפין לרבות על בעל השליטה וזאת עד החלטה אחרת.

12  
13 הבקשה תידון מחר, 25.4.16 בשעה 09:00.

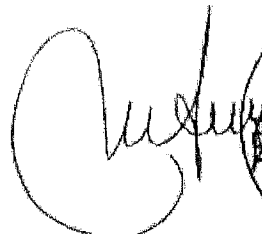

14  
15 המבקש ימציא עוד היום את העתק הבקשה וההחלטה כשהם מתורגמים לאנגלית, לחברה ולבעל  
16 השליטה ובמידת האפשר גם לנאמן שמונה לחברות הבנות. הודיעה על הבקשה ועל הדין תימסר גם  
17 טלפונית.

18  
19 במקביל ימציא המבקש את הבקשה וההחלטה לבורסה לגירות ערך, לרשות נירות ערך, לכונס  
20 הנכסים הרשמי, וכן לדירקטורים הישראלים וליועץ המשפטי שהתפטרו, ונציגיהם של כל אלה  
21 יתייצבו לדיון. הואיל ומצויים אנו במגרת המסת, יאתר המבקש טלפונית את נציגי כל הגורמים  
22 האמורים ויוודא המצאת הבקשה וההחלטה לכל אלה.

23  
24 המוכירות תודיע טלפונית לב"כ המבקש וכו' תשגר בפקס

25  
26 ניתנה היום, ט"ו ניסן תשע"ו, 24 אפריל 2016, בהעדר חצדדים.

27  
28  
29 איתן אורנשטיין, שופט, סגן נשיאה  
30  
31

24.4.2016



בית המשפט המחוזי בתל אביב - יפו

פר"ק 16-04-44348 רוזניק פז נבו נאמנויות בע"מ נ' Urbancorp unc. חברה בקנדה  
2471774 ואח'

לפני כב' השופט איתן אורנשטיין, סגן נשיאה

1

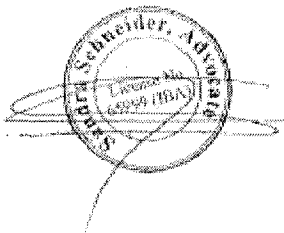


**R**

This is Exhibit "R" referred to in the Affidavit of Guy Gissin  
sworn May 16, 2016

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A Commissioner for Taking Affidavits



**PROTOCOL**  
**For Co-operation Among Canadian Court Officer and Israeli Functionary**

**BETWEEN:**

**GUY GISSIN , in his capacity**  
**as Functionary Officer appointed by**  
**the Israeli Court for Urbancorp Inc.**

- and -

**KSV KOFMAN INC., in its capacity**  
**as proposal trustee and proposed monitor**  
**of certain subsidiaries of Urbancorp Inc.**

**WHEREAS** KSV Kofman Inc. ("**KSV**") was appointed the proposal trustee in respect of each of Urbancorp (Lawrence) Inc., Urbancorp (Mallow) Inc., Urbancorp (Patricia) Inc., Urbancorp (St. Clair Village) Inc., Urbancorp Downsview Park Development Inc. and Urbancorp Toronto Management Inc. (the "**Initial Subsidiaries**"), in notice of intention filings made by each of the Initial Subsidiaries under the *Bankruptcy and Insolvency Act* ("**BIA**") on April 21, 2016 (the "**Proposal Proceedings**");

**AND WHEREAS** Guy Gissin was appointed as Functionary Officer on a preliminary basis (the "**Israeli Parentco Officer**") of Urbancorp Inc. ("**Parentco**"), the parent of the Initial Subsidiaries, by order of the District Court in Tel Aviv-Yafo (the "**Israeli Court**") dated April 25, 2016 (the "**Israeli Functionary Order**") in case number 44348-04-16 *Reznik Paz Nevo Trusts Ltd. Vs. Urbancorp Inc.* (the "**Israeli Proceedings**");

**AND WHEREAS** it is anticipated that, with the exception of Bosvest Inc., Edge Residential Inc. and Edge on Triangle Park Inc., which are in separate BIA proposal proceedings with the Fuller Landau Group Inc. as proposal trustee, and Urbancorp Cumberland GP 2 Inc., Urbancorp Cumberland 2 LP and Westside Gallery Lofts Inc. (the "**Excluded Subsidiaries**"), all of the direct and indirect subsidiaries of Urbancorp Inc. (collectively, excluding the Excluded Subsidiaries, the "**Applicants**") will bring an application in the Ontario Superior Court of Justice – Commercial List (the "**Canadian Court**") for relief pursuant to the *Companies' Creditors Arrangement Act* (the "**CCAA Proceedings**") wherein the Proposal Proceedings will be taken up and continued within the CCAA Proceedings;

**AND WHEREAS** it is anticipated that the Israeli Parentco Officer will seek to have the Israeli Functionary Order and its role as the Israeli Parentco Officer recognized by the Canadian Court for the purpose of representing the interests of Parentco and participating as a stakeholder representative in the Applicants' CCAA Proceedings in connection with protecting the interests of Parentco's creditors, including the holders of the bonds issued on the Tel Aviv Stock Exchange (the "**Parentco Bonds**") pursuant to a deed of trust dated December 7, 2015 (the "**Parentco Bond Indenture**");

**AND WHEREAS** KSV and the Israeli Parentco Officer have agreed to work cooperatively on the terms set out herein to attempt to maximize recoveries through an orderly process for the stakeholders of Parentco and the Applicants (collectively, the "**Urbancorp Group**");

**NOW THEREFORE**, the Israeli Parentco Officer and KSV agree to implement the following protocol to cooperate with each other to maximize recoveries for the stakeholders of the Urbancorp Group:

1. The Israeli Parentco Officer will file an application under Part IV of the *Companies' Creditors Arrangement Act* ("CCAA"), seeking recognition of the Israeli Proceedings and of his appointment as foreign representative of Parentco thereunder, such application to seek recognition of the Israeli Proceedings as the "foreign main proceeding" with respect to Parentco. That application will include a request to appoint KSV as the Information Officer with respect to the Part IV CCAA proceedings of Parentco (the "**Part IV Proceedings**").
2. The Applicants will commence the CCAA Proceedings, proposing KSV to be appointed as Monitor with augmented powers so as to control ordinary course management and receipts and disbursements of funds for the Applicants. KSV acknowledges that the Israeli Parentco Officer shall have standing to appear before the Canadian Court as the representative of Parentco in the CCAA Proceedings.
3. The Israeli Parentco Officer and KSV agree that, with respect to the CCAA Proceedings:
  - (a) KSV shall provide the Israeli Parentco Officer with regular and timely information updates regarding the ongoing status of the CCAA Proceedings as they unfold. KSV will also provide information and updates to the Israeli Parentco Officer prior to the commencement of the CCAA Proceedings;
  - (b) The Israeli Parentco Officer shall provide KSV with at least three business days' prior notice (including full materials, translated into English) of any proceeding, motion or action it takes in the Israeli Court that will negatively impact the Applicants or the CCAA Proceedings. The Israeli Parentco Officer will also provide information and updates to KSV prior to the commencement of the CCAA Proceedings;
  - (c) KSV shall provide the Israeli Parentco Officer with at least three business days' prior notice (including full materials, translated into English) of any proceeding, motion or action it takes in the Canadian Court that will negatively impact the Urbancorp Inc. or the Israeli Proceedings. KSV will also provide information and updates to Israeli Parentco Officer prior to the commencement of the CCAA Proceedings;
  - (d) KSV shall provide to the Israeli Parentco Officer copies of all information pertaining to the Applicants:
    - (i) in KSV's possession that KSV considers material; or

- (ii) as reasonably requested by the Israeli Parentco Officer,

provided that KSV, in good faith, is not of the view that such information is subject to privilege or confidentiality restrictions. If KSV is of the view that such information is subject to privilege or confidentiality restrictions, then KSV shall so inform the Israeli Parentco Officer and shall seek directions from the Canadian Court on notice to the affected parties in the CCAA Proceedings as to whether there are any restrictions which would prevent the disclosure of such information to the Israeli Parentco Officer.

- (e) The Israeli Parentco Officer shall provide to KSV, in its capacity as the Information Officer of Parentco in the Part IV Proceedings, copies of all information pertaining to the Israeli Proceedings:

- (i) in the Israeli Parentco Officer's possession that it considers material to the Israeli Proceedings and is not subject to privilege or confidentiality restrictions; or

- (ii) as reasonably requested by KSV, provided that this shall not entitle KSV or any party requesting information through them to receive information on ongoing reviews or investigations being undertaken by the Israeli Parentco Officer or others in connection with the Israeli Proceedings; and

- (f) KSV will run an orderly dual track sale and restructuring process with respect to the Applicants, subject to approval by the Canadian Court in the CCAA Proceedings, which will consider both development opportunities and opportunities to sell the properties of the Applicants. KSV will design such process collaboratively, with the Israeli Parentco Officer, with the understanding that at any time during the pendency of the sales process, should an offer come forward with respect to any or all of the Applicants contemplating a restructuring or other option which is acceptable to both KSV and the Israeli Parentco Officer, the sale process may be truncated in order to pursue the other option with respect to the Applicant(s) in question. Alternatively, should the sale process continue to the point of submission of bids, subject to Section 4(b) below, copies of all bids will be provided to the Israeli Parentco Officer by KSV, and KSV shall discuss same with the Israeli Parentco Officer, with the objective, but not the obligation, of hopefully concurring on the course of action to be followed in terms of which bids to continue negotiating or which bid(s) to select as the successful bidder(s). KSV acknowledges that, throughout these processes, the Israeli Parentco Officer may from time to time require instructions and/or directions from the Israeli Court, and that the process shall be conducted in a fashion to permit the Israeli Parentco Officer the opportunity to do so on a timeframe consistent with the urgency of the circumstances then in question. The Israeli Parentco Officer and KSV agree that, in the event there is a disagreement between the Israeli Parentco Officer and KSV as to the working out of the sale and restructuring process, whether it be in terms of selecting an alternative option to a sale (including, without limitation, pursuing any development opportunities), determining which bids to proceed to negotiate further, or seeking approval of a particular sale from

the Canadian Court supervising the CCAA Proceedings, the ultimate decision and course of action shall be determined by the Canadian Court on application by KSV for directions and provided that the Israeli Parentco Officer shall have standing as representative of Parentco to make full representations to the Canadian Court as to his views and recommendations.

- (g) The initial order made in the CCAA Proceedings concerning all of the Applicants shall contain the following paragraph pertaining to material or non-ordinary course decisions or disbursements:

THIS COURT ORDERS that the Applicants shall not, without further order of this Court: (a) make any disbursement out of the ordinary course of its Business exceeding in the aggregate \$100,000 in any calendar month; or (b) engage in any material activity or transaction not otherwise in the ordinary course of its Business.

In the event that such paragraph is not included in the initial order for the Applicants or any of them, then any such disbursement or other material activity or transaction shall not be made without the order of the Canadian Court.

4. The Israeli Parentco Officer and KSV further agree to cooperate as follows:
- (a) to the extent practicable, each shall share with the other copies of materials to be filed with their respective courts (but not drafts of any such materials), prior to the public filing of same. This provision may not apply to materials submitted in the course of seeking directions from the Canadian Court in the event of a disagreement between the Israeli Parentco Officer and KSV over the working-out of the sale process; and
- (b) The Israeli Parentco Officer agrees that any information provided to him by KSV in the course of the sale process or concerning any restructuring alternatives, shall remain confidential and not be disclosed to any party without KSV's consent, not to be unreasonably withheld, it being acknowledged that the Israeli Parentco Officer shall be entitled to provide information to its advisors (provided they agree to be bound by the confidentiality restrictions detailed herein) and to both the Israeli Court and the Official Receiver of the Israeli Ministry of Justice, in each case on a sealed and private basis to obtain directions as needed, or as may be set forth in the Non-Disclosure Agreement executed by the Israeli Parentco Officer on May 11, 2016.
5. The Israeli Parentco Officer and KSV acknowledge that, at present, KSV has the amount of CDN\$1.9 million in a trust account, which funds KSV received from Urbancorp Partner (King South) Inc. ("UPKSI"), and which funds KSV has proposed to utilize as a form of interim funding for certain costs of the CCAA Proceedings, to be secured by a priming charge in favour of UPKSI against the assets of the entities utilizing the funds. KSV acknowledges that it will seek to obtain, as soon as possible, a general purpose DIP loan from third party sources and sufficient to repay amounts borrowed from UPKSI, using what are otherwise unencumbered assets of the Applicants (the "DIP Loan").



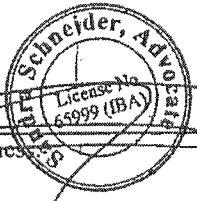
Upon being able to draw sufficient funds under the DIP Loan (which DIP Loan subject to the approval of the Canadian Court), KSV agrees that it will repay to UPKSI the interim loan made to that date in the preceding sentence from the DIP Loan and that it will, as the court-appointed monitor of UPKSI and subject to Court approval in the Part IV Proceedings, make available funds from that CDN\$1.9 million as an interim loan from UPKSI to Urbancorp Inc., to be secured by a priming DIP charge against the assets of Urbancorp Inc., to assist in the funding of the costs of the Part IV Proceedings including the reasonable costs incurred by the Israeli Parentco Officer in connection with the Part IV Proceedings, the reasonable fees and disbursements of the Israeli Parentco Officer's Canadian counsel and the Information Officer and its counsel.

6. The Israeli Parentco Officer shall support the commencement of the CCAA Proceedings. Provided that KSV is acting in good faith and has not engaged in willful misconduct or gross negligence, the Israeli Parentco Officer shall not take any steps to attempt to remove KSV as either the proposal trustee under the Proposal Proceedings or the monitor under the CCAA Proceedings or to in any way to interfere with or seek to limit KSV's powers in such capacities or to suggest that KSV must take instruction from it or the Israeli Court or terminate the CCAA Proceedings without the consent of KSV or by order of the Canadian Court. Nothing herein shall be deemed to grant any additional claims, rights, security or priority to, or in respect of, the Parentco Bonds or to the trustee under the Parentco Bond Indenture or to the Israeli Parentco Officer as against the Applicants or any affiliate or direct or indirect subsidiary of Parentco. In the event of any restriction or termination of the Israeli Parentco Officer's powers by the Israeli Court, this Protocol shall be deemed to be modified accordingly such that the Israeli Parentco Officer's powers and authority hereunder are no greater than those given to him by the Israeli Court.
7. This Protocol shall be governed by laws of Ontario and the laws of Canada as applicable and all disputes or requests for direction in connection with this Protocol shall be determined by the Canadian Court. Nothing herein is or shall be deemed to be an attachment by KSV to the Israeli Court or the laws of Israel.
8. The Israeli Court Officer and KSV agree to use reasonable efforts to seek to commence the proceedings noted above on or before May 18, 2016. KSV shall support, to the extent necessary, an application by the Israeli Parentco Officer to commence the Part IV Proceedings, on terms consistent with this Protocol, even if commenced before the CCAA Proceedings.

**\*\*THE REMAINDER OF THIS PAGE HAS INTENTIONALLY BEEN LEFT BLANK\*\***

9. This Agreement is subject to the approval of the Israeli Court and the Canadian Court.


DATED this \_\_\_ 13 \_\_\_ day of May, 2016.

Name of Witness: 



Name: GUY GISSIN, the Israeli Parentco Officer

**KSV KOFMAN INC. in its capacity  
as proposal trustee and proposed monitor  
of certain subsidiaries of Urbancorp Inc.,  
and not in its personal capacity**

By:   
Name: Robert Kofinan  
Title: President

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Court File No.:

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENTS ACT*,  
R.S.C. 1985, c. C-36, AS AMENDED**

**AND IN THE MATTER OF URBANCORP INC.**

**APPLICATION OF GUY GISSIN, THE FOREIGN REPRESENTATIVE OF  
URBANCORP INC., UNDER SECTION 46 OF THE *COMPANIES' CREDITORS  
ARRANGEMENTS ACT*, R.S.C. 1985, c. C-36, AS AMENDED**

**CONSENT**

The undersigned, KSV Kofman Inc., hereby consents to act as the court-appointed information officer in the above captioned proceeding.

**DATED AT TORONTO, ONTARIO** this 16 day of May, 2016

  
KSV KOFMAN INC.

Per:

Robert Kofman  
President

**IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENTS ACT, R.S.C. 1985, c.  
C-36, AS AMENDED**

Court File No.:

**AND IN THE MATTER OF URBANCORP INC.**

**APPLICATION OF GUY GISSIN, THE FOREIGN REPRESENTATIVE OF URBANCORP INC.,  
UNDER SECTION 46 OF THE COMPANIES' CREDITORS ARRANGEMENTS ACT, R.S.C. 1985, c.  
C-36, AS AMENDED**

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

Proceeding commenced at Toronto

**CONSENT**

**GOODMANS LLP**  
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Telephone: (416) 597-4264  
Facsimile: (416) 979-1234

Lawyers for the Foreign Representative

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**ONTARIO**

**SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

THE HONOURABLE	)	<u>WEDNESDAY, THE 18<sup>TH</sup></u>
JUSTICE	)	<u>DAY OF, 20</u>
	)	
	)	
<u>JUSTICE</u>	)	<u>OF MAY, 2016</u>

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,  
R.S.C. 1985, c. C-36, AS AMENDED**

**AND IN THE MATTER OF THE ~~[(the "Debtors")]~~ URBANCORP INC.**

**APPLICATION OF ~~[NAME OF]~~ GUY GISSIN, THE FOREIGN REPRESENTATIVE**  
**OF URBANCORP INC., UNDER SECTION 46 OF THE *COMPANIES' CREDITORS***  
***ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED***

**INITIAL RECOGNITION ORDER  
(FOREIGN MAIN PROCEEDING)**

THIS APPLICATION, made by ~~[(in its]~~ Guy Gissin, the Functionary Officer and foreign representative of Urbancorp Inc. appointed by the District Court of Tel Aviv-Yafo, Israel (the "Israeli Court") by Order dated April 25, 2016 (the "**Israeli Court Order**"), in his capacity as the foreign representative (the "**Foreign Representative**") of the ~~Debtors,~~ Urbancorp Inc. pursuant to Part IV of the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"), for an Order substantially in the form enclosed in the Application Record, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Application, the affidavit of ~~[(Guy Gissin]~~ sworn ~~[(May 16,~~ 2016 (the "**Gissin Affidavit**), ~~[the preliminary report of [(], in its capacity as proposed information officer (the "dated May 13, 2016 (the "Report") of KSV Kofman Inc. (the "Proposed Information Officer") dated [(], in its capacity as proposal trustee of Urbancorp~~

Toronto Management Inc. et al. (Filed in Court File No. CV-16-11389-00CL), each filed, and upon being provided with copies of the documents required by ~~s.~~section 46 of the CCAA,

AND UPON BEING ADVISED by counsel for the Foreign Representative that in addition to this Initial Recognition Order, a Supplemental Order (Foreign Main Proceeding) ~~{will be/is being}~~ sought,

AND UPON HEARING the submissions of counsel for the Foreign Representative, ~~{counsel for the Proposed Information Officer,} counsel for [ ], and upon being advised that no other persons were served with the Notice of Application: Urbancorp Inc., counsel for a number of direct or indirect subsidiaries of Urbancorp Inc. who are concurrently commencing proceedings under the CCAA, counsel for Alan Saskin, and those other parties present, no one else appearing, and upon reading the affidavit of service of ●, sworn May ●, 2016.~~

## **SERVICE**

1. THIS COURT ORDERS that the time for service of the Notice of Application ~~and~~, the Application Record, the Gissin Affidavit and the Report is hereby abridged and validated so that this Application is properly returnable today and hereby dispenses with further service thereof.

## **FOREIGN REPRESENTATIVE**

2. THIS COURT ORDERS AND DECLARES that the Foreign Representative is the "foreign representative" as defined in section 45 of the CCAA of ~~the Debtors~~ Urbancorp Inc. in respect of ~~[ ]~~ the proceedings commenced in the Israeli Court (the "Foreign Proceeding").



### **CENTRE OF MAIN INTEREST AND RECOGNITION OF FOREIGN PROCEEDING**

3. THIS COURT DECLARES that the centre of its main interests for each of the Debtors is Urbancorp Inc. is the State of Israel, and that the Foreign Proceeding is hereby recognized as a "foreign main proceeding" as defined in section 45 of the CCAA.

### **STAY OF PROCEEDINGS**

4. THIS COURT ORDERS that, until otherwise ordered by this Court:

- (a) all proceedings taken or that might be taken against any Debtor Urbancorp Inc. under the *Bankruptcy and Insolvency Act* or the *Winding-up and Restructuring Act* are stayed;
- (b) further proceedings in any action, suit or proceeding against any Debtor Urbancorp Inc. are restrained; and
- (c) the commencement of any action, suit or proceeding against any Debtor Urbancorp Inc. is prohibited.

### **NO SALE OF PROPERTY**

5. THIS COURT ORDERS that, except with leave of this Court, each of the Debtors Urbancorp Inc. is prohibited from selling or otherwise disposing of:

- (a) outside the ordinary course of its business, any of its property in Canada that relates to the business; and
- (b) any of its other property in Canada.

**GENERAL**

6. THIS COURT ORDERS that ~~[without delay]~~ within  five (5) business days from the date of this Order, or as soon as practicable thereafter], the Foreign Representative shall cause to be published a notice substantially in the form attached to this Order as Schedule ~~[\*]A~~, once a week for two consecutive weeks, in  the Globe and Mail (National Edition).

7. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, to give effect to this Order and to assist ~~the Debtors~~ Urbancorp Inc. and the Foreign Representative and their respective counsel and agents in carrying out the terms of this Order.

8. THIS COURT ORDERS AND DECLARES that ~~[the Interim Initial Order made on~~  shall be of no further force and effect once this Order becomes effective, and that] this Order shall be effective as of  Eastern Standard Time on the date of this Order~~[, provided that nothing herein shall invalidate any action taken in compliance with such Interim Initial Order prior to the effective time of this Order.]~~.

9. THIS COURT ORDERS that any interested party may apply to this Court to vary or amend this Order or seek other relief on not less than seven (7) days' notice to ~~the Debtors~~ Urbancorp Inc. and the Foreign Representative and their respective counsel, and to any other party or parties likely to be affected by the order sought, or upon such other notice, if any, as this Court may order.

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~~{ATTACH APPROPRIATE SCHEDULE(S)}~~

**SCHEDULE A – NOTICE OF RECOGNITION ORDERS**

Court File No.:

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF URBANCORP INC.

APPLICATION OF GUY GISSIN, THE FUNCTIONARY OFFICER OF URBANCORP INC. UNDER SECTION 46 OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED

ONTARIO  
SUPERIOR COURT OF JUSTICE

Proceeding commenced at Toronto, Ontario, Canada

INITIAL RECOGNITION ORDER  
(FOREIGN MAIN PROCEEDING)

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Lawyers for the Foreign Representative



Document comparison by Workshare Compare on Monday, May 16, 2016  
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**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

THE HONOURABLE JUSTICE	)	<u>WEDNESDAY, THE 18TH</u>
	)	<u>DAY OF, 20</u>
	)	
<u>JUSTICE</u>	)	<u>OF MAY, 2016</u>

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,  
R.S.C. 1985, c. C-36, AS AMENDED**

**AND IN THE MATTER OF THE ~~[LIST DEBTOR NAMES]~~ (the "Debtors") URBANCORP  
INC.**

**APPLICATION OF ~~[NAME OF GUY GISSIN, THE FOREIGN REPRESENTATIVE]~~  
OF URBANCORP INC., UNDER SECTION 46 OF THE *COMPANIES' CREDITORS  
ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED**

**SUPPLEMENTAL ORDER  
(FOREIGN MAIN PROCEEDING)**

THIS APPLICATION, made by ~~[NAME OF FOREIGN REPRESENTATIVE]~~ in its Guy Gissin, the Functionary Officer and foreign representative of Urbancorp Inc. appointed by the District Court of Tel Aviv-Yafo, Israel (the "Israeli Court") by Order dated April 25, 2016 (the "Israeli Court Order"), in his capacity as ~~the~~ foreign representative (the "Foreign Representative") of ~~the Debtors: Urbancorp Inc.~~ pursuant to Part IV of the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA"), for an Order substantially in the form enclosed in the Application Record, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Application, the affidavit of ~~[NAME]~~ Guy Gissin sworn ~~[DATE]~~, May 16, 2016 (the "Gissin Affidavit"), the preliminary report of ~~[NAME]~~, in its



~~capacity as proposed information officer dated [DATE]]~~ dated May 13, 2016 (the "**Report**") of KSV Kofman Inc. ("KSV") (filed in Court File No. CV-16-11389-00CL), each filed, and on being advised that the secured creditors who are likely to be affected by the charges created herein were given notice, and on hearing the submissions of counsel for the Foreign Representative, ~~{counsel for KSV in its capacity as the proposed information officer,}~~ counsel for ~~[OTHER PARTIES], no one appearing for [NAME] although duly served as appears from~~ Information Officer, counsel for Urbancorp Inc., counsel for a number of direct or indirect subsidiaries of Urbancorp Inc. who are concurrently commencing proceedings under the CCAA, counsel for Alan Saskin, and those other parties present, no one else appearing, and upon reading the affidavit of service of ~~[NAME]●,~~ sworn ~~[DATE]~~ May ●, 2016, and on reading the consent of ~~[NAME OF PROPOSED INFORMATION OFFICER]~~ KSV to act as the information officer:

## **SERVICE**

1. THIS COURT ORDERS that the time for service of the Notice of Application ~~and,~~ the Application Record, the Gissin Affidavit and the Report is hereby abridged and validated so that this Application is properly returnable today and hereby dispenses with further service thereof.

## **INITIAL RECOGNITION ORDER**

## **INITIAL RECOGNITION ORDER**

2. THIS COURT ORDERS that any capitalized terms not otherwise defined herein shall have the meanings given to such terms in the Initial Recognition Order (Foreign Main Proceeding) dated ~~[DATE]~~ May 18, 2016 (the "**Recognition Order**") in these proceedings.

3. THIS COURT ORDERS that the provisions of this Supplemental Order shall be interpreted in a manner complementary and supplementary to the provisions of the Recognition Order, provided that in the event of a conflict between the provisions of this Supplemental Order and the provisions of the Recognition Order, the provisions of the Recognition Order shall govern.

## RECOGNITION OF FOREIGN ORDERS

4. THIS COURT ORDERS that the following orders (collectively, the "Foreign Orders") of ~~[NAME OF FOREIGN COURT]~~ Israeli Court Order, a copy of which is attached as Schedule "A" to this Order, made by the Israeli Court in the Foreign Proceeding ~~are~~ is hereby recognized and given full force and effect in all provinces and territories of Canada pursuant to Section 49 of the CCAA:

- (a) ~~[list Foreign Orders, or portions of Foreign Orders, copies of which should be attached as schedules to this Order]~~, attached as Schedule A to this Order, section 49 of the CCAA, provided, however, that in the event of any conflict between the terms of the ~~Foreign Orders~~ Israeli Court Order and the Orders of this Court made in the within proceedings, the Orders of this Court shall govern with respect to Property (as defined below) in Canada. For greater certainty, further to the provisions of the Israeli Court Order, Urbancorp Inc. shall not be entitled to take steps to deal with its Property in Canada (including, without limitation, its shareholdings in any subsidiary or affiliate) or enter into any transactions without the consent of the Foreign Representative and Order of this Court on notice to the Foreign Representative and the Information Officer (as defined below).

## APPROVAL OF PROTOCOL FOR CO-OPERATION AMONG COURT OFFICERS

5. THIS COURT ORDERS that the Protocol for Co-operation Among Canadian Court Officer and Israeli Functionary Officer dated as of May 13, 2016 (the "Co-operation Protocol") be and the same is hereby approved.

## APPOINTMENT OF INFORMATION OFFICER

6. ~~5.~~ THIS COURT ORDERS that ~~[NAME OF INFORMATION OFFICER]~~ KSV (the "Information Officer") is hereby appointed as an officer of this Court, with the powers and duties set out herein.

**NO PROCEEDINGS AGAINST ~~THE DEBTORS~~URBANCORP INC. OR THE PROPERTY**

7. ~~6.~~ THIS COURT ORDERS that until such date as this Court may order (the "Stay Period") no proceeding or enforcement process in any court or tribunal in Canada (each, a "Proceeding") shall be commenced or continued against or in respect of the ~~Debtors~~Foreign Representative, Urbancorp Inc. or affecting ~~their~~its business (the "Business") or ~~their~~its current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "Property"), except with leave of this Court, and any and all Proceedings currently under way against or in respect of any of the ~~Debtors~~Urbancorp Inc. or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

**NO EXERCISE OF RIGHTS OR REMEDIES**

8. ~~7.~~ THIS COURT ORDERS that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being "Persons" and each being a "Person") against or in respect of the ~~Debtors [or the Foreign Representative],~~ Urbancorp Inc., or affecting the Business or the Property, are hereby stayed and suspended except with leave of this Court, provided that nothing in this Order shall (i) prevent the assertion of or the exercise of rights and remedies outside of Canada, (ii) empower ~~any of the Debtors~~Urbancorp Inc. to carry on any business in Canada which ~~that Debtor~~it is not lawfully entitled to carry on, (iii)  ~~affect such investigations or Proceedings by a regulatory body as are permitted by section 11.1 of the CCAA,~~ (iv) prevent the filing of any registration to preserve or perfect a security interest, or (v) prevent the registration of a claim for lien.

**NO INTERFERENCE WITH RIGHTS**

9. ~~8.~~ THIS COURT ORDERS that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by ~~any of the Debtors~~Urbancorp Inc. and affecting the Business in Canada, except with leave of this Court.

## ADDITIONAL PROTECTIONS

10. ~~9.~~ THIS COURT ORDERS that during the Stay Period, all Persons having oral or written agreements with ~~the Debtors~~ Urbancorp Inc., or statutory or regulatory mandates for the supply of goods and/or services in Canada, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services provided in respect of the Property or Business of ~~the Debtors~~ Urbancorp Inc., are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by ~~the Debtors~~ Urbancorp Inc., and that ~~the Debtors~~ Urbancorp Inc. shall be entitled to the continued use in Canada of their current premises, telephone numbers, facsimile numbers, internet addresses and domain names.

~~10. [THIS COURT ORDERS that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the Debtors with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Debtors whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations.]~~

11. THIS COURT ORDERS that no Proceeding shall be commenced or continued against or in respect of the Information Officer, except with leave of this Court. In addition to the rights and protections afforded the Information Officer herein, or as an officer of this Court, the Information Officer shall have the benefit of all of the rights and protections afforded to a Monitor under the CCAA, and shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part.

**OTHER PROVISIONS RELATING TO INFORMATION OFFICER**

12. THIS COURT ORDERS that the Information Officer:

- (a) is hereby authorized to provide such assistance to the Foreign Representative in the performance of its duties as the Foreign Representative may reasonably request;
- (b) shall report to this Court at least once every [three] months with respect to the status of these proceedings and the status of the Foreign Proceedings, which reports may include information relating to the Property, the Business, or such other matters as may be relevant to the proceedings herein;
- (c) in addition to the periodic reports referred to in paragraph 12(b) above, the Information Officer may report to this Court at such other times and intervals as the Information Officer may deem appropriate with respect to any of the matters referred to in paragraph 12(b) above;
- (d) shall have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of ~~the Debtors~~Urbancorp Inc., to the extent that is necessary to perform its duties arising under this Order; and
- (e) shall be at liberty to engage independent legal counsel or such other persons as the Information Officer deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order.

13. THIS COURT ORDERS that ~~the Debtors~~Urbancorp Inc. and the Foreign Representative shall (i) advise the Information Officer of all material steps taken by ~~the Debtors~~Urbancorp Inc. or by the Foreign Representative in these proceedings or in the Foreign Proceedings, (ii) cooperate fully with the Information Officer in the exercise of its powers and discharge of its obligations, and (iii) provide the Information Officer with the assistance that is necessary to enable the Information Officer to adequately carry out its functions.

14. THIS COURT ORDERS that the Information Officer shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof.

15. THIS COURT ORDERS that the Information Officer (i) shall post on its website all Orders of this Court made in these proceedings, all reports of the Information Officer filed herein, and such other materials as this Court may order from time to time, and (ii) may post on its website any other materials that the Information Officer deems appropriate.

16. THIS COURT ORDERS that the Information Officer may provide any creditor of a ~~Debtor~~Urbancorp Inc. with information provided by ~~the Debtors~~Urbancorp Inc. or the Foreign Representative, as the case may be, in response to reasonable requests for information made in writing by such creditor addressed to the Information Officer. The Information Officer shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Information Officer has been advised by ~~the Debtors~~Urbancorp Inc. or the Foreign Representative is privileged or confidential, the Information Officer shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Information Officer, the Foreign Representative and the relevant ~~Debtors~~Urbancorp Inc. may agree.

17. THIS COURT ORDERS that the Information Officer and counsel to the Information Officer shall be paid by ~~the Debtors~~Urbancorp Inc. their reasonable fees and disbursements incurred in respect of these proceedings, both before and after the making of this Order, in each case at their standard rates and charges unless otherwise ordered by the Court on the passing of accounts. ~~The Debtors are~~Urbancorp Inc. is hereby authorized and directed, with the consent of the Foreign Representative, not to be unreasonably withheld, and subject to paragraph 18 hereof, to pay the accounts of the Information Officer and counsel for the Information Officer on a ~~[TIME INTERVAL]~~ basis and, in addition, ~~the Debtors are hereby authorized to pay to the Information Officer and counsel to the Information Officer, retainers in the amount[s] of~~ ~~[\$[AMOUNT OR AMOUNTS] [, respectively,]~~ to be held by them as security for payment of their respective fees and disbursements outstanding from time to time monthly basis.

18. THIS COURT ORDERS that the Information Officer and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Information Officer and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice, and the accounts of the Information Officer and its counsel shall not be subject to approval in the Foreign Proceeding.

19. THIS COURT ORDERS that the Foreign Representative (solely with respect to the reasonable expense he may incur in connection with these proceedings), the legal and financial advisors to the Foreign Representative, the Information Officer and counsel to the Information Officer, if any, shall be entitled to the benefit of and are hereby granted a charge (the "Administration Charge") on the Property in Canada, which charge shall not exceed an aggregate amount of \$~~[AMOUNT]~~, 400,000, as security for their professional fees and disbursements incurred in respect of these proceedings, both before and after the making of this Order. The Administration Charge shall have the priority set out in paragraphs ~~{21}~~24 and ~~{23}~~26 hereof.

#### **INTERIM FINANCING**

20. THIS COURT ORDERS that ~~the DIP~~Urbancorp Inc. is hereby authorized and empowered to obtain and borrow under an interim lending facility from [Urbancorp Partner (King South) Inc.] (the "Interim Lender") in order to finance the reasonable expenses of the Foreign Representative in connection with these proceedings, the reasonable fees and disbursements of the legal and financial advisors to the Foreign Representative and the reasonable fees and disbursements of the Information Officer and its counsel, provided that the borrowings under such interim lending facility shall not exceed \$1,900,000 unless permitted by further Order of this Court.

21. THIS COURT ORDERS THAT such interim lending facility shall be on the terms and subject to the conditions set forth in the intercompany interim financing revolving credit facility term sheet between Urbancorp Inc. and the Interim Lender dated as of May 16, 2016 (the "Term Sheet"), filed.

22. THIS COURT ORDERS that the Foreign Representative, for and on behalf of Urbancorp Inc., is hereby authorized and empowered to execute and deliver the Term Sheet, and Urbancorp

Inc. is hereby authorized and directed to pay and perform all of its indebtedness, interest, fees, liabilities and obligations to the Interim Lender under and pursuant to the Term Sheet as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

23. THIS COURT ORDERS that the Interim Lender shall be entitled to the benefit of and is hereby granted a charge (the "DIP"Interim Lender's Charge"") on the Property in Canada, which ~~DIP Lender's Charge~~ shall be consistent with the liens and charges created by the ~~[DESCRIBE DIP LOAN ORDER MADE IN THE FOREIGN PROCEEDING]~~, provided however that the ~~DIP Lender's~~Interim Lender's Charge (i) shall not secure an obligation that exists before this Order is made, and (ii) with respect to the Property in Canada, shall have the priority set out in paragraphs ~~{21}~~24 and ~~{23}~~26 hereof, and further provided that the ~~DIP~~Interim Lender's Charge shall not be enforced except with leave of this Court.

#### **VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER**

24. ~~21.~~ THIS COURT ORDERS that the priorities of the Administration Charge and the ~~DIP~~Interim Lender's Charge, as among them, shall be as follows:

First – Administration Charge (to the maximum amount of ~~[\$[AMOUNT]~~400,000); and

Second – ~~DIP~~Interim Lender's Charge.

25. ~~22.~~ THIS COURT ORDERS that the filing, registration or perfection of the Administration Charge or the ~~DIP~~Interim Lender's Charge (collectively, the "Charges") shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect the Charges.

26. ~~23.~~ THIS COURT ORDERS that each of the Administration Charge and the ~~DIP~~Interim Lender's Charge (all as constituted and defined herein) shall constitute a charge on the Property in Canada and such Charges shall rank in priority to all other security interests, trusts, liens,



charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "Encumbrances") in favour of any Person.


27. ~~24.~~ THIS COURT ORDERS that, except as otherwise expressly provided for herein, or as may be approved by this Court, ~~the Debtors~~ Urbancorp Inc. shall not grant any Encumbrances over any Property in Canada ~~that~~ without the approval of the Foreign Representative, and no such Encumbrances shall rank in priority to, or *pari passu* with, the Administration Charge or the DIP Interim Lender's Charge, unless the Debtors also obtain without the prior written consent of the Information Officer and the DIP Interim Lender.

28. ~~25.~~ THIS COURT ORDERS that the Administration Charge and the DIP Interim Lender's Charge shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "Chargees") shall not otherwise be limited or impaired in any way by (i) the pendency of these proceedings and ~~the~~ any declarations of insolvency made herein; (ii) any application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such applications; (iii) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (iv) the provisions of any federal or provincial statutes; or (v) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "Agreement") which binds ~~any Debtor~~ Urbancorp Inc., and notwithstanding any provision to the contrary in any Agreement:

- (a) the creation of the Charges shall not create or be deemed to constitute a breach by ~~a Debtor~~ Urbancorp Inc. of any Agreement to which it is a party;
- (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the creation of the Charges; and
- (c) the payments made by ~~the Debtors~~ Urbancorp Inc. to the Chargees pursuant to this Order, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

29. ~~26.~~ THIS COURT ORDERS that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the applicable Debtor of Urbancorp Inc.'s interest in such real property leases.

### **SERVICE AND NOTICE**

30. ~~27.~~ THIS COURT ORDERS that that the E-Service Protocol of the Commercial List (the "Service Protocol") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Service Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/>~~http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/~~) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Service Protocol, service of documents in accordance with the Service Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Service Protocol with the following URL ''.

31. ~~28.~~ THIS COURT ORDERS that if the service or distribution of documents in accordance with the Service Protocol is not practicable, the Debtors, the Foreign Representative and the Information Officer are at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Debtors' Urbancorp Inc.'s creditors or other interested parties at their respective addresses as last shown on the records of the applicable Debtor Urbancorp Inc. and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

### **GENERAL**

32. ~~29.~~ THIS COURT ORDERS that the Information Officer may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

33. ~~30.~~ THIS COURT ORDERS that nothing in this Order shall prevent the Information Officer from acting as an interim receiver, a receiver, a receiver and manager, a monitor, a proposal trustee, or a trustee in bankruptcy of any Debtor Urbancorp Inc., the Business or the Property.

34. ~~31.~~ THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the ~~[JURISDICTION OF THE FOREIGN PROCEEDING]~~ State of Israel, to give effect to this Order and to assist the ~~Debtors~~ Urbancorp Inc., the Foreign Representative, the Information Officer, and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the ~~Debtors~~ Urbancorp Inc., the Foreign Representative, and the Information Officer, the latter as an officer of this Court, as may be necessary or desirable to give effect to this Order, or to assist the ~~Debtors~~ Urbancorp Inc., the Foreign Representative, and the Information Officer and their respective agents in carrying out the terms of this Order.

35. ~~32.~~ THIS COURT ORDERS that each of the ~~Debtors~~, the Foreign Representative and the Information Officer be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order.

~~33.~~ THIS COURT ORDERS that the Guidelines for Court-to-Court Communications in Cross-Border Cases developed by the American Law Institute and attached as Schedule [\*] hereto is adopted by this Court for the purposes of these recognition proceedings.

36. ~~34.~~ THIS COURT ORDERS that any interested party may apply to this Court to vary or amend this Order or seek other relief on not less than seven (7) days' notice to the ~~Debtors~~, the Foreign Representative, the Information Officer and their respective counsel, and to any other party or parties likely to be affected by the order sought, or upon such other notice, if any, as this Court may order.

37. ~~35.~~ THIS COURT ORDERS that notwithstanding the immediately preceding paragraph, the Interim Lender shall be entitled to rely on the priority granted to the Interim Lender and the

Interim Lender's Charge up to and including the date on which this Order may be varied or modified.

38. THIS COURT ORDERS that this Order shall be effective as of [TIME] Eastern Standard Time on the date of this Order.<sup>†</sup>



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<sup>†</sup>The time referenced in this Order should be the same time as the time referenced in the Recognition Order, if the two Orders are made on the same date. In the absence of such a provision, Rule 59.01 of the Ontario *Rules of Civil Procedure* appears to indicate that an Order is effective as of 12:01 a.m. on the date of the Order (Rule 59.01 provides that "An order is effective from the date on which it is made, unless it provides otherwise").

**SCHEDULE A – ISRAELI COURT ORDER**

**~~[ATTACH APPROPRIATE SCHEDULES]~~**

Court File No.: \_\_\_\_\_

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT,  
R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF URBANCORP INC.

APPLICATION OF GUY GISSIN, THE FOREIGN REPRESENTATIVE OF URBANCORP INC., UNDER SECTION 46 OF THE  
COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED

ONTARIO  
SUPERIOR COURT OF JUSTICE  
Proceeding commenced at Toronto, Ontario, Canada

SUPPLEMENTAL ORDER  
(FOREIGN MAIN PROCEEDING)

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Format changed	0
Total changes	344



**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,  
R.S.C. 1985, c. C-36, AS AMENDED**

Court File No.: CV-11611392-00CL

**AND IN THE MATTER OF URBANCORP INC.**

**APPLICATION OF GUY GISSIN, THE FOREIGN REPRESENTATIVE OF URBANCORP INC.,  
UNDER SECTION 46 OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c.  
C-36, AS AMENDED**

**ONTARIO  
SUPERIOR COURT OF JUSTICE**

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**APPLICATION RECORD  
(FOREIGN MAIN PROCEEDING)  
Volume 2 of 2**

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