



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

July 26, 2017

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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**

JULY 26, 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 appointing Guy Gissin as the functionary officer and foreign representative (the "Foreign Representative") of Urbancorp Inc. ("UCI") and granted him certain powers, authorities and responsibilities over UCI, the ultimate parent of the NOI Entities (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*, cooperation with respect to the restructuring process of the NOI Entities, including that the Foreign Representative shall not interfere or terminate the CCAA proceedings without the consent of KSV or by order of the Canadian Court, and the sharing of information between the Foreign Representative and the monitor. A copy of the Protocol is attached as Appendix "A".

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 (the “Cumberland CCAA Proceedings”) and KSV was appointed monitor (the “Cumberland 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. 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 details regarding a distribution made by the Cumberland Monitor to UCI;
 - c) provide an update on the plan of arrangement (the “Plan”) for UCI filed in the Israeli Proceedings by the Foreign Representative;
 - d) provide an update on the disputed claims against UCI that are to be addressed by the Canadian Court;
 - e) discuss a lawsuit filed in Israel by the Foreign Representative against Alan Saskin and entities and individuals related to Mr. Saskin;
 - f) discuss a motion filed by UCI in the Bay CCAA Proceedings to file a late claim in the Bay CCAA Proceedings (as defined below);
 - g) discuss an order issued by the Israeli Court extending the appointment of the Foreign Representative to July 21, 2017 (the “Extension Order”);
 - h) discuss a motion filed by the Foreign Representative in Israeli Court to seek approval of its interim professional fees; and
 - i) recommend that the Canadian Court grant an order recognizing the Extension Order.

1.2 Restrictions

1. In preparing this Report, the Information Officer has relied upon unaudited financial information of UCI, discussions with the Foreign Representative and its legal counsel and the reports issued by the Foreign Representative in the Israeli Proceedings. The Information Officer has not performed an audit or other verification of such information. The financial information discussed herein is preliminary and remains subject to further review. The Information Officer expresses no opinion or other form of assurance with respect to the financial information presented in this Report.

1.3 Currency

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

2.0 Background

1. UCI was incorporated in Ontario on June 19, 2015 to raise 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”). The Debentures are secured against certain assets of UCI, being primarily the receivables owing to UCI pursuant to the Shareholder Loans (as defined below). UCI is alleged to have defaulted on the Debentures and trading in the Debentures has been suspended by the TASE.
2. From the monies raised under the Debentures, UCI made separate loans (the “Shareholder Loans”) totalling approximately \$46 million to each of the NOI Entities so that the NOI Entities could repay their loan obligations owing at the time. The loan agreements in respect of the Shareholder Loans set out that these advances are unsecured and functionally subordinated to certain other obligations of the NOI Entities.
3. The Foreign Representative has conducted a claims process for UCI. Twenty claims totalling approximately \$89 million¹ were filed against UCI. Of this amount, the Foreign Representative has admitted claims totalling approximately \$63.3 million.
4. UCI’s principal obligation is the Debentures. The Foreign Representative has admitted a claim of approximately \$62.6 million filed by Reznik Paz Nevo Trusts Ltd., the Trustee in respect of the Debentures (the “Trustee”). Of this amount, the Foreign Representative admitted the Shareholder Loan component as a secured claim (the “Secured Debt”).

¹ Claims made in NIS and US dollars were converted into Canadian dollars using an exchange rate of NIS2.97/C\$1 and U\$0.79/C\$1, respectively, being the exchange rates on April 25, 2016.

3.0 The Plan

1. A summary of the Plan is provided in the Information Officer's Fifth Report to Court dated May 4, 2017 (the "Fifth Report"). A copy of the Fifth Report is attached as Appendix "B", without appendices.
2. On May 24, 2017, the Foreign Representative convened a secured creditors' meeting, an unsecured creditors' meeting and a shareholders' meeting to consider and vote on the Plan. At the secured and unsecured creditors' meetings, the requisite number of creditors voted to accept the Plan. At the shareholders' meeting, representatives of the Company's sole shareholder, Urbancorp Holdco Inc., voted against the Plan.
3. On May 30, 2017, the Foreign Representative filed a motion in the Israeli Proceedings to seek approval of the Plan. In its motion materials, the Foreign Representative advised that shareholder approval is not required to approve the Plan due to UCI's insolvency proceedings and Israeli case law.
4. On May 30, 2017, the Israeli Court issued an order requiring that any objections to the Plan be filed within ten days. Objections were received from: (i) former directors of UCI, including Mr. Saskin; (ii) an individual that has filed a class action lawsuit in Israel against UCI in connection with UCI's insolvency; and (iii) The Fuller Landau Group Inc. ("Fuller Landau"), in its capacity as Proposal Trustee of Alan Saskin and certain related entities.
5. On July 4, 2017, the Israeli Court issued an order requiring the Israeli Official Receiver to provide its position on the Plan by September 1, 2017. The Israeli Court also advised that it will hear the objections to the Plan on September 17, 2017.
6. If the Plan is approved by the Israeli Court, the Foreign Representative will seek an order recognizing the Plan in Canada.

4.0 Distribution

1. On June 27, 2017, the Canadian Court made an order authorizing and directing the Cumberland Monitor to make an interim distribution to creditors with admitted claims against certain of the Cumberland CCAA Entities. On June 30, 2017, the Cumberland Monitor made an interim distribution to UCI in the amount of approximately \$29.6 million, representing a partial repayment of UCI's claims. Originally, the Cumberland Monitor intended to distribute \$20 million to UCI, but it was increased to \$29.6 million as the Monitor was able to resolve certain claims for which it had previously intended to maintain a reserve.

2. The timing and amount of future distributions to UCI will depend on the resolution of several disputed claims and realizations from the Cumberland CCAA Entities' remaining assets, including condominium units, geothermal assets, the Kingsclub development and a joint-venture development between Downsview and Mattamy Homes. The status of these matters is discussed in the Cumberland Monitor's Seventeenth Report to Court dated July 14, 2017, which is attached as Appendix "C", without appendices.
3. On July 6, 2017, the Foreign Representative filed a motion in the Israeli Proceedings seeking authority to make a distribution in the amount of approximately \$24.5 million² to the Trustee in respect of the Secured Debt prior to the Plan being approved.

5.0 Disputed Claims

1. As detailed in the Information Officer's Fourth Report to Court dated March 9, 2017, there are four Canadian creditors that have disputed claims against UCI. On March 14, 2017, the Canadian Court made an order that these claims (other than the claim of Alan Saskin³) will be dealt with by the Canadian Court. A summary of the disputed claims is as follows.

(\$000s; unaudited)	
Claimant	Amount
Homelife Realty Inc.	618
Harris Sheaffer LLP	139
Janterra Real Estate Advisors Inc.	53
	<u>810</u>

2. Dentons has advised that it is presently attempting to resolve the disputed claims.

6.0 Lawsuit

1. On June 20, 2017, the Foreign Representative filed a lawsuit (the "Lawsuit") in Israel against Alan Saskin, TCC/Urbancorp Bay Stadium LP, The Webster Trust, Urbancorp Management Inc., Urbancorp Holdco Inc., and Ms. Doreen Saskin (collectively, the "Defendants"). The Lawsuit alleges that the Defendants breached obligations to UCI in connection with the issuance of the Debentures. The Lawsuit seeks monetary relief of approximately \$33.46 million based on current exchange rates.⁴ A commissioned English translation of the Statement of Claim filed by the Foreign Representative is attached as Appendix "D".

² The Foreign Representative is seeking to distribute NIS 70 million to the Trustee. The current NIS/CAD exchange rate is NIS0.35/\$1, which converts to \$24.5 million.

³ Alan Saskin's claim will be dealt with by the Israeli Court.

⁴ The lawsuit seeks relief of NIS95.6 million, which has been converted at the current exchange rate.

7.0 TCC/Urbancorp (Bay) Limited Partnership

1. KSV is also the Court appointed Monitor (the “Bay Monitor” and together with the Cumberland Monitor, the “Monitor”) of TCC/Urbancorp (Bay) Limited Partnership (“Bay LP”) and several related entities (the “Bay CCAA Entities”), which are subject to separate CCAA proceedings (the “Bay CCAA Proceedings”).
2. On October 18, 2016, the Court issued an order establishing a procedure to identify and quantify claims against the Bay CCAA Entities. As part of the claims process, the Foreign Representative, on behalf of UCI, submitted a claim against Bay LP of approximately \$6 million in respect of a promissory note issued by Bay LP to UTMI, which UTMI assigned to UCI. On December 9, 2016, the Monitor disallowed the claim in full.
3. On February 22, 2017, the Foreign Representative, on behalf of UCI, filed a motion to set aside the Monitor’s disallowance and to confirm a related \$2 million promissory note, originally issued by Bay LP to UTMI, and subsequently assigned by UTMI to Urbancorp Realtyco Inc., a Cumberland CCAA Entity.
4. Pursuant to an endorsement issued by the Honourable Mr. Justice Newbould on May 2, 2017 (the “May 2nd Decision”), the motion of the Foreign Representative was dismissed.
5. As a result of the May 2nd Decision, on June 23, 2017, the Foreign Representative filed a motion in the Bay CCAA Proceedings seeking leave to file a late claim against Bay LP for \$8 million based primarily on the tort of negligent misrepresentation. This motion has been adjourned *sine die* so that UCI and the Cumberland Monitor can address delivery of evidence and a litigation schedule in connection with UCI’s claim. In addition, the Foreign Representative does not intend to proceed with this motion until the Plan is approved as a term of the Plan is an assignment to UCI of all remaining claims of the Trustee.

8.0 Extension Order

1. On July 11, 2017, the Israeli Court granted an order extending the appointment of the Foreign Representative to October 11, 2017.
2. The Foreign Representative is seeking an order from the Canadian Court recognizing the Extension Order so that it can, *inter alia*, continue to advance the Plan and the Lawsuit. The Information Officer supports the relief requested by the Foreign Representative. A commissioned English translation of the Extension Order is provided in Appendix “E”.

9.0 Foreign Representative's Interim Fee Approval Motion in Israel

1. The Information Officer has reviewed a commissioned English translation of the "Application for the Grant of Instructions for Approval of the Functionary's Interim Fee" dated July 3, 2017 (the "Foreign Representative's Report"). A copy of the Foreign Representative's Report is attached as Appendix "F". Primarily for the benefit of the Israeli Court, but also in anticipation of concerns and questions of the Canadian Court in light of the Foreign Representative's Report, the Information Officer considered a response to the Foreign Representative's Report was warranted.
2. As a preliminary matter, the Information Officer notes that the Foreign Representative has only been appointed for, and the Israeli Proceedings only pertain to, UCI. Accordingly, the Israeli Proceedings are the foreign main proceeding for UCI but for no other Urbancorp entity. It must be kept in mind that the CCAA proceedings relating to many of the direct and indirect subsidiaries of UCI, be they the Cumberland CCAA Proceedings or Bay CCAA Proceedings, all of which are in Ontario, Canada, and all before the Canadian Court, are independent, main proceedings. They are not "secondary proceedings" as referenced in the Foreign Representative's Report. As main proceedings in their own right, they are under the full and exclusive jurisdiction and supervision of the Canadian Court.
3. It is the Canadian Court which appointed the Information Officer as the Monitor in the Cumberland CCAA Proceedings and Bay CCAA Proceedings. The Monitor is an officer of the Canadian Court and it is only the Canadian Court which exercises authority and direction over the Monitor. Accordingly, all of the assets of the Cumberland CCAA Entities and Bay CCAA Entities are subject to the exclusive control and oversight of the Monitor and the Canadian Court, which issued orders granting the Monitor enhanced powers in the CCAA Proceedings. Furthermore, the claims against any of the Cumberland CCAA Entities and Bay CCAA Entities are exclusively subject to claims procedures ordered by the Canadian Court and overseen and implemented by the Monitor. UCI's standing and, by extension, the Foreign Representative's standing, in the Cumberland CCAA Proceedings and Bay CCAA Proceedings is only as one of the creditors and the ultimate shareholder of the Cumberland CCAA Entities and Bay CCAA Entities.
4. With the foregoing understanding, it should be clear that the Foreign Representative does not "supervise" the Monitor (in the sense of exercising any control or direction over the Monitor) and the Foreign Representative cannot and does not direct the Monitor. In addition, the Monitor does not need the Foreign Representative's authorization for undertaking any of its activities. Administration of the assets, liabilities and claims of the Cumberland CCAA Entities and Bay CCAA Entities is the exclusive purview of the Monitor under the supervision of the Canadian Court.
5. Given that UCI is a significant stakeholder in the Cumberland CCAA Proceedings and Bay CCAA Proceedings, the Monitor endeavours to cooperate with the Foreign Representative so that it has its input and views on matters as a Monitor would do with any key stakeholder in a CCAA proceeding. In this manner, opposition to actions for which the Monitor must seek the Canadian Court's approval are kept to a minimum, which lends to more efficient, effective and less costly proceedings.

6. In light of the foregoing, while the Information Officer understands that the Foreign Representative may be required to ensure that it is and remains informed and knowledgeable about what is transpiring in the Cumberland CCAA Proceedings and Bay CCAA Proceedings, it notes that many, if not all, of the Foreign Representative's activities pertaining to any of the assets, liabilities or claims of the Cumberland CCAA Entities and Bay CCAA Entities are largely duplicative of the activities of the Monitor. The Monitor does not support the view that such activities of the Foreign Representative have resulted in additional recoveries for UCI or any other stakeholder.
7. In addition, Fuller Landau, in its capacities as the CCAA Monitor of Edge Residential Inc., Edge on Triangle Park Inc. and related entities and the Proposal Trustee of Alan Saskin, has prepared a report summarizing its views of the Foreign Representative's Report ("Fuller Landau Report"). A copy of the Fuller Landau Report is attached as Appendix "G".

10.0 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)(i) 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 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”

PROTOCOL
For Co-operation Among Canadian Court Officer and Israeli Functionary

BETWEEN:

GUY GISSIN , in his capacity
as Functionary Officer appointed by
the Israeli Court for Urbancorp Inc.

- and -

KSV KOFMAN INC., in its capacity
as proposal trustee and proposed monitor
of certain subsidiaries of Urbancorp Inc.

WHEREAS KSV Kofman Inc. ("**KSV**") was appointed the proposal trustee in respect of each of Urbancorp (Lawrence) Inc., Urbancorp (Mallow) Inc., Urbancorp (Patricia) Inc., Urbancorp (St. Clair Village) Inc., Urbancorp Downsview Park Development Inc. and Urbancorp Toronto Management Inc. (the "**Initial Subsidiaries**"), in notice of intention filings made by each of the Initial Subsidiaries under the *Bankruptcy and Insolvency Act* ("**BIA**") on April 21, 2016 (the "**Proposal Proceedings**");

AND WHEREAS Guy Gissin was appointed as Functionary Officer on a preliminary basis (the "**Israeli Parentco Officer**") of Urbancorp Inc. ("**Parentco**"), the parent of the Initial Subsidiaries, by order of the District Court in Tel Aviv-Yafo (the "**Israeli Court**") dated April 25, 2016 (the "**Israeli Functionary Order**") in case number 44348-04-16 *Reznik Paz Nevo Trusts Ltd. Vs. Urbancorp Inc.* (the "**Israeli Proceedings**");

AND WHEREAS it is anticipated that, with the exception of Bosvest Inc., Edge Residential Inc. and Edge on Triangle Park Inc., which are in separate BIA proposal proceedings with the Fuller Landau Group Inc. as proposal trustee, and Urbancorp Cumberland GP 2 Inc., Urbancorp Cumberland 2 LP and Westside Gallery Lofts Inc. (the "**Excluded Subsidiaries**"), all of the direct and indirect subsidiaries of Urbancorp Inc. (collectively, excluding the Excluded Subsidiaries, the "**Applicants**") will bring an application in the Ontario Superior Court of Justice – Commercial List (the "**Canadian Court**") for relief pursuant to the *Companies' Creditors Arrangement Act* (the "**CCAA Proceedings**") wherein the Proposal Proceedings will be taken up and continued within the CCAA Proceedings;

AND WHEREAS it is anticipated that the Israeli Parentco Officer will seek to have the Israeli Functionary Order and its role as the Israeli Parentco Officer recognized by the Canadian Court for the purpose of representing the interests of Parentco and participating as a stakeholder representative in the Applicants' CCAA Proceedings in connection with protecting the interests of Parentco's creditors, including the holders of the bonds issued on the Tel Aviv Stock Exchange (the "**Parentco Bonds**") pursuant to a deed of trust dated December 7, 2015 (the "**Parentco Bond Indenture**");

AND WHEREAS KSV and the Israeli Parentco Officer have agreed to work cooperatively on the terms set out herein to attempt to maximize recoveries through an orderly process for the stakeholders of Parentco and the Applicants (collectively, the "**Urbancorp Group**");

NOW THEREFORE, the Israeli Parentco Officer and KSV agree to implement the following protocol to cooperate with each other to maximize recoveries for the stakeholders of the Urbancorp Group:

1. The Israeli Parentco Officer will file an application under Part IV of the *Companies' Creditors Arrangement Act* ("CCAA"), seeking recognition of the Israeli Proceedings and of his appointment as foreign representative of Parentco thereunder, such application to seek recognition of the Israeli Proceedings as the "foreign main proceeding" with respect to Parentco. That application will include a request to appoint KSV as the Information Officer with respect to the Part IV CCAA proceedings of Parentco (the "**Part IV Proceedings**").
2. The Applicants will commence the CCAA Proceedings, proposing KSV to be appointed as Monitor with augmented powers so as to control ordinary course management and receipts and disbursements of funds for the Applicants. KSV acknowledges that the Israeli Parentco Officer shall have standing to appear before the Canadian Court as the representative of Parentco in the CCAA Proceedings.
3. The Israeli Parentco Officer and KSV agree that, with respect to the CCAA Proceedings:
 - (a) KSV shall provide the Israeli Parentco Officer with regular and timely information updates regarding the ongoing status of the CCAA Proceedings as they unfold. KSV will also provide information and updates to the Israeli Parentco Officer prior to the commencement of the CCAA Proceedings;
 - (b) The Israeli Parentco Officer shall provide KSV with at least three business days' prior notice (including full materials, translated into English) of any proceeding, motion or action it takes in the Israeli Court that will negatively impact the Applicants or the CCAA Proceedings. The Israeli Parentco Officer will also provide information and updates to KSV prior to the commencement of the CCAA Proceedings;
 - (c) KSV shall provide the Israeli Parentco Officer with at least three business days' prior notice (including full materials, translated into English) of any proceeding, motion or action it takes in the Canadian Court that will negatively impact the Urbancorp Inc. or the Israeli Proceedings. KSV will also provide information and updates to Israeli Parentco Officer prior to the commencement of the CCAA Proceedings;
 - (d) KSV shall provide to the Israeli Parentco Officer copies of all information pertaining to the Applicants:
 - (i) in KSV's possession that KSV considers material; or

(ii) as reasonably requested by the Israeli Parentco Officer,

provided that KSV, in good faith, is not of the view that such information is subject to privilege or confidentiality restrictions. If KSV is of the view that such information is subject to privilege or confidentiality restrictions, then KSV shall so inform the Israeli Parentco Officer and shall seek directions from the Canadian Court on notice to the affected parties in the CCAA Proceedings as to whether there are any restrictions which would prevent the disclosure of such information to the Israeli Parentco Officer.

(e) The Israeli Parentco Officer shall provide to KSV, in its capacity as the Information Officer of Parentco in the Part IV Proceedings, copies of all information pertaining to the Israeli Proceedings:

(i) in the Israeli Parentco Officer's possession that it considers material to the Israeli Proceedings and is not subject to privilege or confidentiality restrictions; or

(ii) as reasonably requested by KSV, provided that this shall not entitle KSV or any party requesting information through them to receive information on ongoing reviews or investigations being undertaken by the Israeli Parentco Officer or others in connection with the Israeli Proceedings; and

(f) KSV will run an orderly dual track sale and restructuring process with respect to the Applicants, subject to approval by the Canadian Court in the CCAA Proceedings, which will consider both development opportunities and opportunities to sell the properties of the Applicants. KSV will design such process collaboratively, with the Israeli Parentco Officer, with the understanding that at any time during the pendency of the sales process, should an offer come forward with respect to any or all of the Applicants contemplating a restructuring or other option which is acceptable to both KSV and the Israeli Parentco Officer, the sale process may be truncated in order to pursue the other option with respect to the Applicant(s) in question. Alternatively, should the sale process continue to the point of submission of bids, subject to Section 4(b) below, copies of all bids will be provided to the Israeli Parentco Officer by KSV, and KSV shall discuss same with the Israeli Parentco Officer, with the objective, but not the obligation, of hopefully concurring on the course of action to be followed in terms of which bids to continue negotiating or which bid(s) to select as the successful bidder(s). KSV acknowledges that, throughout these processes, the Israeli Parentco Officer may from time to time require instructions and/or directions from the Israeli Court, and that the process shall be conducted in a fashion to permit the Israeli Parentco Officer the opportunity to do so on a timeframe consistent with the urgency of the circumstances then in question. The Israeli Parentco Officer and KSV agree that, in the event there is a disagreement between the Israeli Parentco Officer and KSV as to the working out of the sale and restructuring process, whether it be in terms of selecting an alternative option to a sale (including, without limitation, pursuing any development opportunities), determining which bids to proceed to negotiate further, or seeking approval of a particular sale from

the Canadian Court supervising the CCAA Proceedings, the ultimate decision and course of action shall be determined by the Canadian Court on application by KSV for directions and provided that the Israeli Parentco Officer shall have standing as representative of Parentco to make full representations to the Canadian Court as to his views and recommendations.

- (g) The initial order made in the CCAA Proceedings concerning all of the Applicants shall contain the following paragraph pertaining to material or non-ordinary course decisions or disbursements:

THIS COURT ORDERS that the Applicants shall not, without further order of this Court: (a) make any disbursement out of the ordinary course of its Business exceeding in the aggregate \$100,000 in any calendar month; or (b) engage in any material activity or transaction not otherwise in the ordinary course of its Business.

In the event that such paragraph is not included in the initial order for the Applicants or any of them, then any such disbursement or other material activity or transaction shall not be made without the order of the Canadian Court.

4. The Israeli Parentco Officer and KSV further agree to cooperate as follows:
- (a) to the extent practicable, each shall share with the other copies of materials to be filed with their respective courts (but not drafts of any such materials), prior to the public filing of same. This provision may not apply to materials submitted in the course of seeking directions from the Canadian Court in the event of a disagreement between the Israeli Parentco Officer and KSV over the working-out of the sale process; and
 - (b) The Israeli Parentco Officer agrees that any information provided to him by KSV in the course of the sale process or concerning any restructuring alternatives, shall remain confidential and not be disclosed to any party without KSV's consent, not to be unreasonably withheld, it being acknowledged that the Israeli Parentco Officer shall be entitled to provide information to its advisors (provided they agree to be bound by the confidentiality restrictions detailed herein) and to both the Israeli Court and the Official Receiver of the Israeli Ministry of Justice, in each case on a sealed and private basis to obtain directions as needed, or as may be set forth in the Non-Disclosure Agreement executed by the Israeli Parentco Officer on May 11, 2016.
5. The Israeli Parentco Officer and KSV acknowledge that, at present, KSV has the amount of CDN\$1.9 million in a trust account, which funds KSV received from Urbancorp Partner (King South) Inc. ("UPKSI"), and which funds KSV has proposed to utilize as a form of interim funding for certain costs of the CCAA Proceedings, to be secured by a priming charge in favour of UPKSI against the assets of the entities utilizing the funds. KSV acknowledges that it will seek to obtain, as soon as possible, a general purpose DIP loan from third party sources and sufficient to repay amounts borrowed from UPKSI, using what are otherwise unencumbered assets of the Applicants (the "**DIP Loan**").

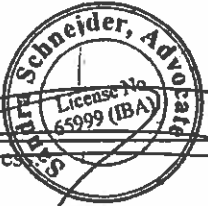
Upon being able to draw sufficient funds under the DIP Loan (which DIP Loan subject to the approval of the Canadian Court), KSV agrees that it will repay to UPKSI the interim loan made to that date in the preceding sentence from the DIP Loan and that it will, as the court-appointed monitor of UPKSI and subject to Court approval in the Part IV Proceedings, make available funds from that CDN\$1.9 million as an interim loan from UPKSI to Urbancorp Inc., to be secured by a priming DIP charge against the assets of Urbancorp Inc., to assist in the funding of the costs of the Part IV Proceedings including the reasonable costs incurred by the Israeli Parentco Officer in connection with the Part IV Proceedings, the reasonable fees and disbursements of the Israeli Parentco Officer's Canadian counsel and the Information Officer and its counsel.

6. The Israeli Parentco Officer shall support the commencement of the CCAA Proceedings. Provided that KSV is acting in good faith and has not engaged in willful misconduct or gross negligence, the Israeli Parentco Officer shall not take any steps to attempt to remove KSV as either the proposal trustee under the Proposal Proceedings or the monitor under the CCAA Proceedings or to in any way to interfere with or seek to limit KSV's powers in such capacities or to suggest that KSV must take instruction from it or the Israeli Court or terminate the CCAA Proceedings without the consent of KSV or by order of the Canadian Court. Nothing herein shall be deemed to grant any additional claims, rights, security or priority to, or in respect of, the Parentco Bonds or to the trustee under the Parentco Bond Indenture or to the Israeli Parentco Officer as against the Applicants or any affiliate or direct or indirect subsidiary of Parentco. In the event of any restriction or termination of the Israeli Parentco Officer's powers by the Israeli Court, this Protocol shall be deemed to be modified accordingly such that the Israeli Parentco Officer's powers and authority hereunder are no greater than those given to him by the Israeli Court.
7. This Protocol shall be governed by laws of Ontario and the laws of Canada as applicable and all disputes or requests for direction in connection with this Protocol shall be determined by the Canadian Court. Nothing herein is or shall be deemed to be an attachment by KSV to the Israeli Court or the laws of Israel.
8. The Israeli Court Officer and KSV agree to use reasonable efforts to seek to commence the proceedings noted above on or before May 18, 2016. KSV shall support, to the extent necessary, an application by the Israeli Parentco Officer to commence the Part IV Proceedings, on terms consistent with this Protocol, even if commenced before the CCAA Proceedings.

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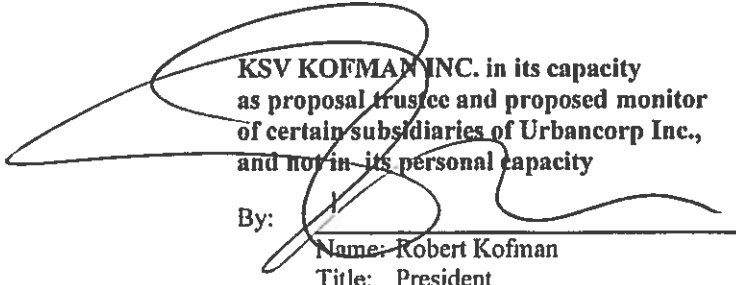
9. This Agreement is subject to the approval of the Israeli Court and the Canadian Court.

DATED this 13 day of May, 2016.

Name of Witness: _____


G. Gissin

Name: **GUY GISSIN**, the Israeli Parentco
Officer


**KSV KOFMAN INC. in its capacity
as proposal trustee and proposed monitor
of certain subsidiaries of Urbancorp Inc.,
and not in its personal capacity**
By: _____
Name: **Robert Kofman**
Title: **President**

Appendix “B”



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

May 4, 2017

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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**

MAY 4, 2017

1.0 Introduction

1. On April 21, 2016, Urbancorp (St. Clair Village) Inc. ("St. Clair"), Urbancorp (Patricia) Inc. ("Patricia"), Urbancorp (Mallow) Inc. ("Mallow"), Urbancorp Downsview Park Development Inc. ("Downsview"), Urbancorp (Lawrence) Inc. ("Lawrence") and Urbancorp Toronto Management Inc. ("UTMI") each filed a Notice of Intention to Make a Proposal pursuant to Section 50.4(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "NOI Proceedings"). (Collectively, St. Clair, Patricia, Mallow, Downsview and Lawrence are referred to as the "NOI Entities".) KSV Kofman Inc. ("KSV") was appointed as the Proposal Trustee in the NOI Proceedings.
2. On April 25, 2016, the District Court in Tel Aviv-Yafo (the "Israeli Court") issued a decision (the "April 25th Decision") appointing Guy Gissin as the functionary officer and foreign representative (the "Foreign Representative") of Urbancorp Inc. ("UCI") and granted him certain powers, authorities and responsibilities over UCI, the ultimate parent of the NOI Entities (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*, cooperation with respect to the restructuring process of the NOI Entities and 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 “Cumberland 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. 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) summarize the terms of a plan of arrangement (the “Plan”) for UCI filed by the Foreign Representative;
 - c) discuss an order issued by the Israeli Court extending the appointment of the Foreign Representative to July 21, 2017 (the “Extension Order”); and
 - d) recommend the Canadian Court grant an order recognizing the Extension Order.

1.2 Restrictions

1. In preparing this Report, the Information Officer has relied upon unaudited financial information of UCI, discussions with the Foreign Representative and its legal counsel and the reports issued by the Foreign Representative in the Israeli Proceedings. The Information Officer has not performed an audit or other verification of such information. The information discussed herein is preliminary and remains subject to further review. The Information Officer expresses no opinion or other form of assurance with respect to the information presented in this Report.

1.3 Currency

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

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. From the monies raised under the Debentures, UCI made separate loans (the “Shareholder Loans”) totalling approximately \$46 million to each of the NOI Entities so that the NOI Entities could repay their loan obligations owing at the time. The loan agreements in respect of the Shareholder Loans set out that these advances are unsecured and functionally subordinated to certain other obligations of the NOI Entities.

3.0 Claims Against UCI

1. The Foreign Representative has conducted a claims process for UCI. Twenty claims totalling approximately \$89 million¹ were filed against UCI. Of this amount, the Foreign Representative has admitted claims totalling approximately \$63.3 million.
2. UCI’s principal obligation is the Debentures. The Foreign Representative has admitted a claim of approximately \$62.6 million filed by Reznik Paz Nevo Trusts Ltd., the Trustee in respect of the Debentures (the “Trustee”). Of this amount, the Foreign Representative has admitted the Shareholder Loan component as a secured claim (the “Secured Debt”).
3. A summary of the claims admitted in UCI’s claims process is provided in the Information Officer’s Fourth Report to Court dated March 9, 2017 (the “Fourth Report”). A copy of the Fourth Report is attached as Appendix “A”, without appendices.

4.0 The Plan

1. **The following section provides an overview of the Plan. A copy of the Plan is attached as Appendix “B”. Review of this section is not a substitute for reading the Plan. Creditors are strongly encouraged to read the Plan in its entirety.**

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

2. The Foreign Representative is not seeking approval of the Plan in Canada at this time. The Plan was filed in Israel and is subject to the requisite level of acceptance by the creditors and approval of the Israeli Court. The Foreign Representative will seek an order recognizing the Plan in Canada if it receives the approvals required by the Israeli process.

4.1 Assets of UCI

1. The following sections provide an overview of the assets that may be available for distribution to creditors of UCI under the Plan.

4.2 Realizations from the Cumberland CCAA Entities

1. UCI's principal assets are its claims against the Urbancorp group of companies. The Cumberland Monitor has admitted a claim of approximately \$47 million filed by the Foreign Representative, on behalf of UCI, against the Cumberland CCAA Entities.²
2. The Cumberland Monitor has realized approximately \$80 million from the sale of assets owned by the Cumberland CCAA Entities. The Cumberland Monitor expects to make an interim distribution to creditors. As at the date of this Report, the estimated interim distribution to UCI is \$20 million. The interim distribution is subject to resolving a claim filed by Tarion Warranty Corporation and to the approval of the Canadian Court.
3. The Cumberland Monitor is likely to make additional distributions to UCI. The distributions are subject to resolving disputed claims. Additionally, the Monitor expects that there will be further additional recoveries, including from the 51% interest held by Downsvie in a real estate project with Mattamy Homes and from geothermal assets owned by certain of the Cumberland CCAA Entities.

4.3 Realizations from the Edge Group

1. The Fuller Landau Group Inc. (the "Edge Monitor") is the CCAA Monitor of, *inter alia*, Edge Residential Inc., Edge on Triangle Park Inc. and Bosvest Inc. (collectively, the "Edge Entities"), each affiliates of the Cumberland CCAA Entities. The Edge Monitor has admitted a claim of approximately \$16.6 million filed by the Foreign Representative, on behalf of UCI, against the Edge Entities.

² The total claim filed by the Foreign Representative was approximately \$57.7 million. The Cumberland Monitor admitted approximately \$47 million of the claim and disallowed the balance. The Cumberland Monitor and the Foreign Representative have agreed to reserve UCI's rights to dispute the disallowed portion of the claim.

2. The Edge Monitor estimates that distributions from the Edge Entities to UCI will be between \$3.7 million and \$11.6 million. The range reflects the uncertainty related to recovering on several alleged preference transactions involving the Edge Entities, including a claim against Canada Revenue Agency for Harmonized Sales Tax paid prior to the commencement of the Edge Entities' NOI proceedings.³

4.4 Other Potential Realizations

1. Other assets that may be available for distribution to UCI's creditors, include:
 - a) any amounts that may be recovered as a result of legal proceedings that may be taken against third parties and/or Alan Saskin, his family members and companies controlled by them and other parties with respect to, among other things, a breach of undertakings in the Deed of Trust (as discussed in greater detail in Section 4.5 below); and
 - b) potential realizations from an \$8 million claim filed by the Foreign Representative against TCC/Urbancorp (Bay) Limited Partnership ("Bay LP"), an affiliate of the Cumberland CCAA Entities.⁴ KSV is the Monitor of Bay LP ("Bay Monitor"), which is subject to separate CCAA proceedings. The Bay Monitor has disallowed the Foreign Representative's claim in full. A motion was heard by the Canadian Court on May 2, 2017 in order to determine UCI's claim against Bay LP. Further information regarding this claim is available in the Bay Monitor's Sixth Report to Court dated March 21, 2017 (the "Sixth Report"). A copy of the Sixth Report and various supplements to the Sixth Report can be found on the Bay Monitor's website at: <http://www.ksvadvisory.com/insolvency-cases/urbancorp-group/>.

4.5 Meetings to Consider the Plan

1. The Plan contemplates that there will be three separate meetings to consider the Plan:
 - a) a secured creditors' meeting will be held in Tel Aviv on May 24, 2017 at 9:00 a.m. (Toronto time). In accordance with the Plan, and as is customary in Israel, a preliminary meeting of the Debentureholders will be convened with the Trustee in advance of the secured creditors' meeting in order to instruct the Trustee on how to vote at the creditors' meetings;
 - b) an unsecured creditors' meeting will be held contemporaneously in Toronto and Tel Aviv on May 24, 2017 at 10:00 a.m. (Toronto time). A video link will connect the meetings, which will be held at the offices of the Foreign Representative in Tel Aviv and at the office of the Foreign Representative's Canadian counsel, Dentons Canada LLP ("Dentons")⁵, in Toronto;

³ The Edge Entities filed NOIs on April 29, 2016.

⁴ The Foreign Representative filed a claim for \$6 million against Bay LP and is seeking an order confirming the validity of a \$2 million claim by Urbancorp Realtyco Inc., a Cumberland CCAA Entity, against Bay LP.

⁵ Dentons' office is located at 77 King Street West, Suite 400, Toronto.

- c) a shareholders' meeting will be held in Toronto on May 24, 2017 at 11:00 a.m. (Toronto time). The Information Officer understands that a shareholders' meeting is being convened in order to satisfy Israeli Securities Law and regulations. If the requisite majority of creditors at their meetings vote in favour of the Plan, but the requisite majority of shareholders do not, the Foreign Representative still intends to seek the Israeli Court's approval of the Plan.

4.6 Notices

1. Pursuant to orders issued by the Israeli Court and the Canadian Court approving the claims process, a notice was published on May 29 and 30, 2016 in the Calcalist newspaper and the Globes newspaper, both of which are in Israel, and on June 24, 2016 in *The Globe and Mail* (National Edition). The notice advises of the claims process and of the claims bar date (August 5, 2016).
2. There are ten creditors located in Canada who filed claims against UCI. The Information Officer understands that the Foreign Representative will deliver by courier in advance of the meetings copies of the Plan to all creditors that filed claims, including creditors whose claims were disallowed. The Foreign Representative has also served a copy of the Plan on the service list in CCAA proceedings involving the Edge Entities, UCI, Cumberland and Bay LP CCAA Entities, as well as on the service list in Mr. Saskin's proposal proceedings. A copy of the Plan has also been posted on the Information Officer's website maintained for this proceeding.

4.7 Distributions

1. The Foreign Representative has borrowed NIS 500,000 (approximately \$170,000 based on the exchange rate at the time of the loan) from the Trustee to fund legal expenses in connection with these proceedings. The loan was made on the condition that it be returned to the Trustee prior to any distribution to UCI's creditors or the payment of the Foreign Representative's professional fees. Accordingly, the first \$170,000 available for distribution under the Plan will be paid to the Trustee.
2. As discussed above, the Debentures have a secured claim against UCI. Any amounts received by the Foreign Representative on account of the Shareholder Loans will be distributed to Debentures until full repayment of the Secured Debt. Other realizations will be distributed to UCI's unsecured creditors on a pro rata basis.
3. The Foreign Representative intends to maintain reserves for disputed claims, the class actions (if so instructed by the court) and future expenses, including legal and financial advisor costs.

4.8 Assignment of Claims

1. The Foreign Representative is seeking under the Plan to take an assignment of the claims of UCI's creditors in respect of any cause of action that they may have against third parties (the "Third Parties").
2. Subject to the approval of the Israeli Court, the Foreign Representative may take actions against any of the Third Parties which the Foreign Representative believes have responsibility for the insolvency of UCI and/or a breach of any law and/or which caused damage to UCI or its creditors.
3. In the event the Foreign Representative is successful in any actions against Third Parties, it will be entitled to a fee of 20% (at least) of the litigation proceeds. In response to questions concerning this fee, the Foreign Representative advised the Cumberland Monitor that a fee of this magnitude is customary on such recoveries.

4.9 Conditions to the Plan

1. In order for the Plan to be accepted, at least 75% in dollar value of claims of both classes of creditors and over 50% in number of both classes of creditors must vote in favour of the Plan or the Plan must be approved pursuant to Section 350 of the Israeli *Companies Law 5759-1999* (the "Companies Law")⁶. Voting letters were provided in English to all Canadian creditors.
2. If accepted by the requisite majority of creditors, the Plan must also be approved by the Israeli Court and be recognized by the Canadian Court.
3. The Information Officer will file a further report with the Canadian Court regarding the results of the vote on the Plan.

5.0 Extension Order

1. On April 20, 2017, the Israeli Court granted an order extending the appointment of the Foreign Representative to July 21, 2017.
2. The Foreign Representative is seeking an order from the Canadian Court recognizing the Extension Order so that it can, *inter alia*, implement the proposed Plan. The Information Officer supports the relief requested by the Foreign Representative. A translation of the Extension Order is provided in Appendix "C".

⁶ The Information Officer understands that the Companies Law provides the Functionary with a cram-down right to seek Israeli Court approval of the Plan should the secured creditors vote in favour of the Plan, but the unsecured creditors vote against the Plan.

6.0 Conclusion and Recommendation

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

* * *

All of which is respectfully submitted,

A handwritten signature in blue ink that reads "KSV Kofman Inc".

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

Schedule "A"

Urbancorp Toronto Management Inc.

Urbancorp (952 Queen West) Inc.

King Residential Inc.

Urbancorp 60 St. Clair Inc.

High Res. Inc.

Bridge on King Inc.

Urbancorp Power Holdings Inc.

Vestaco Homes Inc.

Vestaco Investments Inc.

228 Queen's Quay West Limited

Urbancorp Cumberland 1 LP

Urbancorp Cumberland 1 GP Inc.

Urbancorp Partner (King South) Inc.

Urbancorp (North Side) Inc.

Urbancorp Residential Inc.

Urbancorp Realtyco Inc.

Appendix “C”



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

July 14, 2017

and

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

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

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

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

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

SEVENTEENTH REPORT OF KSV KOFMAN INC.

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

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

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

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

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

NINTH REPORT OF KSV KOFMAN INC.

JULY 14, 2017

1.0 Introduction

1. On April 21, 2016, Urbancorp (St. Clair Village) Inc. (“St. Clair”), Urbancorp (Patricia) Inc. (“Patricia”), Urbancorp (Mallow) Inc. (“Mallow”), Urbancorp Downsview Park Development Inc. (“Downsview”), Urbancorp (Lawrence) Inc. (“Lawrence”) and Urbancorp Toronto Management Inc. (“UTMI”) each filed a Notice of Intention to Make a Proposal (“NOI”) pursuant to Section 50.4(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (collectively, St. Clair, Patricia, Mallow, Downsview, Lawrence and UTMI are referred to as the “NOI Entities”). KSV Kofman Inc. (“KSV”) was appointed as the Proposal Trustee of each of the Companies.
2. Pursuant to an Order made by the Ontario Superior Court of Justice (Commercial List) (the “Court”) dated May 18, 2016 (the “Initial Order”), the NOI Entities, together with the entities listed on Schedule “A” attached (collectively, the “Cumberland CCAA Entities” and each a “Cumberland CCAA Entity”), were granted protection under the *Companies’ Creditors Arrangement Act* (the “CCAA”) and KSV was appointed monitor of the Cumberland CCAA Entities (the “Monitor”).
3. Certain Cumberland CCAA Entities¹ are known direct or indirect wholly-owned subsidiaries of Urbancorp Cumberland 1 LP (“Cumberland”). Collectively, Cumberland and its direct and indirect subsidiaries are the “Cumberland Entities” and each individually is a “Cumberland Entity”. Each Cumberland Entity is a nominee for Cumberland and, as such, the assets and liabilities of the Cumberland Entities are assets and liabilities of Cumberland. The remaining Cumberland CCAA Entities² are direct or indirectly wholly owned by Urbancorp Inc. (“UCI”) (collectively, the “Non-Cumberland Entities”). The corporate chart for the Cumberland CCAA Entities and the Non-Cumberland Entities is provided in Appendix “A”.
4. On April 25, 2016, the District Court in Tel Aviv-Yafo, Israel issued a decision appointing Guy Gissin as the functionary officer and foreign representative (the “Foreign Representative”) of UCI and granting him certain powers, authorities and responsibilities over UCI.
5. On April 25, 2016, Urbancorp (Woodbine) Inc. (“Woodbine”) and Urbancorp (Bridlepath) Inc. (“Bridlepath”) each filed a NOI. KSV was appointed as the Proposal Trustee of each of Bridlepath and Woodbine.
6. Pursuant to an order made by the Court dated October 18, 2016, TCC/Urbancorp (Bay) Limited Partnership (“Bay LP”), Bridlepath and Woodbine and the entities listed on Schedule “B” (collectively, the “Bay CCAA Entities”, and together with the Cumberland CCAA Entities, the “CCAA Entities”) were granted protection in a separate CCAA proceeding and KSV was appointed Monitor of the Bay CCAA Entities.

¹ St. Clair., Patricia, Mallow, Lawrence, Urbancorp (952 Queen West) Inc., King Residential Inc., Urbancorp 60 St. Clair Inc., High Res. Inc., Urbancorp Partner (King South) Inc., Urbancorp (North Side) Inc. and Bridge on King Inc.

² Vestaco Homes Inc., Vestaco Investments Inc., Urbancorp Power Holdings Inc., UTMI, Downsview, 228 Queens Quay West Limited, Urbancorp Residential Inc., Urbancorp Realtyco Inc., Urbancorp Cumberland 1 GP Inc.

7. Each Bay CCAA Entity is a wholly owned subsidiary of Bay LP, except Deaja Partner (Bay) Inc. Each of Bay LP's subsidiaries is a nominee for Bay LP and, as such, their assets and liabilities are assets and liabilities of Bay LP. The corporate chart for the Bay CCAA Entities is provided in Appendix "B".
8. On April 26, 2017, the Court issued orders extending the stay of proceedings for the Cumberland CCAA Entities and the Bay CCAA Entities to July 31, 2017.

1.1 Purposes of this Report

1. The purposes of this report ("Report") are to:
 - a) provide an update on the CCAA proceedings;
 - b) report on the consolidated cash flow projections of the Cumberland CCAA Entities and of the Bay CCAA Entities for the period August 1, 2017 to October 31, 2017 ("Cash-Flow Statements");
 - c) summarize and seek approval of the fees and expenses of KSV, as Monitor of the CCAA Entities, the Monitor's counsel, Davies Ward Philips & Vineberg LLP ("Davies") and the CCAA Entities' counsel, WeirFoulds LLP ("WeirFoulds"), for the periods referenced in the attached Fee Affidavits; and
 - d) recommend that the Court issue orders:
 - i. granting an extension of the stay of proceedings for the CCAA Entities to October 31, 2017; and
 - ii. approving the fees and disbursements of the Monitor, Davies and WeirFoulds, as detailed in this Report.

1.2 Currency

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

1.3 Restrictions

1. In preparing this Report, the Monitor has relied upon unaudited financial information of the CCAA Entities, the books and records of the CCAA Entities and discussions with representatives of the CCAA Entities, including their lawyers and accountants. The Monitor has not performed an audit or other verification of such information. The financial information discussed herein is subject to further review. The Monitor expresses no opinion or other form of assurance with respect to the financial information presented in this Report.

2. An examination of the CCAA Entities' Cash Flow Statements as outlined in the Chartered Professional Accountant Canada Handbook has not been performed. Future oriented financial information relied upon in this Report is based upon the CCAA Entities' assumptions regarding future events; actual results achieved may vary from this information and these variations may be material.

2.0 Background

1. The CCAA Entities, together with several affiliates, comprise the Urbancorp Group of Companies (collectively, the "Urbancorp Group"). The Urbancorp Group primarily engages in the development, construction and sale of residential properties in the Greater Toronto Area. The Urbancorp Group also owns rental properties and geothermal assets.

2.1 UCI

1. UCI was incorporated on June 19, 2015 for the purpose of raising capital in the public markets in Israel. Pursuant to a Deed of Trust dated December 7, 2015, UCI made a public offering of debentures (the "IPO") in Israel for NIS180,583,000 (approximately \$64 million based on the exchange rate at the time of the IPO) (the "Debentures").
2. From the monies raised under the IPO, UCI made unsecured loans (the "Shareholder Loans") totalling approximately \$46 million to each of the NOI Entities (other than UTMI) so that these entities could repay their loan obligations owing at the time. The loan agreements in respect of the Shareholder Loans set out that repayment of the Shareholder Loans is subordinated to the certain other obligations of the NOI Entities (the "Permitted Amounts").

3.0 Update on CCAA Proceedings

3.1 Interim Distribution

1. On June 27, 2017, the Court made orders authorizing and directing the Monitor to make an interim distribution to creditors with admitted claims against the Cumberland Entities and the Bay CCAA Entities. The majority of the distributions were paid during the week of July 10, 2017.

2.1.1 Cumberland Distribution

1. A summary of the distribution to the Cumberland Entities' creditors is provided in the table below.

(\$000s; unaudited)	Amount
Cash available for Cumberland Distribution	
Current bank balance	63,100
Cash holdback for costs in administration	(8,200)
Net cash available	54,900
Disputed claims	(11,994)
Net amount distributed	42,906
Admitted claims	50,478
Distribution	
UCI (Shareholder Loans)	29,396
Other creditors	13,510
	42,906

2. The table reflects that the Monitor made a distribution of approximately \$42.9 million to the Cumberland Entities' creditors. As the repayment of the Shareholder Loans is subordinated to the repayment of the Permitted Amounts, UCI was required to assign its distributions to those creditors that have claims for the Permitted Amounts until those creditors' claims were repaid in full. Since the remaining admitted unsecured claims were relatively insignificant, the Foreign Representative agreed to subordinate repayment of the Shareholder Loans to all currently admitted claims against the Cumberland Entities (but not to any currently disputed claims) such that all currently admitted claims were repaid in full.
3. The table also reflects that the Monitor has reserved for the full amount of the disputed claims. A summary of the disputed claims is reflected in the table below.

(\$000s; unaudited)	Amount
Claimant	
Speedy Electrical Contractors Ltd.	2,324
Tarion Warranty Corporation	2,787
Employee Claims	2,456
Travelers Insurance Company of Canada	4,404
Other	23
	11,994

4. The Monitor is presently dealing with the disputed claims and is in the process of working out agreed schedules with the claimants for referring a number of the claims to Court for determination.

2.1.2. Bay Distribution

1. A summary of the distribution to the Bay CCAA Entities' creditors is provided in the table below.

(\$000s; unaudited)	Amount
Cash available for Bay Distribution	
Current bank balance	19,780
Cash holdback for costs in administration	(3,000)
Net cash available	16,780
Disputed secured claims	(6,014)
Reserve for interest and fees on secured debt and other items	(4,000)
Net amount distributed	6,766
Admitted claims	9,315
Disputed unsecured claims	11,172
Total admitted and disputed claims	20,487
Bay CCAA Entities' creditors recovery if all disputed claims are admitted	33%
Bay Distribution	3,075

2. The table reflects that the Monitor made a distribution of approximately \$3.1 million to the Bay CCAA Entities' creditors with admitted claims (33% of the admitted claims).
3. The Monitor reserved funds for all disputed claims, as reflected in the table below.

(unaudited; \$000)	Amount
Claimant	
Secured Claim	
Terra Firma Capital Corporation (principal, interest and cost reserve)	10,014
Unsecured Claims	
UCI	8,000
Employee Claims	2,456
Tarion Warranty Corporation	716
	11,172
Total Disputed Claims	21,186

4. The Monitor is presently dealing with legal counsel to the parties with disputed claims. In that regard:
 - a) a motion is scheduled to be heard on September 5, 2017 to determine Terra Firma Capital Corporation's ("TFCC") claim; and
 - b) UCI's claim has been adjourned *sine die* so that UCI and the Monitor can address delivery of evidence and a litigation schedule in connection with UCI's claim.

3.2 Geothermal Assets

1. Certain of the Cumberland CCAA Entities have an interest in geothermal assets (collectively, the "Geothermal Assets") located at four condominium projects developed by entities in the Urbancorp Group of Companies. The condominium projects are as follows:

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

2. Pursuant to energy supply agreements, each condominium corporation (collectively, the "Condo Corporations") is required to pay Urbancorp Renewable Power Inc. ("URPI") for the supply of the geothermal energy. URPI is neither a subsidiary of UCI nor subject to CCAA proceedings. The Monitor understands that URPI is owned by Alan Saskin. URPI is required to pay the revenue it receives from the Condo Corporations to the Urbancorp entity that holds the geothermal energy system, net of a management fee payable to URPI and other costs (such as repairs and maintenance costs).
3. The registered owners of the geothermal energy systems appear to be Vestaco Homes Inc. (Bridge), Vestaco Investments Inc. (Curve) and 228 Queen's Quay West Ltd. (Edge), each of which is a Cumberland CCAA Entity. The registered owner of the Fuzion geothermal energy system appears to be Urbancorp New Kings Inc. ("UNKI") and Urbancorp Management Inc., each as to 50% and each of which is not subject to CCAA proceedings. The Fuller Landau Group Inc. ("Fuller Landau"), in its capacity as Monitor of certain of the other entities in the Urbancorp Group of Companies, including Edge Residential Inc., Edge on Triangle Park Inc. and Bosvest Inc. (collectively, the "Edge Companies"), has indicated that the Edge Companies may have an interest in the Edge geothermal system.

4. The Bridge and Fuzion Condo Corporations have failed to make payments to URPI under their supply agreements since March, 2016. The Edge Condo Corporation has failed to make payments to URPI under its supply agreement since April, 2016. As a result, URPI has commenced litigation against these Condo Corporations. The Monitor understands that the Condo Corporations for Edge, Bridge and Fuzion have paid the amounts owing to URPI into their lawyer's trust account pending resolution of the litigation proceedings. Representatives of URPI have advised the Monitor that a motion is scheduled to be heard on August 1 and 2, 2017 to deal with URPI's claims against Edge, Bridge and Fuzion.
5. The Monitor understands that the Condo Corporation for Curve alleges that it exercised a right to purchase its geothermal system, and, accordingly, is no longer making any payments to URPI. No payment has been received in connection with the alleged purchase. A further Court hearing will be required to deal with URPI's claim against Curve.
6. Once the geothermal litigation is resolved, the Monitor intends to work with Fuller Landau and other relevant parties with an interest in these assets to sell the Geothermal Assets.

3.3 Residential Unit Sale Process

1. On December 14, 2016, the Court issued an order (the "Sale Process Order") approving a sale process for 28 condominium units (the "Residential Units") held by Urbancorp Residential Inc. ("URI") and King Residential Inc.³ ("KRI"), each of which is a Cumberland CCAA Entity. Pursuant to the Sale Process Order, Brad J. Lamb Realty Inc. ("Brad Lamb Realty") is marketing the Residential Units for sale.
2. On January 27, 2017, the Court issued an order, *inter alia*, authorizing the Monitor to complete transactions for the Residential Units provided it is satisfied with the purchase price and other terms of the transaction (the "Transaction Order").
3. Since the Transaction Order, the Monitor has closed seven transactions for the Residential Units. The transactions have generated proceeds, net of real estate commissions, of approximately \$2.7 million. Each Residential Unit has sold above its asking price.
4. As of July 1, 2017, all of the Residential Units are vacant. Brad Lamb is presently marketing two Residential Units at a time.

³ URI and KRI are nominee companies for Urbancorp Realty Co. and Urbancorp Cumberland 1 LP, respectively.

3.4 Urbancorp New Kings Inc.

1. Urbancorp Cumberland 1 LP, a Cumberland CCAA Entity, is the shareholder of UNKI. UNKI appears to be a nominee for Cumberland. UNKI is not subject to the CCAA proceedings. UNKI owns a 50% interest in a development located at 1100 King Street West, Toronto (the “Kingsclub Development”). The remaining 50% interest of the Kingsclub Development is owned by King Liberty North Corporation (“KLNC”), an affiliate of First Capital (S.C.) Corporation (“FCSCC”).⁴
2. The Kingsclub Development is a significant project presently under construction and is to consist of retail space, residential space and related parking spaces. The retail development is projected to be completed by the end of 2017 and the residential development is projected to be completed by the end of 2018.
3. Pursuant to the Initial Order, Robert Kofman, the President of KSV and the person with primary oversight of these proceedings on behalf of the Monitor, or such representative of KSV as Mr. Kofman may designate in writing from time-to-time, was appointed to the management committee of the Kingsclub Development in place of Alan Saskin, the sole officer and director of UNKI.
4. As of May 31, 2017, UNKI and KLNC had borrowed approximately \$103.8 million from Bank of Nova Scotia (the “BNS Loan”) and \$69.3 million from FCSCC (“FCSCC Loan”) in connection with the financing of the Kingsclub Development.
5. The Monitor, KLNC and FCSCC have entered into a Court-approved standstill agreement in respect of the Kingsclub Development (the “Standstill Agreement”). The Standstill Agreement is intended to facilitate an orderly completion of the Kingsclub Development. The Monitor is continuing to oversee the Kingsclub Development with a view to generating recoveries from this asset. The recoveries, if any, cannot be quantified at this time.

3.5 Downsview

1. Downsview Homes Inc. (“DHI”) owns land located at 2995 Keele Street in Toronto, which is being developed into condominiums and low-rise residences (the “Downsview Project”). The shares of DHI are owned by Downsview (51%) and Mattamy (Downsview) Limited, an affiliate of Mattamy Homes (“Mattamy”) (49%).
2. Prior to the commencement of the CCAA proceedings, Mattamy made advances to DHI on behalf of Downsview. Downsview also has obligations to Mattamy under a co-ownership agreement with Mattamy (“Ownership Agreement”).
3. Downsview’s only material asset is its interest in DHI. Pursuant to the Ownership Agreement and other agreements, Downsview’s shares of DHI are subject to transfer restrictions in favour of Mattamy and are pledged as security to Mattamy.

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

4. The Downsview project consists of two phases. The first phase is scheduled to be completed during 2017, while the second phase is not expected to be completed for several years.
5. The Monitor is continuing to oversee this project, including reviewing pro-formas and corresponding with Mattamy. The project has the potential to generate significant realizations for stakeholders in these proceedings, albeit the timeframe for doing so is uncertain and appears to have been delayed due to changes in certain aspects of the development. The Monitor is awaiting an updated financial forecast for this project from Mattamy and a status report on the changes to the development.

3.6 Benefits of CCAA vs Bankruptcy

1. The Monitor has considered whether the CCAA Entities should be assigned into bankruptcy. As discussed herein, the Monitor continues to address several complex issues in these proceedings. In the Monitor's view, there may be negative consequences if the CCAA Entities are bankrupted at this time, including:
 - a) if Cumberland is bankrupted it may trigger an event of default under the terms of the Standstill Agreement as UNKI is a nominee for Cumberland. Pursuant to the Standstill Agreement, if there is an event of default, KLNC and FCSCC are able to exercise their rights and remedies under the FCSCC Loan;
 - b) a Cumberland bankruptcy may also be an event of default under the BNS Loan, which could have broader implications on the Kingsclub Development;
 - c) if Downsview is bankrupted, it may be considered an event of default under its Ownership Agreement with Mattamy and would permit Mattamy to enforce its share pledge and other security over Downsview's interests in the Downsview Project; and
 - d) the additional costs of assigning each of the CCAA Entities into bankruptcy would erode the funds available for creditors, with no clear benefit.
2. It is the Monitor's view that the complexity of the matters in these proceedings are better addressed by a Court than by inspectors appointed in a bankruptcy.
3. Based on the foregoing, the Monitor is of the view that that these proceedings should continue under the CCAA.

4.0 Statement of Receipts and Disbursements

4.1 Cumberland CCAA Entities

1. A consolidated statement of receipts and disbursements for the Cumberland CCAA Entities for the period May 18, 2016, the date the Cumberland CCAA proceedings commenced, to July 14, 2017, is reflected in the table below.

(unaudited; C\$000's)	Amount
Receipts	
Sale of assets	81,078
Debtor-in-possession financing	
Atrium Mortgage Investment Corporation	3,078
Urbancorp Partner (King South) Inc.	1,900
Other	843
Total Receipts	86,899
Disbursements	
Court-approved Distributions	
Atrium Mortgage Investment Corporation (DIP)	3,278
Atrium Mortgage Investment Corporation (Mortgages)	7,940
Mortgage repayments	1,911
Interim Distribution	42,906
	56,035
Professional fees	3,930
Court approved loan to Urbancorp Inc.	1,600
Payroll	1,228
Real estate commissions	943
Sundry operating expenses	2,423
Total disbursements	66,159
Net Cash Flow	20,740
Opening Bank Balance	874
Net Cash Flow	20,740
Closing Bank Balance	21,614

4.2 Bay CCAA Entities

1. A consolidated statement of receipts and disbursements for the Bay CCAA Entities for the period October 18, 2016, the date the Bay CCAA proceedings commenced, to July 14, 2017, is reflected in the table below.

(unaudited; C\$000's)	Amount
Receipts	
Sale of assets	39,093
Other	417
Total Receipts	39,510
Disbursements	
Court approved Distributions	
Atrium Mortgage Investment Corporation	11,595
Laurentian Bank of Canada	5,477
Interim Distribution	3,075
	20,147
Professional fees	968
Real estate commissions	945
Sundry operating expenses	282
Total disbursements	22,342
Net Cash Flow	17,168
Opening Bank Balance	-
Net Cash Flow	17,168
Closing Bank Balance	17,168

5.0 Cash Flow Forecasts

1. Consolidated cash flow projections have been prepared for the CCAA Entities for the period August 1, 2017 to October 31, 2017 (the "Period"). The Cash-Flow Statements and the CCAA Entities' statutory reports on the cash flow pursuant to Section 10(2)(b) of the CCAA are attached as Appendices "D" and "E", respectively.
2. The expenses in the Cash-Flow Statements are primarily comprised of payroll, general and administrative expenses and professional fees. The CCAA Entities have sufficient cash to pay all disbursements during the Period.
3. Based on the Monitor's review of the Cash-Flow Statements, there are no material assumptions which seem unreasonable in the circumstances. The Monitor's statutory reports on the cash flows are attached as Appendix "F".

6.0 Request for an Extension

1. The CCAA Entities are seeking an extension of the stay of proceedings from July 31, 2017 to October 31, 2017. The Monitor supports their request for extensions of the stay of proceedings for the following reasons:
 - a) the CCAA Entities are acting in good faith and with due diligence;
 - b) no creditor will be prejudiced if the extensions are granted;
 - c) it will allow the Cumberland CCAA Entities and the Monitor further time to deal with the remaining assets owned by the Cumberland CCAA Entities, including the Residential Units, the Geothermal Assets, the Downsview Project and the Kingsclub Development;
 - d) it will allow the Monitor the opportunity to resolve the disputed claims; and
 - e) as of the date of this Report, neither the CCAA Entities nor the Monitor is aware of any party opposed to an extension.

7.0 Professional Fees

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

Firm	Period	(\$)		
		Fees	Disbursements	Total
<u>Cumberland CCAA Entities</u>				
KSV	Apr 1/17 – Jun 30/17	223,852.00	403.40	224,255.40
Davies	Apr 1/17 – Jun 30/17	202,127.00	3,224.88	205,351.88
WeirFoulds	Apr 1/17 – May 31/17	27,034.00	515.91	27,549.91
Total		<u>453,013.00</u>	<u>4,144.19</u>	<u>457,157.19</u>
<u>Bay CCAA Entities</u>				
KSV	Apr 1/17 – May 31/17	57,041.00	-	57,041.00
Davies	Apr 1/17 – Jun 30/17	103,775.00	480.75	104,255.75
WeirFoulds	Apr 1/17 – May 31/17	20,013.50	1,279.65	21,293.15
Total		<u>180,829.50</u>	<u>1,760.40</u>	<u>78,334.15</u>

2. Detailed invoices are provided in appendices to the fee affidavits filed by representatives of KSV, Davies and WeirFoulds which are provided in Appendices “G”, “H” and “I”, respectively.

3. The average hourly rates for the Monitor, Davies and WeirFoulds are as follows:

Firm	Average Hourly Rate (\$)
<u>Cumberland CCAA Entities</u>	
KSV	505.94
Davies	854.30
WeirFoulds	627.24
<u>Bay CCAA Entities</u>	
KSV	559.78
Davies	893.07
WeirFoulds	633.34

4. Since the last fee approval motion, the main matters being addressed by Davies and WeirFoulds include: resolving issues related to claims filed by UCI (including litigation involving promissory notes issued by TCC Bay), dealing with matters related to the distribution; preparing for a motion to resolve TFCC's claim; dealing with the sale of the Residential Units and dealing with matters related to the Geothermal Assets.
5. The Monitor is of the view that the hourly rates charged by Davies and WeirFoulds are consistent with rates charged by law firms practicing in the area of restructuring and insolvency in the downtown Toronto market, and that the fees charged are reasonable and appropriate in the circumstances.

8.0 Conclusion and Recommendation

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

* * *

All of which is respectfully submitted,



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

Schedule "A"

Urbancorp Toronto Management Inc.

Urbancorp (952 Queen West) Inc.

King Residential Inc.

Urbancorp 60 St. Clair Inc.

High Res. Inc.

Bridge on King Inc.

Urbancorp Power Holdings Inc.

Vestaco Homes Inc.

Vestaco Investments Inc.

228 Queen's Quay West Limited

Urbancorp Cumberland 1 LP

Urbancorp Cumberland 1 GP Inc.

Urbancorp Partner (King South) Inc.

Urbancorp (North Side) Inc.

Urbancorp Residential Inc.

Urbancorp Realtyco Inc.

Schedule “B”

The Townhouses of Hogg’s Hollow Inc.

King Towns Inc.

Newtowns at Kingtowns Inc.

Deaja Partner (Bay) Inc.

TCC Urbancorp (Bay) Limited Partnership

Appendix “D”

In the Tel Aviv District Court

CF 46263-06-17

In re: Adv. Guy Gissin, functionary for Urbancorp Inc., Canadian company no. 2471774

by Advs. Yael Hershkovich and/or Gilad Bergstein and/or Michael Misul, of Gissin & Co., Advocates, of 38B Habarzel Street, Tel Aviv 69710, Tel. 03-7467777, Fax. 03-7467700

The Plaintiff

and in re: 1. Mr. Alan Saskin¹, QK215602

through the Fuller Landau Group Inc. (as proposal trustee of Alan Saskin)

by Adv. Ofer Tzur *et al*, of Gornitzky & Co., Advocates, of 45 Rothschild Boulevard, Tel Aviv 6578403, Tel. 03-7109191, Fax. 03-5606555

OR

by Advs. Gad Ticho and/or Ishai Shidlowky-Or, of Caspi & Co., Advocates, of 33 Yaabetz Street, Tel Aviv, Tel. 03-7961000, Fax. 03-7961001

2. TCC/Urbancorp Bay Stadium LP

3. The Webster Trust

4. Urbancorp Management Inc.

the Second to Fourth Defendants by Adv. Ofer Tzur *et al*, of Gornitzky & Co., Advocates, of 45 Rothschild Boulevard, Tel Aviv 6578403, Tel. 03-7109191, Fax. 03-5606555

5. Urbancorp Holdco Inc.

through the Fuller Landau Group Inc. (as proposal trustee of Alan Saskin)

¹ As detailed in paragraph 8 below, to the Functionary's understanding pursuant to the Canadian insolvency laws, the personal insolvency proceedings of Mr. Saskin impose a suspension of proceedings against Mr. Saskin, and the Canadian court's approval will be required to conduct this claim against Mr. Saskin.

by Adv. Ofer Tzur *et al*, of Gornitzky & Co., Advocates, of 45 Rothschild Boulevard, Tel Aviv 6578403, Tel. 03-7109191, Fax. 03-5606555

6. Mrs. Doreen Saskin

of 155 Cumberland Street, Suite 1202, Toronto, Ontario, Canada M5R 1A2

the Defendants

and in re: The Official Receiver

of 2 Hashlosa Street, Tel Aviv, Tel. 03-6899695, Fax. 02-6467558

The Official Receiver

Nature of the claim: monetary, declaratory.

The declaratory claim: to declare that the Defendants or any of them jointly and severally breached obligations that they assumed towards the Company, in the framework of and as a condition for an issue of bonds pursuant to a prospectus

The monetary claim: NIS 95,628,659.

Statement of Claim

This claim is being filed further to investigations and checks carried out by Adv. Guy Gissin as functionary for Urbancorp Inc. (in creditors' arrangement approval proceedings) (hereinafter respectively - the "**Functionary**" or the "**Plaintiff**" and the "**Company**") and in accordance with the Tel Aviv District Court's approval of May 21, 2017 and May 24, 2017 in LF 44348-04-16 (privileged application no. 37 before His Honor the President Eitan Orenstein) (hereinafter as the context admits - the "**insolvency proceedings**" and the "**insolvency court**").

From the checks and investigations of the Functionary, including in reliance on findings made by monitors appointed for companies under the Company's control in Canada, it emerges that the First Defendant, together with his wife (the Sixth Defendant) (who are the controlling shareholders of the Company through the Second to Fifth Defendants), and certain private companies which are directly or indirectly under their ownership and control (including the Second to Fifth Defendants), breached obligations that they assumed towards the Company. On the basis of these obligations, the Company issued bonds in Israel, and raised from the Israeli public approx.

NIS 180,000,000 in December 2015, relied on them and included them in the prospectus that it published for the purpose of raising bonds from the Israeli public. Pursuant to these obligations, the Defendants or any of them should have transferred certain rights and assets to the Company, as consideration for an allotment of shares of the Company to corporations owned by the Defendants or any of them, as detailed below.

In addition, as emerges from the findings made in the Functionary's investigations and checks, the Defendants or any of them unlawfully and/or without due consideration transferred monies and assets of subsidiaries of the Company, for the purpose of paying debts of the First Defendant and/or to companies under the ownership and control of the First Defendant and/or his wife (the Sixth Defendant) which are not the Company or companies from its group, including some of the Defendants as detailed below. As detailed below, according to the Functionary's investigations, the wrongful acts of the Defendants or any of them, caused the Company and its subsidiaries damage and/or financial losses in a sum of **approx. CAD 32.5 million**.

For all the reasons and grounds detailed at length below in the body of this claim, the Honorable Court is moved to act as follows:

- (a) To declare that the First Defendant, Mr. Alan Saskin - the Company's controlling shareholder, chairman of the board of directors (hereinafter - "**Mr. Saskin**" or the "**controlling shareholder**"), and the driving force behind the activity of the Company and all the companies under its control, at the times relevant to this claim, breached the prospectus obligations detailed in Chapters C.1 to C.4 below, and to order him to pay the Company the sum of **CAD 32,568,770**, in their value according to the representative rate on the date designated for performing any obligation (**a total of NIS 95,628,659**), jointly and severally with the other Defendants.
- (b) To declare that the Second Defendant, TCC/Urbancorp Bay Stadium LP (hereinafter - "**TCC Stadium**") and the Fifth Defendant, Urbancorp Holdco Inc., companies under the control and ownership of the First Defendant and the Sixth Defendant, through which undertakings were given to the Company pursuant to the prospectus, breached their obligations pursuant to the prospectus as detailed in Chapters C.1 to C.3 below and to order them to pay the Company the sum of **CAD 29,298,770**, in their value according to the representative rate on the date designated for performing any obligation (**a total of NIS 86,704,859**), jointly and severally with the other Defendants.
- (c) To declare that the Third Defendant, The Webster Trust (hereinafter - "**Webster**") and the Sixth Defendant, Mrs. Doreen Saskin (hereinafter - "**Mrs. Saskin**"), Mr. Saskin's wife, who owns the Second to Fifth Defendants, jointly and severally with the other Defendants, breached the obligations pursuant to the prospectus as detailed in Chapters C.1 to C.2 below and to order them to

refund to the Company the sum of **CAD 20,000,000**, in their value according to the representative rate on the date designated for performing any obligation (**a total of NIS 58,138,000**), jointly and severally with the other Defendants.

- (d) To declare that the Fourth Defendant, Urbancorp Management Inc. (hereinafter - "**UMI**"), jointly and severally with the other Defendants, breached the obligations pursuant to the prospectus as detailed in Chapters C.1, C.2 and C.4 below and to order it to refund to the Company the sum of **CAD 23,000,000**, in their value according to the representative rate on the date designated for performing any obligation (**a total of NIS 67,061,800**), jointly and severally with the other Defendants.

Webster, TCC Stadium, UMI and Holdco, the three [sic] of them jointly, are hereinafter referred to as the "**family companies**").²

- (e) To order all the Defendants, jointly and severally, to pay the Company interest, linkage and due VAT on the amounts awarded against them.
- (f) To order the Defendants to pay suitable costs in respect of the filing of this claim and the full professional fee of the Functionary.
- (g) In accordance with its inherent jurisdiction, the Honorable Court will be moved to award any other relief it deems fit in the circumstances of the case.

The contents of this claim do not exhaust the Functionary's pleas against any of the Defendants or against other third parties. The Functionary is continuing to investigate and check the circumstances of the Company's collapse, and is reserving his right to apply to the Honorable Court with suitable applications in future (including an application to split relief insofar as necessary), against the Defendants in this claim and against other third parties, insofar as necessary. In this framework, the Functionary is also considering the possibility of filing claims against gatekeepers and insurance policies which insured their tort liability, in connection with various acts and omissions, including the events detailed in this claim.

And these are the grounds of the action:

A. Introduction

² It is expressed that according to the information furnished to the Functionary, the companies Urbancorp Toronto Management Inc. and TCC/Urbancorp (Bay) LP, other companies owned by Mr. Saskin and other family members, are also part of the family companies which undertook on the one hand to transfer assets to the Company and on the other hand we received [sic] shares in Holdco. Nonetheless, in light of the fact that these companies are in various insolvency proceedings in Canada, as well as doubt regarding the ability to lift the suspension of proceedings order against them, they are not parties to these proceedings; however, the Functionary is reserving his rights to join them in future.

1. The Company was incorporated on June 19, 2015, pursuant to the law of Ontario, Canada, especially for the purpose of raising debt on the Israeli capital market, for investment in real estate in Canada, through an issue of bonds that would be listed for trade on the Tel Aviv Stock Exchange. The Company engaged, from the date of completion of the debt-raising as aforesaid (December 2015), through corporations owned by it, in the development, purchase, rental and sale of commercial areas and residential building and geothermal assets, in Ontario, Canada.
2. The Company issued approx. NIS 180,000,000 series "A" bonds of the Company, which were listed for trade on the Tel Aviv Stock Exchange on January 9, 2016, in accordance with a prospectus of November 30, 2015, and its amendment of December 7, 2015 (herein - the "**issue**" and the "**prospectus**"). In the framework of the issue, the Company contracted in a deed of trust that was signed on December 7, 2015 (hereinafter - the "**trust deed**") with Reznik, Paz, Nevo Trusts Ltd as trustee (hereinafter - the "**trustee**").
3. In March 2016, only three months after the bonds' listing for trade on TASE, it became clear that there were difficulties with the Company's activity, which ultimately resulted in the Tel Aviv Stock Exchange deciding to cease trading in the Company's bonds on April 21, 2016, on the grounds of "**uncertainty regarding the Company's affairs, as emerges from its reports ...**".
4. On April 21, 2016, on the initiative of Mr. Saskin, five of the Company's subsidiaries, which held main assets of the group, and the cash flow surplus of which was supposed to serve the debt to the Company's bondholders, commenced insolvency proceedings in Canada pursuant to the Companies Creditors Arrangement Act (hereinafter - the "**CCAA**").
5. On April 24, 2016, the trustee for the bonds applied to the Honorable Court for the appointment of a functionary for the Company, and a provisional order was given prohibiting dispositions. On April 25, 2016, the Court ordered the appointment of Adv. Guy Gissin as the Company's functionary.
6. The Functionary and his office staff, with the assistance of a lawyer and financial advisor in Canada, and in some of the cases in collaboration with the Canadian monitors who were appointed for the group's companies, instigated various acts in Israel and in Canada³ in order to investigate the reasons for the Company's collapse, including meetings, investigations and questioning of entities who were involved in the Company's activity.

³ On May 18, 2016 the Canadian court recognized the decision of this Court, and approved the proceedings in Israel as foreign main proceedings in relation to the Company, and the appointment and powers of the Functionary as foreign representative of the Company.

7. As we shall detail at length below, from the Functionary's investigations it emerges (*inter alia*) that the Defendants acted unlawfully and contrary to their prospectus obligations, and as a result thereof the Company was caused damages in an estimated sum of approx. CAD 32.5 million.

B. The parties to the claim

8. **Mr. Alan Saskin** is the controlling shareholder of the Company and its subsidiaries, chairman of the Company's board of directors, and the driving force behind the Company's activity, including the wrongful conduct detailed below, which includes breaches of prospectus obligations to the Company, which were assumed in his name, in the name of his wife Mrs. Doreen Saskin and the family companies.

Mr. Saskin commenced bankruptcy proceedings pursuant to the Bankruptcy and Insolvency Act (hereinafter - the "**BIA**") in Canada and correct as at today, he is trying to make an offer to his creditors in the framework of the BIA proceedings. To the best of the Functionary's understanding, Mr. Saskin instituted proceedings that are essentially similar to proceedings of compromise or arrangement before a receivership order pursuant to section 19A of the Bankruptcy Ordinance [New Version], 5740-1980. The Fuller Landau Group Inc. was appointed as proposal trustee (hereinafter - the "**trustee for Mr. Saskin's assets**") in the bankruptcy proceedings of Mr. Saskin.⁴ To the Functionary's understanding, according to the Canadian insolvency laws, the BIA proceedings impose a suspension of proceedings against Mr. Saskin, and it will be necessary to obtain the approval of the Canadian court in order to conduct this claim against Mr. Saskin.⁵ Accordingly, and in accordance with the insolvency court's approval in its decisions of May 21, 2017 and May 24, 2017 (which were privileged to the date of filing this claim), shortly after the filing of this claim, the Functionary will file, through an attorney in Canada, a suitable application with the Canadian court, based, *inter alia*, on the fact that according to legal advice received by the Functionary, according to the Canadian insolvency laws a claim the cause of which is fraud or embezzlement while acting under a fiduciary duty or creation of a debt deriving from receiving property or services by fraud or making a false representation, cannot be covered by the suspension of proceedings in the framework of the BIA proceedings.

⁴ The trustee for Mr. Saskin's assets is also the monitor who was appointed for some of the group's subsidiaries ("Edge monitor").

⁵ Notwithstanding the personal insolvency proceedings of Mr. Saskin, an application for recognition of a class action that was filed against him in Israel (CA 1745-04-16, Pechthold v. Urbancorp et al), in connection with his conduct, is continuing to be duly conducted without him having sought to enforce in Israel the suspension of proceedings in Canada, with him being represented in the framework thereof by his attorneys from Caspi & Co.

"1" A copy of the insolvency court's decisions of May 21, 2017 and May 24, 2017 is annexed as **appendix 1**.

9. **Mrs. Doreen Saskin** is the wife of Mr. Saskin, and holds capital rights, directly or indirectly, in the family companies. As detailed below, Mr. Saskin assumed certain obligations in Mrs. Saskin's name in the prospectus, of which she knew and/or should have known. These obligations were breached (as detailed below) and caused the Company huge financial losses and/or damages. In the framework of the prospectus, the Saskins (and to the best of the Functionary's knowledge, also family members and other companies under the control of either of them) assumed personal obligations to the Company by virtue of their definition as "rights holders". See page A-8 (second paragraph) of the prospectus: "**the controlling shareholder and his family members (hereinafter - the "rights holders")**". The "rights holders" are those entities who as detailed below undertook to transfer certain assets and liabilities to the Company, in the framework of and as a condition for raising monies from the Israeli public and for the issue of the bonds. Against transfer of the rights and assets to the Company, the rights holders were entitled to receive, **and actually received**, shares of the Company, through Holdco (the Fifth Defendant), which is owned by them.

From the information reaching the Functionary as detailed below, which was not included in the prospectus, it emerges that Doreen and Alan Saskin acted jointly through a group of companies (including the family companies) the liability for which was systematically divided such that Mrs. Doreen Saskin is the beneficiary (together with other family members or exclusively) of the said companies' capital value, while Alan Saskin bears sole liability deriving from their management. This separation was aimed at protecting the Saskins' assets from Mr. Saskin's insolvency, which was apparently already at stake at the time of the bond-raising. Thus, for example, in relation to Holdco, according to the information furnished to the Functionary (see appendix 2 below), the voting shares are held by Mr. Saskin on trust in favor of Mrs. Saskin, while the capital rights are held by the Second to Fourth Defendants jointly with two other companies), in most of which the capital rights were also given to Mrs. Saskin. Even the holdings in TCC Stadium including management of Mr. Saskin and rights of Mrs. Saskin as a limited partner only. In addition, in accordance with the report of the trustee for Mr. Saskin's assets of May 24, 2016, Mr. Saskin does not have any monthly income and his expenses are financed by Mrs. Saskin or by family funds in respect of which it is pleaded that he is not the beneficiary. It seems that another one of these funds is the Third Defendant.

Thus, any separation between Mr. Saskin and Mrs. Saskin is nothing more than an artificial separation made by the couple intentionally in order to prevent their creditors, both private and of the companies owned by them, from obtaining payment from their assets, and in this way the Company, as a creditor of the

Saskins and companies owned by them, was effectively occasioned damages and/or financial losses.

10. In accordance with the statements given by the family companies in the insolvency proceedings (application no. 33 to His Honor Judge Orenstein), they directly hold shares of the Company, through a holding in Holdco. In the pleadings filed in the application of the Second to Fourth Defendants to join the insolvency proceedings (application no. 33), the Second to Fourth Defendants described themselves as follows:⁶

"... Involved are three foreign corporations, which as noted in the joining application, hold shares in the company the subject of the proceedings ..., through a corporation by the name of Urbancorp Holdco Inc."

As we will detail below, the family companies assumed various obligations in the issue prospectus, which they breached; the same obligations that stood at the basis of an allotment of the Company's shares in their favor.

The Second to Fourth Defendants are pleading that there is no significance to the question if they hold (shares) in the Company directly or indirectly. And as stated in the answer and reply filed by them in the framework of application no. 33 in the insolvency proceedings (paragraph 10):

"... The meaning of the attempt to create a distinction (for which no legal basis was given ...), between a "direct" holding of shares of a company in insolvency proceedings, and a holding of shares through another corporation, is not clear. This is nothing more than a 'technical' plea ...".

11. As aforesaid, according to the statement of the family companies to the insolvency court, the rights in Holdco are held by them, while Holdco itself directly holds shares of the Company, which were allotted to it in consideration for the rights holders' undertakings as detailed above.

In a diagram of the companies and the explanatory note annexed thereto, which the proposal trustee for Mr. Saskin's assets (Fuller Landau) sent to Mr. Saskin's creditors, it was noted that Mr. Saskin is registered as the holder of 100% of the ordinary shares in Holdco for Mrs. Saskin (who is the beneficial owner). Moreover, five types of class shares were allotted, which are held by the Second to Fourth Defendants and two other companies, which were also at the end of the day owned by the Saskins.

Even though the Company's shares were issued to Holdco, it emerges that the Company did not actually receive the full consideration for them as provided in the prospectus.

⁶ Paragraph 4 of the answer to the Functionary's reply to the claim.

"2" A copy of a diagram of the companies and the explanatory note on the diagram that the trustee for Mr. Saskin's assets and a diagram of the holdings that the Company's previous legal advisors sent to the Functionary, indicate the pattern of holdings of the Saskins in the family companies, annexed as **appendix 2**.

C. The various breaches of the Defendants' prospectus obligations

12. In the following chapters we will detail the Defendant's wrongful conduct, the breach of their obligations to the Company as detailed in the prospectus and the damage and/or financial losses occasioned to the Company as a result thereof, which amount to approx. **CAD 32.5 million**.⁷
13. Below are details of the main breaches to which this claim relates and the damage and/or financial losses occasioned to the Company for each breach:
 - (a) a breach of the obligation to assign in favor of the Company loans of related parties valued at CAD 8,000,000 - Chapter C.1, for which all the Defendants are liable, jointly and severally;
 - (b) a breach of the obligation to provide the Company with an owners' contribution to capital in a sum of CAD 12,000,000 - Chapter C.2, for which all the Defendants are liable, jointly and severally;
 - (c) the transfer of housing units owned by a company under the control of the Company to private creditors of Mr. Saskin, valued at approx. CAD 10,000,000 - Chapter C.3, for which Mr. Saskin, TCC Stadium and Holdco (the First, Second and Fifth Defendants) are liable, jointly and severally;
 - (d) a breach of the obligation to transfer to the Company proceeds from the sale of the Queen 952 asset in a sum of approx. CAD 3,000,000 - Chapter C.4, for which the Defendants Mr. Saskin and UMI (the First and Fourth Defendants) are liable, jointly and severally.
14. These breaches and the amount claimed are subject to further investigations by the Functionary, who is continuing to investigate other acts including suspicion of concealment of assets and other wrongful and prohibited acts by Mr. and Mrs. Saskin and other family members, personally or through companies under their ownership or control.
15. The Functionary is reserving his right to add to the acts included in this statement of claim and to sue for other damages, from the Defendants, from

⁷ In its shekel value in accordance with the representative rate on the date designated for actually performing any obligation.

other family members, and from other related companies, insofar as he deems fit. In addition, the Functionary is reserving his right to raise pleas against other third parties including against the various gatekeepers (and the insurance policies that insured their liability), whose acts and omissions caused or contributed towards the Company's insolvency and the events the subject of this claim.

C.1 The first breach - a breach of the prospectus obligation to assign to the Company rights to the repayment of loans provided by related corporations valued at CAD 8,000,000

16. In the framework of the prospectus, Mr. Saskin⁸ undertook personally, as well as in the name of members of his family (including in the name of Mrs. Saskin and corporations under their control - including the family companies) that **against an allotment of the Company's shares to a company owned by them**, before the listing for trade and subject to the issue's success, they would transfer to subsidiaries of the Company their rights in the real estate assets and geothermal assets **detailed in the prospectus and assign in favor of the Company rights to proceeds from loans of the family companies in a sum of approx. CAD 8,000,000** (hereinafter - the "assignment of rights").

17. The prospectus provides as follows:⁹

Page A-8 (second paragraph): [translator - the page numbers refer to the Hebrew version]

"The controlling shareholder and his family members (hereinafter jointly - the "**rights holders**") shall transfer to the Company, before the listing for trade on TASE of the series "A" bonds offered to the public pursuant to this prospectus, their rights (including indirectly through Canadian corporations under his full control and ownership) in five corporations holding, in a chain, rights in real estate assets for investment and real estate for development in the City of Toronto, Ontario, Canada, against an issue of class shares of the Company to a corporation owned by the rights holders, which is under the full control of Saskin (hereinafter - the "**transfer rights**" and the "**transfer companies**" as the case may be).

Page C-1 (paragraph 3.3.2):

3.3.2

⁸ This claim deals with the Saskins, but the Functionary is reserving his right to also act against other family members and companies owned by them who were partners to the prospectus breaches and the concealment of assets.

⁹ These matters were noted in several other places in the issue prospectus - see for example the second page of the prospectus in paragraph 3; page I-1 (paragraph 9.2.1).

Urbancorp Toronto, Urbancorp Holdco Inc., Urbancorp Management Inc., The Webster Trust, TCC/Urbancorp (Bay) Limited Partnership and Management Inc., TCC/Urbancorp (Bay/Stadium) Limited Partnership, all entities held by Alan Saskin and his family members (hereinafter - the "**rights holders**"), undertook that before the listing for trade on TASE of the series "A" bonds offered to the public pursuant to this prospectus and subject to the success of the issue to the public, they will transfer to the Company their rights (including their holdings, indirectly, through corporations owned by them) in the transfer corporations, which will hold, in a chain, rights in real estate assets for investment, real estate assets for development and geothermal assets in the City of Toronto, Ontario, Canada, including obligations in respect thereof (hereinafter - the "**transfer rights**" and the "**transfer companies**", respectively) against an issue of special class "A" shares, special class "B" shares, special class "C" shares, special class "D" shares, special class "E" shares of the Company to Holdco, which will allot parallel class shares to the rights holders, and which will be under the full control of Saskin. It is expressed that transfer of the transfer rights is not subject to any conditions precedent and will enter into effect subject to the success of the issue to the public".

Page G-5 to G-6 (paragraph 7.1.6):

"7.1.6 Purchase of the transfer companies by the Company from the rights holders against an allotment of shares

The rights holders (as defined above) undertook that before the listing for trade on TASE of the series "A" bonds offered to the public pursuant to this prospectus and subject to the success of the issue to the public, they will transfer to the Company their rights (including their holdings, indirectly, through corporations owned by them) in the transfer corporations, which will hold, in a chain, rights in real estate assets for investment, real estate assets for development and geothermal assets in the City of Toronto, Ontario, Canada, including obligations in respect thereof, and will assign to the Company their right to receive loans from corporations held by them, **which amount to approx. CAD 8,000,000** (hereinafter jointly - the "**transfer rights**"), against an issue of class shares of a corporation under the full control of Saskin, against an issue of class shares of the Company to Urbancorp Holdco Inc., a company under the full control of Saskin, which will allot parallel class shares to the rights holders ...".

"3" A copy of the second page in paragraph 3, A-8, C-1, C-2, G-5, G-6 and I-1 of the issue prospectus is annexed as **appendix 3**.

18. In fact, assignment of the rights to proceeds from loans of related corporations was supposed to be done by Urbancorp Toronto Management Inc. (hereinafter - "UTMI") (a private company owned by the controlling shareholder), through an assignment of two promissory notes (hereinafter - the "**promissory notes**") issued by TCC/Urbancorp (Bay) Limited Partnership (hereinafter - "**TCC Bay**"), which amount to a sum of CAD 6,000,000, and a sum of CAD 2,000,000, respectively, to the Company and to Urbancorp Realtyco Inc. (a subsidiary fully owned by the Company) on December 12, 2015 or thereabouts.¹⁰
19. TCC Bay is also in CCAA proceedings that are being conducted by KSV Kofman Inc. (hereinafter - "**KSV**") as monitor (hereinafter KSV in this capacity - the "**TCC Bay monitor**"). The TCC Bay monitor acted to realize TCC Bay's assets, and according to information that was furnished to the Functionary, the proceedings from the assets owned by subsidiaries of TCC Bay are expected to enable payment of TCC Bay's debts, including by virtue of the assignment of rights. According to the information furnished by KSV, the limited partners in TCC Bay are Mr. and Mrs. Saskin (beneficiaries through a company under its control).
20. The Functionary filed a debt claim with the TCC Bay monitor in a sum of CAD 6,000,000, on the basis of the promissory notes that were assigned by UTMI to the Company. The TCC Bay monitor rejected the debt claim, *inter alia* on the grounds that **on December 11, 2015 (the date on which the promissory note was assigned), TCC Bay did not have any debt to UTMI, and accordingly there was no consideration that could be obtained from the issue of the promissory notes.**
- It is obvious that insofar, as pleaded by TCC Bay's monitor, the promissory notes are unenforceable, this constitutes a breach of the prospectus and the Company issued the controlling shareholders (through Holdco) shares without receiving the full consideration that they undertook to provide to the Company.**
- "4" A copy of the debt claim, assignment of promissory notes documents and notice of rejection of the debt claim by the TCC Bay monitor is annexed hereto as **appendix 4.**
21. The Canadian court, in its decision of May 11, 2017, approved the rejection of the TCC debt claim. **In its judgment the court expressly noted that Mr. Saskin should certainly have known that TCC Bay did not have any debt to UTMI when it signed the promissory notes.**

¹⁰ The promissory note in the sum of 8 million of TCC Bay in favor of UTMI was replaced after the issue's completion with two promissory notes as detailed above.

- "5" A copy of the Canadian court's decision is annexed as **appendix 5**.
22. As director of the Company and in his capacity as an officer who is a signatory to representations included in the prospectus, Mr. Saskin was under a fiduciary duty in connection with the assignment of rights. According to legal advice that the Functionary received, according to the Canadian insolvency laws, a claim the cause of which is fraud or embezzlement while acting under a fiduciary duty or creation of a debt deriving from receiving property or services by fraud or making a false representation, cannot be covered by the stay of proceedings in the framework of the BIA proceedings.
23. According to information furnished by the TCC Bay monitor, as a result of realization of the TCC Bay assets and rejection of the debt claim that was filed by the monitor, and insofar as certain other appeals regarding the debt claims' rejection are also dismissed, the shareholders of TCC Bay are expected to receive considerable amounts. Correct as at today, the estimate is that the limited partners in TCC Bay are expected to receive, from the realization proceedings, proceeds exceeding a sum of CAD 7,000,000. According to the Saskins, by virtue of the *prima facie* existing agreement between Mr. Saskin and companies under the ownership of Mrs. Saskin, these amounts will be paid in full on trust for Mrs. Saskin. The Functionary again demanded that even in the event of the possible lack of validity of the promissory notes, Mrs. Saskin must agree in advance that any distribution that she expects to receive from TCC Bay because of the promissory notes' lack of validity will be paid to the Company to give effect to the prospectus obligations assumed by her and by her husband and the companies under their control. Correct as at today, Ms. Saskin has refused to comply with this demand.
24. In these circumstances, the Functionary deemed fit to act simultaneously on two planes: the first - together with an appeal against the TCC Bay monitor's decision on the debt claim, the Functionary filed a claim with the insolvency court in Canada for the grant of a declaratory order determining that any proceeds that Mrs. Saskin or a company owned by her are expected to receive by virtue of the promissory notes' lack of validity will be held on trust in favor of the Company and paid to it; the second - the filing of this claim.
25. The Second Defendant, TCC Stadium, guaranteed the full performance of TCC Bay's obligations in relation to the assignment of rights (hereinafter - the "guarantee").
26. **Thus, if it is determined that the promissory notes are invalid, all the Defendants, jointly and severally, directly or indirectly, breached their prospectus obligation as detailed above in a manner denying the Company, at the least, a sum of CAD 8 million, amounting to a sum of**

NIS 22,842,400¹¹, which the Defendants, jointly and severally, are liable to return to the Company through the Functionary's fund.

Of course, insofar as monies are received by virtue of the promissory notes in the framework of the proceedings in Canada, the aforesaid amounts will be deducted from the amount detailed in this paragraph.

27. The relief sought in this claim relates solely to the sum of CAD 8,000,000 that the Defendants undertook in the issue prospectus to assign to the Company, and does not relate to the prospectus obligation to transfer rights in the real estate assets and geothermal assets. With respect to these other obligations, checks and investigations are still underway, and the Functionary is reserving all the Company's rights and his rights to act in such regard in future in any way he deems fit.

C.2 The second breach - breach of the prospectus obligation to provide an owners' contribution in a sum of CAD 12,000,000

28. Pursuant to the issue prospectus the Defendants undertook, subject to the issue's success, to provide the Company with an owners' contribution in a sum of CAD 12,000,000 (hereinafter - the "**owners' contribution**"), which would contribute to the Company's pro forma equity.

In the issue prospectus it was written as follows (page A-7):

"Saskin, the controlling shareholder, intends providing the Company, through a company fully held by him, subject to the issue's success, with an owners' contribution of CAD 12,000,000, for equity (hereinafter - the "owners' contribution"). In consequence of the said owners' contribution, the pro forma equity attributed to the Company's shareholders (not including minority rights) will increase from approx. CAD 72.5 million as detailed in the pro forma financial statements for June 30, 2015, to approx. CAD 84.5 million (information based on the amount of the Company's reported pro forma equity for June 30, 2015) ...".

- "6"** A copy of page A-7 of the issue prospectus is annexed hereto as **appendix 6**.

29. However, in fact, contrary to the prospectus obligations and also contrary to the reports to the public that were made by the Company and those that were submitted by Mr. Saskin, the "owners' contribution" was never paid on the issue date or thereafter. Even after the matter was enquired into and the Company reported that the monies had been provided as required, it was found that totally contrary to the reports to the public signed by Mr. Saskin (in the name of the

¹¹ At the representative rate on December 10, 2015 (date of the issue's completion): NIS 2.8553.

Company), the "owners' contribution" was never deposited in the Company's account, but was transferred in March 2016, directly by the financing entity, Terra Firma Capital Corporation (hereinafter - "TFCC") to the Canadian income tax authorities (hereinafter - the "CRA") for the purpose of payments of VAT in Canada (hereinafter - the "VAT payments") of the Edge project.¹²

30. **From the report filed by the Edge monitor on June 8, 2017, it emerges that the company for which the VAT payments were transferred as aforesaid was insolvent already at the time of payment. It also emerges from the report that the payment to the tax authorities as aforesaid effectively decreased Mr. Saskin's personal liability as a director of the relevant company, jointly and severally with the Company, for the aforesaid VAT payments. Accordingly, the transfer of the monies for the purpose of the VAT payments effectively cut Mr. Saskin's personal liability by CAD 12,000,000.**

"7" A copy of the Edge monitor's report of June 8, 2017 is annexed hereto as **appendix 7**.

31. In such regard, the Company filed two reports (personally signed by Mr. Saskin):

the first - on January 2, 2016 pursuant whereto "... on December 31, 2015 Mr. Alan Saskin, the Company's controlling shareholder, provided, through a company fully held by him an owners' contribution amounting to a sum of CAD 12,000,000 as capital for the Company ...";

the second - on March 10, 2016, from which it emerges, *inter alia*, that the owners' contribution supposedly provided on December 12, 2015 amounted to a "net sum of CAD 11,747,000 only (CAD 12,000,000 less fees and expenses)", and more grave than that, that this amount was never transferred to the Company but to an account in the name of a subsidiary fully owned by the

¹² As stated in report no. 8 that was submitted on March 30, 2017 (claim no. 36), the Edge companies group, which primarily includes the subsidiaries' holdings in the Edge project, is being managed by the Edge monitor in the framework of the CCAA proceedings that are being conducted in relation to companies included in the Edge group. On January 25, 2017 the Functionary filed a debt claim with the Edge monitor in a sum of approx. CAD 17 million, in respect of inter-company loans. This debt claim includes the sum of approx. CAD 12,000,000 that were transferred as aforesaid for VAT payment purposes in relation to the Edge group's assets. On March 3, 2017 the Edge monitor approved a sum of approx. CAD 16.5 million from the debt claim that was filed by the Functionary. The approved amount debt claim amount or part thereof has not been paid as at the date of filing this claim, and in any event the Functionary is not expected to obtain payment from these monies of the full amount transferred as aforesaid to the CRA, if at all. The Edge monitor commenced proceedings against CRA for the return of the HST payment in respect of a prohibited preference pursuant to the Canadian bankruptcy law. If the Edge monitor's attempt is successful, the Functionary will be entitled to receive, at the most, part of these monies, by virtue of its creditor standing in the Edge companies group. Insofar as the Functionary receives any amount, if at all, in respect of reimbursement of the VAT payments as aforesaid, a report will be given thereon to the Court, and the amount received by the Company will be deducted from this claim.

Company, to which the Company had never been granted access. Moreover, pursuant to the Company's report, by virtue of an agreement the details of which were not reported between Mr. Saskin and TFCC, the Company did not have any right to use the monies, which were subject to TFCC's control.

Moreover, in a report of March 10, 2016 (that was personally signed by Mr. Saskin), the Company claimed that the failure to provide the capital had been rectified as required, and in paragraph 4 it was stated that: "**a sum of CAD 12,000,000 was deposited in the Company's account on March 10, 2016**"; **however, the investigations and checks carried out by the Functionary and his team of advisors in Canada showed that this sum was never deposited in the Company's account.**

"8" A copy of the Company's immediate report of January 2, 2016 is annexed hereto as **appendix 8**.

"9" A copy of the Company's immediate report of March 10, 2016 is annexed hereto as **appendix 9**.

32. For the purpose of completing the picture, we would note that on March 28, 2017 Mr. Saskin filed a reply on his behalf to the claim for recognition of a class action - CA 1746-04-16, Pechthold v. Urbancorp et al (hereinafter - the "**recognition application**"). In his reply to the recognition application, which was backed by Mr. Saskin's affidavit, Mr. Saskin refrained from referring to the contents of the report of March 10, 2016, to the effect that "**the sum of CAD 12,000,000 was deposited in the Company's account on March 10, 2016**"; his only plea in such context was that it was sufficient that the sum of CAD 12,000,000 "**was deposited in cash in an account held by a subsidiary fully owned by the Company**", to perform the prospectus obligation (see paragraph 12 of the affidavit that was annexed to Mr. Saskin's reply to the recognition application).

"10" A copy of Mr. Saskin's reply to the recognition application, and his affidavit that was annexed thereto, is annexed as **appendix 10**.

33. **However, this statement is also inaccurate, because the monies were not provided [sic - should be "deposited"] "in an account held by a subsidiary ..."**. According to checks made by the Functionary and information reaching him, on March 6, 2016 a letter of intent was signed that was aimed at replacing the letter of intent and financing agreement executed between Holdco and TFCC in December 2015. According to this letter of intent (appendix 11 below), the monies, which were designated for use for the purpose of the owners' contribution, were apparently transferred directly by TFCC, in accordance with an agreement between Mr. Saskin and TFCC, to Harris Sheaffer, a Canadian law firm which represented several of Mr. Saskin's companies, and from Harris

Sheaffer they were transferred directly to the CRA in order to make the VAT payments of the Edge companies group. As detailed above, according to the Edge monitor's report, this company was at such time already insolvent.

34. Not only were these monies not transferred to the Company or to its subsidiary, but directly to the CRA, pursuant to the said financing agreement, the amount transferred from TFCC came to a sum of approx. CAD 10,000,000 and not CAD 12,000,000 in accordance with the obligation in the issue prospectus. In such regard, Mr. Saskin pleads in his reply to the recognition application, vaguely and without details or references, that "together with other amounts that were provided, they reached a sum of CAD 12,000,000". Mr. Saskin, for reasons of his own, chose not to detail what other amounts are involved.¹³ **One way or another, it is not disputed that the sum of CAD 12,000,000 was never transferred to the Company's account as a contribution to the Company's capital, contrary to the obligations under the issue prospectus and contrary to Mr. Saskin's statements in the reports of January 2, 2016 and March 10, 2016.**

"11" A copy of the financing agreement between Holdco and TFCC is annexed hereto as **appendix 11.**

35. Moreover, on March 8, 2016 Mr. Saskin signed an instruction for assignment of the payment in a sum of CAD 10,000,000 that was received from TFCC as provided in the financing agreement, to CRA. **In his reply to the recognition application and the affidavit annexed thereto, Mr. Saskin confirms that these monies were transferred to the Canadian tax authorities and not to the Company - and you can draw your own inferences from this.**¹⁴

"12" A copy of the instruction of March 8, 2016 to transfer the sum of CAD 10,000,000 to the Canadian tax authorities is annexed hereto as **appendix 12.**

36. **Thus, the owners' contribution was never transferred to the Company as required by the prospectus for the purpose of its inclusion in the equity; the use of these monies for the VAT payments of Edge was never approved by the board of directors of UCI; nor was it approved in accordance with the Company's signatory rights.**¹⁵ It is noted that Saskin and his relatives had a direct personal interest in the monies' transfer directly to the CR, in that it made

¹³ According to the information in the Functionary's possession, at least part of the balance of the amount of the owners' contribution originated in monies of the Company itself as monies that UTMI was supposed to pay to UCI which were used to pay the balance of the debt to HST in a sum of [CAD] 12,000 to the CRA.

¹⁴ The creditors' committee of the Edge monitor (which serves as trustee for Saskin's assets) is demanding that the Edge monitor return the 12,000,000 paid to the CRA as aforesaid on the grounds of preference of creditors, as detailed in report no. 8 of the Functionary of March 30, 2017.

¹⁵ For the sake of accuracy, we would note that the matter was discussed by the audit committee *post facto* at the beginning of April 2016.

it possible for Mr. Saskin, who served as a director of the subsidiaries, to be released from his persona liability for the VAT payments of the Edge companies.

"13" The Company's signatory rights resolution of December 24, 2015 is annexed hereto as **appendix 13**.

37. In addition, the use of the monies (which should have reached UCI as a contribution to the equity) for the purpose of paying the obligation of an insolvent company for which Mr. Saskin was expected to bear personal liability if not paid necessarily falls within the definition of "irregular transaction" in which Mr. Saskin, as the Company's controlling shareholder, had a personal interest. Accordingly, Mr. Saskin should have excused himself from being involved in the Company's decision-making process, pursuant to the Israeli Companies Law and pursuant to the Canadian Companies Act.

38. In accordance with the provisions of sections 275(c) and 270(4a) of the Companies Law, 5759-1999 (hereinafter - the "**Companies Law**"), irregular transactions with the controlling shareholder or in which the controlling shareholder has an interest, require the approval of the board of directors and the approval of the Company's audit committee. The Company expressly undertook in the prospectus to adopt and apply to itself these provisions of the Companies Law, as provided in the cover of the prospectus and on page E-12 of the prospectus.

"14" A copy of the relevant pages from the prospectus showing the applicability of sections 275 and 270(4) of the Companies Law is annexed hereto as **appendix 14**.

39. Since Holdco, the company through which Mr. Saskin sought to provide the owners' contribution, is held directly and indirectly by the family companies and Mr. and Mrs. Saskin, the joint and several liability of these entities is called for, also in accordance with the attitude of the Second to Fourth Defendants themselves in the framework of the joining application, in which they pleaded that there is no significance to the question if their holdings in the Company are direct or indirect, as stated in paragraph 10 above and in light of the artificial separation used by the Saskins as provided in paragraph 9 above.

40. **In light of the aforesaid, all the Defendants, jointly and severally, should be ordered to refund to the Company the amount of the prospectus obligation to provide an owners' contribution in a sum of CAD 12,000,000, which amounts to a sum of NIS 35,295,600.**¹⁶

¹⁶ At the representative rate on March 10, 2016 (the date pursuant to the publication of March 10, 2016 (which turned out to be incorrect), the sum of CAD 12,000,000 was transferred to the Company's account: NIS 2.8553.

C.3 The third breach - the transfer of housing units valued at approx. CAD 10,000,000 in the Edge project of the Company to private creditors of Mr. Saskin, contrary to the provisions of the prospectus and contrary to information presented in the financial statements annexed to the issue prospectus, which defined part of the transaction (approx. CAD 5,000,000) as an owners' contribution to the Company

41. The Edge project is a project owned by a subsidiary of the Company, in the City of Toronto, and includes two buildings of 21 and 22 storeys. The project includes, *inter alia*, many dozens of housing units and commercial and office areas for rent.
42. From investigations of the Functionary and his staff, it emerges that as of July 2015, simultaneously with the Company's intensive activity to issue bonds and raise monies from the Israeli public, Mr. Saskin led an informal "debt arrangement", which includes the transfer of dozens of units in the Edge project to a combined group of **his personal creditors and of creditors of several other companies that are not part of the Company's group**, against wiping out the debts to the said creditors. According to information furnished to the Functionary, the aggregate value of the units transferred amounted to a sum of CAD 10,000,000. It goes without saying that the prospectus did not include any disclosure to the effect that Mr. Saskin [and] companies under his control were experiencing financial difficulties and that they could [not] repay their debts in the ordinary course of business.
43. According to information furnished to the Functionary, an offer was made to the personal creditors of Alan Saskin and/or the companies under his control to accept apartments in the project instead of payment of the debts to these entities. It goes without saying that this "debt arrangement" and the use of housing units in favor of the payment of personal debts of the Defendants, including the financial difficulties that the controlling shareholder was experiencing, was not howsoever detailed in the prospectus. On the other hand, in the prospectus the Company was presented as full owner of the Edge project and as expected to receive proceeds from its units.
44. The most significant transaction made in such regard by Mr. Saskin was the transaction between him and a company by the name of 994697 Ontario Inc. (hereinafter - "**994**"), which is a partner in another unprofitable project of his - the Epic project. The agreement between Mr. Saskin and 994 include a transfer of housing units, parking bays and storerooms to 994 in consideration for the exit of Saskin's private company from the Epic project. To the best of the Functionary's knowledge, Epic is an unprofitable project in the framework of which a company owned by Mr. Saskin and a subsidiary of TCC Stadium, the

Second Defendant, had considerable debts to 994 (hereinafter - the "**994 transaction**").

45. According to information furnished to the Functionary, the surplus residual value transferred from the company owned by Mr. Saskin and TCC Stadium in the framework of the 994 transaction against the said company's debts and its exit from the Epic project is CAD 4.960 million.¹⁷ That is to say, the Company's subsidiary was caused damage as a result of this transaction in a sum of CAD 4.960 million.
46. With regard to this transaction, it was written in the issue prospectus (page G-34) as follows:

"On June 22, 2015, the Company entered into an agreement with the partner for termination of the partnership agreement, in the framework of which housing units were distributed such that after the transaction completion date (July 1, 2015) the Company holds 53 housing units in the project and the partner holds 24 housing units in the project."

"**15**" A copy of page G-34 of the issue prospectus is annexed hereto as **appendix 15**.

47. In the Company's pro forma financial statements for June 30, 2015, which were annexed to the issue prospectus (page 8, section D.), it was written as follows:

"On June 22, 2015 the Company entered into an agreement with a third party, which is not related to the Company, which holds 33.33% in a mixed project, that is part income-producing, part development and a geothermal system, which is known by the name of 'Edge' (hereinafter - "**Edge**"). In the agreement, the balance of the Edge assets were distributed such that the Company would hold 100% of the geothermal assets, 53 housing units, **the office area and office areas** [sic]. Simultaneously with this transaction, the controlling shareholders entered into a transaction with such third party for the distribution of another project between the parties. **The difference between the fair value of the assets and liabilities given and received from the projects as aforesaid, respectively, was credited to capital as an owners' contribution. On July 6, 2015, the transaction was completed ...**

¹⁷ The Functionary has information that was received from the Edge monitor in relation to the surplus value of the units transferred in the framework of the 994 transaction as set forth above, compared with the amounts that 994 actually received from the Edge group. Nonetheless, at the request of the Edge monitor and in accordance with the provisions of the confidentiality agreement that was executed between him and the Functionary, the Functionary was asked not to annex unpublished information about the transfer of the units. Even though to the best of the Functionary's knowledge the Defendants, or some of them, have a copy of or access to the said letter, and in view of the confidentiality agreement, this letter will not be annexed to the claim at this stage, and the Functionary is reserving his right to do so in future, insofar as such becomes necessary, confidentially to the Honorable Court only or openly.

Determination of the fair value on a provisional basis

The initial accounting treatment of the purchase of the Company's holdings in Edge, as presented in these financial statements, is provisional. Until publication of the financial statements, before the Company completed allocation of the cost of the purchase to assets, liabilities and contingent liabilities of Edge.

- "16" A copy of the financial statements annexed to the issue prospectus is annexed hereto as **appendix 16**.
48. **We would explain: according to information furnished to the Functionary, the results of the transaction with 994 were the transfer of assets valued at approx. 5,000,000 dollars to the creditors of Mr. Alan Saskin and/or companies under his control, in the financial statements annexed to the issue prospectus the difference between the value of the two projects was presented as an owners' contribution of Mr. Saskin to the Company.**
49. For the purposes of this claim, the Plaintiff is putting his claim for the damages and/or financial losses occasioned to the Company by the breach of the obligations regarding provision of the owners' contribution in a sum of **CAD 4.960 million, amounting to a sum of NIS 14,960,848.**¹⁸
50. In addition to the "transaction" with 994 as emerges from the report published by the Edge monitor on June 13, 2017, it appears that as of August 2015 the Company was denied other housing units in the Edge project that were transferred to various creditors of Mr. Saskin and to companies which are not from the Company's group and against the interest of the Company, of a value amounting, at least, to a sum of CAD 4,608,770, **amounting to a sum of NIS 13,606,011.**¹⁹ The Functionary is reserving his right to amend the amount so long as the Edge monitor continues to investigate and update.
51. These units were transferred, to the best of the Functionary's knowledge, to the private creditors of the Defendants or any of them, against the wiping out of certain debts to them, which were not related to the Edge project. Edge was not paid any consideration for these transfers and the result was a capital reduction in the Edge group in a manner that affected the Edge group's ability to pay its debts, including its debts to the Company.
52. In chapter 7.7.6.1 of the prospectus it was provided that "the Company holds 53 housing units in the project and the partner holds 24 housing units in the

¹⁸ At the representative rate on July 1, 2016 (994 transaction completion date): NIS 3.0163.

¹⁹ At the average representative rate between the dates of execution of each one of the transfer agreements: NIS 2.9522.

project" (page G-34) and a side note immediately thereafter contends that "the balance of the housing units in the project were used to pay suppliers which are third parties". However, this information is also not correct and according to information furnished by the Edge monitor correct as at the date of commencing the insolvency proceedings in the Edge group (June 7, 2016), the Edge group only had 37 housing units and five units of commercial areas.

"17" The Edge monitor's report of June 13, 2017 regarding the transfer of units from the Edge group is annexed hereto as **appendix 17**.

"18" The Edge monitor's report of June 6, 2016 (paragraph 18) regarding the remaining units of the Edge group is annexed hereto as **appendix 18**.

53. Appendix 22 below also shows the concern of Mr. Phillip Gales, the Company's CFO and son-in-law of Mr. Saskin (hereinafter - "**Mr. Gales**") regarding the fact that some of the monies received from the sale of housing units in this project were wrongfully transferred to entities outside the Company.

54. **In total the Company was caused, in respect of this breach, damages and/or financial losses valued at CAD 9,568,770,²⁰ amounting to a sum of NIS 28,566,859, which was unlawfully transferred from the companies in the Edge group, contrary to the interest of the Company and its group and in breach of representations included in the Company's pro forma financial statements, in favor of payment of debts of the First and Second Defendants jointly. For these damages and/or financial losses, Holdco is also liable as direct controlling shareholder of the Company.**

55. **In light of the aforesaid, the First, Second and Fifth Defendants, jointly and severally, should be order to refund to the Company the sum of NIS 28,566,859.**

C.4 The fourth breach - a breach of the prospectus obligation to transfer proceeds from the sale of an asset of the subsidiary Queen 952, in a sum of CAD 3,000,000, and the transfer of the proceeds to other companies owned by Mr. Saskin instead of transferring them to the Company

56. The Queen 952 project was an asset owned by Urbancorp (952 Queen West) Inc., a subsidiary fully owned by the Company through a chain of companies (see the diagram of the companies - appendix 2 above). This project includes a residential building of eight storeys, with more than 100 housing units and commercial units.

²⁰ 4,608,770 + 4,960,000

57. This project was sold in October 2015, and the proceeds from the sale should have been used for the Company's routine expenses. So it was noted in such regard in the issue prospectus (pages G-100 and G-118):

"The Company's management estimates that the cash flow from routine activity and sale of the Queen 952 project will enable it to finance its routine activity."

"19" A copy of pages G-100 and G-118 to the issue prospectus are annexed hereto as **appendix 19**.

58. However, despite the information included in the prospectus in relation to the use of the proceeds from the sale of the Queen 952 project to finance the Company's routine activity, these proceeds, amounting to an estimated sum of approx. CAD 3,000,000, were actually transferred to other companies owned by the Defendants or some of them for the performance of their obligations that were not connected to the Company and without the Company deriving any benefit from this. To the best of the Functionary's knowledge, these money transfers were made without Queen 952 receiving due consideration, without obtaining approvals as required by law and without disclosure and reporting in respect thereof as required and contrary to the statements included in the prospectus.

59. To the best of the Functionary's knowledge, a sum of CAD 1.5 million was transferred to UTMI (the management company privately owned by Mr. Saskin); a sum of approx. CAD 732,000 was transferred to TFCC for payment of interest debts in respect of a loan taken from it by another private company of Saskin. Moreover, several days before the sale of the property, a loan in a sum of CAD 750,000 was provided to UMI by TFCC, which was repaid several days later from the proceeds received from Queen 952.

"20" A copy of the documents showing the provision of the loan in a sum of CAD 750,000 to UMI is annexed hereto as **appendix 20**.

"21" A copy of Mr. Gales' e-mail of April 10, 2016, to the effect that CAD 732,000 had been transferred to TFCC for interest payments of another private company of Saskin to it, is annexed hereto as **appendix 21**.

60. On March 22, 2016 Mr. Gales sent one of the Company's external directors, Mr. Eyal Geva, an e-mail in reply to a letter of the audit committee to Mr. Gales of March 21, 2016. In the said letter, the members of the audit committee demanded explanations in respect of the money transfers. From Mr. Gales' e-mail, it is apparent that at the least a sum of CAD 2.8 million received from the sale of the Queen 952 asset **was not transferred** for the purpose of financing the Company's routine activity, as obliged by the prospectus.

"22" A copy of the audit committee's letter of March 21, 2016 and a copy of Mr. Gales' e-mail of March 22, 2016 to Mr. Geva is annexed as **appendix 22**.

61. The contents of Mr. Gales' e-mail (appendix 22 above) is consistent with an analysis of transactions with related parties that was sent to the Functionary by the Company's Israeli legal advisors (the law firm of Agmon): "Related Party Offsetting via Fees and APs 25-Mar-2016". This table details the financial relations between the Urbancorp group's companies (which also include private companies of Mr. Saskin) and its various projects correct as at such date. A study of this table shows that the sum of the debts of companies owned by the controlling shareholder to the Company for the Queen 952 project amounted to approx. CAD 2.8 million - the same sum to which Mr. Gales refers in his e-mail of March 22, 2016 (appendix 22 above).

"23" A copy of the Excel table is annexed hereto as **appendix 23**.

62. **Thus, as a result of the transactions described above a sum of approx. CAD 3,000,000, amounting to a sum of NIS 8,923,000²¹, was unlawfully transferred From Queen 952 in favor of Mr. Saskin or UMI, which is owned by him.**

63. **In light of the aforesaid, the First and Fourth Defendants, jointly and severally, should be order to refund to the Company the sum of NIS 8,923,800.**

D. Conclusion

64. **In our case it cannot be disputed that the issue prospectus is a declaration of the Company's rights and liabilities. Hence, the Defendants' obligations to the Company, as described in the prospectus, are contractual obligations to the Company. The Functionary is acting in the Company's name and given its insolvency - his acts are for its creditors. Accordingly, let's say that the transactions detailed above constitute a breach of an express contractual obligation by all the Defendants, jointly and severally, to the Company and/or its creditors, and that the Defendants, by virtue of the fact that they are all closely inter-related and under the direct or indirect control of Mr. Saskin, and benefit from an allotment of the Company's shares in accordance with the prospectus, were aware (or at the least should have been aware) of the representations and undertakings given in the prospectus for the purpose of raising monies from Israeli investors and accordingly they are liable for all the breaches of such representations and undertakings, in particular given that they were the ones which benefitted directly or indirectly from the said breaches. Accordingly, the Defendants**

²¹ At the representative rate on October 19, 2015 (the Queen 952 transaction completion date): NIS 2.9746.

are jointly and severally liable for the damages occasioned to the Company as a result of the said breaches.

65. In the circumstances described above, the Defendants owe the creditors' fund, jointly and severally, for the damage and/or financial losses occasioned to the Company as detailed above as a result of the breach of contractual obligations pursuant to the issue prospectus as well as by virtue of the tort laws and by virtue of the Contracts (Remedies for Breach of Contract) Law, 5731-1970.
66. The total damage and/or financial losses occasioned to the Company and its creditors in connection with the wrongful conduct and breaches detailed above amount to a sum of **CAD 32,568,770** in their value according to the representative rate on the date designated for performing any obligations **in a sum of NIS 95,628,659**, as provided below:

Breach	CAD	Rate (NIS)	Date	Time	In NIS	Defendants
1	8,000,000	2.8553	10/12/2015	The issue's completion	22,842,400	1-6
2	12,000,000	2.9413	10/03/2016	Report's publication	35,295,600	1-6
3	4,960,000	3.0163	01/07/2015	994 transaction's completion	14,960,848	1,2,5
3	4,608,770	2.9522		See footnote 19	13,606,011	1,2,5
4	3,000,000	2.9746	19/10/2015	Queen 952 transaction completion	8,923,800	1,4
Total	32,568,770				95,628,659	

67. In light of the aforesaid, the Honorable Court is moved to order as sought at the beginning of this claim.

(Signed)

 Guy Gissin, Adv.
 Attorney for the Functionary
 of Urbancorp Inc.

Today, June 20, 2017, Tel Aviv

[Emblem]

Tel Aviv-Jaffa District Court

Tuesday, June 20, 2017

CF 46263-06-17, Urbancorp Inc. v. Saskin

Confirmation of Opening of Case

It is confirmed that on June 20, 2017 at 13:05 the following case was opened in this Court: CF 46263-06-17, Urbancorp Inc. v. Saskin *et al.*

The opening pleadings must be served on the opposing litigants, within five days, by registered mail with confirmation of delivery, unless otherwise directed by the Court.

Judgments and decisions are published on the website of the court system at www.court.gov.il

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Appendix “E”

11/07/2017

Decision

Application no. 49 in 44348-04-16
Judge Eitan Orenstein

I am extending the date of the Functionary's service until October 11, 2017

In the Tel Aviv District Court

LF 44348-04-16

In re: The Companies Law, 5759-1999

The Companies Law

The Companies Ordinance [New Version], 5743-1983

The Companies Law

and in re: Urbancorp Inc., Canadian company no. 2471774

The Company

and in re: Adv. Guy Gissin, the Company's functionary

acting by Advs. Yael Hershkovich and/or Gilad Bergstein and/or Michael Missul, of Gissin & Co., Law Offices, 38B Habarzel Street, Tel Aviv 69710, Tel. 03-7467777, Fax. 03-7467700

The Functionary

and in re: The Official Receiver

of 3 Hashlosa Street, Tel Aviv, Tel. 03-6899695, Fax. 02-6467558

The Official Receiver

Application to Extend the Functionary's Appointment

Further to the details furnished in update report no. 11 (application no. 46) of July 3, 2017 (hereinafter - "**report no. 11**"), the Functionary of Urbancorp Inc. (hereinafter - the "**Functionary**" and the "**Company**") respectfully file an application to extend his appointment for an additional 90 days, or until approval of the arrangement plan (as defined below), whichever is earlier, as detailed below.

1. As detailed in report no. 11, in accordance with the Honorable Court's decision of April 20, 2017, the Functionary's appointment was extended until July 21, 2017.
2. In application no. 42 of May 30, 2017, the Honorable Court was moved to approve the arrangement plan filed by the Functionary in the framework of report no. 9 of May 18, 2017 (hereinafter - the "**arrangement plan**"), after the

arrangement plan's approval by the meetings of the Company's creditors on May 24, 2017.

3. In the framework of the arrangement plan, *inter alia*, a request was made for the appointment of Adv. Gissin as functionary - trustee for the Company's creditors arrangement.
4. Correct as at the date of filing this application, several objections have been filed against the arrangement plan the hearing of which is currently fixed for September 17, 2017.
5. In light of the fact that the current appointment of the Functionary is expected to lapse before the date fixed for hearing the objections to the arrangement plan, an application is hereby filed to extend the Functionary's appointment in accordance with the appointment order given on April 25, 2016 (hereinafter - the "**appointment order**"). The extension is requested for a period of 90 days, from the end of the current appointment extension period, July 21, 2017 (in accordance with the Honorable Court's decision in application no. 36 of April 20, 2017) to October 2, 2017, or until approval of the arrangement plan, in the framework of which the Functionary will be appointed as trustee for the arrangement plan's execution.
6. The special reasons underlying the Functionary's application to extend the appointment period beyond nine months in accordance with the provisions of section 350B of the Companies Law, 5759-1999 are as follows:
 - (a) Involved is a company incorporated and registered pursuant to the Canadian law, which issued securities in Israel and which, notwithstanding its prospectus, is governed by two sets of law (Canadian and Israeli). Moreover, the location of the Company's assets in Canada imposes additional limitations by virtue of the Canadian law, as detailed below. The need for routine conduct and approval according to two legal systems and/or two sets of law creates significant complexity.
 - (b) The Canadian court recognized the Functionary's powers in accordance with the appointment order, and this was also the basis for approving the collaboration minutes with the Canadian monitors; there is concern that non-extension of the appointment and/or the existence of liquidation proceedings in these proceedings will bring an end to and/or at least require renewed approval and recognition of the Functionary's powers. The Functionary was also informed by his Canadian attorneys that the process of liquidation a Canadian company can only be executed by a Canadian monitor with a suitable license.
 - (c) As is known, on May 24, 2017 the Company's creditors' meetings voted for and supported the arrangement plan's approval. Extending the

Functionary's appointment will enable the Functionary to execute the provisions of the creditors arrangement, including to make a distribution to creditors as provided in application no. 47 of July 7, 2017.

- (d) On June 20, 2017, the Functionary filed a claim in accordance with the Honorable Court's direction against the Saskins and the family companies (as defined in the claim) (CF 46263-06-17) (hereinafter - the "**claim**") in an amount of approx. CAD 33,000,000. The appointment's extension would enable the Functionary to conduct the claim, which might lead to a significant contribution to the Company's Fund and payment of the Company's debts to its creditors.

(Signed)

(Signed)

(Signed)

Adv. Yael Hershkovich

Adv. Gilad Bergstein

Adv. Michael Missul

Attorneys for the Functionary of Urbancorp. Inc.

Today, July 11, 2017, Tel Aviv

Appendix “F”

In the Tel Aviv District Court

LF 44348-04-16

In re: The Companies Law, 5759-1999

The Companies Law

The Companies Ordinance [New Version], 5743-1983

The Companies Ordinance

and in re: Urbancorp Inc., Canadian company no. 2471774

The Company

and in re: Adv. Guy Gissin, the Company's functionary

acting by Advs. Yael Hershkovich and/or Gilad Bergstein and/or Michael Missul, of Gissin & Co., Law Offices, 38B Habarzel Street, Tel Aviv 69710, Tel. 03-7467777, Fax. 03-7467700

The Functionary

and in re: The Official Receiver

of 3 Hashlosa Street, Tel Aviv, Tel. 03-6899695, Fax. 02-6467558

The Official Receiver

**Application for the Grant of Instructions
for Approval of the Functionary's Interim Fee**

The Honorable Court is hereby moved:

- a. to grant approval for payment to the Functionary of Urbancorp Inc. (in suspension of proceedings) (hereinafter respectively - the "**Functionary**" and the "**Company**") of an interim fee of NIS 2.5 million, plus due VAT, in light of his activity and having regard to a first and material distribution (in a sum of NIS 70 million) that will be made in accordance with the application for the grant of instructions for approval of the distribution of a first interim dividend to the bond trustee - Reznik, Paz, Nevo Trusts Ltd (hereinafter - the "**trustee**" or the "**secured creditor**"), which is being filed simultaneously with this application (hereinafter - the "**distribution application**"), and subject to approval of the distribution application;

- b. to grant approval for payment of a supervision fee to the Official Receiver in accordance with section 64(b) of the Companies (Liquidation) Regulations, 5747-1987;
- c. the Honorable Court is also moved to grant approval for reimbursement of the actual expenses borne by the Functionary, in a sum of NIS 16,396 plus VAT, as provided in **appendix 1** of this application.

A. Introduction

- 1. Below is a description of the acts and deeds of the Functionary, in Canada and in Israel, for the purpose of conducting the insolvency proceedings of the Company and maximizing the consideration that will ultimately be distributed to the Company's creditors.
- 2. It is expressed that involved is a partial description only, since a considerable part of the Functionary's acts are confidential pursuant to law and/or agreement, and *inter alia* information conveyed between the Functionary and the Canadian monitors in the framework of the confidentiality agreements executed between the parties is confidential and may only be disclosed in the framework of confidential proceedings. With regard to these parts, several confidential reports and applications have been filed with the Honorable Court.
- 3. We are dealing with very complex international insolvency proceedings, in the framework of which, as a direct result of action taken and applications filed by the Canadian monitor, these proceedings that are being conducted in Israel were recognized as "foreign main proceedings", even though the Company is a Canadian company. In this framework, the Canadian court recognized that these proceedings are the main insolvency proceedings of the Company, while the secondary insolvency proceedings of the subsidiaries are being conducted in Canada. By the nature of things, as a result of the need to hear and attend to aspects and proceedings in Israel and to implement and approve the actions of the court of insolvency in Canada, in many cases the Functionary is required to obtain double recognition and/or approval, from the Honorable Court and from the Canadian court. There is also a need for the transfer of current, bilingual information between the proceedings, which requires reports and translations of the decisions and activity reports received and filed in the various proceedings. This multi-layered and complex activity requires the Functionary to invest many resources, and to collaborate with the Canadian monitors who were appointed for the subsidiaries and involves additional expenses that include, *inter alia*, translations of applications, reports, decisions and the like.

B. The Functionary's acts

Background - the appointment of the Functionary and the appointment of the Canadian monitors on the initiative and at the request of the controlling shareholder

4. As mentioned, in the framework of the appointment order of April 25, 2016 (hereinafter - the "**appointment order**"), the Functionary was appointed by the Honorable Court as the Company's functionary, and was vested with powers to trace and seize assets, exercise the power of control in the subsidiaries, obtain information, conduct proceedings with the Canadian trustees and the Canadian court, and investigating the Company's acts prior to publication of the prospectus and thereafter.
5. The appointment order was given after Mr. Alan Saskin, the Company's controlling shareholder (hereinafter - "**Mr. Saskin**") instituted, on April 21, 2016, insolvency proceedings in relation to five of the group's companies, which held the Company's main assets, including in the backing projects.¹ The flow of monies from the backing projects was intended to serve the debt to the bondholders, in accordance with the bonds' issue prospectus. Mr. Saskin did all this contrary to, or at least in an attempt to evade, his prospectus obligations to the Company itself and to the holders of the bonds that it issued and listed for trade in Israel.
6. KSV Kofman Inc. (hereinafter - "**KSV**") was appointed as trustee for the insolvency proceedings of these companies.
7. Shortly thereafter, Mr. Saskin caused the institution of insolvency proceedings in relation to another group of subsidiaries of the Company, the Edge companies², and the appointment of The Fuller Landau Group Inc. (hereinafter respectively - "**FL**" and the "**Edge group**") as trustee for this group of companies (FL jointly with KSV - the "**Canadian monitors**"). At the Functionary's first meetings in Canada, he was told and it was alleged to him that this group of companies is of **no** real value, that the amount of the said group's debts to the Company are marginal if at all, and that it would "constitute a burden" on the rest of the group's companies.
8. After a series of intensive and complex checks and investigations that were carried out by the Functionary, including frontal investigations and acts of tracing and investigative accounting (including through the financial advisor of the Canadian monitor), **the Functionary managed to prove to FL that about one third of the Edge group's known debts, in a sum of CAD 12 million, which are recorded in the subsidiaries' books as a debt in favor of private**

¹ Lawrance project, Mallow project, Patricia project, Caledonia project and Downsview project.

² The Edge group companies are: Urbancorp Cumberland GP 2 Inc., Urbancorp Cumberland 2 L.P., Bosvest Inc., Edge on Triangle Park Inc. and Edge Residential Inc., not including Westside Gallery Lofts Inc. (hereinafter - the "**Edge companies**").

companies owned by Mr. Saskin, are in fact debts to the Company that were falsely and misleadingly recorded in this way. The origin of the monies is the controlling shareholder's prospectus obligation to provide a sum of CAD 12 million as equity to the Company, which were injected by him to cover the debts of companies from the Edge group. **On the Functionary's demand, Edge's debt situation was amended accordingly, such that the amount of CAD 12 million was recorded as a debt to the Company.** This act and various acts of the Functionary that will be detailed below lead to the potential for significant repayment to the Company from the Edge companies, as detailed below.

9. It is expressed that both KSV and FL were chosen for their positions and appointed at the request of Mr. Saskin and his attorneys, as monitors for the group's companies and for other private companies owned by Mr. Saskin and members of his family or his personal business. These circumstances led to the need for increased supervision over these monitors' acts, for the prevention of problematic acts. The Functionary's findings showed that primarily in the case of FL, there is a need for close control and supervision in order to guarantee that the interests of the Company (as main creditors and as holder of the rights in the shares of the group's companies) are protected, even where this clashes with the interest of Mr. Saskin or of his private creditors, as detailed below.

The execution of minutes and financing agreements with the Canadian monitors

11. During his first visit to Canada immediately after his appointment, the Functionary visited all the group's assets, held a long series of meetings with entities related to the Company or its activity for the purpose of obtaining current information about the situation of the entire group and about the legal and financial possibilities available to him for the purpose of protecting the interests of the Company's creditors, and contracted with legal and financial consultants as required in order to handle proceedings and assets in Canada. Already in this framework, the Functionary contacted various entities which were involved in the group's activity and in the private activities of Mr. Saskin and members of his family. These urgent checks and investigations yielded material information of huge financial importance for protecting the Company's and securing maximum repayment to its creditors, and some of them are confidential to this day.
12. The Functionary conducted intensive negotiations with the aim of reaching a consensus to obtain the Canadian court's recognition of his powers and the validity of the proceedings in the Israeli court, and with the aim of formulating a practical outline for activity that might leave the Functionary with optimum control and assure activity with the aim of reaching an optimal solution for the Company.

13. Thus, in the minutes that were formulated with the Canadian monitors (the wording of which is similar, *mutatis mutandis*), it was held that these proceedings would constitute the main proceedings in relation to the Company's insolvency proceedings, and that the Functionary would be the Company's foreign representative in Canada for such purpose; it was also held that the recovery process or realization of assets in the subsidiaries would be formulated between the Canadian monitors and the Functionary; the Functionary would be given special standing also with regard to the insolvency proceedings of the subsidiaries and would be entitled to information and warning before the institution of certain steps in the framework of these proceedings. In addition, it was agreed that the Functionary would be entitled to formulate information that would help him supervise the conduct of the insolvency proceedings in these companies and with regard to clarifying the circumstances that led to the whole group's collapse.
14. In addition, in the minutes executed with KSV, it was agreed that an amount of up to CAD 1.9 million, which the Functionary found was transferred from the Company by Mr. Saskin to KSV for the purpose of financing the insolvency proceedings of the subsidiaries, would be provided by KSV for the purpose of financing the Functionary's expenses in the framework of the proceedings in Canada, including the costs of his legal advisors and financial consultant, in accordance with the financing agreement executed between the parties. Hence, to this date these considerable expenses are being financed from the aforesaid monies, without the need to obtaining financing for them from Israel.

Recognition of the Israeli proceedings as foreign main proceedings and of the Functionary as the Company's foreign representative

16. The collaboration minutes with the Canadian monitors were approved by this Honorable Court in its decisions of May 22, 2016 and June 16, 2016 (application no. 12), and were also approved by the Canadian court.
17. In accordance with the understandings in the collaboration minutes, on May 18, 2016 the Canadian court recognized the Israeli proceedings as foreign main proceedings and the Functionary as the Company's foreign representative, expressly noting that it was doubtful if pursuant to the Canadian law there is room to recognize Israel as a Center of Main Interest (COMI) of the Company. Nonetheless, the Canadian court chose to honor the understandings between the parties, His Honor Judge Newbold of the Canadian court emphasizing the great importance that he attributes to the monitors' success in regulating this complex international affair and the recognition of the Functionary's pleas in relation to the materiality of the affair to wider aspects pertaining to protecting the interests of the Israeli capital market in general.
18. According to the minutes, KSV was appointed as trustee, and thereafter as "monitor" of most of the group's subsidiaries (hereinafter - the "**general**

insolvency proceedings" and the **"monitor"**), while FL was appointed as trustee and subsequently as monitor of the Edge group's insolvency proceedings (hereinafter - the **"Edge monitor"**).

The backing assets realization process

20. As detailed above, in the collaboration minutes, provision was made for collaboration in relation to the restructuring process or realization of the Company's assets, as follows:

KSV will run an orderly dual track sale and restructuring process "... Collaboratively, with the Israeli Parentco Officer... Alternatively, should the sale process continue to the point of submission of bids, subsection to Section 4(b) below, copies of all bids will be provided to the Israeli Parentco Officer by KSV, and KSV shall discuss same with the Israeli Parentco Officer, with the objective, but not the obligation, of hopefully concurring on the course of action to be followed in terms of which bids to continue negotiating or which (bid(s) to select as the successful bidder(s). KSV acknowledges that, throughout these processes, the Israeli Parentco Officer may from time o time require instructions and/or directions from the Israeli Court and that the process shall be conducted in a fashion to permit the Israeli Parentco Officer the opportunity to do so on a timeframe consistent with the urgency of the circumstances then in question. The Israeli Parentco Officer and KSV agree that the ultimate decision and course of action shall be determined by the Canadian Court on application by KSV for directions and provided that the Israeli Parentco Officer shall have standing as representative of Parentco to make full representations to the Canadian court as to his views and recommendations."

21. In accordance with these provisions, lengthy negotiations were conducted between the Functionary and the monitor with regard to the outline for realization of the backing assets owned by the subsidiaries under his management, and initially negotiations were conducted exclusively with Mattamy (Downsview) Limited (hereinafter - **"Mattamy"**), which is a partner of the Company (50%) in one of the large backing projects - Downsview, for the purpose of executing a transaction for the sale of 50% of the rights of the Company's subsidiaries in the backing projects, with the exception of the Downsview project (hereinafter - the **backing assets"**), the negotiations in respect of which began before the insolvency proceedings by Mr. Saskin. However, it transpired that Mattamy's offer does not suit the structure and timetables dictated by the general insolvency proceedings, and in light of the state of the Canadian real estate market, it was not clear if it would even be possible to maximize the values of the backing assets. In addition, Mattamy's offer was led by Mr. Saskin and included leaving him in a management position.

22. Hence, the monitor and the Functionary decided to engage in a competitive process for the choice of a broker who would act for the purpose of obtaining offers for the purchase of the backing assets or some of them in a relative short period of time.
23. Following a tender published by the monitor for the provision of brokerage services, eight bids were received, from which was chosen, after examination and consultation with the Functionary and his financial advisor, the bid of Colliers International (hereinafter - the "**broker**").
24. On June 30, 2016, the contract with the broker was approved by the Canadian court, and on July 4, 2016 the process began of obtaining offers for the backing assets that included, *inter alia*, the opening of information rooms and the making of oriented approaches and public approaches to potential purchasers.
25. In the scope of this process, about 140 potential purchasers received access to the information rooms and to the information prepared in relation to the backing assets (after the execution of confidentiality agreements), visited the assets and received information insofar as necessary from the companies' advisors.
26. At the end of the stage of receiving bids, 46 bids were received for the purchase of the backing assets³, and in relation to the Lawrance and Mallow assets, the bids were accepted immediately as well as deposits in respect thereof, while in relation to the Patricia and St. Claire assets, there was another round of negotiations. The Functionary received several communications in connection with the purchase of the Company's assets, that were examined and transferred to the monitor for the purpose of including them in the general tender process.
27. The Functionary and his financial and legal advisors were informed of the details of the bids that that were received, requested and received information that they needed and the decisions in relation to the progress in and choice of the winning bids were made by arrangement and consent between the Functionary and the Canadian monitor, and were approved by the Canadian court.
28. As detailed in update report no. 8 of March 30, 2017, for the backing assets' realization the monitor's fund received about CAD 76.5 million, and after the payment of mortgages, certain expenses and the like a sum of approx. CAD 64 million remained in the fund for distribution to these companies' creditors.

The Edge group assets realization process

³ From which 16 bids for the St. Claire project, six bids for the Lawrance project, 10 bids for the Mallow project and 14 bids for the Patricia project.

30. The main asset of the Edge companies group is about 37 housing units and several storerooms and parking bays in the Edge project, which remain in this group of companies (after unlawful transfers of additional housing units [sic] in the project, which were apparently transferred to private creditors of Mr. Saskin). These transfers are (*inter alia*) the cause for the action filed by the Functionary against Mr. and Mrs. Saskin and the family companies owned by them, as detailed below.
31. In the framework of the process for the realization of the Edge group's assets, agreement was reached on the realization of 21 housing units as one piece and on the marketing of the rest of the units by the chosen broker, on a gradual basis. The Functionary receives regular reports on the progress in sales by the broker and supervises the sale proceeds and continued asset realization process.

The process for the realization of housing units in the framework of the general insolvency proceedings

- 33^[w1]. The Functionary examined and approved the entry into agreements for the sale of holdings of the Company's subsidiaries at a rate of 40% in another company which held several housing units together with a partner. The execution of the transaction, the price and the "waterfall payments " in the transaction were examined and approved by the Functionary with the help of his financial and legal advisors in Canada before being filed for the Canadian court's approval.
34. The Functionary supervises and monitors realization of the holdings of the Company's subsidiaries, Urbancorp Residential Inc. and King Residential Inc., in 28 housing units that are owned by them. In light of the similarity to the process for the realization of housing units in the Edge group, the process agreed in relation to the Edge group was copied for the sale of these units as well.

The geothermal assets realization process

36. The Functionary is an active partner in the attempt to realize the geothermal assets in the framework of the general insolvency proceedings, made, with the help of his advisors, a general and legal analysis of the range of possibilities for their realization and even met directly with potential interested parties.
37. In the framework thereof, the Functionary is acting to accelerate regulation of the rights of the group's companies in these assets, which was not done properly by the Company's controlling shareholder. First and foremost, the Functionary demanded that the monitor act for the transfer of 50% of the rights in the Fuzion geothermal asset to a subsidiary of the Company, after in the framework of the series of transactions executed on March 10, 2016 (before the Company's collapse), the controlling shareholder owes the Company's subsidiary the costs of purchasing 50% of the asset, but "forgot" to transfer the holdings purchased to the Company's ownership.

38. The Functionary's legal advisors prepared a written version of irrevocable instructions in such regard that will approve the transfer, and, at the Functionary's request, the monitor is supposed to arrange for the signature thereof by Mr. Saskin and for their execution. It goes without saying that without these acts of the Functionary, this asset would have disappeared from the assets of the Company's group.
39. In addition, the Functionary, with the help of his legal advisors and financial consultant in Canada, is monitoring the legal proceedings that are being conducted for all the Company's geothermal assets (especially proceedings for the collection of debts from occupants who used the geothermal systems but are refusing to pay for this use, contrary to agreement), which have a direct impact on the realization ability and prices of these assets.

The process for the realization of the Company's holdings in Downsview

40. The Functionary is involved in intensive negotiations and talks with the monitor in relation to the possibilities for realizing the Company's holdings in Downsview, and in this framework is examining the financial information on the value and proceeds expected from this project.
41. The Functionary also conducted direct negotiations with several potential bidders in relation to the holdings in this asset.
42. This asset, which is being constructed by the partner (49%) - Mattamy - requires intensive financing and attention, on the one hand, but creates very valuable future potential and allure for many investors, on the other hand. Since it is the partner who is attending to the construction and also financing the construction (including in respect of the share of the Company's group), there are significant difficulties in extracting information and finding a suitable investor who will be acceptable to the partner.

The financing of the insolvency proceedings

45. Both the general insolvency proceedings and the Edge group insolvency proceedings were financed, on the proceedings' commencement, through third parties, against a charge over the group's assets in favor of the financing entity.
46. The financing entity was chosen through a tender process and selection of the chosen bidders, and was done with the collaboration and consent of the Functionary.
47. The Canadian monitors also reached understandings regarding the amount of the withdrawals from the financing facilities and regarding the duty to report to the

Functionary on certain steps to enable supervision with regard to the insolvency proceedings' expenses.⁴

48. In addition, special financing is required to provide the equity needed by the Company's subsidiary in the Downsview project. The need for this financing, its terms and conditions and the relevant financing agreement were discussed with the Functionary, and the Functionary's demands were accepted and assimilated in the body of the agreement that was approved by the Canadian court.
49. The Functionary is holding talks with the Canadian monitor regarding the terms and conditions of this financing and the possibilities for its repayment and has even examined at certain stages independently alternative possibilities for replacing the financing for this project.

Supervision of the Canadian monitors appointed for the subsidiaries

51. The Functionary, with the help of his legal and financial advisors, is supervising and receiving regular updates from the Canadian monitors and in such context is examining the expected flow of monies for the purpose of continuing to manage the proceedings and the reasonableness thereof; the fee expenses of the Canadian monitors and the reasonableness thereof; expenses that the monitors are seeking to incur, such as in relation to necessary renovations and the like.
52. It is noted that in such context the Edge monitor was asked to provide details of the payments made by him to Saskin's personal lawyers, supposedly for acts done for the Edge group, but without the presentation to him of suitable references and/or accounts in relation to the nature or scope of the works executed. Even though this information was requested orally and in writing already in May 2017, to this date clarifications have not been received as aforesaid.
53. In this framework, the Functionary also learned that the Edge monitor intends transferring payments for services to Mr. Ted Saskin, Alan Saskin's brother and one of the entities whose liability for and involvement in the group's collapse is being examined by the Functionary. The Functionary objected to the making of these payments and received written confirmation that they would not be made without notifying him and granting him a right of objection to payments of such type.
54. The Functionary is also engaging in regular meetings, talks and correspondence in order to obtain specific updates or information on the proceedings for approval of the debt claims in the Canadian subsidiaries, the payment of debts, including mortgages (in this framework too, the Functionary's financial advisor

⁴ Correct as at today, the said financing has been paid and the insolvency proceedings are being financed from the proceeds from realization of the assets in these proceedings.

discovered an error in a sum of about CAD 500,000 that was recorded in favor of one of the financing entities in relation to one of the backing assets), the status of the asset realization process and more.

55. The Functionary also met directly with material creditors of the group's subsidiaries in an attempt to accelerate the distribution process and to reach understandings regarding waivers or steps required by them for the purpose of accelerating or maximizing the distributions from the Canadian subsidiaries.
56. The Functionary demanded and received information from the Edge monitor in relation to transfers suspected of being illegal, of housing units in the Edge project as described in paragraph 29 above. This information, which in consequence of communications and demands by the Functionary was published in the Edge monitor's report of June 13, 2017, is a basis for the commencement of legal proceedings against these illegal transfers.
57. The Functionary studies and comments on, from time to time, the activity reports of the Canadian monitors before filing them, and he is up to date and represented at every discussion about them, with discussions regarding deadline extensions, various approvals required by the Canadian court and the like taking place several times a month.

Travelling to Canada and visiting the group's assets

59. The Functionary or his representatives travel to Canada on a quarterly basis, and on these trips they meet with the Canadian monitors and with third parties, as required for the purpose of carrying out investigations and/or accelerating the process of realizing the Company's assets.
60. On these trips, visits are made to the subsidiaries' assets, updates are received on the pace of sales of the housing units, various acts that are being done with the assets and the like.

Investigations, demands for information and correspondence with various entities which were involved in the Company's business

62. The Functionary is acting both through demands for information from the Canadian monitors and independently, in order to obtain materials and information required for his investigations against the entities involved in the Company's collapse.
63. In this framework, the Functionary met with and even investigated third parties which were involved in the Company's activity and business with the Company's management, its legal advisors, its accountants and the like.

64. To date these acts have led to the return of monies in a sum of hundreds of thousands of dollars to the Company's fund, as detailed in update report no. 6 of November 9, 2016 (application no. 22), and to the filing of a claim against Mr. and Mrs. Saskin and family companies owned by them, as detailed below.
65. The Functionary is continuing to act to obtain information on the circumstances of the Company's collapse and is considering possibilities for taking further legal action against various entities liable for the Company's collapse, including Canadian and Israeli entities involved in the planning and execution of the issue of the Company's bonds in December 2015 in Israel.

Planning / institution of legal proceedings in Canada

67. Legal proceedings against TCC Bay

- 67.1 The Functionary instituted legal proceedings in Canada regarding the rejection of a debt claim in an aggregate sum of eight million dollars, against TCC/Urbancorp (Bay) Limited Partnership (hereinafter - "**TCC Bay**" and the "**debt claim**").
- 67.2 As detailed in report no. 8 of the Functionary of March 30, 2017 (application no. 36), the Functionary acted in order to reach understandings with the Saskins, who stood to be the main beneficiaries from the debt claim's rejection, in order to recognize the Company's rights by virtue of the debt claim out of court. When these efforts failed, the Functionary filed an application with the Canadian court for the debt claim's recognition, or, alternatively, for the grant of instructions that the first proceeds from the sale of TCC Bay's assets, which would go to its shareholder, a company owned by Mr. Saskin's wife, would be held on trust for the Company, and would be paid to the Company's fund through the Functionary.
- 67.3 As detailed in update report no. 10 of June 25, 2017 (application no. 45), the Canadian court held in its decision that contrary to the controlling shareholder's declarations in the prospectus, the promissory notes were invalid and that all the companies involved in the transaction under the control of Mr. Saskin, including TCC Bay, knew or should have notice thereof. Accordingly, on June 23, 2017 the Functionary filed an application with the Canadian court to allow the filing of an amended debt claim against TCC Bay, in respect of the damages caused as a result of the promissory notes' invalidity, *inter alia* in order to prevent the distribution of these monies by the TCC Bay monitor. In consequence of the filing of this application, the monitor's report on the expected distributions in TCC Bay included a suitable reserve for the Functionary's debt claim.

68. **Legal proceedings against the Canadian tax authorities**

- 68.1 At or about the time of the Company's collapse, in accordance with Mr. Saskin's instructions, a sum of CAD 12 million was transferred to the Canadian VAT authorities in respect of VAT payments that those companies owned. It transpired that these amounts are in fact the amounts that Mr. Saskin undertook to provide to the Company's equity in the framework of the issue prospectus, and from the Functionary's investigations it emerges that the transfer of these amounts was effected unlawfully, other than in accordance with the corporate governance rules applicable to the Company, and while preferring the personal interest of Mr. Saskin, who bore direct personal liability for these debts in his capacity as a director of those companies.
- 68.2 Checks performed by the Functionary's legal advisors revealed that a refund of the amounts could be demanded from the tax authorities, since the transfers effectively constitute preference of creditors of the VAT authorities. The Functionary's legal advisors drew up a detailed memorandum on the matter and sent it to the Edge monitor, demanding that he institute legal proceedings against the VAT authorities as aforesaid, or that the Company, through the Functionary, institute legal proceedings as aforesaid independently.
- 68.3 After approval of the creditors' committee in the Edge companies group (in which the Functionary also participates through his representatives in Canada) on the initiative and at the demand of the Functionary, on June 8, 2017 the Edge monitor filed an application with the Canadian court for instructions that the said monies constitute the illegal preference of creditors and that these monies should be returned to the Edge monitor in favor of the Edge companies' creditors (of which the Company is a material creditor).

Approval and execution of the debt claim proceedings in Israel and Canada

70. The Functionary and his Canadian attorneys acted to obtain approval for the debt claim proceedings in Israel and Canada and for suitable publication in Israel and Canada.
71. The decision on the Israeli debt claims was made in Hebrew and pursuant to the Israeli law, and the decision on the Canadian [debt] claims was made pursuant to the Canadian law and in English, by the Functionary's Canadian attorneys, in accordance with the provisions of the bonds' issue prospectus, which provided that the Canadian law would apply in relation to the laws of insolvency (save in relation to the controlling shareholders and officers who undertook to subject themselves to the Canadian law).

72. All the debt claims that were filed, the decisions thereon and the communications and appeal proceedings in respect of them, are detailed in update report no. 7 of February 8, 2017 (application no. 32). Some of the debt claim proceedings are subject to appeal proceedings in Canada.

Formulation and publication of an arrangement plan and convening meetings of creditors and shareholders in Israel and Canada

74. In accordance with the approval of the courts in Israel and Canada, on April 30, 2017 the Functionary published a debt arrangement plan for the Company that was aimed at enabling, first and foremost, a distribution of the proceeds from the backing assets' realization. The arrangement plan and report no. 8 of March 30, 2017, which detailed the status of the assets and proceeds in the subsidiaries, were published in Hebrew and in English and sent to the Company's creditors.
75. The Functionary and the Canadian attorneys acted to simultaneously convene meetings of creditors and shareholders, in Israel and in Canada, and to hold a preliminary meeting of the bondholders with regard to the arrangement's approval, which were held simultaneously in Israel and in Canada using video communication means, as provided in report no. 9 of April 30, 2017 (application no. 39).

Filing debt claims in the framework of the insolvency proceedings of the group's companies and of Mr. Saskin

77. On the Company's behalf, the Functionary filed debt claims against the group's subsidiaries, against Mr. Saskin as an officer of those companies and against other companies owned by Mr. Saskin, as detailed in report no. 6 of November 9, 2016 (application no. 22). A debt claim was also filed against TCC Bay as detailed above.
78. The Functionary also filed a debt claim and even personally participated in the creditors' meeting in the personal bankruptcy proceedings of Mr. Saskin. The Functionary is monitoring these proceedings and is receiving, as a creditor of Mr. Saskin, information published by FL, which was appointed as trustee in the personal bankruptcy proceedings of Mr. Saskin.
79. The Functionary is meeting and negotiating with other creditors of Mr. Saskin in order to check the possible ways of acting against Mr. Saskin in his personal bankruptcy proceedings.

Filing a claim against Mr. and Mrs. Saskin and companies owned by them.

81. In accordance with the approval of the court of insolvency in Israel of May 21, 2017 and of May 24, 2017 in confidential applications filed by the Functionary, on June 20, 2017 the Functionary filed a claim in Israel in the Company's name

against Mr. and Mrs. Saskin and family companies owned by them, for breaches of obligations that they assumed to the Company in the framework of the bonds' issue prospectus, in a sum of approx. CAD 32.5 million.

82. The causes of action are based on the findings from the Functionary's investigations of several cases in which assets of the group were transferred to private companies of the Saskins or their creditors, and on a breach of the obligations to transfer assets and monies to the Company in accordance with the undertakings in the bonds' issue prospectus, and which constituted a condition precedent for raising the bonds from the Israeli public.

Negotiations with the monitor in relation to approval of a distribution in the Canadians subsidiaries and approval of a distribution

85_[w2]. The Functionary and his representatives met with the monitor and conducted intensive negotiations with him in relation to the amount of the interim distribution that would be approved at this stage for the Company as a creditor of the Company, having regard to the debts to the other creditors of the group's subsidiaries and the costs of continuing to conduct the legal proceedings.

86. After lengthy talks, agreement was reached on an interim distribution in a sum of approx. CAD 29.4 million, instead of an amount of CAD 20 million that the monitor originally suggested distributing. Agreement was also reached to reduce the reserves that would be kept for the purpose of conducting the proceedings to a sum of approx. CAD 8.2 million, instead of an amount of CAD 10 million that was requested at the outset, as detailed in report no. 10 of June 25, 2017.

The Company's routine management

90_[w3] The Functionary is taking action in the framework of the Company's routine management, management of its bank accounts in Israel and Canada, filing applications for tax refunds in Canada, preparation and signing of the Company's financial statements.

91. In this framework the Functionary has to file suitable applications in Israel and Canada.

Conduct of other proceedings in Israel

92. Apex Issuances Ltd (hereinafter - "**Apex**") - the conduct of proceedings instituted by Apex for approval to file a third party notice against the Company, in the scope of an application for recognition of a class action filed by Ms. Naomi Monrov against Apex in CA 16552-04-16 - application no. 24, and an appeal filed by Apex against rejection of the debt claim filed by it - MCA 5249-06-17. These proceedings are pending.

93. CA 1746-04-16, Pechthold v. Urbancorp et al - an application for recognition of a class action filed against the Company, with the Honorable Court's approval and against others. The Functionary is representing the Company in these proceedings, and for these proceedings the Functionary's firm is entitled to a separate fee, as provided in the Honorable Court's decision of December 27, 2017 (application no. 27).
94. In addition to the aforesaid, the Functionary must reply to other applications of third parties - thus, for example, the application of the creditor - Maarabi in application no. 23; Tuvia Pechthold's application for approval to conduct the [class] action against the Company and to instruct the Functionary to cease representing the Company in the class action (application no. 10); Tuvia Pechthold's application to order the designation of monies (application no. 34); the application of FL and three companies owned by the Saskins to join the insolvency proceedings (application no. 33); an appeal filed by directors of the Company against the Functionary's decision on a debt claim filed by them (MCA 3307-01-17), and more.

C. Interim fee for an interim distribution

95. **As detailed above, the expected financial outcome in this case is unprecedented and self-explanatory. The Functionary's many acts in this case, including the conduct of legal proceedings in Canada against many parties, alongside many legal proceedings conducted in Israel, *inter alia* proceedings against third parties, have quickly led to an optimal legal and financial outcome for the creditors, and is expected to still yield more monies in future.**
96. As described at length above, the acts and efforts of the Functionary and his staff exceeded any standard framework of creditors' arrangement and suspension of proceedings. These acts have yielded for the fund, already now, a significant sum of **approx. NIS 80 million**.
97. As detailed in the distribution application, on July 4, 2017 a sum of CAD 29,601,956 was received in the Functionary's account, part of this amount was converted into new shekels in a sum of approx. NIS 77 million, from which the Functionary is seeking, in the framework of the distribution application, to distribute a sum of NIS 70 million to the secured creditor. This sum is about 37% of all the approved debt to creditors (approx. NIS 188,000,000). The balance, in a sum of approx. NIS 7 million, is designated for use by the Functionary for the payment of the fees and costs of the proceedings, including the Functionary's interim fee, refund of the expenses cushion that was deposited by the bond trustee⁵, the fee of the Official Receiver and the fee and expenses of

⁵ NIS 500,000 that the FF is liable to return to the trustee in respect of the expenses cushion that the trustee provided to the FF's fund at the beginning of these proceedings.

the claim against the Saskins and the family companies; and for the purpose of distribution after approval of the creditors arrangement, a decision on the appeals filed against the ordinary debt claims and in accordance with separate distribution applications that are filed in future.

98. The Functionary intends applying to the Honorable Court in future for the approval of a final fee pursuant to section 8A. of the Companies (Rules for the Appointment and Fee of Receivers and Liquidators) Regulations, 5741-1981 (hereinafter - the "**Fee Regulations**"), having regard to the final distribution made to the Company's creditors; in light of the expected percentage of the immediate distribution to the bondholders (the debt to whom is approx. 98% of all the Company's approved debts (not including conditional or deferred debts), calculated pursuant to section 8A. of the Fee Regulations, the Functionary is already entitled, for the current distribution, to an interim fee of 4% to 5% of the distribution actually made, which could amount to more than NIS 3 million.
99. Nonetheless, in the circumstances of the case, and despite the extensive activity of the Functionary and his staff (on a scale of thousands of hours of work) in the 16 months that have passed since his appointment, the Functionary is requesting that an interim fee be approved for him, on account of the expected final fee, in a sum of only NIS 2.5 million, plus due VAT.
100. Having regard to the provisions of section 14 of the Fee Regulations, which provide that an interim fee shall not exceed 50% of the final fee, and even though further distributions are expected of considerable amounts, **the interim fee requested is on the low side.**
101. The Honorable Court is therefore moved to approve for the Functionary, subject to approval of the distribution application, an interim fee of NIS 2.5 million plus VAT, on account of the final distribution fee an application for the approval of which will be filed in future.
102. The Honorable Court is also moved to grant the Functionary approval to pay, from the fund, the Official Receiver's supervision fee at a rate of 20% in accordance with section 65(b) of the Companies (Liquidation) Regulations, 5747-1987, from the approved fee of the Functionary, in a sum of NIS 500,000.
103. In addition, the Court is moved to approve, for the Functionary's firm, reimbursement of the expenses actually incurred by his firm since his appointment, in an overall sum of NIS 116,395 plus due VAT, as provided in the expenses account annexed hereto as **appendix 1.**

(Signed)

(Signed)

(Signed)

Adv. Yael Hershkovich

Adv. Gilad Bergstein

Adv. Michael Missul

Attorneys for the Functionary of Urbancorp. Inc.

Today, July 3, 2017, Tel Aviv

Appendix “G”

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT
OF URBANCORP CUMBERLAND 2 GP INC., URBANCORP CUMBERLAND 2
L.P., BOSVEST INC., EDGE ON TRIANGLE PARK INC., AND EDGE
RESIDENTIAL INC.**

(the "Applicants")

**SEVENTH REPORT TO COURT OF THE FULLER LANDAU GROUP INC.
AS MONITOR OF THE APPLICANTS**

– AND –

Court File No. 31-2117602
Estate File No. 31-2117602

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
(IN BANKRUPTCY AND INSOLVENCY)

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL
OF ALAN SASKIN**

**SIXTH REPORT TO THE COURT OF THE FULLER LANDAU GROUP INC.
IN ITS CAPACITY AS TRUSTEE UNDER THE NOTICE OF INTENTION TO
MAKE A PROPOSAL OF ALAN SASKIN**

JULY 26, 2017

**(INFORMATION CONCERNING THE CUMBERLAND 2 PROCEEDINGS AND
THOSE OF THE PROPOSAL OF ALAN SASKIN, PERSONALLY)**

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A - Holding Proposal of Alan Saskin dated October 27, 2016

I. INTRODUCTION AND BACKGROUND

1. This report is submitted following a review of the "Application for the Grant of Instructions for Approval of the Functionary's Interim Fee" dated July 3, 2017, and is intended to provide perspective from the Cumberland 2 Proceedings as well as those from the personal bankruptcy proceedings of Alan Saskin. Further to discussions with KSV Kofman Inc. in its capacity as Information Officer (the "**Information Officer**"), The Fuller Landau Group Inc. ("**FL**") in its capacities as Monitor and Proposal Trustee as more particularly described below, also believes a response is warranted. The following sets out in summary fashion the background, and at a high level, reference to the activities conducted by FL which included the development and implementation of strategies and processes to maximize the return of value to stakeholders, recover assets, responsibly finance the proceedings and efficiently administer these proceedings in as cost-effective manner as possible.
2. On April 29, 2016, Bosvest Inc., Edge Residential Inc. and Edge on Triangle Park Inc. , (together, the "**Edge Companies**") each filed with the Official Receiver a Notice of Intention to Make a Proposal ("**NOI**"), pursuant to subsection 50.4(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**"). FL was named as proposal trustee under the NOIs.
3. On April 29, 2016, Mr. Alan Saskin filed with the Official Receiver a NOI pursuant to subsection 50.4(1) of the BIA. On the same date the Office of the Superintendent of Bankruptcy confirmed the filing. FL was named as proposal trustee (the "**Proposal Trustee**") under the NOI.
4. On May 20, 2016, Urbancorp Cumberland 2 GP Inc. ("**Cumberland 2 GP**") and Urbancorp Cumberland 2 L.P. ("**Cumberland 2 LP**", and together with Cumberland 2 GP, the "**Cumberland Companies**") each filed an NOI with the Official Receiver. FL was named as Proposal Trustee under the NOIs.
5. The Edge Companies and Cumberland Companies are collectively referred to as the "**Cumberland 2 Group**".
6. The Proposal Trustee issued the Edge Companies First Extension Report dated May 26, 2016, the Cumberland Companies First Extension Report dated June 13, 2016, the Cumberland Group's Second Extension Report dated July 6, 2016, the Third Report dated August 18, 2016, and the Fourth Report dated September 30, 2016. The Fourth Report provided a summary of the Proposal Trustee's previous activities and Reports, and orders obtained in the NOI proceedings of the Cumberland 2 Group.
7. On October 6, 2016, the Court granted an order, among other things, continuing the NOI proceedings of the Cumberland 2 Group under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") with an initial stay of proceedings until November 4, 2016 (the "**Cumberland 2 CCAA Proceedings**"). These proceedings continued processes commenced by FL as proposal trustee and continued by FL as Monitor which included enhanced responsibilities to market, sell and recover assets for the benefit of stakeholders of the Cumberland 2 CCAA Proceedings which

responsibilities it continues to discharge under the supervision of the Canadian Court pursuant to processes which it developed and which have been approved by the Canadian Court.

8. On October 21, 2016, the Monitor issued its first report to court (the “**Monitor’s First Report**”) and on October 28, 2016, the Court issued an order, granting, among other relief, an extension of the stay of proceedings in respect of the Applicants until December 23, 2016 which permitted the proceedings to continue the sale of available assets.
9. On October 27, 2016, Mr. Saskin filed a holding proposal with his creditors and with the Official Receiver.
10. On December 2, 2016, the Monitor issued its second report to court (the “**Monitor’s Second Report**”) and issued under seal a supplementary report (the “**Supplementary Report**”) on various transactions completed by the Cumberland 2 Group.
11. On December 16, 2016, the Court issued, among other things, vesting orders approving sales transactions of a substantial block of condominium units and a claims procedure order approving the proposed claims process in respect of the Cumberland 2 Group;
12. On March 3, 2017, the Monitor issued its third report to court (the “**Monitor’s Third Report**”).
13. On March 16, 2017, the Court issued an order granting the Monitor, amongst other things, an extension of the stay of proceedings until June 19, 2017 and the authorization to repay the existing DIP financing facility, and to use available cash held in the estate to meet the Monitor’s funding requirements as they arise.
14. On June 8, 2017, the Monitor issued its fourth report to court (the “**Monitor’s Fourth Report**”) reporting on a \$12 million payment to Canada Revenue Agency (“**CRA**”) in early March 2016 to partially settle corporate HST obligations. A motion is scheduled to be heard on a date to be set by the scheduling office of the Commercial List addressing whether such payment constituted a preference under Canadian insolvency legislation.
15. On June 8, 2017, the Monitor issued its fifth report to court (the “**Monitor’s Fifth Report**”) reporting on steps taken by the Monitor in the Cumberland 2 CCAA Proceedings, seeking approval of such steps, and seeking an extension of the CCAA stay of proceedings.
16. On June 13, 2017 the Monitor issued its sixth report to court (the “**Monitor’s Sixth Report**”) reporting on the transfer of condominium units to trade creditors of Urbancorp entities outside of the Cumberland 2 Group. Proceedings will be prosecuted to determine whether such transfers are reversible under Canadian insolvency legislation.
17. Copies of the Monitor’s reports filed and Court Orders issued can be found at the Monitor’s website at www.fullerllp.com/active_engagements/edge-triangle-park-inc/

18. Copies of the Proposal Trustee's reports filed and Court Orders issued can be found at the Proposal Trustee's website at http://fullerllp.com/active_engagements/alan-saskin/

II. PURPOSE OF THIS REPORT

19. The purpose of this seventh report of the Monitor (the "**Monitor's Seventh Report**") and sixth report of the Proposal Trustee (the "**Proposal Trustee's Sixth Report**") is to provide a report, in similar fashion to that of the Information Officer, summarizing the views of the Proposal Trustee and Monitor (the Information Officer, the Monitor, and the Proposal Trustee are collectively referred to as the "**Canadian Court Officers**") in connection with the "Application for the Grant of Instructions for Approval of the Functionary's Interim Fee" dated July 3, 2017 (the "**Functionary's Report**"). This report has been submitted in conjunction with that report of the Information Officer so as to provide a complete perspective of the Canadian Court Officers' response to the Functionary's Report.
20. We have had the benefit of reading the Information Officer's Report dated July 26, 2017, and agree with the observations set out therein.
21. In particular:
- a. Guy Gissin (the "**Israeli Functionary**") has only been appointed for, and the Israeli proceedings only pertain to, Urbancorp Inc. ("**UCI**");
 - b. the Israeli proceedings are foreign main proceedings solely for UCI;
 - c. the Cumberland 2 CCAA Proceedings and the personal proposal proceedings of Alan Saskin are each exclusively Canadian proceedings, over which the Canadian Court has exclusive jurisdiction and control and in respect of which the Monitor and the Proposal Trustee exercise exclusive control and oversight subject to the direction of the Canadian Court;
 - d. the Monitor and the Proposal Trustee are both officers of the Canadian Court to which each owes duties as an officer of the Court;
 - e. all of the claims against any of the Cumberland 2 Group entities and Alan Saskin are exclusively subject to a claims procedure ordered by the Canadian Court referred to above and the BIA and are overseen and implemented by the Monitor and Proposal Trustee, respectively;
 - f. in no way does the Israeli Functionary have the authority to 'supervise', direct, or compel the Canadian Court Officers to take any action pertaining to the assets or proceedings over which they are charged with care, control and direction pursuant to Canadian court orders or the BIA;
 - g. pursuant to the "Protocol for Co-Operation among Canadian Court Officer and Israeli Functionary" dated June 9, 2016 between the Monitor and the

Israeli Functionary, the Monitor endeavours to cooperate with the Israeli Functionary in order to seek its input and views on matters as a Monitor would do with any key stakeholder in a CCAA proceeding and has taken pains to ensure that information is provided to all stakeholders in an as even-handed a manner as possible, bearing in mind that the Israeli Functionary may have reporting obligations which are not typical of other creditors in these proceedings.

22. The Information Officer further notes that “many, if not all, of the Israeli Functionary's activities pertaining to any of the assets, liabilities or claims of the Cumberland CCAA Entities and Bay CCAA Entities are largely duplicative of the activities of the Monitor.” These same sentiments pertain to the Cumberland 2 Group entities and the Alan Saskin proposal proceedings. However, in connection with the latter there is the additional consideration that the fees incurred in connection with the manner in which the Israeli Functionary pursues its role has a material impact on the creditors of Alan Saskin.
23. Alan Saskin filed a holding proposal on October 27, 2016. The holding proposal contemplates that assets available from the Cumberland CCAA Entities proceedings, the Bay CCAA Entities proceedings and Cumberland 2 CCAA Proceedings, either by way of distributions to Mr. Saskin directly or by way of contributions from related parties who may be entitled to distributions from such proceedings will be offered to creditors pursuant to a definitive proposal. More specifically, any funds available to Mr. Saskin from the above proceedings, and contributions from related parties would be available to his creditors pursuant to his proposal proceedings. Accordingly, the Proposal Trustee on behalf of Mr. Saskin’s creditors has a keen interest that the costs associated with the performance of the Israeli Functionary, be kept to a minimum, particularly when such costs may be associated with duplicative and redundant activities of the Israeli Functionary. A copy of the holding proposal is attached to this report as **Appendix “A”**.
24. At present, the Israeli Functionary is a contingent representative creditor in Alan Saskin’s personal proceedings, however, the Proposal Trustee recently learned that litigation proceedings have been commenced in Israel against Mr. Saskin, his wife, Doreen Saskin and others. No leave of the Canadian Court has been requested in respect of the proceedings against Mr. Saskin personally, and we were concerned to read in the Israeli Functionary’s materials (in translation) that they were under the impression that no leave was required and advised the Israeli Court accordingly. While we are doubtful of that conclusion, we are most concerned that there be due respect afforded to the Canadian Proceedings as they are Primary Proceedings, and not secondary to those of UCI commenced in Israel.

All of which is respectfully submitted on this 26th day of July, 2017.

THE FULLER LANDAU GROUP INC.

in its capacities as CCAA Monitor of
the Cumberland 2 Group and as
licensed insolvency trustee under
the Notice of Intention to make a proposal of
Mr. Alan Saskin not in its personal capacity

Per: _____

Gary Abrahamson CA, CPA, CIRP, LIT

TAB A

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
(IN BANKRUPTCY AND INSOLVENCY)**

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
ALAN SASKIN (“the Debtor”)**

PROPOSAL

**ARTICLE 1
INTERPRETATION**

**ALAN SASKIN, OF THE CITY OF TORONTO SUBMITS THE FOLLOWING
PROPOSAL PURSUANT TO THE BANKRUPTCY AND INSOLVENCY ACT
(CANADA).**

1.1 Definitions

For all purposes relating to the present Proposal, the following terms shall have the following meanings:

- (a) **“Bankruptcy Scenario”** means those proceeds available for distribution to Creditors derived solely from the assets of the Debtor without any contribution from third parties in a Bankruptcy Proceeding.
- (b) **“Bankruptcy Proceeding”** means any deemed assignment into bankruptcy pursuant to section 50.4(8) of the BIA and all estate liquidation and administration related thereto.
- (c) **“BIA”** means the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended.
- (d) **“Business Day”** means any day except Saturday, Sunday or any day on which banks are generally not open for business in the City of Toronto, Ontario

- (e) **“Claim”** means any right of any Person against the Debtor in any capacity in connection with any indebtedness, liability or obligation of any nature whatsoever, including claims that are liquidated, unliquidated, fixed, contingent, matured, unmatured, legal, equitable, present, future, known unknown, disputed, undisputed or whether by guarantee, by surety, by subrogation or otherwise incurred and whether or not such a right is executory in nature, incurred or arising or relating to the period prior to the Filing Date, or based in whole in part of facts, contracts or arrangements which occurred or existed prior to the Filing Date.
- (f) **“Court”** means the Ontario Superior Court of Justice.
- (g) **“Creditor”** means the holder of a Claim.
- (h) **“Creditors’ Fund”** has the meaning ascribed to such term in section 2.3.
- (i) **“Creditors’ Meeting”** means the meeting of Creditors to be held for the purpose of considering and voting upon his Proposal, and any adjournment(s) of such meeting.
- (j) **“Crown Priority Claims”** means all amounts owing to Canada Revenue Agency that could be subject to a demand under subsection 224(1.2) of the *Income Tax Act* (Canada) or under any substantially similar provision of provincial legislation as at the Filing Date.
- (k) **“Disputed Claim”** means any Claim which has been received by the Proposal Trustee in accordance with the terms of this Proposal and the BIA but has not been accepted as proven in accordance with section 135 of the BIA or which is being disputed in whole or in part by the Proposal trustee, or any other person entitled to do so and has not been resolved by agreement or by Order of the Court.
- (l) **“Disputed Creditor”** means a Person holding a Disputed Claim to the extent of its Disputed Claim.
- (m) **“Effective Date”** means the date upon which the Creditors’ Fund has been funded.
- (n) **“Filing Date”** means April 29, 2016.
- (o) **“Inspectors”** means the inspectors that are or may be appointed pursuant to section 56 of the BIA.
- (p) **“Official Receiver”** means a federal government employee in the office of the Superintendent of Bankruptcy who, among other things, accepts and reviews documents that are filed in BIA proposals.
- (q) **“Person”** is to be broadly interpreted and includes an individual, a corporation, a partnership, a trust, an unincorporated organization, the government of a country or any political subdivision thereof, or any agency or department of any such

government, and the executors, administrators or other legal representatives of an individual in such capacity.

- (r) **“Preferred Claim”** means that portion of a Claim that is accepted by the Proposal Trustee as entitling the Preferred Creditor to receive payment in priority to other Proven Creditors as provided in section 136 of the BIA.
- (s) **“Preferred Creditors”** means the holders of Preferred Claims.
- (t) **“Priority Claimants”** means the holders of Crown Priority Claims.
- (u) **“Professional Fees”** means all proper fees, expenses, liabilities and obligations of the Debtor and its counsel or the Proposal Trustee and its counsel, and its accounting fees and consulting fees arising out of the Proposal Proceedings and any claims therein.
- (v) **“Proof of Claim”** means the form to be delivered by the Creditors to the Proposal Trustee in accordance with the BIA.
- (w) **“Proposal”** means this Proposal, as may be varied, amended, modified or supplemented in accordance with the provisions hereof and the BIA.
- (x) **“Proposal Approval Order”** means an order of the Court, in form and substance satisfactory to the Debtor and the Proposal Trustee approving and sanctioning this Proposal in accordance with the provisions hereof and of the BIA.
- (y) **“Proposal Proceedings”** means this proceeding commenced by the Debtor pursuant to section 50.4 of the BIA on the Filing Date.
- (z) **“Proposal Trustee”** means The Fuller Landau Group Inc., in its capacity as proposal trustee of the Debtor.
- (aa) **“Proven Claim”** means the amount or any portion of a Claim that is accepted as proven by the Proposal Trustee pursuant to section 135 of the BIA and determined for distribution purposes in accordance with the provisions of the BIA or any applicable orders from the Court.
- (bb) **“Proven Creditors”** means the holders of Proven Claims.
- (cc) **“Related Persons”** means “related persons” (as defined in Section 4(a) of the BIA) to the Debtors.
- (dd) **“Released Claims”** has the meaning ascribed to it in Article 8.1 of this Proposal.
- (ee) **“Released Parties”** has the meaning ascribed to it in Article 8.1 of this Proposal.
- (ff) **“Required Majority”** has the meaning ascribed in the BIA and with respect to a vote on the Proposal means a majority in number and two-thirds in value of all

Proven Claims of Creditors entitled to vote, who are present and voting at the Creditors' Meeting (whether in person, by proxy or by voting letter) in accordance with the voting procedures established by this Proposal and the BIA.

- (gg) **"Secured Claims"** means the Claims of the Secured Creditors, to the extent of the value of the security held by the Secured Creditors.
- (hh) **"Secured Creditors"** means "secured creditors" (as defined in Section 2 of the BIA) to the Debtor.
- (ii) **"Superintendent's Levy"** has the meaning attributed to it in Section 147 of the BIA and is payable to the Superintendent in Bankruptcy.

1.2 **Date for Any Action**

In the event that any date on which any action is required to be taken under this Proposal by any of the parties is not a Business Day, the action shall be required to be taken on the next proceeding day which is a Business Day.

1.3 **Time**

All times expressed in this Proposal are local time Toronto, Ontario, Canada, unless stipulated otherwise. Time is of the essence in this Proposal.

1.4 **Section References**

In this Proposal, a reference to section, clause or paragraph shall, unless otherwise stated, refer to a section, clause or paragraph of the Proposal.

1.5 **Statutory References**

Any reference in this Proposal to a statute includes all regulations made thereunder and all amendments to such statutes or regulations in force from time to time.

1.6 **Monetary References**

All references to currency and to "\$" are to Canadian dollars, unless otherwise indicated.

1.7 **Gender and Number**

Any reference in this Proposal to gender includes all genders. Words importing the singular number only include the plural and vice versa.

ARTICLE 2 PROPOSAL

2.1 Background to Proposal

On April 21, 2016, Urbancorp (St. Clair Village) Inc. ("St. Clair"), Urbancorp (Patricia) Inc. ("Patricia"), Urbancorp (Mallow) Inc. ("Mallow"), Urbancorp Downsview Park Development Inc. ("Downsview"), Urbancorp (Lawrence) Inc. ("Lawrence") and Urbancorp Toronto Management Inc. ("UTMI") each filed a Notice of Intention to Make a Proposal ("NOI") pursuant to Section 50.4(1) of the BIA (the "NOI Proceedings"). (Collectively, St. Clair, Patricia, Mallow, Downsview and Lawrence are referred to as the "Companies"). KSV Kofman Inc. ("KSV") was appointed as the Proposal Trustee in the NOI Proceedings. Pursuant to an Order made by the Ontario Superior Court of Justice (Commercial List) ("Court") dated May 18, 2016, the Applicants (which include the Companies) together with the following entities 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., and Urbancorp Realtyco Inc. were granted protection under the *Companies' Creditors Arrangement Act* (Canada) (the "CCAA") and KSV was appointed monitor in respect thereof (collectively, the "CCAA1 Entities"); pursuant to an Order the Court made October 18, 2016, Urbancorp (Woodbine) Inc., Urbancorp Bridlepath Inc., TCC/Urbancorp (Bay) Limited Partnership, New Towns at King Towns Inc., The Townhouses of Hogg's Hollow Inc., King Towns Inc. and Deaja Partner (Bay) Inc. were granted protection under the CCAA and KSV was appointed monitor thereof (collectively, the CCAA2 Entities") (the CCAA1 Entities and the CCAA2 Entities are collectively referred to as the "Urbancorp CCAA Entities").

On April 29, 2016, Bosvest Inc. ("Bosvest"), Edge Residential Inc. ("Residential") and Edge on Triangle Park Inc. ("Triangle", and together with Bosvest and Residential, the "Edge Companies") each filed with the Official Receiver a Notice of Intention to Make a Proposal ("NOI"), pursuant to subsection 50.4(1) of the BIA. The Fuller Landau Group Inc. ("FL") was named as Proposal Trustee under the NOIs.

On May 20, 2016, Urbancorp Cumberland 2 GP Inc. ("Cumberland 2 GP") and Urbancorp Cumberland 2 L.P. ("Cumberland 2 LP", and together with Cumberland 2 GP, the "Cumberland Companies") each filed a NOI with the Official Receiver. FL was named as Proposal Trustee under the NOIs.

The Edge Companies and Cumberland Companies are collectively referred to as the ("Cumberland Group")

Pursuant to the order of the Court made October 6, 2016, the Cumberland Group were granted protection under the CCAA.

Each of the Urbancorp CCAA Entities and the Cumberland Group has been engaged in the process of realizing upon their respective assets pursuant to sales processes approved by the Court. In addition, a claims process has been implemented in respect of the Urbancorp CCAA Entities, and

likewise a claims process in respect of the Cumberland Group will be implemented pursuant to an order of the Court.

The quantum of the Debtor's entitlement to recoveries from the realizations pursuant to the respective sales processes is dependent upon those processes being brought to conclusion, as well as the adjudication and settlement of all claims which may be proven in the collective CCAA proceedings.

The BIA time periods for the filing of a proposal to creditors do not permit sufficient time to have elapsed such that clarity can be obtained as to the prospective entitlement of the Debtor to realizations from the CCAA proceedings.

Accordingly, the Debtor is filing this holding proposal to permit his restructuring proceeding to operate in concert with the CCAA proceedings and to permit Creditors to have the benefit of the recoveries from these proceedings and such further contribution as the Debtor may arrange in respect of his Proposal.

2.2 Overview of Proposal

This is a holding Proposal. The general intent of this holding Proposal is to provide the Debtor and the Proposal Trustee with sufficient time to permit the Urbancorp CCAA Entities and the Cumberland Group to complete their realizations and distributions such that Creditors will have an opportunity to participate in distributions which may be made to the Debtor, and for the Debtor to work on arranging additional contributions that may be made to such realizations so as to increase the recovery to Creditors over that which they might otherwise realize in a Bankruptcy Scenario.

The final Proposal will allow the Debtor to distribute the proceeds and any additional contributions to his Creditors in a manner that will result in the Creditors receiving more than would be recovered in a Bankruptcy Scenario.

2.3 Proposal Payments

The Debtor shall cause to be created the Creditors' Fund which shall entitle Proven Creditors to participate in distributions from such fund which will provide a greater recovery than that which would be realized in a Bankruptcy Scenario. As noted above, the quantum of the Creditors' Fund will depend upon the realizations from the sale of properties in the CCAA proceedings as well as the adjudication and settlement of claims in the CCAA proceedings. Those sale processes and claims determination processes are being conducted or will be conducted in Court-supervised proceedings under the CCAA and are expected to take at least several months to complete. Once those processes are completed, the Debtor will have a better understanding of any recoveries from those CCAA proceedings and any further contributions that the Debtor may be able to arrange to create the Creditors' Fund ("Creditors Fund Contributions"). Therefore, while the quantum of the Creditors' Fund cannot be determined at this point, it is expected to be materially better for Proven

Creditors than they would receive in a Bankruptcy Scenario and the Debtor is actively assisting the CCAA Monitors in each of the CCAA proceedings to try and maximize recoveries for the benefit of all stakeholders.

2.4 Proposed Distributions

Subject to the terms and conditions set forth in this Proposal, and payment of the Superintendent's Levy, as applicable, the following payments will be made from the Creditors' Fund:

- (a) Professional Fees: subject to Article 6.2 hereof and the provisions of the BIA, the Professional Fees will be paid in full as they become due.
- (b) Crown Priority Claims: all Crown Priority Claims that were outstanding as at the Filing Date, if any, shall be paid in full to Her Majesty in right of Canada or a province within six months after the issuance of the Proposal Approval Order.
- (c) Superintendent's Levy: the Superintendent's Levy shall be paid in full.
- (d) Secured Claims: any Secured Claims will be paid in full in amounts determined by the Proposal Trustee pursuant to Section 135 of the BIA.
- (e) Preferred Claims: the Preferred Claims, if any, shall be paid without interest in priority to the other Proven Creditors as provided in section 136 of the BIA.
- (f) Unsecured Claims: the holders of unsecured Proven Claims will receive a pro rata amount from the balance of the Creditors' Fund in respect of their unsecured Proven Claims relative to the aggregate value of all unsecured Proven Claims.

2.5 Timing and Payment

The Debtor shall pay, or cause to be paid, the Creditors' Fund to the Proposal Trustee upon the Proposal Approval Order being granted. The Proposal Trustee shall make the payments from the Creditors' Fund to the Priority Claimants, the Superintendent in Bankruptcy, Secured Creditors and Proven Creditors in accordance with this Proposal as soon as reasonably practicable following the receipt of the Creditors' Fund, less any outstanding Professional Fees and such reserves as the Proposal Trustee shall deem necessary or appropriate in accordance with the BIA, and the balance shall be paid in such number of installments as the Proposal Trustee shall deem appropriate.

2.6 Effect of Payment

Upon the Debtor making its final payment into the Creditors' Fund in accordance with this Proposal, the Debtor shall be deemed to have fully satisfied the terms of this Proposal. The determination of which payment property constitutes the final payment into the Creditors' Fund

by the Debtor shall be determined by the Debtor, acting reasonably, in consultation with the Proposal Trustee.

2.7 Persons Affected

The Proposal provides for a full and final release and discharge of all Claims and a settlement of and consideration for Claims. The Proposal will become effective 12:01 a.m. (Toronto time) on the Effective Date in accordance with its terms and shall be binding on and enure to the benefit of the Debtor and other Persons directly or indirectly named or referred to in or subject to the Proposal.

On making of the final Creditors Fund Contributions in accordance with the terms of this Proposal and in accordance with the provisions of the Proposal Approval Order, the treatment of all Claims shall be final and binding on the Debtor, all Creditors (and their respective heirs, executors, administrators, legal and personal representatives, successors and assigns), and all Claims shall be fully, finally, irrevocably and forever released, discharged, cancelled and barred, and the Debtor shall thereupon have no further obligation whatsoever in respect of the Claim; and that such discharge and release of the Debtor shall be without prejudice to the right of the Creditor in respect of a Disputed Claim to prove such Disputed Claim in accordance with the BIA so that such Disputed Claim may become a Proven Claim.

ARTICLE 3 CLAIMS PROCESS, VALUATION OF CLAIMS, CLASSIFICATION OF CREDITORS AND RELATED MATTERS

3.1 Claims Process

In order to be eligible to vote at the Creditors' Meeting, each Creditor shall file a Proof of Claim with the Proposal Trustee in accordance with the applicable provisions of the BIA, and shall specify every Claim it asserts against the Debtor. Thereafter, pursuant to section 135 of the BIA, the Proposal Trustee shall examine every Proof of Claim and determine whether such Claims are Crown Priority Claims, Disputed Claims, Preferred Claims, Proven Claims or Secured Claims.

In order to receive a distribution from the Creditors' Fund, a Creditor must submit a Proof of Claim prior to the time the Proposal Trustee distributes funds in accordance with the Proposal.

In accordance with section 149 of the BIA, prior to the final distribution from the Creditors' Fund, the Proposal Trustee shall give notice (the "**Final Dividend Notice**") by mail to every Person with a Claim who did not file a Proof of Claim.

3.2 Claims for Voting Purposes

Each Creditor with a Proven Claim as at the date of the Creditors' Meeting shall be entitled to a single vote at the amount of its Proven Claim. Any Disputed Creditor as at the date of the

Creditors' Meeting shall be entitled to vote at the Creditors' Meeting on the portion of its Claim, if any, that has been accepted by the Proposal Trustee for voting purposes without prejudice to the rights of the Debtor, the Proposal Trustee and the Disputed Creditor to have the quantum of the Disputed Claim finally determined for the purposes of receiving its share of the Creditors' Fund, if any.

Without limiting the foregoing, Disputed Claims shall be *tracked* by the Proposal Trustee as if such claims were Proven Claims *but Disputed Claims will not be considered* for the purposes of determining the Required Majority. The Proposal Trustee will report to the Court on the impact on the Required Majority had the Disputed Claims constituted Proven Claims for voting purposes.

3.3 Disputed Claims

Any Disputed Creditor shall not be entitled to receive any distribution hereunder with respect to such Disputed Claim unless and until such Claim becomes a Proven Claim. Distributions pursuant to section 2.4(f) hereof shall be made in respect of any Disputed Claim that is finally determined to be a Proven Claim.

3.4 Claims Bar

Any Person who does not prove their Claim within 45 forty-five days of the mailing of the Final Dividend Notice, shall forever be barred from making a Claim or sharing in any dividend hereunder, subject to any exception set out in sections 149(2), (3), (4) and 150 of the BIA, regardless of whether such Person was sent a Final Dividend Notice or whether such Person received such Final Dividend Notice.

3.5 Class of Creditors

For the purposes of considering and voting upon and receiving distributions under this Proposal, there shall be one class of Creditors.

3.6 Set-Off

The law of set-off applies to all Claims.

3.7 Creditors' Meeting, Proxies and Voting Letters

The Creditors' Meeting will be held on November 16, 2016, 10:00 a.m. at a location to be determined and provided to all known Creditors.

Proxies, as provided for in the BIA indicating a Person authorized to act on behalf of Proven Creditor may be submitted to the Proposal Trustee at, or any time prior to, the commencement of the vote on the Proposal at the Creditors' Meeting.

Voting letters as provided for in the BIA submitted to the Proposal Trustee prior to the Creditors' Meeting must indicate whether the Creditor wishes to cast its vote in favour of or against the Proposal. Voting letters that do not indicate either preference *will be deemed to indicate a vote in favour of the Proposal*.

Related Persons may vote against but not in favour of the Proposal.

Persons in attendance at the Creditors' Meeting shall cast their vote in the manner prescribed by the Proposal Trustee and the BIA; all votes will be recorded and tabulated by the Proposal Trustee, who may seek the assistance of the court with respect to any dispute arising from or out of the tabulations of votes.

A quorum shall be constituted for the Creditors' Meeting or any adjournment thereof if there is one Proven Creditor, entitled to vote, present in person or by proxy or if one Proven Creditor, entitled to vote, has submitted a voting letter in accordance with the provisions of the BIA and this Proposal. If the requisite quorum is not present at the Creditors' Meeting or if the Creditors' Meeting has to be postponed for any reason, then the Creditors' Meeting shall be adjourned by the Proposal Trustee to such date, time and place as determined by the Proposal Trustee. For greater certainty, the Creditors' Meeting may be adjourned one or more times.

3.8 Approval by Creditors

In order to be approved, the Proposal must receive the affirmative vote of the Required Majority.

3.9 Modification of the Proposal

Subject to the consent of the Proposal Trustee, at any time prior to the Creditors' Meeting or at any time prior to the date to which the Creditors' Meeting is adjourned, if it is adjourned, the Debtor will file a modified, amended or supplemented Proposal, and file such amended proposal with the Official Receiver as soon as practical, in which case any such amended proposal or proposals shall, for all purposes, be and be deemed to be part of and incorporated into the Proposal.

At the Creditors' Meeting, the Proposal Trustee shall provide all Proven Creditors in attendance with details of any modifications or amendments of and to the Proposal prior to the vote being taken to approve the Proposal. After the Creditors' Meeting (and both prior to and subsequent to the issuance of the Proposal Approval Order) and subject to the consent of the Proposal Trustee, the Debtor at any time and from time to time vary, amend, modify or supplement the Proposal if the Court determines that such variation, amendment, modification or supplement is of a minor, immaterial or technical nature or would not be materially prejudicial to the interest of any of the Creditors under the Proposal and is necessary in order to give effect to the substances of the Proposal or the Proposal Approval Order.

ARTICLE 4 CONDITIONS PRECEDENT

4.1 Conditions Precedent to the Implementation of the Proposal

The implementation of the Proposal and distribution thereunder is subject to the satisfaction of the following conditions precedent:

- (a) The Proposal is approved by the Required Majority;
- (b) The Proposal Approval Order has been issued and has not been stayed and there is no outstanding appeal therefrom;
- (c) All other actions, documents and agreements necessary to implement the Proposal as required herein shall have been effected and executed.

With respect to the Proposal Approval Order, if approval by the Required Majority is obtained, the Proposal Trustee shall file with the Court an application for the Proposal Approval Order no later than 5 Business Days following the Creditors' Meeting or such other date as the Court may order, which application shall be heard as soon as possible according to the procedure set out in Sections 58 of the BIA.

ARTICLE 5 BINDING EFFECT

5.1 Binding Effect

On the Effective Date, this Proposal will become effective and binding on and enure to the benefit of the Debtor and all creditors affected by this Proposal and all other Persons named or referred to in, or subject to, this Proposal, and their respective heirs, executors, administrators and other legal representatives, successors and assigns.

ARTICLE 6 PROPOSAL TRUSTEE, MONITORING AND ADMINISTRATIVE COSTS

6.1 The Proposal Trustee is acting in its capacity as Proposal Trustee and not in its personal capacity and no officer, director, employee or agent of the Proposal Trustee shall incur any obligations or liabilities in connection with the Proposal or in connection with the business or liabilities of the Debtor.

6.2 The Proposal Trustee's fees, expenses and legal costs arising out of this Proposal and under the BIA shall be paid by the Debtor as Professional Fees under this Proposal. The fees for the Proposed Trustee's services will be based on time spent by the Proposal Trustee and the various members of its staff and their respective billing rates plus any direct out of pocket expenses incurred. The Court shall review and approve the Proposal Trustee's fees and disbursements. The Proposal Trustee will be entitled to take regular interim fees upon Creditor, Inspector, or Court approval.

6.3 The Proposal Trustee shall be indemnified in full by the Debtor for all personal liability arising from fulfilling any duties or exercising any powers or duties conferred upon it by this Proposal or under the BIA, except for any willful misconduct or gross negligence.

ARTICLE 7 INSPECTORS

7.1 At the Creditors' Meeting, the Proven Creditors will be entitled to appoint one or more, but not exceeding five, Inspectors, whose powers shall be as follows:

- (a) advising the Proposal Trustee in respect of such matters as may be referred to the Inspectors by the Proposal Trustee;
- (b) advising the Proposal Trustee concerning any dispute that may arise as to the validity of the Claims assert in this Proposal;
- (c) exercising all powers given to the Inspectors of a bankrupt estate appointed pursuant to the provisions of the BIA; and
- (d) altering or extending the time for payments to be made pursuant to this Proposal, but not the total amount paid.

ARTICLE 8 RELEASES

8.1 Proposal Releases

On the Effective Date, (i) the Debtor, his counsel, and (ii) the Proposal Trustee, the Proposal Trustee's counsel, and each and every present and former shareholder, affiliate, subsidiary, director, officer, member, partner, employee auditor, financial advisor, legal counsel and agent of any of the foregoing Persons (each of the Persons named in (ii) of this Article 8.1 in their capacity as such, being herein, referred to individually as "Released Party" and all referred to collectively as "Released Parties") shall be released and discharged from any and all demands, claims, actions, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, orders, including for injunctive relief or specific performance and compliance orders, expenses, executions, encumbrances and other recoveries on account of any liability, obligation, demand or cause of action of whatever nature, including claims for contribution or indemnity which any Creditor or other Person may be entitled to assert, including claims that are liquidated, unliquidated, fixed, contingent, matured, unmatured, legal, equitable, present, future, known, unknown, disputed, undisputed or whether by guarantee, by surety, by subrogation or otherwise incurred and whether or not such a right is executory in nature, including, based in whole or in part on any act, omission, transaction, duty, responsibility, indebtedness, liability, obligation, dealing

or other occurrence existing or taking place on or prior to the Effective Date that constitute or are in any way relating to, arising out of or in connection with any Claims, and any indemnification obligations with respect thereto, the business and affairs of the Debtor whenever or however conducted, the Proposal, or any document, instrument, matter or transaction involving the Debtor taking place in connection with the Proposal, including any claims against any third parties that would result in such third parties having a Claim against the Debtor for contribution, indemnity or other Claim in respect of any transaction or matter arising before the Filing Date (referred to collectively as the “Released Claims”), shall be deemed to be fully, finally, irrevocably and forever waived, discharged, released, cancelled and barred as against the Released Parties, all to the fullest extent permitted by governing law, provided that nothing herein will waive, discharge, release, cancel or bar the right to enforce the Debtor’s obligations under the Proposal, that is not permitted to be released pursuant to section 50(14) of the BIA.

ARTICLE 9 CONSENTS WAIVERS AND AGREEMENTS

9.1 On the Effective Date all Creditors shall be deemed to have consented and agreed to all of the provisions of the Proposal in its entirety. Each Creditor will be deemed to have waived any default by the Debtor in any provision, express or implied or in any agreement existing between the Creditor and the Debtor that occurred on or prior to the Effective Date. Each Creditor will be deemed to have agreed that, to the extent there is any conflict between the provisions of any such agreement and the provisions of the Proposal, the provisions of the Proposal take precedence and priority and the provisions of any such agreement are amended accordingly.

ARTICLE 10 NOTICES

10.1 Any demand, notice or other communication to be given in connection with this holding Proposal must be given in writing and will be given by personal delivery or by electronic means of communication addressed to the recipient as follows:

Alan Saskin
c/o Bennett Jones LLP
100 King St. W.
Suite 3400
Toronto, ON M5X 1A4
Fax No.: 416-863-1716
Attention: S.Richard Orzy and Raj Sahni
orzyr@bennettjones.com/sahnir@bennettjones.com

To the Proposal Trustee

The Fuller Landau Group Inc.
151 Bloor St. W.,
Toronto, ON M5S 1S4
Fax No.: 416-645-6501
Attention: Gary Abrahamson
GAbrahamson@FullerLLP.com

With a copy to:

Goldman, Sloan, Nash & Haber LLP
480 University Avenue, Suite 1600
Toronto, ON M5G 1V2
Fax No.: 416-597-3370
Attention: Mario Forte
forte@gsnh.com

or to such other street address, individual or electronic communication number or address as may be designated by notice given by either party to the other. Any demand, notice or other communication given by personal delivery will be conclusively deemed to have been given on the day of actual delivery thereof and, if given by electronic communication, on the day of transmittal thereof if given during the normal business hours of the recipient and on the Business Day during which such normal business hours next occur if not given during such hours on any day.

ARTICLE 11 GENERAL

11.1 Post-filing Goods and Services

Claims arising in respect of goods supplied, services rendered or other consideration given to the Debtor subsequent to the Filing Date, shall be paid in full by the Debtor in the ordinary course of

business, and on regular trade terms, prior to the payment of the Creditors' Fund to the Proposal Trustee.

11.2 Paramountcy

From and after the Effective Date, any conflict between the covenants, warranties, representations, terms and conditions or obligations, expressed or implied, of any contract, mortgage, security agreement, indenture, trust indenture, loan agreement, commitment letter, agreement for sale, lease or other agreement, whether written or oral, and any and all amendments or supplements thereto existing between any third party and the Debtor as at the Effective Date will be deemed to be governed by the terms, conditions and provisions of the Proposal, which shall take precedence and priority.

11.3. Further Assurances

Each of the Persons named or referred to in, or subject to, this Proposal will execute and deliver all such documents and instruments and do all such actions and things as may be necessary or desirable to carry out of the full intent and meaning of this Proposal and to give effect to the transactions contemplated herein.

11.4 Governing Law

This Proposal will be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

11.5 Report of the Proposal Trustee

The Proposal Trustee will prepare a report on the Proposal, which will be filed with the Official Receiver and the Court and distributed to Creditors pursuant to the BIA.

11.6 Annulment

If the Proposal is annulled by an Order of the Court, all payments on account of Claims made pursuant to the terms of this Proposal will reduce the Claim of the applicable Creditors.

DATED AT TORONTO this 27th day of October, 2016



Witness



Alan Saskin

ONTARIO
**SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
(IN BANKRUPTCY AND INSOLVENCY)**

**IN THE MATTER OF THE PROPOSAL OF
ALAN SASKIN (the “Debtor”)**

TO THE CREDITORS OF ALAN SASKIN:

A Holding Proposal to creditors was filed with the Official Receiver on October 27, 2016 (the “**Holding Proposal**”). We enclose herewith the following documents:

- a formal notice of meeting of creditors;
- a copy of the Holding Proposal;
- the Debtor’s Statement of Affairs, including a list of creditors;
- a proof of claim form and general proxy; and
- a voting letter in the event you wish to vote in advance of the meeting of creditors.

For reference purposes, any capitalized terms not otherwise defined in this report shall have the meanings ascribed to them in the Holding Proposal.

A creditors’ meeting will be held on November 16, 2016, at 10:00 a.m. at the Park Hyatt Hotel- Bedford Room, 4 Avenue Road, Toronto, Ontario, M5R 2E8.

The purpose of this report of the Proposal Trustee is to provide creditors with the necessary information they need to make a well-informed decision on the adjournment, acceptance or refusal of the Holding Proposal.

DEBTOR’S HOLDING PROPOSAL

On October 27th, 2016, the Debtor filed the Holding Proposal to permit his restructuring proceeding to operate in concert with the CCAA proceedings for the related Urbancorp corporate entities as described in greater detail below. The intent of the Holding Proposal is to provide the Debtor and the Proposal Trustee with sufficient time to permit the Urbancorp CCAA Entities and the Cumberland Group (both as defined below) to complete their realizations and claims processes such that Creditors would have the opportunity to benefit from distributions which may be made to the Debtor, and from such additional contributions from other recipients of distributions from those proceedings and otherwise, who are expected to agree to help fund a successful definitive amended proposal (the “**Definitive Proposal**”). The Debtor expects that these contributions will significantly increase the recovery to Creditors over that which they would realize in a bankruptcy scenario.

BACKGROUND AND CAUSES OF FINANCIAL DIFFICULTIES

As described in the Holding Proposal, because of financial and regulatory difficulties the Urbancorp CCAA Entities and the Cumberland Group, real estate development entities related to the Debtor, were granted protection under various CCAA Proceedings (described in the section below).

Prior to the CCAA Proceedings, the Debtor attempted over several months to reach informal settlements with certain creditors but without overall success. As a result of the quantum of various personal obligations, the CCAA Proceedings, litigation including proceedings commenced in Israel with respect to Urbancorp Inc., and Construction Lien Act (Ontario) breach of trust claims, Mr. Saskin required a stay of proceedings in order to bring stability to his personal creditor situation.

The Debtor filed a Notice of Intention to Make a Proposal (“**NOI**”) under the *Bankruptcy and Insolvency Act* (“**BIA**”) on April 29, 2016 and The Fuller Landau Group Inc. consented to act as the licensed insolvency trustee (the “**Proposal Trustee**”) in the administration of the proposal.

CONCURRENT URBANCORP CORPORATE PROCEEDINGS

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 an NOI (the “**NOI Proceedings**”). (Collectively, St. Clair, Patricia, Mallow, Downsview and Lawrence are referred to as the “**Companies**”). KSV Kofman Inc. (“**KSV**”) was appointed as the Proposal Trustee in the NOI Proceedings. Pursuant to an Order made by the Ontario Superior Court of Justice (Commercial List) (“**Court**”) dated May 18, 2016, the Applicants (which include the Companies) together with the following entities 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., and Urbancorp Realtyco Inc. (collectively, the “**CCAA1 Entities**”) were granted protection under the Companies’ Creditors Arrangement Act (Canada) (the “**CCAA**”) and KSV was appointed monitor in respect thereof.

On April 29, 2016, Bosvest Inc. (“**Bosvest**”), Edge Residential Inc. (“**Residential**”) and Edge on Triangle Park Inc. (“**Triangle**”, and together with Bosvest and Residential, the “**Edge Companies**”) each filed with the Official Receiver a NOI. The Fuller Landau Group Inc. (“**FL**”) was named as Proposal Trustee under the NOIs.

On May 20, 2016, Urbancorp Cumberland 2 GP Inc. (“**Cumberland 2 GP**”) and Urbancorp Cumberland 2 L.P. (“**Cumberland 2 LP**”, and together with Cumberland 2 GP, the “**Cumberland Companies**”) each filed a NOI with the Official Receiver. FL was named as Proposal Trustee under the NOIs. On October 6, 2016, these proceedings were continued under the CCAA as the time for filing a proposal by these entities was set to expire. The

Edge Companies and Cumberland Companies are collectively referred to as the ("**Cumberland Group**").

Pursuant to an Order of the Court made October 18, 2016, Urbancorp (Woodbine) Inc., Urbancorp Bridlepath Inc., TCC/Urbancorp (Bay) Limited Partnership, New Towns at King Towns Inc., The Townhouses of Hogg's Hollow Inc., King Towns Inc. and Deaja Partner (Bay) Inc. were granted protection under the CCAA and KSV was appointed monitor thereof (collectively, the "**CCAA2 Entities**") (the CCAA1 Entities and the CCAA2 Entities are collectively referred to as the "**Urbancorp CCAA Entities**"). All proceedings under the CCAA described herein are hereinafter collectively referred to as (the "**CCAA Proceedings**").

STATUS OF CORPORATE PROCEEDINGS

Each of the Urbancorp CCAA Entities and the Cumberland Group has been engaged in the process of realizing upon their respective assets pursuant to sales processes approved by the Court and being carried out by the Court-appointed Monitors under the supervision of the Court. FL, in its capacity as the Monitor of the Cumberland Group has been granted enhanced powers by an order of the Court, which include:

- conducting the Sales Process to realize on the Property;
- controlling receipts and disbursements;
- approving advance requests under the DIP Facility; and
- continuing the Co-operation Protocol with the Israeli Functionary.

In addition, a claims process has been implemented in respect of the Urbancorp CCAA Entities, and likewise Court approval will be sought shortly for a claims process to be implemented in respect of the Cumberland Group.

Once those processes are complete, it is expected that the quantum of the Debtor's entitlement to recoveries from those realizations pursuant to the respective sales processes and the quantum of the recoveries by other persons who are expected to agree to fund the Definitive Proposal should be clear, such that the Definitive Proposal can then be filed and voted on by the Creditors.

FINANCIAL POSITION

The Debtor's Statement of Affairs show that the assets of the Debtor consist of a locked-in RRSP of approximately \$7,000, which is exempt property under the BIA, and various share interests in partnerships and corporations related to the Urbancorp Group, as well as a debt due from one of the Urbancorp CCAA Entities. These assets and holdings, remain under review by the Proposal Trustee and are summarized based on information provided to date to the Proposal Trustee as follows:

Asset	Debtor's Interest	Comments
Urbancorp Master Partner (Stadium Road) Inc. (UMPSRI)	<ul style="list-style-type: none"> • 100% 	<ul style="list-style-type: none"> • UMPSRI is the General Partner of Stadium Road LP- 0.01% ownership
Deaja Partner (Stadium) Inc. (DPSI)	<ul style="list-style-type: none"> • 100% 	<ul style="list-style-type: none"> • DPSI is the General Partner of Bay-Stadium LP (BSLP) -0.01% ownership • BSLP owns 100 Class E Special shares of Urbancorp Holdco Inc.
Deaja Partner (Bay) Inc. (DPBI)	<ul style="list-style-type: none"> • 100% 	<ul style="list-style-type: none"> • DPBI is a CCAA Entity • DPBI is the General Partner of TCC/Urbancorp (Bay) LP – 0.01% ownership
TCC/Urbancorp (Bay) LP (TCCUBLP)	<ul style="list-style-type: none"> • Limited Partner 79.99% 	<ul style="list-style-type: none"> • TCCUBLP is a CCAA Entity • another Limited Partner of TCCUBLP is to receive a preferred return of \$7 million, which increases by 7% annual compounding since 2008 • TCCUBLP owns 100 Class D Special shares of Urbancorp Holdco Inc.
Loan Receivable from TUBLP	<ul style="list-style-type: none"> • book value of \$516,781 	<ul style="list-style-type: none"> • TUBLP is a CCAA Entity
Urbancorp Holdco Inc. (UHI)	<ul style="list-style-type: none"> • 100 Common Shares-registered owner, not beneficial owner 	<ul style="list-style-type: none"> • UHI holds 100% of Urbancorp Inc.
Urbancorp Management Inc. (UMI)	<ul style="list-style-type: none"> • 100 Class A Special shares 	
Urbancorp Toronto Management Inc.	<ul style="list-style-type: none"> • 100% 	<ul style="list-style-type: none"> • CCAA Entity • Owns 100 Class B Special shares of UHI
Urbancorp Renewable Power Inc.	<ul style="list-style-type: none"> • 100% 	<ul style="list-style-type: none"> • Non-CCAA Entity
2390645 Ontario Inc.	<ul style="list-style-type: none"> • 100% 	<ul style="list-style-type: none"> • Dormant

Urbancorp (Eastern) Inc.	• 100%	• Dormant
Urbancorp (Logan) Inc.	• 100%	• Dormant
Urbancorp (National) Inc.	• 100%	• Dormant
Urbancorp (Yonge) Developments Inc.	• 100%	• Dormant
Urbancorp (Downtown) Developments Inc.	• 100%	<ul style="list-style-type: none"> • Dormant • \$500,000 deposit on a purchase of property which was expropriated – recovery efforts are subject to arbitration proceedings before the Ontario Municipal Board

The realizable value of these assets will not be known until these entities complete the realization of their assets and determine the amounts available to their creditors under the CCAA Proceedings. Prior to filing of the Definitive Proposal, the Proposal Trustee will issue a report which provides detailed information regarding the Debtor's interests and entitlement to proceeds from the CCAA Entities and other entities.

In addition, the Debtor advises that a significant component of the realization available to Creditors may come from the interests of related persons and otherwise. The Debtor expects these contributions to be significant and accordingly to provide significant value in excess of that which Creditors may receive in a bankruptcy.

SUMMARY OF HOLDING PROPOSAL AND ESTIMATED REALIZATION TO CREDITORS

The BIA time periods for the filing of a Holding Proposal to creditors and restrictions in this case do not permit sufficient time to have elapsed such that clarity can be obtained as to quantum of the Debtor and related persons entitlements to realizations from the CCAA proceedings. Accordingly, the Debtor is filing this Holding Proposal to permit his restructuring proceeding to operate in concert with the CCAA proceedings and to permit Creditors to have the benefit of the recoveries from these proceedings and such further contributions from such related parties as the Debtor may arrange in respect of the Definitive Proposal.

As described in the Holding Proposal, the Debtor shall pay, or cause to be paid, the Creditors' Fund to the Proposal Trustee upon the Proposal Approval Order being granted. The Proposal Trustee shall make the payments from the Creditors' Fund to the Priority Claimants, the Superintendent in Bankruptcy, Secured Creditors and Proven Creditors in accordance with

an accepted Proposal as soon as reasonably practicable following the receipt of the Creditors' Fund, less any outstanding Professional Fees and such reserves as the Proposal Trustee shall deem necessary or appropriate in accordance with the BIA, and the balance shall be paid in such number of installments as the Proposal Trustee shall deem appropriate.

All distributions under the accepted Proposal will be made net of the Administrative Fees and Expenses and the 5% levy payable to the Superintendent of Bankruptcy pursuant to section 147 and section 60(4) of the BIA.

CONDUCT OF THE DEBTOR

Since the filing of the NOI, Mr. Saskin has acted in good faith and with due diligence. The Proposal Trustee will also be reviewing the Debtor's financial records prior to the issuance of the Definitive Proposal and will report any unusual transactions to the Creditors or inspectors once appointed.

CREDITORS' CLAIMS

The records of the Debtor show that the claims of creditors include direct obligations and a number of contingent claims for mortgages, loan guarantees, trust claims, and a class action lawsuit filed in Israel. All Claims are subject to review by the Proposal Trustee and will only be eligible for voting purposes or to share in any distribution if accepted by the Proposal Trustee in accordance with the BIA and the Holding Proposal.

REMUNERATION OF THE PROPOSAL TRUSTEE

A third party related to the Debtor has paid a deposit amount to be applied to the fees, expenses and disbursements of the Proposal Trustee in and incidental to the proceedings arising out of the Holding Proposal, including the Proposal Trustee's legal fees and disbursements, which shall be paid in priority to all payments to Creditors. The Proposal Trustee may take interim draws of its fees and disbursements, including the Proposal Trustee's legal fees and disbursements, from the funds paid to the Proposal Trustee and all draws will be subject to final taxation by the Court. Any amounts stated with respect to professional fees are estimates only, and will not restrict the Proposal Trustee or the Proposal Trustee's legal counsel from invoicing, taxing, and being paid all their reasonable fees and charges based upon actual time at normal billable rates.

ENHANCED POWERS

The Debtor has suggested that the Proposal Trustee be given enhanced powers in these proceedings in order to provide the Creditors with even greater comfort that the main goal is to produce a substantive and credible Definitive Proposal. Therefore, in connection with the administration of the proposal proceedings, the Proposal Trustee, with the concurrence of Mr. Saskin, will bring a motion to the Court for enhanced powers through which to administer the Holding Proposal and the assets/interests of the Debtor.

VOTING DETAILS

In order to be eligible to vote, either at or before the meeting, the Proposal Trustee must receive prior to the meeting a properly executed proof of claim, together with your Statement of Account, attached thereto as Schedule "A". Also, if you intend to have an individual represent you at the upcoming meeting, you must properly complete the proxy form attached to the proof of claim, and therein name the individual representing you. All companies must name a proxy. Please send any documents you are forwarding to the Proposal Trustee to the attention of Minna Niva by facsimile at 416-645-6501 or by email to: mniva@fullerllp.com.

If a vote on the Holding Proposal itself were to take place and is accepted by the statutory majority of creditors, and approved by the Court, the Holding Proposal would become legally binding on the Debtor and all the Creditors, as defined in the Holding Proposal.

PROPOSAL TRUSTEE'S RECOMMENDATION

The intent of this Holding Proposal is to provide the Debtor with sufficient time to permit the realizations and distributions to be completed in the CCAA Proceedings in order to determine the amount available for distribution to the Creditor's Fund, including contributions from related parties, which will provide a more significant recovery to Creditors over that which they would receive in a bankruptcy. At that time the Debtor will be in position to make the Definitive Proposal for consideration by Creditors. Therefore at this time, the Proposal Trustee recommends that the Creditors vote in favour of an adjournment of the vote on the Holding Proposal until the Definitive Proposal has been made.

Dated at Toronto, Ontario this 4th day of November, 2016.

THE FULLER LANDAU GROUP INC.

In its capacity as licensed insolvency trustee under the Notice of Intention to make a proposal of Mr. Alan Saskin and not in its personal capacity

Per: _____

Gary Abrahamson CA, CPA, CIRP, LIT

District of Ontario
 Division No. 09 - Toronto
 Court No. 31-2117602
 Estate No. 31-2117602

-- FORM 79 --

Statement of Affairs (Proposal made by an individual)
 (Subsection 49(2) and 158(d) of the Act / Subsections 50(2) and 62(1) and Paragraph 66.13(2)(d) of the Act)

Original Amended

In the Matter of the Proposal of
 Alan Saskin
 Of the City of Toronto,
 In the Province of Ontario

ASSETS						
Type of assets	Description (Provide details)	Estimated Dollar Value	Exempt Property		Secured Amount/ Liens	Estimated net realizable dollar value
			Yes	No		
1. Cash on Hand						
2. Furniture						
3. Personal Effects						
4. Policies & RRSPs	locked in RRSP	7,086.01	x		0.00	0.00
5. Securities	various share interests in partnerships and corporations	1.00		x	0.00	1.00
6. Real Property or Immovable	House					
	Cottage					
	Land					
7. Motor Vehicles	Automobile					
	Motorcycle					
	Snowmobile					
	Other					
8. Recreational Equipment						
9. Taxes						
10. Other	Debts Due Personal - TCC/Urbancorp (Bay) Limited Partnership - book value \$516,781	1.00		x	0.00	1.00
TOTAL		7,088.01			0.00	2.00

27-Oct-2016

Date


 Alan Saskin
 Debtor

District of Ontario
 Division No. 09 - Toronto
 Court No. 31-2117602
 Estate No. 31-2117602

FORM 79 -- Continued

LIABILITIES						
Liabilities type code (LTC):						
1 Real Property or Immovable Mortgage or Hypothec		5 Credit Cards Other Issuers				
2 Bank Loans (except real property mortgage)		6 Taxes Federal/Provincial/Municipal				
3 Finance Company Loans		7 Student Loans				
4 Credit Cards Bank/Trust Companies Issuers		8 Loans from Individuals				
		9 Other				
Creditor	Address including postal code	Account No.	Amount of debt			Enter LTC
			Unsecured	Secured	Preferred	
994697 Ontario Inc.	c/o Plazacorp Investments Limited 10 Wanless Avenue, Suite 201 Toronto ON M4N 1V6		1.00	0.00	0.00	9
Alpa Stairs and Railing Inc.	3770 Nashua Drive Mississauga ON L4V 1M6		1.00	0.00	0.00	9
Amex Canada Inc.	c/o FCT Default Solutions P.O. Box 2514, Station B London ON N6A 4G9		1,305.19	0.00	0.00	4
British Columbia Investment Management Corp.	Suite 300 - 2950 Jutland Road Victoria BC V8T 5K2		1.00	0.00	0.00	9
Canada Revenue Agency Attn: Jennifer O'Keefe-Rahman	Toronto Centre Tax Services Office 1 Front St. West, Suite 100 Toronto ON M5J 2X6		1.00	0.00	0.00	6
CIBC Attn: William J. Morgan, Senior Manager, Special Loans	Commerce Court North 25 King St. West, 16th Floor Toronto ON M5L 1A2		1.00	0.00	0.00	9
CIBC Mortgages	National Servicing Centre P.O. Box 115, Commerce Court, Postal Station Toronto ON M5L 1E5	003167542	1.00	0.00	0.00	9
CIBC Mortgages	National Servicing Centre P.O. Box 115, Commerce Court, Postal Station Toronto ON M5L 1E5	003167544	1.00	0.00	0.00	9
CIBC Mortgages	National Servicing Centre P.O. Box 115, Commerce Court, Postal Station Toronto ON M5L 1E5	003167545	1.00	0.00	0.00	9
CIBC Mortgages	National Servicing Centre P.O. Box 115, Commerce Court, Postal Station Toronto ON M5L 1E5	003167546	1.00	0.00	0.00	9
CLM General Enterprises Ltd.	263 Sunset Beach Road Richmond Hill ON L4E 3H3		1.00	0.00	0.00	9
Cooltech Mechanical Ltd.	37 Nixon Road Bolton ON L7E 1K1		1,181,684.00	0.00	0.00	9
Desrosiers Geothermal Drilling Corporation	12-1020 Matheson Blvd. E. Mississauga ON L4W 4J9		1.00	0.00	0.00	9

27-Oct-2016

Date


 Alan Saskin
 Debtor


District of Ontario
 Division No. 09 - Toronto
 Court No. 31-2117602
 Estate No. 31-2117602

FORM 79 -- Continued

LIABILITIES						
Creditor	Address including postal code	Account No.	Amount of debt			Enter LTC
			Unsecured	Secured	Preferred	
Dolvin Mechanical Contractors Ltd.	52 High Meadow Place Toronto ON M9L 2Z5		1,582,704.00	0.00	0.00	9
Edge on Triangle Park Inc. Attn: James Greff	Suite 2A 120 Lynn Williams Street Toronto ON M6K 3N6		1.00	0.00	0.00	9
EXP Services Inc.	1595 Clarke Blvd. Brampton ON L6T 4V1		1.00	0.00	0.00	9
First Capital Realty Inc. Attn: Ryan Ng	85 Hanna Avenue, Suite 400 Toronto ON M6K 3S3		1.00	0.00	0.00	9
Furkin Construction Inc.	91 May Avenue Richmond Hill ON L4C 3S7		1.00	0.00	0.00	9
GMF Consulting Inc.	91 May Avenue Richmond Hill ON L4C 3S7		1.00	0.00	0.00	9
Hendrick and Main Developments Inc. Attn: Ann E. Campeau	85 Hanna Ave., Suite 400 Toronto ON M6K 3S3		1.00	0.00	0.00	9
International Home Marketing Group Limited	1177 Central Parkway W. Mississauga ON L5C 4P3		1.00	0.00	0.00	9
KJ Equity Inc.	c/o Plazacorp Investments Limited 10 Wanless Avenue, Suite 201 Toronto ON M4N 1V6		1.00	0.00	0.00	9
Lido Construction Inc.	665 Millway Avenue, Unit 1 Concord ON L4K 3T8		30,000.00	0.00	0.00	9
Living Realty Inc.	1177 Central Parkway W. Mississauga ON L5C 4P3		1.00	0.00	0.00	9
Living Realty Inc. Brokerage	7030 Woodbine Avenue Toronto ON L3R 6G2		1.00	0.00	0.00	9
Mattamy Homes Attn: Tim Warner	Suite 5500, PO Box 97 66 Wellington St. West - TD Tower Toronto ON M6K 1G8		1.00	0.00	0.00	9
MDF Mechanical Ltd.	2100 Steeles Avenue East Brampton ON L6T 1A7		875,000.00	0.00	0.00	9
Midnorthern Appliance Industries Corp.	Malton Station, P.O. Box 132 Mississauga ON L4T 4E2		1.00	0.00	0.00	9
N. De Luca Plumbing (1995) Inc.	32 Silton Road, Unit 1 Vaughan ON L4L 8N3		1.00	0.00	0.00	9
NG Marin (2000) Inc.	Unit #2 106 Corstate Avenue Concord ON L4K 4X2		449,537.00	0.00	0.00	9

27-Oct-2016

Date


 Alan Gaskin
 Debtor

District of Ontario
 Division No. 09 - Toronto
 Court No. 31-2117602
 Estate No. 31-2117602

FORM 79 -- Continued

LIABILITIES						
Creditor	Address including postal code	Account No.	Amount of debt			Enter LTC
			Unsecured	Secured	Preferred	
Nu-Wall Contracting Limited	230-B Belfield Road Rexdale ON M9W 1H3		1.00	0.00	0.00	9
Paramount Structures Ltd.	46 Nixon Road Bolton ON L7E 1W2		1,550,000.00	0.00	0.00	9
Reznik Paz Nevo Trusts Ltd.	14 Yad Harutzim St. Tel-Aviv 6770007 ISRAEL		1.00	0.00	0.00	9
Royal Bank of Canada Attn: Joseph Gareri, Director	RBC Real Estate Markets 3300 Highway 7 West, Suite 300 Vaughan ON L4K 4M3		1.00	0.00	0.00	9
Speedy Electrical Contractors Limited	114A Caster Avenue Woodbridge ON L4L 5Y9		1,166,667.00	0.00	0.00	9
Tarion Warranty Corporation	5160 Yonge Street, 12th Floor Toronto ON M2M 4G3	CV-16-550584	146,343.00	0.00	0.00	9
TD Canada Trust Transit Attn: Dimitra Hartsias, Branch Manager	61 Hanna Avenue Toronto ON M6K 3N7		1.00	0.00	0.00	9
TD Commercial Banking Attn: Thomas Ioannidis, Account Manager, Real Estate Group	220 Commerce Valley Drive West, 2nd Floor Markham ON L3T 0A8		1.00	0.00	0.00	9
TD Commercial Banking Attn: Paul Kaisram, Beaver Creek Estate Group	220 Commerce Valley Drive West, 2nd Floor Markham ON L3T 0A8		1.00	0.00	0.00	9
TD Commercial Banking Attn: Subir Singh, Senior Account Manager	TD Tower, 3rd Floor, 55 King St. West Toronto ON M5K 1A2		1.00	0.00	0.00	9
Terra Firma Capital Corporation	#200 - 22 St. Clair Ave. East Toronto ON M4T 2S3		1.00	0.00	0.00	9
The Bank of Nova Scotia Attn: Melissa McMann, Senior Client Relationship Manager	Scotiabank Real Estate Lending 5075 Yonge Street, 2nd Floor Toronto ON M2N 6C6		1.00	0.00	0.00	9
Toro Aluminum	330 Applewood Crescent Concord ON L4K 4V2		1,356,547.00	0.00	0.00	9
Tuvia Fechthold	c/o Wexler Bergman & Co. of 23 Yehuda Halevi St., Discount Tower Tel Aviv 65136 ISRAEL		1.00	0.00	0.00	9
Urbancorp Inc. Attn: Guy Gissen	c/o Gissin & Co., Law Offices 38 Habarzel St., Entrance B, 6th Floor Tel Aviv 69710 ISRAEL		1.00	0.00	0.00	9
Yonge-Abell LP	c/o Plazacorp Investments Limited 10 Wanless Avenue, Suite 201 Toronto ON M4N 1V6		1.00	0.00	0.00	9

27-Oct-2016

Date



Alan Saskin
Debtor

District of Ontario
 Division No. 09 - Toronto
 Court No. 31-2117602
 Estate No. 31-2117602

FORM 79 -- Continued

LIABILITIES						
Creditor	Address including postal code	Account No.	Amount of debt			Enter LTC
			Unsecured	Secured	Preferred	
	TOTAL	Unsecured	8,339,823.19			
	TOTAL	Secured		0.00		
	TOTAL	Preferred			0.00	
				TOTAL	8,339,823.19	

27-Oct-2016

Date



Alan Saskin
 Debtor

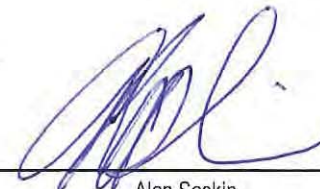
District of Ontario
 Division No. 09 - Toronto
 Court No. 31-2117602
 Estate No. 31-2117602

FORM 79 -- Continued

INFORMATION RELATING TO THE AFFAIRS OF THE DEBTOR			
A. PERSONAL DATA			
1. Family name: Saskin	Given names: Alan Gender: Male	Date of birth: YYYY / MM / DD 1954/01/24	
2. Also known as:			
3. Complete address, including postal code: c/o 120 Lynn Williams Street, Suite 2A Toronto ON M6K 3N6			
4. Marital status: Married (Specify month and year of event if it occurred in the last five years)			
5. Full name of spouse or common-law partner: Doreen Saskin			
6. Name of present employer:		Occupation:	
7A. Number of persons in household family unit, including debtor: 2			
7B. Number of persons 17 years of age or less: 0			
8. Have you operated a business within the last five years? Yes			
Business Name	Business Type	From	To
Urbancorp Inc. Group of Companies	Real estate developer	01-Jan-1991	
B. WITHIN THE 12 MONTHS PRIOR TO THE DATE OF THE INITIAL BANKRUPTCY EVENT, HAVE YOU, EITHER IN CANADA OR ELSEWHERE:			
9A. Sold or disposed of any of your property?		Yes	
9B. Made payments in excess of the regular payments to creditors?		No	
9C. Had any property seized by a creditor?		Yes	
C. WITHIN FIVE YEARS PRIOR TO THE DATE OF THE INITIAL BANKRUPTCY EVENT, HAVE YOU, EITHER IN CANADA OR ELSEWHERE:			
10A. Sold or disposed of any property?		Yes	
10B. Made any gifts to relatives or others in excess of \$500?		No	
D. BUDGET INFORMATION: Attach Form 65 to this Form.			
11A. Have you ever made a proposal under the Bankruptcy and Insolvency Act?		No	
11B. Have you ever been bankrupt before in Canada?		No	
12. Do you expect to receive any sums of money which are not related to your normal income, or any other property within the next 12 months? No			
13. If you answered Yes to any of questions 9, 10 and 12, provide details: 9A: 1) RRSP was liquidated April 28, 2016. Total proceeds were \$382,279, of which \$114,422 was paid to CRA for taxes, and the remainder was utilized for legal services. 2) 2 vehicles were sold in the last 12 months, with total proceeds of \$140,000. The proceeds were used to fund retainers for legal services. 9C: Paramount Structures Ltd. seized \$4,812.56 from a CIBC personal bank account on March 14, 2016.			

27-Oct-2016

Date



Alan Saskin
Debtor

District of Ontario
Division No. 09 - Toronto
Court No. 31-2117602
Estate No. 31-2117602

FORM 79 -- Concluded

10A:

- 1) RRSP was liquidated April 28, 2016. Total proceeds were \$382,279, of which \$114,422 was paid to CRA for taxes, and the remainder was utilized for legal services.
- 2) 2 vehicles were sold in the last 12 months, with total proceeds of \$140,000. The proceeds were used to fund retainers for legal services.

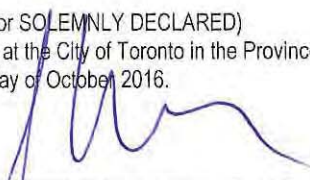
14. Give reasons for your financial difficulties:

The debtor's real estate development companies are insolvent and subject to CCAA proceedings.

I, Alan Saskin of the City of Toronto in the Province of Ontario, do swear (or solemnly declare) that this statement is, to the best of my knowledge, a full, true and complete statement of my affairs on the 27th day of October 2016, and fully discloses all property and transactions of every description that is or was in my possession or that may devolve on me in accordance with the Bankruptcy and Insolvency Act.

SWORN (or SOLEMNLY DECLARED)

before me at the City of Toronto in the Province of Ontario, on this 27th day of October 2016.



GARY ABRAHAMSON, Commissioner of Oaths
For the Province of Ontario
Expires Feb. 5, 2019

Gary Frank Abrahamson, a Commissioner,
etc., City of Toronto, for The Fuller Landau
Group Inc., and its associates and affiliates
Expires February 5, 2019.

27-Oct-2016

Date



Alan Saskin
Debtor

District of: Ontario
Division No. 09 - Toronto
Court No. 31-2117602
Estate No. 31-2117602

FORM 31
Proof of Claim
(Sections 50.1, 81.5, 81.6, Subsections 65.2(4), 81.2(1), 81.3(8), 81.4(8), 102(2), 124(2), 128(1),
and Paragraphs 51(1)(e) and 66.14(b) of the Act)

In the Matter of the Proposal of
Alan Saskin
Of the City of Toronto,
In the Province of Ontario

All notices or correspondence regarding this claim must be forwarded to the following address:

In the matter of the proposal of Alan Saskin of the City of Toronto in the Province of Ontario and the claim of _____, creditor.

I, _____ (name of creditor or representative of the creditor), of the city of _____ in the province of _____, do hereby certify:

1. That I am a creditor of the above named debtor (or I am _____ (position/title) of _____ creditor).

2. That I have knowledge of all the circumstances connected with the claim referred to below.

3. That the debtor was, at the date of proposal, namely the 29th day of April 2016, and still is, indebted to the creditor in the sum of \$ _____, as specified in the statement of account (or affidavit) attached and marked Schedule "A", after deducting any counterclaims to which the debtor is entitled. (The attached statement of account or affidavit must specify the vouchers or other evidence in support of the claim.)

4. (Check and complete appropriate category.)

A. UNSECURED CLAIM OF \$ _____

(other than as a customer contemplated by Section 262 of the Act)

That in respect of this debt, I do not hold any assets of the debtor as security and
(Check appropriate description.)

Regarding the amount of \$ _____, I claim a right to a priority under section 136 of the Act.

Regarding the amount of \$ _____, I do not claim a right to a priority.
(Set out on an attached sheet details to support priority claim.)

B. CLAIM OF LESSOR FOR DISCLAIMER OF A LEASE \$ _____

That I hereby make a claim under subsection 65.2(4) of the Act, particulars of which are as follows:
(Give full particulars of the claim, including the calculations upon which the claim is based.)

C. SECURED CLAIM OF \$ _____

That in respect of this debt, I hold assets of the debtor valued at \$ _____ as security, particulars of which are as follows:
(Give full particulars of the security, including the date on which the security was given and the value at which you assess the security, and attach a copy of the security documents.)

D. CLAIM BY FARMER, FISHERMAN OR AQUACULTURIST OF \$ _____

That I hereby make a claim under subsection 81.2(1) of the Act for the unpaid amount of \$ _____
(Attach a copy of sales agreement and delivery receipts.)

- E. CLAIM BY WAGE EARNER OF \$_____
- That I hereby make a claim under subsection 81.3(8) of the Act in the amount of \$_____.
- That I hereby make a claim under subsection 81.4(8) of the Act in the amount of \$_____.
- F. CLAIM BY EMPLOYEE FOR UNPAID AMOUNT REGARDING PENSION PLAN OF \$_____
- That I hereby make a claim under subsection 81.5 of the Act in the amount of \$_____.
- That I hereby make a claim under subsection 81.6 of the Act in the amount of \$_____.
- G. CLAIM AGAINST DIRECTOR \$_____

(To be completed when a proposal provides for the compromise of claims against directors.)
 That I hereby make a claim under subsection 50(13) of the Act, particulars of which are as follows:
(Give full particulars of the claim, including the calculations upon which the claim is based.)

- H. CLAIM OF A CUSTOMER OF A BANKRUPT SECURITIES FIRM \$_____

That I hereby make a claim as a customer for net equity as contemplated by section 262 of the Act, particulars of which are as follows:
(Give full particulars of the claim, including the calculations upon which the claim is based.)

5. That, to the best of my knowledge, I _____(am/am not) (or the above-named creditor _____(is/is not)) related to the debtor within the meaning of section 4 of the Act, and _____(have/has/have not/has not) dealt with the debtor in a non-arm's-length manner.

6. That the following are the payments that I have received from, and the credits that I have allowed to, and the transfers at undervalue within the meaning of subsection 2(1) of the Act that I have been privy to or a party to with the debtor within the three months (or, if the creditor and the debtor are related within the meaning of section 4 of the Act or were not dealing with each other at arm's length, within the 12 months) immediately before the date of the initial bankruptcy event within the meaning of Section 2 of the Act: (Provide details of payments, credits and transfers at undervalue.)

7. (Applicable only in the case of the bankruptcy of an individual.)

- Whenever the trustee reviews the financial situation of a bankrupt to redetermine whether or not the bankrupt is required to make payments under section 68 of the Act, I request to be informed, pursuant to paragraph 68(4) of the Act, of the new fixed amount or of the fact that there is no longer surplus income.
- I request that a copy of the report filed by the trustee regarding the bankrupt's application for discharge pursuant to subsection 170(1) of the Act be sent to the above address.

Dated at _____, this _____ day of _____.

 Witness

 Creditor

Phone Number: _____
 Fax Number : _____
 E-mail Address : _____

NOTE: If an affidavit is attached, it must have been made before a person qualified to take affidavits.
 WARNINGS: A trustee may, pursuant to subsection 128(3) of the Act, redeem a security on payment to the secured creditor of the debt or the value of the security as assessed, in a proof of security, by the secured creditor.
 Subsection 20(1) of the Act provides severe penalties for making any false claim, proof, declaration or statement of account.

District of: Ontario
Division No. 09 - Toronto
Court No. 31-2117602
Estate No. 31-2117602

FORM 36
Proxy
(Subsection 102(2) and paragraphs 51(1)(e) and 66.15(3)(b) of the Act)

In the Matter of the Proposal of
Alan Saskin
Of the City of Toronto,
In the Province of Ontario

I, _____, of _____, a creditor in the above matter, hereby
appoint _____, of _____, to be
my proxyholder in the above matter, except as to the receipt of dividends, _____ (with or without)
power to appoint another proxyholder in his or her place.

Dated at _____, this _____ day of _____, _____.

Witness

Individual Creditor

Witness

Name of Corporate Creditor

Per _____
Name and Title of Signing Officer

Return To:

The Fuller Landau Group Inc. - Trustee

151 Bloor St. West, 12th Floor
Toronto ON M5S 1S4
Phone: (416) 645-6500 Fax: (416) 645-6501
E-mail: mniva@fullerlp.com

District of: Ontario
Division No. 09 - Toronto
Court No. 31-2117602
Estate No. 31-2117602

FORM 37
Voting Letter
(Paragraph 51(1)(f) of the Act)

In the Matter of the Proposal of
Alan Saskin
Of the City of Toronto,
In the Province of Ontario

I, _____, creditor (or I, _____, representative of
_____, creditor), of _____, a creditor in the above matter for the
sum of \$ _____, hereby request the trustee acting with respect to the proposal of Alan Saskin, to
record my vote as follows (**check one**):

ADJOURN VOTE _____

OR

FOR _____

AGAINST _____

the acceptance of the proposal as made on the 27th day of October, 2016.

Dated at _____, this _____ day of _____.

Witness

Individual Creditor

Witness

Name of Corporate Creditor

Per _____
Name and Title of Signing Officer

Return To:

The Fuller Landau Group Inc. - Trustee
Per:

151 Bloor St. West, 12th Floor
Toronto ON M5S 1S4
Phone: (416) 645-6500 Fax: (416) 645-6501
E-mail: mniva@fullerlp.com