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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., and REID CAPITAL CORP.

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

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

DOCUMENT **RECEIVER'S THIRD REPORT**  
**March 23, 2018**

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](mailto:howard.gorman@nortonrosefulbright.com) /  
[aditya.badami@nortonrosefulbright.com](mailto:aditya.badami@nortonrosefulbright.com)

Attention: Howard A. Gorman, Q.C. / Aditya M. Badami



ALVAREZ & MARSAL

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## **APPENDICES**

Appendix A - Purchase and Sale Agreement

## 1.0 INTRODUCTION

- 1.1 On November 2, 2017, upon application of the Royal Bank of Canada (“**RBC**”), Alvarez & Marsal Canada Inc. was appointed as Receiver and Manager (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., Reid-Built Homes Ltd., Reid Worldwide Corporation, Builder’s Direct Supply Ltd., Reid Built Homes Calgary Ltd., Reid Investments Ltd., and Reid Capital Corp. (“**Capital**”) (collectively, the “**Reid Group**”).
- 1.2 On March 21, 2018 this Honourable Court granted an order extending the Receivership Order to include the current and future assets, undertakings and properties of 1852512 Alberta Ltd. which is a wholly owned subsidiary of Capital.
- 1.3 The Receivership Order authorizes the Receiver to, among other things, solicit offers in respect of the Reid Group’s property and sell any such property or parts thereof with the approval of this Honourable Court for any transactions for which the purchase price exceeds \$150,000.
- 1.4 Concurrent with this third report of the Receiver (the “**Third Report**”), the Receiver intends to file a notice of application for an order (the “**Sale Approval and Vesting Order**”) that provides for, among other things:
  - a) approval of the sale of Receiver’s interest in certain assets (the “**Purchased Assets**”) including 50 shares (the “**Shares**”) in 1087032 B.C. Ltd. (the “**General Partner**”) and 475,940 Class B units (the “**Units**”) in the Blackmun Bay Development Limited Partnership (the “**Blackmun Bay LP**”) to Landstar Holdings Inc. (“**Landstar**”), Aegean Real Estate Corporation (“**Aegean**”) and Class Act Investments Inc. (“**Class Act**”) (collectively, the “**Purchasers**”);
  - b) authorization and approval for the Receiver to execute the purchase and sale agreement between the Receiver and Purchasers (the “**Purchase and Sale Agreement**”) and direction to the Receiver to take such steps and execute such additional documents as may be necessary or required to complete the sale of the Purchased Assets;
  - c) upon delivery of a Receiver’s certificate to the Purchasers, vesting all of Capital’s right, title and interest in the Purchased Assets in the Purchasers, free and clear from security interests, hypothecs, caveats, mortgages, trusts or deemed trusts, liens, executions, levies, charges or other financial or monetary claims; and

d) declaring that the net proceeds from the sale of the Purchased Assets shall stand in the place and stead of the Purchased Assets for the purpose of determining the nature and priority of claims against Reid Group.

1.5 The Receivership Order and other motion materials are posted on the Receiver's website at [www.alvarezandmarsal.com/reidbuilt](http://www.alvarezandmarsal.com/reidbuilt) (the "**Receiver's Website**").

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

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

## **2.0 PURPOSE**

2.1 This Third Report is a special purpose report that is intended to provide this Honourable Court with information with respect to the following:

- a) the process undertaken by the Receiver to solicit bids for its interest in the Purchased Assets;  
and
- b) the Receiver's application for the Sale Approval and Vesting Order.

## **3.0 SALES PROCESS AND THE PURCHASED ASSETS**

### **Sales Process**

3.1 On January 22, 2018 the Receiver commenced a sales process seeking offers to purchase the Receiver's right, title and interest in certain of Reid Group's assets (the "**Sales Process**"). Details of the Sales Process are set out in the Second Report of the Receiver dated February 28, 2018 and are not repeated herein.

3.2 The Sales Process includes a timeline for submitting offers and closing one or more transactions which is summarized as follows:

- a) January 22 to March 9, 2018 – access to the data room and appointments to view the properties;
- b) March 9, 2018 (10 o'clock am MST) – deadline for submitting offers;
- c) March 9 to March 23, 2018 – the Receiver may negotiate with one or more parties;
- d) on or before April 12, 2018 – the Receiver will seek Court approval of any acceptable preferred offers; and
- e) the Receiver reserves the right to amend or modify the Sales Process at any time at its sole discretion.

- 3.3 As at March 22, 2018, the Receiver has undertaken the following activities with respect to the Sales Process:
- a) distributed an Invitation for Offers to Purchase to approximately 391 potential purchasers;
  - b) posted copies of the Invitation for Offers to Purchase and Confidentiality and Non-Disclosure Agreement (“**NDA**”) on the Receiver’s Website;
  - c) obtained executed NDAs from 169 potential purchasers;
  - d) granted qualified potential purchasers that have executed NDAs with access to an electronic data room including a Confidential Information Memorandum, due diligence materials and the prescribed form of offer;
  - e) responded to due diligence inquiries from potential purchasers;
  - f) conducted management meetings with potential purchasers upon request; and
  - g) arranged for site visits and building inspections upon request.
- 3.4 Prior to and during the Sales Process, the Receiver has engaged in without prejudice discussions with Landstar with respect to a possible sale of Capital’s interest in the Purchased Assets to Landstar.
- 3.5 On March 16, 2018, the Receiver and Landstar agreed to commercial terms of a purchase and sale transaction, subject to entering into a formal purchase and sale agreement suitable to both parties.

**Purchased Assets**

- 3.6 The Sales Process sought offers for, among other things, the Receiver’s right, title and interest in the Purchased Assets which represent Capital’s interest in a partnership formed for the purpose of developing a waterfront property located in West Kelowna, BC. Landstar holds the remaining partnership interest in the Blackmun Bay LP that is not owned by Capital.
- 3.7 Select highlights of Capital’s investment in the Blackmun Bay LP are as follows:
- a) Capital invested in the Blackmun Bay LP under a limited partnership agreement with Landstar and the General Partner for the purpose of purchasing and developing the subject property in West Kelowna;
  - b) the subject property is comprised of 16.8 acres including 8.2 acres of upland property for proposed residential development and 8.6 acres of foreshore land included in the Agricultural Land Reserve (British Columbia);
  - c) the limited partnership agreement contemplated that Capital would contribute \$15.1 million to the Blackmun Bay LP for a 70% partnership interest and Landstar would be entitled to a 30% partnership interest in consideration of bringing the deal, working on obtaining

development approvals and arranging financing for the subject property. The basis of Capital's investment included confidential appraised values of the subject property and its development potential;

- d) Capital invested approximately \$10.6 million in the Blackmun Bay LP during the period from August 2016 to March 2017 before liquidity constraints resulted in Capital failing to meet its obligations under the limited partnership agreement. Landstar has asserted that based on the payments made to date, Capital's proportionate interest in the Blackmun Bay LP is approximately 47% and Landstar's interest is approximately 53%;
- e) the subject property is encumbered by a \$7.5 million first mortgage due to Jaycap Financial Ltd. ("**Jaycap**") which we understand is due for renewal on March 31, 2018; and
- f) Landstar also claims to be a creditor of Blackmun Bay LP for, among other things, unpaid management fees and related development costs incurred on behalf of the partnership. While these amounts have not been agreed nor verified by the Receiver, we understand that Landstar has indicated that there may be as much as \$518,000 owing by Capital in respect of these apparent costs.

#### **Purchase and Sale Agreement**

3.8 On March 23, 2018 Landstar and the Receiver entered into a Purchase and Sale Agreement, a copy of which is attached as Appendix "A".

3.9 Select terms of the Purchase and Sale Agreement are as follows:

- a) the Receiver agrees to transfer the Units and the entirety of its interest in the Blackmun Bay LP to the Purchasers, allocated 50% to Aegean, 40% to Landstar and 10% to Class Act;
- b) the Receiver agrees to transfer the Shares to Landstar;
- c) the consideration for the transfer of the Units shall be the sum of \$2,499,999 and the consideration for the transfer of the Shares shall be \$1 (collectively, the "**Purchase Price**");
- d) the Purchase Price shall be satisfied by wire transfers to the Receiver's solicitors on the closing date;
- e) the closing date shall be at such time as agreed in writing by the Receiver and the Purchasers;
- f) the transaction contemplated by the Purchase and Sale Agreement is subject to the granting of the Sale Approval and Vesting Order by this Honourable Court by no later than March 28, 2018;
- g) the Purchasers acknowledge and agree that they are acquiring the Purchased Assets on an "as-is, where-is" and "without recourse" basis with all defects and with all faults presently known or that may thereafter arise;

- h) general mutual releases are to be provided in favour of the Receiver and the Purchasers upon closing; and
- i) the Purchasers acknowledge and agree that the Receiver, its affiliates and their respective representatives have not made and specifically negate and disclaim any representation, warranty, promise, covenant, agreement or guaranty of any kind with respect to the Purchased Assets.

#### **Receiver's Review and Consideration**

3.10 The Receiver's review of the Landstar offer and resulting Purchase and Sales Agreement included consideration of the following:

- a) the results of the Sales Process and the extent to which the Landstar offer represents the highest and best price for the Purchased Assets;
- b) the nature and stage of development of the Blackmun Bay project and the risks and time associated with bringing the development to a stage where its market potential can be realized;
- c) recent and historical confidential third party valuation/appraisal reports provided by Capital and Landstar and other independent indications of potential value obtained by the Receiver;
- d) the overall execution risk associated with the transaction contemplated by the Purchase and Sale Agreement including the reputation and wherewithal of the Purchasers to complete the transaction;
- e) the looming maturity date of March 31, 2018 of the first mortgage on the Blackmun Bay development property due to Jaycap;
- f) the enhanced prospects of concluding a successful transaction with Landstar in its capacity as Capital's existing partner in the Blackmun Bay LP and other purchasers nominated by Landstar as opposed to a prospective third-party purchaser;
- g) the potential for the Receiver to incur additional professional fees and holding costs and bear the risk of the value of its interest in the Blackmun Bay LP diminishing if a transaction for the Purchased Assets is not concluded in a timely manner; and
- h) the economic interest of RBC, the senior secured creditor with respect to the Reid Group's interest in the Purchased Assets, who have confirmed their support of the Receiver pursuing a transaction with the Purchasers at the stated terms.

3.11 The Receiver is of the view that the Sales Process in respect of the Purchased Assets was comprehensive and conducted in a manner which was fair and reasonable, that the market has

been adequately canvassed for potential purchasers and that the transaction contemplated by the Purchase and Sale Agreement is in the best interests of the creditors of Reid Group.

**4.0 RECEIVER'S CONCLUSION AND RECOMMENDATION**

- 4.1 It is the view of the Receiver that the purchase price and other terms of the Purchase and Sale Agreement are fair and commercially reasonable in the circumstances. Accordingly, the Receiver respectfully recommends that this Honourable Court grant the Sale Approval and Vesting Order.

\*\*\*\*\*

All of which is respectfully submitted to this Honourable Court this 23<sup>rd</sup> day of March, 2018.

**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



Per: Tom Powell  
Vice President



## APPENDIX A

## PURCHASE AND SALE AGREEMENT

THIS AGREEMENT made as of March 22, 2018.

### AMONG:

**ALVAREZ & MARSAL CANADA INC.**, in its capacity as Court appointed Receiver and Manager of the current and future assets, undertakings and properties of 1679775 Alberta Ltd., Reid-Built Homes Ltd., Reid Worldwide Corporation, Builder's Direct Supply Ltd., Reid Built Homes Calgary Ltd., Reid Investments Ltd., and Reid Capital Corp., and not in its personal capacity (the **Vendor**)

- and -

**AEGEAN REAL ESTATE CORPORATION (Aegean)**

- and -

**LANDSTAR HOLDINGS INC. (Landstar)**

- and -

**CLASS ACT INVESTMENTS INC. (Class Act)** and together with Aegean and Landstar, collectively referred to as the **Purchasers**)

### RECITALS.

- A. On November 2, 2017, Alvarez & Marsal Canada Inc. (the **Receiver**) was appointed receiver and manager of 1679775 Alberta Ltd., Reid-Built Homes Ltd., Reid Worldwide Corporation, Builder's Direct Supply Ltd., Reid Built Homes Calgary Ltd., Reid Investments Ltd., and Reid Capital Corp. (collectively, the **Companies**), of all its current and future assets undertaking and properties of every nature and kind whatsoever, and wherever situate, including all proceeds thereof.
- B. Reid Capital Corp. (**Reid**), Landstar, and 1087032 B.C. Ltd. (the **General Partner**) are parties to the Limited Partnership Agreement made as of the 25th day of August, 2016, as amended (the **LPA**), respecting the Blackmun Bay Development Limited Partnership (the **Limited Partnership**).
- C. The Vendor is the Receiver of Reid, a limited partner in the Limited Partnership.
- D. Reid is the registered and beneficial owner of 475,940 Class B Units (the **Units**) in the Limited Partnership issued by the General Partner of the Limited Partnership.
- E. The Vendor wishes to sell the Vendor's Interest in the Units and the Purchasers wish to purchase all of the Units.
- F. Reid is the registered and beneficial owner of 50 common shares in the General Partner (the **Shares**).
- G. The Vendor wishes to sell the Vendor's Interest in the Shares and Landstar wishes to purchase all of the Shares.

**NOW THEREFORE THIS AGREEMENT WITNESSES THAT**, in consideration of the mutual covenants and agreements herein and subject to the terms and conditions of this Agreement, the Parties covenant and agree as follows.

**ARTICLE 1**  
**INTERPRETATION AND GENERAL MATTERS**

1.01 In this Agreement, unless something in the subject matter or context is inconsistent therewith, the following terms and expressions have the following meanings.

- (a) **Affiliate** means, with respect to any specified Person, any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with that specified Person. For the purposes of this definition, **control** (including with correlative meanings, controlling, controlled by and under common control with) means the power to direct or cause the direction of the management and policies of that Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise and, it being understood and agreed that with respect to a corporation or partnership, control shall mean direct or indirect ownership of more than 50% of the voting shares in any such corporation or of the general partnership interest or voting interest in any such partnership.
- (b) **Agreement** means this agreement and all amendments made hereto by the Parties.
- (c) **Applicable Law** means, in respect of any Person, asset, transaction, event or circumstance: (i) statutes (including regulations enacted thereunder); (ii) judgments, decrees and orders of courts of competent jurisdiction (including the common law); (iii) regulations, orders, ordinances and directives issued by Governmental Authorities; and (iv) the terms and conditions of all permits, licenses, approvals and authorizations, in each case which are applicable to such Person, asset, transaction, event or circumstance.
- (d) **Approval and Vesting Order** means an order of the Court approving the Transaction in accordance with the provisions of this Agreement, and vesting all of the Vendor's Interest in and to the Units in the Purchasers and all of the Vendor's Interest in and to the Shares in Landstar, such order to be in a form and content satisfactory to the Purchasers and the Vendor.
- (e) **Business Day** means a day other than a Saturday, Sunday or statutory holiday in Alberta.
- (f) **Closing** means the completion of the Transaction.
- (g) **Closing Date** means the date the Receiver's Certificate is issued by the Receiver, or such other date as may be agreed to in writing by the Parties.
- (h) **Court** means the Court of Queen's Bench of Alberta, Judicial Centre of Edmonton.
- (i) **Final Order** means an order of the Court that has not been vacated, stayed, set aside, amended, reversed, annulled or modified, as to which no appeal or application for leave to appeal therefrom has been filed and the applicable appeal period with respect thereto shall have expired without the filing of any appeal or application for leave to appeal, or if any appeal(s) or application(s) for leave to appeal therefrom have been filed, any (and all) such appeal(s) or application(s) have been dismissed, quashed, determined, withdrawn or disposed of with no further right of appeal and all opportunities for rehearing, re-argument, petition for certiorari and appeal being exhausted or having expired without any appeal, motion or petition having been filed and remaining pending, any requests for rehearing have been denied, and no order having been entered and remaining pending staying, enjoining, setting aside, annulling, reversing, remanding, or

superseding the same, and all conditions to effectiveness prescribed therein or otherwise by Applicable Law or order having been satisfied.

- (j) **Governmental Authority** means any domestic or foreign government, whether federal, provincial, state, territorial or municipal; and any governmental agency, ministry, department, tribunal, commission, bureau, board, court (including the Court) or other instrumentality exercising or purporting to exercise legislative, judicial, regulatory or administrative functions of, or pertaining to, government, having jurisdiction over a Party, the Units, the Shares or the Transaction.
- (k) **Parties** means, collectively, the Purchasers and the Vendor; **Party** means any one of them.
- (l) **Person** means any individual, corporation, limited or unlimited liability company, joint venture, partnership (limited or general), trust, trustee, executory, Governmental Authority, or other entity however designated or instituted.
- (m) **Purchaser's Share** means that portion of the rights, benefits, obligations and liabilities of the Purchasers under this Agreement insofar as it pertains to the purchase and sale of Units, allocated to each Purchaser as follows:

<u>Purchaser</u>	<u>Purchaser's Share</u>
Aegean Real Estate Corporation	50%
Landstar Holdings Inc.	40%
Class Act Investments Inc.	10%

- (n) **Purchasers' Solicitors** means Cassels Brock & Blackwell LLP.
- (o) **Receiver** has the meaning ascribed to that term in the recitals hereto, in the capacity as the Court-appointed receiver of the Companies and not in its personal or corporate capacity.
- (p) **Receiver's Certificate** means the certificate, attached to the Approval and Vesting Order, to be delivered by the Receiver to the Purchasers on Closing and thereafter filed by the Receiver with the Court.
- (q) **Representative** means, in respect of a Person, each director, officer, employee, agent, legal counsel, accountant, consultant, contractor, professional advisor and other representative of such Person and its Affiliates, and with respect to the Vendor, includes the Receiver.
- (r) **Time of Closing** means 12:01 a.m. (Calgary time) on the Closing Date.
- (s) **Transaction** means the transaction for the purchase and sale of the Units and the Shares as contemplated in this Agreement.
- (t) **Vendor's Interest** means, when used in relation to any asset, undertaking or property, all the right, title and interest, if any, of the Vendor in such asset, undertaking or property.
- (u) **Vendor's Solicitors** means Norton Rose Fulbright Canada LLP.

1.02 The recitals hereto are incorporated by reference and deemed to be part of this Agreement.

- 1.03 Schedule A is incorporated by reference and deemed to be part of this Agreement.
- 1.04 The division of this Agreement into Articles and Sections and the insertion of headings are for the convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms "this Agreement", "hereof", "hereunder" and similar expressions refer to this Agreement and not to any particular Article, Section or other portion hereof and include any agreement supplemental hereto. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles and Sections are to Articles and Sections of this Agreement.
- 1.05 In this Agreement, words importing the singular number only shall include the plural and *vice versa*, words importing the masculine gender shall include the feminine and neuter genders and *vice versa* and words importing persons shall include individuals, partnerships, associations, trusts, unincorporated organizations and corporations and *vice versa*.
- 1.06 The Parties agree that each of them shall, upon the reasonable request and at the expense of another Party, from time to time execute and deliver all such further documents and instruments and do all acts and things as the other Party may, either before or after the Closing Date, reasonably require to effectively carry out or better evidence or perfect the full intent and meaning of this Agreement.
- 1.07 Time shall be of the essence of this Agreement.
- 1.08 Each of the Parties shall pay their respective legal and accounting costs and expenses incurred in connection with the preparation, execution, and delivery of this Agreement; all documents and instruments executed pursuant hereto; and any other costs and expenses whatsoever and howsoever incurred.
- 1.09 This Agreement shall enure to the benefit of and be binding upon the respective heirs, executors, administrators, successors, and permitted assigns of the Parties.
- 1.10 This Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof and cancels and supersedes any prior understandings and agreements between the Parties with respect thereto. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory, between the Parties other than as expressly set forth in this Agreement.
- 1.11 No modification of or amendment to this Agreement shall be valid or binding unless set forth in writing and duly executed by all of the Parties.
- 1.12 The invalidity of any particular provision of this Agreement shall not affect any other provision of it and this Agreement shall be construed as if the invalid provision had been omitted.
- 1.13 This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta. The Parties attorn to the jurisdiction of the Courts of Alberta, Judicial Centre of Edmonton.

*[the remainder of this page intentionally left blank]*

1.14 Any notice, direction or other communication given regarding the matters contemplated by this Agreement must be in writing, sent by personal delivery, courier or electronic mail and addressed:

(a) in the case of the Vendor:

Alvarez & Marsal Canada Inc.  
1110, 250 6th Avenue SW  
Calgary, AB T2P 3H7  
Attention: Todd Martin/ Tom Powell  
Email: [tmartin@alvarezandmarsal.com](mailto:tmartin@alvarezandmarsal.com)  
[tpowell@alvarezandmarsal.com](mailto:tpowell@alvarezandmarsal.com)

*with a copy to the Vendor's Solicitors:*

Norton Rose Fulbright Canada LLP  
3700, 400 – 3rd Avenue SW  
Calgary, AB T2P 4H2  
Attention: Aaron Bowler  
Email: [aaron.bowler@nortonrosefulbright.com](mailto:aaron.bowler@nortonrosefulbright.com)

(b) In the case of the Purchasers:

c/o Landstar Holdings Inc.  
301, 1026 16th Avenue NW  
Calgary, AB T2M 0K6  
Attention: George Mylonas  
Email: [gmylonas@landstarcommunities.com](mailto:gmylonas@landstarcommunities.com)

*with a copy to the Purchasers' Solicitors:*

Cassels Brock & Blackwell LLP  
Suite 2200, HSBC Building, 885 West Georgia Street  
Vancouver, BC V6C 3E8  
Attention: Mary I.A. Buttery / Jason M. Holowachuk  
Email: [mbuttery@casselsbrock.com](mailto:mbuttery@casselsbrock.com)  
[jholowachuk@casselsbrock.com](mailto:jholowachuk@casselsbrock.com)

A notice is deemed to be given and received if: (i) sent by personal delivery or courier, on the date of delivery if it is a Business Day and the delivery was made prior to 4:00 p.m. (local time in place of receipt) and otherwise on the next Business Day; or (ii) email, on the date of transmission if it is a Business Day and the transmission was made prior to 4:00 p.m. (local time in place of receipt), and otherwise on the next Business Day. A Party may change its address for service from time to time by providing a notice in accordance with the foregoing. Any subsequent notice must be sent to the Party at its changed address. Any element of a Party's address that is not specifically changed in a notice will be assumed not to be changed. Sending a copy of a notice to a Party's legal counsel as contemplated above is for information purposes only and does not constitute delivery of the notice to that Party. The failure to send a copy of a notice to legal counsel does not invalidate delivery of that notice to a Party.

1.15 This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which shall constitute one and the same agreement. Transmission by facsimile or other electronic means of an executed counterpart of this Agreement shall be deemed to constitute due and sufficient delivery of such counterpart.

**ARTICLE 2**  
**TRANSACTION OF PURCHASE AND SALE**

- 2.01 The Vendor agrees to transfer the Units and the entirety of its interest in the Limited Partnership to the Purchasers and the Purchasers agree to accept such transfer in accordance with their respective Purchaser's Share.
- 2.02 The Vendor agrees to transfer the Shares to Landstar and Landstar agrees to accept such transfer.
- 2.03 The consideration for the transfer of the Units and interest in the Limited Partnership shall be the sum of two million, four hundred and ninety-nine thousand, nine hundred and ninety-nine dollars (\$2,499,999) (the **Unit Purchase Price**).
- 2.04 The consideration for the transfer of the Shares shall be sum of one dollar (\$1) (the **Share Purchase Price**).
- 2.05 The Unit Purchase Price shall be paid and satisfied by the Purchasers in accordance with their respective Purchaser's Share by way of wire transfer to the Vendor's Solicitors on the Closing Date. The Share Purchase Price shall be paid and satisfied by Landstar by way of cash or wire transfer to the Vendor's Solicitors on the Closing Date.
- 2.06 The Transaction shall be completed at the Time of Closing at the offices of the Vendor's Solicitors in Calgary, Alberta, or at such other place and time as agreed upon by the Parties.

**ARTICLE 3**  
**CONDITIONS TO THE CLOSING OF THE TRANSACTION**

- 3.01 The respective obligations of the Parties to complete the purchase and sale of the Units and the Shares are subject to the following conditions being fulfilled or performed as at or prior to the Closing Date:
- (a) the Court shall have granted the Approval and Vesting Order no later than March 28, 2018 and the Approval and Vesting Order shall be a Final Order;
  - (b) no Governmental Authority shall have enacted, issued or promulgated any final or non-appealable order or Applicable Law which has the effect of: (i) making the Transaction illegal; or (ii) otherwise prohibiting, preventing or restraining the Vendor from the sale of the Units and the Shares; and
  - (c) the Closing is not otherwise prohibited by Applicable Law.
- The foregoing conditions are for the mutual benefit of the Vendor and the Purchasers and may be asserted by the Vendor or the Purchasers regardless of the circumstances and may be waived only with the agreement of both the Vendor and the Purchasers.
- 3.02 Notwithstanding anything else herein contained, the sale by the Vendor and the purchase by the Purchasers of the Units, and the sale by the Vendor and the purchase by Landstar of the Shares, is subject to the following conditions, which are for the exclusive benefit of the Purchasers, to be performed or complied with at or prior to the Closing Date, except as noted:
- (a) the representations and warranties of the Vendor set forth herein shall be true and correct at the Closing Date with the same force and effect as if made at and as of such time;

- (b) the Vendor shall have performed or complied with all of the terms, covenants, and conditions of this Agreement to be performed or complied with by the Vendor at or prior to the Closing Date;
  - (c) all necessary steps and proceedings shall have been taken to permit: (i) the Units to be transferred to and registered in the name of the Purchasers in accordance with their respective Purchaser's Share, and (ii) the Shares to be transferred to and registered in the name of Landstar;
  - (d) the General Partner shall have given its consent to the transfer of the Units and the Shares, in the form attached as Schedule A; and
  - (e) the form and content of the Approval and Vesting Order to be sought by the Vendor shall be satisfactory to the Purchasers, acting reasonably.
- 3.03 Notwithstanding anything contained herein, the sale by the Vendor and the purchase by the Purchasers of the Units, and the sale by the Vendor and the purchase by Landstar of the Shares, is subject to the following conditions, which are for the benefit of the Vendor, to be performed or complied with at or prior to the Time of Closing:
- (a) the representations and warranties of the Purchasers set forth herein shall be true and correct at the Closing Date with the same force and effect as if made at and as of such time;
  - (b) the Purchasers shall have performed or complied with all of the terms, covenants, and conditions of this Agreement to be performed or complied with by the Purchasers at or prior to the Closing Date; and
  - (c) the General Partner shall have given its consent to the transfer of the Units and the Shares, in the form attached as Schedule A.
- 3.04 When the conditions set out in Sections 3.01, 3.02 and 3.03 have been satisfied and/or waived by the each of the Vendor and the Purchasers, as applicable, the Purchasers will deliver to the Receiver written confirmation that such conditions of Closing, as applicable, have been satisfied and/or waived (the **Conditions Certificate**). Upon receipt by the Receiver of: (i) payment in full of the Purchase Price to be paid on Closing; and (ii) the Conditions Certificate, the Receiver shall: (A) issue forthwith its Receiver's Certificate to the Purchasers, at which time the Closing will be deemed to have occurred; and (B) file as soon as practicable a copy of the Receiver's Certificate with the Court (and shall provide a true copy of such filed certificate to the Purchasers).

#### ARTICLE 4 THE REPRESENTATIONS AND WARRANTIES OF THE VENDOR

- 4.01 The Vendor represents and warrants to the Purchasers that the Vendor is not a non-resident for the purposes of and within the meaning of the *Income Tax Act* (Canada).

#### ARTICLE 5 THE REPRESENTATIONS AND WARRANTIES OF THE PURCHASERS; RELEASE AND WAIVER

- 5.01 Each party comprising the Purchasers severally represent and warrant, for itself only, to the Vendor as follows.
- (a) The Purchaser is a corporation duly incorporated and validly subsisting in all respects and the Purchaser has good and sufficient corporate power, authority and right, to enter into and deliver this Agreement and to purchase the Units and, with respect to Landstar



only, the Shares, from the Vendor in the manner contemplated herein and to perform all of the Purchaser's obligations under this Agreement.

- (b) The Purchaser, and its respective shareholders and board of directors have taken all necessary or desirable actions, steps and corporate and other proceedings to approve or authorize, validly and effectively, the entering into, and the execution, delivery, and performance of, this Agreement, and the purchase of the Units and, with respect to Landstar only, the Shares, from the Vendor in the manner contemplated herein.
  - (c) This Agreement is a legal, valid, and binding obligation of the Purchaser enforceable against it in accordance with its terms.
  - (d) The Purchaser is not under any obligation, contractual or otherwise, to request or obtain the consent of any Person, and no permits, licences, certifications, authorizations or approvals of, or notifications to, any Governmental Authority required to be obtained by the Purchaser in connection with the execution, delivery or performance by the Purchaser of this Agreement or the completion of the Transaction.
  - (e) The execution, delivery, and performance of this Agreement by the Purchaser, and the completion of the Transaction, will not constitute or result in a violation or breach of or default under any term or provision of any of the articles, by-laws or other constating documents of the Purchaser.
- 5.02 The representations and warranties of the Purchasers set forth in this Article 5 shall survive the completion of the Transaction and, notwithstanding such completion, shall continue in full force and effect for the benefit of the Vendor for a period of one (1) year from the Closing Date.
- 5.03 Without limiting any other provision of this Agreement, the Purchasers acknowledge and agree that it is acquiring the Units and the Shares on an "as is, where is" and "without recourse" basis with all defects, both patent and latent, and with all faults, whether known or unknown, presently existing or that may hereafter arise. The Purchasers acknowledge and agree that the Vendor, its Affiliates and their respective Representatives have not made, do not make and specifically negate and disclaim any representation, warranty, promise, covenant, agreement or guaranty of any kind or character whatsoever, whether express or implied, oral or written, past, present or future, of, as to, concerning or with respect to the Units or the Shares.

## **ARTICLE 6 CLOSING DELIVERIES**

- 6.01 At Closing the Vendor shall deliver to the Purchasers:
- (a) Transfer of Units Form for the Units contemplated in the LPA;
  - (b) the Shares endorsed in the name of Landstar;
  - (c) duly executed consent pursuant to Sections 3.02(d) and 3.03(c);
  - (d) a general release by the Vendor in favour of the General Partner and Landstar in a form satisfactory to the General Partner and Landstar;
  - (e) all material, documents, records, files, and files relating to the operations of the Limited Partnership and its general partner that are in the possession of the Vendor; and
  - (f) all such other assurances, agreements, documents and instruments as may be reasonably required by the Purchasers to complete the Transaction.

- 6.02 At Closing the Purchasers shall deliver or cause to be delivered to the Vendor:
- (a) the Unit Purchase Price and Share Purchase Price;
  - (b) the Conditions Certificate;
  - (c) a general release by the General Partner and Landstar in favour of the Vendor in a form satisfactory to the Vendor; and
  - (d) all such other assurances, agreements, documents and instruments as may be reasonably required by the Vendor to complete the Transaction.

## **ARTICLE 7 DEFAULT AND REMEDIES**

- 7.01 In case any term, covenant or condition of the Purchasers to be performed or complied with prior to the Closing Date shall not have been performed or complied with prior to the Closing Date, the Vendor shall, at its sole option, either:
- (a) rescind this Agreement by notice in writing to the Purchasers and in such event the Vendor shall be released from all obligations hereunder and, unless the term, covenant or condition for which the Vendor has rescinded this Agreement was reasonably capable of being performed or complied with or caused to be performed or complied with by the Purchasers, the Purchasers shall also be released from all obligations hereunder; or
  - (b) waive compliance with any such term, covenant or condition in whole or in part if it sees fit to do so without prejudice to any of its rights of rescission in the event of non-performance of any other term, covenant or condition in whole or in part.
- 7.02 In case any term, covenant or condition of the Vendor to be performed or complied with prior to the Closing Date shall not have been performed or complied with prior to the Closing Date, the Purchasers shall, at their sole option, either:
- (a) rescind this Agreement by notice in writing to the Vendor and in such event the Purchasers shall be released from all obligations hereunder and, unless the term, covenant or condition for which the Purchasers have rescinded this Agreement was reasonably capable of being performed or complied with or caused to be performed or complied with by the Vendor, the Vendor shall also be released from all obligations hereunder; or
  - (b) waive compliance with any such term, covenant or condition in whole or in part if it sees fit to do so without prejudice to any of its rights of rescission in the event of non-performance of any other term, covenant or condition in whole or in part.
- 7.03 The rights and remedies of the Parties under this Agreement are cumulative and in addition to and not in substitution for any rights or remedies provided by law any single or partial exercise by any Party of any right or remedy for default or breach of any term, covenant or condition of this Agreement does not waive, alter, affect or prejudice any other right or remedy to which such Party may be lawfully entitled for the same default or breach.
- 7.04 No waiver of any breach of any term or provision of this Agreement shall be effective or binding unless made in writing and signed by the Party purporting to give the same and, unless otherwise provided, shall be limited to the specific breach waived.

**ARTICLE 8**  
**POST-CLOSING DELIVERIES**

- 8.01 Within five (5) Business Days of the Closing Date the Purchasers shall register an amended certificate of limited partnership for the Limited Partnership evidencing the withdrawal of Reid Capital Corp. as a limited partner.

***[Signature page to follow.]***

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first written above.

**ALVAREZ & MARSAL CANADA INC.**, in its capacity as Court appointed Receiver and Manager of the current and future assets, undertakings and properties of 1679775 Alberta Ltd., Reid-Built Homes Ltd., Reid Worldwide Corporation, Builder's Direct Supply Ltd., Reid Built Homes Calgary Ltd., Reid Investments Ltd., and Reid Capital Corp., and not in its personal capacity

Per: 

Tom Powell

Vice President

I have the authority to bind the corporation

**LANDSTAR HOLDINGS INC.**

Per: 

Name: GEORGE MYLONAS

Title: PRESIDENT

I have the authority to bind the corporation

**AEGEAN REAL ESTATE CORPORATION**

Per: 

Name: ILIAS MYLONAS

Title: PRESIDENT

I have the authority to bind the corporation

**CLASS ACT INVESTMENTS INC.**

Per: 

Name: GEORGE MYLONAS

Title: DIRECTOR

I have the authority to bind the corporation

**Schedule A**

**CONSENT TO TRANSFER OF UNITS AND SHARES**

Capitalized terms used in this Consent shall have the meaning given to them in the Purchase and Sale Agreement dated March 22, 2018, between Alvarez & Marsal Canada Inc., in its capacity as Court appointed Receiver and Manager of the current and future assets, undertakings and properties of 1679775 Alberta Ltd., Reid-Built Homes Ltd., Reid Worldwide Corporation, Builder's Direct Supply Ltd., Reid Built Homes Calgary Ltd., Reid Investments Ltd., and Reid Capital Corp., and not in its personal capacity, as Vendor, and Landstar Holdings Inc., Aegean Real Estate Corporation and Class Act Investments Inc., collectively as Purchasers, (the **Agreement**).

The undersigned consents to the Transaction, whereby: (i) the Vendor agreed to sell and the Purchasers agreed to purchase all of the Vendor's Interest in the Units; and (ii) the Vendor agreed to sell and Landstar agreed to purchase all of the Vendor's Interest in the Shares, notwithstanding anything to the contrary contained in the Limited Partnership Agreement made as of the 25th day of August, 2016, as amended.

This Consent may be executed by the Parties by facsimile or email in separate counterparts, each of which when so executed shall be deemed to be an original and all of which together shall constitute one and the same Consent.

Dated and effective April \_\_, 2018.

**1087032 B.C. LTD., in its own capacity and as  
general partner of BLACKMUN BAY  
DEVELOPMENT LIMITED PARTNERSHIP**

Per: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

I have the authority to bind the corporation