

June 29, 2018

REID-BUILT LIEN CLAIMANTS



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Our reference
1001004429

Dear Lienholders:

In the Matter of the Receivership of Reid Built Homes Ltd. et. al., Court File No. 1703-21274

Impact of Application scheduled for July 5, 2018, on Lien Claims

Our offices are counsel to Alvarez & Marsal Canada Inc. in its capacity as receiver and manager of the Reid Built group of companies (the **Receiver**), appointed pursuant to a Consent Receivership Order of the Court of Queen's Bench of Alberta dated November 2, 2017. A copy of the Receivership Order and all related materials can be found online at the Receiver's website at:
<https://www.alvarezandmarsal.com/reidbuilt>.

The Receiver is a Court Officer and acts as its eyes and ears in the conduct of this receivership.

The enclosed Application and Ninth Receiver's Report, for service upon you, concern a Court Application by the Receiver which will be held on July 5, 2018, at the Edmonton Law Courts.

The purpose of the Application is to seek the Court's approval of the sale and transfer of certain assets from the receivership estate (i.e. properties in which a Reid Built entity had an interest), to third-party purchasers. As a result of the *Rules of Court* and the nature of this Application, the enclosed materials are lengthy and seem daunting, so we will try to give you a quick summary of its impact on you.

In short, and with respect to properties registered in the name of a Reid Built entity, given the overwhelming value of the mortgages and secured interests registered ahead of your liens, there will be insufficient funds to pay any lien claims from the net proceeds of sale generated by the transactions we are seeking court approval for. Indeed, many of the mortgagees themselves will not be paid in full in respect of their first-ranking registered security.

There is unfortunately nothing that can be done about this state of affairs. As a result, there will be no recovery for your lien as against the properties registered in the name of a Reid-entity that are being sold.

With respect to properties proposed to be sold by the Receiver and registered in the name of a non-Reid Built entity (i.e. a third-party developer), the Application is seeking to vest the subject properties free and

clear but will hold-back 110% of the value of the registered liens against such non-Reid Built entity pending further order of the court or agreement with those lien holders.

If you are satisfied with the above explanation, and noting that the Application will not prejudice your rights as a lien claimant, **the Receiver advises that while you are welcome to attend, you are not obliged to attend at court on July 5, 2018.**

Yours very truly,



Howard A. Gorman, Q.C.
Senior Partner

Copies to: Todd Martin / Tom Powell, Alvarez & Marsal Canada Inc.
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