



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

March 9, 2017

Contents		Page
1.0	Introduction.....	1
1.1	Purposes of this Report.....	2
1.2	Currency	3
1.3	Restrictions	3
2.0	Background	3
3.0	Israeli Proceedings Update.....	4
3.1	Claims Process	4
3.2	Summary of Claims Filed	5
3.3	The Plan.....	6
3.4	Reports by Foreign Representative	6
4.0	Conclusion and Recommendation	7

Schedules and Appendices

Schedule	Tab
Cumberland CCAA Entities.....	A

Appendix	Tab
Claims Summary	A
Sixth Report of the Foreign Representative	B
Seventh Report of the Foreign Representative	C

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**

FOURTH REPORT OF THE INFORMATION OFFICER

MARCH 9, 2017

1.0 Introduction

1. On April 21, 2016, Urbancorp (St. Clair Village) Inc. ("St. Clair"), Urbancorp (Patricia) Inc. ("Patricia"), Urbancorp (Mallow) Inc. ("Mallow"), Urbancorp Downsview Park Development Inc. ("Downsview"), Urbancorp (Lawrence) Inc. ("Lawrence") and Urbancorp Toronto Management Inc. ("UTMI") each filed a Notice of Intention to Make a Proposal pursuant to Section 50.4(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "NOI Proceedings"). (Collectively, St. Clair, Patricia, Mallow, Downsview and Lawrence are referred to as the "NOI Entities".) KSV Kofman Inc. ("KSV") was appointed as the Proposal Trustee in the NOI Proceedings.
2. On April 25, 2016, the District Court in Tel Aviv-Yafo (the "Israeli Court") issued a decision (the "April 25th Decision") appointing Guy Gissin as the functionary officer and foreign representative (the "Foreign Representative") of Urbancorp Inc. ("UCI") and granted him certain powers, authorities and responsibilities on a preliminary basis over UCI, the ultimate parent of the NOI Entities (the "Israeli Proceedings").
3. On May 11, 2016, the Israeli Court made an order authorizing the Foreign Representative to enter into a protocol between the Foreign Representative and KSV (the "Protocol"). The Protocol contemplated that the NOI Entities and other related entities would file for protection under the *Companies' Creditors Arrangement Act* ("CCAA"). The Protocol addresses, *inter alia*, the sharing of information between the Foreign Representative and the Monitor.
4. Pursuant to an order made by the Ontario Superior Court of Justice – Commercial List (the "Canadian Court") dated May 18, 2016 (the "Initial Order"), the NOI Entities and the entities listed on Schedule "A" attached to this Report (collectively, the "Cumberland CCAA Entities") were granted protection under the CCAA and KSV was appointed monitor (the "Monitor"). The Initial Order also approved the Protocol.

5. On May 18, 2016, the Canadian Court also issued two orders under Part IV of the CCAA which:
 - a) recognized the Israeli Proceedings as a “foreign main proceeding”;
 - b) recognized Mr. Gissin as Foreign Representative of UCI; and
 - c) appointed KSV as the Information Officer.
6. On May 24, 2016, the Israeli Court issued an order (the “May 24 Order”) establishing July 1, 2016 as the claims bar date to file claims against UCI with the Foreign Representative and requiring publication of a claims notice in Israel and Canada. On June 14, 2016, the Israeli Court issued a further order (together with the May 24 Order, the “Claims Bar Date Orders”) extending the claims bar date to August 5, 2016. On June 15, 2016, the Canadian Court issued an order recognizing the Claims Bar Date Orders.
7. On December 1, 2016, the Foreign Representative and its Canadian legal counsel, Dentons LLP (“Dentons”), sent notices to all claimants who filed claims advising whether their claims had been admitted, partially admitted or disallowed. Canadian creditors were provided until January 16, 2017 (the “Objection Bar Date”) to object to the Foreign Representative’s determination.
8. As part of this motion, the Foreign Representative is seeking an order (the “Claims Process Order”) confirming the Objection Bar Date and providing that the claims of any objecting Canadian creditor (except for Alan Saskin) be dealt with by the Canadian Court. As discussed below, the Information Officer understands that Mr. Saskin will have his claims determined by the Israeli Court, as discussed further below.
9. This report (the “Report”) is filed in KSV’s capacity as Information Officer.

1.1 Purposes of this Report

1. The purposes of this Report are to:
 - a) provide background information on the Israeli Proceedings;
 - b) provide an overview of the claims process conducted to date by the Foreign Representative (the “Claims Process”);
 - c) provide an update on the status of a plan of arrangement (the “Plan”) in respect of UCI which the Foreign Representative intends to file in Israel;
 - d) summarize at a high level certain reports filed by the Foreign Representative with the Israeli Court; and
 - e) recommend the Canadian Court make the Claims Process Order.

1.2 Currency

1. Unless otherwise noted, all currency references in this Report are to Canadian dollars.

1.3 Restrictions

1. In preparing this Report, the Information Officer has relied upon unaudited financial information of UCI, the books and records of UCI and discussions with representatives of the Foreign Representative, including its lawyers. The Information Officer has not performed an audit or other verification of such information. The Information Officer expresses no opinion or other form of assurance with respect to the financial information presented in this Report.

2.0 Background

1. UCI was incorporated in Ontario on June 19, 2015 for the purpose of raising capital in the public markets in Israel. Pursuant to a deed of trust dated December 7, 2015 (“Deed of Trust”), UCI made a public offering (the “IPO”) of debentures (the “Debentures”) in Israel for NIS 180,583,000 (approximately \$64 million based on the exchange rate at the time of the IPO). The Debentures traded on the Tel Aviv Stock Exchange (the “TASE”). UCI is alleged to have defaulted on the Debentures and trading in the Debentures has been suspended by the TASE.
2. Pursuant to the terms of the Supplementary Prospectus dated November, 30, 2015, as amended on December 7, 2015, issued in connection with the Debentures (the “Prospectus”), UCI is subject to Israeli Securities and Companies laws and the laws of the Province of Ontario in respect of insolvency matters and distributions. The Deed of Trust is subject to Israeli law in respect of securities law issues.
3. The majority of the proceeds from the Debentures were used to provide five separate loans to the NOI Entities (the “Shareholder Loans”) so that the NOI Entities could in turn repay their loan obligations owing at the time. A summary of the Shareholder Loans is provided in the table below. The loan agreements set out that these advances are unsecured and functionally subordinated to certain other obligations of the NOI Entities.

(unaudited; C\$)	(\$000s)
Mallow	9,759
Lawrence	8,577
Patricia	9,881
St. Clair	7,689
Downsview	10,095
	<u>46,001</u>

3.0 Israeli Proceedings Update

3.1 Claims Process

1. An overview of the Foreign Representative's activities to date related to the Claims Process is as follows:
 - a) subsequent to the Claims Bar Date Order, the Foreign Representative sent a notice to all known creditors of UCI enclosing a proof of claim form and advising creditors of the Claims Bar Date Order;
 - b) the Claims Bar Date Order required the publication of a claims process notice in two Israeli newspapers, one Canadian newspaper and the Israeli Stock Exchange Corporate Action System (the "ISE System"). The notice was published in the Calcalist newspaper and the Globes newspaper, both of which are in Israel, on May 29 and 30, 2016, and in *The Globe and Mail* (National Edition) on June 24, 2016. The Information Officer has been advised that the notice was also published on the ISE System¹;
 - c) the Foreign Representative and Dentons reviewed all claims received. The Foreign Representative has advised that claims filed by Canadian creditors, other than those filed by Mr. Saskin and Canadian officers of UCI, were determined pursuant to Canadian law², and claims filed by Israeli creditors were determined pursuant to Israeli law. The Foreign Representative has advised the Information Officer that Mr. Saskin's claim will be determined by Israeli law, in accordance with the terms of the Prospectus;
 - d) the Information Officer discussed with Dentons its review process for each of the claims; and
 - e) on December 1, 2016, the Foreign Representative and Dentons sent notices to all claimants advising whether their claims had been admitted, partially admitted or disallowed. Any Israeli claimant that wanted to dispute the determination of its claim was advised in the notice that it had to file a written objection with the Foreign Representative by January 15, 2017. Canadian claimants were advised that they had to file a written objection with Dentons by January 16, 2017.

¹ The ISE System publishes information regarding entities that have financial instruments listed on the TASE.

² Mr. Saskin is a Director of UCI. He is also its Chairman, President and Chief Executive Officer. The only other Canadian director or officer of UCI to file a claim was David Mandell, formerly the Vice President and Secretary of UCI. Mr. Mandell filed a claim for approximately \$7.4 million, comprised of approximately \$7,000 for unpaid employee expenses and the remainder as an indemnity claim conditional upon the result of lawsuits brought against him in his capacity as director and officer of UCI. The Foreign Representative disallowed the indemnity claim in full. Mr. Mandell did not file a notice of dispute.

- The Foreign Representative is seeking an order from the Canadian Court recognizing the Objection Bar Date for Canadian claimants. The Information Officer believes the relief requested by the Foreign Representative is appropriate. Based on information received by the Information Officer, it appears that Canadian claimants had approximately seven weeks to respond to the Foreign Representative's claim determination notice. Other than Mr. Saskin, all Canadian creditors who have filed timely written objections will have their claims determined by the Canadian Court.

3.2 Summary of Claims Filed

- Twenty (20) claims totalling approximately \$89 million³ were filed against UCI. A summary of claims admitted and disallowed is provided in the table below and a schedule detailing these claims and the Court in which any objections are to be determined is provided in Appendix "A".

	Filed	Admitted	Disallowed
Debentures	64,496,225	62,644,335	1,851,890
Canadian general claims	2,370,042	201,489	2,168,553
Israeli general claims	495,825	462,265	33,560
Contingent claims	21,648,774	-	21,648,774
Total	<u>89,010,866</u>	<u>63,308,089</u>	<u>25,702,777</u>

- UCI's principal obligation is the Debentures. Reznik, Paz, Nevo Trust Ltd., the trustee of the Debentures (the "Trustee"), filed a claim in the amount of approximately \$64.5 million, representing the principal portion of the Debentures and accrued interest to April 25, 2016, the date of the appointment of the Foreign Representative. All but \$1.9 million of this claim was allowed; the disallowed amount represents an interest reserve retained by the Trustee in accordance with the Deed of Trust. The Foreign Representative allowed as a secured claim the portion of the Debenture claim relating to the amounts to be received by UCI from the repayment of the Shareholder Loans. This is the only secured claim against UCI.
- The Foreign Representative received three notices of objection from Canadian creditors, excluding the dispute filed by Mr. Saskin (the "Disputed Claims"). The Foreign Representative is seeking an order allowing the Foreign Representative to refer, at its election, the Disputed Claims to the Canadian Court for determination. The Information Officer supports this request. As claims filed by Canadian creditors were determined pursuant to Canadian law in accordance with the Prospectus, the disputes relating to those claims should be determined by the Canadian Court. Additionally, this will eliminate the inconvenience of requiring Canadian claimants to have their claims determined in Israel.

³ In accordance with the claims procedure, claims made in New Israeli Shekels and US dollars were converted into Canadian dollars using an exchange rate of NIS2.97/C\$1 and US\$0.79/C\$1, respectively, being the exchange rates on April 25, 2016.

4. The Information Officer has been advised by the Foreign Representative that any dispute advanced by Mr. Saskin will be determined by the Israeli Court.

3.3 The Plan

1. On January 9, 2017, the Israeli Court issued an order, *inter alia*, authorizing the Foreign Representative to convene meetings (the “Meetings”) of UCI’s creditors in the first quarter of 2017 (the “Meeting Order”) in order to consider a Plan for UCI. On January 27, 2017, the Canadian Court granted an order recognizing the Meeting Order.
2. The Foreign Representative has advised the Information Officer that it intends to convene a meeting for secured creditors and a separate meeting for unsecured creditors.
3. The Foreign Representative has not yet filed the Plan and the Information Officer has not been provided with a draft of the Plan.
4. The Foreign Representative has suggested that KSV, as Monitor of the Cumberland CCAA Entities, may make a distribution to UCI in the first half of 2017. As indicated in the Information Officer’s Third Report to Court dated January 24, 2017, before making any distributions the Monitor must resolve or reserve for certain claims, including, most significantly, damage claims asserted by individuals who purchased homes from Mallow, St. Clair and Lawrence. It is not clear that these claims will be resolved within the timeline for a distribution suggested by the Foreign Representative in its reports filed with the Israeli Court. However, the Monitor will endeavour to make an interim distribution subject to necessary reserves.

3.4 Reports by Foreign Representative

1. As at the date of this Report, the Foreign Representative has filed seven reports with the Israeli Court. Unofficial translations of the Foreign Representative’s Sixth Report dated November 9, 2016 and Seventh Report dated February 9, 2017 are attached as Appendices “B” and “C”, respectively.
2. KSV, as Monitor of the Cumberland CCAA Entities, has corresponded with the Foreign Representative throughout the proceedings as it relates to its realization and claims determination activities for the Cumberland CCAA Entities’ assets, as well as its other activities in the CCAA proceedings. The Monitor has led the process to realize on the real properties and other assets owned by the Cumberland CCAA Entities, as well as the assets owned by Urbancorp (Woodbine) Inc. and Urbancorp (Bridlepath) Inc., which are subject to separate CCAA proceedings. The Monitor will continue to advance the CCAA proceedings and will advise the Foreign Representative of what it perceives to be the appropriate direction for the proceedings from time-to-time.

4.0 Conclusion and Recommendation

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

* * *

All of which is respectfully submitted,

A handwritten signature in blue ink that reads "KSV Kofman Inc". The signature is written in a cursive, flowing style.

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

Schedule "A"

Urbancorp Toronto Management Inc.

Urbancorp (952 Queen West) Inc.

King Residential Inc.

Urbancorp 60 St. Clair Inc.

High Res. Inc.

Bridge on King Inc.

Urbancorp Power Holdings Inc.

Vestaco Homes Inc.

Vestaco Investments Inc.

228 Queen's Quay West Limited

Urbancorp Cumberland 1 LP

Urbancorp Cumberland 1 GP Inc.

Urbancorp Partner (King South) Inc.

Urbancorp (North Side) Inc.

Urbancorp Residential Inc.

Urbancorp Realtyco Inc.

Appendix “A”

Urbancorp Inc.
Summary of Claims
(unaudited; C\$)

Creditor	Currency	Amount	Admitted Amount	Disallowed Amount	Objection Notice Filed	Residency of Claimant	Court to Hear Objection	Note
Debenture Claims								
Reznik, Paz, Nevo	NIS	64,496,225	62,644,335	1,851,890	No	Israel	n/a	
Canadian General Claims								
PwC Canada	CAD	34,590	34,590	-	No	Canada	n/a	
Mr. David Mandel	CAD	6,899	6,899	-	No	Canada	n/a	
Janterra Real Estate Advisors Inc.	CAD	53,223	-	53,223	Yes	Canada	Canada	
Westside Gallery Lofts Inc.	CAD	256,791	160,000	96,791	No	Canada	n/a	
Urbancorp Toronto Management Inc.	CAD	374,676	-	374,676	No	Canada	n/a	
Harris Sheaffer LLP	CAD	139,080	-	139,080	Yes	Canada	Canada	
Homelife Realty, Inc.	CAD	618,000	-	618,000	Yes	Canada	Canada	
1481614 Ontario Inc.	CAD	171,592	-	171,592	No	Canada	n/a	
Midnorthern Appliance	CAD	715,191	-	715,191	No	Canada	n/a	
KSV Kofman Inc., in its capacity as Monitor		undetermined	undetermined	undetermined	n/a	Canada	n/a	1
		2,370,042	201,489	2,168,553				
Israeli General Claims								
Shimonov & Co. Attorney at Law	USD	13,719	13,719	-	No	Israel	n/a	
Shimonov & Co. Attorney at Law	USD	25,316	-	25,316	Yes	Israel	Israel	
Matri, Meiri & Co, Attorneys at Law	USD	158,228	158,228	-	No	Israel	n/a	
Israeli Directors	NIS	74,417	74,417	-	No	Israel	n/a	
Mr. Ma'aravi Yitzhak, former debentureholder	NIS	8,244	-	8,244	Yes	Israel	Israel	
Apex Issurances Ltd.		undetermined	-	-	Yes	Israel	Israel	
Registration Co. of Mizrahi Tfahot Ltd.	NIS	10,874	10,874	-	No	Israel	n/a	
Reznik, Paz, Nevo	NIS	205,027	205,027	-	No	Israel	n/a	
		495,825	462,265	33,560				
Contingent Claims								
Israeli Directors	NIS	14,208,754	-	14,208,754	Yes	Israel	Israel	
Mr. David Mandel	CAD	7,440,020	-	7,440,020	No	Canada	n/a	
Alan Saskin		undetermined	-	-	Yes	Canada	Israel	
		21,648,774	-	21,648,774				
Total Claims		89,010,866	63,308,089	25,702,777				

General Note: Pursuant to the terms of the claims procedure, claims have been converted into Canadian dollars using the exchange rates effective on April 25, 2016 (NIS2.97/C\$1 and U\$0.79/C\$1)

Note:

- As agreed with the Foreign Representative, the Monitor filed a placeholder claim in the Israeli proceedings on behalf of the Cumberland CCAA Entities.

Appendix “B”

In the Tel Aviv District Court

LF 44348-04-16

in re: **The Companies Law, 5759-1999**
 The Companies Ordinance, 5743-1983

the Companies Law

and in re: **Urbancorp Inc., Canadian Company No. 2471774**

The Company

and in re: **Adv. Guy Gissin - temporary functionary officer of the Company**

 acting by his attorneys Adv. Yael Hershkovitz and/or Inbar Hachimian-Nahari

 of Gissin & Co., Law Firm, 38B Ha'Barzel Street, Tel Aviv 69710, Tel. 03-7467777, Fax. 03-7467700

The Functionary Officer

and in re: **The Official Receiver**

 of 2 Ha'Shlosha Street, Tel Aviv, Tel. 03-6899695, Fax. 02-6462502

The Official Receiver

Update No. 6 on behalf of the Official regarding Activity in Canada

Further to the previous updates filed on behalf of the Official, the Official hereby respectfully updates the Honorable Court regarding the action and steps that are being taken by him in Canada for the sake of realizing the Company's financial rights, the repayment of monies due to it, in a manner enabling the advancement and formulation of a creditors' arrangement.

In this context, the Official will update the Honorable Court regarding the progress that is being made in realizing assets held by the Company's subsidiaries, debt claims that were filed and are being filed against the Company's subsidiaries, against the controlling shareholder, and companies held by him, and the action being taken for the sake of realizing additional repayment sources.

An update will also be given to the Honorable Court and any interested party regarding the personal insolvency proceedings of Mr. Alan Saskin, the Company's controlling shareholder (hereinafter - the "controlling shareholder"), and the possibility of participating in the creditors' meeting called and due to take place in

Toronto on November 16, 2016, at 10:00 hours Canadian time, according to the details that will be provided subsequently in this update.

A. Introduction

1. In recent months significant progress has been made with the realization of assets of the Company's subsidiaries.
2. Simultaneously with this progress, and with a view to the receipt of monies by KSV Kofman Inc., the Canadian functionary officer, which is conducting the creditors' arrangement proceedings (Companies' Creditors Arrangement Act - CCAA) of most of the group's companies (hereinafter - the "**Monitor**"), the Official (on behalf of the Company) submitted debt claims to the Monitor against the subsidiaries and against the controlling shareholder, in his capacity as officer in the subsidiaries and as will be detailed below.
3. The Official also considered additional acts and remedies, in light of the obligations assumed by the controlling shareholder to provide collateral and an owners' contribution to the Company, in the framework and for the purpose of raising bonds for the Company in Israel pursuant to the Company's prospectus of December 2015.
4. In addition to all the aforesaid, the Official is taking steps to investigating and questioning the officers, the Company's controlling shareholder and other persons who were involved in the activity of the Company and the subsidiaries, tracking down documents and information, legal and other financial reviews, for the sake of clarifying the relevant facts and maximizing the compensation and repayments to the Company's.
5. The findings obtained from the comprehensive investigations and checks carried out by the Official, as well as the information given to the Official, raise heavy concern regarding the management of the Company's and the whole group prior to the insolvency proceedings, *inter alia*, through clear intermingling of assets between the Company and the controlling shareholder, other companies held by him and their assets. The findings show that some of these acts were done, apparently, even before the issue of the Company's bonds, and continued thereafter.
6. As will be described below, the Official is taking steps to obtain compensation and repayments regarding these acts, and is continuing to review the acts and circumstances that led to the Company's collapse and the remedies that might be available to the Company and its creditors in connection therewith.

B. Realization of the subsidiaries' assets

Mallor project, Patricia project and St. Clair project

7. In October 2016, proceedings were completed for the sale of three of the backing assets - Mallow project, Patricia project and St. Claire project, which were offered for sale as detailed in the Official's update of September 15, 2016. On November 8, 2016 the Canadian court approved the Monitor's notice, *inter alia* in connection with the three transactions' completion. Details of the transactions and their exact data are still subject to confidentiality restrictions. Once publication is permitted, the Official will issue another update.

Lawrence project

8. The sale transaction of the Lawrence project, the fourth backing project the rights in which were offered for sale, was supposed to be completed at the end of September 2016. Nonetheless, the transaction has not yet been completed due to deliberations regarding supplementation of payment of the consideration in excess of the deposit that was made by the purchaser. In these days, a review is being made of the steps and possibilities regarding the transaction's completion or realization of this asset in another way. In this matter too, the Official will publish an update subsequently.

60 St. Claire

9. In addition, on November 8, 2016, the Canadian court also approved the Monitor's notice and his request to approve a sale transaction for several dwelling units jointly owned by the Company's subsidiary, 60 St. Clair (hereinafter - "**St. Claire**") (40%), together with another partner, to an unrelated third party.
10. The manner of distributing the proceeds and the forecast for repayment to the Company as a result of the sale transaction (which is still subject to completion of debt claim proceedings of St. Claire) has not yet been publicized and the Official will provide additional details simultaneously with the updates given regarding the Canadian proceedings.

* A copy of the Canadian court's order of November 8, 2016 and the Monitor's report of October 24, 2016 is annexed hereto marked **appendix "A"**.

The EDGE group companies

11. On October 28, 2016, the application of Fuller Landau, who were appointed as trustee (and subsequently as Monitor, as detailed below), with regard to another group of subsidiaries called the "EDGE group" (hereinafter - "**EDGE Monitor**"), was approved, for continuation of the suspension of proceedings against the EDGE group until December 23, 2016, for the sake of completing the proceedings for the sale of the EDGE group's assets.

12. From the EDGE Monitor's report it emerges that to date offers have been received to purchase four empty dwelling units. The transactions are expected to be completed in December. The deadline for accepting offers to purchase a handful of rented dwelling units was extended until the middle of October. An update is also given regarding the negotiations that are being conducted with the City of Toronto regarding the subsidiaries' rights to public areas in the EDGE project, which are still confidential.
13. It is noted that the Official was told that in consequence of the relatively long period of time it is expected to take to complete realization of the EDGE group's assets, debt claim proceedings are not expected at this stage regarding this group of companies and accordingly there is no expectation in the foreseeable future of repayments or other receipts to the Company from the realization of this group of companies' assets.

* A copy of the Canadian court's order of October 28, 2016 and the EDGE Monitor's report of October 21, 2016 are annexed hereto as **appendix "B"**.

C. The filing of debt claims against the subsidiaries and the controlling shareholder

14. Further to the Official's update of September 15, 2016, the Official acted to file debt claims with the Monitor against most of the Company's subsidiaries (save for the companies in the EDGE group, which were not included in the proceedings conducted by the Monitor), and against the controlling shareholder, as officer and director in these companies.
15. The debt claims by the Official against the subsidiaries were in an aggregate amount of approx. 57.7 million Canadian dollars. About 52.8 million Canadian dollars from these amounts derive from amounts that were transferred directly to the relevant subsidiaries, as tracked down by the Official (with the assistance of the Official's financial advisor in Canada). The rest of the amount claimed from the subsidiaries in the framework of the debt claims (about 5 million Canadian dollars) derives from the loading of a pro rata share of the costs borne by the Company, for the sake of raising the amounts that were transferred to the subsidiaries (after neutralization of the pro rata share of these costs, which will be deducted from the amounts transferred to the EDGE companies).
16. The debt claims against the subsidiaries also include a demand for cover of all the enforcement expenses, in Israel and in Canada, on a full indemnity basis, and a demand to receive any capital value remaining in any of the subsidiaries (after payment of their obligations). In addition, conditional debt claims were also included in respect of all the debt claims filed with the Official in the framework of claims against the Company and any other amount in respect of

which it subsequently transpires that the subsidiaries owe the Official in consequence of continuation of the Official's investigations and checks.

17. The debt claims also included a debt claim against the controlling shareholder's management company, Urbancorp Toronto Management Inc. (hereinafter - the "**management company**").¹ The claim was filed in respect of amounts transferred by the controlling shareholder from the Company to the management company, from the sale of an asset of a subsidiary of the Company in October 2015.
18. A separate debt claim was filed against the controlling shareholder, as director and officer of the subsidiaries, regarding his alleged liability to the Company, jointly and severally with the group's companies, for all the damages that have been and might be occasioned to the Company and the bondholders (in accordance with the details given in the Company's debt claims). Individual debt claims were also filed regarding damage occasioned to the Company as a result of the diversion of monies in significant amounts by the controlling shareholder from the Company to companies held by him and/or for the purpose of other interests of the controlling shareholder.

In this separate debt claim, various amounts were claimed from the controlling shareholder, including a sum of 12 million Canadian dollars, which the controlling shareholder undertook, in accordance with the bonds' prospectus, to inject into the Company as equity. According to the information received by the Official, instead of transferring the said amount to the Company as an injection of capital as required, the controlling shareholder arranged for the said amount to be transferred directly to the tax authorities in Canada, to cover tax liabilities of the EDGE group of companies, since the controlling shareholder was vulnerable to personal liability in relation to them. Also included were individual claims in respect of other transactions and amounts that, as emerges from the check of the Official and his Canadian advisors, included a transfer of monies and/or assets from the Company to the controlling shareholder or companies held by him.

* A copy of the debt claims filed by the Official against the subsidiaries and the controlling shareholder (without their appendices) is annexed hereto as **appendix "C"**.

D. The controlling shareholder's personal insolvency proceedings

19. On October 27, 2016, the controlling shareholder submitted a proposed debt arrangement in his personal bankruptcy proceedings.

¹ The management company held by Saskin is one of the companies included in the proceedings being conducted by the Monitor.

20. The proposed arrangement was based primarily on realization of assets of the companies held by him, most of which are in restructuring and insolvency proceedings, while the rate of repayment to the controlling shareholder after termination of the proceedings in these companies is not currently known. The proposed arrangement also includes an exemption to the controlling shareholder and those acting on his behalf. In the framework of the proposal, mention was made of the possibility of the injection of capital from a third party for the arrangement's implementation, but no information was given regarding the amount or source of such injections.
21. **The creditors' meeting at which the proposed arrangement will be put to the vote is expected to take place on November 16, 2016, at the Park Hyatt Hotel, Bedford Room, North Tower, second floor, at 10:00 Toronto time.**
22. The Official intends filing similar debt claims against the controlling shareholder to those detailed in paragraph 18 above, also in the framework of the said bankruptcy proceedings of the controlling shareholder. The Official is maintaining contact with other material creditors of the controlling shareholder, and intends travelling to Toronto in order to participate in the creditors' meeting to be held on the matter on November 16, 2016.

* The invitation to the meeting, forms for filing the debt claims and the power of attorney for participation in the arrangement, the proposed arrangement and the report of the controlling shareholder's trustee regarding the controlling shareholder's financial position are annexed hereto as **appendix "D"**.

E. The filing of debt claims against private companies held by the controlling shareholder

23. In the framework of the issue of the Company's bonds, the controlling shareholder gave an undertaking in the prospectus to assign in favor of the Company his right to receive monies from private companies held by him, in a sum of 8 million Canadian dollars.
24. In this framework the controlling shareholder assigned in favor of the Company an undertaking in a sum of approx. 6 million Canadian dollars, of TCC / Urbancorp Bay Limited Partnership (hereinafter - "**TCC Bay**"), which is held by the controlling shareholder. The balance of the controlling shareholder's undertaking, in a sum of 2 million dollars, was performed by an assignment of right that the controlling shareholder had against a subsidiary of the Company, Urbancorp Realtyco Inc. (hereinafter - "**Realtyco**").
25. The Official filed a debt claim against TCC Bay in a sum of approx. 6 million dollars. The balance of the debt claim regarding Realtyco's obligations will be

attended to by the Monitor in the framework of the inter-company claims, as detailed below.

26. It is noted that the Official has not yet been given all the details regarding the financial position of TCC Bay (which is also in insolvency proceedings), and accordingly there is currently no certainty regarding the rate of repayment that it will be possible to obtain in respect of the controlling shareholder's undertaking as aforesaid.
27. The Official is currently negotiating with other creditors of this company in order to try and maximize the amounts of the repayment that will be obtained as aforesaid.

* A copy of the debt claim filed by the Official against TCC Bay is annexed hereto as **appendix "E"**.

F. Review of inter-company loans and transactions

28. Between the Company and the various companies in the group there was a complex system of transactions, accounting and financial relations, such that the inventory of assets on the one hand and the creditor debts on the other hand of the various subsidiaries includes, in most of the cases, material inter-company creditor debt amounts.
29. The Official and the Monitor are reviewing these transactions and debts in order to formulate a correct picture of the situation and review the possible implications of possibly consolidating all the debts and rights of a material part of the Company's subsidiaries, and treating them as one legal entity for the purpose of the insolvency proceedings that the Monitor is conducting, *inter alia* in light of the existence of various trust agreements between some of the relevant subsidiaries.
30. On November 10, 2016, a detailed report is expected to be filed in such regard by the Monitor with the Canadian court.
31. The Official is working in collaboration with the Monitor and independently in order to assess the impact of the inter-company transactions and handling thereof on the rate of repayment to the Company.

G. Review of additional repayment sources

32. In the framework of checking the accounts of the Company and the companies in its group, the Official is checking various payments made on the instruction of the controlling shareholder, just before the Company's collapse. In this framework, *inter alia*, the Official was successful in obtaining repayment of monies paid by a subsidiary of the Company, for legal services that the service

provider undertook to provide to the Company and the controlling shareholder jointly, and which were not actually provided, in a sum of approx. 125 thousand US dollars. The monies were returned to the Company on October 15, 2016.

33. The Official and his Canadian attorneys have begun instituting legal proceedings and a demand for the repayment of tax monies in material amounts, which it is suspected were paid without approval, other than in accordance with the provisions of the law and contrary to the undertakings and representations that were included in the issue prospectus.
34. The possibilities for realizing additional assets of the Company's subsidiaries, including the geothermal assets, are currently being discussed between the Official and the Monitor.
35. Finally, the Official is working to review the Company's rights against companies held by the controlling shareholder in respect of a guarantee given for performance of the obligations detailed in paragraph 23 above.

E. CCAA proceedings in the EDGE companies

36. On October 6, 2016, in consequence of timetable constraints in extending the insolvency proceedings of the EDGE group companies, the application of EDGE's trustee was approved, and the proceedings were converted into creditors' arrangement and restructuring proceedings (CCAA).
37. Since in the framework of the minutes signed between the Official and the EDGE Monitor, the EDGE Monitor was in any event granted the powers that were granted to the Monitor in the framework of the creditors' arrangement proceedings of most of the group's subsidiaries, the aforesaid change has no material effect on the Company's rights in the framework of the insolvency proceedings of the EDGE group companies.

* The order of the Canadian court of October 6, 2016, regarding the creditors' arrangement proceedings in the EDGE group, is annexed hereto as **appendix "F"**.

I. Recognition of extension of the Official's appointment

38. On October 5, 2016, the Canadian court recognized the extension of the Official's appointment in the framework of the main proceedings that are being conducted in Israel, and gave an order extending the Official's appointment as the Company's foreign representative, consistently with the order given in Israel, until December 22, 2016.

* A copy of the Canadian court's order of October 5, 2016 is annexed hereto and marked **appendix "G"**.

(Signed)

Yael Hershkovitz, Adv.

(Signed)

Sandra Schneider, Adv.

Attorneys for the Official for Urbancorp, Inc.

Today, November 9, 2016, Tel Aviv

Table of Contents

Symbol	Name of Appendix	Page
A	Copy of the application filed with the Canadian court on November 2, 2016 and the Monitor's report of October 20, 2016	
B	Copy of the application filed with the Canadian Court on October 25, 2016 and the EDGE Monitor's report of October 21, 2016	
C	Copy of the debt claims filed by the Official against the subsidiaries and the controlling shareholder (appendices not included)	
D	Invitation to meeting, forms for filing debt claims and the powers of attorney for participation in the arrangement, the proposed arrangement and the report of the controlling shareholder's trustee on the controlling shareholder's financial position	
E	Copy of the debt claim filed by the Official against TCC Bay	
F	Order of the Canadian court regarding the creditors' arrangement proceedings in the EDGE group	
G	Copy of the order of the Canadian court of October 5, 2016	

Appendix “C”

TEL AVIV DISTRICT COURT

LIQUIDATION CASE 44348-04-16

REQUEST NO. _____

HONORABLE COURT PRESIDENT

JUDGE

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

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

AND IN RE: ADV. GUY GISSIN – TEMPORARY FUNCTIONARY

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

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

The Position of the Official Receiver in application No. 32

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

(-)
Gali Atron
Corporate Department
Official Receiver

26.2.2017

THE FUNCTIONARY

THE OFFICIAL
RECEIVER

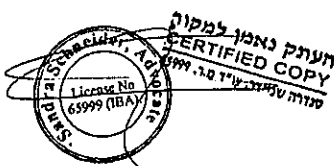
**UPDATE REPORT NO. 7 ON BEHALF OF THE FUNCTIONARY AND A
REQUEST FOR INSTRUCTION AS TO DEBT CLAIMS PROCEDURES IN
CANADA**

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

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

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

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



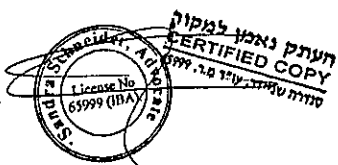
A. PROCEDURES FOR FILING DEBT CLAIMS

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

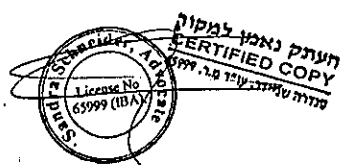
B. PROCEDURES FOR FILING THE DEBT CLAIMS TO THE COURT

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

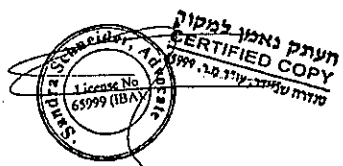
Creditor	Amount Filed	Claim Summary	Approved Amount
Shimonov & Co., Attorneys at Law	USD 10,838	Fees due for ongoing legal services provided to the Company	USD 10,838



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



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

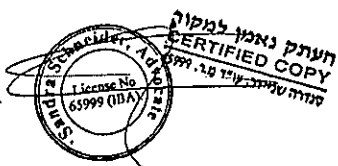


Creditor	Amount Filed	Claim Summary	Approved Amount
KSV, Monitor for the Company's subsidiaries under the CCAA ("KSV")	Undisclosed	A claim without a specified amount, which may be based on transactions and/or undertakings by and among the companies in the group, pre-insolvency	*****

C. THE DECISION ON THE DEBT CLAIMS

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

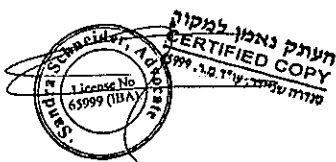
¹ All the amounts in this section were calculated according to the representative exchange rate (according to the rate published at the end of day by the Israeli Bank) of the Canadian Dollar and US Dollar on the day of 4/25/2016 – the date of the Order.



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

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

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



E. DEBT SETTLEMENT PROCEDURES

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

F. REMEDIES REQUESTED OF THE COURT

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

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

Today, February 8th 2017, in Tel Aviv

