Court File No. 31-2747949

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

IN THE MATTER OF THE BANKRUPTCY OF GROSS CAPITAL INC., OF THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO

MOTION RECORD

(returnable on a date to be scheduled)
VOLUME 3 OF 3

Date: October 31, 2022

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TO: SERVICE LIST

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GROSS MEDICAL OPPORTUNITIES FUND

CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Trustees of Gross Medical Opportunities Fund

Opinion

We have audited the accompanying consolidated financial statements of Gross Medical Opportunities Fund (the "Trust") which comprise the consolidated statement of financial position as at December 31, 2019 and the consolidated statement of comprehensive income, consolidated statement of changes in net assets attributable to redeemable trust unitholders and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Trust as at December 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section on our report. We are independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 1(b) in the consolidated financial statements which indicates that Gross Medical Opportunities Fund has negative working capital and its operations are dependent on receiving additional financing. These consolidated financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or amounts and classification of liabilities that may result from the outcome of this uncertainty.

Without modifying our conclusion, we draw attention to Note 18 of the financial statements which describes that a recent health crisis has had an adverse impact on the Trust's operations.

SEGAL

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Trust or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Trust's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Financial Reporting Standards (IFRS) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.

SEGAL

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Segal LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
May 14, 2020

GROSS MEDICAL OPPORTUNITIES FUND

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2019

	2019	2018
ASSETS		
Current		
Cash	$ 35,423	$ 47,997
Accounts receivable, note 12	32,321	28,762
Prepaid expenses	58,227	49,801
Government remittances recoverable	-	1,556
Due from Gross Medical Opportunities GP Inc., note 3	-	8,511
Minority interest deficiency, note 14	21	17
	125,992	136,644
Income producing properties, note 4	5,017,239	5,230,436
	$ 5,143,231	$ 5,367,080
LIABILITIES		
Current		
Accounts payable and accrued liabilities, note 5	$ 150,579	$ 96,455
Due to Gross Capital Inc., note 6	453,240	453,240
Current portion of long-term debt, note 9	86,265	2,106,066
Loan from Gross Capital Inc. (Co-tenancies), note 7	189,904	183,296
Government remittances payable	33,341	-
Due to Gross Medical Opportunities Fund GP Inc., note 3	973	-
Due to Gross Securities Corp., note 8	-	7,906
	914,302	2,846,963
Long-term debt, note 9	3,207,780	1,282,620
Liabilities before net assets attributable to redeemable Trust Unitholders	4,122,082	4,129,583
Commitments, note 10		
Subsequent events, note 18		
Net assets attributable to redeemable Trust Unitholders, note 11	$ 1,021,149	$ 1,237,497

Approved on behalf of the Trust

_____ Trustee

_____ Trustee

See accompanying notes to the consolidated financial statements

GROSS MEDICAL OPPORTUNITIES FUND

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO REDEEMABLE TRUST UNITHOLDERS FOR THE YEAR ENDED DECEMBER 31, 2019

	Number of Trust Units	Net Assets Attributable to Redeemable Trust Unitholders
December 31, 2019		
Net assets attributable to redeemable Trust Unitholders at January 1, 2019	2,142,426	$ 1,237,497
Comprehensive loss for the year	-	(46,518)
Loss allocated to minority interest	-	4
	-	(46,514)
Redeemable trust unitholders transactions		
Issuance of trust units, note 11	51,000	51,000
Redemption of trust units, note 11	(51,000)	(51,000)
Distributions	-	(169,834)
	-	(169,834)
Net assets attributable to redeemable Trust Unitholders, December 31, 2019	2,142,426	$ 1,021,149
December 31, 2018		
Net assets attributable to redeemable Trust Unitholders at January 1, 2018	2,142,426	$ 1,381,242
Comprehensive income for the year	-	25,782
Income allocated to minority interest	-	(3)
	-	25,779
Redeemable trust unitholders transactions		
Issuance of trust units, note 11	61,000	61,000
Redemption of trust unit, note 11	(61,000)	(61,000)
Distributions	-	(169,524)
	-	(169,524)
Net assets attributable to redeemable Trust Unitholders, December 31, 2018	2,142,426	$ 1,237,497

See accompanying notes to the consolidated financial statements

GROSS MEDICAL OPPORTUNITIES FUND

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2019

	2019	2018
Revenue		
Commercial Rent, note 12	$ 407,625	$ 406,022
Recoveries, note 12	238,533	231,098
Interest income	2,313	976
	648,471	638,096
Recoverable expenses		
Property tax	79,109	78,438
Maintenance	57,609	56,923
Utilities	53,765	50,235
Property management fees, note 12	15,665	18,268
Parking	12,497	10,651
Landscaping and snow removal	11,611	11,967
Office supplies	4,235	3,134
Insurance	3,143	3,356
	237,634	232,972
General and administrative expenses		
Professional fees, note 12	71,990	77,331
Asset management fees, note 12	8,860	8,860
Bank charges	874	1,135
Office supplies	811	-
Commissions, note 12	-	4,695
	82,535	92,021
Comprehensive income before the undernoted	328,302	313,103
Mortgage interest	133,086	137,302
Interest on loans, note 12	16,979	10,345
Amortization of income producing properties, note 4	213,197	123,196
Amortization of deferred financing fees	9,298	14,218
Amortization of deferred tenant inducements	2,260	2,260
	374,820	287,321
Comprehensive income (loss) for the year	$ (46,518)	$ 25,782

See accompanying notes to the consolidated financial statements

GROSS MEDICAL OPPORTUNITIES FUND

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019

	2019	2018
Cash flows from operating activities		
Comprehensive income (loss) for the year	$ (46,518)	$ 25,782
Adjustments for:		
Amortization of income producing properties	213,197	123,196
Amortization of deferred financing fees	9,298	14,218
Amortization of deferred tenant inducement	2,260	2,260
	178,237	165,456
Changes in non-cash working capital balances		
Increase in prepaid expenses	(10,686)	(10,484)
Increase in accounts receivable	(3,559)	(176)
Decrease (increase) government remittances recoverable	34,897	(908)
Increase (decrease) in accounts payable and accrued liabilities	54,124	(10,638)
Cash flows provided from operating activities	253,013	143,250
Cash flows from investing activities		
Decrease (increase) in due from Gross Medical Opportunities GP	8,511	(3,861)
Cash flows from financing activities		
Increase in due to Gross Capital Inc.	-	100,424
Repayment of long-term debt	(103,939)	(98,481)
Increase in loan from Gross Capital Inc. (co-tenancies)	6,608	50,084
Proceeds from issuance of units	61,000	61,000
Redemption of units	(61,000)	(61,000)
Distributions	(169,834)	(169,524)
Increase (decrease) in due to Gross Securities Corp.	(7,906)	7,906
Increase in due to Gross Medical Opportunities GP, Inc.	973	-
Cash flows used in financing activities	(274,098)	(109,591)
Net increase (decrease) in cash	(12,574)	29,798
Cash, beginning of year	47,997	18,199
Cash, end of year	$ 35,423	$ 47,997
Interest paid in year	$ -	$ -

See accompanying notes to the consolidated financial statements

GROSS MEDICAL OPPORTUNITIES FUND

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019

1. NATURE OF BUSINESS AND GOING CONCERN

a) Nature of Business

Gross Medical Opportunities Fund (the "Trust") is an unincorporated open-ended trust established by the Fund's Declaration of Trust dated March 11, 2015. The Trust is a "mutual fund trust" for the purposes of the Income Tax Act (Canada).

The Trust was formed to: (a) acquire outstanding trust units of Gross Medical & Income Fund ("2014 Trust"), (b) wind up the 2014 Trust, and acquire the 2014 Trust's investment in limited partnership units of Gross Medical Opportunities Fund LP (formerly Gross Medical Income & Growth Fund 1 LP) (the "Partnership"), a Canadian limited partnership, and (c) to raise funds pursuant to an offering memorandum for the purposes of acquiring additional units in the Partnership. The Partnership is considered a related party due to common management with the Administrator of the Trust. The Partnership has acquired Canadian medical related income producing properties (the "income producing properties") and intends to own, and lease additional properties of this nature (the "Properties"). The Partnership may acquire Properties through limited partnerships or through joint ventures.

A limited partnership agreement governs the operations and business affairs of the Partnership. In accordance with the agreement, all operations are overseen by the general partner, Gross Medical Opportunities Fund GP Ltd. (the "General Partner").

The Trustees of the Trust are Mark Gross and Sheldon Gross (the "Trustees"). The Administrator of the Trust is Gross Adminco Inc. (the "Administrator").

The address of the Trust is 200 Ronson Drive, Suite 201, Toronto, Ontario, M9W 5Z9.

(b) Going concern

These consolidated financial statements have been prepared on the going concern basis, which presumes that the Trust will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

Several conditions cast some doubt on the appropriateness of this assumption. The Trust has negative working capital. The Trust's ability to continue to operate depends on its ability to obtain additional financing. The proposed business of the Trust involves a high degree of risk and there is no guarantee that the Trust will be able to raise the required funds. These conditions indicate the existence of an uncertainty that may cast doubt on the Trust's ability to continue as a going concern.

1. NATURE OF BUSINESS AND GOING CONCERN (Continued..)

These consolidated financial statements do not include any adjustments to the amounts and classifications of the assets and liabilities that might be necessary should the Trust be unable to achieve its plan and continue in business. If the going concern assumption were not appropriate for these consolidated financial statements then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the consolidated statements of financial position classifications used. The impact on the consolidated financial statements could be material.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance with International Financial Reporting Standards

These consolidated financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standard Board ("IASB") and interpretations of the International Financial Reporting Interpretation Committee ("IFRIC").

Basis of preparation

These consolidated financial statements have been prepared on a historical cost basis except for held-for-trading financial instruments, which are measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These consolidated financial statements have been prepared on the basis of IFRS standards that are published at the time of preparation and that are effective on December 31, 2019.

These consolidated financial statements were approved by the Trustees on May 14, 2020.

These consolidated financial statements are presented in the functional currency of the Trust, Canadian dollars.

Principles of Consolidation

These consolidated financial statements include the accounts of the Trust and the Partnership. The Trust owns 100% of the Class A LP units of the Partnership. All inter-company accounts and transactions have been eliminated on consolidation.

Cash

Cash consists of cash on deposit. Amounts are carried at amortized cost.

2. **SIGNIFICANT ACCOUNTING POLICIES** (Continued...)

Accounts payable and accrued liabilities

Accounts payable and accrued liabilities are recognized initially at fair value and subsequently stated at amortized cost.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Trust after deducting all of its liabilities. Equity instruments issued by the Trust are recorded at the proceeds received, net of direct issue costs.

Investment Properties

The Trust accounts for its investment properties in accordance with International Accounting Standards ("IAS") 40, "Investment Properties" ("IAS 40"). Investment property is defined as property held to earn rentals, capital appreciation, or both, The Trust categorizes its investment properties as income-producing properties and properties under development. Investment properties are accounted for using the cost model wherein the cost of an income-producing property is allocated to its significant components and is amortized over the useful life of each component as described below. Properties under development are not amortized until they are reclassified to income-producing properties upon completion, as disclosed below.

In accordance with the Trusts investment policy, the trust records only its share of the assets, liabilities and share of the results of operations of the co-tenancy.

These consolidated financial statements include the Trust's 12.50% (2018- 12.50%) share of the King Oshawa Co-tenancy and the Trust's 5.8857% (2018 - 5.8857%) share of the Victoria Avenue North Co-tenancy. (note 13)

The Trust records only its share of the assets, liabilities and share of the results of operations of the co-tenancy. The assets, liabilities and results of operations are included within the respective line items of the consolidated statements of financial position, the consolidated statements of changes in net assets attributable to redeemable trust unitholders and the consolidated statement of comprehensive income. (see note 13)

Income-producing properties are recorded at cost and amortized using the following annual rate and method:

Buildings	-	40 year straight line basis

2. **SIGNIFICANT ACCOUNTING POLICIES** (Continued...)

Environmental Remediation Costs

A provision is made for environmental remediation costs when the related environmental disturbance occurs, based on the net present value of estimated future costs with, where appropriate, probability weighting for the different remediation or closure outcomes which could realistically arise. The ultimate cost of remediation is uncertain and Management uses its judgment and experience to provide for these costs.

Impairment of income producing properties

The income producing properties are reviewed for impairment if there is any indication that the carrying amount may not be recoverable. If any such indication is present, the recoverable amount of the asset is estimated in order to determine whether impairment exists. Where the asset does not generate cash flows that are independent from other assets, the Trust estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An asset's recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount. Impairment is recognized immediately as additional depreciation. Where an impairment subsequently reverses, the carrying amount is increased to the revised estimate of recoverable amount but only to the extent that this does not exceed the carrying value that would have been determined if no impairment had previously been recognized. A reversal is recognized as a reduction in the depreciation charge for the period.

Revenue recognition

The Trust has not transferred substantially all of the benefits and risks of ownership of its income producing properties and therefore accounts for leases with its tenants as operating leases. Rental revenue includes all amounts earned from tenants related to lease agreements including property tax and operating cost recoveries. The Trust recognizes rental revenue and other charges on a straight-line basis in accordance with the relevant lease agreements. The amount by which straight-line rental revenue exceeds the minimum rents collected in accordance with the lease agreements is included in deferred revenue.

Property rental revenue includes minimum rental revenue earned and operating expenses and realty tax reimbursements or recoveries earned under lease agreements with tenants. Recoveries from tenants, consisting of amounts due from tenants for common area maintenance, real estate taxes and other recoverable costs, are accrued and recognized as revenue in the period the expenses are incurred and they become recoverable from the tenant.

2. **SIGNIFICANT ACCOUNTING POLICIES** (Continued...)

Critical judgments and estimates

The preparation of consolidated financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates. These consolidated financial statements include assumptions and estimates which, by their nature, are uncertain. The impact of such estimates may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period which the estimate is revised and the revision affects both current and future periods. Assumptions and estimates that management has made at the consolidated statement of financial position date relate to, but are not limited to, the following:

Income-producing Properties

- The useful life of the income producing properties.
- Impairment of income producing properties.

Leases

The Trusts adoption of IFRS 16 on January 1, 2019 did not have a significant impact on the financial statements.

The Trust makes judgments in determining whether certain leases, in particular those tenant leases with long contractual terms where the lessee is the sole tenant in a property and long-term ground leases where the Trust is lessor, are operating leases or financial leases. The Trust has determined that all of its leases are operating leases.

Lease Incentives

The Trust evaluates whether tenant improvement allowances are, in substance, lease incentives or capital expenditures of the Trust that enhance the value of the Trust's income-producing properties. This judgment also impacts revenue recognition commencement. This determination requires judgment and consideration of several factors, including whether the improvements enhance the value of the properties, tenant discretion in the use of funds, uniqueness of the improvements and the transfer of risks and rewards.

Investment Properties

Judgment is applied in determining whether certain costs are additions to the carrying amount of the property and, for properties under development, when practical completion of the property occurs and identifying the point at which capitalization of borrowing costs ceases.

2. **SIGNIFICANT ACCOUNTING POLICIES** (Continued...)

Balance Sheet Presentation

In accordance with IAS 32 Financial Instruments: Presentation, puttable instruments are generally classified as financial liabilities. The Trust's units are puttable instruments, meeting the definition of financial liabilities in IAS 32. There are exception tests within IAS 32 which could result in classification as equity; however, the Trust units do not meet the exception requirements. Therefore, the Trust has no instrument qualifying for equity classification on its Statement of Financial Position pursuant to IFRS. The classification of all units as financial liabilities with presentation as net assets attributable to Unitholders does not alter the underlying economic interest of the Unitholders in the net assets and net operating results attributable to Unitholders.

Financial assets - Initial measurement

A financial asset or financial liability is initially measured at fair value plus for items not at fair value through profit or loss ("FVTPL") or fair value through other comprehensive income ("FVOCI"), transaction costs directly attributable to its acquisition or issue.

Financial assets - Classification and subsequent measurement

A financial asset is measured at amortized cost if it meets both of the following conditions (and is not designated as at fair value through profit or loss ("FVTPL"):

1. It is held with the objective to hold the asset and to collect contractual cash flows
2. Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI").

Financial assets not measured at amortized cost as described above are measured at FVTPL. The Trust classifies its cash, accounts receivable and due from Gross Medical Opportunities GP Inc. as measured at amortized cost.

Financial liabilities – Classification and subsequent measurement

Financial liabilities are classified as measured at amortized cost or fair value through profit or loss ("FVTPL"). A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Under IFRS 9, the classification and measurement of liabilities under IFRS 9 generally remains unchanged with the exception of liabilities recorded at FVTPL. For these liabilities, fair value changes attributable to changes in the entity's own credit risk are to be presented in other comprehensive income unless they affect amounts recorded in income.

2. **SIGNIFICANT ACCOUNTING POLICIES** (Continued...)

Financial liabilities – Classification and subsequent measurement (continued..)

The Trust classifies accounts payable and accrued liabilities, loan from Gross Capital Inc., due to Gross Capital Inc., long-term debt, due to Gross Medical Opportunities Fund GP Inc., and due to Gross Securities Corp., as measured at amortized cost.

Derecognition

A financial asset is derecognized when the rights to receive cash flows from the asset have expired or the Trust has transferred substantially all of the risks and rewards of the asset. The Trust assesses at each reporting date whether there is any objective evidence that a financial asset is impaired, the impairment provision is based upon the expected loss.

The Trust derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Trust currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Impairment

The Trust recognises loss allowances for expected credit losses ("ECLs") on:

- financial assets measured at amortized cost;
- debt investments measured at FVOCI; and
- contract assets (as defined in IFRS 15).

With respect to cash the Trust measures the loss allowances at a 12-month ECL as cash balances credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

For trade receivables, the Trust has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Trust determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience adjusted as appropriate to reflect current economic conditions.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued...)

Future accounting policy changes

IFRS 3, Business Combinations ("IFRS 3"):

The IASB published an amendment to the requirements of IFRS 3 in relation to whether a transaction meets the definition of a business combination. The amendment clarifies the definition of a business and provides additional illustrative examples, including those relevant to the real estate industry. A significant change in the amendment is the option for an entity to assess whether substantially all of the fair value of the gross assets acquired is concentrated in a single asset or group of similar assets. If such a concentration exists, the transaction is not viewed as an acquisition of a business and no further assessment of the business combination guidance is required. This will be relevant where the value of the acquired entity is concentrated in one property, or a group of similar properties. The amendment is effect for periods beginning on or after January 1, 2020 with earlier application permitted. The Partnership is currently evaluating the impact of the new standard on its financial statements.

3. DUE FROM/TO GROSS MEDICAL OPPORTUNITIES GP INC.

The amount is due from/to Gross Medical Opportunities GP Inc. The amount is unsecured, non-interest bearing and due on demand.

4. INCOME PRODUCING PROPERTIES

	Land	Buildings	Total
Cost			
Balance as at January 1, 2019	$ 776,476	$ 4,927,785	$ 5,704,261
Additions	-	-	-
Balance as at December 31, 2019	$ 776,476	$ 4,927,785	$ 5,704,261
Accumulated amortization			
Balance as at January 1, 2019	$ -	$ 473,825	$ 473,825
Amortization for the year	-	213,197	213,197
Balance as at December 31, 2019	$ -	$ 687,022	$ 687,022
Net book value			
At December 31, 2019	$ 776,476	$ 4,240,763	$ 5,017,239
At December 31, 2018	$ 776,476	$ 4,453,960	$ 5,230,436

4. INCOME PRODUCING PROPERTIES (Continued...)

The income producing properties represents a 12.5% share of the King Oshawa Clinic Co-tenancy and a 5.8857% of the Victoria Avenue North Co-tenancy.

The fair value of the income producing properties at December 31, 2019 and December 31, 2018 is estimated to be $5,900,000 and $6,100,000 respectively.

Included in amortization of income producing properties is a $90,000 (2018 - $Nil) impairment charge to 304 Victoria St. N, Hamilton. Due to the termination of a head lease on this property, the Trust had an independent appraiser test this building for impairment. The direct comparison approach, income capitalization approach and the cost approach were used to determine the impairment charge.

The valuation of the King Oshawa property at December 31, 2019 was done by management, and not by an independent appraiser.

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2019	2018
Accrued liabilities	$ 96,737	$ 94,735
Accounts payable	53,842	1,720
	$ 150,579	$ 96,455

6. DUE TO GROSS CAPITAL INC.

The amount is due to Gross Capital Inc. which is related by virtue of being under common control to the General Partner of the Partnership and the Trustees.

The amount is unsecured, non-interest bearing and due on demand.

7. LOAN FROM GROSS CAPITAL INC. (CO-TENANCIES)

	2019	2018
Loan from Gross Capital Inc. - Victoria Co-tenancy	$ 164,812	$ 138,897
Loan from Gross Capital Inc. - King Oshawa Co-tenancy.	25,092	44,399
	$ 189,904	$ 183,296

Amounts due to Gross Capital Inc. (co-tenancies), are unsecured, bear interest at 9% per annum and are due on demand.

8. DUE TO GROSS SECURITIES CORP.

The amount due to Gross Securities Corp., related by virtue of the fact that Gross Securities Corp. is owned by the Class B unitholders of the Partnership, is unsecured, non-interest bearing and due on demand. The loan was fully repaid as of December 31, 2019.

9. LONG-TERM DEBT

	2019	2018
Mortgage payable renewed on May 22, 2019 and represents a 12.5% portion of the mortgage assumed against King Oshawa Clinic Co-tenancy. The mortgage has a 5 year term and bears interest at 4.00% (2018 - 4.04%). The effective interest rate after financing costs are included is 4.13% (2018 - 4.96%). The mortgage is secured by the King Oshawa Property. The Trust's 12.5% share of the net book value of this property on December 31, 2019 is $3,071,527 (2018 - $3,145,418).	$ 2,013,843	$ 2,070,862
Mortgage payable assumed on November 12, 2015 and represents a 5.8857% portion of the mortgage assumed against the Victoria Avenue Co-tenancy. The mortgage has a 10 year term and bears interest at 4.00%. The mortgage is secured by the Victoria Avenue Co-tenancy property. The Trust's 5.8857% share of the net book value of this property on December 31, 2019 is $2,035,712 (2018 - $2,085,018).	1,289,009	1,324,213
	3,302,852	3,395,075
Less: transactions costs	(8,807)	(6,389)
	3,294,045	3,388,686
Less: current portion	(86,265)	(2,106,066)
Long-term portion	$ 3,207,780	$ 1,282,620

The aggregate principal repayments over the next five years and thereafter are as follows:

2020	$ 86,265
2021	89,751
2022	93,378
2023	97,150
2024	1,845,838
Thereafter	1,090,470
	$ 3,302,852

10. COMMITMENTS

An annual asset management fee is paid to the General Partner of the Partnership for management services that the General Partner provides. The asset management fee is paid quarterly and is equal to 0.15% of the year end portfolio value of the Partnership.

An acquisition fee of 1% of the purchase price of the Properties is paid to the General Partner of the Partnership. Selling commissions of up to 7.5% of the gross cash proceeds from the sale of trust units may be paid.

On the sale of the properties (after the Trust has been paid its minimum return of 7% per annum), up to 10% of the net gain earned from the sale is paid to the Class B unitholders of the Partnership.

11. TRUST UNITS

The Trust was formed on March 11, 2015 with 1 initial trust unit issued at $100 per unit. The Declaration of Trust provides an unlimited number of trust units (the "Units") may be issued. Each Unit is restricted and represents and equal undivided beneficial interest in any distributions of the Fund and in the net assets of the Fund in the event of termination or winding up of the Fund. Each Unit entitles the holder thereof to participate equally in the distributions and to one vote at all meetings of unitholders for each whole unit held. The issued Units are not subject to future capital calls or assessments. On June 30, 2015, the units of this Trust (the "2014 Trust") were purchased by the Trust at fair value. Aggregate consideration was paid through the issuance of 1,325,000 units having a value of $1,113,374.

The Trustees or Administrator shall, upon the Fund receiving distributions of cash from the Partnership, on or before the 15th day of each month in which the Fund receives the distribution ("Distribution Record Date"), declare payable to the holders of the Units on such Distribution Record Date all or any part of the cash flow of the Fund for the preceding Distribution Record Date, as determined by the Trustees in their sole discretion. The value of each unit where the distribution is paid in Units will be $1 per Unit.

The Trust may be required to redeem up to $125,000 of Units in the form of cash in each fiscal quarter (the "Quarterly Limit") provided that the Administrator may, in its sole discretion, waive the limitation in respect of all Units tendered for redemption in any fiscal quarter. When the total amount payable in respect of all Units rendered for redemption in the same fiscal quarter exceeds the Quarterly Limit, Units will be redeemed for cash on a pro rata basis up to the Quarterly Limited and thereafter, subject to regulatory approvals, shall be paid and satisfied by the Trust distributing promissory notes ("Redemption Notes") for the balance. The Redemption Notes will be unsecured, bear interest from the issue date of each such note at a rate of 5%, payable annually in arrears, be subordinated and postponed to all senior indebtedness and which may be subject to specific subordination and postponement agreements to be entered into the Trust or Administrator with holders of senior indebtedness, be subject to early repayment without penalty, being due and payable on the third anniversary of the date of issuance, and being subject to the other standard terms and conditions as would be included in a promissory note of this kind, as may be approved by the Administrator. The Trust also may not be required to redeem Units in the form of cash if in the sole opinion of the Administrator, the payment would not be in the best interest of the Trust having regard to the then current cash position of the Trust or if the redemption of Units will result in the Trust losing its status as a mutual fund trust for the purpose of the Tax Act.

11. **TRUST UNITS** (Continued...)

Each Unitholder shall be entitled to require the Trust to redeem all or any part of their Units, and shall be entitled to receive a price equal to 95% of the following: the subscription price paid by a Trust Unitholder to be redeemed adjusted by: (i) decreased by any unpaid net operating expenses incurred directly by the Trust determined on a per Unit basis, as at the date the redemption price is being determined; (ii) decreased by all distributions of cash flow of the Trust made with respect to a Unit up to and included the date the redemption price is being determined.

During 2019, 51,000 units were issued and 51,000 were redeemed for a net increase of nil units. This resulted in a net increase in unitholder capital of $Nil. The units were issued (redeemed) as follows:

	Units	Capital
January 31, 2019	1,000	$ 1,000
June 28, 2019	50,000	50,000
January 31, 2019	(1,000)	(1,000)
June 28, 2019	(50,000)	(50,000)
	-	$ -

During 2018, 61,000 units were issued and 61,000 were redeemed for a net increase of nil units. This resulted in a net increase in unitholder capital of $Nil. The units were issued (redeemed) as follows:

	Units	Capital
July 31, 2018	61,000	$ 61,000
July 31, 2018	(61,000)	(61,000)
	-	$ -

12. RELATED PARTY TRANSACTIONS

Included in commercial rent and expenses recovered is $43,806 (2018 - $42,515) from a company which is related by virtue of being controlled by a Director of the General Partner.

Asset management fees of $8,860 (2018 - $8,860) were charged by a company related by virtue of being under common control of the Trustees. Property management fees of $5,839 (2018 - $5,839) were charged by a company related by virtue of being under common control of the General Partner. Commissions of $Nil (2018 - $4,695) were charged by a company related by virtue of being under common control of the General Partner.

Loan interest of $16,979 (2018 - $10,345) was charged on co-tenancy loans owned by companies controlled by Trustees of the Trust. (note 6)

Included in professional fees is $500 (2018 - $500) charged by Gross Adminco Inc., a company related by being under common control of the General Partner. Included in accounts receivable is $425 (2018 - $425) due from Gross Adminco Inc.

Participation fees of $Nil (2018 - $Nil) were charged by a company related by virtue of being controlled by a Director of the General Partner.

The following units are held by related parties of the fund:

Class A Limited Partnership units - 59,669 units (3% of Class A) are owned by Trustees of the Trust (2018 - 59,669 units (3% of Class A)) and 270,000 units (13% of Class A) are owned by companies controlled by Trustees of the Trust (2018 - 270,000 units (13% of Class A)).

Class B Limited Partnership units - 50,000,000 units (100% of Class B) are owned by companies controlled by Trustees of the Trust (2018 - 50,000,000 units (100% of Class B)).

The transactions are in accordance with the Offering Memorandum.

13. CO-TENANCY OPERATIONS

The following amounts included in these consolidated financial statements represent the Trust's 12.5% proportionate interest in the King Oshawa Medical Co-Tenancy and the 5.8857% (2018 - 5.8857%) proportionate interest in the Victoria Clinic Co-tenancy.

	2019	2018
Assets	$ 5,123,139	$ 5,325,706
Liabilities	$ 3,566,022	$ 3,622,335
Revenues and other income	$ 642,686	$ 637,478
Expenses	$ 613,142	$ 520,825
Net income	$ 29,544	$ 116,653
Cash provided by (used in)		
Operating activities	$ 269,190	$ 223,713
Investing activities	$ -	$ -
Financing activities	$ (85,616)	$ (47,666)

The Trust includes in it's consolidated financial statements, the proportionate share of the assets, liabilities, revenues and expenses of the King Oshawa Co-Tenancy from the date of acquisition on June 30, 2015 and the Victoria Avenue Co-Tenancy from acquisitions in 2015, 2016 and 2017. Included in assets and expenses above is a $90,000 impairment charge against the Victoria Avenue Co-Tenancy (note 4).

14. MINORITY INTEREST DEFICIENCY

The minority interest deficiency in Gross Medical Opportunities LP consists of the following:

		2019	2018
50,000,000	Class B Limited Partner Units owned by Trustees of the Trust	$ 500	$ 500
	General partner's share of equity	(521)	(517)
		$ (21)	$ (17)

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

IFRS 7 requires that the Trust disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at each financial position reporting date based on relevant market information about the financial instrument.

Financial assets and liabilities recorded at fair value in the Trust's consolidated statement of financial position are categorized based upon the level of judgment associated with the inputs used to measure their fair value.

Hierarchical levels, defined by IFRS 13 and directly related to the amount of subjectivity associated with inputs to fair valuation of these financial assets and liabilities, are as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (Level 2); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The Trust's management determined that no financial assets are carried at fair value.

The Trust's financial instruments consist of cash, accounts receivable, due from/to related parties and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Trust is not exposed to significant market, interest, currency and liquidity risks arising from these financial instruments except as noted below. The fair value of these financial instruments approximate their carrying value unless otherwise noted.

i) Market price risk

Market price risk, is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting similar financial instruments traded in the market.

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

ii) Interest rate risk

The Trust has deposits in financial institutions. The Trust is exposed to reductions in interest rates, which could impact expected current and future returns. As at December 31, 2019, the amount of $35,423 (2018 - $47,997) was held in deposits with financial institutions.

2019

Financial assets	Floating Rate	Fixed Rate	Non-interest bearing	Total
Amortized cost	$ 35,423	$ -	$ 32,321	$ 67,744
Financial liabilities				
Amortized cost	$ -	$ 3,483,949	$ 604,792	$ 4,088,741

15. **FINANCIAL INSTRUMENTS AND RISK MANAGEMENT** (Continued...)

ii) **Interest rate risk** (continued..)

2018

Financial assets	Floating Rate Financial Assets	Fixed Rate Financial Assets	Non-interest bearing	Total
Amortized cost	$ 47,997	$ -	$ 37,273	$ 85,270
Financial liabilities				
Amortized cost	$ -	$ 3,571,982	$ 557,601	$ 4,129,583

iii) **Currency risk**

Currency risk is the risk to the Trust's earnings that arises from volatility in foreign exchange rates. This may have an adverse effect on the value of future revenues and assets denominated in currencies other than the Canadian dollar, absent any changes in market or investment specific event.

The Trust did not maintain any material balances in foreign currencies as at December 31, 2019.

iv) **Liquidity risk**

Liquidity risk is the risk that the Trust will not have sufficient debt and Trust unitholder's capital available to fund its growth and refinance its debts as they mature. The Trust's financial condition and results of operations would be adversely affected if it were unable to obtain financing, or obtain cost effective financing. The Trust manages liquidity risk by seeking new investors and by monitoring it's debt situation (see note 1(b)).

15. **FINANCIAL INSTRUMENTS AND RISK MANAGEMENT** (Continued...)

2019

Financial assets	0 - 12 months	1 - 3 years	3 - 5 years	Beyond 5 years	Indefinite maturity	Total
Amortized cost	$ 67,744	$ -	$ -	$ -	$ -	$ 67,744
Financial liabilities						
Amortized cost	$ 880,961	$ 280,279	$2,927,501	$ -	$ -	$ 4,088,741

2018

Financial assets	0 - 12 months	1 - 3 years	3 - 5 years	Beyond 5 years	Indefinite maturity	Total
Amortized cost	$ 85,270	$ -	$ -	$ -	$ -	$ 85,270
Financial liabilities						
Amortized Cost	$ 2,846,963	$ 74,732	$ 80,893	1,126,995	$ -	$ 4,129,583

v) **Economic dependence**

As at December 31, 2019, one co-tenancy accounted for 67% (2018 - 66%) of revenues from operations.

16. CAPITAL MANAGEMENT

The Trust's capital management policy is to maintain a strong capital base that optimizes the Trust's ability to grow, maintain investor and creditor confidence and to provide a platform to create value for it's Trust unitholders. The Trust intends to maintain a flexible capital structure to maximize its ability to pursue additional investment opportunities, which considers the Trust's early stage of development and the requirement to sustain future development of the business.

The Trust will manage its capital structure and make changes to it in light of changes to economic conditions and other characteristics of the nature of the business. The Trust considers its capital structure to include Trust unitholder capital, long term debt and working capital. In order to maintain or adjust the capital structure, the Trust may from time to time issue units, seek debt financing and adjust its capital spending.

The Trust monitors capital based on its current working capital, projected cash flow from operations and anticipated capital expenditures.

The Trust is not subject to externally imposed capital requirements.

17. KEY MANAGEMENT COMPENSATION

Total direct and indirect compensation, including benefits to employees with responsibilities for strategic planning, oversight and control of the Trust amounted to $Nil (2018 - $Nil).

18. SUBSEQUENT EVENTS

The recent outbreak of the coronavirus, also known as "COVID-19", has spread across the globe and is impacting worldwide economic activity. Conditions surrounding the coronavirus continue to rapidly evolve and government authorities have implemented emergency measures to mitigate the spread of the virus. The outbreak and the related mitigation measures may have an adverse impact on global economic conditions as well as on the Trust's business activities. The extent to which the coronavirus may impact the Trust's business activities will depend on future developments, such as the ultimate geographic spread of the disease, the duration of the outbreak, travel restrictions, business disruptions, and the effectiveness of actions taken in Canada and other countries to contain and treat the disease. These events are highly uncertain and as such, the Trust cannot determine their financial impact at this time.

TAB H

Eunice Baltkois

From: Noah Goldstein <ngoldstein@ksvadvisory.com>
Sent: March 9, 2022 5:13 PM
To: Jason Wadden
Cc: Jeremy Nemers; David Sieradzki
Subject: GMOF
Attachments: Gross Medical Opportunities Fund 2019 consolidated (Filed).pdf

CAUTION -- EXTERNAL E-MAIL - Do not click links or open attachments unless you recognize the sender.

Jason,

I'm attaching the 2019 financial statements for GMOF. It appears that some of the amounts due to GCI are loans. Following up on our discussion yesterday afternoon, can you please have Mark explain to us by end of day Friday why funds the are not due to GCI. We will then consider next steps.

Thank you,

Noah

KSV
Noah Goldstein
Managing Director

T 416.932.6207
M 416.844.4842
W www.ksvadvisory.com

TAB I

AIRD BERLIS

Jeremy Nemers
Direct: 416.865.7724
E-mail: jnemers@airdberlis.com

April 11, 2022

VIA REGISTERED MAIL AND EMAIL (jeff@grosssecurities.ca and mark@danimax.ca)

Gross Medical Opportunities Fund
200 Ronson Drive, Suite 103
Toronto, ON M9W 5Z9

Attention: Jeff Herszkowicz and Mark Gross

Re: Demand loans owing by Gross Medical Opportunities Fund to Gross Capital Inc.

We are the lawyers for KSV Restructuring Inc. ("**KSV**") in its capacity as the Licensed Insolvency Trustee (in such capacity, the "**Trustee**") of Gross Capital Inc. (the "**Bankrupt**"). The Bankrupt filed an assignment in bankruptcy on June 25, 2021 (the "**Date of Bankruptcy**"), and the Trustee's appointment was affirmed at the first meeting of creditors convened on July 15, 2021.

Based on the Trustee's review of books and records pertaining to the Bankrupt, including, without limitation, the audited consolidated financial statements of Gross Medical Opportunities Fund (the "**Fund**") approved by Mark Gross and Sheldon Gross on May 14, 2020 for the Fund's fiscal year ended December 31, 2019 (collectively, the "**Audited Financial Statements**"), the Trustee understands that the Fund was indebted to the Bankrupt in respect of the following amounts:

a) $453,240, in respect of an unsecured, non-interest bearing demand obligation; and

b) $189,904, in respect of an unsecured, 9% *per annum* interest bearing demand loan.

For greater certainty, the Audited Financial Statements reflect that the foregoing indebtedness is a liability that would need to be satisfied before any of the Fund's net assets are available for distribution to the Fund's unit holders.

Based on the Trustee's review of the Bankrupt's books and records, the foregoing indebtedness has not been repaid to the Bankrupt. Given the 9% *per annum* interest rate on the demand loan in (b) above, the amount of indebtedness in respect of the demand loan in (b) above was $225,624.94 as at December 31, 2021.

On behalf of the Trustee, and without in any way prejudicing the Trustee from making future demand for any other amounts that may be owing by the Fund to the Bankrupt (including, without limitation, in respect of any further advances to the Fund between January 1, 2020 and the Date of Bankruptcy), we hereby make formal demand on the Fund for payment of **$678,864.94**, plus accruing interest from December 31, 2021 and any and all go-forward costs incurred by the Trustee in connection with the recovery of the foregoing (collectively, the "**Known Indebtedness**"). Payment of the Known Indebtedness is required to be made immediately, and, in any event, by no later than April 30, 2022 (the "**Payment Deadline**"). Interest continues to accrue on the Known Indebtedness at the rates indicated in the Audited Financial Statements.

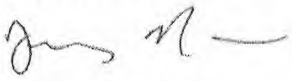
If payment of the Known Indebtedness is not received by the Payment Deadline, the Trustee shall take whatever steps it considers necessary or appropriate to collect and recover the Known

Indebtedness, including, without limitation, the commencement of any applicable legal proceedings considered advisable by the Trustee, in which case the Trustee will also be seeking all costs incurred in so doing.

The Trustee understands that approximately $1.1 million is presently being held in trust by Fogler Robinoff LLP ("**Fogler**"), counsel to the Fund, from the sale of property in Oshawa, Ontario in which the Fund had an interest. The Trustee requests that the Fund, prior to the Payment Deadline, direct Fogler in writing (copying the Trustee) to release payment of the Known Indebtedness to the Trustee from the funds Fogler is holding in trust. We have taken the liberty of copying Mr. Sugar of Fogler on this letter.

Yours truly,

AIRD & BERLIS LLP



Jeremy Nemers
jn

cc: client (via email)
cc: Jason Wadden, Tyr LLP (via email)
cc: Avi Sugar, Fogler LLP (via email)

TAB J

Tyr LLP

488 Wellington Street West
Suite 300-302
Toronto, ON M5V 1E3
CANADA
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Jason Wadden
+ 1 416 627 9815
jwadden@tyrllp.com

April 18, 2022

DELIVERED VIA EMAIL

Jeremy Nemers
Aird Berlis LLP
181 Bay Street, Suite 1800
Toronto, Ontario M5J 2T9
Email: jnemers@airdberlis.com

Dear Mr. Nemers:

Re: Amounts Allegedly Owing From Gross Medical Opportunity Fund to Gross Capital Inc.

We represent Mark Gross and Gross Medical Opportunities Fund ("**GMOF**"). Your letter to Jeff Herszkowicz and Mark Gross dated April 11, 2022 (your "**Letter**") has been referred to us for response.

We note that your Letter does not address the contents of our letter dated March **[21]**, 2022, that we sent to your client, KSV Restructuring Inc. ("**KSV**") in its capacity as the Licensed Insolvency Trustee (in such capacity, the "**Trustee**") of Gross Capital Inc. (the "**Bankrupt**"), setting out the relevant facts of this matter, and which, as describe below, explain why the amounts the Trustee is claim are owing are, in fact, not owing from GMOF to the Bankrupt. Accordingly, we will restate those points.

Please note that since GMOF's books and records are in your possession in your capacity as bankruptcy trustee of GCI, our client's explanation below is being provided without the benefit of having access to the books and records. The information below will provide you with the roadmap to making whatever adjustments may be necessary and our client is willing to continue to work with you in that regards.

With that background and caveat, our client notes the following about the amounts owing from GMOF to the Bankrupt:

1. The financial statements of GMOF were prepared on a consolidated basis and, as a result, not all of the amounts that are showing as owing from GMOF to the Bankrupt are not in fact owing from GMOF itself to the Bankrupt. Because the financial statements were prepared on a consolidated basis, amounts that the co-tenancies owed to the Bankrupt were rolled-up into the consolidated financial statements under the singular heading of "Owed to GCI" (or whatever the exact heading was). Accordingly, the part who is indebted for such amounts is not GMOF, but rather the co-tenancy itself. Accordingly, the Trustee will have seek recovery of such amounts directly from the co-tenancies, some of which are in receivership or other insolvency proceedings. For example, the amounts owing to the Bankrupt in respect of the King Oshawa co-tenancy were in fact been paid directly to

the Bankrupt already. As you know, the fact that financial statements were prepared on a consolidated basis does not change the identity of the legal obligor of the debt, nor does it mean that GMOF provided a guarantee that made it personally liable for such amounts. Any attempt by the Trustee to recover the amounts owed by the co-tenancies itself from GMOF itself will have the impermissible effect of Trustee taking money from a third party to pay the debts owed by someone else.

2. Subject to paragraph 3 below, it was the intention and understanding between GMOF and the Bankrupt that the amounts owing directly from GMOF to the Bankrupt, if any, would not become due and payable until the unitholders of GMOF were ensured that their principal would be returned to them. This intention and understanding was not documented in writing given the then common management of GMOF and the Bankrupt. Accordingly, such amounts are only a contingent liability owing from GMOF to the Bankrupt that does not become due and payable unless and until the GMOF unitholders are assured that their investment will be returned to the.

3. Further to paragraph 2 above, the amounts that may be listed as owing to the Bankrupt may include (i) amounts that were lent by the Bankrupt to GMOF to fund various start-up and other costs; and (ii) notional amounts on account of management fees, acquisition fees and all other fees (collectively, the "**Fees**") that the Bankrupt was entitled to earn as per the offering memorandum. While the amounts the Bankrupt in fact advanced to GMOF were amounts that were intended to be repaid at the appropriate time, the Fees were not to be paid, even if earned, unless and until the unitholders of GMOF were assured of receiving their principal in full. In this way, the unitholders were to be assured the return of their principal before GCI made any revenue from its involvement with GMOF.

4. We further note that the financial statements of GMOF were prepared for the purposes of GMOF for its own internal reporting purposes, and did not derogate from the conditions that existed for the payment of amounts that might have become due and payable to the Bankrupt. It is telling that the Trustee is not relying on any financial statement of the Bankrupt in support of its position. The fact that the books and records of the Bankrupt do not indicate that these amounts are due and payable show that the conditions for repayment have not been met.

5. Lastly, the amounts provided by the Bankrupt to GMOF to fund the start up costs were in the nature of an investment in GMOF as opposed to being a financing that was to be repaid regardless of the financial condition of GMOF.

For these reasons, the amount alleged to be owing in your Letter is, in fact, not owing. We invite you to provide our client with access to GMOF's books and records, which belong to GMOF and not the Trustee, so our client can work with the Trustee to determine whether any portion of the alleged indebtedness does not fall into the categories above and which is properly payable to the Trustee. Our client is committed to working expeditiously with the Trustee to this end, but it of course requires access to its own books and records in order to conduct such a review. Please advise us when the Trustee will provide our client with the books and records.

Tyr LLP

Lastly, we note that given the Trustee's position that GMOF itself owes the amounts alleged in your Letter, it should not be attempting to get execution before judgment by interfering with the GMOF's relationship with its counsel, Fogler Rubinoff LLP, by writing to them directly and asking them to not give GMOF its own money. The amounts held by Fogler Rubinoff LLP were amounts owing to GMOF from the King Oshawa co-tenancy. The Bankrupt has already received the amounts that it was owed from the King Oshawa co-tenancy, and has no claim to the funds in trust with Fogler Rubinoff LLP. GMOF reserves all rights with respect to any damages arising from the Trustee's attempt to prevent GMOF's counsel from transferring GMOF's funds to it.

Yours very truly,

Jason Wadden

TAB K

AIRD BERLIS

Jeremy Nemers
Direct: 416.865.7724
E-mail: jnemers@airdberlis.com

April 22, 2022

VIA EMAIL (jwadden@tyrllp.com)

Mark Gross and Gross Medical Opportunities Fund,
c/o Tyr LLP
488 Wellington Street West, Suite 300-302
Toronto, ON M5V 1E3

Attention: Jason Wadden

Re: Demand loans owing by Gross Medical Opportunities Fund to Gross Capital Inc.

We are in receipt of your letter dated April 18, 2022 ("**Your April 18 Letter**"), which was in response to our letter dated April 11, 2022 (the "**Trustee's April 11 Letter**"). Unless otherwise stated, all capitalized terms herein are defined as in the Trustee's April 11 Letter.

The Trustee disagrees with Your April 18 Letter in all material respects. The below addresses several of the Trustee's issues with Your April 18 Letter, but is not intended to be exhaustive. Should it become necessary to bring this matter to the Court for adjudication, the Trustee may have additional points to raise in this regard.

Contrary to Your April 18 Letter, the Trustee's April 11 Letter did address the contents of your earlier letter dated March 22, 2022. In response to your earlier letter's purported assertion of a so-called "*intention and understanding between GMOF and GCI that the amounts owing directly from GMOF to GCI, if any, would not be due and payable until the unitholders of GMOF were ensured that their principal would be returned to them*," we expressly commented in the Trustee's April 11 Letter how "*the Audited Financial Statements reflect that the [Known Indebtedness] is a liability [of the Fund] that would need to be satisfied before any of the Fund's net assets are available for distribution to the Fund's unit holders*" and how the Audited Financial Statements were "*approved by Mark Gross and Sheldon Gross on May 14, 2020 for the Fund's fiscal year ended December 31, 2019.*"

Given that debt is payable before unit holders are entitled to distributions from the Fund, nothing more ought to be said about this point. However, to the extent it is helpful, you and your clients should be aware of the following additional facts:

a) in addition to the Audited Financial Statements reflecting the Known Indebtedness as a liability of the Fund ranking in priority to unit holder equity, the Fund's prior years' publicly-available audited financial statements for the years ended December 31, 2016 and December 31, 2015 ("**Past Audited Financial Statements**") reflect the same thing;

b) these Past Audited Financial Statements are appended to the Funds' offering memoranda filed in 2017 and 2016, respectively, on SEDAR (the "**Offering Memoranda**"); and

c) the Offering Memoranda include certificates, signed by both Mark and Sheldon Gross, certifying that the Offering Memoranda do "*not contain a misrepresentation.*"

Moreover, the very inclusion of the Past Audited Financial Statements in the Offering Memoranda means that such statements were intended to be relied upon by members of the investing public. Accordingly, the comment in Your April 18 Letter that "*the financial statements of GMOF were prepared for the purposes of GMOF for its own internal reporting purposes*," appears to be inconsistent with the publicly filed Offering Memoranda.

The Trustee does not look favourably on false statements being made to it on behalf of the principal of the Bankrupt, and reminds your clients of their duties under the BIA.

For greater certainty, the demand made in the Trustee's April 11 Letter stands, as does the Payment Deadline of April 30, 2022 stated therein. Should the Known Indebtedness not be received by the Trustee by the Payment Deadline, Mr. Gross will be called upon under oath to explain his conduct in respect of this matter to the Court. The Trustee does not intend to litigate this matter via further written correspondence.

Finally:

a) with respect to your request that the Trustee provide your clients with access to the Fund's books and records, which your clients apparently co-mingled with the Bankrupt's books and records, we note the following (which is not intended to be exhaustive):

   1. the Bankrupt's estate ought not to bear the economic burden for your clients' co-mingling of the Fund's books and records with those of the Bankrupt; and

   2. in any event, your own correspondence confirms that the so-called "*intention and understanding between GMOF and GCI that the amounts owing directly from GMOF to GCI, if any, would not be due and payable until the unitholders of GMOF were ensured that their principal would be returned to them … <u>was not documented in writing</u> given the then common management of GMOF and the Bankrupt*" [emphasis added]; and

b) with respect to your assertion that the Trustee is "*interfering with the [sic] GMOF's relationship with its counsel, Fogler Rubinoff LLP, by writing to them directly and asking them to not give GMOF its own money*," the Trustee did no such thing (as is clear from the language in last paragraph of the Trustee's April 11 Letter). We ask that your clients cease making unsubstantiated allegations against the Trustee.

Given that Your April 18 Letter states you are now representing both Mark Gross and the Fund in connection with this matter (whereas your previous correspondence only indicated you were representing Mark Gross in connection with this matter), we have not copied Fogler (who we understand is also the Fund's counsel) on this letter. The Trustee reserves all its rights and remedies under the BIA to contact Fogler, and any other person, for the purpose of, *inter alia*, taking steps to preserve any of the Bankrupt's property, including pursuing repayment of the Known Indebtedness.

Yours truly,

AIRD & BERLIS LLP

Jeremy Nemers
cc: client (via email)

TAB L

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jwadden@tyrllp.com

May 1, 2022

DELIVERED VIA EMAIL

Jeremy Nemers
Aird Berlis LLP
181 Bay Street, Suite 1800
Toronto, Ontario M5J 2T9
Email: jnemers@airdberlis.com

Dear Mr. Nemers:

Re: Amounts Allegedly Owing By Gross Medical Opportunity Fund to Gross Capital Inc.

As you know, we represent Mark Gross and Gross Medical Opportunities Fund ("**GMOF**"). We refer to your letter dated April 22, 2022 (your "**Letter**").

As a preliminary matter, the suggestion in your Letter that our clients may have made misrepresentations to your client is neither accurate nor constructive. Moreover, your position also shows that you have not considered the fact that Mr. Gross owes fiduciary duties to GMOF, and that given his knowledge and understanding of the intended arrangements between GMOF and Gross Capital Inc. ("**GCI**"), he has an obligation to raise these issues with the trustee of GCI on behalf of GMOF. Your insinuation that he somehow is beholden to the trustee and must agree with the trustee's assertions is simply not true.

Moreover, your attempt to select and parse out certain information from select documents to suggest what is "true" also shows a lack of understanding of the arrangements between the two entities. First, you appear to continue to double count the amounts that are owing to GCI not from GMOF, but from the co-tenancies themselves and have not factored in the funds that GCI would have already received from those co-tenancies.

Second, your Letter ignores the fact that any amounts owing from GMOF to GCI were not due on a particular date, but were merely demand obligations. As such, demand could always be waived or not triggered until a certain time. As we have previously explained our client's evidence, it was the understanding and agreement between GMOF and GCI that such amounts would not be demanded until and unless GMOF's unitholders were assured that their investments would be returned to them. There is no requirement in law or otherwise that such arrangements and understandings must be set out in writing.

The position set out in your Letter also appears to ignore the fact that the issue here is which group of investors – GMOF's investors or GCI's investors – are entitled to the amounts that are

being realized on GMOF's own investments, and ignore the fact that this is not a matter of Mr. Gross trying to enrich himself.[1]

Lastly, we note that there are other issues with your Letter, but our client is not interested in fighting over an exchange of letters, but rather wishes to sit down with the trustee to discuss a path forward to resolve these issues, as we advised the trustee weeks ago before your first letter on this matter.

Our client has been engaging in a dialogue with your client on these matters because your client simply does not, and cannot have, all of the relevant information regarding the arrangements between GMOF and GCI. Our client is only interested in ensuring that the proceeds from the realization of GMOF's assets are paid to those who are entitled to the proceeds, and ensuring that GMOF's investors are not disadvantaged by the clever arguments raised after the fact that do not reflect the understanding and intention between those entities at the time.

Again, it bears repeating that our client is desirous of working with the Trustee to reach a resolution of this matter as expeditiously as possible, and believes that the commencement of legal proceedings is not necessary. To that end, we suggest that we schedule a face-to-face meeting to discuss these issues and see if a resolution or a resolution process can be reached without the need for the extra cost and expense associated with formal legal proceedings. To that end, we suggest that we have a face-to-face meeting on one of May 9 or 10, 2022 (I personally cannot do sooner due to discoveries and filing deadlines.)

Please let us know if the Trustee is willing to meet with us to discuss these matters.

Yours very truly,

Jason Wadden

[1] It should also be noted that Mr. Gross' personal interest as a unitholder in GMOF is small, as he only has an interest of about $35,000 in an RRSP

TAB M

Eunice Baltkois

From: Michelle Frank
Sent: August 24, 2022 4:58 PM
To: jbunting@tyrllp.com; jwadden@tyrllp.com
Cc: ngoldstein@ksvadvisory.com; dsieradzki@ksvadvisory.com; cvit@ksvadvisory.com; Kyle Plunkett; Jeremy Nemers; Paula Hoosain
Subject: Court File No. 31-2747949 / In the Matter of the Bankruptcy of Gross Capital Inc.
Attachments: Notice of Motion dated August 24, 2022.pdf

Importance: High

SENT ON BEHALF OF KYLE PLUNKETT AND JEREMY NEMERS

Counsel,

Please see the attached notice of motion, returnable on a date to be scheduled, which is hereby served upon you pursuant to the *Rules*.

Please advise whether you continue to represent Sheldon Gross personally (as your with prejudice letter pertaining to GMOF only refers to Mark Gross and GMOF), or whether we should be serving Sheldon Gross directly when we serve the other stakeholders who should have notice of the motion. We plan to bring about such service on Monday, so would appreciate hearing from you by then.

As you know, section 205 of the BIA requires the Trustee to prepare a report to Court in this particular circumstance, copying the Superintendent. It is the Trustee's intention to provide you (and other stakeholders) with a copy of the report once it is ready, at which point our respective firms will need to timetable the motion if it is being opposed.

For greater certainty, and in accordance with section 30(1)(h) of the BIA, the estate's inspectors have instructed the Trustee not to compromise or settle any of the Audited Indebtedness (as defined in the attached notice of motion).

Thank you,

Michelle Frank
Assistant to Jill P. Fraser & Kyle Plunkett

T 416.863.1500 x5105
F 416.863.1515
E mfrank@airdberlis.com

Aird & Berlis LLP | Lawyers
Brookfield Place, 181 Bay Street, Suite 1800
Toronto, Canada M5J 2T9 | airdberlis.com

This email is intended only for the individual or entity named in the message. Please let us know if you have received this email in error. If you did receive this email in error, the information in this email may be confidential and must not be disclosed to anyone.

TAB N

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Jason Wadden
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September 21, 2022

DELIVERED VIA EMAIL

Jeremy Nemers
Aird Berlis LLP
181 Bay Street, Suite 1800
Toronto, Ontario M5J 2T9
Email: jnemers@airdberlis.com

Dear Mr. Nemers:

Re: GMOF - Amounts Allegedly Owing By to Gross Capital Inc.

We refer to our discussions regarding (i) the amounts that KSV Advisory Inc. (the "**Trustee**"), in its capacity as trustee in bankruptcy of Gross Capital Inc. ("**GCI**"), alleges is owing to GCI from "Gross Medical Opportunity Fund"; and (ii) the Trustee's demand that it use the proceeds from the recent sale of properties to repay that amount to GCI.

We have previously advised you of the following. First, the proceeds from the sale of properties arose from the sale of properties owned by Gross Medical Opportunities Fund LP ("**GMOF LP**"), the limited partnership, and not Gross Medical Opportunities Fund GP Inc. ("**GMOF GP**"). The sale proceeds, similarly, are owned by GMOF LP and not GMOF GP. Second, the amount owed by GMOF LP is not $453,240 as the Trustee claims, but rather is $355,357 (the "**LP Amount**"), as shown in the unconsolidated financial statements previous provided to you, another copy of which is enclosed.

GMOF LP is prepared to pay the LP Amount forthwith but cannot pay the amounts owing to GCI by a different entity, GMOF GP. Please provide us the appropriate wire transfer instructions and GMOF LP will affect the payment of the LP Amount.

Yours very truly,

Jason Wadden

Encl.

GROSS MEDICAL OPPORTUNITIES FUND LP
FINANCIAL STATEMENTS
DECEMBER 31, 2019

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SEGAL
Adding to your success

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INDEPENDENT AUDITOR'S REPORT

To the Partners of Gross Medical Opportunities Fund LP

Opinion

We have audited the accompanying financial statements of Gross Medical Opportunities Fund LP. (the "Partnership") which comprise the statement of financial position as at December 31, 2019 and the statements of comprehensive income, changes in partners' capital and cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Partnership as at December 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section on our report. We are independent of the Partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 1(b) in the financial statements which indicates that Gross Medical Opportunities Fund LP has negative working capital and its operations are dependent on receiving additional financing. These financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or amounts and classification of liabilities that may result from the outcome of this uncertainty.

Without modifying our conclusion, we draw attention to Note 18 of the financial statements which describes that a recent health crisis has had an adverse impact on the Partnership's operations.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Partnership's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Partnership or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Partnership's financial reporting process.

MOORE
An independent firm associated with Moore Global Network Limited

SEGAL

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Financial Reporting Standards (IFRS) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Partnership's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Partnership's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Partnership to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

SEGAL

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Segal LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
May 14, 2020

GROSS MEDICAL OPPORTUNITIES FUND LP
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2019

	2019	2018
ASSETS		
Current		
Cash	$ 19,130	$ 33,186
Accounts receivable, note 13	31,917	28,762
Prepaid expenses	58,227	49,801
Government remittances recoverable	-	1,556
Due from Gross Medical Opportunities Fund GP Inc., note 3	-	8,511
	109,274	121,816
Income-producing properties, note 5	5,017,239	5,230,436
	$ 5,126,513	$ 5,352,252
LIABILITIES		
Current		
Accounts payable and accrued liabilities, note 6	$ 150,589	$ 96,473
Due to Gross Capital Inc., note 4	355,357	355,357
Current portion of long-term debt, note 10	86,265	2,106,066
Loan from Gross Capital Inc. (Co-tenancies), note 7	189,904	183,296
Due to Gross Medical Opportunities Fund, note 8	86,721	89,316
Government remittances payable	33,341	-
Due to Gross Medical Opportunities Fund GP Inc., note 3	973	-
Due to Gross Securities Corp., note 9	-	7,906
	903,150	2,838,414
Long-term debt, note 10	3,207,780	1,282,620
	4,110,930	4,121,034
Commitments, note 11		
Subsequent event, note 18		
PARTNERS' CAPITAL		
Partners' capital, note 12	1,015,583	1,231,218
	$ 5,126,513	$ 5,352,252

Approved on behalf of the Partnership

_____ General Partner

_____ General Partner

See accompanying notes to the financial statements

GROSS MEDICAL OPPORTUNITIES FUND LP
STATEMENT OF CHANGES IN PARTNERS' CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2019

	Class A Limited Partners	Class B Limited Partners	General Partner	Total Partners' Capital
Balance, January 1, 2019, note 12	$ 1,231,235	$ 500	$ (517)	$ 1,231,218
Issuance of partnership units (Class A), note 12	51,000	-	-	51,000
Redemption of partnership units (Class A), note 12	(51,000)	-	-	(51,000)
Distributions	(169,834)	-	-	(169,834)
Comprehensive loss for the year	(45,797)	-	(4)	(45,801)
Balance, December 31, 2019, note 12	$ 1,015,604	$ 500	$ (521)	$ 1,015,583

	Class A Limited Partners	Class B Limited Partners	General Partner	Total Partners' Capital
Balance, January 1, 2018, note 12	$ 1,374,745	$ 500	(520)	$ 1,374,725
Issuance of partnership units (Class A), note 12	61,000	-	-	61,000
Redemption of partnership units (Class A), note 12	(61,000)	-	-	(61,000)
Distributions	(169,524)	-	-	(169,524)
Comprehensive income for the year	26,014	-	3	26,017
Balance, December 31, 2018, note 12	$ 1,231,235	$ 500	$ (517)	$ 1,231,218

See accompanying notes to the financial statements

GROSS MEDICAL OPPORTUNITIES FUND LP
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2019

	2019	2018
Revenue		
Commercial rent, note 13	$ 407,625	$ 406,022
Expenses recovered, note 13	238,533	231,098
Interest income	2,316	975
	648,474	638,095
Recoverable expenses		
Property tax	79,109	78,438
Maintenance	57,609	56,923
Utilities	53,765	50,233
Property management fees, note 13	15,665	18,268
Parking	12,497	10,651
Landscaping and snow removal	11,611	11,967
Office supplies	4,235	3,134
Insurance	3,143	3,356
	237,634	232,970
General and administrative expenses		
Professional fees, note 13	71,990	77,331
Asset management fees, note 13	8,860	8,860
Office and general	811	-
Bank charges	160	901
Commissions, note 13	-	4,695
	81,821	91,787
Income before the undernoted	329,019	313,338
Mortgage interest	133,086	137,301
Loan interest, note 13	16,979	10,345
Amortization of deferred financing fees	9,298	14,219
Amortization of deferred tenant inducements	2,260	2,260
Amortization of income-producing properties, note 5	213,197	123,196
	374,820	287,321
Comprehensive income (loss) for the year	$ (45,801)	$ 26,017

See accompanying notes to the financial statements

GROSS MEDICAL OPPORTUNITIES FUND LP
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019

	2019	2018
Cash flows from operating activities		
Comprehensive income (loss) for the year	$ (45,801)	$ 26,017
Amortization of income producing properties	213,197	123,196
Amortization of deferred financing fee	9,298	14,219
Amortization of deferred tenant inducement	2,260	2,260
	178,954	165,692
Changes in non-cash working capital balances		
Increase in prepaid expenses	(10,686)	(10,484)
Increase in accounts receivable	(3,155)	(176)
Increase (decrease) in accounts payable and accrued liabilities	54,116	(10,628)
Change in government remittances	34,897	(908)
Cash flows provided from operating activities	254,126	143,496
Cash flows from investing activities		
Decrease (increase) in due from Gross Medical Opportunities GP, Inc.	8,511	(3,861)
Cash flows from financing activities		
Issuance of Class A LP units	51,000	61,000
Redemption of Class A LP units	(51,000)	(61,000)
Repayment of long-term debt	(103,939)	(98,482)
Increase (decrease) in due to Gross Securities Corp.	(7,906)	7,906
Increase in loan from Gross Capital Inc. (co-tenancies)	6,608	50,084
Advances from Gross Capital Inc.	-	100,424
Increase in due to Gross Medical Opportunities GP, Inc.	973	-
Decrease in due to Gross Medical Opportunities Fund	(2,595)	(4,371)
Distributions	(169,834)	(169,524)
Cash flows used in financing activities	(276,693)	(113,963)
Net increase (decrease) in cash	(14,056)	25,672
Cash, beginning of year	33,186	7,514
Cash, end of year	$ 19,130	$ 33,186
Interest paid in year	$ -	$ -

See accompanying notes to the financial statements

GROSS MEDICAL OPPORTUNITIES FUND LP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

1. NATURE OF BUSINESS AND GOING CONCERN

a) Nature of Business

Gross Medical Opportunities Fund LP (the "Partnership") is a limited partnership formed under the laws of the Province of Alberta, established by the Limited Partnership Agreement on July 3, 2013 and amended and restated on December 5, 2013. The Partnership was formed for the purposes of acquiring, owing, and leasing a portfolio of medical related income producing commercial real estate properties in Canada (the "Properties"). The Partnership may acquire Properties through limited partnerships or through joint ventures. The Partnership changed its name from Gross Medical Income & Growth Fund 1 LP on March 17, 2015.

The address of the Partnership is 200 Ronson Drive, Suite 201, Toronto, Ontario.

The General Partner of the Partnership is Gross Medical Opportunities Fund GP Inc. (the "General Partner"), and is responsible for the management, operation and administration of the affairs of the Partnership.

Gross Medical Opportunities Fund (the "Trust") owns 100% of the Class A LP units of the Partnership.

These financial statements reflect only the assets, liabilities, revenues and expenses of the Partnership and do not include any other assets, liabilities, revenues or expenses of the partners or the liability of the partners for taxes on earnings of the Partnership. Such taxes, if any, are a liability of each partner.

No provision has been made in the accounts for interest on the partners' invested capital.

(b) Going concern

These financial statements have been prepared on the going concern basis, which presumes that the Partnership will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

Several conditions cast some doubt on the appropriateness of this assumption. The Partnership has negative working capital. The Partnership's ability to continue to operate depends on its ability to obtain additional financing.

These financial statements do not include any adjustments to the amounts and classifications of the assets and liabilities that might be necessary should the Partnership be unable to achieve its plan and continue in business. If the going concern assumption were not appropriate for these financial statements then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the statements of financial position classifications used. The impact on the financial statements could be material.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance with International Financial Reporting Standards

These financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standard Board ("IASB") and interpretations of the International Financial Reporting Interpretation Committee ("IFRIC").

Basis of preparation

These financial statements have been prepared on a historical cost basis except for held-for-trading financial instruments, which are measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These financial statements have been prepared on the basis of IFRS standards that are published at the time of preparation and that are effective on December 31, 2019.

These financial statements were approved by the General Partner on May 14, 2020

These financial statements are presented in the functional currency of the Partnership, Canadian dollars.

Cash

Cash consists of cash on deposit. Amounts are carried at amortized cost.

Accounts payable and accrued liabilities

Accounts payable and accrued liabilities are recognized initially at fair value and subsequently stated at amortized cost.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Partnership after deducting all of its liabilities. Equity instruments issued by the Partnership are recorded at the proceeds received, net of direct issue costs.

Limited partnership units

The Partnership's units are redeemable at the option of the holder and, therefore, are considered puttable instruments. Puttable instruments are required to be accounted for as financial liabilities, except where certain conditions are met in accordance with IAS 32 Financial Instruments: Presentations, in which case, the puttable instrument may be presented as equity. The Partnership's units were determined to meet the conditions of IAS 32 and are, therefore classified and accounted for as equity.

2. **SIGNIFICANT ACCOUNTING POLICIES** (Continued...)

Investment Properties

The Partnership accounts for its investment properties in accordance with International Accounting Standards ("IAS") 40, "Investment Properties" ("IAS 40"). Investment property is defined as property held to earn rentals, capital appreciation, or both, The Partnership categorizes its investment properties as income-producing properties and properties under development. Investment properties are accounted for using the cost model wherein the cost of an income-producing property is allocated to its significant components and is amortized over the useful life of each component as described below. Properties under development are not amortized until they are reclassified to income-producing properties upon completion, as disclosed below.

These financial statements include the Partnership's 12.50% (2018 - 12.50%) share of the King Oshawa Medical Co-Tenancy and the Partnerships 5.8857% (2018 - 5.8857%) share of the Victoria Clinic Co-tenancy.

The Partnership records only its share of the assets, liabilities and share of the results of operations of the co-tenancy. The assets, liabilities and results of operations are included within the respective line items of the statements of financial position, the statements of changes in partners' capital and the statement of comprehensive income (see note 14).

The income producing properties are recorded at cost and amortized on a straight line basis over 40 years.

Environmental Remediation Costs

A provision is made for environmental remediation costs when the related environmental disturbance occurs, based on the net present value of estimated future costs with, where appropriate, probability weighting for the different remediation or closure outcomes which could realistically arise. The ultimate cost of remediation is uncertain and Management uses its judgment and experience to provide for these costs.

Impairment of income producing properties

The income producing properties are reviewed for impairment if there is any indication that the carrying amount may not be recoverable. If any such indication is present, the recoverable amount of the asset is estimated in order to determine whether impairment exists. Where the asset does not generate cash flows that are independent from other assets, the Partnership estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An asset's recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

2. **SIGNIFICANT ACCOUNTING POLICIES** (Continued...)

Impairment of income producing properties (continued..)

If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount. Impairment is recognized immediately as additional depreciation. Where an impairment subsequently reverses, the carrying amount is increased to the revised estimate of recoverable amount but only to the extent that this does not exceed the carrying value that would have been determined if no impairment had previously been recognized. A reversal is recognized as a reduction in the depreciation charge for the year.

Revenue recognition

The Partnership has retained substantially all of the benefits and risks of ownership of its income producing properties and therefore accounts for leases with its tenants as operating leases. Rental revenue includes all amounts earned from tenants related to lease agreements including property tax and operating cost recoveries. The Partnership recognizes rental revenue and other charges on a straight-line basis in accordance with the relevant lease agreements. The amount by which straight-line rental revenue exceeds the minimum rents collected in accordance with the lease agreements is included in deferred revenue.

Property rental revenue includes minimum rental revenue earned and operating expenses and realty tax reimbursements or recoveries earned under lease agreements with tenants. Recoveries from tenants, consisting of amounts due from tenants for common area maintenance, real estate taxes and other recoverable costs, are accrued and recognized as revenue in the year the expenses are incurred and they become recoverable from the tenant.

Critical judgments and estimates

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of financial statements, and the reported amounts of revenues and expenses during the reporting year. Actual results may differ from those estimates. These financial statements include assumptions and estimates which, by their nature, are uncertain. The impact of such estimates may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the year which the estimate is revised and the revision affects both current and future years. Assumptions and estimates that management has made at the statement of financial position date relate to, but are not limited to, the following:

Income-producing property

- The useful life of the income producing properties.
- Impairment of income producing properties.

2. **SIGNIFICANT ACCOUNTING POLICIES** (Continued...)

Leases

The Partnerships adoption of IFRS 16 on January 1, 2019 did not have a significant impact on the financial statements.

The Partnership makes judgments in determining whether certain leases, in particular those tenant leases with long contractual terms where the lessee is the sole tenant in a property and long-term ground leases where the Partnership is lessor, are operating or financial leases. The Partnership has determined that all of its leases are operating leases.

Lease Incentives

The Partnership evaluates whether tenant improvement allowances are, in substance, lease incentives or capital expenditures of the Partnership that enhance the value of the Partnership's income-producing properties. This judgment also impacts revenue recognition commencement. This determination requires judgment and consideration of several factors, including whether the improvements enhance the value of the properties, tenant discretion in the use of funds, uniqueness of the improvements and the transfer of risks and rewards.

Investment Properties

Judgment is applied in determining whether certain costs are additions to the carrying amount of the property and, for properties under development, when practical completion of the property occurs and identifying the point at which capitalization of borrowing costs ceases.

Financial assets - Initial measurement

A financial asset or financial liability is initially measured at fair value plus for items not at fair value through profit or loss ("FVTPL") or fair value through other comprehensive income ("FVOCI"), transaction costs directly attributable to its acquisition or issue.

Financial assets - Classification and subsequent measurement

A financial asset is measured at amortized cost if it meets both of the following conditions (and is not designated as at fair value through profit or loss ("FVTPL"):

1. It is held with the objective to hold the asset and to collect contractual cash flows
2. Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI")

Financial assets not measured at amortized cost as described above are measured at FVTPL. The Partnership classifies its cash, due from Gross Opportunities Fund GP and accounts receivable as measured at amortized cost.

2. **SIGNIFICANT ACCOUNTING POLICIES** (Continued...)

Financial liabilities – Classification and subsequent measurement

Financial liabilities are classified as measured at amortized cost or fair value through profit or loss ("FVTPL"). A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Under IFRS 9, the classification and measurement of liabilities under IFRS 9 generally remains unchanged with the exception of liabilities recorded at FVTPL. For these liabilities, fair value changes attributable to changes in the entity's own credit risk are to be presented in other comprehensive income unless they affect amounts recorded in income.

The Partnership classifies accounts payable and accrued liabilities, loan from Gross Capital Inc. (co-tenancies), due to Gross Capital Inc., long-term debt, due to Gross Medical Opportunities Fund GP Inc., due to Gross Medical Opportunities Fund and due to Gross Securities Corp. as measured at amortized cost.

Derecognition

A financial asset is derecognized when the rights to receive cash flows from the asset have expired or the Partnership has transferred substantially all of the risks and rewards of the asset. The Partnership assesses at each reporting date whether there is any objective evidence that a financial asset is impaired, the impairment provision is based upon the expected loss.

The Partnership derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Partnership currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

2. **SIGNIFICANT ACCOUNTING POLICIES** (Continued...)

Impairment

The Partnership recognises loss allowances for expected credit losses ("ECLs") on:

- financial assets measured at amortized cost;
- debt investments measured at FVOCI; and
- contract assets (as defined in IFRS 15).

With respect to cash the Partnership measures the loss allowances at a 12-month ECL as cash balances credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

For trade receivables, the Partnership has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Partnership determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience adjusted as appropriate to reflect current economic conditions.

Future accounting policy changes

IFRS 3, Business Combinations ("IFRS 3"):

The IASB published an amendment to the requirements of IFRS 3 in relation to whether a transaction meets the definition of a business combination. The amendment clarifies the definition of a business and provides additional illustrative examples, including those relevant to the real estate industry. A significant change in the amendment is the option for an entity to assess whether substantially all of the fair value of the gross assets acquired is concentrated in a single asset or group of similar assets. If such a concentration exists, the transaction is not viewed as an acquisition of a business and no further assessment of the business combination guidance is required. This will be relevant where the value of the acquired entity is concentrated in one property, or a group of similar properties. The amendment is effect for periods beginning on or after January 1, 2020 with earlier application permitted. The Partnership is currently evaluating the impact of the new standard on its financial statements.

3. **DUE FROM/TO GROSS MEDICAL OPPORTUNITIES GP INC.**

Amounts are due from/to Gross Medical Opportunities GP Inc. The amounts are unsecured, non-interest bearing and due on demand.

4. **DUE TO GROSS CAPITAL INC.**

Amounts are due to Gross Capital Inc., which is related by virtue of being controlled by a Director of the General Partner. The amounts are unsecured, non-interest bearing and due on demand.

5. INCOME-PRODUCING PROPERTIES

	Land	Buildings	Total
Cost			
Balance as at January 1, 2019	$ 776,476	$ 4,927,785	$ 5,704,261
Additions	-	-	-
Balance as at December 31, 2019	$ 776,476	$ 4,927,785	$ 5,704,261
Accumulated amortization			
Balance as at January 1, 2019	$ -	$ 473,825	$ 473,825
Amortization during the period	-	213,197	213,197
Balance as at December 31, 2019	$ -	$ 687,022	$ 687,022
Net book value			
At December 31, 2019	$ 776,476	$ 4,240,763	$ 5,017,239
At December 31, 2018	$ 776,476	$ 4,453,960	$ 5,230,436

The income producing properties represents a 12.5% share of the King Oshawa Clinic Co-tenancy and a 5.8857% of the Victoria Avenue North Co-tenancy. The fair value of the income producing properties at December 31, 2019 and December 31, 2018 is estimated to be $5,900,000 and $6,100,000 respectively.

Included in amortization of income producing properties is a $90,000 (2018 - $Nil) impairment charge to 304 Victoria St. N, Hamilton. Due to the termination of a head lease on this property, the Partnership used an independent appraiser to test this building for impairment. The direct comparison approach, income capitalization and cost approach were used to determine the impairment charge. The valuation of the King Oshawa property at December 31, 2019 was done by management, and not by an independent appraiser.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2019	2018
Accrued liabilities	$ 96,751	$ 94,752
Accounts payable	53,838	1,721
	$ 150,589	$ 96,473

7. LOAN FROM GROSS CAPITAL INC. (CO-TENANCIES)

	2019	2018
Loan from Gross Capital Inc. - Victoria Co-tenancy	$ 164,812	$ 138,897
Loan from Gross Capital Inc. - King Oshawa Co-tenancy	25,092	44,399
	$ 189,904	$ 183,296

Amounts due to Gross Capital Inc. (co-tenancies), are unsecured, bear interest at 9% per annum and are due on demand.

8. DUE TO GROSS MEDICAL OPPORTUNITIES FUND

The amount due to Gross Medical Opportunities Fund (the "Trust"), related by virtue of the fact that the Trust holds 100% of the Class A limited partnership units of the Partnership, is unsecured, non-interest bearing and due on demand.

9. DUE TO GROSS SECURITIES CORP.

The amount due to Gross Securities Corp., related by virtue of the fact that Gross Securities Corp. is owned by the Class B unitholders of the Partnership, is unsecured, non-interest bearing and due on demand. The balance was repaid as of December 31, 2019.

10. LONG-TERM DEBT

	2019	2018
Mortgage payable renewed on May 22, 2019 and represents a 12.5% portion of the mortgage assumed against King Oshawa Clinic Co-tenancy. The mortgage has a 5 year term and bears interest at 4.00% (2018 - 4.04%). The effective interest rate after financing costs are included is 4.13% (2018 - 4.96%). The mortgage is secured by the King Oshawa Property. The Partnership's 12.5% share of the net book value of this property on December 31, 2019 is $3,071,527 (2018 - $3,145,418).	$ 2,013,843	$ 2,070,862
Mortgage payable assumed on November 12, 2015 and represents a 5.8857% portion of the mortgage assumed against the Victoria Avenue Co-tenancy. The mortgage has a 10 year term and bears interest at 4.00%. The mortgage is secured by the Victoria Avenue Co-tenancy property. The Partnership's 5.8857% share of the net book value of this property on December 31, 2019 is $2,035,712 (2018 - $2,085,018).	1,289,009	1,324,213
	3,302,852	3,395,075
Transactions costs	(8,807)	(6,389)
	3,294,045	3,388,686
Less: current portion	86,265	2,106,066
Long-term portion	$ 3,207,780	$ 1,282,620

The aggregate principal repayments over the next five years and thereafter are as follows:

2020	$ 86,265
2021	89,751
2022	93,378
2023	97,150
2024	1,845,838
Thereafter	1,090,470
	$ 3,302,852

11. COMMITMENTS

The Partnership pays an annual asset management fee to the General Partner of the Partnership for management services that the General Partner provides. The asset management fee is paid quarterly and is equal to 0.15% of the year end portfolio value of the Partnership.

The Partnership pays an acquisition fee of 1% of the purchase price of the Properties to the General Partner of the Partnership.

The Partnership pays selling commissions of up to 7.5% of the gross cash proceeds from the sale of trust units. The Partnership pays the balance of distributable cash (after the Trust has been paid its minimum return of 7% per annum) up to 10% of the net gain earned from the sale of the Properties to the Class B unitholders of the Partnership.

12. PARTNERS' CAPITAL

Authorized

As at December 31, 2019, the Partnership was authorized to issue the following:

50,000,000 Class A limited partnership units - voting, redeemable (Class A Units)

50,000,000 Class B limited partnership units (Class B Units)

The number of units outstanding are as follows:

For the year ended December 31, 2019:

	December 31, 2019			December 31, 2018		
	Opening	Net Issued	Ending	Opening	Net Issued	Ending
Class A units	2,142,426	Nil	2,142,426	2,142,426	Nil	2,142,426
Class B units	50,000,000	Nil	50,000,000	50,000,000	Nil	50,000,000

2019
During 2019, the Partnership issued a total of 51,000 Class A units for $51,000. On January 31, 2019, 1,000 Class A units were redeemed for a payout of $1,000 and on June 28, 2019, another 50,000 Class A units were also redeemed for a payout of $50,000. As a result of redeeming the Class A units, $1,250 of fees were paid to Gross Securities Corp.

2018
During 2018, the Partnership issued 61,000 Class A units for $61,000. On July 31, 2018, 61,000 Class A units were redeemed for a payout of $61,000. As a result of redeeming the Class A units, $3,050 of fees were paid to Gross Securities Corp.

13. RELATED PARTY TRANSACTIONS

Included in Commercial rent and expenses recovered is $43,806 (2018 - $42,515) from a company which is related by virtue of being controlled by a Director of the General Partner.

Asset management fees of $8,860 (2018 - $8,860) were charged by a company related by virtue of being under common control of the General Partner. Commissions of $Nil (2018 - $4,695) were charged by a company related by virtue of being under common control of the General Partner.

Class A Limited Partnership units - 59,669 units (3% of Class A) are owned by Trustees of the Trust (2018 - 59,669 units (3% of Class A)) and 270,000 units (13% of Class A) are owned by companies controlled by Trustees of the Trust (2018 - 270,000 units (13% of Class A)). Class B Limited Partnership units - 50,000,000 units (100% of Class B) are owned by companies controlled by Trustees of the Trust (2018 - 50,000,000 units (100% of Class B)).

Included in professional fees is $500 (2018 - $500) charged by Gross Adminco Inc., a company related by virtue of being under common control of the General Partner. Included in accounts receivable is $425 (2018 - $425) from Gross Adminco Inc. Property management fees of $5,839 (2018 - $5,839) were charged by a company related by virtue of being under common control of the general partner. Participation fees of $Nil (2018 - $Nil) were charged by a company related by virtue of being controlled by a Director of the General Partner. Loan interest of $16,979 (2018 - $10,345) was charged on co-tenancy loans owed to the companies controlled by Trustee of the Trust (note 8). The transactions are in the normal course of operations.

14. CO-TENANCY OPERATIONS

The following amounts included in these financial statements represent the Partnership's 12.5% proportionate interest in the King Oshawa Medical Co-Tenancy and the 5.8857% proportionate interest in the Victoria Clinic Co-tenancy.

	2019	2018
Assets	$ 5,123,139	$ 5,325,706
Liabilities	$ 3,566,022	$ 3,622,335
Revenues and other income	$ 642,686	$ 637,478
Expenses	$ 613,142	$ 520,825
Net income	$ 29,544	$ 116,653
Cash provided by (used in)		
Operating activities	$ 269,190	$ 223,713
Investing activities	$ -	$ -
Financing activities	$ (85,616)	$ (47,666)

The Partnership includes in its financial statements, the proportionate share of the assets, liabilities, revenues and expenses of the King Oshawa Co-Tenancy from the date of acquisition on June 30, 2015 and the Victoria Avenue Co-Tenancy from acquisitions in 2015, 2016 and 2017. Included in assets and expenses above is a $90,000 impairment charge against the Victoria Avenue Co-Tenancy (note 5).

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

IFRS 7 requires that the Partnership disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at each financial position reporting date based on relevant market information about the financial instrument.

Financial assets and liabilities recorded at fair value in the Partnership's statement of financial position are categorized based upon the level of judgment associated with the inputs used to measure their fair value.

Hierarchical levels, defined by IFRS 13 and directly related to the amount of subjectivity associated with inputs to fair valuation of these financial assets and liabilities, are as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (Level 2); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The Partnership's management determined that no financial assets are carried at fair value.

The Partnership's financial instruments consist of cash, accounts receivable, due to/from related parties, accounts payable and accrued liabilities, and long-term debt. Unless otherwise noted, it is management's opinion that the Partnership is not exposed to significant market, interest, currency and liquidity risks arising from these financial instruments except as noted below. The fair value of these financial instruments approximate their carrying value unless otherwise noted.

i) Market price risk

Market price risk, is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting similar financial instruments traded in the market.

15. **FINANCIAL INSTRUMENTS AND RISK MANAGEMENT** (Continued...)

ii) **Interest rate risk**

The Partnership has deposits in financial institutions. The Partnership is exposed to reductions in interest rates, which could impact expected current and future returns. As at December 31, 2019, the amount of $19,130 (2018 - $33,186) was held in deposits with financial institutions.

2019

Financial assets	Floating Rate Financial Assets	Fixed Rate Financial Assets	Non-interest bearing	Total
Amortized cost	$ 19,130	$ -	$ 31,917	$ 51,047
Financial liabilities				
Amortized cost	$ -	$ 3,483,949	$ 593,640	$ 4,077,589

2018

Financial assets	Floating Rate	Fixed Rate	Non-interest bearing	Total
Amortized cost	$ 33,186	$ -	$ 37,273	$ 70,459
Financial liabilities				
Amortized cost	$ -	$ 3,571,982	$ 549,052	$ 4,121,034

iii) **Currency risk**

Currency risk is the risk to the Partnership's earnings that arises from volatility in foreign exchange rates. This may have an adverse effect on the value of future revenues and assets denominated in currencies other than the Canadian dollar, absent any changes in market or investment specific event.

The Partnership did not maintain any material balances in foreign currencies as at December 31, 2019 and December 31, 2018.

15. **FINANCIAL INSTRUMENTS AND RISK MANAGEMENT** (Continued...)

iv) **Liquidity risk**

Liquidity risk is the risk that the Partnership will not have sufficient debt and partners' capital available to fund its growth and refinance its debts as they mature. The Partnership's financial condition and results of operations would be adversely affected if it were unable to obtain financing, or obtain cost effective financing. The Partnership manages liquidity risk by seeking new investors and by monitoring its debt situation. (see note 1(b))

2019

Financial assets	0 - 12 months	1 - 3 years	3 - 5 years	Beyond 5 years	Indefinite maturity	Total
Amortized cost	$ 51,047	$ -	$ -	$ -	$ -	$ 51,047
Financial liabilities						
Other financial liabilities	$ 869,809	$ 280,279	$2,927,501	$ -	$ -	$ 4,077,589

2018

Financial assets	0 - 12 months	1 - 3 years	3 - 5 years	Beyond 5 years	Indefinite maturity	Total
Amortized cost	$ 70,459	$ -	$ -	$ -	$ -	$ 70,459
Financial liabilities						
Other financial liabilities	$2,838,410	$ 74,732	$ 80,893	$1,126,999	$ -	$ 4,121,034

v) **Economic dependence**

As at December 31, 2019, one co-tenancy accounted for 67% (2018 – 66%) of revenues from operations.

16. CAPITAL MANAGEMENT

The Partnership's capital management policy is to maintain a strong capital base that optimizes the Partnership's ability to grow, maintain investor and creditor confidence and to provide a platform to create value for its partners. The Partnership intends to maintain a flexible capital structure to maximize its ability to pursue additional investment opportunities, which considers the Partnership's early stage of development and the requirement to sustain future development of the business.

The Partnership will manage its capital structure and make changes to it in light of changes to economic conditions and the risk characteristics of the nature of the business. The Partnership considers its capital structure to include partners' capital, long term debt and working capital. In order to maintain or adjust the capital structure, the Partnership may from time to time issue units, seek debt financing and adjust its capital spending to manage its current and projected capital structure.

The Partnership monitors capital based on its current working capital, projected cash flow from operations and anticipated capital expenditures.

The Partnership is not subject to externally imposed capital requirements.

17. KEY MANAGEMENT COMPENSATION

Total direct and indirect compensation, including benefits to employees with responsibilities for strategic planning, oversight and control of the Partnership amounted to $Nil (2018 - $Nil).

18. SUBSEQUENT EVENT

The recent outbreak of the coronavirus, also known as "COVID-19", has spread across the globe and is impacting worldwide economic activity. Conditions surrounding the coronavirus continue to rapidly evolve and government authorities have implemented emergency measures to mitigate the spread of the virus. The outbreak and the related mitigation measures may have an adverse impact on global economic conditions as well as on the Partnership's business activities. The extent to which the coronavirus may impact the Partnership's business activities will depend on future developments, such as the ultimate geographic spread of the disease, the duration of the outbreak, travel restrictions, business disruptions, and the effectiveness of actions taken in Canada and other countries to contain and treat the disease. These events are highly uncertain and as such, the Partnership cannot determine their financial impact at this time.

TAB O

IN THE MATTER OF THE BANKRUPTCY OF GROSS CAPITAL INC., OF THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO

NOTICE TO OFFICER OF BANKRUPT CORPORATION OF DUTIES

You are hereby notified of the duties imposed upon you by the *Bankruptcy and Insolvency Act* ("Act") and other features of the Act that affect you in your capacity as the designated officer of the bankrupt corporation. You are expected to study carefully the documents you have received, namely copies of Sections 67, 158, 159, 178, 198, 199 and 200 of the Act, as a breach of your duties could make you liable to prosecution.

ACKNOWLEDGEMENT

I, Mark Gross, designated officer of the above bankrupt corporation, hereby acknowledge receipt of the above documents and state that the contents have been adequately explained to me.

Mark Gross

June 25/2021
Date

Witness

(Print name of witness)

IN THE MATTER OF THE BANKRUPTCY OF GROSS CAPITAL INC., OF THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO

NOTICE TO OFFICER OF BANKRUPT CORPORATION OF DUTIES

You are hereby notified of the duties imposed upon you by the *Bankruptcy and Insolvency Act* and certain other features of this Act that affect you in your capacity as a bankrupt (or, when the bankrupt is a limited company, an officer designated by section 159 of the *Bankruptcy and Insolvency Act*). You are expected to study this document carefully as a breach of your duty hereunder set out would make you liable to criminal prosecution.

Section 67

(1)The property of a bankrupt divisible among his creditors shall not comprise

(a) property held by the bankrupt in trust for any other person;

(b) any property that as against the bankrupt is exempt from execution or seizure under any laws applicable in the province within which the property is situated and within which the bankrupt resides;

(b.1) goods and services tax credit payments that are made in prescribed circumstances to the bankrupt and that are not property referred to in paragraph (a) or (b);

(b.2) prescribed payments relating to the essential needs of an individual that are made in prescribed circumstances to the bankrupt and that are not property referred to in paragraph (a) or (b); or

(b.3) without restricting the generality of paragraph (b), property in a registered retirement savings plan or a registered retirement income fund, as those expressions are defined in the Income Tax Act, or in any prescribed plan, other than property contributed to any such plan or fund in the 12 months before the date of bankruptcy,

but it shall comprise

(c) all property wherever situated of the bankrupt at the date of the bankruptcy or that may be acquired by or devolve on the bankrupt before their discharge, including any refund owing to the bankrupt under the Income Tax Act in respect of the calendar year — or the fiscal year of the bankrupt if it is different from the calendar year — in which the bankrupt became a bankrupt, except the portion that

(i) is not subject to the operation of this Act, or

(ii) in the case of a bankrupt who is the judgment debtor named in a garnishee summons served on Her Majesty under the Family Orders and Agreements Enforcement Assistance Act, is garnishable money that is payable to the bankrupt and is to be paid under the garnishee summons, and

(d) such powers in or over or in respect of the property as might have been exercised by the bankrupt for his own benefit.

(2)Subject to Subsection (3), notwithstanding any provision in federal or provincial legislation that has the effect of deeming property to be held in trust for Her Majesty, property of a bankrupt shall not be regarded as held in trust for Her Majesty for the purpose of paragraph (1)(a) unless it would be so regarded in the absence of that statutory provision.

(3)Subsection (2) does not apply in respect of amounts deemed to be held in trust under Subsection 227(4) or (4.1) of the Income Tax Act, Subsection 23(3) or (4) of the Canada Pension Plan or Subsection 86(2) or (2.1) of the Employment Insurance Act (each of which is in this Subsection referred to as a "federal provision") nor in respect of amounts deemed to be held in trust under any law of a province that creates a deemed trust the sole purpose of which is to ensure remittance to Her Majesty in right of the province of amounts deducted or withheld under a law of the province where

> (a) that law of the province imposes a tax similar in nature to the tax imposed under the Income Tax Act and the amounts deducted or withheld under that law of the province are of the same nature as the amounts referred to in Subsection 227(4) or (4.1) of the Income Tax Act, or
>
> (b) the province is a "province providing a comprehensive pension plan" as defined in Subsection 3(1) of the Canada Pension Plan, that law of the province establishes a "provincial pension plan" as defined in that Subsection and the amounts deducted or withheld under that law of the province are of the same nature as amounts referred to in Subsection 23(3) or (4) of the Canada Pension Plan,

and for the purpose of this Subsection , any provision of a law of a province that creates a deemed trust is, notwithstanding any Act of Canada or of a province or any other law, deemed to have the same effect and scope against any creditor, however secured, as the corresponding federal provision.

Section 158

The bankrupt shall

> (a) make discovery of and deliver all his property that is under his possession or control to the trustee or to any person authorized by the trustee to take possession of it or any part thereof;
>
> (a.1) in such circumstances as are specified in directives of the Superintendent, deliver to the trustee, for cancellation, all credit cards issued to and in the possession or control of the bankrupt;
>
> (b) deliver to the trustee all books, records, documents, writings and papers including, without restricting the generality of the foregoing, title papers, insurance policies and tax records and returns and copies thereof in any way relating to his property or affairs;
>
> (c) at such time and place as may be fixed by the official receiver, attend before the official receiver or before any other official receiver delegated by the official receiver for examination under oath with respect to his conduct, the causes of his bankruptcy and the disposition of his property;

(d) within five days following the bankruptcy, unless the time is extended by the official receiver, prepare and submit to the trustee in quadruplicate a statement of the bankrupt's affairs in the prescribed form verified by affidavit and showing the particulars of the bankrupt's assets and liabilities, the names and addresses of the bankrupt's creditors, the securities held by them respectively, the dates when the securities were respectively given and such further or other information as may be required, but where the affairs of the bankrupt are so involved or complicated that the bankrupt alone cannot reasonably prepare a proper statement of affairs, the official receiver may, as an expense of the administration of the estate, authorize the employment of a qualified person to assist in the preparation of the statement;

(e) make or give all the assistance within his power to the trustee in making an inventory of his assets;

(f) make disclosure to the trustee of all property disposed of within the period beginning on the day that is one year before the date of the initial bankruptcy event or beginning on such other antecedent date as the court may direct, and ending on the date of the bankruptcy, both dates included, and how and to whom and for what consideration any part thereof was disposed of except such part as had been disposed of in the ordinary manner of trade or used for reasonable personal expenses;

(g) make disclosure to the trustee of all property disposed of by gift or settlement without adequate valuable consideration within the period beginning on the day that is five years before the date of the initial bankruptcy event and ending on the date of the bankruptcy, both dates included;

(h) attend the first meeting of his creditors unless prevented by sickness or other sufficient cause and submit thereat to examination;

(i) when required, attend other meetings of his creditors or of the inspectors, or attend on the trustee;

(j) submit to such other examinations under oath with respect to his property or affairs as required;

(k) aid to the utmost of his power in the realization of his property and the distribution of the proceeds among his creditors;

(l) execute any powers of attorney, transfers, deeds and instruments or acts that may be required;

(m) examine the correctness of all proofs of claims filed, if required by the trustee;

(n) in case any person has to his knowledge filed a false claim, disclose the fact immediately to the trustee;

(n.1) inform the trustee of any material change in the bankrupt's financial situation;

(o) generally do all such acts and things in relation to his property and the distribution of the proceeds among his creditors as may be reasonably required by the trustee, or may be prescribed by the General Rules, or may be directed by the court by any special order made with reference to any particular case or made on the occasion of any special application by the trustee, or any creditor or person interested; and

(p) until his application for discharge has been disposed of and the administration of the estate completed, keep the trustee advised at all time of his place of residence or address.

Section 159

Where a bankrupt is a corporation, the officer executing the assignment, or such

(a) officer of the corporation, or

(b) person who has, or has had, directly or indirectly, control in fact of the corporation

as the official receiver may specify, shall attend before the official receiver for examination and shall perform all of the duties imposed on a bankrupt by Section 158, and, in case of failure to do so, the officer or person is punishable as though that officer or person were the bankrupt.

Section 178

(1)An order of discharge does not release the bankrupt from

(a) any fine, penalty, restitution order or other order similar in nature to a fine, penalty or restitution order, imposed by a court in respect of an offence, or any debt arising out of a recognizance or bail;

(a.1) any award of damages by a court in civil proceedings in respect of

(i) bodily harm intentionally inflicted, or sexual assault, or

(ii) wrongful death resulting therefrom;

(b) any debt or liability for alimony or alimentary pension;

(c) any debt or liability arising under a judicial decision establishing affiliation or respecting support or maintenance, or under an agreement for maintenance and support of a spouse, former spouse, former common-law partner or child living apart from the bankrupt;

(d) any debt or liability arising out of fraud, embezzlement, misappropriation or defalcation while acting in a fiduciary capacity or, in the Province of Quebec, as a trustee or administrator of the property of others;

(e) any debt or liability resulting from obtaining property or services by false pretences or fraudulent misrepresentation, other than a debt or liability that arises from an equity claim;

(f) liability for the dividend that a creditor would have been entitled to receive on any provable claim not disclosed to the trustee, unless the creditor had notice or knowledge of the bankruptcy and failed to take reasonable action to prove his claim;

(g) any debt or obligation in respect of a loan made under the Canada Student Loans Act, the Canada Student Financial Assistance Act or any enactment of a province that provides for loans or guarantees of loans to students where the date of bankruptcy of the bankrupt occurred

(i) before the date on which the bankrupt ceased to be a full- or part-time student, as the case may be, under the applicable Act or enactment, or

(ii) within seven years after the date on which the bankrupt ceased to be a full- or part-time student; or

(h) any debt for interest owed in relation to an amount referred to in any of paragraphs (a) to (g).

(1.1) At any time after five years after a bankrupt who has a debt referred to in paragraph (1)(g) ceases to be a full- or part-time student, as the case may be, under the applicable Act or enactment, the court may, on application, order that Subsection (1) does not apply to the debt if the court is satisfied that

(a) the bankrupt has acted in good faith in connection with the bankrupt's liabilities under the debt; and

(b) the bankrupt has and will continue to experience financial difficulty to such an extent that the bankrupt will be unable to pay the debt.

(2) Subject to Subsection (1), an order of discharge releases the bankrupt from all claims provable in bankruptcy.

Section 198

(1) Any bankrupt who

(a) makes any fraudulent disposition of the bankrupt's property before or after the date of the initial bankruptcy event,

(b) refuses or neglects to answer fully and truthfully all proper questions put to the bankrupt at any examination held pursuant to this Act,

(c) makes a false entry or knowingly makes a material omission in a statement or accounting,

(d) after or within one year immediately preceding the date of the initial bankruptcy event, conceals, destroys, mutilates, falsifies, makes an omission in or disposes of, or is privy to the concealment, destruction, mutilation, falsification, omission from or disposition of, a book or document affecting or relating to the bankrupt's property or affairs, unless the bankrupt had no intent to conceal the state of the bankrupt's affairs,

(e) after or within one year immediately preceding the date of the initial bankruptcy event obtains any credit or any property by false representations made by the bankrupt or made by any other person to the bankrupt's knowledge,

(f) after or within one year immediately preceding the date of the initial bankruptcy event, fraudulently conceals or removes any property of a value of fifty or more or any debt due to or from the bankrupt, or

(g) after or within one year immediately preceding the date of the initial bankruptcy event, hypothecates, pawns, pledges or disposes of any property that the bankrupt has obtained on credit and has not paid for, unless in the case of a trader the hypothecation, pawning, pledging or disposing is in the ordinary way of trade and unless the bankrupt had no intent to defraud,

is guilty of an offence and is liable, on summary conviction, to a fine not exceeding five thousand dollars or to imprisonment for a term not exceeding one year or to both, or on conviction on indictment, to a fine not exceeding ten thousand dollars or to imprisonment for a term not exceeding three years, or to both.

(2) A bankrupt who, without reasonable cause, fails to comply with an order of the court made under Section 68 or to do any of the things required of the bankrupt under Section 158 is guilty of an offence and is liable

(a) on summary conviction, to a fine not exceeding five thousand dollars or to imprisonment for a term not exceeding one year, or to both; or

(b) on conviction on indictment, to a fine not exceeding ten thousand dollars or to imprisonment for a term not exceeding three years, or to both.

Section 199

An undischarged bankrupt who

(a) engages in any trade or business without disclosing to all persons with whom the undischarged bankrupt enters into any business transaction that the undischarged bankrupt is an undischarged bankrupt, or

(b) obtains credit to a total of $1,000 or more from any person or persons without informing them that the undischarged bankrupt is an undischarged bankrupt,

is guilty of an offence punishable on summary conviction and is liable to a fine not exceeding five thousand dollars or to imprisonment for a term not exceeding one year, or to both.

Section 200

(1) Any person becoming bankrupt or making a proposal who has on any previous occasion been bankrupt or made a proposal to the person's creditors is guilty of an offence punishable on summary conviction and is liable to a fine not exceeding five thousand dollars or to imprisonment for a term not exceeding one year, or to both, if

(a) being engaged in any trade or business, at any time within the period beginning on the day that is two years before the date of the initial bankruptcy event and ending on the date of the bankruptcy, both dates included, that person has not kept and preserved proper books of account; or

(b) within the period mentioned in paragraph (a), that person conceals, destroys, mutilates, falsifies or disposes of, or is privy to the concealment, destruction, mutilation, falsification or disposition of, any book or document affecting or relating to the person's property or affairs, unless the person had no intent to conceal the state of the person's affairs.

(2) For the purposes of this Section , a debtor shall be deemed not to have kept proper books of account if he has not kept such books or accounts as are necessary to exhibit or explain his transactions and financial position in his trade or business, including a book or books containing entries from day to day in sufficient detail of all cash received and cash paid, and, where the trade or business has involved dealings in goods, also accounts of all goods sold and purchased, and statements of annual or other stock takings.

Section 204

If a corporation commits an offence under this Act, any officer or director, or agent or mandatary, of the corporation, or any person who has or has had, directly or indirectly, control in fact of the corporation, who directed, authorized, assented to, acquiesced to or participated in the commission of the offence is a party to and guilty of the offence and is liable on conviction to the punishment provided for the offence, whether or not the corporation has been prosecuted or convicted.

TAB P

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Toronto Superior Court of Justice / Cour supérieure de justice

Court File No./N° du dossier du greffe : CV-22-00687344-0000

Court File No.

ONTARIO
SUPERIOR COURT OF JUSTICE

B E T W E E N:

200 RONSON DRIVE INC. AS NOMINEE FOR AND ON BEHALF OF THE CO-TENANTS REFERRED TO IN SCHEDULE A ATTACHED HERETO

Plaintiff

and

PLANKRAFT CONSTRUCTION GROUP INC., PRIME REAL ESTATE GROUP INC. MARK GROSS, SHELDON GROSS, ANGELO D'ELIA, JUSTIN DI CIANO, and JULIEN DI CIANO

Defendants

STATEMENT OF CLAIM

TO THE DEFENDANTS:

A LEGAL PROCEEDING HAS BEEN COMMENCED AGAINST YOU by the Plaintiff. The Claim made against you is set out in the following pages.

IF YOU WISH TO DEFEND THIS PROCEEDING, you or an Ontario lawyer acting for you must prepare a Statement of Defence in Form 18A prescribed by the *Rules of Civil Procedure*, serve it on the Plaintiff's lawyer or, where the Plaintiff does not have a lawyer, serve it on the Plaintiff, and file it, with proof of service in this court office, WITHIN TWENTY DAYS after this Statement of Claim is served on you, if you are served in Ontario.

If you are served in another province or territory of Canada or in the United States of America, the period for serving and filing your Statement of Defence is forty days. If you are served outside Canada and the United States of America, the period is sixty days.

Instead of serving and filing a Statement of Defence, you may serve and file a Notice of Intent to Defend in Form 18B prescribed by the *Rules of Civil Procedure*. This will entitle you to ten more days within which to serve and file your Statement of Defence.

IF YOU FAIL TO DEFEND THIS PROCEEDING, JUDGMENT MAY BE GIVEN AGAINST YOU IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO DEFEND THIS PROCEEDING BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

IF YOU PAY THE PLAINTIFF'S CLAIM, and $750 for costs, within the time for serving and filing your Statement of Defence you may move to have this proceeding dismissed by the Court. If you believe the amount claimed for costs is excessive, you may pay the Plaintiff's claim and $400 for costs and have the costs assessed by the Court.

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TAKE NOTICE: THIS ACTION WILL AUTOMATICALLY BE DISMISSED if it has not been set down for trial or terminated by any means within five years after the action was commenced unless otherwise ordered by the court.

Date _____ Issued by _____
Local Registrar

Address of court office: Superior Court of Justice
330 University Avenue, 9th Floor
Toronto ON M5G 1R7

TO: **PLANKRAFT CONSTRUCTION GROUP INC.**
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Etobicoke, ON M9W 5Z9

AND TO: **PRIME REAL ESTATE GROUP INC.**
200 Ronson Drive, Suite 101
Etobicoke, ON M9W 5Z9

AND TO: **MARK GROSS**
110 Kilbarry Road
Toronto, ON M5P 1K9

AND TO: **SHELDON GROSS**

AND TO: **ANGELO D'ELIA**

AND TO: **JUSTIN DI CIANO**
136 Laurel Ave.
Toronto, ON M5P 1K9

AND TO: **JULIEN DI CIANO**
1413 Venta Ave.
Mississauga, ON L4X 1C9

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CLAIM

1. The Plaintiff, 200 Ronson Drive Inc. ("**Ronson**") claims:

   a. as against the defendants, Mark Gross and Sheldon Gross, damages in the sum of $2,500,000 for breach of contract, breach of fiduciary and statutory duty, unjust enrichment, and breach of trust, fraud, and inducing breach of contract;

   b. as against all defendants:

      i. damages in the sum of $2,500,000 for fraud, deceit, fraudulent misrepresentation, conspiracy to injure, unjust enrichment and breach of contract;

      ii. punitive damages in the sum of $50,000;

      iii. an accounting of all monies received or disbursed by each of them as hereinafter described.

      iv. pre- and post-judgment interest pursuant to the *Courts of Justice Act*;

      v. costs of this action on a full indemnity scale, and all applicable taxes; and

      vi. such further and other relief as to this Court deems just.

1.0 CAST OF CHARACTERS

2. Ronson is an Ontario corporation which carries on business as the nominee for and on behalf of the co-tenants set out in Schedule "A". Ronson holds legal title to the real property municipally known as 200 Ronson Drive, Toronto ("**Property**").

3. The parties listed in Schedule "A" are Ontario residents or companies each of whom hold a share in the Property as co-tenants ("**Schedule A Parties**").

4. The defendants, Mark Gross and Sheldon Gross, are, respectively, father and son. Each of them resides in the City of Toronto. Each of them was, at all material times, a director of Ronson and a member of the Ronson Management Committee.

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5. Gross Capital Inc. ("**GCI**") is in bankruptcy having made an assignment on June 25, 2021, and is not a party to this proceeding. Ronson will obtain an Order to Continue in the bankruptcy proceeding CV-21-00664789-00CL and then move amend this pleading to include GCI.

6. Prime Real Estate Group Inc. ("**Prime**") is an Ontario corporation, the directors and shareholders of which are or were Mark Gross, Sheldon Gross, Justin Di Ciano, Angelo D'Elia and Julien Di Ciano. Prime was, at all material times, the property manager of the Property in accordance with the terms of an oral or written management contract and the provisions of the Co-Tenancy Agreement. In addition to the foregoing, Prime was a tenant of the co-tenancy in accordance with a written lease dated May 24, 2013.

7. PlanKraft Construction Group Inc. ("**PlanKraft**") is an Ontario corporation. It is a general contractor and it is owned and/or controlled by the defendants Mark Gross, Angelo D'Elia, and Julien Di Ciano, who are or were the directors and shareholders of the company.

2.0 BACKGROUND

8. On or about October 11, 2012, Gross Properties Inc., as assignor, assigned to Ronson as purchaser, the legal title to the Property. The Property was improved with an income producing building, leased to commercial tenants.

9. At the same time, Ronson, as Trustee, entered into a Nominee Agreement with the Schedule A Parties, pursuant to which the said parties were said to hold an undivided beneficial interest in the Property as set out in the said Agreement.

10. In addition, the Schedule A Parties entered into a Co-Tenants Agreement ("**CTA**") dated October 12, 2012. Among the co-tenants bound by the terms of the CTA were GCI and Julien Di Ciano.

11. The CTA set out the rights, obligations, and duties of the co-tenants. The CTA also provided for the creation of a Management Committee. The Management Committee's duties and responsibilities were set out in the CTA. The defendants, Mark Gross and Sheldon Gross, were appointed directors of Ronson and the two members of the Management Committee and they held these positions until 2022, when they were removed from both positions.

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12. Ronson borrowed $13,000,000 to Business Development Bank on a security of a first mortgage over the Property.

13. Ronson says and the fact is that each of the defendants, Mark Gross and Sheldon Gross, owed to Ronson, the following contractual, fiduciary duties and duties at law:

a. to act in the best interests of Ronson;

b. to do all things necessary to manage, maintain, and operate the assets of the co-tenancy;

c. to keep the Property in a good state of repair;

d. to properly and effectively provide for and arrange for leasehold improvements, repairs and maintenance when and where required;

e. to maintain proper books of account and financial records;

f. to avoid and declare conflicts of interest;

g. to avoid self -dealing;

h. to faithfully and report in a timely manner to the co-tenants on all material matters as set out in the CTA or otherwise;

i. to place property, fidelity and D&O insurance so as to safeguard Ronson from harm;

j. to retain such agents, contractors, sub-contractors, servants, professionals, and others as required;

k. to do all things necessary to safeguard the investments made by Ronson in the Property and the Co-Tenancy;

l. to provide management reports and disclose such information as may be required or necessary for the competent management of the asset; and

m. to perform their contractual duties faithfully and without negligence.

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3.0 FRAUD AND MISMANAGEMENT

3.1 INTEREST

14. Beginning in or about 2014, unbeknownst to Ronson, Mark Gross and Sheldon Gross wrongfully and without justification caused Ronson to lend money to GCI, treating Ronson's cash flow and working capital as a bank operating line.

15. Ronson says and the fact is that, at each year end, these defendants would cause an entry to be made in Ronson's books of account as if these loans were paid down and cash was deposited and then reversed these entries early in the following year (i.e., cash drawn again and charged to the loan account). Ronson says that this was done to hide from the company accountants the fact of these improper borrowings.

16. Ronson says that in 2012, $492,684 of the loan receivable balance was transferred to sundry accounts receivable and reported as such (rather than as being due from GCI) in the financial statements.

17. Ronson says that it appears that these loans were repaid in or about December 31, 2020 but the said defendants failed to pay to Ronson interest on the said borrowings.

18. The amounts owed to Ronson were initially posted to accounts payable (which would result in a debit, or negative account payable) and then the balance was transferred to accounts receivable.

19. Ronson says and the fact is that the following is owing for interest:

a. Year 2012: $3,768;

b. Year 2013: $67,657;

c. Year 2014: $50,434;

d. Year 2015: $83,125;

e. Year 2016: $63,641;

f. Year 2017: $71,700;

g. Year 2018: $69,670;

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h. Year 2019: $55,669; and

i. Year 2020: $30,005.

20. Ronson says and the fact is that in causing Ronson to be used in the manner aforesaid, the defendants, Mark Gross and Sheldon Gross:

a. breached their duties of care owed to Ronson;

b. breached their contractual duties to Ronson;

c. breached their fiduciary and statutory duties to act in the best interests of Ronson;

d. unjustly enriched themselves directly or indirectly by and through the bankrupt GCI;

e. engaged in self-dealing at the expense of Ronson;

f. failed to keep fulsome and accurate books of account; and

g. deprived Ronson of working capital.

21. Ronson therefore seeks repayment of the interest aforesaid.

3.2 FRAUDULENT PAYMENTS TO RELATED COMPANIES: FRAUD AND CONSPIRACY

22. On March 1, 2018, Ronson raised $15,500,000 by way of a first mortgage refinancing and the net amount available to Ronson was $3,791,764.

23. Ronson says and the fact is that the defendants conspired and agreed amongst themselves to engage in a course of dealing and conduct, with the intention of and with the design to defraud Ronson of $3,791,764 or a portion of it for their own benefit.

24. The following are the particulars of the conspiracy:

a. on a date or dates unknown to Ronson, but soon after the receipt of the funds by Ronson, the defendants, Mark Gross and Sheldon Gross, in their roles and capacities as directors of Ronson and of Prime, and as members of Ronson's Management Committee, agreed with the defendants, Angelo D'Elia, and Julien

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Di Ciano (who are or were the directors and shareholders of the PlanKraft) to create fictitious construction and renovation contracts between Ronson (either directly or indirectly) and PlanKraft, whereby PlanKraft was allegedly engaged to renovate and improve certain tenant premises and common areas in the Property at grossly inflated rates, charges and expenses;

b. in addition, these defendants agreed and conspired amongst themselves to create, in Ronson's books of account, false and fictitious entries regarding deferred tenant inducements, deferred recoverable costs, deferred leasing costs, and loan receivables in order to cover up their thefts of the funds;

c. in pretended performance of the said renovation and construction contracts and in pretended compliance with the said book entries, the defendants, Angelo D'Elia, Julien Di Ciano, Mark Gross, Sheldon Gross, PlanKraft and GCI misappropriated, to their own use and benefit, the following sums; and

d. the defendants, Mark Gross and Sheldon Gross, then caused Ronson and Prime to pay the inflated contract values to PlanKraft or to the defendants, Angelo D'Elia, Julien Di Ciano, Mark Gross and Sheldon Gross and personally as follows:

Disbursements of refinancing proceeds			
Payee	**Project description**	**Initially charged to**	**Payment Amount $**
PlanKraft	3rd draw building generator	Building improvements	621,500
PlanKraft	Gross Capital office reno	Deferred tenant inducements	169,500
PlanKraft	1st floor restroom restoration	Deferred recoverable costs	203,400
PlanKraft	3rd floor restroom restoration	Deferred recoverable costs	423,750
PlanKraft	3rd floor hallway restoration	Deferred recoverable costs	101,700
PlanKraft	Employers bench reno	Deferred tenant inducements	395,500
PlanKraft	United steelworkers union reno	Deferred tenant inducements	565,000
			2,480,350
Jones Lang Lasalle	Commission re: Synnex renewal	Deferred leasing costs	727,099
Gross Capital	Transfer from Ronson to Gross	Loan receivable-other	225,000
Gross Capital	Transfer from Ronson to Gross	Loan receivable-other	10,000
Gross Capital	Transfer from Ronson to Gross	Loan receivable-other	100,000
Gross Capital	Transfer from Ronson to Gross	Loan receivable-other	100,000
			435,000
			3,642,449

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25. Ronson says further that the said sums are fraudulent, inflated, and artificial.

26. Ronson says that as a result of the said conspiracy and the fraudulent misappropriation of the funds as aforesaid, Ronson and the Schedule A Parties have suffered loss and damage. Ronson says and the fact is that Mark Gross and PlanKraft, including Plankraft's directors, officers and shareholders, agreed to use the monies intended for Ronson to pay their third party debts for their benefit.

27. Ronson therefore says that these defendants, in engaging in the conspiracy as aforesaid, have breached their common law, fiduciary, statutory and contractual duties as hereinbefore set out owed to Ronson.

3.3 FAILURE TO PAY RENT

28. Ronson says and the fact is that the defendants, Mark Gross, Sheldon Gross, Justin Di Ciano, Angelo D'Elia and Julien Di Ciano caused CGI and Prime to not pay rent for the years 2018 to 2021 in connection with the leased premises in the Property and caused Ronson and its Management Committee to not demand rent and pursue its landlord remedies.

29. Ronson says further that these defendants intentionally failed to record in Ronson's books of account the rent paid and owing. Ronson continues to investigate and calculate the rent owing by each of GCI and Prime.

30. In any event, Ronson says and the fact is that each of the personal defendants were unjustly enriched by the non payment of rent. Full particulars will be provided at the trial of this action

3.4 HST

31. Ronson says and the fact is that the defendants, Mark Gross and Sheldon Gross, as the directors of Ronson and as members of the Management Committee failed to cause Ronson to pay HST. Ronson therefore says that Mark Gross and Sheldon Gross are liable to Ronson for any penalties and interest owing to CRA as a result. Ronson therefore claims $276,000 for these penalties and interest.

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4.0 TRIAL

32. Ronson therefore seeks the relief set out in paragraph 1.

33. Ronson pleads that the trial of this Action be heard in the City of Toronto.

September 16, 2022

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Agents to Scalzi PC, Lawyers for the Plaintiff

Court File No.

200 Ronson Drive Inc. as Nominee Plaintiff	and	Plankraft Construction Group Inc. et al Defendants

ONTARIO
SUPERIOR COURT OF JUSTICE

PROCEEDING COMMENCED AT
TORONTO

STATEMENT OF CLAIM

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Schedule A

1.	1442927 Ontario Inc.
2.	1649750 Ontario Inc.
3.	1672443 Ontario Inc.
4.	1818019 Ontario Limited
5.	1846312 Ontario Inc
6.	2084437 Ontario Inc.
7.	Allan Gross
8.	Ava Gross
9.	Bruce Yanagihara
10.	Carole Onouye
11.	Dunpar Developments
12.	Earl Levy
13.	Estate of Ruth Hisaye Honda Trust
14.	Fabrizio Toni/Sandra Toni
15.	Fernando Plamenco
16.	Gaetano Pace
17.	Gary Opolsky
18.	Giuseppe Pace/Barbara Pace
19.	Giuseppe Rizzo/Maria Rosoriana Rizzo
20.	Gross Capital Inc.
21.	James Lu/Haifeng Bao
22.	Janis Lai
23.	Jean Morel
24.	Jeff Layton
25.	Jerry Di Iorio/Louise Di Iorio
26.	Jill Lavine
27.	Jiwei Bao/Hailei Bao
28.	Johann Strasser
29.	John Dattomo/Daniela Dattomo
30.	Jules Gross Limited
31.	Marietta Freyger

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32.	Michael Di Pasquale/Andrea Cheng
33.	Michael Steirman Medicine Professional Corporation
34.	Nicholas Chepurnyj
35.	Ortenza Dattomo
36.	Patrick Carroll/Marley Carroll
37.	Pietro Dattomo/Grace Dattomo
38.	Randy 88, LLC
39.	Robert Bulkley/Claire Bulkley
40.	Roberta Sunahara/Paul Sunahara
41.	Ronald Gagel 2.198%
42.	Ronald Jones
43.	SFA Big Box Ltd.
44.	Tanview Investments Limited
45.	The Dr. Harold And Mrs. Brownie Fleishman Family Trust
46.	The Gary L. Segal Family Trust
47.	Title Dress Ltd.
48.	Treat's Holding (2008) Inc.
49.	Tricia Kamikawa
50.	Yudel Holdings Ltd.

TAB 4

Court File No. 31-2747949

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

IN THE MATTER OF THE BANKRUPTCY OF GROSS CAPITAL INC., OF THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO

SERVICE LIST

TO	**AIRD & BERLIS LLP** Barristers and Solicitors Brookfield Place 181 Bay Street, Suite 1800 Toronto, ON M5J 2T9 **Kyle Plunkett (LSO # 61044N)** Tel: (416) 865-3406 Email: kplunkett@airdberlis.com **Jeremy Nemers (LSO # 66410Q)** Tel: (416) 865-7724 Email: jnemers@airdberlis.com *Lawyers for the Bankruptcy Trustee*
AND TO:	**KSV RESTRUCTURING INC.** 150 King Street West Suite 2308, Box 42 Toronto, ON M5H 1J9 **David Sieradzki** Tel: (416) 932-6030 Email: dsieradzki@ksvadvisory.com **Noah Goldstein** Tel: (416) 932-6207 Email: ngoldstein@ksvadvisory.com *Bankruptcy Trustee*

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AND TO:	**SHELDON GROSS** Email: sheldon.gross19@gmail.com
AND TO:	**FOGLER, RUBINOFF LLP** 77 King Street West Suite 3000, P.O. Box 95 TD Centre North Tower Toronto, ON M5K 1G8 **Avi Sugar** Tel: (416) 365-3717 Email: asugar@foglers.com **Jordan Kamenetsky** Tel: (416) 864-1278 Email: jkamenetsky@foglers.com
AND TO:	**OFFICE OF THE SUPERINTENDENT OF BANKRUPTCY CANADA** 151 Yonge Street, 4th Floor Toronto, ON M5C 2W7

Email: kplunkett@airdberlis.com; jnemers@airdberlis.com; dsieradzki@ksvadvisory.com; ngoldstein@ksvadvisory.com; jbunting@tyrllp.com; jwadden@tyrllp.com; asugar@foglers.com; jkamenetsky@foglers.com; sheldon.gross19@gmail.com

IN THE MATTER OF THE BANKRUPTCY OF GROSS CAPITAL INC., OF THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO

Court File No. 31-2747949

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

Proceedings commenced at Toronto

MOTION RECORD

(returnable on a date to be scheduled)
Volume 3 of 3

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