District of British Columbia
Division No. 03 – Vancouver
Estate File No. 11-2649058

IN THE MATTER OF THE BANKRUPTCY OF
TRIPLE M MODULAR LTD. O/A METRIC MODULAR
OF THE CITY OF AGASSIZ, IN THE PROVINCE OF BRITISH COLUMBIA

TRUSTEE'S REPORT ON ITS PRELIMINARY ADMINSITRATION

Dated October 15, 2020

*The information contained in this Trustee's report on its preliminary administration (this "**Report**") has been prepared from the available books and records of the Company and discussions with the former principal of the Company. The books and records of the Company have not been reviewed or otherwise audited by the Trustee and, consequently, the Trustee expresses no opinion whatsoever with respect to the validity, the exactness, or the reliability of the information taken from those records continued herein.*

A. BACKGROUND

Triple M Modular Ltd. o/a Metric Modular was incorporated on April 6, 2017 pursuant to the *Business Corporations Act* (British Columbia). The Company is a wholly owned subsidiary of Triple M Modular LP ("**Triple M LP**"), an entity that is the sole shareholder of Metric Modular and its sister Company, Triple M Housing Ltd. ("**Triple M Housing**"), an Alberta based corporation located in Lethbridge, Alberta.

Metric Modular is a modular construction company specializing in designing, building, delivering, and installing affordable multi-family and market housing, student accommodation and education space, hotels, workforce accommodation, and high-performance energy efficient modular buildings. The Company's head office and main production facility was located at 1825 Tower Road, Agassiz, British Columbia (the "**Agassiz Facility**").

NOI PROCEEDINGS

On June 1, 2020, Metric Modular filed a Notice of Intention to Make a Proposal (the "**NOI**") with the Office of the Superintendent of Bankruptcy Canada pursuant to Section 50.4(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**"). Upon filing the NOI, Grant Thornton Limited ("**GTL**"), was named as the Licensed Insolvency Trustee in the proceedings (in such capacity, the "**Proposal Trustee**").

On June 30, 2020, the Supreme Court of British Columbia in Bankruptcy and Insolvency (the "**Court**") granted an order that, among other things, extended the time for Metric Modular to file a Proposal with the Official Receiver to and including August 15, 2020.

On August 14, 2020, the Court granted another order that further extended the time for Metric Modular to file a Proposal with the Official Receiver to and including September 29, 2020.

Prior to, and shortly after the date of the NOI, the Company performed an analysis to determine the profitability of each of its 29 approved and/or active customer projects to determine which projects it would complete during the NOI proceedings. Upon completing the analysis, the Company decided to complete 23 of the 29 projects (collectively, the "**Remaining Projects**"). Throughout the NOI proceedings, the Company completed the Remaining Projects.

In addition to completing the Remaining Projects, on August 4, 2020, in consultation with the Proposal Trustee, the Company commenced a sale process (the "**Sale Process**") to solicit offers on its assets, consisting mainly of building materials, construction equipment, and tools (collectively, the "**Assets**"). Upon completing the Sale Process, the Company obtained an order from the Court approving the sale of the Assets for consideration totaling $622,945.

On September 29, 2020, subsequent to all of the Assets being removed from the Agassiz Facility, the Company fully vacated the premises and returned the keys to the landlord of same.

The following materials provide additional background on the Company and the events leading up to the NOI filing date:

a) the first, second, and third affidavits of Joel Holloway, Chief Financial Officer, sworn on June 23, 2020 and August 11, 2020, respectively (collectively, the "**Holloway Affidavits**");

b) the affidavit of Stephen Branch sworn on September 2, 2020 (the **“Branch Affidavit**”); and

c) the Proposal Trustee’s Reports to Court dated June 23, 2020 (the “**First Report**”), August 10, 2020 (the “**Second Report**”), and September 3, 2020 (the “**Third Report**”, together with the First Report and Second Report, the “**Trustee’s Reports to Court**”).

Copies of the Holloway Affidavits, the Branch Affidavit, and the Trustee’s Reports to Court are available on the Proposal Trustee’s case website: www.GrantThornton.ca/MetricModular (the “**Case Website**”).

BANKRUPTCY

On September 30, 2020, the Company was deemed to have filed an assignment in bankruptcy pursuant to subsection 50.4(8) of the BIA whereby GTL was appointed as the trustee in bankruptcy (in such capacities, the “**Trustee**”) over the estate of the Company and these bankruptcy proceedings. The Company was deemed bankrupt as it failed to file a Proposal with the Official Receiver on September 29, 2020.

B. FINANCIAL SITUATION AND CAUSES OF INSOLVENCY

As a result of the continued losses, Metric Modular had accumulated significant unsecured and secured liabilities required to continue to fund operations. Based on current trends and historical performance, coupled with the current COVID-19 pandemic, the Company forecasted that further losses would be incurred in the future, making the business unsustainable.

Throughout the month of May, the Company had begun to evaluate alternatives available should the Company have insufficient liquidity upon the reduction of its primary operating facility. The liquidity challenges and inability to pay creditors according to agreed terms led Metric Modular to apply for creditor protection by filing for protection under the NOI.

C. CONSERVATORY AND PROTECTIVE MEASURES

As the Company had sold all of its Assets, pursuant to the Sale Process, and vacated the Agassiz Facility, the Trustee has not taken possession of any physical assets.

Immediately following the Trustee's appointment, the Trustee contacted ATB Financial ("**ATB**") with instructions to: (i) freeze all Metric Modular bank accounts; (ii) cancel all Metric Modular credit cards; and (iii) direct any remaining funds held in the Company's accounts to the Trustee's designated trust account.

On September 30, 2019, the Trustee retained the three (3) previous employees of the Company on a temporary contract basis to assist with preparing T4s and ROEs for employees and to assist the Trustee in its administration of the estate.

Subsequent to vacating the Agassiz Facility, the Company cancelled the various insurance policies that were in place. As there are no physical assets nor is there an operating location, the Trustee is currently determining if insurance is required during its administration of the estate.

D. TRUSTEE'S PRELIMINARY EVALUATION OF ASSETS

Pursuant to the statement of affairs dated September 30, 2020 (the "**SOA**"), the assets of Metric Modular consist of the following, each of which is discussed in greater detail below:

Asset	Book Value	SOA Values
Cash	$ 1,438,874	$ 1,438,874
Accounts Receivable	2,210,401	1,438,342
Landlord Deposit	10,000	0
Insurance Premium Refund	36,000	0
Investment in Triple M Housing Ltd.	153,065	1
Total	**$ 3,438,340**	**$ 2,877,216**

CASH

The cash in bank consists of $1,427,797 (CAD) and $2,912 (USD) held in accounts at ATB. Petty cash consists of approximately $7,000 (CAD) that was in the Company's possession at the date of bankruptcy.

ACCOUNTS RECEIVABLE

As outlined above, at the date of bankruptcy, the book value of the outstanding accounts receivable ("**A/R**") totals approximately $2,210,401 owing from nine (9) customers. Of the total A/R, approximately $717,222 relates to lien holdbacks for specific Remaining Projects while the remaining balance relates to progress draws issued by the Company prior to the date of bankruptcy.

LANDLORD DEPOSIT

Pursuant to the terms of an agreement between the landlord of the Agassiz Facility and the Company during the NOI proceedings, the landlord is currently in possession of a deposit of $10,000. The Trustee is of the understanding that there may be set-offs associated with this deposit so the collection of same is uncertain at this time.

INSURANCE PREMIUM REFUND

As the commercial insurance policies were cancelled at the date of bankruptcy, the Trustee is of the understanding that an estimated premium refund of approximately $36,000 is due and owing to Metric Modular. The Trustee has been corresponding with the insurance broker responsible for these policies to have the premium refund remitted to the Trustee.

INVESTMENT IN TRIPLE M HOUSING LTD.

The investment in Triple M Housing Ltd. consists of a 0.72% equity interest (902 shares of 97,641 shares outstanding) in Triple M Housing Ltd. The Trustee has not determined the realizable value, if any, of these shares.

E. BOOKS AND RECORDS OF THE BANKRUPT

The Trustee is in the process of obtaining an electronic copy of the entirety of the Company's electronic file directory which includes the accounting records required to administer the bankruptcy. The Company also has various hardcopy records which are currently being stored in a secure storage facility in Agassiz, BC.

F. SECURED CREDITORS

Searches of the British Columbia Personal Property Security Registry in respect of Metric Modular and Triple M Modular Ltd. have identified the following security registrations:

Registered Party	Estimated Claim
ATB Financial	$ 10,283,632
Britco Boxx Limited Partnership	Unknown
Gold Key Sales and Lease Ltd.	Unknown
Jim Pattison Industries Ltd.	Unknown
Meridian Onecap Credit Corp.	Unknown
Roynat Inc.	Unknown
Trisura Guarantee Insurance Company	Unknown
Amalgamated Bank	Unknown

ATB FINANCIAL

The amount owing to ATB Financial ("**ATB**") relates to direct financing provided by ATB to Triple M Housing pursuant to a credit facility between the parties (the "**ATB Credit Facility**"), with a secured guarantee provided by Metric Modular in relation to and in support of the ATB Credit Facility. Under this arrangement, Triple M Housing would borrow against the ATB Credit Facility to finance the working capital requirements of Metric Modular's business, set up as an intercompany loan to Triple M Housing.

Under the ATB Credit Facility and guarantee provided by Metric Modular, ATB has direct recourse against Metric Modular for the entire balance outstanding under the ATB Credit Facility. Based on a search of the Personal Property Registry of both British Columbia and Alberta, ATB has a registered security interest in all the present and after-acquired personal property of Metric Modular (and Triple M Housing). As at the date of this Report, the Proposal Trustee has not completed a security review to confirm the validity or enforceability of ATB's security.

The Trustee has received a secured proof of claim from ATB in the amount of $10,283,632. The secured proof of claim values ATB's security at $3,438,340, resulting in a remaining unsecured claim of $6,845,292.

As discussed further in this Report, ATB intends to appoint Grant Thornton Limited as agent / private-receiver to realize on assets that are subject to ATB's security.

BRITCO BOXX LIMITED PARTNERSHIP, GOLD KEY SALES AND LEASE LTD., JIM PATTISON INDUSTRIES LTD., MERIDIAN ONECAP CREDIT CORP., AND ROYNAT INC.

The registrations made by Britco Boxx Limited Partnership, Gold Key Sales and Lease Ltd., Jim Pattison Industries Ltd., Meridian Onecap Credit Corp., and Roynat Inc. relate to serial number registrations against various assets that were previously leased by Metric Modular (e.g. construction office trailers, vehicles, office equipment, etc.). The Trustee has been advised by the past CFO of the Company that all of these assets have been returned to the above noted lessors.

TRISURA GUARANTEE INSURANCE COMPANY

The registration made by Trisura Guarantee Insurance Company ("**Trisura**") relates to a bonding facility provided by Trisura with respect to a previously completed project. The Trustee is of the understanding that this bonding facility is expired.

AMALGAMATED BANK

The Trustee has been advised that the registration made by Amalgamated Bank represents security granted in favour of same with respect to certain assets related to a project undertaken by Metric Modular. The Trustee has been advised by the past CFO of Metric Modular that this registration is no longer applicable as the assets in question are no longer subject to Amalgamated Bank's security.

CANADA REVENUE AGENCY

The Trustee understands that there is no payroll source deduction liability due to the Canada Revenue Agency (the "**CRA**") however, the CRA may conduct a trust examination at a later date.

G. SECURITY FOR UNPAID WAGES – S. 81.3 CLAIMS

Service Canada, as the administrator of the Wage Earner Protection Program ("**WEPP**"), has security for unpaid wages and vacation pay up to a maximum of $2,000 per employee over current assets pursuant to section 81.3 of the BIA. The Trustee has calculated that this amount is approximately $100,028.

H. UNSECURED CREDITORS

As outlined in the SOA, the Company has listed 379 unsecured creditors totalling approximately $4,259,692.

As of the date of this Report, the formal process for creditors to prove their claims continues and therefore the amounts on the SOA are subject to change.

I. LEGAL PROCEEDINGS

The Trustee has not initiated any legal actions and all actions initiated against the Company prior to the date of bankruptcy are stayed pursuant to subsection 69.3 (1) of the BIA.

During the NOI proceedings, certain employees (the "**Class Employees**") retained counsel and filed a statement of claim against the Company and its sister company, Triple M Housing. Upon receiving the claim, Metric Modular's counsel advised counsel to the Class Employees that a stay of proceedings was in place during the NOI proceedings pursuant to subsection 69(1) of the BIA. Given that the Company is now deemed bankrupt, the stay of proceedings afforded under subsection 69.3(1) remains.

On October 14, 2020, the Class Employees filed an application with the Court to lift the stay of proceedings afforded under subsection 69.3(1) of the BIA. The Trustee is currently considering next steps with respect to this application.

J. REVIEWABLE TRANSACTIONS AND PREFERENCE PAYMENTS

At this preliminary stage of the bankruptcy proceedings, the Trustee has not performed a review of the Company's books and records, with respect to potential fraudulent preferences, settlements, or transfers under value, as defined by the BIA. It is the intention of the Trustee to discuss the scope of its review with the inspectors.

K. TRUSTEE'S INTENTION TO ACT FOR THE SECURED CREDITOR

ATB intends to appoint GTL as agent / private receiver of Metric Modular pursuant to ATB's security. ATB's security is currently being reviewed by independent legal counsel to confirm that same is valid and enforceable as against the Trustee.

L. DETAILS OF THIRD-PARTY DEPOSITS OR GUARANTEES

In consideration for consenting to act in the NOI proceedings, GTL received a retainer of $25,000 from the Company prior to the NOI filing date on June 1, 2020 (the "**Retainer**") to satisfy any GTL outstanding fees. The Trustee intends to use this Retainer to satisfy its fees and disbursements, including the fees and disbursements of its legal counsel for statutory work in accordance with the provisions of the BIA.

M. PROJECTED DISTRIBUTION AND ANTICIPATED ASSET REALIZATION

As of the date of this Report, given the secured interest in favour of ATB, it is unlikely that distributions will be made available to Metric Modular's ordinary unsecured creditors.

N. OTHER MATTERS REGARDING THE ADMINISTRATION OF THE ESTATE

At this time, the Trustee is not aware of any other matters affecting the administration of the bankrupt estate; however, if anyone is aware of matters that should be brought to the attention of the Trustee for further review and investigation, they should contact the Trustee's office with details and copies of any available information

DATED at Calgary, Alberta this 15th day of October, 2020.

GRANT THORNTON LIMITED,
solely in its capacity as the Trustee of the estate of
Triple M Modular Ltd. o/a Metric Modular,
and not in its personal or corporate capacity

Jason Knight, CPA, CA, CIRP, LIT
Vice President