

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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**

MOTION RECORD
(Motion returnable January 27, 2017)

January 25, 2017

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TAB 1

**ONTARIO
SUPERIOR COURT OF JUSTICE
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**APPLICATION OF GUY GISSIN, THE FOREIGN REPRESENTATIVE OF UCI,
UNDER SECTION 46 OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED**

**NOTICE OF MOTION
(Returnable January 27, 2017)**

THE MOVING PARTY, Guy Gissin, the Israeli Court-appointed functionary officer and foreign representative of UCI (the "**Foreign Representative**"), will make a motion to a judge presiding over the Commercial List on Friday, January 27, 2017, at 10:00 a.m., or as soon after that time as the motion can be heard, at 330 University Avenue, Toronto, Ontario.

THE PROPOSED METHOD OF HEARING: The motion is to be heard orally.

THE MOTION IS FOR an Order substantially in the form attached at Tab 3 of the Motion Record:

1. Recognizing the order granted on December 18, 2016, by the District Court in Tel Aviv-Jaffa, Israel (the "**Israeli Court**") providing for the extension of the Foreign Representative's mandate until January 17, 2017 (the "**Third Israeli Extension Order**");
2. Recognizing the order granted on January 9, 2017, by the Israeli Court providing for the extension of the Foreign Representative's until April 8, 2017, and authorizing the Foreign

Representative to convene a meeting of Urbancorp Inc. (“UCI”) creditors in the first quarter of 2017 (the “**Fourth Israeli Extension Order**”);

3. Setting aside the default judgment, as against UCI, that was issued on May 11, 2016, in court file CV-16-550889 (the “**Default Judgment Order**”); and
4. Such further and other relief that the moving party may request and this Honourable Court may consider just.

THE GROUNDS FOR THE MOTION ARE:

5. On April 21, 2016, certain direct and indirect subsidiaries (the “**NOI Entities**”) of Urbancorp Inc. (“UCI”) commenced bankruptcy proposal proceedings pursuant to Section 50.4(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. C-36, as amended (the “**NOI Proceedings**”). KSV Kofman Inc. (“KSV”) was appointed as the Proposal Trustee;
6. On April 25, 2016, pursuant to an application under Israel’s insolvency regime (the “**Israeli Proceedings**”) brought by the indenture trustee of certain notes issued by UCI, the Israeli Court granted an order giving the Foreign Representative certain management powers, authorities and responsibilities over UCI;
7. On May 11, 2016, the Israeli Court granted an order authorizing the Foreign Representative to enter into a protocol between the Foreign Representative and KSV (the “**Protocol**”). The Protocol contemplated, among other things, that the NOI Entities and certain other entities (together, the “**Urbancorp CCAA Entities**”) would file for protection under the *Companies’ Creditors Arrangement Act* (the “**CCAA**”) (the “**CCAA Proceedings**”);
8. On May 18, 2016, the Ontario Court granted an initial order under the CCAA in respect of the Urbancorp CCAA Entities (the “**Initial Order**”) and appointed KSV as monitor (the “**Monitor**”). The Initial Order also approved the Protocol;
9. On May 18, 2016, the Ontario Court also granted two orders under Part IV of the CCAA, which:

- (a) recognized the Israeli Proceedings in respect of UCI as a “foreign main proceeding”;
 - (b) recognized the Foreign Representative as the foreign representative of UCI; and
 - (c) appointed KSV as the Information Officer (the “**Information Officer**”) in respect of UCI;
10. On May 22, 2016, the Israeli Court granted an order extending the appointment of the Foreign Representative from May 22, 2016 to September 22, 2016 (the “**First Israeli Extension Order**”).
 11. On May 24, 2016, and June 14, 2016, the Israeli Court granted orders providing that claims against UCI are to be filed with the Foreign Representative by August 5, 2016 (the “**Claims Bar Date**”), using the prescribed proof of claim notice, and allowing the Foreign Representative to publish notice of the claims process in Israeli and Canadian newspapers (collectively, the “**Israeli Claims Process Orders**”). The Israeli Claims Process Orders provided that any creditor that does not file a claim by the Israeli Bar Date may be precluded from receiving distributions from UCI;
 12. On June 15, 2016, the Ontario Court granted an order recognizing the First Israeli Extension Order and the Israeli Claims Process Orders (the “**Claims Process Order**”);
 13. On September 25, 2016, the Israeli Court granted an order extending the appointment of the Foreign Representative until December 22, 2016 (the “**Second Israeli Extension Order**”);
 14. On October 5, 2016, the Ontario Court granted an Order recognizing the Second Israeli Extension Order;
 15. On December 18, 2016, the Israeli Court granted the Third Israeli Extension Order;
 16. On January 9, 2017, the Israeli Court granted the Fourth Israeli Extension Order;

17. On March 5, 2016, 1481614 Ontario Inc. (the “**Plaintiff**”) issued a statement of claim against UCI, and several related companies (collectively, the “**Defendants**”), and obtained a default judgment against the Defendants on May 11, 2016 (the “**Default Judgment**”);
18. On August 3, 2016, the Plaintiff filed a proof of claim in respect of its claim and the Default Judgment;
19. The Plaintiff has consented to the setting aside of the Default Judgment as against UCI;
20. The recognition of the Third Israeli Extension Order and the Fourth Israeli Extension Order, and the granting of the Default Judgment Order, will allow for the continued efficient and equitable administration of the proceeding;
21. Part IV of the CCAA;
22. Rules 1.04(1), 1.04(2), 2.03, and 37 of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194; and
23. Such further and other grounds as counsel may advise and this Honourable Court may permit.

THE FOLLOWING DOCUMENTARY EVIDENCE WILL BE USED AT THE HEARING OF THE MOTION:

1. The Third Israeli Extension Order;
2. The Fourth Israeli Extension Order;
3. The Third Report of the Information Officer to be filed separately;
4. The Affidavit of Hylton Levy, sworn January 24, 2017; and
5. Such further and other evidence as counsel may advise and this Honourable Court may admit.

January 25, 2017

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Lawyers for the Applicant

TO: THE SERVICE LIST

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, C. c-36, AS AMENDED, AND IN THE MATTER OF UCI, APPLICATION OF GUY GISSIN, THE FOREIGN REPRESENTATIVE OF UCI, UNDER SECTION 46 OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED

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

Proceeding commenced at Toronto

NOTICE OF MOTION
(Returnable January 27, 2017)

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Lawyers for the Applicant

TAB 2

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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

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URBANCORP INC., UNDER SECTION 46 OF THE *COMPANIES' CREDITORS
ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED**

AFFIDAVIT OF HYLTON LEVY

(Sworn January 24, 2017)

I, Hylton Levy, of the City of Vaughan, in the Province of Ontario, **MAKE OATH AND SAY:**

1. I am a Partner at A. Farber Partners Inc., the financial advisor to Guy Gissin, the Israeli Court-appointed functionary officer and foreign representative of Urbancorp Inc. (the "**Foreign Representative**").

BACKGROUND

2. On April 21, 2016, certain direct and indirect subsidiaries (the "**NOI Entities**") of Urbancorp Inc. ("**UCI**") commenced bankruptcy proposal proceedings pursuant to Section 50.4(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. C-36, as amended (the "**NOI Proceedings**"). KSV Kofman Inc. ("**KSV**") was appointed as the Proposal Trustee.

3. On April 25, 2016, pursuant to an application under Israel's insolvency regime (the "**Israeli Proceedings**") brought by the indenture trustee of certain notes issued by UCI to bond holders on the Tel Aviv Stock Exchange (the "**Bond Issuance**"), the District Court in Tel Aviv-Jaffa, Israel (the "**Israeli Court**") granted an order giving the Foreign Representative certain management powers, authorities and responsibilities over UCI (the "**Initial Israeli Order**").

4. On May 11, 2016, the Israeli Court granted an order authorizing the Foreign Representative to enter into a protocol between the Foreign Representative and KSV (the "**Protocol**"). The Protocol contemplated, among other things, that the NOI Entities and certain other entities (together, the "**Urbancorp CCAA Entities**") would file for protection under the *Companies' Creditors Arrangement Act* (the "**CCAA**") (the "**CCAA Proceedings**").

5. On May 18, 2016, the Ontario Superior Court of Justice (Commercial List) (the "**Ontario Court**") granted an initial order under the CCAA in respect of the Urbancorp CCAA Entities (the "**Initial Order**") and appointed KSV as monitor (the "**Monitor**"). The Initial Order also approved the Protocol.

6. On May 18, 2016, the Ontario Court also granted two orders under Part IV of the CCAA, which:

- (a) recognized the Israeli Proceedings in respect of UCI as a "foreign main proceeding";
- (b) recognized the Foreign Representative as the foreign representative of Urbancorp Inc.; and

(c) appointed KSV as the Information Officer (the “**Information Officer**”) in respect of UCI.

7. On May 22, 2016, the Israeli Court granted an order extending the appointment of the Foreign Representative from May 22, 2016, to September 22, 2016 (the “**First Israeli Extension Order**”).

8. On May 24, 2016, and June 14, 2016, the Israeli Court granted orders providing that claims against UCI are to be filed with the Foreign Representative by August 5, 2016 (the “**Claims Bar Date**”), using the prescribed proof of claim notice, and allowing the Foreign Representative to publish notice of the claims process in Israeli and Canadian newspapers (collectively, the “**Israeli Claims Process Orders**”). The Israeli Claims Process Orders provided that any creditor that does not file a claim by the Claims Bar Date may be precluded from receiving distributions from UCI.

9. On June 15, 2016, the Ontario Superior Court of Justice (Commercial List) granted an order recognizing the First Israeli Extension Order and the Israeli Claims Process Orders (the “**Claims Process Order**”).

10. On September 25, 2016, the Israeli Court granted an order extending the appointment of the Foreign Representative until December 22, 2016 (the “**Second Israeli Extension Order**”).

11. On October 5, 2016, the Ontario Court granted an order recognizing the Second Israeli Extension Order.

12. On December 18, 2016, the Israeli Court granted an order extending the Foreign Representative's mandate for an additional 30 days until January 17, 2017 (the "**Third Israeli Extension Order**").

13. On January 9, 2017, the Israeli Court granted an order extending the Foreign Representative's mandate for an additional 90 days until April 8, 2017, and authorizing the Foreign Representative to convene a meeting of UCI creditors in the first quarter of 2017 (the "**Fourth Israeli Extension Order**").

14. The Foreign Representative seeks orders from this Honourable Court recognizing the Third Israeli Extension Order and the Fourth Israeli Extension Order. I am advised by Kenneth Kraft, of Dentons Canada LLP, that copies of these two orders will be in the report of the Information Officer to be filed in support of this relief.

DEFAULT JUDGMENT ORDER

15. The Foreign Representative is seeking an order setting aside the default judgment issued in court file CV-16-550889 on May 11, 2016, as against UCI.

16. On March 5, 2016, 1481614 Ontario Inc. (the "**Plaintiff**") issued a statement of claim against UCI, and several related companies (collectively, the "**Defendants**"), in respect of real estate commissions allegedly owed to the Plaintiff by the Defendants. A copy of the statement of claim is attached hereto as **Exhibit "A"**.

17. On May 11, 2016, the Plaintiff obtained a Default Judgment against the Defendants in respect of this action (the "**Default Judgment**"). A copy of the Default Judgment is attached hereto as **Exhibit "B"**.

18. The Foreign Representative did not become aware of the Plaintiff's claim or the Default Judgment until the Plaintiff filed its proof of claim in accordance with the Claims Process Order.

19. The Plaintiff has consented to the setting aside of the Default Judgment as against UCI.

20. This Affidavit is made in support of the within application and for no other or improper purpose whatsoever.

SWORN before me at the City of Atlanta,
in the State of Georgia this 27th day of
January, 2017.

Pamela G. Matthews

A Commissioner for taking affidavits, etc.

Hylton Levy

HYLTON LEVY



TAB

A

Exhibit "A" to the Affidavit of Hylton Levy,
sworn before me this 24th day of January, 2017

Pamela G. Matthews
Commissioner for Taking Affidavits, etc.

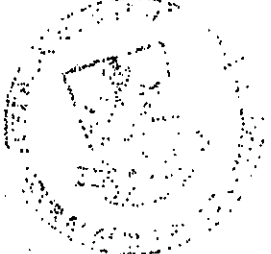


CV-16-550889

Court File No.

**ONTARIO
SUPERIOR COURT OF JUSTICE**

BETWEEN:



**1481614 ONTARIO INC.
formerly carrying on business as
Coldwell Banker Case Realty**

Plaintiff

- and -

**URBANCORP INC., URBANCORP (DOWNTOWN) DEVELOPMENTS INC.,
URBANCORP FINANCIAL INC., EDGE RESIDENTIAL INC., EDGE ON
TRIANGLE PARK INC., URBANCORP (MALLOW) INC., URBANCORP
(RIVERDALE) DEVELOPMENTS INC., URBANCORP (ST. CLAIR
VILLAGE) INC., and URBANCORP (952 QUEEN WEST) INC.**

Defendants

STATEMENT OF CLAIM

TO THE DEFENDANT

A LEGAL PROCEEDING HAS BEEN COMMENCED AGAINST YOU by the Plaintiff. The Claim made against you is set out in the following pages.

IF YOU WISH TO DEFEND THIS PROCEEDING, you or an Ontario lawyer acting for you must prepare a Statement of Defence in Form 18A prescribed by the Rules of Civil Procedure, serve it on the Plaintiff's lawyer or, where the Plaintiff does not have a lawyer, serve it on the Plaintiff, and file it, with proof of service in this court office, **WITHIN TWENTY DAYS** after this Statement of Claim is served on you, if you are served in Ontario.

If you are served in another province or territory of Canada or in the United States of America, the period for serving and filing your Statement of Defence is forty days. If you are served outside Canada and the United States of America, the period is sixty days.

Instead of serving and filing a Statement of Defence, you may serve and file a Notice of Intent to Defend in Form 18B prescribed by the Rules of Civil Procedure. This will entitle you to ten more days within which to serve and file your Statement of Defence.

IF YOU FAIL TO DEFEND THIS PROCEEDING, JUDGMENT MAY BE GIVEN AGAINST YOU IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO DEFEND THIS PROCEEDING BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

IF YOU PAY THE PLAINTIFF'S CLAIM, and \$2,000.00 for costs, within the time for serving and filing your Statement of Defence you may move to have this proceeding dismissed

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by the Court. If you believe the amount claimed for costs is excessive, you may pay the Plaintiff's claim and \$2,000.00 for costs and have the costs assessed by the Court.

TAKE NOTICE: THIS ACTION WILL AUTOMATICALLY BE DISMISSED if it has not been set down for trial or terminated by any means within five years after the action was commenced unless otherwise ordered by the court.

Date April 13/2016 Issued by S. Sagaria M. Sagaria
Local Registrar

Address of
court office: 393 University Avenue, 10th Floor
Toronto ON M5G 1E6

- TO: Urbancorp Inc.**
120 Lynn Williams Street, Suite 2A
Toronto, Ontario M6K 3P6
- AND TO: Urbancorp (Downtown) Developments Inc.**
120 Lynn Williams Street, Suite 2A
Toronto, Ontario M6K 3P6
- AND TO: Urbancorp Financial Inc.**
120 Lynn Williams Street, Suite 2A
Toronto, Ontario M6K 3P6
- AND TO: Edge Residential Inc.**
120 Lynn Williams Street, Suite 2A
Toronto, Ontario M6K 3P6
- AND TO: Edge On Triangle Park Inc.**
120 Lynn Williams Street, Suite 2A
Toronto, Ontario M6K 3P6
- AND TO: Urbancorp (Mallow) Inc.**
120 Lynn Williams Street, Suite 2A
Toronto, Ontario M6K 3P6
- AND TO: Urbancorp (Riverdale) Developments Inc.**
120 Lynn Williams Street, Suite 2A
Toronto, Ontario M6K 3P6
- AND TO: Urbancorp (St. Clair Village) Inc.**
120 Lynn Williams Street, Suite 2A
Toronto, Ontario M6K 3P6
- AND TO: Urbancorp (952 Queen West) Inc.**
120 Lynn Williams Street, Suite 2A
Toronto, Ontario M6K 3P6

CLAIM

1. The plaintiff claims:
 - (a) payment in the sum of \$170,063.79, inclusive of H.S.T. and accrued interest to and including April 13, 2016;
 - (b) in the alternative, payment in the sum of \$70,017.42, inclusive of H.S.T. and accrued interest to and including April 13, 2016, plus damages in the amount of \$99,047.75;
 - (c) pre-judgment and post-judgment interest on the amounts claimed in subparagraph (a) or (b) above from April 14, 2016, to the date of payment in pursuant to the *Courts of Justice Act*, R.S.O. 1990, c. C-43, as amended;
 - (d) the costs of this action on a substantial indemnity basis, plus all applicable taxes; and
 - (e) such further and other relief as this Honourable Court may deem just.

The Parties

2. This dispute is in respect of outstanding real estate commissions owed to the plaintiff by the defendants, or one or more of them, for real estate transactions on five of the defendants' residential development projects (collectively, the "**Projects**"):
 - (a) a high-rise residential condominium known as "**Edge on Triangle Park**", located at 36 Lisgar Street, Toronto;

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- (b) a single-family residential community known as "**Homes at Don Mills**", located near Don Mills Road and Lawrence Ave, Toronto;
- (c) a mixed single-family and townhouse community known as "**Neighbourhoods of Queen E**" consisting of three locations along the Queen East corridor in Toronto;
- (d) a residential townhouse condominium known as the "**Manors of St. Clair West**" located at 836 St. Clair Ave West; and
- (e) a high-rise residential condominium known as "**WQW West Queen West Condominiums**" located at near Queen St W at Shaw St. in Toronto.

3. The plaintiff, 1481614 Ontario Inc. ("**1481614**"), formerly known as Case Realty Inc. and which formerly carried on business as "Coldwell Banker Case Realty", is a corporation existing under the provisions of the Ontario *Business Corporations Act*, with its headquarters located in the City of Toronto, in the Province of Ontario. At all material times, 1481614 operated as a real estate brokerage firm.

4. Edge On Triangle Park Inc. ("**Edge**") is a company incorporated pursuant to the laws of the Province of Ontario carrying on business as a high-rise residential developer with its head office located at 120 Lynn Williams Street, Suite 2A, Toronto. At all material times, Edge was involved in the development and sale of the Edge on Triangle Park project.

5. Edge Residential Inc. ("**Edge Residential**") is a company incorporated pursuant to the laws of the Province of Ontario carrying on business as a high-rise residential

developer with its head office located at 120 Lynn Williams Street, Suite 2A, Toronto. At all material times, Edge Residential was involved in the development of and had a legal or equitable interest in the Edge on Triangle Park project.

6. Urbancorp (Downtown) Developments Inc. ("**Urbancorp Downtown**") is a company incorporated pursuant to the laws of the Province of Ontario carrying on business as a high-rise residential developer with its head office located at 120 Lynn Williams Street, Suite 2A, Toronto. At all material times, Urbancorp Downtown was involved in the development of and had a legal or equitable interest in the Edge on Triangle Park project.

7. Urbancorp (Mallow) Inc. ("**Urbancorp Mallow**") is a company incorporated pursuant to the laws of the Province of Ontario carrying on business as a residential developer with its head office located at 120 Lynn Williams Street, Suite 2A, Toronto. At all material times, Urbancorp Mallow was involved in the development and sale of the Homes at Don Mills project.

8. Urbancorp (Riverdale) Developments Inc. ("**Urbancorp Riverdale**") is a company incorporated pursuant to the laws of the Province of Ontario carrying on business as a residential developer with its head office located at 120 Lynn Williams Street, Suite 2A, Toronto. At all material times, Urbancorp Riverdale was involved in the development and sale of the Neighbourhoods of Queen E project.

9. Urbancorp (St. Clair Village) Inc. ("**Urbancorp St. Clair**") is a company incorporated pursuant to the laws of the Province of Ontario carrying on business as a residential developer with its head office located at 120 Lynn Williams Street, Suite 2A,

Toronto. At all material times, Urbancorp St. Clair was involved in the development and sale of the Manors of St. Clair West project.

10. Urbancorp (952 Queen West) Inc. ("**Urbancorp 952**") is a company incorporated pursuant to the laws of the Province of Ontario carrying on business as a residential developer with its head office located at 120 Lynn Williams Street, Suite 2A, Toronto. At all material times, Urbancorp St. Clair was involved in the development and sale of the Manors of St. Clair West project.

11. Urbancorp Inc. ("**Urbancorp**") is a company incorporated pursuant to the laws of the Province of Ontario carrying on business as a residential developer with its head office located at 120 Lynn Williams Street, Suite 2A, Toronto. At all material times, Urbancorp was involved in the development of and had a legal or equitable interest in the Projects.

12. Urbancorp Financial Inc.. ("**Urbancorp Financial**") is a company incorporated pursuant to the laws of the Province of Ontario carrying on business as a residential developer with its head office located at 120 Lynn Williams Street, Suite 2A, Toronto. At all material times, Urbancorp Financial was involved in the development of and had a legal or equitable interest in the Projects.

Relationship of the Urbancorp Group

13. Each of Edge, Edge Residential, Urbancorp Downtown, Urbancorp Mallow, Urbancorp Riverdale, Urbancorp St. Clair, Urbancorp 952, Urbancorp, and Urbancorp Financial (collectively, the "**Urbancorp Group**") are parents, subsidiaries or otherwise affiliated corporations to one another, each having the same management, control, and

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registered head office. At all material times, the Urbancorp Group, as "Urbancorp", generally represented themselves to 1481614, the City of Toronto, and the general public as the owner and developer of the Projects.

14. Particulars of the specific relationship and arrangements between the Urbancorp Group are unknown to 1481614, but are within the knowledge of those parties. 1481614 states that they are operated indistinguishably and not at arm's length, whereby Edge, Urbancorp Mallow, Urbancorp Riverdale, Urbancorp St. Clair, and Urbancorp 952 were under effective influence and control of others in the Urbancorp Group and exercised no independent discretion. Accordingly, the Urbancorp Group operate as alter egos and are thereby liable for the acts, omissions, and debts of one another.

15. In the alternative, 1481614 states that Edge, Urbancorp Mallow, Urbancorp Riverdale, Urbancorp St. Clair, and Urbancorp 952 operated as agents for one or more of Edge Residential, Urbancorp Downtown, Urbancorp Financial, and Urbancorp. The particulars of any such agency relationship are unknown to Sterling, but are within the knowledge of the Urbancorp Group. Accordingly, Edge Residential, Urbancorp Downtown, Urbancorp Financial, and Urbancorp, as principals, are liable for the acts omissions and debts of its agents, Edge, Urbancorp Mallow, Urbancorp Riverdale, Urbancorp St. Clair, and Urbancorp 952, as applicable, in respect of the Projects.

The Edge on Triangle Park Co-operating Broker Agreements

16. Between November 2010 and January 2011, 1481614, as the co-operating broker, and the Urbancorp Group through Edge, as vendor, entered into fourteen

standard form co-operating broker agreements whereby Urbancorp Group agreed to pay 1481614 a referral fee (the "**Commission**") in the event a client of 1481614 (a "**Purchaser**") entered into an Agreement of Purchase and Sale with Edge for the purchase of a residential condominium unit at the Edge on Triangle Park project (the "**Edge Broker Agreements**").

17. The Edge Broker Agreements provided, *inter alia*, that:

- (a) to be eligible for the Commission, a Purchaser must accompany 1481614 (or a sales agent employed by 1481614) to the sales office of the Edge on Triangle Park Project and enter into an Agreement of Purchase and Sale with Edge for the purchase of a residential condominium unit at the Edge on Triangle Park project;
- (b) Urbancorp Group, through Edge, agreed to pay 1481614 a Commission of 4% of the sale price of the residential condominium unit in the Edge on Triangle Park project specified in each Edge Broker Agreement;
- (c) 1% of the purchase price (*i.e.* 25% of the Commission) was payable within 90 days after an Agreement of Purchase and Sale was firm and binding between Edge and a Purchaser (the "**1st Installment**");
- (d) 1.5% of the purchase price (*i.e.* 37.5% of the Commission) was payable upon receipt by the Urbancorp Group of construction financing (the "**2nd Installment**");

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- (e) the final 1.5% of the purchase price (i.e. the remaining 37.5% of the Commission) was payable 10 calendar days after the transfer of the residential condominium unit to the Purchaser (the "3rd Installment").

18. As summarized in the following chart at paragraph 19, below, fourteen Purchasers entered into an Agreement of Purchase of Sale for the purchase of residential condominium units at the Edge on Triangle Park project while accompanied by 1481614 (or a sales agent employed by 1481614) thus entitling 1481614 to the Commission outlined in the Edge Broker Agreements.

19. To date, Urbancorp Group has paid the 1st Installments and 2nd Installments of the Commissions due to 1481614 pursuant to the fourteen Edge Broker Agreements. However, in breach of the terms of the Edge Broker Agreements, Urbancorp Group has failed, refused or neglected to pay the 3rd Installments, notwithstanding that more than 10 calendar days have past since the residential condominium units specified in the Agreements of Purchase and Sale have transferred to the Purchasers.

Agreement of Purchase and Sale	Residential Unit	Sale Price	Commission	Unit Transfer Date	Unpaid Commission (excl. HST)
November 23, 2010	307E	\$247,900.00	\$9,425.86	May 20, 2015	\$3,278.04
November 27, 2010	308	\$247,900.00	\$9,425.86	May 20, 2015	\$3,278.04
November 16, 2010	309	\$226,900.00	\$8,627.38	May 20, 2015	\$3,235.27
November 21, 2010	310	\$247,900.00	\$9,425.86	May 20, 2015	\$3,278.04
November 16, 2010	307 (formerly 317)	\$226,900.00	\$8,627.38	May 20, 2015	\$3,235.27
November 24, 2010	506E	\$249,900.00	\$9,501.90	May 20, 2015	\$3,017.48

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November 18, 2010	509	\$228,900.00	\$8,703.42	May 20, 2015	\$3,263.78
November 15, 2010	516	\$228,900.00	\$8,703.42	May 20, 2015	\$3,306.06
January 22, 2011	520	\$186,900.00	\$7,106.46	May 20, 2015	\$2,614.51
January 30, 2011	523	\$237,900.00	\$9,045.63	May 20, 2015	\$1,450.23
December 9, 2010	2019 (formerly 731E)	\$218,900.00	\$8,323.19	May 20, 2015	\$3,980.14
January 19, 2011	730	\$190,900.00	\$7,258.56	May 20, 2015	\$2,670.47
January 27, 2011	812E	\$238,400.00	\$9,604.64	May 20, 2015	\$3,275.04
November 27, 2010	1716E	\$262,900.00	\$9,996.20	May 20, 2015	\$3,491.92
Subtotal					\$43,374.29
H.S.T.					\$5,638.66
Total Outstanding Commission for Edge on Triangle Park					\$49,012.95

20. Despite repeated requests and demands, Urbancorp Group refuses to pay the commission owing to 1481614 under the Edge Broker Agreements in the amount of \$49,012.95, inclusive of H.S.T. causing 1481614 to suffer damages.

21. Based on terms of the Edge Broker Agreements, payment was due by no later than May 30, 2015 (*i.e.*, the 10th calendar day following the transfer of the residential condominium units to their owners).

22. Using the interest rate for overdue payment of 0.8% *per annum*, being the claimable interest rate pursuant to the *Courts of Justice Act*, R.S.O. 1990, c. C.43, the total accrued interest on the unpaid amount of \$49,012.95 up to April 13, 2016 is \$735.87, calculated as follows:

$$\$49,012.95 \times 0.8\% = \$392.10 \div 365 \text{ days} = \$1.07 \times 685 \text{ days} = \$735.87$$

Total accrued interest to April 13, 2016: \$735.87

Per diem interest: \$1.07

23. Accordingly, the total sum of \$49,748.82, inclusive of accrued interest, is due and owing pursuant to the terms of the Edge Broker Agreements as of April 13, 2016, calculated as follows: $\$49,012.95 + \$735.87 = \$49,748.82$.

The Neighbourhoods of Queen E Co-operating Broker Agreements

24. Between July 2011 and October 2011, 1481614, as the co-operating broker, and the Urbancorp Group through Urbancorp Riverdale, as vendor, entered into six standard form co-operating broker agreements with nearly identical terms as the Edge Broker Agreements, save and except:

- (a) that the properties to be sold were part of the Neighbourhoods of Queen E project;
- (b) 2% of the purchase price (i.e. 50% of the Commission) was payable upon an Agreement of Purchase and Sale becoming firm and binding between Urbancorp Riverdale and a Purchaser and construction commencing (i.e. pouring the foundations); and
- (c) the remaining 2% of the purchase price (i.e. 50% of the Commission) payable 10 calendar days after the transfer of the residential property to the Purchaser (the "**Queen E Broker Agreements**").

25. As summarized in the following chart at paragraph 23 below, six Purchasers entered into an Agreement of Purchase of Sale for the purchase of residential properties at the Neighbourhoods of Queen E project while accompanied by 1481614 (or a sales agent employed by 1481614) thus entitling 1481614 to the Commission outlined in the Queen E Broker Agreements.

26. To date, Urbancorp Group has paid the initial 50% of the Commissions due to 1481614 pursuant to the six Queen E Broker Agreements. However, in breach of the terms of the Queen E Broker Agreements, Urbancorp Group has failed, refused or neglected to pay the final 50% of the Commission, notwithstanding that more than 10 calendar days have past since the properties specified in the Agreements of Purchase and Sale and the Queen E Broker Agreements have transferred to the Purchasers.

Agreement of Purchase and Sale	Address	Sale Price	Commission	Unit Transfer Date	Unpaid Commission (excl. HST)
October 17, 2011	45 Howie	\$825,000	\$31,368.82	December 31, 2014	\$15,026.55
September 25, 2011	51 Howie (formerly 23 Howie)	\$800,000	\$ 34,418.25	December 31, 2014	\$14,587.07
July 4, 2011	56 Boulton	\$770,000	\$29,277.57	December 31, 2014	\$15,879.99
July 5, 2011	58 Boulton	\$770,000	\$29,277.57	December 31, 2014	\$14,053.09
July 14, 2011	62 Boulton	\$770,000	\$29,277.57	December 31, 2014	\$14,053.09
November 24, 2010	86 Boulton	\$770,000	\$29,277.57	December 31, 2014	\$14,053.09
Subtotal					\$87,652.88
H.S.T.					\$11,394.87
Total Outstanding Commission for Edge on Triangle Park					\$99,047.75

27. In the alternative, in the event this court finds that the properties specified in the Agreements of Purchase and Sale and the Queen E Broker Agreements have not transferred to the Purchasers, it is only because Urbancorp Group, or any of them, have failed, refused or neglected to fulfill their obligation to complete the transfer of the properties.

28. Specifically, Urbancorp Group has refused to perform its contractual obligations in good faith, both under the Agreements of Purchase and Sale and the Queen E Broker Agreements. By doing so, the Urbancorp Group has breached the duty owed to 1481614 of honest contractual performance by failing to complete the transfer of the properties that are the subject matter of the Queen E Broker Agreements when the Purchasers are prepared to complete the transfers, thus denying 1481614 payment of the 3rd Installments on the six Queen E Broker Agreements.

29. As a result of Urbancorp Group's breach of contract and breach of its duty of honest contractual performance, 1481614 has suffered damages in the amount of \$99,047.75

30. Despite repeated requests and demands, Urbancorp Group refuses to pay the commission owing to 1481614 under the Queen E Broker Agreements in the amount of \$99,047.75, inclusive of H.S.T. causing 1481614 to suffer damages.

31. Based on terms of the Queen E Broker Agreements, payment was due by no later than January 10, 2014 (*i.e.*, the 10th calendar day following the transfer of the residential units to their owners).

32. Using the interest rate for overdue payment of 0.8% *per annum*, being the claimable interest rate pursuant to the *Courts of Justice Act*, R.S.O. 1990, c. C.43, the total accrued interest on the unpaid amount of \$99,047.75 up to April 13, 2016 is \$1,020.33, calculated as follows:

$$\$99,047.75 \times 0.8\% = \$792.38 \div 365 \text{ days} = \$2.17 \times 460 \text{ days} = \$998.62$$

Total accrued interest to April 13, 2016: \$998.62

Per diem interest: \$2.17

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33. Accordingly, the total sum of \$100,046.37, inclusive of accrued interest, is due and owing pursuant to the terms of the Queen E Broker Agreements as of April 13, 2016, calculated as follows: $\$99,047.75 + \$998.62 = \$100,046.37$.

Homes of Don Mills Co-operating Broker Agreements

34. On or about November 5, 2014, 1481614, as the co-operating broker, and the Urbancorp Group through Urbancorp Mallow, as vendor, entered into a standard form co-operating broker agreements with nearly identical terms as the Edge Broker Agreements, save and except:

- (a) that the properties to be sold were part of the Homes of Don Mills project;
- (b) 1% of the purchase price (i.e. 25% of the Commission) was payable within 180 days after an Agreement of Purchase and Sale was firm and binding between Urbancorp Mallow and a Purchaser (the 1st Installment);
- (c) 1% of the purchase price (i.e. 25% of the Commission) was payable upon receipt by the Urbancorp Group of construction financing and commencement of construction of the framing of the property (the 2nd Installment); and
- (d) the final 2% of the purchase price (i.e. the remaining 50% of the Commission) was payable 30 calendar days after the transfer of the residential condominium unit to the Purchaser (the 3rd Installment) (the "Don Mills Broker Agreement").

35. Also on or about November 5, 2014, Urbancorp Group through Urbancorp Mallow, as the vendor, entered into an Agreement of Purchase of Sale with a Purchaser

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for the purchase of the property known as Lot 8 of the Homes of Don Mills project while accompanied by 1481614 (or a sales agent employed by 1481614) thus entitling 1481614 to the Commission outlined in the Don Mills Broker Agreement. The Agreement of Purchase and Sale provided for a purchase price of \$799,900.00.

36. To date, Urbancorp Group, in breach of the terms of the Don Mills Broker Agreement, has failed, refused or neglected to pay the 1st Installment of 1% of the purchase price of Lot 8 of the Homes of Don Mills (*i.e.* \$7,999.00 exclusive of H.S.T.), notwithstanding that more than 180 calendar days have past since the Agreement of Purchase and Sale became binding between the Purchaser and Urbancorp Mallow.

37. Despite repeated requests and demands, Urbancorp Group refuses to pay the commission owing to 1481614 under the Don Mills Broker Agreements in the amount of \$9,038.87, inclusive of H.S.T. causing 1481614 to suffer damages.

38. Based on terms of the Don Mills Broker Agreement, payment was due by no later than May 4, 2015 (*i.e.*, the 180th calendar day following the Don Mills Broker Agreement was signed).

39. Using the interest rate for overdue payment of 0.8% *per annum*, being the claimable interest rate pursuant to the *Courts of Justice Act*, R.S.O. 1990, c. C.43, the total accrued interest on the unpaid amount of \$9,038.87 up to April 13, 2016 is \$68.55, calculated as follows:

$$\$9,038.87 \times 0.8\% = \$72.31 \div 365 \text{ days} = \$0.20 \times 346 \text{ days} = \$68.55$$

Total accrued interest to April 13, 2016: \$68.55

Per diem interest: \$0.20

40. Accordingly, the total sum of \$9,107.42, inclusive of accrued interest, is due and owing pursuant to the terms of the Don Mills Broker Agreement as of April 13, 2016, calculated as follows: $\$9,038.87 + \$68.55 = \$9,107.42$.

Homes of St. Clair Co-operating Broker Agreements

41. On or about January 18, 2014, 1481614, as the co-operating broker, and the Urbancorp Group through Urbancorp St. Clair, as vendor, entered into a standard form co-operating broker agreements with identical terms as the Don Mills Agreements, save and except that the properties to be sold were part of the Homes of St. Clair project (the "St. Clair Broker Agreement").

42. Also on or about January 18, 2014, Urbancorp Group through Urbancorp St. Clair, as the vendor, entered into an Agreement of Purchase of Sale with a Purchaser for the purchase of the property known as 34 McRoberts Avenue of the Homes of St. Clair project while accompanied by 1481614 (or a sales agent employed by 1481614) thus entitling 1481614 to the Commission outlined in the St. Clair Broker Agreement. The Agreement of Purchase and Sale provided for a purchase price of \$838,990.00.

43. To date, Urbancorp Group, in breach of the terms of the St. Clair Broker Agreement, has failed, refused or neglected to pay the 1st Installment of 1% of the purchase price of 34 McRoberts Avenue of the Homes of St. Clair project (*i.e.* \$7,975.19 exclusive of H.S.T.), notwithstanding that more than 180 calendar days have past since the Agreement of Purchase and Sale became binding between the Purchaser and Urbancorp St. Clair.

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44. Despite repeated requests and demands, Urbancorp Group refuses to pay the commission owing to 1481614 under the St. Clair Broker Agreement in the amount of \$9,011.96, inclusive of H.S.T. causing 1481614 to suffer damages.

45. Based on terms of the St. Clair Broker Agreement, payment was due by no later than July 17, 2014 (*i.e.*, the 180th calendar day following the St. Clair Broker Agreement was signed).

46. Using the interest rate for overdue payment of 0.8% *per annum*, being the claimable interest rate pursuant to the *Courts of Justice Act*, R.S.O. 1990, c. C.43, the total accrued interest on the unpaid amount of \$9,011.96 up to April 13, 2016 is \$125.82, calculated as follows:

$$\$9,011.96 \times 0.8\% = \$72.10 \div 365 \text{ days} = \$0.20 \times 637 \text{ days} = \$125.82$$

Total accrued interest to April 13, 2016: \$125.82

Per diem interest: \$0.20

47. Accordingly, the total sum of \$9,137.78, inclusive of accrued interest, is due and owing pursuant to the terms of the St. Clair Broker Agreement as of April 13, 2016, calculated as follows: \$9,011.96 + \$125.82 = \$9,137.78.

WQW West Queen West Condominiums Co-operating Broker Agreements

48. On or about September 27, 2014, 1481614, as the co-operating broker, and the Urbancorp Group through Urbancorp 592, as vendor, entered into a standard form co-operating broker agreements with nearly identical terms as the Edge Broker Agreements, save and except:

- (a) that the properties to be sold were part of the WQW West Queen West Condominiums project;

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- (b) an amount of \$2,000 became payable within 30 days after an Agreement of Purchase and Sale was firm and binding between Urbancorp 592 and a Purchaser (the 1st Installment);
- (c) 2% of the purchase price was payable upon commencement of construction of pouring the foundations for the condominium (the 2nd Installment); and
- (d) the balance of the 4% of the purchase price (*i.e.* the remaining Commission) was payable 30 calendar days after the transfer of the residential condominium unit to the Purchaser (the 3rd Installment) (the **"WQW Broker Agreement"**).

49. Also on or about September 27, 2014, Urbancorp Group through Urbancorp 592, as the vendor, entered into an Agreement of Purchase of Sale with a Purchaser for the purchase of a condominium unit number 507 of the WQW West Queen West Condominiums project while accompanied by 1481614 (or a sales agent employed by 1481614) thus entitling 1481614 to the Commission outlined in the WQW Broker Agreement. The Agreement of Purchase and Sale provided for a purchase price of \$287,400.00.

50. To date, Urbancorp Group, in breach of the terms of the WQW Broker Agreement, has failed, refused or neglected to pay the 1st Installment of \$2000, notwithstanding that more than 30 calendar days have past since the Agreement of Purchase and Sale became binding between the Purchaser and Urbancorp 592.

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51. Despite repeated requests and demands, Urbancorp Group refuses to pay the commission owing to 1481614 under the WQW Broker Agreement in the amount of \$2,000.00 inclusive of H.S.T. causing 1481614 to suffer damages.

52. Based on terms of the WQW Broker Agreement, payment was due by no later than October 27, 2014 (*i.e.*, the 30th calendar day following the WQW Broker Agreement was signed).

53. Using the interest rate for overdue payment of 0.8% *per annum*, being the claimable interest rate pursuant to the *Courts of Justice Act*, R.S.O. 1990, c. C.43, the total accrued interest on the unpaid amount of \$2,000.00 up to April 13, 2016 is \$23.41, calculated as follows:

$$\$2,000.00 \times 0.8\% = \$16.00 \div 365 \text{ days} = \$0.04 \times 534 \text{ days} = \$23.41$$

Total accrued interest to April 13, 2016: \$23.41

Per diem interest: \$0.04

54. Accordingly, the total sum of \$2,023.41, inclusive of accrued interest, is due and owing pursuant to the terms of the WQW Broker Agreement as of April 13, 2016, calculated as follows: \$2,000.00 + \$23.41 = \$2,023.41.

55. In total, Commissions in the amount of \$170,063.79, inclusive of H.S.T. and accrued interest up to and including April 13, 2016, remain owing to 1481614 as outlined above. In breach of its contractual obligations, the Urbancorp Group, or any of them, has refused to pay the outstanding amount, causing 1481614 to suffer damages.

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56. The Plaintiff proposes that the action be tried in the City of Toronto, in the Province of Ontario.

April 13, 2016

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Lawyers for the plaintiff

1481614 ONTARIO INC. formerly carrying on
business as Coldwell Banker Case Realty
Plaintiff

and URBANCORP INC. et al
Defendants

CV-16-550889

Court File No.

ONTARIO
SUPERIOR COURT OF JUSTICE
PROCEEDING COMMENCED AT
TORONTO

STATEMENT OF CLAIM

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Lawyers for the plaintiff

TAB

B

Exhibit "B" to the Affidavit of Hylton Levy;
sworn before me this 24th day of January, 2017

Pamela G. Matthews
Commissioner for Taking Affidavits, etc.



Court File No. CV-16-550889

**ONTARIO
SUPERIOR COURT OF JUSTICE**

BETWEEN:



**1481614 ONTARIO INC.
formerly carrying on business as
Coldwell Banker Case Realty**

Plaintiff

- and -

**URBANCORP INC., URBANCORP (DOWNTOWN) DEVELOPMENTS INC.,
URBANCORP FINANCIAL INC., EDGE RESIDENTIAL INC., EDGE ON TRIANGLE
PARK INC., URBANCORP (MALLOW) INC., URBANCORP (RIVERDALE)
DEVELOPMENTS INC., URBANCORP (ST. CLAIR VILLAGE) INC., and
URBANCORP (952 QUEEN WEST) INC.**

Defendants

DEFAULT JUDGMENT


ON READING the statement of claim in this action and the proof of service of the statement of claim on the defendants, Urbancorp Inc., Urbancorp (Downtown) Developments Inc., Urbancorp Financial Inc., Edge Residential Inc., Edge On Triangle Park Inc., Urbancorp (Riverdale) Developments Inc., and Urbancorp (952 Queen West) Inc., filed, and the said defendants having been noted in default,

1. **IT IS ORDERED AND ADJUDGED** that the defendants, Urbancorp Inc., Urbancorp (Downtown) Developments Inc., Urbancorp Financial Inc., Edge Residential Inc., Edge On Triangle Park Inc., Urbancorp (Riverdale) Developments Inc., and Urbancorp (952 Queen West) Inc., shall forthwith pay to the plaintiff the amount of \$170,063.79, plus pre-judgment interest in the amount of \$104.37, for a total of \$170,168.16.

2. IT IS ORDERED AND ADJUDGED that the said defendants shall forthwith pay to the plaintiff its costs of this action fixed in the amount of \$ 750.00.

THIS JUDGMENT and the costs bear interest at the rate of 2% per annum.

Date: May 11, 2016

Signed by: 
Local Registrar

Address of court office: 393 University Avenue, 10th Floor
Toronto, Ontario M5G 1E6

ENTERED AT / INSCRIT A TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO.:

JUN 10 2016

PER / PAR:



**1481614 ONTARIO INC. formerly carrying on business
as Coldwell Banker Case Realty
Plaintiff**

**and URBANCORP INC. et al
Defendants**

Court File No. Court File No. CV-16-550889

**ONTARIO
SUPERIOR COURT OF JUSTICE
PROCEEDING COMMENCED AT
TORONTO**

DEFAULT JUDGMENT

RP

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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
(COMMERCIAL LIST)

Proceeding commenced at Toronto

AFFIDAVIT OF HYLTON LEVY
(Sworn January 24, 2017)

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Lawyers for the Applicant

TAB 3



**Third Report to Court of
KSV Kofman Inc. as Information Officer
of Urbancorp Inc.**

January 24, 2017

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Schedules and Appendices

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COURT FILE NO.: CV-16-11392-00CL

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

**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**

JANUARY 24, 2017

1.0 Introduction

1. On April 21, 2016, Urbancorp (St. Clair Village) Inc. ("St. Clair"), Urbancorp (Patricia) Inc. ("Patricia"), Urbancorp (Mallow) Inc. ("Mallow"), Urbancorp Downsview Park Development Inc. ("Downsview"), Urbancorp (Lawrence) Inc. ("Lawrence") and Urbancorp Toronto Management Inc. ("UTMI") each filed a Notice of Intention to Make a Proposal pursuant to Section 50.4(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "NOI Proceedings"). (Collectively, St. Clair, Patricia, Mallow, Downsview and Lawrence are referred to as the "NOI Entities".) KSV Kofman Inc. ("KSV") was appointed as the Proposal Trustee in the NOI Proceedings.
2. On April 25, 2016, the District Court in Tel Aviv-Yafo (the "Israeli Court") issued a decision (the "April 25th Decision") appointing Guy Gissin as the functionary officer and foreign representative (the "Foreign Representative") of Urbancorp Inc. ("UCI") and granted him certain powers, authorities and responsibilities over UCI, the ultimate parent of the NOI Entities, on a preliminary basis (the "Israeli Proceedings"). A copy of the April 25th Decision is attached as Appendix "A".
3. On May 11, 2016, the Israeli Court made an order authorizing the Foreign Representative to enter into a protocol between the Foreign Representative and KSV (the "Protocol"). The Protocol contemplated that the NOI Entities and other related entities would file for protection under the *Companies' Creditors Arrangement Act* ("CCAA"). The Protocol addresses, *inter alia*, the sharing of information between the Foreign Representative and the Monitor, as well as the manner in which the Foreign Representative is to have input into the restructuring process. A copy of the Protocol is provided in Appendix "B".

4. Pursuant to an order made by the Ontario Superior Court of Justice (the "Court") dated May 18, 2016 (the "Initial Order"), the NOI Entities and the entities listed on Schedule "A" attached to this Report (collectively, the "Cumberland CCAA Entities") were granted protection under the CCAA and KSV was appointed monitor (the "Monitor"). The Initial Order also approved the Protocol.
5. On May 18, 2016, the Court also issued two orders under Part IV of the CCAA which:
 - a) recognized the Israeli Proceedings as a "foreign main proceeding";
 - b) recognized Mr. Gissin as Foreign Representative of UCI; and
 - c) appointed KSV as the Information Officer.
6. On May 22, 2016, the Israeli Court issued an order extending the appointment of the Foreign Representative to September 22, 2016 (the "First Extension Order"). On June 15, 2016, the Court granted an order recognizing the First Extension Order.
7. On September 15, 2016, the Israeli Court issued an order extending the appointment of the Foreign Representative to December 22, 2016 (the "Second Extension Order"). On October 5, 2016, the Court granted an order recognizing the Second Extension Order.
8. On December 16, 2016, the Israeli Court issued an order extending the appointment of the Foreign Representative to January 17, 2017 (the "Third Extension Order").
9. On January 9, 2017, the Israeli Court issued an order extending the appointment of Foreign Representative to April 8, 2017 and authorizing the Foreign Representative to convene a meeting of UCI's creditors in the first quarter of 2017 (the "Fourth Extension Order" and together with the Third Extension Order, the "Extension Orders").
10. This report (the "Report") is filed in KSV's capacity as Information Officer.

1.1 Purposes of this Report

1. The purposes of this Report are to:
 - a) provide background information on the Israeli Proceedings;
 - b) discuss the Extension Orders;
 - c) discuss a default judgement ("Default Judgement") obtained on May 11, 2016 by 1481614 Ontario Inc. (the "Plaintiff") against UCI and several related companies (collectively, the "Defendants"), in respect of real estate commissions allegedly owed to the Plaintiff by the Defendants; and

- d) recommend the Court grant an order:
 - i. recognizing the Extension Orders; and
 - ii. setting aside the Default Judgement.

2.0 Background

1. UCI was incorporated in Ontario on June 19, 2015 for the purpose of raising capital in the public markets in Israel. Pursuant to a deed of trust dated December 7, 2015, UCI made a public offering of debentures (the "IPO") in Israel for NIS 180,583,000 (approximately \$64 million based on the exchange rate at the time of the IPO) (the "Bonds"). The Bonds traded on the Tel Aviv Stock Exchange (the "TASE"). UCI is alleged to have defaulted on the Bonds and trading in the Bonds has been suspended by the TASE.
2. The majority of the proceeds from the Bonds were used to provide loans to the NOI Entities so that the NOI Entities could in turn repay their loan obligations owing at the time. The loan agreements set out that these advances are unsecured and functionally subordinated to certain other obligations of the NOI Entities.

3.0 Israeli Proceedings Update

1. On May 24, 2016 and June 14, 2016, the Israeli Court issued orders providing that claims against UCI were to be filed with the Foreign Representative by August 5, 2016 ("Claims Bar Date Order"). On June 15, 2016, the Court recognized the Claims Bar Date Order. The Information Officer understands that the Foreign Representative and its Canadian counsel have reviewed all claims and advised claimants whether their claims have been allowed or disallowed. The Information Officer is currently obtaining further information regarding the Israeli claims process in cooperation with the Foreign Representative.

3.1 Extension Orders

1. On December 18, 2016, the Israeli Court issued an order extending the appointment of the Foreign Representative until January 17, 2017. On January 9, 2017, the Israeli Court granted an order further extending the appointment of the Foreign Representative, this time to April 8, 2017.
2. The Fourth Extension Order also authorized the Foreign Representative to convene a meeting of UCI's creditors in the first quarter of 2017 in order to consider a plan of arrangement for UCI (the "Plan"). The Information Officer has been advised that the Plan will seek to distribute to UCI's creditors, *inter alia*, any funds received by UCI from its subsidiaries, including the Cumberland CCAA Entities. In a report dated January 8, 2017 filed by the Foreign Representative in the Israeli Proceedings, the Foreign Representative suggests that KSV, as Monitor of the Cumberland CCAA Entities, may make a distribution to UCI in the first half of 2017. **While the Monitor is endeavouring to do so, it is not certain that it will be able to meet this**

deadline, as certain claims need to be resolved prior to making distributions. Additionally, other issues could also arise which may affect the timing of a distribution. A discussion of the significant claims that the Monitor needs to resolve prior to making an interim distribution is provided in the Monitor's Eleventh Report to Court dated January 23, 2017 ("Eleventh Report"). A copy of the Eleventh Report is attached as Appendix "C", without attachments.

3. The Foreign Representative is seeking an order from the Court recognizing the Extension Orders. The Information Officer supports the relief requested by the Foreign Representative. A translation of the Extension Orders is provided in Appendix "D".
4. Subject to receiving information from the Foreign Representative or its advisors, the Information Officer intends to file a report to Court in due course regarding the Israeli claims process, the Plan and the Israeli Proceedings generally.

3.2 Default Judgement Order

1. On March 5, 2016, the Plaintiff issued a statement of claim against the Defendants in respect of real estate commissions allegedly owed to the Plaintiffs by the Defendants. A copy of the Statement of Claim is attached as Appendix "E".
2. On May 11, 2016, the Plaintiff obtained a Default Judgment against the Defendants in respect of this action. A copy of the Default Judgement is attached as Appendix "F".
3. The Default Judgement was obtained after the Foreign Representative's appointment. The Information Officer understands that the Foreign Representative did not become aware of the Plaintiff's claim or the Default Judgement until the Plaintiff filed its proof of claim in the Israeli Proceedings.
4. The Information Officer understands that the Plaintiff has consented to the setting aside of the Default Judgement as against UCI. The Plaintiff is being served a copy of this Report.
5. The Information Officer recommends that the Court grant an order setting aside the Default Judgement.

4.0 Conclusion and Recommendation

1. Based on the foregoing, the Information Officer respectfully recommends that this Honourable Court make an order granting the relief detailed in Section 1.1 (1)(d) of this Report.

* * *

All of which is respectfully submitted,

KSV Kofman Inc

**KSV KOFMAN INC.
IN ITS CAPACITY AS INFORMATION OFFICER OF
URBANCORP INC.
AND NOT IN ITS PERSONAL CAPACITY**

Schedule "A"

Urbancorp Toronto Management Inc.

Urbancorp (952 Queen West) Inc.

King Residential Inc.

Urbancorp 60 St. Clair Inc.

High Res. Inc.

Bridge on King Inc.

Urbancorp Power Holdings Inc.

Vestaco Homes Inc.

Vestaco Investments Inc.

228 Queen's Quay West Limited

Urbancorp Cumberland 1 LP

Urbancorp Cumberland 1 GP Inc.

Urbancorp Partner (King South) Inc.

Urbancorp (North Side) Inc.

Urbancorp Residential Inc.

Urbancorp Realtyco Inc.

Appendix "A"

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"A"

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The District Court in Tel-Aviv - Yafa

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").

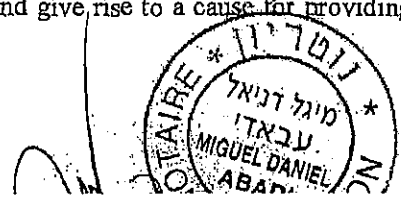
In December 2015 the Company raised bonds from the Israeli public, amounting to approximately 180 million ILS, with an interest of 8.15%. The bonds were raised pursuant to a prospectus dated 30/11/2015 and later completions thereof, and were registered for trade at the Tel-Aviv Stock Exchange. It shall 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

A handwritten signature in blue ink is written over a circular stamp. The stamp contains the text: "מִיגֵּל דַּנְיֵּל" (Miguel Danie) in Hebrew, "MIGUEL DANIE" in English, and "בְּכַתְּבֵי" (in writing) in Hebrew. The stamp also features decorative elements including a star and the word "שְׂטֵרֶה" (Seal) at the top.

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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:

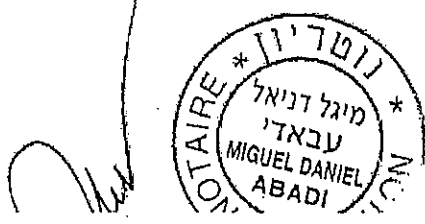
“To appoint a functionary, who shall have all authorities and duties which shall be determined by the court, including managing the company or supervising its management, keeping its assets, as well as examining claims of debt and claims for amending the registry of shareholders in the method specified 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.

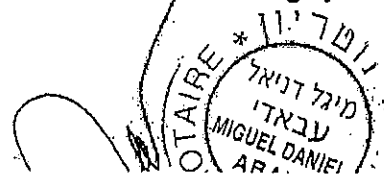
Another event teaching of failures in the Company which should be stated, is the decision of the Canadian Home Organization Trion dated April 4, 2016, to not extend the Company's license, namely, the Company is not entitled to continue its activity of initiating and selling planned projects.

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 (25th of April 2016), *ex parte.*

Eitan Orenstein, Justice
Vice President



Appendix "B"

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

- 3 -

(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 attornment 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.

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9. This Agreement is subject to the approval of the Israeli Court and the Canadian Court.

DATED this _____ 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 Kofman
Title: President

Appendix "C"



**Eleventh Report to Court of
KSV Kofman Inc. as CCAA Monitor of
Urbancorp Toronto Management Inc.,
Urbancorp (St. Clair Village) Inc.,
Urbancorp (Patricia) Inc., Urbancorp
(Mallow) Inc., Urbancorp (Lawrence) Inc.,
Urbancorp Downsview Park Development
Inc., Urbancorp (952 Queen West) Inc.,
King Residential Inc., Urbancorp 60 St.
Clair Inc., High Res. Inc., Bridge On King
Inc. and the Affiliated Entities Listed in
Schedule "A" Hereto**

January 23, 2017

and

**Third Report to Court of KSV Kofman Inc.
as CCAA Monitor of Urbancorp
(Woodbine) Inc., Urbancorp (Bridlepath)
Inc., The Townhouses of Hogg's Hollow
Inc., King Towns Inc., Newtowns at
Kingtowns Inc., Deaja Partner (Bay) Inc.,
and TCC/Urbancorp (Bay) Limited
Partnership**

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Schedules and Appendices

Schedules

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COURT FILE NO.: CV-16-11389-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
URBANCORP TORONTO MANAGEMENT INC., URBANCORP (ST. CLAIR
VILLAGE) INC., URBANCORP (PATRICIA) INC., URBANCORP (MALLOW) INC.,
URBANCORP (LAWRENCE) INC., URBANCORP DOWNSVIEW PARK
DEVELOPMENT INC., URBANCORP (952 QUEEN WEST) INC., KING
RESIDENTIAL INC., URBANCORP 60 ST. CLAIR INC., HIGH RES. INC., BRIDGE
ON KING INC. (COLLECTIVELY, THE "APPLICANTS") AND THE AFFILIATED
ENTITIES LISTED IN SCHEDULE "A" HERETO

ELEVENTH REPORT OF KSV KOFMAN INC.

COURT FILE NO.: CV-16-11549-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
URBANCORP (WOODBINE) INC. AND URBANCORP (BRIDLEPATH) INC., THE
TOWNHOUSES OF HOGG'S HOLLOW INC., KING TOWNS INC., NEWTOWNS AT
KINGTOWNS INC. AND DEAJA PARTNER (BAY) INC. (COLLECTIVELY, THE
"APPLICANTS")

AND IN THE MATTER OF TCC/URBANCORP (BAY) LIMITED PARTNERSHIP

THIRD REPORT OF KSV KOFMAN INC.

JANUARY 23, 2017

1.0 Introduction

1. On April 21, 2016, Urbancorp (St. Clair Village) Inc. ("St. Clair"), Urbancorp (Patricia) Inc. ("Patricia"), Urbancorp (Mallow) Inc. ("Mallow"), Urbancorp Downsview Park Development Inc. ("Downsview"), Urbancorp (Lawrence) Inc. ("Lawrence") and Urbancorp Toronto Management Inc. ("UTMI") each filed a Notice of Intention to Make a Proposal ("NOI") pursuant to Section 50.4(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (collectively, St. Clair, Patricia, Mallow, Downsview, Lawrence and UTMI are referred to as the "NOI Entities"). KSV Kofman Inc. ("KSV") was appointed as the Proposal Trustee of each of the Companies.
2. Pursuant to an Order made by the Ontario Superior Court of Justice (Commercial List) (the "Court") dated May 18, 2016 (the "Initial Order"), the NOI Entities, together with the entities listed on Schedule "A" attached (collectively, the "Cumberland CCAA Entities" and each a "Cumberland CCAA Entity"), were granted protection under the *Companies' Creditors Arrangement Act* (the "CCAA") and KSV was appointed monitor of the Cumberland CCAA Entities (the "Monitor").
3. On April 25, 2016, Urbancorp (Woodbine) Inc. ("Woodbine") and Urbancorp (Bridlepath) Inc. ("Bridlepath") each filed an NOI. KSV was appointed as the Proposal Trustee of each of Bridlepath and Woodbine.
4. Pursuant to an Order made by the Court dated October 18, 2016, Bridlepath and Woodbine and the entities listed on Schedule "B" (collectively, the "Bay CCAA Entities", and together with the Cumberland CCAA Entities, the "CCAA Entities") were granted protection in a separate CCAA proceeding and KSV was appointed Monitor of the Bay CCAA Entities.
5. On November 16, 2016, the Court issued Orders extending the stay of proceedings for the Cumberland CCAA Entities and the Bay CCAA Entities to January 31, 2017.

1.1 Purposes of this Report

1. The purposes of this report ("Report") are to:
 - a) provide an update on the CCAA proceedings of the CCAA Entities;
 - b) summarize the recommended process to complete sales of 28 condominium units held by Urbancorp Residential Inc. ("URI") and King Residential Inc.¹ ("KRI") (jointly, the "Residential Unit Owners"), each of which is a Cumberland CCAA Entity, being marketed for sale by Brad J. Lamb Realty Inc. ("Brad Lamb Realty"), as approved by the Court pursuant to an Order issued on December 14, 2016 ("Sale Process Order");
 - c) report on the respective Cumberland CCAA Entities' and the Bay CCAA Entities' consolidated cash flow projections for the period February 1, 2017 to April 30, 2017 ("Cash-Flow Statements");

¹ URI and KRI are nominee companies for Urbancorp Realty Co. and Urbancorp Cumberland 1 LP.

- d) summarize and seek approval of the fees and expenses of KSV, as the Monitor of the Cumberland CCAA Entities, and its counsel, Davies Ward Philips & Vineberg LLP ("Davies"), and of WeirFoulds LLP ("WeirFoulds"), counsel to the Cumberland CCAA Entities;
- e) summarize and seek approval of the fees and expenses of KSV, as the Monitor of the Bay CCAA Entities, Davies, and WeirFoulds, counsel to the Bay CCAA Entities; and
- f) recommend that the Court issue orders:
 - i. approving the process to complete sales of the condominium units;
 - ii. granting an extension of the stay of proceedings for the CCAA Entities to April 30, 2017; and
 - iii. approving the fees and disbursements of the Monitor, Davies and WeirFoulds, as detailed in this Report.

1.2 Currency

1. All currency references in this Report are to Canadian dollars.

1.3 Restrictions

1. In preparing this Report, the Monitor has relied upon unaudited financial information of the CCAA Entities, the books and records of the CCAA Entities and discussions with representatives of the CCAA Entities, including their lawyers and accountants. The Monitor has not performed an audit or other verification of such information. The financial information discussed herein is subject to further review. The Monitor expresses no opinion or other form of assurance with respect to the financial information presented in this Report.
2. An examination of the CCAA Entities' Cash Flow-Statements as outlined in the Chartered Professional Accountant Canada Handbook has not been performed. Future oriented financial information relied upon in this Report is based upon the CCAA Entities' assumptions regarding future events; actual results achieved may vary from this information and these variations may be material.

2.0 Update on CCAA Proceedings

2.1 Claims Process

1. Pursuant to Orders issued in the CCAA proceedings, the Monitor was authorized to conduct claims processes for the Bay CCAA Entities and Cumberland CCAA Entities (the "Claims Process"). The following sub-sections summarize the major issues that need to be resolved before the Monitor can make a distribution to creditors.

2.2 Home Buyer Claims

1. Mallow, Lawrence, St. Clair, Bridlepath and Woodbine (collectively, the "Property Companies") each held an interest in real property as bare trustees (collectively, the "Properties"). The Property Companies intended to develop residential projects. In connection with the developments, the Property Companies pre-sold 185 freehold homes and collected deposits totalling \$15.6 million from home buyers (the "Deposits"). There was no statutory or other requirement that the Deposits be held in trust or otherwise segregated. The Deposits were spent prior to the commencement of these insolvency proceedings.
2. At the commencement of the CCAA proceedings, the Properties consisted of raw land. The Property Companies were in the process of obtaining, and in some cases had obtained, approvals required to develop each of their projects.
3. The Monitor carried out a sale process for the Properties. The Approval and Vesting Orders in respect of each of the sale transactions provided each purchaser with title free and clear of all obligations, including the agreements of purchase and sale entered into between the Property Companies and home buyers (the "Home Buyer Agreements"). Accordingly, each home buyer has a claim arising from the failure of the Property Companies to perform the Home Buyer Agreements.
4. Pursuant to the Claims Process, home buyers were not required to file proofs of claim. Based on the Monitor's review of the Home Buyer Agreements, it determined that home buyers only had a claim for the return of their deposits. The Monitor then prepared each home buyer's claim and sent it to each home buyer. Home buyers were entitled to accept the claims as determined by the Monitor or dispute the amount of the claim by filing an objection notice.
5. Pursuant to Orders issued by the Court on August 29, 2016, Dickinson Wright LLP ("Dickinson") was appointed as representative counsel to home buyers who elected to "opt in" to being represented by them.
6. Dickinson has filed an objection notice on behalf of 56 home buyers (the "Dickinson Objection") (representing approximately 30% of the home buyers). In addition to a claim for Deposits, Dickinson filed a damage claim which it has yet to be quantified.
7. On January 10, 2017, the Monitor and its counsel, Davies, met with Dickinson to attempt to formalize a process to resolve the Dickinson Objection. Davies and Dickinson continue to work on arriving at an agreed process and timetable to resolve the Dickinson Objection. If an agreement cannot be reached in a timely manner, the Monitor intends to seek instructions from the Court regarding next steps.

2.3 Tarion Warranty Corporation

1. Tarion Warranty Corporation ("Tarion") filed 21 claims aggregating a total of approximately \$5.8 billion against the Cumberland CCAA Entities and 8 claims aggregating approximately \$349 million against the Bay CCAA Entities. Substantially all of Tarion's claims are contingent claims. The Monitor disallowed Tarion's claims in full. The majority of the claims were disallowed because the claims were against entities that did not construct any homes or dwelling units. In addition, on certain projects, Tarion claimed a deposit warranty claim. Tarion protects the deposits paid for all new homes up to a maximum of \$40,000 per home. As discussed above, the Claims Process provided for the deposit claims of home buyers to be accepted as a claim against the CCAA Entity, subject to objection by the home buyer. Accordingly, all claims for the return of deposits have been made as against the CCAA Entities. The Tarion deposit warranty claim was therefore duplicative of the home buyer deposit claim and was disallowed on the basis of the common law rule against double proofs.
2. The Monitor understands that Tarion would like to preserve a claim for dwelling deficiencies in connection with the CCAA Entities' projects. Tarion backstops warranty coverage to new home owners in connection with the construction of their homes for a seven year period. The Bridge on King Inc. is the only CCAA Entity that still qualifies for the Tarion warranty coverage.
3. The Monitor is continuing to have discussions with Tarion to resolve their claims. The Monitor is hopeful that resolution of the home buyer claims will substantially resolve the Tarion claims, thus allowing for a distribution to all creditors.

2.4 Israeli Proceedings

1. Urbancorp Inc. ("UCI") is the direct or indirect shareholder of the Cumberland CCAA Entities². UCI was incorporated on June 19, 2015 for the purpose of raising capital in the public markets in Israel. Pursuant to a deed of trust dated December 7, 2015, UCI made a public offering of debentures (the "IPO") in Israel for NIS 180,583,000 (approximately \$64 million based on the exchange rate at the time of the IPO) (the "Bonds"). The Bonds traded on the Tel Aviv Stock Exchange (the "TASE"). UCI is alleged to have defaulted on the Bonds and trading in the Bonds has been suspended by the TASE.
2. The majority of the proceeds from the Bonds were used by UCI to provide loans to the NOI Entities (other than UTMI) so that those entities could in turn repay certain of their loan obligations owing at the time. The loan agreements between UCI and the NOI Entities set out that these advances are unsecured and functionally subordinated to certain other obligations of the NOI Entities.

² Other than UTMI.

3. On April 25, 2016, the District Court in Tel Aviv-Yafo (the "Israeli Court") issued a decision appointing Guy Gissin as the functionary officer and foreign representative (the "Foreign Representative") of UCI and granted him certain powers, authorities and responsibilities over UCI (the "Israeli Proceedings").
4. On May 18, 2016, the Court issued two orders under Part IV of the CCAA (the "Part IV Proceedings") which, among other things:
 - a) recognized the Israeli Proceedings as a "foreign main proceeding";
 - b) recognized Mr. Gissin as foreign representative of UCI; and
 - c) appointed KSV as the Information Officer in the Part IV Proceedings.
5. On January 9, 2017, the Israeli Court made an order (the "January 9th Order"):
 - a) extending the appointment of the Foreign Representative by 90 days to April 8, 2017; and
 - b) authorizing the Foreign Representative to convene a creditors' meeting in order to approve a plan of arrangement for UCI (the "Plan").
6. The Monitor understands that the Plan will seek to distribute to UCI's creditors, *inter alia*, any funds received by UCI from its subsidiaries, including distributions from the Cumberland CCAA Entities. As of the date of this Report, the Monitor has not been provided a copy of the Plan and has no further details regarding the Plan.
7. The Monitor further understands that the Foreign Representative will be seeking an Order in the Part IV Proceedings recognizing the January 9th Order. Further information concerning the January 9th Order will be provided in a report or reports to be filed in the Part IV Proceedings by KSV in its capacity as the Information Officer in those proceedings.

2.5 Geothermal Assets

1. Subsidiaries of UCI have an interest in geothermal assets (collectively, the "Geothermal Assets") located at four condominium projects developed by entities in the Urbancorp Group of Companies. The Geothermal Assets provide heating and cooling to condominium projects through geothermal power. The condominium projects are as follows:

Condominium Name	Address
Edge	36 Lisgar Street, Toronto
Curve	170 Sudbury Street, Toronto
Bridge	38 Joe Shuster Way, Toronto
Fuzion	20 Joe Shuster Way, Toronto

2. The Geothermal Assets are primarily comprised of: (i) geothermal energy systems;³ and (ii) geothermal energy supply agreements between Urbancorp Renewable Power Inc. ("URPI"), a corporation that is not a subsidiary of UCI and that is not subject to CCAA proceedings, and the relevant condominium corporation (collectively, the "Condo Corporations") to manage each of the geothermal energy systems and to deal with and collect revenues from the Condo Corporations (collectively, the "Supply Agreements"). The Monitor's understanding is that URPI is supposed to distribute the revenue to the Urbancorp entity that holds the geothermal energy system, less a management fee of approximately 3%.
3. The Condo Corporations have failed to make payments under their Supply Agreements since March, 2016. The Monitor understands that URPI has initiated litigation proceedings against the Condo Corporations for failure to pay for the geothermal services. URPI has advised the Monitor that it expects this litigation to be heard in the next few months.
4. Contemporaneous with the litigation with the Condo Corporations, the Monitor is considering options for realizing on the Geothermal Assets. It has engaged in discussions with an interested party in this regard.

2.6 Downsview

1. Downsview Homes Inc. ("DHI") owns land located at 2995 Keele Street in Toronto, which is being developed into condominiums and low-rise residences (the "Downsview Project"). The Downsview Project consists of two phases. The first phase consists of approximately 560 townhomes and is expected to be completed in 2017. The second phase is a midrise condominium which will consist of approximately 500 residential units. Construction has not commenced on the second phase and is not expected to be completed until about 2020.
2. The shares of DHI are owned by Downsview (51%) and Mattamy (Downsview) Limited, an affiliate of Mattamy Homes ("Mattamy") (49%).
3. Construction on the Downsview Project is being managed by Mattamy. Downsview participates as financial partner on the project.

³ The registered owners of the geothermal energy systems appear to be Vestaco Homes Inc. (Bridge), Vestaco Investments Inc. (Curve) and 228 Queen's Quay West Ltd. (Edge), each of which is a Cumberland CCAA Entity. The registered owner of the Fuzion geothermal energy system appears to be Urbancorp New Kings Inc. and Urbancorp Management Inc., each as to 50% and each of which is not subject to CCAA proceedings. The Fuller Landau Group Inc. ("Fuller Landau"), in its capacity as Monitor of certain of the other entities in the Urbancorp Group of Companies, including Edge Residential Inc., Edge on Triangle Park Inc. and Bosvest Inc. (collectively, the "Edge Companies"), has indicated that the Edge Companies may have an interest in certain of the geothermal energy systems.

4. Downsvew has no material assets other than the shares of DHI. The shares are subject to transfer restrictions and co-ownership obligations with, and a pledge in favour of, Mattamy.
5. The Monitor is continuing to oversee this project, which has the potential to generate significant value for stakeholders in these proceedings.

2.7 Urbancorp New Kings Inc.

1. Urbancorp Cumberland 1 LP, a Cumberland CCAA Entity, is the shareholder of Urbancorp New Kings Inc. ("UNKI"). UNKI is not subject to the CCAA proceedings. UNKI owns a 50% interest in a development located at 1100 King Street West, Toronto (the "Kingsclub Development"). The remaining 50% interest of the Kingsclub Development is owned by King Liberty North Corporation ("KLNC"), an affiliate of First Capital (S.C.) Corporation ("FCSCC").⁴
2. The Kingsclub Development is a significant project presently under construction and is to consist of residential and retail space together with related residential and retail parking space.
3. Pursuant to the Initial Order, Robert Kofman, the President of KSV and the person with primary oversight of these proceedings on behalf of the Monitor, or such representative of KSV as Mr. Kofman may designate in writing from time to time, was appointed to the management committee of the Kingsclub Development in place of Alan Saskin, the sole officer and director of UNKI.
4. The Monitor, KLNC and FCSCC have entered into a Court-approved standstill agreement in respect of the Kingsclub Development (the "Standstill Agreement"). The Standstill Agreement is intended to facilitate an orderly completion of the Kingsclub Development. The Monitor is continuing to oversee the Kingsclub Development with a view to generating recoveries from this asset. The recoveries, if any, cannot be quantified at this time.
5. Further information concerning the Standstill Agreement is provided in the Monitor's Tenth Report to Court dated December 9, 2016 ("Tenth Report"). A copy of the Tenth Report is attached as Appendix "A", without appendices

3.0 Residential Units Sale Process

1. Pursuant to the Sale Process Order, Brad Lamb Realty is marketing the Residential Units for sale. In order for the Monitor to convey clean title to the Residential Units without the requirement to attend in Court for each of the 28 unit sales, the Monitor is requesting authority from the Court to complete transactions for the Residential Units provided it is satisfied with the purchase price and other terms of the transaction.

⁴ Kings Club Development Inc., a nominee entity, is the registered owner of the Kingsclub Development on behalf of its beneficial owners, UNKI (50%) and KLNC (50%).

2. In order to facilitate the process, the Monitor is seeking approval of a form of Purchase and Sale Agreement ("PSA") in respect of the Residential Units and authorization to execute the PSA. The Monitor is also prospectively seeking Court approval of a form of Approval and Vesting Order (the "Approval and Vesting Order") in respect of the sale of the Residential Units. Copies of the draft PSA and Vesting Order are attached as Appendix "B" and "C", respectively.
3. Given that the sale process has already been approved pursuant to the Sale Process Order, the Monitor recommends that the Court issue an order approving the forms of PSA and the Approval and Vesting Order as doing so is more efficient and less costly than seeking the Court's approval of each condominium sale.
4. Following the completion of all transactions, the Monitor will file with the Court a report detailing the sale price of each of the Residential Units.

4.0 Cash Flow Forecasts

1. The Cumberland CCAA Entities and Bay CCAA Entities have each prepared consolidated cash flow projections for the period February 1, 2017 to April 30, 2017 (the "Period"). The Cash-Flow Statements and the CCAA Entities' statutory reports on the cash flow pursuant to Section 10(2)(b) of the CCAA are attached as Appendix "D" and "E", respectively.
2. The CCAA Entities' principal assets are proceeds from various real property transactions; the CCAA Entities' operations do not generate positive cash flow. The expenses in the Cash-Flow Statements include payroll, general and administrative expenses and professional fees.
3. Both the Cumberland CCAA Entities and the Bay CCAA Entities have sufficient cash on hand to pay all disbursements during the Period.
4. Based on the Monitor's review of the Cash-Flow Statements, there are no material assumptions which seem unreasonable in the circumstances. The Monitor's statutory reports on the cash flows are attached as Appendix "F".

5.0 Request for an Extension

1. The CCAA Entities are seeking an extension of the stay of proceedings from January 31, 2017 to April 30, 2017. The Monitor supports their request for extensions of the stay of proceedings for the following reasons:
 - a) the CCAA Entities are acting in good faith and with due diligence;
 - b) no creditor will be prejudiced if the extensions are granted;
 - c) it will allow the Cumberland CCAA Entities and the Monitor further time to deal with other assets owned by the Cumberland CCAA Entities, including the Residential Units, Downsview, the Geothermal Assets and UNKI;

- d) it will allow the Monitor to stay apprised of and consider issues in the Israeli Proceedings;
- e) it will allow the Monitor the opportunity to address issues in the claims process, including the Dickinson Objection; and
- f) as of the date of this Report, neither the CCAA Entities nor the Monitor is aware of any party opposed to an extension.

6.0 Professional Fees

1. The fees and disbursements of the Monitor, Davies and WeirFoulds are summarized below.

Firm	Period	(\$)		
		Fees	Disbursements	Total
<u>Cumberland CCAA Entities</u>				
KSV	Aug 1/16 – Dec 31/16	658,099.25	5,001.01	663,100.26
Davies	Aug 1/16 – Dec 31/16	462,802.50	10,643.13	473,445.63
WeirFoulds	Aug 19/16 – Nov 30/16	184,002.50	1,983.21	185,985.71
Total		1,304,904.25	17,627.35	1,322,531.60
<u>Bay CCAA Entities</u>				
KSV	Oct 18/16 – Dec 31/16	119,170.50	670.96	119,841.46
Davies	Oct 1/16 – Dec 31/16	47,096.50	61.05	47,157.55
WeirFoulds	Aug 19/16 – Nov 30/16	89,507.50	1,465.54	90,973.04
Total		255,774.50	2,197.55	257,972.05

2. Detailed invoices are provided in appendices to the affidavits filed by representatives of KSV, Davies and WeirFoulds which are provided in Appendices "G", "H" and "I", respectively.
3. The average hourly rates for the Monitor, Davies and WeirFoulds are as follows:

Firm	Average Hourly Rate (\$)
<u>Cumberland CCAA Entities</u>	
KSV	472.42
Davies	874.86
WeirFoulds	606.86
<u>Bay CCAA Entities</u>	
KSV	484.63
Davies	890.29
WeirFoulds	538.55

4. The Monitor is of the view that the hourly rates charged by Davies and WeirFoulds are consistent with rates charged by law firms practicing in the area of restructuring and insolvency in the downtown Toronto market, and that the fees charged are reasonable and appropriate in the circumstances.

7.0 Conclusion and Recommendation

1. Based on the foregoing, the Monitor respectfully recommends that the Court make an order granting the relief detailed in Section 1.1(f) of this Report.

* * *

All of which is respectfully submitted,



**KSV KOFMAN INC.
IN ITS CAPACITY AS CCAA MONITOR OF
THE CCAA ENTITIES
AND NOT IN ITS PERSONAL CAPACITY**

Schedule "A"

Urbancorp Toronto Management Inc.
Urbancorp (St. Clair Village) Inc.
Urbancorp (Patricia) Inc.
Urbancorp (Mallow) Inc.
Urbancorp Downsview Park Development Inc.
Urbancorp (Lawrence) Inc.
Urbancorp (952 Queen West) Inc.
King Residential Inc.
Urbancorp 60 St. Clair Inc.
High Res. Inc.
Bridge on King Inc.
Urbancorp Power Holdings Inc.
Vestaco Homes Inc.
Vestaco Investments Inc.
228 Queen's Quay West Limited
Urbancorp Cumberland 1 LP
Urbancorp Cumberland 1 GP Inc.
Urbancorp Partner (King South) Inc.
Urbancorp (North Side) Inc.
Urbancorp Residential Inc.
Urbancorp Realtyco Inc.

Schedule "B"

Urbancorp (Woodbine) Inc.

Urbancorp (Bridlepath) Inc.

The Townhouses of Hogg's Hollow Inc.

King Towns Inc.

Newtowns at Kingtowns Inc.

Deaja Partner (Bay) Inc.

TCC Urbancorp (Bay) Limited Partnership

Appendix "D"

District Court
At the Tel Aviv-Yafo

Liquidation case 44348-04-16
Before the honorable
President Judge Eitan Orenstein

<p>In the matter of: The Companies Law of 57 The Companies Order [N</p>	<p>18/12/2016 Ruling Case no. 44348-04-16 Judge Eitan Orenstein</p>
<p>And: Urbancorp Inc. Canadian</p>	<p>As requested</p>
<p>And: Adv. Guy Gissin – tempor By his attorneys Yael Hersl And/or Sandra Schneider Of the Gissin & Co. Law Fi Phone: 03-7467777; fax: 03-7467700</p>	<p><u>The Functionary</u></p>
<p>And: The Official Receiver Of 2 HaShlosa St. Tel Aviv 61090 Phone: 03-6899695, fax: 02-6462502</p>	<p><u>The Official Receiver</u></p>

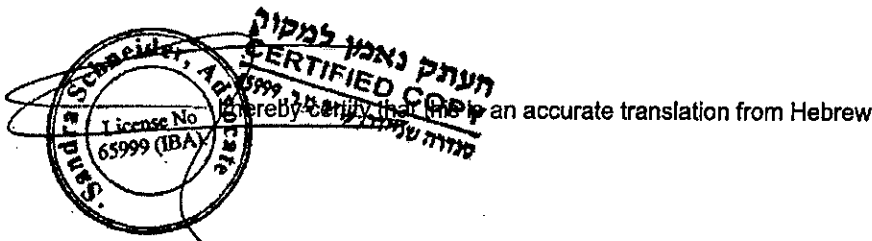
Motion for the extension of Functionary Appointment

With Official Receiver consent

The honorable court is hereby requested by adv. Guy Gissin, Urbancorp Inc. Officer (hereinafter: the "Functionary" and "Company") and with the consent of the Official Receiver, to extend the Functionary's appointment by a term of an additional 30 days, during which the Functionary intends to file a motion for the convention of creditors' meetings in favor of arrangement approval.

Motion Reasoning

1. Famously, the Officer was appointed in accordance with the appointment order given on April 25th 2016, which is about to end on December 22nd, 2016.
2. Considerations due to be received from the realization of Company assets and rights in its Canadian subsidiaries are expected to enable, at first stage, a distribution of a significant scope estimated at approximately 50% at least, as early as during the first half of 2017.
3. In favor of the distribution of the consideration due to be received as mentioned, as well as additional considerations due to be received from additional assets realization and/or claim



rights, the Officer is currently formalizing a proposal of arrangement principles to be filed for the approval of the honorable court during the requested extension term.

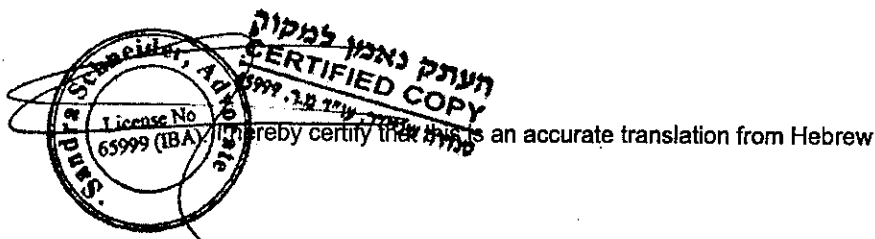
- 4. Note: [1] that this is a company established and registered according to Canadian law, which issued securities in Israel and which according to its prospectus is subject to two legal systems (Canadian and Israeli); [2] that Company assets' location in Canada imposes additional limitations by virtue of the Canadian law, and requires current conduct and approval in two judicial systems and/or according to two legal systems, which creates significant complexity; [3] that the recognition of the Canadian court of the arrangement and appointment extension motion is required – the Officer requires an additional term of 30 days to complete arrangement principles, including and mainly coordination with the Canadian attorneys.
- 5. As mentioned above, the Official Receiver has consented to the requested extension.
- 6. In light of the above mentioned; the Honorable Court honorable is requested court is requested to extend the officer appointment for the requested period of time, aforementioned.

Yael Hershkowitz, Adv.

Gilad Bergstein, Adv.

Representing the Urbancorp Inc. Officer

Today, December 15th 2016, Tel Aviv



The District Court
Tel Aviv

9.1.2017 Decision

n 44348-04-16

Regarding: The Companies Law, 5759-1999
The Companies Order [New Vers

Motion 29 in case 44348-04-16
Judge Eitan Orenstein

Companies Law

And: Urbancorp Inc. Canadian compar

I have reviewed. From the reason of the motion, I extend the functionary's appointment for additional 90 days. The functionary shall convene meetings for approval of the creditors arrangement subject to the reports required under law, and shall report to the court following the meeting.

Company

And: Attorney Guy Gissin – temporary
Represented by Attorney Yael He
From Gissin & Co. Avocates
HaBarzel 38B, Tel Aviv 69710
Tel. 03-7467777, fax: 03-7467700

dra Schneider

Functionary

And: The Official Receiver
2 HaShlosha. Tel Aviv
Tel. 03-6899695, fax: 02-6467558

Official Receiver

Motion on behalf of the Company to extend the appointment of the Functionary and issue an order to assemble creditors' meetings in order to validate a settlement in compliance with the provisions of section 350 of the Companies Law, 5759-1999

Advocate Guy Gissin, the Functionary of Urbancorp Inc. (hereinafter: the "Functionary" and the "Company"), hereby requests the Honorable Court to extend his appointment by an additional period of 90 days, and exercise its authority under section 350 of the Companies Law, 5759-1999 (hereinafter: the "Law") to order the assembly of meetings of the Company's creditors (hereinafter: the "Bonds"), in order to validate a debt settlement for the Company.

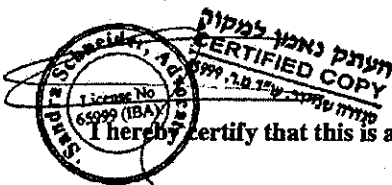
The main purpose of the assembly of creditors meetings and approval of creditors' arrangement as aforesaid is to enable the distribution of funds to be received by the Company from realization of its Canadian subsidiaries' assets in the first half of 2017, as shall be specified below, as well as to arrange the on-going conduct of the Company in order to repay its debts.

Due to the need to conduct procedures both in Israel and Canada, and receiving the approval of the two Courts for the procedures of the debt arrangement as detailed hereinafter, a preparation is required in advance for the distribution of funds as stated.

As previously mentioned, the Company is a Canadian company, governed by the Canadian law with respect to insolvency and distribution laws as set forth in its resolutions and bond issuance prospectus of 2015, whereas the Israeli law and Israeli Securities Law 1968 and Regulations in particular, applies with respect to the securities laws and the Deed of Trust (as defined below) of the Bonds. Therefore, the Court will be asked to approve special procedures in order to enable the Canadian creditors of the Company to participate in the creditors' arrangement procedures in Canada and in the English language.

The Functionary intends, following and subject to the approval of the Honorable Court, to apply to the Canadian Court and seek recognition on its part to the contemplated procedure and assembly of meetings.

The appendixes attached to this motion are an integral part thereof.



Appendix "E"

CV-16-550889

Court File No.

**ONTARIO
SUPERIOR COURT OF JUSTICE**

BETWEEN:



**1481614 ONTARIO INC.
formerly carrying on business as
Coldwell Banker Case Realty**

Plaintiff

- and -

**URBANCORP INC., URBANCORP (DOWNTOWN) DEVELOPMENTS INC.,
URBANCORP FINANCIAL INC., EDGE RESIDENTIAL INC., EDGE ON
TRIANGLE PARK INC., URBANCORP (MALLOW) INC., URBANCORP
(RIVERDALE) DEVELOPMENTS INC., URBANCORP (ST. CLAIR
VILLAGE) INC., and URBANCORP (952 QUEEN WEST) INC.**

Defendants

STATEMENT OF CLAIM

TO THE DEFENDANT

A LEGAL PROCEEDING HAS BEEN COMMENCED AGAINST YOU by the Plaintiff. The Claim made against you is set out in the following pages.

IF YOU WISH TO DEFEND THIS PROCEEDING, you or an Ontario lawyer acting for you must prepare a Statement of Defence in Form 18A prescribed by the Rules of Civil Procedure, serve it on the Plaintiff's lawyer or, where the Plaintiff does not have a lawyer, serve it on the Plaintiff, and file it, with proof of service in this court office, **WITHIN TWENTY DAYS** after this Statement of Claim is served on you, if you are served in Ontario.

If you are served in another province or territory of Canada or in the United States of America, the period for serving and filing your Statement of Defence is forty days. If you are served outside Canada and the United States of America, the period is sixty days.

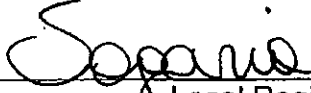
Instead of serving and filing a Statement of Defence, you may serve and file a Notice of Intent to Defend in Form 18B prescribed by the Rules of Civil Procedure. This will entitle you to ten more days within which to serve and file your Statement of Defence.

IF YOU FAIL TO DEFEND THIS PROCEEDING, JUDGMENT MAY BE GIVEN AGAINST YOU IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO DEFEND THIS PROCEEDING BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

IF YOU PAY THE PLAINTIFF'S CLAIM, and \$2,000.00 for costs, within the time for serving and filing your Statement of Defence you may move to have this proceeding dismissed

by the Court. If you believe the amount claimed for costs is excessive, you may pay the Plaintiff's claim and \$2,000.00 for costs and have the costs assessed by the Court.

TAKE NOTICE: THIS ACTION WILL AUTOMATICALLY BE DISMISSED if it has not been set down for trial or terminated by any means within five years after the action was commenced unless otherwise ordered by the court.

Date April 13/2016 Issued by  **M. Sagaria**
Registrar

Address of
court office: 393 University Avenue, 10th Floor
Toronto ON M5G 1E6

TO: Urbancorp Inc.
120 Lynn Williams Street, Suite 2A
Toronto, Ontario M6K 3P6

AND TO: Urbancorp (Downtown) Developments Inc.
120 Lynn Williams Street, Suite 2A
Toronto, Ontario M6K 3P6

AND TO: Urbancorp Financial Inc.
120 Lynn Williams Street, Suite 2A
Toronto, Ontario M6K 3P6

AND TO: Edge Residential Inc.
120 Lynn Williams Street, Suite 2A
Toronto, Ontario M6K 3P6

AND TO: Edge On Triangle Park Inc.
120 Lynn Williams Street, Suite 2A
Toronto, Ontario M6K 3P6

AND TO: Urbancorp (Mallow) Inc.
120 Lynn Williams Street, Suite 2A
Toronto, Ontario M6K 3P6

AND TO: Urbancorp (Riverdale) Developments Inc.
120 Lynn Williams Street, Suite 2A
Toronto, Ontario M6K 3P6

AND TO: Urbancorp (St. Clair Village) Inc.
120 Lynn Williams Street, Suite 2A
Toronto, Ontario M6K 3P6

AND TO: Urbancorp (952 Queen West) Inc.
120 Lynn Williams Street, Suite 2A
Toronto, Ontario M6K 3P6

CLAIM

1. The plaintiff claims:

- (a) payment in the sum of \$170,063.79, inclusive of H.S.T. and accrued interest to and including April 13, 2016;
- (b) in the alternative, payment in the sum of \$70,017.42, inclusive of H.S.T. and accrued interest to and including April 13, 2016, plus damages in the amount of \$99,047.75;
- (c) pre-judgment and post-judgment interest on the amounts claimed in subparagraph (a) or (b) above from April 14, 2016, to the date of payment in pursuant to the *Courts of Justice Act*, R.S.O. 1990, c. C-43, as amended;
- (d) the costs of this action on a substantial indemnity basis, plus all applicable taxes; and
- (e) such further and other relief as this Honourable Court may deem just.

The Parties

2. This dispute is in respect of outstanding real estate commissions owed to the plaintiff by the defendants, or one or more of them, for real estate transactions on five of the defendants' residential development projects (collectively, the "**Projects**"):

- (a) a high-rise residential condominium known as "**Edge on Triangle Park**", located at 36 Lisgar Street, Toronto;

- (b) a single-family residential community known as "**Homes at Don Mills**", located near Don Mills Road and Lawrence Ave, Toronto;
- (c) a mixed single-family and townhouse community known as "**Neighbourhoods of Queen E**" consisting of three locations along the Queen East corridor in Toronto;
- (d) a residential townhouse condominium known as the "**Manors of St. Clair West**" located at 836 St. Clair Ave West; and
- (e) a high-rise residential condominium known as "**WQW West Queen West Condominiums**" located at near Queen St W at Shaw St. in Toronto.

3. The plaintiff, 1481614 Ontario Inc. ("**1481614**"), formerly known as Case Realty Inc. and which formerly carried on business as "Coldwell Banker Case Realty", is a corporation existing under the provisions of the Ontario *Business Corporations Act*, with its headquarters located in the City of Toronto, in the Province of Ontario. At all material times, 1481614 operated as a real estate brokerage firm.

4. Edge On Triangle Park Inc. ("**Edge**") is a company incorporated pursuant to the laws of the Province of Ontario carrying on business as a high-rise residential developer with its head office located at 120 Lynn Williams Street, Suite 2A, Toronto. At all material times, Edge was involved in the development and sale of the Edge on Triangle Park project.

5. Edge Residential Inc. ("**Edge Residential**") is a company incorporated pursuant to the laws of the Province of Ontario carrying on business as a high-rise residential

developer with its head office located at 120 Lynn Williams Street, Suite 2A, Toronto. At all material times, Edge Residential was involved in the development of and had a legal or equitable interest in the Edge on Triangle Park project.

6. Urbancorp (Downtown) Developments Inc. ("**Urbancorp Downtown**") is a company incorporated pursuant to the laws of the Province of Ontario carrying on business as a high-rise residential developer with its head office located at 120 Lynn Williams Street, Suite 2A, Toronto. At all material times, Urbancorp Downtown was involved in the development of and had a legal or equitable interest in the Edge on Triangle Park project.

7. Urbancorp (Mallow) Inc. ("**Urbancorp Mallow**") is a company incorporated pursuant to the laws of the Province of Ontario carrying on business as a residential developer with its head office located at 120 Lynn Williams Street, Suite 2A, Toronto. At all material times, Urbancorp Mallow was involved in the development and sale of the Homes at Don Mills project.

8. Urbancorp (Riverdale) Developments Inc. ("**Urbancorp Riverdale**") is a company incorporated pursuant to the laws of the Province of Ontario carrying on business as a residential developer with its head office located at 120 Lynn Williams Street, Suite 2A, Toronto. At all material times, Urbancorp Riverdale was involved in the development and sale of the Neighbourhoods of Queen E project.

9. Urbancorp (St. Clair Village) Inc. ("**Urbancorp St. Clair**") is a company incorporated pursuant to the laws of the Province of Ontario carrying on business as a residential developer with its head office located at 120 Lynn Williams Street, Suite 2A,

Toronto. At all material times, Urbancorp St. Clair was involved in the development and sale of the Manors of St. Clair West project.

10. Urbancorp (952 Queen West) Inc. ("**Urbancorp 952**") is a company incorporated pursuant to the laws of the Province of Ontario carrying on business as a residential developer with its head office located at 120 Lynn Williams Street, Suite 2A, Toronto. At all material times, Urbancorp St. Clair was involved in the development and sale of the Manors of St. Clair West project.

11. Urbancorp Inc. ("**Urbancorp**") is a company incorporated pursuant to the laws of the Province of Ontario carrying on business as a residential developer with its head office located at 120 Lynn Williams Street, Suite 2A, Toronto. At all material times, Urbancorp was involved in the development of and had a legal or equitable interest in the Projects.

12. Urbancorp Financial Inc.. ("**Urbancorp Financial**") is a company incorporated pursuant to the laws of the Province of Ontario carrying on business as a residential developer with its head office located at 120 Lynn Williams Street, Suite 2A, Toronto. At all material times, Urbancorp Financial was involved in the development of and had a legal or equitable interest in the Projects.

Relationship of the Urbancorp Group

13. Each of Edge, Edge Residential, Urbancorp Downtown, Urbancorp Mallow, Urbancorp Riverdale, Urbancorp St. Clair, Urbancorp 952, Urbancorp, and Urbancorp Financial (collectively, the "**Urbancorp Group**") are parents, subsidiaries or otherwise affiliated corporations to one another, each having the same management, control, and

registered head office. At all material times, the Urbancorp Group, as "Urbancorp", generally represented themselves to 1481614, the City of Toronto, and the general public as the owner and developer of the Projects.

14. Particulars of the specific relationship and arrangements between the Urbancorp Group are unknown to 1481614, but are within the knowledge of those parties. 1481614 states that they are operated indistinguishably and not at arm's length, whereby Edge, Urbancorp Mallow, Urbancorp Riverdale, Urbancorp St. Clair, and Urbancorp 952 were under effective influence and control of others in the Urbancorp Group and exercised no independent discretion. Accordingly, the Urbancorp Group operate as alter egos and are thereby liable for the acts, omissions, and debts of one another.

15. In the alternative, 1481614 states that Edge, Urbancorp Mallow, Urbancorp Riverdale, Urbancorp St. Clair, and Urbancorp 952 operated as agents for one or more of Edge Residential, Urbancorp Downtown, Urbancorp Financial, and Urbancorp. The particulars of any such agency relationship are unknown to Sterling, but are within the knowledge of the Urbancorp Group. Accordingly, Edge Residential, Urbancorp Downtown, Urbancorp Financial, and Urbancorp, as principals, are liable for the acts omissions and debts of its agents, Edge, Urbancorp Mallow, Urbancorp Riverdale, Urbancorp St. Clair, and Urbancorp 952, as applicable, in respect of the Projects.

The Edge on Triangle Park Co-operating Broker Agreements

16. Between November 2010 and January 2011, 1481614, as the co-operating broker, and the Urbancorp Group through Edge, as vendor, entered into fourteen

standard form co-operating broker agreements whereby Urbancorp Group agreed to pay 1481614 a referral fee (the "**Commission**") in the event a client of 1481614 (a "**Purchaser**") entered into an Agreement of Purchase and Sale with Edge for the purchase of a residential condominium unit at the Edge on Triangle Park project (the "**Edge Broker Agreements**").

17. The Edge Broker Agreements provided, *inter alia*, that:

- (a) to be eligible for the Commission, a Purchaser must accompany 1481614 (or a sales agent employed by 1481614) to the sales office of the Edge on Triangle Park Project and enter into an Agreement of Purchase and Sale with Edge for the purchase of a residential condominium unit at the Edge on Triangle Park project;
- (b) Urbancorp Group, through Edge, agreed to pay 1481614 a Commission of 4% of the sale price of the residential condominium unit in the Edge on Triangle Park project specified in each Edge Broker Agreement;
- (c) 1% of the purchase price (*i.e.* 25% of the Commission) was payable within 90 days after an Agreement of Purchase and Sale was firm and binding between Edge and a Purchaser (the "**1st Installment**");
- (d) 1.5% of the purchase price (*i.e.* 37.5% of the Commission) was payable upon receipt by the Urbancorp Group of construction financing (the "**2nd Installment**");

- (e) the final 1.5% of the purchase price (i.e. the remaining 37.5% of the Commission) was payable 10 calendar days after the transfer of the residential condominium unit to the Purchaser (the "3rd Installment").

18. As summarized in the following chart at paragraph 19, below, fourteen Purchasers entered into an Agreement of Purchase of Sale for the purchase of residential condominium units at the Edge on Triangle Park project while accompanied by 1481614 (or a sales agent employed by 1481614) thus entitling 1481614 to the Commission outlined in the Edge Broker Agreements.

19. To date, Urbancorp Group has paid the 1st Installments and 2nd Installments of the Commissions due to 1481614 pursuant to the fourteen Edge Broker Agreements. However, in breach of the terms of the Edge Broker Agreements, Urbancorp Group has failed, refused or neglected to pay the 3rd Installments, notwithstanding that more than 10 calendar days have past since the residential condominium units specified in the Agreements of Purchase and Sale have transferred to the Purchasers.

Agreement of Purchase and Sale	Residential Unit	Sale Price	Commission	Unit Transfer Date	Unpaid Commission (excl. HST)
November 23, 2010	307E	\$247,900.00	\$9,425.86	May 20, 2015	\$3,278.04
November 27, 2010	308	\$247,900.00	\$9,425.86	May 20, 2015	\$3,278.04
November 16, 2010	309	\$226,900.00	\$8,627.38	May 20, 2015	\$3,235.27
November 21, 2010	310	\$247,900.00	\$9,425.86	May 20, 2015	\$3,278.04
November 16, 2010	307 (formerly 317)	\$226,900.00	\$8,627.38	May 20, 2015	\$3,235.27
November 24, 2010	506E	\$249,900.00	\$9,501.90	May 20, 2015	\$3,017.48

November 18, 2010	509	\$228,900.00	\$8,703.42	May 20, 2015	\$3,263.78
November 15, 2010	516	\$228,900.00	\$8,703.42	May 20, 2015	\$3,306.06
January 22, 2011	520	\$186,900.00	\$7,106.46	May 20, 2015	\$2,614.51
January 30, 2011	523	\$237,900.00	\$9,045.63	May 20, 2015	\$1,450.23
December 9, 2010	2019 (formerly 731E)	\$218,900.00	\$8,323.19	May 20, 2015	\$3,980.14
January 19, 2011	730	\$190,900.00	\$7,258.56	May 20, 2015	\$2,670.47
January 27, 2011	812E	\$238,400.00	\$9,604.64	May 20, 2015	\$3,275.04
November 27, 2010	1716E	\$262,900.00	\$9,996.20	May 20, 2015	\$3,491.92
Subtotal					\$43,374.29
H.S.T.					\$5,638.66
Total Outstanding Commission for Edge on Triangle Park					\$49,012.95

20. Despite repeated requests and demands, Urbancorp Group refuses to pay the commission owing to 1481614 under the Edge Broker Agreements in the amount of \$49,012.95, inclusive of H.S.T. causing 1481614 to suffer damages.

21. Based on terms of the Edge Broker Agreements, payment was due by no later than May 30, 2015 (i.e., the 10th calendar day following the transfer of the residential condominium units to their owners).

22. Using the interest rate for overdue payment of 0.8% *per annum*, being the claimable interest rate pursuant to the *Courts of Justice Act*, R.S.O. 1990, c. C.43, the total accrued interest on the unpaid amount of \$49,012.95 up to April 13, 2016 is \$735.87, calculated as follows:

$$\begin{aligned}
 & \$49,012.95 \times 0.8\% = \$392.10 \div 365 \text{ days} = \$1.07 \times 685 \text{ days} = \$735.87 \\
 & \text{Total accrued interest to April 13, 2016: } \$735.87 \\
 & \text{Per diem interest: } \$1.07
 \end{aligned}$$

23. Accordingly, the total sum of \$49,748.82, inclusive of accrued interest, is due and owing pursuant to the terms of the Edge Broker Agreements as of April 13, 2016, calculated as follows: $\$49,012.95 + \$735.87 = \$49,748.82$.

The Neighbourhoods of Queen E Co-operating Broker Agreements

24. Between July 2011 and October 2011, 1481614, as the co-operating broker, and the Urbancorp Group through Urbancorp Riverdale, as vendor, entered into six standard form co-operating broker agreements with nearly identical terms as the Edge Broker Agreements, save and except:

- (a) that the properties to be sold were part of the Neighbourhoods of Queen E project;
- (b) 2% of the purchase price (i.e. 50% of the Commission) was payable upon an Agreement of Purchase and Sale becoming firm and binding between Urbancorp Riverdale and a Purchaser and construction commencing (i.e. pouring the foundations); and
- (c) the remaining 2% of the purchase price (i.e. 50% of the Commission) payable 10 calendar days after the transfer of the residential property to the Purchaser (the "**Queen E Broker Agreements**").

25. As summarized in the following chart at paragraph 23 below, six Purchasers entered into an Agreement of Purchase of Sale for the purchase of residential properties at the Neighbourhoods of Queen E project while accompanied by 1481614 (or a sales agent employed by 1481614) thus entitling 1481614 to the Commission outlined in the Queen E Broker Agreements.

26. To date, Urbancorp Group has paid the initial 50% of the Commissions due to 1481614 pursuant to the six Queen E Broker Agreements. However, in breach of the terms of the Queen E Broker Agreements, Urbancorp Group has failed, refused or neglected to pay the final 50% of the Commission, notwithstanding that more than 10 calendar days have past since the properties specified in the Agreements of Purchase and Sale and the Queen E Broker Agreements have transferred to the Purchasers.

Agreement of Purchase and Sale	Address	Sale Price	Commission	Unit Transfer Date	Unpaid Commission (excl. HST)
October 17, 2011	45 Howie	\$825,000	\$31,368.82	December 31, 2014	\$15,026.55
September 25, 2011	51 Howie (formerly 23 Howie)	\$800,000	\$ 34,418.25	December 31, 2014	\$14,587.07
July 4, 2011	56 Boulton	\$770,000	\$29,277.57	December 31, 2014	\$15,879.99
July 5, 2011	58 Boulton	\$770,000	\$29,277.57	December 31, 2014	\$14,053.09
July 14, 2011	62 Boulton	\$770,000	\$29,277.57	December 31, 2014	\$14,053.09
November 24, 2010	86 Boulton	\$770,000	\$29,277.57	December 31, 2014	\$14,053.09
Subtotal					\$87,652.88
H.S.T.					\$11,394.87
Total Outstanding Commission for Edge on Triangle Park					\$99,047.75

27. In the alternative, in the event this court finds that the properties specified in the Agreements of Purchase and Sale and the Queen E Broker Agreements have not transferred to the Purchasers, it is only because Urbancorp Group, or any of them, have failed, refused or neglected to fulfill their obligation to complete the transfer of the properties.

28. Specifically, Urbancorp Group has refused to perform its contractual obligations in good faith, both under the Agreements of Purchase and Sale and the Queen E Broker Agreements. By doing so, the Urbancorp Group has breached the duty owed to 1481614 of honest contractual performance by failing to complete the transfer of the properties that are the subject matter of the Queen E Broker Agreements when the Purchasers are prepared to complete the transfers, thus denying 1481614 payment of the 3rd Installments on the six Queen E Broker Agreements.

29. As a result of Urbancorp Group's breach of contract and breach of its duty of honest contractual performance, 1481614 has suffered damages in the amount of \$99,047.75

30. Despite repeated requests and demands, Urbancorp Group refuses to pay the commission owing to 1481614 under the Queen E Broker Agreements in the amount of \$99,047.75, inclusive of H.S.T. causing 1481614 to suffer damages.

31. Based on terms of the Queen E Broker Agreements, payment was due by no later than January 10, 2014 (*i.e.*, the 10th calendar day following the transfer of the residential units to their owners).

32. Using the interest rate for overdue payment of 0.8% *per annum*, being the claimable interest rate pursuant to the *Courts of Justice Act*, R.S.O. 1990, c. C.43, the total accrued interest on the unpaid amount of \$99,047.75 up to April 13, 2016 is \$1,020.33, calculated as follows:

$$\$99,047.75 \times 0.8\% = \$792.38 \div 365 \text{ days} = \$2.17 \times 460 \text{ days} = \$998.62$$

Total accrued interest to April 13, 2016: \$998.62

Per diem interest: \$2.17

33. Accordingly, the total sum of \$100,046.37, inclusive of accrued interest, is due and owing pursuant to the terms of the Queen E Broker Agreements as of April 13, 2016, calculated as follows: $\$99,047.75 + \$998.62 = \$100,046.37$.

Homes of Don Mills Co-operating Broker Agreements

34. On or about November 5, 2014, 1481614, as the co-operating broker, and the Urbancorp Group through Urbancorp Mallow, as vendor, entered into a standard form co-operating broker agreements with nearly identical terms as the Edge Broker Agreements, save and except:

- (a) that the properties to be sold were part of the Homes of Don Mills project;
- (b) 1% of the purchase price (i.e. 25% of the Commission) was payable within 180 days after an Agreement of Purchase and Sale was firm and binding between Urbancorp Mallow and a Purchaser (the 1st Installment);
- (c) 1% of the purchase price (i.e. 25% of the Commission) was payable upon receipt by the Urbancorp Group of construction financing and commencement of construction of the framing of the property (the 2nd Installment); and
- (d) the final 2% of the purchase price (i.e. the remaining 50% of the Commission) was payable 30 calendar days after the transfer of the residential condominium unit to the Purchaser (the 3rd Installment) (the "**Don Mills Broker Agreement**").

35. Also on or about November 5, 2014, Urbancorp Group through Urbancorp Mallow, as the vendor, entered into an Agreement of Purchase of Sale with a Purchaser

for the purchase of the property known as Lot 8 of the Homes of Don Mills project while accompanied by 1481614 (or a sales agent employed by 1481614) thus entitling 1481614 to the Commission outlined in the Don Mills Broker Agreement. The Agreement of Purchase and Sale provided for a purchase price of \$799,900.00.

36. To date, Urbancorp Group, in breach of the terms of the Don Mills Broker Agreement, has failed, refused or neglected to pay the 1st Installment of 1% of the purchase price of Lot 8 of the Homes of Don Mills (*i.e.* \$7,999.00 exclusive of H.S.T.), notwithstanding that more than 180 calendar days have past since the Agreement of Purchase and Sale became binding between the Purchaser and Urbancorp Mallow.

37. Despite repeated requests and demands, Urbancorp Group refuses to pay the commission owing to 1481614 under the Don Mills Broker Agreements in the amount of \$9,038.87, inclusive of H.S.T. causing 1481614 to suffer damages.

38. Based on terms of the Don Mills Broker Agreement, payment was due by no later than May 4, 2015 (*i.e.*, the 180th calendar day following the Don Mills Broker Agreement was signed).

39. Using the interest rate for overdue payment of .0.8% *per annum*, being the claimable interest rate pursuant to the *Courts of Justice Act*, R.S.O. 1990, c. C.43, the total accrued interest on the unpaid amount of \$9,038.87 up to April 13, 2016 is \$68.55, calculated as follows:

$$\$9,038.87 \times 0.8\% = \$72.31 \div 365 \text{ days} = \$0.20 \times 346 \text{ days} = \$68.55$$

Total accrued interest to April 13, 2016: \$68.55

Per diem interest: \$0.20

40. Accordingly, the total sum of \$9,107.42, inclusive of accrued interest, is due and owing pursuant to the terms of the Don Mills Broker Agreement as of April 13, 2016, calculated as follows: $\$9,038.87 + \$68.55 = \$9,107.42$.

Homes of St. Clair Co-operating Broker Agreements

41. On or about January 18, 2014, 1481614, as the co-operating broker, and the Urbancorp Group through Urbancorp St. Clair, as vendor, entered into a standard form co-operating broker agreements with identical terms as the Don Mills Agreements, save and except that the properties to be sold were part of the Homes of St. Clair project (the "**St. Clair Broker Agreement**").

42. Also on or about January 18, 2014, Urbancorp Group through Urbancorp St. Clair, as the vendor, entered into an Agreement of Purchase of Sale with a Purchaser for the purchase of the property known as 34 McRoberts Avenue of the Homes of St. Clair project while accompanied by 1481614 (or a sales agent employed by 1481614) thus entitling 1481614 to the Commission outlined in the St. Clair Broker Agreement. The Agreement of Purchase and Sale provided for a purchase price of \$838,990.00.

43. To date, Urbancorp Group, in breach of the terms of the St. Clair Broker Agreement, has failed, refused or neglected to pay the 1st Installment of 1% of the purchase price of 34 McRoberts Avenue of the Homes of St. Clair project (*i.e.* \$7,975.19 exclusive of H.S.T.), notwithstanding that more than 180 calendar days have past since the Agreement of Purchase and Sale became binding between the Purchaser and Urbancorp St. Clair.

44. Despite repeated requests and demands, Urbancorp Group refuses to pay the commission owing to 1481614 under the St. Clair Broker Agreement in the amount of \$9,011.96; inclusive of H.S.T. causing 1481614 to suffer damages.

45. Based on terms of the St. Clair Broker Agreement, payment was due by no later than July 17, 2014 (*i.e.*, the 180th calendar day following the St. Clair Broker Agreement was signed).

46. Using the interest rate for overdue payment of 0.8% *per annum*, being the claimable interest rate pursuant to the *Courts of Justice Act*, R.S.O. 1990, c. C.43, the total accrued interest on the unpaid amount of \$9,011.96 up to April 13, 2016 is \$125.82, calculated as follows:

$$\$9,011.96 \times 0.8\% = \$72.10 \div 365 \text{ days} = \$0.20 \times 637 \text{ days} = \$125.82$$

Total accrued interest to April 13, 2016: \$125.82

Per diem interest: \$0.20

47. Accordingly, the total sum of \$9,137.78, inclusive of accrued interest, is due and owing pursuant to the terms of the St. Clair Broker Agreement as of April 13, 2016, calculated as follows: \$9,011.96 + \$125.82 = \$9,137.78.

WQW West Queen West Condominiums Co-operating Broker Agreements

48. On or about September 27, 2014, 1481614, as the co-operating broker, and the Urbancorp Group through Urbancorp 592, as vendor, entered into a standard form co-operating broker agreements with nearly identical terms as the Edge Broker Agreements, save and except:

- (a) that the properties to be sold were part of the WQW West Queen West Condominiums project;

- (b) an amount of \$2,000 became payable within 30 days after an Agreement of Purchase and Sale was firm and binding between Urbancorp 592 and a Purchaser (the 1st Installment);
- (c) 2% of the purchase price was payable upon commencement of construction of pouring the foundations for the condominium (the 2nd Installment); and
- (d) the balance of the 4% of the purchase price (*i.e.* the remaining Commission) was payable 30 calendar days after the transfer of the residential condominium unit to the Purchaser (the 3rd Installment) (the **“WQW Broker Agreement”**).

49. Also on or about September 27, 2014, Urbancorp Group through Urbancorp 592, as the vendor, entered into an Agreement of Purchase of Sale with a Purchaser for the purchase of a condominium unit number 507 of the WQW West Queen West Condominiums project while accompanied by 1481614 (or a sales agent employed by 1481614) thus entitling 1481614 to the Commission outlined in the WQW Broker Agreement. The Agreement of Purchase and Sale provided for a purchase price of \$287,400.00.

50. To date, Urbancorp Group, in breach of the terms of the WQW Broker Agreement, has failed, refused or neglected to pay the 1st Installment of \$2000, notwithstanding that more than 30 calendar days have past since the Agreement of Purchase and Sale became binding between the Purchaser and Urbancorp 592.

51. Despite repeated requests and demands, Urbancorp Group refuses to pay the commission owing to 1481614 under the WQW Broker Agreement in the amount of \$2,000.00 inclusive of H.S.T. causing 1481614 to suffer damages.

52. Based on terms of the WQW Broker Agreement, payment was due by no later than October 27, 2014 (*i.e.*, the 30th calendar day following the WQW Broker Agreement was signed).

53. Using the interest rate for overdue payment of 0.8% *per annum*, being the claimable interest rate pursuant to the *Courts of Justice Act*, R.S.O. 1990, c. C.43, the total accrued interest on the unpaid amount of \$2,000.00 up to April 13, 2016 is \$23.41, calculated as follows:

$$\$2,000.00 \times 0.8\% = \$16.00 \div 365 \text{ days} = \$0.04 \times 534 \text{ days} = \$23.41$$

Total accrued interest to April 13, 2016: \$23.41

Per diem interest: \$0.04

54. Accordingly, the total sum of \$2,023.41, inclusive of accrued interest, is due and owing pursuant to the terms of the WQW Broker Agreement as of April 13, 2016, calculated as follows: \$2,000.00 + \$23.41 = \$2,023.41.

55. In total, Commissions in the amount of \$170,063.79, inclusive of H.S.T. and accrued interest up to and including April 13, 2016, remain owing to 1481614 as outlined above. In breach of its contractual obligations, the Urbancorp Group, or any of them, has refused to pay the outstanding amount, causing 1481614 to suffer damages.

56. The Plaintiff proposes that the action be tried in the City of Toronto, in the Province of Ontario.

April 13, 2016

CASSELS BROCK & BLACKWELL LLP
2100 Scotia Plaza
40 King Street West
Toronto, ON M5H 3C2

Mark St. Cyr LSUC #: 62390D
Tel: 416.869.5462
Fax: 416.640.3209
mstcyr@casselsbrock.com

Lawyers for the plaintiff

1481614 ONTARIO INC. formerly carrying on
business as Coldwell Banker Case Realty
Plaintiff

and URBANCORP INC. et al
Defendants

10-16-550889

Court File No.

ONTARIO
SUPERIOR COURT OF JUSTICE
PROCEEDING COMMENCED AT
TORONTO

STATEMENT OF CLAIM

CASSELS BROCK & BLACKWELL LLP
2100 Scotia Plaza
40 King Street West
Toronto, ON M5H 3C2

Mark St. Cyr LSUC #: 62390D
Tel: 416.869.5462
Fax: 416.840.3209
mstcyr@casselsbrock.com
Lawyers for the plaintiff

Appendix "F"

Court File No. CV-16-550889

**ONTARIO
SUPERIOR COURT OF JUSTICE**

BETWEEN:



**1481614 ONTARIO INC.
formerly carrying on business as
Coldwell Banker Case Realty**

Plaintiff

- and -

**URBANCORP INC., URBANCORP (DOWNTOWN) DEVELOPMENTS INC.,
URBANCORP FINANCIAL INC., EDGE RESIDENTIAL INC., EDGE ON TRIANGLE
PARK INC., URBANCORP (MALLOW) INC., URBANCORP (RIVERDALE)
DEVELOPMENTS INC., URBANCORP (ST. CLAIR VILLAGE) INC., and
URBANCORP (952 QUEEN WEST) INC.**

Defendants

DEFAULT JUDGMENT

ON READING the statement of claim in this action and the proof of service of the statement of claim on the defendants, Urbancorp Inc., Urbancorp (Downtown) Developments Inc., Urbancorp Financial Inc., Edge Residential Inc., Edge On Triangle Park Inc., Urbancorp (Riverdale) Developments Inc., and Urbancorp (952 Queen West) Inc., filed, and the said defendants having been noted in default,


1. **IT IS ORDERED AND ADJUDGED** that the defendants, Urbancorp Inc., Urbancorp (Downtown) Developments Inc., Urbancorp Financial Inc., Edge Residential Inc., Edge On Triangle Park Inc., Urbancorp (Riverdale) Developments Inc., and Urbancorp (952 Queen West) Inc., shall forthwith pay to the plaintiff the amount of \$170,063.79, plus pre-judgment interest in the amount of \$104.37, for a total of \$170,168.16.

2: IT IS ORDERED AND ADJUDGED that the said defendants shall forthwith pay to the plaintiff its costs of this action fixed in the amount of \$ 750.00.

THIS JUDGMENT and the costs bear interest at the rate of 2% *per annum*.

Date: May 11, 2016

Signed by: _____


Local Registrar

Address of
court office: 393 University Avenue, 10th Floor
Toronto, Ontario M5G 1E6

ENTERED AT / INSCRIT A TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO.:

JUN 10 2016

PER / PAR: 

1481614 ONTARIO INC. formerly carrying on business
as Coldwell Banker Case Realty
Plaintiff

and URBANCORP INC. et al
Defendants

Court File No. Court File No. CV-16-550889

ONTARIO
SUPERIOR COURT OF JUSTICE
PROCEEDING COMMENCED AT
TORONTO

RF
DEFAULT JUDGMENT

CASSELS BROCK & BLACKWELL LLP
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Toronto, ON M5H 3C2

Mark St. Cyr LSUC #: 62390D
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Fax: 416.640.3209
mstcyr@casselsbrock.com

Lawyers for the plaintiff

TAB 4

Court File No. CV-16-11392-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE)	FRIDAY, THE 27TH
)	
JUSTICE NEWBOULD)	DAY OF JANUARY, 2017

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**

ORDER

THIS MOTION, made by Guy Gissin, the Israeli Court-appointed functionary officer and foreign representative of Urbancorp Inc. (the "**Foreign Representative**"), for an order recognizing certain orders granted by the District Court in Tel Aviv-Jaffa, Israel (the "**Israeli Court**") in the insolvency proceedings commenced against Urbancorp Inc. (the "**Israeli Proceedings**"), and for an order setting aside the default judgment, as against Urbancorp Inc., that was issued on May 11, 2016, in court file CV-16-550889 (the "**Default Judgement**"), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Affidavit of Hylton Levy sworn January 24, 2017, filed, the report of KSV Kofman Inc., dated January 24, 2017, in its capacity as information officer (the "**Information Officer**") and upon hearing the submissions of counsel for the Foreign Representative and counsel for the Information Officer, no one else appearing.

SERVICE

1. **THIS COURT ORDERS** that the time for service and filing of the Motion Record is hereby abridged and validated so that this Motion is properly returnable today and any further service of the Motion Record on any interested party is hereby dispensed with.

RECOGNITION OF EXTENSION ORDER

2. **THIS COURT ORDERS AND DECLARES** that the order granted by the Israeli Court on December 18, 2016, a copy of which is attached as Schedule "A" hereto, extending the mandate of the Foreign Representative until January 17, 2017, is hereby recognized pursuant to Sections 49 and 61 of the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-43, as amended ("CCAA").

3. **THIS COURT ORDERS AND DECLARES** that the order granted by the Israeli Court on January 8, 2017, a copy of which is attached as Schedule "B" hereto, extending the mandate of the Foreign Representative until April 8, 2017, and authorizing the Foreign Representative to convene a meeting of creditors of Urbancorp Inc., is hereby recognized pursuant to Sections 49 and 61 of the CCAA.

DEFAULT JUDGMENT ORDER

4. **THIS COURT ORDERS AND DECLARES** that the Default Judgment, attached as Schedule "C" hereto, is hereby set-aside as against Urbancorp Inc.

MISCELLANEOUS

5. **THIS COURT ORDERS** that this Order shall have full force and effect in all provinces and territories in Canada.

6. **THIS COURT REQUESTS** the aid, recognition and assistance of other courts in Canada in accordance with Section 17 of the CCAA, and requests that the Federal Court of Canada and the courts and judicial, regulatory and administrative bodies of or by the provinces and territories of Canada, the Parliament of Canada, and other nations and states act in aid, recognition and assistance of, and be complementary to, this Court in carrying out the terms of

this Order and any other Order in this proceeding. The Foreign Representative shall be at liberty, and is hereby authorized and empowered, to make such further applications, motions or proceedings to or before such other court and judicial, regulatory and administrative bodies, and take such other steps, as may be necessary or advisable to give effect to this Order.

Schedule "A"

District Court
At the Tel Aviv-Yafo

Liquidation case 44348-04-16
 Before the honorable
President Judge Eitan Orenstein

In the matter of:	The Companies Law of 57 The Companies Order [N	18/12/2016	Ruling
		Case no. 44348-04-16	
		Judge Eitan Orenstein	
And:	Urbancorp Inc. Canadian	As requested	
And:	Adv. Guy Gissin – tempor By his attorneys Yael Hersl And/or Sandra Schneider Of the Gissin & Co. Law F Phone: 03-7467777; fax: 03-7467700	<u>The Functionary</u>	
And:	The Official Receiver Of 2 HaShlosa St. Tel Aviv 61090 Phone: 03-6899695, fax: 02-6462502	<u>The Official Receiver</u>	

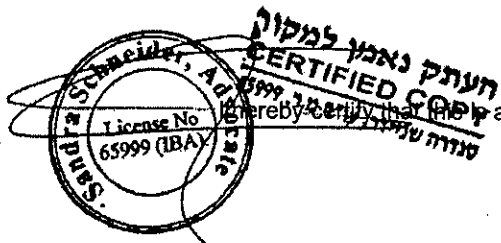
Motion for the extension of Functionary Appointment

With Official Receiver consent

The honorable court is hereby requested by adv. Guy Gissin, Urbancorp Inc. Officer (hereinafter: the "Functionary" and "Company") and with the consent of the Official Receiver, to extend the Functionary's appointment by a term of an additional 30 days, during which the Functionary intends to file a motion for the convention of creditors' meetings in favor of arrangement approval.

Motion Reasoning

1. Famously, the Officer was appointed in accordance with the appointment order given on April 25th 2016, which is about to end on December 22nd, 2016.
2. Considerations due to be received from the realization of Company assets and rights in its Canadian subsidiaries are expected to enable, at first stage, a distribution of a significant scope estimated at approximately 50% at least, as early as during the first half of 2017.
3. In favor of the distribution of the consideration due to be received as mentioned, as well as additional considerations due to be received from additional assets realization and/or claim



...an accurate translation from Hebrew

rights, the Officer is currently formalizing a proposal of arrangement principles to be filed for the approval of the honorable court during the requested extension term.

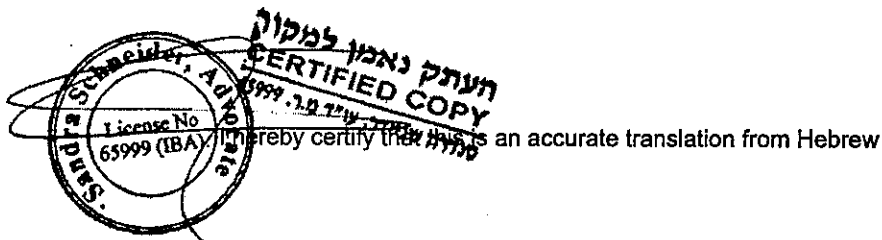
4. Note: [1] that this is a company established and registered according to Canadian law, which issued securities in Israel and which according to its prospectus is subject to two legal systems (Canadian and Israeli); [2] that Company assets' location in Canada imposes additional limitations by virtue of the Canadian law, and requires current conduct and approval in two judicial systems and/or according to two legal systems, which creates significant complexity; [3] that the recognition of the Canadian court of the arrangement and appointment extension motion is required – the Officer requires an additional term of 30 days to complete arrangement principles, including and mainly coordination with the Canadian attorneys.
5. As mentioned above, the Official Receiver has consented to the requested extension.
6. In light of the above mentioned, the Honorable Court honorable is requested court is requested to extend the officer appointment for the requested period of time, aforementioned.

Yael Hershkowitz, Adv.

Gilad Bergstein, Adv.

Representing the Urbancorp Inc. Officer

Today, December 15th 2016, Tel Aviv



פר"ק 44348-04-16
בפני כבוד הנשיא א' אורנשטיין

בבית המשפט המחוזי
תל אביב – יפו

בעניין: חוק החברות, תשנ"ט-1999
תקנות החברות (בקשה למשרה או הסדר), תשס"ב-2002

ובעניין: אורבגורם אינק, ח"פ 514941525
באמצעות בעל התפקיד עו"ד גיא גיסין
ע"י ב"כ יעל חרשקוביץ ואו ענבר חכימיאן-נהרי ואו
סנדרה שניידר
ממשרד גיסין ושות', עורכי דין
מרחי הברזל 38B, תל אביב 69710
טל': 03-7467777; פקסי: 03-7467700

בעל התפקיד

ובעניין:

המבקשת

איפקס הנפקות בע"מ, ח"פ 514941525
ע"י ב"כ ארדינסט, בן נתן, טולידאנו ושות', עורכי דין
מרחי ברקוביץ 4 (מגדל המוזיאון), תל אביב 6423806
טל': 03-7770111; פקסי: 03-7770101

בקשה בהסכמה להארכת מועד

בית המשפט הנכבד מתבקש בואת, בהסכמת בעל התפקיד, להאריך את המועד להגשת ערעור על הכרעת בעל התפקיד בתביעת החוב שהגישה המבקשת, וזאת עד ליום 15.1.2017.

ואלה נימוקי הבקשה:

1. ביום 28.9.2016 הגישה המבקשת – איפקס הנפקות בע"מ (יאימקסי), לבעל התפקיד, תביעת חוב ביחס לחוב שקיומו ושיעורו מותנים בתוצאות הליך ת"צ 16552-04-16 מוגרוב נגד איפקס הנפקות בע"מ, בו נטען לקיומו של פרט מטעה בתשקיף. זאת, במסגרת הליך בירור תביעות חוב, שנועד אך

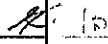
2. לחלטתו לדחות את תביעת החוב

3. כמבוקש: כבוד להאריך את המועד להגשת

4. בה בקשה.

5. ממבוקש ברישא לה.

החלטה	18/12/2016
תיק	44348-04-16
ש' איתן אורנשטיין	
כמבוקש:	
<p>15.1.2017</p>	
<p>ב"כ בעל התפקיד, עו"ד יעל חרשקוביץ, נמנה את הסכמתו האמורה</p>	
<p>אשר על כן, מדיבוק בית המשפט הנכבד יקבע את הבקשה ובהוראת</p>	
<p>מדיבוק בית המשפט הנכבד יקבע את הבקשה ובהוראת</p>	
<p>מדיבוק בית המשפט הנכבד יקבע את הבקשה ובהוראת</p>	


מדיבוק בית המשפט המחוזי, תל אביב
ב"כ איפקס

תל אביב, 15 בדצמבר, 2016.

בית המשפט המחוזי
בתל אביב

פר"ק 44348-04-16
בפני כב' הנשיא איתו אורנשטיין
בקשה מס' _____

	בעניין:	חוק החברות, התשנ"ט-1999
<u>חוק החברות</u>		פקודת החברות [נוסח חדש] התשמ"ג-1983
	ובעניין:	אורבנקורפ אינק. מס' חברה בקנדה 2471774
<u>החברה</u>		עוה"ד גיא גיסין – בעל תפקיד זמני של החברה ע"י ב"כ עוה"ד יעל הרשקוביץ ו/או גלעד ברגשטיין ו/או סנדרה שניידר ממשרד גיסין ושות', עורכי דין מרחוב הברזל 38B, תל אביב 69710 טל: 03-7467777, פקס: 03-7467700
<u>בעל התפקיד</u>		ובעניין:
		הכונס הרשמי מרחוב השלושה 2, תל אביב טל: 02-6467558, פקס: 03-6899695
<u>הכנ"ר</u>		

בקשה להארכת מינוי בעל התפקיד

בהסכמת הכונס הרשמי

בית המשפט הנכבד מתבקש בזאת על ידי עו"ד גיא גיסין, בעל התפקיד בחברת אורבנקורפ אינק. (להלן: "בעל התפקיד" ו"החברה") ובהסכמת הכונס הרשמי, להאריך את מינוי בעל התפקיד לתקופה בת 30 ימים נוספים, במהלכם מתכוון בעל התפקיד להגיש בקשה למתן צו לכינוס אסיפות נושים לצורך אישור הסדר.

להלן נימוקי הבקשה

1. כזכור, בעל התפקיד מונה לתפקידו בהתאם לצו המינוי שניתן ביום 25.4.2016, אשר עומד להסתיים ביום 22.12.2016.
2. תמורות אשר צפויות להתקבל מממוש נכסי זכויות החברה בחברות בת בקנדה צפויות לאפשר, בשלב ראשון, ביצוע חלוקה בהיקף משמעותי שמוערך בכ-50% לפחות כבר במהלך המחצית הראשונה של שנת 2017.
3. לצורך חלוקת התמורות שצפויות להתקבל כאמור וכן תמורות נוספות הצפויות להתקבל מימוש נכסים ו/או זכויות תביעה נוספים, מגבש בעל התפקיד בימים אלו, הצעת עקרונות הסדר אשר תוגש במהלך תקופת הדחייה המבוקשת לאישורו של בית המשפט הנכבד.

4. בשים לב: [1] לכך שמדובר בחברה אשר התאגדה ונרשמה על פי הדין הקנדי, אשר הנפיקה ניירות ערך בישראל ואשר אף על פי תשקיפה חלות עליה שתי מערכות דינים (קנדית וישראלית); [2] לכך שהימצאותם של נכסי החברה בקנדה מטילה מגבלות נוספות מכוח הדין הקנדי, ומצריכה התנהלות ואישור על בסיס שוטף בשתי מערכות משפט /או לפי שתי מערכות דינים יוצרת מורכבות משמעותית; [3] לכך שנדרשת הכרה של בית המשפט בקנדה לבקשת ההסדר ולהארכת המינוי - נדרש לבעל התפקיד פרק זמן נוסף של 30 יום לצורך השלמת עקרונות ההסדר לרבות ובעיקר תאום הדברים מול עורכי הדין בקנדה.

5. כאמור לעיל, הכונס הרשמי נתן את הסכמתו לארכה המבוקשת.

6. לאור האמור לעיל, מתבקש בית המשפט הנכבד להורות כמבוקש ברישא בקשה זו.


 גלעד ברגשטיין, עו"ד
 יעל הרשקוביץ, ע"ד
 בייכ בעל התפקיד לחברת אורבנקורפ אינק.

היום, 15 דצמבר 2016, תל אביב

Schedule "B"

The District Court
Tel Aviv

9.1.2017 Decision
Motion 29 in case 44348-04-16
Judge Eitan Orenstein
I have reviewed. From the reason of the motion, I extend the functionary's appointment for additional 90 days. The functionary shall convene meetings for approval of the creditors arrangement subject to the reports required under law, and shall report to the court following the meeting. The office shall close this motion

in 44348-04-16

Regarding: The Companies Law, 5759-1999
The Companies Order [New Vers

Companies Law

And: Urbancorp Inc. Canadian compar

Company

And: Attorney Guy Gissin – temporary
Represented by Attorney Yael He
From Gissin & Co. Avocates
HaBarzel 38B, Tel Aviv 69710
Tel. 03-7467777, fax: 03-7467700

dra Schneider

And: The Official Receiver
2 HaShlosha. Tel Aviv
Tel. 03-6899695, fax: 02-6467558

Functionary

Official Receiver

Motion on behalf of the Company to extend the appointment of the Functionary and issue an order to assemble creditors' meetings in order to validate a settlement in compliance with the provisions of section 350 of the Companies Law, 5759-1999

Advocate Guy Gissin, the Functionary of Urbancorp Inc. (hereinafter: the "Functionary" and the "Company"), hereby requests the Honorable Court to extend his appointment by an additional period of 90 days, and exercise its authority under section 350 of the Companies Law, 5759-1999 (hereinafter: the "Law") to order the assembly of meetings of the Company's creditors (hereinafter: the "Bonds"), in order to validate a debt settlement for the Company.

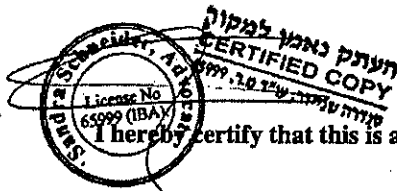
The main purpose of the assembly of creditors meetings and approval of creditors' arrangement as aforesaid is to enable the distribution of funds to be received by the Company from realization of its Canadian subsidiaries' assets in the first half of 2017, as shall be specified below, as well as to arrange the on-going conduct of the Company in order to repay its debts.

Due to the need to conduct procedures both in Israel and Canada, and receiving the approval of the two Courts for the procedures of the debt arrangement as detailed hereinafter, a preparation is required in advance for the distribution of funds as stated.

As previously mentioned, the Company is a Canadian company, governed by the Canadian law with respect to insolvency and distribution laws as set forth in its resolutions and bond issuance prospectus of 2015, whereas the Israeli law and Israeli Securities Law 1968 and Regulations in particular, applies with respect to the securities laws and the Deed of Trust (as defined below) of the Bonds. Therefore, the Court will be asked to approve special procedures in order to enable the Canadian creditors of the Company to participate in the creditors' arrangement procedures in Canada and in the English language.

The Functionary intends, following and subject to the approval of the Honorable Court, to apply to the Canadian Court and seek recognition on its part to the contemplated procedure and assembly of meetings.

The appendixes attached to this motion are an integral part thereof.



פר"ק 16-04-44348

בית המשפט המחוזי
בתל אביב

בעניין: חוק החברות, התשנ"ט-1999
מקדונת החברות [נוסח חדש] התשמ"ג-1983
חוק החברות

ובעניין: אורינגורף אינק. מסי' חברה בקניה 2471774
החברה

ובעניין: עוה"ד גיא גיסיין – בעל תפקיד זמני של החברה
עו"ד בייב עוה"ד יעל הרשקוביץ ואו גלעד ברגשטיין
/או סנורה שניידר
ממשרד גיסיין ושוחן, עורכי דין
מרחוב הברזל 388, תל אביב 69710
טל': 03-7467777, פקס: 03-7467700
בעל התפקיד

ובעניין: הכתס הושמי
מרחוב השלושה 2, תל אביב
טל': 02-6467558 פקס: 03-6899695
הכני"ר

בקשה מטעם החברה להארכת מינוי בעל התפקיד ולמתן צו לכינוס אסיפות נושים

לצורך אישור הקצאת ההוצאות הנוגעות ל-350 למוני בחברות המוגנות - 1999

החלטה	09/01/2017	בית המשפט הנכבד מתבקש
להלן: "בעל	בקשה 29 בת"ק 16-04-44348	התפקיד" ("החברה"), ל
שימוש מכוח	ש. איתן אורנשטיין	סמכותו בהתאם לסעיף 50
של אסיפות		נושים של החברה (להלן: "ענינת
		הבעל התפקיד למשך 90 יום מספים בעל
אשר צפויים		התפקיד וכנס אסיפות לאישור הסדר הנושים
כפי שיפורט		ובכפוף לפרסומים על פי דין בתום האסיפות
של אסיפות		ידווח לבית המשפט.
הסדר כמפורט		בשל הצורך בניהול הליכים
		בקשה, נדרשת היערכות
		המזכירות תסגור את הבקשה.

לאור העובדה שמדובר בזכור בחברה קנדית, אשר על פי החלטותיה והתשקוף שפרסמה בדצמבר 2015 לשם גיוס אגרות חוב בישראל, דיני חדלות הפירעון וסדרי החלוקה הינם בהתאם לחוראות הדין הקנדי, בעוד שלענין דיני ניירות ערך ובכל הנוגע לשיטת הטאמטת (כהגדרתו להלן) ולאגרות החוב, חל הדין הישראלי בכלל והוראות חוק ניירות ערך, התשכ"ח-1968 ותקנותיו בפרט, יתבקש בית המשפט לאשר פרוצדורות מיוחדות אשר יאפשרו לנושיה הקנדים של החברה לקחת חלק בהליכי הסדר החוב בקנדה ובשפה האנגלית.

בכוונת בעל התפקיד, לאחר ובכפוף לאישור הבקשה על ידי בית המשפט הנכבד, לפנות לבית המשפט בקנדה בבקשה לקבל חכרה גם מצידו לתהליך המוצע ולכינוס האסיפות. הנספחים המצורפים לבקשה זו מהווים חלק בלתי נפרד מימנה.

Schedule "C"

Court File No. CV-16-550889

**ONTARIO
SUPERIOR COURT OF JUSTICE**

BETWEEN:



**1481614 ONTARIO INC.
formerly carrying on business as
Coldwell Banker Case Realty**

Plaintiff

- and -

**URBANCORP INC., URBANCORP (DOWNTOWN) DEVELOPMENTS INC.,
URBANCORP FINANCIAL INC., EDGE RESIDENTIAL INC., EDGE ON TRIANGLE
PARK INC., URBANCORP (MALLOW) INC., URBANCORP (RIVERDALE)
DEVELOPMENTS INC., URBANCORP (ST. CLAIR VILLAGE) INC., and
URBANCORP (952 QUEEN WEST) INC.**

Defendants

DEFAULT JUDGMENT

ON READING the statement of claim in this action and the proof of service of the statement of claim on the defendants, Urbancorp Inc., Urbancorp (Downtown) Developments Inc., Urbancorp Financial Inc., Edge Residential Inc., Edge On Triangle Park Inc., Urbancorp (Riverdale) Developments Inc., and Urbancorp (952 Queen West) Inc., filed, and the said defendants having been noted in default,

1. **IT IS ORDERED AND ADJUDGED** that the defendants, Urbancorp Inc., Urbancorp (Downtown) Developments Inc., Urbancorp Financial Inc., Edge Residential Inc., Edge On Triangle Park Inc., Urbancorp (Riverdale) Developments Inc., and Urbancorp (952 Queen West) Inc., shall forthwith pay to the plaintiff the amount of \$170,063.79, plus pre-judgment interest in the amount of \$104.37, for a total of \$170,168.16.

2. IT IS ORDERED AND ADJUDGED that the said defendants shall forthwith pay to the plaintiff its costs of this action fixed in the amount of \$ 750.00.

THIS JUDGMENT and the costs bear interest at the rate of 2% per annum.

Date: May 11, 2016

Signed by:


Local Registrar

Address of
court office: 393 University Avenue, 10th Floor
Toronto, Ontario M5G 1E6

ENTERED AT / INSCRIT A TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO.:

JUN 10 2016

PER / PAR:



1481614 ONTARIO INC. formerly carrying on business
as Coldwell Banker Case Realty
Plaintiff

and URBANCORP INC. et al
Defendants

Court File No. Court File No. CV-16-550889

ONTARIO
SUPERIOR COURT OF JUSTICE
PROCEEDING COMMENCED AT
TORONTO

RF
DEFAULT JUDGMENT

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Lawyers for the plaintiff

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
(COMMERCIAL LIST)**

Proceeding commenced at Toronto

**ORDER
(January 27, 2017)**

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

Proceeding commenced at Toronto

**MOTION RECORD
(Motion returnable January 27, 2017)**

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