

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 March 9, 2017)

March 3, 2017

DENTONS CANADA LLP
77 King Street West, Suite 400
Toronto-Dominion Centre
Toronto, ON M5K 0A1
Fax: 416-863-4592

Kenneth Kraft (LSUC No. 31919P)
Tel: 416-863-4374
Email: kenneth.kraft@dentons.com

Neil Rabinovitch (LSUC No. 33442F)
Tel: 416-863-4656
Email: neil.rabinovitch@dentons.com

Lawyers for the Foreign Representative

INDEX

**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**

INDEX

TAB	DOCUMENT	PAGE NO.
1	Notice of Motion	1-8
2	Second Report to the Court dated March 2, 2017	9-15
A	Appendix "A" – Order dated January 27, 2017	16-33
B	Appendix "B" – Israeli Claims Dispute Order dated February 26, 2017	34-41
C	Appendix "C" – Order dated February 2, 2017	42-45
3	Order	46-57

TAB 1

**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**

**NOTICE OF MOTION
(Returnable March 9, 2017)**

THE MOVING PARTY, Guy Gissin, the Israeli Court-appointed functionary officer and foreign representative (the "**Foreign Representative**") of Urbancorp Inc. ("**UCI**"), will make a motion to a judge presiding over the Commercial List on Thursday, March 9, 2017 at 9:30 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 February 26, 2017 ("**Israeli Claims Dispute Order**"), by the District Court in Tel Aviv-Jaffa, Israel (the "**Israeli Court**") approving the Foreign Representative's administration of the Claims Process (as defined herein), enforcing the Notice of Objection Bar Date (as defined herein), and requesting the assistance of the Ontario Superior Court of Justice (the "**Ontario Court**") with resolving

the Canadian Disputed Claims (as defined herein), other than that of officers and controlling shareholders of UCI;

2. Authorizing UCI to borrow up to the balance of the \$1,900,000 under the interim lending facility in accordance with the Supplemental Order of the Ontario Court dated May 18, 2016;
3. Amending the Supplemental Order to give the Foreign Representative the benefit of the rights and protections afforded to a Monitor under the *Companies Creditors' Arrangement Act*, R.S.C. 1985, c. C-36 (the "CCAA"), and limiting the liability of the Foreign Representative in these proceedings to liability for gross negligence or wilful misconduct on his part in connection with the execution and submission of the Canadian income tax returns and related financial statements to the Canada Revenue Agency on behalf of UCI in his capacity as court-appointed functionary officer and Foreign Representative of UCI and not in his personal capacity;
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:

Background

5. On April 21, 2016, certain of UCI's direct and indirect subsidiaries (the "NOI Entities") 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 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, the Initial Recognition Order and the Supplemental Order, under Part IV of the CCAA;
 10. The Initial Recognition Order recognized the Israeli Proceedings in respect of UCI as a “foreign main proceeding” and recognized the Foreign Representative as the foreign representative of UCI;
 11. The Supplemental Order, among other things, appointed KSV as the Information Officer in respect of UCI and authorized UCI to obtain and borrow up to \$1,900,000 under an interim lending facility from Urbancorp Partner (King South) Inc., or any of the Applicants in the CCAA proceeding in Court File No. CV-16-11389-00CL in order to finance the reasonable expenses of the Foreign Representative, the reasonable fees and disbursements of the legal and financial advisors to the Foreign Representative, and the reasonable fees and disbursements of KSV as Information Officer and its counsel in these proceedings. The Supplemental Order provided that borrowings under this interim lending facility could not exceed \$1,000,000 without further order of the Ontario Court;
 12. 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”**);
 13. 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;

14. 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**”);
15. 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**”);
16. On October 5, 2016, the Ontario Court granted an Order recognizing the Second Israeli Extension Order;
17. On December 15, 2016, the Israeli Court granted an order extending the Foreign Representative’s mandate until January 17, 2017 (the “**Third Israeli Extension Order**”);
18. On January 9, 2017, the Israeli Court granted an order extending the Foreign Representative’s mandate until April 21, 2017 and authorizing the Foreign Representative to convene a meeting of UCI creditors in the first quarter of 2017 (the “**Fourth Israeli Extension Order**”);
19. On January 27, 2017, the Ontario Court granted an Order recognizing the Third Israeli Extension Order and the Fourth Israeli Extension Order;

Israeli Claim Dispute Order

20. The Foreign Representative sent a notice to all known creditors of UCI enclosing a proof of claim form and advising the creditors of the Claims Process Order and the Claims Bar Date. In addition, notice was published in the Globe and Mail on June 24, 2016 in accordance with the Claims Process Order;
21. After the Claims Bar Date had lapsed, the Foreign Representative, along with its Canadian counsel (“**Dentons**”), reviewed the proofs of claim that were submitted by creditors in both Canada and in Israel;

22. On December 1, 2016, Dentons sent notices to Canadian creditors advising them of whether their claim had been accepted, partially accepted, or disallowed by the Foreign Representative;
23. Canadian creditors who wished to dispute the Foreign Representative's determination of their claim were advised that they must file a written objection to the disallowance with Dentons by January 16, 2017 ("**Notice of Objection Bar Date**");
24. In Canada, only Harris Sheaffer LLP, Homelife Landmark Realty Inc., Alan Saskin and Janterra Real Estate Advisors (collectively, the "**Canadian Disputed Claims**") submitted an objection or raised issues to Dentons by the Notice of Objection Bar Date;
25. The Israeli Claims Dispute Order, among other things, approves the Foreign Representative's administration of the claims process as described in paragraphs 20-24 above (the "**Claims Process**") and enforces the Notice of Objection Bar Date. It also requests this Honourable Court's assistance in resolving the Canadian Disputed Claims, other than that of the officers or controlling shareholders of UCI, who, pursuant to the prospectus issued in connection with the Israeli bond offering, have attorned to the jurisdiction of the Israeli Court;

Interim Lending Facility

26. The Supplemental Order authorizes UCI to borrow up to \$1,900,000 to pay for the reasonable expenses of the Foreign Representative and the reasonable fees and disbursements of the legal and financial advisors to the Foreign Representative;
27. In excess of \$1,000,000 in fees of the legal and financial advisors to the Foreign Representative and disbursements has been expended in the proceedings, as well as the companion Cumberland I and II, TCC Bay and Alan Saskin Proposal proceedings (the "**Companion Proceedings**") to date;
28. The Foreign Representative has reviewed and approved for payment all fees and disbursements of Dentons and the Financial Advisor to the Foreign Representative;

29. The Foreign Representative requests that this Honourable Court authorize UCI to borrow the balance of the \$1,900,000 that is available under the interim lending facility, in accordance with the terms of the Supplemental Order;

Rights and Protections for the Foreign Representative

30. On January 14, 2017 MNP LLP prepared UCI's Canadian income tax return for the period between June 19, 2015 and December 31, 2015 (the "Canadian Tax Return") and requested the Foreign Representative to execute and submit the Canadian Tax Return to the Canada Revenue Agency on behalf of UCI, in accordance with UCI's obligations under the *Income Tax Act* (Canada);
31. In this regard, the Foreign Representative requests that this Honourable Court amend the Supplemental Order to afford the Foreign Representative the rights and protections typically granted to a Monitor under the CCAA in connection with the Foreign Representative's executing and submitting the Canadian income tax returns and related financial statements to the Canada Revenue Agency on behalf of UCI and not in his personal capacity and limiting the liability of the Foreign Representative in connection with such filings to liability for gross negligence or wilful misconduct on his part;

General

32. Recognizing the Israeli Claims Dispute Order, authorizing UCI to borrow the balance of the \$1,900,000 available under the interim lending facility, and granting the Foreign Representative the rights and protections available to a monitor under the CCAA, including protection from liability and the authority to execute and submit income tax returns on behalf of UCI, will allow for the continued efficient and equitable administration of the proceeding and for the continuing participation in the Companion Proceedings in respect of which UCI is one of the largest creditors and is the ultimate parent of both Cumberland I and II;
33. Part IV of the CCAA;

34. Rules 1.04(1), 1.04(2), 2.03, and 37 of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194; and
35. 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:

36. The Israeli Claims Dispute Order;
37. The report of the Foreign Representative dated March 2, 2017; and
38. Such further and other evidence as counsel may advise and this Honourable Court may admit.

March 3, 2017

DENTONS CANADA LLP
77 King Street West, Suite 400
Toronto Dominion Centre
Toronto, Ontario M5K 0A1
Fax: 416-863-4592

Kenneth Kraft (LSUC No. 31919P)
Tel: 416-863-4374
Email: kenneth.kraft@dentons.com

Neil Rabinovitch (LSUC No. 33442F)
Tel: 416-863-4656
Email: neil.rabinovitch@dentons.com

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 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

**NOTICE OF MOTION
(Returnable March 9, 2017)**

DENTONS CANADA LLP
77 King Street West, Suite 400
Toronto-Dominion Centre
Toronto, ON M5K 0A1
Fax: 416-863-4592

Kenneth Kraft (LSUC No. 31919P)
Tel: 416-863-4374
Email: kenneth.kraft@dentons.com

Neil Rabinovitch (LSUC No. 33442F)
Tel: 416-863-4656
Email: neil.rabinovitch@dentons.com

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

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

SECOND REPORT TO THE COURT OF GUY GISSIN, IN HIS CAPACITY AS COURT
APPOINTED FUNCTIONARY AND FOREIGN REPRESENTATIVE OF URBANCORP
INC.

March 2, 2017

A. BACKGROUND

1. On April 21, 2016, certain of Urbancorp Inc.'s ("UCI") direct and indirect subsidiaries (the "NOI Entities") 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;
2. 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 District Court in Tel Aviv-Jaffa, Israel (the "Israeli Court") granted an order appointing Guy Gissin (the "Foreign Representative") as functionary officer of UCI and giving him certain management powers, authorities and responsibilities over UCI and its subsidiaries.
3. 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, R.S.C. 1985, c. C-36 (the "CCAA") (the "CCAA Proceedings").

4. On May 18, 2016, the Ontario Superior Court of Justice (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.
5. On May 18, 2016, the Ontario Court also granted two orders, the Initial Recognition Order and the Supplemental Order, under Part IV of the CCAA.
6. The Initial Recognition Order recognized the Israeli Proceedings in respect of UCI as a "foreign main proceeding" and recognized the Foreign Representative as the foreign representative of UCI.
7. The Supplemental Order, among other things, appointed KSV as the Information Officer in respect of UCI and authorized UCI to obtain and borrow up to \$1,900,000 under an interim lending facility (the "**Interim Lending Facility**") from Urbancorp Partner (King South) Inc., or any of the Applicants in the CCAA proceeding in Court File No. CV-16-11389-00CL in order to finance the reasonable expenses of the Foreign Representative, the reasonable fees and disbursements of the legal and financial advisors to the Foreign Representative, and the reasonable fees and disbursements of KSV as Information Officer and its counsel in these proceedings. The Supplemental Order provided that borrowings under this interim lending facility could not exceed \$1,000,000 without further order of the Ontario Court.
8. 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**").
9. 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.

10. 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**”).
11. 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**”).
12. On October 5, 2016, the Ontario Court granted an Order recognizing the Second Israeli Extension Order.
13. On December 15, 2016, the Israeli Court granted an order extending the Foreign Representative’s mandate until January 17, 2017 (the “**Third Israeli Extension Order**”).
14. On January 9, 2017, the Israeli Court granted an order extending the Foreign Representative’s mandate until April 21, 2017 and authorizing the Foreign Representative to convene a meeting of UCI creditors in the first quarter of 2017 (the “**Fourth Israeli Extension Order**”).
15. On January 27, 2017, the Ontario Court granted an Order, a copy of which is attached hereto as **Appendix “A”**, recognizing the Third Israeli Extension Order and the Fourth Israeli Extension Order.
16. On February 26, 2017, the Israeli Court granted an order (the “**Israeli Claims Dispute Order**”) approving the Foreign Representative’s administration of the Claims Process (as defined herein), enforcing the Notice of Objection Bar Date (as defined herein), and requesting the assistance of the Ontario Court with resolving the Canadian Disputed Claims (as defined herein), other than that of officers and controlling shareholders of UCI. A copy of the Israeli Claims Dispute Order is attached hereto as **Appendix “B”**.

B. PURPOSE OF THE REPORT

17. The purpose of this Second Report is to:

- (A) Report to the Court on:
- (i) The Israeli Claims Dispute Order;
 - (ii) The Interim Lending Facility; and
 - (iii) Canadian income tax returns and related financial statements that the Foreign Representative has been asked to execute and submit on behalf of UCI.
- (B) Request an Order of the Court:
- (i) recognizing the Israeli Claims Dispute Order;
 - (ii) authorizing UCI to borrow up to the balance of the Interim Lending Facility; and
 - (iii) amending the Supplemental Order to give the Foreign Representative the benefit of the rights and protections afforded to a Monitor under the CCAA, and limiting the liability of the Foreign Representative in these proceedings to liability for gross negligence or wilful misconduct on his part in connection with the execution and submission of the Canadian income tax returns and related financial statements to the Canada Revenue Agency on behalf of UCI in his capacity as court-appointed functionary officer and Foreign Representative of UCI and not in his personal capacity.

C. THE ISRAELI CLAIMS DISPUTE ORDER

18. In accordance with the Claims Process Order, the Foreign Representative sent a notice to all known creditors of UCI enclosing a proof of claim form and advising the creditors of the Claims Process Order and the Claims Bar Date. In addition, notice was published in the Globe and Mail on June 24, 2016.
19. After the Claims Bar Date had lapsed, the Foreign Representative, along with its Canadian counsel (“**Dentons**”), reviewed the proofs of claim that were submitted by creditors in both Canada and in Israel.
20. On December 1, 2016, Dentons sent notices to Canadian creditors advising them of whether their claim had been accepted, partially accepted, or disallowed by the Foreign Representative.

21. Canadian creditors who wished to dispute the Foreign Representative's determination of their claim were advised that they must file a written objection to the disallowance with Dentons by January 16, 2017 ("**Notice of Objection Bar Date**").
22. In Canada, only Harris Sheaffer LLP, Homelife Landmark Realty Inc., Alan Saskin and Janterra Real Estate Advisors (collectively, the "**Canadian Disputed Claims**") submitted an objection or raised issues to Dentons by the Notice of Objection Bar Date.
23. The Israeli Claims Dispute Order, among other things, approves the Foreign Representative's administration of the claims process as described in paragraphs 18-22 above (the "**Claims Process**") and enforces the Notice of Objection Bar Date. It also requests this Honourable Court's assistance in resolving the Canadian Disputed Claims, other than that of the officers and controlling shareholders of UCI, who, pursuant to the prospectus issued in connection with the Israeli bond offering, have attorned to the jurisdiction of the Israeli Court.

E. THE INTERIM LENDING FACILITY

24. The Supplemental Order authorizes UCI to borrow up to \$1,900,000 to pay for the reasonable expenses of the Foreign Representative and the reasonable fees and disbursements of the legal and financial advisors to the Foreign Representative.
25. Approximately \$1,000,000 in fees of the legal and financial advisors to the Foreign Representative and disbursements has been expended in these proceedings, as well as the companion Cumberland I and II, TCC Bay and Alan Saskin Proposal proceedings (the "**Companion Proceedings**") to date.
26. The Foreign Representative has reviewed and approved for payment all fees and disbursements of Dentons and the Financial Advisor to the Foreign Representative.
27. Additional funds are required to allow the Foreign Representative to continue participating in these proceedings and in the Companion Proceedings, in respect of which UCI is one of the largest creditors and is the ultimate parent of both Cumberland I and II.

F. THE CANADIAN INCOME TAX RETURNS

28. On January 14, 2017 MNP LLP prepared UCI's Canadian income tax return for period between June 19, 2015, and December 31, 2015 (the "**Canadian Tax Return**"), and requested the Foreign Representative to execute and submit the Canadian Tax Return to the Canada Revenue Agency on behalf of UCI in accordance with UCI's obligations under the *Income Tax Act* (Canada).
29. In this regard, the Foreign Representative requests that this Honourable Court amend the Supplemental Order to give the Foreign Representative the benefit of all of the rights and protections afforded to a Monitor under CCAA in connection with the Foreign Representative's executing and submitting the Canadian income tax returns and related financial statements to the Canada Revenue Agency on behalf of UCI in his capacity as court-appointed functionary and Foreign Representative of UCI and not in his personal capacity and limiting the liability of the Foreign Representative in connection with such filings to liability for gross negligence or wilful misconduct on his part.
30. Foreign Representative does wish to advise the Ontario Court that there was an order of the Israeli Court granted on February 2, 2017 (the "**February 2, 2017 Order**"), which authorized the Foreign Representative to execute these documents and granting certain protections in connection therewith. However, the Foreign Representative is not requesting, at this time, that the Ontario Court grant an order recognizing the February 2, 2017 Order but is reserving the right to make such a request at a later date. A copy of the February 2, 2017 Order is attached as **Appendix "C"**.

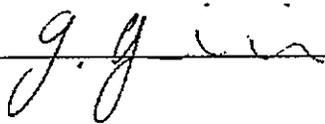
G. RECOMMENDATIONS

31. The Foreign Representative respectfully requests that this Honourable Court grant an Order:
- (i) Recognizing the Israeli Claims Dispute Order;
 - (ii) Authorizing UCI to borrow up to the balance of the Interim Lending Facility;
and

- (iii) amending the Supplemental Order to give the Foreign Representative the benefit of all of the rights and protections afforded to a Monitor under the CCAA, so as to limit the liability of the Foreign Representative to liability for gross negligence or wilful misconduct on his part, in connection with the execution and submission of the Canadian income tax returns and related financial statements to the Canada Revenue Agency on behalf of UCI in his capacity as court-appointed functionary officer and Foreign Representative of UCI and not in his personal capacity.

ALL OF WHICH IS RESPECTFULLY
SUBMITTED THIS 2nd DAY OF MARCH,
2017.

Guy Gissin, in his capacity as Court-Appointed
Functionary and Foreign Representative of
Urbancorp Inc., and not in his personal
capacity



TAB A

Appendix "A"

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

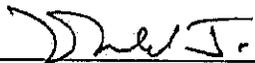
4. **THIS COURT ORDERS AND DECLARES** that the Default Judgment, attached as Schedule "C" hereto, is hereby set-aside as against Urbancorp Inc.

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.



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

JAN 27 2017

PER / PAR: 

Schedule "A"

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>And: Urbancorp Inc. Canadian</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>And: The Official Receiver Of 2 HaShlosa St. Tel Aviv 61090 Phone: 03-6899695, fax: 02-6462502</p>	<p>18/12/2016</p> <p>Case no. 44348-04-16</p> <p>Judge Eitan Orenstein</p> <p>As requested</p>	<p>Ruling</p> <p><u>The Functionary</u></p> <p><u>The Official Receiver</u></p>
--	---	---

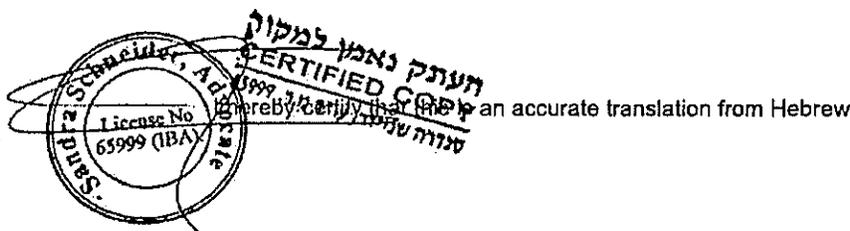
Motion for the extension of Functionary Appointment

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

חתום נאמן במקור
 CERTIFIED COPY
 hereby certify that this is an accurate translation from Hebrew

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

בית המשפט המחוזי
 בתל אביב – לפ

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

בעניין: אורבנקורם אינק, ח"פ 514941525
 באמצעות בעל התפקיד עו"ד גיא גיסין
 ע"י ב"כ יעל חרשקוביץ ו/או ענבר חכימיאן-נהרו ו/או
 סנדרה שניידר
 משרד גיסין ושות', עורכי דין
 מרח' הברזל 38B, תל אביב 69710
 טל': 03-7467777; פקסי: 03-7467700
החברה
בעל התפקיד

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

בקשה בהסכמה להארכת מועד

בית המשפט הוכבד מתבקש בזאת, בהסכמת בעל התפקיד, להאריך את המועד לתגשת ערעור על תכרעת בעל התפקיד בתביעת החוב שהגישה המבקשת, וזאת עד ליום 15.1.2017.

ואלה נימוקי הבקשה:

1. ביום 28.9.2016 הגישה המבקשת – איפקס הנמקות בע"מ (איפקסי), לבעל התפקיד, תביעת חוב ביחס לחוב שקיימו ושיעורו מותנים בתוצאות חליך ת"צ 16-04-16552 מונרוב נגד איפקס הנמקות בע"מ, בו נטען לקיומו של פרט מטעה בתשקיף. זאת, במסגרת חליך כידור תביעות חוב, שנועד אך

החלטה	18/12/2016
זחלטתו לדחות את תביעת החוב	תיק 44348-04-16
כבד להאריך את המועד להגשת	שו' איתן אורנשטיין
התבקשה.	כמבוקש.
מבקשת ברישא לה.	
ב"כ איפקס	

תל אביב, 15 בדצמבר, 2016.

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

בית המשפט המחוזי
 בתל אביב

	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 ממושרד 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': 03-6899695 פקס: 02-6467558
<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 ממימוש נכסי זכויות החברה בחברות כת בקנדה צפויות לאפשר, בשלב ראשון, ביצוע חלוקה בהיקף משמעותי שמוערך בכ-50% לפחות כבר במהלך המחצית הראשונה של שנת 2017.
3. לצורך חלוקת התמורות הצפויות להתקבל כאמור וכן תמורות נוספות הצפויות להתקבל מימוש נכסים ו/או זכויות תביעה נוספים, מגבש בעל התפקיד בימים אלו, הצעת עקרונית 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 ו/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. באמור לעיל, תכונס הרשמי נתן את הסכמתו לארכת המבוקשת.

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



 גלעד ברגשטיין, עו"ד יעל הרשקוביץ, עו"ד
 ב"כ בעל התפקיד לחברת אורבנקורפ אינק.

היום, 15 דצמבר 2016, תל אביב

Schedule "B"

<p>The District Court Tel Aviv</p>	<p>9.1.2017 Decision</p>	<p>n 44348-04-16</p>
<p>Regarding: The Companies Law, 5759-1999 The Companies Order [New Vers</p>	<p>Motion 29 in case 44348-04-16 Judge Eitan Orenstein</p>	<p></p>
<p>And: Urbancorp Inc. Canadian compar</p>	<p>I have reviewed. From the reason of the motion, I extend the functionary's appointment for additional 90 days. The</p>	<p>Companies Law Company</p>
<p>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</p>	<p>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.</p>	<p>dra Schneider Functionary</p>
<p>And: The Official Receiver 2 HaShlosha. Tel Aviv Tel. 03-6899695, fax: 02-6467558</p>	<p>The office shall close this motion</p>	<p>Official Receiver</p>

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.

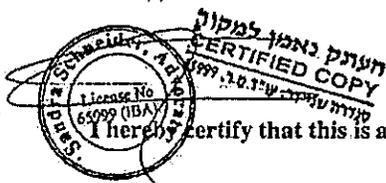
The main purpose of the assembly of creditors meetings and approval of creditors' arrangement as aforesaid is to enable the distribution of funds to be received by the Company from realization of its Canadian subsidiaries' assets in the first half of 2017, as shall be specified below, as well as to arrange 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
פקודת החברות (נוסח חדש) התשמ"ג-1983
חמ"ת החברות

ובעניין: אורבנקורס אינק. מס' חברה בקודה 2471774
החברה

ובעניין: עוה"ד גיא גיסין – בעל התפקיד זמני של החברה
עייני בייב עוה"ד יעל הרשקוביץ (לאו גלעד ברגשטיין
/או סנדרה שניידר
ממשרד גיסין ושות', עורכי דין
מרחוב הכרזל 388, תל אביב 69710
טל: 03-7467777, פקס: 03-7467700
בעל התפקיד

ובעניין: הכתס הרשמי
מרחוב השלושה 2, תל אביב
טל: 02-6467558 פקס: 03-6899695
המנ"ר

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

לצורך אישור הסדר בהתאם להוראות סוג 350 לחוק החברות התשנ"ט-1999

<p>להלן: "בעל שימוש מכוח של אסיפות</p>	<p>החלטה 09/01/2017 בקשה 29 בתיק 44348-04-16 ש' איתן אורנשטיין</p>	<p>בית המשפט הנכבד מתבקש התפקיד "והחברה", ל סמכותו בהתאם לסעיף 50 נושים של החברה (להלן: "ע</p>
<p>אשר צפויים כפי שיפורט</p>	<p>עניינתי. מטעמי הבקשה אני מאריך את מינוי בעל התפקיד למשך 90 יום נוספים. בעל התפקיד יכנס אסיפות לאישור הסדר הנושים ובכפוף לפרסומים על פי דין. בתום האסיפות ידווח לבית המשפט.</p>	<p>עיקר מטרת כינוס האסי להתקבל בחברה ממימוש להלן, וכן להסדיר את המע</p>
<p>סדר כמפורט</p>	<p>המזכירות תסגור את הבקשה.</p>	<p>בשל הצורך בניהול הליכי בקשה, נדרשת היערכות</p>

לאור העובדה שמדובר בזכור בחברה קנדית, אשר על פי החלטותיה והתשקיף שפרסמה בדצמבר 2015 לשם גיוס
אגרות חוב בישראל, דיני חלוקת המימון וסדרי החלוקה תינם בהתאם לחוראות הדין הקנדי, בעוד שלעניין דיני
ניירות ערך ובכל הנוגע לטטר הטאמנט (כהגדרתו להלן) ולאגרות החוב, הל הדין הישראלי בכלל והוראות חוק
ניירות ערך, התשכ"ח-1968 ותקנותיו בפרט, יתבקש בית המשפט לאשר פרוצדורות מיוחדות אשר יאפשרו לנושיו
הקנדים של החברה לקחת חלק בהליכי הסדר החוב בקנדה ובשפה האנגלית.

בכוונת בעל התפקיד, לאחר ובכפוף לאישור החקשה על ידי בית המשפט הנכבד, לפנות לבית המשפט בקנדה
בבקשה לקבל חכרן גם מצידו לתחליך המועד ולכינוס האסיפות.
הנספחים המצורפים לבקשה זו מהווים חלק בלתי נפרד הימנח.

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

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

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

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)

DENTONS CANADA LLP
77 King Street West, Suite 400
Toronto-Dominion Centre
Toronto, ON M5K 0A1
Fax: 416-863-4592

Kenneth Kraft (LSUC No. 31919P)
Tel: 416-863-4374
Email: kenneth.kraft@dentons.com

Neil Rabinovitch (LSUC No. 33442F)
Tel: 416-863-4656
Email: neil.rabinovitch@dentons.com

Lawyers for the Applicant

TAB B

Appendix "B"

TEL AVIV DISTRICT COURT

LIQUIDATION CASE 44348-04-16

REQUEST NO. _____

HONORABLE COURT PRESIDENT

JUDGE

IN RE: THE COMPANIES LAW, 5759-1999
CORPORATE ORDINANCE [NEW VERSION] 5'

AND IN RE: URBANCORP, INC.
CANADIAN COMPANY NO. 2471774

AND IN RE: ADV. GUY GISSIN – TEMPORARY FUNCTIONARY

Decision 26.2.2017
Application No. 32 in Case 44348-04-16
Judge Eitan Orenstein

For reasons of application and given
Position of the Official Receiver,
Approved as requested.

The Position of the Official Receiver in application No. 32

In view of the reasons for the request, inter alia, to allow the Canadian creditors to hold proceedings regarding their debt claims decision as specified in the request. Excluding the controlling shareholder and the Company's officers (the Official Receiver does not object to request in question).

(-)
Gali Atron
Corporate Department
Official Receiver

26.2.2017

THE FUNCTIONARY

THE OFFICIAL
RECEIVER

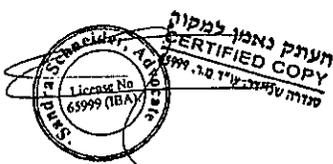
**UPDATE REPORT NO. 7 ON BEHALF OF THE FUNCTIONARY AND A
REQUEST FOR INSTRUCTION AS TO DEBT CLAIMS PROCEDURES IN
CANADA**

The Functionary hereby submits to the Honorable Court an update report on his behalf regarding claims procedures which are taking place simultaneously in Israel and in Canada.

The Company is, as previously mentioned, a Canadian company, the prospectus of which subjects it to Canadian Law with respect to insolvency and distribution matters, alongside the Israeli Law with respect to the Deed of Trust for the Company's Series A Bonds (hereinafter: "The Bonds"), and the Securities Law, 5728-1968 and its regulations.

As such, the claims procedures were heard and ruled on according to both the Canadian Law and the Israeli Law.

Accordingly, special procedures will be suggested in this report such that the Canadian creditors of the Company can have any disputes relating to their claims determined by the Canadian Court applying Canadian law (except for the controlling shareholders and the Company's officer who specifically agreed to be subject to Israeli law and Israeli jurisdiction).



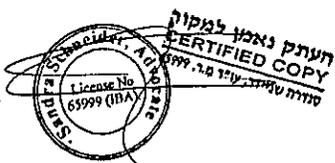
A. PROCEDURES FOR FILING DEBT CLAIMS

1. On 4/25/2016 the Court ordered the appointment of Adv. Guy Gissin as the Functionary to the Company, and instructed him, inter alia, to form a preliminary Creditors' Plan for the Company (hereinafter: "The Order").
2. This decision was recognized by the Canadian Court on 5/18/2016, and the Israeli proceedings were determined to be the foreign main proceeding and the Functionary was recognized as the foreign representative of the Company in Canada.
3. On 5/24/2016 the Court ordered the Functionary to publish a notice requiring the Company's creditors to file debt claims within 30 days, a period which was extended to 8/5/2016 by Court Order dated 6/14/2016, in order to synchronize with the period ordered by the Canadian Court. The Canadian Court on 6/15/2016 recognized the Court Order dated 6/14/2016.
 - Copies of the public notice in the official registry, and in newspapers in Israel and in Canada on the dates of 5/29/2016 and 6/15/2016 are attached as Appendices A1 and A2.

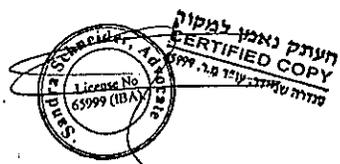
B. PROCEDURES FOR FILING THE DEBT CLAIMS TO THE COURT

4. To date, the Functionary received 9 debt claims from Israeli creditors and 11 debt claims from Canadian creditors, in an aggregate amount of NIS 200,405,635 (excluding contingent claims), with the majority of claims originating from a debt claim of about NIS 191 million which was filed by Trustee for the Bonds on behalf of Series A Bond holders.
5. In addition to the Bond holders, debt claims were filed in the aggregate amount of NIS 8.5 million (contingent claims excluded), by service providers, directors & officers, and other companies that were related. In addition, the Functionary received a number of contingent claims, for indemnification by the controlling shareholder, various service providers and officers of the Company under its indemnification undertaking (hereinafter: "The Indemnification Claims").
6. In addition, the Functionary received a debt claim from a former Bond holder, for losses allegedly suffered as a result of the sale of Notes during the month of April. The Functionary has disallowed this claim as more specifically set out below.
7. The following is a summary of the all debt claims which were received by the Functionary , along with the amount approved with respect to each claim:

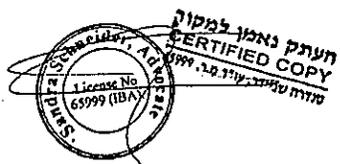
Creditor	Amount Filed	Claim Summary	Approved Amount
Shimonov & Co., Attorneys at Law	USD 10,838	Fees due for ongoing legal services provided to the Company	USD 10,838



Creditor	Amount Filed	Claim Summary	Approved Amount
	USD 20,000	Special Fee for preparing annual reports for 2015.	*****
Matri, Meiri & Co., Attorneys at Law	Up to USD 125,000	Fees for representation of the Israeli Directors in the Class Action of Tuvia Fachold Vs. Urbancorp, Inc. and Others (Class Action no. 1746-04-16) (Hereinafter: "The Class Action")	Up to USD 125,000, subject to presenting adequate invoices
PWC Canada	CAD 34,590	Fees for providing services of valuation reports audit	CAD 34,590
Mr. David Mandel (Officer / Director)	CAD 6,899	Out of pocket expenses borne by the Creditor on behalf of the Company	CAD 6,899
	CAD 7,440,020	Indemnification claim contingent upon the outcome of claims files against Mr. Mandel in his capacity as a Director of the Company	
Janterra Real Estate Advisors, Inc.	CAD 53,223	Fees for preparing appraisal opinion for commercial real estate	*****
WestSide Gallery Lofts, Inc.	CAD 256,791	Payments borne for the Company	CAD 160,000
Urbancorp Toronto Management Inc. (UTMI)	CAD 374,676	Payments for management fees and services provided as well as reimbursement for expenses borne for the Company	*****
Barry Rotenberg, Harris Sheaffer LLP	CAD 139,080	Fees for legal services provided	*****
Homelife Landmark Realty, Inc.	CAD 618,000	Commission payments for brokering services provided	*****



Creditor	Amount Filed	Claim Summary	Approved Amount
1481614 Ontario Inc. (formerly carrying on business as Coldwell Banker Case Realty)	CAD 171,592	Commission payments for brokering services provided	*****
Midnorthern Appliance	CAD 715,191 plus interest	Payments due for supply and installing of equipment	*****
Israeli Directors Dr. Eyal Geva, Mr. Ronen Nekar, Mrs. Daphna Aviram	NIS 221,018	Directors compensation - payroll	NIS 221,018
	NIS 42.2 million	Indemnification Claim – Class Action	*****
Mr. Ma'aravi Yitzhak Former Notes holder	NIS 24,484	Damages for selling Company Bonds in loss during the month of April 2016	*****
Apex Issuances Ltd.	Undisclosed	Claim contingent on the outcome of the class action suit no. 16552-04-16 based on the Company's Indemnification Undertaking	*****
Registration Co. of Mizrahi Tfahot Ltd.	NIS 32,296	Fees for registration company services provided	NIS 32,296
Raznik, Paz, Nevo - Series A Notes trustees	NIS 191,553,788	Payments of principal, interest and interest on arrears on the Bonds	NIS 186,053,675
	NIS 608,930	Trustee compensation and expense reimbursement including fees to their attorney	NIS 608,930 Subject to presenting adequate invoices
Mr. Alan Saskin	Undisclosed	Contingent claim for indemnification	*****

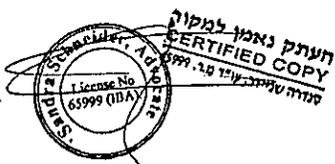


Creditor	Amount Filed	Claim Summary	Approved Amount
KSV, Monitor for the Company's subsidiaries under the CCAA ("KSV")	Undisclosed	A claim without a specified amount, which may be based on transactions and/or undertakings by and among the companies in the group, pre-insolvency	*****

C. THE DECISION ON THE DEBT CLAIMS

8. On December 1, 2016, the Functionary issued notices of allowance, partial disallowance and disallowance to both the Canadian and Israeli creditors other than KSV.
9. The Functionary allowed the debt claims of the Bonds Trustee in the amount of NIS 180 million for the full principal amount of the Bonds and in the amount of NIS 5.5 million for contractual interest up to the date of the Appointment Order. In light of the existence of securities granted for the benefit of the Bondholders the Functionary acknowledged the components of the debt claim of the Trustee which were allowed, as secured debt only up to the amounts which would be actually received from the repayment of any of the shareholders' loans which the Company granted to the to the companies holding the Back-up Properties (as defined in the prospectus).
10. In addition, the Functionary allowed as of the date of this update report debt claims in the aggregate amount of approximately NIS 2 million,¹ out of an amount of approximately NIS 8.5 million (exclusive of contingent claims), which were filed by service providers to the Company, officers and the Company subsidiaries.
11. The Functionary received a debt claim from a Former Bondholder, for damages due to an alleged loss in selling the Bonds during the month of April, 2016. The former bondholder in Motion no. 23 asked this Honorable Court to instruct the Functionary to acknowledge the debt claims of former Bondholders in accordance to the purchase price of the Bonds and the loss actually incurred. In light of the rejection of the request for instructions by this Honorable Court dated 1/24/2017, this debt claim has been disallowed as well.
12. The decisions in respect of the Israeli debt claims were made in the Hebrew language and according to Israeli law, and the decisions in respect of the Canadian debt claims were made according to Canadian law, and in the English language, by the Canadian legal advisors of the Functionary, which was in accordance to the provisions of the prospectus regarding the issuance of the Bonds which stipulated that the Canadian law will apply with respect to insolvency and distribution matters.

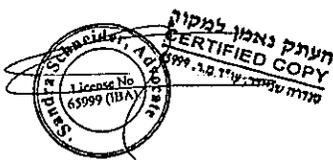
¹ All the amounts in this section were calculated according to the representative exchange rate (according to the rate published at the end of day by the Israeli Bank) of the Canadian Dollar and US Dollar on the day of 4/25/2016 – the date of the Order.



13. An exception to the foregoing was in respect of the debt claims filed by the controlling shareholder, Mr. Alan Saskin and Canadian officers, who made personal commitments in the prospectus including in the Deed of Trust (which was signed on December 7, 2015), that specified that Israeli law would apply in insolvency matters. Accordingly, these debt claims were decided under Israeli law but after consultation with Canadian counsel to the Functionary to confirm that under Canadian law the choice of Israeli law would be recognized in Canada.
14. The Functionary provided creditors with 45 days to appeal any disallowances from the date the decision letter was received (i.e. until 1/15/2017 with respect to the Israeli creditors and until 1/16/2017 with respect to the Canadian creditors) (hereinafter: "The Bar Date").

D. REQUESTS AND APPEALS ON THE RULING IN THE DEBT CLAIMS

15. As of the Bar Date, the Functionary has received several written requests for reconsideration. In addition, one appeal was filed with the Honorable Court on behalf of the directors with respect to a disallowance, as specified below.
16. The Canadian legal advisors of the Functionary received four appeals from the disallowances. As is specified in section 24 hereof, it is requested that appeals of Canadian creditors, other than the controlling shareholder, be determined by the Canadian Court applying Canadian law.
17. The applications made by one of the Israeli creditors to the Functionary requesting him to re-examine the disallowance are subject to the claimant providing additional information to the Functionary, without constituting an agreement to extension of time for filing an appeal, to the extent requested.
18. On January 15, 2017, this Honorable Court received an appeal notice regarding the disallowance of the directors indemnification claim (Civil Appeal 33007-01-17 Nakar and Others vs. Urbancorp), relating to the class action suit Tuvia Fachold vs. Urbancorp, Inc. (Class Action 1746-04-16). The date for filing the Functionary's response to the appeal notice is 2/23/2017 and the detailed response of the Functionary to the arguments in the appeal notice will be filed by that date.
19. Apex Issuances Ltd. (hereinafter: "Apex") filed a request for permission to file a third party notice against the Company, within a request for approval of a class action suit filed by another class action plaintiff – Mrs. Naomi Monrov vs. Apex, for a total amount estimated at millions of New Israeli Shekels (Request no. 24). Therefore, Apex has requested that this Honorable Court postpone the due date for appealing the debt claim filed against the Company, until such time when the honorable court has decided in the Apex request and determined that "...at this point an extension is granted as requested and until further notice." A hearing with respect to the request for permission to file a third party notice was scheduled to 3/17/2017.



E. DEBT SETTLEMENT PROCEDURES

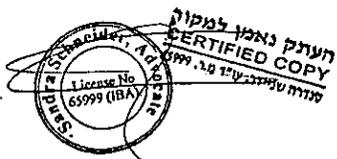
20. On 1/8/2017 the Functionary filed a request for extension of his appointment and approval of an assembly of a creditors meetings for the purpose of approving a debt settlement plan in the Company during the first quarter of 2017, so that the distribution of proceeds anticipated from the selling of a meaningful portion of the of the Company subsidiaries assets be made possible (hereinafter, the “**Debt Settlement Plan**”).
21. The debt data used for the purposes of the distribution according to the Debt Settlement Plan will be in accordance to the decisions of the Functionary in these debt claims procedures as mentioned above, subject to appeals and the debt claims still being resolved as provided above. Creditors who have not filed their debt claim by the Bar Date may not submit any debt claims to the Functionary, unless there are circumstances which justify an extension.

F. REMEDIES REQUESTED OF THE COURT

22. For the purpose of completing the debt claims procedures and debt decision, and the ability to make distributions within the Debt Settlement Plan, the Honorable Court is hereby asked to approve the procedures taken thus far by the Functionary, subject to requests and appeals currently outstanding with the Functionary in Canada and in Israel. In accordance and subject to the approval of the court as mentioned above, this report will be filed for recognition in Canada as well.
23. The Israeli and Canadian courts are also requested to confirm that the Bar Date be enforced by appropriate orders prohibiting any claims being raised now. With the exception to claims received or in relation to creditors who contacted the Functionary or the Canadian representatives as set as described above.
24. In addition, the Honorable Court is hereby requested to seek the assistance of the Canadian court to determine any appeals by Canadian creditors (other than the controlling shareholder) in accordance with Canadian law. This is being requested in light of the fact that the creditors in question are Canadian creditors of a Canadian company, the prospectus specifically applies Canadian insolvency and distribution laws, and in order to enable the Canadian creditors, practically, to appeal the disallowances without having to go through a legal proceeding in Israel. Excluded from this procedure are, as mentioned above, the controlling shareholders and the Company’s officers who specifically agreed to be subject to Israeli law and Israeli jurisdiction.

 Yael Hershkovitz, Adv Sandra Schneider, Adv
 Attorneys of the Functionary of Urbancorp, Inc.

Today, February 8th 2017, in Tel Aviv



TAB C

Appendix "C"

At the District Court
of Tel Aviv-Yafo

Liquidation Case No. 44348-04-
Motion No 16.
Before the Hon. Justice E. Orenstein

Decision 02/02/2017
Motion no. 31 in case 44348-04-16
Judge Eitan Orenstein
For reasons of the motion,
discretionary of the Functionary,
and the position of the Official
Receiver, I approve the requested.

Law, 5759 – 1999
Order [New Version], 5743-1983 The Companies Law

- Canadian Company No. 2471774 The Company

ssin – Temporary Functionary in the Company
ative Attorney Yael Hershkovitz and/or

ition of the Official Receiver motion No. 31

And in the matter of

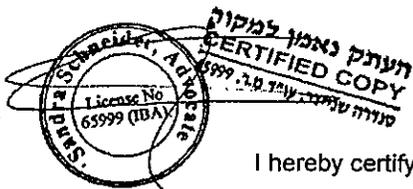
In view of the reasons in the motion, the Official Receiver does not object to the requested Functionary
in question.
Gali Atron, advocate
Corporate Department
Of the Official Receiver. Receiver

Motion for Orders

The honorable court is hereby requested to order and permit The Functionary to sign the financial statements of the Company as well as the tax return application for the year 2015, while exempting The Functionary and providing him all reservations as specified in Section 8 hereunder.

A. Preparing the Financial Statements and Tax Return Application

1. In order to manage the Company affairs in Canada, including filing a tax return application to the Canadian authorities as specified hereunder, the financial statements of the Company for the year 2015 must be prepared. To avoid any misunderstandings – we shall emphasize that these are Company statements for tax purposes (as a Canadian company), which are prepared according to American GAAP and not IFRS principles, as required by companies whose securities are traded in the Tel Aviv Stock Exchange in Israel.
2. MNP LLP (hereinafter: “CPAs”), have served as the Urbancorp Group Canadian CPAs for many years, and they are fully knowledgeable and possess extensive experience regarding the Company business and assets. Said CPAs have also been hired by the Canadian appointed Monitors for the company subsidiaries in Canada for that the same purpose which is completing the relevant financial statements. Naturally, information from said subsidiaries is necessary in order to complete the Company financial statement – which is solely a holding company.
3. As specified above and In light of their many years of acquaintance and given the fact that all information required in regard to the subsidiaries is already in their possession by virtue of their



I hereby certify that this is an accurate translation from Hebrew

work with the Canadian Monitors of said subsidiaries, The Functionary has formulated an agreement with the CPAs, whereby they shall prepare the financial statements and tax return application for year 2015 under an expedited schedule, in consideration of only CAD 4,000 plus VAT. The proposed fee is attached as Appendix A (hereinafter: "Agreement Proposal").

4. In light of the aforementioned information and financial statements, The Functionary has, following consultation with his Canadian advisors, approved the Agreement Proposal, whose cost is relatively insignificant. While taking in considering the unique relationship said CPAs have with Urbancorp the Functionary belief is; that such services could not have been obtained from others in a more efficient course and Inexpensive proposals.
5. Therefore, The Functionary approved the CPAs engagement per the Agreement Proposal. Payment will be made from the Company deposited funds in Canada.

B. Signing Financial Statements and A Tax Return Application w/Reservation

6. On April 25, 2016, the District Court in Tel Aviv-Yafo appointment The Functionary and granted him the Company executive powers authorities and responsibilities which were suspended and conferred to The Functionary. Therefore, The Functionary is the sole entity that can on behalf of the Company sign the financial statements.
7. In order to prepare the Company's financial statements for year 2015, the CPAs had to rely on information from the Company's books and general ledgers for year 2015, a period prior to The Functionary's appointment. Hence, The Functionary cannot sign the financial statements and tax return application for 2015, while also taking responsibility for their accuracy of said documents as they pertain to the period before Functionary's appointment.
8. Therefore, this honorable court is hereby requested to permit the Functionary to sign the company's financial statements and tax return application for 2015, while exempting the Functionary and enforcing reservation, as customary in insolvency proceedings, whereby said signature will not be imposing on him personal liability in any way, shape, or form, unless it is proven to the Court of Insolvency (which shall have the exclusive jurisdiction in said matter) that the Functionary acted carelessly and/or maliciously. For the avoidance of doubt it is hereby clarified that in the event that it is proven to the Court of Insolvency that the Functionary acted in negligent in said matter, the Functionary shall be exempt from all responsibility and no legal action shall be personally taken against the Functionary, just before the Court of Insolvency.

Yael Herschkowitz, Adv.

Sandra Schneider, Adv.

Representatives of The Functionary for Urbancorp, Inc.

This 18th day of January, 2017, in Tel Aviv



I hereby certify that this is an accurate translation from Hebrew

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

**SECOND REPORT OF THE FOREIGN
REPRESENTATIVE**

DENTONS CANADA LLP
77 King Street West, Suite 400
Toronto-Dominion Centre
Toronto, ON M5K 0A1
Fax: 416-863-4592

Kenneth Kraft (LSUC No. 31919P)
Tel: 416-863-4374
Email: kenneth.kraft@dentons.com

Neil Rabinovitch (LSUC No. 33442F)
Tel: 416-863-4656
Email: neil.rabinovitch@dentons.com

Lawyers for the Foreign Representative

TAB 3

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

THE HONOURABLE)	THURSDAY, THE 9TH
)	
JUSTICE NEWBOULD)	DAY OF MARCH, 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 (the “**Foreign Representative**”) of Urbancorp Inc. (“**UCI**”), for an order recognizing an order granted by the District Court in Tel Aviv-Jaffa, Israel (the “**Israeli Court**”) on February 26, 2017 in the insolvency proceedings commenced against Urbancorp Inc., an order authorizing UCI to borrow the balance of the \$1,900,000 available under the interim lending facility approved by the Supplemental Order of this Court which was granted on May 18, 2016, and an order amending the Supplemental Order to give the Foreign Representative the benefit of the rights and protections afforded to a Monitor under the *Companies Creditors' Arrangement Act*, R.S.C. 1985, c. C-36 (the “**CCAA**”), and limiting the liability of the Foreign Representative in these proceedings to liability for gross negligence or wilful misconduct on his part in connection with the execution and submission of the Canadian income tax returns and related financial statements to the Canada Revenue Agency on behalf of UCI in his capacity as

court-appointed functionary officer and Foreign Representative of UCI and not in his personal capacity, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the report of the Foreign Representative dated March 2, 2017, filed, and upon hearing the submissions of counsel for the Foreign Representative and counsel for KSV Kofman Inc. (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 ISRAELI ORDER

2. **THIS COURT ORDERS AND DECLARES** that the order granted by the Israeli Court on February 26, 2017, a copy of which is attached as Schedule “A” hereto, approving the Foreign Representative’s administration of the claims process, establishing a bar date for submitting a notice of objection with respect to disallowed or partially disallowed claims, and requesting the assistance of this Court in resolving the disputes of Canadian creditors who have filed a notice of objection, other than those of officers and controlling shareholders of UCI, is hereby recognized pursuant to Sections 49 and 61 of the CCAA.

INTERIM LENDING FACILITY

3. **THIS COURT ORDERS** that UCI is hereby authorized and empowered to borrow the balance of the \$1,900,000 available under the interim lending facility from Urbancorp Partner (King South) Inc. or any of the Applicants in the CCAA proceeding in Court File No. CV-16-11389-00CL (each, an “**Interim Lender**”) in order to finance the reasonable expenses of the Foreign Representative, the reasonable fees and disbursements of the legal and financial advisors to the Foreign Representative, and the reasonable fees and disbursements of the Information Officer and its counsel in the proceedings, on the terms and conditions set out in the intercompany interim financing revolving credit facility term sheet between UCI and the Interim

Lender dated as of May 18, 2016, filed, and in accordance with the Supplemental Order of this Court dated May 18, 2016.

RIGHTS AND PROTECTIONS OF THE FOREIGN REPRESENTATIVE

4. **THIS COURT ORDERS** that the Supplemental Order granted by this Court on May 18, 2016 is hereby amended to give the Foreign Representative the benefit of the rights and protections afforded to a Monitor under the CCAA, and to limit the liability of the Foreign Representative in these proceedings to liability for gross negligence or wilful misconduct on his part in connection with the execution and submission of the Canadian income tax returns and related financial statements to the Canada Revenue Agency on behalf of UCI in his capacity as court-appointed functionary officer and Foreign Representative of UCI and not in his personal capacity

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"

TEL AVIV DISTRICT COURT

LIQUIDATION CASE 44348-04-16

REQUEST NO. _____

HONORABLE COURT PRESIDENT

JUDGE

IN RE: THE COMPANIES LAW, 5759-1999
CORPORATE ORDINANCE [NEW VERSION] 5'

AND IN RE: URBANCORP, INC.
CANADIAN COMPANY NO. 2471774

AND IN RE: ADV. GUY GISSIN – TEMPORARY FUNCTIONARY

Decision	26.2.2017
Application No. 32 in Case 44348-04-16	
Judge Eitan Orenstein	
For reasons of application and given Position of the Official Receiver, Approved as requested.	

The Position of the Official Receiver in application No. 3.

In view of the reasons for the request, inter alia, to allow the Canadian creditors to hold proceedings regarding their debt claims decision as specified in the request. Excluding the controlling shareholder and the Company's officers (the Official Receiver does not object to request in question).

(-)
Gali Atron
Corporate Department
Official Receiver

26.2.2017

THE FUNCTIONARY

THE OFFICIAL
RECEIVER

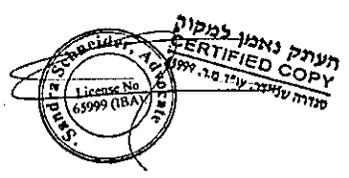
**UPDATE REPORT NO. 7 ON BEHALF OF THE FUNCTIONARY AND A
REQUEST FOR INSTRUCTION AS TO DEBT CLAIMS PROCEDURES IN
CANADA**

The Functionary hereby submits to the Honorable Court an update report on his behalf regarding claims procedures which are taking place simultaneously in Israel and in Canada.

The Company is, as previously mentioned, a Canadian company, the prospectus of which subjects it to Canadian Law with respect to insolvency and distribution matters, alongside the Israeli Law with respect to the Deed of Trust for the Company's Series A Bonds (hereinafter: "The Bonds"), and the Securities Law, 5728-1968 and its regulations.

As such, the claims procedures were heard and ruled on according to both the Canadian Law and the Israeli Law.

Accordingly, special procedures will be suggested in this report such that the Canadian creditors of the Company can have any disputes relating to their claims determined by the Canadian Court applying Canadian law (except for the controlling shareholders and the Company's officer who specifically agreed to be subject to Israeli law and Israeli jurisdiction).



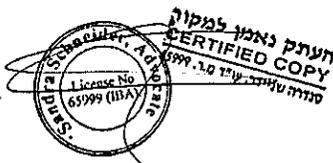
A. PROCEDURES FOR FILING DEBT CLAIMS

1. On 4/25/2016 the Court ordered the appointment of Adv. Guy Gissin as the Functionary to the Company, and instructed him, inter alia, to form a preliminary Creditors' Plan for the Company (hereinafter: "The Order").
2. This decision was recognized by the Canadian Court on 5/18/2016, and the Israeli proceedings were determined to be the foreign main proceeding and the Functionary was recognized as the foreign representative of the Company in Canada.
3. On 5/24/2016 the Court ordered the Functionary to publish a notice requiring the Company's creditors to file debt claims within 30 days, a period which was extended to 8/5/2016 by Court Order dated 6/14/2016, in order to synchronize with the period ordered by the Canadian Court. The Canadian Court on 6/15/2016 recognized the Court Order dated 6/14/2016.
 - Copies of the public notice in the official registry, and in newspapers in Israel and in Canada on the dates of 5/29/2016 and 6/15/2016 are attached as Appendices A1 and A2.

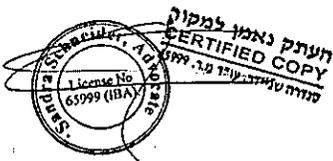
B. PROCEDURES FOR FILING THE DEBT CLAIMS TO THE COURT

4. To date, the Functionary received 9 debt claims from Israeli creditors and 11 debt claims from Canadian creditors, in an aggregate amount of NIS 200,405,635 (excluding contingent claims), with the majority of claims originating from a debt claim of about NIS 191 million which was filed by Trustee for the Bonds on behalf of Series A Bond holders.
5. In addition to the Bond holders, debt claims were filed in the aggregate amount of NIS 8.5 million (contingent claims excluded), by service providers, directors & officers, and other companies that were related. In addition, the Functionary received a number of contingent claims, for indemnification by the controlling shareholder, various service providers and officers of the Company under its indemnification undertaking (hereinafter: "The Indemnification Claims").
6. In addition, the Functionary received a debt claim from a former Bond holder, for losses allegedly suffered as a result of the sale of Notes during the month of April. The Functionary has disallowed this claim as more specifically set out below.
7. The following is a summary of the all debt claims which were received by the Functionary , along with the amount approved with respect to each claim:

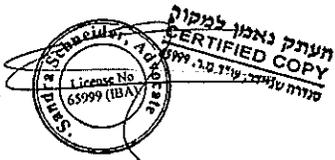
Creditor	Amount Filed	Claim Summary	Approved Amount
Shimonov & Co., Attorneys at Law	USD 10,838	Fees due for ongoing legal services provided to the Company	USD 10,838



Creditor	Amount Filed	Claim Summary	Approved Amount
	USD 20,000	Special Fee for preparing annual reports for 2015.	*****
Matri, Meiri & Co., Attorneys at Law	Up to USD 125,000	Fees for representation of the Israeli Directors in the Class Action of Tuvia Fachold Vs. Urbancorp, Inc. and Others (Class Action no. 1746-04-16) (Hereinafter: "The Class Action")	Up to USD 125,000, subject to presenting adequate invoices
PWC Canada	CAD 34,590	Fees for providing services of valuation reports audit	CAD 34,590
Mr. David Mandel (Officer / Director)	CAD 6,899	Out of pocket expenses borne by the Creditor on behalf of the Company	CAD 6,899
	CAD 7,440,020	Indemnification claim contingent upon the outcome of claims files against Mr. Mandel in his capacity as a Director of the Company	
Janterra Real Estate Advisors, Inc.	CAD 53,223	Fees for preparing appraisal opinion for commercial real estate	*****
WestSide Gallery Lofts, Inc.	CAD 256,791	Payments borne for the Company	CAD 160,000
Urbancorp Toronto Management Inc. (UTMI)	CAD 374,676	Payments for management fees and services provided as well as reimbursement for expenses borne for the Company	*****
Barry Rotenberg, Harris Sheaffer LLP	CAD 139,080	Fees for legal services provided	*****
Homelife Landmark Realty, Inc.	CAD 618,000	Commission payments for brokering services provided	*****



Creditor	Amount Filed	Claim Summary	Approved Amount
1481614 Ontario Inc. (formerly carrying on business as Coldwell Banker Case Realty)	CAD 171,592	Commission payments for brokering services provided	*****
Midnorthern Appliance	CAD 715,191 plus interest	Payments due for supply and installing of equipment	*****
Israeli Directors Dr. Eyal Geva, Mr. Ronen Nekar, Mrs. Daphna Aviram	NIS 221,018	Directors compensation - payroll	NIS 221,018
	NIS 42.2 million	Indemnification Claim – Class Action	*****
Mr. Ma'aravi Yitzhak Former Notes holder	NIS 24,484	Damages for selling Company Bonds in loss during the month of April 2016	*****
Apex Issuances Ltd.	Undisclosed	Claim contingent on the outcome of the class action suit no. 16552-04-16 based on the Company's Indemnification Undertaking	*****
Registration Co. of Mizrahi Tfahot Ltd.	NIS 32,296	Fees for registration company services provided	NIS 32,296
Raznik, Paz, Nevo - Series A Notes trustees	NIS 191,553,788	Payments of principal, interest and interest on arrears on the Bonds	NIS 186,053,675
	NIS 608,930	Trustee compensation and expense reimbursement including fees to their attorney	NIS 608,930 Subject to presenting adequate invoices
Mr. Alan Saskin	Undisclosed	Contingent claim for indemnification	*****

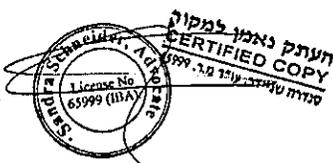


Creditor	Amount Filed	Claim Summary	Approved Amount
KSV, Monitor for the Company's subsidiaries under the CCAA ("KSV")	Undisclosed	A claim without a specified amount , which may be based on transactions and/or undertakings by and among the companies in the group, pre-insolvency	*****

C. THE DECISION ON THE DEBT CLAIMS

8. On December 1, 2016, the Functionary issued notices of allowance, partial disallowance and disallowance to both the Canadian and Israeli creditors other than KSV.
9. The Functionary allowed the debt claims of the Bonds Trustee in the amount of NIS 180 million for the full principal amount of the Bonds and in the amount of NIS 5.5 million for contractual interest up to the date of the Appointment Order. In light of the existence of securities granted for the benefit of the Bondholders the Functionary acknowledged the components of the debt claim of the Trustee which were allowed, as secured debt only up to the amounts which would be actually received from the repayment of any of the shareholders' loans which the Company granted to the to the companies holding the Back-up Properties (as defined in the prospectus).
10. In addition, the Functionary allowed as of the date of this update report debt claims in the aggregate amount of approximately NIS 2 million,¹ out of an amount of approximately NIS 8.5 million (exclusive of contingent claims), which were filed by service providers to the Company, officers and the Company subsidiaries.
11. The Functionary received a debt claim from a Former Bondholder, for damages due to an alleged loss in selling the Bonds during the month of April, 2016. The former bondholder in Motion no. 23 asked this Honorable Court to instruct the Functionary to acknowledge the debt claims of former Bondholders in accordance to the purchase price of the Bonds and the loss actually incurred. In light of the rejection of the request for instructions by this Honorable Court dated 1/24/2017, this debt claim has been disallowed as well.
12. The decisions in respect of the Israeli debt claims were made in the Hebrew language and according to Israeli law, and the decisions in respect of the Canadian debt claims were made according to Canadian law, and in the English language, by the Canadian legal advisors of the Functionary, which was in accordance to the provisions of the prospectus regarding the issuance of the Bonds which stipulated that the Canadian law will apply with respect to insolvency and distribution matters.

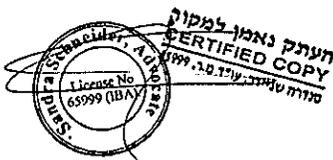
¹ All the amounts in this section were calculated according to the representative exchange rate (according to the rate published at the end of day by the Israeli Bank) of the Canadian Dollar and US Dollar on the day of 4/25/2016 – the date of the Order.



13. An exception to the foregoing was in respect of the debt claims filed by the controlling shareholder, Mr. Alan Saskin and Canadian officers, who made personal commitments in the prospectus including in the Deed of Trust (which was signed on December 7, 2015), that specified that Israeli law would apply in insolvency matters. Accordingly, these debt claims were decided under Israeli law but after consultation with Canadian counsel to the Functionary to confirm that under Canadian law the choice of Israeli law would be recognized in Canada.
14. The Functionary provided creditors with 45 days to appeal any disallowances from the date the decision letter was received (i.e. until 1/15/2017 with respect to the Israeli creditors and until 1/16/2017 with respect to the Canadian creditors) (hereinafter: "The Bar Date").

D. REQUESTS AND APPEALS ON THE RULING IN THE DEBT CLAIMS

15. As of the Bar Date, the Functionary has received several written requests for reconsideration. In addition, one appeal was filed with the Honorable Court on behalf of the directors with respect to a disallowance, as specified below.
16. The Canadian legal advisors of the Functionary received four appeals from the disallowances. As is specified in section 24 hereof, it is requested that appeals of Canadian creditors, other than the controlling shareholder, be determined by the Canadian Court applying Canadian law.
17. The applications made by one of the Israeli creditors to the Functionary requesting him to re-examine the disallowance are subject to the claimant providing additional information to the Functionary, without constituting an agreement to extension of time for filing an appeal, to the extent requested.
18. On January 15, 2017, this Honorable Court received an appeal notice regarding the disallowance of the directors indemnification claim (Civil Appeal 33007-01-17 Nakar and Others vs. Urbancorp), relating to the class action suit Tuvia Fachold vs. Urbancorp, Inc. (Class Action 1746-04-16). The date for filing the Functionary's response to the appeal notice is 2/23/2017 and the detailed response of the Functionary to the arguments in the appeal notice will be filed by that date.
19. Apex Issuances Ltd. (hereinafter: "Apex") filed a request for permission to file a third party notice against the Company, within a request for approval of a class action suit filed by another class action plaintiff – Mrs. Naomi Monrov vs. Apex, for a total amount estimated at millions of New Israeli Shekels (Request no. 24). Therefore, Apex has requested that this Honorable Court postpone the due date for appealing the debt claim filed against the Company, until such time when the honorable court has decided in the Apex request and determined that "...at this point an extension is granted as requested and until further notice." A hearing with respect to the request for permission to file a third party notice was scheduled to 3/17/2017.



E. DEBT SETTLEMENT PROCEDURES

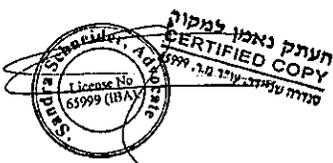
20. On 1/8/2017 the Functionary filed a request for extension of his appointment and approval of an assembly of a creditors meetings for the purpose of approving a debt settlement plan in the Company during the first quarter of 2017, so that the distribution of proceeds anticipated from the selling of a meaningful portion of the of the Company subsidiaries assets be made possible (hereinafter, the “**Debt Settlement Plan**”).
21. The debt data used for the purposes of the distribution according to the Debt Settlement Plan will be in accordance to the decisions of the Functionary in these debt claims procedures as mentioned above, subject to appeals and the debt claims still being resolved as provided above. Creditors who have not filed their debt claim by the Bar Date may not submit any debt claims to the Functionary, unless there are circumstances which justify an extension.

F. REMEDIES REQUESTED OF THE COURT

22. For the purpose of completing the debt claims procedures and debt decision, and the ability to make distributions within the Debt Settlement Plan, the Honorable Court is hereby asked to approve the procedures taken thus far by the Functionary, subject to requests and appeals currently outstanding with the Functionary in Canada and in Israel. In accordance and subject to the approval of the court as mentioned above, this report will be filed for recognition in Canada as well.
23. The Israeli and Canadian courts are also requested to confirm that the Bar Date be enforced by appropriate orders prohibiting any claims being raised now. With the exception to claims received or in relation to creditors who contacted the Functionary or the Canadian representatives as set as described above.
24. In addition, the Honorable Court is hereby requested to seek the assistance of the Canadian court to determine any appeals by Canadian creditors (other than the controlling shareholder) in accordance with Canadian law. This is being requested in light of the fact that the creditors in question are Canadian creditors of a Canadian company, the prospectus specifically applies Canadian insolvency and distribution laws, and in order to enable the Canadian creditors, practically, to appeal the disallowances without having to go through a legal proceeding in Israel. Excluded from this procedure are, as mentioned above, the controlling shareholders and the Company’s officers who specifically agreed to be subject to Israeli law and Israeli jurisdiction.

 Yael Hershkovitz, Adv Sandra Schneider, Adv
 Attorneys of the Functionary of Urbancorp, Inc.

Today, February 8th 2017, in Tel Aviv



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
(March 9, 2017)**

DENTONS CANADA LLP
77 King Street West, Suite 400
Toronto-Dominion Centre
Toronto, ON M5K 0A1
Fax: 416-863-4592

Kenneth Kraft (LSUC No. 31919P)
Tel: 416-863-4374
Email: kenneth.kraft@dentons.com

Neil Rabinovitch (LSUC No. 33442F)
Tel: 416-863-4656
Email: neil.rabinovitch@dentons.com

Lawyers for the Foreign Representative

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

**MOTION RECORD
(Motion returnable March 9, 2017)**

DENTONS CANADA LLP
77 King Street West, Suite 400
Toronto-Dominion Centre
Toronto, ON M5K 0A1
Fax: 416-863-4592

Kenneth Kraft (LSUC No. 31919P)
Tel: 416-863-4374
Email: kenneth.kraft@dentons.com

Neil Rabinovitch (LSUC No. 33442F)
Tel: 416-863-4656
Email: neil.rabinovitch@dentons.com

Lawyers for the Foreign Representative