



ESTATE FILE NO.: 31-3101800

**IN THE MATTER OF THE BANKRUPTCY OF
125 FERRIS INC.
OF THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO**

**TRUSTEE'S REPORT TO CREDITORS ON
PRELIMINARY ADMINISTRATION**

1.0 Introduction

1. On July 8, 2024 (the "Filing Date"), 125 Ferris Inc. (the "Company") filed a Notice of Intention to Make a Proposal pursuant to subsection 50.4(1) of the *Bankruptcy and Insolvency Act, R.S.C. 1985, c. B-3*, as amended (the "BIA") (the "NOI Proceedings"). KSV Restructuring Inc. ("KSV") was appointed as the proposal trustee (in such capacity, the "Proposal Trustee") in the NOI Proceedings. Pursuant to orders of the Ontario Superior Court of Justice (Commercial List) (the "Court"), including most recently a Court order issued on November 4, 2024, the deadline to file a proposal under the BIA was extended to December 20, 2024.
2. As a result of a proposal not having been filed on or prior to December 20, 2024, on December 21, 2024, the Company was deemed to have filed an assignment in bankruptcy. KSV is the Licensed Insolvency Trustee (in such capacity, the "Trustee") of the Company's bankrupt estate, subject to affirmation at the First Meeting of Creditors to be convened on January 10, 2025.

1.1 Currency

1. All currency references in this report ("Report") are to Canadian dollars unless otherwise noted.

1.2 Restrictions

1. The Trustee has not audited, or otherwise attempted to verify, the accuracy or completeness of the financial information relied upon in this Report in a manner that complies with Canadian Auditing Standards ("CAS") pursuant to the Chartered Professional Accountants of Canada Handbook and, accordingly, the Trustee expresses no opinion or other form of assurance contemplated under the CAS in respect of such information. Any party wishing to place reliance on the financial information presented in this Report should perform its own diligence.
2. The Trustee accepts no responsibility for any reliance placed by any third party on the Company's financial information presented herein, nor for any information concerning potential recoveries.

2.0 Background

2.1 Corporate Overview

1. The Company was incorporated under the Ontario *Business Corporations Act*, R.S.O. 1990, c. B16 on April 21, 2008. Mark Craig Gross has served as the Company's sole director since the Company's incorporation.
2. Mark Gross, along with Sheldon Gross, were also the sole registered directors and officers of Gross Capital Inc. ("GCI"), which is the Company's parent. On June 25, 2021, GCI filed an assignment in bankruptcy and KSV was appointed Licensed Insolvency Trustee (in such capacity, the "GCI Trustee") of GCI's bankrupt estate, which appointment was affirmed at GCI's first meeting of creditors on July 15, 2021. GCI also owns several other real estate holding companies, certain of which are subject to separate Court supervised receivership proceedings.
3. The Company was primarily formed to hold legal title to the Real Property (as defined below). The Company acts as nominee and legal title holder for a group of co-tenant investors that hold beneficial ownership interests in the Real Property (the "Co-Tenants"). A cotenancy agreement entered into between the Company, as trustee, and the Co-Tenants, as co-tenants, dated May 8, 2008, outlines the relationship between the parties.

2.2 Assets

1. The Company's principal asset is the real property municipally known as 125 Ferris Street, North Bay, Ontario (the "Real Property").
2. Aside from the Real Property and the personal property arising from or used in connection with the Real Property, the Company does not have business operations or assets.

3.0 Creditors

1. Pursuant to a search of registrations under the *Personal Property Security Act* (Ontario), the Company's only secured creditor, as at the Filing Date, is Laurentian Bank of Canada ("Laurentian"). As of the date of this Report, Laurentian was owed approximately \$6.6 million, plus interest, charges, fees and costs, which continue to accrue. Pursuant to a financing term sheet dated June 25, 2024, Laurentian, as lender, agreed to provide DIP financing to the Company in the maximum principal amount of \$235,000 (the "DIP Facility"). The DIP Facility is secured by a charge over all of the Company's present and future property, assets, and undertakings, in favour of Laurentian for its advances under the DIP Facility.
2. As is customary, the Court also granted an administration charge in favour of the Proposal Trustee, the Proposal Trustee's counsel and the Debtor's counsel in the NOI Proceedings in an amount of up to \$500,000.
3. According to the Company's books and records, there was approximately \$170,000 owing to unsecured creditors as at the Filing Date, mainly amounts owing to utility providers and realtors.
4. According to the Company's books and records, amounts owing on account of unpaid property taxes are \$120,000 as at the Filing Date.

3.1 Property of the Bankrupt Not Divisible Amongst Creditors

1. At this time, the Trustee is not aware of any Property that would not be divisible among the Company's creditors by virtue of Section 67(1) of the BIA or otherwise.

4.0 Books and Records

1. The Trustee has worked with the Company's property manager to access the Company's books and records to administer these bankruptcy proceedings.

5.0 Preferences and Transfers at Undervalue

1. As part of an investigation (the "Investigation"), the GCI Trustee is already conducting a review for potential preferences and transfers at undervalue, both at the "parent" GCI level and at certain subsidiary levels. The Trustee intends to report the relevant findings to the estate inspectors of the Company (once appointed at the first meeting of creditors) (the "Inspectors"), and to consult with and seek instruction from the Inspectors in regard to other related matters, including, without limitation, the Investigation and its implications on the Company and these bankruptcy proceedings.
2. The Trustee will also conduct a review for preferences and transfers at undervalue by reviewing the Company's bank statements and records for the year preceding the initial bankruptcy event, being July 8, 2024. The Trustee's ability to complete this review is subject to receiving access to the applicable records.
3. The Trustee will advise the Inspectors should it become aware of any transaction(s) requiring further investigation.

6.0 Anticipated Realization and Projected Distribution

1. Subject to Inspector approval, the Trustee intends to enter into a new listing agreement with Jones Lang Lasalle Real Estate Services, Inc. to relaunch the sale listing of the Real Property. The outcome of the Real Property's realization will determine creditor recoveries. Creditors can monitor the status of these realization efforts by following the Court materials which are made available as filed on the Trustee's website at <https://www.ksvadvisory.com/experience/case/125-ferris>. It is not presently known whether there will be any distributions available to unsecured creditors from the realization of the Real Property.

7.0 Other Matters

1. There are no other matters to discuss at this time.

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DATED at Toronto, Ontario, this 10th day of January, 2025.

KSV Restructuring Inc.

**KSV RESTRUCTURING INC.
IN ITS CAPACITY AS LICENSED INSOLVENCY TRUSTEE OF
125 FERRIS INC.
AND NOT IN ITS PERSONAL CAPACITY**