

Clerk's Stamp:



COURT FILE NUMBER

1703 21274

COURT OF QUEEN'S BENCH OF
ALBERTA

JUDICIAL CENTRE

EDMONTON

PLAINTIFF

ROYAL BANK OF CANADA

DEFENDANTS

1679775 ALBERTA LTD., REID-BUILT HOMES
LTD., REID WORLDWIDE CORPORATION,
BUILDER'S DIRECT SUPPLY LTD., REID BUILT
HOMES CALGARY LTD., REID INVESTMENTS LTD.,
REID CAPITAL CORP. and EMILIE REID

DOCUMENT

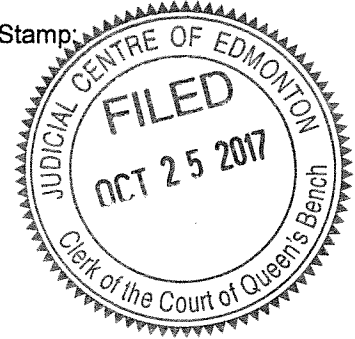
**AFFIDAVIT IN SUPPORT OF APPLICATION FOR
APPOINTMENT OF A RECEIVER**

VOLUME 1 OF 6 CONTAINING EXHIBITS A - F

ADDRESS FOR SERVICE AND CONTACT
INFORMATION OF PARTY FILING THIS
DOCUMENT

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File No.: 125665-8723/RCR

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REID CAPITAL CORP. and EMILIE REID

DOCUMENT

AFFIDAVIT OF TANIA LITSOS

ADDRESS FOR SERVICE AND CONTACT
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Ph. (780) 423-7246 Fx. (780) 423-7276
File No.: 125665-8723/RCR

Sworn on OCTOBER 24, 2017

I, Tania Litsos, of the City of Toronto, in the Province of Ontario, MAKE OATH AND SAY THAT:

1. I am a vice president in the Special Loans and Advisory Services group of Royal Bank of Canada ("RBC"), the Plaintiff in these proceedings and as such have knowledge of the facts and matters hereinafter deposed to by me, except where stated to be based upon information and belief and where so stated I do verily believe the same to be true.
2. RBC is a Bank to which the *Bank Act* (Canada) applies.
3. The Defendants, 1679775 Alberta Ltd. ("167"), Reid-Built Homes Ltd. ("Reid Homes"), Reid Worldwide Corporation ("Worldwide"), Builder's Direct Supply Ltd. ("BDS"), Reid Built Homes Calgary Ltd. ("RBHC"), Reid Investments Ltd. ("Investments"), Reid Capital Corp. ("Capital") and Emilie Reid ("Emilie") are customers and/or debtors of RBC. I am the person at RBC directly responsible for the administration of the accounts of the Defendants insofar as concerns the matters raised in the Statement of Claim in these proceedings.
4. I am authorized to make this Affidavit on behalf of RBC.
5. Attached to my Affidavit and collectively marked as Exhibit "A" are copies of Alberta Corporate Registry search results for 167, Reid Homes, Worldwide, BDS, RBHC, Investments and Capital (the "Corporate Group"). Emilie owns 100% of the voting shares of Investments. Investments owns 100% of the voting shares of 167, Reid Homes, Worldwide, BDS and Capital. BDS owns 100% of the shares of RBHC.

6. The Corporate Group is engaged generally in the real estate business (primarily but not exclusively in Alberta). The business of the Corporate Group includes the construction of residential homes (on a spec and pre-sale basis), residential and commercial property development and commercial rental of land and buildings.

FINANCIAL STATEMENTS

7. Attached to my Affidavit and marked as Exhibit "B" is a copy of the 2016 consolidated audited financial statements of Investments.

GENERAL

8. RBC is the primary banker of 167, Reid Homes and Worldwide.
9. RBC provided loans and/or other credit to 167, Reid Homes, Worldwide and RBHC. Each of the Corporate Group has guaranteed to RBC the indebtedness of the other members of the Corporate Group to RBC on a joint and several basis.

167'S DIRECT INDEBTEDNESS

10. 167 borrowed money from RBC which it agreed to repay to RBC with interest. As a result of such borrowing, 167 is directly indebted to RBC as follows:
 - (a) RCL 77218808 001: \$27,162,576.71 plus interest from and after October 20, 2017 at RBC prime rate of interest in effect from time to time ("Prime") plus 1.50%;
 - (b) Letters of Credit/Guarantee: \$279,500.00 plus interest, fees and other costs applicable under each Letter of Credit or Letter of Guarantee;
 - (c) any further credit or other loan amounts extended by RBC to 167 from and after October 20, 2017, in RBC's absolute discretion plus applicable interest; and
 - (d) costs on a solicitor and own client full indemnity basis with respect to all legal and financial advisory, incurred from time to time

(all sums payable to RBC in paragraphs (a) – (d) above are herein collectively referred to as the "167 Direct Indebtedness").

The indebtedness above headed RCL is a revolving facility and may revolve in RBC's discretion. The Letters of Credit/Letters of Guarantee referenced above remain outstanding.

11. Attached to my Affidavit and collectively marked as Exhibit "C" are copies of agreements evidencing the 167 Direct Indebtedness.
12. Attached to my Affidavit and collectively marked as Exhibit "D" are true copies of entries made in the usual and ordinary course of business of RBC in books or records which were at the time of the making of the entries one of the ordinary books or records of RBC. The books or records are in the custody and control of RBC. Exhibit "D" evidences the RCL 167 Direct Indebtedness.

REID HOMES DIRECT INDEBTEDNESS

13. Reid Homes borrowed money from RBC which it agreed to repay to RBC with interest. As a result of such borrowing, Reid Homes is directly indebted to RBC as follows:

- (a) RCL 54068796 003: \$35,509,342.61 plus interest from and after October 20, 2017 at Prime plus 1.50% per annum;
- (b) Letters of Credit/Guarantee: \$357,000.00 plus interest, fees and other costs applicable under each Letter of Credit or Letter of Guarantee;
- (c) any further credit or other loan amounts extended by RBC to Reid Homes from and after October 20, 2017, in RBC's absolute discretion plus applicable interest; and
- (d) costs on a solicitor and own client full indemnity basis with respect to all legal and financial advisory, incurred from time to time

(all sums payable to RBC in paragraphs (a) – (d) above are herein collectively referred to as the "Reid Homes Direct Indebtedness"). The Letters of Credit/Letters of Guarantee referenced above remain outstanding.

- 14. Attached to my Affidavit and collectively marked as Exhibit "E" are copies of agreements evidencing the Reid Homes Direct Indebtedness.
- 15. Attached to my Affidavit and collectively marked as Exhibit "F" are true copies of entries made in the usual and ordinary course of business of RBC in books or records which were at the time of the making of the entries one of the ordinary books or records of RBC. The books or records are in the custody and control of RBC. Exhibit "F" evidences the RCL Reid Homes Direct Indebtedness other than costs.

WORLDWIDE DIRECT INDEBTEDNESS

- 16. Worldwide borrowed money from RBC which it agreed to repay to RBC with interest. As a result of such borrowing, Worldwide is directly indebted to RBC as follows:

- (a) RCL 54072301-003: \$576,844.59 plus interest from and after October 20, 2017 at Prime plus 1.50%;
- (b) Letters of Credit/Guarantee: \$759,800.00 plus interest, fees and other costs applicable under each Letter of Credit or Letter of Guarantee;
- (c) any further credit or other loan amounts extended by RBC to Worldwide from and after October 20, 2017, in RBC's absolute discretion plus applicable interest; and
- (d) costs on a solicitor and own client full indemnity basis with respect to all legal and financial advisory, incurred from time to time

(all sums payable to RBC in paragraphs (a) – (d) above are herein collectively referred to as the "Worldwide Direct Indebtedness"). The Letters of Credit/Letters of Guarantee referenced above remain outstanding.

- 17. Attached to my Affidavit and collectively marked as Exhibit "G" are copies of agreements evidencing the Worldwide Direct Indebtedness.
- 18. Attached to my Affidavit and collectively marked as Exhibit "H" are true copies of entries made in the usual and ordinary course of business of RBC in books or records which were at the time of the making of the entries one of the ordinary books or records of RBC. The books or records are in the custody and control of RBC. Exhibit "H" evidences the RCL Worldwide Direct Indebtedness other than costs.

RBHC DIRECT INDEBTEDNESS

19. RBHC borrowed money from RBC which it agreed to repay to RBC with interest. As a result of such borrowing, RBHC is directly indebted to RBC as follows:
 - (a) Letters of Credit/Guarantee: \$135,000.00 plus interest, fees and other costs applicable under each Letter of Credit or Letter of Guarantee;
 - (b) any further credit or other loan amounts extended by RBC to RBHC from and after October 20, 2017, in RBC's absolute discretion; and
 - (c) costs on a solicitor and own client full indemnity basis with respect to all legal and financial advisory, incurred from time to time

(all sums payable to RBC in paragraphs (a) – (c) above are herein collectively referred to as the "RBHC Direct Indebtedness"). The Letters of Credit/Letters of Guarantee referenced above remain outstanding.
20. Attached to my Affidavit and collectively marked as Exhibit "I" are copies of agreements evidencing the RBHC Direct Indebtedness.

GUARANTEES GRANTED BY 167

21. On or about July 19, 2017, 167 granted to RBC an unlimited Guarantee and Postponement of Claim guaranteeing to RBC all of the indebtedness of Reid Homes to RBC, plus costs on a solicitor and own client full indemnity basis (the "First 167 Guarantee").
22. Attached to my Affidavit and marked as Exhibit "J" is a copy of the First 167 Guarantee.
23. On or about July 19, 2017, 167 granted to RBC an unlimited Guarantee and Postponement of Claim guaranteeing to RBC all of the indebtedness of Worldwide to RBC, plus interest and costs on a solicitor and own client full indemnity basis (the "Second 167 Guarantee").
24. Attached to my Affidavit and marked as Exhibit "K" is a copy of the Second 167 Guarantee.
25. The amounts payable pursuant to the First 167 Guarantee and Second 167 Guarantee are due and owing.

GUARANTEES GRANTED BY REID HOMES

26. On or about July 19, 2017, Reid Homes granted to RBC an unlimited Guarantee and Postponement of Claim guaranteeing to RBC all of the indebtedness of 167 to RBC, plus costs on a solicitor and own client full indemnity basis (the "First Reid Homes Guarantee").
27. Attached to my Affidavit and marked as Exhibit "L" is a copy of the First Reid Homes Guarantee.
28. On or about July 19, 2017, Reid Homes granted to RBC an unlimited Guarantee and Postponement of Claim guaranteeing to RBC all of the indebtedness of Worldwide to RBC, plus interest and costs on a solicitor and own client full indemnity basis (the "Second Reid Homes Guarantee").
29. Attached to my Affidavit and marked as Exhibit "M" is a copy of the Second Reid Homes Guarantee.

30. The amounts payable pursuant to the First Reid Homes Guarantee and the Second Reid Homes Guarantee are due and owing.

GUARANTEES GRANTED BY WORLDWIDE

31. On or about July 19, 2017, Worldwide granted to RBC an unlimited Guarantee and Postponement of Claim guaranteeing to RBC all of the indebtedness of 167 to RBC, plus costs on a solicitor and own client full indemnity basis (the "First Worldwide Guarantee").
32. Attached to my Affidavit and marked as Exhibit "N" is a copy of the First Worldwide Guarantee.
33. On or about July 19, 2017, Worldwide granted to RBC an unlimited Guarantee and Postponement of Claim guaranteeing to RBC all of the indebtedness of Reid Homes to RBC, plus interest and costs on a solicitor and own client full indemnity basis (the "Second Worldwide Guarantee").
34. Attached to my Affidavit and marked as Exhibit "O" is a copy of the Second Worldwide Guarantee.
35. The amounts payable pursuant to the First Worldwide Guarantee and the Second Worldwide Guarantee are due and owing.

GUARANTEES GRANTED BY BDS

36. On or about July 19, 2017, BDS granted to RBC an unlimited Guarantee and Postponement of Claim guaranteeing to RBC all of the indebtedness of 167 to RBC, plus interest and costs on a solicitor and own client full indemnity basis (the "First BDS Guarantee").
37. Attached to my Affidavit and marked as Exhibit "P" is a copy of the First BDS Guarantee.
38. On or about July 19, 2017, BDS granted to RBC an unlimited Guarantee and Postponement of Claim guaranteeing to RBC all of the indebtedness of Reid Homes to RBC, plus interest and costs on a solicitor and own client full indemnity basis (the "Second BDS Guarantee").
39. Attached to my Affidavit and marked as Exhibit "Q" is a copy of the Second BDS Guarantee.
40. On or about July 19, 2017, BDS granted to RBC an unlimited Guarantee and Postponement of Claim guaranteeing to RBC all of the indebtedness of Worldwide to RBC, plus interest and costs on a solicitor and own client full indemnity basis (the "Third BDS Guarantee").
41. Attached to my Affidavit and marked as Exhibit "R" is a copy of the Third BDS Guarantee.
42. The amounts payable pursuant to the First BDS Guarantee, the Second BDS Guarantee and the Third BDS Guarantee are due and owing.

GUARANTEES GRANTED BY RBHC

43. On or about July 19, 2017, RBHC granted to RBC an unlimited Guarantee and Postponement of Claim guaranteeing to RBC all of the indebtedness of 167 to RBC, plus interest and costs on a solicitor and own client full indemnity basis (the "First RBHC Guarantee").
44. Attached to my Affidavit and marked as Exhibit "S" is a copy of the First RBHC Guarantee.

45. On or about July 19, 2017, RBHC granted to RBC an unlimited Guarantee and Postponement of Claim guaranteeing to RBC all of the indebtedness of Reid Homes to RBC, plus interest and costs on a solicitor and own client full indemnity basis (the "Second RBHC Guarantee").
46. Attached to my Affidavit and marked as Exhibit "T" is a copy of the Second RBHC Guarantee.
47. On or about July 19, 2017, RBHC granted to RBC an unlimited Guarantee and Postponement of Claim guaranteeing to RBC all of the indebtedness of Worldwide to RBC, plus interest and costs on a solicitor and own client full indemnity basis (the "Third RBHC Guarantee").
48. Attached to my Affidavit and marked as Exhibit "U" is a copy of the Third RBHC Guarantee.
49. The amounts payable pursuant to the First RBHC Guarantee, the Second RBHC Guarantee and the Third RBHC Guarantee are due and owing.

GUARANTEES GRANTED BY INVESTMENTS

50. On or about November 14, 2014, Investments granted to RBC a Guarantee and Postponement of Claim guaranteeing to RBC the indebtedness of 167 to RBC for up to the sum of \$33,400,000.00 with interest from and after demand at Prime plus 5 per cent, plus costs on a solicitor and own client full indemnity basis (the "First Investments Guarantee").
51. Attached to my Affidavit and marked as Exhibit "V" is a copy of the First Investments Guarantee.
52. On or about July 19, 2017, Investments granted to RBC an unlimited Guarantee and Postponement of Claim guaranteeing to RBC all of the indebtedness of 167 to RBC, plus interest and costs on a solicitor and own client full indemnity basis (the "Second Investments Guarantee").
53. Attached to my Affidavit and marked as Exhibit "W" is a copy of the Second Investments Guarantee.
54. On or about November 14, 2014, Investments granted to RBC a Guarantee and Postponement of Claim guaranteeing to RBC the indebtedness of Reid Homes to RBC for up to the sum of \$40,450,000.00 with interest from and after demand at RBC's Prime interest rate plus 5 per cent, plus costs on a solicitor and own client full indemnity basis (the "Third Investments Guarantee").
55. Attached to my Affidavit and marked as Exhibit "X" is a copy of the Third Investments Guarantee.
56. On or about July 19, 2017, Investments granted to RBC an unlimited Guarantee and Postponement of Claim guaranteeing to RBC all of the indebtedness of Reid Homes to RBC, plus interest and costs on a solicitor and own client full indemnity basis (the "Fourth Investments Guarantee").
57. Attached to my Affidavit and marked as Exhibit "Y" is a copy of the Fourth Investments Guarantee.
58. On or about August 18, 2016, Investments granted to RBC a Guarantee and Postponement of Claim guaranteeing to RBC the indebtedness of Worldwide to RBC for up to the sum of \$2,365,000.00 with interest from and after demand at Prime plus 5 per cent, plus costs on a solicitor and own client full indemnity basis (the "Fifth Investments Guarantee").
59. Attached to my Affidavit and marked as Exhibit "Z" is a copy of the Fifth Investments Guarantee.
60. On or about July 19, 2017, Investments granted to RBC an unlimited Guarantee and Postponement of Claim guaranteeing to RBC all of the indebtedness of Worldwide to RBC, plus

interest and costs on a solicitor and own client full indemnity basis (the "Sixth Investments Guarantee").

61. Attached to my Affidavit and marked as Exhibit "AA" is a copy of the Sixth Investments Guarantee.
62. The amounts payable pursuant to the First Investments Guarantee, the Second Investments Guarantee, the Third Investments Guarantee, the Fourth Investments Guarantee, the Fifth Investments Guarantee and the Sixth Investments Guarantee are due and owing.

GUARANTEES GRANTED BY CAPITAL

63. On or about July 19, 2017, Capital granted to RBC an unlimited Guarantee and Postponement of Claim guaranteeing to RBC all of the indebtedness of 167 to RBC, plus interest and costs on a solicitor and own client full indemnity basis (the "First Capital Guarantee").
64. Attached to my Affidavit and marked as Exhibit "BB" is a copy of the First Capital Guarantee.
65. On or about July 19, 2017, Capital granted to RBC an unlimited Guarantee and Postponement of Claim guaranteeing to RBC all of the indebtedness of Reid Homes to RBC, plus interest and costs on a solicitor and own client full indemnity basis (the "Second Capital Guarantee").
66. Attached to my Affidavit and marked as Exhibit "CC" is a copy of the Second Capital Guarantee.
67. On or about July 19, 2017, Capital granted to RBC an unlimited Guarantee and Postponement of Claim guaranteeing to RBC all of the indebtedness of Worldwide to RBC, plus interest and costs on a solicitor and own client full indemnity basis (the "Third Capital Guarantee").
68. Attached to my Affidavit and marked as Exhibit "DD" is a copy of the Third Capital Guarantee.
69. The amounts payable pursuant to the First Capital Guarantee, the Second Capital Guarantee and the Third Capital Guarantee are due and owing.

GUARANTEES GRANTED BY EMILIE

70. On or about July 19, 2017 Emilie granted to RBC a Guarantee and Postponement of Claim, guaranteeing to RBC all of the indebtedness of 167 to RBC (up to \$2,000,000.00) plus interest and costs on a solicitor and own client full indemnity basis (the "First Emilie Guarantee").
71. On or about July 19, 2017 Emilie granted to RBC a Guarantee and Postponement of Claim, guaranteeing to RBC all of the indebtedness of Reid Homes to RBC (up to \$2,000,000.00) plus interest and costs on a solicitor and own client full indemnity basis (the "Second Emilie Guarantee").
72. On or about July 19, 2017 Emilie granted to RBC a Guarantee and Postponement of Claim, guaranteeing to RBC all of the indebtedness of Worldwide to RBC (up to \$2,000,000.00) plus interest and costs on a solicitor and own client full indemnity basis (the "Third Emilie Guarantee").
73. Attached to my Affidavit and marked collectively as Exhibit "EE" are copies of the First Emilie Guarantee, the Second Emilie Guarantee and Third Emilie Guarantee.
74. The amounts payable pursuant to the First Emilie Guarantee, the Second Emilie Guarantee and the Third Emilie Guarantee are due and owing.

75. RBC and Emilie agreed that the cumulative liability of Emilie to RBC pursuant to the Emilie Guarantees is \$2,000,000.00 plus interest and costs incurred in the enforcement of the subject guarantees.

CONCERNS LEADING TO FORBEARANCE AGREEMENT

76. During the spring of 2017, RBC became aware of numerous defaults on the part of 167 and Reid Homes in relation to obligations of those companies to RBC. Defaults included, without limitation, 167 and Reid Homes utilizing borrowed funds for purposes inconsistent with or contrary to agreements with RBC, 167 and Reid Homes encumbering assets to third parties in priority to RBC without the consent of RBC (which was contrary to agreements between Reid Home and 167 and RBC), the provision of inaccurate margin reports to RBC and the incurring of significant margin deficiencies by 167 and Reid Homes.

FORBEARANCE

77. On July 19, 2017, a Forbearance Agreement was entered into between RBC and the Defendants (the "Forbearance Agreement").
78. By the Forbearance Agreement the Defendants, as applicable, acknowledged, agreed and represented, amongst other things, that:
- (a) 167, Reid Homes, Worldwide, BDS and RBHC were in default of their obligations to RBC and indebted to RBC;
 - (b) the obligations of 167, Reid Homes and Worldwide to RBC with respect to the 167 Direct Indebtedness, the Reid Homes Direct Indebtedness and the Worldwide Direct Indebtedness was a joint and several obligation of 167, Reid Homes and Worldwide to RBC;
 - (c) there was no defence or set off to RBC's claims for repayment;
 - (d) all documentation respecting the loans extended to the Defendants and the guarantees of their loans giving rise to the Defendants' respective indebtedness was duly executed, valid, binding and enforceable and adequate consideration has been provided for same;
 - (e) all "Security" granted by the Defendants in favour of RBC (as referenced in the Forbearance Agreement) was duly executed, was valid, binding and enforceable in accordance with its terms (and adequate consideration had been given for same), secured any and all indebtedness of the Defendants to RBC present and future, direct and indirect, including, without limitation, any indebtedness arising pursuant to or in relation to the "Loans", "Guarantees" (each as referenced in the Forbearance Agreement) and in relation to indebtedness pursuant to the Forbearance Agreement;
 - (f) the floating charges over all present and after acquired real property of 167, Reid Homes, Worldwide, BDS and RBHC had crystallized, and by the Forbearance Agreement were crystallized again; and
 - (g) all of the outstanding direct indebtedness had matured or was payable on demand.
79. The Defendants agreed by the terms of the Forbearance Agreement to pay to RBC all costs on a solicitor and own client full indemnity basis.
80. The Forbearance Agreement required certain payments and permanent reductions in the cumulative outstanding indebtedness of the 167, Reid Homes, Worldwide, BDS and RBHC, such

that the cumulative outstanding indebtedness of such parties was to be reduced to no more than \$64,700,000.00 (plus outstanding letters of credit) as at August 31, 2017 and to \$62,300,000.00 by September 30, 2017 (plus outstanding Letters of Credit) (independent of payments made to RBC pursuant to Article 11 of the Forbearance Agreement) (the "Credit Reduction Requirement").

81. The Forbearance Agreement provided for the appointment of Alvarez & Marsal Canada ULC as a monitor for the purpose of monitoring the business and affairs of the Corporate Group.
82. Attached to my Affidavit and marked as Exhibit "FF" is a copy of the Forbearance Agreement.
83. By the Forbearance Agreement the Defendants agreed to and consented to the granting of a Receivership Order subject to the remaining terms of the Forbearance Agreement.
84. Attached to my Affidavit and marked as Exhibit "GG" is a copy of the Consent Receivership Order delivered to RBC in accordance with the Forbearance Agreement.
85. Effective August 14, 2017, the parties entered into a first amended forbearance agreement (the "First Amended Forbearance Agreement").
86. Attached to my Affidavit and marked as Exhibit "HH" is a copy of the First Amended Forbearance Agreement.

The 167 SECURITY

87. At all material times, 167 has been and continues to be the registered owner of numerous parcels of land.
88. By a Collateral Mortgage dated December 19, 2014 and registered in the Alberta Land Titles as instrument number 151 020 149, 167 mortgaged to RBC numerous parcels of land for securing payment of the sum of \$35,000,000.00, plus interest thereon at a rate equal to Prime plus 2% per annum, plus costs on a solicitor and own client full indemnity basis (the "First 167 Collateral Mortgage").
89. Attached to my Affidavit and marked as Exhibit "II" is a copy of the First 167 Collateral Mortgage.
90. The legal descriptions of the lands mortgaged to RBC pursuant to the First 167 Collateral Mortgage are detailed in Schedule "A" to the First 167 Collateral Mortgage (the "First 167 Collateral Mortgage Lands").
91. By a Supplemental Mortgage dated June 5, 2015 and registered in the Alberta Land Titles as instrument number 151 154 608, 167 mortgaged to RBC a number of additional parcels of land for securing payment of the sum of \$35,000,000.00, plus interest thereon at a rate equal to Prime plus 2% per annum, plus costs on a solicitor and own client full indemnity basis (the "First 167 Supplemental Mortgage").
92. Attached to my Affidavit and marked as Exhibit "JJ" is a copy of the First 167 Supplemental Mortgage. The First 167 Supplemental Mortgage has been discharged.
93. By a Supplemental Mortgage dated August 17, 2015 and registered in the Alberta Land Titles as instrument number 151 229 943, 167 mortgaged to RBC a number of other additional parcels of land for securing payment of the sum of \$35,000,000.00, plus interest thereon at a rate equal to Prime plus 2% per annum, plus costs on a solicitor and own client full indemnity basis (the "Second 167 Supplemental Mortgage").

94. Attached to my Affidavit and marked as Exhibit "KK" is a copy of the Second 167 Supplemental Mortgage.
95. The legal descriptions of the lands mortgaged to RBC pursuant to the Second 167 Supplemental Mortgage are detailed in Schedule "B" to the Second 167 Supplemental Mortgage (the "167 Second Supplemental Mortgage Lands").
96. By a Collateral Mortgage dated July 19, 2017 and registered in the Alberta Land Titles as instrument number 171 172 706, 167 mortgaged to RBC numerous parcels of land for securing payment of the sum of \$50,000,000.00, plus interest thereon at a rate equal to Prime plus 2% per annum, plus costs on a solicitor and own client full indemnity basis (the "Second 167 Collateral Mortgage").
97. Attached to my Affidavit and marked as Exhibit "LL" is a copy of the Second 167 Collateral Mortgage.
98. The legal descriptions of the lands mortgaged to RBC pursuant to the Second 167 Collateral Mortgage are detailed in Schedule "A" to the Second 167 Collateral Mortgage (the "Second 167 Collateral Mortgage Lands").
99. The First 167 Collateral Mortgage Lands, 167 Second Supplemental Mortgage Lands and Second 167 Collateral Mortgage Lands are collectively referred to as the "167 Mortgage Lands" in this Affidavit.
100. By the First 167 Collateral Mortgage, Second 167 Supplemental Mortgage and Second 167 Collateral Mortgage (collectively the "167 Mortgages"), 167 covenanted with RBC:
 - (a) to pay all taxes, rates and assessments on the 167 Mortgage Lands which may fall due or be unpaid;
 - (b) to keep the 167 Mortgage Lands free and clear of all liens, mortgages, charges and other encumbrances which charge or otherwise affect the 167 Mortgage Lands other than any such liens, mortgages, charges or encumbrances approved in writing by RBC;
 - (c) to maintain in form, substance and amount (and with insurance satisfactory to RBC) all insurance required by RBC from time to time with respect to the 167 Mortgage Lands; and
 - (d) to maintain all buildings, erections, equipment, machinery and improvements on the 167 Mortgage Lands in good condition and repair to the satisfaction of RBC, and not permit waste to be committed or suffered on the 167 Mortgage Lands or any part thereof.

and in default of any or all of the above, RBC is entitled by the 167 Mortgages to do the same and to add to the 167 Mortgages all costs and expenses incurred by RBC in that regard and in respect of any proceedings taken to realize monies secured by the 167 Mortgages, including legal costs, taxed as between solicitor and own client and an allowance for the time, work and expenses of RBC, its servants or agents.

101. There is due and owing to RBC pursuant to the:
 - (a) First 167 Collateral Mortgage the sum of \$35,000,000.00 plus interest charged thereon, plus costs on a solicitor and own client full indemnity basis;
 - (b) Second 167 Supplemental Mortgage the sum of \$35,000,000.00, plus interest charged thereon, plus costs on a solicitor and own client full indemnity basis; and

- (c) Second 167 Collateral Mortgage the sum of \$50,000,000.00, plus interest charged thereon, plus costs on a solicitor and own client full indemnity basis.
102. The amounts secured by the 167 Collateral Mortgages are payable upon demand.
103. The indebtedness outstanding pursuant to the 167 Mortgages is fully due, owing and payable to RBC.
104. 167 is in default of payment of the 167 Indebtedness, and default has been made in payment of the principal sum and interest secured pursuant to the terms of the 167 Mortgages.
105. On or about August 23, 2012, 167 granted to RBC a General Security Agreement – Floating Charge on Land (the "First 167 GSA") securing to RBC all of its present and after acquired property, including, without limitation, all accounts receivable, goods, equipment, inventory, intellectual property and the proceeds thereof. The First 167 GSA also grants RBC a mortgage by way of a floating charge over all of 167's present and after acquired real property. The First 167 GSA secures all of the 167 Indebtedness.
106. Attached to my Affidavit and marked as Exhibit "MM" is a copy of the First 167 GSA.
107. On or about December 19, 2014, 167 granted to RBC a General Security Agreement – Floating Charge on Land (the "Second 167 GSA") securing to RBC all of its present and after acquired property, including, without limitation, all accounts receivable, goods, equipment, inventory, intellectual property and the proceeds thereof. The Second 167 GSA also grants RBC a mortgage by way of a floating charge over all of 167's present and after acquired real property. The Second 167 GSA secures all of the 167 Indebtedness.
108. Attached to my Affidavit and marked as Exhibit "NN" is a copy of the Second 167 GSA.
109. Default has been made in payment of the principal sum and payment of interest secured by the First 167 GSA and the Second 167 GSA (collectively the "167 GSAs").
110. RBC has perfected its security interests created by the 167 GSAs by registration in the Alberta Personal Property Registry.
111. Attached to my Affidavit and collectively marked as Exhibit "OO" is a copy of an Alberta Personal Property Registry search result with respect to 167.
112. RBC has filed a series of caveats with respect to its equitable mortgage pursuant to the Second 167 GSA which caveats were registered in the Land Titles Office as numbers 171 094 572, 171 127 675, 171 126 140 and 171 137 891 over the properties specifically referenced in those Caveats (collectively the "167 Equitable Mortgage Caveats").
113. Attached to my Affidavit and collectively marked as Exhibit "PP" are copies of the 167 Equitable Mortgage Caveats.
114. Over the course of time, RBC has delivered partial discontinuances of the above referenced 167 Mortgages and 167 Equitable Mortgage Caveats so that individual lots of land could be sold to third parties by 167. However, RBC's 167 Mortgages and 167 Equitable Mortgage Caveats remain registered over numerous titles of real property registered in the name of 167.
115. I have directed our counsel to file with this Honourable Court certified copies of title to the land encumbered by the 167 Mortgages and the 167 Equitable Mortgage Caveats.

THE REID HOMES SECURITY

116. At all material times, Reid Homes has been and continues to be the registered owner of numerous parcels of land.
117. By a Collateral Mortgage dated August 14, 2014 and registered in the Alberta Land Titles as instrument number 142 283 373, Reid Homes mortgaged to RBC numerous parcels of land for securing payment of the sum of \$30,000,000.00, plus interest thereon at a rate equal to Prime plus 2% per annum, plus costs on a solicitor and own client full indemnity basis (the "First Reid Collateral Mortgage").
118. Attached to my Affidavit and marked as Exhibit "QQ" is a copy of the First Reid Collateral Mortgage.
119. The legal descriptions of the lands mortgaged to RBC pursuant to the First Reid Collateral Mortgage are detailed in Schedule "A" to the First Reid Collateral Mortgage (the "First Reid Collateral Mortgage Lands").
120. By the First Reid Collateral Mortgage Reid Homes covenanted with RBC:
 - (a) to pay all taxes, rates and assessments on the First Reid Collateral Mortgage Lands which may fall due or be unpaid;
 - (b) to keep the First Reid Collateral Mortgage Lands free and clear of all liens, mortgages, charges and other encumbrances which charge or otherwise affect the First Reid Collateral Mortgage Lands other than any such liens, mortgages, charges or encumbrances approved in writing by RBC;
 - (c) to maintain in form, substance and amount (and with insurance satisfactory to RBC) all insurance required by RBC from time to time with respect to the First Reid Collateral Mortgage Lands; and
 - (d) to maintain all buildings, erections, equipment, machinery and improvements on the First Reid Collateral Mortgage Lands in good condition and repair to the satisfaction of RBC, and not permit waste to be committed or suffered on the First Reid Collateral Mortgage Lands or any part thereof.

and in default of any or all of the above, RBC is entitled by the First Reid Collateral Mortgage to do the same and to add to the First Reid Collateral Mortgage all costs and expenses incurred by RBC in that regard and in respect of any proceedings taken to realize monies secured by the First Reid Collateral Mortgage, including legal costs, taxed as between solicitor and own client and an allowance for the time, work and expenses of RBC, its servants or agents.

121. There is due and owing to RBC pursuant to the First Reid Collateral Mortgage the sum of \$30,000,000.00 plus interest charged thereon, plus costs on a solicitor and own client full indemnity basis.
122. By a Collateral Mortgage dated December 19, 2014 and registered in the Alberta Land Titles as instrument number 152 028 804, Reid Homes mortgaged to RBC numerous parcels of land for securing payment of the sum of \$45,000,000.00, plus interest thereon at a rate equal to Prime plus 2% per annum, plus costs on a solicitor and own client full indemnity basis (the "Second Reid Collateral Mortgage").
123. Attached to my Affidavit and marked as Exhibit "RR" is a copy of the Second Reid Collateral Mortgage.

124. The legal descriptions of the lands mortgaged to RBC pursuant to the Second Reid Collateral Mortgage are detailed in Schedule "A" to the Second Reid Collateral Mortgage (the "Second Reid Collateral Mortgage Lands").
125. By a Supplemental Mortgage dated June 5, 2015 and registered in the Alberta Land Titles as instrument number 152 182 792, Reid Homes mortgaged to RBC a number of other additional parcels of land for securing payment of the sum of \$45,000,000.00, plus interest thereon at a rate equal to Prime plus 2% per annum, plus costs on a solicitor and own client full indemnity basis (the "First Reid Supplemental Mortgage"). The First Reid Supplemental Mortgage has been discharged.
126. Attached to my Affidavit and marked as Exhibit "SS" is a copy of the First Reid Supplemental Mortgage.
127. By a Supplemental Mortgage dated August 17, 2015 and registered in the Alberta Land Titles as instrument number 152 278 003, Reid Homes mortgaged to RBC a number of other additional parcels of land for securing payment of the sum of \$45,000,000.00, plus interest thereon at a rate equal to Prime plus 2% per annum, plus costs on a solicitor and own client full indemnity basis (the "Second Reid Supplemental Mortgage").
128. Attached to my Affidavit and marked as Exhibit "TT" is a copy of the Second Reid Supplemental Mortgage.
129. The legal descriptions of the lands mortgaged to RBC pursuant to the Second Reid Supplemental Mortgage are detailed in Schedule "B" to the Second Reid Supplemental Mortgage (the "Second Reid Supplemental Mortgage Lands").
130. By a Supplemental Mortgage dated December 18, 2015 and registered in the Alberta Land Titles as instrument number 162 034 032, Reid Homes mortgaged to RBC a number of additional parcels of land for securing payment of the sum of \$45,000,000.00, plus interest thereon at a rate equal to Prime plus 2% per annum, plus costs on a solicitor and own client full indemnity basis (the "Third Reid Supplemental Mortgage").
131. Attached to my Affidavit and marked as Exhibit "UU" is a copy of the Third Reid Supplemental Mortgage.
132. The legal descriptions of the lands mortgaged to RBC pursuant to the Third Reid Supplemental Mortgage are detailed in Schedule "B" to the Third Reid Supplemental Mortgage (the "Third Reid Supplemental Mortgage Lands").
133. By a Supplemental Mortgage dated December 21, 2016 and registered in the Alberta Land Titles as instrument number 172 022 838, Reid Homes mortgaged to RBC a number of additional parcels of land for securing payment of the sum of \$45,000,000.00, plus interest thereon at a rate equal to Prime plus 2% per annum, plus costs on a solicitor and own client full indemnity basis (the "Fourth Reid Supplemental Mortgage").
134. Attached to my Affidavit and marked as Exhibit "VV" is a copy of the Fourth Reid Supplemental Mortgage.
135. The legal descriptions of the lands mortgaged to RBC pursuant to the Fourth Reid Supplemental Mortgage are detailed in Schedule "B" to the Fourth Reid Supplemental Mortgage (the "Fourth Reid Supplemental Mortgage Lands").

136. The Second Reid Collateral Mortgage Lands, Second Reid Collateral Mortgage Lands, Third Reid Supplemental Mortgage Lands and Fourth Reid Supplemental Mortgage Lands are collectively referred to as the "Second Reid Mortgage Lands" in this Affidavit.
137. By the Second Reid Collateral Mortgage, Second Reid Supplemental Mortgage, Third Reid Supplemental Mortgage and Fourth Reid Supplemental Mortgage (collectively the "Second Reid Mortgages"), Reid Homes covenanted with RBC:
- (a) to pay all taxes, rates and assessments on the Second Reid Mortgage Lands which may fall due or be unpaid;
 - (b) to keep the Second Reid Mortgage Lands free and clear of all liens, mortgages, charges and other encumbrances which charge or otherwise affect the Second Reid Mortgage Lands other than any such liens, mortgages, charges or encumbrances approved in writing by RBC;
 - (c) to maintain in form, substance and amount (and with insurance satisfactory to RBC) all insurance required by RBC from time to time with respect to the Second Reid Mortgage Lands; and
 - (d) to maintain all buildings, erections, equipment, machinery and improvements on the Second Reid Mortgage Lands in good condition and repair to the satisfaction of RBC, and not permit waste to be committed or suffered on the Second Reid Mortgage Lands or any part thereof.

and in default of any or all of the above, RBC is entitled by the Second Reid Mortgages to do the same and to add to the Second Reid Mortgages all costs and expenses incurred by RBC in that regard and in respect of any proceedings taken to realize monies secured by the Second Reid Mortgages, including legal costs, taxed as between solicitor and own client and an allowance for the time, work and expenses of RBC, its servants or agents.

138. There is due and owing to RBC pursuant to the:
- (a) Second Reid Collateral Mortgage the sum of \$45,000,000.00 plus interest charged thereon, plus costs on a solicitor and own client full indemnity basis;
 - (b) Second Reid Supplemental Mortgage the sum of \$45,000,000.00 plus interest charged thereon, plus costs on a solicitor and own client full indemnity basis;
 - (c) Third Reid Supplemental Mortgage the sum of \$45,000,000.00 plus interest charged thereon, plus costs on a solicitor and own client full indemnity basis; and
 - (d) Fourth Reid Supplemental Mortgage the sum of \$45,000,000.00 plus interest charged thereon, plus costs on a solicitor and own client full indemnity basis.
139. By a Collateral Mortgage dated July 19, 2017 and registered in the Alberta Land Titles as instrument number 172 200 827, Reid Homes mortgaged to RBC numerous parcels of land for securing payment of the sum of \$50,000,000.00, plus interest thereon at a rate equal to Prime plus 2% per annum, plus costs on a solicitor and own client full indemnity basis (the "Third Reid Collateral Mortgage").
140. Attached to my Affidavit and marked as Exhibit "WW" is a copy of the Third Reid Collateral Mortgage.

141. The legal descriptions of the lands mortgaged to RBC pursuant to the Third Reid Collateral Mortgage are detailed in Schedule "A" to the Third Reid Collateral Mortgage (the "Third Reid Collateral Mortgage Lands").
142. By the Third Reid Collateral Mortgage, Reid Homes covenanted with RBC:
- (a) to pay all taxes, rates and assessments on the Third Reid Collateral Mortgage Lands which may fall due or be unpaid;
 - (b) to keep the Third Reid Collateral Mortgage Lands free and clear of all liens, mortgages, charges and other encumbrances which charge or otherwise affect the Third Reid Collateral Mortgage Lands other than any such liens, mortgages, charges or encumbrances approved in writing by RBC;
 - (c) to maintain in form, substance and amount (and with insurance satisfactory to RBC) all insurance required by RBC from time to time with respect to the Third Reid Collateral Mortgage Lands; and
 - (d) to maintain all buildings, erections, equipment, machinery and improvements on the Third Reid Collateral Mortgage Lands in good condition and repair to the satisfaction of RBC, and not permit waste to be committed or suffered on the Third Reid Collateral Mortgage Lands or any part thereof.

and in default of any or all of the above, RBC is entitled by the Third Reid Collateral Mortgage to do the same and to add to the Third Reid Collateral Mortgage all costs and expenses incurred by RBC in that regard and in respect of any proceedings taken to realize monies secured by the Third Reid Collateral Mortgage, including legal costs, taxed as between solicitor and own client and an allowance for the time, work and expenses of RBC, its servants or agents.

143. There is due and owing to RBC pursuant to the Third Reid Collateral Mortgage the sum of \$50,000,000.00 plus interest charged thereon, plus costs on a solicitor and own client full indemnity basis.
144. The amounts secured by the First Reid Collateral Mortgage, Second Reid Mortgages and Third Reid Collateral Mortgage (collectively the "Reid Mortgages") are payable upon demand.
145. The indebtedness outstanding pursuant to the Reid Mortgages is fully due, owing and payable to RBC.
146. Reid Homes is in default of payment of the Reid Homes Indebtedness, and default has been made in payment of the principal sum and interest secured pursuant to the terms of the Reid Mortgages.
147. On or about November 24, 2005, Reid Homes granted to RBC a General Security Agreement – Floating Charge on Land (the "Reid Homes GSA") securing to RBC all of its present and after acquired property, including, without limitation, all accounts receivable, goods, equipment, inventory, intellectual property and the proceeds thereof. The Reid Homes GSA also grants RBC a mortgage by way of a floating charge over all of Reid Homes' present and after acquired real property. The Reid Homes GSA secures all of the Reid Homes Indebtedness.
148. Attached to my Affidavit and marked as Exhibit "XX" is a copy of the Reid Homes GSA.
149. Default has been made in payment of the principal sum and payment of interest secured by the Reid Homes GSA.

150. RBC has perfected its security interest created by the Reid Homes GSA by registration in the Alberta Personal Property Registry.
151. Attached to my Affidavit and collectively marked as Exhibit "YY" is a copy of an Alberta Personal Property Registry search result with respect to Reid Homes.
152. RBC has filed caveats with respect to its equitable mortgage pursuant to the Reid Homes GSA which caveats were registered in the Land Titles Office as numbers 172 109 433, 172 147 622, 172 148 770, 172 153 870, 172 159 866, and 172 168 836 over the properties specifically referenced in those Caveats (collectively the "Reid Homes Equitable Mortgage Caveats").
153. Attached to my Affidavit and collectively marked as Exhibit "ZZ" are copies of the Reid Homes Equitable Mortgage Caveats.
154. Over the course of time, RBC has delivered partial discontinuances of the above referenced Reid Homes Mortgages and Reid Homes Equitable Mortgage Caveats so that individual lots of land could be sold to third parties by Reid Homes. However, RBC's Reid Homes Mortgages and Reid Homes Equitable Mortgage Caveats remain registered over numerous parcels of real property registered in the name of Reid Homes.
155. I have directed our counsel to file with this Honourable Court certified copies of title to the lands encumbered by the Reid Mortgages and Reid Homes Equitable Mortgage Caveats.

THE WORLDWIDE SECURITY

156. At all material times, Worldwide has been and continues to be the registered owner of numerous of parcels of land.
157. By a Collateral Mortgage dated December 18, 2015 and registered in the Alberta Land Titles as instrument number 162 012 406, Worldwide mortgaged to RBC Plan 9222258, Block 1, Lot 7 and West Half of Section 31, Township 52, Range 27, West of the 4th Meridian 5 (collectively the "First Worldwide Collateral Mortgage Lands") for securing payment of the sum of \$3,000,000.00, plus interest thereon at a rate equal to Prime plus 2% per annum, plus costs on a solicitor and own client full indemnity basis (the "First Worldwide Collateral Mortgage").
158. Attached to my Affidavit and marked as Exhibit "AAA" is a copy of the First Worldwide Collateral Mortgage.
159. By the First Worldwide Collateral Mortgage, Worldwide covenanted with RBC:
 - (a) to pay all taxes, rates and assessments on the First Worldwide Collateral Mortgage Lands which may fall due or be unpaid;
 - (b) to keep the First Worldwide Collateral Mortgage Lands free and clear of all liens, mortgages, charges and other encumbrances which charge or otherwise affect the First Worldwide Collateral Mortgage Lands other than any such liens, mortgages, charges or encumbrances approved in writing by RBC;
 - (c) to maintain in form, substance and amount (and with insurance satisfactory to RBC) all insurance required by RBC from time to time with respect to the First Worldwide Collateral Mortgage Lands; and
 - (d) to maintain all buildings, erections, equipment, machinery and improvements on the First Worldwide Collateral Mortgage Lands in good condition and repair to the satisfaction of

RBC, and not permit waste to be committed or suffered on the First Worldwide Collateral Mortgage Lands or any part thereof.

and in default of any or all of the above, RBC is entitled by the First Worldwide Collateral Mortgage to do the same and to add to the First Worldwide Collateral Mortgage all costs and expenses incurred by RBC in that regard and in respect of any proceedings taken to realize monies secured by the First Worldwide Collateral Mortgage, including legal costs, taxed as between solicitor and own client and an allowance for the time, work and expenses of RBC, its servants or agents.

160. There is due and owing to RBC pursuant to the First Worldwide Collateral Mortgage the sum of \$3,000,000.00 plus interest charged thereon, plus costs on a solicitor and own client full indemnity basis.

161. By a Collateral Mortgage dated July 19, 2017 and registered in the Alberta Land Titles as instrument number 172 200 823, Worldwide mortgaged to RBC:

- (a) Plan 1125303, Block 23, Lot 29;
- (b) (a certain portion of) Meridian 4, Range 25, Township 52, Section 7;
- (c) Plan 0020956, Lot A;
- (d) Plan 1521821, Block 3, Lot A; and
- (e) Plan 1521821, Block 3, Lot B

(collectively the "Second Worldwide Collateral Mortgage Lands")

for securing payment of the sum of \$50,000,000.00, plus interest thereon at a rate equal to Prime plus 2% per annum, plus costs on a solicitor and own client full indemnity basis (the "Second Worldwide Collateral Mortgage").

162. Attached to my Affidavit and marked as Exhibit "BBB" is a copy of the Second Worldwide Collateral Mortgage.

163. By the Second Worldwide Collateral Mortgage, Worldwide covenanted with RBC:

- (a) to pay all taxes, rates and assessments on the Second Worldwide Collateral Mortgage Lands which may fall due or be unpaid;
- (b) to keep the Second Worldwide Collateral Mortgage Lands free and clear of all liens, mortgages, charges and other encumbrances which charge or otherwise affect the Second Worldwide Collateral Mortgage Lands other than any such liens, mortgages, charges or encumbrances approved in writing by RBC;
- (c) to maintain in form, substance and amount (and with insurance satisfactory to RBC) all insurance required by RBC from time to time with respect to the Second Worldwide Collateral Mortgage Lands; and
- (d) to maintain all buildings, erections, equipment, machinery and improvements on the Second Worldwide Collateral Mortgage Lands in good condition and repair to the satisfaction of RBC, and not permit waste to be committed or suffered on the Second Worldwide Collateral Mortgage Lands or any part thereof.

and in default of any or all of the above, RBC is entitled by the Second Worldwide Collateral Mortgage to do the same and to add to the Second Worldwide Collateral Mortgage all costs and expenses incurred by RBC in that regard and in respect of any proceedings taken to realize monies secured by the Second Worldwide Collateral Mortgage, including legal costs, taxed as between solicitor and own client and an allowance for the time, work and expenses of RBC, its servants or agents.

164. There is due and owing to RBC pursuant to the Second Worldwide Collateral Mortgage the sum of \$50,000,000.00 plus interest charged thereon, plus costs on a solicitor and own client full indemnity basis.
165. The amounts secured by the First Worldwide Collateral Mortgage and Second Worldwide Collateral Mortgage (collectively the "Worldwide Mortgages") are payable upon demand.
166. The indebtedness outstanding pursuant to the Worldwide Mortgages is fully due, owing and payable to RBC.
167. Worldwide is in default of payment of the Worldwide Indebtedness, and default has been made in payment of the principal sum and interest secured pursuant to the terms of the Worldwide Mortgages.
168. On or about November 24, 2005, Worldwide granted to RBC a General Security Agreement – Floating Charge on Land (the "Worldwide GSA") securing to RBC all of its present and after acquired property, including, without limitation, all accounts receivable, goods, equipment, inventory, intellectual property and the proceeds thereof. The Worldwide GSA also grants RBC a mortgage by way of a floating charge over all of Worldwide's present and after acquired real property. The Worldwide GSA secures all of the Worldwide Indebtedness.
169. Attached to my Affidavit and marked as Exhibit "CCC" is a copy of the Worldwide GSA.
170. Default has been made in payment of the principal sum and payment of interest secured by the Worldwide GSA.
171. RBC has perfected its security interest created by the Worldwide GSA by registration in the Alberta Personal Property Registry.
172. Attached to my Affidavit and collectively marked as Exhibit "DDD" is a copy of an Alberta Personal Property Registry search result with respect to Worldwide.
173. RBC filed (and submitted for filing) a series of caveats with respect to its equitable mortgage pursuant to the Worldwide GSA. Two of the Caveats are registered in the Land Titles Office as numbers 172 160 542 and 171 140 241. The remaining two Caveats were submitted for registration October 16, 2017 (the four Caveats collectively are referred to in this Affidavit as the "Worldwide Equitable Mortgage Caveats").
174. Attached to my Affidavit and marked collectively as Exhibit "EEE" are copies of the Worldwide Equitable Mortgage Caveats.
175. I have directed our counsel to file with this Honourable Court certified copies of title to the lands encumbered by Worldwide Mortgages and the Worldwide Equitable Mortgage Caveats.

THE INVESTMENTS SECURITY

176. On or about July 19, 2017, Investments granted to RBC a General Security Agreement – Floating Charge on Land (the "Investments GSA") securing to RBC all of its present and after acquired

property, including, without limitation, all accounts receivable, goods, equipment, inventory, intellectual property and the proceeds thereof. The Investments GSA also grants RBC a mortgage by way of a floating charge over all of Investments' present and after acquired real property. The Investments GSA secures all of the Investments Guaranteed Indebtedness.

177. Attached to my Affidavit and marked as Exhibit "FFF" is a copy of the Investments GSA.
178. Default has been made in payment of the principal sum and payment of interest secured by the Investments GSA.
179. RBC has perfected its security interest created by the Investments GSA by registration in the Alberta Personal Property Registry.
180. Attached to my Affidavit and collectively marked as Exhibit "GGG" is a copy of an Alberta Personal Property Registry search result with respect to Investments.
181. Additionally, on or about July 19, 2017, Investments granted to RBC a Share Pledge Agreement in which Investments pledged all shares it held in Reid Homes, Worldwide, 167, BDS and Capital for securing the Investments Guaranteed Indebtedness (the "Share Pledge Agreement").
182. Attached to my Affidavit and collectively marked as Exhibit "HHH" is a copy of the Share Pledge Agreement.

THE CAPITAL SECURITY

183. On or about July 19, 2017, Capital granted to RBC a General Security Agreement – Floating Charge on Land (the "Capital GSA") securing to RBC all of its present and after acquired property, including, without limitation, all accounts receivable, goods, equipment, inventory, intellectual property and the proceeds thereof. The Capital GSA also grants RBC a mortgage by way of a floating charge over all of Capital's present and after acquired real property. The Capital GSA secures all of the Capital Guaranteed Indebtedness.
184. Attached to my Affidavit and marked as Exhibit "III" is a copy of the Capital GSA.
185. Default has been made in payment of the principal sum and payment of interest secured by the Capital GSA.
186. RBC has perfected its security interest created by the Capital GSA by registration in the Alberta Personal Property Registry.
187. Attached to my Affidavit and collectively marked as Exhibit "JJJ" is a copy of an Alberta Personal Property Registry search result with respect to Capital.

ACCELERATION OF TERMINATION OF FORBEARANCE

188. The Defendants defaulted in their obligations pursuant to the Forbearance Agreement. One such arose (without limitation) by reason of the failure of the Defendants to fulfil the Credit Reduction Requirement specified in the Forbearance Agreement. By reason of such defaults, RBC was entitled to (and did) accelerate the termination of the forbearance period specified in the Forbearance Agreement.
189. On or about October 10, 2017 RBC (through counsel) provided the Defendants with an Acceleration Notice in accordance with the terms of the Forbearance Agreement for the purpose of accelerating the termination of the forbearance.

190. Attached to my Affidavit as Exhibit "KKK" is a copy of an Affidavit of Service with respect to the Acceleration Notice on the Defendants.

DEMAND

191. All of the direct and guaranteed indebtedness and all of the secured obligations of the Defendants in favour of RBC are due, owing and payable to RBC either by reason of such indebtedness and obligations having matured or being payable upon demand and demand have been effected.
192. The Defendants agreed to service of demands for payment and Section 244 *Bankruptcy & Insolvency Act* Notices by way of electronic transmission. Attached to my Affidavit as Exhibit "LLL" is a copy of an email exchange between counsel evidencing such agreement.
193. On or about October 14, 2017 RBC demanded payment from each of the Defendants of the direct and guaranteed indebtedness and of the secured obligations referenced in this Affidavit but the Defendants have failed or neglected and continued to fail or neglect to pay or satisfy the indebtedness or secured obligations to RBC.
194. Attached to my Affidavit as Exhibit "MMM" is a copy of an Affidavit of Service of demands and Section 244 *Bankruptcy & Insolvency Act* Notices directed to the Defendants.

LIQUIDITY FAILURE

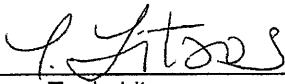
195. On or about October 11, 2017 RBC was advised by the President of the Reid group of companies that the group was suffering from significant liquidity risks by reason of large numbers of liens being filed against properties of a number of the corporate Defendants, such that some form of insolvency proceeding was required in order to address the situation.

APPOINTMENT OF RECEIVER

196. RBC seeks the appointment of a Receiver of the corporate Defendants in the form of the Consent Receivership Order granted by the Defendants to RBC.
197. Each of the GSAs in favour of RBC referenced in this Affidavit allow and provide for the appointment of a Receiver.
198. Each of the Collateral Mortgages granted in favour of RBC referenced in this Affidavit allow for the appointment of a Receiver over the property encumbered by the subject mortgage.
199. The period applicable to the demands and applicable Section 244 *Bankruptcy & Insolvency Act* Notices served on the Defendants October 14, 2017 have expired and the Defendants have not satisfied the demands.
200. The Defendants are in default of their obligations to RBC, including but not limited to payment obligations and obligations arising pursuant to the Forbearance Agreement.
201. As a result of the Defendants' default under the terms of the Forbearance Agreement, RBC is entitled to apply for and rely upon on the Consent Order appointing a Receiver of the undertaking and property (real and personal) granted by the Defendants.
202. The real property of the Defendants is located in a large number of locations throughout Alberta. A portion of the property of 167, Reid Homes and Worldwide constitutes real property in a partial state of construction. I do verily believe that such property may be at risk if not preserved by an independent third party such as a Receiver.

- 203. The Defendants have admitted their default to RBC and have admitted that they have no defence or set-off to the claims of RBC.
- 204. A substantial portion of the property of the Corporate Group includes real property which cannot be realized upon other than by way of judicial process.
- 205. There are large numbers of third party mortgagees, lien holders, and others having claims or asserting claims against one or more of the Defendants giving rise to multiple creditor and priority issues.
- 206. I am respectfully of the view that it is just and convenient to appoint a Receiver in light of the above circumstances and that such an appointment is necessary for the protection of the estate of the corporate Defendants and RBC's interest.
- 207. I have spoken to Mr. Todd Martin of Alvarez & Marsal Canada Inc. regarding that firm acting as a Receiver of the undertaking, property (real and personal) and assets of the Corporate Group. Mr. Martin has advised that Alvarez & Marsal Canada Inc. is prepared to consent to act as Receiver in this matter. RBC supports the appointment of Alvarez & Marsal Canada Inc. as the Receiver of the undertakings and property of the Corporate Group.
- 208. I make this Affidavit *bona fide* in support of an application for the appointment of a Receiver in the form of the Order attached to the Application of RBC or in such other form as may be directed by this Honourable Court.

SWORN before me at the City of)
 Toronto, in the Province of Ontario)
 this 24th day of OCTOBER 2017.)
 Notary Public in and for)
 the Province of Ontario)



 Tania Litsos

