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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.,
REID CAPITAL CORP., and EMILIE REID

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., REID CAPITAL
CORP., and EMILIE REID

DOCUMENT **RECEIVER'S FIRST REPORT**
November 24, 2017

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CONTACT
INFORMATION
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APPENDICES

Appendix A – Consent Receivership Order dated November 2, 2107

Appendix B – Comeback Order dated November 2, 2017

Appendix C – Sale Approval and Vesting Order dated November 2, 2017

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1.0 INTRODUCTION

- 1.1 On November 2, 2017, upon application of the Royal Bank of Canada (“**RBC**”), Alvarez & Marsal Canada Inc. (“**A&M**”) was appointed as Receiver and Manager (“**A&M**” or the “**Receiver**”) pursuant to a consent receivership order (“**Receivership Order**”) granted by the Honourable Justice Hillier in respect of the current and future assets, undertakings and properties of 1679775 Alberta Ltd. (“**167**”), Reid-Built Homes Ltd (“**RBH**”), Reid Worldwide Corporation (“**RWW**”), Builder’s Direct Supply Ltd. (“**Direct**”), Reid Built Homes Calgary Ltd. (“**RBH-Calgary**”), Reid Investments Ltd. (“**Investments**”), and Reid Capital Corp. (“**Capital**”) (collectively, the “**Reid Group**”). This matter is hereinafter referred to more generally as, the “**Receivership Proceedings**”. For ease of reference, a copy of the Receivership Order is attached hereto as Appendix ‘**A**’.
- 1.2 Concurrent with the application for the Receivership Order, this Honourable Court heard an application by RBC and granted an order giving leave to apply to any secured creditor who would be materially affected by the priorities specified in paragraphs 18 and 21 of the Receivership Order (the “**Comeback Order**”). Paragraphs 18 and 21 of the Receivership Order are in respect of the Receiver’s Charge and the Receiver’s Borrowing Charge, respectively. Attached as Appendix ‘**B**’ hereto is a copy of the Comeback Order.
- 1.3 Upon application by A&M in its capacity as Proposed Receiver, this Honourable Court granted an order on November 2, 2017 to allow ordinary course home sales transactions to be completed subsequent to the date of the Receivership Order. Title to real property subject to completed sales are to be vested in individual purchasers free and clear of any and all registered security interests and other encumbrances with the net sales proceeds to be held in place of the vested real property pending further order of this Honourable Court (“**Sale Approval and Vesting Order**”). Attached as Appendix ‘**C**’ hereto is a copy of the Sale Approval and Vesting Order.
- 1.4 The Receiver has prepared this first report (“**First Report**”) in order to provide this Honourable Court and the stakeholders of the Reid Group with the following preliminary information:
- a) certain background with respect to the Reid Group including its corporate and operating structure and the apparent causes of its financial difficulty and insolvency;
 - b) a summary of the composition of major assets and the creditor profile of the corporate entities within the Reid Group;
 - c) a summary of the Receiver’s initial activities with respect to the assets and undertakings of the Reid Group;
 - d) the Receiver’s preliminary communications with Reid Group’s creditors, home purchasers/customers and other stakeholders;

- e) a summary of ordinary course home sales transactions completed by the Receiver pursuant to the terms of the Sale Approval and Vesting Order;
- f) select details of the applications and submissions from secured creditors in respect of the Comeback Order and the Receiver's position with respect to same; and
- g) the Receiver's proposed future course of action with respect to the realization of the assets of the various Reid Group entities and related receivership matters.

1.5 Further information regarding the Receivership Proceedings including a copy of the Receivership Order, is posted on the Receiver's website www.alvarezandmarsal.com/reidbuilt (the "Receiver's Website").

1.6 Capitalized terms not defined in the First Report are as defined in the Receivership Order.

1.7 All references to dollars in the First Report are in Canadian currency.

2.0 TERMS OF REFERENCE

2.1 In preparing the First Report, the Receiver has relied primarily upon the representations of certain former management and employees of the Reid Group and certain third parties as well as unaudited financial information contained in the books and records of the corporate entities within the Reid Group. While the Receiver has undertaken preliminary reviews and investigations in respect of the assets and liabilities of various Reid Group entities, it has not performed an audit, review or otherwise substantiated the completeness or accuracy of the financial position of the Reid Group.

3.0 BACKGROUND TO THE REID GROUP

Ownership and Corporate Structure

3.1 The Reid Group is a privately held group of companies controlled by Ms. Emilie Reid through her investment holding company, Investments. For the most part, the subsidiary companies of Investments are single purpose companies aligned with the various operating segments of the Reid Group (refer to paragraph 3.3 below). The corporate organization structure of the Reid Group is depicted in Appendix 'D' attached hereto. The Reid Group maintained a head office at 18140-107th Avenue NW in Edmonton and also has a leased regional/satellite office in Calgary.

Business Overview and Operating Segments

3.2 The Reid Group is a recognized and established home builder and residential property developer having operated under the trade banner "Reid-Built Homes" in the Edmonton and Calgary markets since 1981.

- 3.3 The primary operating segments of the Reid Group include:
- a) *Home Construction and Sales* – operations conducted primarily by RBH, 167 and RBH-Calgary. The principal assets of RBH and 167 and RBH-Calgary are approximately 622 completed homes, homes under construction and developed lots in Edmonton and Calgary;
 - b) *Residential Property Development* – ownership of real property under development held primarily by RWW in the greater Edmonton geographic market. As at the date of the Receivership Order, RWW’s major development projects included:
 - Stony Plain-Fairways (“**Fairways**”) – approximately 44.4 acres under development,
 - St. Albert-Riverside (“**Riverside**”) – approximately 56.8 acres under development, and
 - Granville – approximately 3.6 acres under development.
 - c) *Commercial Properties and Development* – ownership of four commercial properties in Edmonton and Calgary owned by RWW including:
 - Hawkstone Shopping Centre (“**Hawkstone**”) – open retail shopping centre with a two storey professional office/retail building located in a residential and commercial area of southwest Edmonton built in 2004,
 - Park West Plaza (“**Park West**”) – retail strip mall with mixed retail located in northwest Edmonton built in 1999,
 - Reid-Built Homes Head Office – two storey mixed office and warehouse in northwest Edmonton built in 1979, and
 - Deerfoot Professional Building (“**Deerfoot**”) – newly constructed (2017) professional/office building in northeast Calgary which is currently vacant.
 - d) *Alternative Real Property Investment and Joint Ventures* – ownership of commercial and industrial real property held primarily for investment purposes by Reid Capital (and subsidiary companies) which includes an industrial condominium in Leduc, Alberta (“**Energy Crossing**”) and a limited partnership interest in a residential/recreational development project near Kelowna, B.C. (“**Blackmun Bay**”).

Management and Employees

- 3.4 As at the date of the Receivership Order, the Reid Group had approximately 53 full time employees split between its Edmonton and Calgary locations. A breakdown of employees by Reid Group corporate entity as at the date of the Receivership Order is summarized in the table below.

Reid Group Summary of Employees by Entity As at November 2, 2017	
Entity	Number of Employees
RBH	22
167	25
Direct	2
RWW	4
Total Employees	53

- 3.5 As of November 24, 2017, 13 former employees are currently engaged to assist the Receiver. It is expected that the staffing complement will be further rationalized in December 2017.

Apparent Causes of Financial Difficulties and Insolvency

- 3.6 Summarized in the table below are select operating metrics (on a combined basis) reported by the primary operating entities of the Reid Group, being RBH, 167 and RWW, for the years ended January 31, 2015 to 2017.

Reid Group Select Operating Metrics - RBH, 167 and RWW For the Years Ended January 31, 2015 to 2017 (\$000s)			
	Year Ended January 31,		
	2017	2016	2015
	(Unaudited)	(Audited)	(Audited)
No. of Home Sales	213	309	339
Revenue	\$ 102,297	\$ 154,643	\$ 154,551
Gross profit (\$)	\$ 12,059	\$ 23,041	\$ 18,827
Gross margin (%)	12%	15%	12%
Adjusted EBITDA(*)	\$ 2,924	\$ 15,183	\$ 11,932
Adjusted EBITDA (%)	3%	10%	8%
Interest expense	\$ (11,558)	\$ (5,350)	\$ (4,780)
Net income before tax	\$ 3,706	\$ 6,855	\$ 5,375

(*) 'Adjusted EBITDA' refers to earnings before interest, taxes, depreciation, management fees, and amortization and is often used as a proxy measure of operating cash flow.

- 3.7 As indicated above, home sales for RBH and 167 declined by over 30% in fiscal 2017 (February 2016 through January 2017) in terms of both volume and revenue. Further exacerbating this decline in revenue was a decline in gross margin on home sales in fiscal 2017 which is

consistent with sluggish market conditions and downward pressure on prices for single and multi-family residential units in Alberta during that time.

- 3.8 Of particular note in the reported operating figures above is the significant year-over-year increase of interest expense during fiscal 2017 which is indicative of an unsustainable debt load and leverage (refer to paragraph 4.15 which references the secured creditor profile of the Reid Group) and is one of the primary reasons for the financial difficulties and eventual insolvency of the Reid Group. Capital investments made in 2016 and 2017 involving Reid Capital and RWW owned ventures and developments accounted for a large portion of the incremental debt taken on during those years.
- 3.9 While the Receiver understands that home sales of RBH and 167 were improving up until the fall of 2017, the liquidity of the Reid Group entities (which was generated primarily from the home building operations of RBH and 167) had not returned to a level that could support the overall debt carried by the Reid Group.

4.0 FINANCIAL POSITION OF THE REID GROUP – NOVEMBER 2, 2017

- 4.1 Summarized in the table below is an estimated statement of financial position of the Reid Group entities as at November 2, 2017.

Reid Group							
Estimated Statement of Financial Position							
As at November 2, 2017							
(\$000s)							
(Unaudited)							
	RBH	167	RWW	Direct	RBH- Calgary	Investments	Capital
Property under development	\$ 62,206	\$ 62,287	\$ 41,016	\$ -	\$ -	\$ -	\$ -
Capital assets	33	8	12,743	-	11	-	-
Due from related parties	17,340	7,765	7,638	12,363	-	20,905	566
Investments & joint venture interests	-	-	4,935	-	-	614	18,948
Other assets	73	9	78	361	-	6,484	-
	<u>\$ 79,652</u>	<u>\$ 70,069</u>	<u>\$ 66,410</u>	<u>\$ 12,724</u>	<u>\$ 11</u>	<u>\$ 28,003</u>	<u>\$ 19,514</u>
Secured debt	\$ 43,243	\$ 34,734	\$ 44,540	\$ -	\$ -	\$ -	\$ -
Developer land payable	22,892	15,272	-	-	-	-	-
Unsecured debt	10,598	10,416	5,180	635	-	-	-
Intercompany creditors	636	13,611	721	4,211	588	10,859	21,762
Statutory liabilities	580	347	40	18	-	-	-
	<u>77,949</u>	<u>74,380</u>	<u>50,481</u>	<u>4,864</u>	<u>588</u>	<u>10,859</u>	<u>21,762</u>
Shareholder's Equity	1,703	(4,311)	15,929	7,860	(577)	17,144	(2,248)
	<u>\$ 79,652</u>	<u>\$ 70,069</u>	<u>\$ 66,410</u>	<u>\$ 12,724</u>	<u>\$ 11</u>	<u>\$ 28,003</u>	<u>\$ 19,514</u>

- 4.2 The figures presented above are based on the books and records of the Reid Group entities as at the date of the Receivership Order. These figures are unaudited and have not otherwise been verified. Intercompany balances have not been reconciled.

Primary Assets of RBH and 167

4.3 The primary assets of RBH and 167 are completed homes, homes under construction and developed lots. These assets are classified as “Property under development” in the table presented at paragraph 4.1, the details of which are summarized in the table below.

RBH and 167											
Inventory of Completed Homes and Homes Under Construction and Lots											
As at November 2, 2017											
(\$000s)											
	Total No.	Owned		Developer				Total	Customer		Liens
		No.	Cost	No.	Cost	Land Payable	Net	Cost	No.	Deposit	Lien Claim
RBH											
Lots	192	66	\$ 6,043	126	\$ 18,902	\$ (16,143)	\$ 2,759	\$ 24,945	19	\$ 442	\$ 586
Homes	136	71	19,466	65	17,796	(6,749)	11,047	37,262	32	674	15,468
	328	137	25,509	191	36,697	(22,892)	13,806	62,206	51	1,116	16,054
167											
Lots	177	97	13,265	80	12,320	(10,353)	1,967	25,585	1	33	-
Homes	117	83	26,755	34	9,947	(4,919)	5,028	36,702	53	1,521	4,257
	294	180	40,020	114	22,267	(15,272)	6,995	62,287	54	1,553	4,257
Total	622	317	\$ 65,529	305	\$ 58,964	\$ (38,164)	\$ 20,801	\$ 124,493	105	\$ 2,669	\$ 20,311

4.4 As indicated above, as at November 2, 2017 RBH and 167 had a total of 253 homes under construction and 369 lots ready for build out (inclusive of developer owned lots). The recorded book value (cost) of the homes under construction and developed lots for RBH and 167 is in aggregate, approximately \$124.5 million (before land payable amounts due to developers of approximately \$38.2 million).

4.5 Items of note in the table above include the significant number (305) of lots owned by third party developers upon which completed and partially completed RBH and 167 homes have been constructed and the large number of pre-sale homes where deposits have been made by home purchasers (approximately \$2.7 million as at November 2, 2017).

4.6 The Receiver has not reconciled or verified the total number or quantum of customer deposits recorded in the books of RBH and 167 but is working collaboratively with the Alberta branch of The New Home Warranty Insurance (Canada) Corporation (“**NHWIC**”) to assist in the claims investigation process currently underway by NHWIC staff.

4.7 As noted in section 6.0 below, the Receiver has completed a number of ordinary course home sales transactions as of the date of this First Report. These sales have not been reflected in the detailed table at 4.3 above nor have 14 completed homes that are subject to option purchase and lease agreements between third party individuals and EAM Real Estate Investment Holdings Ltd. dba Bridge to Home Ownership Alberta Limited Partnership (“**BTHO**”). BTHO had

previously entered into arrangements with RBH and 167 to acquire the homes (estimated market value in the range of \$5.0 to \$6.0 million) but these transactions have not yet been concluded.

- 4.8 Based on information provided to the Receiver to date, we understand that builders' lien claims total 1,365 in number filed by approximately 180 separate building trades with an aggregate value of approximately \$20.3 million in value. The Receiver has not yet undertaken a review of the validity or priority of the lien claims but is aware that there are many duplicative claims filed against a number of separate titles.

Primary Assets of RWW

- 4.9 Summarized in the table below are the particulars of select commercial properties and development lands owned by RWW.

Reid Worldwide Corp. Summary of Commercial and Development Properties As at November 2, 2017				
Commercial Properties				
	Park West	Hawkstone	Deerfoot	Head Office
Property Description	18904-87th Ave., Edmonton 1.69 acres; ~14,000 sq. ft.	4903-184th Street, Edmonton 7.56 acres; ~88,000 sq. ft.	7136-11th St., NE, Calgary 1.09 acres; ~80,000 sq. ft.	18140-107th Ave., Edmonton 1.19 acres; ~30,000 sq. ft.
Occupancy Status	Tenanted	Tenanted	Vacant	Occupied by Reid Group
Mortgagee	Canada ICI Capital Corp.	Canada ICI Capital Corp.	KV Capital Corp.	Canadian Western Bank
Indebtedness	\$2.4 million	\$22.4 million	\$8.6 million	\$3.7 million
Property Taxes/Liens/ Other Encumbrances	Liens - N/A Property Taxes - \$78,511	Liens - N/A Property Taxes - \$571,496	Liens - \$2.19 million Property Taxes - \$216,032	Liens - N/A Property Taxes - \$70,327
Development Properties				
	Riverside	Fairways	Granville	
Property Description	St. Albert 56.2 acres	Stony Plain 44.5 acres; 37 lots completed	6941 Winterburn Road, Edmonton 3.5 acres	
Mortgagee	Laurentian Bank	TD Bank and RBC	Canada ICI Capital Corp.	
Indebtedness	\$5.7 million (*)	TD \$850,000 LC Facility	\$2.4 million	
Property Taxes/Liens/ Other Encumbrances	Liens - \$517,000 (unverified) Property Taxes - \$106,726 Canada ICI - Encumbrance	Liens - \$890,022 (Standard General) Property Taxes - N/A	Liens - N/A Property Taxes - \$24,512	
(*) The Laurentian Bank indebtedness charges against assets held by both RBH and RWW.				

Primary Assets of Capital

- 4.10 The Receiver understands that Capital was formed in 2016 by certain former management of the Reid Group to invest in alternative real property developments through limited partnerships and/or joint venture companies. A number of the investments of Capital were funded directly or indirectly through advances from other Reid Group entities.

- 4.11 Summarized in the table below are the particulars of two of Capital’s material investments, Energy Crossing and Blackmun Bay.

Reid Capital Corp. Summary of Property As at November 2, 2017		
	<u>Energy Crossing</u>	<u>Blackmun Bay</u>
Property Description	Vacant industrial condominium owned by 1852512 Alberta Ltd. (subsidiary of Capital) 3902 65A Ave., Leduc, AB	2211 Campbell Rd., Kelowna, BC 17 acres; 70% limited partnership interest held by Capital
Mortgagee	Canadian Western Bank	JayCap Financial Ltd.
Indebtedness	\$5.3 million	\$7.5 million
Property Taxes/Liens/	Liens - N/A	Liens - N/A
Other Encumbrances	Property Taxes - \$106,726	Property Taxes - N/A

- 4.12 Prior to the commencement of the Receivership Proceedings, the Reid Group on behalf of 1852512 Alberta Ltd. (the owner of Energy Crossing) (“**1852512**”) received a number of expressions of interest or offers to purchase the property. The Receiver has met with the primary secured creditor of 1852512, Canadian Western Bank (“**CWB**”), and certain guarantors of the loans due to CWB, and discussed options for the potential sale of the project. The Receiver is in the process of obtaining an independent appraisal of Energy Crossing.
- 4.13 Blackmun Bay is a residential/recreational development property located in Kelowna, B.C. which is owned by a limited partnership involving Capital and another third party. Capital’s original investment in the limited partnership was to be 70% but the exact partnership interest remains unconfirmed. The Receiver understands that Capital may have made an investment in excess of \$10.0 million in this project on account of subscription installments, interest payments and other cost allowances charged by the general partner of partnership holding Blackmun Bay.

Other Assets of the Reid Group

- 4.14 The Reid Group entities hold other real property joint ventures and other investments that have not been detailed herein and require further investigation and review by the Receiver. For purposes of this First Report, the Receiver has not included details regarding the assets and liabilities of Direct, RBH-Calgary and Investments which are primarily intercompany receivables and loans and the cash surrender value of certain life insurance policies.

Secured Creditor Profile – November 2, 2017

- 4.15 Summarized in the table below are estimated balances due to the secured creditors of the Reid Group as at November 2, 2017. Note that this table does not include any secured debt owed by Capital or its related entities.

Reid Group Summary of Secured Debt As at November 2, 2017 (\$000s)					
	Operating Facilities	Demand Loans	Long-Term Debt	Municipal Property Taxes	Total
RBH					
Royal Bank of Canada	\$ 35,217	\$ -	\$ -	\$ -	\$ 35,217
1831575 Alberta Ltd.	-	5,112	-	-	5,112
Laurentian Bank of Canada	-	2,661	-	-	2,661
Municipal property taxes	-	-	-	253	253
	<u>35,217</u>	<u>7,773</u>	<u>-</u>	<u>253</u>	<u>43,243</u>
167					
Royal Bank of Canada	26,980	-	-	-	26,980
Cobra Mortgage Services	-	1,902	-	-	1,902
Jovica	-	1,032	-	-	1,032
KV Capital Corp.	-	4,506	-	-	4,506
Municipal property taxes	-	-	-	314	314
	<u>26,980</u>	<u>7,440</u>	<u>-</u>	<u>314</u>	<u>34,734</u>
RWW					
Canada ICI Capital Corp.	-	2,400	24,757	-	27,157
Canadian Western Bank	-	-	3,732	-	3,732
KV Capital Corp.	-	8,590	-	-	8,590
Laurentian Bank of Canada	-	3,001	-	-	3,001
TD	-	-	850	-	850
Municipal property taxes	-	-	-	1,210	1,210
	<u>-</u>	<u>13,991</u>	<u>29,339</u>	<u>1,210</u>	<u>44,540</u>
Total	\$ 62,197	\$ 29,204	\$ 29,339	\$ 1,777	\$ 122,517

- 4.16 For purposes of this First Report we have included outstanding municipal property taxes as secured creditors.

Unsecured Liabilities, Builders' Liens and Statutory Liabilities

- 4.17 Based on the Receiver's preliminary review of the books and records of the Reid Group, recorded balances of unsecured creditors (which includes building trades who have filed lien claims and home purchasers who have paid deposits on new homes) were approximately \$27 million as at November 2, 2017.
- 4.18 The majority of unsecured creditors relate to the home building businesses of RBH and 167 (recorded balances of \$10.6 million and \$10.4 million, respectively) and construction trades in

respect of the Deerfoot Professional Building located in Calgary and the Fairways and Riverside development properties which are owned by RWW. There are approximately \$5.2 million of unsecured creditor amounts recorded in respect of RWW, \$2.1 million of which relates to the primary contractor on the Deerfoot Professional Building who has registered a lien against the property.

4.19 As indicated in paragraph 4.3 above, there are a significant number of builders' liens that have been filed and registered against the various real estate holdings of the Reid Group. In addition to liens registered against RBH and 167 homes under construction, the Receiver is aware of a number of liens that have been filed and registered against homes that were sold to third party individuals prior to the date of the Receivership Order. The Receiver is collecting information from the affected individuals and will be communicating with these parties to provide some guidance and direction and to aid in a timely resolution of these matters.

4.20 The Receiver has reviewed and compiled employee claims in accordance with WEPPA as well as reviewed the latest goods and services tax (GST) filings made by the Reid Group in order to confirm the amount of statutory liabilities owing as at November 2, 2017 which are summarized below.

Reid Group Known Statutory Liabilities As at November 2, 2017 (\$000s)					
	RBH	167	RWW	Direct	Total
GST payable	\$ 410	\$ 227	\$ -	\$ 6	\$ 643
WEPPA	170	120	40	12	342
	<u>\$ 580</u>	<u>\$ 347</u>	<u>\$ 40</u>	<u>\$ 18</u>	<u>\$ 985</u>

4.21 The amount due and owing in respect of WEPPA pertains solely to severance pay that may be owing to former Reid Group employees. Wages and vacation pay owing to Reid Group employees appears to be current as at November 2, 2017.

4.22 The Receiver is in contact with auditors from Canada Revenue Agency and is making arrangements to facilitate an audit of GST balances owing as well as any liabilities that may exist for unremitted payroll withholdings.

5.0 RECEIVER'S INITIAL ACTIVITIES

5.1 The Receiver's initial activities since being appointed November 2, 2017 have included the following:

Possession and Preservation of Assets

- a) attending the Reid Group's head office in Edmonton, Alberta and its satellite office in Calgary, Alberta to secure the premises;
- b) performing a physical observation of the Reid Group's completed and work-in-progress home inventory;
- c) arranging for the locks and key codes to be changed for all home inventory;
- d) developing a winterization and preservation program for work-in-progress homes for a total budgeted cost of approximately \$170,000 for RBH and \$32,000 for 167;
- e) commencing winterization and preservation activities for the home inventory including:
 - i. installation of basement heaters and related power supplies;
 - ii. shut-off of water supplies;
 - iii. installation of furnaces;
 - iv. sealing of basements with polyethylene sealant;
 - v. installation of safety fencing around open excavations;
 - vi. performance of regular visits to homes to ensure winterization systems are operating effectively; and
 - vii. commencing shingling to weather-proof certain partially completed homes.
- f) securing possession and preparing an inventory of the capital assets of Reid Group which, in addition to the head office premises, consists primarily of vehicles, computer equipment and show home furnishings;
- g) performing an inventory of Reid Group's physical books and records and arranging redundant back-ups of all computer and electronic records;
- h) notifying Reid Group's insurers of the Receivership Order and requesting that the Receiver be added as named insured and loss payee on the insurance policies;
- i) engaging an independent insurance brokerage to conduct a review of the Reid Group's insurance coverage and assess the need for any enhanced and/or renewal coverage;
- j) attending meetings with the property managers of Reid Group's commercial properties;
- k) notifying commercial tenants of the Receivership Order and arranging for payments of rent to the Receiver;
- l) securing vacant industrial property and changing the locks and security codes, where applicable;

Former Management and Employees

- m) conducting an initial meeting with all employees on November 2, 2017 to advise them of the Receivership Order and related matters;

- n) retaining 18 former employees (reduced to 13 at date of the First report) of Reid Group on a contract basis to assist with the administration of the Receivership;

Closing of Ordinary Course Home Sales Transactions

- o) closing 5 ordinary course home sales transactions up to November 24, 2017 including meetings, discussions and correspondence with respective legal counsel and home purchasers;

Receiver's Borrowings and Receiver's Cash Receipts and Disbursements

- p) borrowing \$1.0 million from RBC under a Receiver's Certificate pursuant to paragraph 21 of the Receivership Order;

Consultation and Communications with Stakeholders and Other Parties

- q) consultation and communication with various stakeholders, customers and creditors. (Attached as Appendix 'E' is a copy of a letter dated November 14, 2017 from the Receiver to Home Purchasers and Building Trade Creditors which was mailed and posted on the Receiver's Website);
- r) meeting with and on-going discussions and communication with representatives of NHWIC in order to deal with issues surrounding customer deposits, deficiency and warranty claims, home inspections of home sales closed by the Receiver and related issues;

Retention of and Instructions to the Receiver's Independent Legal Counsel

- s) retaining Norton Rose Fulbright Canada LLP ("NRF") as its independent legal counsel and instructing NRF to assist with, among other things:
 - i. the closing of the ordinary course home sales transactions,
 - ii. dealing with submissions and application materials from affected secured creditors in respect of the Comeback Order,
 - iii. responding to enquiries from various lien claimants and third party property developers with lot commitment agreements with the Reid Group,
 - iv. reviewing the validity and enforceability of security interests registered against the real property and other assets of the Reid Group entities, and
 - v. preparation for the comeback hearing before this Honourable Court on November 29, 2017; and

Statutory Notices under the BIA and WEPPA

- t) attending to various statutory notices pursuant to the BIA and WEPPA including mailing a Notice and Statement of Receiver to 757 creditors identified in the books and records of Reid Group and posting a copy on the Receiver's Website.

6.0 ORDINARY COURSE HOME SALES TRANSACTIONS

- 6.1 As noted in the Proposed Receiver's Report dated November 1, 2017, there were approximately 11 home sales transactions scheduled to close during the month of November 2017 that might have been delayed or otherwise disrupted as a result of the intervening receivership of the Reid Group.

6.2 Pursuant to the provisions in the Sale Approval and Vesting Order, the Receiver has closed 5 home sales transactions since November 2, 2017 with net sales proceeds (after closing costs and paying out the developer of certain lots not owned by RBH) of \$1.9 million which are currently held in trust by the Receiver’s legal counsel, NRF, pending determination of the entitlement to the proceeds amongst competing secured creditors and registered lien claimants. Summarized in the table below are the specific home sales transactions closed by the Receiver indicating gross and net sales proceeds.

Reid Group						
Home Closings Pursuant to the Sale Approval and Vesting Order						
For the period November 2 to 24, 2017						
Entity	Job Code	Civic Address	Closing Date	Gross Sales Proceeds	Net Proceeds	
1) RBH	JL-01-025	2 James Crescent, St. Albert, AB	17-Nov-17	\$ 422,500	\$ 409,144	
2) RBH	JL-01-026	4 James Crescent, St. Albert, AB	17-Nov-17	357,500	344,500	
3) RBH	CW-07-001	6726 Cardinal Rd SW, Edmonton, AB	23-Nov-17	320,000	311,906	
4) RBH	JL-01-011	46 James Crescent, St. Albert, AB	17-Nov-17	355,524	348,189	
5) RBH	RT-2C-214	21707 - 85 Ave, Edmonton, AB	23-Nov-17	518,512	489,457	
				<u>\$ 1,974,036</u>	<u>\$ 1,903,196</u>	

6.3 The Receiver has instructed NRF to deliver to the solicitors for specific home purchasers, the Receiver’s Certificate prepared in accordance with the Sale Approval and Vesting Order so that title to the real property can be registered with the Registrar of Land Titles of Alberta and vested in individual purchasers free and clear of any and all registered security interests and other encumbrances with the net sales proceeds held in place of the vested real property pending further order of the Court.

7.0 COMEBACK ORDER

7.1 As noted, the Comeback Order provides secured creditors who would be materially affected by the priorities specified in paragraphs 18 and 21 of the Receivership Order leave to apply to vary the priorities of the Receiver’s Charge and the Receiver’s Borrowing Charge. Secured creditors seeking leave pursuant to the Comeback Order were ordered to file any notice of application and any materials in support thereof with legal counsel to RBC and the Receiver on or before November 17, 2017.

Filed Notices of Application and Materials by Affected Secured Creditors

- 7.2 The Receiver’s legal counsel was served on November 17, 2017 with notices of application and accompanying supporting materials by two secured creditors of Reid Group entities as well as an affidavit from another secured creditor.
- 7.3 Canada ICI Capital Corporation (“**ICI**”) holds registered security interests against the Hawkstone and Park West commercial properties and the Granville development lands owned by RWW as well as a registered encumbrance against certain lots in respect of the Riverside development lands (the “**Encumbrance**”), filed a notice of application seeking among other things:
- a) an order removing Park West, Hawkstone and Granville from the Receivership Proceedings;
 - b) in the alternative, an order lifting the stay of proceedings under the Receivership Order and permitting ICI to enforce its security against RWW;
 - c) in the alternative, an order declaring that the Receiver’s Charges including legal fees and the Receiver’s Borrowing Charges do not apply as a charge against Park West, Hawkstone or Granville or alternatively, do not apply in priority to the security of ICI or in priority to the Encumbrance; and
 - d) in the alternative, an order directing disclosure of the Receiver’s and its legal counsel’s proposed standard rates and charges, including travel time.
- 7.4 Based on materials filed in support of ICI’s application, we understand that the current outstanding balances due to ICI as at November 17, 2017 are as follows:

RWW Real Property	ICI Indebtedness (*)	
		Nov. 17, 2017
Hawkstone	\$	22,499,543
Park West	\$	2,383,078
Granville	\$	2,408,009
Encumbrance	\$ 7,000 per subdivided lot (~ 37 lots completed to date)	

(*) Including per diem interest and costs.

- 7.5 The Receiver is in possession of various real estate appraisals commissioned by the Reid Group during the period 2014 through February 2017 that indicate fair market values for the Hawkstone, Park West, Granville and Riverside in excess of the indebtedness confirmed by ICI. The Receiver is in the process of obtaining updated independent real estate appraisals in respect of all the material real estate holdings of RWW including those referenced above.

- 7.6 In addition to the appraisals previously commissioned by the Reid Group, the Receiver is aware of unsolicited third party expressions of interest or offers to purchase Hawkstone and Riverside which were received by the Reid Group prior to the date of the Receivership Order indicating purchase prices in excess of what ICI may be owed.
- 7.7 In addition to the competing security interests of RBC registered against the Hawkstone and Park West commercial properties, the Receiver understands that there are a number of other registrations by lessees (tenants) of the Hawkstone and Park West commercial properties against the title to the subject properties. With respect to the Encumbrance, RBC and various builders' liens have also registered encumbrances against subject properties.
- 7.8 With the exception of 7.3 (d) above, the Receiver intends to oppose ICI's application primarily on the basis that it is the Receiver's view that there appears to be significant and material equity in the real property holding of RWW referenced above.
- 7.9 Standard General Inc. ("**Standard**") has registered a Statement of Lien in respect of a builders' lien against certain of Fairways' development lands. Standard has claimed that it is owed \$890,022 in respect of work and materials (plus costs and applicable taxes) provided to RWW and is seeking among other things, the following relief:
- a) an order removing certain of the Fairways development lands from the Receivership Proceedings;
 - b) in the alternative, an order not permitting the Receiver's Charges including legal fees to apply as a charge against certain of Fairways' development lands unless such charges relate entirely to work or services performed on the subject lands;
 - c) in the alternative, an order not permitting the Receiver's Borrowing Charges to be secured by certain of the Fairways' development lands or in priority to Standard's lien;
 - d) in the alternative, an order directing disclosure of the Receiver's and its legal counsel's proposed standard rates and charges, including travel time; and
 - e) an Order directing listing of certain of the Fairway's lands for sale on reasonable terms and conditions.
- 7.10 With the exception of 7.9(d) above, the Receiver intends to oppose Standard's application primarily on the basis that it is the Receiver's view that there appears to be significant and material equity in the subject property referenced above. The Receiver is in possession of various real estate appraisals commissioned by the Reid Group during the period 2014 through February 2017 that indicate fair market values for Fairways' development property including the lots encumbered by Standard and the indicative value of the property is in excess of the indebtedness confirmed by Standard.

- 7.11 Further, it should be noted that RBC has registered its security prior to the registration of the Standard lien.
- 7.12 With respect to Standard's notice and the relief sought and referenced as 7.9(e) above, the Receiver intends to market and offer for sale the Fairway's development property as well as all the other Reid Group assets and real estate holdings in the near term (refer to section 8.0 below) unless this Honourable Court otherwise varies the Receiver's Powers referenced at paragraph 3(j) of the Receivership Order.
- 7.13 Laurentian Bank ("**Laurentian**") filed affidavit material setting out the particulars of its demand facilities extended to RWW and the mortgage security registered against certain developed lots and the Riverside development lands generally. Laurentian advises that it is owed \$5,661,702 (plus costs and interest) as at November 17, 2017.
- 7.14 Laurentian has not made an application to this Honourable Court nor sought any relief in respect of its standing as a secured creditor but it has expressed concerns regarding the Receiver's Charge and the Receiver's Borrowing Charge and the impact that costs and expenses flowing from these Court ordered charges may have on the ultimate recoverability of Laurentian's loan to RWW.
- 7.15 With respect to Laurentian's concerns, it is the Receiver's view that there appears to be significant and material equity in the Riverside property (including certain developed lots) based on a real estate appraisal commissioned by the Reid Group in or around February 2017. In addition, the Receiver is aware of unsolicited third party expressions of interest or offers to purchase Riverside which were received by the Reid Group prior to the date of the Receivership Order indicating purchase prices in excess of what Laurentian may be owed as of the current date.
- 7.16 In general, the Receiver believes that a coordinated sale by the Court-appointed officers of all Reid Group properties will create efficiencies and enhance potential recovery for all Reid Group stakeholders.

Receiver's Charge and Receiver's Borrowing Charge – Allocation of Costs

- 7.17 With respect to costs flowing from the Receiver's Charge and the Receiver's Borrowing Charge, the Receiver is cognizant of the fact that there are multiple secured creditors with security

interests in common properties and the sensitivities surrounding costs of the Receivership Proceedings.

7.18 Paragraph 25 – “Allocation” of the Receivership Order allows for any affected party to apply to Court for an order allocating the Receiver’s Charge and the Receiver’s Borrowing Charge. Such allocation, which will ultimately be subject to approval of this Honourable Court, will be undertaken by the Receiver in due course and it is the Receiver’s intention to undertake the allocation exercise in consultation with affected parties.

7.19 The Receiver and its legal counsel will charge for their time based on their standard and prevailing hourly billing rates. These rates will be available, on a confidential basis, to counsel for secured creditors on request. Neither the Receiver nor its legal counsel will charge the estate for travel or hotel costs or time to attend to matters in Edmonton from their home office locations.

Receiver’s Proposed Property Powers and Property Powers Charge

7.20 In respect of various properties comprising the receivership estate, the Receiver anticipates from time to time undertaking works to repair, upkeep, enhance, complete or partially complete improvements to these properties (or any one of them), so as to preserve or increase the value of the properties for the benefit of Reid Built’s stakeholders.

7.21 The Receiver is requesting from this Honourable Court a first-ranking super priority charge as against the specific properties so improved by the Receiver by virtue of the above-noted works. The Receiver’s view is that such a charge would ensure that steps taken and moneys expended by the Receiver to enhance or preserve the properties comprising the Reid Built estate would be shielded from being subordinated by third-party claims asserted against those same properties so improved.

8.0 RECEIVER’S PROPOSED FUTURE COURSE OF ACTION

8.1 The Receiver’s primary focus to date has been on the preservation and protection of the assets of the Reid Group, effecting closings of ordinary course home sales transactions that were held up or delayed due to the Receivership Proceedings and reviewing the books and records of the Reid Group to confirm assets and liabilities of the various corporate entities. While that work is on-going, and subject to any directions of and approval from this Honourable Court, the Receiver intends to launch a sales solicitation and realization process in early-mid December 2017 in accordance with paragraphs 3(j) through (l) of the Receivership Order.

8.2 Given the composition of the Reid Group's real property portfolio and the degree to which third party developers have an economic interest in some of the inventory of the complete and partially completed home inventory of RBH and 167, the Receiver expects that a number of realization transactions that eventually get concluded will be collaborative in nature and may involve a number of Reid Group's various development partners as well as a variety of different realization options including:

- a) listing of select commercial properties and possibly, certain development lands, for sale with accredited and established real estate brokers;
- b) soliciting offers to purchase the completed homes and homes under construction of RBH and 167 as well as owned lots and interests in developed and undeveloped lots;
- c) possibly entering into financing and build out transactions with developers affiliated with qualified builders and financiers in order to complete and sell partially completed homes and developed lots in select subdivisions;
- d) reviewing and possibly pursuing certain offers to purchase and/or expressions of interest that the Reid Group received prior to the commencement of the Receivership Proceedings; and
- e) negotiating settlements and transactions relating to certain assets including RBH's and 167's interest in developer lots, the BTHO sale homes, select Reid Capital assets and other joint ventures and miscellaneous real property holdings.

8.3 Investments had previously retained an advisory firm with real estate transaction specialists to market the portfolio of completed and partially completed homes and lots of 167 which took place during September/ October 2017. A number of expressions of interest were received by the Reid Group as a result of that process. The Receiver has been in discussions with the third party advisory firm with a view to developing a timely and cost effective approach to marketing the 167 portfolio of homes/lots thereby avoiding redundancy or duplication in process and cost.

8.4 Given the large number and amounts of builders' liens that have been filed against the various real estate properties of the Reid Group, it is the Receiver's intention to initiate a process to call for builders' lien and trust claims and to determine the validity and relative priority of these claims *vis a vis* other registered security interests. As builders' liens have to be filed at the Alberta Land Titles within 45 days from completion of work, the Land Title system is effectively acting as a Builders' Lien claim registry and all liens should be filed by mid-December 2017 for review and verification at a later date.

9.0 CONCLUDING COMMENTS AND RECOMMENDATION

9.1 This First Report is largely for information purposes and to provide this Honourable Court and the significant number of financial stakeholders with an overview of the financial state of affairs

of the Reid Group and the Receiver's initial activities. The books and records of the Reid Group are not necessarily complete or up to date and as such, the Receiver's review and assessment of the assets and liabilities of the Reid Group remains preliminary and on-going.

- 9.2 Given that independent third party appraisals and other indications of value normally obtained through a rigorous sale process are not yet available, it would be premature at this time for the Receiver to estimate or forecast potential net recoveries to the secured and unsecured creditors of the various Reid Group entities.
- 9.3 The Comeback Order was sought in order to provide affected secured creditors with an opportunity to address or apply to vary the priorities and amounts of the Receiver's Charge and the Receiver's Borrowing Charge. Based on the applications made and the supporting materials filed to date, the Receiver respectfully requests that this Honourable Court not vary the terms of the Receivership Order and in particular, paragraphs 18 and 21 in respect of the Receiver's Charge and the Receiver's Borrowing Charge, respectively.
- 9.4 The Receiver also respectfully requests that this Honourable Court grant the Receiver a first-ranking super priority charge in respect of any funds expended by the Receiver in respect of improvements to any Reid Group real property.

All of which is respectfully submitted to this Honourable Court this 24th day of November 2017.

**Alvarez & Marsal Canada Inc.,
in its capacity as Receiver and Manager
of the assets, undertakings and properties of
the Reid Group and not in its personal capacity**



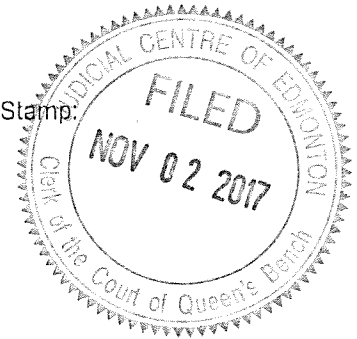
Per: Todd M. Martin
Senior Vice President

APPENDIX A

I hereby certify this to be a true copy of the original.

for Clerk of the Court

Clerk's Stamp:



COURT FILE NUMBER
COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE
PLAINTIFF(S)
DEFENDANT(S)

1703 21274

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

DOCUMENT

CONSENT RECEIVERSHIP ORDER

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

Ray C. Rutman
Dentons Canada LLP
2900 Manulife Place
10180 - 101 Street
Edmonton, Alberta T5J 3V5
Ph. (780) 423-7246 Fx. (780) 423-7276
File No.: 125665-8723/RCR

DATE ON WHICH ORDER WAS PRONOUNCED: November 2, 2017
LOCATION WHERE ORDER WAS PRONOUNCED: Edmonton, Alberta
NAME JUSTICE WHO MADE THIS ORDER: The Honourable Justice S. D. Hillier

UPON the application of the Plaintiff, Royal Bank of Canada ("RBC") in respect 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., (individually and collectively referred to as the "Debtor") and in respect of Emilie Reid; AND UPON reading the consent of Alvarez & Marsal Canada Inc. ("A&M") to act as Receiver and Manager (the "Receiver") of the property of the Debtor, filed; AND UPON hearing counsel for RBC, counsel for the Defendants and counsel for the Receiver; IT IS HEREBY ORDERED AND DECLARED THAT:

SERVICE

1. The time for service of the notice of application for this order is hereby abridged and service thereof is deemed good and sufficient.

APPOINTMENT

2. Pursuant to section 243 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 as amended (the "BIA"), and sections 13(2) of the *Judicature Act*, R.S.A. 2000 c.J-2 and 65(7) of the *Personal Property Security Act*, R.S.A. 2000, c.P-7 (the "PPSA") A&M is hereby appointed Receiver, without security, of all of all of the Debtor's current and future assets, undertakings and properties

of every nature and kind whatsoever, and wherever situate, including all proceeds thereof (the "Property").

RECEIVER'S POWERS

3. The Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:
- (a) to take possession and control of the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
 - (b) to receive, preserve, protect and maintain control of the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
 - (c) to manage, operate and carry on the business of the Debtor, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part other business, or cease to perform any contracts of the Debtor;
 - (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the powers and duties, including without limitation those conferred by this Order;
 - (e) to purchase or lease machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtor or any part or parts thereof;
 - (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;
 - (g) to settle, extend or compromise any indebtedness owing to or by the Debtor;
 - (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;
 - (i) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtor, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding, and provided further that nothing in this Order shall authorize the Receiver to defend or settle the action in which this Order is made unless otherwise directed by this Court;
 - (j) to market any or all the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;

- (k) to sell, convey, transfer, lease or assign the Property or any part or parts thereof in the ordinary course of business without the approval of this Honourable Court and to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business:
 - (i) without the approval of the Court in respect of any transaction out of the ordinary course of business not exceeding \$150,000.00, provided that the aggregate consideration for all such transactions out of the ordinary course of business does not exceed \$1,000,000.00; and
 - (ii) with the approval of this Court in respect of any transaction out of the ordinary course of business in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause,

and in each such case notice under subsection 60(8) of the *PPSA* shall not be required.

- (l) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;
- (m) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
- (n) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (o) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtor;
- (p) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtor;
- (q) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have;
- (r) to assign the Debtor into bankruptcy; and
- (s) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations;

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtor, and without interference from any other Person.

4. ~~The Receiver is hereby further empowered and authorized, but not obligated, to sign in the name of and on behalf of the Debtor any documentation necessary to effect the transfer of any aircraft or helicopter or any component of any aircraft or helicopter and all relevant registries are directed to accept any documents signed by the Receiver in the name of and on behalf of the Debtor for this purpose.~~

DUTY TO PROVIDE ACCESS AND CO-OPERATION OF THE RECEIVER

5. (i) The Debtor, (ii) all of its respective current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on their instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "Persons" and each being a "Person") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property (excluding Property subject to liens the validity of which is dependent on maintaining possession) to the Receiver upon the Receiver's request.
6. All Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtors, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "Records") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 6 or in paragraph 7 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or documents prepared in contemplation of litigation or due to statutory provisions prohibiting such disclosure.
7. If any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

NO PROCEEDINGS AGAINST THE RECEIVER

8. No proceeding or enforcement process in any court or tribunal (each, a "Proceeding"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE DEBTORS OR THE PROPERTY

9. No Proceeding against or in respect of the Debtor or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtor or the Property are hereby stayed and suspended pending further Order of this Court, provided, however, that nothing in this Order shall: (i) prevent any Person from commencing a proceeding regarding a claim that might otherwise become barred by statute or an existing agreement if such proceeding is not commenced before the expiration of the stay provided by this paragraph 8; and (ii) affect a Regulatory Body's investigation in respect of the debtor or an action, suit or proceeding that is taken in respect of the debtor by or before the Regulatory Body, other than the enforcement of a

payment order by the Regulatory Body or the Court. "Regulatory Body" means a person or body that has powers, duties or functions relating to the enforcement or administration of an Act of Parliament or of the legislature of a province.

NO EXERCISE OF RIGHTS OF REMEDIES

10. All rights and remedies (including, without limitation, set-off rights) against the Debtor, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that nothing in this paragraph shall (i) empower the Receiver or the Debtor to carry on any business which the Debtor is not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtor from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH THE RECEIVER

11. No Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtor, without written consent of the Receiver or leave of this Court. Nothing in this Order shall prohibit any party to an "eligible financial contract" (as defined by the *Companies' Creditors Arrangement Act*) with the Debtor from terminating such contract or exercising any rights of set-off, in accordance with its terms.

CONTINUATION OF SERVICES

12. All Persons having oral or written agreements with the Debtor or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Debtor are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and this Court directs that the Receiver shall be entitled to the continued use of the Debtor's current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Debtor or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

13. All funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "Post Receivership Accounts") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further order of this Court.

EMPLOYEES

14. Subject to employees' rights to terminate their employment, all employees of the Debtor shall remain the employees of the Debtor until such time as the Receiver, on the Debtor's behalf, may

terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including wages, severance pay, termination pay, vacation pay, and pension or benefit amounts, other than such amounts as the Receiver may specifically agree in writing to pay, or such amounts as may be determined in a Proceeding before a court or tribunal of competent jurisdiction.

15. Pursuant to clause 7(3)(c) of the *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c. 5, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "Sale"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtor, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

16. (a) Notwithstanding anything in any federal or provincial law, the Receiver is not personally liable in that position for any environmental condition that arose or environmental damage that occurred:
- (i) before the Receiver's appointment; or
 - (ii) after the Receiver's appointment unless it is established that the condition arose or the damage occurred as a result of the Receiver's gross negligence or wilful misconduct.
- (b) Nothing in sub-paragraph exempts a Receiver from any duty to report or make disclosure imposed by a law referred to in that sub-paragraph.
- (c) Notwithstanding anything in any federal or provincial law, but subject to sub-paragraph hereof, where an order is made which has the effect of requiring the Receiver to remedy any environmental condition or environmental damage affecting the Property, the Receiver is not personally liable for failure to comply with the order, and is not personally liable for any costs that are or would be incurred by any person in carrying out the terms of the order,
- (i) if, within such time as is specified in the order, within 10 days after the order is made if no time is so specified, within 10 days after the appointment of the Receiver, if the order is in effect when the Receiver is appointed, or during the period of the stay referred to in clause below, the Receiver:
 - (A) complies with the order, or
 - (B) on notice to the person who issued the order, abandons, disposes of or otherwise releases any interest in any real property affected by the condition or damage;
 - (ii) during the period of a stay of the order granted, on application made within the time specified in the order referred to in clause (i) above, within 10 days after the

order is made or within 10 days after the appointment of the Receiver, if the order is in effect when the Receiver is appointed, by,

- (A) the court or body having jurisdiction under the law pursuant to which the order was made to enable the Receiver to contest the order; or
 - (B) the court having jurisdiction in bankruptcy for the purposes of assessing the economic viability of complying with the order; or
- (iii) if the Receiver had, before the order was made, abandoned or renounced or been divested of any interest in any real property affected by the condition or damage.

Nothing in this Order shall derogate from the protection afforded to the Receiver by Section 14.06 of the *BIA* or any other applicable legislation.

LIMITATION ON THE RECEIVER'S LIABILITY

17. Except for gross negligence or wilful misconduct, as a result of its appointment or carrying out the provisions of this Order the Receiver shall incur no liability or obligation that exceeds an amount for which it may obtain full indemnity from the Property. Nothing in this Order shall derogate from any limitation on liability or other protection afforded to the Receiver under any applicable law, including, without limitation, Section 14.06, 81.4(5) or 81.6(3) of the *BIA*.

RECEIVER'S ACCOUNTS

18. Any expenditure or liability which shall properly be made or incurred by the Receiver, including the fees of the Receiver and the fees and disbursements of its legal counsel, incurred at the standard rates and charges of the Receiver and its counsel, shall be allowed to it in passing its accounts and shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person (the "Receiver's Charge").
19. The Receiver and its legal counsel shall pass their accounts from time to time.
20. Prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including the legal fees and disbursements, incurred at the normal rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE RECEIVERSHIP

21. The Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$1,500,000.00 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "Receiver's Borrowings Charge") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge.

22. Neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.
23. The Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "A" hereto (the "Receiver's Certificates") for any amount borrowed by it pursuant to this Order.
24. The monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

ALLOCATION

25. Any interested party may apply to this Court on notice to any other party likely to be affected, for an order allocating the Receiver's Charge and Receiver's Borrowings Charge amongst the various assets comprising the Property.

DECLARATION

26. It is hereby declared that there is due and owing by the Defendants to the Plaintiff:
 - (a) Reid-Built Homes Ltd. - \$63,995,884.71 plus interest from and after November 1, 2017 at a rate equal to \$8,054.52 per day plus costs on a solicitor and own client full indemnity basis;
 - (b) 1679775 Alberta Ltd.- \$63,995,884.71 plus interest from and after November 1, 2017 at a rate equal to \$8,054.52 per day plus costs on a solicitor and own client full indemnity basis;
 - (c) Reid Worldwide Corporation - \$63,995,884.71 plus interest from and after November 1, 2017 at a rate equal to \$8,054.52 per day plus costs on a solicitor and own client full indemnity basis;
 - (d) Builder's Direct Supply Ltd. - \$63,995,884.71 plus interest from and after November 1, 2017 at a rate equal to \$8,054.52 per day plus costs on a solicitor and own client full indemnity basis;
 - (e) Reid Built Homes Calgary Ltd. - \$64,130,884.71 plus interest from and after November 1, 2017 at a rate equal to \$8,054.52 per day plus costs on a solicitor and own client full indemnity basis;
 - (f) Reid Investments Ltd. - \$63,995,884.71 plus interest from and after November 1, 2017 at a rate equal to \$8,054.52 per day plus costs on a solicitor and own client full indemnity basis;
 - (g) Reid Capital Corp. - \$63,995,884.71 plus interest from and after November 1, 2017 at a rate equal to \$8,054.52 per day plus costs on a solicitor and own client full indemnity basis; and
 - (h) Emilie Reid - \$2,000,000.00 plus interest from and after November 1, 2017 at a rate equal to \$435.61 per day plus costs on a solicitor and own client full indemnity basis.

GENERAL

27. The Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.
28. Nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.
29. The requirement of the parties to engage in a dispute resolution process is dispensed with.
30. The Registrar of Land Titles is directed to register a copy of this Order in the Land Titles Office against Title to any land registered in the name of the Debtor notwithstanding the requirements of Subsection 191(1) of the *Land Titles Act* R.S.A. 2000 c L-4.
31. In accordance with Section 13(2) of the *Judicature Act*, Section 65(7) of the *PPSA*, Section 99 of the *Business Corporations Act*, and the *Rules of Court* 1.2, 1.3, 1.4 and 6.11(1)(e), subject to any further order of this Honourable Court:
 - (a) The Receiver is authorized, in its discretion, to report to this Honourable Court by report as opposed to affidavit;
 - (b) The Court may consider the information and evidence of any such report on the hearing of any application.
32. Subject to any further direction of this Honourable Court, the Court shall consider the information and evidence contained in any such report filed by the Receiver on the hearing of any application to the extent that the information and evidence contained in such a report is relevant and material to any matter before this Honourable Court.
33. The Plaintiff is given leave to continue with any and all proceedings in relation to this matter.
34. To the extent that any portion, direction or element of this Order is granted pursuant to the *BIA*, this Order is subject to provisional execution, notwithstanding any appeal therefrom.
35. This Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States 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 and 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.
36. The Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.
37. The Plaintiff shall have its costs of this Application, up to and including entry and service of this Order, provided for by the terms of the Plaintiff's security or, if not so provided by the Plaintiff's security, then on a substantial indemnity basis, to be paid by the Receiver from the Debtors estate with such priority and at such time as this Court may determine.

- 38. Service of this Order and any and all other documents in these proceedings may be effected without limitation on as per attached page/ and such service shall be deemed good and sufficient for all purposes. 10A paragraph 38A
- 39. Any interested party may apply to this Court to vary or amend this Order on not less than 7 days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

FILING

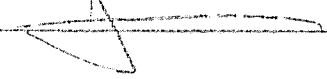
40. The Receiver shall establish and maintain a website in respect of these proceedings at www.alvarezandmarsal.com/reidbuilt, and shall post there as soon as practicable:

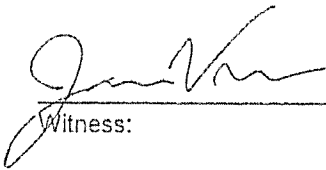
- (a) all materials prescribed by statute or regulation to be made publically available; and
- (b) all applications, reports, affidavits, orders and other materials filed in these proceedings by or on behalf of the Receiver, or served upon it, except such materials as are confidential and the subject of a sealing order or pending application for a sealing order.

" S.D. Hillier "
J.C.Q.B.A.

THIS ORDER IS CONSENTED TO:


REID-BUILT HOMES LTD.

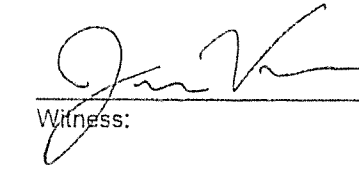
Per:  _____


Witness: _____

THIS ORDER IS CONSENTED TO:

1679775 ALBERTA LTD.

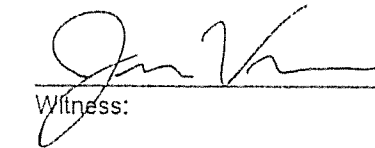
Per:  _____


Witness: _____

THIS ORDER IS CONSENTED TO:

REID WORLDWIDE CORPORATION


Per:  _____

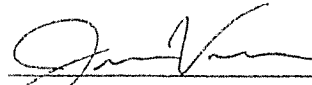

Witness: _____

- 38A. Service of this Order and any and all other documents in these proceedings may be effected without limitation on interested Persons or their counsel by personal service, email, facsimile, courier or registered mail and such service shall be deemed good and sufficient for all purposes.

THIS ORDER IS CONSENTED TO:


BUILDER'S DIRECT SUPPLY LTD.


Per:  _____


Witness: _____

THIS ORDER IS CONSENTED TO:


REID BUILT HOMES CALGARY LTD


Per:  _____


Witness: _____

THIS ORDER IS CONSENTED TO:

REID INVESTMENTS LTD.


Per:  _____


Witness: _____


THIS ORDER IS CONSENTED TO:


REID CAPITAL CORP.

Per:  _____


Witness: _____

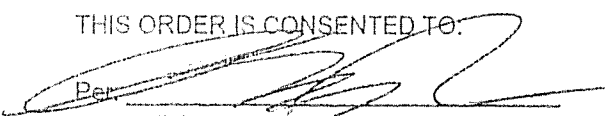
THIS ORDER IS CONSENTED TO:

Per: 
EMILIE REID


Witness: _____

THIS ORDER IS CONSENTED TO:

Per: 
Solicitors for the Defendants other than Emilie Reid

THIS ORDER IS CONSENTED TO:
Per: 
Solicitors for Emilie Reid

KENTIGERN A. ROWAN, Q.C.
Barrister & Solicitor
A Commissioner for Oaths
in and for Alberta

SCHEDULE "A"

RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that _____ the receiver and manager (in each capacity the "Receiver") of all of the assets, undertaking and property 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. appointed by Order of the Court of Queen's Bench of Alberta (the "Court") dated the ____ day of _____, 201__ (the "Order") made in action _____, has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of \$_____, being part of the total principal sum of \$_____ which the Receiver is authorized to borrow under and pursuant to the Order.
2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily] [monthly not in advance on the ____ day of each month] after the date hereof at a notional rate per annum equal to the rate of _____ per cent above the prime commercial lending rate of _____ from time to time.
3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property (as defined in the Order), in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.
4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at _____.
5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.
6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property (as defined in the Order) as authorized by the Order and as authorized by any further or other order of the Court.
7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the ____ day of _____, _____.

_____, solely in its capacity
as Receiver of the Property (as defined in the Order),
and not in its personal capacity

Per: _____

Name: _____

Title: _____

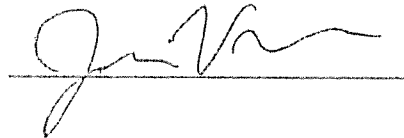
AFFIDAVIT OF EXECUTION

CANADA)
 PROVINCE OF ALBERTA)
 TO WIT)
 I, Jenna Vivian
 of Edmonton
 in the Province of Alberta.

MAKE OATH AND SAY:

1. THAT I was personally present and did see Jim Morrison of REID-BUILT HOMES LTD., who is the person named in the within Instrument, duly sign the instrument.
2. THAT the instrument was executed at Edmonton, in the Province of Alberta, and that I am the subscribing witness thereto.
3. THAT I believe the said person whose signature I witnessed as at least the age of eighteen years.

SWORN before me at Edmonton)
 in the Province of Alberta,)
 this 20th day of)
July, 2017.)



J. Anial
 A COMMISSIONER FOR OATHS IN AND
 FOR THE PROVINCE OF ALBERTA

Shari L. Fearnside (2017)
 My Commission Expires
 August 23, 2019.

AFFIDAVIT OF EXECUTION

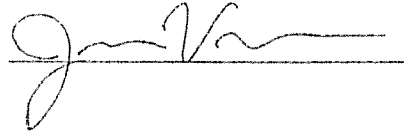
CANADA)
 PROVINCE OF ALBERTA)
 TO WIT)

I, Jenna Vivian
 of Edmonton
 in the Province of Alberta.

MAKE OATH AND SAY:

1. THAT I was personally present and did see Jim Morrison of 1679775 ALBERTA LTD., who is the person named in the within Instrument, duly sign the instrument.
2. THAT the instrument was executed at Edmonton, in the Province of Alberta, and that I am the subscribing witness thereto.
3. THAT I believe the said person whose signature I witnessed as at least the age of eighteen years.

SWORN before me at Edmonton)
 in the Province of Alberta,)
 this 20th day of)
July, 2017.)



[Signature]
 A COMMISSIONER FOR OATHS IN AND
 FOR THE PROVINCE OF ALBERTA

Notary Public for Alberta
 My Commission Expires
 August 2, 2019

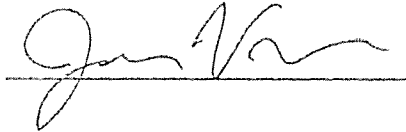
AFFIDAVIT OF EXECUTION

CANADA	)	I, <u>Jenna Vivian</u>
PROVINCE OF ALBERTA	)	of <u>EDMONTON</u>
TO WIT	)	in the Province of Alberta.

MAKE OATH AND SAY:

1. THAT I was personally present and did see JIM Morrison of REID WORLDWIDE CORPORATION, who is the person named in the within Instrument.
2. THAT the instrument was executed at EDMONTON, in the Province of Alberta, and that I am the subscribing witness thereto.
3. THAT I believe the said person whose signature I witnessed as at least the age of eighteen years.

SWORN before me at Edmonton)
 in the Province of Alberta,)
 this 20th day of)
July, 2017.)



[Signature]
 A COMMISSIONER FOR OATHS IN AND
 FOR THE PROVINCE OF ALBERTA

Shel L. Ferriside Aird
 My Commission Expires
 August 23, 2019

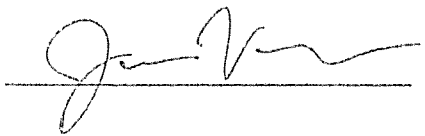
AFFIDAVIT OF EXECUTION

CANADA	)	I, <u>Jenna Vivian</u>
PROVINCE OF ALBERTA	)	of <u>Edmonton</u>
TO WIT	)	in the Province of Alberta.

MAKE OATH AND SAY:

1. THAT I was personally present and did see Jim Morrison of BUILDER'S DIRECT SUPPLY LTD., who is the person named in the within Instrument.
2. THAT the instrument was executed at Edmonton, in the Province of Alberta, and that I am the subscribing witness thereto.
3. THAT I believe the said person whose signature I witnessed as at least the age of eighteen years.

SWORN before me at Edmonton)
 in the Province of Alberta,)
 this 20th day of)
July, 2017.)



[Signature]
 A COMMISSIONER FOR OATHS IN AND
 FOR THE PROVINCE OF ALBERTA

Shelley Farnsworth
 My Commission Expires
 August 23, 2019

AFFIDAVIT OF EXECUTION

CANADA	)	I, <u>Jenna Vivian</u>
PROVINCE OF ALBERTA	)	of <u>EDMONTON</u>
TO WIT	)	in the Province of Alberta.

MAKE OATH AND SAY:

1. THAT I was personally present and did see JIM MORRISON of REID BUILT HOMES CALGARY LTD., who is the person named in the within Instrument.
2. THAT the instrument was executed at EDMONTON, in the Province of Alberta, and that I am the subscribing witness thereto.
3. THAT I believe the said person whose signature I witnessed as at least the age of eighteen years.

SWORN before me at EDMONTON)
 in the Province of Alberta,)
 this 20th day of)
July, 2017.)

[Signature]

[Signature]
 A COMMISSIONER FOR OATHS IN AND
 FOR THE PROVINCE OF ALBERTA

Notary Public Jurisdiction
 My Commission Expires
 August 23, 2019

AFFIDAVIT OF EXECUTION

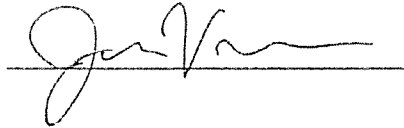
CANADA)
 PROVINCE OF ALBERTA)
 TO WIT)

I, Jenna Vivian
 of Edmonton
 in the Province of Alberta.

MAKE OATH AND SAY:

1. THAT I was personally present and did see Jim Morrison of REID INVESTMENTS LTD., who is the person named in the within Instrument, duly sign the instrument.
2. THAT the instrument was executed at Edmonton, in the Province of Alberta, and that I am the subscribing witness thereto.
3. THAT I believe the said person whose signature I witnessed as at least the age of eighteen years.

SWORN before me at Edmonton)
 in the Province of Alberta,)
 this 20th day of)
July, 2017.)



[Signature]
 A COMMISSIONER FOR OATHS IN AND
 FOR THE PROVINCE OF ALBERTA

Shari L. Ferris (2016))
 My Commission Expires
 August 21, 2019.

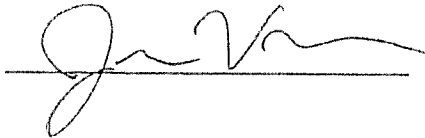
AFFIDAVIT OF EXECUTION

CANADA	)	I, <u>Jenna Vivian</u>
PROVINCE OF ALBERTA	)	of <u>EDMONTON</u>
TO WIT	)	in the Province of Alberta.

MAKE OATH AND SAY:

1. THAT I was personally present and did see JIM Morrison of REID CAPITAL CORP., who is the person named in the within Instrument, duly sign the instrument.
2. THAT the instrument was executed at EDMONTON, in the Province of Alberta, and that I am the subscribing witness thereto.
3. THAT I believe the said person whose signature I witnessed as at least the age of eighteen years.

SWORN before me at EDMONTON)
 in the Province of Alberta,)
 this 20th day of)
July, 2017.)



[Signature]
 A COMMISSIONER FOR OATHS IN AND
 FOR THE PROVINCE OF ALBERTA

Charlene Ferris's Affidavit Commission Expires
 August 21, 2019

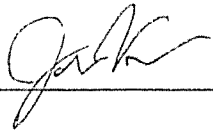
AFFIDAVIT OF EXECUTION

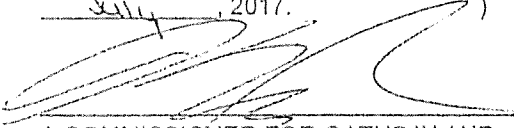
CANADA	)	I, <u>Jenna Vivian</u>
PROVINCE OF ALBERTA	)	of <u>Edmonton</u>
TO WIT	)	in the Province of Alberta.

MAKE OATH AND SAY:

1. THAT I was personally present and did see EMILIE REID who is the person named in the within Instrument, duly sign the instrument.
2. THAT the instrument was executed at Edmonton, in the Province of Alberta, and that I am the subscribing witness thereto.
3. THAT I believe the said person whose signature I witnessed as at least the age of eighteen years.

SWORN before me at Edmonton)
 in the Province of Alberta,)
 this 19 day of)
July, 2017.)





A COMMISSIONER FOR OATHS IN AND FOR THE PROVINCE OF ALBERTA

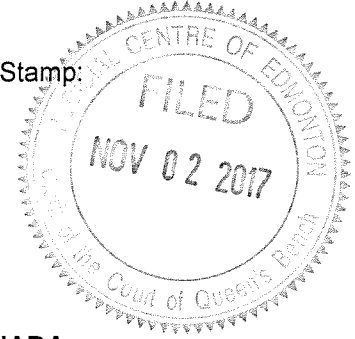
KENTIGERN A. ROWAN, Q.C.
 Barrister & Solicitor
 A Commissioner for Oaths
 in and for Alberta

APPENDIX B

I hereby certify this to be a true copy of the original.

for Clerk of the Court

Clerk's Stamp:



COURT FILE NUMBER 1703 21274
COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE EDMONTON
PLAINTIFF(S) ROYAL BANK OF CANADA
DEFENDANT(S) REID-BUILT HOMES LTD., 1679775 ALBERTA LTD., REID WORLDWIDE CORPORATION, BUILDER'S DIRECT SUPPLY LTD., REID BUILT HOMES CALGARY LTD, REID INVESTMENTS LTD., REID CAPITAL CORP. and EMILIE REID
DOCUMENT ORDER
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT Ray C. Rutman and Dean A. Hitesman
Dentons Canada LLP
2900 Manulife Place
10180 – 101 Street
Edmonton, Alberta T5J 3V5
Ph. (780) 423-7246 Fx. (780) 423-7276
File No.: 125665-8723/RCR
DATE ON WHICH ORDER WAS PRONOUNCED: November 2, 2017
LOCATION WHERE ORDER WAS PRONOUNCED: Edmonton, Alberta
NAME JUSTICE WHO MADE THIS ORDER: The Honourable Mr. Justice S.D. Hillier

UPON the application of the Plaintiff, Royal Bank of Canada ("**RBC**"); AND UPON noting the concurrent application by RBC in respect 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., (individually and collectively referred to as the "**Corporate Defendants**") and in respect of Emilie Reid for the appointment of a Receiver, without security, of all of the Corporate Defendants' current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate, including all proceeds thereof (the "**Property**") in the form of the draft Consent Receivership Order attached as Schedule "A" to that concurrent Application; AND UPON finding that it is just and convenient that Alvarez & Marsal Canada Inc. be appointed Receiver and Manager (the "**Receiver**") of the Property and that the Consent Receivership Order be granted (the "**Consent Receivership Order**"); AND UPON hearing counsel for RBC and counsel for the Receiver; IT IS HEREBY ORDERED AND DECLARED THAT:

SERVICE

1. The time for service of the notice of application for this order is hereby waived and service thereof is deemed good and sufficient.

COMEBACK APPLICATION

2. This Honourable Court directs that any secured creditor who would be materially affected by the priorities specified in paragraphs 18 and 21 of the Consent Receivership Order is hereby given leave to apply to vary such priorities by way of application made returnable on November 29, 2017 in these proceedings.
3. RBC or the Receiver are also granted leave to apply to vary or extend the provisions of the Consent Receivership Order, including the charges created therein on application returnable November 29, 2017.
4. Notice of any application filed pursuant to this Order and any materials in support shall be filed and served on respective counsel for the Receiver and RBC on or before November 17, 2017 ^{11:59 AM} S.D.#
5. RBC (through its counsel) is directed to serve a filed copy of the Consent Receivership Order and a filed copy of this Order on all secured creditors of the Corporate Defendants of which RBC is aware as at the date of this Order. Service by RBC may be effected by:
 - (a) Email transmission to counsel for any secured creditor where RBC (through its counsel) is aware of the secured creditor being represented by counsel;
 - (b) Email transmission to any representative of a secured creditor where RBC (through its counsel) is aware of the email address of a representative of the secured creditor who is responsible for that secured creditor's dealings with one or more of the Corporate Defendants; or
 - (c) Courier or registered mail to the secured creditor at the address specified in any registry in relation to the applicable claim or security of the secured creditor.
6. Service by RBC in accordance with this Order shall be deemed good and sufficient for all purposes.

" S. D. Hillier "

J.C.Q.B.A.

APPENDIX C

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., REID CAPITAL CORP., and EMILIE REID

APPLICANT

ALVAREZ & MARSAL CANADA INC., in its capacity as Proposed 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., REID CAPITAL CORP., and EMILIE REID

I hereby certify this to be a true copy of the original.

for Clerk of the Court

DOCUMENT

**APPROVAL AND VESTING ORDER
(Sale of Certain Residential Property in the Ordinary Course)**

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: Thursday, November 2, 2017

LOCATION WHERE ORDER WAS PRONOUNCED: Edmonton, Alberta

NAME OF JUSTICE WHO MADE THIS ORDER: The Honourable Mr. Justice S. D. Hillier

UPON THE APPLICATION of Alvarez & Marsal Canada Inc., in its capacity as proposed 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., Reid Capital Corp., (each, a **Debtor** and collectively, the **Debtors**) and Emilie Reid (not a Debtor for the purposes of this Order) for an order approving certain yet to be determined ordinary course residential real estate sale transactions proposed to be closed by the Receiver (each, a **Transaction** and collectively, the **Transactions**) contemplated by agreements of purchase and sale in force and effect as of the date of this Order (each, a **Sale Agreement** and collectively, the **Sale Agreements**) between one or more of the Debtors and any purchaser(s) of the Property (hereinafter defined) (each a **Purchaser**), and vesting in the respective Purchaser the respective Debtor's(s') right, title, and interest in and to the residential land and the improvements constructed thereon, as further described in the Sale Agreements (the **Property**);

AND UPON HAVING READ the Consent Receivership Order dated November 2, 2017 (the **Receivership Order**), and the First Report of the Proposed Receiver dated November 2, 2017; **AND UPON** hearing counsel for the Receiver and any other interested parties that may be present; **AND UPON** having read the pleadings, proceedings, orders and other materials filed in this action;

IT IS HEREBY ORDERED AND DECLARED THAT:

SERVICE

1. Service of notice of this application and supporting materials is hereby waived and deemed to be good and sufficient, and no person is required to have been served with notice of this application.

APPROVAL OF TRANSACTIONS

2. Any Sale Agreements proposed to be closed by the Receiver are hereby approved in their entirety, with such incidental amendments as the Receiver and the Purchaser may agree to and deem necessary. The Transactions are hereby approved. 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 each Transaction or for the conveyance of each Property to the respective Purchaser.

VESTING OF PROPERTY

3. Upon the delivery of a Receiver's certificate to the Purchaser's legal counsel substantially in the form set out in **Schedule "A"** hereto (the **Receiver's Certificate**), all of the respective Debtor's

right, title, and interest in and to the Property described the respective Sale Agreement shall vest absolutely in the name of the Purchaser, free and clear of any and all security interests (whether contractual, statutory, registered or otherwise), hypothecs, caveats, interests, mortgages, trusts or deemed trusts (whether contractual, statutory, registered or otherwise), liens, executions, levies, charges, or other financial or monetary claims, assignments, actions, taxes, judgments, writs of execution, options, agreements, disputes, debts, debentures, easements, covenants or other rights, limitations or restrictions of any nature whatsoever including, without limitation, any rights or interests of any creditors of the respective Debtor, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured, registered or otherwise and whether by payment, set off or otherwise, whether liquidated, unliquidated or contingent (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 this proceeding;
 - (ii) all charges, security interests, liens, or claims evidenced by registration, filing, or publication pursuant to any of the following: (a) the *Personal Property Security Act* (Alberta); (b) the *Land Titles Act* (Alberta); and/or (c) the *Builders' Lien Act* (Alberta).
4. For greater certainty, and effective upon delivery of the Receiver's Certificate to the Purchaser's counsel, this Court orders that all of the Claims affecting or relating to the Property are hereby expunged, vacated, ordered removed, and otherwise unconditionally discharged and terminated as against the Property, but in all cases, save and except for all non-financial encumbrances and claims including rights of way, easements, caveats, restrictive covenants, and development agreements whether set forth in the Sale Agreements or not (collectively, **Permitted Encumbrances**).
5. 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 or partial discharges relating to the Claims, and the Registrars of Land Titles Alberta and other persons in control or otherwise supervising such offices of the corresponding registrations or recordings shall forthwith remove and discharge or partially discharge all such registrations or recordings relating in each case to the Property which is the subject of the discharge or partial discharge. Presentment of this Order and the Receiver's Certificate shall be the sole and sufficient authority for the Registrar of Land Titles of Alberta and other persons in control or otherwise supervising such offices of the corresponding registrations or recordings to discharge the registrations of the Claims as aforesaid.
6. Each Purchaser, by virtue of the completion of its respective Transaction, shall have no liability of any kind whatsoever in respect of any of the Claims against the Debtors, other than the Permitted

Encumbrances and shall not be deemed a successor to the Debtors or any of its affiliates for any Claims of any kind or nature whatsoever against the Debtors or their affiliates or in the Property.

7. The Debtors and all persons or entities who claim by, through, or under the Debtors in respect of each Property, save and except for the persons entitled to the benefit of the Permitted Encumbrances, shall stand absolutely and forever barred and estopped from and permanently enjoined from pursuing, asserting or claiming any and all estate, right, title, interest, royalty, rental, equity of redemption, encumbrance or Claim, in respect of each Property to the extent that the Claim to the Property is asserted by or comes through any of the Debtors, and, to the extent that any such persons or entities remain in possession or control of any Property, or any artifacts or any certificates, instruments, or other indicia of title representing or evidencing any right, title, estate, or interest in or to any Property, such persons or entities shall forthwith deliver possession thereof to the Purchaser.
8. Each Purchaser shall be entitled to enter into and upon, hold and enjoy the respective Property for his, her or their own use and benefit without any interference of or by the Debtors, or any persons claiming by or through or against the Debtors.
9. Immediately after the closing of each Transaction, the holders of the Permitted Encumbrances shall have no claim whatsoever against the Receiver or the Debtors.
10. Upon the delivery of the Receiver's Certificate, and upon the filing of a certified copy of this Order, together with any applicable registration fees, the Registrar of Land Titles of Alberta, is hereby authorized, requested, and directed to:
 - (i) cancel the existing certificates of title to the specific Property and issue a new certificate of title for each specific Property, in the name of the Purchaser(s); and
 - (ii) register such transfers, discharges, partial discharges, discharge statements, or conveyances, as may be required to convey clear title to the specific Property to the Purchaser(s), subject only to the Permitted Encumbrances.
11. Presentment of this Order and the Receiver's Certificate shall be the sole and sufficient authority for the Registrar of Land Titles Alberta to effect the registration of transfers, discharges, discharge statements or conveyances as may be required to convey clear title to each Property to the restrictive Purchaser(s).
12. This Order shall be registered by the Registrar of Land Titles of Alberta notwithstanding the requirements of the applicable federal and provincial legislation including the *Land Titles Act* (Alberta), and section 191(1) thereof, and notwithstanding that the appeal period in respect of this Order has not elapsed, which appeal period is expressly waived.

13. For the purposes of determining the nature and priority of Claims, the net proceeds from the sale of each Property (to be held in an interest bearing trust account by Receiver or Receiver's legal counsel) shall stand in the place and stead of the Property, and from and after the delivery of the Receiver's Certificate all Claims shall attach to the net proceeds from the sale of each Property with the same priority as they had with respect to said Property immediately prior to the delivery of the Receiver's Certificate, as if the Property had not been sold and remained in the possession or control of the Debtor(s) having that possession or control immediately prior to the sale.
14. The Receiver is to file with the Court a copy of the Receiver's Certificate, forthwith after closing of each Transaction and delivery thereof to the Purchaser.

15. 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 the Debtor and any bankruptcy order issued pursuant to any such applications;
- (iii) any assignment in bankruptcy made in respect of the Debtor; and
- (iv) the provisions of any federal or provincial legislation,

the vesting of each Property in each Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Debtors and shall not be void or voidable by creditors 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.

16. The Receiver, each Purchaser, and any other interested 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 each Transaction.

MISCELLANEOUS MATTERS

17. This Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body or statutory delegate (collectively, the **Authorities**) 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 Authorities 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.

18. All interest accruing on funds received by the Receiver's legal counsel in respect of the Transactions shall accrue to the benefit of the Receiver and any parties asserting Claims as against the receivership estate.
19. This Order must be served only upon counsel requesting to be included in any service list in the within proceedings and posted on the Receiver's website established for this proceeding.
20. Service of this Order on any party not attending this application is hereby dispensed with.

"S. D. Hillier"

J.C.Q.B.A.

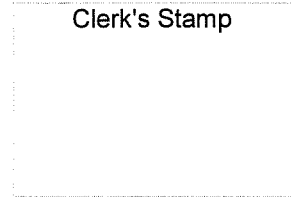
Schedule "A"
Form of Receiver's Certificate

COURT FILE NUMBER 1703-21274

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE EDMONTON

PLAINTIFF ALBERTA TREASURY BRANCHES



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., REID CAPITAL CORP., AND EMILIE REID

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., REID CAPITAL CORP., AND EMILIE REID

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 Mr. 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 and manager (the **Receiver**) of the undertaking,

property and assets of 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 (each, a **Debtor** and collectively, the **Debtors**).

B. Pursuant to an Order of the Honourable Mr. Justice Hillier dated November 2, 2017, (the **Sale Approval and Vesting Order**), the Court approved the Sale Agreements (as defined therein) and provided for the vesting in the Purchaser (as defined therein) of each Debtor's right, title, and interest in and to the Property (as defined therein), which vesting is to be effective with respect to the Property upon the delivery by the Receiver to a Purchaser's legal counsel of a certificate confirming (i) the payment by the Purchaser of the purchase price for the Property as set forth in the respective Sale Agreement; (ii) that the conditions to closing as set out in the respective Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and (iii) the Transaction (as defined in the Sale Approval and Vesting Order) has been completed to the satisfaction of the Receiver.

C. **[Legal Description of Property]** **[describe]**
[Name of Purchasers to be Vested on Title] **[Identity]**
[Encumbrances to be Discharged from title to the Property] **[List]**
[Permitted Encumbrances on title to the Property] **[List]**

THE RECEIVER CERTIFIES the following:

1. The Purchaser has paid and the Receiver has received the purchase price for the Property pursuant to the Sale Agreement.
2. The conditions to closing as set out in the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser, as applicable.
3. The Transaction has been completed to the satisfaction of the Receiver.
4. The Receiver requests that the property be vested in of the Purchaser and registered accordingly.
5. This Certificate was delivered by the Receiver at **[Time]** on **[Date]**.

Alvarez & Marsal Canada Inc., in its capacity as Receiver of the undertaking, property and assets of 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, and not in its personal capacity.

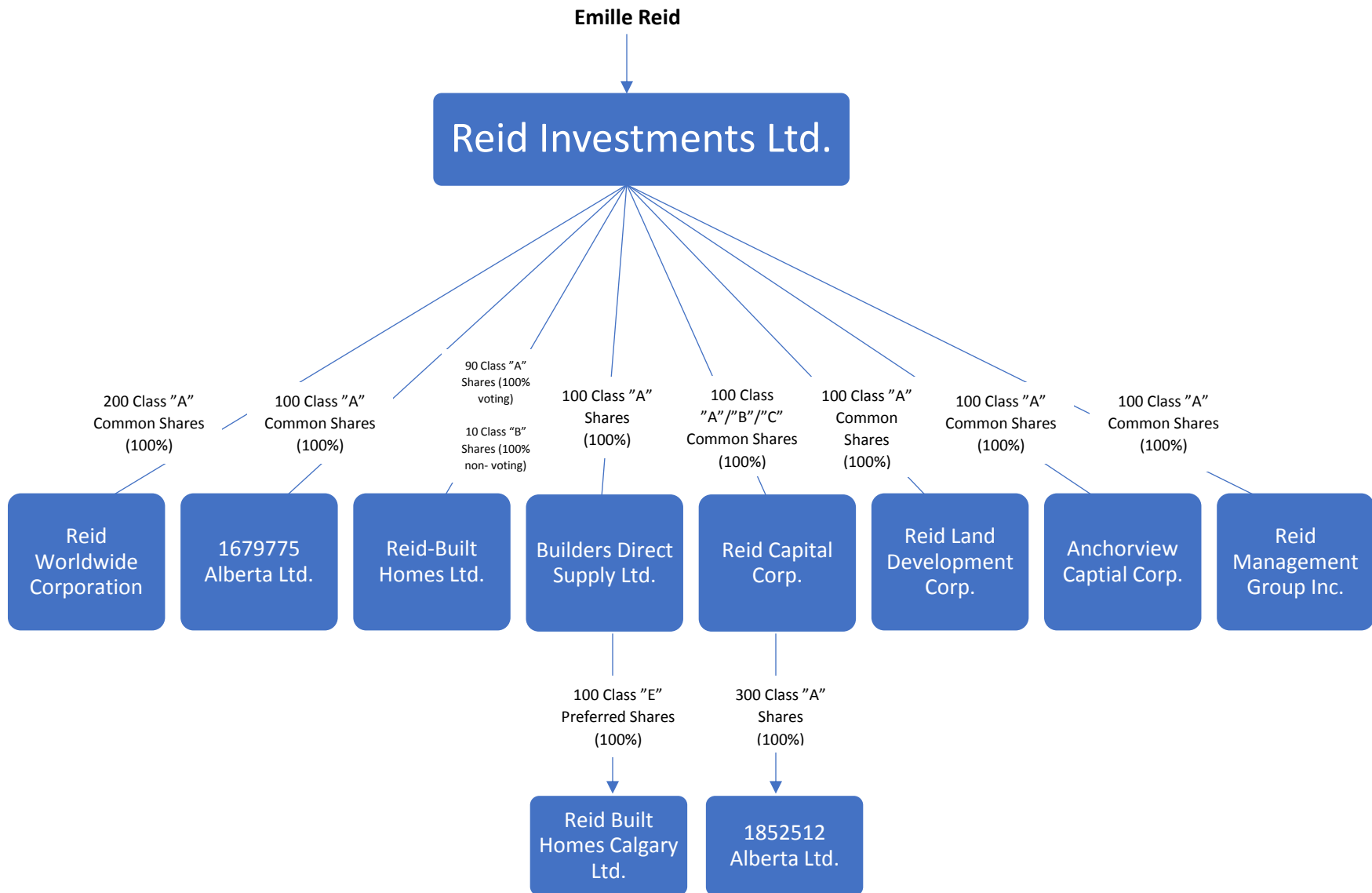
Per: _____

Name:

Title:

APPENDIX D

**Reid Group
Corporate Organization Chart
as at November 2, 2017**



APPENDIX E



November 14, 2017

**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.,
Reid Capital Corp., and Emilie Reid
(collectively, "Reid-Built")**

To Home Purchasers and Building Trade Creditors of Reid-Built:

As you may now be aware, on November 2, 2017 (the "**Date of Receivership**") the Court of Queen's Bench of Alberta (the "**Court**") appointed Alvarez & Marsal Canada Inc. (the "**Receiver**") as Receiver and Manager of the assets, undertakings, and properties of Reid-Built. A copy of the Court's order appointing the Receiver and other relevant material is posted on the Receiver's website at www.alvarezandmarsal.com/reidbuilt.

A further Court date has been reserved for November 29, 2017, where the Receiver might receive further direction concerning home purchases and issues affecting creditors, including mortgagees and lien holders.

A. Purchasers of Reid-Built Homes

In order to try and address some of the pressing questions and concerns of those who have purchased homes from Reid-Built and/or have deposits outstanding on purchases that have not closed, the Receiver writes to provide an update in respect of the following select circumstances that might impact individual home purchasers:

- (1) The sale and purchase of homes that had not closed as at the Date of Receivership;
- (2) Uncompleted homes where contracts for purchase and sale have been executed and deposits have been paid to Reid-Built;
- (3) Completed home purchases where liens have been registered on title by creditors of Reid-Built;
- (4) Completed home purchases where deficiencies or defects may exist and have not been remedied by Reid-Built; and
- (5) Completed home purchases that are subject to new home warranty coverage provided by the Alberta branch of The New Home Warranty Insurance (Canada) Corporation ("**NHWIC**").

Home Purchases Not Completed as at the Date of Receivership

With a view to reducing the inconvenience and possible expense to individual purchasers dealing with Reid-Built, the Receiver sought and obtained from the Court an order that allows for third party, ordinary course sales transactions to be completed by the Receiver after the Date of the Receivership. That order permits the Receiver to convey title to each purchaser free and clear of any and all registered charges against the subject property. The net sales proceeds from these transactions will be held in trust until such time as the Court determines entitlements to the proceeds and the priority of competing claims against these proceeds, including claims filed pursuant to the *Builders' Lien Act* (Alberta) and other registered security interests, including various mortgagees.

The Receiver is attempting to complete a number of home sales transactions that were scheduled to close after the Date of Receivership. The Receiver asks that any home purchaser not already in contact with the Receiver's legal counsel (Norton Rose Fulbright Canada LLP), contact the Receiver's representative, Ms. Vicki Chan, on telephone **604.639.0847** or via email at vchan@alvarezandmarsal.com.

Uncompleted Homes with Customer Deposits Paid to Reid-Built

The Receiver has commenced a review of the Reid-Built portfolio of homes under construction as at the Date of Receivership and is assessing the feasibility of completing a number of the homes under construction and/or having another qualified builder complete the construction of these homes. This process is on-going and remains at a preliminary stage. The Receiver will contact the individual home purchasers as and when it has developed a definitive plan to deal with the homes under construction. This is expected to take 30 to 60 days.

The Receiver has held an introductory meeting with representatives of NHWIC in respect of issues surrounding warranty coverage generally on Reid-Built homes and optional insurance coverage in respect of deposits that may have been paid to Reid-Built by home purchasers. The Receiver has committed to provide NHWIC with relevant information respecting home purchasers covered by NHWIC and to confirm the deposit amounts that are recorded in the books and records of Reid-Built.

The Receiver understands that NHWIC has already established a process to open claim investigation files for insured home purchasers to address questions and concerns regarding coverage under the NHWIC program. For further enquiries regarding new home warranty coverage and deposit protection, please contact NHWIC at www.anhwp.com or NHWIC representative, Ms. Leah Argao, on telephone **403.444.5243**.

Completed Reid-Built Home Purchasers with Liens Registered on Title

It is the Receiver's intention in the next 30 to 60 days to seek approval from the Court of a process to address the validity and priority of builders' liens registered against title, including liens that may have been registered against titles to homes purchased from Reid-Built prior to the Date of Receivership. In the meantime, if a purchaser has one or more liens registered against title to a home purchased from Reid-Built before the Date of Receivership that are related to Reid-Built, please contact the Receiver's representative, Ms. Vicki Chan at vchan@alvarezandmarsal.com or telephone **604.639.0847**.

Completed Home Purchases with Deficiencies or Defects and NHWIC Coverage

As noted above, the Receiver and NHWIC are working collaboratively to try and address questions and concerns surrounding warranty coverage on a timely basis. For further enquiries regarding deficiencies or defects and new home warranty coverage, please contact NHWIC at www.anhwp.com regarding your coverage and next steps.

B. Building Trade Creditors of Reid-Built

The Receiver is aware and acknowledges that numerous building trades in both Edmonton and Calgary have been severely impacted by the insolvency of Reid-Built. A number of building trades have registered liens under the *Builders' Lien Act* (Alberta). It is the Receiver's intention to seek approval from the Court in the next 60 to 90 days of an expedited process to determine the quantum, validity, and priority of such builders' liens claims. In the meantime, we ask that any building trades with questions or concerns regarding this matter refer to updates that the Receiver will post on its website at www.alvarezandmarsal.com/reidbuilt.

The Receiver **is not** calling for proofs of claim from any creditors at this time. Further information in that regard will be made available to affected creditors in due course.

The Receiver appreciates that there has been financial hardship and inconvenience to many home purchasers and creditors as a result of the insolvency and receivership of Reid-Built. With a view to addressing the many concerns of affected parties, the Receiver will be providing periodic updates on our website to keep home purchasers and the creditors of Reid-Built as informed as possible.

Yours very truly,

**Alvarez & Marsal Canada Inc.,
in its capacity as Receiver and Manager
of Reid-Built Homes Ltd., et al. and not
in its personal capacity**



Per: _____

Todd M. Martin
Senior Vice President