

COURT FILE NUMBER 1703-21274
COURT 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



IN THE MATTER OF THE RECEIVERSHIP OF 1679775 ALBERTA LTD., REID-BUILT HOMES LTD., REID WORLDWIDE CORPORATION, BUILDER'S DIRECT SUPPLY LTD., REID BUILT HOMES CALGARY LTD., REID INVESTMENTS LTD., and REID CAPITAL CORP.

APPLICANT ALVAREZ & MARSAL CANADA INC., in its capacity as Court-appointed Receiver of the current and future assets, undertakings and properties of 1679775 ALBERTA LTD., REID-BUILT HOMES LTD., REID WORLDWIDE CORPORATION, BUILDER'S DIRECT SUPPLY LTD., REID BUILT HOMES CALGARY LTD., REID INVESTMENTS LTD., and REID CAPITAL CORP.

DOCUMENT **APPLICATION
(Sale Approval and Vesting Order re
Landstar Transaction)**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT
Norton Rose Fulbright Canada LLP
400 3rd Avenue SW, Suite 3700
Calgary, Alberta T2P 4H2
Phone: +1 403.267.8222
Fax: +1 403.264.5973
Email: howard.gorman@nortonrosefulbright.com / aditya.badami@nortonrosefulbright.com
Attention: Howard A. Gorman, Q.C. / Aditya M. Badami

NOTICE TO THE RESPONDENTS

This application is made against you. You are a respondent.

You have the right to state your side of this matter before the Justice.

To do so, you must be in Court when the application is heard as shown below:

Date:	March 28, 2018
Time:	8:30 A.M.
Where:	Calgary Courts Centre
Before Whom:	The Honourable Mr. Justice R.A. Graesser

Go to the end of this document to see what else you can do and when you must do it.

Remedy claimed or sought:

1. Alvarez and Marsal Canada Inc. in its capacity as Court-appointed Receiver (the **Receiver**) of the current and future assets, undertakings and properties of Reid-Built Homes Ltd., 1679775 Alberta Ltd., Reid Worldwide Corporation, Builder's Direct Supply Ltd., Reid Built Homes Calgary Ltd., Reid Investments Ltd., and Reid Capital Corp. (**Reid Capital**) (each, a **Debtor**, and collectively referred to as the **Debtors**), seeks the following relief:
 - a. Dispensing with service of this Application and supporting materials.
 - b. An Order, substantially in the form attached hereto as **Schedule "A"**, vesting certain assets of the Debtor, Reid Capital Corp. to certain Purchasers free and clear of all Claims, pursuant to the terms of the Sales Agreement, and approving the Transaction (all capitalized terms in this sub-paragraph are as defined in the Order attached hereto as Schedule "A").

Grounds for making this application:

2. On November 2, 2017, Alvarez & Marsal Canada Inc. was appointed as Receiver over the current and future assets, undertakings and properties of the Debtors pursuant to a Consent Receivership Order granted by the Honourable Justice Hillier (**Receivership Order**).
3. On January 22, 2018, the Receiver commenced a sales process (**Sales Process**) seeking offers to purchase the right, title, and interest in certain of the Debtors' assets including a limited partnership interest (**Shares and Units**) held by Reid Capital in a 17-acre waterfront development project located in West Kelowna, B.C. which is owned by Blackmun Bay Limited Partnership, and which is the subject of the Transaction (as defined in the Order attached hereto as Schedule "A").
4. The Sales Process contemplated March 9, 2018, as the deadline for bidders to submit offers (the **Bid Deadline**).
5. In total, one-hundred and sixty-nine (169) confidential agreements were executed and those parties received access to a virtual data room for further due diligence and were provided additional information.
6. Prior to and during the Sales Process the Receiver engaged in without prejudice discussions with Landstar Holdings Inc. with respect to a possible sale of Reid Capital's interest in the Shares and Units to Landstar Holdings Inc. On March 16, 2018, Landstar Holdings Inc. and the Receiver agreed to commercial terms of the Sale Agreement for the Shares and Units (**Landstar Bid**). The Landstar Bid represented the best and highest price for the Shares and Units and was the product of a fair and reasonable Sales Process.

7. A summary of the Transaction is found in the Receiver's Third Report, filed March 23, 2018 (the **Third Report**).
8. The Receiver believes that approval of the Transaction is in the best interest of all stakeholders for the following reasons:
 - a. the results of the Sales Process and the extent to which the offer represents the highest and best price for the Shares and Units;
 - b. the Receiver is acting in good faith and with due diligence with respect to the Transaction;
 - c. the Receiver believes that the Transaction was negotiated between the parties at arm's length and in good faith and is commercially reasonable;
 - d. the Receiver believes that the Transaction was the result of a fair and integrate Sales Process;
 - e. the overall execution risk associated with the Transaction contemplated by the Sale Agreement including the reputation and wherewithal of the Purchasers to complete the transaction;
 - f. the requested Order will not result in prejudice to existing or anticipated claimants for indebtedness owing by the Debtors or any one of them; and
 - g. the Transaction is supported by the Debtors' secured lender, the Royal Bank of Canada.
9. Such further and other grounds as counsel may advise and this Honourable Court may permit.

Material or Evidence to be relied on:

10. The Receivership Order;
11. The Second Report and the Third Report of the Receiver;
12. The pleadings and Orders in this Action;
13. Such further and other materials as counsel may advise and this Honourable Court may permit.

Applicable Rules:

14. Rules 6.3(1), 6.9(1), and 6.28 - 6.36 of the *Alberta Rules of Court*.
15. Such further and other Rules as counsel may advise and this Honourable Court may permit.

Applicable Acts and regulations:

16. The *Alberta Rules of Court*.
17. Such further and other Acts and regulations as counsel may advise and this Honourable Court may permit.

Any irregularity complained of or objection relied on:

18. There are no irregularities complained of or objections relied on.

How the application is proposed to be heard or considered:

19. Oral submissions by counsel.

WARNING

If you do not come to Court either in person or by your lawyer, the Court may give the applicant(s) what they want in your absence. You will be bound by any order that the Court makes. If you want to take part in this application, you or your lawyer must attend in Court on the date and at the time shown at the beginning of the form. If you intend to give evidence in response to the application, you must reply by filing an affidavit or other evidence with the Court and serving a copy of that affidavit or other evidence on the applicant(s) a reasonable time before the application is heard or considered.

SCHEDULE A

COURT FILE NUMBER 1703-21274
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE EDMONTON
PLAINTIFF ROYAL BANK OF CANADA

Clerk's Stamp

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

IN THE MATTER OF THE RECEIVERSHIP OF 1679775 ALBERTA LTD., REID-BUILT HOMES LTD., REID WORLDWIDE CORPORATION, BUILDER'S DIRECT SUPPLY LTD., REID BUILT HOMES CALGARY LTD., REID INVESTMENTS LTD., and REID CAPITAL CORP.

APPLICANT ALVAREZ & MARSAL CANADA INC., in its capacity as Court-appointed Receiver and Manager of the current and future assets, undertakings and properties of 1679775 ALBERTA LTD., REID-BUILT HOMES LTD., REID WORLDWIDE CORPORATION, BUILDER'S DIRECT SUPPLY LTD., REID BUILT HOMES CALGARY LTD., REID INVESTMENTS LTD., and REID CAPITAL CORP.

DOCUMENT **SALE APPROVAL AND VESTING ORDER (LANDSTAR)**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT **Norton Rose Fulbright Canada LLP**
400 3rd Avenue SW, Suite 3700
Calgary, Alberta T2P 4H2

Phone: +1 403.267.8222
Fax: +1 403.264.5973
Email: howard.gorman@nortonrosefulbright.com /
aditya.badami@nortonrosefulbright.com
Attention: Howard A. Gorman, Q.C. / Aditya M. Badami

DATE ON WHICH ORDER WAS PRONOUNCED: March 28, 2018

LOCATION WHERE ORDER WAS PRONOUNCED: Edmonton, Alberta

NAME OF JUSTICE WHO MADE THIS ORDER: The Honourable Mr. Justice R. A. Graesser

UPON THE APPLICATION by Alvarez & Marsal Canada Inc., in its capacity as Court-appointed receiver and manager (the **Receiver**) of the current and future assets, undertakings, and properties of 1679775 Alberta Ltd., Reid-Built Homes Ltd., Reid Worldwide Corporation, Builder's Direct Supply Ltd., Reid Built Homes Calgary Ltd., Reid Investments Ltd., and Reid Capital Corp. (**Reid Capital**), (collectively, the **Debtors**), for an order approving the sale transaction (the **Transaction**) contemplated by an agreement of purchase and sale (the **Sale Agreement**) between the Receiver as Vendor, and Landstar Holdings Inc., Aegean Real Estate Corporation, and Class Act Investments Inc. as Purchasers (the **Purchasers**) made as of March 22, 2018, and appended to the Third Report of the Receiver dated March 23, 2018 (the **Report**), and vesting Reid Capital's right, title, and interest in and to the assets described in the Sale Agreement (the **Shares and Units**) in the Purchasers;

AND UPON HAVING READ the Receivership Order dated November 2, 2017 (the **Receivership Order**), and the Report, and upon it appearing that service has been effected; **AND UPON HEARING** the submissions of counsel for the Receiver, the Purchasers, and any other interested parties that may be present;

IT IS HEREBY ORDERED AND DECLARED THAT:

SERVICE

- [1] Service of notice of this application and supporting materials is hereby declared to be good and sufficient, and no other person is required to have been served with notice of this application, and time for service of this application is abridged to that actually given.

APPROVAL OF TRANSACTION

- [2] The Transaction is hereby approved, and the execution of the Sale Agreement by the Receiver is hereby authorized and approved, with such minor amendments as the Receiver may deem necessary. The Receiver is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction or for the conveyance of the Purchased Assets to the Purchasers.

VESTING OF ASSETS

- [3] Upon the delivery of a Receiver's certificate to the Purchasers substantially in the form set out in **Schedule "A"** hereto (the **Receiver's Certificate**), all of Reid Capital's right, title, and interest in and to the Shares and Units described in the Sale Agreement shall vest absolutely in the name of the Purchasers, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, caveats, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and

whether secured, unsecured or otherwise (collectively, the **Claims**) including, without limiting the generality of the foregoing:

- (i) any encumbrances or charges created by or defined in: (a) the Receivership Order; or (b) any other Orders granted in the Receivership Proceedings;
- (ii) all charges, security interests or claims evidenced by registration, filing, or publication pursuant to any of the following: (a) the *Personal Property Security Act* (Alberta and British Columbia); or (b) any other personal property registry system; and
- (iii) for greater certainty, this Court orders that all of the Claims affecting or relating to the Assets are hereby expunged and discharged as against the Assets.

[4] The Receiver, to the extent able and necessary, is hereby authorized and directed, without further order of this Honourable Court and without further notice to any persons, to take all necessary steps within its power to execute all documents and instruments necessary to effect any or all of the discharges relating to the Claims and the applicable registrars and other persons in control or otherwise supervising such offices of the corresponding registrations or recordings shall forthwith remove and discharge all such registrations or recordings.

[5] For the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Shares and Units shall stand in the place and stead of the Shares and Units, and from and after the delivery of the Receiver's Certificate all Claims shall attach to the net proceeds from the sale of the Shares and Units with the same priority as they had with respect to the Shares and Units immediately prior to the sale, as if the Shares and Units had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

[6] The Purchasers shall, by virtue of the completion of the Transaction, have no liability of any kind whatsoever in respect of any Claims against Reid Capital, the Receiver, or any of the Debtors.

[7] Reid Capital and all persons who claim by, through or under Reid Capital or any of the Debtors in respect of the Shares and Units, shall stand absolutely barred and foreclosed from all estate, right, title, and interest in or to the Shares and Units and, to the extent that any such persons remain in possession or control of any of the Shares and Units, they shall forthwith deliver possession thereof to the Purchasers.

[8] The Purchasers shall be entitled to the Shares and Units for their own use and benefit without any interference of or by Reid Capital or any one of the Debtors, or any person claiming by or through or against any or all of the Debtors.

[9] The Receiver is to file with the Court a copy of the Receiver's Certificate, forthwith after delivery thereof to the Purchasers.

[10] Notwithstanding:

- (i) The pendency of these proceedings;
- (ii) Any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of Reid Capital and any bankruptcy order issued pursuant to any such applications; and
- (iii) Any assignment in bankruptcy made in respect of the Reid Capital,

the vesting of the Purchased Assets in the Purchasers pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of Reid Capital (or any of the Debtors) and shall not be void or voidable by creditors of the Reid Capital (or any of the Debtors), nor shall it constitute nor be deemed to be a settlement, fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable Federal or Provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable Federal or Provincial legislation.

[11] The Receiver, the Purchasers, and any other affected party, shall be at liberty to apply for further advice, assistance and directions as may be necessary in order to give full force and effect to the terms of this Order and to assist and aid the parties in closing the Transaction.

MISCELLANEOUS MATTERS

[12] This Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals regulatory and administrative bodies are hereby respectfully requested to make such orders as to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

[13] This Order must be served only upon those interested parties attending or represented at the within application and service may be effected by facsimile, electronic mail, personal delivery or courier. Service is deemed to be effected the next business day following the transmission or delivery of such documents.

[14] Service of this Order on any party not attending this application is hereby dispensed with.

J.C.Q.B.A.

SCHEDULE B

Form of Receiver's Certificate

COURT FILE NUMBER 1703-21274

COURT 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

Clerk's Stamp

IN THE MATTER OF THE RECEIVERSHIP OF 1679775 ALBERTA LTD., REID-BUILT HOMES LTD., REID WORLDWIDE CORPORATION, BUILDER'S DIRECT SUPPLY LTD., REID BUILT HOMES CALGARY LTD., REID INVESTMENTS LTD., and REID CAPITAL CORP.

DOCUMENT

RECEIVER'S CERTIFICATE

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

Norton Rose Fulbright Canada LLP
400 3rd Avenue SW, Suite 3700
Calgary, Alberta T2P 4H2

Phone: +1 403.267.8222
Fax: +1 403.264.5973
Email: howard.gorman@nortonrosefulbright.com /
aditya.badami@nortonrosefulbright.com
Attention: Howard A. Gorman, Q.C. / Aditya M. Badami

RECITALS

- A. Pursuant to an Order of the Honourable Justice Hillier of the Court of Queen's Bench of Alberta, Judicial District of Edmonton (the **Court**) dated November 2, 2017, Alvarez & Marsal Canada Inc. was appointed as the receiver (the **Receiver**) of the undertakings, property and assets of **[Debtor]** (the **Debtor**).
- B. Pursuant to an Order of the Court dated March 28, 2018, the Court approved the agreement of purchase and sale made as of March 22, 2018 (the **Sale Agreement**) between the Receiver as

vendor, and Landstar Holdings Inc., Aegean Real Estate Corporation, and Class Act Investments Inc. as purchasers (the **Purchasers**) and provided for the vesting in the Purchasers of Reid Capital's right, title, and interest in and to the Shares and Units, which vesting is to be effective with respect to the Shares and Units upon the delivery by the Receiver to the Purchasers of a certificate confirming (i) the payment by the Purchasers of the Purchase Price for the Shares and Units; (ii) that the conditions to Closing as set out in Article 3 of the Sale Agreement have been satisfied or waived by the Receiver and the Purchasers; and (iii) the Transaction has been completed to the satisfaction of the Receiver.

C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Sale Agreement.

THE RECEIVER CERTIFIES the following:

1. The Purchasers has paid and the Receiver has received the Purchase Price for the Shares and Units payable on the Closing Date pursuant to the Sale Agreement;
2. The conditions to Closing as set out in Article 3 of the Sale Agreement have been satisfied or waived by the Receiver and the Purchasers; and
3. The Transaction has been completed to the satisfaction of the Receiver.
4. This Certificate was delivered by the Receiver at **[Time]** on **[Date]**.

**ALVAREZ & MARSAL CANADA INC.,
in its capacity as Court-appointed
Receiver and Manager of the current
and future assets, undertakings and
properties of 1679775 ALBERTA
LTD., REID-BUILT HOMES LTD., REID
WORLDWIDE CORPORATION,
BUILDER'S DIRECT SUPPLY LTD.,
REID BUILT HOMES CALGARY LTD.,
REID INVESTMENTS LTD., and REID
CAPITAL CORP., and not in its
personal capacity.**

Per: _____

**Name: Todd Martin / Tom Powell,
Alvarez & Marsal Canada Inc.**

**Title: Managing Director / Senior
Director**