

**IN THE MATTER OF THE BANKRUPTCY OF
GRASSCHOPPER LANDSCAPING LTD.**

TRUSTEE'S PRELIMINARY REPORT TO CREDITORS

GrassChopper Landscaping Ltd. (“GCL” or the “Company”) filed an assignment in bankruptcy on September 27, 2023 (the “Date of Bankruptcy”) and KPMG Inc. was appointed as the Trustee (the “Trustee”) of the Estate. This report has been prepared by KPMG Inc., in its capacity as Trustee of the Estate of GCL, to provide preliminary information to the Company’s creditors.

BACKGROUND

GCL is a landscaping company based in Edmonton, Alberta. It was founded in 2001 and provided year-round services for landscape design, construction, maintenance, and snow & ice removal. In July 2021, Urban Life Solutions Inc. (the “Parent” or “ULS”) purchased GCL to integrate it into its existing landscaping and maintenance business.

The Company underperformed based on expectations at the time of purchase, operating at a loss since being acquired, and was involved in multiple lawsuits including with the previous owner of the Company. The Company’s directors’ ceased operations, and made a voluntary assignment into bankruptcy shortly afterwards.

PRELIMINARY EVALUATION OF ASSETS

The following table provides a preliminary summary evaluation of the Company’s assets based on information from the Statement of Affairs dated September 27, 2023 (the “SOA”) and the Trustee’s evaluation:

Assets	SOA – Estimated Realizable Value	Trustee – Estimated Realizable Value
Cash	\$77,809.00	\$62,978.99
Accounts Receivable	\$0.00	\$170,000.00
Capital Assets	\$429,170.00	\$1,015,048.00

Cash

The Company had one bank account with Canadian Imperial Bank of Commerce (“CIBC”) with a balance of \$62,978 at the date of bankruptcy. The Trustee instructed CIBC to freeze the Company’s account and transfer the funds to Trustee’s estate bank account.

Accounts Receivable

The Company has listed \$406,211 in accounts receivable at the date of bankruptcy. Of these receivables, \$68,302 is considered uncollectable by the Company as they were in a dispute with the customer and the invoices are aged over 121 days. The Trustee is in the process of attempting to collect the remaining accounts receivable balances. To date \$154,412 has been received.

Capital Assets

The Company has listed \$429,107 of capital assets mainly consisting of vehicles and equipment used in the landscaping operations (the “**Capital Assets**”). This also includes various shop equipment and supplies. Prior to the bankruptcy assignment, ULS had organized an auction of all the remaining physical assets.

AUCTION

The Company entered into an auction agreement with Maynards Industries Canada Ltd. (the “**Auctioneer**”) to sell the Capital Assets as part of the wind down process prior to the assignment into bankruptcy. The auction was on October 4, 2023. Upon appointment, the Trustee and it's counsel reviewed the auction agreement. The trustee also viewed all assets prior to the auction during a site visit conducted on September 28, 2023.

The Trustee elected to continue with the sale of the Capital Assets as:

- The Company had spent significant time and incurred significant costs prior to the bankruptcy in engaging the Auctioneer and having an inventory of the Capital Assets taken;
- The Auctioneer is well-known, and the Trustee has experience of dealing with;
- The Auctioneer would have been one of the auctioneers contacted by the Trustee to provide a proposal for the disposal of the Capital Assets if it had been necessary; and
- Canceling the auction agreement and seeking other proposals would have incurred additional costs to the bankruptcy estate, with likely no increase in recoverable value to the creditors.

BOOKS AND RECORDS

Substantially all of the Company's books and records were located in Toronto. ULS is in possession of the physical books and records. The Trustee is in possession of electronic records relating to the accounting of the Company.

The Trustee has performed a preliminary review of the records to assess completeness and the financial position of GCL.

PROOFS OF CLAIM

Secured

As of the date of this report, no secured claims have been received. The SOA lists Canadian Imperial Bank of Commerce, Canadian Imperial Bank of Commerce as Administrative Agent, Crystal Glass Canada Ltd. and Trisura Guarantee Insurance Company as secured creditors. The value of the claims has not yet been quantified; however, the Trustee believes they will ultimately exceed the realizable value of the Company's assets

Preferred

As of the date of this report, no preferred claims have been received.

Unsecured

As of the date of this report, the following proofs of claim from unsecured creditors have been received:

Creditor	Amount (CAD \$)
LWL Engineering Ltd.	5,100.00
Total	5,100.00

PREFERENCE PAYMENTS & TRANSFERS AT UNDERVALUE

The Trustee has not completed its review for potential Preference Payments and Transfers at Undervalue at this time.

ESTIMATED REALIZATION & DISTRIBUTION

As the Company's Property is subject to the General Security Agreement granted to CIBC with a cross guarantee with other ULS companies, and as the outstanding balance of the loan facility is approximately \$60 million, it is expected that no proceeds will be available for distribution to unsecured creditors in the bankruptcy administration.

REMUNERATION OF THE TRUSTEE

The cost of the administering this bankruptcy estate including the Trustee's fees and disbursements are being funded from the estate.

Dated at the City of Calgary, Alberta this 17th day of October, 2023

KPMG INC.,
Trustee of the Estate of
GrassChopper Landscaping Ltd.
and not in its personal capacity



Per: Neil Honess
Senior Vice President

Dated this 17th day of October, 2023