

COURT NUMBER 23-1927123
ESTATE NUMBER 23-1927123
COURT FILE NUMBER 1590 of 2014
COURT OF QUEEN'S BENCH FOR SASKATCHEWAN
IN BANKRUPTCY AND INSOLVENCY
JUDICIAL CENTRE SASKATOON

IN THE MATTER OF THE PROPOSAL OF SYSTEM BUILT DEVELOPMENTS INC.
pursuant to Subsection 50.4(1) of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3

PROPOSAL TO CREDITORS

WHEREAS:

- A. System Built Developments Inc. (the "**Company**") is an Alberta corporation which is extra-provincially registered to carry on business in the Province of Saskatchewan.
- B. The Company is an "insolvent person", as defined in section 2 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 (the "**BIA**").
- C. The principal business carried on by the Company is the development and sale of energy-efficient and affordable modular buildings and similar structures (the "**Business**").
- D. On October 30, 2014, the Company filed a notice of intention to make this proposal (the "**Proposal**") to its creditors under section 50.4 of the BIA (the "**Notice of Intention**") and thereby commenced proceedings to restructure its business and financial affairs under Division I of Part III of the BIA.
- E. Deloitte Restructuring Inc. of Saskatoon, Saskatchewan (the "**Trustee**") is a licensed trustee under the BIA which has consented to act as Trustee under the Proposal to be filed by the Company.
- F. By Order of the Court of Queen's Bench For Saskatchewan (the "**Court**") dated February 24, 2015, the Company obtained a third extension of the time within which it was required to file its Proposal to creditors under Division I of Part III of the BIA, up to and including April 14, 2015.
- G. The Trustee (with the assistance of the Company) conducted a claims process (the "**Claims Process**") to definitively determine all Claims (as that term is hereinafter defined) against the Company pursuant to the Claims Process Order of the Court dated January 26, 2015, as a result of which Claims Process:
 - (i) the Trustee has confirmed that the Company has no secured creditors; and
 - (ii) two priority claims (the "**Priority Claims**") against the Company have been allowed by the Trustee as Proven Claims (as that term is hereinafter defined),

namely, a wages claim in the amount of \$50,386.85, advanced by Employment Standards on behalf of all former employees of the Company (the "Wages Claim") and a statutory deemed trust in favour of Canada Revenue Agency ("CRA") against the Company in the amount of \$300,847.70 (the "CRA Deemed Trust Claim").

- H. Pursuant to the Orders of Mr. Justice R.S. Smith dated November 21, 2014, November 28, 2014, February 4, 2015, February 24, 2015, and March 6, 2015 (as amended, where applicable):
- (a) each of the Wages Claim and the CRA Deemed Trust Claim were ordered by the Court to be paid in full by the Company in accordance with subsections 60(1), 60(1.1) and 60(1.3) of the BIA in priority to all other claims and charges against the Company;
 - (b) an additional priority payment of \$27,500.00 was ordered paid pursuant to the second priority Interim Financing Charge granted by the Court to secure interim financing in the same amount advanced to the Company by 101217277 Saskatchewan Ltd.; and
 - (c) a third priority payment pursuant to the Administrative Charge granted by the Court in the maximum amount of \$100,000.00 was ordered by the Court to be paid by the Company in regard to the reasonable professional fees of the Trustee and legal counsel to the Company.
- I. As at the date of the filing of this Proposal (the "Filing Date"), each of the Wages Claim, the CRA Deemed Trust Claim, the payment pursuant to the Interim Financing Charge and the Administrative Charge has been paid, and the Interim Financing Charge and the Administrative Charge have been retired.
- J. The Company intends to seek a release of Gaetan Blouin and Ricky Arshi from any and all personal liability as directors of the Company (or otherwise) in regard to an unpaid GST claim in the amount of \$212,592.77 (the "GST Claim"), in return for Mr. Blouin and Mr. Arshi contributing the amount of \$25,000.00 of their personal funds to the Proposal Fund (as that term is hereinafter defined) for payment to CRA in partial satisfaction of the GST Claim in accordance with this Proposal.
- K. Olive Equity Group Inc. has filed with the Trustee a written notice of intention to elect Option II under the Proposal.
- L. This paragraph and the immediately preceding 11 paragraphs are hereinafter collectively referred to as the "Recitals" and individually as a "Recital" and are incorporated into (and form an integral part of) the terms of this Proposal.

NOW, THEREFORE, THE COMPANY HEREBY SUBMITS THE FOLLOWING PROPOSAL TO ITS CREDITORS UNDER DIVISION I OF PART III OF THE BIA:

ARTICLE 1

Definitions

- 1.1 For the purposes of the Proposal, the following words and phrases have the following respective meanings ascribed thereto:
- (a) "Assets" means all of the assets of the Company as of the Filing Date, including the undertaking of and right to carry on the Business of the Company and all property, assets, rights and interests of the Company related to the Business of every kind and

description, wheresoever situate, including the Goodwill (as that term is defined below), as more particularly described at Schedule "A" of the Asset Purchase Agreement between the Purchaser and the Company;

- (b) **"Asset Purchase Agreement"** has the meaning ascribed thereto at Article 7.2 hereof;
- (c) **"Asset Sale"** has the meaning ascribed thereto at Article 7.2 hereof;
- (d) **"BIA"** has the meaning ascribed thereto in Recital Paragraph B. hereof;
- (e) **"Business"** has the meaning ascribed thereto in Recital Paragraph C. hereof;
- (f) **"Business Records"** means all books, records, files and documents relating to or used in connection with the Business including, but not limited to, books of account, ledgers, journals, sales and purchase records, lists of suppliers and customers, credit information, cost and pricing information, business reports, plans and projections, inventory information, together with all other correspondence, data and information, financial or otherwise, in any format and media whatsoever;
- (g) **"Claim"** means and includes (i) any right or claim of any Person that may be asserted or made in whole or in part against the Company in connection with any indebtedness, liability or obligation of any kind whatsoever, and any interest accrued thereon or costs payable in respect thereof, in such aggregate amount of which indebtedness, liability or obligation as remained unpaid as at the Claims Eligibility Date and that, being unsecured, would be a debt provable in bankruptcy within the meaning of the BIA had the Company become bankrupt, (ii) the Wages Claim and (iv) the CRA Deemed Trust Claim;
- (h) **"Claims Eligibility Date"** means the date of the filing by the Company of its Notice of Intention pursuant to section 50.4 of the BIA, being October 30, 2014;
- (i) **"Claims Process"** has the meaning ascribed thereto in Recital Paragraph G. hereof;
- (j) **"Class B Series Preferred Share"** has the meaning ascribed thereto at Article 7.7 hereof;
- (k) **"Class B Shareholders"** has the meaning ascribed thereto at Article 7.12 hereof;
- (l) **"Company"** has the meaning ascribed thereto in Recital Paragraph A. hereof;
- (m) **"Court"** has the meaning ascribed thereto in Recital Paragraph F. hereof;
- (n) **"CRA"** means Canada Revenue Agency;
- (o) **"CRA Deemed Trust Claim"** means the statutory deemed trust in favour of CRA in support of the claim by CRA for unpaid employee source deductions under the *Income Tax Act*, the *Canada Pension Plan* and the *Employment Insurance Act*;
- (p) **"Creditors"** means the creditors of the Company with a potential Claim or Proven Claim against the Company;
- (q) **"Dividend"** has the meaning ascribed thereto at Article 7.12 hereof;
- (r) **"Filing Date"** has the meaning ascribed thereto in Recital Paragraph I. hereof;

- (s) **"Goodwill"** means all the goodwill of the Business and the Company, including:
 - (i) all of the Company's interest in all licences and/or similar rights issued by any governmental or public authorities in respect of the Business, to the extent the same are transferable;
 - (ii) all of the Company's rights and interests in intellectual property related to the Business, including the business plan of the Business and the Company;
 - (iii) the right of the Purchaser to represent itself as carrying on the Business as a successor to the Company; and
 - (iv) the Business Records.
- (t) **"GST Claim"** has the meaning ascribed thereto in Recital J. hereof;
- (u) **"Levy"** has the meaning ascribed thereto in Article 7.5 hereof;
- (v) **"Meeting"** has the meaning ascribed thereto in Article 3.1 hereof;
- (w) **"Option I Creditors"** has the meaning ascribed thereto in Article 7.4 hereof;
- (x) **"Option II Creditors"** has the meaning ascribed thereto in Article 7.6 hereof;
- (y) **"Option II Proposal Obligations"** has the meaning ascribed thereto in Article 7.6 hereof;
- (z) **"Person"** shall be broadly interpreted and shall include, without limitation, an individual, firm, partnership, joint venture, venture capital fund, limited liability company, unlimited liability company, association, trust, corporation, unincorporated association or organization, syndicate, committee, the government of a country or any political subdivision thereof, or any agency, board, tribunal, commission, bureau, instrumentality or department of such government or political subdivision, or any other entity, howsoever designated or constituted, and the trustees, executors, administrators or other legal representatives of an individual;
- (aa) **"Priority Claims"** has the meaning ascribed thereto in Recital G. hereof;
- (bb) **"Proposal"** has the meaning ascribed thereto in Recital Paragraph D. hereof;
- (cc) **"Proposal Costs"** means the reasonable professional fees and disbursements of the Trustee and of legal counsel to the Company, the law firm of MacPherson Leslie & Tyerman LLP, in regard to all matters pertaining to the Proposal, which fees and disbursements have not otherwise been paid in full;
- (dd) **"Proposal Fund"** has the meaning ascribed thereto in Article 7.4 hereof;
- (ee) **"Proposal Implementation Date"** means the date that rights and obligations under the Proposal become effective and is the latest date upon which each of the following events has occurred:
 - (i) the approval of the Proposal by the requisite majority in number and two-thirds in value of the Creditors required under Division I of Part III of the BIA has been obtained; and

- (ii) an Order of the Court approving the Proposal has been obtained and the appeal period from such Order has expired or, if any appeal is taken from such Order, a final Order dismissing such appeal has been obtained;
- (ff) "Proven Claim" means a proven and admitted Claim (as has been or may be determined by the Trustee pursuant to the Claims Process, in consultation with the Company) which has not been paid as of the date of the Meeting, including those proven and admitted claims listed at Schedule "B" attached hereto and forming part of this Proposal;
- (gg) "Proven Creditor" means a Creditor with a Proven Claim;
- (hh) "Purchaser" has the meaning ascribed thereto at Article 7.2 hereof;
- (ii) "Purchase Price" has the meaning ascribed thereto at Article 7.2 hereof;
- (jj) "Recitals" has the meaning ascribed thereto in Recital Paragraph L. hereof;
- (kk) "Released Parties" and "Released Party" have the respective meanings ascribed thereto in Article 8.1 hereof;
- (ll) "Trustee" has the meaning ascribed thereto in Recital Paragraph E. hereof; and

ARTICLE 2

Purpose of the Proposal

- 2.1 The purpose of the Proposal is to enable the Company to preserve its Goodwill through the sale of its assets for the maximum possible value available in the present circumstances and thereby to retire and/or compromise in an orderly and fair-minded fashion the debts owed by the Company to its Creditors, in order to permit the Company to avoid bankruptcy (and the costs and professional fees associated with bankruptcy) and to provide the Creditors with the maximum amount of recovery possible in regard to their respective Claims. If the Proposal is approved in accordance with the BIA, the Proposal (as so approved) is binding upon the Company and the Creditors.

ARTICLE 3

Meeting

- 3.1 There is to be a meeting of the Creditors to consider and vote upon the Proposal (the "Meeting"). The Meeting shall take place at the offices of MacPherson Leslie & Tyerman LLP, Lawyers, 1500-410 22nd Street East, Saskatoon, Saskatchewan, at 11:00 a.m. on April 28, 2015. The Proposal will be voted upon at the Meeting by the Creditors in accordance with Division I of Part III of the BIA. Should the Creditors approve the Proposal in accordance with Division I of Part III of the BIA, the Proposal will then be submitted to the Court for approval in accordance with section 58 of the BIA.

ARTICLE 4

Implementation of the Proposal

- 4.1 The Proposal will become effective on the Proposal Implementation Date, on which date the claims of the Creditors will be compromised in accordance with the terms hereof.

ARTICLE 5

Voting

- 5.1 In accordance with section 53 of the BIA, only Proven Creditors shall be entitled to vote on the Proposal. For the purposes of voting on the Proposal in accordance with subsection 54(2)(d) of the BIA, the value ascribed to the vote of each Proven Creditor shall be calculated by counting one vote for each dollar comprising the aggregate amount of the Proven Claim held by each such Proven Creditor.
- 5.2 The Proven Claim of the 60 Street Saskatoon Holdings Ltd. (the "Landlord") in regard to damages claimed by the Landlord pursuant to subsection 65.2(4)(b)(i) & (ii) of the BIA resulting from the disclaimer by the Company of the lease in regard to its former business premises has been admitted, and voting by the Landlord on the Proposal shall be in accordance with subsection 65.2(6).

ARTICLE 6

Application to Court

- 6.1 Notice is hereby given that, upon approval of the Proposal by the Proven Creditors at the Meeting, an application to the Court for an Order approving the Proposal will be made to the Court at a date and time to be determined (which date and time will be communicated to the Proven Creditors by the Proposal Trustee).

ARTICLE 7

Classification of Creditors

- 7.1 Pursuant to section 50(1.2) of the BIA, and for the purposes of the Proposal, the Company hereby makes this Proposal to the Proven Creditors only and the Company hereby designates such Proven Creditors as a class of Creditors, all ranking equally as unsecured.

Sale of the Assets of the Company

- 7.2 Subject to the terms of this Proposal, as at the Proposal Implementation Date, the Company intends to close a sale (the "Asset Sale") whereby the Company will sell, assign, transfer, and convey all of its Assets to Adept Modular Ltd., a corporation incorporated pursuant to the laws of Saskatchewan (the "Purchaser"), for the purchase price of \$250,000.00 (the "Purchase Price") pursuant to an Asset Purchase Agreement dated the 10th day of April, 2015 (the "Asset Purchase Agreement"), a fully-executed copy of which is attached hereto as Schedule "A" and forms part of this Proposal. The Purchase Price is materially greater than the estimated market value of the Assets.

Recovery by Proven Creditors Under The Proposal

- 7.3 Each of the Proven Creditors who votes on the Proposal shall elect either Option I or Option II (as more particularly set forth below) as their respective chosen means of recovery under the Proposal. Any Proven Creditor who does not vote on the Proposal and/or who does not elect either Option I or Option II shall conclusively be deemed to have elected Option I. CRA (in regard to the balance of its GST Claim) and all Proven Creditors with a Proven Claim whose value is less than or equal to \$4,000.00 shall conclusively be deemed to have elected Option I.

Option I — Participation in The Proposal Fund

7.4 Subject to the terms of the Proposal, the Company intends to establish a fund in the aggregate amount of \$373,961.26 (the "Proposal Fund") to fund payments required to be made by the Company under the Proposal, including payments to those Proven Creditors who have elected Option I under the Proposal (the "Option I Creditors"). The Proposal Fund shall be comprised of the following monies, namely:

- (a) the amount of \$98,961.26, comprised of the Net Sale Proceeds (as that term is defined at paragraph 2 of the Disbursement of Asset Sale Proceeds Order dated February 4, 2015) and the balance of the Funds (as that term is defined in the Payment of Trust Funds and Interim Distribution Order dated March 6, 2015), in the amount of \$85,961.26, plus the amount of \$13,000.00, presently held by the Company;
- (b) the amount of \$25,000.00, to be paid by or on behalf of Gaetan Blouin and Ricky Arshi to facilitate the GST Payment (as that term is hereinafter defined);
- (c) the amount of \$250,000.00, comprising the Purchase Price to be paid by the Purchaser to the Company in order to close the Asset Sale; and
- (d) any and all funds recovered at any time in relation to the claims of the Company filed against the bankruptcy estates of Shaine Girling, Image Developments & Design Corporation and/or CNCA Automation Inc.

7.5 The Proposal Fund will be paid by the Trustee in the following manner, namely:

- (a) first, the Trustee shall pay from and out of the Proposal Fund the Proposal Costs;
- (b) second, after the payment of the Proposal Costs, the Trustee shall pay from and out of the Proposal Fund the levy (if any) payable to the Superintendent of Bankruptcy in respect of the Proposal pursuant to section 147 of the BIA (the "Levy");
- (c) third, after the payment of the Levy and the Proposal Costs, the Trustee shall pay from and out of the Proposal Fund the following payments to the Option I Creditors, namely:
 - (i) those Option I Creditors whose claims are less than or equal to Four Thousand (\$4,000.00) Dollars will receive payment in full of their Proven Claims;
 - (ii) the amount of \$25,000.00 will be paid to CRA in regard to the GST Claim; and
 - (iii) after the making of the payments described above in Article 7.5(a), 7.5(b) and 7.5(c)(i)&(ii) hereof, the remaining Option I Creditors whose claims are greater than Four Thousand (\$4,000.00) Dollars (including the balance of the GST Claim) will be paid their proportionate pro rata share of the remaining balance of the Proposal Fund.

Option II — Receipt of the Class B Series Preferred Shares

7.6 Subject to the terms of this Proposal, as at the Proposal Implementation Date, the Purchaser shall assume and be liable for all obligations, commitments and liabilities of the Company to the Proven Creditors under this Proposal (the "Option II Proposal Obligations") who have elected to accept Option II (the "Option II Creditors").

- 7.7 In full satisfaction of the Option II Proposal Obligations, the Purchaser shall issue and deliver to the Trustee for distribution to each Option II Creditor certain Class B Series 1 Preferred shares in the capital stock of the Purchaser (each, a "Class B Series Preferred Share") substantially in the same form as that attached hereto as Schedule "C".
- 7.8 One Class B Series Preferred Share shall be issued to each Option II Creditor for each \$50.00 comprising the full amount of the respective Option II Proposal Obligation owed to such Option II Creditor.
- 7.9 No Class B Series Preferred Share shall be redeemable by the Purchaser prior to April 30, 2021. On April 30, 2021 or any date after April 30, 2021, the Purchaser may, at its option, redeem all, but not less than all, of the then outstanding Class B Series 1 Preferred Shares, without the consent of the holders of the Class B Series 1 Preferred Shares, upon payment in cash for each Class B Series 1 Preferred Share so redeemed of an amount equal to \$0.01 per Class B Series 1 Preferred Share together with any amount accrued but unpaid to the date fixed for redemption.
- 7.10 In the event of the liquidation, dissolution or winding-up of the Purchaser, the holders of the Class B Series 1 Preferred Shares will be entitled to receive \$0.01 per Class B Series 1 Preferred Share held by them, plus any amount accrued but unpaid to the date of distribution.
- 7.11 Subject to applicable law, holders of Class B Series 1 Preferred Shares will not be entitled as such to receive notice of or to attend or to vote at any meeting of the shareholders of the Purchaser.
- 7.12 The quantum of the Option II Proposal Obligation owed by the Purchaser to each respective Option II Creditor pursuant to the Class B Series Preferred Shares issued to such Option II Creditor shall be payable in accordance with and subject to the following terms and preconditions, namely:
- (a) a preferred, cumulative dividend (the "Dividend") equal to 25% of the net profits of the Purchaser for the immediately preceding fiscal year of the Purchaser shall be paid annually to Option II Creditors holding Class B Series 1 Preferred Shares (the "Class B Shareholders"), pro rata, on April 30 in each year commencing on April 30, 2016, if, and only if:
 - (i) the Purchaser determines, in its sole discretion based on financial statements prepared by an accountant of the Purchaser's choice, that the Purchaser has generated a net profit for such immediately preceding fiscal year of the Purchaser; and
 - (ii) payment of the Dividend would not cause the Purchaser to experience any one or more of the following three adverse consequences, namely: i) the Purchaser becoming insolvent (as that term is defined in section 2 of the BIA); ii) the Purchaser experiencing a material adverse change to its financial circumstances; or iii) the Purchaser otherwise experiencing circumstances contrary to its best interests;
 - (b) Class B Shareholders shall be entitled to receive dividend payments up to a maximum amount of the Option II Proposal Obligation owed to them. If and when a Class B Shareholder has received aggregate dividend payments equal to the amount of the Option II Proposal Obligation owed to it, that Class B Shareholder shall no longer be entitled to dividend payments;

- (c) the board of directors of the Purchaser shall have the discretion to pay Class B Shareholders a dividend in excess of 25% of the net profits of the Purchaser and/or more frequently than annually in respect of any given year; and
- (d) except as set forth in this Article 7.12, the Purchaser shall have no obligation whatsoever to make any payment in relation to (or to perform or otherwise satisfy) any of the Option II Proposal Obligations.

7.13 Creditors electing Option II shall be conclusively deemed to acknowledge having made such election based on their own independent assessment of the merits of Option II and acknowledge having done so with full awareness of the risks and uncertainties associated with Option II.

ARTICLE 8

Compromise, Satisfaction and Release of Claims Against The Company

- 8.1 Subject to Article 8.2 hereof, as of the Proposal Implementation Date, the Company and each and every present and former shareholder, officer, director, employee, auditor, financial advisor, legal counsel and agent of the Company and the Trustee (collectively, the "Released Parties" and individually a "Released Party") will be released and discharged from any and all Claims (including any and all claims in respect of potential statutory liabilities of the former, present and future directors and officers of the Company), including the GST Claim pursuant to subsection 50(13) of the BIA.
- 8.2 Shaine Girling and Jason Sansom shall not be included in the Released Parties and nothing contained in this Proposal shall have the effect of releasing and discharging any one or more of Shaine Girling or Jason Sansom from any Claim whatsoever.

ARTICLE 9

Satisfaction of Claims and Administration of Proposal

- 9.1 All payments to Option I Creditors and Option II Creditors under this Proposal shall be subject to the Levy, and the final amounts received by such Option I Creditors and Option II Creditors shall be net of such Levy.
- 9.2 Pursuant to subsection 101(1) of the BIA, sections 95-101 of the BIA (inclusive) shall not apply to this Proposal.
- 9.3 In accordance with section 56 of the BIA, the creditors may resolve to appoint one or more inspectors to assist the trustee with the administration of this Proposal.
- 9.4 Upon each of the following events having occurred, namely:
 - (a) the Trustee having made the payments required under each of Article 7.5(a), 7.5(b) and 7.5(c) hereof from and out of the Proposal Fund; and
 - (b) the Trustee having delivered to the Option II Creditors the Class B Series I Preferred Shares;


the Trustee shall provide the Company with a Certificate of Full Performance of the Proposal pursuant to section 65.3 of the BIA.

- 9.5 Upon issuance by the Trustee to the Company of a Certificate of Full Performance of the Proposal, the Company and the Released Parties shall be released from all Claims, and such Claims shall be forever barred and extinguished.
- 9.6 As required by section 60(2) of the BIA, all monies payable under Option I and all Class B Series I Preferred Shares issuable under Option II shall be paid or issued (as the case may be) by the Company to the Trustee, and such monies and such Class B Series I Preferred Shares (as the case may be) shall thereafter be distributed by the Trustee in accordance with the Proposal and the BIA.
- 9.7 Deloitte Restructuring Inc. of Saskatoon, Saskatchewan, shall be the Trustee under this Proposal.

DATED at the City of Saskatoon, in the Province of Saskatchewan, this 10 day of April, 2015.

SYSTEM BUILT DEVELOPMENTS INC.

(Seal)

Per: 
Gaetan Blouin, Director

SCHEDULE "A"

ASSET PURCHASE AGREEMENT

ASSET PURCHASE AGREEMENT

THIS AGREEMENT dated as of the 10th day of April, 2015;

BETWEEN:

SYSTEM BUILT DEVELOPMENTS INC., a body corporate incorporated under the laws of the Province of Saskatchewan,

(hereinafter referred to as the "Vendor")

-and-

ADEPT MODULAR LTD., a body corporate incorporated under the laws of the Province of Saskatchewan,

(hereinafter referred to as the "Purchaser")

WHEREAS the Vendor filed a Notice of Intention to make a Proposal to its creditors under the BIA on October 30, 2014 and wishes to sell to the Purchaser, and the Purchaser wishes to purchase from the Vendor, subject to receiving Creditor and Court Approval, the assets described in Schedule A to this Agreement (the "Assets"), according to the provisions of this Agreement.

NOW THEREFORE, in consideration of the premises and the mutual agreements and covenants herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

**ARTICLE I
INTERPRETATION**

1.1 Defined Terms

In this Agreement and in the schedules attached hereto, unless there is something in the subject matter or context inconsistent therewith, the following words and terms shall have the indicated meanings, and grammatical variations of such words and terms shall have corresponding meanings:

- (a) "Agreement", "this Agreement", "herein" and similar expressions mean this agreement between the Vendor and the Purchaser, together with all schedules attached hereto;
- (b) "BIA" means the *Bankruptcy and Insolvency Act* (Canada), as amended or replaced from time to time;
- (c) "BIA Proceedings" means the proceedings commenced by the Vendor under Division I of Part III of the BIA;

- (d) **"Business"** means the production and sale of energy-efficient modular buildings and similar structures previously carried on by the Vendor;
- (e) **"Business Day"** means any day other than a day that is a Saturday, Sunday or statutory holiday in Saskatoon, Saskatchewan;
- (f) **"Business Records"** means all books, records, files and documents relating to or used in connection with the Business including, but not limited to, books of account, ledgers, journals, sales and purchase records, lists of suppliers and Customers, credit information, cost and pricing information, business reports, plans and projections, inventory information, together with all other correspondence, data and information, financial or otherwise, in any format and media whatsoever;
- (g) **"Class B Series 1 Preferred Shares"** means class B series 1 preferred shares in the capital stock of the Purchaser, the attributes of which are set out in Schedule B;
- (h) **"Closing"** means completion of the purchase and sale of the Purchased Assets;
- (i) **"Closing Date"** means May 15, 2015, or such other date as the parties hereto may agree upon in writing;
- (j) **"Court"** means the Court of Queen's Bench of Saskatchewan;
- (k) **"Creditor and Court Approval"** means the process whereby each of the following events occurs:
 - (i) the applicable creditors of the Vendor resolve to accept the Proposal in accordance with the requirements of Section 54 of the BIA; and
 - (ii) the Court grants an order approving the Proposal in accordance with the requirements under Division I of Part III of the BIA;
- (l) **"Customer"** means any third party to which the Vendor has supplied, provided or leased goods, equipment or services in connection with the Business;
- (m) **"Encumbrances"** means mortgages, charges, pledges, security interests, liens, actions, claims, demands and equities of any nature whatsoever and howsoever arising and any rights or privileges capable of becoming any of the foregoing;
- (n) **"Goodwill and Related Assets"** means all of the goodwill of the Business and the assets related thereto, including without limitation:
 - (i) all of the Vendor's interest in all licences and/or similar rights issued by any governmental or public authorities in respect of the Business, to the extent the same are transferable;

- (ii) all of the Vendor's rights and interests in intellectual property related to the Business;
 - (iii) the right of the Purchaser to represent itself as carrying on the Business as a successor to the Vendor; and
 - (iv) the Business Records.
- (o) **"Interim Period"** means the period of time from the date hereof to the Closing Date;
 - (p) **"Option II Creditors"** has the meaning ascribed thereto in section 7.6 of the Proposal;
 - (q) **"person"** means and includes any individual, corporation, partnership, firm, joint venture, syndicate, association, trust, government, governmental agency or board or commission or authority, and any other form of entity or organization;
 - (r) **"Proposal"** means the proposal made by the Vendor to the Vendor's creditors pursuant to Division I of Part III of the BIA;
 - (s) **"Proven Claim"** has the meaning ascribed thereto in section 1.1(ff) of the Proposal;
 - (t) **"Purchase Price"** has the meaning ascribed thereto in Section 2.3;
 - (u) **"Purchased Assets"** means the undertaking of and right to carry on the Business and all property, assets, rights and interests of the Vendor related to the Business of every kind and description, wheresoever situate, including the Goodwill and Related Assets, and including without limitation all of the assets described in Schedule A;
 - (v) **"Share Price"** has the meaning ascribed thereto in Section 5.2(c); and
 - (w) **"Vesting Order"** means an order of the Court obtained within the BIA Proceedings whereby the Court approves of the sale of the Purchased Assets by the Vendor to the Purchaser and declares that the Purchaser take title to the Purchased Assets free and clear of any and all encumbrances, which order shall be in form and content satisfactory to each of the Purchaser and the Vendor acting reasonably.

1.2 Schedules

The following schedules form part of this Agreement:

Schedule A - Purchased Assets

Schedule B - Class B Series 1 Preferred Shares Attributes

1.3 Currency

Unless otherwise indicated, all dollar amounts referred to in this Agreement are stated in lawful money of Canada.

1.4 Choice of Law and Attornment

This Agreement shall be governed by and construed in accordance with the laws of the Province of Saskatchewan and the laws of Canada applicable therein. The parties agree that the courts of the Province of Saskatchewan shall have exclusive jurisdiction to determine all disputes and claims arising between the parties relating to this Agreement.

1.5 Interpretation Not Affected by Headings

The division of this Agreement into articles, sections, paragraphs, subparagraphs and clauses and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms "this Agreement", "hereof", "herein", "hereunder" and similar expressions refer to this Asset Purchase Agreement and the schedules hereto and not to any particular article, section, paragraph, subparagraph, clause or other portion hereof.

1.6 Number and Gender

Unless the context requires otherwise, words importing the singular include the plural and vice versa and words importing gender include all genders.

1.7 Time of Essence

Time shall be of the essence of this Agreement.

ARTICLE II PURCHASE AND SALE

2.1 Purchased Assets

On and subject to the terms and conditions of this Agreement, including the representations, warranties and covenants contained herein, the Vendor agrees to sell, assign, transfer and convey unto the Purchaser and the Purchaser agrees to purchase from the Vendor the Purchased Assets free and clear of all Encumbrances.

2.2 Retained Liabilities and Indemnity

The Purchaser shall not assume or be liable for, and the Vendor shall indemnify and save harmless the Purchaser from and against, all obligations, commitments, liabilities and claims (whether absolute, accrued or contingent) relating to the Business and the Purchased Assets. Without limiting the generality of the foregoing, it is agreed that the Purchaser shall not have liability for any of the following obligations or liabilities:

- (a) liabilities in respect of indebtedness of the Vendor to any person;
- (b) product liability claims and liabilities for warranty or product return claims

relating to any product or service of the Business produced, sold, provided, performed or delivered prior to the Closing Date;

- (c) liabilities for taxes, duties, levies, assessments and other such charges, including any penalties, interests and fines with respect thereto, payable by the Vendor to any federal, provincial, municipal or other government or governmental agency, authority, board, bureau or commission, domestic or foreign, including any taxes in respect of or measured by the sale, consumption, provision or performance by the Vendor of any product or service and any tax in respect of any payments to all persons employed or retained in connection with the Business prior to the Closing Date;
- (d) liabilities for salary, bonus, vacation pay and other compensation and all liabilities under employee benefit plans of the Vendor relating to the employment of all persons in the Business prior to Closing;
- (e) severance payments, damages for wrongful dismissal and all related costs in respect of the termination by the Vendor of the employment of any employee of the Vendor; and
- (f) liabilities for claims for injury, disability, death or workers' compensation arising from or related to the operation of the Business prior to Closing.

2.3 Purchase Price

In consideration for the sale, assignment, transfer and conveyance by the Vendor to the Purchaser of the Purchased Assets pursuant to this Agreement, the Purchaser shall on Closing pay to the Vendor \$250,000 in cash consideration by way of certified cheque or solicitors trust cheque payable to the Vendor (the "Purchase Price").

2.4 Goods and Services Tax Exemption

- (a) The Vendor hereby represents and warrants to the Purchaser that:
 - (i) the Vendor is registered for purposes of the *Excise Tax Act* (Canada) (hereinafter called the "GST Legislation") having registration number 801865536 RT0001;
 - (ii) the Purchased Assets comprise all or substantially all of the property used in the Business; and
 - (iii) the Business is a "commercial activity" for purposes of the GST Legislation.
- (b) The Purchaser hereby represents and warrants to the Vendor that the Purchaser is registered for purposes of the GST Legislation having registration number 811179399 RT0001.
- (c) The Vendor and the Purchaser shall, on the Closing Date, jointly execute, in the

prescribed form, an election under subsection 167(1) of the GST Legislation. As soon as reasonably practicable thereafter and, in any event, within the prescribed time, the Purchaser shall file such election with the appropriate authorities such that no tax will be payable pursuant to the GST Legislation with respect to the purchase and sale of the Purchased Assets hereunder.

ARTICLE III REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties of the Vendor

Subject to receiving Creditor and Court Approval, where applicable, the Vendor hereby represents and warrants to the Purchaser as follows, and acknowledges and confirms that the Purchaser is relying upon the accuracy of each of such representations and warranties in connection with the purchase of the Purchased Assets and the completion of the other transactions contemplated by this Agreement:

- (a) *Corporate Authority and Binding Obligation.* The Vendor has good right and full corporate power and capacity to enter into this Agreement and to sell, assign, transfer and convey the Purchased Assets to the Purchaser in the manner contemplated herein and to perform all of its obligations under this Agreement.
- (b) *No Other Purchase Agreements.* No person has any agreement, option, understanding or commitment, or any right or privilege (whether by law, preemptive or contractual) capable of becoming an agreement, option or commitment, for the purchase or other acquisition of any of the Purchased Assets from the Vendor, or any right or interest therein.
- (c) *Status.* The Vendor is a corporation duly incorporated and validly subsisting under the laws of the Province of Saskatchewan. The Vendor has all necessary corporate power and capacity to own its properties and to carry on the Business as it is now being conducted or as carried on in the past.
- (d) *Title to Assets.* The Vendor is, and as of the Closing Date will be, the legal and beneficial owner of and will have good and marketable title to all of the Purchased Assets, free and clear of any Encumbrances. As of the date hereof, no person other than the Vendor has, and as of the Closing Date no person other than the Vendor will have, any interest (or right capable of becoming an interest) in any of the Purchased Assets.
- (e) *Vendor's Residency.* The Vendor is not a non-resident of Canada within the meaning of the *Income Tax Act* (Canada).

3.2 Representations and Warranties by the Purchaser

The Purchaser hereby represents and warrants to the Vendor as follows, and acknowledges and confirms that the Vendor is relying upon the accuracy of each of such representations and warranties in connection with the sale of the Purchased Assets and the completion of the other transactions contemplated by this Agreement:

- (a) *Status, Corporate Authority and Binding Obligation.* The Purchaser is a corporation duly incorporated and validly subsisting under the laws of the Province of Saskatchewan. The Purchaser has the corporate power and capacity to enter into this Agreement and to perform its obligations under this Agreement. The board of directors and shareholders of the Purchaser have taken all necessary actions, steps and corporate and other proceedings to approve or authorize the execution, delivery and performance of this Agreement by the Purchaser. This Agreement is a legal, valid and binding obligation of the Purchaser, enforceable against the Purchaser in accordance with its terms subject to: (i) bankruptcy, insolvency, moratorium, reorganization and other laws relating to or affecting the enforcement of creditors' rights generally; and (ii) the general principles of equity, including equitable remedies that may only be granted in the discretion of a court.
- (b) *Compliance with Constatng Documents, Agreements and Laws.* The execution, delivery and performance of this Agreement and each of the other agreements contemplated by or referred to herein by the Purchaser, and the completion of the transactions contemplated hereby, shall not constitute or result in a violation, breach or default under:
- (i) any term or provision of any of the articles or by-laws of the Purchaser or any resolution of the shareholders of the Purchaser; or
 - (ii) the material terms of any indenture, agreement (written or oral), instrument or understanding or other arrangement or restriction applicable to or binding upon the Purchaser or to which the Purchaser is a party.

ARTICLE IV SURVIVAL OF REPRESENTATIONS AND WARRANTIES

4.1 Survival of Warranties of the Vendor

The representations and warranties made by the Vendor and contained in this Agreement, or contained in any document or certificate given in order to carry out the transactions contemplated hereby, shall survive the completion of the sale of the Purchased Assets and, notwithstanding such completion or any investigation made by or on behalf of the Purchaser or any other person or any knowledge of the Purchaser or any other person, shall continue in full force and effect for the benefit of the Purchaser.

4.2 Survival of Warranties of the Purchaser

The representations and warranties made by the Purchaser and contained in this Agreement or contained in any document or certificate given in order to carry out the transactions contemplated hereby shall survive the completion of the purchase and sale of the Purchased Assets provided for herein and notwithstanding such completion or any investigation made by or on behalf of the Vendor or any other person or any knowledge of the Vendor or any other person, shall continue in full force and effect for the benefit of the Vendor.

ARTICLE V COVENANTS

5.1 Covenants by the Vendor

The Vendor hereby covenants to the Purchaser that it shall do the following:

- (a) *Conduct of Business.* Except as contemplated by this Agreement or with the prior written consent of the Purchaser, during the Interim Period, the Vendor shall:
 - (i) take all reasonable actions within its control to ensure that the representations and warranties in Section 3.1 hereof will remain true and correct on the Closing Date, with the same force and effect as if such representations and warranties were made on the Closing Date, and to satisfy or cause to be satisfied those conditions in Section 6.1 that are within its control;
 - (ii) promptly advise the Purchaser of any facts that come to its attention that would cause any of the Vendor's representations and warranties herein contained to be untrue in any respect;
 - (iii) take all reasonable action consistent with past practices to preserve the Purchased Assets, the Business and its relationships with Customers, suppliers and others having dealings with the Business and take all other actions reasonably requested by the Purchaser and consistent with the Vendor's obligations under this Agreement in order that the condition of the tangible Purchased Assets will not be materially impaired during the Interim Period;
 - (iv) promptly advise the Purchaser in writing of any material adverse changes in the condition of the tangible Purchased Assets that occurs during the Interim Period;
 - (v) maintain all of the tangible Purchased Assets in materially the same condition as they now exist, ordinary wear and tear excepted;
 - (vi) not create, incur or assume any Encumbrance upon or affecting any of the Purchased Assets;
 - (vii) not dispose of any of the Purchased Assets; and
 - (viii) not enter into any agreement relating to the Business other than agreements made in the ordinary course of the Business consistent with past practice.
- (b) *Transfer of Purchased Assets.* On or before the Closing Date, except as otherwise provided in this Agreement, the Vendor shall cause all necessary steps and corporate proceedings to be taken in order to permit the Purchased Assets to be duly transferred to the Purchaser.

- (c) *General Conveyance.* On the Closing Date, the Vendor shall deliver to the Purchaser good and marketable title to the Purchased Assets and exclusive possession of the Purchased Assets, free and clear of any and all Encumbrances. On the Closing Date, the Vendor shall execute and deliver to the Purchaser a bill of sale in respect of the conveyance and transfer of the Purchased Assets to the Purchaser, which shall be in form and substance acceptable to the Purchaser and the Vendor, both acting reasonably.
- (d) *Access to Information.* During the Interim Period, the Vendor shall afford to the officers and authorized representatives of the Purchaser access to: (a) all of the sites, properties, books and records of the Vendor; and (b) such additional financial and operating data and other information as to the Business and the Purchased Assets of the Vendor as the Purchaser may from time to time reasonably request, including access to the Vendor's employees, Customers, landlords, suppliers and creditors for due diligence inquiry and financing purposes. At the request of the Purchaser, the Vendor shall execute such consents, authorizations and directions as may be necessary to permit any inspection of the Purchased Assets or to enable the Purchaser or its authorized representatives to obtain full access to all files and records relating to any of the Purchased Assets maintained by governmental or other public/private authorities. The exercise of any of the foregoing rights by or on behalf of the Purchaser shall not have the effect of waiving, diminishing the scope of or otherwise mitigating or affecting any representation or warranty made by the Vendor under this Agreement. The Purchaser shall not under any circumstances request any investigation by any government authority.
- (e) *Vesting Order.* On the Closing Date, the Vendor shall deliver to the Purchaser a Vesting Order.

5.2 Covenants by the Purchaser

The Purchaser hereby covenants to the Vendor that it shall do the following:

- (a) *Representations and Warranties.* The Purchaser shall take all reasonable actions within its control to ensure that the representations and warranties in Section 3.2 hereof will remain true and correct on the Closing Date, with the same force and effect as if such representations and warranties were made on the Closing Date. The Purchaser shall promptly advise the Vendor of any facts that come to its attention that would cause any of the Purchaser's representations and warranties herein contained to be untrue in any respect;
- (b) *Purchase Price.* The Purchaser shall pay the Purchase Price to the Vendor in accordance with Section 2.3 hereof.
- (c) *Issue Shares.* On Closing, the Purchaser shall issue to each of the Option II Creditors one Class B Series 1 Preferred Share for every \$50.00 of such Option II Creditor's Proven Claim, provided that the Option II Creditor has paid to the Purchaser, on or before Closing, \$0.01 for each Class B Series 1 Preferred Share

(the "Share Price") being issued to it.

ARTICLE VI CONDITIONS

6.1 Conditions to the Obligations of the Purchaser

Notwithstanding anything herein contained, the obligations of the Purchaser to complete the transactions provided for in this Agreement shall be subject to the fulfillment of the following conditions on or prior to the Closing Date:

- (a) *Accuracy of Representations and Warranties and Performance of Covenants.* The representations and warranties of the Vendor contained in this Agreement shall be true and correct in all material respects on the Closing Date, with the same force and effect as though such representations and warranties had been made on the Closing Date (regardless of the date as of which the information in this Agreement or other document made pursuant hereto is given). In addition, the Vendor shall have complied with all material covenants and agreements herein agreed to be performed or caused to be performed by it on or prior to the Closing Date.
- (b) *Material Adverse Changes.* During the Interim Period there shall have been no material adverse change in the condition of the Purchased Assets, howsoever arising, except changes that have occurred in the ordinary course of the Business and that, individually or in the aggregate, have not affected and may not affect the condition of the Purchased Assets in any material adverse respect; provided that in the event there is a material adverse change in the condition of the Purchased Assets, the Vendor shall immediately notify the Purchaser of the same.
- (c) *Vesting Order.* On or prior to the Closing Date, the Vendor shall have obtain a Vesting Order.
- (d) *Title to Assets and Approval of Creditors and Court.* On or prior to the Closing Date, the Vendor shall have obtained the Creditor and Court Approval, along with all necessary corporate approvals, so as to vest in the Purchaser all of the right, title and interest in and to the Purchased Assets free and clear of all Encumbrances.
- (e) *Covenants.* All of the covenants of the Vendor herein to be complied with or performed by the Vendor on or before the Closing Date shall have been complied with or performed in a manner satisfactory to the Purchaser, acting reasonably.
- (f) *Payment of Share Price.* On or before the Closing Date, the Purchaser shall have received from the Option II Creditors payment in full of the Share Price.

6.2 Waiver or Termination by the Purchaser

The conditions set forth in Section 6.1 are for the exclusive benefit of the Purchaser and may be waived in whole or in part by the Purchaser, at any time. If any of the conditions

contained in Section 6.1 are not fulfilled or complied with as herein provided, the Purchaser may, on or prior to the Closing Date, at its option, terminate the obligations of the Purchaser hereunder to purchase the Purchased Assets and deliver the consideration for the Purchased Assets to the Vendor, by notice in writing to the Vendor and in such event the Purchaser shall be released from all obligations hereunder and, unless the condition or conditions that have not been fulfilled are reasonably capable of being fulfilled or caused to be fulfilled by the Vendor, then the Vendor shall also be released from all obligations hereunder

6.3 Conditions to the Obligations of the Vendor

Notwithstanding anything herein contained, the obligations of the Vendor to complete the transactions provided for herein shall be subject to the fulfillment of the following conditions on or prior to the Closing Date:

- (a) *Approval of the Proposal.* The Vendor shall have obtained the Creditor and Court Approval and shall have obtained an order of the Court vesting all of the right, title and interest in and to the Purchased Assets in the Purchaser free and clear of all Encumbrances.
- (b) *Accuracy of Representations and Warranties and Performance of Covenants.* The representations and warranties of the Purchaser contained in this Agreement shall be true and correct in all material respects on the Closing Date, with the same force and effect as though such representations and warranties had been made on the Closing Date (regardless of the date as of which the information in this Agreement or other document made pursuant hereto is given). In addition, the Purchaser shall have complied with all material covenants and agreements herein agreed to be performed or caused to be performed by it on or prior to the Closing Date.
- (c) *Issuance of Shares:* On or before the Closing Date, the Purchaser shall have issued to the Option II Creditors the Class B Series 1 Preferred Shares in accordance with Section 5.2(c).

6.4 Waiver or Termination by the Vendor

The conditions contained in Section 6.3 are for the exclusive benefit of the Vendor and may be waived in whole or in part by the Vendor at any time. If any of the conditions contained in Section 6.3 are not fulfilled or complied with as herein provided, the Vendor may, on or prior to the Closing Date at its option, terminate the obligations of the Vendor hereunder to sell the Purchased Assets, by notice in writing to the Purchaser and in such event the Vendor shall be released from all obligations hereunder and, unless the condition or conditions that have not been fulfilled are reasonably capable of being fulfilled or caused to be fulfilled by the Purchaser, then the Purchaser shall also be released from all obligations hereunder.

ARTICLE VII CLOSING

7.1 Closing Arrangements

The transactions contemplated herein shall be completed on the Closing Date at 3:00 p.m. (Saskatoon time) at the office of MacPherson Leslie & Tyerman LLP or at such other place or places as may be mutually agreed upon by the parties hereto.

7.2 Documents to be Delivered by Vendor

On or before the Closing Date, the Vendor shall execute, or cause to be executed, and shall deliver, or cause to be delivered, to the Purchaser, all documents, instruments and things that are to be delivered by the Vendor pursuant to the provisions of this Agreement. Without limiting the generality of the foregoing the Vendor shall, at Closing, deliver the following to the Purchaser:

- (a) bill of sale to transferring all Purchased Assets;
- (b) possession of all Purchased Assets;
- (c) proof of Creditor and Court Approval;
- (d) Vesting Order;
- (e) proof of an order of the Court vesting all of the right, title and interest in and to the Purchased Assets in the Purchaser free and clear of all Encumbrances;
- (f) election under Section 167(1) of the *Excise Tax Act* (Canada) in respect of the Purchased Assets;
- (g) the Business Records; and
- (h) all other documents, deeds, conveyances, bills of sale, orders, assurances, transfers, assignments and any other documentation required to be delivered by Vendor on or prior to the Closing Date pursuant to this Agreement or otherwise necessary or reasonably required to transfer the Purchased Assets to the Purchaser with a good and marketable title, free and clear of all Encumbrances.

7.3 Documents to be Delivered by Purchaser

On or before the Closing Date, the Purchaser shall execute, or cause to be executed, and shall deliver, or cause to be delivered, to the Vendor all cheques and all documents, instruments and things that the Purchaser is to deliver or to cause to be delivered pursuant to this Agreement. Without limiting the generality of the foregoing the Purchaser shall, at Closing, deliver to the Vendor:

- (a) the Purchase Price specified in Section 2.3;

- (b) election under Section 167(1) of the *Excise Tax Act* (Canada) in respect of the Purchased Assets;
- (c) share certificates representing the Class B Series I Preferred Shares being issued to Option II Creditors in accordance with Section 5.2(c); and
- (d) all other documents, assurances and any other documentation necessary or reasonably required to be delivered by Purchaser on or prior to the Closing Date pursuant to this Agreement or otherwise necessary or reasonably required in connection herewith.

ARTICLE VIII GENERAL PROVISIONS

8.1 Further Assurances

Each of the parties hereby covenants and agrees that, from time to time after the Closing Date, it will, upon the request of any of the others, do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered all such further acts, deeds, assignments, transfers, conveyances and assurances as may be reasonably required for the better carrying out and performance of all the terms of this Agreement.

8.2 Remedies Cumulative

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 or equity. Any single or partial exercise by any party hereto 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.

8.3 Notices

Any notice to be given by any party hereto to any other party shall be in writing and may be personally delivered or given by registered mail or facsimile to the parties at the following addresses:

- (i) in the case of the Vendor:

System Built Developments Inc.
102 – 202 Wellman Crescent
Saskatoon, SK S7T 0J1

Attention: Gaetan Blouin
Phone: (306) 955-1594
Facsimile: (306) 955-1540

- (ii) in the case of the Purchaser:

Adept Modular Ltd.
102 – 202 Wellman Crescent
Saskatoon, SK S7T 0J1

Attention: Gaetan Blouin
Phone: (306) 955-1594
Facsimile: (306) 955-1540

Any notice given by registered mail shall be deemed to have been received by the party to whom it was addressed on the date that is 3 Business Days following the date upon which such notice sent by registered mail has been deposited in the post office with postage and cost of registration prepaid. Any notice given by facsimile shall be deemed to have been given and received on the day the notice was dispatched or sent. Provided that any party may change the address designated from time to time, by notice in writing to the other parties hereto.

8.4 Counterparts and Facsimile Execution

This Agreement may be executed in any number of counterparts and may be signed by facsimile or other means of electronic communication producing a printed copy, each of which, when so executed, shall be deemed to be an original, and such counterparts together shall constitute but one and the same instrument and, notwithstanding the date of execution, shall be deemed to bear the date first written above.

8.5 Expenses of Parties

Each of the parties shall bear all expenses incurred by it in connection with this Agreement including the charges of their respective counsel, accountants and financial advisors.

8.6 Assignment

This Agreement may not be assigned by any party without the prior written consent of the other parties hereto, which consent may be unreasonably withheld.

8.7 Successors and Assigns

This Agreement shall be binding upon and enure to the benefit of the parties hereto and their respective successors and permitted assigns. Nothing herein, express or implied, is intended to confer upon any person, other than the parties hereto and their respective successors and permitted assigns, any rights, remedies, obligations or liabilities under or by reason of this Agreement.

8.8 Entire Agreement

This Agreement sets forth the entire agreement between the parties pertaining to the subject matter hereof and supersedes all prior agreements, understandings, negotiations, representations and discussions, whether oral or written, of the parties. The parties further agree and acknowledge that there are no agreements, representations, warranties or conditions between the parties which are collateral hereto.

8.9 Waiver

Any party hereto which is entitled to the benefits of this Agreement may, and has the right to, waive any term or condition hereof at any time on or prior to the Closing Date, provided, however, that such waiver shall be evidenced by written instrument duly executed on behalf of such party.

8.10 Exclusivity

During the Interim Period, the Vendor shall not directly or indirectly through any director, officer, employee, agent, representative (including, without limitation, bankers, legal counsel and accountants) or otherwise:

- (a) solicit, initiate or encourage submission of proposals or offers from any third party, relating to the acquisition or purchase of all or a material portion of the Purchased Assets, or any equity interest in the Vendor, or any amalgamation, merger or consolidation with the Vendor; or
- (b) participate in any discussions or negotiations regarding, or furnish to any person any information with respect to, or otherwise cooperate in any way with, or assist or participate in, facilitate or encourage, any effort or attempt by any person to initiate or attempt to do any of the acts referred to in subparagraph (a) above; or
- (c) pursue or entertain or discuss any further offers from other parties from and after the date hereof.

8.11 Amendments

No modification or amendment to this Agreement may be made unless agreed to by the parties hereto in writing.

8.12 As Is, Where is Basis

Except as otherwise expressly set out in this Agreement, the Purchaser acknowledges that it is purchasing the Purchased Assets on an "as is, where is" basis on the Closing Date based on its own inspections, inquiries and due diligence.


IN WITNESS WHEREOF the parties hereto have duly executed this Agreement as of the date first written above.

SYSTEM BUILT DEVELOPMENTS INC.

PER:  _____

PER: _____

ADEPT MODULAR LTD.

PER: 

PER: _____

**SCHEDULE A
PURCHASED ASSETS**

1. Business Records
2. Show Shacks (x2)
3. Two Storey Show Home
4. Goodwill and Related Assets
5. Miscellaneous Office Supplies and Furniture

SCHEDULE B
CLASS B SERIES 1 PREFERRED SHARES ATTRIBUTES

ISSUER:	The Purchaser
ISSUE:	Class B Series 1 Preferred Shares
ISSUE PRICE:	\$0.01 per Class B Series 1 Preferred Share
DIVIDENDS:	<p>Cumulative Annual Dividend Payments</p> <ul style="list-style-type: none">• A preferred, cumulative dividend equal to 25% of the net profits of the Purchaser for the immediately preceding fiscal year of the Purchaser shall be paid annually to holders of Class B Series 1 Preferred Shares ("Class B Shareholders"), pro rata, on April 30 in each year commencing on April 30, 2016.• Class B Shareholders shall be entitled to receive aggregate dividend payments up to a maximum amount of their Proven Claim. If and when a Class B Shareholder has received aggregate dividend payments equal to the amount of its Proven Claim, that Class B Shareholder shall no longer be entitled to dividend payments.• The board of directors of the Purchaser shall have the discretion to pay Class B Shareholders a dividend in excess of 25% of the net profits of the Purchaser in respect of any given year and/or make dividend payments more frequently than annually.
REDEMPTION:	The Class B Series 1 Preferred Shares will not be redeemable by the Purchaser prior to April 30, 2021. On April 30, 2021 or any date after April 30, 2021, the Purchaser may, at its option, redeem all, but not less than all, of the then outstanding Class B Series 1 Preferred Shares, without the consent of the holders of the Class B Series 1 Preferred Shares, upon payment in cash for each Class B Series 1 Preferred Share so redeemed of an amount equal to \$0.01 per Class B Series 1 Preferred Share together with all accrued but unpaid dividends to the date fixed for redemption.
RIGHTS ON LIQUIDATION:	In the event of the liquidation, dissolution or winding-up of the Purchaser, the holders of the Class B Series 1 Preferred Shares will be entitled to receive \$0.01 per Class B Series 1 Preferred Share held by them, plus any accrued but unpaid dividends to the date of distribution.
VOTING RIGHTS:	Subject to applicable law, holders of Class B Series 1 Preferred Shares will not be entitled as such to receive notice of or to attend or to vote at any meeting of the shareholders of the Purchaser.

SCHEDULE "B"
PROVEN CLAIMS

Deloitte Restructuring Inc.

Claims Register

In the matter of the proposal of
System Built Developments Inc.
of the City of Saskatoon, in the Province of Saskatchewan

Insolvency Date: 10-Apr-2015

<i>Creditor Name</i>	<i>Proof of Claim?</i>	<i>Claim Status</i>	<i>Rank/ Class</i>	<i>SOA Amount</i>	<i>Amount Filed</i>	<i>Admitted for Dividend</i>
Unsecured creditors						
1. 60th Street Saskatoon Holdings Ltd. Attn: Nolan Dooley	Yes	Admitted		2,143,364.63	2,143,364.63	2,143,364.63
2. Benefits by Design	Yes	Admitted		1,198.99	1,198.99	1,198.99
3. Brad's Towing	Yes	Admitted		346.71	346.71	346.71
4. Cervus Equipment	Yes	Admitted		17,792.50	17,792.50	17,792.50
5. Cherry Insurance Ltd.	Yes	Admitted		3,366.00	3,366.00	3,366.00
6. City of Saskatoon - Utilities Attn: Chloannaine Campbell/Revenue Branch 102567104	Yes	Admitted		3,586.17	4,548.88	3,586.17
7. CRA - Canada Revenue Agency - Tax - Prairie 80186 5536 RT0001	Yes	Admitted		212,592.77	212,592.77	212,592.77
8. Eecol Electric Corp S000GA	Yes	Admitted		5,155.28	5,155.28	5,155.28
9. Fountain Tiro Ltd. 201C00014354	Yes	Admitted		1,052.97	1,116.15	1,052.97
10. GESCAN 750522	Yes	Admitted		2,029.45	2,029.45	2,029.45
11. I.T.S. Leasing Inc. SYS002	Yes	Admitted		5,940.00	5,940.00	5,940.00
12. Kanuka Thuringer LLP Attn: Jaymo E. Pfeifer 34844-0001	Yes	Admitted		191.59	197.96	191.59
13. Kenroc Building Materials Co. Ltd. Attn: Cindy Street	Yes	Admitted		1,725.14	1,725.14	1,725.14
14. Lornas Disposal 10111	Yes	Admitted		2,693.92	2,693.92	2,693.92
15. McKercher LLP - Saskatoon	Yes	Admitted		5,233.92	10,581.43	5,233.92
16. Olive Equity Group Inc.	Yes	Admitted		5,125,700.00	5,125,700.00	5,125,700.00
17. Richelieu Hardware - Richmond 227652	Yes	Admitted		600.96	636.54	600.96
18. Saskatchewan Workers' Compensation Board Attn: Manager- Administrative Services A964569	Yes	Admitted		7,631.17	7,631.17	7,631.17
19. SaskPower Attn: Legal Desk 5100 0178 8734	Yes	Admitted		38,356.31	38,356.31	38,356.31
20. Sasktel Attn: Kristin Hilderman 9277573-2	Yes	Admitted		1,700.35	1,700.35	1,700.35
21. Sasktel Mobility Attn: Kristin Hilderman 02800283	Yes	Admitted		1,525.18	1,525.18	1,525.18
22. Scrub Masters Commercial Cleaning Inc.	Yes	Admitted		1,212.20	1,212.20	1,212.20

23.	Staples/BD#052 Saskatoon	Yes	Admitted	11,966.01	11,966.01	11,966.01
24.	The Rent-It Store 434-17	Yes	Admitted	22,039.83	22,039.83	22,039.83
25.	Triad Power 2004 Ltd.	Yes	Admitted	49,725.40	49,725.40	49,725.40
26.	WBM Office Systems	Yes	Admitted	10,814.43	10,814.43	10,814.43
27.	Windsor Plywood	Yes	Admitted	2,244.64	2,244.64	2,244.64
	Total Unsecured creditors			<u>7,679,786.52</u>	<u>7,686,201.87</u>	<u>7,679,786.52</u>
			Grand Total:	7,679,786.52	7,686,201.87	7,679,786.52