



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

June 14, 2016

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

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

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

AND IN THE MATTER OF URBANCORP INC.

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

JUNE 14, 2016

1.0 Introduction

1. On April 21, 2016, Urbancorp (St. Clair Village) Inc. ("St. Clair"), Urbancorp (Patricia) Inc. ("Patricia"), Urbancorp (Mallow) Inc. ("Mallow"), Urbancorp Downsview Park Development Inc. ("Downsview"), Urbancorp (Lawrence) Inc. ("Lawrence") and Urbancorp Toronto Management Inc. ("UTMI") each filed a Notice of Intention to Make a Proposal pursuant to Section 50.4(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "NOI Proceedings"). (Collectively, St. Clair, Patricia, Mallow, Downsview and Lawrence are referred to as the "NOI Entities".) KSV Kofman Inc. ("KSV") was appointed as the Proposal Trustee in the NOI Proceedings.
2. On April 25, 2016, the District Court in Tel Aviv-Yafo (the "Israeli Court") issued a decision (the "April 25th Decision") appointing Guy Gissin as the functionary officer and foreign representative (the "Foreign Representative") of Urbancorp Inc. and granted him certain powers, authorities and responsibilities over Urbancorp Inc., the ultimate parent of the NOI Entities, on a preliminary basis (the "Israeli Proceedings"). A copy of the April 25th Decision is attached as Appendix "A".
3. On May 10, 2016, the Foreign Representative made an application to the Israeli Court authorizing the Foreign Representative to enter into a protocol negotiated between the Foreign Representative and KSV; it was negotiated during the period KSV was the Proposal Trustee (the "Protocol"). The Protocol contemplated that the NOI Entities, UTMI and the entities listed on Schedule "A" attached to this Report would file for protection under the *Companies' Creditors Arrangement Act* (the "CCAA"). (The NOI Entities, UTMI and the entities listed on Schedule "A" are referred to collectively as the "Urbancorp CCAA Entities".)

4. On May 11, 2016, the Israeli Court made an Order authorizing the Foreign Representative to enter into the Protocol (the “Protocol Order”). A translation of the Protocol Order is attached as Appendix “B”.
5. The Protocol addresses, *inter alia*, the sharing of information between the Foreign Representative and the Monitor (defined below) and the manner in which the Foreign Representative is to have input in the restructuring process.
6. Pursuant to an order made by the Ontario Superior Court of Justice (Commercial List) (the “Court”) dated May 18, 2016 (the “Initial Order”), the Urbancorp CCAA Entities were granted protection under the CCAA and KSV was appointed monitor (the “Monitor”). The Initial Order also approved the Protocol.
7. On May 18, 2016, the Court also issued two orders (each of which is provided in Appendix “C”) under Part IV of the CCAA which:
 - a) recognized the Israeli Proceedings as a “foreign main proceeding”;
 - b) recognized Mr. Gissin as foreign representative of Urbancorp Inc.; and
 - c) appointed KSV as the Information Officer.
8. This report (the “Report”) is filed in KSV’s capacity as Information Officer.

1.1 Purposes of this Report

1. The purposes of this Report are to:
 - a) provide an update on the Israeli Proceedings;
 - b) discuss orders made by the Israeli Court since May 22, 2016 which, *inter alia*:
 - extend the appointment of the Foreign Representative to September 22, 2016 (the “Extension Order”); and
 - establish a process (the “Israeli Claims Process”) for filing claims against Urbancorp Inc., including a claims bar date, being August 5, 2016 (the “Israeli Claims Orders”);
 - c) recommend the Court issue an Order:
 - recognizing the Extension Order;
 - recognizing the Israeli Claims Orders; and
 - approving the form of claims notice to be published in Canada (the “Canadian Claims Notice”).

2.0 Background

1. Urbancorp Inc. was incorporated on June 19, 2015 for the purpose of raising capital in the public markets in Israel. Pursuant to a deed of trust dated December 7, 2015, Urbancorp Inc. made a public offering of debentures (the "IPO") in Israel for NIS 180,583,000 (approximately C\$64 million based on the exchange rate at the time of the IPO) (the "Bonds"). The Bonds traded on the Tel Aviv Stock Exchange (the "TASE"). Urbancorp Inc. is alleged to have defaulted on the Bonds and trading in the Bonds has been suspended by the TASE.
2. The majority of the proceeds from the Bonds were used to provide loans to the NOI Entities so that the NOI Entities could in turn repay their loan obligations owing at the time. The loan agreements between Urbancorp Inc. and the NOI Entities set out that these advances can only be paid from surplus cash flow after all other creditors are paid in full. The maturity date of the Bonds is December 31, 2019, at which time they are due and payable. On May 4, 2016, the Bondholders resolved to call for immediate repayment of the Bonds.
3. The Urbancorp CCAA Entities own several real estate projects in various stages of development and construction. The projects require significant capital in order to be completed. The Monitor intends to seek approval before the end of June 2016 of a realization process for the real estate owned by the majority of the Urbancorp CCAA Entities.

3.0 Israeli Proceedings Update

3.1 Extension Order

1. On May 22, 2016, the Israeli Court issued an Order extending the appointment of the Foreign Representative from May 22, 2016 to September 22, 2016. A translation of the Extension Order is provided in Appendix "D".

3.2 Claims Process Orders

1. On May 24, 2016, the Israeli Court issued an Order, which set a claims bar date of July 1, 2016. The Information Officer has been advised that it is normal course in the early stage of an Israeli restructuring proceeding for such an order to be granted. On June 14, 2016, the Israeli Court issued a further Order amending the claims bar date to August 5, 2016 (together with the May 24, 2016 Order, the "Claims Process Orders"). Translations of the Claims Process Orders are provided in Appendix "E".
2. The Israeli Claims Orders provide that:
 - a) claims are to be filed with the Foreign Representative by August 5, 2016 (the "Israeli Bar Date") using the prescribed Israeli proof of claim notice, a copy of which is provided in Appendix "F";

- b) the publication of a claims process notice in two Israeli newspapers, the Israeli Stock Exchange Corporate Action System, and one Canadian newspaper. The notice was published in the Calcalist newspaper and the Globes newspaper in Israel on May 29 and 30, 2016, but has not yet been published in Canada. A translated copy of the notice is provided in Appendix "G".
3. Any creditor that does not file a claim by the Israeli Bar Date may be precluded from receiving distributions from Urbancorp Inc.
4. As a result of discussions between the Foreign Representative and the Information Officer, the Foreign Representative is seeking an Order of this Court:
 - recognizing the Israeli Claims Orders; and
 - requiring the publication of the Canadian Claims Notice in the national edition of *The Globe and Mail* newspaper within five business days of the making of the order sought by the Foreign Representative. The Canadian Notice differs from the notice published in Israel. A copy of the Canadian Notice is provided in Appendix "H".
5. A copy of the proof of claim form will be made available on the Information Officer's website at: <http://www.ksvadvisory.com/insolvency-cases-2/urbancorp/>.

3.3 Recommendation

1. The Information Officer is satisfied that the making of the Order will provide Canadian creditors with sufficient time to file claims against Urbancorp Inc. and that the proof of claim form and the form of Canadian Notice are appropriate in the circumstances.

4.0 Conclusion and Recommendation

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

* * *

All of which is respectfully submitted,



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

Schedule "A"

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

Appendix “A”

"A"

25/04/2016



The District Court in Tel-Aviv – Yafo

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

Before the Honorable Justice Eitan Orenstein, Vice President

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

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

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

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

The Applicant

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

The Company

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

Decision

General

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

Summary of the Facts

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



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

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

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

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

The Request

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



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

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

The Court Discussion

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

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

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



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

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

Discussion and Ruling

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

The Rule

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

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

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



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

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

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

From the General to the Specific

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

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

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



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

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

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

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

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

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



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

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

(Emphasis not in the original – E.O.)

This rule also applies to the matter before us.

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

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



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

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

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

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



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

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

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

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

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



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

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

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

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

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

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

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

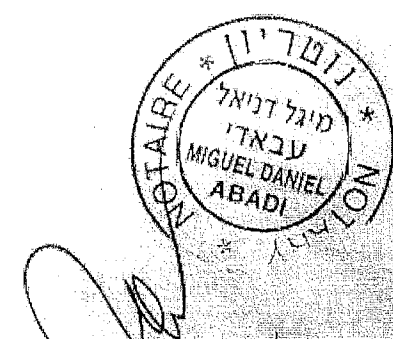
The case has been set for discussion for May 22, 2016 at 11:30.

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

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

Eitan Orenstein, Justice

Vice President



Appendix “B”

AT THE DISTRICT COURT
TEL-AVIV

CD 44348 – 04 – 16
Application no.5
before the Vice President
His Honor Judge Eitan Orenstein

Concerning: Companies Law, 5759 – 1999
Companies Regulations (Request for a Settlement or Arrangement), 5762-
2002

And Concerning: Urbancorp Inc.
Canadian Company no. -

5/11/2016 Ruling
Application no. 5 case no 44348 – 04 – 16
Judge Eitan Orenstein

W

And Concerning: Adv. Guy Gissin
by Representatives Adv.
And/or Evgenia Glukhman
of GISSIN & CO. LAW OFFICE
of 38B Habarzel St. Tel Aviv
Tel: 03-7467777; Fax: 03-7467700.

I have reviewed the OR position. And the Reasoning as detailed in the application and the Position of OR. Including the position in the second paragraph which I share, I Hereby approve the Urgent and Confidential Request as specified.

NY

And Concerning:

The Official Receiver position on the confidential urgent request for instruction
The OR office do not object to the request in light of its reasons, and in view of the cooperation agreement with the Canadian trustee and in light of its importance and the consent of the bond holders to finance the required.
It should be noted that the law firm Aired & Berlis LLP as presented in the request, may end up being cheaper than the Goodmans LLP that the court officer seeks to approve. However, and in light of the already knowledge gained by Goodman's LLP. (Will naturally lead to considerable costs to re-purchase this knowledge). Having regard to the discretion afforded to the court officer, the OR does not see fit to reject this requested.

Officeholder

OR

- Urgent and Confidential Request – Order for instruction by the Officer of the Court

(In the matter of hiring legal advisers in Canada; receiving funds from the debenture holders and to approve the protocol prepared with the Canadian trustee, for the recognition (Recognition) in the Canadian court, the authority of the officer of the court in Canada, and order of operations to realize the assets of the group).

Further to the preliminary update report dated 02.05.2016, which was submitted by Mr. Guy Gissin to the honorable court, the officer of the court to Urbancorp Inc. (and, respectively, "**The Court Officer**" and - "**Company**") is pleased to update the honorable Court that during his first visit to Canada, last week, Which the court officer Intended: explorer all the group's assets in his role as the Court Officer, where the Court Officer had a long series of meetings with the appointed Canadian trustee in order to receive updated information about the group situation ,as a whole, and the legal and economic possibilities available to him. In order to protect the interests of the company creditors, as well as legal and financial advisers who are necessary and potential to the procedures, regarding the assets located in Canada. In this context, among others, the Court Officer conducted

intensive negotiations in order to reach an agreement for recognition in the Canadian courts of his authority, by virtue in the Israeli court, and to formulate a Strategic and practical plan that could optimize the court officer to achieve an optimal solution for the creditors.

the Court Officer, among other things (with the assistance of lawyers from Goodmans, whose services were hired by the debenture trustee few weeks ago), Met with Mr. Bobby Kofman from KSV Inc. who was appointed as the proposed trustee (Proposed Trustee) of the Group companies with bankruptcy proceedings taken by the independent subsidiaries in Canada (the "**Canadian trustee**" and/or "**Mr. Kofman**").

The Court Officer is honored to update the Court that he managed to consolidate with the Canadian trustee in a principle agreement to the Cooperation and changing information, which may allow the Court Officer, also receive recognition in his role and recognition of the court proceedings held in Israel as well as in Canada. effectively monitor the insolvency proceedings of its subsidiaries in Canada, to have information available, to investigate circumstances which led the company to collapse and also to examine the possibility of offering the best solution to creditors of the company, which may yield a maximum return in the circumstances and to reach agreement in principle on funding procedures funds presently available to the Canadian trustee.

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Appendix “C”

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE MR) WEDNESDAY, THE 18TH DAY
)
JUSTICE NEWBOULD) OF MAY, 2016

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

INITIAL RECOGNITION ORDER
(FOREIGN MAIN PROCEEDING)

THIS APPLICATION, made by Guy Gissin, the Functionary Officer and foreign representative of Urbancorp Inc. appointed by the District Court of Tel Aviv-Yafo, Israel (the "**Israeli Court**") by Order dated April 25, 2016 (the "**Israeli Court Order**"), in his capacity as foreign representative (the "**Foreign Representative**") of Urbancorp Inc. pursuant to Part IV of the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"), for an Order substantially in the form enclosed in the Application Record, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Application, the affidavit of Guy Gissin sworn May 16, 2016 (the "**Gissin Affidavit**"), the report dated May 13, 2016 (the "**Report**") of KSV Kofman Inc. (the "**Proposed Information Officer**"), in its capacity as proposal trustee of Urbancorp Toronto Management Inc. *et al.* (Filed in Court File No. CV-16-11389-00CL), each filed, and upon being provided with copies of the documents required by section 46 of the CCAA,

AND UPON BEING ADVISED by counsel for the Foreign Representative that in addition to this Initial Recognition Order, a Supplemental Order (Foreign Main Proceeding) is being sought,

AND UPON HEARING the submissions of counsel for the Foreign Representative, counsel for KSV in its capacity as the proposed Information Officer, counsel for Urbancorp Inc., counsel for a number of direct or indirect subsidiaries of Urbancorp Inc. who are concurrently commencing proceedings under the CCAA, counsel for Alan Saskin, and those other parties present, no one else appearing, and upon reading the affidavit of service of Rebeca Burrows, sworn May 17, 2016, and on reading the consent of KSV to act as the information officer:

SERVICE

1. THIS COURT ORDERS that the time for service of the Notice of Application, the Application Record, the Gissin Affidavit and the Report is hereby abridged and validated so that this Application is properly returnable today and hereby dispenses with further service thereof.

FOREIGN REPRESENTATIVE

2. THIS COURT ORDERS AND DECLARES that the Foreign Representative is the “foreign representative” as defined in section 45 of the CCAA of Urbancorp Inc. in respect of the proceedings commenced in the Israeli Court (the “**Foreign Proceeding**”).

CENTRE OF MAIN INTEREST AND RECOGNITION OF FOREIGN PROCEEDING

3. THIS COURT DECLARES that the centre of main interests for Urbancorp Inc. is the State of Israel, and that the Foreign Proceeding is hereby recognized as a “foreign main proceeding” as defined in section 45 of the CCAA.

STAY OF PROCEEDINGS

4. THIS COURT ORDERS that, until otherwise ordered by this Court:

- (a) all proceedings taken or that might be taken against Urbancorp Inc. under the *Bankruptcy and Insolvency Act* or the *Winding-up and Restructuring Act* are stayed;

- (b) further proceedings in any action, suit or proceeding against Urbancorp Inc. are restrained; and
- (c) the commencement of any action, suit or proceeding against Urbancorp Inc. is prohibited.

NO SALE OF PROPERTY

5. THIS COURT ORDERS that, except with leave of this Court, Urbancorp Inc. is prohibited from selling or otherwise disposing of:

- (a) outside the ordinary course of its business, any of its property in Canada that relates to the business; and
- (b) any of its other property in Canada.

GENERAL

6. THIS COURT ORDERS that within five (5) business days from the date of this Order, or as soon as practicable thereafter, the Foreign Representative shall, with the assistance of the Proposed Information Officer, cause to be published a notice substantially in the form attached to this Order as Schedule A, once a week for two consecutive weeks, in the Globe and Mail (National Edition).

7. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, to give effect to this Order and to assist Urbancorp Inc. and the Foreign Representative and their respective counsel and agents in carrying out the terms of this Order.

8. THIS COURT ORDERS AND DECLARES that this Order shall be effective as of 7:01 a.m. Eastern Standard Time on the date of this Order.

9. THIS COURT ORDERS that any interested party may apply to this Court to vary or amend this Order or seek other relief on not less than seven (7) days' notice to Urbancorp Inc. and the Foreign Representative and their respective counsel, and to any other party or parties

likely to be affected by the order sought, or upon such other notice, if any, as this Court may order.



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

MAY 18 2016

PER / PAR: 

SCHEDULE A – NOTICE OF RECOGNITION ORDERS

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

**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**

PLEASE BE ADVISED that this Notice is being published pursuant to an order of the Ontario Superior Court of Justice (Commercial List) (the “**Canadian Court**”), granted on May 18, 2016.

PLEASE TAKE NOTICE that, by Order made April 25, 2016 (the “**Israeli Court Order**”), the District Court for Tel Aviv-Yafo, in the State of Israel (the “**Israeli Court**”) appointed Adv. Guy Gissin (the “**Foreign Representative**”) as functionary officer and foreign representative of Urbancorp Inc. (“**UCI**”) in Israeli Court Liquidation File 44348-04-16 (the “**Israeli Proceeding**”).

PLEASE TAKE FURTHER NOTICE that an Initial Recognition Order (Foreign Main Proceeding) and a Supplemental Order (Foreign Main Proceeding) dated May 18, 2016 (together, the “**Recognition Orders**” and the proceedings commenced thereby, the “**Recognition Proceedings**”) have been granted by the Canadian Court under Section 47 of the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended, that, among other things: (i) recognize the Israeli Proceeding as a foreign main proceeding; (ii) recognize Adv. Guy Gissin as the Foreign Representative of UCI; (iii) recognize the Israeli Court Order granted by the Israeli Court in the Israeli Proceeding; (iv) stay all proceedings against UCI and their directors and officers; and (v) appoint KSV Kofman Inc. as the Information Officer with respect to the Recognition Proceedings.

PLEASE TAKE FURTHER NOTICE that persons who wish to receive a copy of the Recognition Orders or obtain any further information in respect of the Recognition Proceedings or the matters set forth in this Notice, should contact the Information Officer at the address below:

KSV KOFMAN INC.
in its capacity as Information Officer of
Urbancorp Inc., and not in its personal capacity
150 King Street West, Suite 2308
Toronto, Ontario M5H 1J9
Attention: Noah Goldstein
Tel: 416.932.6207
Fax: 416.932.6266
E-mail: ngoldstein@ksvadvisory.ca

PLEASE FINALLY NOTE that the Recognition Orders, and any other orders that may be granted by the Canadian Court, can be viewed at: : <http://www.ksvadvisory.com/insolvency-cases-2/urbancorp/>

ADV. GUY GISSIN (the Foreign Representative)
c/o Gissin & Co., Advocates
38 Habarzel Street
Tel Aviv, Israel 69710
Attention: Yael Hershkovitz
Tel: +972-3-7467777
Fax: +972-3-7467700
E-mail: yael@gissinlaw.co.il

GOODMANS LLP (counsel to the Foreign Representative)
Bay Adelaide Centre
333 Bay Street, Suite 3400
Toronto, ON M5H 2S7
Attention: Joseph Latham
Tel: 416.597.4211
Fax: 416.979.1234
E-mail: jlatham@goodmans.ca

DATED AT TORONTO, ONTARIO, this 18th day of May, 2016.

KSV KOFMAN INC.
in its capacity as Information Officer of
Urbancorp Inc. and not in its personal capacity

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

AND IN THE MATTER OF URBANCORP INC.

APPLICATION OF GUY GISSIN, THE FUNCTIONARY OFFICER OF URBANCORP INC. UNDER SECTION 46 OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED

**ONTARIO
SUPERIOR COURT OF JUSTICE**

Proceeding commenced at Toronto, Ontario, Canada

**INITIAL RECOGNITION ORDER
(FOREIGN MAIN PROCEEDING)**

GOODMANS LLP
Barristers & Solicitors
Bay Adelaide Centre
333 Bay Street, Suite 3400
Toronto, Canada M5H 2S7

L. Joseph Latham LSUC#: 32326A

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Tel: 416.597.4211

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amark@goodmans.ca

Tel: 416.597.4264

Fax: 416.979.1234

Lawyers for the Foreign Representative

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE MR.) WEDNESDAY, THE 18TH DAY
JUSTICE NEWBOULD) OF MAY, 2016



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

SUPPLEMENTAL ORDER
(FOREIGN MAIN PROCEEDING)

THIS APPLICATION, made by Guy Gissin, the Functionary Officer and foreign representative of Urbancorp Inc. appointed by the District Court of Tel Aviv-Yafo, Israel (the "**Israeli Court**") by Order dated April 25, 2016 (the "**Israeli Court Order**"), in his capacity as foreign representative (the "**Foreign Representative**") of Urbancorp Inc. pursuant to Part IV of the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA"), for an Order substantially in the form enclosed in the Application Record, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Application, the affidavit of Guy Gissin sworn May 16, 2016 (the "**Gissin Affidavit**"), the report dated May 13, 2016 (the "**Report**") of KSV Kofman Inc. ("**KSV**") (filed in Court File No. CV-16-11389-00CL), the affidavit of Tamryn Jacobson sworn May 18, 2016, each filed, and on being advised that the secured creditors who are likely to be affected by the charges created herein were given notice, and on hearing the submissions of

counsel for the Foreign Representative, counsel for KSV in its capacity as the proposed Information Officer, counsel for Urbancorp Inc., counsel for a number of direct or indirect subsidiaries of Urbancorp Inc. who are concurrently commencing proceedings under the CCAA, counsel for Alan Saskin, and those other parties present, no one else appearing, and upon reading the affidavit of service of Rebecca Burrows, sworn May 17, 2016, and on reading the consent of KSV to act as the information officer:

SERVICE

1. THIS COURT ORDERS that the time for service of the Notice of Application, the Application Record, the Gissin Affidavit and the Report is hereby abridged and validated so that this Application is properly returnable today and hereby dispenses with further service thereof.

INITIAL RECOGNITION ORDER

2. THIS COURT ORDERS that any capitalized terms not otherwise defined herein shall have the meanings given to such terms in the Initial Recognition Order (Foreign Main Proceeding) dated May 18, 2016 (the “**Recognition Order**”) in these proceedings.

3. THIS COURT ORDERS that the provisions of this Supplemental Order shall be interpreted in a manner complementary and supplementary to the provisions of the Recognition Order, provided that in the event of a conflict between the provisions of this Supplemental Order and the provisions of the Recognition Order, the provisions of the Recognition Order shall govern.

RECOGNITION OF FOREIGN ORDERS

4. THIS COURT ORDERS that the Israeli Court Order, a copy of which is attached as Schedule “A” to this Order, made by the Israeli Court in the Foreign Proceeding is hereby recognized and given full force and effect in all provinces and territories of Canada pursuant to section 49 of the CCAA, provided, however, that in the event of any conflict between the terms of the Israeli Court Order and the Orders of this Court made in the within proceedings, the Orders of this Court shall govern with respect to Property (as defined below) in Canada. For greater certainty, further to the provisions of the Israeli Court Order, Urbancorp Inc. shall not be

entitled to take steps to deal with its Property in Canada (including, without limitation, its shareholdings in any subsidiary or affiliate) or enter into any transactions without the consent of the Foreign Representative and Order of this Court on notice to the Foreign Representative and the Information Officer (as defined below).

APPROVAL OF PROTOCOL FOR CO-OPERATION AMONG COURT OFFICERS

5. THIS COURT ORDERS that the Protocol for Co-operation Among Canadian Court Officer and Israeli Functionary Officer dated as of May 13, 2016 (the “**Co-operation Protocol**”) be and the same is hereby approved.

APPOINTMENT OF INFORMATION OFFICER

6. THIS COURT ORDERS that KSV (the “**Information Officer**”) is hereby appointed as an officer of this Court, with the powers and duties set out herein.

NO PROCEEDINGS AGAINST URBANCORP INC. OR THE PROPERTY

7. THIS COURT ORDERS that until such date as this Court may order (the “**Stay Period**”) no proceeding or enforcement process in any court or tribunal in Canada (each, a “**Proceeding**”) shall be commenced or continued against or in respect of the Foreign Representative, Urbancorp Inc. or affecting its business (the “**Business**”) or its current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the “**Property**”), except with leave of this Court, and any and all Proceedings currently under way against or in respect of any of Urbancorp Inc. or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

8. THIS COURT ORDERS that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being “**Persons**” and each being a “**Person**”) against or in respect of the Foreign Representative, Urbancorp Inc., or affecting the Business or the Property, are hereby stayed and suspended except with leave of this Court, provided that nothing in this Order shall (i) prevent the assertion of or the exercise of rights and remedies outside of Canada, (ii) empower

Urbancorp Inc. to carry on any business in Canada which it is not lawfully entitled to carry on, (iii) affect such investigations or Proceedings by a regulatory body as are permitted by section 11.1 of the CCAA, (iv) prevent the filing of any registration to preserve or perfect a security interest, or (v) prevent the registration of a claim for lien.

NO INTERFERENCE WITH RIGHTS

9. THIS COURT ORDERS that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by Urbancorp Inc. and affecting the Business in Canada, except with leave of this Court.

ADDITIONAL PROTECTIONS

10. THIS COURT ORDERS that during the Stay Period, all Persons having oral or written agreements with Urbancorp Inc. or statutory or regulatory mandates for the supply of goods and/or services in Canada, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services provided in respect of the Property or Business of Urbancorp Inc., are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by Urbancorp Inc., and that Urbancorp Inc. shall be entitled to the continued use in Canada of their current premises, telephone numbers, facsimile numbers, internet addresses and domain names.

11. THIS COURT ORDERS that no Proceeding shall be commenced or continued against or in respect of the Information Officer, except with leave of this Court. In addition to the rights and protections afforded the Information Officer herein, or as an officer of this Court, the Information Officer shall have the benefit of all of the rights and protections afforded to a Monitor under the CCAA, and shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part.

OTHER PROVISIONS RELATING TO INFORMATION OFFICER

12. THIS COURT ORDERS that the Information Officer:

- (a) is hereby authorized to provide such assistance to the Foreign Representative in the performance of its duties as the Foreign Representative may reasonably request;
- (b) shall report to this Court at least once every three months with respect to the status of these proceedings and the status of the Foreign Proceedings, which reports may include information relating to the Property, the Business, or such other matters as may be relevant to the proceedings herein;
- (c) in addition to the periodic reports referred to in paragraph 12(b) above, the Information Officer may report to this Court at such other times and intervals as the Information Officer may deem appropriate with respect to any of the matters referred to in paragraph 12(b) above;
- (d) shall have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of Urbancorp Inc., to the extent that is necessary to perform its duties arising under this Order; and
- (e) shall be at liberty to engage independent legal counsel or such other persons as the Information Officer deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order.

13. THIS COURT ORDERS that Urbancorp Inc. and the Foreign Representative shall (i) advise the Information Officer of all material steps taken by Urbancorp Inc. or by the Foreign Representative in these proceedings or in the Foreign Proceedings, (ii) co-operate fully with the Information Officer in the exercise of its powers and discharge of its obligations, and (iii) provide the Information Officer with the assistance that is necessary to enable the Information Officer to adequately carry out its functions.

14. THIS COURT ORDERS that the Information Officer shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof.

15. THIS COURT ORDERS that the Information Officer (i) shall post on its website all Orders of this Court made in these proceedings, all reports of the Information Officer filed herein, and such other materials as this Court may order from time to time, and (ii) may post on its website any other materials that the Information Officer deems appropriate.

16. THIS COURT ORDERS that the Information Officer may provide any creditor of Urbancorp Inc. with information provided by Urbancorp Inc. or the Foreign Representative, as the case may be, in response to reasonable requests for information made in writing by such creditor addressed to the Information Officer. The Information Officer shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Information Officer has been advised by Urbancorp Inc. or the Foreign Representative is privileged or confidential, the Information Officer shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Information Officer, the Foreign Representative and the Urbancorp Inc. may agree.

17. THIS COURT ORDERS that the Information Officer and counsel to the Information Officer shall be paid by Urbancorp Inc. their reasonable fees and disbursements incurred in respect of these proceedings, both before and after the making of this Order, in each case at their standard rates and charges unless otherwise ordered by the Court on the passing of accounts. Urbancorp Inc. is hereby authorized and directed, with the consent of the Foreign Representative, not to be unreasonably withheld, and subject to paragraph 18 hereof, to pay the accounts of the Information Officer and counsel for the Information Officer on a monthly basis.

18. THIS COURT ORDERS that the Information Officer and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Information Officer and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior

Court of Justice, and the accounts of the Information Officer and its counsel shall not be subject to approval in the Foreign Proceeding.

19. THIS COURT ORDERS that the Foreign Representative (solely with respect to the reasonable expense he may incur in connection with these proceedings), the legal and financial advisors to the Foreign Representative, the Information Officer and counsel to the Information Officer, if any, shall be entitled to the benefit of and are hereby granted a charge (the “**Administration Charge**”) on the Property in Canada, which charge shall not exceed an aggregate amount of \$400,000, as security for their professional fees and disbursements incurred in respect of these proceedings, both before and after the making of this Order. The Administration Charge shall have the priority set out in paragraphs 24 and 26 hereof.

INTERIM FINANCING

20. THIS COURT ORDERS that Urbancorp Inc. is hereby authorized and empowered 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 (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 these proceedings, all ^{of the above on the terms and conditions} as set out in the Term Sheet (as defined below), provided that the borrowings under such interim lending facility shall not exceed \$1,000,000 unless permitted by further Order of this Court.

21. THIS COURT ORDERS THAT such interim lending facility shall be on the terms and subject to the conditions set forth in the intercompany interim financing revolving credit facility term sheet between Urbancorp Inc. and the Interim Lender dated as of May 18, 2016 (the “**Term Sheet**”), filed.

22. THIS COURT ORDERS that the Foreign Representative, for and on behalf of Urbancorp Inc., is hereby authorized and empowered to execute and deliver the Term Sheet, and Urbancorp Inc. is hereby authorized and directed to pay and perform all of its indebtedness, interest, fees, liabilities and obligations to the Interim Lender under and pursuant to the Term Sheet as and

when the same become due and are to be performed, notwithstanding any other provision of this Order.

23. THIS COURT ORDERS that the Interim Lender shall be entitled to the benefit of and is hereby granted a charge (the “**Interim Lender’s Charge**”) on the Property in Canada, which Interim Lender’s Charge (i) shall not secure an obligation that exists before this Order is made, and (ii) with respect to the Property in Canada, shall have the priority set out in paragraphs 24 and 26 hereof, and further provided that the Interim Lender’s Charge shall not be enforced except with leave of this Court.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

24. THIS COURT ORDERS that the priorities of the Administration Charge and the Interim Lender’s Charge, as among them, shall be as follows:

First – Administration Charge (to the maximum amount of \$400,000); and

Second – Interim Lender’s Charge.

25. THIS COURT ORDERS that the filing, registration or perfection of the Administration Charge or the Interim Lender’s Charge (collectively, the “**Charges**”) shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect the Charges.

26. THIS COURT ORDERS that each of the Administration Charge and the Interim Lender’s Charge (all as constituted and defined herein) shall constitute a charge on the Property in Canada and such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, “**Encumbrances**”) in favour of any Person.

27. THIS COURT ORDERS that, except as may be approved by this Court, Urbancorp Inc. shall not grant any Encumbrances over any Property in Canada without the approval of the Foreign Representative, and no such Encumbrances shall rank in priority to, or *pari passu* with,

the Administration Charge or the Interim Lender's Charge without the prior written consent of the Information Officer and the Interim Lender.

28. THIS COURT ORDERS that the Administration Charge and the Interim Lender's Charge shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "**Chargees**") shall not otherwise be limited or impaired in any way by (i) the pendency of these proceedings and any declarations of insolvency made herein; (ii) any application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such applications; (iii) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (iv) the provisions of any federal or provincial statutes; or (v) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "**Agreement**") which binds Urbancorp Inc., and notwithstanding any provision to the contrary in any Agreement:

- (a) the creation of the Charges shall not create or be deemed to constitute a breach by Urbancorp Inc. of any Agreement to which it is a party;
- (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the creation of the Charges; and
- (c) the payments made by Urbancorp Inc. to the Chargees pursuant to this Order, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

29. THIS COURT ORDERS that any Charge created by this Order over leases of real property in Canada shall only be a Charge of Urbancorp Inc.'s interest in such real property leases.

SERVICE AND NOTICE

30. THIS COURT ORDERS that that the E-Service Protocol of the Commercial List (the “**Service Protocol**”) is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Service Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Service Protocol, service of documents in accordance with the Service Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Service Protocol with the following URL ‘: <http://www.ksvadvisory.com/insolvency-cases-2/urbancorp/>’.

31. THIS COURT ORDERS that if the service or distribution of documents in accordance with the Service Protocol is not practicable, the Foreign Representative and the Information Officer are at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to Urbancorp Inc.’s creditors or other interested parties at their respective addresses as last shown on the records of the Urbancorp Inc. and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

GENERAL

32. THIS COURT ORDERS that the Information Officer may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

33. THIS COURT ORDERS that nothing in this Order shall prevent the Information Officer from acting as an interim receiver, a receiver, a receiver and manager, a monitor, a proposal trustee, or a trustee in bankruptcy of Urbancorp Inc., the Business or the Property.

34. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the State of Israel, to give effect to this Order and to assist Urbancorp Inc., the Foreign Representative, the Information Officer, and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to Urbancorp Inc., the Foreign Representative, and the Information Officer, the latter as an officer of this Court, as may be necessary or desirable to give effect to this Order, or to assist Urbancorp Inc., the Foreign Representative, and the Information Officer and their respective agents in carrying out the terms of this Order.

35. THIS COURT ORDERS that each of the Foreign Representative and the Information Officer be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order.

36. THIS COURT ORDERS that any interested party may apply to this Court to vary or amend this Order or seek other relief on not less than seven (7) days' notice to the Foreign Representative, the Information Officer and their respective counsel, and to any other party or parties likely to be affected by the order sought, or upon such other notice, if any, as this Court may order.

37. THIS COURT ORDERS that notwithstanding the immediately preceding paragraph, the Interim Lender shall be entitled to rely on the priority granted to the Interim Lender and the Interim Lender's Charge up to and including the date on which this Order may be varied or modified.

38. THIS COURT ORDERS that this Order shall be effective as of 12/01/99 Eastern Standard Time on the date of this Order.



SCHEDULE A – ISRAELI COURT ORDER

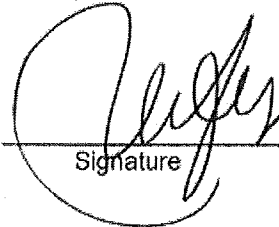
מס' 3180 No.

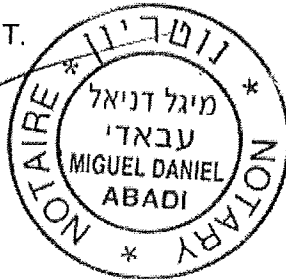
CERTIFICATE OF TRANSLATION

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

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

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


Signature



Notary's Seal

אישור תרגום

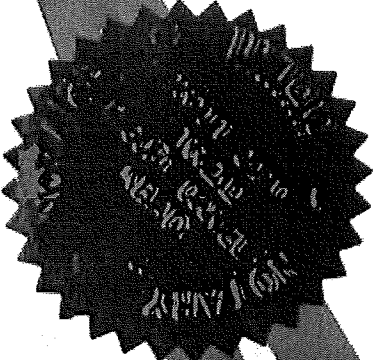
אני הח"מ, מיגל דניאל עבאדי, נוטריון ברעננה, רח' בורוכוב 20, רעננה מצהיר כי אני שולט בשפות אנגלית ועברית, וכי המסמך המצורף ומסומן באות "A" הינו תרגום באנגלית מדויק של המסמך הערוך בשפה העברית שהוצג בפניי ומצורף עתק ממנו גם הוא לאישור זה ומסומן באות "B".

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

שכר נוטריון 3657 ₪ + מע"מ.


חתימה

חותם הנוטריון



סיגליט שוויץ
SIGALIT SCHWARTZ
- 1-05-2016
כפר סבא

סיגליט שוויץ
SIGALIT SCHWARTZ
- 1-05-2016
כפר סבא

APOSTILLE

(Convention de la Haye du 5 Octobre 1961)

1. STATE OF ISRAEL	1. מדינת ישראל
This public document	מסמך ציבורי זה
2. Has been signed by	2. נחתם בידי
Advocate _____	עו"ד _____
3. Acting in capacity of Notary	3. המכהן בתור נוטריון.
4. Bears the seal/stamp of the above Notary	4. נושא את החותם/החותמה של הנוטריון הנ"ל
Certified	אושר
5. At the Magistrates Court of Kfar Sava	5. בבית משפט השלום בכפר סבא
6. Date _____	6. ביום _____
7. By an official appointed by Minister of Justice under the Notaries Law, 1976.	7. על ידי מי שמונה בידי שר המשפטים לפי חוק הנוטריונים, התשל"ו - 1976
8. Serial number <u>2682</u>	8. מס' סידורי <u>2682</u>
9. Seal/Stamp _____	9. החותם / חותמת _____
10. Signature _____	10. חתימה _____



סיגליט שוויץ
SIGALIT SCHWARTZ
- 1-05-2016
כפר סבא

סיגליט שוויץ
SIGALIT SCHWARTZ
- 1-05-2016
כפר סבא

25/04/2016

"A"



The District Court in Tel-Aviv – Yafo

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

Before the Honorable Justice Eitan Orenstein, Vice President

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

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

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

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

The Applicant

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

The Company

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

Decision

General

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

Summary of the Facts

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



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Before the Honorable Justice Eitan Orenstein, Vice President

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

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

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

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

The Request

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



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

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

The Court Discussion

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

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

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





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

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

Discussion and Ruling

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

The Rule

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

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

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



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

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

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

From the General to the Specific

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

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

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



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

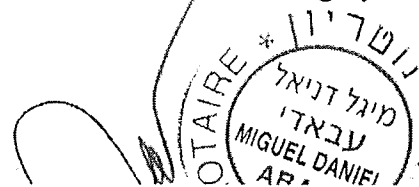
Another event teaching of failures in the Company which should be stated, is the decision of the Canadian Home Organization Trion dated April 4, 2016, to not extend the Company's license, namely, the Company is not entitled to continue its activity of initiating and selling planned projects.

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

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

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

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





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

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

(Emphasis not in the original – E.O.)

This rule also applies to the matter before us.

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

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



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

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

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

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





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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

Eitan Orenstein, Justice

Vice President



"B"



בית המשפט המחוזי בתל-אביב-יפו

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

לפני כבוד השופט איתן אולנשטיין, סגן נשיאה

בעניין: חוק החברות, התשנ"ט-1999

ובעניין: תקנות החבלות (בקשה לפשרה או להסדר), התשס"ב-2002

ובעניין: סעיף 350 לחוק החברות, התשנ"ט-1999

ובעניין: רזניק פז נבו נאמנויות בע"מ

הנאמנת למחזיקי איגרות החוב (סדרה א) של החברה

המבקשת

ע"יב"כ עו"ד יואל פרייליך, עו"ד יעל

הרשקוביץ,

עו"ד ענבל הכימיאן-נהרי ועו"ד

יבגניה גלוחמן

ובעניין: Urbancorp Inc.

החברה

ע"יב"כ עו"ד גד סיכו

ובעניין: כונס הנכסים הרשמי

ע"יב"כ עו"ד רוני הירשנזון

תחלטה

בלגי

1. מונחת לפני בקשה דחופה למתן סעדים זמניים ולמינוי בעל תפקיד ב-Urbancorp Inc. (להלן: "החברה"), על יסוד תקנה 14(א) לתקנות החברות (בקשה לפשרה או להסדר), התשס"ב-2002 (להלן: "תקנות ההסדר") וסעיף 350 לחוק החברות, התשנ"ט-1999 (להלן: חוק החברות).

תמצית העובדות

2. החברה התאגדה בקנדה והיא רשומה במחוז אונטריו. עיסוקה העיקרי הוא בתשכרה ובייזום של נדל"ן למגורים ולמסחר במקום התאגדותה. החברה מפעילה בכמה מיוזמים מערכות גאותרמיות המשמשות להספקת חימום וקירור לנכסים, אגב שימוש באנרגיה ירוקה. היא נמצאת בשליטתו של מר Alan Saskin, אזרח קנדה ותושב בה (להלן: "בעל השליטה").





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בחודש דצמבר 2015 גייסה החברה איגרות חוב מהציבור בישראל שסכומן כ-180 מיליון ש"ח, בריבית של 8.15%. איגרות החוב גויסו על-פי תשקיף מיום 30.11.15 והשלמות מאוחרות לו, ונרשמו למסחר בבורסה לניירות ערך בתל-אביב. יצוין כי מדרוג בעי"מ העניקה לאג"חים דירוג A3, דירוג בינוני-גבוה. חתמת החנפקה הייתה חברת איפקס הנפקות בע"מ, את התשקיף ערך משרד שמעונב ושות', עורכי-דין, ורואה-החשבון שימש משרד Deloitte בריטמן אלמגור זתר ושות', רואי-חשבון. הנאמן למחזיקי האג"ח הוא "רזניק פז נבו נאמנויות בע"מ", שהגישה את הבקשה ולהלן: "הנאמן".

תמורת החנפקה נועדה לשמש להלוואות בעלים לחברות הבנות של החברה שאף הן מאוגדות בקנדו (להלן: "חברות הבנות") ולחעמדת הון עצמי לפירעון הלוואות במיזמים שונים שלהן, כמפורט בשטר חנאמנות, וכן לתשלום מסים.

בבקשה נטען כי במהלך החודשים שמאז החנפקה חלה החמרה ניכרת במצבה הפיננסי של החברה ויכולתה לשרוד שנובעת ממספר אירועים, כאשר לשיטת חמבקשת לא ניתן לשלול שחלקם של אלה כבר היו ידועים עוד קודם לחנפקה אך לא דווחו. הדברים הגיעו לידי כך שכל הדריקטורים של החברה, פרט לבעל השליטה חתפטר; חופסק המסחר בני"ע של החברה; הדירוג פסק ועוד. נוכח האמור נהלו מגעים אינטנסיביים עם בעל השליטה שהיה אמור להתום על מסמך Stand Still וביקש לחשחות נקיטת פעולות נגד החברה. חרף זאת הופתע הנאמן עת שנודע לו שהחברות הבנות שעודפי התזרימים שלהן היו אמורים לשרת את תחוב למחזיקי האג"ח, נקטו בימים אלה בחליך חדלות פירעון בקדנה ומונה להן נאמן מטעם בית המשפט שם.

הבקשה

3. הנאמן מצביע בבקשה על שורת כשלים חמורים בחתנהלות החברה, חמחויים גם חפרה של שטר חנאמנות ומקימים עילח לחעמדת החוב לפירעון מידי ונקיטת חליכים נגד החברה. לענין זה נטען שיש חכר חתערבות מקדית בענייני החברה וזאת באמצעות מינוי בעל תפקיד אשר תוקנינה לו סמכויות חדירקטוריון של החברה; אשר יפעיל את כוח השליטה של החברה בחברות הבנות שלה; אשר יבחן את חליכי חדלות חפירעון שנקטו החברות הבנות; אשר יבוא בדברים עם הנאמן שמונה לחן; אשר יפעל להשגת כל המידע חדרוש בכל הנוגע לגיוס חחון; אשר יגבש תכנית חבראה לחברה, ככל שיתאפשר; ואשר ייכנס לחצרי החברה ולמשרדיה ויתפוס את נכסיה, לרבות חשבונות ופיקדונות כספיים.

4. חבקשה חוגשה ביום 24.04.16, במהלך פגרת חפסה, וחוריתי על קיום דיון דחוף חיום במעמד החברה, בעלי תפקידים לשעבר בה, חנותנים לה שירותים, רשות ניירות ערך, כונס הנכסים חרשמי





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ועוד. בהחלטתי מאתמל ניתן גם צו איסור דיספוזיציה שלפיו נמנע מהחברה ומכל מי מטעמה לעשות כל עסקה מכל מין וסוג שהוא ברכוש.

הדיון בבית המשפט

5. לדיון התייצבו הנאמן ובאי-כוחו; באי-כוח הדירקטורים של החברה, שחתפטרן באחרונה; היועצים המשפטיים של החברה לשעבר; באי-כוח הבורסה לניירות ערך וחברות במחלקה המשפטית שלה; באי-כוח כונס הנכסים חרשמי וכן עו"ד גד טיכו בשם החברה. הלח חודיע כי קיבל אמש את ייצוג החברה.

בדיון חזר באי-כוח הנאמן, עו"ד יואל פרייליך, על הבקשה וחייד את הצורך במתן הסעדים הדחופים. הוא חבתיר כי הנאמן תתקשר עם משרד עורכי-דין בקנדה וכי זה יסייע לבעל התפקיד, אם ימונה, במילוי תפקידו; כי אין ניגוד עניינים לבעל התפקיד המיועד, ועוד.

לדברי בא כוח החברה, מרשתו אינה מתנגדת להותרת צו איסור הדיספוזיציה על כנו, אך אינה רואה מקום למינוי בעל תפקיד ולהקניית הסמכויות המבוקשות, והיא משיגה על זהותו של בעל התפקיד חמוצע מחמת ניגוד עניינים. עוד חוסיף באי-כוח החברה וטען שאין צורך בסעדים חדרסטיים המבוקשים, שיש לאפשר לחברה שחות לחגיש תגובה סדורה, שממילא אמורה להתכנס אספת מחזיקי איגרות החוב ביום 01.05.16 – שבה תקבל האספה החלטה באשר לחמשך החליך – ושלא ייגרם נזק בלתי הפיך אם לא יינתן הצו.

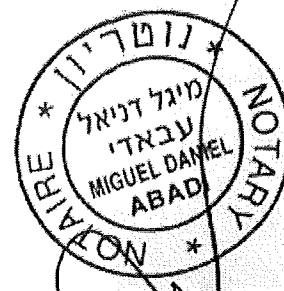
באי-כוח הכנייר ברעה שמצב החברה מצדיק נקיטת סעד נגדה, בדומה למקרים אחרים שבחם הורה בית המשפט על מינוי בעל תפקיד, אם גם לתקופה קצובה, עד להתבררות המצב לאשורון.

דיון והכרעה

6. עסקינן בבקשה שהוגשה בדחיפות בפגרת הפסח ושנודשת בה החלטה דחופה ומשכך אסתפק בחנמקה תמציתית.

החלכה

תבקשה במחוחת היא בקשה לסעד זמני ובטרם הוגש הליך עיקרי. משכך יש לבחון אותה כללים תנוותגים בסעדים זמנים, קרי, האם המבקש עומד במבחן ראיות מהימנות לכאורה בעילת התביעה ובמבחן מאזן הגוחות, וכקבוע בתקנות סדר הדין האזרחי, התשמ"ד-1984 ובהלכה הפסוקה, כאשר





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בין שני אלה "מקבילית כוחות" (ראה רע"א 2174/13 ד.ב.תנויות להשכרה בהרצליה הצעירה בע"מ נ' חברת אברהם כהן ושות' חברה קבלנית בע"מ (פורסם באר"ש, 19.04.2016).

אדגיש שבנסיבות הבקשה שלפני כשטרם התבקש הסעד העיקרי, שומה על בית המשפט לנקוט כוונה זהירות בבואו להכריע בבקשה לסעד זמני, לא כל שכן בהינתן הסעדים הזמניים הדרסטיים המבוקשים בה.

הבקשה נלווית להליך עיקרי שבכוונת הנאמן להגיש על יסוד הוראת סעיף 350 לחוק החברות שעניינו הסדר בין החברה לבין נושיה, הליך שבהתאם ללשון החוק רשאי גם לנקוט נושה של החברה, בנוסף לחברה עצמה או משותף או מפרק. כידוע ניתן לעתור לסעדים זמניים עוד לפני שנתחם ההליך העיקרי, ובלבד שהמבקש עמד בתנאים הנדרשים שצוינו לעיל.

אך נוסף שעליו תבקשה מושתתת כזכור הוא תקנה 14(א) לתקנות ההסדר, המסמיכה את בית המשפט למנות בעל תפקיד בדונו בבקשה להסדר לפי סעיף 350 לחוק החברות, לאמור:

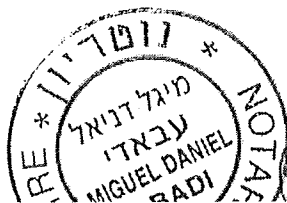
"למנות בעל תפקיד, ויהיו לו כל הסמכויות והחובות שיקבע בית המשפט, לרבות ניהול החברה או פיקוח על ניהולה, שמירה על נכסיה, וכן בדיקת תביעות חוב ותביעות לתיקון מרשם בעלי המניות בדרך המפורטת במפרק ג'; בית המשפט ימנה בעל תפקיד לאחר ששוכנע כי המועמד מתאים לתפקיד בשל כישוריו או ניסיונו בגיבוש הסדרי פשרה או הסדר[...]"

מן הכלל אל הפרט

7. מעיון בכתבי הטענות ובנספחיהם מצטיירת תמונה עגומה, בלשון המעטה, של מצב החברה.

על פני הדברים עולה שהיא אינה עומדת בתנאי שטר הנאמנות, באופן שמקים עילה להעמדת החוב לפירעון מיידי. לעניין זה אמנה את החפרות שבכל אחד מהם יש כדי להקים את העילה האמורה, לא כל שכן משקלם המצטבר: המסחר באיגרות החוב של החברה הופסק; דירוג של החברה על ידי מידרג בע"מ הופסק אף הוא; כל חדירקטוריים הישראליים של החברה התפטרו, וכך גם יועציה המשפטיים ומבקר הפנים שלה;

והתגלו כשלים חמורים בפעילותה של החברה וכמפורט בדיווח שהגיש על אודות הנתונים הכספיים מיום 20.04.16. בין אלה: הפסד בסך של 15 מיליון דולר קנדי לעומת הפעילות השוטפת ברבעון





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

אירוע נוסף המלמד על כשלים בחברה ושיש לציינו הוא החלטת ארגון הכתים הקנדי Tison מיום 04.04.16 שלא להאריך את תוקפו של רישיון החברה, משמע החברה אינה רשאית להמשיך בפעילות היזום והמכירה במיזמים בתכנון.

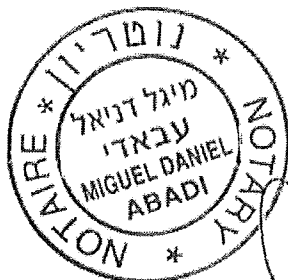
לכך מצטרפת העובדה שצוינה לעיל, וחברות הבנות נקטו בימים האחרונים בחליק של הקפאת החליכים בקנדה שבמסגרתו מונה לחן נאמן. החברה ובעל השליטה לא הביאו עובדה חשובה זו לידיעת האמין, ומקל וחומר לא ניהנו פרטים באשר לחליק שנקט, למשמעותו, להשלכתו על החברה וכיוצא באלה.

המסקנה המתבקשת מהמקובץ דלעיל היא שקיים חוסר ודאות מוחלט באשר למצבת הכספי של החברה, להונה העצמי, ליכולתה לחוסיף ולהתקיים, וחשש לגורל השקעתם של מחזיקי האג"ח. מסקנה נוספת הינה שקיים חוסר מידע מהותי באשר למתרחש בחברה והנאמן נאלץ לגשש באפלה ותכל כאשר קיים חשש לגורל החברה ולנכסיה, לרבות באשר למתרחש בחברות הבנות ונכסיהם, שכן אשר נהנו מכספי גיוס החון מן המחזיקים באיגרות החוב.

לטעמי האמור מקים מסד מספק למינוי בעל תפקיד לחברה שיוסמך לקבל את מלוא המידע בנוגע לחברה, פעילותה, לרכושה ולזכויותיה לרבות בחברות הבנות והחליכים המתנהלים בקנדה. במקביל יוכל בעל התפקיד להתחקות אחר רכוש החברה, לאתרו, לתופסו ולמנוע ביצוע פעולות בלתי הפיכות. אוסיף שקבלת המידע ותאפשר גם קבלת החלטה מושכלת על נקיטה בהליכים מתאימים לגבי החברה, למזער נזקים ולהשיא במידת האפשר את הכספים שיחיה ניתן לשלם למחזיקי איגרות החוב.

לא למותר לציין שהחברה נמצאת באיזור תדמדומים של חדלות פירעון, כאשר קיים חשש לגורלה ולגורל כספי המשקיעים אם לא ינקטו פעולות זהירות. כפי שציין באיכות הכניר, באמתחתו של בית המשפט הון חדלות פירעון מנעד רחב של סעדים, ואלה חלים גם במצב שבו חברה נמצאת באזור תדמדומים של חדלות הפירעון. בחקשר זה אפנה לפסיקת בית המשפט העליון מהענת האחרונה, לדברי כבוד השופטת א' חיות בע"מ 3791/15 סינרגי כבלים נ' חבר, פסקה 8 (פורסם באר"ש, 19.04.2016):

בית המשפט המחוזי לא קבע מתוקף איזו סמכות שבדין הוא ממנה את המשיב, אך כמי שציין המשיב בצדק, המציאות מלמדת כי ייתכנו מקרים [...] בתם ממנה



[Handwritten signature]



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פרי"ק 16-04-44348 רזניק פו נבו נאמנויות בע"מ נ' Urbancorp Inc.

לפני כבוד השופט איתן אורנשטיין, סגן נשיאה

בית המשפט בעלי תפקיד בהליכים בהם נתון התאגיד ב, אזור חדלות הפירעון (zone of insolvency), ועוד בטורם ניתן צו להספאת הליכים או לפירוק החברה (השור, למשל: פרי"ק (ת"א) 13-04-36681 הרמטיק נאמנות (1975) בע"מ נ' אי די בי חברה לפתוח בע"מ (30.4.2013) בו החליט בית המשפט המחוזי בתל אביב (השופט א' אורנשטיין) למנות בעל תפקיד שהוגדר כ"משקיף" לחברה, תוך שהוא נסמך לצורך כך על הסמכות הרחבה הנתונה לו לפי תקנה 14(א) לתקנות החברות...)

(ההדגשה אינה במקור - א.א.)

יפה החלכה דלעיל גם על ענייננו.

לטעמי נסיבות המקרה ועונות על חמבחנים הדרושים למתן סעד זמני. לענין זה החברה הפרה לכאורה את התחייבותיה כלפי מחזיקי האג"ח ובאופן שמקנה למחזיקי האג"ח את הזכות להעמיד את החוב לפירעון מירי ולתבוע את הסעדים המגיעים כתוצאה מכך. אוסיף שגם מאזן הנוחות נוטה למתן הסעד הזמני. בהקשר זה אציין שלדברי בא"כ החברה, בימים אלה אמורה לצאת לפועל עסקה מהותית של נכירת רכוש החברה ושעתיד להיכנס לה סכום כסף ניכר; לא מן הנמנע כי התמורה לא תגיע לכיסם של מחזיקי האג"ח, חרף צו איסור הדיספוזיציה בהעדר יכולת אכיפה מעשית, ובכך יגרם נזק בלתי הפיך. משכך רק בעל תפקיד שיוכל להתחקות גם אחר העסקה האמורה יוכל למנוע במידת האפשר פגיעה בלתי הפיכה במחזיקי האג"ח.

מסקנתי זו מתעצמת בשים לב להתנהלות הבעייתית של בעל השליטה בעת האחרונה. זה, כעולה מהבקשה, לא גילה לנאמן במהלך המגעים המתנהלים בימים אלו כי כוונת החברות חבנות לנקוט את החליף של חדלות הפירעון כמות שנעשה על ידם.

הלכה למעשה אין לחברת שדרת ניתול, שכן כל הדירקטורים פרט לבעל השליטה התפטרו, אין לה מבקר פנימי ואף היועצים המשפטיים הפסיקו את ההתקשרות עמה. במצב דברים זה נתונה החברה לרצונו הטוב של בעל השליטה ונכח הבעייתיות עליה הצבעתי בנוגע אליו, העדר פיקוח על התנהלותו נכון יהיה למנות גורם שיטול את המושכות של החברה ולמצער ועד שתתברר התמונה ישגיח על הנעשה בחברה.

לא התעלמתי מטענת בא"כ החברה בדבר הנוק שעלול להיגרם לחברה ממינוי בעל התפקיד, אך לא ראיתי בכך כדי להגיע למסקנה שונה. סבורני שמשקלם של הטעמים שפירטתי לעיל, עולה במידה ניכרת על החשש שעליו הצביע עו"ד טיכו בהקשר זה. מכל מקום ניתן למצוא את האיזון הנדרש בין הבטחת התנהלות החברה לבין הנוק חנטען באמצעות הגבלת הסמכויות שתוקנינה לנאמן ופרק הזמן שבו ימונה. אטעים שאת החשש שעליו הצביע עו"ד טיכו, שעלול לנבוע לדבריו ממינוי מפרק זמני לחברה, ניתן להפיג בכך שלא ימונה מפרק זמני שאף לא התבקש.

6 מתוך 8





בית המשפט המחוזי בתל-אביב-יפו

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

לפני כבוד השופט איתן אורנשטיין, סגן נשיאה

נתתי דעתי גם לטענת עו"ד טיכו בדבר ניגוד העניינים שבו שרזי כביכול בעל התפקיד המוצע, בהיותו מייצג את הנאמן. לא מצאתי בטענה זו סיבה מספקת שלא למנות את עו"ד גיסין, ואבחיר: משרד גיסין ושותי קיבל את ייצוג הנאמן רק באחרונה, כדברי עו"ד פרייליך בדיון. המשרד לא ייצג את הנאמן בחליף הכנת התשקיף, פרסומו וחנפיקת אגרות החוב ואף לא בתקופה שלאחר מכן אלא רק בעקבות ההסתבכות של החברה. משכך לא ניתן לומר כי הוא מעורב בהליכים שקדמו לבקשה זו. נוסף על כך, אם יתברר בעתיד שקיים ניגוד עניינים תיטען הטענה לפני בית המשפט ותישקל לגופה ואין בכוחה של הטענה למנוע את המינוי בשלב המקדמי שבו אנו מצויים.

לחלמת הדברים אציין שאין עוררין על סמכותו של בית המשפט בישראל ליתן את הסעד המבוקש. אפנה בהקשר זה למסמכים השונים שצירף הנאמן לבקשה, ובחם התשקיף ושטר הנאמנות, שבהם נקבע שהחברה מכירה בסמכותו של בית המשפט בישראל להעניק את הסעדים נ"ר או סעיף 34 לשטר. כמ"כ אציין שבתשקיף הוחל סעיף 39 לחוק ניירות ערך, התשס"ח-1968, אשר קובע כי הוראות חוק החברות תחולנה על כל חברה זרה שהנפיקה ניירות ערך. לא למוטר להוסיף כי סמכותו של בית המשפט לדון בבקשה נובעת גם מחלטה של בית המשפט שניתנה במקרה שנסיתותיו דומות ואפנה לע"א 2706/11 SYBIL GERMANY PUBLIC CO. LIMITED נ' הרמטיק נאמנות (1975) בע"מ (פורסם באר"ש, 04.09.2015).

9. לאור כל האמור לעיל אני מורה בדלקמן:

אני ממנה את עו"ד גיא גיסין לבעל תפקיד ב-Urbancorp Inc. ומקנה לו הסמכות להפעיל את סמכויות החברה, וזאת לכל הפעולות האמורות להלן:

- * לאתר, להתחקות ולתפוס את כל נכסי החברה, מכל מין וסוג שהוא, ובכללם כספיה וזכויותיה בחברות הבנות.
- * להפעיל את כוח השליטה של החברה בחברות הבנות.
- * לקבל את כל המידע, מכל מין וסוג שהוא, על פעילות החברה, על רכוש ועל זכויותיה. הוא חדין בחברות הבנות;
- * לבוא בדברים עם הנאמן לחברות הבנות, ולשם כך גם לפנות לבית המשפט הקנדי כנציג מוסמך של החברה;
- * להתחקות אחר פועלות החברה עובר לתשקיף ולאחריו.

לצורך מימוש סמכויות אלו בעל התפקיד מוסמך בזאת להופיע בשם החברה לפני כל גוף, רשות או אדם בישראל ומחוצה לה; לקבל כל מידע מכל גורם של החברה מבעלי השליטה, מחרשויות וממי





בית המשפט המחחי בתל-אביב-יפו

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

לפני כבוד השופט איתן אורנשטיין, סגן נשיאה

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

בעל התפקיד יוסמך לגבש מתווה ראשוני של הסדר נושים.

בעל התפקיד יפנה לבית המשפט במידת הצורך ויבקש אישורו להפעלת סמכויות החברה שלא פורטו במפורש בהחלטה.

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

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

בעל התפקיד יעשה כל שניתן בשביל לקבל את המידע הדרוש כבר בימים הקרובים, כך שניתן יהיה להציגו במידת האפשר לפני מחזיקי איגרות החוב באספה שקבועה ליום א הקרוב, 01.05.16.

בשלב זה אני קוצב את המינוי עד ליום 22.05.16 או עד החלטה אחרת.

דוח ראשון על פעולותיו של בעל התפקיד יוגש עד ליום 08.05.16.

חתיק נקבע לדיון ביום 22.5.16 בשעה 11:30.

המזכירות תודיע על ההחלטה טלפונית וכן תשלג אותה בפקס

ניתנה היום, י"ז ניסן תשע"ו (25 באפריל 2016), בהעדר הצדדים.

איתן אורנשטיין, שופט
סגן נשיאה



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

AND IN THE MATTER OF URBANCORP INC.

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

ONTARIO
SUPERIOR COURT OF JUSTICE
Proceeding commenced at Toronto, Ontario, Canada

**SUPPLEMENTAL ORDER
(FOREIGN MAIN PROCEEDING)**

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Lawyers for the Foreign Representative

Appendix “D”

[logo]

TEL AVIV – YAFFO DISTRICT COURT

CD 44348 – 04 – 16 REZNIK PAZ NEVO TRUSTS LTD. VS

May 22nd 2016

Urbancorp Inc., Canadian Company 2471774 et al.

Before the honorable Judge Eitan Orenstein, Vice-President

1 Concerning: Companies Law, 5759 – 1999
2 Companies Regulations (Request for a Settlement or Arrangement), 5762-2002

3 And Concerning: Urbancorp Inc.
4 Canadian Company no. – 2471774

Company

6 And Concerning: Adv. Guy Gissin
7 Personally and/or by representative Adv. Nahari & Co.

Officeholder

9 And Concerning: REZNIK PAZ NEVO TRUSTS LTD. -
10 Trustee for Bondholders (Series A) of Company

Trustee

12 And Concerning: Official Receiver
13 By representative Adv. Roni Hirshenzon

OR

15 Attendants:
16 Adv. Gissin, the Officeholder and also representative Adv. Nahari and Adv. Genya Bluchman
17 Mr. Reznik, Trustee's representative
18 Adv. Hirshenzon, the OR's representative
19 -

PROTOCOL

21 Adv. Gissin:
22 We have managed to reach, I think, a situation in which the legal problem – to the Court's question I reply that the
23 arrangement has been approved in Court, in light of the arrangement, I have attached to the Court on Friday when we filed the
24 report, and I understand that it did not reach the Court.

25



[logo]

TEL AVIV – YAFFO DISTRICT COURT

CD 44348 – 04 – 16 REZNIK PAZ NEVO TRUSTS LTD. VS

May 22nd 2016

Urbancorp Inc., Canadian Company 2471774 et al.

Before the honorable Judge Eitan Orenstein, Vice-President

1 The Canadian Court has fully approved this proceeding as the primary insolvency proceeding, and my appointment as an
2 Officeholder. Appendix 3 is an order of acknowledgement of my powers.

3 In the Toronto Court, the ongoing insolvency proceedings pertain to all companies and the bankruptcy proceeding of the
4 controlling shareholder. There are 2 officeholders, the primary officeholder is Mr. Kaufman, with whom I have reached the
5 cooperation agreement in which applications have been submitted to CCAA upon Kaufman's appointment as the super-
6 monitor, the supervisor of such companies. Insofar, there was a problem that the controlling shareholder was the manager of
7 such companies, and then it was solved. There are 6 companies that jointly hold a project called Edge, to which he was
8 appointed in this stage – the project is not one of the projects backed by bonds; currently no other trustee has been appointed
9 there. This has been done without our consent and we have the option of objecting to it. They argue that it has no value and we
10 reason otherwise. Thus, I am submitting a confidential request.

11 We request two things: an extension of my order of appointment by an additional four months. The order expires today. The
12 second request is in fact, part of the previous ruling, which I shall attempt to form a creditor arrangement proposal in the next
13 couple of weeks.

14 The arrangement that I intend to propose is focusing the method of conduct – I think it is very important to eventually reach a
15 situation in which creditors are on a reasonable schedule, and file debt claims. There is a situation in which I must choose the
16 way. Eventually, I want to offer the Company's assets for realization and jointly formalize and organize the claiming rights in this
17 relation – part of the claiming rights allegedly belong with the bond's trustee and that is one of the things that can be
18 contributed to the arrangement fund in a creditor arrangement.

19 To the Court's question, I reply that indeed, they still do not know what they will be receiving. To the Court's question I reply
20 that indeed there is no better alternative.

21 Realization of encumbrances, same as liquidation, is not a good method and even a problematic one, therefore the right
22 solution is in the form of a principle creditor arrangement in which a test will be made. The creditors have provided a cushion of
23 money, there is a total of CAD 1.9 million that was in one of the subsidiaries. This money was transferred to Mr. Kaufman on
24 the day of his appointment. We argued that this company has no creditors and that is why he needs to go up. The arrangement
25 that we reached was, in case this company has no creditors, the money should go up to the company in the title. This concerns
26 CAD 1.9 million that we agreed that we could use, so that we could at least make some use of the money in the Israeli fund.
27 This is a very substantial sum. This process has saved us a great deal.

28

29



[logo]

TEL AVIV – YAFFO DISTRICT COURT

CD 44348 – 04 – 16 REZNIK PAZ NEVO TRUSTS LTD. VS

May 22nd 2016

Urbancorp Inc., Canadian Company 2471774 et al.

Before the honorable Judge Eitan Orenstein, Vice-President

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Adv. Hirshenzon:

The OR has no principal objection to the requested.

-

RULING

On day 04.25.16 I have given a ruling in the Bondholders Trust Request of "Urbancorp Inc.", which is a company registered in Canada, to appoint an officeholder according to the Companies Regulations (Request for a Settlement or Arrangement), 5762 – 2002. The following day, a hearing took place in the presence of the Parties, after which I have given a ruling that accepts the request, by which I have appointed Adv. Guy Gissin as the Officeholder in the Company and have vested powers in him as specified in section 9 of the Ruling.

The Officeholder executed various actions, *inter alia*, had words with officeholders who have been appointed as part of the insolvency proceedings that had been taken in Toronto, Canada. Recently, on day 05.18.16, a hearing took place in the Toronto Court, and resulted in the issuance of various orders, *inter alia*, acknowledgment of the proceeding herein. The Officeholder submitted a report to the Court on Friday, to which appendices have been attached, which describe the actions that have been taken and also the arrangement that has been made with the Officeholder in Canada.

In the hearing today, the Officeholder updated the Court on developments, also on the proceedings' continuance. In such setting, the Court has been requested to extend the Officeholder's appointment and also to allow him to submit a request for an outline of a creditor arrangement that is considered as the preferred alternative over other insolvency alternatives.

The Official Receiver's representative does not object to the appointment's extension.

I have reviewed the report and made note of the Officeholder's words.

Due to the reasons in the request, I extend the Officeholder's appointment up to day 09.22.16.

I approve that the Officeholder may operate to form an outline of creditor arrangement, convene the creditors and as set in the Regulations.

Another update will be submitted as necessary.

Sandra Schneider, Advocate
License No 65999 (IBA)

העתק מאתגן למקור
CERTIFIED COPY
סגורה שניידר, עו"ד מ.ר. 65999
Page 3 of 4

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TEL AVIV – YAFFO DISTRICT COURT

CD 44348 – 04 – 16 REZNIK PAZ NEVO TRUSTS LTD. VS

May 22nd 2016

Urbancorp Inc., Canadian Company 2471774 et al.

Before the honorable Judge Eitan Orenstein, Vice-President

1 Given and announced today, 14 Iyar 5766, 05/22/2016 in the presence of the Parties.

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5 Typed by Oria Oren

Eitan Orenstein, Judge
Vice President



Appendix “E”

TEL AVIV
DISTRICT COURT

CD 44348 – 04 – 16
Application no. 9
before the Vice President
His Honor Judge Eitan

Orenstein

Concerning: COMPANIES LAW, 5759 – 1999

Law

5762 – 2002

Companies Regulations (Application for Settlement or Arrangement,

Settlement or Arrangement

Regulations

And Concerning: URBANCORP INC., Canadian Company no. 2471774

"Company"

And Concerning:

Adv. Guy Gissin – Temporary Officeholder of URBANCORP INC.
COMPANY

by Representatives Adv. Yoel Frielich and/or Inbar Hakimian-Nahari
and/or Evgenia Glukhman

Of GISSIN & CO. LAW OFFICES

Of 38B Habarzel St. Tel Aviv 69710

Tel: 03-7467777; Fax: 03-7467700

"Officeholder"

24/5/2016

Ruling

Application no. 9 – in case 44348-04-16

Judge Eitan Orenstein

Approved as requested

OFFICIAL RECEIVER

2nd HaShlosha St. Tel Aviv

Tel: 03-6899695; Fax: 02-6462502

"OR"

Application for Instructions

(Concerning the publication of a public invitation to submit debt claims)

Further to the decision of the Court dated 05.22.2016, the Honorable Court approved the Officeholder for Urbancorp Inc. (herein and respectively: "**Officeholder**" and "**Company**"), to act on behalf of the company and publish an advertisement in the media inviting the public to submit debt claims for their possible participation in the debt creditors' Assembly, and this within a period of 30 days.

AND THESE ARE THE DETAILS OF THE APPLICATION:

1. On 25.4.2016 the Honorable Court ordered the appointment of Adv. Guy Gissin as the Officeholder for the Company for a period of 30 days (herein: "**Appointment Order**"). As part of the Appointment Order, the Officeholder was granted various authorities, including the authority to form a preliminary outline of a creditor arrangement for the Company.
2. As has been reported in the Third Report which was filed on behalf of the Officeholder on 5.20.2016 (herein: "**Third Report**"), the Canadian Court congratulated the cooperation between the Officeholder and the Canadian Trustee on day 5.18.2016, and has also ordered the issuance of appropriate orders: (1) acknowledgment of the insolvency proceeding as Foreign Main Proceeding; (2) acknowledgment of the Israeli Officeholder as a Foreign Representative; (3) approval of the cooperation between the Officeholders within the CCAA proceedings¹
3. Thus, in the Third Report, the honorable Court was requested, *inter alia*, to extend the appointment of Adv. Guy Gissin as a temporary Officeholder for the Company in order to allow him to operate towards the

¹ Joint Insolvency proceedings for several companies according to Canadian law- Companies Creditor Arrangement Act.

execution of the cooperation agreement with the Canadian Trustee and to promote a process of forming an overall creditor arrangement offer for the Group. It is clear that forming a creditor arrangement as aforesaid requires receiving details and conducting investigations and inquiries that will clarify the asset status on one hand and the credit status on the other, of all the companies in the group.

4. At the end of a hearing held on 5.22.2016, the Honorable Court ordered the extension of the appointment of the Officeholder For an additional period of four months, until the date 22.09.2016. In the hearing as mentioned above the Officeholder pointed out the he will fulfil his role under the granted authorities granted to him by the Honorable Court, in order to formulate a concrete proposal for an arrangement with creditors.

Accordingly, the Court approved the functionary Officeholder "**to act and formulate a preliminary outline of a creditor arrangement with the creditors and to convene the creditors as stipulated in the regulations**" (see page 11 to the court Transcript, Opposite lines 29-30).

5. For the purpose of presenting to Court such an arrangement the Officeholder is required to, in the first stage, to outline and formulate a list of debt claims, in the appropriate time period of 30 days.
6. Therefore, the Honorable Court is hereby requested to approve the Officeholder to advertise the public invitation to submit debt claims in two daily newspapers in Hebrew and one more media within Canada and to provide appropriate notice to the public through a the MAYA internet system. The advertising wording (in Hebrew) is attached as **Appendix 1**.
7. It is lawful and just to grant this Application.

Inbar Hakimian-Nahari, Adv.

Evgenia Glukhman, Adv.
Representative of the Urbancorp Inc. Officeholder

Today, May 24, 2016, Tel Aviv

TEL AVIV
DISTRICT COURT

CD 44348 – 04 – 16
Application no. 9,
Before the Vice President
His Honor Judge Eitan Orenstein

Concerning: COMPANIES LAW, 5759 – 1999
Law
Companies Regulations (Application for Settlement or Arrangement, 5762 – 2002
Settlement or Arrangement Regulations)

And Concerning: URBANCORP INC., Canadian Company no. 2471774
"Company"

And Concerning: Adv. Guy Gissin – Temporary Officeholder of URBANCORP INC.
COMPANY
by Representatives Adv. Yoel Freilich and/or Inbar Hakimian-Nahari
and/or Evgenia Glukhman
Of GISSIN & CO. LAW OFFICES
Of 38B Habarzel St. Tel Aviv 69710
Tel: 03-7467777; Fax: 03-7467700
"Officeholder"

6/14/2016	Ruling
Application no. 9 case no 44348 – 04 – 16 Judge Eitan Orenstein	
Reviewed.	

OFFICIAL RECEIVER
2nd HaShlosha St. Tel Aviv
Tel: 03-6899695; Fax: 02-6462502
"OR"

Application for Instructions

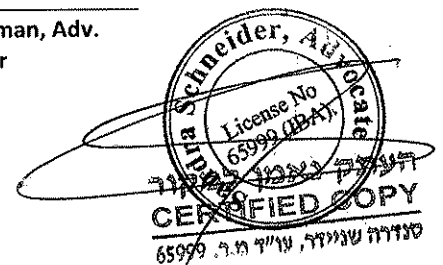
(Concerning the extension date of submitting debt claims)

- 1) Following the honorable Court decision dated 05/24/2016 in the request of the Officeholder to invite the public to file debt claims in order to possibly participate in a debt creditors' assembly of the Urbancorp Inc. (the "**Company**") the officeholder is hereby updating the honorable court as follows:
- 2) On 05/29/2016 the Officeholder published an advertisement in the media inviting the public to file debt claims, in two daily newspapers in Israel, and in the MAGNA System (electronic disclosure system of the ISA) and MAYA system (the company's internet announcement system of the TASE).
 - Copies of the published advertisement attached hereto as **Exhibit 1**.
- 3) The Officeholder translated the advertisement to English in order to publish the debt claim notice also in the Canadian media outlets (as set out in the application submitted).
- 4) After a series of long discussions and clarifications with representatives of the Officeholder in Canada as well as with KSV Kofman Inc. - The Canadian Trustee appointed as information Officer to accompany the process on behalf of Canadian courts, and in order to adjust the requirements for filing debt claims, as much as possible, to the Canadian Law, the Officeholder saw fit to extend the filing debt claims bar date, both in Israel and in Canada by additional 35 days, accompanied by an appropriate debt claim notice in accordance with the requirements of the Canadian law, to be published in Canada with the approval of the Canadian court.
- 5) Accordingly, debt claims will be filed until 08/05/2016.
- 6) The Officeholder will appropriately notify the public of such extension via MAGNA and MAYA systems.

Inbar Hakimian-Nahari, Adv.

Evgenia Glukhman, Adv.
Representative of the Urbancorp Inc. Officeholder

Today, June 14, 2016, Tel Aviv



Jobiz

האתר המקוון לפרסום מכרזים ממשלתיים

מועד הביטוח הדיבור

מס' מכרז	שם המכרז	מס' חשבון	סוג עסק	מקום רכישה חוברה	מחיר	תאריך פתיחה	תאריך סגירה
133197/16	רכישת עמ"מ	922-226-925	36-200	מטה"ש תח"מ תל-אביב שדרות בנין 125 קומה 10 ארובי	3,000	10.01.17	10.01.17
12063/16	רכישת עמ"מ	922-226-925	2-200	מטה"ש תח"מ רד"מ קומה 23 תח"מ רד"מ ירושלים	2,000	10.01.17	10.01.17

שירותי חשבונאות
המחלקה לביטוח הדיבור
לביטוח הדיבור
אתר האינטרנט: www.jobiz.gov.il
טל: 03-5111549

Jobiz.gov.il
אתר האינטרנט לפרסום מכרזים ממשלתיים

המכרזים לפרסום
1. אתר האינטרנט המרכזי לפרסום מכרזים ממשלתיים: www.jobiz.gov.il
2. אתר האינטרנט לפרסום מכרזים ממשלתיים: www.mip.gov.il
3. אתר האינטרנט לפרסום מכרזים ממשלתיים: www.mip.gov.il
4. אתר האינטרנט לפרסום מכרזים ממשלתיים: www.mip.gov.il
5. אתר האינטרנט לפרסום מכרזים ממשלתיים: www.mip.gov.il
6. אתר האינטרנט לפרסום מכרזים ממשלתיים: www.mip.gov.il

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Appendix “F”

Form 9
(Regulation 17(a))

In the District Court in _____

In the matter of _____ Ltd.
Company number _____
Its address _____
The company is represented by _____, Adv.
Tel: _____
Fax: _____

DEBT CLAIM

(unsecured creditor)

I, the undersigned _____, ID No. _____, on behalf of the creditor _____ (hereafter: the creditor) hereby declare that on _____ the company owed and it still owes the creditor the amount of NS _____ (_____) for _____.

Furthermore I declare that, to the best of my knowledge, neither I, nor any other person received all or any part of the amount of the aforesaid claim on the creditor's behalf and that the creditor holds no collateral whatsoever to secure payment of the aforesaid debt or part thereof.

In evidence of the debt, the following documents are here attached:

1. _____
2. _____
3. _____

Affidavit

I, the undersigned, _____, ID No. _____, hereby declare that all the facts I stated in the above debt claim are true.

Date: _____ Signature _____

Certification

I, the undersigned hereby certify that on _____ appeared before me Mr. / Ms. _____, whom I identified according to ID card No. _____ / whom I know personally and – after I cautioned him / her that he / she must say only the truth and the whole truth, and that, if he / she does not do so, he / she will be liable to the penalties prescribed by Law – he / she affirmed that his / her aforesaid declaration is true and he / she signed it in my presence.

Date: _____ Signature _____

Appendix “G”

Notice of Urbancorp Inc. debt claims filing date

Regarding: Urbancorp Inc., Canadian company no. 2471774 ("**Company**")

Address: 38B HaBarzel St., 6th floor, Ramat HaHayal, Tel Aviv, 69710, CC adv. Guy Gissin, company officer. **Phone:** 03-7467777; **fax:** 03-7467700; **email:** office@gissinlaw.co.il or sandra@gissinlaw.co.il

According to the Tel Aviv District Court ruling dated May 24th 2016 (honorable vice president, judge Eitan Orenstein) in Companies Liquidation case no. 44348-04-16, adv. Guy Gissin, court appointed company officer (hereinafter: the "**Officer of the Court**") hereby notifies that any creditor claiming a debt owed to them by the company (current or future, certain or conditioned, limited or unlimited) and wishing to participate in the creditors' meeting, to be convened for the approval of the composition of creditors to be formed by the Officer of the Court between the company and its creditors, should file their debt claim to the abovementioned address of the Officer of court, via mail or personal delivery, **no later than July 1th, 2016.**

A creditor wishing to receive a copy of the undersigned's appointment as Company's Officer of Court, debt claim form and other documents, could receive those in the Officer of the Court office following prior coordination with adv. Inbar Nahari and/or adv. Sandra Schneider.

Debt claims will be filed enclosed with a lawfully verified affidavit, as well as evidences and references on the debt claim form as per the Companies regulations (Liquidation), 5747 – 1987.

A creditor failing to file a debt claim by the abovementioned date will not be entitled to participate in the company's creditors' assembly. It is clarified that debt claims' filing as detailed in this notice is **strictly** for participation in the creditors' assembly as mentioned above.

**Guy Gissin, adv.
Court appointed officer
for Urbancorp Inc.**

Appendix “H”

**NOTICE TO CLAIMANTS
AGAINST URBANCORP INC.**

**RE: NOTICE OF CLAIMS PROCESS FOR URBANCORP INC. PURSUANT TO THE
COMPANIES' CREDITORS ARRANGEMENT ACT (the "CCAA")**

PLEASE TAKE NOTICE that, on June 15, 2016, the Ontario Superior Court of Justice (Commercial List) (the "**Canadian Court**") issued an order in the CCAA proceedings of Urbancorp Inc. (the "**Claims Notice Order**"), implementing the intention of two orders of the District Court of Tel Aviv – Yafo made on May 24, 2016 and June 14, 2016 (the "**Israeli Claims Orders**") requiring that all Persons who assert a claim against Urbancorp Inc., whether liquidated, unliquidated, contingent or otherwise, **must file a Proof of Claim with Guy Gissin (the "Israeli Court Officer of UCI") on or before August 5, 2016 (the "Claims Bar Date"), by sending the Proof of Claim to the Israeli Court Officer of UCI by prepaid ordinary mail, registered mail, courier, personal delivery, facsimile or electronic transmission at the following address:**

Guy Gissin, Israeli Court Appointed Officer for Urbancorp Inc.

**Address: 38B HaBarzel St., 6th Floor,
Ramat HaHayal, Tel Aviv, 69710,
Israel**

Fax No.: +972-03-746-7700

Email: office@gissinlaw.co.il

Attention: Guy Gissin

Claimants may address any questions concerning the filing of claims, including requests for the necessary form(s), to KSV Kofman Inc., in its capacity as Information Officer of Urbancorp Inc., at:

**Address: 150 King Street West
Suite 2308**

**Toronto, Ontario
M5H 1J9**

Fax No.: 416-932-6266

Email: ngoldstein@ksvadvisory.com

Attention: Noah Goldstein

Only Proofs of Claim actually received by the Israeli Court Officer of UCI on or before August 5, 2016 will be considered filed by the Claims Bar Date. **It is your responsibility to ensure that the Israeli Court Officer of UCI receives your Proof of Claim by the Claims Bar Date.**

**CLAIMS WHICH ARE NOT RECEIVED BY THE APPLICABLE CLAIMS BAR DATE
MAY BE BARRED AND EXTINGUISHED FOREVER.**

DATED this ● day of ●, 2016.