



**Third Report to Court of
KSV Restructuring Inc. as Proposal
Trustee of 125 Ferris Inc.**

November 1, 2024

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COURT FILE NO.: BK-24-03101800-0031

ESTATE FILE NO.: 31-3101800

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

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL UNDER THE
BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985, c. B-3, AS AMENDED,
OF 125 FERRIS INC.**

**THIRD REPORT TO COURT OF
PROPOSAL TRUSTEE**

NOVEMBER 1, 2024

1.0 Introduction

1. This report (the “Report”) is filed by KSV Restructuring Inc. (“KSV”), in its capacity as proposal trustee (in such capacity, the “Proposal Trustee”), in connection with a Notice of Intention to Make a Proposal filed by 125 Ferris Inc. (the “Company”) on July 8, 2024 pursuant to Section 50.4(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “BIA”). A copy of the Certificate of Filing for the Company is provided in Appendix “A”.
2. The Company’s principal asset is the real property municipally known as 125 Ferris Street, North Bay, Ontario (the “Real Property”).
3. The principal purpose of these proceedings (the “NOI Proceedings”) is to provide the Company with access to urgent financing necessary for it to pay critical expenses and to conduct a sale process of the Real Property that maximizes value for the Company’s stakeholders (the “Sale Process”).
4. On July 31, 2024, the Court granted an Order:
 - approving a debtor-in-possession facility (the “DIP Facility”) in the amount of \$235,000 from Laurentian Bank of Canada (in such capacity, the “Interim Lender”) and granting a charge on the Company’s current and future property, assets and undertaking (collectively, the “Property”) in favour of the Interim Lender for advances made under the DIP Facility;
 - granting a charge over the Property in the principal amount of \$500,000 to secure the fees and disbursements of the Company’s legal counsel, the Proposal Trustee and the Proposal Trustee’s counsel, Aird & Berlis LLP (“A&B”);

- approving the Sale Process for the Real Property, including an agreement to engage Jones Lang Lasalle Real Estate Services Inc. (“JLL”) to list the Real Property for sale (the “Listing Agreement”); and
 - extending the stay of proceedings from August 8, 2024 to and including September 21, 2024.
5. On September 20, 2024, the Court issued an order extending the stay of proceedings from September 21, 2024 to and including November 5, 2024.

1.1 Purposes of this Report

1. The purposes of this Report are to:
- a) provide background information about the Company and these proceedings;
 - b) provide the Court with an update on the Company’s and the Proposal Trustee’s activities since the Proposal Trustee filed its Second Report to Court dated September 16, 2024 (the “Second Report”);
 - c) provide an update on the Sale Process;
 - d) report on the Company’s cash flow projection for the period November 5, 2024 through to December 20, 2024 (the “Cash Flow Forecast”);
 - e) discuss the request for an extension of: (i) the stay of proceedings (the “Stay Extension”); and (ii) the deadline to file a proposal, from November 5, 2024 to December 20, 2024; and
 - f) recommend that this Court grant the relief sought.

1.2 Currency

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

1.3 Restrictions

1. In preparing this Report, the Proposal Trustee has relied upon unaudited financial information prepared by the Company, the books and records of the Company and discussions with representatives of the Company. The Proposal Trustee has not audited or otherwise attempted to verify the accuracy or completeness of the financial information relied on to prepare this Report in a manner that complies with Canadian Auditing Standards (“CAS”) pursuant to the Chartered Professional Accountants of Canada Handbook and, accordingly, the Proposal 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 should perform its own diligence.
2. The Proposal Trustee accepts no responsibility for any reliance placed by any third party on the Company’s financial information presented herein.

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

1.4 Court Materials

1. Court materials filed in these proceedings are available on the Proposal Trustee's website at: <https://www.ksvadvisory.com/experience/case/125-ferris>.

2.0 Background

1. The Company was incorporated under the Ontario *Business Corporations Act*, R.S.O. 1990, c. B.16 on April 21, 2008. Mark Craig Gross has served as the Company's sole director since the Company's incorporation.
2. Gross Capital Inc. ("Gross Capital"), an Ontario corporation, is the sole shareholder of the Company. Gross Capital filed an assignment in bankruptcy under the BIA in June of 2021. KSV is the Licensed Insolvency Trustee in those proceedings.
3. The Company was primarily formed to hold legal title to the Real Property. 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 co-tenancy 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.
4. 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.
5. Prime Real Estate Group Inc. currently serves as the property manager for the Real Property (the "Property Manager"). The Property Manager is responsible for the day-to-day management and maintenance of the Real Property and has done so since the Company acquired the Real Property in 2008. The Property Manager has agreed to be paid a monthly fee of \$1,500 during the NOI Proceedings to provide its management and maintenance services.
6. Additional information about the Company and its background is included in the Affidavit of Michael Di Iorio sworn July 22, 2024 filed in support of the Company's motion returnable July 31, 2024.

3.0 Activities of the Proposal Trustee

1. Since the Second Report, the Proposal Trustee has performed the following key activities:
 - a) attending on-going meetings with the Property Manager to discuss the Property and the Sale Process;

- b) assisting the Company in preparing the Cash Flow Statement;
- c) corresponding with creditors and other stakeholders;
- d) corresponding and holding discussions with management and the Company's counsel, Dentons Canada LLP ("Dentons"), and A&B, with respect to general filing matters;
- e) corresponding and attending weekly meetings with JLL with respect to the Sale Process;
- f) corresponding with Dentons regarding the eviction of the tenant located at the Real Property, including sending a notice of termination dated September 19, 2024;
- g) maintaining the case website for these proceedings; and
- h) preparing this Report.

4.0 Sale Process

1. JLL listed the Real Property for sale on August 12, 2024, and has been marketing it actively since that time.
2. JLL has prepared a teaser and established a virtual data room for interested parties. The Proposal Trustee and the Company attend weekly calls with JLL during which JLL provides updates on the status of the Sale Process, including to evaluate potential price reductions.
3. The Real Property was initially listed for sale at \$12.275 million. On October 15, 2024, the Company, in consultation with JLL, reduced the listing price to \$9.9 million.
4. JLL has indicated that the sale of the Real Property may require additional time due to location of the lands and the limited number of capable buyers in the North Bay area.

5.0 Cash Flow Forecast

1. Pursuant to the BIA, the Company prepared the Cash Flow Statement for the requested Stay Extension period.
2. The Cash Flow Forecast, together with Management's Report on the Cash Flow Statement (the "Management Report") as required by subsection 50.4(2)(c) of the BIA, are provided as Appendix "B".
3. On September 4, 2024, the Company made a draw on the DIP Facility and received \$225,000, net of \$10,000 DIP fee. In October 2024, approximately \$50,000 was transferred to the Property Manager to make the proposed payments pursuant to the Cash Flow Forecast approved in the Second Report.

4. The Cash Flow Forecast reflects that the Company is projected to require funding of approximately \$11,000 a month to pay critical expenses including, but not limited to: property taxes; security; property management; and insurance through to the end of the requested Stay Extension.
5. Based on the Proposal Trustee's review of the Cash Flow Forecast, there are no material assumptions which seem unreasonable. The Proposal Trustee's Report on the Company's Cash Flow Statement as required by subsection 50.4(2)(b) of the BIA is attached as Appendix "C".

6.0 Company's Request for an Extension

1. The Company is seeking approval of the Stay Extension and a corresponding extension of the time to file a proposal from November 5, 2024 to December 20, 2024.
2. The Proposal Trustee supports the Company's request for the following reasons:
 - a) in the Proposal Trustee's assessment, the Company has acted and continues to act in good faith and with due diligence;
 - b) it is more likely that the Company will be able to make a viable proposal if the extension is granted;
 - c) no creditor would be materially prejudiced if the extension is granted;
 - d) it will allow the Proposal Trustee and the Company to advance the Sale Process with the goal of identifying a purchaser and closing a sale transaction;
 - e) The Stay Extension will not exceed, in the aggregate, six months from the date of the Certificate of Filing for the Company and remains in accordance with section 50.4(9) of the BIA; and
 - f) as at the date of this Report, the Proposal Trustee is not aware of any party opposed to an extension.

7.0 Conclusion and Recommendation

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

* * *

All of which is respectfully submitted,

KSV Restructuring Inc.

**KSV RESTRUCTURING INC.
IN ITS CAPACITY AS TRUSTEE *IN RE* THE PROPOSAL OF
125 FERRIS INC.,
AND NOT IN ITS PERSONAL CAPACITY**

Appendix “A”



Industry Canada
Office of the Superintendent
of Bankruptcy Canada

Industrie Canada
Bureau du surintendant
des faillites Canada

District of Ontario
Division No. 09 - Toronto
Court No. 31-3101800
Estate No. 31-3101800

In the Matter of the Notice of Intention to make a proposal of:

125 Ferris Inc.

Insolvent Person

KSV RESTRUCTURING INC.

Licensed Insolvency Trustee

Date of the Notice of Intention:

July 08, 2024

CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL
Subsection 50.4 (1)

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the Bankruptcy and Insolvency Act;

Pursuant to subsection 69. (1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

Date: July 09, 2024, 09:52

E-File/Dépôt Electronique

Official Receiver

151 Yonge Street, 4th Floor, Toronto, Ontario, Canada, M5C2W7, (877)376-9902

Canada

Appendix “B”

125 Ferris Inc.
Projected Statement of Cash Flows
For the Period Ending December 20, 2024
(Unaudited; \$CAD)

	Note	11-Nov-24	18-Nov-24	25-Nov-24	02-Dec-24	09-Dec-24	16-Dec-24	20-Dec-24	Total
<i>Receipts</i>									
Solar Revenue	1	-	-	-	2,000	-	-	-	2,000
Total Receipts		-	-	-	2,000	-	-	-	2,000
<i>Disbursements</i>									
Utilities	2	-	-	-	2,500	-	-	-	2,500
Insurance	3	-	-	-	2,042	-	-	-	2,042
Management fees	4	-	-	-	1,500	-	-	-	1,500
Other Expenses	5	-	-	-	4,786	-	-	-	4,786
Total Operating disbursements		-	-	-	10,828	-	-	-	10,828
Net Cash Flow before the Undemoted		-	-	-	(8,828)	-	-	-	(8,828)
Professional Fees	6	-	-	-	-	-	-	-	-
Net Cash Flow		-	-	-	(8,828)	-	-	-	(8,828)
Opening Cash balance / (Deficit)		175,777	175,777	175,777	175,777	166,949	166,949	166,949	175,777
Net Cash Flow		-	-	-	(8,828)	-	-	-	(8,828)
DIP Financing	7	-	-	-	-	-	-	-	-
Closing cash balance / (Deficit)		175,777	175,777	175,777	166,949	166,949	166,949	166,949	166,949

The above financial projections are based on management's assumptions detailed in Appendix "1-1".
The note references correspond to the assumption numbers shown in Appendix "1-1".

125 FERRIS INC.

Per: 

Date: Nov 1, 2024

KSV RESTRUCTURING INC.
IN ITS CAPACITY AS TRUSTEE UNDER THE
NOTICE OF INTENTION TO MAKE A PROPOSAL AND NOT
IN ITS PERSONAL CAPACITY

Per: 

Date: November 1, 2024

**Report on Cash Flow Statement by the Person Making the Proposal
(Paragraphs 50(6)(c) and 50.4(2)(c) of the BIA**

The property manager of 125 Ferris Inc. (the "Company") has developed the assumptions and prepared the attached statement of projected cash flow as of the 1st day of November 2024, for the period ending December 20, 2024 (the "Cash Flow"). All such assumptions are disclosed in the notes to the Cash Flow.

The hypothetical assumptions are suitably supported and consistent with the purpose of the Cash Flow as described in Note 1 to the Cash Flow, and the probable assumptions are suitably supported and consistent with the plans of the Company and provide a reasonable basis for the Cash Flow.

Since the Cash Flow is based on assumptions regarding future events, actual results will vary from the information presented and the variations may be material.

The Cash Flow has been prepared solely for the purpose outlined in Note 1 using a set of hypothetical and probable assumptions set out therein. Consequently, readers are cautioned that the Cash Flow may not be appropriate for other purposes.

Dated at Toronto, this 1st day of November, 2024

125 FERRIS INC.



Per: Justin Di Ciano

Appendix “C”

**Trustee's Report on Cash-flow Statement
(Paragraphs 50(6)(b) and 50.4(2)(b) of the Act)**

The attached statement of projected cash-flow of 125 Ferris Inc. (the "Company"), as of the 1st day of November, 2024, consisting of a weekly cash flow statement for the period November 5, 2024 to December 20, 2024 (the "Cash Flow"), has been prepared by the management of the Company for the purpose described in Note 1, using hypothetical and probable assumptions set out in the notes to the Cash Flow.

Our review consisted of inquiries, analytical procedures and discussion related to information supplied by the management and employees of the Company. Since hypothetical assumptions need not be supported, our procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the projection. We have also reviewed the support provided by management for the probable assumptions and the preparation and presentation of the projection.

Based on our review, nothing has come to our attention that causes us to believe that, in all material respects:

- (a) the hypothetical assumptions are not consistent with the purpose of the Cash Flow;
- (b) as at the date of this report, the probable assumptions developed by management are not suitably supported and consistent with the plans of the Company or do not provide a reasonable basis for the projection, given the hypothetical assumptions; or
- (c) the Cash Flow does not reflect the probable and hypothetical assumptions.

Since the Cash Flow is based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material. Accordingly, we express no assurance as to whether the Cash Flow will be achieved. We express no opinion or other form of assurance with respect to the accuracy of any financial information presented in this report, or relied upon in preparing this report.

The Cash Flow has been prepared solely for the purpose described in Note 1 and readers are cautioned that it may not be appropriate for other purposes.

Dated this 1st day of November, 2024.

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



Per: Noah Goldstein